

Money and Financial Services

1, Theory of spontaneous growth of money was propounded by:

- (a) Prof. Marshall
- (b) Prof. Spalding (✓)
- (c) Prof. Crowther
- (d) None of these

2, "Anything which is declared by the state as money becomes money", this definition was given by:

- (a) Thomas
- (b) Hartley Withers
- (e) Knapp (✓)
- (d) Coulborn

3, "Money may be defined as the means of valuation and payment," this definition was given by:

- (a) Coulborn (✓)
- (b) Knapp
- (c) Thomas
- (d) None of these

4, "Money is one thing that have general acceptability", this definition was given by:

- (a) Seligman (✓)
- (c) Keynes
- (b) Crowther
- (d) Kent

5, "Anything that is generally acceptable as a means of exchange and as the same time as a measure and store of value", this definition was given by:

- (a) Seligman
- (b) Crowther (✓)
- (c) Keynes
- (d) Kent

6, According to conventional approach, money includes:

- (a) Currency
- (b) Demand Deposit
- (c) Currency + Demand Deposits (✓)
- (d) None of above

7, Which of the following is not correct about money?

- (a) Money is a veil (✓)
- (b) Money is not a veil

- (c) Money is a means and not an end
- (d) Liquid Asset

8, Money has been considered as primary invention of man, this statement is given by:

- (a) Seligman
- (b) Knapp
- (c) Coulborne
- (d) Crowther (✓)

9, Consider the following:

- Scarcity
- Homogeneity
- Durability
- Divisibility

Which of the above are the essential qualities of a good money material?

- (a) 1 and 2
- (b) 1, 2 and 3
- (c) 2, 3 and 4 (✓)
- (d) 1, 2, 3 and 4

10, Consider the following:

- Basis of credit
- Distributor of collective production
- Helps in the maximization of utility
- Guarantor of solvency

Which of the above are contingent functions of money?

- (a) 1, 2 and 4
- (b) 2, 3 and 4
- (c) 1, 3 and 4
- (d) 1, 2, 3 and 4 (✓)

11, Money performs its contingent functions normally in:

- (a) Underdeveloped countries
- (b) Developing countries
- (e) Both (a) and (b)
- (d) Developed countries (✓)

12, A Financial bill which does not arise in connection with genuine commercial transaction is called:

- (a) Commercial bill
- (b) Banker's bill (✓)
- (c) Treasury bill
- (d) None of these

13, Promises by the government to pay a fixed sum of money at a prescribed date generally three months ahead, are called:

- (a) Treasury bills (✓)
- (b) Government bill

- (c) Promissory bills
- (d) Non-commercial bills

14, Exchange bills, treasury bills, bonds, debentures are the examples of:

- (a) Fiat money
- (b) Near money (✓)
- (c) Liquid money
- (d) None of these

15, Wealth that has physical existence and is required either for its own sake or for its contribution to production is called:

- (a) Physical wealth
- (b) Capital wealth
- (c) Real wealth (✓)
- (d) Capital assets

16, Which of the following would not be termed "Near Money"?

- (a) Bills of
- (b) ₹ 1000 notes (✓)
- (c) Treasury bills
- (d) Debentures

17, Choose the incorrect statement: Asset demand for money is that it:

- (a) Is held as an asset
- (b) Is held as transactions are unforeseen and unexpected
- (c) Is convenient for holding and also certain in terms of value (✓)
- (d) Becomes significant during war

18, With the use of currency:

- (a) Velocity of money increases (✓)
- (b) National Income increases
- (c) Capacity increases
- (d) Inflation occurs

19, Primary functions of money includes:

- (a) Medium of Exchange
- (b) Measure of value
- (c) Store of value
- (d) Both (a) and (b) (✓)

20, Which of the following is not secondary function of money?

- (a) Standard of deferred payments
- (b) Store of value
- (c) Transfer of value
- (d) Basis of credit creation (✓)

21, Which of the following is a contingent function of money?

- (a) Distribution of National Income
- (b) Basis of credit creation

- (c) Guarantor of solvency
- (d) All above (✓)

22, Who classified the functions of money into static and dynamic functions?

- (a) Paul Einzing (✓)
- (b) Knapp
- (c) Crowther
- (d) Marshall

23, Which of the following is static function of money?

- (a) Medium of exchange
- (b) Transfer of value
- (c) Standrad for deferred payment
- (d) All above (✓)

24, Which of the following is dynamic function of money?

- (a) Full utilization of resources
- (b) Facilitates deficit financing
- (c) Economic development
- (d) All above (✓)

25, Who among the following did not attach much significance to the role of money?

- (a) Adam Smith
- (b) J.S. Mill
- (c) Pigoy
- (d) All of these (✓)

26, The..... are of the opinion that money plays a significant role in increasing the level of income and employment.

- (a) Adam Smith
- (b) Pigou
- (c) Keynes
- (d) Friedman (✓)

42, "Money is such a path which is used for transporting entire output of the district to the market, but which in itself produces nothing", this statement is given by:

- (a) Adam Smith (✓)
- (b) Mill
- (c) Pigou
- (d) None of these

43, "Money is a wrapper in which things come to you", this statement is given by:

- (a) Pigou (✓)
- (b) Keynes
- (c) Friedman
- (d) Mill

44, "Modern economic life which is founded on specialization would not be possible without money", who remarked this?

- (a) Friedman
- (b) Benham (✓)
- (c) Mill
- (d) Pigou

45, "Money is the Pivot around which the whole economic science clusters", this statement is given by:

- (a) Marshall (✓)
- (b) Pigou
- (c) Mill
- (d) Prof. Dey

46, In which economic system, money plays a vital role?

- (a) Capitalist Economy
- (b) Socialism
- (c) Mixed Economy
- (d) All of these (✓)

47, Money plays a important role in:

- (a) Economic fields
- (b) Social fields
- (c) Political fields
- (d) All of these (✓)

48, "Lack of money is the root of all evils," who said this?

- (a) Bernard Shaw (✓)
- (b) Robertson
- (c) Pigou
- (d) Mill

49, "Money is a good servant but bad master," this statement is given by:

- (a) Robertson (✓)
- (b) Mill
- (c) Pigou
- (d) Marshall

50, Economic evil of money is:

- (a) Instability of value
- (b) Over capitalisation
- (c) Unequal distribution of wealth
- (d) All of the above (✓)

51, Which of the following is social evil of money?

- (a) Problem of black money
- (b) Unequal distribution of wealth
- (c) Economic wastage
- (d) Encourage Materialism (✓)

52, In which of the following economic system sovereignty of the consumer become possible?

- (a) Capitalism (✓)

- (b) Socialism
- (c) Mixed economy
- (d) None of these

53, Near money is..... than money:

- (a) More liquid
- (b) Less liquid (✓)
- (c) Narrow term
- (d) None of these

54, Quality of good money

- (a) Acceptability
- (b) Durability
- (c) Portability
- (d) All these (✓)

55, Currency includes:

- (a) Metallic coins
- (b) Notes
- (c) Credit money
- (d) Both (a) and (b) (✓)

56, The money whose intrinsic value is not equal to its face value, is termed as:

- (a) Commodity Money
- (b) Representative Money (✓)
- (c) Actual Money
- (d) None of these

57, Paper money is an example of:

- (a) Commodity money
- (b) Representative money (✓)
- (c) Actual money
- (d) None of these

58, Fiat money is also termed as:

- (a) Convertible money
- (b) Inconvertible money (✓)
- (c) Commodity money
- (d) None of these

59, Legal Tender Money includes:

- (a) One-rupee coin
- (b) Paper currency notes
- (c) Cheque
- (d) Both (a) and (b) (✓)

60, Optional money includes:

- (a) Cheques
- (b) Drafts

- (e) Bills of Exchange
- (d) All of these (✓)

61, The coins whose face value is more than intrinsic value termed as:

- (a) Standard coins
- (b) Token coins (✓)
- (c) Subsidiary coins
- (d) None of these

62, Gresham law is applicable to:

- (a) Public expenditure
- (b) Banks
- (c) Finance
- (d) Money (✓)

63, The qualities of a good money are:

- (a) General acceptability
- (b) Portability
- (c) Cognizability
- (d) All of these (✓)

64, As economy grows, the relative importance of credit money:

- (a) Increases (✓)
- (b) Decreases
- (c) Remains constant
- (d) None of these

65, Money which is a source of many blessings to mankind, becomes also, unless we control it, a source of perils and confusion." Who has given this view point?

- (a) Crowther
- (b) Robertson (✓)
- (c) Alfred Marshall
- (d) None of these

66, Which is the most convenient medium of exchange?

- (a) Currency (✓)
- (b) Deposit money
- (c) Credit card
- (d) None of these

67, Concept of inside money was introduced by:

- (a) Gurley R. Show (✓)
- (b) R. Solow
- (c) Stigler
- (d) Sweezy

69, Inconvertible paper money which circulates in the country, under extraordinary circumstances on the command of the State is called:

- (a) Imposed money
- (b) Fiat money (✓)
- (c) Near Money
- (d) Fiat currency

70, None-legal tender money like cheques, bank drafts, hundies, bills of exchange, etc. are called:

- (a) Optional money (✓)
- (b) Near money
- (c) Near money
- (d) Liquid-money

2. Concept of Money Supply

71, Which of the following is not “currency with public”?

- (a) Notes in circulation
- (b) Circulation of small coins
- (c) Circulation of rupee coins
- (d) Cash in hand with banks (✓)

72, Choose the odd combination in the following:

- (a) Currency Money, Bank Money (✓)
- (b) Legal Tender Money, Currency Money
- (c) Ordinary Money, Legal Tender Money
- (d) Common Money, Currency Money

74, Which of the following constitute the reserve on which demand deposits of the public are supported?

- (a) Coins and currency in circulation
- (b) Cash held by Government and SBI (✓)
- (c) Deposits with commercial banks
- (d) other deposits with RBI

75, If M1 is the money supply in the country, indicate which of the following forms a part of it?

- (a) Time deposits with banks
- (b) Post office savings and bank deposits
- (c) Deposit money with the public (✓)
- (d) All of the above

76, “Money stock” includes:

- (a) Post office savings bank deposits
- (b) Time deposits with bank
- (c) Currency with public
- (d) All of the above (✓)

77, Currency held by public + net demand deposits of banks + other deposits of RBI is equal to:

- (a) M1 (✓)
- (b) M2
- (c) M3

(d) M4

78, The form of money 'M' consists of:

- (a) M_1 and net time deposits of banks
- (b) M2 and total deposits with the post office savings organisation
- (c) M_1 and post office savings deposits (✓)
- (d) None of the above

79, M_1 + Net time deposits of banks, is referred to as:

- (a) M_2
- (b) M_3 (✓)
- (c) M_4
- (d) None of these

80, Which of the following would be a correct expression for "M4" form of money?

- (a) M_3 + Total deposits with Post-office savings organisation (✓)
- (b) M_2 + Net time deposits of organisation banks
- (c) M_1 + Net time deposits of banks
- (d) M_1 + M_2 + Net time deposits of banks

81, The Reserve Bank presently provides estimates of the supply of money in terms of:

- (a) M_1
- (b) M_2
- (c) M_1 and M
- (d) M_1 , M_2 , M_3 and M_4 (✓)

82, Which form of money has the highest degree of liquidity?

- (a) M_1 (✓)
- (b) M_2
- (c) M_3
- (d) M_4

83, Arrange all the four concepts of money M_1 , M_2 , M_3 and M_4 , in the ascending order in terms of liquidity.

- (a) M_1 , M_2 , M_3 and M_4
- (b) M_1 , M_2 , M_4 and M_3
- (c) M_1 , M_2 , M_4 and M_3
- (d) M_4 , M_1 , M_2 , and M_3 (✓)

84, Two measures of money supply, generally known narrow and broad measures respectively, are:

- (a) M_2 and M_3
- (b) M_1 and M_2
- (c) M_1 and M_3 (✓)
- (d) M_2 and M_4

85, The appropriate nominal stock of money is determined by:

- (a) Private real demand for money
- (b) Price level decision of the government
- (c) Both (a) and (b) (✓)

(d) RBI's decision on the total money supply

88, Which types of money definition is frequently used by policy makers?

- (a) M_1 and M_2
- (b) M_2 and M_3
- (c) M_1 and M_3 (✓)
- (d) M_2 and M_4

90, Hoarding of money leads to:

- (a) Decrease in money supply (✓)
- (b) Increase in money supply
- (c) Constant money supply
- (d) None of the above

92, The most liquid definition of money includes:

- 1. Currency notes and coins held by public
- 2. Net time deposit with commercial banks
- 3. Net demand deposit with bank
- 4. None of the above

Select the answer from given code:

- (a) 1+2
- (b) 1+3 (✓)
- (c) 2+4
- (d) 1+4

93, When the supply of Money decreases, the Price commodities:

- (a) Increases
- (b) Decreases (✓)
- (c) Remain same
- (d) No change

94, Increase in money supply will most likely:

- (a) Raise interest rate
- (b) Decrease interest rate (✓)
- (c) May decrease investment
- (d) None of these

95, In reality, money supply is:

- (a) Exogenous
- (b) Endogenous
- (c) Both (a) and (b) (✓)
- (d) None of these

96, Keynes assumed money:

- (a) Exogenous (✓)

- (b) Endogenous
- (c) Both (a) and (b)
- (d) None of these

97, Which of the following is included in the total supply of high powered money?

- (a) Currency
- (b) Required reserves
- (c) Excess reserves
- (d) All of these (✓)

98, If M = the money supply, H = the supply of high powered money, then $\Delta M/\Delta R$ is called:

- (a) Incremental money multiplier (✓)
- (b) Incremental supply multiplier
- (c) Money supply coefficient
- (d) None of the above

99, High powered money is controlled by:

- (a) Public
- (b) Government (✓)
- (c) Banks
- (d) All of these

100, Following components are included in High Powered Money:

- (a) Currency with the public
- (b) Cash reserve with the Bank
- (c) Cash reserve with the RBI
- (d) Above all (✓)

101, High Powered Money is also termed as:

- (a) Reserve Money
- (b) Base Money
- (c) Demand Money
- (d) Both (a) and (b) (✓)

102, Common to both M_1 and H are:

- (a) C and OD (✓)
- (b) C and R
- (c) C and DD
- (d) C and BD

103, When supply of money is defined for a particular moments of time, then it will be?

- (a) Monetanist concept
- (b) Flow concept
- (c) Stock concept (✓)
- (d) None of these

104, As per the definition of RBI currency notes and coins with the public is included in:

- (a) M_1
- (b) M_2

- (c) M3
- (d) All of these (✓)

105, Sources for supply of money in India are:

- (a) 2
- (b) 3
- (c) 5 (✓)
- (d) 8

106, Which of the following includes deposits in the supply of money?

- (a) Shicago Community Approach (✓)
- (b) Traditional Approach
- (c) Both (a) and (b)
- (d) None of the above

107, Value of Money multiplier (m) is:

- (a) M/H (✓)
- (b) H/M
- (c) C/H
- (d) None of these

108, High powered money affect supply of money in:

- (a) Direct Proportion (✓)
- (b) Inversely
- (c) Does not affect
- (d) None of these

109, Formula for High Power Money is:

- (a) $C+DD+OD$
- (b) $C+R+OD$ (✓)
- (c) $C+R+DD$
- (d) None

110, If the cash reserve of the banks are ₹10 crores and credit multiplier is 10 then the final increase in demand deposits will be:

- (a) ₹50 crores
- (b) ₹100 crores (✓)
- (c) ₹10 crores
- (d) ₹20 crores

111, Supply of money in India is influenced by:

- (a) Government
- (b) Bank and commercial sector
- (c) Foreign Transaction
- (d) All of these (✓)

112, Which of the following does not include in the currency with the public?

- (a) Notes in circulation
- (b) Rupee coins

- (c) Small coins
- (d) Cash with the banks (✓)

113, The Ma concept of money is relatively..... than M1 concept.

- (a) Less liquid (✓)
- (b) More liquid
- (c) Less practical
- (d) None of these

114, If high powered money increases by 10% then money supply will increase by:

- (a) 10%
- (b) More than 10% (✓)
- (c) Less than 10%
- (d) None of these

115, Increase in monetary deficit will lead to increase in:

- (a) Money demand
- (b) High Powered money (✓)
- (c) Savings
- (d) Export

16, Rate of Increase in money supply is high in India because of:

- (a) High rate of interest
- (b) High deficit (✓)
- (c) High saving rate
- (d) None of these

117, The reserve money or the high powered money is produced by the.....

- (a) Reserve Bank of India
- (b) Government of India
- (c) Both (a) and (b) (✓)
- (d) None of these

118, The reserve money held by the public and banks includes:

- (a) Currency held by the public
- (b) Cash reserves of banks
- (c) other deposits of the Reserve Banks
- (d) All these (✓)

3. Finance Meaning, Types and Importance

119, Finance is related to:

- (a) Money
- (b) Monetary Resources (✓)
- (c) Credit
- (d) Loans

120, Finance is science and art of earning and expending of money". This is said by:

- (a) Haward

- (b) Hastings (✓)
- (c) Guthman
- (d) None of these

121, Capital required to run day to day functioning is called:

- (a) Institutional Finance
- (b) Business Finance
- (c) Working Capital (✓)
- (d) Public Finance

122, Elements of finance on the basis of managerial aspect are:

- (a) Expending of funds
- (b) Raising of funds
- (c) Rationing of funds
- (d) All of these (✓)

123, Which of the following does not include in the self financing?

- (a) Own capital
- (b) Business surplus
- (c) Shares
- (d) Institutional Finance (✓)

124, Internal source of financing is:

- (a) Retained earnings (✓)
- (b) Preference shares
- (c) Ordinary shares
- (d) Institutional financing

125, Which of the following financing?

- (a) Loan from commercial banks
- (b) Term Deposits
- (c) Development Banks
- (d) Portfolio Investment (✓)

126, The fund collected by selling..... is a good source of financing.

- (a) Debentures
- (b) Equity shares (✓)
- (c) Preference shares
- (d) Deferred shares

127, Deferred shares are bought by the.....

- (a) Public
- (b) Management
- (c) Promoters (✓)
- (d) Government

128, Commercial and co-operative banking mainly provide:

- (a) Short-term funds (✓)
- (b) Medium-term funds

- (c) Long-term funds
- (d) All of these

129, Non-banking financial companies can accept deposits from the public for:

- (a) More than three years
- (b) Upto three years (✓)
- (c) Less than three years
- (d) Upto five years

130, Non-institutional financial sources include:

- (a) Money lender
- (b) Indigenous bankers
- (c) Chit funds.
- (d) All these (✓)

131, External source of finance include:

- (a) Foreign loan
- (b) Foreign grants
- (c) Foreign investment
- (d) All these (✓)

132, Foreign Direct Investment is made by:

- (a) Purchasing shares and debentures of the domestic company
- (b) Establishing companies by Foreign Investors (✓)
- (c) Making collaboration
- (d) All above

133, In FDI, full ownership and management remains in the hands of:

- (a) Domestic company
- (b) Foreign Investors (✓)
- (c) Government
- (d) RBI

134, In the portfolio investment, foreign investors:

- (a) Purchase shares/debentures of domestic company (✓)
- (b) Establish companies in other countries
- (c) Make collaborations
- (d) All above

135, In portfolio investment, management and control remains with:

- (a) Domestic company (✓)
- (b) Foreign company
- (c) Government
- (d) None of these

136, Tied loans are provided for:

- (a) A given project
- (b) For buying goods from given country
- (c) Both (a) and (b) (✓)

(d) Any project

137, Which of the following is not an international institution?

- (a) Asian Development
- (b) International Finance Corporation
- (c) IMF
- (d) IDBI (✓)

138, Requirement of finance on the basis of time may be divided into categories.

- (a) 2
- (b) 5
- (c) 3 (✓)
- (d) 4

139, The period of long-term finance is:

- (a) More than three or five years
- (b) More than five or seven years (✓)
- (c) More than three years
- (d) None of the above

140, Which type of finance is required for purchasing fixed assets?

- (a) Medium-term finance
- (b) Long-term finance (✓)
- (c) Short-term finance
- (d) All of these

141, Which type of finance is required for replacement of machinery and equipment?

- (a) Medium-term finance (✓)
- (b) Long-term finance
- (c) Short-term finance
- (d) All of these

142, The period of medium-term finance is:

- (a) One to five or seven years (✓)
- (b) Three to five years
- (c) Less than five years
- (d) None of the above

143, Finance mainly depends on the:

- (a) Volume of savings
- (b) Mobilisation of savings
- (c) Both (a) and (b) (✓)
- (d) None of these

144, Investment made for providing facilities like education, health care, training etc. are termed as:

- (a) Capital Formation
- (b) Human Capital Formation (✓)
- (c) Development of tertiary sector
- (d) None of the above

145, Tertiary sector includes:

- (a) Trade
- (b) Banking
- (c) Insurance
- (d) All these (✓)

146, is not International Finance:

- (a) Business Finance (✓)
- (b) Government International Finance
- (c) Private International Finance
- (d) Finance from International Institutions

4. Financial System

150, Primary securities include:

- (a) Bills
- (b) Bonds
- (c) Shares
- (d) All of these (✓)

151, Secondary Securities include:

- (a) Notes and coins issued by RBI
- (b) Bank deposits
- (c) Life Insurance Policies
- (d) All the above (✓)

152, IDBI bonds is a:

- (a) Primary security
- (b) Secondary security (✓)
- (c) Government bonds
- (d) None of these

153, Debenture holders are entitled to get:

- (a) Dividend
- (b) Interest at a specified rate (✓)
- (c) Commission
- (d) None of these

154, Debenture holders are:

- (a) Debtors of the company
- (b) Creditors of the company
- (c) Loan providers (✓)
- (d) None of these

155, Preference Shares have the priority to:

- (a) Payment of dividend out of profits
- (b) Repayment of capital in case of liquidation
- (c) Both (a) and (b) (✓)
- (d) None of these

156, Preference shareholders are entitled to get:

- (a) Dividend
- (b) Interest
- (c) Dividend at fixed rate (✓)
- (d) None of these

157, Preference shares must be redeemed within:

- (a) 5 years
- (b) 10 years (✓)
- (c) 7 years
- (d) 15 years

158, Equity shareholders are the:

- (a) Debtors of the company
- (b) Creditors of the company
- (c) Owner of the company (✓)
- (d) Loan providers

159, Which of the following has the right to participate in the management?

- (a) Equity shareholders (✓)
- (b) Preference shareholders
- (c) Debenture holders
- (d) All of these

160, Rate of dividend on equity shares is:

- (a) Fixed
- (b) Not fixed
- (c) Determined by directors
- (d) Both above (b) and (c) (✓)

161, The equity shareholders have:

- (a) Preferences of dividend
- (b) Residual claims on income (✓)
- (c) No right to participate in the management
- (d) None of these

162, Debt Equity Swaps are:

- (a) Convertible debentures (✓)
- (b) Inconvertible debentures
- (c) Redeemable at premium
- (d) None of these

168, Unorganised sector of money market includes:

- (a) Indigenous Bankers
- (b) Money Lenders
- (c) Chit funds
- (d) All of these (✓)

169, Which of the following is not a part of money market?

- (a) Commercial Banks
- (b) Unorganised Sector
- (c) Stock Exchange (✓)
- (d) Co-operative Banks

171, Which of the following is not a financial instrument of money market?

- (a) Government Securities (✓)
- (b) Bills of Exchange
- (c) Hundies
- (d) Certificates of Deposits

175, The bill on which acceptance is not required is known as:

- (a) Treasury Bills (✓)
- (b) Exchange Bills
- (c) Accommodation Bills
- (d) None of these

176, To fulfill the requirement of SLR of commercial bank, the helping market is known as:

- (a) Discount market (✓)
- (b) Bill market
- (c) Short Notice Credit Market
- (d) None of these

177, In India, commercial paper was started in:

- (a) 1950
- (b) 1951
- (c) 1990 (✓)
- (d) None of these

178, In India Certificate of Deposits was started in:

- (a) 1950
- (b) 1951
- (c) 1989 (✓)
- (d) 1974

181, Inter-Bank Participation Certificate (IBPCs) issued in India for:

- (a) 90 days
- (b) 91-180 days (✓)

- (c) 90+91 – 181 days
- (d) 14 days

183, Which is not a credit note?

- (a) Promissory Note
- (b) Bank Draft
- (c) Treasury Bill
- (d) Insurance Policy (✓)

184, How many days are added to the due date of bills of exchange?

- (a) 3 days (✓)
- (b) 4 days
- (c) 5 days
- (d) 6 days

185, Writer of the bills of exchange is:

- (a) Creditor (✓)
- (b) Debtor
- (c) Seller
- (d) Owner

186, Which of the following is essential for secured payment through cheque?

- (a) Crossing of cheque (✓)
- (b) Endorsement of cheque
- (c) Dishonour of cheque
- (d) None of these

187, The capital market deals in long-term funds, both debt and equity". This is defined by:

- (a) RBI
- (b) Prof. Dougal (✓)
- (c) Crowther
- (d) None of these

188, Old shares are bought and sold in:

- (a) Primary Market
- (b) Secondary Market (✓)
- (c) Money Market
- (d) None of these

194, In India paper less trading was started by:

- (a) NSDL
- (b) CDSL
- (c) Both (a) and (b) (✓)
- (d) UTI

195, Which one of the following is wrong?

- (a) Indian capital market is controlled by Capital Issue Controller (✓)

- (b) SEBI got legal position in 1992
- (c) GDR is dollar main equipment
- (d) None of the above

196, Gilt edged market deals with:

- (a) Currency notes
- (b) Gold
- (c) Silver
- (d) Government Securities (✓)

199, Financial institutions which buy primary securities and sell secondary securities are termed as:

- (a) Non-banking financial intermediaries (✓)
- (b) Banking financial intermediaries
- (c) Non-institutional intermediaries
- (d) None of the above

200, Which of the following is not a part of financial institutions?

- (a) Banking Intermediaries.
- (b) Non-banking Intermediaries
- (c) Regulated Institutions
- (d) Organised Market (✓)

201, Financial intermediaries..... the primary securities.

- (a) Buy (✓)
- (b) Sell
- (c) Both (a) and (b)
- (d) None of these

202, Financial intermediaries intermediate between:

- (a) Government and Banks
- (b) Businessmen and Banks
- (c) Final lenders and borrowers (✓)
- (d) None of the above

204, Capital market of India is regulated by:

- (a) Government
- (b) RBI
- (c) SEBI
- (d) Both (b) and (c) (✓)

205, SEBI was established in:

- (a) 1988 (✓)
- (b) 1992
- (c) 1998
- (d) 1989

206, SEBI was converted into a statutory institution in:

- (a) 1992 (✓)
- (b) 1988
- (c) 1995
- (d) 1998

207, IRDA was established in:

- (a) 1992
- (b) 1990 (✓)
- (c) 1995
- (d) 1991

209, Headquarter of IRDA is at:

- (a) Mumbai
- (b) Delhi
- (c) Lucknow
- (d) Hyderabad (✓)

210, Headquarter of SEBI is at:

- (a) Delhi
- (b) Mumbai (✓)
- (c) Lucknow
- (d) Hyderabad

211, Financial institutions:

- (a) Promote savings
- (b) Mobilise savings
- (c) Allocate funds among different uses and users
- (d) All the above (✓)

213, Most important source of finance in the past for large scale industries has been:

- (a) Public investment/deposits
- (b) Shares/Debentures issued in Capital market (✓)
- (c) Public sector financial institutions
- (d) Foreign financial institutions

5. Bank: Definition and Functions

214, the term Bank was derived from the Italian word:

- (a) Banco
- (b) Bancus
- (c) Banque
- (d) All above (✓)

215, The beginning of modern bank was assumed in:

- (a) 17 century (✓)
- (b) 16 century
- (c) 18 century
- (d) 19 century

216, In India, bank was first established in:

- (a) 1806 (✓)
- (b) 1809
- (c) 1814
- (d) 1820

217, In India, name of first established bank was:

- (a) Bank of England
- (b) Bank of Bengal (✓)
- (c) Allahabad Bank
- (d) None of these

218, In India, first commercial bank was established in:

- (a) 1806
- (b) 1881 (✓)
- (c) 1809
- (d) 1820

219, Which of the following is first commercial bank of India?

- (s) Bank of Bengal
- (b) Avadh Commercial Bank (✓)
- (c) Allahabad Bank
- (d) None of these

220, Banking system was started in India:

- (a) In 18 century
- (b) In 19 century (✓)
- (c) In 17 century
- (d) In 16 century

221, "Bank is a manufacturer of credit and a machine for facilitating exchanges", this definition is given by:

- (a) Crowther
- (b) Horace White (✓)
- (c) Kinley
- (d) A.G. Hart

222, "The business of banking may be briefly defined as dealing in money and instruments of credit", this is defined by:

- (a) Kenneth Machenzie (✓)
- (b) Horace White
- (c) Kinley
- (d) A.G. Hart

223, Commercial Bank in India are governed by the:

- (a) Banking Regulation Act (✓)
- (b) Reserve Bank of India Act
- (c) Regional Rural Bank Act

(d) Negotiable Instrument Act

224, The primary function of a commercial bank is:

- (a) Lending
- (b) Providing subsidiary services
- (c) Accepting deposits
- (d) Accepting deposits and lendings (✓)

225, Which of the following are banking functions of a commercial bank?

- (a) Financing foreign trade
- (b) Clearing cheques
- (c) Attraction of deposits
- (d) All of these

226, The functions of a bank which include collection of cheques, bills, promissory notes, interest payments, sale of stock and securities are called:

- (a) Agency functions (✓)
- (b) Banking functions
- (c) General utility services
- d) None of these

227, Consider the following:

- (1) Collection and distribution of information
- (2) Issuing letters of credit
- (3) Underwriting loan raised by Government
- (4) Collection of cheques

Which of the above are included in the general utility services of commercial banks?

- (a) 1, 2 and 3 (✓)
- (b) 1, 2, 3 and 4
- (c) 1, 2 and 4
- (d) 1, 3 and 4

228, Which one of the following is not the function of a Commercial Bank?

- (a) Providing Loans
- (b) Accepting Deposits
- (c) Controlling Credit (✓)
- (d) Creation of Credit

229, Which one of the following statement is correct?

- (a) Commercial bank keep liquidity of their funds (✓)
- (b) Crossed Cheques are paid in cash
- (c) Short-term Govt. bills are transacted in Indian money market
- (d) Foreign Exchange Banks do not deal in banking functions

230, In India Limited Liability bank was established in:

- (a) 1806
- (b) 1813
- (c) 1853
- (d) 1860 (✓)

231, In which account Cheques facilities is not provided by the bank:

- (a) Fixed deposits Accounts (✓)
- (b) Current Account
- (c) Saving Account
- (d) None of these

232, Banks earn interest on:

- (a) Deposits
- (b) Loans (✓)
- (c) Demand Draft
- (d) Bills of exchange

233, The function of Commercial Bank is:

- (a) Accepting Deposits
- (b) Discounting the exchange bills
- (c) Govt. Finance
- (d) All of these (✓)

234, Under overdraft facilities banks:

- (a) Charge interest at lower rate
- (b) High rate of interest is paid on deposits
- (c) On withdrawing amount more than the deposit amount, interest is charged from the customer (✓)
- (d) None of the above

235, The main sources of supply of funds to a commercial banks is:

- (a) Deposits from public (✓)
- (b) Borrowing from RBI
- (c) Borrowing from fellow bankers
- (d) Borrowing from the money market

236, Types of loans are:

- (a) Cash credit
- (b) Overdraft
- (c) Advances
- (d) All above (✓)

237, In case of Cash credit, interest:

- (a) Has to be paid on the amount which actually has withdrawn
- (b) On the amount which has been accepted
- (c) On high rate on amount actually taken and on the whole of loan accepted (✓)
- (d) None of the above

238, Main difference between overdraft and cash credit is:

- (a) Overdraft is a temporary arrangement and Cash Credit a fixed one
- (b) Overdraft and Cash Credit is the same things
- (c) Overdraft is a fixed arrangement and Cash Credit is temporary arrangement
- (d) None of the above

239, Which one of the following is not the function Commercial Bank?

- (a) Issue of travellers cheque
- (b) Creation of Credit (✓)
- (c) Issue of notes
- (d) None of these

240, While issuing bill of exchange, banks earn through:

- (a) Interest
- (b) Dividend
- (c) Discount (✓)
- (d) None of these

241, ATM facility provides:

- (a) Loans
- (b) Liquidity (✓)
- (c) Investment
- (d) None of these

242, Highest rate of interest is paid on:

- (a) Savings Account
- (b) Current Account
- (c) Fixed Deposits Account (✓)
- (d) None of these

243, Which of the following is not a source of bank funds?

- (a) Share capital
- (b) Deposits
- (c) Loans
- (d) Overdraft (✓)

244, Interest is not paid by bank on:

- (a) Savings A/C
- (b) Fixed Deposit A/C
- (c) Current A/C (✓)
- (d) Recurring Deposit A/C

245, Banks are regulated by:

- (a) SEBI
- (b) RBI (✓)
- (c) Company Law Board
- (d) Registrar of Companies

246, Allahabad Bank was established in:

- (a) 1806
- (b) 1865 (✓)
- (c) 1881
- (d) 1894

247, Punjab National Bank was established in:

- (a) 1806

- (b) 1865
- (c) 1881
- (d) 1894 (✓)

248, Imperial Bank of India was established in:

- (a) 1865
- (b) 1881
- (c) 1894
- (d) 1921 (✓)

249, Which bank is functioning as a Central Bank of India?

- (a) Reserve Bank of India (✓)
- (b) State Bank of India
- (c) Punjab National Bank-
- (d) All of these

250, Which banking system is followed in India?

- (a) Branch Banking (✓)
- (b) Unit Banking
- (c) Both (a) and (b)
- (d) All of these

252, Commercial banks are established generally in the form of:

- (a) Partnership
- (b) Joint Stock Company (✓)
- (c) Government Company
- (d) None of these

253, Amount deposited for a fixed period in the bank account is termed as:

- (a) Demand Liability
- (b) Time Liability (✓)
- (c) Current Liability
- (d) None of these

254, The bank which is included in the second schedule Reserve Bank is termed as:

- (a) Scheduled Bank (✓)
- (b) Public Bank
- (c) Private Bank
- (d) Non-scheduled Bank

255, Scheduled Bank must have a paid up capital and reserves of an aggregate value of:

- (a) At least ₹50 lakhs
- (b) At least ₹5 lakhs
- (c) At least ₹5 crore (✓)
- (d) None of these

256, Scheduled bank must be a:

- (a) Corporated firm (✓)

- (b) Partnership firm
- (c) Single owner firm
- (d) None of these

257, Reserve Bank has no specific control on:

- (a) Scheduled Bank
- (b) Non-scheduled Banks (✓)
- (c) Regional Rural Bank
- (d) None of these

258, Those banks of which the total capital is less than ₹5 crore. termed as:

- (a) Scheduled Banks
- (b) Non-scheduled Bank (✓)
- (c) Rural Banks
- (d) None of these

6. Structure of Commercial Banking in India

259, Imperial Bank of India was established in:

- (a) 1921 (✓)
- (b) 1955
- (c) 1881
- (d) 1911

260, Which bank was nationalised to create State Bank of India?

- (a) Bank of Baroda
- (b) Indian Bank
- (c) Imperial Bank (✓)
- (d) None of these

261, State Bank of India was established in:

- (a) 1921
- (b) 1955 (✓)
- (c) 1969
- (d) None of these

262, At present number of subsidiaries banks of State Bank India is:

- (a) 5 (✓)
- (b) 7
- (c) 6
- (d) 8

263, Which of the following is not apex banking institution?

- (a) Reserve Bank of India
- (b) NABARD
- (c) Export-import Bank
- (d) State Bank of India (✓)

264, Permission to set up a new bank is given by:

- (a) SEBI
- (b) RBI (✓)
- (c) BFIR
- (d) High Court

265, Major Commercial Banks of India were nationalised first in :

- (a) 1969 (✓)
- (b) 1970
- (c) 1971
- (d) 1972

266, How many Commercial Banks were nationalised in 1969:

- (a) 19
- (b) 17
- (c) 16
- (d) 14 (✓)

267, How many banks were nationalised in 1980:

- (a) 5
- (b) 6 (✓)
- (c) 7
- (d) 8

268, At present, total number of nationalised banks are:

- (a) 20
- (b) 18
- (c) 19 (✓)
- (d) 28

269, Which is not a nationalised bank operating in India?

- (a) Punjab National Bank
- (b) Central Bank of India
- (c) ICICI Ltd. (✓)
- (d) Bank of India

270, Match Unit I and II and select correct answer using code given below:

Unit-I

- (A) Raghuam Rajan Committee
- (B) Mehrotra Committee
- (C) Bimal Jalan Committee

Unit-II

- (1) Insurance
 - (2) Capital Market
 - (3) Banks
- (a) A B C (2, 1, 3)
 - (b) A B C (3, 2, 1)
 - (c) A B C (3, 1, 2) (✓)
 - (d) A B C (1, 2, 3)

271, Number of public sector Commercial Banks in India is:

- (a) 26
- (b) 25 (✓)
- (c) 28
- (d) 32

272, Dena Bank is a:

- (a) Government bank
- (b) Nationalised bank
- (c) Private bank
- (d) Foreign bank (✓)

273, The Jammu and Kashmir Bank is a:

- (a) Government bank
- (b) Nationalised bank
- (c) Private bank (✓)
- (d) Foreign bank

274, City bank is a:

- (a) Government bank
- (b) Nationalised bank
- (c) Private bank
- (d) Foreign bank (✓)

276, The leader of the Indian money market is:

- (a) Government of India
- (b) Ministry of Finance
- (c) Indian Bank Association
- (d) Reserve Bank of India (✓)

277, The Head Office of the State Bank of India is located at:

- (a) New Delhi
- (b) Kolkatta
- (c) Mumbai (✓)
- (d) Chennai

278, When did nationalisation of banks take place in India first?

- (a) 1969 (✓)
- (b) 1970
- (c) 1959
- (d) 1960

279, In 1969, those banks, were nationalised, the total deposits of which:

- (a) ₹ 50 crore or more (✓)
- (b) ₹ 5 crore or more
- (c) ₹ 20 crore or more
- (d) None of these

280, En 1980, those banks of which were:

- (a) ₹50 crore or more
- (b) ₹200 crore or more (✓)
- (c) ₹100 crore or more
- (d) None of these

281, State Bank of India is a:

- (a) Nationalised Bank
- (b) Public Sector Bank (✓)
- (c) Private Bank
- (d) None of these

282, State Bank of India works under the control of:

- (a) Government (✓)
- (b) Shareholders
- (c) Public
- (d) RBI

283, Which of the following acts as a representative of Reserve Bank of India?

- (a) PNB
- (b) SBI Group (✓)
- (c) Central Bank of India
- (d) Bank of India

284, Which of the following Act regulate the Commercial Bank in India:

- (a) Indian Companies Act
- (b) Banking Regulation Act, 1949 (✓)
- (c) Banking Act, 1958
- (d) None of the above

285, State Bank of India was established under the:

- (a) Banking Regulation Act, 1949
- (b) Indian Companies Act, 1956
- (c) State Bank of India Act, 1955 (✓)
- (d) None of the above

286, SBI Acts as a:

- (a) Government Banker
- (b) Agent of the RBI
- (c) Banker's Bank
- (d) All these(✓)

287, Which of the following is not a private sector bank?

- (a) HDFC Bank Ltd.
- (b) ICICI Banks Ltd.
- (c) Overseas Bank (✓)
- (d) Axis Bank Ltd.

288, Head Office of foreign bank is located in:

- (a) Domestic country
- (b) Foreign Country (✓)
- (c) At both places
- (d) None of these

289, Foreign banks do:

- (a) Financing of foreign trade
- (b) Financing of internal trade
- (c) General banking functions
- (d) All these (✓)

290, Which of the following is a foreign bank?

- (a) Axis Bank Ltd.
- (b) Yes Bank Ltd.
- (c) City Union Bank Ltd.
- (d) Standard Chartered Bank (✓)

291, Origin of Branch banking was assumed from:

- (a) America
- (b) England (✓)
- (c) Italy
- (d) Germany

292, Branch Banking is also termed as:

- (a) Centralised system
- (b) Decentralised system (✓)
- (c) Unit system
- (d) None of these

293, Origin of Unit Banking was assumed from:

- (a) England
- (b) America (✓)
- (c) Italy
- (d) Japan Aslan

294, When was the name of 'Banking Companies Act' into 'Banking Regulation Act':

- (a) 1949
- (b) 1956
- (c) 1965 (✓)
- (d) 1988

295, SBI was established on the recommendation of the:

- (a) Rural Credit Survey Committee (✓)
- (b) Rural Credit and Investment Committee
- (c) Finance Committee Government of India
- (d) None of the above

7. Balance Sheet of

296, Balance sheet of a bank shows:

- (a) Deposits and borrowings of a bank
- (b) Assets and Liabilities of a bank (✓)
- (c) Expenses and Incomes earned by a bank
- (d) None of the above

297, Which one of the following is the liability of a bank?

- (a) Deposit amount (✓)
- (b) Advances
- (c) Investments
- (d) Purchased + Discounted Bills

258, The main source of getting finance of banks is:

- (a) Share capital (✓)
- (b) Deposit Amount
- (c) Loan
- (d) All of these

299, Sources of funds in banks are:

- (a) Share Capital
- (b) Reserve Fund
- (c) Deposits
- (d) All of these (✓)

300, Which of the following is an asset of a bank?

- (a) Time Deposit
- (b) Demand Deposit
- (c) Share Capital
- (d) Advances (✓)

301, Which of the following is liability for a bank?

- (a) Gold in safe custody
- (b) Share capital (✓)
- (c) Investment
- (d) Loans

302, Balance sheet of a bank shows:

- (a) Profit of a bank
- (b) Cash of a bank
- (c) Real financial position of a bank (✓)
- (b) None of the above

303, According to which section of Banking Regulation Act, 1949 it is mandatory to prepare Balance Sheet for a Bank?

- (a) Section 29 (✓)
- (b) Section 30
- (c) Section 31
- (d) Section 28

304, It is mandatory for a bank to publish Balance Sheet on the last day of:

- (a) 31st March
- (b) 31st December
- (c) June (✓)
- (d) None of these

305, The creditors which are not included in the Balance Sheet are called:

- (a) Bills Payable
- (b) Contingent Liabilities (✓)
- (c) Loan from other bank
- (d) None of these

306, The part of capital which is paid by public is known as:

- (a) Authorised Capital
- (b) Issued Capital
- (c) Paid-up Capital (✓)
- (d) None of these

307, According to Banking Regulation Act, 1949, a bank prepare its balance sheet on the:

- (a) Form A (✓)
- (b) Form B
- (c) Form C
- (d) Form D

308, According to which section of Banking Regulation Act, audit of balance sheet of a bank is compulsory:

- (a) Section 29
- (b) Section 30 (✓)
- (c) Section 31
- (d) Section 28

309, Schedule 1 of the balance sheet of a bank shows:

- (a) Capital (✓)
- (b) Reserve and Surplus
- (c) Deposits
- (d) Borrowings

310, Schedule 2 of the balance sheet of a bank shows:

- (a) Capital
- (b) Reserves and Surplus (✓)
- (c) Deposits
- (d) Borrowings

311, Schedule 3 of the balance sheet of a bank shows:

- (a) Capital
- (b) Reserve and surplus
- (c) Deposits (✓)
- (d) Borrowings

312, Borrowings of banks are shown in the schedule number:

- (a) 3
- (b) 4 (✓)
- (c) 5
- (d) 6

313, Schedule number 6 of balance sheet of a bank shows:

- (a) Cash and balances with Reserve Bank of India (✓)
- (b) Money at call and short notice
- (c) Investments
- (d) Advances

314, Schedule 7 of the balance sheet of a bank shows:

- (a) Cash and balance with Reserve Bank of India
- (b) Money at call and short notice (✓)
- (c) Investments
- (d) Advances

315, Schedule 8 of the balance sheet of a bank shows:

- (a) Cash and balance with Reserve Bank of India
- (b) Money at call and short notice
- (c) Investments (✓)
- (d) Advances

316, Schedule 9 of the balance sheet of a bank shows:

- (a) Cash and balance with Reserve Bank of India
- (b) Money at call and short notice
- (c) Investments
- (d) Advances (✓)

317, In which schedule, fixed assets of a bank are shown:

- (a) Schedule 10 (✓)
- (b) Schedule 11
- (c) Schedule 9
- (d) Schedule 12

318, In which schedule, contingent liabilities of a bank shown in the balance sheet:

- (a) Schedule 10
- (b) Schedule 12 (✓)
- (c) Schedule 9
- (d) None of these

319, Which of the following is not a liability of a bank?

- (a) Capital
- (b) Deposits
- (c) Borrowings
- (d) Advances (✓)

320, Which of the following is not an asset of a bank?

- (a) Money at call and short notice
- (b) Fixed Assets
- (c) Advances
- (d) Deposits (✓)

321, It is mandatory for each bank to transfer..... of current year's net profit in the statutory reserve fund.

- (a) 25%
- (b) 10%
- (c) 20% (✓)
- (d) 15%

322, Meaning of non-banking Assets is:

- (a) Assets used in the ordinary business of bank
- (b) Assets pledged by customers for loans (✓)
- (c) Cash reserves
- (d) None of these

323, The non-banking assets must be sold within..... from the date of acquiring.

- (a) 5 years
- (b) 3 years
- (c) 1 years
- (d) 7 years (✓)

324, Profitless investment of a bank is:

- (a) Discounting of Bills
- (b) Money at call and short notice
- (c) Cash reserve (✓)
- (d) None of these

325, Which of the following is a profitable investment for a bank:

- (a) Investment in building
- (b) Discounting of bills (✓)
- (c) Cash reserves
- (d) None of these

326, Significance of Balance Sheet of a bank is because it:

- (a) Provides estimate of progress
- (b) Creates confidence among people
- (c) Provide knowledge about liquidity and solvency
- (d) All above (✓)

327, Portfolio management of the bank refer to the distribution of funds among:

- (a) Liquidity and Security
- (b) Loans and Other Assets
- (c) Cash and Investment
- (d) All of these (✓)

328, Investment policy of bank must follow the principle of:

- (a) Liquidity
- (b) Safety
- (c) Profitability
- (d) All of these (✓)

329, Liquid assets of the banks does not include:

- (a) Treasury Bills
- (b) Cash reserves with the Central Bank
- (c) Money at call
- (d) Advances (✓)

330, A bank should make a balance between:

- (a) Safety and Profitability
- (b) Profitability and Liquidity
- (c) Liquidity and Safety
- (d) None of the above

331, Increased liquidity always implies:

- (a) Reduced profitability (✓)
- (b) More profits
- (c) Reduced safety
- (d) None of these

332, Consider the following:

Bills purchased and discounted

Share capital and reserves

Deposits

Borrowings from other banks

Which of the above are included in liabilities of banks?

- (a) 1 and 2
- (b) 1,2 and 3
- (c) 2, 3 and 4 (✓)
- (d) 1, 2, 3 and 4

333, Which of the following is not true about “deposits from the public” in banks?

- (a) They constitute the Reserve Fund (✓)
- (b) They are liabilities for the bank as they are returnable to the owners
- (c) They are assets for the bank’s service since they are used to g interest yielding assets
- (d) They are the biggest proportion of bank’s working funds

334, As a banker, what consideration would determine acquisition of assets?

- (a) Distribution in a way that maximises profit for the shareholders
- (b) Availability of adequate cash
- (c) Easy convertibility of assets
- (d) All of the above (✓)

335, The major portion of funds with the banks are:

- (a) Capital reserves

- (b) Individual savings
- (c) Deposits (✓)
- (d) Fluctuating

336, A bank aims at:

- (a) Maintaining high liquidity
- (b) High profit earnings
- (c) Balancing liquidity and profitability (✓)
- (d) Low liquidity as money earns no profit

337, A bank with a large proportion of demand deposits may have to:

- (a) Maintain more capital stocks
- (b) Maintain a more liquid assets portfolio (✓)
- (c) Give more loans and advances
- (d) Invest in real estate

338, Total cash in the bank and balance with Reserve Bank, balances in current account with other bank and investment in government and other approved securities owners borrowings from RBI, SBI and IDBI constitute:

- (a) Liquidity ratio
- (b) Cash reserve ratio
- (c) Net liquidity (✓)
- (d) Cash balance

8. Regional Rural Banks

239, Regional Rural Banks was established first in:

- (a) 1975 (✓)
- (b) 1977
- (c) 1969
- (d) 1964

340, How many RRBs were established in 1975?

- (a) 2
- (b) 4
- (c) 3
- (d) 5 (✓)

341, Regional Rural Banks are sponsored by:

- (a) Government
- (b) RBI
- (c) Commercial Bank (✓)
- (d) None of these

342, Generally a Regional Rural Bank covers a:

- (a) District (✓)
- (b) State
- (c) Country
- (d) None of these

313, Authorised capital of RRBs is:

- (a) ₹ 1 Crore
- (b) ₹ 5 crores (✓)
- (c) ₹ 25 lakh
- (d) ₹ 50 lakh

344, Paid-up capital of RRBs is:

- (a) ₹1 Crore (✓)
- (b) ₹5 Crore
- (c) ₹5 Lakh
- (d) ₹25 Lakh

345, RRBs work under the guidance of:

- (a) NABARD
- (b) Parent Commercial Bank
- (c) Both (a) and (b) (✓)
- (d) None of these

346, RRBs provide credit and other facilities to the:

- (a) Small and marginal farmers
- (b) Agricultural labourers
- (c) Artisans
- (d) All above (✓)

347, Government, State Government and Sponsor Bank in the proportion of:

- (a) 50:15:35
- (b) 60:20:20 (✓)
- (c) 40:20:40
- (d) None of these

348, Which of the following provide the re-finance facility to RRBs:

- (a) Sponsor Bank
- (b) NABARD (✓)
- (c) Reserve Bank
- (d) None of these

349, RRBs are established on the principle of:

- (a) Locally based
- (b) Rural oriented
- (c) Commercially organised
- (d) All of these (✓)

350, RRBs have the status of:

- (a) Scheduled Bank (✓)
- (b) Non-scheduled Bank
- (c) Unorganised sector
- (d) None of these

351, How many RRBs was in working at the end of June, 2006?

- (a) 194
- (b) 196 (✓)
- (c) 15
- (d) 82

352, RRBs get refinance facility at:

- (a) Bank rate
- (b) 2% below the bank rate (✓)
- (c) 1% below the bank rate
- (d) None of these

353, RRBs have been promoted by:

- (a) Commercial Banks (✓)
- (b) Non-banking finance companies
- (c) Industrial Finance Corporation of India
- (d) None of the above

354, SARFAESI Act, 2002 is related with:

- (a) Commercial Bank
- (b) Co-operative Bank
- (c) Regional Rural Banks (✓)
- (d) None of these

355, Report of Kelker Committee on the working of RRBs was submitted in:

- (a) 1986 (✓)
- (b) 1984
- (c) 1996
- (d) 2001

356, For restructuring of RRBs, appointed by the RBI:

- (a) Kelker Committee
- (b) M.C. Bhandari Committee (✓)
- (c) Prof. M.L. Dantwala
- (d) None of the above

357, Recapitalisation process for RRBs was started in:

- (a) 1991-92
- (b) 1993-94 (✓)
- (c) 2001
- (d) 2004

358, The recommendation of not merging regional rural banks with promoter banks was given by:

- (a) Narasimham Committee
- (b) A.K. Khusroo Committee (✓)
- (c) Kelker Committee
- (d) None of these

359, What is NABARD?

- (a) Poverty eradication programme
- (b) Social security plan
- (c) Bank (✓)
- (d) None of these

360, Long-term finance to agriculture is provided by:

- (a) Land Development Bank (✓)
- (b) Commercial Bank
- (c) RRBs
- (d) State Co-operative Bank

361, The main function of NABARD is:

- (a) Providing loans to Primary Credit Societies
- (b) Loan to Land Development Bank
- (c) Loan to Commercial Bank
- (d) To provide re-finance facilities to all (✓)

362, Which of the financial institution is not included in Institutional Credit?

- (a) Co-operative Society
- (b) Commercial Banks
- (c) Indigenous Bankers (✓)
- (d) Industrial Development Bank of India

363, Which one of the following pair is correctly matched?

- (a) Regional Rural Bank: Sponsored by Commercial Banks (✓)
- (b) Lead Banks: Sponsored by the RBI
- (c) NABARD: Sponsored by the World Bank
- (d) Apex Co-operative Bank: Sponsored by the Asian Development Bank

9. Co-operative Banking in India

364, The beginning of the history of Agricultural Co-operative Bank was in:

- (a) 1906
- (b) 1912
- (c) 1904 (✓)
- (d) 1920

365, Apex institution of co-operative bank is:

- (a) Primary Co-operative Societies
- (b) Central Co-operative Bank
- (c) State Co-operative Bank (✓)
- (d) None of the above

366, Structure of co-operative credit in India is:

- (a) Pyramidal (✓)
- (b) Horizontal
- (c) Vertical
- (d) None of these

367, Which of the following, Co-operative Credit Bank is not included in three tier structure:

- (a) State Co-operative Bank
- (b) Central Co-operative Bank
- (c) Primary Co-operative Societies
- (d) Regional Rural Bank (✓)

368, When were the primary agricultural co-operative credit societies were established in India:?

- (a) 1947
- (b) 1904 (✓)
- (c) 1951
- (d) 1941

369, Central Co-operative Bank is situated at:

- (a) Centre
- (b) State
- (c) District (✓)
- (d) None of these

370, District Co-operative Bank was established in:

- (a) 1910
- (b) 1933 (✓)
- (c) 1947
- (d) 1912

371, In every state, the number of state co-operative Bank is:

- (a) 1 (✓)
- (b) 21
- (c) 3
- (d) 4

372, The Co-operative Societies Act was passed in India in:

- (a) 1910
- (b) 1904
- (c) 1912 (✓)
- (d) 1933

373, Every member of the co-operative society has the right:

- (a) To Cast only one vote (✓)
- (b) To Cast vote on the number of shares held by him
- (c) To Cast vote according to his position
- (d) None of the above

374, Co-operative societies has to retain..... of their profit as reserve fund:

- (a) 20%
- (b) 10%
- (c) 25% (✓)
- (d) 30%

375, All Co-operative Credit Societies in India by:

- (a) Reserve Bank of India (✓)
- (b) NABARD
- (c) Government
- (d) None of these

376, Registration of credit co-operative societies is:

- (a) Compulsory (✓)
- (b) Voluntary
- (c) Not required
- (d) None of these

377, Liability of co-operative societies member' is:

- (a) Limited
- (b) Unlimited (✓)
- (c) Based on his share
- (d) None of these

378, Which committee recommended the establishment State Co-operative Bank?

- (a) Maclagen Committee (✓)
- (b) Kelker Committee
- (c) Khusroo Committee
- (d) None of these

379, NABARD was established on:

- (a) July 1982 (✓)
- (b) June 1984
- (c) June 1964
- (d) June 1992

380, The authorised capital of NABARD is presently:

- (a) ₹ 1,000 crore
- (b) ₹ 5,000 crore (✓)
- (c) ₹ 2,000 crore
- (d) None of these

381, Function of NABARD is:

- (a) Refinance of Agriculture Credit
- (b) Agent of Government and Reserve Bank
- (c) Inspection of RRBS
- (d) All above (✓)

10. Process of Credit Creation

382, A primary deposit is created when

- (a) Lends money to the public
- (b) Lends money to the Government
- (c) Accepts money from the public (✓)
- (d) Invests money on shares

383, The deposits arising as a result of funds deposited by customers are called:

- (a) Uncreated deposits
- (b) Passively created deposits (✓)
- (c) Actively created deposits
- (d) Dead deposits

384, Banks as a whole are able to support a volume of deposits which is multiple of the cash reserves they hold. This phenomenon is known as:

- (a) Multiple contraction of deposits
- (b) Multiple effect of deposits
- (c) Multiple expansion of deposits (✓)
- (d) None of the above.

385, The extent of credit expansion by the banking system can be found out by the formula:

- (a) Excess reserve / Cash reserve
- (b) Excess reserve / Legal reserve ratio (✓)
- (c) Legal reserve ratio / Cash reserve
- (d) Excess reserve ratio \times Legal reserve ratio

886, Primary deposits is otherwise known as:

- (a) Cash deposit (✓)
- (b) Created deposit
- (c) Fixed deposit
- (d) Current deposit

387, Credit creation depends upon:

- (a) Ratio of cash reserves to deposits (✓)
- (b) Ratio of deposits to cash reserves
- (c) Ratio of deposits to loans and advances
- (d) Ratio of deposits to long-term government bonds

388, Deposits multiplier (K) is:

- (a) Reverse of cash reserve ratio (✓)
- (b) Reverse of liquidity ratio
- (c) Rate of interest of bank deposits
- (d) Rate of interest applicable for short-term loans and advances

389, Deposits creation can be calculated by:

- (a) Money supply change multiplied by cash reserve ratio
- (b) Additional cash multiplied by deposits multiplier (✓)
- (c) Additional cash divided by ratio of cash reserves to deposit
- (d) Additional cash multiplied by ratio of cash reserves to deposit

890, During periods of depression commercial banks:

- (a) Will expand credit
- (b) Will not expand credit (✓)
- (c) Will work with higher cash reserve
- (d) Will be compelled by central bank more

391, A commercial bank's capacity of credit creation depends mainly on:

- (a) Increase in the cash reserve (AR)
- (b) The cash reserve ratio (r)
- (c) Both (a) and (b) (✓)
- (d) The amount of excess reserves

392, If bank have to hold a large percentage of deposits in the form of cash, the total amount of deposits that can be created will be:

- (a) Same
- (b) Much more
- (c) Less (✓)
- (d) Zero

393, Secondary deposits refer to:

- (a) Term deposits
- (b) Recurring deposits
- (c) Fixed deposits
- (d) Deposits created through lending (✓)

394, "Cash Drain" refers to:

- (a) Desire of depositor to withdraw cash (✓)
- (b) Flow of cash out of the economy
- (c) Increase in money supply
- (d) Increase in demand for money

395, Which of the following do not limit the bank's capacity to create deposits?

- (a) Proportion of deposits kept with the banks
- (b) Amount of cash drain
- (c) Availability of opportunities for lending
- (d) Preventing consumption expenditure in the economy (✓)

396, Banks are required to maintain a percentage of their deposits in the form of balances with RBI. This is called:

- (a) Cash ratio
- (b) Liquidity ratio
- (c) Legal reserve requirement (✓)
- (d) Credit balance

397, An increase in reserve ratio has an effect that leads to:

- (a) Expansionary credit.
- (b) Contracting credit (✓)
- (c) Increase in demand for money
- (d) Increase in supply of money

398, An increase in the {time deposit / demand deposit} will lead to:

- (a) An increase in Bank credit (✓)
- (b) A decrease in Bank credit
- (c) No effect on Bank credit
- (d) None of the above

399, Full form of CRR is:

- (a) Cash Reserve Ratio (✓)
- (b) Cash Reserve Rate
- (c) Current Reserve Ratio
- (d) Capital Reserve Ratio

400, Cash reserve with Central Banks is called:

- (a) Statutory Liquidity Ratio
- (b) Cash Reserve Ratio (✓)
- (c) Equity Ratio
- (d) Debt Ratio

401, During the period of depression, credit creation is:

- (a) Less (✓)
- (b) More
- (c) Unchanged
- (d) None of these

402, Bank credit is a credit from:

- (a) Its share capital
- (b) Its liabilities
- (c) Its securities
- (d) Cash deposits (✓)

403, Higher the reserve ratio:

- (a) Lower will be deposit multiplier (✓)
- (b) Higher will be deposit multiplier
- (c) Constant deposit multiplier
- (d) None of the above

404, In comparison to deposit multiplier, bank credit multiplier is:

- (a) Lower (✓)
- (b) Higher
- (c) Same
- (d) Indeterminates

405, Increase in bank credit leads to:

- (a) Cost push inflation
- (b) Demand pull inflation (✓)
- (c) Structural inflation
- (d) None of these

406, Increase in bank credit leads to:

- (a) Decrease in money supply
- (b) Increase in money supply (✓)
- (c) No effect on money supply
- (d) None of these

407, On whom optimum capacity is dependent in credit creation?

- (a) Number of banks
- (b) Monetary Institution or Central Bank
- (c) Amount of deposits
- (d) All of the above (✓)

408, By decreasing cash reserve ratio, bank's power of credit creation will:

- (a) Increase (✓)
- (b) Decrease
- (c) Remain constant
- (d) None of these

409, On which of the following, power of credit creation depends on:

- (a) Credit deposits
- (b) Cash deposits
- (c) Cash reserve ratio
- (d) All of these (✓)

410, Which of the following statement is correct?

- (a) Credit money creates new deposits
- (b) Banks creates credit actually to
- (c) Credit depends upon cash deposits
- (d) All of the above (✓)

411, According to Walter Leaf and Canon, the function of credit creation is done by:

- (a) Depositors (✓)
- (b) Banks
- (c) Government
- (d) None of these

412, In the process of credit creation, the following are included:

- (a) Depositors and Debtors
- (b) Monetary Institution and Central Bank
- (c) Banking System
- (d) All of above (✓)

413, Bank credit creation capacity is affected by:

- (a) Monetary Policy
- (b) Demand of Public
- (c) Bank Deposits
- (d) All of these (✓)

414, Credit creation is done by:

- (a) Commercial Banks (✓)
- (b) Reserve Bank of India
- (c) State Bank of India
- (d) Co-operative Credit Societies

415, The Cash Reserve Ratio is determined by:

- (a) Free play of market forces
- (b) Commercial Bank
- (c) Monetary Authority (✓)
- (d) None of these

416, "Loan creates deposits", who said this:

- (a) Hartley Withers (✓)
- (b) G.N. Halm
- (c) Canon
- (d) None of these

417, The creation of derivative deposits is identical with what is commonly called the creation of credit." This is defined by:

- (a) Hartley Withers.
- (b) G.N.Halm (✓)
- (c) Canon
- (d) None of these

418, Derivative deposits is the result of:

- (a) Primary deposits (✓)
- (b) Investments
- (c) Cash reserves
- (d) None of these

419, Banks expand their secondary deposits through:

- (a) Loans
- (b) Advances
- (c) Investments
- (d) All of these (✓)

420, Cash Reserve Ratio will be equal to:

- (a) Primary Deposits / Total Deposits (✓)
- (b) Primary Deposits × K
- (c) Total Deposits / Primary Deposits
- (d) None of these

421, In order to increase the money supply, the banking system must have:

- (a) Required reserves
- (b) Issue of new currency
- (c) The authority to print U.S. currency
- (d) Excess reserves (✓)

422, Assumption of credit creation is:

- (a) All bank strictly maintain Cash Reserve Ratio
- (b) All the depositors will not withdraw their funds at the time
- (c) Bank expand credit on the basis of excess reserve
- (d) All of the above (✓)

11. Development Banks

426, A Development bank is that bank which gives priority to development objective", who said this:

- (a) Dr. Desai
- (b) William Diamond (✓)
- (c) Dr. K.V. Prabhakar
- (d) None of these

431, Which of the following commercial banks have worked as banks in India earlier:

- (a) HDFC Bank and ICICI Bank (✓)
- (b) IDBI Bank and ICICI Bank
- (c) ICICI Bank and Union Bank
- (d) Union Bank and HDFC Bank

434, Initially, the paid-up capital of IFCI was:

- (a) ₹ 5 crore (✓)
- (b) ₹ 50 crore
- (c) ₹ 100 crore
- (d) None of these

435, At present, the authorised capital of IFCI is:

- (a) ₹ 500 crore
- (b) ₹ 1,000 crore (✓)
- (c) ₹ 5,000 crore
- (d) None of these

436, State Finance Corporation Act was passed in:

- (a) 1951 (✓)
- (b) 1950
- (c) 1948
- (d) 1964

437, In which state, State Finance Corporation was established first:

- (a) Punjab (✓)
- (b) Uttar Pradesh
- (c) Haryana
- (d) West Bengal

438, At present, the number of State Finance Corporation is:

- (a) 20
- (b) 18 (✓)
- (c) 24
- (d) 15

439, Authorised capital of State Finance Corporation should not be less than:

- (a) ₹ 5 crore (✓)
- (b) ₹ 100 crore
- (c) ₹ 50 crore

(d) ₹1,000 crore

441, The IDBI was converted into full fledged commercial bank on:

- (a) July 2001
- (b) October, 2004 (✓)
- (c) Jan. 1991
- (d) None of these

443, The authorised capital of Industrial Development Bank is:

- (a) 400 crores
- (b) 1,250 crores (✓)
- (c) 2,000 crores
- (d) 800 crores

444, Industrial Investment Bank of India was established in:

- (a) 1955
- (b) 1948
- (c) 1964
- (d) 1971 (✓)

445, In which year IIBI was converted into IRBI?

- (a) 1975
- (b) 1985 (✓)
- (c) 1986
- (d) 1987

446, The IRBI was reconstituted into IIBIL in the year:

- (a) 1987
- (b) 1997 (✓)
- (c) 1998
- (d) 1999

447, At present, authorised capital of IIBIL is:

- (a) 200 crore
- (b) 1,000 crore (✓)
- (c) 500 crore
- (d) 5,000 crore

448, Headquarter of IIBIL is situated at:

- (a) Mumbai
- (b) Kolkatta (✓)
- (c) Delhi
- (d) Chennai

449, Small Industries Development Bank of India (SIDBI) was established in:

- (a) 1990 (✓)
- (b) 1995

- (c) 1955
- (d) 1992

450, Headquarter of SIDBI is situated at:

- (a) Mumbai
- (b) Kolkatta
- (c) Lucknow (✓)
- (d) Delhi

451, National Housing Bank (NHB) was established in:

- (a) July, 1964
- (b) January, 1955
- (c) July, 1988 (✓)
- (d) None of these

453, Which of the following committee give recommendation on Development Banks:

- (a) Narasimham Committee (✓)
- (b) Kelker Committee
- (c) Rao Committee
- (d) None of these

454, Life Insurance corporation of India was established in:

- (a) April, 1955
- (b) March, 1958
- (c) September 1956 (✓)
- (d) None of these

455, The central office of LIC is located in:

- (a) Delhi
- (b) Mumbai (✓)
- (c) Kolkatta
- (d) None of these

456, What is the correct sequence of following event:

Establishment of EXIM Bank
Establishment of IDBI
Establishment of IFCI
Establishment of SIDBI

Select the correct answer for the code given below:

- (a) 3 2 1 4 (✓)
- (b) 1 2 3 4
- (c) 2 3 14
- (d) 4 3 2 1

457, General Insurance corporation of India was established in:

- (a) November, 1972
- (b) January 1973 (✓)
- (c) March, 1956

(d) None of these

458, When did UTI start its working in India?

- (a) 1st February, 1964
- (b) 1st April, 1964
- (c) 1st July, 1964 (✓)
- (d) 1st November, 1964

459, Exim Bank was established on:

- (a) 1 July, 1982
- (b) 1 January, 1982 (✓)
- (c) 1 April, 1985
- (d) None of these

460, Long-term loan is given by:

- (a) State Bank of India
- (b) Industrial Development Bank of India (✓)
- (c) Bank of India
- (d) Indian Bank

13. Reserve Bank of India

479, Which of the following bank performed central banking functions before establishment of RBI?

- (a) State Bank of India
- (b) Bank of India
- (c) Central Bank of India
- (d) Imperial Bank (✓)

480, Name of Central Bank of India is:

- (a) Reserve Bank of Bank (✓)
- (b) Imperial Bank
- (c) State Bank of India
- (d) None of these

481, Reserve Bank Act was passed in:

- (a) 1935
- (b) 1934 (✓)
- (c) 1950
- (d) None of these

482, How many members are there in the Board of Director of the RBI?

- (a) 5
- (b) 10
- (c) 20 (✓)
- (d) 7

485, Capital at the time of establishment of Reserve Bank was:

- (a) ₹ 50 crore
- (b) ₹ 5 crore (✓)
- (c) ₹ 500 crore
- (d) None of these

486, Consider the following:

Power to issue notes

To act as banker's bank

To act as a bank to the government

To act as a bank to the public

Which of the above are functions of the central bank?

- (a) 1 and 2
- (b) 1, 2 and 4
- (c) 1, 2 and 3 (✓)
- (d) 1, 2, 3 and 4

489, Interest rates given by banks on deposits by:

- (a) The market
- (b) The RBI forces
- (c) The Indian Banks Association
- (d) The individual banks (✓)

490, In India Monopoly of Note Issue is in the hands of:

- (a) Central Bank of India
- (b) State Bank of India
- (c) Reserve Bank of India (✓)
- (d) None of these

491, Reserve Bank of India was started as a bank owned by:

- (a) Private Individuals
- (b) Central Government (✓)
- (c) Central and State Government
- (d) None of the above

492, Credit control function is done by the following bank

- (a) Industrial development Bank of India
- (b) Reserve Bank of India (✓)
- (c) State Bank of India
- (d) None of the above

493, Which of the following methods is not a quantitative credit control method?

- (a) Open market operation
- (b) Bank rate
- (c) Variation of cash reserve ratio
- (d) Direct action (✓)

194, Rationing of credit is a:

- (a) Quantitative credit control method

- (b) Selective credit control method (✓)
- (c) Direct credit control method
- (d) None of the above

495, RBI has promoted:

- (a) National Housing Bank
- (b) National Bank for Agriculture and Rural Development
- (c) EXIM Bank
- (d) All of the above (✓)

496, Which one of the following is a quantitative weapon of credit control?

- (a) Variable Reserve ratio (✓)
- (b) Direct action
- (c) Regulation of consumer credit
- (d) Moral suasion

497, Which one of the following is a qualitative weapon credit control?

- (a) Bank Rate
- (b) Variable Reserve ratio
- (c) Moral Suasion (✓)
- (d) None of the these

498, At present, the Governor of the R.B.I. is:

- (a) Raghu Ram Rajan (✓)
- (b) M. Gopalkrishnan
- (c) D. Subbarao
- (d) None of these slatkais Dej

499, Which of the following system possesses great elasticity?

- (a) Minimum reserve system (✓)
- (b) Proportional reserve system
- (c) Fixed fiduciary issue system
- (d) None of the above

500, For controlling deflation, RBI would:

- (a) Increase bank rate
- (b) Reduce bank rate
- (c) Not change the bank rate
- (d) None of these

501, "Bank Rate" is not

- (a) Rate of interest provided against short-term deposits (✓)
- (b) Rate at which commercial banks get accommodation from the RBI
- (c) Rate at which a commercial bank can obtain additional cash reserves from RBI by rediscounting its securities
- (d) A determinant of lending rates of commercial bank

502, Bank rate is ineffective if:

- (a) Commercial bank have large resources (✓)

- (b) Commercial banks have limited resources
- (c) Commercial banks have limited liability
- (d) Commercial bank are privately owned

503, Which of the following is incorrect with regard to open market operations?

- (a) Refer to buying and selling of securities and bills in the money market
- (b) Influence credit operation of commercial banks
- (c) Influence to bank rate as a determinant of money supply (✓)
- (d) Affect country's economy and business activity

504, "Credit rationing", is a method of controlling regulating:

- (a) Credit to show increased liabilities
- (b) Credit so as to build liquidity
- (c) The purpose for which credit is granted by commercial banks (✓)
- (d) None of the above

505, Selective controls' operate best in:

- (a) Deflationary conditions
- (b) Depression
- (c) Inflationary conditions (✓)
- (d) Unemployment conditions

506, Choose the correct statement regarding 'selective controls':

- (a) Can control all forms of credit
- (b) Can control bank credit (✓)
- (c) Will operate under all conditions
- (d) None of the above

507, Which of the following is not a form of selective or qualitative control?

- (a) Essential and non-essential uses of credit are distinguished
- (b) Only non-essential uses are brought under the scope of central bank controls
- (c) Open market operations (✓)
- (d) None of these

508, Which of the following is not a credit control instrument?

- (a) Tax rate modification (✓)
- (b) Open market operation
- (c) Power to vary reserve requirements
- (d) Bank rate

509, Bank rate' was also known as:

- (a) Clearing rate
- (b) Interest rate
- (c) Discount rate (✓)
- (d) Lending rate

510, A fall in bank rate leads to:

- (a) Lowering of lending rates of commercial banks
- (b) Expansion of bank credit

- (c) Contraction of bank credit
- (d) Both (a) and (b) (✓)

511, The impact of cost of bank credit on the decisions to hold stocks can be quite severe if:

- (a) There is a slight fall in lending rate
- (b) Rise in lending rate is low
- (c) Rise in lending rate is steep (✓)
- (d) There is steep fall in lending rate

512, Bank borrows more from RBI when:

- (a) Net liquidity ratio rises
- (b) Net liquidity ratio falls (✓)
- (c) Cash reserve ratio rises
- (d) Cash reserve ratio falls

513, By raising the minimum net liquidity ratio for the purpose of borrowing, the banks may be induced to:

- (a) Lend more to commercial sector
- (b) Utilise less of deposits
- (c) Lend less to commercial sector (✓)
- (d) None of the above

514, Open Market Operations involve:

- (a) Sale of government shares
- (b) Purchase of government bonds
- (c) Sale and purchase of securities by central bank (✓)
- (d) Transaction in the share market

515, When central bank buys securities, bank reserves:

- (a) Expand (✓)
- (b) Contract
- (c) Remain the same
- (d) Have no bearing with the change

516, Open market operations do not play the role of an instrument of credit to a large extent in our country because:

- (a) Government securities market in India is very broad based
- (b) Government securities market in India is very narrow (✓)
- (c) No government securities exist in market
- (d) None of these

517, As a bank borrow more from the Reserve Bank of India, its net liquidity ratio:

- (a) Drops (✓)
- (b) Remain same
- (c) Rises
- (d) None of these

518, Which of the following is the method for selective credit controls?

- (a) Regulation of margin requirements

- (b) Regulation of consumer credit
- (c) Rationing of credit
- (d) All of the above (✓)

519, If rationing of credit is done with reference to the total amount, it is a:

- (a) Qualitative control
- (b) Quantitative control (✓)
- (c) Administrative control
- (d) Both (a) and (b)

520, Which of the following cannot be used as an instrument to neutralise open market operations?

- (a) Keep low reserves
- (b) Keep high reserves (✓)
- (c) Discount eligible bills with RBI
- (d) Replenish cash

521, Which bank issue note of 7 500 in India:

- (a) Commercial Banks
- (b) State Bank of India
- (c) Reserve Bank of India (✓)
- (d) None of these

522, Coin of one repee in India is minted by:

- (a) Government of India (✓)
- (b) State Bank of India
- (c) Reserve Bank of India
- (d) Commercial Bank

523, For issuing notes, which of the following system Reserve Bank of India?

- (a) Minimum and Proportionate Reserve System
- (b) Minimum Reserve System (✓)
- (c) Fixed fiduciary Issue System
- (d) None of the above

524, When Central Bank wants to increase credit, it should:

- (a) Increase bank rate
- (b) Sale of Government securities in market
- (c) Decrease in bank rate (✓)
- (d) Increase in CRR

525, Purchase of Government securities by Reserve Bank will:

- (a) Increase quantity of money (✓)
- (b) Decrease quantity of money
- (c) Increase government expenditure
- (d) Decrease Government expenditure

526, As compared to prevailing interest rates, bank rate is:

- (a) Lesser (✓)
- (b) Higher

- (c) Similar
- (d) None of these

527, Due to increase in statutory liquidity ratio, credit is:

- (a) Increased
- (b) Decreased (✓)
- (c) No effect
- (d) None of these

528, Cash Reserves are kept with:

- (a) State Bank of India
- (b) Reserve Bank of India (✓)
- (c) Scheduled Bank
- (d) None of these

529, Statutory Reserves are kept with:

- (a) State Bank of India
- (b) Reserve Bank of India
- (c) Scheduled/Commercial Bank (✓)
- (d) None of these

530, Margin requirement is high in case of

- (a) Agriculture
- (b) Export
- (c) Small scale sectors
- (d) Speculative activities (✓)

531, Rationing of credit takes place when

- (a) Demand for credit is zero
- (b) Demand for credit is higher than supply (✓)
- (c) Demand for credit is low
- (d) None of the above

532, Which of the following is an instrument of selective credit control?

- (a) Bank rate policy
- (b) Margin money requirement (✓)
- (c) Variable reserve system
- (d) All of above

533, Which of the following are method of credit control?

- (a) Bank rate policy
- (b) Margin money requirement
- (c) Variable reserve system
- (d) All of above (✓)

534, For priority sectors, margin money is kept

- (a) High
- (b) Low (✓)
- (c) Same as for other sectors

(d) None of above

535, For speculators, margin money is kept,

- (a) High (✓)
- (b) Low
- (c) same as for other sectors
- (d) None of the above

536, Margin requirement is an example of

- (a) Quantitative credit control
- (b) Selective credit control (✓)
- (c) Both (a) and (b)
- (d) None of the above

537, Flow of credit to specific purpose is controlled by:

- (a) Quantitative credit control
- (b) Selective credit control (✓)
- (c) Both (a) and (b)
- (d) None of the above

538, Buying and selling of securities central Bank is called

- (a) Closed market operations
- (b) Open market operations (✓)
- (c) Open debt operations
- (d) None of above

539, In case should RBI wants to increase rate of interest, then it should

- (a) Sell securities (✓)
- (b) Buy securities
- (c) Hold securities
- (d) None of these

540, Open market is not successful in India because:

- (a) Saving is low
- (b) Investment is low
- (c) Bill market is underdeveloped (✓)
- (d) Export is low

541, Which instrument of monetary policy is used frequently by RBI?

- (a) Discount Policy
- (b) Reserve Requirements (✓)
- (c) Open Market Operations
- (d) Margin requirements

542, Cash reserve with Central Bank is called:

- (a) Statutory Liquidity Ratio
- (b) Cash Reserve Ratio (✓)
- (c) Equity Ratio
- (d) Debt Ratio

543, Investment of commercial bank in approved securities required under:

- (a) Statutory Liquidity Ratio (✓)
- (b) Cash Reserve Ratio
- (c) Equity Ratio
- (d) Debt Ratio

544, Who is in charge of custody of foreign exchange?

- (a) Finance Ministry
- (b) Commerce Ministry
- (c) Reserve Bank of India (✓)
- (d) None of above

545, Bank rate is decided by:

- (a) RBI (✓)
- (b) Commercial Bank
- (c) Market Forces
- (d) None of these

546, Cash Reserve Ratio is determined by:

- (a) RBI (✓)
- (b) Commercial
- (c) Market Forces Bank
- (d) None of these

547, Which is acceptable to under SLR?

- (a) Shares
- (b) Debentures
- (c) Treasury Bills (✓)
- (d) None of these

548, Credit policy is formulated by:

- (a) Finance Ministry
- (b) Government
- (c) RBI (✓)
- (d) Commercial Bank

549, Rate at which RBI gives loan to commercial bank is called:

- (a) Credit rate
- (b) Loan rate
- (c) Bank rate (✓)
- (d) Discount rate

14. Monetary Policy

550, Monetary Policy is Formulated by:

- (a) RBI (✓)
- (b) SEBI
- (c) Finance Ministry

(d) All of these

551, Open market operation is a part of:

- (a) Credit policy
- (b) Income policy
- (c) Price policy
- (d) Monetary policy (✓)

552, In the monetary policy, measures are taken to:

- (a) Control the quantity of credit
- (b) Control the cost of credit money
- (c) Control the uses of credit money
- (d) All of above (✓)

553, In the narrow sense, monetary policy means:

- (a) Credit control policy of Reserve Bank (✓)
- (b) Issuing notes policy
- (c) Deficit financing policy
- (d) None of the above

554, Monetary policy includes:

- (a) Monetary measures to control
- (b) Non-monetary measures to control credit
- (c) Both (a) and (b) (✓)
- (d) None of the above

555, Objective of monetary policy in India is:

- (a) Rapid economic development
- (b) Price stability
- (c) stability in exchange rate
- (d) All of the above (✓)

558, Which of the following is limitation of monetary policy in India?

- (a) Large non-monetized area
- (b) Lack of organised and developed money market
- (c) Controversial objects
- (d) All of above

559, Monetary policy proves less effective where

- (a) Proportion of credit money is small in circulation (✓)
- (b) Proportion of credit money is large in circulation
- (c) Credit money is not used
- (d) None of the above

568, Which of the following is prerequisite implementation of monetary policy:

- (a) Organised and developed money market
- (b) Presence of independent price mechanism
- (c) Developed banking services

(d) All of above (✓)

561, Low interest rate policy induces:

- (a) Trade and industry (✓)
- (b) Decreases investment
- (c) Motivate savings
- (d) None of above

562, Which of the following are anti-inflationary measures?

- (a) Reduction in the volume of legal tender money
- (b) Reduction in the volume of bank deposits
- (c) Freezing and blocking of particular type of assets
- (d) All of the above (✓)

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