

**THIRD SEMESTER (CUCBCSS-UG) DEGREE EXAMINATION
NOVEMBER 2021**

Economics with Islamic Finance

EIF 3B 04—ISLAMIC BANKING AND INSURANCE

(2014—2018 Admissions)

Time : Three Hours

Maximum : 80 Marks

Section A

I. Objective type questions. Answer all *twelve* questions :

1 An agreement in which advance fee is made for commodities to be delivered afterwards is :

- (a) Murabaha. (b) Bai salam.
(c) Ijarah. (d) Murabaha.

2 Which of the following literally means a credit sale :

- (a) Bai mu ajjal. (b) Mudarabah.
(c) Ijarah. (d) Murabaha.

3 Which of the following is the custodian of the foreign exchange reserve of the country ?

- (a) Central bank. (b) Commercial bank.
(c) Co-operative bank. (d) NBFCs.

4 The IDB is established in the year :

- (a) 1983. (b) 1971.
(c) 1973. (d) None of these.

5 The RBI was established in the year :

- (a) 1935. (b) 1947.
(c) 1950. (d) 1858.

6 Al-Baraka is an Islamic bank with its head quarter in :

- (a) Kuwait. (b) Saudi Arabia.
(c) Malaysia. (d) Egypt.

- 7 Identify a private Islamic bank of Egypt from the following ?
- (a) Faisal Islamic bank.
 - (b) Islamic International bank for Investment and Development (IIBID).
 - (c) Islamic Development Bank (IDB).
 - (d) A and B only.
- 8 Credit creation is because of the operation of :
- (a) Central bank.
 - (b) Cooperative bank.
 - (c) Commercial Bank.
 - (d) NBFCs.
- 9 In Islamic banking, current account deposits are based on the principle of :
- (a) Amanah.
 - (b) Wadiah.
 - (c) Qard.
 - (d) All of these.
- 10 The largest share holder of Islamic Development Bank (IDB) is :
- (a) Kuwait.
 - (b) UAE.
 - (c) Pakistan.
 - (d) Saudi Arabia.
- 11 Which of the following is a type of rent agreement ?
- (a) Musharaka.
 - (b) Murabaha.
 - (c) Ijara.
 - (d) Istisna.
- 12 The first country to have an Islamic bank was :
- (a) Saudi Arabia.
 - (b) Egypt.
 - (c) Malaysia.
 - (d) Turkey.

(12 × ½ = 6 marks)

Section B

Answer any ten.

Each question carries 2 marks.

- 13 Define Islamic banking.
- 14 What is Bai'mu'ajjal' ?
- 15 Define a Nidhi Company.

- 16 What is meant by re-insurance ?
- 17 Distinguish between current account and SB account
- 18 What is meant by letter of credit ?
- 19 Distinguish between NBFCs and commercial banks.
- 20 What is Istisnal ?
- 21 What is Riba ?
- 22 What are the objectives of IDB ?
- 23 What are the ethical investments in Islamic Finance ?
- 24 Comment on life insurance in Islam ?

(10 × 2 = 20 marks)

Section C (Short Essay)

Answer any six.

Each question carries 5 marks.

- 25 Distinguish between income statement and balance sheet.
- 26 What are the important benefits of Islamic Insurance ?
- 27 Analyze the benefits of PLS over fixed return.
- 28 Give a brief sketch on the Islamisation of banks in Pakistan.
- 29 Explain the various principles behind Islamic banking.
- 30 Analyze the problem and prospects of Interest free banking in India.
- 31 What are the important capital sources of Islamic Banking ?
- 32 Analyze the need for and agencies of Islamic accounting standards.

(6 × 5 = 30 marks)

Section D (Essay)

Answer any two.

Each question carries 12 marks.

- 33 Examine the difference between conventional and Islamic commercial banking.
- 34 What are the important functions of a central bank ? Analyze the additional functions of an Islamic central bank.
- 35 What are the important financial techniques used by Islamic banks for fund raising and fund utilization ?
- 36 Compare and contrast conventional insurance and Islamic insurance.

(2 × 12 = 24 marks)