(Pages : 2)

Name.............................

Reg. No..............................

SECOND YEAR B.Com. DEGREE EXAMINATION, MARCH/APRIL 2006

Part III—Commerce

Paper VII—BANKING THEORY AND PRACTICE

(2004 admissions)

Time : Three Hours

Maximum : 80 Marks

Section A

Answer any ten questions.
Each question carries 1 mark.

1. What is "Overdraft" ?
2. What is mutilated cheque ?
3. What is "Payment in Due Course" ?
4. What is "Not Negotiable Crossing" ?
5. What is merchant bank ?
6. Define "Central Bank".
7. What is "Debit Card" ?
8. What is "Tele Banking" ?
9. What is general crossing ?
10. What is "Lead Bank" ?
11. What is "SIDBI" ?
12. What is call money market ?

(10 × 1 = 10 marks)

Section B

Answer any ten questions.
Each question carries 4 marks.

13. "The Commercial banks are not merely suppliers of money, but they are also manufacturers of money." Explain.

14. Distinguish between Branch banking and Unit banking.

15. Explain briefly the bank rate policy of Central Bank.

16. What is open market operation ?

17. What is offshore banking ?

18. Why a Central Bank is called the lender of last resort ?

19. What is certificate of deposits ?

20. Briefly explain business prohibited for a banking company.

Turn over

21. What is double crossing ?
22. Distinguish between a general crossing and a special crossing.
23. Distinguish between a legal mortgage and a general mortgage.
24. Briefly explain the term mortgage.

(10 × 4 = 40

Section C

Answer any two questions.
Each question carries 15 marks.

25. What are the requisites of a cheque ? What are the different types of crossing of cheque ? E
    the significance of each type of crossing.

26. What is the object of the banker supplying a passbook or a statement of account to his cust
    Examine the effect of entries made in the passbook.

27. Explain briefly the principles of sound lending by banking company.

(2 × 15 = 30