Roll No:
Date: __/__/____

St. Claret College

Autonomous, Bengaluru

UG END SEMESTER EXAMINATION- MAY 2026
B.COM II SEMESTER
BC 2224: MODERN BANKING

10

TIME: 3 hours. **MAX. MARKS: 80**

This paper contains TWO printed pages and FOUR parts

Instructions:

1. **Verify and ensure that the question paper is completely printed.**
2. **Any discrepancies or questions about the exam paper must be reported to the COE within 1 hour after the examination.**
3. **Students must check the course title and course code before answering the questions.**

PART-A

Answer ALL questions. Each answer carries ONE mark. **[10 x 1 = 10]**

1. Repo Rate is used by RBI to:
   A) Increase inflation always
   B) Control liquidity in the economy
   C) Provide subsidies
   D) Regulate imports
2. Which of the following is NOT a feature of a bank?
   A) Dealing in money
   B) Acceptance of deposits
   C) Providing employment only
   D) Lending money
3. Regional Rural Banks (RRBs) are mainly established to:
   A) Serve urban customers
   B) Support rural and agricultural sectors
   C) Promote foreign trade
   D) Finance large industries
4. The general relationship between banker and customer is that of:
   A) Employer and employee
   B) Creditor and debtor
   C) Principal and agent only
   D) Buyer and seller
5. Cheque payable to any person who holds it is called:
   A) Order cheque
   B) Crossed cheque
   C) Bearer cheque
   D) Special cheque
6. A holder in due course is a person who:
   A) Receives the instrument after maturity
   B) Obtains the instrument for value, in good faith, before maturity
   C) Holds the cheque without endorsement
   D) Receives it as a gift
7. Blockchain in banking is mainly used for:
   A) Printing currency
   B) Secure and transparent transaction records
   C) Increasing paperwork
   D) Manual auditing
8. AI in banking is used for:
   A) Manual calculations
   B) Increasing paperwork
   C) Fraud detection and customer service automation
   D) Reducing digital transactions

9. The main objective of the Banking Ombudsman is to:
   A) Increase bank profits
   B) Resolve customer complaints against banks
   C) Issue loans
   D) Control inflation
10. CIBIL primarily deals with:
   A) Issuing currency
   B) Maintaining credit information of borrowers
   C) Providing loans directly
   D) Managing ATMs

PART-B

Answer any Three questions. Each answer carries Eight marks. **[3x 8=24]**

11. Explain the functions of RBI.
12. Distinguish between Private Sector Bank and Public Sector Bank.
13. Define Negotiable Instrument and characteristics of Negotiable instrument.
14. What do you mean by Digital Banking? What are the advantages of Digital Banking?
15. Analyse the major ethical issues in banking and their impact on customer trust and financial stability.

PART-C

Answer any Three questions. Each answer carries Twelve marks. **[3x 12= 36]**

16. Explain the various monetary policy tools used by the Reserve Bank of India.
17. Explain the nature of the Banker–Customer relationship and analyse the rights and obligations of both parties.
18. State various types of Negotiable Instruments.
19. Explain the concept of Electronic Fund Transfer (EFT) and examine the different modes of EFT available in India.
20. Write the note on the following.
    (a) Banking Ombudsman
    (b) Credit Information Bureau India limited

PART- D

Answer the following question **[1x10 = 10]**

21. IDBI Bank was placed under the Prompt Corrective Action (PCA) framework by the Reserve Bank of India in 2017 due to serious financial stress. The bank had a high level of Non-Performing Assets (NPAs), declining profitability, and inadequate capital adequacy.
    As part of PCA restrictions, IDBI Bank faced limitations on fresh lending, branch expansion, and dividend distribution. To overcome these challenges, the bank undertook several corrective measures, including capital infusion, reduction of bad loans, and improvement in operational efficiency. Later, after showing improved financial performance, the RBI removed the bank from the PCA framework in 2021.

    a) Identify and explain the key financial problems that led to IDBI Bank being placed under the Prompt Corrective Action (PCA) framework by the Reserve Bank of India. (5 marks)
    b) Discuss the corrective measures taken by IDBI Bank to improve its financial position and exit from the PCA framework. (5 Marks)

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