CBSE Class X Banking And Insurance (Code 98)

Time Allowed : 2 Hours	Maximum Marks : 50	Total Questions : 21

General Instructions

Read the following instructions very carefully and strictly follow them:

1. *Please read the instructions carefully.*
2. *This question paper consists of 21 questions in two sections: Section-A & Section-B.*
3. *Section-A has objective type questions whereas Section-B contains subjective type questions.*
4. *Out of the given (**5 + 16 = 21**) questions, a candidate has to answer (**5 + 10 = 15**) questions in the allotted (maximum) time of 2 hours.*
5. *All questions of a particular section must be attempted in the correct order.*
6. ***Section A – Objective type questions (24 marks):***
   (a) This section has **05 questions**.
   (b) Marks allotted are mentioned against each question/part.
   (c) There is no negative marking.
   (d) Do as per the instruction given.
7. ***Section B – Subjective type questions (26 marks):***
   (a) This section has **16 questions**.
   (b) A candidate has to do **10 questions**.
   (c) Do as per the instruction given.
   (d) Marks allotted are mentioned against each question/part.

SECTION A (Objective Type Questions)

Question 1. Answer any 4 out of the given 6 questions on Employability Skills.

(i) List two characteristics of a good feedback system.

Solution:
Two characteristics of a good feedback system are:
1. **Specificity:** Feedback should be clear and specific, focusing on particular areas of improvement or success.

2. **Constructiveness:** Feedback should aim to help the recipient improve, avoiding criticism and promoting positive change.

Quick Tip
Good feedback should always focus on actionable advice and encourage improvement.

(ii) Shankar is a bank manager. Increase in his salary and providing incentives to him is ______ incentive to boost his morale.

(a) non-financial
(b) financial
(c) remedial
(d) restricted

Correct Answer: (b) Financial

Solution:
A salary increase and monetary incentives are forms of financial motivation, as they provide direct financial benefits to the employee.

Quick Tip
Financial incentives involve monetary rewards, while non-financial incentives include praise, recognition, or opportunities for growth.

(iii) Operating system is a:

(a) hardware
(b) software
(c) humanware
(d) hardware and humanware

Correct Answer: (b) Software

Solution:
An operating system (OS) is a type of software that acts as an interface between the user and the hardware of a computer. Examples include Windows, macOS, and Linux.

Quick Tip

Remember that software includes programs and operating systems, while hardware refers to physical components.

(iv) Emotional intelligence is the ability to identify and manage own _____ and _____ of others.
(a) emotions, emotions
(b) confidence, confidence
(c) confidence, emotions
(d) emotions, confidence

Correct Answer: (a) emotions, emotions

Solution:
Emotional intelligence refers to the ability to recognize, understand, and manage one's emotions as well as the emotions of others, leading to better interpersonal relationships.

Quick Tip

Emotional intelligence focuses on understanding feelings, both your own and others', to build stronger relationships.

(v) Dev is running his own business, uses his skills, tries new ideas and takes wise decisions and also bears the risks. Here Dev is?
(a) Entrepreneur
(b) Wage employed
(c) Manager
(d) Government official

Correct Answer: (a) Entrepreneur

Solution:
An entrepreneur is someone who starts and runs their own business, takes risks, and innovates to succeed. Dev fits this definition as he is running his business and making decisions independently.

Quick Tip

Entrepreneurs are risk-takers and decision-makers who create new business opportunities.

(vi) The full form of SDGs is:
(a) Sustained Developed Goals
(b) Sustainable Development Goals
(c) Socially Developed Goals
(d) Social Development Goals

Correct Answer: (b) Sustainable Development Goals

Solution:
The Sustainable Development Goals (SDGs) are a set of 17 global goals established by the United Nations to address challenges like poverty, inequality, climate change, and environmental sustainability.

Quick Tip
SDGs aim for global well-being, focusing on sustainability and long-term solutions for global issues.

Question 2. Answer any 5 out of the given 6 questions.

(i) The party who draws the bills of exchange:
(a) Debtor
(b) Creditor
(c) Payee
(d) Acceptor

Correct Answer: (b) Creditor

Solution:
The creditor is the party who draws the bill of exchange. This is because the creditor has the right to demand payment from the debtor and thus creates (or draws) the bill.

Quick Tip
Remember that the **drawer** (the party drawing the bill) is always the creditor, while the **drawee** is the debtor responsible for payment.

(ii) 'Cheques and Demand Draft' can be presented to the bank within _____ months.
(a) two

(b) three
(c) six
(d) nine

Correct Answer: (c) six

Solution:
Cheques and demand drafts are valid for a maximum period of six months from the date of issue. After this period, they are considered stale and cannot be processed.

Quick Tip
Always check the date on cheques or demand drafts to ensure they are within the six-month validity period.

(iii) Who should accept a bill of exchange?
(a) Drawer
(b) Drawee
(c) Payee
(d) Creditor

Correct Answer: (b) Drawee

Solution:
The drawee is the person on whom the bill of exchange is drawn and who is required to accept it. Acceptance by the drawee signifies their agreement to pay the amount specified in the bill on the due date.

Quick Tip
The **drawee** is the one who accepts the bill, while the **drawer** is the party who creates it.

(iv) The interest rate below which banks cannot lend is called:
(a) Repo rate
(b) Base rate
(c) Statutory rate
(d) Reverse Repo rate

Correct Answer: (b) Base rate

Solution:
The base rate is the minimum interest rate set by a bank below which it cannot lend to customers, except in specific cases such as for agricultural loans or government schemes.

Quick Tip
The **base rate** is designed to ensure transparency in lending rates and prevent unfair practices.

(v) Principal amount and interest payment is obligation for:
(a) Lender
(b) Bank
(c) RBI
(d) Borrower

Correct Answer: (d) Borrower

Solution:
The borrower is the person or entity that takes a loan and has the obligation to repay the principal amount along with any interest accrued on it. The lender provides the funds.

Quick Tip
A **borrower** owes both the principal and interest, while the **lender** earns interest as a return.

(vi) Loans payable in more than 5 years are called _____ term loans.
(a) short
(b) very short
(c) long
(d) medium

Correct Answer: (c) Long

Solution:
Loans with a repayment period of more than five years are categorized as long-term loans. These are typically used for large investments like purchasing property or funding major business projects.

Quick Tip

Remember, loan categories: **short-term (up to 1 year)**, **medium-term (1–5 years)**, and **long-term (more than 5 years)**.

Question 3. Answer any 5 out of the given 6 questions.

(i) Visa is a _____ card.
(a) National
(b) Asian
(c) European
(d) International

Correct Answer: (d) International

Solution:
Visa cards are widely accepted globally and are categorized as international cards. They can be used for transactions across different countries and currencies.

Quick Tip

Remember that Visa and Mastercard are examples of international cards due to their global usage and acceptance.

(ii) Overdraft facility has a/an _____ credit limit.
(a) estimated
(b) permanent
(c) approved
(d) unlimited

Correct Answer: (c) Approved

Solution:
An overdraft facility allows the account holder to withdraw more money than what is available in their account. However, the credit limit for overdraft is predefined and approved by the bank.

Quick Tip

The credit limit for an overdraft is determined by the bank based on the account holder's eligibility.

(iii) In case of Cash Credit, interest is charged on _____ loan availed.
(a) actual
(b) sanctioned
(c) 50%
(d) 80%

Correct Answer: (a) actual

Solution:
In Cash Credit, the interest is charged only on the amount that is actually utilized or withdrawn by the borrower, not on the total sanctioned amount. This makes Cash Credit cost-effective for businesses.

Quick Tip
Interest on Cash Credit is calculated only on the actual amount utilized, unlike loans where it is based on the full sanctioned amount.

(iv) IFSC is an alphanumeric _____ digit code.
(a) 8
(b) 10
(c) 11
(d) 12

Correct Answer: (c) 11

Solution:
IFSC (Indian Financial System Code) is an 11-digit alphanumeric code used to uniquely identify a bank branch in India for electronic payment systems like NEFT and RTGS.

Quick Tip
The IFSC code is 11 digits: the first 4 characters represent the bank, the 5th is always '0', and the last 6 characters identify the branch.

(v) The other name for Banker's cheque is:
(a) Bank draft
(b) Overdraft
(c) Pay order

(d) Demand Draft

Correct Answer: (c) Pay order

Solution:
A banker's cheque, also known as a pay order, is a financial instrument issued by a bank, instructing the bank itself to pay a certain amount to a specified person. It is used for local transactions.

Quick Tip
A pay order (banker's cheque) is similar to a demand draft but is used within the same city or region.

(vi) For Locker operations in a bank _____ is (are) required.
(a) One key
(b) Two keys
(c) Three keys
(d) Four keys

Correct Answer: (b) Two keys

Solution:
Bank lockers operate with two keys: one is kept by the bank (master key), and the other is given to the customer. Both keys are required simultaneously to open the locker.

Quick Tip
Always remember that bank lockers require both the customer's key and the bank's master key for operation.

Question 4. Answer any 5 out of the given 6 questions.

(i) Write the full form of 'RTGS'.
(a) Real Time Gross Settlement
(b) Royal Time Gross Settlement
(c) Real Time Group Settlement
(d) Real Timing Gross Settlement

Correct Answer: (a) Real Time Gross Settlement

Solution:
RTGS stands for Real Time Gross Settlement. It is a system where money is transferred electronically from one bank account to another in real time and on a gross basis. This method is used for high-value transactions.

Quick Tip
RTGS is fast and secure for high-value transactions, ensuring the funds are transferred immediately.

(ii) For issuing a demand draft banks charge:
(a) commission
(b) discount
(c) rebate
(d) interest

Correct Answer: (a) commission

Solution:
Banks charge a commission for issuing a demand draft. The commission depends on the value of the draft and serves as a service fee for processing the transaction.

Quick Tip
Remember, banks levy commission for services like demand drafts, not discounts or rebates.

(iii) ECS stands for:
(a) Electric Clearing System
(b) Electronic Clearing System
(c) Electronic Collection System
(d) Electronic Control System

Correct Answer: (b) Electronic Clearing System

Solution:
ECS, or Electronic Clearing System, is used for electronic fund transfer. It is commonly used for recurring transactions like salary, pension, or utility bill payments.

Quick Tip
ECS is widely used for automated recurring payments like EMI or bill payments.

(iv) The body which regulates the insurance sector in India is:
(a) RBI
(b) UTI
(c) IRDA
(d) ICICI

Correct Answer: (c) IRDA

Solution:
The Insurance Regulatory and Development Authority of India (IRDA) is the statutory body responsible for regulating and promoting the insurance and reinsurance industries in India.

Quick Tip
Remember, IRDA regulates insurance, while RBI oversees banking in India.

(v) Endowment policy is:
(a) Life Insurance Policy
(b) Marine Insurance Policy
(c) Fire Insurance Policy
(d) Health Insurance Policy

Correct Answer: (a) Life Insurance Policy

Solution:
An endowment policy is a type of life insurance policy that provides a lump sum amount to the insured at the end of the policy term or to the beneficiaries in case of the policyholder's death.

Quick Tip
Endowment policies combine life insurance with savings or investment benefits.

(vi) Name the method that helps to determine financial loss due to loss of human life which is based on assessment on the basis of loss of future income.

Correct Answer: Human Life Value (HLV) method

Solution:
The Human Life Value (HLV) method assesses the financial loss caused by the death of a person. It calculates the future income the person would have earned and their financial contribution to dependents.

Quick Tip
HLV helps calculate insurance needs based on potential financial loss due to a person's death.

Question 5. Answer any 5 out of the given 6 questions.

(i) The person whose name is nominated in a Life Insurance Policy is called:
(a) owner
(b) nomination
(c) nominee
(d) agent

Correct Answer: (c) nominee

Solution:
The nominee in a life insurance policy is the person named by the policyholder to receive the policy benefits in the event of the policyholder's death. The nominee ensures that the benefits are provided to the intended beneficiary.

Quick Tip
The nominee is the person legally entitled to claim the benefits of the policy after the policyholder's death.

(ii) ULIPs are subject to _____ market risks.
(a) Money
(b) Capital
(c) Commodity
(d) Primary

Correct Answer: (b) Capital

Solution:
Unit Linked Insurance Plans (ULIPs) invest in equity and debt markets, making them subject to capital market risks. Their returns depend on the market's performance.

Quick Tip
ULIPs combine insurance and investment, so their returns fluctuate with capital market performance.

(iii) The type of Life Insurance Policy in which there is provision of regular income during old age is called:
(a) Endowment policy
(b) Money back policy
(c) Annuity policy
(d) Term policy

Correct Answer: (c) Annuity policy

Solution:
An annuity policy provides regular payouts to the insured, typically after retirement or reaching a certain age. It is designed to offer financial stability during old age.

Quick Tip
Annuity policies are great for retirees as they provide a steady income during retirement years.

(iv) Who is the second party in case of Motor Vehicle Insurance?
(a) Insurer
(b) Insured
(c) Nominee
(d) Bank

Correct Answer: (b) Insured

Solution:
In motor vehicle insurance, the insured is the second party. The insured is the person or entity who purchases the policy and is covered against losses or damages as specified in the policy.

Quick Tip

In any insurance contract, the insured (policyholder) is always the second party, while the insurer is the first party.

(v) _____ provides the insurance policies and sells them to the customers.
(a) Insured
(b) Annuitant
(c) Insurer
(d) Agent

Correct Answer: (c) Insurer

Solution:
The insurer is the company or entity that offers insurance policies to customers and bears the risk. The insured pays a premium in return for the coverage provided by the insurer.

Quick Tip

The insurer is the company offering the policy, and the agent is the intermediary selling it.

(vi) What is meant by Cancellation of Insurance?

Solution:
Cancellation of insurance refers to the termination of an insurance policy by either the insurer or the insured. This could happen due to reasons such as non-payment of premiums, fraud, or upon the request of the policyholder. Once canceled, the policyholder loses all coverage benefits.

Quick Tip

Always keep your insurance premiums updated to avoid unintentional cancellation of your policy.

SECTION B (Subjective Type Questions)

Answer any 3 out of the given 5 questions on Employability Skills. Answer each question in 20–30 words.

Question 6. Right method of communication depends upon various factors. Mention any two such factors.

Solution:
1. Clarity of Message: The message should be clear and concise to avoid confusion.
2. Audience Understanding: Consider the audience's knowledge level, language, and preferences to ensure the message is effectively received.

> Quick Tip
>
> Always tailor your communication style to the audience and keep the message clear for better understanding.

Question 7. "Banking and Insurance Sectors provide opportunities to many but many employees feel that they are having stress due to work pressure." Suggest two ways of overcoming such stress.

Solution:
1. Time Management: Employees can prioritize tasks and manage their time effectively to reduce workload stress.
2. Regular Breaks and Relaxation: Taking short breaks during work and practicing relaxation techniques like deep breathing or meditation can help reduce stress.

> Quick Tip
>
> Managing time effectively and taking breaks during work can significantly reduce stress levels in high-pressure jobs.

Question 8. List two ways to protect a Computer System.

Solution:
1. Install Antivirus Software: Protect the system from malware and viruses by installing reliable antivirus software.
2. Use Strong Passwords: Ensure the computer is secured with strong, unique passwords to prevent unauthorized access.

Quick Tip

Regularly update antivirus software and avoid sharing passwords to enhance computer security.

Question 9. Every entrepreneur performs some important functions to run their business effectively and efficiently. State any two such functions.

Solution:
1. Planning: Entrepreneurs plan business activities and strategies to achieve their goals efficiently.
2. Resource Management: They allocate resources like time, money, and manpower to ensure smooth operations.

Quick Tip

Proper planning and effective resource management are crucial for running a successful business.

Question 10. Explain the concept of "Sustainable development" in a green economy.

Solution:
Sustainable development focuses on meeting present needs without compromising the ability of future generations to meet theirs. It emphasizes eco-friendly practices, resource conservation, and reducing environmental harm.

Quick Tip

Sustainable development integrates economic growth with environmental protection for a better future.

Answer any 4 out of the given 6 questions in 20–30 words each.

Question 11. Explain "Anti-dated cheque."

Solution:
An anti-dated cheque is a cheque that is issued with a date earlier than the current date. It is valid for six months from the date mentioned on it.

Quick Tip

Anti-dated cheques are commonly used when the payment date precedes the issuance date.

Question 12. "Unsecured loans are risky from a bank's point of view." Do you agree? Give reason in support of your answer.

Solution:
Yes, unsecured loans are risky as they do not require collateral. If the borrower defaults, the bank cannot recover the loan by selling assets.

Quick Tip

Banks charge higher interest rates for unsecured loans to compensate for the higher risk.

Question 13. State two benefits of NEFT.

Solution:
1. Convenient Fund Transfer: NEFT allows easy and secure fund transfers across bank accounts.
2. Nationwide Accessibility: NEFT is available throughout the country, enabling seamless transactions.

Quick Tip

NEFT transactions are processed in batches and are widely used for low-value transfers.

Question 14. List two benefits from ECS debit system to Banks.

Solution:
1. Automation of Payments: ECS debit automates recurring payments, reducing manual effort for banks.
2. Cost Efficiency: It lowers operational costs by reducing paperwork and errors.

Quick Tip

ECS debit systems are ideal for utility bill payments and recurring deductions like EMIs.

Question 15. Write the significance of "Life Insurance Policies."

Solution:
1. Financial Security: Life insurance provides financial support to the family in case of the policyholder's death.
2. Savings and Investment: Many policies also serve as a means of savings and long-term investment.

Quick Tip
Life insurance combines protection and investment, making it essential for financial planning.

Question 16. "Accidents are unexpected and destructive." Do you agree with this statement? In this context, state two points of importance of Fire Insurance Policy to the business.

Solution:
1. Financial Protection: Fire insurance compensates for losses due to accidental fire, helping businesses recover.
2. Risk Coverage: It provides coverage for damages to property, goods, and machinery, ensuring continuity of operations.

Quick Tip
Fire insurance is crucial for businesses to minimize financial risks associated with fire accidents.

Answer any 3 out of the given 5 questions in 50–80 words each.

Question 17. List four features of negotiable instruments and explain any two in brief.

Solution:
Features of negotiable instruments: 1. Transferability: They can be transferred easily from one person to another.
2. Guaranteed Payment: The payment to the holder is guaranteed as per the terms.
3. Written Document: It must be in writing.
4. Legal Framework: They are governed by legal acts such as the Negotiable Instruments Act, 1881.

Explanation: - Transferability: Ownership of the instrument can be transferred by endorsement and delivery.
- Guaranteed Payment: The payee is assured of receiving the payment if the instrument is valid.

Quick Tip
Examples of negotiable instruments include cheques, promissory notes, and bills of exchange.

Question 18. "Today internet banking is very popular." Mention any four points of importance of internet banking.

Solution:
1. Convenience: Customers can access their accounts 24/7 from anywhere.
2. Time-Saving: Transactions can be completed without visiting a branch.
3. Cost-Effective: Reduces the need for physical infrastructure and paperwork.
4. Enhanced Services: Offers additional services like bill payments, fund transfers, and account management.

Internet banking has revolutionized banking by offering secure, fast, and efficient services to customers.

Quick Tip
Always ensure your internet banking details are secure to prevent unauthorized access.

Question 19. State any four advantages of having life insurance.

Solution:
1. Financial Protection: Provides financial security to the family in case of the policyholder's death.
2. Tax Benefits: Premiums paid for life insurance are tax-deductible under Section 80C of the Income Tax Act.
3. Long-Term Savings: Certain policies help in accumulating savings over time.
4. Loan Facility: Policyholders can borrow against the life insurance policy in emergencies.

Life insurance ensures peace of mind by combining protection and savings.

Quick Tip
Choose a life insurance policy based on your financial goals and family needs.

Question 20. State two advantages and two limitations of bank loans.

Solution:
Advantages: 1. Access to Funds: Provides necessary funds for personal or business purposes.
2. Lower Interest Rates: Loans typically have lower interest rates compared to other financing options.
Limitations: 1. Repayment Burden: Fixed monthly repayments can strain finances.
2. Collateral Requirement: Most loans require collateral, which might not be available to everyone.

Quick Tip
Always calculate your repayment capacity before applying for a loan to avoid financial stress.

Question 21. Explain 'Proximity Clause.'

Solution:
The Proximity Clause in insurance refers to the principle of identifying the closest and most direct cause of loss when multiple factors contribute to the damage. It helps determine whether the loss is covered under the insurance policy. For example, if a fire caused by a short circuit damages goods, the insurer evaluates the fire as the direct cause to process the claim.

Quick Tip
The Proximity Clause ensures that only losses caused by insured events are compensated.