



Chhatrapati Shahu Ji Maharaj  
University, Kanpur

**Answer Script Details**  
**Barcode** 12453991

**Roll No.** 23072000247

**Exam** BCOM-V\_ODD\_EXAM\_NOV\_2025

**Total Mark** 49/75.00

**Subject** C010505T - Monetary Theory and Banking in India

**Question wise Mark Summary**

**Q.No Mark Q.No Mark Q.No Mark Q.No Mark**

1A 4/5 9 0/15

1B 3/5

1C 4/5

1D 3/5

1E 3/5

1F 4/5

1GI 2/2

1GII 2/2

1H 3/5

1I 4/5

2 0/15

3 0/15

4 0/15

5 8/15

6 0/15

7 9/15

8 0/15

**Chhatrapati Shahu Ji Maharaj University  
Kanpur, Uttar Pradesh**

Date of Exam: 12/12/25 Shift: III Room No.: I  
 Paper Code: 6010505T Subject: Monetary Theory, Sem. III  
 Name of Candidate: Alkati Dubey.  
 Roll No. 23072000247

*Alkati*  
 Signature of Candidate  
 Signature of Invigilator  
 COE Facsimile

**PART-II**

MARKS OBTAINED										
Q.	1	2	3	4	5	6	7	8	9	10
(a)										
(b)										
(c)										
(d)										
(e)										
(f)										
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(h)										
(i)										
(j)										
Total										
Total Marks in Figures						Max. Marks				
Total Marks in Words										



6010505T  
Paper Code

Signature of Evaluator

Course: B.COM  
 Session: 2025-26 Year Semester: III year  
 Subject: monetary theory.  
 Paper Code: 010505T  
 Exam Date: 12/12/2025  
 Name of Candidate: FRATI DUBEY  
 Father's Name: IRJESH DUBEY

संस्थान का कोड College Code: EW02  
 परीक्षा केंद्र का कोड Exam Centre Code: EW02

अवकाश  
 Regular  
 Ex-Student

प्रकार  
 Private  
 Back paper Exam

ANSWER BOOKLET NO.  
**12453991**

6010505T  
Paper Code



संस्थान संख्या Enrollment Number: CSJMA23000131477  
 परीक्षार्थी अंकन संख्या Candidate's Roll Number: 23072000247  
 पेपर कोड Paper Code: 6010505T

0	1	2	3	4	5	6	7	8	9
0	1	2	3	4	5	6	7	8	9
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*Alkati*  
 Signature of Candidate

*12/12-25*  
 Signature of Invigilator

CS Facsimile  
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नोट : 1. परीक्षार्थी को निर्दिष्टित किया जाता है कि आवरण पत्रों के पृष्ठ भाग पर अधिक सही निर्देशों को सामग्री प्रेषित करें।  
 2. संकाय में सही जाने वाली प्रतिलिपियाँ सही तालक से भेजी जाएंगी। 3. पत्रों को कागज या कपड़े से लिपेट करने से बचना।

### INSTRUCTIONS TO THE CANDIDATE FOR FILLING PART-I

1. Read the instructions carefully given on the answer script and admit card.
2. Write Date of Exam, Shift, Paper Code & Name of Subject Correctly.
3. Write Name & Roll No. Correctly.
4. Write Semester & Branch Correctly.

### INSTRUCTIONS TO THE CANDIDATE FOR FILLING PART-III

1. Use blue or black ball point pen for writing alphabets & numerals in  Boxes.
2. Carefully study the example before you start marking.
3. As shown in the example below blacken the circles completely.



4. Make no stray marks on this sheet.
5. DO NOT WRITE OR MARK ON THE BAR CODE.

### IN ORDER TO AVOID UFM (UNFAIR MEANS):

1. The Roll No. and Answer Book no. found elsewhere or any other symbol found in the answer book will be treated as unfair means.
2. Any tampering of Bar Code and Booklet no shall be treated as Unfair Means.
3. Do Not bring the materials like slip of paper/mobile/digital diaries/ study material/ revision notes in examination hall. Possession of the mobiles/ digital diaries/ electronic watch and any other electronic gadget except memory less scientific calculator shall be considered as UFM case.
4. Do not keep or paste currency note in answer script it shall be consider as UFM.

### अनुचित साधन से बचने हेतु:

1. उत्तर पुस्तिका के निर्दिष्ट स्थान को छोड़कर अनुक्रमिक एवं उत्तरपुस्तिका का क्रमांक कहीं और न लिखें तथा कोई भी चिह्न न बनायें क्योंकि यह अनुचित साधन प्रयोग की परिधि में आता है।
2. उत्तर पुस्तिका के बावकोड क्रमांक उत्तर पुस्तिका संख्या पर छेद करने पर अनुचित साधन प्रयोग माना जाएगा।
3. परीक्षा कक्ष में निम्न वस्तुएं साधन न आये, जैसे लिखे हुए कागज के टुकड़े, मोबाइल, डिजिटल डायरी, कोपी, पुस्तक या सभी वस्तुएं जो अनुचित साधन के अन्तर्गत आती हैं। केवल संबंधित प्रश्नपत्र में ही मेमोरी लेस साइंटिफिक कैलकुलेटर ले जाने की अनुमति होगी।
4. उत्तर पुस्तिकाओं में रूपाये न रखें न ही उत्तर पुस्तिका में चिह्नकाये। ऐसा करना अनुचित साधन प्रयोग की परिधि में आता है।

### परीक्षार्थी के लिए निर्देश

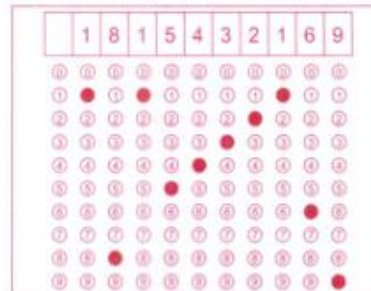
1. प्रवेश पत्र एवं उत्तर पुस्तिका पर दिये गये निर्देशों को ध्यान से पढ़ें।
2. कवर पृष्ठ के दूसरी तरफ कुछ न लिखें।
3. उत्तर पुस्तिका के पृष्ठों पर दोनों तरफ लिखें।
4. प्रश्न पत्र पर अपने अनुक्रमिक के अतिरिक्त कुछ न लिखें।
5. प्रश्न पत्र कोड़ एवं प्रश्न पत्र कोड सावधानी पूर्वक लिखें।
6. अपनी स्थिति स्पष्ट लिखें।
7. उत्तर पुस्तिका के पृष्ठों की संख्या देखें। अगर उत्तर पुस्तिका में (1-24) से कम है या कटे हुए है, तो परीक्षा शुरू होने के पूर्व दूसरी पुस्तिका ले ले।
8. प्रश्नपत्र को देख, यदि प्रश्नपत्र के विषय कोड, विषय का नाम तथा में कोई त्रुटि है तो उसके परीक्षा शुरू होने के 30 मिनट के अन्दर निरीक्षक को तत्काल सूचित करें, उसके बाद विश्वविद्यालय द्वारा कार्यवाही नहीं की जायेगी।
9. प्रश्नों के उत्तर लिखने के लिये बैसिल का प्रयोग न करें।
10. B कोपी या अतिरिक्त चाफ नहीं दिया जायेगा।

### INSTRUCTIONS TO THE CANDIDATE

1. Read the instructions carefully given on the Question Paper, Admit Card & Answer Script.
2. Do not write anything on back side of the cover page.
3. Write on both sides of pages of answer book.
4. Do not write anything on question paper except Roll Number.
5. Write Paper Code & Question Paper Id carefully.
6. CHECK the number of pages (1-32) or any other kind of damage in your answer script, if found than change the answer script immediately before the commencement of examination.
7. CHECK the Question Paper for any kind of discrepancy in Subject Code, Subject Name and Question of the Question Paper during first THIRTY MINUTES of the commencement of the exam, so that it can be corrected in TIME. After that corrections shall be entertained by the university.
8. Do not use pencil for answering the question.
9. Write status correctly e.g. those appearing in carry over page should fill in status as Carry Over. Those appearing as Students should fill in status as ex.
10. No supplementary answer book & graph paper will be provided.

### INSTRUCTIONS TO THE CANDIDATE FOR FILLING PART-4

1. Use blue or black ball point pen for writing alphabets & numerals in  Boxes.
2. Use blue or black ball point pen for filling the circles.



Note - If your Roll No. is of 10 digits. Please leave first three columns



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## SECTION A

### Question 1 (a)

#### Commercial Bank

- Bank refers to the financial institution that collects the deposits from the public and provides loan to the public and businesses in need.
- Commercial bank is the type of bank, which collects the deposits from the public and provide the loan to the public or institution for the purpose of earning the profits.
- The major difference between a commercial bank and normal bank is the profit motive.
- Only those banks are commercial banks which are being running the institution for earning profits through lending the money deposited by the public.
- Commercial bank bridges the gap between the persons who have surplus money and the person who have deficit money by depositing and lending the money.



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Do Not Write anything in this Portion

—o commercial Banks not only provides credit facilities but alot of financing facilities like:-

- o locker facility.
- o Acts as an agent and receives cheque and premium.



Question 1(b)main functions of Bank

- Bank refers to the financial institution that collects the deposits from general public and lends the money or provide loan facility to the public and businesses.
- Bank takes the money from the person having surplus money and gives the lending facility to the person in deficit.
- Following are the functions of Bank :-

2. PRIMARY FUNCTIONS :-

1. Accepting Deposits from public :-

It is the primary function of bank to accept the deposits from the public.

2. Advancing the Loans :-

Another primary function of Bank is advancing the loan to the person in need.



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### SECONDARY FUNCTIONS:

#### 3. Acts as an Agent :-

Bank acts as an agent by receiving the cheques, Premium on insurance etc.

#### 4. Providing security facilities :-

Another function of Bank is to provide the security facilities like locker etc.

#### 5. Acts as intermediary :-

The Bank acts as intermediary between the ~~peop~~ person with excess fund and the person with limited funds.

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### Question 1(c)

→ Role of commercial Banks in the development of Trade and Industry :-

→ Commercial bank is a financial institution that accepts deposits and provides loans to the general public and businesses for the purpose of earning profits.

→ Role of commercial Bank in the development of Trade and Industry are as follows :-

1. Encourages Trade :-

The commercial Banks encourage the Trade and Industry by providing them the financial support.

2. Provides the loan & credit :-

The commercial Banks provide the credit facility to the businesses. This increases the working capital for Trade and Industry.

3. Provides the cheque facility for the ease of trade :-

The commercial Banks provide the cheque facilities which is very commonly used for the transactions in trade and industry.



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4. Sectoral Loans :-

The commercial banks encourages the trade and industries which are lagged behind by providing them the sectoral loans.

5. overdraft and bill of exchange facility :- The Banks accepts the overdraft and bill of exchange that leads to promotion of Trade.

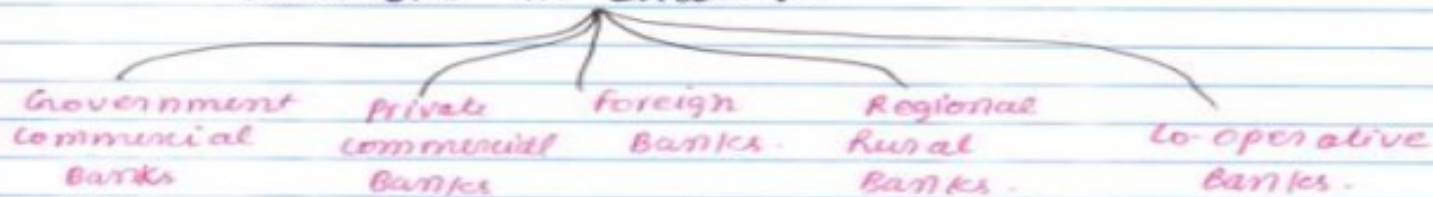


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Question 1(d)Structure of Commercial Banking System in India :-

Commercial Banks work for mainly profit motives.

Commercial Banks have the following structure in India :-



1. Government Commercial Banks :-

These banks have major stake of government. Ex. SBI, Bank of Baroda, Punjab National Bank.

2. Private Commercial Banks :-

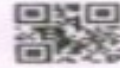
These banks have major stake of private companies. Ex. ICIC Bank etc., Axis Bank.

3. Foreign Bank :-

These are the banks whose headoffice is present in foreign countries. Ex. Citibank etc.



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4. Regional Rural Banks :-

These banks are present in the rural areas to provide loans to small and medium farmers and artisans.

5. ✓ Co-operative Banks :-

These banks are co-operative banks which provide the credit facilities to the members.

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Question 1 (e)FOREIGN BANKS

- Banks are the financial institutions that accept the deposits from public and advances loans to the public and businesses.
- The Banking system bridges the gap between the person with surplus funds and the person with deficit funds.
- Foreign Banks are one of the type of Banks present in India whose main branch or head office present in the foreign country.
- These foreign banks also performs the basic functions of Banks like :-  
Accepting deposits &  
Advancing loan.
- CITIBANK, an example of foreign Bank present in India.
- Foreign banks mostly establishes in the developed areas of the country.



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### Question 1 (f)

#### Objectives Behind establishment of Regional Rural Bank :-

Regional Rural Banks are the banks present in the rural area of the country.

Regional Rural Bank provides the loan and credit facilities to the small and marginal farmers, artisans and labourers.

The structure of Regional Rural Banks is :-

50% state of government.

35% share of sponsored bank.

15% ✓ stake of state government.

Prathima Regional Rural Bank was the first RRB established under the sponsorship of syndicate bank, UP.

Following are the objectives of the Regional Rural Bank :-

1. credit facility to farmers :-

one of the

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primary objective of Regional Rural bank is providing the credit facility to the farmers in the rural areas.

2. Credit facilities to the artisans & labourers:-  
Regional Rural Banks were ~~establishments~~ established for providing the financial support to the artisan present in the rural areas.

3. Bridges the gap between the commercial Banks and co-operative banks:-  
Regional Rural Bank bridge the gap in the rural area where people cannot access the facilities of the commercial and co-operative Banks.

4. Development of Rural Areas:-  
One of the most significant reason for establishment of RRB is for the development of rural areas.

Question 1 (g)Short Notes on

(i) NABARD

(ii) SIDBI

NABARD

- NABARD stands for National Bank for Agriculture and Rural Development.
- NABARD was established in 1982.
- It is established for the rural development in the field of Agriculture.
- It provides the loans to the small farmers and labourers in Rural Areas.

SIDBI

- SIDBI stands for Small Industries Development Bank of India.
- It was established with the purpose of developing the small industries by providing them the financial and Banking facility to such as loan

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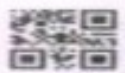


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at low interest rates and accepting the loan proposals without security.





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Question 1(h)

Main functions of Non Banking financial institutions :-

- Non Banking financial Institutions are the institutions that do not license of Banking activities.
- The Non Banking financial institutions does not accepts the deposits from public.

—○ Example of Non Banking financial institutions are :-

1. Insurance companies. i.e LIC, SBI Life.
2. Mutual fund companies. i.e. Angel One.
3. Financing companies. ICICI life.
4. Credit Providing companies. i.e LIC etc.

—○ Main functions are :-

1. Providing credit :- Non Banking financing companies does not accepts deposits from public, they collect the money from the investments plans provided by them and gives that money as credit to another business who needs it.



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2. Boost the Businesses:- NBFI's boost the Businesses by working as an agent for providing or selling their securities to the public in the form of shares etc.
3. Mutual funds Provider:- NBFI's collect the money invested by public in mutual funds and invests them in share market etc.
4. Capitalisation of economy:- NBFI's help in capitalisation of economy by pooling the money from public to providing them as credit for buying the capital Assets etc.





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Question 1(i)Development Banks

- Development banks are specialised financial institutions that provides financial services for the purpose of specific development in any sector of industry.
- Unlike any Regular bank, Development Banks does not accepts the deposits from the public.
- Development banks are made for the purpose of development of in the following :-
  1. ✓ Development of any region i.e. rural area.  
Ex. NABARD.
  2. Development of any industry i.e. small industries.  
Ex. SIDBI
  3. Development of any specific sector :-  
Agriculture sector  
or service sectors etc.

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## SECTION B

### Question 5

→ Process and limitations of credit creation by commercial bank:-

→ The credit creation refers to the increase in money supply due to the initial deposit by the effect of money multiplier.

→ Process of credit creation:-

1. The person deposit the initial amount to the bank.
2. Bank takes out the part of initial amount as to be kept as CRR.
3. The remaining amount, the bank s by providing the loan or credit.
4. The person received the loan spends the amount.
5. The amount spend again come as deposit from public in the bank.





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6. The Bank again took the CRR out of the amount deposited and lends the remaining amount as credit.

7. This cycle continues.

Example:- Cash Reserve Ratio = 10%.

A person deposited ₹10000 in Bank.

Bank took 1000 as CRR and issued remaining ₹9000 as credit.

✓ money multiplier =  $\frac{L}{CRR} = \frac{L}{10\%} = \frac{L}{10} \times 100 = 10$

credit creation = Initial deposit × money multiplier.

$$\Rightarrow 10000 \times 10$$

$$\Rightarrow 100000/-$$

LIMITATION OF CREDIT CREATION ARE:-

Credit creation has various limitations as follows :-

→





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1. Increase Inflation :-

The credit creation increases the money supply in the market which leads to inflation.

2. Increase in Money Supply :-

The credit creation increases the money supply which leads to more purchasing power in the hands that leads to inflation.

3. Difficult to measure actual supply of money :-

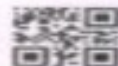
The credit creation makes it difficult to measure the supply of money in the hands of public in market at a point of time.

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SECTION CU

Question 18

~~Structure and function of Indian capital market :-~~

~~Structure of Indian capital market is as follows :-~~

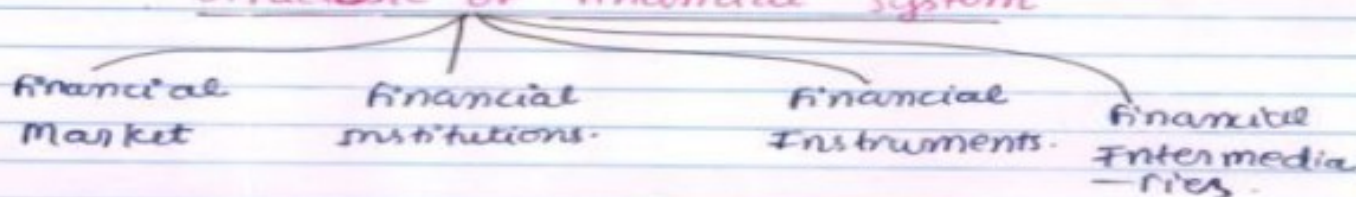
SECTION C

Question 7

Structure of Indian financial system

— Indian financial system refers to the network of financial institutions which acts as financial intermediaries for providing the financial instruments in the financial market.

Structure of financial system





## — Financial Market

Financial Market is divided in two parts :-

Banking market



Banking facilities are provided.  
like :- Deposit certificates etc.

Capital market



capital instruments are being provided like shares, debentures etc.

capital market is further divided.

**Primary Market**

where shares & debentures are issued for the first time.

Here, the shares and debentures are transferred between company and buyer.

example :- Initial public offer.

**Secondary market**



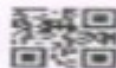
where already issued shares, debentures are being sold and purchased between buyer and seller.

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### Financial Institutions :-

These are the institutions that provides the financial services to the public by accepting the deposits and advancing loan and giving them investing opportunities and allowing insurance policies.

### Example

- ① commercial banks.
- ② mutual funds companies
- ③ Regional Rural Banks.
- ④ insurance companies.
- ⑤ co-operative societies.

### Financial Instruments :-

These are the financial instruments that gives the acknowledgement in the document of shares held, debt taken, credit given etc.

### Example :-

- ① share certificate
- ② Debenture certificate
- ③ cheques
- ④ bank overdraft.



⑥ Bill of exchange etc.

### — Financial Intermediaries

These are the financial institutions that bridge the gap between the person who has extra funds to the person who is in deficit.

Banks are the intermediaries in the Indian financial system.

### — RBI

Reserve Bank of India established in 1935.

① Under the act Reserve Bank of India 1935.

② RBI became nationalised in 1949.

③ RBI is an apex body which plays the crucial role in the Indian financial system.

④ It manages the foreign exchange reserve and money supply.

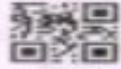
⑤ Also takes the stability in control of inflation.

All the above forms the structure of Indian financial system.



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