D3AEC2304 (3 Pages) Name.............................
Reg.No..........................

THIRD SEMESTER M. A. DEGREE EXAMINATION, NOVEMBER 2024
(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 $^{1}/_{5}$ weightage.

1. ………….. is the first development financial institution in India.
   a) IDBI b) ICICI
   c) IFCI d) RBI

2. Which is the largest commercial bank in India?
   a) Bank of India b) Axis Bank
   c) State Bank of India d) HDFC

3. "Scheduled bank" in India means a bank …………..
   a) Incorporated under the Companies Act, 1956.
   b) Authorized to the Banking business.
   c) Governed by the Banking Regulation Act, 1949.
   d) Included in the Second schedule to the Reserve Bank of India Act 1934.

4. Which among the following would not help RBI to control the inflation in the country?
   a) Increase in Reserve Ratio Requirements
   b) Increase in Bank Rate
   c) Purchase of securities in open market
   d) Increase in Repo Rate

5. World bank is also known as:
   a) IBRD b) IDBI
   c) IRDI d) BRICS

6. When were the banks nationalized in our country?
   a) On 1st July 1965
   b) On 19th July 1969
   c) On 19th July 1969 and 15th April 1980
   d) On 16th April 1980 and 1st July 1965

7. The main resources of RRBs are:
   a) share capital. b) deposits from the public.
   c) borrowing from Sponsor Banks. d) all of the above.

8. Credit rationing is a ………….. method of credit control.
   a) quantitative b) qualitative
   c) direct d) continuous credit control

9. Regional Rural Banks were set up on the recommendations of:

   a) Nariman committee b) Narasimham committee
   c) Gadgil committee d) Puri committee

10. Which of the following can be categorise as a Merchant Banking service?
    a) Consultancy on finance to a company.
    b) Advance in capital structure.
    c) Managing mergers & in finalizing take over.
    d) All the above.

11. Which of the following organizations/agencies works solely to monitor and arrange the flow of agriculture credit in India?
    a) NABARD b) SIDBI
    c) RBI d) SEBI

12. Which of the following is an online payment mode?
    a) Cheque b) Demand Draft
    c) NEFT d) All the above

13. What type of fourth generation reforms are made by government in banking sector?
    a) Reduction in mandatory reserves
    b) Operational flexibility
    c) Improvement in competition
    d) All of above

14. Central bank of United States is called:
    a) Federal Reserve system b) BRICS
    c) BIS c) IBRD

15. Which is the financial development institution created especially for the small & medium enterprises?
    a) SIDBI b) IDBI
    c) NABARD d) IFCI

(15 × $^{1}/_{5}$= 3 weightage)

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

16. Write a note on SARFAESI Act.

17. List out the importance of Bank of International Settlement.

18. What do you mean by Virtual payment system?

19. Mention the importance of Merchant banks.
20. Write a note on Bank of England.
21. Examine the significance of RRB's.
22. What do you mean by Liquidity management?
23. Distinguish between Private sector and public sector banks.

(5 × 1 = 5 weightage)

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

24. Examine the relevance of Priority Sector Lending.
25. List out the function of Commercial banks.
26. Write a note on Core banking.
27. What is the significance of Banking Ombudsman?
28. Highlight the need of multinational banking.
29. Examine the merit and demerits of autonomy of RBI.
30. Write an account on the relevance of regulation of banking sector.
31. Elaborate on the reason for the growth of international banking.
32. State the functions of NABARD.
33. What do you mean by Non- performing assets?

(7 × 2 = 14 weightage)

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

34. Describe the components of Specialized Financial institutions. What are their major functions?
35. Explain in detail the major innovations in banking transactions.
36. Discuss the major recommendations of Narsimham Committee.
37. Examine the role of RBI on economic growth and inflation.

(2 × 4 = 8 weightage)