



Avinashilingam Institute for Home Science and Higher Education for Women
(Deemed to be University under Category 'A' by MHRD, Estd. u/s 3 of UGC Act 1956)
Re-accredited with 'A+' Grade by NAAC. Recognised by UGC Under Section 12B
Coimbatore - 641 043, Tamil Nadu, India

Master's Degree Examination – June 2021
IV Semester

Class : II M.Com
Major : Commerce

Time: 3 hours
Max. Marks: 100

17MCOC23A Finance - Funds Management in Commercial Banks

Part A
Choose the correct answer

10 x 1 = 10

1. Capital adequacy norm helps the banks CO1 K1
 - (i) For strengthening capital base of banks
 - (ii) For sanctioning more loan

(a) Both (i) and (ii) are correct (b) Both (i) and (ii) are incorrect
(c) (i) is correct but (ii) is incorrect (d) (ii) is correct but (i) is incorrect
2. When the Reserve Bank of India announces an increase in the cash reserve ratio, what does it mean? CO1 K1
 - (a) The commercial banks will have less money to lend.
 - (b) The union government will have less money to lend.
 - (c) The union government will have more money to lend.
 - (d) The commercial banks will have more money to lend.
3. In banks, loans & advances are considered as CO2 K1

(a) assets (b) liabilities (c) resources (d) expenditure
4. CRR refers to _____ CO2 K1

(a) Cash Reserve Ratio (b) Credit Reserve Ratio
(c) Common Reserve Ratio (d) None of these
5. Banks can achieve liquidity through CO3 K1
 - (a) Shorten asset maturities
 - (b) Improve the average liquidity of assets
 - (c) Issue more equity
 - (d) All of these
6. Bank marketing mean CO3 K1
 - (a) Selling by banks
 - (b) Buying by banks
 - (c) Merger of banks
 - (d) Selling bank's products and services.
7. Bank marketing and _____ are same. CO3 K1
 - (a) Transaction marketing
 - (b) Service marketing
 - (c) Indoor marketing
 - (d) All of these
8. Marketing in banks has been necessitated due to CO3 K1
 - (a) globalisation
 - (b) excess staff
 - (c) nationalisation of bank
 - (d) complacency among the staff
9. Which of the following guidelines by the RBI does not hamper the profitability of commercial banks in India? CO3 K1
 - (a) Cash reserve ratio
 - (b) Statutory liquidity ratio
 - (c) Margin requirements
 - (d) Bank rate
10. What is bank rate? CO3 K1
 - (a) Rate on deposits given by commercial banks
 - (b) Rate charged by banks on loans and advances
 - (c) Rate payable on bonds
 - (d) Rate at which the Reserve Bank of India discounts the bills of exchange

Part B
Answer ALL questions
Each answer should not exceed 400 words or two pages

5 x 6 = 30

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| 11. (a) State the meaning and functions of capital funds.
(Or) | CO1 K1 |
| 11. (b) Explain the nature and scope of funds management. | CO1 K3 |
| 12. (a) What are the problems in resources allocation in India?
(Or) | CO2 K1 |
| 12. (b) Outline the significance of liquidity management in banks. | CO2 K3 |
| 13. (a) List the nature and functions of legal reserves.
(Or) | CO3 K2 |
| 13. (b) What do you understand by cash management in commercial banks? | CO3 K4 |
| 14. (a) Explain the concept of bank marketing.
(Or) | CO3 K2 |
| 14. (b) Describe the characteristics of commercial loans. | CO3 K4 |
| 15. (a) Give the principles of security investment of commercial banks.
(Or) | CO2 K3 |
| 16. (b) Write a detailed note on Deposit mobilisation. | CO2 K1 |

Part C
Answer ALL questions
Each answer should not exceed 800 words or four pages

5 x 12 = 60

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| 16. (a) Write a detailed note on management of capital funds in commercial banks.
(Or) | CO1 K2 |
| 16. (b) Briefly explain about various standards used for measuring capital adequacy. | CO1 K4 |
| 17. (a) Discuss about theories of liquidity management.
(Or) | CO2 K3 |
| 17. (b) Describe the priorities in the employment of funds. | CO2 K4 |
| 18. (a) Explain the various purposes of working reserves in banks.
(Or) | CO3 K3 |
| 18. (b) Critically evaluate the factors influencing secondary reserves. | CO3 K4 |
| 19. (a) Discuss about various marketing strategies of commercial banks.
(Or) | CO2 K3 |
| 19. (b) Explain the process of evaluating loan application. | CO2 K3 |
| 20. (a) Enumerate the pattern of investment of commercial banks in India.
(Or) | CO3 K3 |
| 21. (b) Describe the structure and pattern of income and expenditures of commercial banks in India. | CO3 K5 |
