

M.Com. II Semester Degree Examination, May - 2018

COMMERCE

Banking System & Evaluation

Paper:HC 2.1

(New)

Time : 3 Hours

Maximum Marks : 70

Section - A

1. Answer any **ten** of the following sub-questions. Each sub-question carries **two** marks. **(10×2=20)**
- a) Define banker
 - b) What is meant by holder in due course?
 - c) Define universal banking.
 - d) Write any two elements of tier - I capital.
 - e) Differentiate between crossing of a cheque and material alteration of a cheque.
 - f) What is SLR?
 - g) What is one time settlement scheme?
 - h) What do you mean by cash credit system?
 - i) Define endorsement in blank.
 - j) What is double special crossing?
 - k) State any two schedules comes under asset side of a balance sheet.
 - i) What are doubtful assets?

[P.T.O]

Section - B

Answer any **four** of the following questions. Each question carries **five** marks. **(4×5=20)**

2. Explain the circumstances in which banker's general lien does not apply.
3. Explain the characteristics of negotiable instruments.
4. Explain the regulatory and supervisory functions of RBI.
5. Explain the principles of lending.
6. Explain the various profitability ratios applicable for a bank.
7. Calculate capital adequacy ratio for an Indian Bank using the following information.

Particulars	Exposure (Rs.)	Risk weight
Government treasury hold as asset	1,50,000	0%
Loans to corporates	15,00,000	10%
Loans to small business	8,00,000	20%
Guarantees and other	6,00,000	10%
Non - Balance sheet exposures	.	.

The bank's Tier I capital is Rs. 20,000 and Tier II capital is Rs. 30,000. National regulator requires capital adequacy ratio of 9%. Find out the position of bank in this regard.

Section - C

Answer any **Three** of the following questions. Each question carries **ten** marks. **(3×10=30)**

8. What are the precautions to be taken by a banker while opening an account of partnership firm?
9. What are the impacts of NPA's? Explain the measures to reduce NPA's.
10. Define cheque - Explain the legal provisions relating to crossing of a cheque.
11. What is meant by investment management? What are the sources of investment avenues available for banks?
12. Write a note on the following :
 - a) Banker and customer relationship.
 - b) Liquidity management.

