Dr. Babasaheb Ambedkar OpenUniversity

Term-End Examination July- 2016

Course :		Numeric Code:	
Subject Code:	BBAIB204	Max. Marks:	70
Subject Name:	Indian Banking System	Duration:	
Date:		Time:	

Section A

Answer the following (Any three): (30)

1. Discuss the importance of Development Banks in Economic Development. Discuss in detail their functions.

2. Write a detailed note on NABARD and its functions

3. RBI is the apex of the monetary and banking system of India. Discuss its role and functions in detail.

4. explain in detail the various fee based services provided by a Commercial Bank

5. How and why does a Bank create a charge on his customer. Explain the following modes in brief:

a) Lien

b) Pledge

c) Hypothecation

d) Mortgage

Section B

Answer the following (Any four): (20)

1. Enumerate the main supervisory powers of RBI over commercial banks

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2. Explain the effect of increase in the CRR and SLR on the Banking system. How does RBI use both these tools to regulate the economy?

3. How was Liberalization on Indian Banking industry brought about by Narsimha Rao Government in 1990s

4. Discuss in brief the objectives of Monetary policy with reference to RBI

5. Write a note on Banker as Trustee and Banker as Agent

6. Differentiate between a Travellers' Letter of Credit and Travellers' Cheque

Section C

A. MCQ **(2 X 5)**

1. Principal functions of a bank are
   a) Accepting deposits
   b) Lending and Investing
   c) Non-fund business and Remittance services
   d) All of the above
2. In deposit accounts, the main relationship between a bank and a customer is
   a) Creditor-Bank, debtor- customer
   b) Creditor-customer, debtor- Bank
   c) Agent- Principal
   d) Servant-owner
3. What relationship is created when the bank collects a cheque in clearing
   a) Holder for value
   b) Clearing member and principal
   c) Agent and principal
   d) Collecting bank and holder
4. Demand deposits are those which can be withdrawn
   a) On request
   b) On sanction by manager
   c) On demand

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d) On persuasion

5. In savings account deposits, interest is paid on _____balance in the account between 10th to last day of month
   a) maximum
   b) average
   c) Minimum
   d) Last balance at the end of the month

B. Do as directed **(2X5)**

1. Define Regional Rural banks and give two examples

2. Define Cash Reserve Ratio.

3. Distinguish between a Savings Account and Current account

4. Write the full form of following acronyms:

a) ICICI

b) DFHI

c) NHB

d) SFC

5. Mention in brief the developmental services provided by IDBI

_____***End of Question Paper***_____

SAMPLE QUESTION PAPER