

THIRD SEMESTER M.A. DEGREE EXAMINATION, NOVEMBER 2020
ECONOMICS
FECO3E01- BANKING THEORY AND PRACTICE

Time: Three Hours

Maximum Weightage: 30

Part A: (Multiple Choice Questions). Answer *all* questions. Each carries $\frac{1}{5}$ weightage.

1. Which statement is correct with Non-Performing assets (NPA):
 - (a) A NPA is an asset whose repayment of principal and interest of their own has not been received 90 days.
 - (b) A NPA is an asset whose repayment of principal and interest of their own has not been received 60 days.
 - (c) A NPA is an asset whose repayment of principal and interest of their own has not been received 70 days
 - (d) A NPA is an asset whose repayment of principal and interest of their own has not been received 80 days.
2. This is the rate at which RBI borrows money from commercial banks:
 - (a) Repo rate
 - (b) SLR
 - (c) Reverse repo rate
 - (d) open market operations
3. An instrument which is used more than once to borrow money or buy products and services on credit:
 - (a) Cheque
 - (b) ATM
 - (c) Credit card
 - (d) None of these
4.provides a wide range of online services which makes banking accessible anytime and from anywhere:
 - (a) virtual banking
 - (b) mobile banking
 - (c) telephone banking
 - (d) net banking
5. Consider the following regulators. Which of the following is wrongly matched?
 - (a) Insurance sector -IRDA
 - (b) Agricultural banks – NABARD
 - (c) Housing sector banks -HDFC
 - (d) Capital market -SEBI
6. Banking sector reforms were announced in India in:
 - (a) 1995
 - (b) 1986
 - (c) 1992
 - (d) 1965

7. The market for very short period loans is called:
 - (a) bill market
 - (b) collateral loan market
 - (c) call money market
 - (d) money market
8. Discount and Finance House of India (DFHI) was set up in pursuance of the recommendations ofcommittee.
 - (a) Rangarajan
 - (b) Raghuram Rajan
 - (c) Vaghul
 - (d) Narasimham
9. Which is an apex institution to coordinate, supplement and integrate the activities of all existing specialized financial institutions.
 - (a) IDBI
 - (b) ICICI
 - (c) IBRD
 - (d) LIC
10. World Bank was set up in:
 - (a) 1945
 - (b) 1990
 - (c) 1964
 - (d) 1956
11. The small investor's gateway to enter into big companies is:
 - (a) Pension funds
 - (b) Hedge funds
 - (c) Mutual funds
 - (d) None of these
12. Which one of the following institutions is responsible for designing CAR?
 - (a) IBRD
 - (b) BIS
 - (c) WTO
 - (d) IMF
13. Nachiket Mor Committee is related to:
 - (a) banking licenses
 - (b) reforms in SEBI
 - (c) financial inclusion and financial deepening
 - (d) small scale industries development
14. Demonetization has the potential to generate long-term benefits in terms of:
 - (a) Increased flows of financial savings
 - (b) Greater digitalization of the economy
 - (c) Reduced corruption
 - (d) All the above
15. SARFAESI Act was enacted on:
 - (a) 2001
 - (b) 2000
 - (c) 2004
 - (d) 2002

(15 × 1/5 = 3 weightage)

Part B: (Very Short Answer Questions). Answer any *five* questions. Each carries *one* weightage.

16. Write a short note on Liquidity management.
17. What is Social Banking?
18. What is Mutual fund?
19. Explain the concept of Priority lending.
20. What are the main features of SWIFT?
21. Write a short note on SARFAESI Act.
22. What is offshore banking?
23. Write a short note on BRICS bank.

(5 × 1 = 5 weightage)

Part C: (Short Answer Questions). Answer any *seven* questions. Each carries *two* weightage.

24. What are the main instruments of monetary policy?
25. Briefly explain the recent monetary and credit policies of RBI.
26. What is credit creation? Explain the process of credit creation.
27. Describe the role of non-banking financial companies in India.
28. Compare and contrast the uniqueness of NEFT and RTGS.
29. What are the components of core banking?
30. What is meant by non-performing assets? Explain the recent developments and way to tackle NPA.
31. Elucidate the main recommendations of Narasimham Committee.
32. What is 'Development banking'? Examine the recent trends in development banking.
33. Describe the important reasons for the growth of international banking.

(7 × 2 = 14 weightage)

Part D: (Essay Questions). Answer any *two* questions. Each carries *four* weightage.

34. Explain the structure and major functions of commercial banks.
35. Briefly explain the recent innovations in banking transactions.
36. What are the major reforms that shaped Indian banking system after the bank nationalisation?
37. Briefly explain the impact of RBI's monetary policy on economic growth and inflation.

(2 × 4 = 8 weightage)