

**PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)**

**BCom DEGREE EXAMINATION MAY 2025
(First Semester)**

Branch – **COMMERCE (BANKING AND 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	Which of the following is a service provided by banks? a) Offering loans b) Trading in stocks c) Manufacturing goods d) None of the above	K1	CO1
	2	The word "bank" is derived from which Italian word? a) Bancus b) Bancomat c) Banco d) Banca	K2	CO1
2	3	Which of the following is not a function of a banker? a) Accepting deposits b) Granting loans c) Conducting elections d) Issuing drafts	K1	CO2
	4	The KYC process must be periodically updated for high-risk customers every _____. a) 10 years b) 5 years c) 2 years d) 1 year	K2	CO2
3	5	Unsecured advances are granted based on: a) Collateral security b) Creditworthiness of the borrower c) Pledged gold or assets d) Mortgage on immovable property	K1	CO3
	6	Which of the following is not a principles of sound lending? a) Safety b) Liquidity c) Profitability d) Speculation	K2	CO3
4	7	<i>What is a negotiable instrument?</i> a) A written promise to pay a specific amount of money b) A document that can be transferred to another party c) A document that guarantees repayment d) A formal contract for a loan	K1	CO4
	8	In the case of a crossed cheque, who is responsible for payment? a) The drawer of the cheque b) The collecting banker c) The paying banker d) The payee	K2	CO4
5	9	The Reserve Bank of India was established in which year? a) 1947 b) 1935 c) 1950 d) 1960	K1	CO5
	10	The Reserve Bank of India is responsible for regulating which of the following? a) Stock markets b) Commercial banks c) Government spending d) Corporate tax rates	K2	CO5

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.	Explain the main functions of bank with examples.	K2	CO1
		(OR)		
	11.b.	Describe the key characteristics of small and payment banks.		

Cont...

2	12.a.	Illustrate the relationship between Banker and Customer.	K3	CO2
	(OR)			
	12.b.	Apply the procedure for opening a bank account.		
3	13.a.	List the advantages of unsecured advances.	K3	CO3
	(OR)			
	13.b.	Describe the rights and duties of a pledgee.		
4	14.a.	List the different types of cheque crossings.	K4	CO4
	(OR)			
	14.b.	Examine the characteristics of a negotiable instrument.		
5	15.a.	Explain the primary functions of the Reserve Bank of India.	K5	CO5
	(OR)			
	15.b.	Define quantitative credit control measures and discuss the key instruments used.		

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	Illustrate the structure of the banking system in India.	K3	CO1
2	17	Examine the role of the RBI in framing KYC guidelines for banks.	K4	CO2
3	18	Analyze the different types of loans and advances provided by banks.	K4	CO3
4	19	"Who is a paying banker? Describe the duties and responsibilities of a paying banker while processing a cheque for payment."	K5	CO4
5	20	Discuss the role of the Reserve Bank of India in promoting financial inclusion in India.	K6	CO5

Z-Z-Z END