



LOYOLA COLLEGE (AUTONOMOUS) CHENNAI – 600 034

B.Com. DEGREE EXAMINATION – ACCOUNTING AND FINANCE

SIXTH SEMESTER – APRIL 2025

UAF 6502 – BANKING THEORY LAW AND PRACTICE



Date: 25-04-2025

Dept. No.

Max. : 100 Marks

Time: 09:00 AM - 12:00 PM

SECTION A - K1 (CO1)

Answer ALL the Questions

(10 x 1 = 10)

1. MCQ

- Banks contribute to the economic development of a country by _____.
A) Storing money without circulation. B) Facilitating trade, investment, and industrial growth.
C) Limiting credit availability. D) Discouraging financial transactions.
- Credit rationing falls under the category of _____.
A) Quantitative credit control measures. B) Qualitative credit control measures.
C) Open Market Operations. D) Statutory Liquidity Requirements
- A Mandate is _____.
A) A type of loan agreement. B) A legal document for opening a bank account.
C) A customer gives power to a third party for specific acts. D) A guarantee agreement.
- The process of creating charge on the movable asset is known as _____.
A) Insurance. B) Pledge.
C) Mortgage. D) Guarantee.
- The main difference between debit and credit cards is _____.
A) Debit cards involve borrowing money. B) Credit cards involve using one's own money.
C) Debit cards are linked to a bank account, while credit cards offer a line of credit.
D) There is no difference

2. True or False

- NABARD and commercial banks can issue currency notes.
- The Payment and Settlement Systems Act, 2007, is administered by RBI to regulate and oversee payment systems in India.
- A cheque with "A/C Payee" written on it can be cashed by anyone.
- Unsecured loans are riskier for lenders because they are not backed by collateral.
- Tele banking services are available only during the banking hours.

SECTION A - K2 (CO1)

Answer ALL the Questions

(10 x 1 = 10)

3. Fill in the blanks

- Investment banks primarily deal with _____ and acquisitions.
- The main objective of credit control is to maintain _____ stability.
- A _____ endorsement allows the cheque to be transferred to a specific person only.
- A borrower with a good _____ can obtain unsecured loans more easily.
- The _____ is a tool in e-banking that enables users to access their financial accounts securely via the internet.

4.	Answer the following
a)	Recall the meaning of the term Retail banking.
b)	Abbreviate and explain SLR
c)	Identify any two examples to name a cheque as forged instrument.
d)	Recall the meaning of the term Hypothecation.
e)	Define Offshore banking.
SECTION B - K3 (CO2)	
Answer any TWO of the following in 100 words each. (2 x 10 = 20)	
5.	Identify and explain the services rendered by different banks in India.
6.	Explain the licensing and regulating functions of RBI
7.	Describe the need for crossing of cheque and explain its types.
8.	Elucidate the pros and cons of Internet banking.
SECTION C – K4 (CO3)	
Answer any TWO of the following in 100 words each. (2 x 10 = 20)	
9.	Examine the necessity of implementing credit control measures.
10.	Analyse the significance of core banking in India.
11.	Distinguish between pledge and Banker's lien in detail.
12.	Identify and analyse the role of Banking ombudsman in redressing customer grievances.
SECTION D – K5 (CO4)	
Answer any ONE of the following in 250 words (1 x 20 = 20)	
13.	'Private sector banking acts as a trend setter for exceptional customer service' - Evaluate this statement.
14.	Summarise the significance of mobile banking in detail.
SECTION E – K6 (CO5)	
Answer any ONE of the following in 250 words (1 x 20 = 20)	
15.	One of the commercial banks' significant contributions to the economy is the credit creation function. The RBI's current policy rates are a Cash Reserve Ratio of 4% and a Statutory Liquidity ratio of 18%. a) Does commercial banks' credit creation function correlate with their reserves? (6 Marks) b) If Rs 4000 is deposited in a bank, what will be the resulting multiplication of the amount, given the current RBI policy rates of a 4% Cash Reserve Ratio (CRR) and an 18% Statutory Liquidity Ratio (SLR)? (7 Marks) c) In the context of expansionary policy measures, what specific quantitative adjustments can the RBI make to the Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) rates? (7 Marks)
16.	A small-scale farmer faced losses from unpredictable weather and received a crop loan with low interest and flexible repayment from a Regional Rural Bank, which also guided him on relevant government schemes. Meanwhile, an urban entrepreneur sought a loan from a Commercial Bank to expand his e-commerce business. The bank approved the loan, provided a digital payment platform, and offered investment advice. This illustrates the distinct roles of Regional Rural Banks and Commercial Banks in supporting diverse customer segments in India. Questions: A) Identify how Commercial Banks contribute to the growth of urban businesses. (6 Marks) B) Analyse the significance of tailored financial products offered by both RRBs and Commercial Banks to meet the needs of different customer segments. (7 Marks) c) Examine the benefits of interest rates and repayment terms of loans provided by RRBs for crop loans. (7 Marks)
