



Government Degree College, Seethanagaram

Accredited by NAAC with "B" Grade, ISO 9001:2015 Certified College

Affiliated to Aadi Kavi Nannayya University
Opp K.G.N.M .Trust, Purushottapatnam Road, Seethanagaram



DEPARTMENT OF ECONOMICS

DOCUMENTATION

ON

CERTIFICATE COURSE ON

"INDIAN MONETARY

AND

BANKINGSYSTEM"

CONDUCTED BY

DEPARTMENT OF ECONOMICS

DURATION OF THE COURSE

1 MONTH COURSE

From November 15th to December 18th '2021

6 Days per week

SCHEDULE:

EVERYDAY 4 PM to 5 PM

ATTENDANCE

75% Attendance in classes is mandatory for appearing in the examination.

MODE OF EXAMINATION

The Examination Paper will consist of 100 MCQs [all questions mandatory].

PASSING REQUIREMENT

Candidates have to secure minimum 50% marks to qualify the certificate course examination.

RESULT

The result will appear after one day of closure of off-line examination. List of passed participants will also be hosted at the college notice board.

CERTIFICATES

Certificates will be awarded by our hon'ble college principal to the students whoever passed this examination.

MODULES TO BE COVERED IN THE COURSE::

1. Types of money:-

Measures of money supply

Metallic money, Paper money, acceptable money, liquidity based money, fiat money, representative money, fiduciary money, commercial bank money and reverse money

2. Monetary aggregates in India

AMR measurement - 1968

Original calculation - 1977

Revised calculation - 1997

Liquidity aggregates

High-powered money

3. Banking system in India

Types of banks- scheduled banks

Types of scheduled banks - commercial banks, small finance banks, payment banks and co-operative banks

Non-scheduled banks.

4. Commercial banks in India

Banking regulation act - 1949

Types of commercial banks

**Public sector banks, private sector banks, foreign banks,
regional rural banks.**

5. Banking reforms in India

Narasimham committee recommendations

14 commercial banks nationalization

6 commercial banks nationalization

Merging of commercial banks in India

Recent mega merging of commercial banks in India

Objective of Course:--

The course will prepare the participants for the challenges and opportunities in the field of Indian Monetary System and Indian Banking System. The course covers important aspects of Indian Monetary System and Indian Banking System. Through lectures and dynamic peer discussions, this course intends to equip the participants with an understanding of the Monetary policies of the Government of the India and All kinds of changes and trends in the Indian banking sector.

Eligibility for the course :--

The Course is Open for the Economics Students in Graduation Level. As well as for the students whoever is preparing for competitive exams.

With warm regards,

EXAMINATION QUESTION PAPER

Max Marks: 100

Duration : 2 Hours

Section : A

INDIAN MONETARY SYSTEM

1. What are the necessary conditions of the Barter System?

(a) Limited Needs (b) Limited Exchange Area

(c) Economically Backward Society (d) All the above

2. Full convertibility of a rupee means.

a) repayment of loans in terms of rupees

b) determination of rate of exchange between rupee and foreign currencies freely by the market forces of demand and supply

c) purchase of foreign exchange for rupees freely

d) payment for imports in terms of rupees

3. Which of the following is/are treated as artificial currency?

a) SDR b) Both ADR and GDR

c) GDR d) ADR

4. Who mints the coins in India?

[A] Ministry of Finance [B] Reserve Bank of India

[C] Prime Minister's Office [D] Commerce and Industry Ministry

5. Who regulates the money circulation in India?

[A] State Bank of India [B] Reserve Bank of India

[C] NABARD [D] Commercial Banks

6 In which denomination were India's first bimetallic coins issued in the year 2009?

[A] Rs. 100 [B] Rs. 5 [C] Rs. 10 [D] Re. 1

7. The period for Call Money is The period for Call Money is

[A] 10 to 15days [B] 1 to 14 Days

[C] 15 to 30 Days [D] One Month

8. Which of the following words is not used in Monetary Policy..?

[A] Cash Reserve Ratio [B] Repo Rate

[C] Bank Rate [D] Blue Chip

9. What is the defect of the barter system?

(A) Lack of double coincidence of wants

(B) Difficulty in the measurement of value

(C) Difficulty in store of value (D) All of these

10. Which of the following is the credit money?

(A) Cheque and draft (B) Promissory note

(C) Exchange note (D) All of these

11. Which among the following is the near money?

(A) Bonds (B) Insurance policy

(C) Securities (D) All of these

12. Which of the following is the feature of money?

(A) General acceptability (B) Homogeneous unit

(C) Liquid asset (D) All of these

13. What are the alternative measures of money supply in India?

(A) M1 (B) M2 (C) M3 and M4 (D) All of these

14. Who circulates all mint and one rupee not in India?

(A) Ministry of Finance (B) RBI

(C) Ministry of External Affairs (D) State Govt

15. Which of the following is the narrow measure of the money supply?

(A) M2 (B) M3 (C) M1 (D) M4

16. Which is the most liquid measure of the money supply?

(A) M4 (B) M3 (C) M2 (D) M1

17. High Powered Money includes:

(A) C + DD + OD (B) C + R + OD

(C) C + R + TD (D) C + DD + TD

18. Indian Monetary System is based on

(A) Paper Standard (B) Metallic Standard

(C) Gold Standard (D) Credit Money Standard

19. Who has the right of note issue?

(A) Central Bank (B) Commercial Bank

(C) Government (D) Co-operative Bank

20. What are the advantages of the Barter System?

(a) Simple System (b) More Mutual Co-operation

(c) No Economic Disparities (d) All the above

21. Which one is the difficulty of the Barter System?

(a) Lack of Double Coincidence

(b) Difficulty of Division of the Goods

(c) Lack of General Acceptable Measure of Value

(d) All the above

22 Which is the correct order of money evolution?

(a) Commodity Money, Paper Money, Metal Money

(b) Commodity Money, Metal Money, Paper Money, Credit Money

(c) Credit Money, Metal Money, Paper Money

(d) None of the above

23. "Cheap Money will drive out Good Money"

this Statement given by

A] Bowmal B] Thomas Gresham

C] J.M. Keynes D] Milton Friedman

24) The difference between M2 and M4

A] due to exclusive of post offices saving bank current deposits

B] due to exclusion of post office saving bank time deposits.

C] due to exclusion of post office saving bank demand deposits.

D] due to exclusion of post office saving bank other deposits.

25) call money

A] is borrowed by non banks from banks.

B] is unavailable in unorganized money market.

C] is primarily lent by commercial banks.

D] is available in organized Money Market

26) commercial papers

A] are sold by the banks for short term purpose.

B] are like coupon bonds which carry a fixed interest payment.

C] can develop a secondary market.

D] Can develop a capital market

27) Gilt -edged market

A] deals with industrial securities B] is a risk free market.

C] is also known as stock market. D] is a risk Market

28] 'Managed paper currency standard'

A] requires the central bank to be the sole issuer of currency.

B] requires paper currency in circulation to be backed by gold, foreign currency etc.

C] requires currency in circulation to have a proper balance between notes and coins.

D] Non of the above

29] Barter cannot function well

A] because goods are not always divisible.

B] because transaction costs are minimal.

C] because goods are always standardized.

D] because transaction costs are maximixe

30]1) currency in circulation is a part of

A] M0 B]M1 C] M D] M3

31] Money

A] is a flow variable B] includes checkable deposits with banks.

C] includes gold and silver D] including Goods and Services

32] paper currency is known as 'fiat money'

A] because only a function of total currency is in coins.

B] because it is decreed legal tender.

C] because it cannot be used as payment for debts.

D] because it cannot be decreed legal tender

33] Price of money

**A] does not exist because it is not a good that one can purchase
from the market.**

B] at best can be the inflation rate.

C] is best measured in terms of opportunity cost of holding money.

D] Non of the above

34] Near - money

**A] is as liquid as currency. B] can be used as a medium of
exchange.**

C] serves only store of value function of money.

D] Non of the above

35] M0 is primarily driven by

A] Bankers' Deposits with the RBI. B] currency in circulation.

C] other Deposits with The RBI. D] Non of the above

36] Variance of growth among M1,M3 and M0

A]is the lowest for M1. B] is the lowest for M3.

C] is the lowest for M0. D]is the lowest for M2.

37] Deposits recession

A] share of time Deposits in M3 had been increasing.

B]share of Demand Deposits and currency in M3 have been increasing.

C] A and B both are correct D] none of the above.

38] One of the purposes behind formation of the three new monetary aggregates

A] is to separate Demand Deposits from other Deposits.

B]is to separate very long term time Deposits from other time Deposits.

C] is to consider residents and non- residents together.

D] Non of the above

39] 'Managed paper currency standard'

A] requires the central bank to be the sole issuer of currency.

B] requires paper currency in circulation to be backed by gold,foreign currency etc.

C] requires currency in circulation to have a proper balance between notes and coins.

D] Non of the above

40] As a tool of monetary policy in India

A] CRR is more often used than SLR.

B] bank rate is more often used than CRR.

C] open market operations are never used.

D] All the above

41] "Way and Means Advances"

A] are given to the central government against TBs.

B] are given both to the central and state governments.

C] are given only to the central govt

D] Non of the above

42] Velocity of Money

A] Changes very slowly according to fisher.

B] Does not change according to some cambridge economists.

C] Is increasing over time in India.

D] Is decreasing over in India

43] Resently, Participants in the Call Market

A] include some NBFIs. B] borrow and lend at fixed rates.

C] also include primary dealers. D] Non of the above

44. Which of the following about money supply measure adopted in 1977 is correct?

A] $M_2 = M_1 + \text{DDs with post offices}$ B] $M_3 = M_1 + \text{term deposits with banks}$

C] $M_4 = M_3 + \text{Total deposits with post office}$ D] All the above

45. Which among the following is the near money?

(A) Bonds (B) Insurance policy (C) Securities (D) All of these

46. Which of the following is the feature of money?

(A) General acceptability (B) Homogeneous unit

(C) Liquid asset (D) All of these

47. **What is the defect of the barter system?**
(A) Lack of double coincidence of wants (B) Difficulty in the measurement of value
(C) Difficulty in store of value (D) All of these
48. **Which of the following is the credit money?**
(A) Cheque and draft (B) Promissory note
(C) Exchange note (D) All of these
49. **What were the earliest form of objects used as money in India?**
A. grains and cattle B. Coins C. Jewels D. Land
50. **Which is an important form in which people hold money?**
A. Moneylenders B. Bank deposits
C. Post office deposits D. Mutual funds

Section - B

INDIAN BANKING SYSTEM

51. **Which was the second bank in India with limited liability?**
a) Punjab National Bank b) Imperial Bank of India
c) New Bank of India d) State Bank of India
52. **Punjab National Bank was established in ____.**
a) 1881 b) 1894 c) 1913 d) 1917
53. **Which movement encouraged the formation of commercial banks?**
a) Swadeshi movement b) Quit India Movement
c) Non Cooperation Movement d) Civil Disobedience Movement
54. **When did the banking crisis of 1913-1917 end?**
a) 1917 b) 1949 c) 1955 d) 1959

55. In which year was the Banking Regulation Act passed?

- a) 1949 b) 1955 c) 1959 d) 1969**

56. Imperial Bank of India was nationalised in

- a) 1949 b) 1955 c) 1959 d) 1969**

57. Which bank was baptised as the State Bank of India?

- a) New Bank of India b) Imperial Bank of India**
c) Indian Bank d) United Bank of India

58. Which bank was united with the Punjab National Bank in 1993?

- a) Oudh Commercial Bank b) Imperial Bank of India**
c) New Bank of India d) Punjab and Sind Bank

59. Which among the following is not a public sector bank?

- a) Allahabad Bank b) City Union Bank**
c) UCO Bank d) Vijaya Bank

60. Which is the largest commercial bank of the country?

- a) Bank of India b) Canara Bank**
c) State Bank of India d) Union Bank of India

61. The subsidiary banks attached to the State Bank are:

**(i) State Bank of Bikaner and Jaipur (ii) State Bank of Hyderabad (iii)
State Bank of Indore**

**(iv) State Bank of Mysore (v) State Bank of Patiala (vi) State Bank of
Saurashtra**

(vii) State Bank of Travancore

(a) only (i) , (v), and (vi)

(b) only (ii), (iii), (iv), and (vii)

(c) All the above

(d) None of the above

62. The RBI sanctioned the amalgamation of the Centurion Bank with the HDFC Bank on __.

- a) May 23, 2008 b) August 13, 2008**
c) June 30, 2009 d) March 31, 2009

63. Which one of the subsidiary banks was merged with the State Bank of India on August 13, 2008?

- a) State Bank of Hyderabad b) State Bank of Indore**
c) State Bank of Mysore d) State Bank of Saurashtra

64. According to which issue of guidelines did the RBI grant approval for the setting up of 13 new privately-owned domestic banks?

- a) April, 1980 b) March, 1971 c) January, 1993 d) September, 1993**

65. When did the nationalisation of major banks happen?

- a) June, 1951 b) June, 1961 c) June, 1969 d) July, 1969**

66. Deposits mobilised by the banks are utilised for.

- (i) loans and advances**
(ii) investment in government and other approved securities in fulfilment of liquidity stipulation
(iii) investment in commercial paper, shares, debentures up to stipulated ceilings

- (a) only (i)**
(b) both (ii) and (iii)
(c) All the above
(d) None of the above

67. When did the Government initiate the process of amalgamation of RRBs in a phased manner?

- a) September, 2005 b) March, 2009 c) June, 2009 d) March, 2010**

68. When did the National Housing Bank start its operations?

- a) July, 1982 b) July, 1988 c) April, 1980 d) March, 1971**

69. Which bank had the highest concentrations of operations overseas in 2010?

- a) Bank of Baroda b) Bank of India c) State Bank of India
d) Union Bank of India**

70. When did the Government of India appoint a committee under the chairmanship of Shri M.Narasimham to strengthen the banking system?

- a) May, 2006 b) April, 1998 c) December, 1997 d) September, 2005**

71. The Reserve Bank of India was established on

- a) April 1, 1935 b) July 12, 1982 c) May 26, 2006 d) September 30, 2005**

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

- a) State Bank of India b) Ministry of Finance
c) Government of India d) International Monetary Fund**

73. Which of the following is true about the functions performed by RBI -

- (i) It is the Bank of Issue (ii) It acts as banker to the Government
(iii) It is the banker of other banks (iv) It regulates the flow of credit**
- (a) Both (i) and (ii) of (b) Both (iii) and (iv)
(c) All the Above (d) None of the above**

74. Which among the following is incorrect?

- a) RBI is the Bank of Issue b) RBI acts as Banker to the Government
c) RBI is Banker's Bank d) RBI does not regulate the flow of credit--**

75. When was the NABARD formed?

- a) 1982 b) 1952 c) 1962 d) 1992**

76. Mergers and Acquisitions of commercial banks may require approval of which of the following agency/ies

Reserve Bank of India (RBI)

Competition Commission of India (CCI)

Select the correct answer using the code given below:

(a) (ii) only (b) Both (i) & (ii) (c) (i) only (d) Neither (i) nor (ii)

77. Bank rate is that rate on which–

a) Central Bank of Country lends money to the commercial banks

b) Rural bank gives loan to cooperative societies

c) Any bank lends money to an individual

d) State Bank of India gives loan to the rural banks

78. Which of the following operations by RBI will help in 'monetary transmission'?

1. Forex Swap

2. Sale of Government bonds by RBI

3. Operation Twist

4. Long Term Repo Operation (LTRO)

Select the correct answer using the code given below:

a) (i) & (ii) only

b) (i), (iii) & (iv) only

c) (ii) only

d) All of the above

79. Reserve Bank of India (RBI)

Competition Commission of India (CCI)

Select the correct answer using the code given below:

(a) (ii) only (b) Both (i) & (ii) (c) (i) only (d) Neither (i) nor (ii)

80. Which of the following systems of Note-issue is followed by RBI?

a) Minimum Reserve System

b) Proportional Reserve System

c) Fixed Fiduciary System

d) None of the above

81. Which of the following systems of Note-issue is followed by RBI?

a) Minim System

b) Proportional Reserve System

c) Fixed Fiduciary System d) None of the above

82. Full convertibility of a rupee means

a) repayment of loans in terms of rupees

b) determination of rate of exchange between rupee and foreign currencies freely by the market forces of demand and supply

c) purchase of foreign exchange for rupees freely

d) payment for imports in terms of rupees

83. Consider the following statements.

The function of commercial banks in India includes

1. Purchase and sale of shares and securities on behalf of customers.

2. Acting as executors and trustees of wills.

Which of the statement(s) given above is/are correct?

a) Only 2 b) Neither 1 nor 2 c) Both 1 and 2 d) Only 1

84. Which of the following is/are treated as artificial currency?

a) SDR b) Both ADR and GDR c) GDR d) ADR

85. On which commission's recommendations; Reserve Bank of India was established?

[A] Chamberlain Commission [B] Hilton Young Commission

[C] Keynes Commission [D] None of the above

86. Who was the first governor of Reserve Bank of India from Indian origin?

[A] Osborne Smith [B] C. Rajagopalachari

[C] L. K. Jha [D] C.D. Deshmukh

87. What is CRR?

[A] Cash Reserve Ratio [B] Current Ratio Rate

[C] Review Report [D] Credit Rating Record

88. Where is the Head Quarter of Reserve Bank of India?

[A] Mumbai [B] Delhi [C] Kolkotta [D] Ahmedabad

89. Who regulates the money circulation in India?

[A] State Bank of India [B] Reserve Bank of India

[C] NABARD [D] Commercial Banks

90. Which of the following is not an organized sector in India?

[A] Nationalised Banks [B] Regional Rural Banks

[C] Cooperative Banks [D] Chits and Money lenders

91. The share of State Govt in the capital of Regional Rural Bank is

[A] 50% [B] 35% [C] 25% [D] 15%

92. ATMs that are owned and managed by non-banking entities are known as -

[A] Red Label ATMs [B] White Label ATMs

[C] Green Label ATMs [D] Blue Label ATMs

93. Expand the term EMI as used in banking/finance sector?

[A] Easy Monthly Instalment [B] Equal Monthly Investment

[C] Equated Monthly Instalment [D] Equated Mortgage Investment

94. How long does the accounting year of the Reserve Bank of India come from?

[A] 1st July to 1st June [B] 1st April to 30th March

[C] 1st July to 30th June [D] January 1 to December 31

95. Which of the following words is not used in Monetary Policy?

[A] Cash reserve ratio [B] Repo Rate [C] Bank rate [D] Blue chip

96 Which of the following public sector banks has the largest number of branches in foreign countries?

[A] Bank of India [B] Bank of Baroda

[C] Punjab National Bank [D] Corporation Bank

97. After State Bank of India, which of the following banks has the largest number of offices?

[A] Punjab National Bank [B] Bank of India

[C] Andhra Bank [D] Canara Bank

98. Regional Rural Banks are sponsored by

[A] Nationalised Commercial Bank [B] Reserve Bank of India

[C] State Bank of India [D] Government of India

99. What does M in M-Banking Facility being offered by banks to their customers, stand for?

[A] Money [B] Marginal [C] Message [D] Mobile Phone

100. Which of the following banks was inaugurated by Mahatma Gandhi in 1919?

[A] Bank of Maharashtra [B] Bank of Baroda

[C] State Bank of Saurashtra [D] Union Bank of India

