

III/BCO (xii)

2007

COMMERCE

(Banking Theory and Practices)

Full Marks : 100

Pass Marks : 30

Time : 3 hours

(PART : B—DESCRIPTIVE)

(Marks : 60)

*The figures in the margin indicate full marks
for the questions*

Answer *any three* questions

1. (a) How do commercial banks create credit?
Explain. 10
- (b) What do you mean by social control?
Why was it imposed? 5+5=10
2. (a) Describe the relationship between a
central bank and commercial bank. 15
- (b) Explain the term 'Open Market
Operation'. 5

3. (a) Describe the advantages and disadvantages of various types of deposit accounts. 10
- (b) Highlight the various types of ancillary services presently offered by commercial banks. 10
4. (a) Who cannot open an account in a commercial bank? 5
- (b) What are the various types of crossing of cheques? 5
- (c) When is a banker justified in refusing payment of his customer's cheques? Explain. 10
5. (a) Explain the different types of frauds associated in payment system of a bank and how those frauds can be prevented. 15
- (b) Describe the role of a Clearing House. 5
6. Write short notes on any *four* of the following : 5×4=20
- (a) Unit Banking
- (b) Deposit Insurance and Credit Guarantee Corporation
- (c) Bills of Exchange
- (d) Rights of a Payee of a Cheque
- (e) Non-performing Assets
- (f) Private Sector Banks

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(Banking Theory and Practices)

(PART : A—OBJECTIVE)

(Marks : 40)

The figures in the margin indicate full marks for the questions

SECTION—I

(Marks : 10)

1. State whether the following statements are *True (T)* or *False (F)* by a Tick (✓) mark : 1×5=5

(a) 'Social Control' on banks was preceded by nationalisation of 14 major banks.

(T / F)

(b) The Lead Bank Scheme was introduced by the RBI in December, 1969.

(T / F)

(c) State Bank of India was nationalised during the first phase of bank nationalisation.

(T / F)

(d) ICICI Bank is a public sector bank.

(T / F)

(e) Savings Bank Account carries the highest rate of interest.

(T / F)

2. Fill in the blanks :

1×5=5

(a) Deregulation of interest rates was made in the year

(b) Treasury operations of GOI is carried on by

(c) The rate at which RBI rediscounts the bills of commercial bank is known as

..... rate.

(d) A right of appropriation first lies with the

.....

(e) The person appointed to operate the account after the death is called as

.....

(4)

SECTION—II

(Marks : 30)

Answer the following questions in not more than
6 sentences each : 3×10=30

1. Explain the term 'Term Deposit'.

2. Distinguish between Lien and Pledge.

3. Under what circumstances banker-customer relationship is terminated?

(7)

4. What is the function of merchant banker?

(8)

5. Explain payment in due course.

6. What is Bills rediscounting?

7. What are the advantages of Life Insurance Policy?

8. Discuss endorsement in Bill of Exchange.

9. Why social control on banks was imposed?

10. What is a Universal Bank?
