



BRAINWARE UNIVERSITY
Term End Examination 2020 - 21
Programme – Bachelor of Business Administration
Course Name – Banking & Insurance
Course Code - BBAS301

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) The person who is directed to pay in a Bill of exchange or Cheque is known as ___

- | | |
|-----------|-----------|
| a) Drawer | b) Drawee |
| c) Holder | d) Payee |

(ii) Crossing of the cheque can be cancelled by

- | | |
|---------------------------------------|--|
| a) Drawer only along with his initial | b) Drawer only along with his full signature |
| c) Payee of the cheque | d) Holder in due course |

(iii) A truncated cheque is

- | | |
|--------------------------------|------------------------|
| a) a cheque cut into 2 pieces | b) a cheque in a trunk |
| c) scan of the physical cheque | d) none of these |

(iv) A Quasi Negotiable Instrument is

- | | |
|--------------------------------------|--|
| a) has some characteristics of an NI | b) an instrument printed in the form of an NI |
| c) none of them | d) has some characteristics of an NI or an instrument printed in the form of an NI |

(v) I have received a sum of Rs 10000/- from Mr. V. The amount will be repaid on demand. This receipt of cash today is

- a) Promissory Note
- b) Acknowledgement of debt
- c) Neither Promissory Note nor Acknowledgement of debt
- d) Both Promissory Note & Acknowledgement of debt

(vi) Which loans are safer for the Banks?

- a) Secured Loan
- b) Unsecured loan
- c) None of these
- d) Both of these

(vii) Letter of credit is ___ loan

- a) Funded
- b) unfunded
- c) Neither Funded nor unfunded
- d) Both Funded and unfunded

(viii) In a secured loan, Bank

- a) takes the security
- b) Take security but less than loan amount
- c) may take the security
- d) does not require security

(ix) A short term loan is a loan which repayable

- a) within 3 years
- b) within 4 years
- c) within 5 years
- d) within 5 years

(x) In a housing loan, the rate of interest is

- a) fixed
- b) floating
- c) any one of these
- d) none of them

(xi) Electronic Payment system used for crediting salary is known as _____.

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

(xii) What does NEFT stands for?

- a) National Economic Fund Transfer
- b) National Electron Fund Tenor
- c) National Electronic Fund Transfer
- d) None of them

(xiii) The issue of having regular income during old age is taken care off by _____Policies

- a) Endowment
- b) Benefit
- c) Annuity
- d) Regular Income

(xiv) 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

(xv) 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

(xvi) What is the difference between primary and secondary markets? 1. Primary markets help in capital formation, while secondary capital provides liquidity to the investor 2. Initial public offerings are undertaken in both primary and secondary markets 3. Stock exchanges are an example of secondary markets Select the correct answer using the codes given below:

- a) 3 only
- b) 2 and 3 only
- c) 1 and 3 only
- d) 1,2 and 3

(xvii) All except one is associated with direct financing

- a) One financial claim contract
- b) A broker, dealer or investment banker
- c) Small denomination financial claim
- d) Government and business borrower dominate

(xviii) A capital market financing is most likely to finance

- a) New plant and machinery
- b) Seasonal inventory needs
- c) A quarterly dividend payment
- d) The sale of common stock

(xix) 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

(xx) Which is the largest commercial bank of the country?

- a) Bank of India
- b) Canara Bank
- c) State Bank of India
- d) Union Bank of India

(xxi) 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 these

(xxii) Which of the following is true about the functions performed by RBI – i) It is the Bank of Issue (ii) It acts as banker to the Government (iii) It is the banker of other banks (iv) It regulates the flow of credit

- a) Both (i) and (ii)
- b) Both (iii) and (iv)
- c) All of these
- d) None of these

(xxiii) India is a member of the International Monetary Fund since _____.

- a) 1934
- b) 1935
- c) 1947
- d) 1949

(xxiv) Which one of the following does not belong to the main products of life insurance?

- a) Endowment
- b) Personal accident insurance
- c) Term
- d) Whole life

(xxv) Which one of the following does not belong to the major general insurance private sector companies in India?

- a) Bajaj Allianz General Insurance
- b) Reliance General Insurance
- c) Royal Sundaram Alliance Insurance
- d) The Oriental Insurance Company

(xxvi) Which bank is the sponsor of Prathama Gramin Bank?

- a) Bank of Baroda
- b) Indian Bank
- c) Punjab National Bank
- d) Syndicate Bank

(xxvii) Which one of the following does not belong to regulatory bodies in India?

- a) FMC
- b) IRDA
- c) PFRDA
- d) SEBI

(xxviii) Which one of the following is the special drawing rights given by the International Monetary Fund to its member countries?

- a) Cold money
- b) Hot money
- c) Paper gold
- d) None of these

(xxix) In pursuance of which one of the following was the General Insurance Corporation of India was formed?

- a) General Insurance Business (Nationalisation) Act, 1972
- b) Insurance Act, 1938
- c) Insurance Amendment Act, 2002
- d) IRDA Act 1999

(xxx) What does the letter 'S' denote in the term IFSC?

- a) Subscriber
- b) State
- c) System
- d) Source

(xxxi) What is the full form of CBS?

- a) Core Banking Solution
- b) Core Banking Software
- c) Core Banking System
- d) Core Banking Service

(xxxii) 'Subprime lending' is a term applied to the loans made to

- a) Those borrowers who do not have a good credit history
- b) Those borrowers who have a good credit history
- c) Those borrowers who do not have a good debit history
- d) Those borrowers who have a good debit history

(xxxiii) Which of the following are to be followed by Commercial Banks for risk management?

- a) Basel II norms
- b) Basel III norms
- c) Basel I norms
- d) Solvency II norms

(xxxiv) What is the full form of CRR?

- a) Cash Reserve Rate
- b) Cash Reserve Ratio
- c) Cash Recession Ratio
- d) Core Reserve Rate

(xxxv) What is the full form of 'MAT'?

- a) Maximum Alternate Tax
- b) Minimum Alternate Tax
- c) Maximum Alternate Time
- d) Minimum Alternate Time

(xxxvi) What is the full form of NDTL?

- a) New Demand & Tenure Liabilities
- b) Net Demand & Time Liabilities
- c) National Deposits & Total Liquidity
- d) Net Demand & Tax Liabilities

(xxxvii) What is the full form of NAV?

- a) Net Actual Value
- b) Net Annual Value
- c) Net Asset Value
- d) Net Average Value

(xxxviii) Who issues 'Commercial Papers'?

- a) A Company to a Bank
- b) Banks to Banks
- c) Banks to Companies
- d) Company to its suppliers

(xxxix) What is the full form of SWIFT?

- a) Safe Window for Interbank Financial Transactions
- b) Safe Window In case of Financial Transaction
- c) Society for Worldwide Interbank Financial Telecommunication
- d) Safe Window Institute For Transactions

(xl) Which organization provides credit history of the borrowers?

- a) CIBIL
- b) CII
- c) FRBI
- d) IRDA

(xli) Which one of the following organisations has been set up to facilitate connectivity between the Bank's switches and their ATMs, and inter bank payment gateway for authentication and routing the payment details of various e-commerce transactions?

- a) IBA
- b) IDRBT
- c) IRDA
- d) SIDBI

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

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

(xliii) What is the full form of IRR?

- a) Internal Rate of Return
- b) Internal Reserve Ratio
- c) Internal Rate of Ratio
- d) Internal Recession Rate

(xliv) What will bank customers pay for using safe deposit locker facilities?

- a) Commission on locker
- b) Exchange on locker
- c) Rent on locker
- d) Safe custody charges

(xlv) Which one of the following is known as a Savings Bank Account opened with a commercial bank with zero balance or very minimal balance?

- a) Current Account
- b) No frill account
- c) Savings Bank-ordinary Account
- d) Students Savings Bank Account

(xlvi) What does the letter 'R' denote in the abbreviation 'BR Act' which controls banking activities in the country?

- a) Reclamation
- b) Reformation
- c) Regulation
- d) Rule

(xlvii) What is Mortgage?

- a) A security created on immovable property for a deposit received by a bank
- b) A security created on immovable property for a loan given by a bank
- c) A facility created on movable property for a deposit received by a bank
- d) A security created on movable property for a loan given by a bank

(xlviii) What is the full form of LIBOR?

- a) Local Indian Bank Offered Rate
- b) London-India Bureau Of Regulations
- c) Liberal International Bank Official Ratio
- d) London Inter Bank Offered Rate

(xlix) Which one of the following is called the frequent changes made by Banks in their product profile?

- a) Product Control
- b) Product Enhancement
- c) Product Enrichment
- d) Product Marketing

(l) What does the letter 'M' depict in the term SME as used in the financial world?

- a) Maximum
- b) Medium
- c) Market
- d) Mutual

(li) Which organization provides guarantee to the exporters?

- a) Exim Bank
- b) Export Credit Guarantee Corporation
- c) Reserve Bank of India
- d) Registrar of companies

(lii) Foreign trade policy of India is announced by-

- a) RBI
- b) Ministry of commerce
- c) FEDAI
- d) Ministry of finance

(liii) Loan against the security of immovable property is by executing an agreement of-

- a) Assignment
- b) Pledge
- c) Transfer
- d) Mortgage

(liv) Which one of the following has proposed \$11 billion infrastructure debt fund?

- a) NABARD
- b) SBI
- c) RBI
- d) Planning Commission

(lv) Regulator of banking system in India is-

- a) AMFI
- b) Finance Minister
- c) SEBI
- d) RBI

(lvi) Which one of the following is a financial assets

- a) Gold
- b) Silver
- c) Share in Demat account
- d) Land and building

(lvii) Full form of letter C in word CBS commonly used in banking industry is-

- a) Core
- b) Credit
- c) Continuous
- d) Complete

(lviii) At which one of the following rates central bank lends to bank against government security

- a) Repo rate
- b) Reverse repo rate
- c) Bank rate
- d) SLR

(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 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