

DEPARTMENT OF BANKING AND INSURANCE

18UBI102 - INDIAN BANKING SYSTEM

K1 – LEVEL

UNIT - I

1. The minimum capital prescribed by the RBI for starting a new commercial bank is _____ .
a) **100 crore** b) 50 crore c) 150 crore d) 20 crore
2. Which institution provides refinance facilities ?
a) IFC b) SFC c) **IDBI** d) NABARD
3. Assets which are NPAs for a period not exceeding two years are _____ .
a) **sub standard assets** b) doubtful assets
c) loss assets d) none of these
4. Which bank meets the long term requirement of agriculturists?
a) primary cooperative societies
b) **cooperative agriculture and rural development banks**
c) state cooperative bank
d) all of these
5. A general provision of _____ % of the outstanding is required for sub- standard assets.
a) 15 b) 25 c) 20 d) **10**
6. The main function of _____ is to provide Refinance facilities.
a) IFC b) **NABARD** c) IDBI d) SFC
7. The IDBI was established on 1st July _____ .
a) **1964** b) 1950 c) 1965 d) 2000
8. Non schedule banks are not entitled to borrowing and rediscounting facilities from the _____ .
a) RRB b) SBI c) **RBI** d) IOB
9. The ICICI was established in _____ .
a) 1948 b) **1955** c) 1965 d) 2005
10. The RBI permits _____ days grace period to decide PAST DUE status.
a) 10 b) **30** c) 80 d) 120

19UBI102 - INDIAN BANKING SYSTEM

UNIT – II

1. RBI Act was passed in _____.
a) **1934** b) 1938 c) 1952 d) 1949
2. The Reserve Bank of India started functioning from _____.
a) **April 1, 1935** b) July 12, 1982 c) May 26, 2006 d) September 30, 2005
3. The Reserve Bank of India (Transfer to Public Ownership) Act was passed in _____.
a) **1948** b) 1949 c) 1950 d) 1956
4. The RBI began to function as a government owned institution from _____.
a) **January 1, 1949** b) July 12, 1982 c) May 26, 2006 d) September 30, 1955
5. The RBI is the banker to the government when it _____.
a) Controls the credit b) Advises the government c) **Issues loans and treasury bills on behalf of the Government** d) Issuing notes.
6. The management of RBI is vested with the Central Board of Directors comprising _____ members.
a) 30 b) **20** c) 25 d) 27
7. The Imperial bank of India was established in _____.
a) **1921** b) 1935 c) 1947 d) 1957
8. The Imperial bank was established through the amalgamation of three presidency banks of _____.
a) **Madras, Bombay and Bengal**
b) Madras, Mysore and Bombay
c) Mysore, Bombay and Bengal
d) Mysore, Madras and Bengal
9. Imperial bank was nationalized and named it as _____.
a) **State bank of India** b) Indian bank c) Axis bank d) Canara bank
10. The state bank of India act was passed on _____.
a) **May 8, 1955** b) June 6, 1956 c) July 23, 1955 d) January 1, 1955

UNIT - III

1. Which scheme concentrates on compact areas in financing agricultural activities?
a) Lead bank scheme b) **village adoption scheme**
c) service area approach d) none of these
2. Under DIR scheme, assistance is provided at the rate of _____.
a) 7% b) 3% c) **4%** d) 2%
3. MFAL assists _____.
a) **margin farmers** b) artisans c) small scale industries d) all the above
4. This is not included in priority sector

- a)housing finance b) SSI **c)large scale industries** d) none of these
5. _____ is poverty alleviation programme in rural areas.
a) **IRDA** b) DIR c) SFDA d)SGSY
6. The main objectives of _____ scheme is to minimise unemployment among unemployment youth.
a)DIR b)SFDA c)MFAL **d)SESEUY**
7. Micro finance is routed through _____ .
a)banks b) finance company **c) self help group** d) none of these
8. _____ plays the role of consortium leader of all banking and financial institution to lead money.
a) lead banks b) village adoption c) DIR d) SFDA
9. Banks are not merely creators but also regulators of _____ .
a)debit **b)credit** c) both a&b d) none of these
10. IRDP was launched in _____ .
a)1957 b)1965 **c)1978** d)none of these

UNIT - IV

SECTION – A (K1 LEVEL) - MULTIPLE CHOICE QUESTIONS

- The RRB was established by the recommendation of _____ committee.
a) M. Narasimham Committee b) Athreya Committee c) Basel Committee
d) Marathe Committee
- The RRBs are allowed to offer _____ additional rate of interest on their deposits over the rate offered by commercial banks.
a) 1.5 % b) 2.0 % c) 1.0 % d) 0.5%
- The RRB is established in the year of _____
a) 1975 b) 1970 c) 1978 d) 1979
- The RRB is managed by Board of Directors of _____.
a) 10 members b) 7 members c) 9 members d) 15 members
- The first Regional Rural Bank in Tamil Nadu is _____
a) Pandyan Grama Bank b) Pallavan Grama Bank c) Canara Bank
d) Indian Bank
- The Cooperative banks originated with the enactment of the Cooperative Credit Societies Act of _____
a) 1904 b) 1910 c) 1947 d) 1957
- Cooperative Credit societies act _____provides the establishment of cooperative central banks by a union of primary credit societies.
a)1912 b) 1904 c) 1950 d) 1999
- The State Cooperative Apex Bank was established by the recommendation of _____ committee.

- a) **Maclagan Committee** b) Athreya Committee c) Basel Committee
d) Marathe Committee
9. Which bank meets the long term requirements of agriculturists?
a) Primary Cooperative societies **b) Cooperative agriculture and Rural Development Banks** c) State Cooperative Banks d) District Cooperative Banks
10. A _____ is a federation of primary credit societies.
a) Central cooperative bank b) State cooperative bank c) NABARD
d) Commercial bank

UNIT -V

1. The minimum capital to set up a Local Area Bank _____ .
b) 5 crore b) 10 crore c) 15 crore d) 2 crore
2. Under what circumstance, a banking company can be wound up ?
a) When it fails to comply with the directions of RBI
b) When fails to submit returns
c) When it is unable to pay its debts
d) none of these
3. The minimum paid up capital for giving licence to new banking company is _____ .
a) 10 crore b) 50 crore c) 100 crore **d) 500 crore**
4. Under what circumstance penalty can be imposed on a banking company ?
a) For submitting false or inaccurate returns
b) When it is unable to pay its debts
c) When the business is carried on for public interest
d) none of these
5. The minimum paid up capital prescribed for setting up of a new banking company is _____ .
a) 10 crore b) 50 crore **c) 100 crore** d) 500 crore
6. Every forging bank should keep assets in India atleast _____ % of its total liabilities at the end of every quarter .
a) 15 b) 22 c) 20 **d) 75**
7. Bank , acting as agents for individuals, is a _____ function.
a) holding **b) subsidiary** c) primary d) none of these
8. The Banking Regulation Act _____ .

- a) **1949** b) 1950 c) 1965 d) 2000

9. _____ may issue directives with regard to the purpose for which the banks may give advances .

- a) RRB b) SBI c) **RBI** d) IOB

10. The _____ government can acquire any banking company if it fails to carry on the directions of RBI .

- a) **Central** b) State c) Central & State d) none of these

K2 - LEVEL

UNIT- I

1. What is payment bank and how it works?

A payments bank is a new category of banks conceptualized by the Reserve Bank of India, which operates at a smaller scale than an actual bank and doesn't involve any credit risk. It can carry out most banking operations but can't advance loans or issue credit cards

2. Which are payment banks in India?

The RBI as of date has given licences to 11 payments bank of which six are currently operational. These include Aditya Birla Payments Bank, Airtel Payments Bank, India Post Payments Bank, Fino Payments Bank, Jio Payments Bank and Paytm Payments Bank.

3. What is meant by small finance bank?

The Small Finance Bank (SFB) is a private financial institution intended to further the objective of financial inclusion by primarily undertaking basic banking activities of acceptance of deposits and lending to un-served and underserved sections including small business units, small and marginal farmers, micro

4. What Is a Foreign Bank

Foreign banks are those banks which has origination in other country and provide services in another countries. In simple words Foreign banks in India means Banks which have Headquarters in another country but **functions of foreign banks** are being operated from India.

5. What is meant by cooperative banks?

A bank that holds deposits, makes loans and provides other financial services to cooperatives and member-owned organizations. Also known as Banks for Cooperatives.

6. What is the role of cooperative banks?

The main function of the central cooperative banks is to provide loans to the primary cooperative societies. However, some loans are also given to individuals and others. Capital: The central cooperative banks raise their working capital from own funds, deposits, borrowings and other sources.

7. What is development bank and its functions?

Development banks play an important role in the promotion and development of the small-scale sector. Government of India (GOI) started Small industries Development Bank of India (SIDBI) to provide medium and long-term loans to Small Scale Industries (SSI) units.

8. What is the commercial bank?

A commercial bank is a type of financial institution that accepts deposits; offers checking account services; makes business, personal and mortgage loans; and offers basic financial products like certificates of deposit (CDs) and savings accounts to individuals and small businesses

9. What are commercial banks examples?

The main source of income of a commercial bank is the difference between these two rates which they charge to borrowers and pay to depositors. Examples of commercial banks – ICICI Bank, State Bank of India, Axis Bank, and HDFC Bank.

10. What is importance of commercial bank?

Commercial banks are important because they lend money to people, accept deposits, process checks and payments, and offer secure havens for treasured items, according to Investopedia. Commercial banks also attract large amounts of capital from investors.

UNIT - II

1. Which commission suggested the establishment of RBI? 'Hilton Young Commission'.

2. Define Bank Rate.

Section 49 of the Reserve Bank of India Act, defines a bank rates as 'the standard rate at which the Bank is prepared to buy or discount bills of exchange or other commercial papers eligible for purchases under this Act'.

3. What do you mean by financial inclusion?

Financial inclusion is nothing but the delivery of banking services at affordable cost of the vast sections of disadvantaged and low income groups.

4. Name the two departments which issued the notes in RBI.

The function of note issue is maintained through two departments, namely

- Issue Department – the issue department holds against which currency can be issued.
- Banking Department – the issue of currency into circulation and withdrawal from circulation are regulated by the banking department.

5. What do you mean by demonetisation?

Demonetisation refers to the process of removing or stripping the legal status of a currency. It means that such a currency cannot act as a legal monetary standard and it becomes a mere wastepaper. Hence, it has to be withdrawn from use as a currency. Therefore, it has to be pulled from circulation and in its place a new currency has to be introduced as a legal tender. The process of replacing or restoring the demonetized currency with a new one is called remonetisation.

6. List out the five domestic subsidiaries of the State Bank of India.

State Bank of Bikaner and Jaipur

State Bank of Travancore

State Bank of Hyderabad

State Bank of Mysore

State Bank of Patiala

7. List out the five foreign subsidiaries of the State Bank of India.

State Bank of India (California)

State Bank of India (Canada)

Commercial Bank of India (LC, Moscow)

SBI (Mauritius) Ltd.

PT Bank SBI Indonesia

Nepal SBI Bank Ltd.

8. What do you mean by SBI Green Card Scheme?

The state bank has introduced an agricultural credit card known as SBI Green card.

The scheme has been introduced on pilot basis in 125 intensive centres all over the country.

9. Write about the origin of CIBIL.

Credit Information Bureau (India) Ltd. (CIBIL) - On January 30, 2001, SBI, HDFC, Dun and Bradstreet Information Services India Pvt.Ltd.and Trans Union International Inc. signed an agreement to establish a Credit Information Bureau (India) Limited.

10. What do you mean by SBI – Entrepreneur Scheme?

The bank introduced ‘ Entrepreneur Scheme’ in 1968 under which technically qualified and skilled persons who have a viable project but no capital are assisted to the full extent of their requirements. Assistance up to Rs. 2 lakh is made available free of margin and where project cost exceeds Rs. 2 lakh, margin ranging from 5% to 12.5% are required to be contributed by the entrepreneurs.

UNIT -III

1. Expand SESEUY

Self -Employment Scheme for Educated Unemployment Youth .

2. Expand SGSY

Swarnjayanthi Gram Swarojgar Yojana.

3. Expand IRDP

Integrated Rural Development Programme .

4. Expand DIR

Differential interest Rate Scheme .

5. Expand SFDA

Small Farmers or Development Agency

6. Expand MFAL

Margin Farmers and Agricultural labourers Development Agencies.

7. When DIR scheme introduced?

1972

8. When IRDP launched?

1978 .

9. When SESEUY launched ?

1983

10. When Service Area Approach operated ?

1989.

UNIT - IV

1. Write about the main objectives of RRB?

The main objective of the RRBs was to provide credit and other facilities mainly to the small and marginal farmers, agricultural labourers and artisans who had, by and large, not been adequately served by the existing credit institutions.

2. What do you mean by 'No Frills' account?

No frills account scheme also called 'Elimai Account' for the benefit of each and every one in rural areas. It is mainly intended for the benefit of villagers who have not opened any account so far. This new account can be opened and maintained with zero balance.

3. Name the number of directors appointed in the management of RRB.

The general superintendence, direction and management of the affairs and business of RRBs vests with the nine-member Board of Directors. The Central Government nominates three directors, the State Government has two directors and the sponsor bank nominates three directors. The chairman is usually an officer of the sponsor bank but appointed by the central government.

4. List out the major resources of RRB

The resources of RRBs consists of

- i) Share capital, ii) Deposits from public, iii) Borrowing from sponsor banks,
- iv) Refinance from NABARD.

5. Give any three examples of RRB

Palavan Grama Bank, Pandiyan Grama Bank,

6. Write about the structure of co-operative banking in India?

The cooperative banking structure in India is a pyramid type of a three-tier structure comprising: i) Primary Agricultural Cooperative Credit Society at the village level, ii) District Central Cooperative Banks at the district level, and iii) State Cooperative Banks at the state level.

7. Name the two tier structure of cooperative bank in union territories.

In smaller states and union territories, there exists a two tier structure with state cooperative bank at the apex level and primary agricultural societies at the base level.

8. List out the source of funds for the Primary cooperative credit societies.

The primary societies raise funds by way of share capital, deposits from members and non-members and loans from District Central Cooperative Banks.

9. Name the source of funds for the Central cooperative banks.

The central banks raise funds by way of share capital from member societies, deposits from public and loans the state cooperative bank.

10. Name the source of funds for the State cooperative banks.

The State banks raise funds by way of receiving deposits from the public and from local boards, municipalities, etc. further; they receive loans from at call and short notice from the commercial banks and from the Reserve bank of India. The state governments contribute a certain portion of their working capital.

UNIT - V

1. What is bank as per Banking Regulation Act?

As per Section 5(b) of the Banking Regulation Act, 1949, "banking" means the accepting, for the purpose of lending or investment, of deposits of money from the public, repayable on demand or otherwise, and withdrawable by cheque, draft, order or otherwise.

2. Meaning of Banking Company:

A Bank is an establishment, office, and a company, which deals in money. A bank receives money in deposit accounts of its customers on certain conditions in different type of deposit accounts. The conditions of these accounts differ from the nature of accounts.

3. What do you mean by banking?

A bank is a financial institution licensed to receive deposits and make loans. Banks may also provide financial services, such as wealth management, currency exchange and safe deposit boxes. There are two types of banks: commercial/retail banks and investment banks

4. What is the minimum capital requirement of a bank according to the Banking Regulation Act?

In addition to the cash reserve, every primary (urban) cooperative bank (scheduled/non-scheduled) is required to maintain liquid assets in the form of cash, gold or unencumbered approved securities which should not be less than 25 per cent of the total of its demand and time liabilities in accordance with the ...

5. What are the main objectives of banking regulation act?

The banking regulation act brought in certain minimum capital requirements for banks. (iii)

One of the key objectives of this act was to avoid cut throat competition among banking companies. The act was regulated the opening of branches and changing location of existing branches.

6. Acquisition of business Business acquisition is the process of acquiring a company to build on strengths or weaknesses of the acquiring company. A merger is similar to an acquisition but refers more strictly to combining all of the interests of both companies into a stronger single company.

7. Inspection of banks

Bank inspection, is the process of monitoring banks to ensure that they are carrying out their activities in a safe and sound manner and in accordance with laws, rules and regulations. It is a means of determining the financial condition and of ensuring compliance with laid down rules and regulations at any given time.

8. Licensing of banks

Licenses are typically issued by a national banking regulator to applicant corporations that meet its banking requirements. ... The general bank license allows a bank to engage in all banking activities, such as retail banking, merchant acquiring, cash management, asset management and trading.

9. What Is Amalgamation?

Amalgamation is a combination of two or more companies into a new entity. Amalgamation is distinct from a merger because neither company involved survives as a legal entity.

10. What is share ?

Total capital of the company is divided into small parts. Each part is called a share.

11. List out the types of shares.

The following are the three classes of shares.

1. Preference Shares
2. Equity Shares (Ordinary Share)
3. Deferred Shares

K3 - LEVEL

UNIT - I

1. Explain the origin of banking .
2. Explain the indigenous bankers.
3. Explain the foreign banks.
4. Describe the functions of various development banks operating in India.
5. Analyze the small finance banks .
6. Explain the functions of Commercial banks.
7. Discover the women's bank.
8. Explain the functions of Cooperative banks.
9. State the functions and working of IDBI.
10. Discover the functions and working of IFCI.

UNIT- II

1. Write about the origin and nationalisation of RBI.
2. Explain about the management of RBI.
3. Write the short notes on monopoly of note issue in RBI.
4. Explain the role of RBI as a banker to the Government.
5. Briefly discuss about the constitution and working of Reserve bank of India.
6. What is open market operation? How does it control credit?
7. Distinguish between Bank Rate and Open Market Operation.
8. What are the Functions of SBI?
9. Write a note on organization and Management of SBI.
10. Discuss the role of the SBI in the Co-operative sector.

UNIT- III

1. Explain the role of commercial banks in the economic development of a country.
2. Explain the Lead Bank Scheme.
3. Analyze the SGSY and SFDA.
4. State the Service Area Approach.
5. Explain the differential interest scheme.
6. Discover the Village Adoption Scheme.
7. Explain the Economic growth and Indian banks.
8. State the SESEUY.
9. Analyze the creation of credit.
10. State the mobilization of savings.

UNIT -IV

1. What do you mean by Regional Rural Banks? Bring out the objectives.

2. State the reasons for the failure of Regional Rural Banks in India.
3. Write a note on organization and management of RRB's.
4. Write a note on capital and various resources of RRB's.
5. Explain the recommendations suggested for RRB by M.V.S. Chalapathy Rao.
6. Write the suggestions given by Sardesai Committee for RRB.
7. What is meant by Co-operative banks? What are its Types?
8. State the functions of District Central Co-operative banks.
9. Write the short notes on 'Cooperative agriculture and rural development banks'.
10. Write the resources of State, Central and Primary cooperative societies.

UNIT - V

1. State the salient features of the Banking Regulation Act.
2. State the provisions of the Banking Regulation Act regarding Opening of new branches.
3. Explain Acquisition of business.
4. Discover the provisions of the Banking Regulation Act regarding Inspection of banking companies.
5. Discuss the procedure of amalgamation of banking companies.
6. Explain Winding up of Banking companies.
7. Discover the provisions of the Banking Regulation Act with regarding to Licensing of Banks.
8. Analyze the main functions of Banking companies.
9. Explain the subsidiary functions of Banking companies.
10. Analyze the provisions of the Banking Regulation Act with regarding Minimum paid up capital reserve.

K4 & K5 - LEVEL

UNIT - I

1. Explain the NABARD.
2. Explain the IBI.
3. Describe the SIDBI.
4. Discover the objectives of ICICI.
5. Explain the payment bank and bring out its importance.

UNIT - II

1. Discuss the various functions of Reserve bank of India.
2. Explain the various instruments are available to the RBI for control of credit.
3. Explain the role played by RBI in the selective credit control.
4. Assess the role of SBI in agricultural finance.
5. Define a Small Scale Unit. Explain the Role of the State Bank of India in the Promotion of the Small scale industries in India.

UNIT - III

1. Explain the features of commercial banks and economic development.
2. Explain the.
3. Analyze the DIR .
4. Discover the IRDP.
5. Explain the MFAL.

UNIT - IV

1. Discuss in detail about the functions of RRB's.
2. Explain the role of Regional Rural Banks in providing rural finance.
3. Discuss in detail about the problems of RRB's.
4. Explain the structure of Co-operative credit institutions in India
5. Distinguish between Co-operative bank and commercial bank.

UNIT - V

1. Discover the functions of Banking companies.
2. Explain the Licensing of Banks and Amalgamation of Banking companies.
3. Explain what are the Returns to be submitted by the banking companies.
4. Analyze the loans and advances.
5. Enumerate the provisions of the banking regulation act regarding opening of new branches and inspection of banking companies.

