**SAINTGITS COLLEGE OF APPLIED SCIENCES**

**Internal Assessment Examination, October 2019**

**B. Com First Semester (Computer Applications& Taxation)**

**BANKING AND INSURANCE**

Total  : 80 marks                                                                                                         Name………………………

Time   :3Hours                                                                                                         Roll No ……………………

**Section A**

*Answer any 10 questions. Each question carries 2 marks.*

1. Define Bank.

A *bank* is a financial institution that accepts deposits from the public and creates credit. Lending activities can be performed either directly or indirectly through capital markets. Due to their importance in the financial stability of a country.

2. What is term deposit?

A *term deposit* is a *fixed*-*term* investment that includes the *deposit* of money into an account at a financial institution. *Term deposit* investments( usually carry short-*term* maturities ranging from one month to a few years and will have varying (levels of required minimum *deposits*.

3. What is RTGS?

Real Time Gross Settlement (RTGS) is an electronic form of funds transfer where the transmission takes place on a real time basis. In India, transfer of funds with RTGS is done for high value transactions, the minimum amount being Rs 2 lakh. The beneficiary account receives the funds transferred, on a real time basis.

4. What is SWIFT?(

SWIFT, or the Society for Worldwid(e Interbank Financial Telecommunication, is the world’s largest electronic payment messagin(g system, facilitating the exchange of more than $6 trillion a day.(

Though it gets lumped in with electr(onic funds transfer systems, it doesn’t do any of the funds transfers itself. In fact, it doesn’t e(ven touch money..At its core, SWIFT is basically just a bank-to-bank messaging system. It (supplies a standardized language that institutions use to communicate payment instructions and other info to each other.

.5. What are BASEL norms?

Basel committee has produced norm(s called Basel Norms for Banking to tackle the risk. Basel is a city in Switzerland. It is the head(quarters of Bureau of International Settlement (BIS), which fosters cooperation among central banks with a common goal of financial stability and common standards of banking regulations.

6. Define general lien.

A general lien is a right of one person to retain any property or goods which are in his possession belonging to another person until the promise or liability is discharged. ... A general lien is available to bankers, factors, attorneys of High Court and policy brokers.

7. Explain KYC.: KYC means “Know Your Customer”. It is a process by which banks obtain information about the identity and address of the customers. This process helps to ensure that banks' services are not misused. The KYC procedure is to be completed by the banks while opening accounts and also periodically update the same.

8. Explain the term ‘Risk’.:

A situation where the probability of a variable (such as burning down of a building) is known but when a mode of occurrence or the actual value of the occurrence (whether the fire will occur at a particular property) is not. A risk is not an uncertainty (where neither the probability nor the mode of occurrence is known), a peril (cause of loss), or a hazard (something that makes the occurrence of a peril more likely or more severe).

9. What is Bancassurance?

Bancassurance is a relationship between a bank and an insurance company that is aimed at offering insurance products or insurance benefits to the bank's customers. In this partnership, bank staff and tellers become the point of sale and point of contact for the customer.

10. Explain Re- Insurance.:

Reinsurance is insurance that an insurance company purchases from another insurance company to insulate itself from the risk of a major claims event. With reinsurance, the company passes on some part of its own insurance liabilities to the other insurance company.

11. What is Premium?

An insurance premium is the amount of money an individual or business pays for an insurance policy. ... Once earned, the premium is income for the insurance company. It also represents a liability, as the insurer must provide coverage for claims being made against the policy.

12. What do you mean by ULIP?

A unit linked insurance plan (ULIP) is an investment product that provides for insurance payout benefits. ULIP offerings are primarily concentrated in India. The investment vehicle requires a premium payment which is invested in investment products for capital appreciation.                                                                                                                                                                                     **(10 X 2 = 20 marks)**

**Section B**

*Answer any 6 questions. Each question carries 5 marks.*

13. Explain Repo and Reverse Repo.

Repo rate is the rate at which central banks lends money to commercial banks.Reverse repo means RBI borrows money from commercial banks.

14. What do you mean by open market operation?

Purchase and sale by a central bank of any kind of securities and bills in which it deals.

16. What is Credit card?

Plastic card used to borrow money or buy goods and services on credit.

17. What is truncated cheque? Enumerate its merits.

The purpose of cheque truncation is to avoid delays in clearing of cheques and to facilitate quick settlement.

18. Distinguish between cheque and draft.

cheque:

issued by an individual,drawn by a customer on his bank,can be made payable to the bearer,there is possibility of cheque being dishonoured.

bank draft:

always issued by a bank,drawn by one office of a bank upon another office of the same bank,a draft cannot be made payable to the bearer,there is no possibility of a draft being dishobnoured as the remitter has already paid the money.

19. Explain the Holder in due course.

Section 8 (1 ) of the Negotiable Instruments  Act 1881, defines holder of a negotiable instrument as " any person who is entitled in his own name to the possession thereof  and to receive or recover the amount due thereon from the parties liable thereto.

20. Explain the features of Insurance.

* Pooling of Losses
* Payment of Fortuitous Losses
* Risk Transfer
* Indemnification.

21. Explain the subject matter of Marine Insurance.

* Hull Insurance
* Cargo Insurance
* Freight Insurance
* Liability Insurance.

**(6 X 5 = 30marks)**

**Section C**

*Answer any 2questions. It carries 15marks.*

22. Explain the functions of RBI.

* Issuing Currency notes
* Banker to the Government.
* Banker's Bank.
* control and management of foreign exchange.
* Credit Control.
* Collection  of data and their publications
* Promotional Functions.

23. Explain the principles of Insurance.

* Principle of utmost good faith.
* Principle of insurable interest.
* Principle of indemnity.
* Principle of Subrogation.
* Principle of Contribution
* Principle of Proximate cause.
* Principle of loss mitigation.

&24. Explain the BASEL norms.

Basel norms are a set of norms for banks  aimed at mitigating risk and strengthening the capital structure of the banks of the member countries.

   The purpose is to enhance financial stability by improving the quality supervision worldwide.

The three set of regulations are.

**BASEL 1**

**BASEL 2**

**BASEL 3**

&25. Explain the classification of life insurance policies.

* Life Insurance
* Marine Insurance.
* Motor Vehicle Insurance
* Health Insurance.
* Burglary Insurance