

**MARKING SCHEME
SAMPLE PAPER
Class X
BANKING & INSURANCE (411)**

Time: 2 Hours

Marks: 50

- i. Question paper is divided into two sections.

Section A –

- Multiple choice questions/Fill up/one sentence. (1 mark each)
- Very Short Answer (2marks each)
- Short Answer (3 marks each)

Section B- long Answer (5 marks each)

- ii. All questions of that particular section must be placed in the correct order
iii. Please check that this question paper contain 31 question
iv. The maximum time allowed is 2 hour.

SECTION A

Multiple choice questions/Fill up/one sentence: (Attempt Any Ten Questions)

(1X10=10)

Q.1(c) a loan where some security is given to the bank.

Q.2 c) Endorsement

Q.3 c) Proposal

Q.4 a) One Time Password

Q.5 a) Namaste

Q.6 General Insurance provides indemnity against loss arising from damage to property or assets, expenditure or loss of earning arising from injury to a person, legal liabilities etc.

Q.7 c) National Electronic Fund Transfer

Q.8 General Insurance

Q.9 Non-Verbal

Q.10 Communication is the act of imparting or exchanging of information, ideas, or feeling.

Communication is a two-way activity that takes place between two or more people. Sending, giving or exchanging information and ideas are often expressed verbally and non-verbally

Q.11 a) Annuity

Q.12 (b) Balance Rs. 15,000 has to be paid to the borrower

Very Short Answer (Attempt Any Five Questions)

(2x5=10)

Q.13 Verbal communication includes **written** and **oral communication**, whereas non-verbal communication includes **body language, facial expressions and pictures**.

Q.14 The barriers to communication are specific items that can distort or prevent communication in an organization.

Q.15 In India it is mandatory i.e required by Law, for every owner or operator of a Motor Vehicle to take insurance that provides for payment of compensation to a Third Party who dies or suffers injuries due an accident caused by the said motor vehicle. Thus the objective of such a policy is prevention of public liability to protect the general public from any accident that may take place on the road.

Q.16 The Negotiable instrument Act has not defined the term negotiable instrument. It only names three Negotiable instruments in Sec. 13. These are:

Promissory Notes (PN)

Bills of exchange (BE) or

Cheques

Payable to either order or bearer.

Q.17 The key benefits of internet banking include:

Convenience

Better Interest Rates

Services

Mobility

Environment Friendly

Lower operating cost

Very low incidence of errors

Q.18 Crossing provides protection and safeguard to the owner of the cheque as by securing payment through a banker it can be easily detected to whose use the money is received.

Where the cheque is crossed, the paying banker shall not pay it except to a banker.

Q.19 Safe deposit vaults or bank lockers have long been considered the safest place to store valuable ornaments, stock certificates, deeds and other valuables. It is because risk is minimized in banks in regards to safety norms taken by bank, which is not possible in homes.

Short Answer (Attempt Any Five Questions)

(3x5=15)

Q.20 An applicant for a Demand Draft is required to fill in a DD Request Slip, mentioning the amount, payee's name, issuing branch, location the draft should be payable at, his name, signature and account number etc. In most cases, the purchaser of the draft is an account holder with the bank, hence he can authorise the bank to debit (that is, take out funds from) his account either through a Cheque or a debit mandate. The Cheque should be drawn in favor of "Yourself for the issue of DD favoring XYZ ", where XYZ refers to the payee of the DD. The banker will debit the account of the account holder and issue a DD in favour of the

beneficiary. The purchaser of the Demand Draft will send it to the beneficiary who will deposit the DD in his Bank account. Beneficiary's Banker will clear the cheque through the clearing process. On clearance, Beneficiary's Bank will credit the Beneficiary account

Q.21 a. Personal Loans:

These are generally unsecured loans and are given only to the credit worthy customers well known to the bank, having adequate cash flows to repay such loans. Personal loan come very handy for the borrower to meet such expenditures. Since these loans are unsecured, banks insist on a co-borrower or a guarantor to join the borrower.

b. Credit Cards Loan:

A credit card is a plastic card containing the name of the card holder and the details of the 'credit limit' sanctioned to him. The card holder can use the card for

- Purchases of goods / articles / services on credit in person or
- Through internet or draw cash (as loan) through Automated Teller Machines (ATMs) – up to the credit limit sanctioned to him.

Q.22 Strategies for overcoming barriers to communication are:

1. Environmental factors that affect communication include noise and physical obstacles like distance and lack of proper instruments for communication *Checking the instrument before using it for communication is useful in avoiding unpleasant situation.*
2. **Attitudinal factors** that affect communication include fear of upsetting others, fear of rejection or ridicule and low self image. *Training of employees in organization and solving their problems*
3. **System design (i) Time:** Some functions are time sensitive and cannot be delayed. Time pressures affect the ability to communicate. *Manage your time and pace of communication to ensure effectiveness.* **(ii) Information overload:** Too much information may result in confusion, misinterpretation and loss of information.

Q.23The following are the differences between a PN and a BE,

Promissory note	Bills of exchange
It contains a promise to pay	It contains a order to pay
Primary liability to pay is of the maker of the PN	Primary liability to pay is on the Drawee. If the drawee fails, the liability will be that of the drawer
Initially there are two parties –the maker (promissor) and the payee (promisee). Maker and payee have to be different persons.	Initially there are three parties – the maker who is the drawer, the Drawee who is ordered to pay and the payee who has to get the money. The drawer and the payee may be the same person.

Q.24 Ram will get 1 lakh as compensation. Insurer is liable to only indemnify the losses of the person and not to make any profitable deal for him. Losses will be indemnified up to a maximum of sum insured.

Q.25 Advantages of life insurance:

1. Risk cover
2. Planning life stages needs
3. Habit of saving
4. Safety of Investment
5. Liquidity
6. Tax Benefit (Any Three)

Q.26 Fire insurance is a contract under which the insurer in return for a consideration (premium) agrees to indemnify the insured/assured for the financial loss which the Insured may suffer due to destruction of or damage to property or goods, caused by fire, during a specified period.

Assets, Building, property are protected. Loss caused due to fire is indemnified.

SECTION B

Long Answer (Attempt Any three questions)

(5x3=15)

Q.27 **Electronic Clearing Services (ECS)**

ECS is an electronic mode of payment / receipt for transactions that are repetitive and periodic in nature.

Customers: The advantages of ECS to customers are as follows:

- ECS Debit mandates will take ensure automatic debit of the amount to customer accounts on the due dates without customers visiting bank branches / collection centers of utility service providers etc.
- Customers need not keep track of due date for payments.
- The debits to customer accounts would be monitored by the ECS Users, and the customers are alerted accordingly.

Benefits to Banks:

- Freedom from paper handling and the resultant disadvantages of handling, receiving and monitoring paper instruments presented in clearing.
- Ease of processing by the destination bank branches.
- Smooth process of reconciliation for the sponsor banks.

Q.28 Nomination means nominating a person to receive the benefit of Life Insurance policy. It is done only by a policyholder who is a major & holding Policy Bond in his own name. Through nomination facility, the policyholder will appoint a nominee or nominees to receive the death benefit while processing a death claim. The sum assured plus the applicable bonuses will be paid along with the death claim.

Q.29

Parameter	Life Insurance	General Insurance
Risk	The element of risk is the	The element of risk is the

	death of a person	damage/ loss to a property or an asset.
Tenure	Long Period	Comparatively shorter period not extending beyond the useful life of the asset.
Beneficiary	In the event of death of the Insured the Beneficiary would be the Legal Heirs of the Insured.	The beneficiary would generally be the Insured who would also be, in most cases, the owner of the asset
Payment of Premium	Periodical Payments which could be quarterly, half yearly or yearly	Generally Lump Sum Payment at the time of taking up the Policy.

Q.30 . The different types of General Insurance are fire, marine, Motor Vehicle, accident and other types of non life insurance.

General Insurance comprises of:

- Insurance of property against fire, theft etc.
- Personal Insurance such as Accident & Health Insurance.
- Liability Insurance which covers legal liability arising out of third party claims such as claim from a person injured in a motor accident etc.
- Other types of Insurances such as Credit Insurance, Crop Insurance, etc.

Q.31 **Features of Bank Loans:** Bank loans have the following characteristics:

- A bank loan may be either secured or unsecured depending upon the circumstances.
- The interest charged by the bank on such a loan may be either fixed rate or at variable rate.
- If mortgage loan is to be obtained, the borrower has to pay a number of fees such as title searching fees, application fees, inspection fees, etc.

In the event the borrower fails to repay the loan with interest, the bank will be able to liquidate the security (after giving sufficient notice to the borrower) and appropriate the proceeds towards the dues of the borrower. If the sale proceeds of the securities exceed the dues of the borrower, the excess amount is given back to the borrower.