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Avinashilingam Institute for Home Science and Higher Education for Women

Deemed to be University Estd. u/s 3 of UGC Act 1956, Category A by MHRD (now MoE)

Re-accredited with A++ Grade by NAAC. CGPA 3.65/4, Category I by UGC

Coimbatore - 641043, Tamil Nadu, India

Bachelor's Degree Examination - November 2025

III Semester

Class : II UG / 2023 Batch
Major : B.Com/B.Com PA/B.Com CS

Time : 3 Hours
Max. Marks : 100

23BCOC07/23BCPC07 /23BCRC07 Banking Theory Law and Practice

Course Outcomes:

- CO1: Incorporate the banking services to industrial requirement.
CO2: Acquire the knowledge to loan procedures.
CO3: Handle the queries regarding cheques effectively.
CO4: Employ the application of e-banking services.
CO5: Undertake research work on evaluating the performance and services of banking sector.

Part A

10 x 1 = 10

Choose the Correct Answer

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|--|----------------------------|--------|
| 1. The primary function of a commercial bank is: | | CO1K1 |
| a. Issuing currency | b. Accepting deposits | |
| c. Export financing | d. Monitoring inflation | |
| 2. The banker-customer relationship is primarily that of: | | CO1K1 |
| a. Agent and Principal | b. Debtor and Creditor | |
| c. Lender and Borrower | d. Trustee and Beneficiary | |
| 3. The Reserve Bank of India was nationalized in the year: | | CO2K1 |
| a. 1935 | b. 1947 | |
| c. 1949 | d. 1955 | |
| 4. Which one of the following is a qualitative credit control measure? | | CO2K1 |
| a. Bank Rate | b. SLR | |
| c. Moral Suasion | d. CRR | |
| 5. Which of the following is not a negotiable instrument under the Negotiable Instruments Act, 1881? | | CO3K1 |
| a. Promissory Note | b. Cheque | |
| c. Bill of Exchange | d. Share Certificate | |
| 6. Crossing of a cheque means: | | CO3K1 |
| a. Cancelling the cheque | | |
| b. Drawing two lines on the face of the cheque | | |
| c. Issuing a duplicate cheque | | |
| d. None of the above | | |
| 7. Garnishee order is issued by: | | CO4 K1 |
| a. Banker | b. Customer | |
| c. Court | d. RBI | |
| 8. Which section of the Negotiable Instrument Act defines 'Cheque'? | | CO4K1 |
| a. Section 5 | b. Section 6 | |
| c. Section 4 | d. Section 138 | |
| 9. The paying banker should honor a cheque only if: | | CO5K1 |
| a. It is post-dated | b. It is not stale | |
| c. It is unsigned | d. It is crossed | |
| 10. In case of dishonour of a cheque, the banker should: | | CO5K1 |
| a. Return the cheque to customer | b. Inform the police | |

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. Define Commercial Bank. Explain its primary functions.
(or) | CO1K2 |
| 11.b. Discuss the different types of banking systems. | CO1K2 |
| 12.a. What are the objectives and functions of the Reserve Bank of India?
(or) | CO2K2 |
| 12.b. Explain the various methods of credit control used by the RBI. | CO2K2 |
| 13.a. Define Negotiable Instruments. What are its essential features?
(or) | CO3K2 |
| 13.b. Differentiate between Promissory Note and Bill of Exchange. | CO3K2 |
| 14.a. Explain the duties of a paying banker.
(or) | CO4K2 |
| 14.b. State the precautions to be taken by a collecting banker. | CO4K2 |
| 15.a. What are the legal implications of dishonour of a cheque under Section 138?
(or) | CO5K3 |
| 15.b. Write a short note on endorsement and its types. | CO5K3 |

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. Define Banking. Discuss in detail the evolution of banking in India.
(or) | CO1K3 |
| 16.b. Explain the role of commercial banks in economic development. | CO1K3 |
| 17.a. Analyze the organizational structure and functions of RBI.
(or) | CO2K4 |
| 17.b. Describe in detail the quantitative and qualitative credit control measures. | CO2K3 |
| 18.a. Explain the classification and characteristics of Negotiable Instruments.
(or) | CO3K3 |
| 18.b. Discuss in detail the procedure for dishonour and discharge of Negotiable Instruments. | CO3K3 |
| 19.a. Describe the statutory protection available to a paying banker.
(or) | CO4K3 |
| 19.b. Examine the relationship between banker and customer. | CO4K3 |
| 20.a. Write an essay on the legal framework governing dishonour of cheques.
(or) | CO5K3 |
| 20.b. Explain the concept of crossing and the types of crossings in cheques. | CO5K3 |
