

Enrollment No.....



Faculty of Management Studies

End Sem Examination Dec-2023

MS3EF03 Basics of Commercial Banking

Programme: BBA

Branch/Specialisation: Management

Duration: 3 Hrs.**Maximum Marks: 60**

Note: All questions are compulsory. Internal choices, if any, are indicated. Answers of Q.1 (MCQs) should be written in full instead of only a, b, c or d. Assume suitable data if necessary. Notations and symbols have their usual meaning.

- Q.1 i. What is the primary function of commercial banks in India? **1**
 (a) Regulating the money supply
 (b) Providing loans to the government
 (c) Accepting deposits and offering loans
 (d) Issuing currency notes
- ii. Which category of banks are not included in the scheduled banks in India? **1**
 (a) Public sector banks (b) Private banks
 (c) Foreign banks (d) Non-scheduled banks
- iii. What is the primary principle of lending for banks? **1**
 (a) Providing loans without proper documentation
 (b) Maximizing the bank's profit at all costs
 (c) Ensuring the safety and soundness of the loan
 (d) Ignoring the creditworthiness of the borrower
- iv. Which of the following is a feature of a fixed deposit account? **1**
 (a) High liquidity
 (b) Fixed interest rate
 (c) No interest earnings
 (d) Unlimited withdrawals
- v. KYC stands for- **1**
 (a) Knowing your customer's favourite colour
 (b) Knowledge of your customer's services
 (c) Know Your Customer
 (d) Know Your Cheque

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- vi. What is the significance of a Hindu Undivided Family (HUF) account in banking? **1**
 (a) It's a type of corporate account
 (b) It allows members of a joint family to operate a common account
 (c) It's exclusively for religious purposes
 (d) It provides tax benefits to individuals
- vii. Which of the following best defines mobile banking? **1**
 (a) Visiting a physical bank branch
 (b) Accessing banking services using a computer
 (c) Conducting financial transactions using a mobile device
 (d) Making payments through checks
- viii. What is a "smart card" in banking terminology? **1**
 (a) A card that offers no technological features
 (b) A card with a built-in computer chip for various functions
 (c) A card used for withdrawing cash only
 (d) A card primarily for manual transactions
- ix. What is the primary importance of corporate governance in banks? **1**
 (a) Maximizing shareholder returns
 (b) Ensuring ethical conduct and accountability
 (c) Expanding international operations
 (d) Reducing interest rates
- x. What is the rationale behind mergers and acquisitions in Indian banking? **1**
 (a) To decrease the size and complexity of banks
 (b) To reduce the number of customers
 (c) To achieve economies of scale and improve efficiency
 (d) To create competition in the market
- Q.2 i. Differentiate between scheduled and non-scheduled banks. **2**
 ii. Discuss any three significances of Regional Rural Banks (RRBs) in the context of rural development in India. **3**
 iii. Explain the functions and responsibilities of the Reserve Bank of India as the central bank. **5**
- OR iv. Explain the evolution of Banking in India. **5**
- Q.3 i. What is the importance of deposits for banks? **2**
 ii. Explain the different types of lending facilities offered by banks. **8**

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- OR iii. Elaborate the concept of loan syndication in banking. How does it benefit the borrowers and lending institutions? **8**
- Q.4 i. Explain the purpose of requiring identity proof and proof of residence when opening a bank account. **2**
 ii. Describe the types of individual customers. **8**
- OR iii. Discuss the challenges and solutions when dealing with illiterate persons who wish to open bank accounts. How can banks facilitate financial services for this group? **8**
- Q.5 i. What are the key features of E-money? **2**
 ii. Explain the benefits and potential challenges of virtual banking. **8**
- OR iii. Explain the meaning and usage of NEFT, RTGS & ECS. **8**
- Q.6 i. Define "Shadow Banking". **2**
 ii. Define "Green Banking" and explain its significance. **8**
- OR iii. Explain the objectives and benefits of merger & acquisition in bank. **8**
