SECOND AND FINAL YEAR B.Com. DEGREE EXAMINATION MARCH/APRIL 2001

Part III—Commerce

Paper VII—BANKING THEORY AND PRACTICE

(Regular, Improvement and Supplementary)

Time : Three Hours

Maximum : 100 Marks

Section A

Answer any **ten** *questions.*
All questions carry equal marks.
Answer the questions in **1 or 2** *sentences only.*

1. Define Banking.

2. What is unit banking ?

3. What do you mean by open market operation ?

4. What is meant by lead bank ?

5. What is pledge ?

6. Define promissory note.

7. What is bill of lading ?

8. What is the purpose of crossing a cheque ?

9. What do you mean by the term "Statutory Reserve" ?

10. Define the word "Endorsement".

11. What do you understand by priority sector lending ?

12. What is banker's lien ?

(10 × 2 = 20 marks)

Section B

Answer any **ten** *questions.*
All questions carry equal marks.
Answer may be in about **a page** *each.*

13. Write a note on cash credit system.

14. Discuss the general relationship between a banker and a customer.

15. Draw a fixed deposit receipt.

16. What is Bills of Exchange ? How it differs from Promissory Note ?

Turn

17. What are the salient features of a cheque ?

18. Explain what "material alteration" means.

19. What are the factors that limit the level of bank advance ?

20. Explain briefly the functions of IDBI.

21. Discuss the role of NABARD in providing rural credit.

22. Explain RBI as lender of last resort.

23. Bring out the essentials of special crossing.

24. Explain various types of mortgages.

(10 × 5 = 50 mark

Section C

Answer any two questions.
All questions carry equal marks.
Answer may be about four pages.

25. What are the functions of Central Bank ? Explain in detail.

26. Discuss the asset structure of Commercial Banks and state the factors determining the liquidi of banks.

27. What are the merits and demerits of Life Insurance policy as a security for a bank advance Describe.

(2 × 15 = 30 mark