

1) Who issues metallic coins in India?

- a) RBI
- b) Government of India
- c) Banks and financial institutions
- d) Any of the above can issue it.

2) Which of the following is issued by RBI?

- a) Currency notes
- b) Coins
- c) Both
- d) None

3) Consider the following statements and identify the right ones.

- i. Deposits are created by banks and financial institutions.
  - ii. They constitute the major source of money supply in India.
- a) I only
  - b) ii only
  - c) both
  - d) none

4) Which of the following about money supply measure adopted in 1977 is correct

- a)  $M2 = M1 + \text{demand deposits with post offices}$
- b)  $M3 = M1 + \text{term deposits with banks}$
- c)  $M4 = M3 + \text{total deposits with post offices}$
- d) All the above

5) Which of the is most liquid measure of money supply in India?

- a) M1
- b) M2
- c) M3
- d) M4

6) Which of the following is known as broad money?

- a) M1
- b) M2
- c) M3
- d) M4

7) Which of the following about money supply measures adopted in 1998 is wrong?

- a)  $M1 = \text{currency with public} + \text{demand deposits with banking system} + \text{other deposits with RBI}$
- b)  $M2 = M1 + \text{savings deposits of post office savings bank}$
- c)  $M3 = M1 + \text{time deposits with banking system}$
- d) None of the above

8) Consider the following statements and identify the right ones.

- i) Data on  $M_0$  are published on monthly basis
  - ii) Data on  $M_1$  and  $M_3$  are available on weekly basis
- a) I only
  - b) ii only
  - c) both
  - d) none

10) Which of the following banks was not nationalized in 1969?

- a) Vijaya Bank
- b) Canara Bank
- c) Bank of India
- d) Central Bank of India

11) Scheduled bank is a bank which is

- a) Not Nationalised
- b) Included in the second schedule of RBI
- c) Based in foreign country
- d) Nationalised

12) Which of the following statements are true regarding the term "Crowd funding"?

It is a method of financing through the internet/social media  
Small amounts of money are raised from a large number of investors  
It has the potential to increase entrepreneurship  
It is also referred to as marketplace financing  
Select the correct answer using the code given below:

- a) (i), (ii) & (iii) only
- b) (ii), (iii) & (iv) only
- c) (i) & (ii) only

d) All of the above

13) Consider the following statements regarding 'Additional Tier 1 bonds':

They are part of capital under Basel III norms  
They are perpetual in nature and have no maturity period

They can be written down in case of bank failure  
Select the correct answer using the code given below:

- a) (iii) only
- b) i) & (iii) only
- c) (ii) only
- d) All of the above

14) Consider the following statements with regard to Statutory Liquidity Ratio (SLR) :

To meet SLR, Commercial banks can use cash only.  
SLR is maintained by the banks with themselves.  
SLR restricts the banks leverage in pumping more money into the economy.

Which of the statements given above is/are correct?

- a) 1 and 3
- b) 1, 2 and 3
- c) 2 and 3
- d) only 2

15) Consider the following statements regarding an economy facing deflation:

Companies defer their investments  
People defer their expenditures  
Demand decreases

Unemployment increases  
Select the correct answer using the code given below:

- a) (iii) only
- b) (iii) & (iv) only
- c) (i) & (ii) only
- d) All of the above

16) The amount of Money Supply in the economy affects the following macroeconomic variables:

- a) Price level

- b) Output
- c) Rate of Interest
- d) All of the above

17) Which of the above can be considered as steps taken to achieve the 'financial inclusion' in India?

- a) 2 and 3
- b) 1, 2 and 3
- c) Only 3
- d) 1 and 2

18) Which of the following statements are true regarding "Domestic Systemically Important Banks (DSIB)":

These are also called "too big to fail"  
They need to meet additional capital requirement  
The list of DSIB should be declared annually by RBI  
The list of DSIB is declared by the Ministry of Finance  
Select the correct answer using the code given below:

- a) (ii) & (iii) only
- b) (ii) & (iv) only
- c) (i) & (ii) only
- d) (i), (ii) & (iii) only

19) Which among the above statement is / are correct?

- a) Only 2 is correct
- b) Only 1 is correct
- c) Both of them are correct
- d) Both of them are incorrect

20) In India, the interest rate on savings accounts in all the nationalised commercial banks is fixed by

- a) Union Finance Commission
- b) Banks itself
- c) Indian Bank's Association
- d) Union Ministry of Finance

21) Which action by the Reserve Bank would stimulate the economy in an economic downturn?

- a) Selling government securities in the cash market
- b) Selling foreign currencies on the foreign exchange market

- c) Buying government securities in the cash market  
d) Buying foreign currencies on the foreign exchange market

22) Which of the following measure of the high power money Supply (H) has been used by RBI in India?

- a) Cash reserve of the commercial banks + other deposits with the RBI  
b) Currency held by the public + Cash reserves of the commercial banks + Time deposits of commercial banks + Other deposits with the RBI  
c) Currency held by the public + Cash reserves of the commercial banks + Other deposit with the RBI  
d) Currency held by public + other deposits with the RBI

23) The smaller the Cash Reserve Ratio, the scope for lending by banks is :

- a) weaker  
b) lesser  
c) greater  
d) smaller

24) 'Money is a matter of functions four, a medium, a measure a standard and ....!'. What is the fourth function of money indicated in this popular phrase?

- a) A flow  
b) A payment  
c) A store  
d) A stock

25) The Laffer curve is the graphical representation of:

- a) The relationship between tax rates and absolute revenue these rates generate for the government.  
b) The inequality in income distribution.  
c) The inverse relationship between the rate of unemployment and the rate of inflation in an economy.  
d) The relationship between environmental quality and economic development.

26) The term "provisioning" in the banking sector is related to which of the following:

- a) It is the amount of fund that the bank needs to set aside when the loan turns NPA  
b) It is the minimum amount of funds that the depositors will receive when the bank goes bankrupt  
c) It is the loss that the bank incurs on sale of bad assets  
d) It is the minimum amount which the borrower will have to pay even if the loan turns NPA

27) The lowering of Bank Rate by the Reserve Bank of India leads to

- a) less liquidity in the market  
b) mobilisation of more deposits by commercial banks  
c) no change in the liquidity in the market  
d) more liquidity in the market

28) Gresham's law is related to

- a) Circulation of money  
b) Deficit financing  
c) Consumption and demand  
d) Supply and demand

29) Consider the following statements regarding "Islamic/ Sharia banking":

It is based on the principle of not charging interest from the borrowers

It is based on the principle of prohibition of interest payment

It is based on the principle of sharing of profit and loss

It will help in financial inclusion

Select the correct answer using the code given below:

- a) (ii) & (iv) only  
b) (i), (ii) & (iv) only  
c) (i) only  
d) All of the above

30) Consider the following statements regarding the rupee-dollar rate in the foreign exchange market:  
Inflation in the domestic economy will lead to rupee depreciation

Rupee depreciation will lead to inflation in the domestic goods in the economy

Select the correct answer using the code given below:

- a) (ii) only
- b) Both (i) & (ii)
- c) (i) only
- d) Neither (i) nor (ii)

31) Which among the following is not the outcome of decrease in prime lending rate ?

- a) decline in productivity
- b) increased demand of consumer products
- c) to raise the bank loan
- d) decline in saving rate

32) Consider the following statements:

RBI can act as lender of last resort for banks and NBFCs both

All NBFCs are registered with and regulated by RBI  
Select the correct answer using the code given below:

- a) (ii) only
- b) Both (i) & (ii)
- c) (i) only
- d) Neither (i) nor (ii)

33) Bank rate is the rate of interest

- a) at which Commercial Banks borrow money from RBI
- b) at which Commercial Banks borrow money from public
- c) at which public borrows money from Commercial Bank
- d) at which public borrows money from RBI

34) Which of the following is not part of the money supply in the economy?

Money lying with the government

Deposits of commercial banks with other commercial banks

Money lying with the Central bank

Deposits of public with commercial banks

Select the correct answer using the code given below:

- a) (ii) & (iv) only
- b) (i) & (ii) only
- c) (i) only
- d) (i), (ii) & (iii) only

35) Which of the following statements are true regarding "Angel Investors":

Angel investors generally invest their own money

They invest in small start-ups and entrepreneurs

They provide more favourable terms and conditions as compared to other lenders

Angel investment is regulated by SEBI

Select the correct answer using the code given below:

- a) (iii) only
- b) (ii) & (iii) only
- c) (i) & (ii) only
- d) All of the above

36) Consider the following statement regarding the concept of money:

M1: Money with the Public (currency notes and coins) + Demand deposits of banks (on current and saving bank accounts) + Other demand deposits with RBI. It is highly liquid and banks will not be able to run their lending programmes on this basis.

M2: M1 + Saving bank deposits with Post-offices.

M3: M2 + Term deposits with the bank.

M4: M3 + All deposits of Post-offices.

Which among the following is correct?

- a) 1, 2, 3
- b) 1, 2, 3, 4
- c) 1, 3, 4
- d) 1, 2, 4

37) Money can be created in the economy in which of the following ways?

Full reserve banking

Fractional reserve banking

Select the correct answer using the code given below:

- a) (ii) only
- b) Both (i) & (ii)
- c) (i) only
- d) Neither (i) nor (ii)

38) Which one of the following is a private bank?

- a) Punjab and Sind Bank
- b) Punjab National Bank
- c) Punjab Bank
- d) Allahabad Bank

39) When too much money is chasing too few goods, the situation is

- a) Recession
- b) Stagflation
- c) Deflation
- d) Inflation

40) Stagflation refers to a situation which is characterised by

- a) inflation and rising employment.
- b) inflation and rising unemployment
- c) stagnant employment and deflation
- d) deflation and rising unemployment