



BRAINWARE UNIVERSITY
Term End Examination 2020 - 21
Programme – Master of Business Administration
Course Name – Banking & Insurance
Course Code - MBA302

Semester / Year - Semester III

Time allotted : 75 Minutes

Full Marks : 60

[The figure in the margin indicates full marks. Candidates are required to give their answers in their own words as far as practicable.]

Group-A

(Multiple Choice Type Question)

1 x 60=60

1. *(Answer any Sixty)*

(i) Monetization refers to

- | | |
|-----------------------------|--|
| a) increase in money supply | b) decrease on money supply |
| c) minting of coin | d) converting barter into monetary transaction |

(ii) _____ is a statistical time-series measure on weighted average of prices of a specified set of goods and services purchased by consumers.

- | | |
|-------------------------|--------|
| a) Cost of Living Index | b) WPI |
| c) PPI | d) CPI |

(iii) The Cash which is used to carry out day to day transaction is known as

- | | |
|----------------|---------------|
| a) Liquid Cash | b) Cold Money |
| c) Vault Cash | d) Hot Money |

(iv) In which year was the NABARD set up?

- | | |
|---------|---------|
| a) 1970 | b) 1975 |
| c) 1982 | d) 1985 |

(v) The collection of Resources like Knowledge , Talent , Skill ,Ability, Judgement , Wisdom is known as

- | | |
|----------------------|------------------|
| a) .Physical Capital | b) Human Capital |
|----------------------|------------------|

c) Derived Demand

d) Induced Demand

(vi) The flexible Monetary targeting approach was followed by

a) Chakroborty Committee

b) Sarkar Committee

c) Mukherjee Committee

d) Nag Committee

(vii) The money which is kept violating the Income Tax Laws is known as

a) Cold money

b) black money

c) Hot money

d) White money

(viii) Find the equilibrium level of income in the closed economy if

$C=100+.75Y$ and $I=100$ $G=T=50$

a) 890

b) 850

c) 420

d) 450

(ix) As per the recent notification of the Reserve Bank of India, what is the new deadline for exporters to realise their export proceeds for exports made up to July 31?

a) 9 months

b) 12 months

c) 22 months

d) 15 months

(x) What is the prompt repayment incentive (PRI) rate per annum provided to farmers, for short term loans up to Rs. 3 lakh?

a) 0.02

b) 0.03

c) 0.04

d) 0.06

(xi) The measure for Inequality is known as

a) Converse Theorem

b) Gini Coefficient

c) Euler Theorem

d) none of these

(xii) A bank is called as ?Scheduled Bank when

- a) Its business has crossed Rs. 1000 crore mark
- b) It is included in the second Schedule of the RBI Act
- c) Its branch network is over 100
- d) none of these

(xiii) Public utilities like electricity supply and health care services practice

- a) second degree price discrimination
- b) first degree price discrimination
- c) third degree price discrimination
- d) fourth degree price discrimination

(xiv) The Central Monetary Authority of USA is

- a) RBI
- b) Bank of Arabia
- c) Bank of England
- d) Federal Reserve

(xv) The minimum reserve deposit ratio of the banking system is determined from time to time by the

- a) State Bank of India
- b) AXIS Bank Ltd
- c) CBI
- d) Reserve Bank of India

(xvi) Money supply in India can be increased if

- a) RBI puts out more paper money for circulation
- b) The commercial banks expand their credit operations
- c) Government of India borrows from RBI
- d) Both(RBI puts out more paper money for circulation)and (Government of India borrows from RBI)

(xvii) Which bank in India became the first bank to open its branch in China?

- a) IDBI
- b) HDFC
- c) SBI
- d) PNB

(xviii) Metallic money is made up of

- a) Gold
- b) Silver
- c) Copper
- d) all of these

(xix) Which of the following is a direct tax?

- a) Corporate Tax
- b) Gift Tax
- c) Wealth Tax
- d) All of these

(xx) Inflation makes

- a) future rupees less valuable than present rupees
- b) future rupees more valuable than present rupees
- c) future rupees equal to present rupees
- d) None of these

(xxi) Which one of the following is a function of money?

- a) Medium of Exchange
- b) Transfer of value
- c) Store of Value
- d) all of these

(xxii) The full form of FII is

- a) Foreign Investment Invention
- b) Forced Foreign Intention
- c) Foreign Institutional Investment
- d) None of these

(xxiii) Who sets up 'Base Rate' for Banks?

- a) Individual Banks Board
- b) Interest Rate Commission of India
- c) RBI
- d) None of these

(xxiv) Which of the following are the amounts owed to a company that are not going to be paid?

- a) Bad debts
- b) Non-performing Assets
- c) Out of order accounts
- d) Overdrawn accounts

(xxv) What will be the impact if Reserve Bank of India reduces the Bank Rate by 1%?

- a) Less liquidity in the market
- b) More liquidity in the market
- c) No change in the market liquidity
- d) Mobilisation of more deposits by commercial banks

(xxvi) Which among the following made the initial contribution for setting up Financial Inclusion Fund and Financial Inclusion Technology Fund?

- a) Government of India, NABARD and RBI
- b) NABARD, UTI and RBI
- c) SIDBI, Government of India and IDBI Bank
- d) SIDBI, NABARD and UTI

(xxvii) Which one of the following is known as the real return to the investor getting reduced due to sudden rise in the prices of the commodities?

- a) Cost risk
- b) Demand risk
- c) Market risk
- d) Systemic risk

(xxviii) The opportunity cost of a good is

- a) the last time in finding it
- b) the quantity of the other good sacrificed to the another unit of that good
- c) the expenditure on the good
- d) the loss of interest in using savings

(xxix) Electronic Payment system used for crediting salary is known as

_____.

- a) ECS Debit
- b) ECS Credit
- c) NEFT
- d) RTGS

(xxx) Which movement encouraged the formation of commercial banks?

- a) Swadeshi movement
- b) Quit India Movement
- c) Non Cooperation Movement
- d) Civil Disobedience Movement

(xxxii) FDI that involves construction with existing plant rather than the purchase of an existing plant is known as

- a) Green Field Investment
- b) Brown Field Investment
- c) Government Expenditure
- d) Red Field Investment

(xxxiii) A surplus spending unit is one whose

- a) Income expenditure for the year is equal to consumption and real investment expenditure
b) Income for the period exceeds consumption and real investment expenditure
c) Expenditure for the year exceeds receipts
d) Uses credit card for all consumer purchase

(xxxiii) Money market is an important financial market because

- a) Money market is the world's liquidity market
b) It is the market in which central bank conducts monetary policy
c) The government finances most of the credit needs in the money market
d) All of these

(xxxiv) Which was the second bank in India with limited liability?

- a) Punjab National Bank
b) Imperial Bank of India
c) New Bank of India
d) State Bank of India

(xxxv) Who deals with income and expenditure of public authorities?

- a) Private finance
b) Public finance
c) Local Govt
d) All of these

(xxxvi) Which type of deposits gives highest rate of interest?

- a) Recurring deposit
b) Current deposit
c) Fixed deposit
d) None of these

(xxxvii) In case of inward remittance through RTGS, ___ amount is charged by the Bank

- a) Zero
b) Rs.30 per transaction
c) Rs 55 per transaction
d) Rs.75 per transaction

(xxxviii) Cash remittance limit for NEFT transaction for a walk in customer is

- a) Rs.10000
b) Rs.25000
c) Rs.50000
d) Rs.100000

(xxxix) Indian Financial System Code is

- a) Alpha numeric 11 digit code
- b) Numeric code 11 digit code
- c) Alpha numeric 8 digit code
- d) Numeric code 8 digit code

(xl) Which is the costliest mode of payments?

- a) Cheque
- b) Demand Draft
- c) RTGS
- d) NEFT

(xli) Assignment of Life Insurance Policy can be done only for _____ for money or Money's worth.

- a) Payment
- b) Consideration
- c) Premium
- d) Receipt

(xlii) A nomination of Life Insurance Policy can be changed or cancelled either by _____ at the back or by making a will.

- a) Stamp
- b) Declaration
- c) Endorsement
- d) Statement

(xliii) The first step towards taking a Life Insurance Policy to fill up a _____ form providing requisite information about the person desirous of taking the policy.

- a) Application
- b) Proposal;
- c) Word
- d) Project

(xliv) In case of a contributory scheme the premium on group life insurance policy is paid both by the _____ & the _____

- a) Insured, Insurer
- b) Insured, Nominee
- c) Insured, Assignee
- d) Employer, Employee

(xlv) Under Third Party Insurance in reference to Motor Vehicle Insurance in

respect of damage to any property of third party the amount of compensation is limited to Rs_____.

- a) 6000
- b) 7500
- c) 11000
- d) 20000

(xlvi) The insurance plan provides insurance coverage to the insured with multiple benefits, including cashless hospitalization, day-care facility & coverage for terminal & critical illness

- a) Health Insurance Plan
- b) Car Insurance Plan
- c) Life Insurance Plan
- d) Accident Insurance Plan

(xlvii) When was the Insurance Regulatory and Development Authority constituted?

- a) 1938
- b) 1971
- c) 1993
- d) 1999

(xlvi) The Three (3) major categories of insurance are

- a) social insurance, automobile insurance, and life and health insurance
- b) social insurance, life and health insurance, and general insurance/property and casualty insurance
- c) general insurance/property and casualty insurance, automobile insurance, and liability insurance
- d) general insurance/property and casualty insurance, automobile insurance, and liability insurance

(xlix) To determine the premiums required; actuaries apply the principle derived from

- a) the law of averages and the theory of probability.
- b) underwriting
- c) rating.
- d) the size of the sample

(l) Ratemaking is

- a) a request for insurance, which can be
- b) the process of establishing rates for each

oral or written

class of insurance.

c) applying the established rate to a specific items that are to be insured.
d) related to the character of the insured.

(li) On their way home from school, two teenagers enjoyed throwing rocks at vehicles from a bridge overlooking the freeway. One day, a rock they threw smashed the front windshield of a vehicle and startled the driver, who crashed into the guardrail. The driver was not injured, but the damage to the vehicle was substantial. Teenagers were later caught by the police, and their parents were forced to pay for the damages to the vehicle involved in the accident. Here teenagers actions can be described as an example of

a) the theory of probability.

b) negligence

c) exposure to risk.

d) the law of large numbers.

(lii) What is the main objective of IRDA Regulations 2000?

a) Protection of Insurance Company

b) Protection of policyholder and development of orderly growth of insurance business

c) Protection of insurance intermediaries

d) To earn for the Governmen

(liii) What is correct out of the following statements?

a) An agent licensed to act as such for an insurer has to have a license under sec.42 of the Insurance Act'38 for procuring and continuing insurance business against payment of commission by the in

b) An agent can only be a trained individual for working for an insurance company

c) A bank can also act as a broker for life insurance business

d) A bank cannot act as an agent of whatever description

(liv) With whom do we associate the concept of Human Life Value?

a) Martin Luther

b) Prof.H.S.Huebner

c) J.M.Keynes

d) Warren Buffet

(lv) Suppose a person has deposited some money in the bank. It will

Effective deposits In the economy

- a) increase
- b) reduce
- c) remain the same
- d) anything is possible

(lvi) Deposits mobilised by the banks are utilised for. (i) loans and advances(ii) investment in government and other approved securities in fulfilment of liquidity stipulation (iii) investment in commercial paper, shares, debentures up to stipulated ceilings

- a) only (i)
- b) both (ii) and (iii)
- c) All of these
- d) None of the above

(lvii) Health is often referred to as -----

- a) Income
- b) Revenue
- c) Wealth
- d) Investment

(lviii) Meaning of the term 'indemnify' is-

- a) put back in the same financial position just prior to the loss.
- b) put back in the same financial position just prior to the loss.
- c) transfer risk to someone who has better financial resources and can withstand loss
- d) transfers risk to someone who has better financial resources and can withstand loss

(lix) An Insurance company, agreed to insure a large commercial client. Due to the size of this client's operations, there is the potential that it could suffer a substantial loss. It would be financially difficult for insurance company to pay the entire claim itself. To spread this risk, Insurance Company contacted another insurance company and request that it cover a portion of the risk. New Insurance Company agreed, but only on the condition that it receive a portion of the premium the client has paid to first Insurance Company. This term is best describes is

- a) retention.
- b) reinsurance.
- c) loadings.
- d) casualty insurance

(lx) What is "correct"?

a) Insurer in certain circumstances may waive subsequent premiums

c) RPRs are revival premium receipt

b) Policy document and FPR are one and the same

d) After issue of FPR subsequent premiums are to be paid by the assured