

**I. CHOOSE THE BEST ANSWER:**

1. Which bank has the power to issue Bank notes?

- (a) Central Bank (b) Commercial Bank  
(c) Co-operative Bank (d) Foreign Bank

2. The Central Bank of India is

- (a) PNB (b) SBI (c) ICICI (d) RBI

3. The Reserve Bank of India commenced its operations from April 1,

- (a) 1936 (b) 1935 (c) 1934 (d) 1933

4. Bankers are not only dealers of money but also leaders in

- (a) Economic Development (b) Trade Development  
(c) Industry Development (d) Service Development

5. Which of the following is not a function of a Central Bank?

- (a) Guiding and regulating the Banking system of a Country  
(b) Deal with general public  
(c) Acts essentially as government banker  
(d) Maintains deposit accounts of all other banks

**II. VERY SHORT ANSWER QUESTIONS**

1. What are the services included in Service businesses?

- Education
- Medical
- Hospital

2. Write the meaning of 'Bank.'

- ❖ The word Bank normally refers to commercial bank.
- ❖ It plays a vital role by providing the money required for their regular functioning and development.

3. Briefly explain about Central Bank.

- ♣ Every nation has one central bank.

- ♣ It is owned by the Government of the country.
- ♣ Central banks are known by different names in different countries.

## II. SHORT ANSWER QUESTIONS:

### 1. Mention the importance of banking services.

- ❖ It plays a vital role by providing the money.
- ❖ The word Bank, normally refers to commercial bank.
- ❖ Every nation has one central bank.
- ❖ In India the Reserve Bank of India (RBI) is the central bank.

### 2. Explain the origin of RBI.

- \* As a result, the RBI Act 1934 was passed.
- \* RBI launched in operations from April 1, 1935.
- \* After independence, the Government of India passed Reserve Bank Act, 1948.
- \* From January 1, 1949, RBI started functioning as a government owned central bank of India.

### 3. Who are the persons involved in RBI administration?

- One Governor and Four Deputy Governor
- Ten Directors from various fields
- Two Government Officials
- Four Directors – One each local boards.

## IV. LONG ANSWER QUESTIONS

### 1. Classify the various functions of Reserve Bank of India.

The functions of the RBI can be grouped under three heads.

- ✱ **Leadership and Supervisory Functions**
- ✱ **Traditional Functions and**
- ✱ **Promotional Functions.**

#### A. Leadership and Supervisory Functions

- ☉ India being the fastest growing economy in the world, India is expected to play a major role in the world affairs by many countries.
- ☉ Such functions get prominence in current scenario.
  - India's Representative in World Financial Institutions
  - Regulator and Supervisor of Indian Banking System
  - Monetary Authority
  - Closely Monitoring Economic Parameters
  - Promptly Responding to New Challenges

## **B. Traditional Functions**

- ✧ Banker and Financial Advisor to the Government
- ✧ Monopoly of Note Issue
- ✧ Banker's Bank
- ✧ Controller of Credit and Liquidity

## **C. Promotional Functions**

The RBI performs a wide range of promotional functions to support national objectives.

- ✧ Nurturing Banking Habits among the Public
- ✧ Grievance Settlement Measures
- ✧ Agricultural Development
- ✧ Promotion of Small Scale Industries
- ✧ Facilitates Foreign Trade
- ✧ Supports Cooperative Sector

## **2. Explain the organizational structure of RBI.**

- ✧ The head office of the RBI is situated in Mumbai. This central office has 33 departments in 2017.
- ✧ It has four zonal offices in Mumbai, Delhi, Calcutta and Chennai functioning under local boards with deputy governors as their heads.
- ✧ It also has 19 regional offices and 11 sub-offices (2017).
- ✧ The RBI is governed by a Central Board of Directors.
- ✧ The 21 member board is appointed by the Government of India. It consists of;
  - ✧ One governor and four deputy governors appointed for a period of four years,
  - ✧ Ten directors from various fields
  - ✧ Two Government officials
  - ✧ Four directors - one each from local boards.

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