

**IMPORTANT OBJECTIVE TYPE QUESTION FOR PRACTICAL
EXAMINATION**

**COURSE NO.- ECON-242
(Agricultural Finance & Co-operation)**

Exercise No. 1.

- 1 Long Term loans which are characterized by **Partially liquidating nature**
- 2 **Short and medium term** loan which are characterized by Self liquidating loan
- 3 **In Partial repayment plan** the farmer is expected to settle the entire loan amount in quarterly, half-yearly or annual installments (Principal + interest)
- 4 Straight end repayment plan also called as **Single repayment plan or Lumpsum repayment plan**
- 5 **In Partial Repayment plan** the installment amount will be decreasing as the years pass by, except in the maturity year (final year)
- 6 Partial Repayment plan also called as **Balloon Repayment plan.**
- 7 **Amortized repayment plan** is an extended version of partial repayment plan.
- 8 **Amortization** means the repayment of the entire loan amount in a series of installments.
9. **Amortized decreasing repayment** plan the principal component remains constant over the entire repayment period, while the interest part decreases continuously.
10. The advance made for the purchase of machinery is one of the suitable examples **Amortize decreasing repayment**
11. Amortized Even Repayment also called **equated annual installment method.**
12. The annual installment over the entire loan period remains the same in **Amortized even repayment plan.**
13. Amortized Even Repayment method mostly adopted in **long term loan**
14. In the **Amortized even repayment** plan the principal portion of the installment increases continuously, while the interest part declines gradually.

Exercise No. 2.

1. Regional Rural Bank (RRB) was established on **2nd October 1975**
2. Regional Rural Bank was established as per recommendation of working committee under chairman ship of **Sri. M. Narasimham**
3. The main objective of **RRB** is to provide **credit and other facilities to the small and marginal farmers, agricultural labourers, artisans and small entrepreneurs, so as to develop agriculture, trade, commerce, industry and other productive activities in rural areas.**
- 4 **Syndicate bank** is a Sponsoring bank for establishment of Pratham regional rural bank at Moradabad (U.P.)

- 5 **State Bank of India** is a Sponsoring bank for establishment of Gorakhpur regional rural bank at Gorakhpur (U.P.).
- 6 **United Bank of India** is a Sponsoring bank for establishment of Gaur Grammena bank at Malda (W.B.).
- 7 **Punjab National Bank** is a Sponsoring bank for establishment of Haryana Kshetriya Grameen bank at Bhivani (Haryana).
- 8 The share capital of RRB is subscribed by the **Central Government (50%), State Government (15%) and sponsoring Commercial Bank (35%)**.
- 9 Each RRB had an authorized capital of **Rs. 1 crore** and paid up capital of **Rs. 25 lakh**.
10. Initially only **5** RRBs were set up on pilot basis with sponsorship of commercial banks on October 2nd, 1975
11. **United Commercial Bank** is a Sponsoring bank for establishment of Haryana Jaipur Nagalur Anchalik Grameena Bank at Jaipur, (Rajasthan)
12. The rate of interest charged by RRBs on the loans is same as that of **Primary Agriculture Credit Societies (PACS)**, but they are allowed to offer 0.5 per cent interest more than that of commercial banks on its deposits

Exercise No.3

- 1 Full Form of ARDC- **Agricultural Refinance and Development Corporation**
- 2 Full Form of CRAFICARD- **Committee to Review Arrangements for Institutional Credit in Agricultural and Rural Development**
- 3 Full Form NABARD- **National Bank for Agriculture and Rural Development**
- 4 Establishment of NABARD as per recommendation of Chairman **Sri. B. Sivaraman**
- 5 NABARD came into existence on **July 12th, 1982**
- 6 Full form ACD- **Agricultural Credit Department**
- 7 Full form of RPCC -**Rural Planning and Credit Cell**
- 8 Authorized Share capital of NABARD is **Rs. 500** crore are equally contributed to Central Government and RBI
- 9 Head Quarter of NABARD is **Mumbai**
- 10 Paid up capital of NABARD is **Rs.100** Crore.
- 11 Two funds have been set up in NABARD viz. **National Rural Credit (long term operations) Fund and the National Rural Credit (stabilized) Fund.**
- 12 **NABARD** is apex refinancing institution in agriculture sector.
- 13 The functions of NABARD are broadly categorized as **a) Credit activities b) Development activities, and c) Regulatory activities**
- 14 Full Form of AREIF-**Agricultural and Rural Enterprises Incubation Fund**
- 15 Full form of RPCF-**Rural Promotion Corpus Fund**
- 16 Full form of CFSF- **Credit and Financial Services Fund**
- 17 Under Banking regulation act **1949**, NABARD undertakes the inspection of RRBs and cooperative banks

Exercise No. 4.

- 1 Three tier system of co-operative society provided **Short and Medium** term of loan.
- 2 Two tier system of co-operative society provided **Long term** of loan
- 3 Primary Agril. Co-op. credit societies under **three tier system** of cooperative society.
- 4 Primary Land Development Bank worked at **Taluka** level.
- 5 **State Co-op. Bank** is apex bank of Cooperative credit society.
- 6 Central land development bank worked at **State level**.
- 7 Area of operation of primary credit societies was limited and the well known rule is “one village one society”,
- 8 The Mehta Committee on Co-operative Credit (1960) recommended that the membership should not be too large and the area too extensive
- 9 The minimum initial membership for a primary cooperative society is ten members.
- 10 The management of a cooperative society is democratic, being based on the principle of ‘**one-man-one-vote**’.
- 11 The reserve fund of primary cooperative society is meant to meet unforeseen losses and also to serve as an important asset and security in borrowings.
12. Borrowings of primary societies comes from **Central Bank, State Governments and Commercial Banks, etc.**
- 13 The agricultural Co-operative credit societies are expected to advance loans for crop production which is called the “Crop Loan”.

Exercise No.5

- 1 **DCCB** is an important link between the Apex Cooperative Bank and the Primary Cooperative Credit Societies working at village level.
- 2 **DCCB** serve as a ‘**balancing centre**’ for adjusting the surplus and deficiency of working capital of the primary credit societies
- 3 Every year, 15 per cent of the net profit of DCCB are contributed to their **stabilization funds**
- 4 The **apex banks** have always been the main source for the borrowings of the DCCB.
- 5 The management of a DCC Bank vests in a board of Directors consisting of **12 to 15** members

Exercise No.6

- 1 **National Bank for Agriculture and Rural Development** (NABARD) introduced a pilot project for linking 500 Self-Help Groups (SHGs) with banks,
- 2 APRACA full form-**Asia Pacific Rural and agricultural Credit Association**
- 3 Stand for NGO- **Non- Government Organization**
- 4 **SHG** is a voluntary association of poor with a common goal of social and economic empowerment.
- 5 The groups formed in SHG should have homogeneity in terms of caste, economic status etc.,

with an optimum size of **10-20** members.

Exercise No.7.

- 1 Crop loan is sanctioned to the extent of **one third** or **33%** of the gross value of the produce or total cost of cultivation is considered while granting loan.
- 2 Percent proportion to gross value of the produce for credit assessment required **33%** value of total main produce and by-produce
- 3 Formula of credit assessment by input method **75% (Input + 50% labour cost)**
- 4 **Scale of Finance** is an indicative cost taken as base cost depending on which the amount to be financed to a farmer is fixed
- 5 Scale of finance is fixed for each district by a committee known as **District Level Technical Committee (DLTC)**.

Exercise No.8

- 1 Full form of CCIS- **Comprehensive Crop Insurance Scheme**
- 2 **Insurance** is a legal contract that transfers risk from a policy holder to an insurance company in exchange for a premium.
- 3 **Policyholder** is the person who has purchased and owned an insurance policy.
- 4 The Government of India during the year 1970 appointed an expert committee on crop Insurance under the chairmanship of **Dharam Narain**
- 5 Full form of GIC-**General Insurance Corporation**
- 6 The GOI had set up General Insurance Corporation (GIC) as per recommendation of **Prof.Dhandekar** in 1973
- 7 Full form of NICL-**National Insurance Company Limited**
- 8 On pilot basis the Government of India introduced crop insurance scheme in **Gujrat** state
- 9 In **1979**, area based crop Insurance scheme was introduced on pilot basis in selected areas
- 10 Full form of BKBY-**Bharatiya Krishi Bhima Yojana**
- 11 In the year **1985**, Comprehensive Crop Insurance Scheme (CCIS) was introduced by GIC in all the States
- 12 Under the Comprehensive Crop Insurance Scheme **Two percent** of the sum insured is fixed as premium for rice, wheat and millets, whereas for the oilseeds and pulses it is **one per cent**.
- 13 80 % of the average annual yield of the crop in a given area over the last previous five years is considered as **threshold yield** in that area
- 14 **Shortfall in the yield** of the crop is the difference between threshold yield of crop and actual yield of the crop in a particular area in the year under reference.

Exercise No.9.

1. Reserve bank of India (RBI), along with National bank for agriculture and rural development (NABARD) initiated the conception of **kisan credit cards (KCC) in 1998-99**.
- 2 Kisan credit card is valid up to **Three years** and is dependent on the annual renewals.
- 3 **9% per annum** interest rate is charged for KCC borrowing limit up to Rs 3 lakh
- 4 Credit limit on the KCC may be fixed as recommended by the **District Level Technical**

committee (DLTC) / State Level Technical committee (SLTC)

5 Full form of DLTC- District level technical committee

6 Full form of SLTC- State Level Technical Committee.

Exercise No.10.

1. FSS Stand for- Farmer Service Society.

2 As per recommendation of National Commission on Agriculture the FFS was setting up in 1973

3 A group constituted by the Union cabinet under the leadership of T.A.Pai recommended the setting up FSS

4 The Farmer service Society have been started in the country with the objective of improving yields and aiding production

5 Full Form of AIRCRC- All India Rural Credit Review Committee

6 During the Fourth Plan period, the State Governments are authorised by the Reserve Bank of India to make contributions upto Rs. 10,000 per potentially viable Farmer Service society, without insisting on matching contribution

7 FSS have to appoint a managing committee consisting of five to seven members,

8 Under FSS suggested that managerial subsidy up to Rs. 1800 may be given to them over a period of 3 to 4 years

Exercise No.11

1. Full Form of NDDDB-National Dairy Development Board

2. Operation flood is associated with White Revolution.

3. Gokul Milk Marketing Federation Ltd. Head quarter- Kolhapur

4. Kolhapur Zilla Sahakari Dudh Utpadak Sangh Ltd., Kolhapur which is commonly called as "Gokul"

5 Gokul Milk Marketing Federation Ltd., Kolhapur. Has registration number as KPR / PRD / (A) 102.

6. White Revolution associated for production milk

Exercise No.12

1. Project refers to specific activity, with specific starting point and specific end point to achieve a specific objective

2. Project is an investment activity where we spend capital resources to create a productive asset for realizing benefits over time

3 Agriculture Credit Project are also known as "On-Lending Project"

4 Water Resource Development project include irrigation projects, ground water projects, projects for land reclamation, drainage projects, salinity prevention and flood control

5 Agriculture Credit Projects provide credit to the farmers for farm investment for increasing agricultural production, raising their standard of living and the economy as a whole.

6 Important phases of Project life cycle are 1.Conception or Identification,2.Formulation or

Preparation of the project,3.Appraisal or Analysis,4.Implementation, 5.Monitoring, and 6.Evaluation.

7. **Project Costs** include the value of the resources in maintaining and operating the projects
- 8 **Associated Costs** are incurred to produce immediate products and services of the projects for use or sale.
- 9 **Primary costs or Direct cost** include costs incurred in construction, maintenance and execution of the projects
- 10 **Indirect costs or Secondary costs** is the Value of goods and services incurred in providing indirect benefits from the projects such as houses, schools, hospitals, etc
- 11 **Real costs and nominal costs** are the current market prices are nominal costs, whereas if costs are deflated by general price index, these are termed as real costs
- 12 **Social costs** are technological externalities and Technological spill-over accrued to the society due to presence of projects
- 13 **Appraisal** should take place before the implementation of the project.
- 14 Project implementation can be divided into three different periods, viz., **investment period, development period, and full-production period.**
- 15 **Implementation** is the most crucial phase of the project cycle
- 16 **Monitoring** is the timely collection and analysis of data on the progress of a project, with the objective of identifying constraints which impede successful implementation.
- 17 **Evaluation** is the last phase of the Project cycle

Exercise No. 13

- 1 **Undiscounted measures of project worth** -1.Ranking by inspection, 2.Pay-back period,3.Proceeds per unit of outlay,4.average income on book value of investment
- 2 **Discounted measures of project worth-** 1.Net present worth, 2.Internal rate of return,3.Benefit cost ratio
4.Profitability index
- 3 **Ranking by Inspection** measure is based on the size of cost and the length of cash flow stream in some cases,
- 4 The **pay-back period** is the length of the time from the beginning of the project until, the value of the incremental production stream reaches the total amount of the capital investment.
- 5 **Shorter** the pay-back period higher is the capacity utilization in the business.
- 6 **Proceeds per unit of outlay** are worked out by dividing total net value of incremental production by the total amount of the investment.
- 7 **Net Present worth** is the most straight forward discounted measure of project worth.
- 8 The **Net Present Worth** may also be computed by finding the difference between the present worth of the benefit stream less the present worth of the cost stream.
- 9 Internal Rate of Return also called as **Marginal Efficiency of Capital.**
- 10 **Benefit Cost ratio** is obtained when the present worth of the gross benefit stream is divided by the present worth of the gross cost stream.

Exercise No. 14

1. **Break even point** is that level or volume of production at which all the fixed costs are covered after recouping per unit variable costs.
2. BEP is the point at which two curves i.e. **Total cost curve** and **Total revenue curve intersect**
3. In the Linear approach total cost curve as well as total revenue curve are **linear**
4. In this Curve linear approach cost curve is straight line and revenue curve is having curvature which is concave down words
5. Fixed costs generally includes **depreciation charges, staff salaries, rent, interest on fixed capital and any other taxes etc**
6. Variable costs are expenses directly related to **production such as cost of raw material, labour, inputs, power and other maintenance, etc**
7. **Margin safety** indicates the difference between total output and output at BEP or total revenue obtained from the enterprise and revenue at BEP.
8. **Assest** are those thing which owned by farmer
9. The excess of total assets over total liabilities is the **net worth** of the debtors
- 10 **Fixed Assets** includes land and buildings.
- 11 **Working Assets** includes machinery, implements, equipments, tractor, electric motor, bullocks and cattles
12. **Current Assets** includes the cash in hand and in bank, grain and fodder, livestock products stores and spare parts .

-:Best Luck :-