

# KAMARAJ COLLEGE (Autonomous)

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(Affiliated to ManonmaniamSundaranar University, Tirunelveli)

(4 Pages)

Reg. No: .....

Question Code:26E00120

Course Code : 24USEC41

UG Degree - End Semester Examinations, April 2026

Fourth Semester

B.A. ECONOMICS

Modern Banking and Insurance

(For those who joined in July 2024 onwards)

Time : 3Hours

Maximum : 75 Marks

PART - A (10 × 1 = 10 Marks)

Answer ALL Questions

Choose the correct answer :

- CO:1  
K:1
1. Which is the first commercial bank incorporated by the Indians in 1881?
- (a) Imperial Bank of India (b) Awadh Commercial Bank  
(c) Reserve Bank of India (d) State Bank of India
- CO:1  
K:1
2. Which is the primary activity of a commercial bank?
- (a) Maintaining deposit accounts including current accounts (b) Issue and pay cheques  
(c) Collect cheques for the bank's customers (d) All of these
- CO:2  
K:1
3. When the federal funds rate equals the interest rate paid on excess reserves?
- (a) The supply curve of reserves is vertical (b) The supply curve of reserves is horizontal  
(c) The demand curve for reserves is vertical (d) The demand curve for reserves is horizontal
- CO:2  
K:1
4. Which committee recommended the reduction of SLR and CRR?
- (a) Verma Committee (b) I.Narasimhan Committee - I  
(c) C. Rangarajan Committee (d) D. Gadgil Committee

- CO:3 K:1 5. What is the primary purpose of an indemnity-based insurance policy?
- (a) To provide profit to the insured (b) To put the insured back in the same financial position as before the loss
- (c) To cover life risks (d) To encourage savings
- CO:3 K:1 6. Which type of insurance policy is designed to cover medical and surgical expenses?
- (a) Travel Insurance (b) Health Insurance
- (c) Fire Insurance (d) Life Insurance
- CO:4 K:1 7. What is the correct sequence of the risk management process?
- (a) Risk assessment, Identification, Mitigation, Control. (b) Identification, Analysis, Evaluation, Treatment
- (c) Planning, mitigation, Reporting (d) Risk Treatment, Analysis, Identification, Review
- CO:4 K:1 8. What is "risk transfer" in risk management?
- (a) Ignoring the risk (b) Eliminating the source of the risk
- (c) Passing the risk to a third party, such as an insurance company (d) Reducing the likelihood of the risk
- CO:5 K:1 9. When was the Life Insurance Corporation Act Passed?
- (a) 1950 (b) 1956
- (c) 1965 (d) 1968
- CO:5 K:1 10. What is the main objective of the IRDA Act?
- (a) To nationalize insurance companies (b) To provide life insurance directly to consumers
- (c) To protect the welfare of policyholders and regulate the industry (d) To manage the stock market

**PART - B (5 X 5 = 25 Marks)**

**Answer ALL Questions choosing either (a) or (b).**

**Answer should not exceed 250 words.**

CO:1 11. (a) Examine the functions of commercial bank in India.

K:4

**(OR)**

(b) Explain the importance of commercial banks.

CO:2 12. (a) Illustrate the Central bank and its merits.

K:3

**(OR)**

(b) Examine the objectives of monetary policy.

CO:3 13. (a) Compare the life insurance and non-life insurance schemes.

K:4

**(OR)**

(b) Explain the classification of health insurance schemes in India.

CO:4 14. (a) Summarize the insurable interest in contract method.

K:4

**(OR)**

(b) Explain the principles of risk management.

CO:5 15. (a) Categorize the insurance act in India.

K:4

**(OR)**

(b) Briefly explain agricultural insurance and its merits.

**PART - C (5 X 8 = 40 Marks)**

**Answer ALL Questions choosing either (a) or (b).**

**Answer should not exceed 500 words.**

CO:1 16. (a) Discuss the Credit Creation concept in Commercial banks.

K:6

**(OR)**

(b) Explain digital banking tools and method in India.

CO:2 17. (a) Evaluate the Narasimhan Committee Report.

K:5

**(OR)**

(b) Examine the effects and limitations of monetary policy.

CO:3 18. (a) Explain the types of insurance in India.

K:5

**(OR)**

(b) Distinguish between social and private insurance in India.

CO:4 19. (a) Discuss the types of risk management in insurance.

K:6

**(OR)**

(b) Explain the risk management analysis and controlling method.

CO:5 20. (a) Discuss the private insurance company entry in India and its merits.

K:6

**(OR)**

(b) Briefly examine the Insurance Act, Lic Act, and IRDA Act briefly.