OR

b) Explain how commercial banks create money through their lending operations.

UNIT-III

4. a) What are the main functions entrusted to Reserve Bank of India under RBI Act?

OR

b) How does the central Bank regulate the quantity and direction of the flow of credit?

UNIT-IV

5. a) The Duties and Rights of a Banker must be transparent to capture a customer. Comment.

OR

b) Write a note on bad debts and their recovery by banks.

UNIT-V

6. a) Why are development Banks permitted to raise short term resources and lend for working capital?

OR

b) Write a note on recent credit policy and trends in Indian economy.

SECTION-C

7. Case Let (Compulsory):

Analyse and interpret the following table of AIFIs

(Amount in crore Rs.)

<table>
<thead>
<tr>
<th>Year (1)</th>
<th>Sanctions (2)</th>
<th>Disbursements (3)</th>
<th>Percentage of 3 to 2 (4)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000-01</td>
<td>97337</td>
<td>59449</td>
<td>61.2</td>
</tr>
<tr>
<td>2001-02</td>
<td>63222</td>
<td>44905</td>
<td>71.1</td>
</tr>
<tr>
<td>2002-03</td>
<td>19335</td>
<td>14501</td>
<td>73.7</td>
</tr>
<tr>
<td>2003-04</td>
<td>21708</td>
<td>14634</td>
<td>67.0</td>
</tr>
<tr>
<td>2004-05</td>
<td>9091</td>
<td>6279</td>
<td>53.0</td>
</tr>
<tr>
<td>2005-06</td>
<td>11942</td>
<td>9237</td>
<td>79.0</td>
</tr>
</tbody>
</table>
1. Answer any **FIVE** of the following:
   
   Each answer should not exceed one page. (5 x 2 =10)
   
   a) Credit Deposit Ratio
   b) Rep Auctions
   c) Term Loan
   d) Foreign Exchange Risk
   e) Multiple Credit Creation
   f) Primary Deposits
   g) Credit-Debit Card
   h) Development Banking

**SECTION-B**

Answer the following:

**UNIT-I**

2. a) What are the functions of commercial banks? Do you think these functions have expanded over a period of time? 8

   OR

   b) Describe the distinguishing features of Regional Rural Banks. What are the reasons for their poor financial position? 8

**UNIT-II**

3. a) What are insured banks in India? Who gets the benefit of such insurance and to what extent? 8