

Unit 12 - Week 10

Course outline

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Week 10 Assignment 10

The due date for submitting this assignment has passed. **Due on 2020-04-08, 23:59 IST.**
 As per our records you have not submitted this assignment.

- Which of the following indicates supply of liquid funds? 1 point
 - a. Credit Requests from Quality Loan Customers
 - b. Operating Expenses and Taxes
 - c. Payment of Stockholder Dividends
 - d. Revenues from the Sale of Non-deposit Services

No, the answer is incorrect.
 Score: 0
 Accepted Answers: d.
- The twin objective of commercial bank is to maximize profit and liquidity. 1 point
 - a. True
 - b. False

No, the answer is incorrect.
 Score: 0
 Accepted Answers: b.
- Money position managers are responsible for ensuring that the depository institution maintain an adequate level of legal reserves. 1 point
 - a. True
 - b. False

No, the answer is incorrect.
 Score: 0
 Accepted Answers: a.
- Which of the following is not a market signal indicating liquidity needs? 1 point
 - a. Public confidence
 - b. Stock price behavior
 - c. Loss sales of asset
 - d. Mergers and acquisition

No, the answer is incorrect.
 Score: 0
 Accepted Answers: d.
- All depository institutions must hold a fixed percentage of legal reserves. 1 point
 - a. True
 - b. False

No, the answer is incorrect.
 Score: 0
 Accepted Answers: b.
- The following information is available for Bank X. 1 point

	Value in INR Million
Hot Money	80
Vulnerable fund	120
Stable fund	280
Total Loan	95
Recent loan	135

Legal reserve requirements =3% and Growth rate of loan =7%.

Usingstructure of funds approach, liquidity requirement for Bank is closest to _____ INR Million.

 - a. 149.3800
 - b. 189.3800
 - c. 194.0000
 - d. 198.8300

No, the answer is incorrect.
 Score: 0
 Accepted Answers: a.
- A decline in deposit composition ratio suggest greater deposit stability and a lesser need for liquidity. 1 point
 - a. True
 - b. False

No, the answer is incorrect.
 Score: 0
 Accepted Answers: a.
- An increase in the loan commitment ratio indicates a greater future liquidity needs. 1 point
 - a. True
 - b. False

No, the answer is incorrect.
 Score: 0
 Accepted Answers: a.
- Under sources and uses of fund approach, which of the following is used to estimate the change in total loans for a coming period: 1 point
 - a. Estimated rate of inflation
 - b. Current rate of growth in money supply
 - c. Projected growth in the economy
 - d. All of the above

No, the answer is incorrect.
 Score: 0
 Accepted Answers: d.
- The following information is available for a bank: 1 point

Possible Liquidity Outcomes for next period	Liquidity for next period	Estimated Volume of Deposits Next Period	Average Volume of Deposits Next Period	Estimated Volume of Loans Next Period	Average Volume of Loans Next Period	Probability Assigned by Management to Each possible outcome
Best possible liquidity position		234		342		14%
Liquidity position bearing the highest probability		332		232		54%
Worst possible liquidity position		130		150		32%

The expected liquidity requirement for the bank is closest to INR _____ million:

 - a. -28.00
 - b. -32.48
 - c. 28.00
 - d. 32.48

No, the answer is incorrect.
 Score: 0
 Accepted Answers: d.
- Which of the following are controllable factors affecting legal reserves? 1 point
 - a. Receiving interest payments on securities
 - b. Credit received from the Federal Reserve bank for cheques previously sent for collection (deferred availability items)
 - c. Surplus position at the local clearinghouse due to receiving more deposited cheques in its favour than the cheques drawn against it
 - d. Credit from cash letters sent to the Fed, listing drafts received by the bank

No, the answer is incorrect.
 Score: 0
 Accepted Answers: a.
- Which of the following indicates the demand for liquid funds? 1 point
 - a. Incoming Customer Deposits
 - b. Revenues from the Sale of Non-deposit Services
 - c. Operating Expenses and Taxes
 - d. Customer Loan Repayments

No, the answer is incorrect.
 Score: 0
 Accepted Answers: c.
- The capacity ratio for a bank K increases from 58.9 for the year 2017 to 60.4 for the year 2018. This indicates that the liquidity position of the bank has improved. 1 point
 - a. True
 - b. False

No, the answer is incorrect.
 Score: 0
 Accepted Answers: b.
- The following information is available for a bank: 1 point

Possible Liquidity Outcomes for next period	Estimated Average Volume of Deposits Next Period	Estimated Average Volume of Loans Next Period	Probability Assigned by Management to Each possible outcome
Best possible liquidity position	234	342	23%
Liquidity position bearing the highest probability	332	330	57%
Worst possible liquidity position	130	150	20%

The expected liquidity requirement for the bank is closest to INR _____ million:

 - a. -126
 - b. -27.7
 - c. 27.7
 - d. 126

No, the answer is incorrect.
 Score: 0
 Accepted Answers: d.
- Which of the following increases legal reserves? 1 point
 - a. Calls of funds from the bank's tax and loan account by the U.S. Treasury
 - b. Withdrawal of large deposit accounts, often immediately by wire
 - c. Borrowing reserves from the Federal Reserve Bank
 - d. Repaying a loan from the Federal Reserve bank

No, the answer is incorrect.
 Score: 0
 Accepted Answers: c.
- The ratio of government securities to total assets is a _____ 1 point
 - a. Hot money ratio
 - b. Cash position indicator
 - c. Liquid securities indicator
 - d. Capacity ratio

No, the answer is incorrect.
 Score: 0
 Accepted Answers: c.
- If legal reserves held is less than the required reserves, depository institution has excess reserves; management invests the excess. 1 point
 - a. True
 - b. False

No, the answer is incorrect.
 Score: 0
 Accepted Answers: b.
- Which of the following is not a factor in choosing among different sources of reserve? 1 point
 - a. Meeting commitments to credit customers
 - b. Relative costs and risks of alternative sources of funds
 - c. Outlook for Central Bank monetary policy
 - d. Access to the market of liquid assets

No, the answer is incorrect.
 Score: 0
 Accepted Answers: a.
- For depository institutions, which of the following is not a liquidity indicator? 1 point
 - a. Cash position indicator
 - b. Capacity ratio
 - c. Hot money ratio
 - d. Coverage Ratio

No, the answer is incorrect.
 Score: 0
 Accepted Answers: d.
- Under _____ approach, bank deposits and other fund sources are divided into three categories of deposits and non-deposit liabilities based on their estimated probability of being withdrawn. 1 point
 - a. Sources and Uses of Funds Approach
 - b. Liquidity Indicator Approach
 - c. Structure of Funds Approach
 - d. Signals from the Marketplace

No, the answer is incorrect.
 Score: 0
 Accepted Answers: c.