

THIRD SEMESTER M. A. DEGREE EXAMINATION, NOVEMBER 2023
(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. Which of the following is not a financial regulator at present?
 - (a) SEBI
 - (b) IRDA
 - (c) PFRDA
 - (d) Forward market commission

2. NABARD was established on the recommendation of:
 - (a) Narasimham Committee
 - (b) Shivraman Committee
 - (c) Public Account Committee
 - (d) Vaghul Committee

3. Scheduled bank is that bank which is:
 - (a) Nationalized
 - (b) Not nationalized
 - (c) Based at foreign country
 - (d) Included in the second schedule of RBI

4. IMF is the result of:
 - (a) Rome conference
 - (b) Geneva conference
 - (c) Bretton wood conference
 - (d) Rome conference

5. The cheap and dear money policy relates to changes in:
 - (a) Bank rate
 - (b) Repo rate
 - (c) Both repo rate and reverse repo rate
 - (d) Both repo rate and bank rate

6. Gilt edge securities are:
 - (a) Shares of a private limited company
 - (b) Shares of a company
 - (c) First-class government securities
 - (d) None of the above

7. Every Scheduled bank is required to maintain a fixed percentage of their time and demand deposits as cash reserves with the RBI.
 - (a) CRR
 - (b) SLR
 - (c) Bank rate
 - (d) None of these

8. An instrument which is used for more than once to borrow money or buy products and services on credit:
 - (a) Cheque
 - (b) ATM
 - (c) Credit card
 - (d) None of these

9. Pradhan Mantri Jan Dhan Yojana has been launched for:
 - (a) Promoting financial inclusion in the country
 - (b) Providing housing loan to poor people in the country
 - (c) Providing financial help to the marginalized sections of the country
 - (d) Promoting women's self-groups in the backward regions of the country

10. The Deposit Insurance Credit Guarantee Scheme was formed on
 - (a) January 1, 1962
 - (b) January 1, 1991
 - (c) July 1, 1975
 - (d) January 1, 1952

11. The 'monetary base for credit expansion' consists of:
 - (a) The demand and time deposit liabilities
 - (b) The total value of high-powered money
 - (c) The size of the deficit in the government's budget
 - (d) All of these

12. Urjit Patel committee was set up to analyse the:
 - (a) Foreign banks administration
 - (b) Banking licensing
 - (c) Financial inclusion and financial deepening
 - (d) Revise and strengthen the current monetary policy framework

13. Which of the following factors make the credit creation possible?
 - (a) Cheque system
 - (b) Primary deposits
 - (c) Creation of loan
 - (d) All of the above

14. Lead bank scheme was introduced in India in:
- (a) 1969
 - (b) 1967
 - (c) 1970
 - (d) 1972
15. It is a stored value or prepaid product in which a record of the funds or value is stored on an electronic device which is in the consumers possession and is available to the consumer for multi-purpose use.
- (a) ATM
 - (b) E-Purse
 - (c) Door step banking
 - (d) RTGS

(15 × 1/5 = 3 weightage)

Part B: Very short answer questions. Answer any five questions. Each carries one weightage.

- 16. What is Offshore banking?
- 17. Describe the concept of Capital Adequacy norms.
- 18. Explain the role of New Generation banks.
- 19. Describe the idea of Bretton wood twins.
- 20. Briefly explain the various asset classification.
- 21. What is Tele-banking?
- 22. Explain the role and functions of Merchant banking.
- 23. Distinguish between Repo rate and Reverse Repo rate.

(5 × 1 = 5 weightage)

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

- 24. Write a short note on Federal reserve system.
- 25. Explain Credit creation.
- 26. What are the main reasons for the growth of international banking?
- 27. Explain the concept of non-performing assets and the issue of Twin-balance sheet problem.
- 28. Describe the basic role and functions of Banking Ombudsman.
- 29. Write a short note on Liquidity management in India.
- 30. Explain the functions of Commercial banks in India.
- 31. Describe the role of specialised financial institutions.
- 32. Explain the important monetary reforms in India since 1991.
- 33. Discuss the concept of MICR Clearing.

(7 × 2 = 14 weightage)
(P.T.O.)

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

34. Explain the role and functions of regional rural banks and elaborate the role of NABARD.
35. Give a detailed account on the recent banking sector reforms in India.
36. Elucidate the latest innovation in the Indian banking system.
37. Explain the impact of RBI's monetary policy on economic growth of Indian Economy.

(2 × 4 = 8 weightage)