

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

**BCom DEGREE EXAMINATION DECEMBER 2019**  
(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 x 1 = 10)

- 1 Currency notes and coins are called as  
(i) Flat money (ii) Legal tenders  
(iii) Fiat money (iv) Both b and c
- 2 Origin of banking is said to be closely connected with  
(i) Arabs (ii) Romans  
(iii) Indians (iv) Jews
- 3 Primary relationship between banker and customer is that of  
(i) Dealer and customer (ii) Principal and agent  
(iii) Debtor and creditor (iv) Vendor and buyer
- 4 In banking sector, KYC stands for  
(i) Kid and young customers (ii) Know youth creditors  
(iii) Know your customers (iv) Know you cash requirements
- 5 A major part of bank' earnings comes from  
(i) Loans and advance (ii) Deposits  
(iii) Fee-based income (iv) All the above
- 6 Possession of a security practically with the banker is in the case of  
(i) Mortgage (ii) Pledge  
(iii) Hypothecation (iv) Hire purchase
- 7 A Cheque is deemed stale after  
(i) One month (ii) 3 months  
(iii) 6 months (iv) One year
- 8 The banker who makes payment of a negotiable instrument is called.  
(i) Collecting banker (ii) Paying banker  
(iii) Drawing banker (iv) All the above
- 9 Head quarters of RBI is  
(i) NewDelhi (ii) Mumbai  
(iii) Calcutta (iv) Nasik
- 10 Cash Reserve Ratio of banks is insisted in RBI Act of 1934 under section  
(i) 15 (ii) 42  
(iii) 32 (iv) 18

**Cont...**

**SECTION - B (35 Marks)**

Answer **ALL** Questions

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

- 11 a What are the various kinds of money?  
OR  
b Bring out the significance of indigenous banker.
- 12 a State the procedure to be followed for opening saving bank account.  
OR  
b Identify the various special types of customers.
- 13 a Distinguish between pledge, hypothecation and mortgage.  
OR  
b Give the advantages of lending against stock exchange securities.
- 14 a List out the various types of endorsement.  
OR  
b What are the duties of a collecting banker?
- 15 a Explain the administrative set up of the RBI.  
OR  
b What is bank rate policy? State its limitations.

**SECTION - C (30 Marks)**

Answer any **THREE** Questions

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

- 16 Discuss the role and functions of banks.
- 17 Describe the relationship between a banker and a customer.
- 18 Explain the principles of sound lending.
- 19 Define the term Cheque. Explain and illustrate the different types of crossing of a Cheque.
- 20 Identify the various measures of credit control generally adopted by central banks

Z-Z-Z

END