

(6 Pages)

Reg. No. :

Code No. : 32118 E Sub. Code : CABF 11

B.Com. (CBCS) DEGREE EXAMINATION,
APRIL 2023.

First Semester

Banking and Finance — Allied

BANKING THEORY

(For those who joined in July 2021 onwards)

Time : Three hours

Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL questions.

Choose the correct answer :

1. The banks which provide long - term finance is

- _____
- (a) Exchange bank (b) Investment bank
(c) Savings bank (d) Co-operative banks

2. The banking operations are carried through a single office and confined to a particular area is called
- (a) Branch banking system
(b) Correspondent banking system
(c) Unit banking system
(d) Savings bank
3. The central bank is the lender of last resort because
- (a) It acts as bank to the government
(b) It acts as the clearing house for commercial banks
(c) Regulation of consumer credit
(d) The commercial banks can approach it for financial accommodation
4. In what method, the central bank prescribes the margin to kept for loans
- (a) Direct action
(b) Margin requirements
(c) Rationing credit
(d) Publicity

5. The _____ exercises control over all commercial banks from their birth to death.
- (a) Co-operative bank
(b) Unit banking
(c) Reserve bank of India
(d) Branch bank
6. The minimum paid-up capital for giving license to a new banking company is _____
- (a) Rs. 10 crores (b) Rs. 250 crores
(c) Rs. 100 crores (d) Rs. 500 crores
7. The variable reserve ratio as a method of credit control was suggested by
- (a) Keynes (b) John
(c) RBI (d) Central bank
8. Which type of method is used to control speculative activities in securities?
- (a) Publicity
(b) Direct action
(c) Margin requirements
(d) Moral suasion

Page 3 Code No. : 32118 E

9. The best example for miscellaneous non-banking companies _____
- (a) mutual fund
(b) non financial company
(c) chit
(d) all of the above
10. The maximum period for which deposits can be obtained by a NBFCs is _____
- (a) 5 years (b) 3 years
(c) 8 years (d) 10 years

PART B — (5 × 5 = 25 marks)

Answer ALL questions, choosing either (a) or (b).
Each answer should not exceed 250 words.

11. (a) Explain the arguments for nationalization of commercial banks.
- Or
- (b) Explain in brief the progress of banking in India.
12. (a) What are the methods of credit control?
- Or
- (b) List out the limitations of selective credit control.

Page 4 Code No. : 32118 E

[P.T.O.]

13. (a) State the provisions of banking regulation Act relating to opening of new branches.

Or

(b) State the provisions of banking regulation Act relating to licensing of banks.

14. (a) Discuss the condition for success of open market operations.

Or

(b) Analyze the bill market scheme.

15. (a) Examine the suggestions given by the Shaw Group relates to NBFCs.

Or

(b) Summarize the guide lines on prudential norms.

PART C — (5 × 8 = 40 marks)

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

Each answer should not exceed 600 words.

16. (a) Describe the functions of commercial banks.

Or

(b) Explain the advantages and disadvantages of branch banking.

Page 5 Code No. : 32118 E

17. (a) Discuss the limitations of bank rate policy.

Or

(b) What is meant by selective control? Explain its different methods.

18. (a) Analyze the subsidiary functions of banking companies as per banking regulation Act.

Or

(b) Discuss the various types of provision relating to banking companies in the banking regulations Act.

19. (a) What instruments are available to the RBI for control of credit?

Or

(b) Outline the role played by the RBI in the field of industrial finance in recent years.

20. (a) Explain the different types of services rendered by the non-banking financial companies.

Or

(b) What are the classifications of non-banking financial companies?

Page 6 Code No. : 32118 E