



Institute of Management
JK Lakshmipat University, Jaipur
RE-END TERM EXAMINATION - 2018

B.Com H (V sem.) Principles & Practices of Banking & Insurance
Subject Code: FN 14
MM: 40Marks

Time: 2 Hours

Section - A

1. What is the impact of rigid and liberal monetary policy on credit creation capacity of banks? Explain this, with the help of hypothetical example. (5 Marks)
2. Cooperative banks are helping hands for those who are economically vulnerable. Under the shed of this sentence explain merits of cooperative banking over commercial banking keeping in view rural economy. (5 Marks)
3. Banks are the backbone for the development and economic growth of the country. Under the shed of this sentence explain the role of commercial bank in Indian economy development. (5 Marks)
4. Why NPA is considered as alarming sign for banking industry. What are the various measures that banks may opt for recovery and restructuring of its NPA. (5 Marks)
5. Insurance reduces uncertainty and aids to individuals as well as provides great benefits to the society as a whole. Under the light of this sentence, elaborate the importance of Insurance. (5 Marks)

Section B

6. Explain in brief (any 3), insurance principles applicable in each case: (3*5 Marks)
 - a. Some insured goods, kept in a godown, were partially destroyed by fire and the insured was dully compensated by the insurer for the loss. The insurer then sued the godown keeper and received a sum of ten thousand rupees from him. The insured claimed payment of even this amount from the insurer. Is he entitled? What kind of insurance principles you will use for both parties to support your answer?
 - b. 'A' the owner of a ship does not have a ship in good condition; but, by fraud represents ship to be seaworthy and induces 'B' an underwriter to insure the ship.

P.T.O.

After getting insured, ship gets collision in sea. Can 'B' obtain the cancellation of policy and deny making payment to A?

- c. Rajiv's stock were kept in a warehouse were insured against fire. From last 5 months after getting insured, fire extinguishers were not repaired at warehouse. One night, stock was fouled by the heat of the warehouse. Explain the liability of the fire insurance company.
- d. Factory of L is insured equally by three general insurance companies (P, Q and R). In an fire accident, factory is destroyed fully and L claims amount only from one insurance company "Q" and receives 1.5 crore Rs. After making payment to L, what are the rights in hand of "Q" insurance company? Can J, brother of L; recover amount from any insurance company. Explain.