

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

BCom DEGREE EXAMINATION DECEMBER 2024
(First Semester)

Branch – COMMERCE (BANKING & INSURANCE)

FUNDAMENTALS OF BANKING

Time: Three Hours

Maximum: 75 Marks

SECTION-A (10 Marks)

Answer ALL questions

ALL questions carry EQUAL marks

(10 × 1 = 10)

Module No.	Question No.	Question	K Level	CO
1	1	What is the primary function of a bank? a) Issuing currency b) Accepting deposits c) Providing insurance d) Offering investment advice	K1	CO1
	2	Outline the following is a feature of payment banks. a) They can issue credit cards. b) They can provide loans. c) They cannot accept deposits over a certain limit d) They can invest in mutual funds.	K2	CO1
2	3	What is the relationship between a banker and a customer primarily governed by? a) Trust and legal agreements b) Friendship c) Informal understanding d) family members	K1	CO2
	4	Classify the main advantage of a fixed deposit. a) Flexibility in withdrawal b) Higher interest rates compared to savings accounts c) Instant access to funds d) No minimum deposit requirement	K2	CO2
3	5	What is 'stock market liquidity'? a) The ability to convert assets into cash quickly b) The number of stocks available c) The volatility of stock prices d) The amount of stock held by investors	K1	CO3
	6	Explain the term of 'foreclosure' a) A type of loan default b) The process by which a lender takes possession of a property c) A method of loan repayment d) A refinancing option	K2	CO3
4	7	What is a "stale cheque"? a) A cheque that has been altered b) A cheque that is older than six months c) A cheque that cannot be endorsed d) A cheque issued in a foreign currency	K1	CO4
	8	Show the following best describes a crossed cheque. a) A cheque that cannot be transferred b) A cheque that must be presented at the bank for payment c) A cheque with two parallel lines on the top left d) A cheque that is void after six months	K2	CO4
5	9	What is one of the key tools for controlling inflation? a) Increasing taxes b) Changing the CRR and SLR c) Providing subsidies d) Encouraging exports	K1	CO5
	10	Classify the term of 'repo rate' a) The rate at which banks lend to customers b) The rate at which the RBI lends to commercial banks c) The rate on fixed deposits d) The rate of inflation	K2	CO5

Cont...

SECTION - B (35 Marks)Answer **ALL** questions**ALL** questions carry **EQUAL** Marks

(5 × 7 = 35)

Module No.	Question No.	Question	K Level	CO
1	11.a.	Identify the importance of modern banking.	K3	CO1
		(OR)		
	11.b.	Choose the features of payment banks.		
2	12.a.	Select the relationship between banker and customer.	K3	CO2
		(OR)		
	12.b.	Select any two new deposits savings scheme introduced by banks.		
3	13.a.	Classify the features of pledge.	k4	CO3
		(OR)		
	13.b.	Categorize the differences of pledge mortgage.		
4	14.a.	List out the various forms of crossing a cheque.	k4	CO4
		(OR)		
	14.b.	Examine in detail the various negotiable instruments in banking.		
5	15.a.	Explain the types of credit control measures.	K5	CO5
		(OR)		
	15.b.	Criticize the powers of the RBI.		

SECTION -C (30 Marks)Answer **ANY THREE** questions**ALL** questions carry **EQUAL** Marks

(3 × 10 = 30)

Module No.	Question No.	Question	K Level	CO
1	16	Identify the origin and development banking in India.	K3	CO1
2	17	Analyse the precautions to be taken by a banker before opening an account.	k4	CO2
3	18	Categorizes the various types of securities in loan.	k4	CO3
4	19	Determine the responsibilities of a collecting banker.	K5	CO4
5	20	Elaborate briefly the functions of RBI.	K6	CO5

Z-Z-Z

END