



# Faculty of Commerce

## End Semester Examination May 2025

### CM3EB08 Indian Banking & Insurance System

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

**Note:** All questions are compulsory. Internal choices, if any, are indicated. Assume suitable data if necessary. Notations and symbols have their usual meaning.

<b>Section 1 (Answer all question(s))</b>					<b>Marks</b>	<b>CO</b>	<b>BL</b>
<b>Q1.</b>	Which of the following is NOT a function of commercial banks?				<b>1</b>	<b>1</b>	<b>1</b>
	<input type="radio"/> Accepting deposits	<input type="radio"/> Granting loans					
	<input checked="" type="radio"/> Issuing currency notes	<input type="radio"/> Providing insurance					
<b>Q2.</b>	What is the primary function of the Reserve Bank of India (RBI)?				<b>1</b>	<b>1</b>	<b>1</b>
	<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					
<b>Q3.</b>	What is the primary difference between term loans and cash credit?				<b>1</b>	<b>2</b>	<b>2</b>
	<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					
<b>Q4.</b>	Which of the following is a secondary function of a bank?				<b>1</b>	<b>2</b>	<b>1</b>
	<input type="radio"/> Granting loans	<input type="radio"/> Accepting deposits					
	<input checked="" type="radio"/> Trustee functions	<input type="radio"/> Discounting bills					
<b>Q5.</b>	What is the purpose of KYC norms in banking?				<b>1</b>	<b>3</b>	<b>2</b>
	<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					
<b>Q6.</b>	Which type of account can be operated by joint holders?				<b>1</b>	<b>3</b>	<b>1</b>
	<input type="radio"/> Savings account	<input type="radio"/> Fixed deposit account					
	<input type="radio"/> Current account	<input checked="" type="radio"/> All of the above					
<b>Q7.</b>	What is the basic principle of insurance?				<b>1</b>	<b>4</b>	<b>2</b>
	<input checked="" type="radio"/> Sharing of risk	<input type="radio"/> Accumulation of wealth					
	<input type="radio"/> Risk avoidance	<input type="radio"/> Financial speculation					
<b>Q8.</b>	What is the role of life insurance in human life?				<b>1</b>	<b>4</b>	<b>1</b>
	<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					
<b>Q9.</b>	Which of the following is a type of life insurance policy?				<b>1</b>	<b>5</b>	<b>2</b>
	<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))**

Marks CO BL  
2 1 1

**Q11.** Define commercial banks.

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))**

Marks CO BL  
2 2 2

**Q13.** What is an overdraft facility provided by banks?

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))**

Marks CO BL  
3 3 1

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

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))

Marks CO BL

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

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))

Marks CO BL

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

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

\*\*\*\*\*