

(6 pages)

Reg. No. :

Code No. : 10346 E Sub. Code : ESEC 41

B.A. (CBCS) DEGREE EXAMINATION, APRIL 2025

Fourth Semester

Economics

Skill Enhancement Course – MODERN BANKING
AND INSURANCE

(For those who joined in July 2023 only)

Time : Three hours Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL questions.

Choose the correct answer :

1. Credit creation by commercial banks is based on:
 - (a) Reserve ratio
 - (b) Public deposits
 - (c) Government policies
 - (d) Foreign exchanges

2. What is the full form of NEFT in digital banking?
 - (a) National Electronic Funds Transfer
 - (b) New Economic Fund Transaction
 - (c) National Exchange Fund Transfer
 - (d) Net Electronic Funds Transaction
3. Which of the following is NOT a function of the central bank?
 - (a) Banker to the government
 - (b) Controller of money supply
 - (c) Directly providing retail loans
 - (d) Custodian of foreign exchange reserves
4. Which of the following factors can limit the effectiveness of monetary policy?
 - (a) Strong central bank policies
 - (b) High public confidence
 - (c) Lack of co-ordination with fiscal policy
 - (d) Strict regulations
5. Which of the following is NOT a type of insurance?
 - (a) Life Insurance
 - (b) Health Insurance
 - (c) Investment Insurance
 - (d) Property Insurance

6. General Insurance typically covers:
- (a) Human Life
 - (b) Vehicles and Property
 - (c) Pension Plans
 - (d) Mutual Funds
7. Which of the following is NOT a type of risk management?
- (a) Risk Avoidance
 - (b) Risk Retention
 - (c) Risk Creation
 - (d) Risk Transfer
8. Violation of utmost good faith may result in:
- (a) Increased premium
 - (b) Contract termination
 - (c) Profit for the insurer
 - (d) Unaffected policy terms
9. Which public sector Insurance Company was established under the LIC Act, 1956?
- (a) General Insurance Corporation of India (GIC)
 - (b) Life Insurance Corporation of India (LIC)
 - (c) New India Assurance
 - (d) United India Insurance

10. The GIC Act, 1972 established:
- (a) Life Insurance Corporation of India
 - (b) General Insurance Corporation of India
 - (c) Health Insurance Corporation of India
 - (d) Agriculture Insurance Corporation

PART B — (5 × 5 = 25 marks)

Answer ALL questions, choosing either (a) or (b).
Each answer should not exceed 250 words.

11. (a) What is Credit Creation? How do Commercial Banks Create Credit?
Or
(b) Explain the differences between payment Banks and Commercial Banks.
12. (a) Describe the characteristic of monetary policy.
Or
(b) Explain the role of the Central Bank.
13. (a) Explain the Distinguish between Life Insurance and Non-Life Insurance.
Or
(b) Describe the types of Life Insurance Policies.

14. (a) What are the basic principles of an Insurance Contract?

Or

(b) Explain the concept of risk identification in risk management.

15. (a) Write a short note on the Insurance Act, 1938.

Or

(b) Describe the General Insurance Corporation (GIC) Act, 1972?

PART C — (5 × 8 = 40 marks)

Answer ALL questions, choosing either (a) or (b)
Each answer should not exceed 600 words.

16. (a) Describe the role of Commercial Banks in the economic development of a country.

Or

(b) Discuss the role and significance of Digital Banking in modern banking operations.

17. (a) Analyze the effects of monetary policy on economic growth and employment.

Or

(b) Analyze the significance of the Narasimhan Committee Report in strengthening the Indian banking sector.

Page 5 Code No. : 10346 E

18. (a) Compare and contrast social Insurance and private Insurance with examples.

Or

(b) Explain the role of insurance in economic development and how it promotes savings and investments.

19. (a) Discuss the essential elements of an insurance contract with examples.

Or

(b) Explain the principle of utmost good faith and its importance in insurance contracts.

20. (a) Discuss the challenges and prospects of agricultural and health insurance in India.

Or

(b) Explain the major insurance legislations in India and their impact on the Insurance Sector.

Page 6 Code No. : 10346 E