

PSG COLLEGE OF ARTS & SCIENCE  
(AUTONOMOUS)

BVoc DEGREE EXAMINATION DECEMBER 2019  
(First Semester)

Branch - **BANKING, STOCK AND INSURANCE**

**FUNDAMENTALS OF BANKING**

Time: Three Hours

Maximum: 75 Marks

**SECTION-A (10 Marks)**

Answer **ALL** questions

**ALL** questions carry **EQUAL** marks (10 x 1 = 10)

- 1 This is the function of a commercial bank.  
(i) Printing Notes (ii) Lender of Last Resort  
(iii) Agent of the Central Government (iv) Credit Creation
- 2 The system where a bank can open branches within a very limited area is called  
(i) Unit Banking (ii) Branch Banking  
(iii) Mixed Banking (iv) Investment Banking
- 3 A customer of a bank is the one who  
(i) Frequently visits the bank (ii) Has transactions with the bank  
(iii) Has an account with the bank (iv) None
- 4 No introduction is necessary for opening  
(i) Savings account (ii) Accounts of joint stock company  
(iii) Accounts of registered firm (iv) None of the above
- 5 The most risky advance from the banker's point of view is against  
(i) Lien (ii) Pledge  
(iii) Hypothecation (iv) Mortgage
- 6 Security provided for getting loan is a  
(i) Collateral loan (ii) Personal loan  
(iii) Secured loan (iv) None of these
- 7 The instrument not dealt in money market is  
(i) Bill of Exchange (ii) Treasury Bills  
(iii) Promissory Note (iv) Debentures
- 8 A collecting Banker is given protection only when he acts in the capacity of  
(i) Agent (ii) Holder  
(iii) Holder for value (iv) Holder in due course
- 9 RBI is a  
(i) Commercial bank (ii) Regional Rural Bank  
(iii) Co-operative Bank (iv) Central Bank
- 10 The credit control measures which control the direction of credit are  
(i) Selective Credit control (ii) Quantitative Credit Control  
(iii) Direct Action Control (iv) Credit rationing control

**Cont...**

**SECTION - B (35 Marks)**

Answer ALL Questions

ALL Questions Carry EQUAL Marks (5 x 7 = 35)

- 11 a State the agency services rendered by a commercial banks.  
OR  
b Describe the role RRB in India.
- 12 a The relationship between banker and customer is primarily that of a debtor and a creditor - Explain.  
OR  
b Narrate the precautions taken by the banker while opening account in the name of minor.
- 13 a Narrate Banker's Lien.  
OR  
b Outline the precautions taken by the banker while advances against goods.
- 14 a Bring out the features of cheque.  
OR  
b Explain the statutory protection granted to the collecting banker.
- 15 a Explain the terms - CRR, SLR and Bank Rate.  
OR  
b Describe PMJDY scheme.

**SECTION - C (30 Marks)**

Answer any THREE Questions

ALL Questions Carry EQUAL Marks (3 x 10 = 30)

- 16 Discuss the general utility services rendered by commercial banks in India.
- 17 Discuss the features of general relationship between banker and customer.
- 18 Describe the different methods of creating a charge.
- 19 Explain different kinds of endorsement.
- 20 Describe the various measures of selective credit control.

Z-Z-Z

END