

**THIRD SEMESTER M.A. DEGREE (REGULAR) EXAMINATION
NOVEMBER 2019**

(CUCSS)

Economics

ECO 3C 11—BANKING : THEORY AND PRACTICE

(2015 Admissions)

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. Purchase of Securities by Central Bank in the Open Market will _____ the total amount of money in circulation and the possibility of credit creation will _____.
 - (a) Decrease, expand.
 - (b) Decrease, contract.
 - (c) Increase, expand.
 - (d) Increase, contract.
2. The year 1969, is a landmark in the history of Indian Banks, in respect of :
 - (a) Bank Mergers and amalgamation.
 - (b) Nationalisation and Lead Bank Scheme.
 - (c) Nationalisation and Overseas Banking.
 - (d) Nationalisation and Rural Banking.
3. To whom, a bank is liable for wrongful payment of Cheque ?
 - (a) Holder.
 - (b) Drawer.
 - (c) Payee.
 - (d) Holder in due Course.
4. The authority of RBI to issue directions to banking companies to control credit is contained in :
 - (a) The RBI Act.
 - (b) Banking Regulation Act.
 - (c) Negotiable Instrument Act.
 - (d) All of these.
5. The shares issued to existing shareholders as a result of Capitalisation of Reserve is called :
 - (a) Bonus shares.
 - (b) Income Bonds.
 - (c) Debentures.
 - (d) Preferred Stock.

Turn over

6. The safest form of a Crossed Cheque is :
- (a) General Crossing. (b) Special Crossing.
(c) Double Crossing. (d) A/c Payee Crossing.
7. Which among the following is a Liability of a bank ?
- (a) Deposits. (b) Loans.
(c) Investments. (d) All the above.
8. Honouring of a Cheque is a :
- (a) Contractual Obligation. (b) Statutory Obligation.
(c) Privilege. (d) Non-statutory Obligation.
9. In case of a _____ Cheque, the payment is made by the bank across its counters to the persons or payee named in the Cheque.
- (a) Crossed Cheque. (b) Bearer Cheque.
(c) Order Cheque. (d) Marked Cheque.
10. The Banking Regulation (India) Act came to force on :
- (a) 1st July 1950.
(b) 19th July 1949.
(c) 1st April 1951.
(d) 15th January 1948.
11. Deposits created by banks in the process of granting credit :
- (a) Derivative. (b) Savings deposits.
(c) Fixed deposit. (d) Current deposits.
12. If 'K' is the credit multiplier and Y is the cash reserve ratio, then the relationship between K and r is :
- (a) Direct. (b) Inverse.
(c) Initially direct and then inverse. (d) Indeterminate.

(12 × ¼ = 3 weightage)

Part B (Very Short Answer Questions)

Answer any five questions.

Each question carries a weightage of 1.

13. Fiduciary system.
14. Distinguish repo and reverse repo rate.
15. Define monetary policy.
16. Branch banking.
17. Financial Inclusion.
18. MICR clearance.
19. Micro finance.
20. Distinguish debit card and credit card.

(5 × 1 = 5 weightage)

Part C Short Answer Questions

Answer any eight questions.

Each question carries a weightage of 2.

21. What are the threats to internet banking ?
22. Describe the need for autonomy of RBI.
23. What are the instruments of deposit mobilization ?
24. Discuss the functioning of NABARD.
25. What are the objectives of liquidity management ?
26. What are the arguments in favour of International banking ?
27. Describe the monetary policy tools of Central Bank.
28. Write a note on the functioning of Federal Reserve System.
29. Discuss BRICS Bank.
30. Evaluate the importance of globalization and liberalization in banking sector.
31. Examine Narasimham Committee Report 1991.

(8 × 2 = 16 weightage)

Turn over

Part D (Essay Questions)

Answer any three questions.

Each question carries a weightage of 4.

32. Evaluate the importance of Specialized Financial Institutions in Indian Economy.
33. Discuss the advantages and disadvantages International Banking.
34. Describe the strength of recent innovations in commercial banking.
35. "Growing NPA of banks and write-off loans is the best chosen policy to target NPA". Do you agree ? State your arguments.
36. Examine recent financial sector reforms in India.

(3 × 4 = 12 weightage)