



USN

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

14MBAFM301

Third Semester MBA Degree Examination, Dec.2016/Jan.2017
Principles and Practices of Banking

Time: 3 hrs.

Max. Marks:100

SECTION - A

Note : Answer any FOUR questions from Q.No.1 to Q.No.7.

- 1 Define "Banking". (03 Marks)
- 2 What is "bankers right of lien"? (03 Marks)
- 3 Give the meaning of satellite banking. (03 Marks)
- 4 What is "exchange rate"? (03 Marks)
- 5 Give the meaning of "loan". (03 Marks)
- 6 What is "asset liability management"? (03 Marks)
- 7 What is a "negotiable instrument"? (03 Marks)

SECTION - B

Note : Answer any FOUR questions from Q.No.1 to Q.No.7.

- 1 Discuss the KYC (Know Your Customer) guidelines issues by the RBI. (07 Marks)
- 2 Explain the objectives of asset liability management in banks. (07 Marks)
- 3 Write a short note on debit card and credit card. (07 Marks)
- 4 What is a "commercial bank"? What are its primary functions? (07 Marks)
- 5 Discuss the duties and responsibilities of a collecting banker. (07 Marks)
- 6 Give the meaning of "bank overdraft". What are the advantages if bank overdraft to the corporate? (07 Marks)
- 7 Give the meaning of "letter of credit". Explain how it works. (07 Marks)

SECTION - C

Note : Answer any FOUR questions from Q.No.1 to Q.No.7.

- 1 Discuss the phases in the growth of Indian banking systems. (10 Marks)
- 2 What is "dishonour of a cheque"? Explain the circumstances under which a cheque can be dishonoured. (10 Marks)
- 3 What is "universal banking"? Discuss the advantages of universal banking. (10 Marks)



14MBAFM301

- 4 What is “correspondent banking”? Mention the services rendered by correspondent banks. (10 Marks)
- 5 What is asset-liability-management committee? Explain its functions. (10 Marks)
- 6 Give the meaning of “loans against book debts”. What are the precautions taken by the banker at the time of sanctioning loan against book debts? (10 Marks)
- 7 “Banker and the customer enjoys a unique relationship”. Discuss the various relationships that exist between the banker and the customer. (10 Marks)

SECTION - D
CASE STUDY – [Compulsory]

Indian Financial System has undergone a sea change with the ushering in of economic reforms in 1991. Vibrancy, vitality and the vigour of a financial system to a large extent reflect and decide the economic health of a country. Rapid growth of the economy and maturing of financial system have perfectly complemented each other, while the regulators – majorly RBI and SEBI, have kept a tight vigilance fastening balanced growth. The Indian financial markets are not byzantine compared to the western financial markets, but are also not as premature as some financial markets in developing nations. Regulators have done a splendid job in achieving a five balance, which was well demonstrated by the way the Indian financial institution withstood the global financial meltdown.

Answer the following questions:

1. In the light of the above case discuss the functions of Reserve Bank India, in ensuring a sound “Banking System”.
2. Discuss the role of commercial banks in the economic development of our country. (20 Marks)

* * * * *