

THIRD SEMESTER M.A. DEGREE EXAMINATION, DECEMBER 2018

(CUCSS—PG)

Economics

ECO 3C 11—BANKING : THEORY AND PRACTICES

(2015 Syllabus Year)

Time : Three Hours

Maximum : 36 Weightage

Part A (Multiple Choice Questions)*Answer all questions.**Each bunch of four questions carries a weightage of ¼.*

1. The provisions of banking and related services through extensive use of information technology without direct recourse to the bank, by the customer is called :
 - (a) Merchant Banking.
 - (b) Virtual Banking.
 - (c) Unit Banking.
 - (d) Chain Banking.
2. Extension of the operations of investment banker to commercial banking field :
 - (a) Mixed Banking.
 - (b) Internet Banking.
 - (c) Merchant Banking.
 - (d) E-commerce.
3. The outcome of 'Peel's Act of 1844 in banking principle is :
 - (a) Monopoly of Note issue rests with Central Bank.
 - (b) No need of 100% reserve against notes issued.
 - (c) Full convertibility of the currency.
 - (d) Partial Fiduciary System.
4. The policy involving alteration in discount rate or re-discount rate of defined bills and other eligible papers by Central Bank :
 - (a) Open Market Operation.
 - (b) Bank Rate Policy.
 - (c) Credit Rationing.
 - (d) Direct Action.
5. To encourage rural and agricultural financing, NABARD was established in :
 - (a) 1969.
 - (b) 1982.
 - (c) 1975.
 - (d) 1980.

Turn over

6. A non-profit asset (NPA) is that :

- (a) Ceases to generate income.
- (b) Installment of Principal and interest remain overdue.
- (c) Accounts remain out of order.
- (d) All the above.

7. Purchase of securities by commercial banks in the Open Market will _____ The total amount of money in circulation and the possibility of credit creation _____.

- (a) Decrease, Contract.
- (b) Increase, Expand.
- (c) Decrease, expand.
- (d) Increase, contract.

8. Comprehensive rating of 'Liquidity' of banks and their branches in India are done by :

- (a) ARDC.
- (b) CRISIL.
- (c) CIBIL.
- (d) ICAI.

9. The Federal Reserve Act in US was passed in :

- (a) 1890.
- (b) 1913.
- (c) 1916.
- (d) 1946.

10. Which of the following is an essential criterion to become eligible to join the 'Euro Currency' :

- (a) Price Stability.
- (b) Fiscal Prudence.
- (c) Interest rate convergence.
- (d) All the above.

11. A bank account is said to be 'out of order,' if :

- (a) The outstanding balance remain continuously in excess of the sanctioned limit or drawing power.
- (b) Not paid on due date fixed by the bank.
- (c) Entries are misplaced in the Account Book.
- (d) There is suspense and doubtful assets.

12. The liquidity risk in banks manifests :

- (a) Funding risk.
- (b) Time risk.
- (c) Call risk.
- (d) All the above.

Part B (Very Short Answer Questions)

Answer any five questions.

Each question carries a weightage of 1.

13. What is a balance sheet ?
14. Distinguish between credit card and debit card.
15. Write a note on mutual funds.
16. Distinguish between internet banking and core banking.
17. What is CIBIL ?
18. Write a note on Federal Reserve.
19. What is a crossed cheque ?
20. What is meant by demonetization ?

(5 × 1 = 5 weightage)

Part C (Short Answer Questions)

Answer any eight questions.

Each question carries a weightage of 2.

21. What are the principles of commercial banking ?
22. Explain the merits of internet banking.
23. What is Banking Ombudsman ? Bring out its importance.
24. What do you understand by BIS in banking sector ?
25. What are the credit policies of RBI ?
26. Describe the significance of digital payment system.
27. Explain the functions of Central Bank.
28. What are the various types of deposit scheme ?
29. What is a non-performing asset ? Describe its implications.
30. What are the innovations in banking transactions ?
31. Explain the functions of NABARD.

(8 × 2 = 16 weightage)

Turn over

Part D (Essay Questions)

Answer any three questions.

Each question carries a weightage of 4.

32. Describe the significance of RBI. What happens to Indian Economy, if RBI loses its control on monetary sector ?
33. Illustrate the process of credit creation in multiple banking network.
34. Evaluate the recent developments in Indian Commercial Banking sector.
35. Critically examine Banking Sector Reforms, since 1991.
36. Explain the role of International Banking in the economic development of India.

(3 × 4 = 12 weightage)