

# Shri Sharadchandraji Pawar Senior College, Narangwadi

Tal. Omerga Dist. Osmanabad

Date : 29.03.2023

Total Mark : 50

Time : 2 Hour

## Certificate Course on Banking Instruments in India (ECOCCI)

### Instructions :

- Answer all the questions.
- All questions carry equal marks.
- For subjective questions, answer in about 150-200 words each.



### PART- A

20 marks

1. What is the primary function of a Central Bank in a country's financial system?
  - a) Issuing currency
  - b) Commercial lending
  - c) Stock market regulation
  - d) Retail banking
2. The Reserve Bank of India (RBI) was established in which year?
  - a) 1935
  - b) 1947
  - c) 1950
  - d) 1969
3. What does the term 'NPA' stand for in the context of banking?
  - a) Non-Performing Asset
  - b) Net Profit Accumulation
  - c) Non-Productive Account
  - d) New Pension Allocation
4. Which banking instrument is issued by a bank as a promise to pay a specific amount to the bearer on demand?
  - a) Cheque
  - b) Demand Draft
  - c) Fixed Deposit Receipt
  - d) Promissory Note
5. The term 'IFSC' in banking stands for:
  - a) Indian Financial System Code
  - b) International Fund Settlement Code
  - c) Interbank Financial Services Code
  - d) Investment and Financial Stability Code
6. What is the purpose of the Know Your Customer (KYC) guidelines in banking?
  - a) To assess the creditworthiness of customers
  - b) To prevent money laundering and fraud
  - c) To promote digital banking
  - d) To determine interest rates on loans
7. Which of the following is a monetary policy tool used by central banks to control the money supply?
  - a) Fiscal policy
  - b) Open market operations
  - c) Currency pegging
  - d) Trade policy

8. What is the primary function of a negotiable instrument in banking?
  - a) Facilitating borrowing
  - b) Enhancing credit ratings
  - c) Easing the transfer of financial assets
  - d) Ensuring liquidity in the market
9. Which regulatory body oversees the functioning of Non-Banking Financial Companies (NBFCs) in India?
  - a) SEBI
  - b) RBI
  - c) IRDAI
  - d) NABARD
10. What is the primary function of a SWIFT code in international banking transactions?
  - a) Identifying the country of the account holder
  - b) Ensuring data security in transactions
  - c) Facilitating communication between banks
  - d) Determining the interest rates on loans
11. The term 'LIBOR' is associated with:
  - a) International trade regulations
  - b) Stock market indices
  - c) Banking interest rates
  - d) Agricultural commodity prices
12. What is the purpose of a 'Credit Default Swap' (CDS) in banking?
  - a) Insuring against default on loans
  - b) Speculating on currency exchange rates
  - c) Enhancing credit card limits
  - d) Hedging against interest rate fluctuations
13. Which type of account is specifically designed for the safekeeping of valuable items such as documents and jewelry?
  - a) Savings account
  - b) Fixed deposit account
  - c) Demat account
  - d) Safe deposit box account
14. The term 'Repo Rate' is associated with:
  - a) Interest rate at which banks borrow from the central bank
  - b) Interest rate on fixed deposits
  - c) Interest rate on home loans
  - d) Interest rate on credit cards
15. What is the primary function of the National Electronic Funds Transfer (NEFT) system in banking?
  - a) Real-time gross settlement of funds
  - b) Facilitating international money transfers
  - c) Electronic transfer of funds between banks within India
  - d) Clearing of checks and drafts
16. Which financial statement provides a snapshot of a company's financial position at a specific point in time?
  - a) Income statement
  - b) Cash flow statement
  - c) Balance sheet
  - d) Statement of retained earnings
17. What does the term 'Cross-Selling' mean in the context of banking?
  - a) Selling foreign currency
  - b) Selling financial products to existing customers

- c) Selling insurance products  
d) Selling distressed assets
18. Which banking instrument allows the account holder to withdraw money on demand and offers check-writing facilities?  
a) Fixed Deposit Receipt  
b) Savings Account  
c) Certificate of Deposit  
d) Recurring Deposit
19. The term 'Demat Account' is associated with the:  
a) Trading of commodities  
b) Trading of foreign exchange  
c) Holding of securities in electronic form  
d) Investment in mutual funds
20. What is the primary role of the Securities and Exchange Board of India (SEBI) in the financial market?  
a) Regulating banking operations  
b) Regulating capital markets and securities  
c) Regulating insurance companies  
d) Regulating real estate transactions

**PART - B**

30 Marks

Below are three subjective questions, each worth 10 marks, and one project work question for 50 marks for the Certificate Course on Banking Instruments in India :

1. Explain the role of the Reserve Bank of India (RBI) in regulating and controlling the banking sector in India. Discuss three key functions of the RBI that significantly impact the banking instruments and financial stability in the country.
2. Compare and contrast the features of Demand Drafts (DD) and Banker's Cheques (BC). Provide real-life examples to illustrate situations where each of these banking instruments is commonly used. Evaluate the advantages and limitations of both instruments.\*
3. Discuss the significance of the Credit Information Bureau (CIBIL) in the Indian banking industry. Explain how credit scores are determined and their impact on loan approval processes. Provide recommendations on how individuals can maintain a healthy credit score.\*

**Project Work Question**

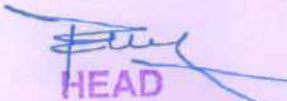
50 Marks

As part of the project work, design a comprehensive report on the "Evolution of Digital Banking in India: Trends, Challenges, and Future Prospects." Your report should cover the historical development of digital banking, the current landscape in India, major technological advancements, and the challenges faced by traditional banking in adapting to digital transformations. Additionally, propose strategic recommendations for banks to enhance their digital services and ensure financial inclusivity.

**Project Guidelines :**

- Include statistical data and case studies to support your analysis.
- Examine the regulatory framework and policies influencing digital banking.
- Discuss the impact of digital banking on customer behavior and expectations.
- Highlight security concerns and measures to mitigate them.
- Provide insights into the role of fintech collaborations in shaping the digital banking landscape.

This project work is expected to be comprehensive, well-researched, and reflective of the students' understanding of the evolving dynamics within the banking sector, especially concerning digital innovations.

  
**HEAD**  
Department of Economics  
Shri Sharadchandraji Pawar Sr. College  
Narangwadi Tq. Omerga Dist. Osmanabad

  
**PRINCIPAL**  
S.S.P.Sr College, Narangwadi  
Tq.Omerga Dist.Osmanabad