(8 pages) **Reg. No. :** ....

Code No. : 21190 E **Sub. Code : EMBF 22/ FCBF 22**

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

Second Semester

Banking and Finance – 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. The Imperial Bank of India was nationalized in which year to form the State Bank of India?

   (a) 1955 (b) 1949

   (c) 1969 (d) 1975

2. The liberalization of the Indian banking sector started in which phase?

   (a) Pre-Independence Phase

   (b) Post-Nationalization Phase

   (c) Post-Liberalization Phase

   (d) Colonial Phase

3. The Central Bank of India is known as

   (a) State Bank of India

   (b) Reserve Bank of India

   (c) Punjab National Bank

   (d) Indian Overseas Bank

4. Which of the following is a primary function of a commercial bank?

   (a) Issuing currency

   (b) Accepting deposits and lending money

   (c) Printing money

   (d) Formulating monetary policy

5. Reverse Repo Rate is used by the RBI to

(a) lend money to banks

(b) borrow money from banks

(c) increase liquidity in the market

(d) give loans to customers

6. The main purpose of KYC (Know Your Customer) norms is

(a) to increase the number of bank accounts

(b) to prevent money laundering and fraud

(c) to increase loan approvals

(d) to encourage credit card usage

7. The statutory Protection under Section 131 is available to a collecting banker if

(a) the cheque is crossed

(b) it is collected in good faith and without negligence

(c) it is an open cheque

(d) it is a bearer cheque

8. As per the Negotiable Instruments Act, 1881, which of the following is not a negotiable instrument?

(a) Cheque

(b) Bill of Exchange

(c) Fixed Deposit Receipt

(d) Promissory Note

9. Which of the following is a key feature of mobile banking?

(a) Access from any location

(b) No need for an internet connection

(c) Only works on computers

(d) Requires visiting a bank branch

10. Which payment system allows instant fund transfers 24/7, even on bank holidays?

(a) NEFT

(b) RTGS

(c) IMPS

(d) Demand Draft

PART B — (5 × 5 = 25 marks)

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

11. (a) How do microfinance institutions contribute to financial inclusion? What are the challenges they face?

Or

(b) Explain the concept of universal banking. How is it different from traditional banking models?

12. (a) Write the credit creation process of commercial banks with an example.

Or

(b) Suggest the importance of customer relationship management (CRM) in banking.

13. (a) Describe the concept of special types of customers.

Or

(b) Explain the factors influencing bank lending.

14. (a) Define Negotiable Instruments and explain its essential characteristics.

Or

(b) Distinguish between a paying banker and a collecting banker.

15. (a) Evaluate the various services offered under e-banking and their impact on financial inclusion.

Or

(b) Examine the opportunities and challenges of digital banking.

PART C — (5 × 8 = 40 marks)

Answer ALL questions, choosing either (a) or (b).
Each answer should not exceed 600 words.

16. (a) Briefly explain the impact of foreign banks on the Indian banking sector. How do they contribute to financial inclusion and economic growth?

Or

(b) Elucidate the key reforms in the banking sector after 1991. What role did the Narasimham Committee play in banking reforms?

17. (a) Mention and write the role of commercial banks in economic development.

Or

(b) Write a short note on monetary policy tools used by the central bank.

18. (a) Analyse the classification of assets based on Non-Performing Assets (NRA) norms.

Or

(b) Describe the concept of special types of customers, What are the legal implications of these accounts.

19. (a) Discuss recent amendments in the Negotiable Instruments Act and their impact on banking operations.

Or

(b) Examine the concept of holder and holder in due course under the Negotiable Instruments Act.

20. (a) Explain the functioning of electronic mobile wallets (e-wallets).

Or

(b) Narrate the importance of KYC and AML (Anti-Money Laundering) compliance in digital banking.
