



**PRESIDENCY UNIVERSITY
BENGALURU**

SCHOOL OF ENGINEERING

MAKE UP EXAMINATION – JAN 2023

Course code: COM2004

Course Name: Introduction to Banking

Program : Btech

Date: 30-JAN-2023

Time: 1.00PM TO 4.00PM

Max Marks: 100

Weightage:50%

Instructions:

- (i) Read the all questions carefully and answer accordingly.

Part A [Memory Recall Questions]

Answer all the Questions. Each question carries TWO marks.

(20Qx 2M=40M)

1. What is the full form of CRR?

- A. cash reserve ratio
- B. currency reserve ratio
- C. cash revised rate
- D. cash reserve rate

(C.O.No.1)[Knowledge]

2. Which of the following statements is true about demand deposits?

- A. It includes both fixed deposits and current account deposits
- B. It includes both savings account deposits and fixed deposits
- C. It includes both current account deposits and savings account deposits
- D. It includes fixed deposits, current account deposits and savings account deposits

(C.O.No.1)[Knowledge]

3. Which of the following is not a regulatory institution in Indian financial system?

- A. RBI
- B. CIBIL
- C. SEBI
- D. IRDA

(C.O.No.1)[Knowledge]

4. Which of the following statements is true about the central bank?

- A. It regulates the entire banking system in the country
- B. It is under the ownership of the central government of a country
- C. It is the apex bank of a country
- D. All of the above

(C.O.No.1)[Knowledge]

5. What is the full form of SLR?
- A. Statutory Liquidity Ratio
 - B. Simple Liquidity Rate
 - C. Statutory Liquidity Rate
 - D. Stationary Liquidity ratio
- (C.O.No.1)[Knowledge]
6. Which of the following statements represents the main function of the central bank in a country?
- A. It is responsible for the regulation over the supply of money in the market
 - B. It is responsible for the issuance of notes within the country
 - C. It acts as a banker both to the government and to other banks in the country
 - D. All of the above
- (C.O.No.1)[Knowledge]
7. Which of the following statements is true about credit creation by banks?
- A. Banks create credit on the basis of their total assets
 - B. Banks create credit on the basis of their total deposits
 - C. Banks create credit on the basis of their total securities
 - D. Banks create credit out of nothing
- (C.O.No.1)[Knowledge]
8. Which of the following is not the function of the central bank of a country?
- A. Being the custodian of foreign exchange reserves
 - B. Accepting deposits from the general public
 - C. Both a and b are correct
 - D. Both a and b are incorrect
- (C.O.No.1)[Knowledge]
9. Which of the statements gives a true picture of the effect of lowering the cash reserve ratio by the central bank of a country?
- A. The lending capacity of commercial banks will increase
 - B. The lending capacity of commercial banks will decrease
 - C. The lending capacity of commercial banks may increase or decrease
 - D. There is no effect on the lending capacity of commercial banks
- (C.O.No.1)[Knowledge]
10. Which agency regulates the money supply in India?
- A. The Government of India
 - B. Commercial banks
 - C. Reserve Bank of India
 - D. None of the above
- (C.O.No.1)[Knowledge]

11. Which of the following statements is true about the money supply?
- A. It is the total volume of money that is held by the government of a country
 - B. It is the total volume of money that is held by the general public of a country over a time period
 - C. It is the total volume of money that is held by the general public of a country at a particular point in time
 - D. All of the above
- (C.O.No.1)[Knowledge]
12. ----- allocates saving efficiently in an economy to ultimate users either for investment in real assets or for consumption. (C.O.No.1)[Knowledge]
- A. Economic System
 - B. banking system
 - C. Financial System
 - D. Market System
13. In which year was the Banking Regulation Act passed?
- A. 1949 B. 1955 C. 1959 D. 1969
- (C.O.No.1)[Knowledge]
14. Which of the following is the apex institution which handles refinance for agriculture and rural development in India?
- A. RBI B. SIDBI C. NABARD D. RBI
- (C.O.No.1)[Knowledge]
15. Which form of money supply is used in India? .
- A. M2 B. M3 C. M4 D. All of the above
- (C.O.No.1)[Knowledge]
16. Which is the largest commercial bank in India?
- A. Bank of India
 - B. Axis Bank
 - C. State Bank of India
 - D. HDFC
- (C.O.No.3)[Knowledge]
17. What is the full form of NBFC?
- A. Non Bank Financial Competition
 - B. Non Bank foreign company
 - C. Non Bank Financial Company
 - D. Non Bank Finance Corporation
- (C.O.No.1)[Knowledge]
18. How many developments banks are there in India?
- A. 5 B. 6 C 7. D. 8
- (C.O.No.1)[Knowledge]
19. Which bank is known as banker's bank?
- A. RBI B. SBI C. PNB D. NABARD
- (C.O.No.1)[Knowledge]
20. RBI ACT was comes in to existence.....
- A. 1934 B. 1935 C. 1948 D. 1945
- (C.O.No.2)[Knowledge]

Part B

Answer all the Questions. Each question carries THREE marks.

(20Qx 3M=60M)

21. Which bank is called lender of last resort?

- A. Commercial bank
- B. Agricultural bank
- C. Industrial bank
- D. Central bank

(C.O.No.1)[Knowledge]

22. Which of the following is not a function of a Bank?

- A. To accept deposits
- B. To waive loans
- C. To grant advances
- D. To supply input to farmers

(C.O.No.1)[Knowledge]

23. Repo Rate" refers to the rate at which

- A. RBI borrows short term money from the markets
- B. Banks keeps the money with RBI
- C. Bills are discounted by RBI
- D. Forex purchased by RBI

(C.O.No.2)[Knowledge]

24. Who works as RBI's agent at places where it has no office of its own?

- A. Axis Bank.
- B. SBI.
- C. HDFC.
- D. ICICI.

(C.O.No.2)[Knowledge]

25. Zero balance account is generally allowed to be open for –

- A. Salaried Class
- B. Business man
- C. Foreign Customers
- D. Children

(C.O.No.3)[Knowledge]

26. The main functions of NABARD is

(C.O.No.3)[Knowledge]

- A. granting crop loan to farmers
- B. future research
- C. providing rural employment
- D. facilitating credit flow for promotion and development of agriculture

27. Credit can be created by:

(C.O.No.3)[Knowledge]

- A. RBI
- B. Foreign banks
- C. Commercial banks
- D. Private banks

28. Which of the following rules do not apply to banking companies? (C.O.No.3)[Knowledge]
- A. Companies Act
 - B. Banking Regulation Act
 - C. Reserve Bank of India Act
 - D. FRBM Act
29. Increase in cash reserve ratio (CRR) by the RBI will result in: (C.O.No.3)[Knowledge]
- A. Initially increase the supply but later on decrease automatically.
 - B. No impact on the supply of money in the economy
 - C. Decrease the supply of money in the economy
 - D. Increase the supply of money in the economy
30. Current CRR rate in India is (C.O.No.3)[Knowledge]
- A. 5.5
 - B. 2.5
 - C. 4.5
 - D. 3.5
31. Which among these is not a monetary tool? (C.O.No.3)[Knowledge]
- A. SLR
 - B. Deficit financing
 - C. Open market operations
 - D. CRR
32. HDFC bank is an example of? (C.O.No.3)[Knowledge]
- A. Foreign Bank
 - B. Public Bank
 - C. Private Bank
 - D. None of these
33. This is not a function of the RBI? (C.O.No.3)[Knowledge]
- A. Printing of currency
 - B. Controller of credit
 - C. Issuance of coins
 - D. Custodian of foreign currency
34. What is the banking, where all banking operations are online, known as? (C.O.No.3)[Knowledge]
- A. Virtual Baking
 - B. retail banking
 - C. Mixed Banking
 - D. Social Banking

35. The Indian Financial Year begins on (C.O.No.3)[Knowledge]
- A. January 1
 - B. April 1
 - C. July 1
 - D. October 1
36. The global financial crisis started in the USA. It spread to other countries because:
- A. Foreign banks had bought securities based on US sub-prime mortgages. correct
 - B. Bank of China had lent massively to sub-prime borrowers in the USA. incorrect
 - C. European banks were taken into public ownership. incorrect
 - D. Banks in developing economies had invested heavily in US sub-prime mortgages. incorrect
37. In which year global financial crisis hit the world economy (C.O.No.3)[Knowledge]
- A. 1991-92
 - B. 2007-08
 - C. 2010-11
 - D. 2019-20
38. Which investment banker collapsed in the USA due to global financial crisis? (C.O.No.3) [Knowledge]
- A. Lehman Brothers
 - B. Mukesh Ambani
 - C. City Bank
 - D. Barclays Bank
39. What makes banking sector a good career choice in India? (C.O.No.3)[Knowledge]
- A. Good social standing
 - B. High growth sector
 - C. Competitive Compensation
 - D. All the above
40. Which bachelor's degree is required in banking sector? (C.O.No.3)[Knowledge]
- A. Economics
 - B. Finance
 - C. Commerce
 - D. All of the above