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**PRESIDENCY UNIVERSITY  
BENGALURU  
SCHOOL OF COMMERCE**

**Mid Term Examination**

**Winter Semester:** 2021-22

**Course Code:** SOC 2002

**Course Name:** Banking and Insurance

**Program & Sem:** BCOM (Honors/Professional)&II

**Date:** 13-05-2022

**Time:** 10:00 AM to 11:30AM

**Max Marks:** 50

**Weightage:** 25%

**Instructions:**

- (i) Read the all questions carefully and answer accordingly.  
(ii) All the questions are compulsory

**Part A [Memory Recall Questions]**

**Answer all the Questions. Each question carries 1 mark.**

**(10Qx 1M=10M)**

1. In India, all the banks have to maintain a certain amount of funds with the Reserve Bank of India. This is called as the \_\_\_\_\_ . (C.O.No.1) [Knowledge]

(A) Statutory Liquidity Ratio (B) Cash Reserve Ratio (C) Repo (D) Reverse Repo

2. The Local Area Bank was first introduced in India in \_\_\_\_\_. (C.O.No.1) [Knowledge]

(A)1996 (B)1997 (C)1998 (D)1999

3. \_\_\_\_\_ facility is for current account holders to allow them to withdraw money anytime more than the available balance in the account, up to some specified limit . (C.O.No.1) [Knowledge]

(A) Cash credits (B) Loan (C) Overdraft (D) deposits

4. Co-operative banks are governed by a law enacted by the state government. They provide short-term loans to agriculture and related industries. Co-operative banks are arranged in a \_\_\_\_\_ tiered system. (C.O.No.1) [Knowledge]

(A) One Tiered (B) Two Tiered (C) Three Tiered (D) Four Tiered

5. People can resort to \_\_\_\_\_ for any type of financial support for rural, handicraft, village and agricultural development. (C.O.No.1) [Knowledge]

(A) EXIM Bank (B) NABARD (C) IDBI (D) SIDBI

6. \_\_\_\_\_ is an arrangement between a bank and an insurance company allowing the insurance company to sell its products to the bank's client base. (C.O.No.1) [Knowledge]

(A) Reinsurance (B) Life insurance (C) Non-life insurance (D) Bancassurance

7. Which bank came into existence after the amalgamation of three presidency banks?

(C.O.No.1) [Knowledge]

(A) The Bank of Bengal (B) The Bank of Mumbai  
(C) Imperial Bank of India (D) The Bank of Chennai

8. Bank is an institution that deals in money and India has robust banking system with different categories. Which one of the following categories of bank is subject to CRR and SLR concessions?

(C.O.No.1) [Knowledge]

(A) Commercial banks (B) Co-operative banks (C) Local area banks (D) Regional rural banks

9. The Banking Regulation act 1949 is a legislation in India, that states all banking firms will be regulated under this act. There is a total of \_\_\_\_\_ Sections under the Banking Regulating Act.

(C.O.No.1) [Knowledge]

(A) 55 (B) 60 (C) 40 (D) 65

10. Our country's central bank is the Reserve Bank of India that oversees all of the country's financial institutions. Which one of the following is the function of country's central bank?

(C.O.No.1) [Knowledge]

(A) Assisting other financial institutions (B) Issuing money and enforcing monetary policies

(C) Financial system's supervisor (D) All of the above

### Part B [Thought Provoking Questions]

Answer all the Questions. Each question carries FIVE mark.

(5Qx5M=25M)

11. A Banking Company means any company which transacts the business of banking in India and includes a foreign company within the meaning of the Companies Act. These companies can have different forms depending upon their size, regulation and profit targets. Discuss the different types of banks in India. (C.O.No.1) [Comprehension]

12. Certain banks exist just to serve a certain purpose, like assisting small businesses or agriculture; or facilitating the export and import in a country. Highlight briefly, the names and functions of such banks. (C.O.No.1) [Comprehension]

13. A very basic yet important function of all the commercial banks is mobilising public funds, providing safe custody of savings and interest on the savings to depositors, providing loans for investment, and other such activities, and thereby they perform all financial needs of the customer under one Umbrella” – Substantiate. (C.O.No.1) [Comprehension]

14. Banking reforms are the cornerstone for banking business development and growth in India. How far do you think to have the Financial Sector Reforms of 1991 brought improvements in the Indian Banking Sector? (C.O.No.1) [Comprehension]

15. The general superintendence and direction of the affairs of the Reserve Bank of India are vested in the Central Board of Directors, which consists of 20 members. Write a brief note on the roles and responsibilities of the Central Board of Directors. (C.O.No.1) [Comprehension]

### Part C [Problem Solving Questions]

Answer all the Questions. Each question carries FIFTEEN marks.

(1Qx15M=15M)

16. The central bank of a country functions under the jurisdiction of the Central Government. The central bank is responsible for the issue and supply of the currency and the regulation of the banking system. It also manages the country's main payment systems and works to promote its economic development. In the light of the above statements, explain the objectives and the functions of the central bank. (C.O.No. 1)[Comprehension]



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**PRESIDENCY UNIVERSITY  
BENGALURU**

**SCHOOL OF MANAGEMENT**

**END TERM EXAMINATION**

**Winter Semester:** 2021-22

**Course Code:** SOC 2002

**Course Name:** Banking and Insurance

**Program & Sem:** B.Com (Hons./ Professional) & II Sem

**Date:** 5<sup>th</sup> July 2022

**Time:** 9.30 AM to 12.30 PM

**Max Marks:** 100

**Weightage:** 50%

**Instructions:**

(ii) Read the all questions carefully and answer accordingly.

**Part A[Memory Recall Questions]**

**Answer all the Questions. Each question carries THREE marks.**

**(10Qx 3M=30M)**

- Which bank is known as banker's bank?  
a. RBI b. SBI c. PNB d. NABARD (C.O.No.1) [Knowledge]
- Commercial banks to expand deposit through expanding their loans and advances are known as  
a. Credit creation. b. Trade discount c. Deposit d. Bank advances (C.O.No.1)[Knowledge]
- Rediscounting and giving advance the central bank charges interest at a rate which is known as-----  
a. CRR b. SLR c. Bank Rate d. Credit (C.O.No.1)[Knowledge]
- The nationalization of 14 commercial bank was on -----  
a. 19 July 1969 b. 15 Aug 1972 c. 15 April 1980 d. 19 Jan 1959 (C.O.No.1) [Knowledge]
- Overdraft is a credit facility granted by commercial bank to----- holders.  
a. Current a/c b. Cash a/c c. Capital a/c d. Reserve Fund (C.O.No.1) [Knowledge]
- "Buy now pay later" is the motto of a-----  
a. ATM b. Debit card c. Credit card d. MICR (C.O.No.1) [Knowledge]
- means the transfer of money from one bank a/c to another electronically  
a. EFT b. SWIFT c. CBS d. E-purse (C.O.No.2) [Knowledge]
- is a funds transfer mechanism where account to another bank account is real time.  
a. NEFT b. EFT c. ECS d. RTGS (C.O.No.2) [Knowledge]
- The deposit balances kept by all commercial banks with the central bank are known as-----  
a. EPS b. Reserve c. Cash reserve d. General reserve (C.O.No.1) [Knowledge]
- Banks maintain customer's a/c both for ----- and -----  
a. Loan and payment b. Deposits and loans c. Loans and interest d. None of these (C.O.No.1)[Knowledge]

## Part B [Thought Provoking Questions]

**Answer all the Questions. Each question carries 8 marks.**

**(5Qx8M=40M)**

11. Core Banking Solutions has been an integral part of any banking organization. The customers got the benefit from CBS in recent times. The way banking products were served to the customers had undergone a sea change from traditional banking practices. Illustrate the benefits from core banking solutions to banks and customers. (C.O.No.2)[Comprehension]

12. "Insurance is a financial product that reduces the cost of probable loss of life or some asset. The asset can be life or non life. It is important that every insured customer transfers the financial risk to the insurance company." Explain the above statement. (C.O.No.4)[Comprehension]

13. In the recent past, most of the insurance providers will go for risk transfer to other insurance companies. At present, LIC reinsures most of its policies with global reinsurance major Swiss Re. Interpret the concept for reinsurance and concept of subrogation for any insurance company to other insurance companies. (C.O.No.4)[Comprehension]

14. Banks are the pillars of any country economic growth and prosperity. The roles and responsibilities over years of banks have become dynamic and challenging as well. Discuss different functions of commercial banks. (C.O.No.1)[Comprehension]

15. Unit banking refers to a small bank that provides financial support to its local community. Branch banking refers to a bank that is connected with other banks in an area or out of it. From the above meaning, explain the differences between Unit Banking and Branch banking. (C.O.No.1)[Comprehension]

## Part C [Problem Solving Questions]

**Answer both the Questions. Each question carries 15 marks.**

**(2Qx15M=30M)**

16. Customer X is planning marine insurance for a cargo transport from Mumbai to London. At the time of taking insurance, several factors are taken into consideration regarding the contract related to insurance. Outline the key principles that both the parties should keep in mind while entering into contract of marine insurance. (C.O.No. 5)[Comprehension]

17. The job of a teller has undergone changes manifold. Today after the invention of Automated teller machine or ATM, footfalls in branch banking had reduced. Nevertheless ATM technology has developed and evolved over the last 2 decades. Illustrate different types of frauds that happen with ATM? (C.O.No.3)[Comprehension]