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B.A. (CBCS) DEGREE EXAMINATION,
APRIL 2020.

Sixth Semester

Economics – Main

BANKING THEORY AND PRACTICE

(For those who joined in July 2012 – 2015)

Time : Three hours

Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL questions.

Choose the correct answer :

1. Accepting deposits from the public is a _____
function of a bank.
- (a) primary (b) secondary
(c) contingent (d) static

2. Commercial banks
- (a) mobilise savings
 - (b) promote capital formation
 - (c) provide agricultural finance
 - (d) all of these
3. _____ is the origin of the branch banking system.
- (a) America (b) England
 - (c) India (d) Brazil
4. The unique feature of unit banking system is _____ system.
- (a) branch banking
 - (b) correspondent banking
 - (c) group banking
 - (d) chain banking
5. _____ deposits brings cash to the banking system.
- (a) Primary (b) Derived
 - (c) Savings (d) Current

6. Which one of the following is not a type of cheque?
- (a) crossed cheque (b) blank cheque
(c) speed cheque (d) bearer cheque
7. The Central bank of our country is
- (a) Reserve Bank of India
(b) Federal Bank
(c) State Bank of India
(d) Indian Overseas Bank
8. Reserve Bank of India was nationalised on _____.
- (a) Jan. 1, 1939 (b) Jan. 1, 1949
(c) Jan. 1, 1959 (d) Jan. 1, 1969
9. The biggest constraint in e-banking is
- (a) start up cost (b) maintenance cost
(c) training cost (d) security cost
10. EFT means
- (a) Effective Funds Transfer
(b) Efficient Funds Transfer
(c) Easy Funds Transfer
(d) Electronic Funds Transfer

PART B — (5 × 5 = 25 marks)

Answer ALL questions, choosing either (a) or (b).

Answer should not exceed 250 words.

11. (a) Define and explain the term Commercial Bank.

Or

- (b) What are the different kinds of loans provided by Commercial Banks?

12. (a) State the advantages of Unit Banking System.

Or

- (b) Write a note on mixed banking system.

13. (a) Explain the characteristic features of negotiable instruments.

Or

- (b) Narrate the advantages of letters of credit.

14. (a) What are the objectives of credit control?

Or

- (b) Criticise the functioning of Reserve Bank of India.

15. (a) What are the differences between traditional banking and e-banking?

Or

- (b) Indicate the main features of modern banking.

PART C — (5 × 8 = 40 marks)

Answer ALL questions, choosing either (a) or (b).

Answer should not exceed 600 words.

16. (a) Explain the main functions of Commercial Banks.

Or

- (b) Discuss the role of Commercial Banks in the economic development of India.

17. (a) Explain the advantages of branch banking system.

Or

- (b) Evaluate the banking system that prevails in India.

18. (a) What are the limitations of Credit Creation by Commercial Banks?

Or

- (b) Explain the different types of cheques.

19. (a) Explain the main functions of Central Bank.

Or

(b) Explain the various quantitative credit control measures.

20. (a) Bring out the advantages of e-banking.

Or

(b) “E-banking involves many problems of security” – Elucidate.
