

1. What is unit banking system?

ans A unit banking system is a banking system where a bank operates in a single location without any branches. It provides banking services only within a limited geographical area.

2. What is branch banking system?

ans A branch banking system is where a bank operates through a network of branches across different locations, allowing customers to access services from multiple places.

3. What do you mean by C-B ratio?

C-B ratio refers to the credit-deposit ratio (CD Ratio), which indicates the

proportion of loan assets created by a bank from the deposits received. It is

calculated as:

$$CD \text{ Ratio} = \left(\frac{\text{Total loans}}{\text{Total Deposits}} \right) \times 100$$

4. What is bill of exchange?

ans A bill of exchange is a written,

unconditional order by one party to another to pay a specific amount to a third party on demand or at a fixed future date.

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1. What do you mean by credit creation of commercial bank?

Ans Credit creation is the process by which commercial banks generate credit through lending more than the actual cash they possess. They accept deposits and lend a major portion of it to borrowers, thereby creating money in the economy through a multiplier effect.

2. Explain utility functions of commercial bank?

Ans Utility functions of commercial banks include:

- Providing lockers for safe deposit
- Issuing credit and ~~def~~ debit cards
- conducting foreign exchange transactions
- Fund transfer services
- Issuing traveler's cheques
- Providing online banking and mobile services

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1. Explain the Functions of Commercial bank?

one Functions of commercial banks include:

→ Primary Functions:

- Accepting deposits (savings, fixed, and current accounts)
- Granting loans and advances
- Credit creation

→ Secondary Function:

- Agency functions (payment of bills, collection of cheques)
- Utility services (safe deposit lockers, remittances, internet banking)
- Foreign exchange dealing
- Investment and advisory services

2. Explain the Function of Central Bank.

one Functions of a central bank include:

- Issuing currency
- Regulating money supply and credit
- Managing foreign exchange
- Serving as banker to the government
- Acting as lender of last resort

• Supervising and regulating commercial banks

• Implementing monetary policy to maintain financial stability

• Accepting deposits (savings, current, etc.)

• Lending money to individuals and businesses

• Issuing banknotes and coins

• Acting as a clearing house for checks and other payments

• Providing financial advice to customers

• Maintaining records of all transactions

• Ensuring the safety and soundness of the banking system

• Promoting competition and innovation in the financial services industry

• Protecting consumers from fraud and other financial crimes

• Educating the public about financial products and services

• Acting as a lender of last resort to prevent bank failures

• Maintaining the stability of the financial system

• Reducing the risk of systemic financial crises

• Promoting financial inclusion and access to banking services

• Serving as a model for other financial institutions

• Acting as a catalyst for financial reform and innovation