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25BSU205

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

BCom DEGREE EXAMINATION MAY 2026
(Second Semester)

Branch – **COMMERCE (BANKING, STOCK & 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	Identify the Italian word derived for the word 'Bank'. (i) Banco (ii) Banque (iii) Banke (iv) Banc	K1	CO1
	2	Indigenous bankers mainly contributed to Indian banking by: (i) Issuing currency notes (ii) Providing credit in rural and local markets (iii) Regulating commercial banks (iv) Managing foreign exchange	K2	CO1
2	3	Identify the purpose of introduces the KYC guidelines. (i) Increase bank profits (ii) Prevent money laundering (iii) Issue loans quickly (iv) Reduce interest rates	K1	CO2
	4	A passbook serves as: (i) Alegal contract (ii) Evidence of transactions in the customer's account (iii) Aloan agreement (iv) Acheque book	K2	CO2
3	5	In hypothecation, the possession of goods remains with the: (i) Bank (ii) Borrower (iii) Guarantor (iv) Third party	K1	CO3
	6	Which of the following refers to the Assignment as a mode of charging security ? (i) Transfer of movable goods (ii) Transfer of actionable claims or rights (iii) Sale of immovable property (iv) Deposit of title deeds	K2	CO3
4	7	Which of the following generally indicate Crossing of a cheque? (i) Immediate cash payment (ii) Payment through a bank account only (iii) Cancellation of cheque (iv) Transfer of ownership	K1	CO4
	8	Which of the following is relevant to "A holder in due course acquires the instrument: (i) After dishonour (ii) Before maturity in good faith for value (iii) Without consideration (iv) After limitation period	K2	CO4
5	9	Mention the expansion of CRR. (i) Cash Reserve Ratio (ii) Central Revenue Rate (iii) Credit Risk Ratio (iv) Currency Regulation Rate	K1	CO5
	10	Which of the following is relevant to "Repo rate is the rate at which the RBI" ? (i) Borrows money from commercial banks (ii) Lends money to commercial banks (iii) Lends money to customers (iv) Issues currency notes	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.	Explain the origin of banking.	K1	CO1
		(OR)		
	11.b.	Explain the structure of banking system in India.		
2	12.a.	Explain the different types of deposits offered by banks.	K2	CO2
		(OR)		
	12.b.	Summarize the procedure involved in opening a bank account.		
3	13.a.	Identify principles of sound lending while sanctioning a business loan.	K3	CO3
		(OR)		
	13.b.	Examine the procedure for granting advances against goods and stock exchange securities.		
4	14.a.	Distinguish between Paying Banker and Collecting Banker with reference to their duties.	K3	CO4
		(OR)		
	14.b.	Examine the statutory protection available to a Collecting Banker under law.		
5	15.a.	Differentiate between quantitative and qualitative credit control measures.	K4	CO5
		(OR)		
	15.b.	Categorize the various monetary tools such as CRR, SLR, Repo rate, Reverse Repo rate, Bank rate and Prime Lending Rate.		

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	Explain the growth and development of banking in India.	K1	CO1
2	17	Describe the features and significance of special types of customers in banking practice.	K2	CO2
3	18	Summarise mortgage and hypothecation, and assess their advantages to the lending bank.	K3	CO3
4	19	Analyze the statutory protection granted to a Paying Banker and discuss the conditions for claiming such protection.	K3	CO4
5	20	Examine the role of RBI in maintaining financial stability through its organizational structure and regulatory framework.	K4	CO5

Z-Z-Z END