

**THIRD SEMESTER M.A. DEGREE EXAMINATION, NOVEMBER 2021**  
**(Regular/Improvement/Supplementary)**

**ECONOMICS**  
**FECO3E01 - BANKING THEORY AND PRACTICE**

**Time: Three Hours**

**Maximum Weightage: 30**

**Part A: Multiple Choice Questions. All questions can be answered. Each carries  $\frac{1}{5}$  weightage.**

1. What are the powers under SARFAESI Act?
  - (a) Take possession of borrower's assets without requiring court order
  - (b) Auction/ sale them
  - (c) Change the administration/ management of those assets
  - (d) All the above
2. Priority sector lending by banks in India constitutes the lending to:
  - (a) renewable energy
  - (b) export credit
  - (c) housing
  - (d) all of the above
3. Qualitative credit control instruments are devised to:
  - (a) influence specific sector of the economy
  - (b) affect the whole of the economy
  - (c) influence the Scheduled Commercial Banks lending activities
  - (d) reduce the liquidity to the banking system
4. .... is an apex development bank for agriculture and rural development?
  - (a) Agricultural banks
  - (b) National bank for agriculture and rural development
  - (c) National bank for agricultural development and rural development
  - (d) State Cooperative bank
5. .... is used for the transmission and receipt of all international financial messages by member banks and financial institutions:
  - (a) EFT
  - (b) INFENET
  - (c) CFMS
  - (d) SWIFT
6. Banking done through internet is called:
  - (a) online banking
  - (b) offline banking
  - (c) ATM
  - (d) mobile banking
7. Minimum cash reserves fixed by law is a percentage of:
  - (a) aggregate deposits of the bank
  - (b) aggregate loans and advances
  - (c) capital and reserves
  - (d) securities held

**(P.T.O.)**

8. Fourteen commercial banks were nationalized in:
  - (a) 1952
  - (b) 1980
  - (c) 1991
  - (d) 1969
9. Narasimham committee report was tabled in the Parliament in:
  - (a) 1989
  - (b) 1985
  - (c) 1991
  - (d) 1984
10. The provision relating to maintenance of cash reserve ratio by banks is contained in:
  - (a) Banking regulation act
  - (b) Negotiable instruments act
  - (c) Reserve Bank of India Act
  - (d) None of these
11. The basic aim of Lead Bank Scheme is that:
  - (a) There should be stiff competition among the various nationalized banks
  - (b) Individual banks should adopt particular districts for intensive development
  - (c) Big banks should try to open offices in each district
  - (d) All the banks should make intensive efforts to mobilize deposits
12. 'The twin balance sheet problem' means:
  - (a) It indicates both fiscal deficit and current account deficit
  - (b) It indicates both revenue deficit and fiscal deficit
  - (c) It indicates both banks and corporate sector balances sheets are under stress
  - (d) It indicates both services sector and automobile companies balance sheets are under stress.
13. Which of the following instruments of Monetary policy does not involve the use of government securities?
  - (a) SLR
  - (b) CRR
  - (c) Repo rate
  - (d) Open market operations
14. Urjit Patel Committee, appointed by RBI to examine .....
  - (a) Banking licenses
  - (b) Revise and strengthen the current monetary policy framework
  - (c) Financial inclusion and deepening
  - (d) Foreign banks administration
15. The Basic objective of MUDRA bank is to:
  - (a) Ensuring financial inclusion
  - (b) Give priority to SC/ST enterprises
  - (c) Funding the unfunded areas
  - (d) All the above

(15 × 1/5 = 3 weightage)

**Part B: Very short answer questions. All questions can be answered. Each carries *one* weightage (Ceiling 4 weightage).**

16. What is Statutory Liquidity Ratio?
17. What is Monetary transmission?
18. Write a short note on Priority sector lending.
19. Write a short note on Digital payment system.
20. What is Virtual payments system?
21. Explain the concept of Bank for international Settlements.
22. What is Capital adequacy norms?
23. What is hedge funds?

**Part C: Short answer questions. All questions can be answered. Each carries *three* weightage (Ceiling 15 weightage).**

24. Define Capital Adequacy Ratio. Why to maintain CAR?
25. Write a short note on autonomy of the RBI.
26. Briefly explain the main instruments of Monetary policy.
27. Write a short note on New generation banks.
28. Distinguish between Internet banking and Mobile banking.
29. What are the important electronic funds transfer mechanisms in India?
30. Explain the main functions of Commercial banks.
31. What is Priority sector lending?
32. Define International Banking. What are the reasons for the growth of International banking?
33. Write a short note on World bank, Asian Development bank and BRICS bank.

**Part D: Essay questions. All questions can be answered. Each carries *four* weightage (Ceiling 8 weightage).**

34. Describe the structure and major functions of Central banks.
35. Explain the role of development financial institutions in India.
36. Briefly explain the banking sector reforms in India since 1991.
37. Elucidate the recent innovation in the Indian banking system.