(7 pages)

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B.Com. (CBCS) DEGREE EXAMINATION, APRIL 2026.

Fifth Semester

Commerce / Professional Accounting / Banking and E-Commerce — Core

BANKING LAW AND PRACTICE

(For those who joined in July 2023 onwards)

Time : Three hours Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL questions.

Choose the correct answer :

1. Which of the following legislations is applicable to Payment Banks?
   (a) Companies Act, 2013
   (b) Banking Regulation Act, 1949
   (c) Reserve bank of India Act, 1934
   (d) IRDA Act, 1999

2. Under the branch banking system
   (a) small number of big banks with branches exists all over the country
   (b) large number of big banks exists all over the country
   (c) large number of small banks exists all over the country
   (d) an individual bank undertakes business either through single office or through a few branches

3. A bank is defined as
   (a) an institution that lends money to others
   (b) an institution that accepts deposits from others
   (c) an institution that accepts deposits from the public and lends money to others
   (d) none of the above

4. Which of the following functions of a Central Bank does not fall under the category of 'Banker's Bank'?
   (a) Controller of credit
   (b) Custodian of cash reserves of commercial banks
   (c) Lender of the last resort
   (d) Bank of central clearance, settlement and transfer

5. The type of bank account that gives the advantage of financial leverage is

(a) current account

(b) savings bank account

(c) fixed deposit account

(d) un-fixed deposit account

6. A person who is named in a 'Will' to administer the estate of the deceased after his death is called

(a) the administrator (b) the executor

(c) the manager (d) the liquidator

7. Grace period is allowed for payment in the case of which of the negotiable instruments?

(a) Bill of exchange (b) Cheque

(c) Promissory note (d) All the above

8. Which of the following types of crossing restricts the transferability of a negotiable instrument?

(a) Special crossing

(b) Non-negotiable crossing

(c) General crossing

(d) Account payee crossing

9. The threshold limit for RTGS is

(a) Rs. 2 lakhs (b) Rs. 1 lakh

(c) Rs. 3 lakhs (d) Rs. 5 lakhs

10. The term 'seigniorage revenue' refers to

(a) Revenue generated by the Central Bank by issuing excess currency notes

(b) Revenue generated by the Central Bank by issuing excess lower-denominated currency notes

(c) Revenue generated by the Central Bank by issuing excess higher currency notes

(d) Revenue generated by the Central Bank by making use of interest-free currency notes and coins of the public

PART B — (5 × 5 = 25 marks)

Answer ALL questions, choosing either (a) or (b).
Each answer should not exceed 250 words.

11. (a) Explain the different phases of development of the Indian Banking System.

Or

(b) Discuss the RBI guidelines relating to the licensing of small banks.

12. (a) "Banks are not purveyors of money but also manufacturers of money." Explain.

Or

(b) "Central Bank acts as the custodian foreign exchange reserves of the country." Discuss.

13. (a) Write a short note on repo rate and reverse repo rate.

Or

(b) Outline the guidelines to be followed by a banker while opening a Jan Dhan Yojana account in joint names.

14. (a) Discuss the statutory protection available to a collecting banker under section 131 of the Negotiable Instruments Act 1881.

Or

(b) Describe the consequences of endorsement as regards 'lost instruments'.

15. (a) Describe the policy framework as regards the use of e-money as per the recommendations of the 'working group on electronic money' constituted by the RBI.

Or

(b) Discuss the major thrust areas in security controls as regards e-banking services carried out by a modern banker.

PART C — (5 × 8 = 40 marks)

Answer ALL questions, choosing either (a) or (b).

Each answer should not exceed 600 words.

16. (a) Discuss the role of public sector banks and private banks in Indian economic development.

Or

(b) Classify banks and bring out a clear idea about each of them.

17. (a) What do you mean by personal banking? Distinguish its from corporate banking.

Or

(b) Discuss the various general functions rendered by a central bank to the commercial banks.

18. (a) What are the different forms and factors affecting lending by a banker? Explain.

Or

(b) Discuss the various types of bank accounts and deposits.

19. (a) Discuss the essential precautions for to be taken by a paying banker while making payment and cheque of a customer.

Or

(b) Briefly explain the different types of endorsement and crossing.

20. (a) Give a detailed account of different type of risks pertaining to the electronic banking as compared to traditional banking.

Or

(b) Write the working procedures of NEFT, RTGS, IMPS and UPI in Indian digital banking system.
