

**I. CHOOSE THE BEST ANSWER:**

1. Electronic banking can be done through

- (a) Computers      (b) Mobile Phones      (c) ATM      (d) All of the above

2. Minimum how much amount can be transferred through RTGS?

- (a) Any Amount      (b) Rs. 50,000      (c) Rs. 2 Lakhs      (d) Rs. 5 Lakhs

3. The largest commercial bank of India.

- (a) ICICI      (b) SBI      (c) PNB      (d) RBI

4. In which kind of account, it is compulsory to deposit certain amount at certain time?

- (a) Savings Deposit      (b) Fixed Deposit  
(c) Current Deposit      (d) Recurring Deposit

5. Which of the following is not a type of advance provided by the commercial bank?

- (a) Collection and Supplying Business information      (b) Overdraft  
(c) Cash Credit      (d) Discounting of Bills

**II. VERY SHORT ANSWER QUESTIONS**

1. **What is Mobile Banking?**

With this app in the smart phone a customer can operate his account transactions from anywhere. This service is known as mobile banking.

2. **Briefly explain the need for Debit card.**

ATM card is also called debit card. This card is more useful in purchase of goods and services anywhere in India.

3. **Briefly explain the term - Credit card.**

Banks issue credit cards to customers and other eligible persons. With this card, the holder can purchase goods and services on credit at any shop in India

4. **What do you mean by ATM?**

A customer can withdraw money anytime, anywhere in India from the ATM machine.

**5. Write a note on - ECS.**

ECS was launched by the RBI in 1995. It is an electronic method of fund transfer from a bank to another bank.

**III. SHORT ANSWER QUESTIONS:****1. What is E-Banking?**

- Y Banking through internet is called E-Internet banking.
- Y It can also be called as electronic banking.
- Y To performing banking operation through internet by using computer and mobile phone.
- Y Money banks have their own websites.

**2. Write a short note on - RTGS.**

- ✱ It was launched by the RBI in 2013.
- ✱ RTGS facility is available between 9.00 am to 4.30 pm on weekdays.
- ✱ RTGS transfers are not allowed on Sundays and bank holidays.
- ✱ Minimum limit for RTGS transaction is 2 lakhs.

**3. Briefly explain the Diversified banking services of commercial banks.**

- ♥ The commercial banks started identifying and offering new and diversified financial service.
- ♥ They are purely other than banking service.
- ♥ Providing all such banking and other financial service is also called universal banking.
- ♥ Such service are:
 

❖ Bank Assurance	❖ Housing Finance
❖ Merchant Banking	❖ Mutual Fund
❖ Retail Banking	

**4. Explain - NEFT.**

- This was launched by the RBI in 2005.
- Once in every half hour from 8.00 am to 7.30 pm. 23 settlements are allowed in a day.
- NEFT transfers are not allowed on Sundays and bank holidays.
- IFSC is provided by IDRB Hyderabad.

**5. What do you mean by Core Banking Solutions?**

- ☞ 'CORE' stands for 'Centralized Online Real time Exchange'.

- In the centralized server of the bank, all the details of all the accounts of all the branches of the bank are available.
- Similarly anyone can deposit money into the account.
- This facility is called core banking solutions.

#### **IV. LONG ANSWER QUESTIONS**

##### **1. Discuss the various primary functions performed by the commercial banks.**

The primary functions of a commercial bank are of three types. They are:

- **Accepting Deposits**
- **Granting Loans and Advances.**
- **Creation of Credit**

##### **I. Accepting Deposits**

- ❖ In these days banks compete with each other to attract customers by adding facilities.
- ❖ Broadly deposit accounts can be classified into demand deposits and time deposits.

##### **A. Demand Deposits**

These deposits are repayable on demand on any day.

- ✱ Savings Deposits
- ✱ Current Deposits

##### **B. Time Deposits**

They include fixed deposits and recurring deposits which are repayable after a period.

- ✱ Fixed Deposits (FD)
- ✱ Recurring Deposits (RD)

##### **II. Granting Loans and Advances**

- ☉ It is lending money in order to earn interest income.
- ☉ Banks provide specific sums as loans which are repayable along with interest.
- ☉ But both terms are used interchangeably.

##### **i). Advances**

- ▲ Overdraft
- ▲ Cash Credit
- ▲ Discounting of Bills

## ii). Loans

Generally commercial banks provide the following loans.

- Housing Loan                      → Vehicle Loans                      → Jewel Loan
- Consumer Loans                      → Educational Loan

## III. Creation of Credit

- ✱ Credit money of commercial banks is far greater in volume than the currency money.
- ✱ The volume, the purposes and the sector to which this credit money is to be channelized.

## 2. Explain the various secondary functions of commercial banks.

- ☆ Apart from the basic or primary functions commercial banks render various other services which are known as secondary functions.
- ☆ These services can be broadly classified into Agency Services and General Utility Services.

### I. Agency Functions

Banks act as agents of customers and provide certain services. They are called Agency Functions which are as follows:

- ✱ Transfer of Funds
- ✱ Collection and Payment of Cheques
- ✱ Conduct Share Market Transactions
- ✱ Preparation of Income Tax Return
- ✱ Dealing in Foreign Exchange
- ✱ Acting as Correspondent

### II. General utility functions

In addition to primary, secondary and agency functions, commercial banks offer some services for the general welfare of the customers. They are called general utility services.

They are as follows.

- ✱ Safety lockers                      ✱ Travelers cheques                      ✱ Reference service
- ✱ Letters of credit                      ✱ Gift cheques

@\*a\*@\*a\*@\*a\*@\*a