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Code No. : 12100 E      Sub. Code : CABF 11

B.Com. (CBCS) DEGREE EXAMINATION,  
NOVEMBER 2022

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 the questions.

Choose the correct answer :

1. Banks formed on the principles of cooperation are called \_\_\_\_\_
- (a) Commercial Banks
  - (b) Investment banks
  - (c) Exchange Banks
  - (d) Co-Operative Banks

2. \_\_\_\_\_ offers example of branch banking system.
- (a) Europe                      (b) Japan
  - (c) England                      (d) USA
3. Which one of the following is oldest method of credit control?
- (a) Rationing of Credit
  - (b) Direct action
  - (c) Margin requirements
  - (d) Moral suasion
4. The central bank is generally owned by \_\_\_\_\_
- (a) The Government
  - (b) Private Shareholders
  - (c) Both (a) and (b)
  - (d) Union territories
5. The banking company is permitted to issue \_\_\_\_\_ shares.
- (a) Equity shares
  - (b) Preference shares
  - (c) Both (a) and (b)
  - (d) Equity shares only

6. The minimum capital to set up a local area bank is \_\_\_\_\_

- (a) Rs. 5 crores      (b) Rs. 10 crores  
(c) Rs. 15 crores      (d) Rs. 25 crores

7. Before the Reserve Bank of India which of the following bank acted as the

- (a) Imperial Bank  
(b) Bank of Baroda  
(c) State Bank of India  
(d) Presidency Bank

8. RBI Came into force from

- (a) 1<sup>st</sup> April' 1945      (b) 1<sup>st</sup> April' 1925  
(c) 1<sup>st</sup> April' 1935      (d) 1<sup>st</sup> April' 1936

9. NBFCs are otherwise called as \_\_\_\_\_ bank.

- (a) Financial      (b) Non-financial  
(c) Para      (d) Shadow

10. The popular type of investment company in India is \_\_\_\_\_

- (a) Investment Counsel Company  
(b) Holding company  
(c) Investment Trust Company  
(d) All of the above

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PART B — (5 × 5 = 25 marks)

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

Each answer should not exceed 250 words.

11. (a) What are the advantages of branch banking?

Or

(b) List down the subsidiaries of State Bank of India.

12. (a) Explain the features of central banking.

Or

(b) What is mean by open market operations? What purpose do they serve?

13. (a) State the provisions of Banking Regulation Act relating to maintenance of liquid assets.

Or

(b) State the provisions of Banking Regulation Act relating to winding up of banking companies.

14. (a) What is variable reserve ratio? List out the its limitations.

Or

(b) Elaborate the types of selective credit control.

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[P.T.O.]

15. (a) Differentiate between the commercial banks and non-banking financial companies.

Or

- (b) Tell the advantages of leasing.

PART C — (5 × 8 = 40 marks)

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

Each answer should not exceed 600 words.

16. (a) Explain the classifications of banks.

Or

- (b) Elaborate the role of commercial banks in the economic development of a country.

17. (a) Discuss the functions of central banking.

Or

- (b) Describe the various credit control weapons.

18. (a) Assess the main functions of banking companies under Banking Regulation Act.

Or

- (b) Outline the provisions of the Banking Regulation Act regarding the licensing and amalgamation of banking companies.

19. (a) Explain the objectives and functions of RBI.

Or

- (b) What instruments are available to the RBI for control of credit?

20. (a) Discuss the functions of Non-Banking Financial Companies.

Or

- (b) Describe the role of RBI as a regulatory authority as far as the NBFCs are concerned.
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