

Enrollment No.....



Faculty of Commerce  
End Sem Examination Dec 2024  
CM3EB04 Banking & Financial Services

Programme: B.Com. (Hons.)

Branch/Specialisation: Commerce

**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.

		Marks	BL	PO	CO	PSO
Q.1	i. What is the main function of commercial banks in India?	1	1	2	3	
	(a) Issuing currency					
	(b) Accepting deposits and granting loans					
	(c) Regulating the financial market					
	(d) Conducting monetary policy					
	ii. Which act established the Reserve Bank of India (RBI)?	1	3	2	1	
	(a) Banking Regulation Act, 1949					
	(b) Reserve Bank of India Act, 1934					
	(c) Indian Banking Companies Act, 1949					
	(d) Companies Act, 1956					
	iii. What is a joint account?	1	1	1	2	
	(a) An account held by one person only					
	(b) An account that can only be accessed by bank staff					
	(c) An account held by two or more individuals					
	(d) An account opened for a minor only					
	iv. What is the primary purpose of a KYC (Know Your Customer) process when opening an account?	1	1	2	1	
	(a) To provide customers with a loan					
	(b) To prevent fraud and ensure customer identity					
	(c) To open as many accounts as possible					
	(d) To restrict access to the bank					

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v.	Which of the following is NOT a principle of sound lending? (a) Liquidity (b) Profitability (c) Speculation (d) Safety	1	1	2	3
vi.	Which of the following is a characteristic of a secured loan? (a) It is backed by collateral. (b) It does not require any collateral. (c) It is usually riskier for the bank. (d) It typically has a higher interest rate than unsecured loans.	1	3	2	1
vii.	Which of the following is true about RTGS transactions? (a) It is primarily used for small retail payments. (b) Transactions are processed in batches. (c) Transactions are settled individually in real time. (d) RTGS is available 24/7	1	1	2	1
viii.	An e-cheque is: (a) A physical cheque deposited online (b) A cheque issued electronically without a physical paper format (c) Only available for business accounts (d) Limited to RTGS transactions only	1	1	1	2
ix.	A mutual fund is: (a) A pool of money collected from various investors to invest in securities (b) A loan provided by banks to large companies (c) A single stock option (d) An insurance policy	1	2	1	1
x.	Which of the following is a primary function of merchant banking? (a) Accepting deposits from the public (b) Assisting companies in raising capital (c) Offering consumer loans (d) Conducting insurance underwriting	1	1	2	1
Q.2	i. Define financial services.	2	1	2	1
	ii. What are the conventional functions of commercial banks?	3	3	2	1

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	iii. Describe the current structure of the banking system in India.	5	1	1	2
OR	iv. Describe the origins of banking and its evolution over the centuries.	5	2	3	4
Q.3	i. What documents are required to open a bank account for a minor?	2	4	3	2
	ii. Explain the concept of a joint account. How is it operated, and what are the typical types of joint accounts?	8	1	2	4
OR	iii. What are the key factors a bank considers when opening accounts for different types of customers?	8	3	2	1
Q.4	i. What is CIBIL? What role does it play in the lending process?	3	4	1	2
	ii. Describe the various types of advances that banks provide to customers.	7	3	2	1
OR	iii. Discuss the key principles of sound lending that financial institutions should follow.	7	4	5	6
Q.5	i. Explain the difference between online banking and mobile banking.	4	5	6	4
	ii. What are online transfers? How do they facilitate quick money movement between accounts?	6	6	5	3
OR	iii. What is the National Electronic Funds Transfer (NEFT) system? Explain the key benefits of using NEFT for fund transfers.	6	4	3	5
Q.6	Attempt any two:				
	i. How does investment banking differ from commercial banking in terms of services and clientele?	5	4	5	6
	ii. What is portfolio management? Why is it important in personal finance?	5	6	5	4
	iii. What is factoring? How does it benefit companies with significant accounts receivable?	5	4	3	4

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## Marking Scheme

### CM3EB04 Banking and Financial Services

Q.1	i)	b) Accepting deposits and granting loans	1
	ii)	b) Reserve Bank of India Act, 1934	1
	iii)	c) An account held by two or more individuals	1
	iv)	b) To prevent fraud and ensure customer identity	1
	v)	c) Speculation	1
	vi)	a) It is backed by collateral.	1
	vii)	c) Transactions are settled individually in real time.	1
	viii)	b) A cheque issued electronically without a physical paper format	1
	ix)	a) A pool of money collected from various investors to invest in securities	1
	x)	b) Assisting companies in raising capital	1
Q.2	i.	As Per Explanation	2
	ii.	conventional functions of commercial banks (one mark for each point)	3
	iii.	As Per Explanation	5
	OR iv.	As Per Explanation	5
Q.3	i.	As Per Explanation	2
	ii.	Concept of a joint account. - 02 How is it operated - 02 what are the typical types of joint accounts? - 04	8
	OR iii.	As Per Explanation	8

Q.4	i.	What is CIBIL? - 01 What role does it play in the lending process? - 02	3
	ii.	Types of advances (one mark for each point)	7
OR	iii.	key principles of sound (one mark for each point)	7
Q.5	i.	Explain the difference between online banking and mobile banking. (one mark for each point)	4
	ii.	online transfers-02 how do they facilitate quick money movement? - 04	6
OR	iii.	National Electronic Funds Transfer (NEFT) system- 02 key benefits of using NEFT for fund transfers. - 04	6
Q.6			
	i.	How does investment banking differ from commercial banking in terms of services and clientele? (one mark for each point)	5
	ii.	What is portfolio management? - 01 why is it important in personal finance? – 04 (one mark for each point)	5
	iii.	What is factoring? - 01 and how does it benefit companies with significant accounts receivable? – 04 (one mark for each point)	5

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