

Faculty of Commerce

End Semester Examination May 2025

CM3EB08 Indian Banking & Insurance System

Programme	:	B.Com. (Hons.)	Branch/Specialisation	:	-
Duration	:	3 hours	Maximum Marks	:	60

Note: All questions are compulsory. Internal choices, if any, are indicated. Assume suitable data if necessary.

Notations and symbols have their usual meaning.

Section 1 (Answer all question(s))				Marks CO BL
Q1. Which of the following is NOT a function of commercial banks?				1 1 1
<input type="radio"/> Accepting deposits	<input type="radio"/> Granting loans			
<input checked="" type="radio"/> Issuing currency notes	<input type="radio"/> Providing insurance			
Q2. What is the primary function of the Reserve Bank of India (RBI)?				1 1 1
<input type="radio"/> Issuing currency notes	<input type="radio"/> Managing foreign exchange			
<input type="radio"/> Supervising commercial banks	<input checked="" type="radio"/> All of the above			
Q3. What is the primary difference between term loans and cash credit?				1 2 2
<input checked="" type="radio"/> Term loans are for long-term, and cash credit is for short-term needs	<input type="radio"/> Term loans require collateral; cash credit does not			
<input type="radio"/> Cash credit is given in lump sums, while term loans are repaid in installments	<input type="radio"/> None of the above			
Q4. Which of the following is a secondary function of a bank?				1 2 1
<input type="radio"/> Granting loans	<input type="radio"/> Accepting deposits			
<input checked="" type="radio"/> Trustee functions	<input type="radio"/> Discounting bills			
Q5. What is the purpose of KYC norms in banking?				1 3 2
<input type="radio"/> To verify the customer's creditworthiness	<input checked="" type="radio"/> To ensure the customer's identity and prevent fraud			
<input type="radio"/> To check the customer's transaction history	<input type="radio"/> To offer personalized financial services			
Q6. Which type of account can be operated by joint holders?				1 3 1
<input type="radio"/> Savings account	<input type="radio"/> Fixed deposit account			
<input type="radio"/> Current account	<input checked="" type="radio"/> All of the above			
Q7. What is the basic principle of insurance?				1 4 2
<input checked="" type="radio"/> Sharing of risk	<input type="radio"/> Accumulation of wealth			
<input type="radio"/> Risk avoidance	<input type="radio"/> Financial speculation			
Q8. What is the role of life insurance in human life?				1 4 1
<input type="radio"/> To cover health expenses	<input type="radio"/> To increase wealth quickly			
<input checked="" type="radio"/> To provide financial security to the family after the policyholder's death	<input type="radio"/> None of the above			
Q9. Which of the following is a type of life insurance policy?				1 5 2
<input type="radio"/> Health Insurance	<input type="radio"/> General Insurance			
<input checked="" type="radio"/> Term Life Insurance	<input type="radio"/> Travel Insurance			

Q10. Which of the following is NOT a principle of insurance?

1 5 2

- Insurable interest
- Risk pooling
- Profit motive
- Utmost good faith

Section 2 (Answer all question(s))

Q11. Define commercial banks.

Marks CO BL
2 1 1

Rubric	Marks
Define commercial banks	2

Q12. (a) Explain the functions and control of credit by Reserve Bank of India.

8 1 1

Rubric	Marks
Explain the functions and Control of credit by Reserve Bank of India.	8

(OR)

(b) What are the different classifications of banking institutions in India?

Rubric	Marks
What are the different classifications of banking institutions in India?	8

Section 3 (Answer all question(s))

Q13. What is an overdraft facility provided by banks?

Marks CO BL
2 2 2

Rubric	Marks
overdraft facility	2

Q14. (a) Discuss the different types of loans and advances granted by commercial banks.

8 2 2

Rubric	Marks
Explain at least 8 different types of loans and advances granted by commercial banks	8

(OR)

(b) Describe the process of purchasing and discounting bills by the banks.

Rubric	Marks
8process of purchasing and discounting bills	8

Section 4 (Answer all question(s))

Q15. Explain all the types of accounts available in banks.

Marks CO BL
3 3 1

Rubric	Marks
Explain at least 3 types of accounts	3

Q16. (a) What is cheque? Explain the types and uses of it in banking transactions.

7 3 2

Rubric	Marks
What is Cheque	1
Explain the types and uses of it	6

(OR)

(b) What is E-banking? Discuss the role of it in modern banking operations.

Rubric	Marks
What is E-banking	1
role of it	6

Section 5 (Answer all question(s))

Q17. Define the term Insurance. Explain different types of insurance policies available in India.

Marks CO BL

4 4 1

Rubric	Marks
Define the term Insurance	1
ans. 3 different types of insurance policies	3

Q18. (a) Describe the role of Life Insurance Corporation of India (LIC) in the Indian insurance sector.

6 4 3

Rubric	Marks
Information about LIC	2
role of Life Insurance Corporation of India (LIC) in the Indian insurance sector	4

(OR)

(b) Explain the basic principles of insurance with examples.

Rubric	Marks
Explain at least 6 principles of insurance with examples.	6

Section 6 (Answer any 2 question(s))

Q19. Define the term life insurance. Describe the different types of life insurance policies.

Marks CO BL

5 5 1

Rubric	Marks
Define the term Life Insurance	1
Describe the different types of life insurance policies (at least 4 types)	4

Q20. What are the different types of general insurance? How do they differ from life insurance?

5 5 3

Rubric	Marks
explain at least 4 different types of general insurance	4
difference bt. Life Insu. and General Insu.	1

Q21. Explain the functions and role of the Life Insurance Corporation of India.

5 5 3

Rubric	Marks
Explain the functions of the Life Insurance Corporation of India.	2.5
Explain the role of the Life Insurance Corporation of India.	2.5
