

**ANNAI VIOLET ARTS AND SCIENCE COLLEGE  
DEPARTMENT OF COMMERCE**

**CONTINUOUS INTERNAL ASSESSMENT - I  
Subject :BANKING THEORY LAW AND PRACTICE**

**Class : II B.Com  
Max.Marks : 50**

**Date : 02.09.2021-AN  
Sub. Code: CZ23C**

**PART A (5 × 2 = 10 Marks)  
Answer any FIVE questions**

1. Meaning of Banking.
2. What is commercial bank?
3. Define central bank.
4. Write a short note on NBFC's.
5. What is Universal bank?
6. What do you mean by Co-operative bank?
7. Delineate the history of banking system.

**PART B – (2 × 5 = 10 Marks)  
Answer any TWO questions**

8. What are the objectives of Reserve Bank of India?
9. What are the components of Indian Banking System?
10. Features of co-operative banks.

**PART C – (3× 10 = 30 Marks)  
Answer ALL questions**

- 11.What is universal banking? Functions of Universal Banking.
12. Distinguish between central bank and commercial bank.
13. Explain the various banking system functioning in India.

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DEPARTMENT OF COMMERCE**

**CONTINUOUS INTERNAL ASSESSMENT - I**

**Subject :BANKING THEORY LAW AND PRACTICE  
(Scheme of Valuation)**

**Class : II B.Com**

**Date : 02.09.2021-AN**

**Max.Marks : 50**

**Sub. Code: CZ23C**

**PART A (5 × 2 = 10 Marks)**

**Answer any FIVE questions**

1. A bank is a financial institution that is licensed to accept checking and savings deposits and make loans.
2. The term commercial bank refers to a financial institution that accepts deposits, offers checking account services, makes various loans, and offers basic financial products like certificates of deposit (CDs) and savings accounts to individuals and small businesses. A commercial bank is where most people do their banking.
3. A central bank is the term used to describe the authority responsible for policies that affect a country's supply of money and credit. Another way to put it is to say that monetary policy is expected to smooth the business cycle and offset shocks to the economy.

4. A Non-Banking Financial Company (NBFC) is a company registered under the Companies Act, 1956 engaged in the business of loans and advances, acquisition of shares/stocks/bonds/debentures/securities issued by Government or local authority or other marketable securities of a like nature, leasing, hire-purchase, insurance

5. Universal banking is a system in which banks provide a wide variety of comprehensive financial services, including those tailored to retail, commercial, and investment services.

6. Co-operative banks are financial entities established on a co-operative basis and belonging to their members. This means that the customers of a co-operative bank are also its owners. These banks provide a wide range of regular banking and financial services.

7. The history of banking began with the first prototype banks which were the merchants of the world, who gave grain loans to farmers and traders who carried goods between cities.

**PART B – (2 × 5 = 10 Marks)**  
**Answer any TWO questions**

8. The Reserve Bank of India was set up with the primary maxim of managing all the banks in India. **The goal was to hold under control the reserves as well as the issue of banknotes.**

- Along these lines, it was done to make sure about the financial stability and in this way to work the credit system and currency of the nation for its potential benefit.

- The essential objective for the Reserve Bank of India is to direct the different financial functions for India in the money market. Therefore, they concentrate especially on issuing new notes.

- Consequently, the RBI was set up with the point of being a banker's bank and similarly the bank for the government. It aimed to expand the economic progress of the nation through different structures and economic policies of the government.

#### 9. Central Bank – Reserve Bank of India (RBI)

- Commercial Banks. Public sector Banks.
- Co-operative Banks. Primary Credit Societies.
- Regional Rural Banks.
- Development Banks.
- Specialized Banks. Export Import Bank of India. Indian Bank-like financial institutions.

10. One Man One Vote: The co-operative banks works on The principle of Cooperation, self-help, and mutual help. ... No profit no loss: Cooperative banks work on no profit no loss basis because they aim to help masses and not Profit maximization

**PART C – (3 × 10 = 30 Marks)**  
**Answer ALL questions**

11. Universal banks are one-stop shops for all your financial needs.

Universal banking is categorised into three types.

It encompasses investment banking services for private investors and organisations.

It also involves wholesale banking services designed for large-scale companies.

Retail banking is another aspect of universal banking that includes everyday banking services.

12 .The central bank is the apex bank and is also known as a bank of all the banks. A commercial bank functions under the control of the central bank.

- The central bank focuses on social welfare whereas a commercial bank focuses on profit maximisation.
- The central bank does not accept deposits whereas a commercial bank accepts deposits from the public and provides loans to individuals and households.
- The central bank issues currency whereas a commercial bank has no authority to issue currency.
- The central bank is an advisor to the government on monetary issues whereas a commercial bank is not an advisor.

13 .Reserve Bank of India is the central bank of the country and regulates the banking system of India. The structure of the banking system of India can be broadly divided into scheduled banks, non-scheduled banks and development banks.

Banks that are included in the second schedule of the Reserve Bank of India Act, 1934 are considered to be scheduled banks.

All scheduled banks enjoy the following facilities:

- Such a bank becomes eligible for debts/loans on bank rate from the RBI
- Such a bank automatically acquires the membership of a clearing house.

All banks which are not included in the second section of the Reserve Bank of India Act, 1934 are **Non-scheduled Banks**. They are not eligible to borrow from the RBI for normal banking purposes except for emergencies.

Scheduled banks are further divided into commercial and cooperative banks.

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