



Name:

Enrolment No:

**UNIVERSITY OF PETROLEUM AND ENERGY STUDIES**

**End Semester Examination, May 2022**

**Course: RURAL FINANCE**

**Program: MBA (FINANCE)**

**Course Code: FINC7031**

**Semester: 2<sup>ND</sup>**

**Time : 03 hrs.**

**Max. Marks: 100**

**Instructions: Attempt all questions.**

**SECTION A**  
**10Qx2M=20Marks**

S. No.		Marks	CO
Q 1	<ol style="list-style-type: none"><li>NABARD is _____ source of rural credit. a) Institutional    b) Non-institutional    c) Cooperative society d) Regional</li><li>Which is related to micro finance: a) Self help group    b) NABARD    c) Both    d) None</li><li>The institutional source of credit whose area of operation is the one where banking facilities and cooperatives are absent and which operate at the district level is: a) Regional rural bank    b) Commercial bank    c) Self help group d) NABARD</li><li>From the following which is not a non-institutional source of credit in India: a) Money lenders    b) Traders    c) Commission agents    d) Commercial banks</li><li>A small loan amount given to low income households or groups is known as: a) Cash credit    b) Micro credit    c) Rural Credit    d) Simple credit</li><li>Which of the following takes the decisions regarding loans and savings in a self help group: a) Government    b) Non government org    c) Bank    d) Group members</li><li>Which of the following efforts fall under Financial Inclusion plan of RBI/government: a) Nationalization of banks    b) Public sector lending targets    c) Zero balance accounts    d) All of above</li><li>Which one of the is PMJDY related to: a) Financial Inclusion    b) Bank    c) Literacy    d) Female education</li></ol>	<b>10 X 2 = 20</b>	<b>CO1</b>

	<p>9. Business Correspondent means  a) An agent who provides banking services b) An agent of business house c) A type of money lender d) None of above</p> <p>10. Government has launched many flagship schemes to promote financial inclusion and provide financial security to empower the poor and unbanked in the country. which of the following is Not one of them?  (a)Pradhan Mantri Mudra Yojana  (b) Stand-Up India Scheme  (c)Pradhan Mantri Jeevan Jyoti Bima Yojana  (d)Beti bachao beti padhao  (e)Atal Pension Yojana.</p>		
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**SECTION B**  
**4Qx5M= 20 Marks**

Q.2.	Regional Rural Banks are meant for rural areas, they can operate in urban areas also. Identify the objective and purpose of RRBs.	<b>5</b>	<b>CO2</b>
Q.3.	“Rural finance is critical to the enhancement of economic outcomes for individuals in India.” Explain.	<b>5</b>	<b>CO2</b>
Q.4.	Identify the key reasons for involuntary exclusion from the financial system.	<b>5</b>	<b>CO2</b>
Q.5.	Microfinance has a significant positive impact in changing of livelihood through reduction of poverty and this brings positive shift in attitude toward life and improvement in living standard. Examine the importance of micro finance in the livelihood of the people.	<b>5</b>	<b>CO3</b>

**SECTION-C**  
**3Qx10M=30 Marks**

Q.6.	The NABARD has touched almost every aspect of rural economy in terms of Financial, Developmental and Supervision functions. Explain.	<b>10</b>	<b>CO3</b>
Q.7.	“Financial inclusion is an essential tool in pursuit of social justice.” In light of the given statement, examine the role of digital technology in furthering the cause of financial inclusion.	<b>10</b>	<b>CO3</b>
Q.8.	Until recently, it has been largely micro-level studies, using more qualitative research approaches, which have countered the strength of the prevailing consensus that the share of informal credit in total rural household debt in India has been declining. The results of the 1990/91 and 2000/01 All-India Credit Surveys, showing, respectively, a halt in the decline of the share of informal finance, and then a rise in this share, have provided nationwide evidence that reinforces the need to re-examine the position and role of informal finance in India. Based on the statement above, examine the role of informal finance and why the moneylenders and other informal agents still account for such a substantial proportion of rural debt.	<b>10</b>	<b>CO4</b>

**SECTION-D**  
**2Qx15M= 30 Marks**

India's rural ecosystem is large and growing steadily. The rural economy contributed nearly half the nation's overall GDP in 2019–2020 and employs 350 million people (68% of the total workforce). Over the last five years, the rural ecosystem has grown ~10% per annum (p.a.)—and still has strong headroom for growth.

Over the past decade, the rural ecosystem has evolved significantly, driven by multiple government and private sector initiatives. There have been continued improvements in physical infrastructure and connectivity, plus significant advancements in digital infrastructure. Rural smartphone and internet penetration increased 30% p.a. over the last five years. A significant reduction in data prices drove the rise in smartphone usage; the cost per gigabyte dropped about 65% between 2018 and 2021. Covid-19 also accelerated smartphone exposure and proficiency because many schools transitioned to online classes during the pandemic. The number of children with access to smartphones increased 42% between 2018 and 2020.

As of March 2021, about 1.3 billion Indian residents have been issued an Aadhaar identity number. Aadhaar accelerates digital payments and innovations in banking, which improves citizens' access to cash and credit.

Agriculture is the largest sub-sector in the rural economy, contributing approximately 37% of total rural GDP in 2019–20. Between 2017 and 2020, agri-tech start-ups have attracted ~INR 6.6K Cr in private equity investments.

As traditional agriculture transitions to agri-business, the need for faster and better access to cash and credit is increasing. While cash is still the dominant method of payment in rural India, Unified Payments Interface (UPI) transactions doubled in the past year.

There has been a significant increase in access to credit in the rural ecosystem, too. Agri credit has grown ~10% in the last five years, from ~INR 8 lakh Cr in FY15 to ~INR 14 lakh Cr in FY20. Rural microfinance gross loan portfolios also grew, rising from ~INR 132.9K Cr in March 2020 to ~INR 146.7K Cr in March 2021.

Q.9.	Sectors that comprise India's rural economy contribute to nearly half of the nation's GDP and is growing steadily, supported by government and private sector improvements to the physical and digital infrastructure. Identify the five key focus areas that government is focusing for transforming rural economy.	<b>15</b>	<b>CO4</b>
Q.10.	Presence of multiple enablers are priming the rural economy for future growth. As an enablers, in your opinion how technology is playing crucial role in the development.	<b>15</b>	<b>CO4</b>