



**KERALA AGRICULTURAL UNIVERSITY**  
**B.Sc. (Hons.) C&B 2017 Admission**  
**I Semester Final Examination-February-2018**

**Bank.1101**

**Principles of Banking (3+0)**

**Marks: 50**  
**Time: 2 hours**  
**(10x1=10)**

**I Fill in the blanks**

- 1 During inflation, the Central Bank-----the bank rate
- 2 NBFCs are otherwise called as-----banks
- 3 -----is the process of creating derivative deposits by banks out of primary deposits
- 4 A banker is a -----debtor
- 5 -----banks provide long term finance
- 6 -----is the ability of an asset to convert into cash without loss within short time.

**State True or False**

- 7 RBI is a banker to the Government
- 8 Group banks are brought under the control of a holding company
- 9 Use of a cheque is a factor that affects credit creation
- 10 Central bank receives deposits and makes payment on behalf of commercial banks

**II Write Short notes on ANY FIVE of the following**

**(5x2=10)**

- 1 What do you understand by the term Banking?
- 2 State different methods followed by central banks for the issue of currency notes
- 3 Write a short note on Co-operative banks
- 4 Write a short note on Group banking
- 5 "Loan makes deposits" Discuss
- 6 Write a short note on variable reserve ratio
- 7 What is Monetary Policy?

**III Answer ANY FIVE of the following**

**(5x4=20)**

- 1 Explain briefly the principles of commercial banking
- 2 Distinguish between Current Account and Savings Bank Account
- 3 Explain the origin of central banking in the world
- 4 State the limitations of selective credit controls
- 5 Explain the role of RBI as a banker to the Government
- 6 Write notes on
  - a Correspondent Banking
  - b Universal banking
- 7 Explain the disadvantages of branch banking

**IV Write essay on ANY ONE of the following**

**(1x10=10)**

- 1 Illustrate the important methods available to the RBI for control of credit.
- 2 Explain the functions of modern commercial banks in India.

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