

**THIRD SEMESTER M. A. DEGREE EXAMINATION, NOVEMBER 2022**  
**(Regular/Improvement/Supplementary)**

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

**Time: 3 Hours****Maximum Weightage: 30****Part A: Multiple choice questions. Answer all questions. Each carries  $\frac{1}{5}$  weightage.**

1. Bank rate policy as a weapon of credit control has emerged from the Central Bank's function as:  
a) Banker's bank                      b) Lender of last resort                      c) Bank of issue                      d) All the above
2. Debt-equity ratio means:  
a) Ratio of fixed assets to tangible net worth  
b) Ratio of long-term borrowing to tangible net worth  
c) Ratio of current assets to own tangible net worth  
d) None of the above
3. Inter-bank participation certificates are issued on the basis of which committee's recommendations?  
a) Narasimham Committee                      b) Vaghul Committee  
c) Ghosh Committee                      d) Chakravarthy Committee
4. NABARD came into existence in:  
a) 1986                      b) 1985                      c) 1981                      d) 1982
5. Which is used for the transmission and receipt of all international financial messages by member banks and financial institutions?  
a) EFT                      b) SWIFT                      c) INFENET                      d) ATM
6. Fourteen commercial banks were nationalized in:  
a) 1949                      b) 1969                      c) 1980                      d) 1935
7. Of the following, which is the system of transferring funds from one bank/one institution to another on immediate basis?  
a) ATM                      b) EFT                      c) RTGS                      d) CFMS
8. The main objective of commercial bank is:  
a) To ensure rational use of bank credit                      b) To earn profits  
c) To help the weaker sections of the society                      d) None of the above
9. Credit creation is possible:  
a) To a limited extent                      b) To any extent  
c) To the extent of the multiplier                      d) None of these
10. Concept of Banking Secrecy was converted into laws in:  
a) 1930                      b) 1925                      c) 1934                      d) 1948
11. Which provides a wide range of online services which makes banking accessible anytime and from anywhere?  
a) Mobile banking                      b) Net banking  
c) Offline banking                      d) Virtual banking
12. The banks which stand at the top of Indian Banking structure after Reserve Bank of India are known as:  
a) Central banks                      b) Apex banks  
c) Investment banks                      d) None of these

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

13. What is Green banking?  
 a) Bank financing to agriculture  
 b) Bank financing to irrigation  
 c) All bank financing to farmers  
 d) Bank financing on pro-environment projects
14. The LIC of India was established in:  
 a) 1965                                      b) 1935                                      c) 1956                                      d) 1950
15. Nachiket Mor committee is appointed for:  
 a) Financial inclusion and financial deepening  
 b) Reforms in MSMEs  
 c) Reforms in SEBI  
 d) Banking Regulations

(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 various instruments of Monetary Policy.
17. What is Automated clearing system?
18. Explain the relevance of Non-performing assets.
19. What is NBFCs?
20. Explain the various digital payment systems in India.
21. What is Multinational banking?
22. Write a short note on the functions of ADB.
23. Explain SARFAESI Act.

(5 × 1 = 5 weightage)

**Part C: Short answer questions. Answer any seven questions. Each carries two weightage.**

24. Distinguish between Main Transfer and Telegraphic Transfer.
25. Explain the argument in favour and against of Autonomy of the RBI.
26. Describe the role of Land development banks.
27. Briefly explain the various Specialised investment institutions in India.
28. Distinguish between Internet banking and Mobile banking.
29. Explain the recent Monetary and Credit policy of RBI.
30. Write a note on Bank for International Settlements.
31. Describe the reasons for the growth of international banking.
32. Write a note on various credit rating agencies in India.
33. Explain the various reforms in the field of Priority sector lending.

(7 × 2 = 14 weightage)

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

34. Describe in detail of innovations in banking sector after 1991.
35. Explain the need, role and functions of the International banking.
36. Briefly explain the main recommendations of Narasimham Committee.
37. Explain the structure and functions of Central Bank.

**(2 × 4 = 8 weightage)**