

ALL THE VERY BEST FOR YOUR EXAMS

SAMPLE QUESTIONS FOR CAIIB CENTRAL BANKING

Though we had taken enough care to go through the questions, we shall not be responsible for any loss or damage, resulting from any action taken on the basis of the contents. We advise everyone to update yourself with the latest information through RBI website and other authenticated sources. In case you find any incorrect/doubtful information, kindly update us also (along with the source link/reference for the correct information) as lot of questions were shared by many people.

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CAIIB – GENERAL INFORMATION

Consists of 5 papers :

I. Compulsory Paper

1. Advanced Bank Management
2. Bank Financial Management
3. Advanced Business & Financial Management
4. Banking Regulations and Business Laws

II. Elective Papers (Candidates to choose any one of their Choice)

1. Rural Banking
2. Human Resources Management
3. Information Technology & Digital Banking
4. Risk Management
5. Central Banking

- Only existing employees of banks who had cleared JAIIB can appear for CAIIB Exam.
- CAIIB exams are conducted in on-line mode only.
- The examination will be conducted normally twice a year in May / June and November / December on Sundays.
- The duration of the examination will be of 2 hours.
- **Examination Pattern :**
 - (i) Question Paper will contain 100 objective type multiple choice questions for 100 marks including questions based on case studies/ case lets. The Institute may however vary the number of questions to be asked for a subject.
 - (ii) There may be some numerical questions in some of the CAIIB subjects where, no options will be provided. These questions will not be in the MCQ pattern and the answer has to be keyed in by the candidate.
 - (iii) The examination will be held in Online Mode only.
 - (iv) There will be no negative marking for wrong answers.
 - (v) Questions for the examination will be asked for:
 - a. Knowledge testing
 - b. Conceptual grasp
 - c. Analytical/ logical exposition
 - d. Problem solving
 - e. Case analysis

➤ **Passing Criteria :**

1. Minimum marks for pass in the subject is 50 out of 100.
2. Candidates securing at least 45 marks in each subject with an aggregate of 50% marks in all subjects of examination in a single attempt will also be declared as having completed the Examination.
3. Candidates will be allowed to retain credits for the subject they have passed in an attempt till the expiry of the time limit for passing the examination.

Note : A candidate will be given 5 attempts for completion of exam (CAIIB) but, within a maximum period of three years, whichever is earlier, from the time he/she registers for the exam. These 5 attempts need not be consecutive.

➤ **"Class of Pass" Criteria :**

- ❖ **First Class** : 60% or more marks in aggregate and pass in all the subjects in the FIRST PHYSICAL ATTEMPT.
- ❖ **First Class with Distinction** : 70% or more marks in aggregate and 60% or more marks in each subject in the FIRST PHYSICAL ATTEMPT.
- ❖ Candidates who have been granted exemption in the subject/s will be given **"Pass Class"** only.

➤ **Cut-off Date of Guidelines /Important Developments for Examinations :**

- ❖ In respect of the exams to be conducted by the Institute for the Period from February to July of a calendar year, instructions/guidelines issued by the regulator(s) and important developments in banking and finance up to 31st December will only be considered for the purpose of inclusion in the question papers.
- ❖ In respect of the exams to be conducted by the Institute for the period from August to January of a calendar year, instructions/guidelines issued by the regulator(s) and important developments in banking and finance up to 30th June will only be considered for the purpose of inclusion in the question papers.

➤ **Exam Fees**

Description	Fees*
First attempt fee	5,000
Second attempt fee	1,300
Third attempt fee	1,300
Fourth attempt fee	1,300
Fifth attempt fee	1,300

* Plus Convenience charges and Taxes as applicable.

Please Note: Candidates are required to Register for every attempt separately

Central Banking

If Receipts and Expenditures of the Central Government as per Budget 2018-19 are as given below

1. Revenue Receipts - 1725738
2. Tax Revenue - 1480649
3. Non-Tax Revenue - 245089
4. Capital Receipts - 716475
5. Recovery of Loans - 12199
6. Other Receipts - 80000
7. Borrowings and Other Liabilities - 624276
8. Expenditure On Revenue Account of which - 2141772
9. Interest Payments - 575795
10. Grants in Aid for creation of capital assets - 195345
11. Expenditure On Capital Account - 300441

Find

1. Total Receipts

- a. 2075416
- b. 2146735
- c. 2442213
- d. 2536289

2. Total Expenditure

- a. 2075416
- b. 2146735
- c. 2345425
- d. 2442213

3. Revenue Deficit

- a. 416034
- b. 220689
- c. 624276
- d. 48481

4. Effective Revenue Deficit

- a. 416034
- b. 220689
- c. 624276

d. 48481

5. Fiscal deficit

a. 416034

b. 220689

c. 624276

d. 48481

6. Primary Deficit

a. 416034

b. 220689

c. 624276

d. 48481

Solution

1. c

Total Receipts = Revenue Receipts + Capital Receipts
= 1725738 + 716475 = 2442213

2. d

Total Expenditure = Revenue Expenditure + Capital Expenditure
= 2141772 + 300441 = 2442213

3. a

Revenue Deficit = Revenue Expenditure - Revenue Receipts
= 2141772 - 1725738 = 416034

4. b

Effective Revenue Deficit = Revenue Deficit - Grants in Aid for creation of capital assets
= 416034 - 195345 = 220689

5. c

Fiscal deficit = Total Expenditure - Total Receipts net of Borrowings (Revenue Receipts + Recovery of Loans + Other Receipts)
= 2442213 - (1725738 + 12199 + 80000) = 624276

6. d

Primary Deficit = Fiscal deficit - Interest payments
= 624276 - 575795 = 48481

Given,

Currency with public - Rs. 345000 Crores

Demand deposit with banking system - Rs. 380000 Crores

Time deposits with banking system - Rs. 425000 Crores

Other deposit with RBI - Rs. 465000 Crores

Savings deposit of post office savings banks - Rs. 160000 Crores

All deposit with post office savings bank excluding NSCs - Rs. 110000 Crores

Calculate M1.

- a. Rs. 1125000 Crores
- b. Rs. 1190000 Crores
- c. Rs. 1350000 Crores
- d. Rs. 1615000 Crores

Ans - b

.....

Calculate M2.

- a. Rs. 1125000 Crores
- b. Rs. 1190000 Crores
- c. Rs. 1350000 Crores
- d. Rs. 1615000 Crores

Ans - c

.....

Calculate broad money M3.

- a. Rs. 1125000 Crores
- b. Rs. 1190000 Crores
- c. Rs. 1350000 Crores
- d. Rs. 1615000 Crores

Ans - d

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Solution :

M1 = currency with public + demand deposit with the banking system + other deposits with RBI

M1 = 345000 + 380000 + 465000

M1 = 1190000

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M2 = M1 + Savings deposit of post office savings banks

So,

$$M2 = 1190000 + 160000$$

$$M2 = 1350000 \text{ Crores}$$

M3 = M1 + Time deposit with banking system

So,

$$M3 = 1190000 + 425000$$

$$M3 = 1615000 \text{ Crores}$$

Year - Nominal GDP - GDP Deflator

2014-15 - 2500 - 120

2015-16 - 3200 - 145

Answer the following questions based on the above information.

01. If GDP Deflator in 2013-14 is 100, then Real GDP of 2015-16

- a. 2207
- b. 2215.5
- c. 2214.7
- d. 2214.6

Ans - c

Solution

Real GDP = Nominal GDP / deflator:

$$3200/145 * 100$$

$$= 2206.89$$

$$= 2207$$

02. If GDP Deflator in 2013-14 is 100, then real GDP of 2014-15

- a. 2083
- b. 2038
- c. 2112
- d. 1961

Ans - a

Solution

Real GDP = Nominal GDP / deflator:

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$$=2500/120*100$$

$$=2083.33$$

$$=2083$$

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03. Growth Rate of Real GDP from 2014-15

a. 6.12

b. 5.95

c. 5.20

d. 6.95

Ans - b

Solution

$$\% \text{ change} = \frac{\text{New value} - \text{old value}}{\text{old value}} * 100$$

$$\text{Real GDP (2015-16)} - \text{Real GDP (2014-15)} / \text{Real GDP (2014-15)}$$

$$= \frac{2207 - 2083}{2083} * 100$$

$$= \frac{124}{2083} * 100$$

$$= 0.0595 * 100$$

$$= 5.95$$

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04. Inflation Rate in 2015 in relation to 2014-15

a. 19.61

b. 20.83

c. 20.38

d. 21.12

Ans - b

Solution

$$\text{Inflation rate (2015-16)} = \frac{\text{GDP Deflator (2014-15)} - \text{GDP deflator(2014-15)}}{\text{GDP deflator(2015-16)}} * 100$$

$$= \frac{120 - 145}{120} * 100$$

$$= \frac{25}{120} * 100$$

$$= 0.2083 * 100$$

$$= 20.83\%$$

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RBI regulates the money supply, availability of money and also cost of money i.e. rate of interest. RBI makes use of a no. of tools for this purpose that include Repo Rate, Bank Rate, Reverse Repo Rate, MSF Rate, Statutory Liquidity Ratio, Cash Reserve Ratio, Market Stabilization Scheme. Answer the following questions based on the above information.

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1. Which of the following is not used in the process of neutralizing the effect of liquidity generated by foreign exchange flows in India? (i) Repo and Reverse repo, (ii) CRR/SLR, (iii) Market Stabilization Scheme

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - a

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2. Change in which of the following need not reduce the funds available with banks for lending purpose? (i) Cash reserve Ratio, (ii) Bank rate, (iii) Repo rate

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - c

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3. Which of the following do not ensure the solvency of commercial banks? (i) SLR, (ii) CRR, (iii) Repo and Reverse repo

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - c

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4. For rediscounting of commercial instruments from banks, RBI does not use the (i) Cash reserve Ratio, (ii) Bank rate, (iii) Repo rate

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - b

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Most important source of capital formation in India has been

- a. Government revenue surpluses
- b. Public sector savings
- c. Corporate savings
- d. Household savings

Ans - d

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Dear Money Policy implies

- a. high interest rates
- b. high price level
- c. large money supply
- d. high production

Ans - a

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Which of the following is correct regarding the gross domestic savings in India?

- a. Contribution of household sector is the largest
- b. Contribution of government sector is the largest
- c. Contribution of finance sector is the largest
- d. Contribution of corporate sector is the largest

Ans - a

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What does the WTO Agreements cover? (i) Global trade in services, (ii) Global trade in goods, (iii) Global trade in intellectual property

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

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The per capita income has been low in India because

- a. more people are in rural area
- b. of price rise
- c. of regulation growth
- d. of population growth

Ans - a

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SMERA has been registered under which act?

- a. Securities and Exchange Board of India Act, 1992
- b. Reserve Bank of India Act, 1934
- c. Banking Regulation Act, 1949
- d. Securities and Exchange Board of India (Credit Rating Agencies) Regulations, 1999

Ans - d

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SMERA is a joint initiative between

- a. SIDBI & Leading Public Sector Banks
- b. Dun & Bradstreet Information Services India Private Limited (D&B) & Leading Private Banks
- c. RBI & SEBI
- d. Both (A) and (B)

Ans - d

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The Countercyclical Buffer has changed from under Basel II to under Basel III.

- a. 4% to 6.5%
- b. None to 0 - 3.5%
- c. None to 0 - 2.5%
- d. 6% to 8.5%

Ans - c

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How does a developed economy is measured?

- a. having advance technology
- b. Huge profit from Industry

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- c. Effective trade and export
d. By large per capita income

Ans - d

Who works as RBI's agent at places where it has no office of its own?

- a. State Bank of India
b. Ministry of Finance
c. Government of India
d. International Monetary Fund

Ans - a

Temporary tax levied to obtain additional revenue is called

- a. Rate
b. Cess
c. Fee
d. Surcharge

Ans - c

Which is the most industrially advanced state in India?

- a. Maharashtra
b. Tamil Nadu
c. Punjab
d. Gujarat

Ans - a

According to the multiplier model, the best way to reduce inflation is to

- a. increase aggregate demand by cutting government spending or raising taxes
b. increase aggregate demand by raising government spending or cutting taxes
c. decrease aggregate demand by cutting government spending or raising taxes
d. decrease aggregate demand by raising government spending or cutting taxes

Ans - c

What does the Clause 49 of the Listing Agreement of SEBI indicate?

- a. corporate governance and financial penalties including delisting for companies who do not appoint the required number of independent directors on their board
- b. restriction of FDI in public sector banks
- c. announcing of quarterly results of listed companies
- d. None of these

Ans - a

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Who acquired the Financial Network Services (Australian banking software firm) recently?

- a. Wipro
- b. TCS
- c. HCL
- d. Infosys

Ans - b

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As per SBI Act, the minimum shareholding of RBI in SBI should be %

- a. 50
- b. 51
- c. 55
- d. 59

Ans - c

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Who issued the Code of Bank's Commitment?

- a. SBI
- b. IBA
- c. RBI
- d. BCSBI

Ans - d

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Who is author of the ancient book on economics, Arthashastra?

- a. Kautilya

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- b. Chanakya
c. Sushrut
d. Bhattacharya

Ans - b

Historically, the Indian rupee was a coin:

- a. Copper
b. Gold
c. Silver
d. Bronze

Ans - c

What percentage of profit is a bank is required to transfer to its reserve fund as per Banking Regulation Act?

- a. 20
b. 25
c. 50
d. 30

Ans - a

What is the credit limits to dealers in agricultural machinery that are classified as priority sector advances?

- a. Upto 25 lacs
b. Upto 20 lacs
c. Upto 40 lacs
d. Upto 30 lacs

Ans - d

Currency notes and coins are called as

- a. Flat money
b. Legal tenders
c. Fiat money

d. Both b and c

Ans - d

In the terminology of economics and money demand, the terms M3 and M4 are also known as

- a. Short money
- b. Long money
- c. Broad money
- d. Narrow money

Ans - c

What is the Cash Reserve Ratio (CRR)?

- a. the fraction of the deposits that commercial banks lend to the customers
- b. the fraction of the deposits that RBI must keep with commercial banks
- c. the fraction of the deposits that commercial banks must keep with RBI
- d. none of the above

Ans - c

If the economy goes into a recession, automatic stabilizers will do all of the following except

- a. increase income tax revenues
- b. increase the budget deficit
- c. increase unemployment insurance
- d. increase welfare payments

Ans - a

Money can be many things, but it is not

- a. a financial liability
- b. a financial asset
- c. liquid
- d. illiquid

Ans - d

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A reserve ratio of 0.10 means that a bank loans out percent of its

- a. 10; deposit liabilities
- b. 10; excess reserves
- c. 90; deposit liabilities
- d. 90; excess reserves

Ans - c
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In the real world, the currency to deposit ratio is

- a. negative
- b. zero
- c. greater than 0 but less than or equal to 1
- d. greater than 1

Ans - c
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Monetary policy affects (i) inflation, (ii) output

- a. Only (i)
- b. Only (ii)
- c. Either (i) or (ii)
- d. Both (i) and (ii)

Ans - d
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If the Bank of Canada wanted to stimulate aggregate demand, it could

- a. raise the target range for the overnight financing rate, thereby reducing interest rates throughout the economy
- b. raise the target range for the overnight financing rate, thereby increasing interest rates throughout the economy
- c. lower the target range for the overnight financing rate, thereby reducing interest rates throughout the economy
- d. lower the target range for the overnight financing rate, thereby increasing interest rates throughout the economy

Ans - c
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Given the following data (Rs. in Arab) about a government budget

Tax Revenue - 47

Capital Receipts - 34

Non-Tax Revenue - 10

Borrowings - 32

Revenue Expenditure - 80

Interest Payments - 20

1. Find out the Revenue deficit

- a. Rs. 12 Arab
- b. Rs. 23 Arab
- c. Rs. 32 Arab
- d. Rs. 36 Arab

Ans - b

2. Find out the Fiscal deficit

- a. Rs. 12 Arab
- b. Rs. 23 Arab
- c. Rs. 32 Arab
- d. Rs. 36 Arab

Ans - c

3. Find out the Primary deficit

- a. Rs. 12 Arab
- b. Rs. 23 Arab
- c. Rs. 32 Arab
- d. Rs. 36 Arab

Ans - a

Solution

$$\begin{aligned} 1. \text{ Revenue Deficit} &= \text{Revenue Expenditure} - (\text{Tax Revenue} + \text{Non-tax Revenue}) \\ &= 80 - [47 + 10] \\ &= 80 - 57 = \text{Rs. 23 Arab} \end{aligned}$$

2. Fiscal Deficit = Borrowings

Borrowings = Rs. 32 Arab

So, Fiscal Deficit = Rs. 32 Arab

3. Primary Deficit = Fiscal Deficit – Interest Payments
= 32 - 20 = Rs. 12 Arab

Given,

1. Consumptions - Rs. 62000
2. Gross investment - Rs. 46000
3. Govt spending - Rs. 14000
4. Export - Rs. 96000
5. Import - Rs. 72000
6. Indirect Taxes - Rs. 15000
7. Subsidies(on production and import) - RS. 8000
8. Compensation of employee - Rs. 1000
9. Property Income - Rs. 1000 (7,8,9 - Net receivable from aboard)
- 10.Total capital gains from overseas investment - Rs. 18000
- 11.Income earned by foreign national domestically - Rs. 8000

1. Calculate GDP

- a. Rs. 139000
- b. Rs. 146000
- c. Rs. 156000
- d. Rs. 165000

Ans - b

2. Calculate GDP at cost factor

- a. Rs. 139000
- b. Rs. 146000
- c. Rs. 156000
- d. Rs. 165000

Ans - a

3. Calculate GNP

- a. Rs. 139000
- b. Rs. 146000
- c. Rs. 156000
- d. Rs. 165000

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Ans - c
.....

Solution :

1. GDP = Consumption + Gross investment + Government spending + (Exports - Imports)

$$\text{GDP} = C+I+G+(X-M)$$

$$= 62000+46000+14000+(96000-72000)$$

$$= 122000+24000 = 146000$$

2. GDP at factor rate

$$= \text{GDP} - (\text{Indirect taxes} - \text{subsidies})$$

$$= 146000 - (15000 - 8000)$$

$$= 146000 - 7000 = 139000$$

3. GNP=GDP+NR(total capital gains from Overseas investment-income earned by foreign national domestically)

$$= 146000 + (18000 - 8000)$$

$$= 146000 + 10000 = 156000$$

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Read the following data & answer the below questions

A shopkeeper sells gel pen at 10 per pen. At this price he can sell 120 per month. After some time, he raises the price to 15 per pen. 60 pens are sold every month. The number of refills bought decreases from 200 to 150. The number of ink pen bought goes up from 90 to 180 per month.

1. The price elasticity of demand when gel pen's price increases form 10 per pen to 15 per pen is equal to

a. 2.5

b. 1.0

c. 1.65

d. 2.66

Ans - c
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2. The cross elasticity of monthly demand for refills when price of gel pen increases from 10 to 15 is equal to

a. -0.71

b. 0.25

c. -0.19

.....

d. 0.38

Ans - a

3. The cross elasticity of monthly demand for ink pen when the price of gel pen increases from 10 to 15 is equal to

- a. 1.65
- b. -1.05
- c. -2.09
- d. 2.09

Ans - a

4. Suppose income of the residents of locality increases by 50% & the quantity of gel pens demanded increases by 20%. Income elasticity of demand for gel pen

- a. 0.4
- b. 0.6
- c. 1.25
- d. 1.50

Ans - a

Read the following and answer the below questions

In a city X, there is one grocery shop, Y. It sells fresh milk at 20 per litre at which price Rs. 400 litres of milk are sold per month. After some time, the price raised to Rs. 30 per litre. Following the price rise it results:

- (I) Only 200 litres of milk are sold every month.
- (ii) The number of boxes of cereal customers bought went down from 280 to 240.
- (iii) The number of packets of powder milk customers bought went up from 90 to 220 per month.

1. The price elasticity of demand when fresh milk's price increases from 20 per litre to 30 per litre is equal to

- a. 2.5
- b. 1.0
- c. 1.66
- d. 2.66

Ans - c

2. The cross elasticity of monthly demand for cereal when the price of fresh milk increases from 20 to 30 is equal to

- a. - 0.38
- b. + 0.25
- c. -0.19
- d. + 0.38

Ans - a

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3. The cross elasticity of monthly demand for powder milk when the price of fresh milk increases from 20 to 30 per litre is equal

- a. + 1.05
- b. 1.05
- c. -0.09
- d. + 2.09

Ans - d

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4. What can be said about the price elasticity of demand for fresh milk

- a. It is perfectly elastic
- b. It is elastic
- c. It is perfectly inelastic
- d. None of the above

Ans - b

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5. Suppose income of the residents of Econoville increases by 50% and the quantity of fresh milk demanded increases by 30%. What is income elasticity of demand for fresh milk?

- a. 0.5
- b. 0.6
- c. 1.25
- d. 1.50

Ans - b

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The measures of money including Bank deposit with RBI, Demand deposit with the banking system, Term deposit of banking system, currency with public, and other deposits with RBI are shown as M0, M1, M2, M3.

1. The liabilities such as current deposits, demand liabilities portion of saving bank, margins held against letter of credit or bank guarantee, balances in overdue fixed deposits are included initially, in

- a. M0
- b. M1
- c. M2
- d. M3

Ans - b

2. The demand deposit of banks are included in (i) M1, (ii) M2, (iii) M3

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - a

3. The term deposit of banks are included in(i) M1, (ii) M2, (iii) M3

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - c

4. Major portion of which of the following contains, interest free funds and is the most liquid part of money supply.

- a. M0
- b. M1
- c. M2
- d. M3

Ans - a

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If Receipts and Expenditures of the Central Government as per Budget 2016-17 are as given below

1. Revenue Receipts - 1374203
2. Tax Revenue - 1101372
3. Non-Tax Revenue - 272831
4. Capital Receipts - 600991
5. Recovery of Loans - 17630
6. Other Receipts - 47743
7. Borrowings and Other Liabilities - 535618
8. Expenditure On Revenue Account of which - 1690584
9. Interest Payments - 480714
10. Grants in Aid for creation of capital assets - 165733
11. Expenditure On Capital Account - 284610

Find

1. Total Receipts

- a. 1374203
- b. 1690584
- c. 1975194
- d. 2075416

2. Total Expenditure

- a. 1374203
- b. 1690584
- c. 1975194
- d. 2075416

3. Revenue Deficit

- a. 54904
- b. 150648
- c. 316381
- d. 535618

4. Effective Revenue Deficit

- a. 54904
- b. 150648
- c. 316381
- d. 535618

5. Fiscal deficit

- a. 54904
- b. 150648
- c. 316381
- d. 535618

6. Primary Deficit

- a. 54904
- b. 150648
- c. 316381
- d. 535618

Solution

1. c

$$\begin{aligned} \text{Total Receipts} &= \text{Revenue Receipts} + \text{Capital Receipts} \\ &= 1374203 + 600991 = 1975194 \end{aligned}$$

2. c

$$\begin{aligned} \text{Total Expenditure} &= \text{Revenue Expenditure} + \text{Capital Expenditure} \\ &= 1690584 + 284610 = 1975194 \end{aligned}$$

3. c

$$\begin{aligned} \text{Revenue Deficit} &= \text{Revenue Expenditure} - \text{Revenue Receipts} \\ &= 1690584 - 1374203 = 316381 \end{aligned}$$

4. b

$$\begin{aligned} \text{Effective Revenue Deficit} &= \text{Revenue Deficit} - \text{Grants in Aid for creation of capital assets} \\ &= 316381 - 165733 = 150648 \end{aligned}$$

5. d

$$\begin{aligned} \text{Fiscal deficit} &= \text{Total Expenditure} - \text{Total Receipts net of Borrowings and other liabilities (Revenue Receipts + Recovery of Loans + Other Receipts)} \\ &= 1975194 - (1374203 + 17630 + 47743) = 535618 \end{aligned}$$

6. a

$$\begin{aligned} \text{Primary Deficit} &= \text{Fiscal deficit} - \text{Interest payments} \\ &= 535618 - 480714 \\ &= 54904 \end{aligned}$$

By using the monetary policy, RBI regulates the money supply, availability of money and also cost of money i.e. rate of interest. For this purpose, RBI makes use of no. of tools that include Repo Rate, Bank Rate, Reverse Repo Rate, MSF Rate, SLR, CRR, Market Stabilization scheme.

Based on this information answer the following question:

1. Which of the following ensures the solvency of commercial banks ?

- a. Statutory Liquidity Ratio
- b. Market Stabilization Scheme
- c. Cash Reverse Ratio
- d. Repo and Reverse repo transaction

Ans - a

2. Change in which of the following reduce the funds available with banks for lending purpose ?

- a. Repo rate
- b. Bank rate
- c. Cash reverse Ratio
- d. All the above

Ans - c

3. The rate of discount which is used by RBI for rediscounting of commercial instruments from banks is represented by

- a. Repo rate
- b. Bank rate
- c. MSF rate
- d. Reverse Repo rate

Ans - b

4. Which of the following is used in the process of neutralizing the effect generated by foreign exchange flows in india ?

- a. Statutory Liquidity Ratio
- b. Market Stabilization Scheme
- c. Cash Reverse Ratio
- d. Repo and Reverse repo transaction

Ans - b

What does RBI regulate through Open Market Operation Transactions?

- a. Flow of Foreign Direct Investment
- b. Borrowing powers of the banks
- c. Inflation
- d. Liquidity in economy

Ans - d

Who was the chairman of National Income Committee?

- a. VKRV Rao
- b. PC Mahalanobis
- c. AM Khusro
- d. DR Gadgil

Ans - a

Rate of growth of an economy is measured in terms of ,,,,,,

- a. per capita income
- b. industrial development
- c. number of people who have been lifted above the poverty line
- d. national income

Ans - d

..... represents the Pillar 3 of Basel III capital regulations

- a. Minimum Capital Requirement
- b. Supervisory review of capital adequacy
- c. Market Discipline
- d. None of these

Ans - d

What does the third pillar of Basel II describes?

- a. It describes the guidelines for calculating the bank's risk profile and capital requirements for credit, market and operational risk.

-
- b. It describes the disclosure requirements towards stakeholders.
 - c. It outlines the role of the supervisor and the requirements regarding the responsibilities of the bank's board and senior management.
 - d. None of these

Ans - b

.....

..... represents the Pillar 1 of Basel III capital regulations.

- a. Minimum Capital Requirement
- b. Supervisory review of capital adequacy
- c. Market Discipline
- d. None of these

Ans - a

.....

Refer to the following table as you answer the next question

Year	Surplus or deficit (-) billions of dollars
1946	-15.9
1947	4.0
1948	11.8
1949	0.9
1950	-3.1

Which statement is true?

- a. The budget deficit in 1950 was \$2.3 billion
- b. From 1946 to 1950, the debt was \$2.3 billion
- c. From 1945 to 1950, the debt rose by \$2.3 billion
- d. In 1950, the debt was \$2.3 billion

Ans - c

.....

..... is referred as the recession occurring two times with a small gap in between.

- a. Double Inflation
- b. Double-dip Recession
- c. Deflation
- d. Deep Recession

Ans - b

.....

Which organizations have to implement/comply with Basel II? (1) Internationally operating banks on a consolidated basis (2) Any holding company that is the parent entity within a banking group (3) Investment firms

- a. All of these
- b. Only (1) and (3)
- c. Only (2) and (3)
- d. Only (1) and (2)

Ans - a

What is the aim of asking banks to build conservation buffer? (1) To ensure that banks maintain a cushion of capital (2) Use the conservation buffer to absorb losses during periods of financial and economic stress (3) To increase capital requirements in good times and decrease the same in bad times

- a. Only (2) and (3)
- b. All of these
- c. Only (1) and (2)
- d. Only (1) and (3)

Ans - c

Capital requirements for the implementation of Basel III guidelines are in the initial phase and in the later years.

- a. Higher; Stable
- b. Stable; Lower
- c. Lower; higher
- d. Higher; Lower

Ans - c

Basel III is the global regulatory standard on (i) Bank Capital Adequacy, (ii) Stress Testing, (iii) Market Liquidity Risk

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans – d

What are the after effects of the difficulty in understanding highly technical financial markets by the consumers?

- a. Moral hazard
- b. Compliance costs
- c. Asymmetric information
- d. Adverse selection

Ans - c

Which of the following statement does not hold true with reference to 'Better Capital Quality'?

- a. Lower Loss-absorbing quality
- b. Better withstanding period of stress
- c. Stricter definition of capital
- d. None of these

Ans - a

The Countercyclical Buffer has changed from under Basel II to under Basel III.

- a. 4% to 6.5%
- b. None to 0 - 3.5%
- c. None to 0 - 2.5%
- d. 6% to 8.5%

Ans - c

Who carries out the regulation of the financial services industry in the UK?

- a. FSA
- b. Bank of England
- c. BIS
- d. SIB

Ans - a

Who carries out the regulation of the financial services industry in the UK?

- a. FSA

- b. Bank of England
c. BIS
d. SIB

Ans - a

Which of the following principles holds true for Pillar 1 under Basel II Accord? (1) Internal risk management (2) Reporting to supervisor (3) Risk modeling and quantitative measurement (4) Calculation of minimum capital requirements

- a. Only (1), (3) and (4)
b. Only (1), (2) and (3)
c. All of these
d. Only (1) and (2)

Ans - a

What does the third pillar of Basel II describes?

- a. It describes the guidelines for calculating the bank's risk profile and capital requirements for credit, market and operational risk.
b. It describes the disclosure requirements towards stakeholders.
c. It outlines the role of the supervisor and the requirements regarding the responsibilities of the bank's board and senior management.
d. None of these

Ans - b

What is the reserve deposit ratio (RDR)?

- a. the proportion of money RBI lends to commercial banks
b. the proportion of total deposits commercial banks keep as reserves
c. the total proportion of money that commercial banks lend to the customers
d. none of the above

Ans - b

Basel III or Basel 3 released in

- a. April, 2011

b. December, 2010

c. January, 2010

d. August, 2009

Ans - b

What is the minimum maturity period for Commercial Paper (CP)?

a. 14 days

b. 45 days

c. 30 days

d. 7 days

Ans - d

Which of the following principles holds true for Pillar 1 under Basel II Accord? (1) Internal risk management (2) ing to supervisor (3) Risk modeling and quantitative measurement (4) Calculation of minimum capital requirements

a. Only (1), (3) and (4)

b. Only (1), (2) and (3)

c. Only (1) and (2)

d. All of these

Ans - a

Monetary policy affects (i) inflation, (ii) output

a. Only (i)

b. Only (ii)

c. Either (i) or (ii)

d. Both (i) and (ii)

Ans - d

“Vote-on-Account” is not true for

a. It is allowed in the Parliament to cover the deficit left by last budget.

b. The economic plan which start from April 1 dies not allow the government to set economic policy.

c. It dies not allow the government to impose new tax.

d. Govt can withdraw some amount for a period with assent of parliament

Ans - a

In the terminology of economics and money demand, the terms M1 and M2 are also known as

- a. Short money
- b. Long money
- c. Broad money
- d. Narrow money

Ans - d

Which statement is/are true? (i) All Banks in India borrow from Reserve Bank of India by the rate known as repo rate, (ii) Gini coefficient's value 1 measures that everyone's income is same in its population

- a. Only (i)
- b. Only (ii)
- c. Either (i) or (ii)
- d. Both (i) and (ii)

Ans - a

What is the risk weightage on banks' exposure to capital market exposures?

- a. 1.5
- b. 2.0
- c. 1.25
- d. 1.0

Ans - a

The basic structure of Basel III remains unchanged. Which of the following are a part of three mutually reinforcing pillars of Basel III? (i) Minimum Regulatory Capital Requirements based on Risk Weighted Assets (RWAs) : Maintaining capital calculated through credit, market and operational risk areas, (ii) Market Discipline : Increasing the disclosures that banks must provide to increase the transparency of banks, (iii) Supervisory Review Process : Regulating tools and frameworks for dealing with peripheral risks that banks face

- a. Only (i) and (ii)

b. Only (i) and (iii)

c. Only (ii) and (iii)

d. (i), (ii) and (iii)

Ans - d

The Medium Enterprise is referred as the investment in plant and machinery over the SSI limit, but less than Rs.

a. 50 cr

b. 5 cr

c. 10 cr

d. 25 cr

Ans - c

Under the Basel II framework, the total regulatory capital comprises of Tier II that is

a. Core capital

b. None of these

c. Supplementary Capital

d. Monitory Capital

Ans - c

The process by which RBI or any Central bank protects the economy against adverse economic shocks is known as :

a. protection

b. liberalization

c. stabilization

d. sterilization

Ans - d

Which among the following is considered to be the most liquid asset?

a. Gold

b. Money

c. Land

d. Treasury bonds

Ans - b

The number of times a unit of money exchanges hands during a unit period of time is known as

- a. velocity of circulation of money
- b. speed of circulation of money
- c. momentum of circulation of money
- d. count of circulation of money

Ans - a

The Majority shareholder in CRISIL is

- a. Standard and Poors
- b. Fitch Ratings Inc
- c. Moodys
- d. Dun and Bradstreet

Ans - a

The headquarter of ONICRA is

- a. Mumbai
- b. Gurugram
- c. Hyderabad
- d. Noida

Ans - b

What is the full form of CERSAI?

- a. Combined Registry of Securitization Asset Reconstruction and Security Interest
- b. Combined Registry of Securitization Agency Reconstruction and Security Interest
- c. Central Registry of Securitization Asset Reconstruction and Security Interest
- d. Central Registry of Securitization Agency Reconstruction and Security Interest

Ans - c

Which of the following statements is / are true? (i) Monetary policy announced per year, (ii) Price stability & exchange rate stabilization are the objectives of monetary policy, (iii) Credit policy is a part of monetary policy

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - c

Which of the following statements is / are true? (i) SLR & CRR, are not the part of monetary policy, (ii) CRR is adjusted to manage liquidity & inflation, (iii) A purchase of government securities injects money in the market

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - c

Which of the following statements are correct? (i) According to RBI rules citizens of Pakistan, Bangladesh, Sri Lanka, Afghanistan, China, Iran, Nepal or Bhutan are forbidden from acquiring property in India, (ii) Now Hong Kong and Macau administered by China are also forbidden from acquiring property in India

- a. Only (i)
- b. Only (ii)
- c. Either (i) or (ii)
- d. Both (i) and (ii)

Ans - d

Which of the above statements are not correct? (i) GOI will print one rupee note with signature of RBI governor, (ii) It was discontinued in 1990, (iii) The Government of India has the sole right to mint coins of all denominations, (iv) While RBI has the authority to issue bank notes of denominational values of Rs. 1, Rs. 2, Rs. 5, Rs. 10, Rs. 20, Rs. 50, Rs. 100, Rs. 500, Rs. 1,000, Rs. 5,000 and Rs. 10,000

- a. i, iii, iv
- b. i, ii, iv

- c. i, ii
d. All

Ans - b

The Basel convention became effective in the year

- a. 1998
b. 1989
c. 1992
d. 1983

Ans - c

The current estimate of the scaling factor is

- a. 1.05
b. 0.75
c. 2.05
d. 1.06

Ans - d

The minimum total capital requirement will remain at the current level

- a. 0.08
b. 0.05
c. 0.07
d. 0.1

Ans - a

..... is a Microsoft Corporation India's IT initiative for setting up IT kiosks in rural areas

- a. Aadhar
b. Saksham
c. Shakthi
d. Swadhan

Ans - b

Reserve bank of India has the sole right to issue bank notes in India is defined in the of The Reserve Bank of India Act, 1934

- a. Section 22(1)
- b. Section 24(1)
- c. Section 26(2)
- d. Section 32(1)

Ans - a

Under the New Foreign Trade Policy, in order to accelerate growth of services exports from India and to create a unique brand, a scheme named _____ has been introduced.

- a. India Service
- b. Incredible India
- c. Served from India
- d. India Calling

Ans - c

Which of the following are the major changes proposed in Basel III over earlier Accords (Basel I and Basel II)? (i) Better Capital Quality, (ii) Capital Conservation Buffer, (iii) Countercyclical Buffer

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

The minimum requirement for common equity, which is the highest form of loss-absorbing capital, has been raised under Basel III from of total risk-weighted assets.

- a. 1.5% to 4.5%
- b. 2% to 4.5%
- c. 2.5% to 4.5%
- d. 3% to 4.5%

Ans - b

..... represents the Pillar 3 of Basel III capital regulations

- a. Minimum Capital Requirement
- b. Supervisory review of capital adequacy
- c. Market Discipline
- d. None of these

Ans - d

The Indian corporate are allowed invest in JV and subsidiaries abroad up to % of their net worth.

- a. 200
- b. 150
- c. 100
- d. 75

Ans - a

For scheduled commercial banks, the export credit should be atleast % of net bank credit.

- a. 10
- b. 15
- c. 3
- d. 12

Ans - d

Expand - MAT

- a. Maximum Alternate Time
- b. Minimum Alternate Tax
- c. Maximum Alternate Tax
- d. Minimum Alternate Time

Ans - b

..... represents the Pillar 3 of Basel III capital regulations.

- a. Supervisory review of capital adequacy
- b. Market Discipline

- c. Minimum Capital Requirement
d. None of these

Ans - b

..... is said to be the first mutual fund to offer redemption of its units through ATMs of HDFC Bank and VISA.

- a. SBI MF
b. UTI MF
c. Reliance MF
d. PruICICI MF

Ans - c

In which of the following areas was the Bharat Nirman (four-year business plan) embarked by the Government of India for providing rural infrastructure?

- a. electrification
b. telecommunication & connectivity
c. housing
d. irrigation & water supply

Ans - b

Basel III is the global regulatory standard on (i) Bank Capital Adequacy, (ii) Stress Testing, (iii) Market Liquidity Risk

- a. Only (i) and (ii)
b. Only (i) and (iii)
c. Only (ii) and (iii)
d. (i), (ii) and (iii)

Ans - d

Under which of the following a customer has been defined?

- a. Anti-Money Laundering Act
b. Banking Regulation Act
c. Negotiable Instruments Act

d. KYC guidelines

Ans - d

The minimum total capital requirement will remain at the current level

- a. 0.05
- b. 0.08
- c. 0.07
- d. 0.1

Ans - b

What is the duration of the use test under Basel II accord? (i) The duration of the use test should be in conformity with the duration of the parallel run, (ii) It should be operational for at least one year, (iii) The duration of the use test covers such a period that the results of the use test do not show any technical or functional issues

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

Which of the following is one of the advantages of the self-regulation over the statutory regulation of financial markets?

- a. Self-regulation is likely to overcome the problem of agency capture
- b. Self-regulation is likely to cause lower compliance costs
- c. Self-regulation is likely to preserve more effectively the reputation of financial markets for honesty and fair dealing
- d. Self-regulation is likely to remove the problem of competitive laxity

Ans - b

Who has set up the financial intelligence unit is set up for tightening anti-money laundering measures?

- a. Finance Ministry, GOI
- b. Income Tax Department

- c. Central Vigilance Commission
d. RBI

Ans - a

Which of the following indicates a true difference between Basel I and Basel II? (i) Basel II has a more active role of bank supervision as compared to Basel I, (ii) Basel II applies a more risk-oriented capital calculation as compared to Basel I, (iii) Basel II has more flexibility in approaches available to banks

- a. Only (i) and (ii)
b. Only (i) and (iii)
c. Only (ii) and (iii)
d. (i), (ii) and (iii)

Ans - d

The women beneficiaries must receive at least % of net bank credit, according to RBI benchmark for allocation of bank credit.

- a. 1
b. 10
c. 5
d. 15

Ans - c

The RBI can decrease the money supply in the market by:

- a. selling government securities
b. buying government securities
c. borrowing money from commercial banks
d. none of the above

Ans - a

By increasing the 'Bank Rate', the RBI can:

- a. provide incentives to commercial banks to lend more to public
b. provide incentives to commercial banks to lend less to public
c. increase the money supply in the market

d. none of the above

Ans - b

.....

What is 'Bank rate'?

- a. The rate at which commercial banks borrow money from RBI
- b. The rate at which commercial banks lend money to customers
- c. The rate at which commercial banks lend money to RBI
- d. none of the above

Ans - a

.....

In monetary terminology, what is called the 'monetary base' or 'high powered money'?

- a. the total assets of RBI
- b. the total liability of RBI
- c. the total debt of the government
- d. the total foreign exchange of RBI

Ans - b

.....

Who acquired the Financial Network Services (Australian banking software firm) recently?

- a. Infosys
- b. TCS
- c. HCL
- d. Wipro

Ans - b

.....

Basis of the argument in favor of regulation has been derived from which of the following concepts?

- a. Market failure
- b. Government failure
- c. Competitive laxity
- d. Compliance costs

Ans - a

.....

.....

Which of the following principles holds true for Pillar 2 under Basel II Accord? (1) Requirements regarding the disclosure of information to stakeholders (2) Financial market will have more information to assess actual risk profile of bank (3) Risk modeling and quantitative measurement (4) Calculation of minimum capital requirements

- a. Only (1), (2) and (3)
- b. Only (1), (3) and (4)
- c. Only (1) and (2)
- d. All of these

Ans - c

What are possible business benefits of Basel II?

- a. Improved insight in processes and related risks could lead to more efficient granting of credits
- b. Lower cost of funding capital resulting from an improved rating
- c. To apply risk-based pricing, tuning pricing to client's risk profile
- d. All of these

Ans - c

Income tax, corporate tax, inheritance tax etc. are incident on the person or organisation. These taxes are called

- a. local tax
- b. indirect tax
- c. direct tax
- d. rate

Ans - c

For falling the inferior goods falls, its demand

- a. increases
- b. Decreases
- c. Remain Constant
- d. Can be any one

Ans - c

What is the currency deposit ratio (CDR)?

- a. ratio of money held by the public in currency to that of money held in bank deposits
- b. ratio of money held by public in bank deposits to that of money held by public in currency
- c. ratio of money held in demand drafts to that of money held in treasury bonds
- d. none of the above

Ans - a

.....

How does the parallel economy or Black Money exist?

- a. It creates the economy further competitive
- b. It makes the monetary policies less efficient
- c. it makes certain of a better distribution of income and wealth
- d. it ensures increasing productive investment

Ans - b

.....

The Banking Regulation Act,1949 defines a Primary Cooperative Bank as a

- a. Cooperative Society
- b. Non-scheduled Bank
- c. Primary Agricultural Cooperative Society
- d. Urban Cooperative Society

Ans - a

.....

The Indian corporate are allowed invest in JV and subsidiaries abroad up to % of their net worth.

- a. 200
- b. 100
- c. 75
- d. 150

Ans - a

.....

Basel III is the global regulatory standard on (i) Bank Capital Adequacy, (ii) Stress Testing, (iii) Market Liquidity Risk

- a. Only (i) and (ii)

.....

b. Only (i) and (iii)

c. Only (ii) and (iii)

d. (i), (ii) and (iii)

Ans - d

The Reserve Bank of India will transfer its surplus profit of 65,896 crore rupees to the Centre. This amount is percent higher than previous year.

a. 5

b. 19

c. 25

d. 33

Ans - c

RBI has relaxed norms for which of the following bonds?

a. Masala bonds

b. Rupee denominated overseas bonds

c. Green bonds

d. Both a and b

Ans - d

RBI has constituted an Internal Advisory Committee for resolution under which code?

a. Bankruptcy Code 2016

b. Insolvency Code 2016

c. Bankruptcy and Insolvency Code 2016

d. Insolvency and Bankruptcy Code 2016

Ans - d

Which of the following statements is / are correct? (i) National Housing Bank is subsidiary of State bank of India, (ii) Its headquarter is in New Delhi

a. Only (i)

b. Only (ii)

c. Either (i) or (ii)

d. Both (i) and (ii)

Ans - b

.....

RBI has launched a website called Paisa-Bolta-Hai. What is the purpose of that website?

- a. To create awareness about investment
- b. To provide knowledge about mutual funds
- c. To tell risks about investing in fake hedge funds
- d. To create awareness of counterfeit currency among users of the INR

Ans - d

.....

What are the after effects of the difficulty in understanding highly technical financial markets by the consumers?

- a. Moral hazard
- b. Compliance costs
- c. Asymmetric information
- d. Adverse selection

Ans - c

.....

Which of the following statement does not hold true with reference to 'Better Capital Quality'?

- a. Lower Loss-absorbing quality
- b. Better withstanding period of stress
- c. Stricter definition of capital
- d. None of these

Ans - a

.....

Which is a full service credit rating agency exclusively set up for micro, small and medium enterprises?

- a. SMERA
- b. ICRA
- c. ONICRA
- d. CRISIL

Ans - a

.....

Given,

Currency with public - Rs. 285400 Crores

Demand deposit with banking system - Rs. 265700 Crores

Time deposits with banking system - Rs. 326800 Crores

Other deposit with RBI - Rs. 384700 Crores

Savings deposit of post office savings banks - Rs. 125900 Crores

All deposit with post office savings bank excluding NSCs - Rs. 105400 Crores

Calculate M1.

- a. Rs. 789500 Crores
- b. Rs. 862000 Crores
- c. Rs. 935800 Crores
- d. Rs. 986600 Crores

Ans - c

Calculate M2.

- a. Rs. 1061700 Crores
- b. Rs. 1190000 Crores
- c. Rs. 1262600 Crores
- d. Rs. 1615000 Crores

Ans - a

Calculate broad money M3.

- a. Rs. 1061700 Crores
- b. Rs. 1190000 Crores
- c. Rs. 1262600 Crores
- d. Rs. 1615000 Crores

Ans - c

Solution :

M1 = currency with public + demand deposit with the banking system + other deposits with RBI

M1 = 285400 + 265700 + 384700

M1 = 935800

M2 = M1 + Savings deposit of post office savings banks

So,

M2 = 935800 + 125900

M2 = 1061700 Crores

M3 = M1 + Time deposit with banking system

So,

M3 = 935800 + 326800

M3 = 1262600 Crores

.....

If Receipts and Expenditures of the Central Government, 2017-18 (As per cent of GDP) are as given below

1. Revenue Receipts (a+b) - 8.7

(a) Tax revenue (net of states share) - 7.3

(b) Non-tax revenue - 1.4

2. Revenue Expenditure of which - 12.3

(a) Interest payments - 3.1

(b) Major subsidies - 2.4

(c) Defence expenditure - 1.1

3. Capital Receipts (a+b+c) of which - 5.2

(a) Recovery of loans - 0.2

(b) Other receipts (mainly PSU disinvestment) - 0.3

(c) Borrowings and other liabilities - 4.7

4. Capital Expenditure - 1.6

Find

1. Total Receipts

a. 4.7

b. 5.2

c. 8.7

d. 13.9

2. Total Expenditure

a. 1.6

b. 5.5

c. 12.3

d. 13.9

3. Revenue Deficit

- a. 1.6
- b. 3.6
- c. 4.7
- d. 8.7

4. Fiscal deficit

- a. 1.6
- b. 3.6
- c. 4.7
- d. 8.7

5. Primary Deficit

- a. 1.6
- b. 3.6
- c. 4.7
- d. 8.7

Solution

1. d

$$\begin{aligned} \text{Total Receipts} &= \text{Revenue Receipts} + \text{Capital Receipts} \\ &= 8.7 + 5.2 = 13.9 \end{aligned}$$

2. d

$$\begin{aligned} \text{Total Expenditure} &= \text{Revenue Expenditure} + \text{Capital Expenditure} \\ &= 12.3 + 1.6 = 13.9 \end{aligned}$$

3. b

$$\begin{aligned} \text{Revenue Deficit} &= \text{Revenue Expenditure} - \text{Revenue Receipts} \\ &= 12.3 - 8.7 = 3.6 \end{aligned}$$

4. c

$$\begin{aligned} \text{Fiscal deficit} &= \text{Total Expenditure} - \text{Total Receipts net of Borrowings and other liabilities} \\ &= 13.9 - (8.7 + 0.2 + 0.3) \\ &= 13.9 - 9.2 = 4.7 \end{aligned}$$

5. a

$$\begin{aligned} \text{Primary Deficit} &= \text{Fiscal deficit} - \text{Interest payments} \\ &= 4.7 - 3.1 = 1.6 \end{aligned}$$

While releasing the data relating to inflation increased by the Govt, it is observed that

- 1) The consumer price index based inflation increased to 11% and
- 2) Whole sale price index based inflation increased to 8%
- 3) The govt. claims that due to implementation of Banks Bi-partite Settlement, there is increase in demand of goods and services leading to increase in consumer prices.
- 4) Further due to increased wages and salaries, there is increase in cost of inputs leading to increase in whole-sale price index.

Answer the following questions, based on the above information.

1. The inflation caused by the the information given at point no.3 in the question, is not called as (i) Core inflation, (ii) Demand Pull inflation (iii) Cost-push inflation

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - b

2. The inflation rate of 8%, represented by the whole sale price, is called:

- a. Core inflation
- b. Headline inflation
- c. Demand Pull inflation
- d. Cost-push inflation

Ans - b

3. The inflation rate 11% represented by the consumer price, is called:

- a. Core inflation
- b. Headline inflation
- c. Demand Pull inflation
- d. Cost-push inflation

Ans - a

4. The inflation caused by the information given at point no.4 in the question, is not called as (i) Core inflation, (ii) Demand Pull inflation (iii) Cost-push inflation

- a. Only (i) and (ii)
- b. Only (i) and (iii)

- c. Only (ii) and (iii)
d. (i), (ii) and (iii)

Ans - a

Given the following data (Rs. in Arab) about a government budget

Capital Receipts Net of Borrowings - 95

Revenue Expenditure - 100

Interest Payments - 10

Revenue Receipts - 80

Capital Expenditure - 110

1. Find out the Revenue deficit

- a. Rs. 20 Arab
b. Rs. 25 Arab
c. Rs. 35 Arab
d. Rs. 40 Arab

Ans - a

2. Find out the Fiscal deficit

- a. Rs. 20 Arab
b. Rs. 25 Arab
c. Rs. 35 Arab
d. Rs. 40 Arab

Ans - c

3. Find out the Primary deficit

- a. Rs. 20 Arab
b. Rs. 25 Arab
c. Rs. 35 Arab
d. Rs. 40 Arab

Ans - b

Solution

1. Revenue Deficit = Revenue Expenditure – Revenue Receipts

= 100 - 80
= Rs. 20 Arab

2. Fiscal Deficit = [Revenue Expenditure + Capital Expenditure] - [Revenue Receipt + Capital Receipt Net of Borrowing]
= (100 + 110) - (80 + 95)
= 210 - 175
= Rs. 35 Arab

3. Primary Deficit = Fiscal Deficit - Interest Payments
= 35 - 10
= Rs. 25 Arab

Given,

Recoveries of loan and advance - Rs. 3000 Crores
Misc capital receipt - Rs. 600 Crores
Market loans - Rs. 600 Crores
Short term borrowings - Rs. 1200 Crores
External assistance (Net) - Rs. 500 Crores
State provident fund - Rs. 600 Crores
Other receipts (Net) - Rs. 1200 Crores
Securities issued against small savings - Rs. 600 Crores
Recoveries of short term loans and advances from states and loans to govt servants - Rs. 1000 Crores
Total Non Tax Revenue - Rs. 5000 Crores
Net Tax Revenue - Rs. 2000 Crores
Draw down cash balance - Rs. 4000 Crores

Calculate Debt Receipt ...

- a. Rs 2500 Crores
- b. Rs 3700 Crores
- c. Rs 4700 Crores
- d. Rs 5400 Crores

Ans - c

Calculate Non Debt Receipt ...

- a. Rs 2500 Crores
- b. Rs 3700 Crores
- c. Rs 4700 Crores

d. Rs 5400 Crores

Ans - a

Calculate Capital Receipt ...

- a. Rs 4700 Crores
- b. Rs 5400 Crores
- c. Rs 6200 Crores
- d. Rs 7200 Crores

Ans - c

Solution :

1. Debt Receipt = Market Loans + Short Term Borrowings + External assistance(NET) + Securities issued against Small savings + State provident fund + other Receipts(Net)
= 600 + 1200 + 500 + 600 + 600 + 1200
= 3700 Crores

2. Non Debt Receipt = Recoveries of loan & advances (deduct recoveries of short term loans & advance from state and loans to govt sarvants) + MISC Capital receipts
= (3000-1000)+500
= 2500 Crores

3. Capital Receipt = Non Debt Receipt + Debt Receipt
= 3700 + 2500
= 6200 Crores

Who has set up the financial intelligence unit is set up for tightening anti-money laundering measures?

- a. Finance Ministry, GOI
- b. Income Tax Department
- c. Central Vigilance Commission
- d. RBI

Ans - a

.....
A Credit Bureau is governed by which of the following act?

- a. Securities and Exchange Board of India Act, 1992
- b. Reserve Bank of India Act, 1934
- c. Credit Information Companies (Regulation) Act of 2005
- d. Securities and Exchange Board of India (Credit Rating Agencies) Regulations, 1999

Ans - c
.....

Stock Holding Corporation of India Ltd (SHCIL) was established in 1986 as

- a. Private Limited
- b. Public limited
- c. Unlimited
- d. Limited Liability Partnership

Ans - b
.....

Which of the following is Asia's first stock exchange?

- a. BSE
- b. NSE
- c. PSE
- d. CSE

Ans - a
.....

Offense of Money Laundering is defined under of Prevention of Money Laundering Act 2002

- a. Section 2
- b. Section 3
- c. Section 5
- d. Section 6

Ans - b
.....

When did the Reserve Bank of India notify the draft regulations relating to the Credit Information Companies (Regulation) Act, 2005?

- a. April 5, 2006
-

- b. May 26, 2006
c. June 29, 2007
d. September 30, 2005

Ans - a

If the government wants to try to reduce unemployment, it could spending and/or taxes should be

-
a. decrease; increased
b. increase; increased
c. decrease; decreased
d. increase; decreased

Ans - d

Basel Committee on Banking Supervision? is also referred as

- a. Financial Stability Board
b. Banking Regulation Committee
c. Global Financial System
d. Bank for International Settlements Committee

Ans - d

Which of the following statement holds true with reference to Basel Capitol Accord standards? (i) Banks will be rewarded with lower capital requirements, (ii) Banks will have to convince the supervisor that the minimum capital requirements are based on representative historical figures, (iii) Banks are allowed to use risk models that have been developed internally to measure the capital requirements

- a. Only (i) and (ii)
b. Only (i) and (iii)
c. Only (ii) and (iii)
d. (i), (ii) and (iii)

Ans - d

The current estimate of the scaling factor is

- a. 0.75

- b. 2.05
c. 1.06
d. 1.05

Ans - c

What is the absolute minimum capital requirement under Basel II?

- a. The new capital framework continues to work with the existing minimum requirement of capital, which remains 10% of risk weighted assets
b. The new capital framework continues to work with the existing minimum requirement of capital, which remains 7% of risk weighted assets
c. The new capital framework continues to work with the existing minimum requirement of capital, which remains 8% of risk weighted assets
d. The new capital framework continues to work with the existing minimum requirement of capital, which remains 6% of risk weighted assets

Ans - c

Indian Government announced a scheme for providing short term loans to farmers at concessional rate of % P.A. upto an amount of Rs._____.

- a. 7, 1 lac
b. 7, 3 lac
c. 5, 1 lac
d. 5, 3 lac

Ans - b

Which of the following statement holds true with reference to Basel Capital Accord standards? (i) Banks will have to convince the supervisor that the minimum capital requirements are based on representative historical figures, (ii) Banks are allowed to use risk models that have been developed internally to measure the capital requirements, (iii) Banks will be rewarded with lower capital requirements

- a. Only (i) and (ii)
b. Only (i) and (iii)
c. Only (ii) and (iii)
d. (i), (ii) and (iii)

Ans - d

What is 'Bank rate'?

- a. The rate at which commercial banks borrow money from RBI
- b. The rate at which commercial banks lend money to customers
- c. The rate at which commercial banks lend money to RBI
- d. none of the above

Ans - a

.....

In monetary terminology, what is called the 'monetary base' or 'high powered money'?

- a. the total assets of RBI
- b. the total liability of RBI
- c. the total debt of the government
- d. the total foreign exchange of RBI

Ans - b

.....

The RBI can increase the money supply in the market by:

- a. selling government securities
- b. buying government securities
- c. borrowing money from commercial banks
- d. none of the above

Ans - b

.....

When was disinvestment started in public enterprises?

- a. 1990 - 1991
- b. 1991 - 1992
- c. 1992 - 1993
- d. 1956

Ans - b

.....

Which office has seen the appointment of an RBI ombudsman? (i) Jammu, (ii) Delhi

- a. Only (i)
- b. Only (ii)

.....

- c. Either (i) or (ii)
d. Both (i) and (ii)

Ans - d

Which of the following statements is / are true? (i) Monetary policy announced per year, (ii) Price stability & exchange rate stabilization are the objectives of monetary policy, (iii) Credit policy is a part of monetary policy

- a. Only (i) and (ii)
b. Only (i) and (iii)
c. Only (ii) and (iii)
d. (i), (ii) and (iii)

Ans - c

Which of the following statements is / are true? (i) SLR & CRR, are not the part of monetary policy, (ii) CRR is adjusted to manage liquidity & inflation, (iii) A purchase of government securities injects money in the market

- a. Only (i) and (ii)
b. Only (i) and (iii)
c. Only (ii) and (iii)
d. (i), (ii) and (iii)

Ans - c

India is a member of the International Monetary Fund since

- a. 1934
b. 1935
c. 1947
d. 1949

Ans - c

RBI has expanded the definition of which scheme?

- a. Banking ombudsman scheme
b. Banking internal stakeholders scheme

- c. Personalised banking scheme
d. None of the above

Ans - a

Which of the following is true about the restrictions on RBI? (i) It is not to compete with the commercial banks, (ii) It is not allowed to pay interest on its deposits, (iii) It cannot engage directly or indirectly in trade, (iv) It cannot acquire or advance loans against immovable property, (v) It is prohibited from purchasing its own shares or the shares of any other bank or any company or granting loans on such security

- a. only (i),(ii),(iii), and (iv)
b. only (v)
c. all the above
d. none of the above

Ans - c

RBI has tightened the rules around JLFs. What does JLF stand for?

- a. Joint Lenders Forum
b. Joint Liability Forum
c. Joint Liaison Forum
d. None of the above

Ans - a

Lenders will not require prior central bank approval for equity investments if they have a capital risk weighted asset ratio of how much?

- a. 10% or more
b. 10% or less
c. 8% or more
d. 8% or less

Ans - a

EBI has come out with a PCA for banks. What does PCA stand for?

- a. Performance corrective action

- b. Prompt corrective action
c. Personnel corrective action
d. None of the above

Ans - b

Which of the following statements are correct about RBI? (i) The Reserve Bank's affairs are governed by a central board of directors, (ii) The board is appointed by the Government of India in keeping with the Reserve Bank of India Act, (iii) They are appointed/nominated for a period of four years

- a. 1,2
b. 2,3
c. 1,3
d. All

Ans - d

As per the notification by Reserve Bank of India (RBI) on 6th Aug'15, in which areas the banks are allowed to shift, merge or close branches without seeking its prior permission?

- a. Urban Areas
b. Rural Areas
c. Semi-Rural Areas
d. Semi-Urban Areas

Ans - a

Which of the following is merged with SEBI?

- a. CRISIL
b. FMC
c. CIBIL
d. SHCIL

Ans - b

Within 2004-09, the New Foreign Trade Policy envisages India's share in merchandise trade to

- a. rise by 50%
b. double

- c. rise by 80%
d. treble

Ans - b

The minimum total capital requirement will remain at the current level

- a. 0.08
b. 0.05
c. 0.07
d. 0.1

Ans - a

Which section of Banking Regulation Act defines that no person other than a bank is authorized to accept deposits withdraw able by cheque?

- a. Section 19A
b. Section 29A
c. Section 39A
d. Section 49A

Ans - d

Which was the first exchange in the country to provide a modern, fully automated screen-based electronic trading system?

- a. BSE
b. NSE
c. PSE
d. CSE

Ans - b

What is the absolute minimum capital requirement under Basel II?

- a. The new capital framework continues to work with the existing minimum requirement of capital, which remains 10% of risk weighted assets
b. The new capital framework continues to work with the existing minimum requirement of capital, which remains 8% of risk weighted assets

-
- c. The new capital framework continues to work with the existing minimum requirement of capital, which remains 7% of risk weighted assets
 - d. The new capital framework continues to work with the existing minimum requirement of capital, which remains 6% of risk weighted assets

Ans - b

.....

What are possible business benefits of Basel II?

- a. Improved insight in processes and related risks could lead to more efficient granting of credits
- b. Lower cost of funding capital resulting from an improved rating
- c. To apply risk-based pricing, tuning pricing to client's risk profile
- d. All of these

Ans - c

.....

..... is a Microsoft Corporation India's IT initiative for setting up IT kiosks in rural areas

- a. Aadhar
- b. Saksham
- c. Shakthi
- d. Swadhan

Ans - b

.....

Recently India has entered into Comprehensive Economic Co-operation Agreement with

- a. None of these
- b. Australia
- c. Singapore
- d. USA

Ans - c

.....

What are possible business benefits of Basel II? (i) Improved insight in processes and related risks could lead to more efficient granting of credits, (ii) To apply risk-based pricing, tuning pricing to client's risk profile, (iii) Lower cost of funding capital resulting from an improved rating

- a. Only (i) and (ii)
- b. Only (i) and (iii)

.....

- c. Only (ii) and (iii)
d. (i), (ii) and (iii)

Ans - d

The term 'Banking' is defined under of Banking Regulation Act, 1949

- a. Section 4(a)
b. Section 5(b)
c. Section 6(c)
d. Section 7(a)

Ans - b

What is the stake of SBI in its joint venture with TCS, C-Edge?

- a. 0.6
b. 0.49
c. 0.4
d. 0.51

Ans - b

CRR stands for

- a. Core Reserve Rate
b. Cash Reserve Rate
c. Cash Reserve Ratio
d. Cash Recession Ratio

Ans - c

The foreign investment in private banks (including FDI, FII, NRI, etc.) are permitted up to % in India.

- a. 99
b. 49
c. 74
d. 24

Ans - c

Capital requirements for the implementation of Basel III guidelines are in the initial phase and in the later years.

- a. Lower; higher
- b. Higher; Stable
- c. Stable; Lower
- d. Higher; Lower

Ans - a

.....

Procedure for amalgamation of banking companies is defined under section of Banking Regulation Act, 1949.

- a. Section 44A
- b. Section 45A
- c. Section 46A
- d. Section 47A

Ans - a

.....

The Banking Regulation Act, 1949 defines a Primary Cooperative Bank as a

- a. Cooperative Society
- b. Non-scheduled Bank
- c. Primary Agricultural Cooperative Society
- d. Urban Cooperative Society

Ans - a

.....

Once the demands for grants and expenditure of different departments are passed by the Parliament, a bill to draw money from Consolidated Funds of India for these purpose is introduced. What is the name of this bill?

- a. Finance Bill
- b. Money bill
- c. Ordinary bill
- d. appropriation bill

Ans - d

.....

Estimating national income is not associated with

- a. Income method
- b. Expenditure method
- c. Value added method
- d. Export-import method

Ans - b

.....

How does the national income is determined?

- a. revenue from state
- b. Goods and service production
- c. Revenue from other countries
- d. None of these

Ans - b

.....

How will Basel III requirements affect Indian Banks?

- a. It will impact banks' transparency and disclosures
- b. Expansion of capital will affect the returns on the equity of these banks specifically public sector banks
- c. Both of these
- d. None of these

Ans - b

.....

Who has been appointed as the CMD of GIC Re India?

- a. T. S. Vijayan
- b. Mrs. Alice G Vaidyan
- c. Anuj Agrawal
- d. Neelesh Garg

Ans - b

.....

According to which guidelines did the Government pick up the entire SBI shares held by the RBI?

- a. National Stock Exchange of India

.....

-
- b. Securities Commission
 - c. Financial Regulations
 - d. Securities and Exchange Board of India (SEBI)

Ans - d

.....

Which statements is/are correct regarding Statutory Liquidity Ratio? (i) All the commercial banks in India can use the cash to fulfill SLR, (ii) The banks can maintain SLR by themselves, (iii) Banks leverage is restricted by SLR in forwarding more money in to economy

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

.....

National Insurance Academy located in

- a. Chennai
- b. Calcutta
- c. Pune
- d. Hyderabad

Ans - c

.....

Who is the present chairman of IRDA in India?

- a. T. S. Vijayan
- b. J. Hari Narayan
- c. Nilesh Sathe
- d. D. D. Singh

Ans - a

.....

Which of the following scheme was formulated by RBI?

- a. Banking Ombudsman Scheme
 - b. Jan Dhan Yojana
 - c. MUDRA Bank Yojana
-

d. Boutique Financing Scheme

Ans - a

Basis of the argument in favor of regulation has been derived from which of the following concepts?

- a. Market failure
- b. Government failure
- c. Competitive laxity
- d. Compliance costs

Ans - a

Obligations under Prevention of Money Laundering Act 2002 is defined under which section?

- a. Section 6
- b. Section 8
- c. Section 10
- d. Section 12

Ans - d

'Customer' is defined under which Act?

- a. RBI Act, 1934
- b. Banking Regulation Act, 1949
- c. PMLA, 2002
- d. Negotiable Instruments Act, 1881

Ans - c

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- c. The new capital framework continues to work with the existing minimum requirement of capital, which remains 8% of risk weighted assets

d. The new capital framework continues to work with the existing minimum requirement of capital, which remains 6% of risk weighted assets

Ans - c

CBS stands for

- a. Core Banking Solution
- b. Core Banking Service
- c. Core Banking System
- d. Core Banking Software

Ans - a

What was the reason for the revision of Basel I?

- a. To develop a framework that would further improve the soundness and stability of the financial system by emphasizing the banks' own internal control and management systems
- b. To promote the adoption of stronger risk management practices among banks and considers it as one of its major benefits
- c. To ensure that banks would hold sufficient capital to meet potential future losses
- d. All of these

Ans - b

What was the first Basel Concordat concerned with?

- a. The capital adequacy of banks
- b. The possibility of contagion of banks
- c. The possibility that third world countries might renege on their debts
- d. The division of responsibilities among national supervisory authorities

Ans - d

The foreign banks operating in India are freed of RBI imposed restrictions on their operations and treated on par with Indian banks after

- a. April, 2009
- b. April, 2015
- c. April, 2010

d. April, 2008

Ans - a

.....

What is the full form of NIXI?

- a. National & International Exchange of India
- b. National Internet Exchange of India
- c. Notional Inter Exchange interest
- d. None of these

Ans - c

.....

What is the Information Technology Act, 2000 concerned with

- a. appointment of certifying authorities for issuing digital signatures
- b. definition of various types of computer crimes and penalties for the same
- c. legal recognition of digital signatures
- d. All of these

Ans - c

.....

The overall Tier 1 capital requirement, consisting of not only common equity but also other qualifying financial instruments, will also increase from the current minimum of

- a. 5% to 7%
- b. 8% to 10%
- c. 6% to 8%
- d. 4% to 6%

Ans - d

.....

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- a. The new capital framework continues to work with the existing minimum requirement of capital, which remains 10% of risk weighted assets
- b. The new capital framework continues to work with the existing minimum requirement of capital, which remains 8% of risk weighted assets
- c. The new capital framework continues to work with the existing minimum requirement of capital, which remains 7% of risk weighted assets

d. The new capital framework continues to work with the existing minimum requirement of capital, which remains 6% of risk weighted assets

Ans - b

Recently India has entered into Comprehensive Economic Co-operation Agreement with

- a. None of these
- b. Australia
- c. Singapore
- d. USA

Ans - c

The term 'Banking' is defined under of Banking Regulation Act, 1949

- a. Section 4(a)
- b. Section 5(b)
- c. Section 6(c)
- d. Section 7(a)

Ans - b

RBI has asked ARCs to have minimum NOF of crore

- a. 25
- b. 50
- c. 70
- d. none of the above

Ans - d

Which office has seen the appointment of an RBI ombudsman? (i) Jammu, (ii) Delhi

- a. Only (i)
- b. Only (ii)
- c. Either (i) or (ii)
- d. Both (i) and (ii)

Ans - d

Which section of Banking Regulation Act defines that no person other than a bank is authorized to accept deposits withdraw able by cheque?

- a. Section 19A
- b. Section 29A
- c. Section 39A
- d. Section 49A

Ans - d

How will Basel III requirements affect Indian Banks?

- a. It will impact banks' transparency and disclosures
- b. Expansion of capital will affect the returns on the equity of these banks specifically public sector banks
- c. Both of these
- d. None of these

Ans - b

EBI has come out with a PCA for banks. What does PCA stand for?

- a. Performance corrective action
- b. Prompt corrective action
- c. Personnel corrective action
- d. None of the above

Ans - b

Which of the following is true about the restrictions on RBI? (i) It is not to compete with the commercial banks, (ii) It is not allowed to pay interest on its deposits, (iii) It cannot engage directly or indirectly in trade, (iv) It cannot acquire or advice loans against immovable property, (v) It is prohibited from purchasing its own shares or the shares of any other bank or any company or granting loans on such security

- a. Only (i),(ii),(iii), and (iv)
- b. Only (v)
- c. All the above
- d. None of the above

Ans – c

Which department did RBI open to oversee breaches of rules and their violation?

- a. Enforcement department
- b. Grievances Redressal department
- c. Social welfare department
- d. Financial laws department

Ans - a

Which of the following is true about the functions performed by RBI? (i) It is the Bank of Issue, (ii) It acts as banker to the Government, (iii) It is the banker of other banks, (iv) It regulates the flow of credit

- a. Both (i) and (ii)
- b. Both (iii) and (iv)
- c. All the above
- d. None of the above

Ans - c

The Reserve Bank of India was established on

- a. April 1, 1935
- b. July 12, 1982
- c. May 26, 2006
- d. September 30, 2005

Ans - a

Basel III or Basel 3 released in

- a. April, 2011
- b. December, 2010
- c. January, 2010
- d. August, 2009

Ans - b

What is the minimum maturity period for Commercial Paper (CP)?

- a. 14 days

- b. 45 days
c. 30 days
d. 7 days

Ans - d

Who acquired the Financial Network Services (Australian banking software firm) recently?

- a. Infosys
b. TCS
c. HCL
d. Wipro

Ans - b

Which of the following principles holds true for Pillar 2 under Basel II Accord? (1) Requirements regarding the disclosure of information to stakeholders (2) Financial market will have more information to assess actual risk profile of bank (3) Risk modeling and quantitative measurement (4) Calculation of minimum capital requirements

- a. Only (1), (2) and (3)
b. Only (1), (3) and (4)
c. Only (1) and (2)
d. All of these

Ans - c

RBI will create polymer based currency notes of which denomination?

- a. INR 5
b. INR 10
c. INR 20
d. INR 25

Ans - b

What does the second pillar of Basel II describes?

- a. It outlines the role of the supervisor and the requirements regarding the responsibilities of the bank's board and senior management

-
- b. It describes the guidelines for calculating the bank's risk profile and capital requirements for credit, market and operational risk
 - c. It describes the disclosure requirements towards stakeholders
 - d. None of these

Ans - a

.....

..... is known as the rate of interest charged by RBI for lending money to various commercial banks by rediscounting of the bills in India.

- a. Overnight Rate
- b. Bank Rate
- c. Monetary Policy
- d. Discount Window

Ans - b

.....

RBI has restricted Indian entities from making investments in non cooperative countries and territories as per

- a. FATF
- b. FADF
- c. FAF
- d. None of the above

Ans - a

.....

RBI has opposed which move of the Watal Committee?

- a. Digital payments
- b. Separate entity to regulate payments and settlements
- c. Cashless transactions
- d. None of the above

Ans - b

.....

The new high security INR 500 note has which of the following features? (i) Bleed Lines, (ii) Circle with 500 in the right, (iii) Ashoka Pillar emblem

- a. Only (i) and (ii)

.....

- b. Only (i) and (iii)
c. Only (ii) and (iii)
d. (i), (ii) and (iii)

Ans - d

How much will replacing INR 500 and 1000 rupee notes cost the RBI?

- a. INR 13000 crore
b. INR 12000 crore
c. INR 11000 crore
d. INR 10000 crore

Ans - b

Which of the following statements is/are correct about RBI? (i) Governor of RBI is not eligible for reappointment, (ii) Deputy Governors are appointed by governor of RBI

- a. Only (i)
b. Only (ii)
c. Either (i) or (ii)
d. Neither (i) nor (ii)

Ans - d

RBI will use Braille like markings on currency notes of INR 100, 500 and 1,000 in order to (i) Help visually challenged people, (ii) Outdo counterfeiters

- a. Only (i)
b. Only (ii)
c. Either (i) or (ii)
d. Both (i) and (ii)

Ans - d

Index 'Residex' is associated with

- a. Share Prices
b. Land Prices
c. Mutual Fund Prices

d. Price Inflation Index

Ans - a

.....

Which of the following is not a method of estimating national income?

- a. Income method
- b. Export import method
- c. Expenditure method
- d. Value added method

Ans - b

.....

Which is the best measure of economic growth of a country?

- a. GNP
- b. GDP
- c. Net revenue
- d. None of these

Ans - b

.....

By which bill does the government make arrangement for the collection of revenues for a year?

- a. Supplementary Budget
- b. Finance Bill
- c. Fiscal Budget
- d. Economic Bill

Ans - b

.....

Fiscal Policy of India is formulated by

- a. the Finance Ministry
- b. the Reserve Bank of India
- c. the Securities and Exchange Board of India
- d. the Planning Commission

Ans - a

.....

.....
The Fiscal Policy of India is formulated by

- a. SEBI
- b. RBI
- c. Finance Ministry
- d. Planning Commission

Ans - d
.....

Which of the following taxes is not levied by the Union Government?

- a. Wealth tax
- b. Excise tax
- c. Income tax
- d. Profession tax

Ans - c
.....

How does the rate of growth of an economy is measured?

- a. In terms of per capita
- b. in terms of poverty line
- c. in terms of industrial development
- d. in terms of national income

Ans - d
.....

How does the standard of living in a country is measured?

- a. by measuring per capita income
- b. by measuring GDP
- c. by measuring poverty
- d. by measuring rate of unemployment

Ans - a
.....

When did the Centre acquire the Reserve Bank of India's entire 59.73% equity stake in the State Bank of India (SBI) at over Rs. 35,531 crore in New Delhi?

- a. April 5, 2006
-

- b. May 26, 2006
c. June 29, 2007
d. September 30, 2005

Ans - c

To help fight a recession, the government could

- a. lower interest rates by decreasing the cash rate
b. decrease taxes to increase aggregate demand
c. conduct contractionary fiscal policy by raising taxes
d. decrease government spending to balance the budget

Ans - b

If the economy were in recession, we would expect

- a. government expenditure to be low and tax revenues to be low, probably leading to a budget surplus
b. government expenditure to be high and tax revenues to be low, probably leading to a budget surplus
c. government expenditure to be high and tax revenues to be low, probably leading to a budget deficit
d. government expenditure to be high and tax revenues to be high, probably leading to a budget deficit

Ans - c

RBI has been amended by which act to provide for a Monetary Policy Committee for the maintenance of price stability?

- a. Finance Act 2016
b. Treasuries Act 2016
c. Financial Policy Act 2016
d. None of the above

Ans - a

RBI has asked commercial and cooperative banks on 25th August 2016 to provide loans to women SHG in rural areas at what percent per annum?

- a. 7
b. 8
c. 9

d. 10

Ans - a

Which of the following statements is/are correct about RBI Governor? (i) RBI Governor is appointed for five year, (ii) Central government appoints four deputy governors

- a. Only (i)
- b. Only (ii)
- c. Either (i) or (ii)
- d. Both (i) and (ii)

Ans - b

Fresh evaluation of every item of expenditure from the very beginning of each financial year is called

- a. Zero based budgeting
- b. Deficit budgeting
- c. Performance budgeting
- d. Fresh budgeting

Ans - a

When did the draft guidelines for building grievance redressal mechanism within NBFCs (Non-Banking Financial Companies) publish?

- a. April 5, 2006
- b. May 26, 2006
- c. June 29, 2007
- d. September 30, 2005

Ans - b

The Reserve Bank of India will transfer its surplus profit of 65,896 crore rupees to the Centre. This amount is percent higher than previous year.

- a. 5
- b. 19
- c. 25

d. 33

Ans - c

National Income in India is compiled by

- a. Central Statistical Organisation
- b. Finance Commission
- c. NDC
- d. Indian Statistical Institute

Ans - a

RBI has issued uniform guidelines on what form of banking for all licensed cooperative banks in 2015?

- a. Internet banking
- b. Mobile banking
- c. Phone banking
- d. None of the above

Ans - a

Fiscal Policy in India is formulated by

- a. the Reserve Bank of India
- b. the Planning Commission
- c. the Finance Ministry
- d. the Securities and Exchange Board of India

Ans - c

Name the bill by which the government of India collect the revenue for a year

- a. money bill
- b. Ordinary bill
- c. Finance bill
- d. Appropriation bill

Ans - c

Given,

Currency with public - Rs. 120000 Crores

Demand deposit with banking system - Rs. 200000 Crores

Time deposits with banking system - Rs. 250000 Crores

Other deposit with RBI - Rs. 300000 Crores

Savings deposit of post office savings banks - Rs. 100000 Crores

All deposit with post office savings bank excluding NSCs - Rs. 50000 Crores

1. Calculate M1.

a. Rs. 570000 Crores

b. Rs. 620000 Crores

c. Rs. 670000 Crores

d. Rs. 720000 Crores

Ans - b

2. Calculate M2.

a. Rs. 570000 Crores

b. Rs. 620000 Crores

c. Rs. 670000 Crores

d. Rs. 720000 Crores

Ans - d

3. Calculate broad money M3.

a. Rs. 570000 Crores

b. Rs. 620000 Crores

c. Rs. 670000 Crores

d. Rs. 870000 Crores

Ans - d

Solution :

1. $M1 = \text{currency with public} + \text{demand deposit with the banking system} + \text{other deposits with RBI}$

$M1 = 120000 + 200000 + 300000$

$M1 = 620000$

2. $M2 = M1 + \text{Savings deposit of post office savings banks}$

So,

$$M2 = 620000 + 100000$$

$$M2 = 720000 \text{ Crores}$$

3. $M3 = M1 + \text{Time deposit with banking system}$

So,

$$M3 = 620000 + 250000$$

$$M3 = 870000 \text{ Crores}$$

If Receipts and Expenditures of the Central Government as per Budget 2017-18 are as given below

1. Revenue Receipts - 1515771
2. Tax Revenue - 1227014
3. Non-Tax Revenue - 288757
4. Capital Receipts - 630964
5. Recovery of Loans - 11933
6. Other Receipts - 72500
7. Borrowings and Other Liabilities - 546531
8. Expenditure On Revenue Account of which - 1836934
9. Interest Payments - 523078
10. Grants in Aid for creation of capital assets - 195350
11. Expenditure On Capital Account - 309801

Find

1. Total Receipts

- a. 2075416
- b. 2146735
- c. 2345425
- d. 2536289

2. Total Expenditure

- a. 2075416
- b. 2146735
- c. 2345425
- d. 2536289

3. Revenue Deficit

- a. 546531

b. 321163

c. 125813

d. 23453

4. Effective Revenue Deficit

a. 546531

b. 321163

c. 125813

d. 23453

5. Fiscal deficit

a. 546531

b. 321163

c. 125813

d. 23453

6. Primary Deficit

a. 546531

b. 321163

c. 125813

d. 23453

Solution

1. b

Total Receipts = Revenue Receipts + Capital Receipts

= 1515771 + 630964

= 2146735

2. b

Total Expenditure = Revenue Expenditure + Capital Expenditure

= 1836934 + 309801

= 2146735

3. b

Revenue Deficit = Revenue Expenditure - Revenue Receipts

= 1836934 - 1515771

= 321163

4. c

Effective Revenue Deficit = Revenue Deficit - Grants in Aid for creation of capital assets

.....

$$= 321163 - 195350$$

$$= 125813$$

5. a

Fiscal deficit = Total Expenditure - Total Receipts net of Borrowings and other liabilities (Revenue Receipts + Recovery of Loans + Other Receipts)

$$= 2146735 - (1515771 + 11933 + 72500)$$

$$= 546531$$

6. d

Primary Deficit = Fiscal deficit - Interest payments

$$= 546531 - 523078$$

$$= 23453$$

.....

Given,

Recoveries of loan and advance - Rs. 2500 Crores

Misc capital receipt - Rs. 400 Crores

Market loans - Rs. 500 Crores

Short term borrowings - Rs. 1000 Crores

External assistance (Net) - Rs. 600 Crores

State provident fund - Rs. 600 Crores

Other receipts (Net) - Rs. 1000 Crores

Securities issued against small savings - Rs. 500 Crores

Recoveries of short term loans and advances from states and loans to govt servants - Rs. 1000 Crores

Total Non Tax Revenue - Rs. 6000 Crores

Net Tax Revenue - Rs. 2500 Crores

Draw down cash balance - Rs. 4500 Crores

Calculate Debt Receipt ...

a. Rs 1900 Crores

b. Rs 4200 Crores

c. Rs 5400 Crores

d. Rs 6100 Crores

Ans - b

.....

Calculate Non Debt Receipt ...

a. Rs 1600 Crores

b. Rs 1900 Crores

.....

- c. Rs 4200 Crores
d. Rs 6100 Crores

Ans - b

Calculate Capital Receipt ...

- a. Rs 1900 Crores
b. Rs 2500 Crores
c. Rs 4200 Crores
d. Rs 6100 Crores

Ans - d

Solution :

1. Debt Receipt = Market Loans + Short Term Borrowings + External assistance(NET) + Securities issued against Small savings + State provident fund + other Receipts(Net)
= 500 + 1000 + 600 + 500 + 600 + 1000
= 4200 Crores

2. Non Debt Receipt = Recoveries of loan & advances (deduct recoveries of short term loans & advance from state and loans to govt sarvants) + Misc Capital receipts
= (2500-1000)+400
= 1900 Crores

3. Capital Receipt = Debt Receipt + Non Debt Receipt
= 4200 + 1900
= 6100 Crores

Recently India has entered into Comprehensive Economic Co-operation Agreement with

- a. Singapore
b. USA
c. Australia
d. None of these

Ans - a

Go through the following data and answer the question (all in Indian Rupees in Crores)

1. Consumptions - Rs. 50000
2. Gross investment - Rs. 40000
3. Govt spending - Rs. 10000
4. Export - Rs. 90000
5. Import - Rs. 60000
6. Taxes - Rs. 5000
7. Subsidies(on production and import) - RS. 1000
8. Compensation of employee - Rs. 500
9. Property Income - Rs. 500
- 7,8,9 - Net receivable from aboard
- 10.Total capital gains from overseas investment - Rs. 1500
- 11.Income earned by foreign national domestically - Rs. 500

Calculate GDP

- a. Rs. 100000
- b. Rs. 110000
- c. Rs. 120000
- d. Rs. 130000

Ans - d

Solutions :

GDP = Consumption + Gross investment + Government spending + (Exports - Imports)

GDP = C+I+G+(X-M)

= 50000+40000+10000+(90000-60000)

= 130000

Demand for a product at Rs. 10 per unit is 400. If the price elasticity of demand is 1, how much the demand will be at Rs. 16 per unit?

- a. 240
- b. 200
- c. 160
- d. 120

Ans - c

Solution :

Price Elasticity of Demand = % Change in Quantity Demanded / % Change in Price

$$\% \text{ Change in Quantity Demanded} = \frac{400-x}{400} \times 100 = \frac{(400-x)}{4}$$

$$\% \text{ Change in Price} = \frac{6}{10} \times 100 = 60$$

Price Elasticity of Demand = % Change in Quantity Demanded / % Change in Price

$$1 = \frac{((400-x)/4)}{60}$$

$$60 = \frac{(400-x)}{4}$$

$$240 = 400-x$$

$$x = 400-240$$

$$x = 160$$

Calculate Inflation, if Price index in current year is 12 and price index in base year is 10.

- a. 20
- b. 25
- c. 30
- d. 35

Ans - a

Solution :

$$\text{Inflation} = \frac{(\text{price index in current year} - \text{price index in base year})}{(\text{price index in base year})} \times 100$$

$$= \frac{(12-10)}{10} \times 100$$

$$= \frac{2}{10} \times 100$$

$$= 20$$

In order to declare dividend, banks must have a CRAR of at least % for the preceding 2 years, and net NPA of less than %

- a. 9, 7
- b. 11, 3
- c. 9, 5
- d. 10, 5

Ans - a

Given,

1. Consumptions - Rs. 50000
2. Gross investment - Rs. 40000
3. Govt spending - Rs. 10000
4. Export - Rs. 90000
5. Import - Rs. 60000
6. Indirect Taxes - Rs. 10000
7. Subsidies(on production and import) - RS. 5000
8. Compensation of employee - Rs. 500
9. Property Income - Rs. 500
- 7,8,9 - Net receivable from aboard
- 10.Total capital gains from overseas investment - Rs. 15000
- 11.Income earned by foreign national domestically - Rs. 5000

Calculate GDP at cost factor

- a. Rs. 125000
- b. Rs. 130000
- c. Rs. 135000
- d. Rs. 140000

Ans - c

Solution :

GDP = Consumption + Gross investment + Government spending + (Exports - Imports)

GDP = C+I+G+(X-M)

= 50000+40000+10000+(90000-60000)

= 130000

GDP at factor rate

= GDP-(Indirect taxes-subsidies)

= 130000-(10000-5000)

= 135000

.....

The Leverage Ratio has changed from under Basel II to under Basel III.

- a. None to 10.5%
- b. None to 3%
- c. 4% to 6.5%
- d. 6% to 8.5%

Ans - b

Read the following and answer the below questions

A grocery shop sells fresh milk at Rs. 20 per litre at which price 400 litres of milk are sold per month. After some time, the price raised to Rs. 30 per litre. Following the price rise it results:

- (i) Only 200 litres of milk are sold every month.
- (ii) The number of boxes of cereal customers bought went down from 280 to 240.
- (iii) The number of packets of powder milk customers bought went up from 90 to 220 per month.

1. The price elasticity of demand when fresh milk's price increases from 20 per litre to 30 per litre is equal to

- a. 2.5
- b. 1.0
- c. 1.66
- d. 2.66

Ans - c

2. The cross elasticity of monthly demand for cereal when the price of fresh milk increases from 20 to 30 is equal to

- a. - 0.38
- b. + 0.25
- c. -0.19
- d. + 0.38

Ans - a

3. The cross elasticity of monthly demand for powder milk when the price of fresh milk increases from 20 to 30 per litre is equal

- a. + 1.05
- b. 1.05
- c. -0.09
- d. + 2.09

Ans - d

4. What can be said about the price elasticity of demand for fresh milk

- a. It is perfectly elastic
- b. It is elastic
- c. It is perfectly inelastic
- d. None of the above

Ans - b

.....

5. Suppose income of the residents of the area increases by 50% and the quantity of fresh milk demanded increases by 30%. What is income elasticity of demand for fresh milk?

- a. 0.5
- b. 0.6
- c. 1.25
- d. 1.50

Ans - b

.....

Which of the following are the three pillars of the Basel II framework?

- a. Asset – Liability Management
- b. Supervisory review
- c. Market discipline
- d. Minimum capital requirements

Ans - b

.....

Why is financial exclusion a particular problem?

- a. The costs to the financially excluded are high
- b. It increases compliance costs
- c. Nothing can be done about it
- d. It lowers the profits of financial service companies

Ans - a

.....

Given,

Corporation tax	- Rs. 1000 Crores
Income tax	- Rs. 800 Crores
Other taxes and duties	- RS. 600 Crores
Customs	- RS. 800 Crores
Union exercise tax	- Rs. 600 Crores
Service tax	- Rs. 500 Crores
Tax of union territories	- Rs. 300 Crores
Interst receipt	- Rs. 500 Crores
Devident & profit	- Rs. 700 Crores
External grant	- Rs. 300 Crores
Other non tax revenue	- Rs. 1000 Crores
State Share	- Rs. 600 Crores
Receipt of union territories	- Rs. 800 Crores
Trf to NCCD (National calamity Contingency fund)	- Rs. 300 Crores

1. Calculate Gross Tax Revenue ...

- a. Rs 3800 Crores
- b. Rs 4300 Crores
- c. Rs 4600 Crores
- d. Rs 5600 Crores

Ans - c

2. Calculate Net Tax revenue ...

- a. Rs 2900 Crores
- b. Rs 3700 Crores
- c. Rs 4000 Crores
- d. Rs 4600 Crores

Ans - b

Solution :

1. Gross Tax revenue = Corporation Tax + Income tax + other tax & duties + costoms + union excise duties + service Tax + taxes on union territories
= 1000+800+600+800+600+500+300
= 4600 Crores

2. Net Tax Revenue = Gross tax revenue - NCCD transferred to the National Calamity Contingency fund - state share

$$= 4600 - 300 - 600$$

$$= 3700 \text{ Crores}$$

Given,

1. Consumptions - Rs. 50000
2. Gross investment - Rs. 40000
3. Govt spending - Rs. 10000
4. Export - Rs. 90000
5. Import - Rs. 60000
6. Indirect Taxes - Rs. 10000
7. Subsidies (on production and import) - Rs. 5000
8. Compensation of employee - Rs. 500
9. Property Income - Rs. 500
- 7,8,9 - Net receivable from abroad
10. Total capital gains from overseas investment - Rs. 15000
11. Income earned by foreign national domestically - Rs. 5000

1. Calculate GDP

- a. Rs. 125000
- b. Rs. 130000
- c. Rs. 135000
- d. Rs. 140000

Ans - b

2. Calculate GDP at cost factor

- a. Rs. 125000
- b. Rs. 130000
- c. Rs. 135000
- d. Rs. 140000

Ans - c

3. Calculate GNP

- a. Rs. 110000

- b. Rs. 120000
c. Rs. 130000
d. Rs. 140000

Ans - d

Solution :

1. GDP = Consumption + Gross investment + Government spending + (Exports - Imports)

$$\text{GDP} = C+I+G+(X-M)$$

$$= 50000+40000+10000+(90000-60000)$$

$$= 130000$$

2. GDP at factor rate

$$= \text{GDP} - (\text{Indirect taxes} - \text{subsidies})$$

$$= 130000 - (10000 - 5000)$$

$$= 135000$$

3. GNP = GDP + NR (total capital gains from Overseas investment-income earned by foreign national domestically)

$$= 130000 + (15000 - 5000)$$

$$= 140000$$

Given,

Recoveries of loan and advance - Rs. 2000 Crores

Misc capital receipt - Rs. 500 Crores

Market loans - Rs. 500 Crores

Short term borrowings - Rs. 1000 Crores

External assistance (Net) - Rs. 300 Crores

State provident fund - Rs. 400 Crores

Other receipts (Net) - Rs. 1000 Crores

Securities issued against small savings - Rs. 500 Crores

Recoveries of short term loans and advances from states and loans to govt servants - Rs. 800 Crores

Total Non Tax Revenue - Rs. 4000 Crores

Net Tax Revenue - Rs. 1500 Crores

Draw down cash balance - Rs. 3000 Crores

1. Calculate Debt Receipt ...

a. Rs 3700 Crores

b. Rs 4200 Crores

- c. Rs 4700 Crores
d. Rs 5400 Crores

Ans - a

2. Calculate Non-Debt Receipt ...

- a. Rs 1700 Crores
b. Rs 3200 Crores
c. Rs 3700 Crores
d. Rs 5400 Crores

Ans - c

3. Calculate Capital Receipt ...

- a. Rs 3700 Crores
b. Rs 4200 Crores
c. Rs 4700 Crores
d. Rs 5400 Crores

Ans - d

Solution :

1. Debt Receipt = Market Loans + Short Term Borrowings + External assistance(NET) + Securities issued against Small savings + State provident fund + other Receipts(Net)

$$= 500 + 1000 + 300 + 500 + 400 + 1000$$
$$= 3700 \text{ Crores}$$

2. Non Debt Receipt = Recoveries of loan & advances (deduct recoveries of short term loans & advance from state and loans to govt sarvants) + MISC Capital receipts

$$= 2000 - 800 + 500$$
$$= 1700 \text{ Crores}$$

3. Capital Receipt = Non Debt Receipt + Debt Receipt

$$= 1700 + 3700$$
$$= 5400 \text{ Crores}$$

Go through the following data and answer the question (all in Indian Rupees in Crores)

1. Consumptions - Rs. 50000
2. Gross investment - Rs. 40000
3. Govt spending - Rs. 10000
4. Export - Rs. 90000
5. Import - Rs. 60000
6. Taxes - Rs. 5000
7. Subsidies(on production and import) - RS. 1000
8. Compensation of employee - Rs. 500
9. Property Income - Rs. 500
- 7,8,9 - Net receivable from aboard
- 10.Total capital gains from overseas investment - Rs. 1500
- 11.Income earned by foreign national domestically - Rs. 500

Calculate GDP

- a. Rs. 100000
- b. Rs. 110000
- c. Rs. 120000
- d. Rs. 130000

Ans - d

Solutions :

$$\begin{aligned} \text{GDP} &= \text{Consumption} + \text{Gross investment} + \text{Government spending} + (\text{Exports} - \text{Imports}) \\ \text{GDP} &= C+I+G+(X-M) \\ &= 50000+40000+10000+(90000-60000) \\ &= 130000 \end{aligned}$$

Go through the following data and answer the questions (all in Indian Rupees in Crores)

1. Consumptions - Rs. 50000
2. Gross investment - Rs. 40000
3. Govt spending - Rs. 10000
4. Export - Rs. 90000
5. Import - Rs. 60000
6. Taxes - Rs. 5000
7. Subsidies(on production and import) - RS. 1000
8. Compensation of employee - Rs. 500
9. Property Income - Rs. 500

- 7,8,9 - Net receivable from aboard
10.Total capital gains from overseas investment - Rs. 15000
11.Income earned by foreign national domestically - Rs. 5000

Calculate GNP

- a. Rs. 110000
- b. Rs. 120000
- c. Rs. 130000
- d. Rs. 140000

Ans - d

Solution :

$$\begin{aligned} \text{GDP} &= \text{Consumption} + \text{Gross investment} + \text{Government spending} + (\text{Exports} - \text{Imports}) \\ \text{GDP} &= \text{C} + \text{I} + \text{G} + (\text{X} - \text{M}) \\ &= 50000 + 40000 + 10000 + (90000 - 60000) \\ &= 130000 \end{aligned}$$

$$\begin{aligned} \text{GNP} &= \text{GDP} + \text{NR} (\text{total capital gains from Overseas investment} - \text{income earned by foreign national domestically}) \\ &= 130000 + (15000 - 5000) = 140000 \end{aligned}$$

..... represents the Pillar 2 of Basel III capital regulations.

- a. Minimum Capital Requirement
- b. Supervisory review of capital adequacy
- c. Market Discipline
- d. None of these

Ans – b

What is the full form of NIXI?

- a. Notional Inter Exchange interest
- b. National & International Exchange of India
- c. National Internet Exchange of India
- d. None of these

Ans - a

.....

RBI has relaxed norms for which of the following bonds?

- a. Masala bonds
- b. Rupee denominated overseas bonds
- c. Green bonds
- d. Both a and b

Ans - d

.....

RBI has tightened the rules around JLFs. What does JLF stand for?

- a. Joint Lenders Forum
- b. Joint Liability Forum
- c. Joint Liaison Forum
- d. None of the above

Ans - a

.....

RBI has asked ARCs to have minimum NOF of crore

- a. 25
- b. 50
- c. 70
- d. none of the above

Ans - d

.....

Which of the following statement holds true with reference to Basel Capital Accord standards? (i) Banks will be rewarded with lower capital requirements, (ii) Banks will have to convince the supervisor that the minimum capital requirements are based on representative historical figures, (iii) Banks are allowed to use risk models that have been developed internally to measure the capital requirements

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

.....

.....

Which of the following principles holds true for Pillar 1 under Basel II Accord? (1) Internal risk management (2) Reporting to supervisor (3) Risk modeling and quantitative measurement (4) Calculation of minimum capital requirements

- a. Only (1), (3) and (4)
- b. Only (1), (2) and (3)
- c. Only (1) and (2)
- d. All of these

Ans - a

New Basel Capital Accord is likely to improve the competitive position of

- a. Big banks with sophisticated risk management systems
- b. Universal banks
- c. Banks that maintain a high risk-weighted capital asset ratio
- d. German banks and their subsidiaries engaged in securities trading

Ans - a

The Core Tier I capital to RWAs has changed from under Basel II to under Basel III.

- a. 2% to 4.5%
- b. 4% to 6.5%
- c. 2% to 5%
- d. 2.5% to 6.5%

Ans - a

Which of the following are the aims of the Basel Convention? (i) The reduction of hazardous waste generation and the promotion of environmentally sound management of hazardous wastes, wherever the place of disposal, (ii) The restriction of trans-boundary movements of hazardous wastes except where it is perceived to be in accordance with the principles of environmentally sound management, (iii) A regulatory system applying to cases where trans-boundary movements are permissible

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

For scheduled commercial banks, the export credit should be atleast % of net bank credit.

- a. 3
- b. 12
- c. 15
- d. 10

Ans - b

..... Capital contains Hybrid capital instruments (debt / equity).

- a. Tier II
- b. Tier I
- c. Preference share
- d. Paid up

Ans - b

What does UNCED stands for?

- a. United Nations Confederation on Environment and Development
- b. United Nations Confederation on Economy and Development
- c. United Nations Conference on Economical Development
- d. United Nations Conference on Environment and Development

Ans - d

The Capital Conservation Buffers to RWAs has changed from under Basel II to under Basel III.

- a. 6% to 8.5%
- b. None to 2.5%
- c. 4% to 6.5%
- d. None to 4.5%

Ans - a

The minimum ratio of total capital To RWAs has changed from under Basel II to under Basel III.

- a. 4% to 6.5%
- b. 2.5% to 6.5%

- c. 6% to 8.5%
d. 8% to 10.5%

Ans - d

How will Basel III requirements affect Indian Banks? (i) Expansion of capital will affect the returns on the equity of these banks specifically public sector banks, (ii) It will impact banks' transparency and disclosures

- a. Only (i)
b. Only (ii)
c. Either (i) or (ii)
d. Both (i) and (ii)

Ans - d

Obligations under Prevention of Money Laundering Act 2002 is defined under which section?

- a. Section 6
b. Section 8
c. Section 10
d. Section 12

Ans - d

'Customer' is defined under which Act?

- a. RBI Act, 1934
b. Banking Regulation Act, 1949
c. PMLA, 2002
d. Negotiable Instruments Act, 1881

Ans - c

What is the aim of asking banks to build conservation buffer? (1) To ensure that banks maintain a cushion of capital (2) Use the conservation buffer to absorb losses during periods of financial and economic stress (3) To increase capital requirements in good times and decrease the same in bad times

- a. Only (2) and (3)
b. All of these

- c. Only (1) and (2)
d. Only (1) and (3)

Ans - c

The current estimate of the scaling factor is

- a. 0.75
b. 2.05
c. 1.06
d. 1.05

Ans - c

The committee recommended the amalgamation of RRBs promoted by sponsor banks.

- a. Rakesh Mohan
b. Mitra
c. Malhotra
d. Narasimhan

Ans - d

The RBI can increase the money supply in the market by:

- a. selling government securities
b. buying government securities
c. borrowing money from commercial banks
d. none of the above

Ans - b

What is the Cash Reserve Ratio (CRR)?

- a. the fraction of the deposits that commercial banks lend to the customers
b. the fraction of the deposits that RBI must keep with commercial banks
c. the fraction of the deposits that commercial banks must keep with RBI
d. none of the above

Ans – c

RBI has constituted an Internal Advisory Committee for resolution under which code?

- a. Bankruptcy Code 2016
- b. Insolvency Code 2016
- c. Bankruptcy and Insolvency Code 2016
- d. Insolvency and Bankruptcy Code 2016

Ans - d

RBI has expanded the definition of which scheme?

- a. Banking ombudsman scheme
- b. Banking internal stakeholders scheme
- c. Personalised banking scheme
- d. None of the above

Ans - a

Capital requirements for the implementation of Basel III guidelines are in the initial phase and in the later years.

- a. Higher; Stable
- b. Stable; Lower
- c. Lower; higher
- d. Higher; Lower

Ans - c

Among the following, which is not a subsidiary of RBI?

- a. NHB
- b. NABARD
- c. DICGC
- d. IDBI

Ans - d

How many Deputy Governors are there in RBI?

- a. 2

- b. 4
- c. 5
- d. 10

Ans - b

Which of the following is true about the functions performed by RBI? (i) It is the Bank of Issue, (ii) It acts as banker to the Government, (iii) It is the banker of other banks, (iv) It regulates the flow of credit

- a. Both (i) and (ii)
- b. Both (iii) and (iv)
- c. All the above
- d. None of the above

Ans - c

Which is a tool that helps RBI to stabilize money supply and prices of Government securities?

- a. EOQ
- b. EPQ
- c. JIT
- d. OMO

Ans - d

What is the stake of SBI in its joint venture with TCS, C-Edge?

- a. 0.4
- b. 0.6
- c. 0.51
- d. 0.49

Ans - d

Which organizations have to implement/comply with Basel II? (1) Internationally operating banks on a consolidated basis (2) Any holding company that is the parent entity within a banking group (3) Investment firms

- a. All of these
- b. Only (1) and (3)

- c. Only (2) and (3)
d. Only (1) and (2)

Ans - a

..... represents the Pillar 2 of Basel III capital regulations.

- a. Minimum Capital Requirement
b. Supervisory review of capital adequacy
c. Market Discipline
d. None of these

Ans - b

What are the differences between the approaches for credit risk?

- a. The difference between the approaches is how the estimated are calculated for calculating desired output.
b. The difference between the approaches is how the parameters in the formula for calculating the required profit margins.
c. The difference between the approaches is how the parameters in the formula for calculating the required regulatory capital.
d. None of these

Ans - c

Which of the following is the first SEZ promoted by a corporate?

- a. Mahindra SEZ, Pune
b. Reliance SEZ, Haryana
c. SEEPZ, Mumbai
d. None of these

Ans - a

RBI has launched a portal to curb illegal money pooling by firms called

- a. Sanchet.rbi.org.in
b. Sachet.rbi.org.in
c. Sanket.rbi.org.in

d. None of the above

Ans - a

RBI has released the on tap universal banking license excluding which group as eligible entities from the purview?

- a. Small industrial houses
- b. Medium industrial houses
- c. Large industrial houses
- d. None of the above

Ans - c

RBI will purchase back indexed bonds maturing in which year?

- a. 2022
- b. 2023
- c. 2024
- d. 2025

Ans - b

Companies pay corporation tax on their

- a. Sales proceeds
- b. Investments
- c. Production
- d. Incomes

Ans - d

Which of the following is not a method of estimating national income?

- a. income method
- b. Value-added method
- c. Expenditure method
- d. Export-import method

Ans – d

Which of the following statements is/are correct about Deputy Governor of RBI? (i) The tenure of Deputy Governor is five years or till the age of 62, whichever is earlier, (ii) RBI has provision for three deputy governors

- a. Only (i)
- b. Only (ii)
- c. Either (i) or (ii)
- d. Both (i) and (ii)

Ans - a

The Finance Commission of India is appointed by the President under Article

- a. 224
- b. 200
- c. 270
- d. 280

Ans - d

How does the ad valorem duty is called tax?

- a. On the basis of commodity price
- b. By value added
- c. Amount of commodities
- d. Value added

Ans - a

What does the Clause 49 of the Listing Agreement of SEBI indicate?

- a. corporate governance and financial penalties including delisting for companies who do not appoint the required number of independent directors on their board
- b. restriction of FDI in public sector banks
- c. announcing of quarterly results of listed companies
- d. None of these

Ans - a

What is the credit limits to dealers in agricultural machinery that are classified as priority sector advances?

- a. Upto 25 lacs
- b. Upto 20 lacs
- c. Upto 40 lacs
- d. Upto 30 lacs

Ans - d

In which of the following areas was the Bharat Nirman (four-year business plan) embarked by the Government of India for providing rural infrastructure?

- a. electrification
- b. telecommunication & connectivity
- c. housing
- d. irrigation & water supply

Ans - b

Basel III is the global regulatory standard on (i) Bank Capital Adequacy, (ii) Stress Testing, (iii) Market Liquidity Risk

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

RBI has asked commercial and cooperative banks on 25th August 2016 to provide loans to women SHG in rural areas at what percent per annum?

- a. 7
- b. 8
- c. 9
- d. 10

Ans - a

Which of the following is an indirect tax?

- a. Excise tax
- b. Capital gains tax
- c. Wealth tax
- d. Corporation tax

Ans - b

National income of a country is determined on the basis of

- a. Total revenue of the state
- b. Net profit earned and expenditure incurred by the state
- c. Production of goods and services
- d. All of the above

Ans - c

RBI has issued uniform guidelines on what form of banking for all licensed cooperative banks in 2015?

- a. Internet banking
- b. Mobile banking
- c. Phone banking
- d. None of the above

Ans - a

Which of the following statements is/are correct about RBI? (i) Governor of RBI is not eligible for reappointment, (ii) Deputy Governors are appointed by governor of RBI

- a. Only (i)
- b. Only (ii)
- c. Either (i) or (ii)
- d. Neither (i) nor (ii)

Ans - d

..... is ranked as the number bank in terms of market capitalization in India.

- a. IDBI Bank

- b. SBI
c. ICICI Bank
d. UTI Bank

Ans - c

Why is financial exclusion a particular problem?

- a. It lowers the profits of financial service companies
b. Nothing can be done about it
c. It increases compliance costs
d. The costs to the financially excluded are high

Ans - d

Government of India can print Re. 1 note and coins as per which act?

- a. RBI Act, 1934
b. Coinage Act, 2011
c. Paper Currency Act, 1861
d. FRBM Act, 2003

Ans - b

Which of the following is the rate at which the RBI lends money to commercial banks in the event of any shortfall of funds?

- a. Benchmark Prime Lending Rate
b. Annual Percentage Rate
c. Bank Rate
d. Repo Rate

Ans - d

Under whose chairmanship did RBI constitute a Working Group for making balance of payments manual?

- a. Anand Sinha
b. Deepak Mohanty
c. Harun Rashid Khan

d. Kamlesh Chandra Chakrabarty

Ans - b

Offense of Money Laundering is defined under of Prevention of Money Laundering Act 2002

- a. Section 2
- b. Section 3
- c. Section 5
- d. Section 6

Ans - b

Under which of the following a customer has been defined?

- a. Anti-Money Laundering Act
- b. Banking Regulation Act
- c. Negotiable Instruments Act
- d. KYC guidelines

Ans - d

..... is referred as the recession occurring two times with a small gap in between.

- a. Double Inflation
- b. Double-dip Recession
- c. Deflation
- d. Deep Recession

Ans - b

On which rate base, overnight money is needed by bank from RBI?

- a. MSF
- b. Repo rate
- c. Reverse repo
- d. Bank rate

Ans - a

What is the full form of CRR?

- a. Cash Reserve Rate
- b. Cash Reserve Ratio
- c. Cash Recession Ratio
- d. Core Reserve Rate

Ans - b

What will be the impact if Reserve Bank of India reduces the Bank Rate by 1%?

- a. Less liquidity in the market
- b. More liquidity in the market
- c. No change in the market liquidity
- d. Mobilization of more deposits by commercial banks

Ans - b

The minimum ratio of total capital To RWAs has changed from under Basel II to under Basel III.

- a. 4% to 6.5%
- b. 2.5% to 6.5%
- c. 6% to 8.5%
- d. 8% to 10.5%

Ans - d

RBI will be monitoring banks on issues pertaining to customer rights in which areas?

- a. Right to privacy
- b. Right to fair treatment and transparency
- c. Right to suitability
- d. All of the above

Ans - d

RBI has set up an inter-regulatory working group to study issues relating to regulatory issues regarding financial technology and which other banking service in India?

- a. Telephone banking

- b. Mobile banking
c. Digital banking
d. None of the above

Ans - c

Which of the following are reasons for adverse impact on card use in India? (i) Less ATMs, (ii) Less number of cards, (iii) Less Point of Sales terminals

- a. Only (i) and (ii)
b. Only (i) and (iii)
c. Only (ii) and (iii)
d. (i), (ii) and (iii)

Ans - b

RBI has made amendments to the treatment of certain balance sheet items of banks for what purpose? (i) Boosting their regulatory capital, (ii) Aligning with the Internationally adopted Basel III capital standards

- a. Only (i)
b. Only (ii)
c. Either (i) or (ii)
d. Both (i) and (ii)

Ans - d

The minimum requirement for common equity, which is the highest form of loss-absorbing capital, has been raised under Basel III from of total risk-weighted assets.

- a. 2.5% to 4.5%
b. 3% to 4.5%
c. 1.5% to 4.5%
d. 2% to 4.5%

Ans - d

What is the risk weightage on banks' exposure to capital market exposures?

- a. 1.25

- b. 1.0
c. 2.0
d. 1.5

Ans - d

Indian Government announced a scheme for providing short term loans to farmers at concessional rate of % P.A. upto an amount of Rs.

- a. 7, 3 lac
b. 7, 1 lac
c. 5, 1 lac
d. 5, 3 lac

Ans - a

What is the need to regulate the banking industry?

- a. Because of average size of banks
b. Because of possibility of contagion
c. Because of high profits earned in the banking industry
d. Because of importance to the UK economy of the City of London

Ans - b

Which of the following may be an appropriate policy if real equilibrium GDP falls below the long-run aggregate supply curve?

- a. An increase in business income taxes to increase tax fairness
b. An increase in government purchases
c. An increase in individual income taxes to balance the budget
d. Contractionary fiscal policy to increase the budget surplus

Ans - b

Temporary tax levied to obtain additional revenue is known as

- a. Surcharge
b. Rate
c. Repo rate

d. SLR

Ans - a

What is the basic attribute of a formal organization?

- a. esteem and prestige
- b. Roles and duties
- c. Dominance and supremacy
- d. Rules and regulations

Ans - d

“Vote-on-Account” is not true for

- a. It is allowed in the Parliament to cover the deficit left by last budget.
- b. The economic plan which start from April 1 dies not allow the government to set economic policy.
- c. It dies not allow the government to impose new tax.
- d. Govt can withdraw some amount for a period with assent of parliament

Ans - a

Which statement is/are true? (i) All Banks in India borrow from Reserve Bank of India by the rate known as repo rate, (ii) Gini coefficient's value 1 measures that everyone's income is same in its population

- a. Only (i)
- b. Only (ii)
- c. Either (i) or (ii)
- d. Both (i) and (ii)

Ans - a

The RBI can decrease the money supply in the market by:

- a. selling government securities
- b. buying government securities
- c. borrowing money from commercial banks
- d. none of the above

Ans – a

By increasing the 'Bank Rate', the RBI can:

- a. provide incentives to commercial banks to lend more to public
- b. provide incentives to commercial banks to lend less to public
- c. increase the money supply in the market
- d. none of the above

Ans - b

What is the reserve deposit ration (rdr)?

- a. the proportion of money RBI lends to commercial banks
- b. the proportion of total deposits commercial banks keep as reserves
- c. the total proportion of money that commercial banks lend to the customers
- d. none of the above

Ans - b

Who acquired the Financial Network Services (Australian banking software firm) recently?

- a. Wipro
- b. TCS
- c. HCL
- d. Infosys

Ans - b

RBI has launched a portal to curb illegal money pooling by firms called

- a. Sanchet.rbi.org.in
- b. Sachet.rbi.org.in
- c. Sanket.rbi.org.in
- d. None of the above

Ans - a

Which of the following statements is/are correct about RBI Governor? (i) RBI Governor is appointed for five year, (ii) Central government appoints four deputy governors

- a. Only (i)

-
- b. Only (ii)
 - c. Either (i) or (ii)
 - d. Both (i) and (ii)

Ans - b

.....

As per SBI Act, the minimum shareholding of RBI in SBI should be %

- a. 50
- b. 51
- c. 55
- d. 59

Ans - c

.....

Who issued the Code of Bank's Commitment?

- a. SBI
- b. IBA
- c. RBI
- d. BCSBI

Ans - d

.....

Which of the following are the major changes proposed in Basel III over earlier Accords (Basel I and Basel II)? (i) Better Capital Quality, (ii) Capital Conservation Buffer, (iii) Countercyclical Buffer

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

.....

As per the transitional arrangement under the Basel III framework, the regulation would be fully implemented as on

- a. December, 2019
 - b. March, 2019
 - c. August, 2019
-

d. April, 2019

Ans - b

The Indian corporate are allowed invest in JV and subsidiaries abroad up to % of their net worth.

- a. 200
- b. 100
- c. 75
- d. 150

Ans - a

What percentage of their export earnings in foreign currency can be retained by Export Oriented Units?

- a. 50
- b. 80
- c. 66.67
- d. 100

Ans - d

Who issued the Code of Bank's Commitment?

- a. SBI
- b. RBI
- c. IBA
- d. BCSBI

Ans - d

RBI governor HR Khan announced a committee to study which technology?

- a. Information
- b. Blockfield
- c. Blockchain
- d. Bioinformatics

Ans - c

.....

RBI removed a 7 year old restriction on fresh purchase of which state owned bank's shares by foreign investors?

- a. PNB
- b. SBI
- c. OCI
- d. None of the above

Ans - a

.....

RBI's new debt recast norms are credit positive for banks and will reduce gross NPA by how many basis points following one year?

- a. 30-100
- b. 40-100
- c. 50-100
- d. 60-100

Ans - a

.....

RBI has tweaked the rules for lending rates and stipulated that fixed rate loans of up to how many years will be offered by lenders based on marginal cost of funding?

- a. 2
- b. 3
- c. 4
- d. 5

Ans - b

.....

RBI has relaxed norms for which category of banks? (i) Banks part of the cleaning up exercises of power utilities, (ii) Banks holding debt ridden State Electricity Boards bonds

- a. Only (i)
- b. Only (ii)
- c. Either (i) or (ii)
- d. Both (i) and (ii)

Ans - d

.....

.....

Given,

1. Consumptions - Rs. 50000
2. Gross investment - Rs. 40000
3. Govt spending - Rs. 10000
4. Export - Rs. 90000
5. Import - Rs. 60000
6. Indirect Taxes - Rs. 10000
7. Subsidies(on production and import) - RS. 5000
8. Compensation of employee - Rs. 500
9. Property Income - Rs. 500
- 7,8,9 - Net receivable from aboard
- 10.Total capital gains from overseas investment - Rs. 15000
- 11.Income earned by foreign national domestically - Rs. 5000

Calculate GDP at cost factor

- a. Rs. 125000
- b. Rs. 130000
- c. Rs. 135000
- d. Rs. 140000

Ans - c

Solution :

GDP = Consumption + Gross investment + Government spending + (Exports - Imports)

GDP = C+I+G+(X-M)

$$= 50000+40000+10000+(90000-60000) = 130000$$

GDP at factor rate

= GDP-(Indirect taxes-subsidies)

$$= 130000-(10000-5000) = 135000$$

What is the stake of SBI in its joint venture with TCS, C-Edge?

- a. 0.4
- b. 0.6
- c. 0.51
- d. 0.49

Ans - d

Given,

Corporation tax	- Rs. 1000 Crores
Income tax	- Rs. 800 Crores
Other taxes and duties	- RS. 600 Crores
Customs	- RS. 800 Crores
Union exercise tax	- Rs. 600 Crores
Service tax	- Rs. 500 Crores
Tax of union territories	- Rs. 300 Crores
Interst receipt	- Rs. 500 Crores
Devident & profit	- Rs. 700 Crores
External grant	- Rs. 300 Crores
Other non tax revenue	- Rs. 1000 Crores
State Share	- Rs. 600 Crores
Receipt of union territories	- Rs. 800 Crores
Trf to NCCD (National calamity Contingency fund)	- Rs. 300 Crores

Calculate Gross Tax Revenue ...

- a. Rs 3800 Crores
- b. Rs 4300 Crores
- c. Rs 4600 Crores
- d. Rs 5600 Crores

Ans - c

Solution :

Gross Tax revenue = Corporation Tax + Income tax + other tax & duties + costoms + union excise duties + service Tax + taxes on union territories
= 1000+800+600+800+600+500+300
= 4600 Crores

The committee recommended the amalgamation of RRBs promoted by sponsor banks.

- a. Rakesh Mohan
- b. Mitra
- c. Malhotra
- d. Narasimhan

Ans - d

Given,

Corporation tax	- Rs. 1000 Crores
Income tax	- Rs. 800 Crores
Other taxes and duties	- RS. 600 Crores
Customs	- RS. 800 Crores
Union exercise tax	- Rs. 600 Crores
Service tax	- Rs. 500 Crores
Tax of union territories	- Rs. 300 Crores
Interst receipt	- Rs. 500 Crores
Devident & profit	- Rs. 700 Crores
External grant	- Rs. 300 Crores
Other non tax revenue	- Rs. 1000 Crores
State Share	- Rs. 600 Crores
Receipt of union territories	- Rs. 800 Crores
Trf to NCCD (National calamity Contingency fund)	- Rs. 300 Crores

calculate Net Tax revenue ...

- a. Rs 2900 Crores
- b. Rs 3700 Crores
- c. Rs 4000 Crores
- d. Rs 4600 Crores

Ans - b

Solution :

Net Tax Revenue = Gross tax revenue - NCCD transferred to the National Calamity Contingency fund - state share

Gross Tax revenue = Corporation Tax + Income tax + other tax & duties + costoms + union excise duties + service Tax + taxes on union territories

$$= 1000+800+600+800+600+500+300$$

$$= 4600 \text{ Crores}$$

Net Tax Revenue = Gross tax revenue - NCCD transferred to the National Calamity Contingency fund - state share

$$= 4600-300-600$$

$$= 3700 \text{ Crores}$$

Consider the following data:

1. Revenue deficit (RD) = 3% of GDP
2. Grants for capital formation = 1.8% of GDP
3. Primary deficit (PD) = 1.2%
4. Non-plan expenditure = 1.5%

In the above scenario, effective revenue deficit (ERD) will be:

- a. 1.2%
- b. 1.5%
- c. 1.8%
- d. cannot be calculated

Ans - a

Solution

$$\begin{aligned} \text{ERD} &= \text{RD} - \text{Grants for capital formation} \\ &= 3\% - 1.8\% \\ &= 1.2\% \end{aligned}$$

Given,

Corporation tax	- Rs. 1000 Crores
Income tax	- Rs. 800 Crores
Other taxes and duties	- RS. 600 Crores
Customs	- RS. 800 Crores
Union exercise tax	- Rs. 600 Crores
Service tax	- Rs. 500 Crores
Tax of union territories	- Rs. 300 Crores
Interst receipt	- Rs. 500 Crores
Devident & profit	- Rs. 700 Crores
External grant	- Rs. 300 Crores
Other non tax revenue	- Rs. 1000 Crores
State Share	- Rs. 600 Crores
Receipt of union territories	- Rs. 800 Crores
Trf to NCCD (National calamity Contingency fund)	- Rs. 300 Crores

1. Calculate Gross Tax Revenue ...

- a. Rs 3800 Crores
- b. Rs 4300 Crores

- c. Rs 4600 Crores
d. Rs 5600 Crores

Ans - c

2. Calculate Net Tax revenue ...

- a. Rs 2900 Crores
b. Rs 3700 Crores
c. Rs 4000 Crores
d. Rs 4600 Crores

Ans - b

Solution :

1. Gross Tax revenue = Corporation Tax + Income tax + other tax & duties + customs + union excise duties + service Tax + taxes on union territories
= 1000+800+600+800+600+500+300
= 4600 Crores

2. Net Tax Revenue = Gross tax revenue - NCCD transferred to the National Calamity Contingency fund - state share
= 4600-300-600 = 3700 Crores

Total expenditure of a government budget is Rs. 75,000 crore and total receipts is Rs. 45,000 crore. How much is the budget deficit?

- a. Rs. 30,000 crore
b. Rs. 45,000 crore
c. Rs. 75,000 crore
d. Rs. 1,20,000 crore

Ans - a

Solution :

Budget Deficit = Total expenditure - Total receipts
= Rs. 75,000 crore – Rs. 45,000 crore
= Rs. 30,000 crore

From the following data (Rupees in Crores) calculate

Gross national product at factor cost - 6,150
Net exports - (-)50
Compensation of employees - 3000
Rent - 800
Interest - 900
Profit - 1,300
Net indirect taxes - 300
Net domestic capital formation - 800
Gross domestic capital formation - 900
Factor income to abroad - 80

1. Gross Domestic Product at Factor Cost

- a. 5600
- b. 6100
- c. 6400
- d. 6900

Ans - b

2. Gross Domestic Product at Market price

- a. 5600
- b. 6100
- c. 6400
- d. 6900

Ans - c

Solution :

1. GDP at factor cost

= NDP at factor cost + Depreciation

= Compensation of employees+ Rent+ Interest+ Profit +Mixed income+ (Gross domestic capital formation - Net domestic capital formation)

= =Rs 3,000crore + Rs 800 crore + Rs 900 crore + Rs 1,300 crore + (Rs 900 crore - Rs 800 crore)

= Rs 6100 crores

2. Gross Domestic Product at Market Price

= GDP at factor cost + Net Indirect taxes

= Rs 6100 + Rs300 crore = Rs 6,400 crore

Given the values for the samples 60.25, 62.38, 65.32, 61.41, and 63.23 of a population.

1. Calculate Mean

- a. 56.12
- b. 61.52
- c. 62.51
- d. 65.12

Ans - c

2. Calculate standard deviation

- a. 1.72
- b. 1.92
- c. 2.19
- d. 2.37

Ans - b

3. Calculate coefficient of variance

- a. 0.03071
- b. 0.04071
- c. 0.05071
- d. 0.06071

Ans - a

Solution:

$$1. \text{ Mean} = (60.25 + 62.38 + 65.32 + 61.41 + 63.23)/5 \\ = 312.59/5 = 62.51$$

$$2. \text{ standard deviation} \\ = \sqrt{(1/(5 - 1)) * (60.25 - 62.51799)^2 + (62.38 - 62.51799)^2 + (65.32 - 62.51799)^2 + (61.41 - 62.51799)^2 + (63.23 - 62.51799)^2} \\ = \sqrt{(1/4) * (-2.267992 + -0.137989992 + 2.802012 + -1.107992 + 0.712012)} \\ = \sqrt{(1/4) * (5.14377 + 0.01904 + 7.85126 + 1.22764 + 0.50695)} \\ = \sqrt{3.68716} = 1.92$$

3. coefficient of variance

$$\text{CV} = (\text{Standard Deviation } (\sigma) / \text{Mean } (\mu)) \\ = 1.92 / 62.51 = 0.03071$$

Calculate budgetary deficit from following data (Rs. in crore) :

- (i) Revenue expenditure - 60,000
- (ii) Capital expenditure - 30,000
- (iii) Revenue receipts - 50,000
- (iv) Capital receipts - 25,000

- a. Rs. 15,000 crore
- b. Rs. 25,000 crore
- c. Rs. 50,000 crore
- d. Rs. 55,000 crore

Ans - a

Solution :

$$\begin{aligned}\text{Budgetary Deficit} &= \text{Revenue expenditure} + \text{Capital expenditure} - (\text{Revenue receipts} + \text{Capital receipts}) \\ &= \text{Rs. } 60,000 \text{ crore} + \text{Rs. } 30,000 \text{ crore} - \text{Rs. } 50,000 \text{ crore} - \text{Rs. } 25,000 \text{ crore} \\ &= \text{Rs. } 90,000 \text{ crore} - \text{Rs. } 75,000 \text{ crore} \\ &= \text{Rs. } 15,000 \text{ crore}\end{aligned}$$

Given the following data (Rs. in lakh), Calculate :

- (i) Borrowing by the government - 600
- (ii) Revenue receipts - 100
- (iii) Capital receipts - 750
- (iv) Interest payment by the government - 150

1. Fiscal deficit

- a. Rs. 150 lakh
- b. Rs. 300 lakh
- c. Rs. 450 lakh
- d. Rs. 600 lakh

2. Primary Deficit

- a. Rs. 150 lakh
- b. Rs. 300 lakh
- c. Rs. 450 lakh
- d. Rs. 600 lakh

Ans - 1-d, 2-c

Solution :

1. Fiscal Deficit = Borrowing by the government
= Rs. 600 lakh

2. Primary Deficit = Fiscal deficit - Interest payment by the government
= Rs. 600 lakh - Rs. 150 lakh
= Rs. 450 lakh

Year - Nominal GDP - GDP Deflator
2014-15 - 2500 - 120
2015-16 - 3200 - 145

Answer the following questions based on the above information.

01. If GDP Deflator in 2013-14 is 100, then Real GDP of 2015-16

- a. 2207
- b. 2215.5
- c. 2214.7
- d. 2214.6

Ans - c

Solution

Real GDP = Nominal GDP /deflater:
 $3200/145*100$
=2206.89
=2207

02. If GDP Deflator in 2013-14 is 100, then real GDP of 2014-15

- a. 2083
- b. 2038
- c. 2112
- d. 1961

Ans - a

Solution

Real GDP = Nominal GDP / deflator:

$$= 2500 / 120 * 100$$

$$= 2083.33$$

$$= 2083$$

03. Growth Rate of Real GDP from 2014-15

- a. 6.12
- b. 5.95
- c. 5.20
- d. 6.95

Ans - b

Solution

$$\% \text{ change} = \frac{\text{New value} - \text{old value}}{\text{old value}} * 100$$

$$\text{Real GDP (2015-16)} - \text{Real GDP (2014-15)} / \text{Real GDP (2014-15)}$$

$$= \frac{2207 - 2083}{2083} * 100$$

$$= \frac{124}{2083} * 100$$

$$= 0.0595 * 100$$

$$= 5.95$$

04. Inflation Rate in 2015 in relation to 2014-15

- a. 19.61
- b. 20.83
- c. 20.38
- d. 21.12

Ans - b

Solution

$$\text{Inflation rate (2015-16)} = \frac{\text{GDP Deflator (2014-15)} - \text{GDP deflator(2014-15)}}{\text{GDP deflator(2015-16)}} * 100$$

$$= \frac{120 - 145}{120} * 100$$

$$= \frac{25}{120} * 100$$

$$= 0.2083 * 100$$

$$= 20.83\%$$

A trader carries an average inventory of Rs. 40,000. His inventory turnover ratio is 8 times. If he sells goods at a profit of 20% on Revenue from operations, find

1. Cost of Revenue from operations

- a. Rs. 80,000
- b. Rs. 2,20,000
- c. Rs. 3,20,000
- d. Rs. 4,00,000

Ans - c

2. Revenue from operations

- a. Rs. 80,000
- b. Rs. 2,20,000
- c. Rs. 3,20,000
- d. Rs. 4,00,000

Ans - d

3. Gross Profit

- a. Rs. 80,000
- b. Rs. 2,20,000
- c. Rs. 3,20,000
- d. Rs. 4,00,000

Ans - a

Solution:

1. c

Inventory Turnover Ratio = Cost of Revenue from Operations / Average Inventory

$8 = \text{Cost of Revenue from Operations} / \text{Rs. } 40,000$

$\therefore \text{Cost of Revenue from operations} = 8 \times \text{Rs. } 40,000$

$= \text{Rs. } 3,20,000$

2. d

Revenue from operations = Cost of Revenue from operations \times (100 / 80)

$= \text{Rs. } 3,20,000 \times (100 / 80) = \text{Rs. } 4,00,000$

3. a

Gross Profit = Revenue from operations – Cost of Revenue from operations

$= \text{Rs. } 4,00,000 - \text{Rs. } 3,20,000 = \text{Rs. } 80,000$

RBI regulates the money supply, availability of money and also cost of money i.e. rate of interest.

RBI makes use of a no. of tools for this purpose that include Repo Rate, Bank Rate, Reverse Repo Rate, MSF Rate, Statutory Liquidity Ratio, Cash Reserve Ratio, Market Stabilization Scheme. Answer the following questions based on the above information.

1. Which of the following is not used in the process of neutralizing the effect of liquidity generated by foreign exchange flows in India? (i) Repo and Reverse repo, (ii) CRR/SLR, (iii) Market Stabilization Scheme

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - a

2. Change in which of the following need not reduce the funds available with banks for lending purpose? (i) Cash reserve Ratio, (ii) Bank rate, (iii) Repo rate

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - c

3. Which of the following do not ensure the solvency of commercial banks? (i) SLR, (ii) CRR, (iii) Repo and Reverse repo

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - c

4. For rediscounting of commercial instruments from banks, RBI does not use the (i) Cash reserve Ratio, (ii) Bank rate, (iii) Repo rate

- a. Only (i) and (ii)
- b. Only (i) and (iii)

- c. Only (ii) and (iii)
d. (i), (ii) and (iii)

Ans - b

Given,

Currency with public - Rs. 90000 Crores
Demand deposit with banking system - Rs. 180000 Crores
Time deposits with banking system - Rs. 220000 Crores
Other deposit with RBI - Rs. 260000 Crores
Savings deposit of post office savings banks - Rs. 60000 Crores
All deposit with post office savings bank excluding NSCs - Rs. 50000 Crores
Calculate M4.

- a. Rs. 750000 Crores
b. Rs. 800000 Crores
c. Rs. 810000 Crores
d. Rs. 870000 Crores

Ans - b

Solution :

$M4 = M3 + \text{All deposit with post office savings bank excluding NSCs}$
 $M3 = M1 + \text{Time deposit with banking system}$
 $M1 = \text{currency with public} + \text{demand deposit with the banking system} + \text{other deposits with RBI}$
 $M1 = 90000 + 180000 + 260000$
 $M1 = 530000$

So,
 $M3 = M1 + \text{Time deposit with banking system}$
 $M3 = 530000 + 220000$
 $M3 = 750000 \text{ Crores}$

So,
 $M4 = M3 + \text{All deposit with post office savings bank excluding NSCs}$
 $M4 = 750000 + 50000$
 $M4 = 800000 \text{ Crores}$

.....

RBI has launched which initiative following the rise of CPI and WPI based inflation?

- a. Inflation Expectations Survey of Householder
- b. Inflation Expectations Survey of Households
- c. Inflation Expectation Schedule of Homes
- d. None of the above

Ans - a

.....

..... represents the Pillar 3 of Basel III capital regulations.

- a. Supervisory review of capital adequacy
- b. Market Discipline
- c. Minimum Capital Requirement
- d. None of these

Ans - b

.....

On which rate base, overnight money is needed by bank from RBI?

- a. MSF
- b. Repo rate
- c. Reverse repo
- d. Bank rate

Ans - a

.....

What will be the impact if Reserve Bank of India reduces the Bank Rate by 1%?

- a. Less liquidity in the market
- b. More liquidity in the market
- c. No change in the market liquidity
- d. Mobilization of more deposits by commercial banks

Ans - b

.....

The minimum requirement for common equity, which is the highest form of loss-absorbing capital, has been raised under Basel III from of total risk-weighted assets.

- a. 1.5% to 4.5%

.....

- b. 2% to 4.5%
c. 2.5% to 4.5%
d. 3% to 4.5%

Ans - b

..... is said to be the first mutual fund to offer redemption of its units through ATMs of HDFC Bank and VISA.

- a. SBI MF
b. UTI MF
c. Reliance MF
d. PruICICI MF

Ans - c

What percentage of their export earnings in foreign currency can be retained by Export Oriented Units?

- a. 50
b. 80
c. 66.67
d. 100

Ans - d

Which of the following is the rate at which the RBI lends money to commercial banks in the event of any shortfall of funds?

- a. Benchmark Prime Lending Rate
b. Annual Percentage Rate
c. Bank Rate
d. Repo Rate

Ans - d

Under whose chairmanship did RBI constitute a Working Group for making balance of payments manual?

- a. Anand Sinha
b. Deepak Mohanty

- c. Harun Rashid Khan
d. Kamlesh Chandra Chakrabarty

Ans - b

Which is the minimum lending rate decided by RBI which shall be adopted by all Public-Sector Banks?

- a. Bank rate
b. Base rate
c. Overnight rate
d. None of the above

Ans - b

Which among the following is incorrect?

- a. RBI is the Bank of Issue
b. RBI acts as Banker to the Government
c. RBI is Banker's Bank
d. RBI does not regulate the flow of credit

Ans - d

..... represents the Pillar 1 of Basel III capital regulations.

- a. Minimum Capital Requirement
b. Supervisory review of capital adequacy
c. Market Discipline
d. None of these

Ans - a

Which is the minimum lending rate decided by RBI which shall be adopted by all Public-Sector Banks?

- a. Bank rate
b. Base rate
c. Overnight rate
d. None of the above

Ans - b

When did the Centre acquire the Reserve Bank of India's entire 59.73% equity stake in the State Bank of India (SBI) at over Rs. 35,531 crore in New Delhi?

- a. April 5, 2006
- b. May 26, 2006
- c. June 29, 2007
- d. September 30, 2005

Ans - c

..... is known as the rate of interest charged by RBI for lending money to various commercial banks by rediscounting of the bills in India.

- a. Overnight Rate
- b. Bank Rate
- c. Monetary Policy
- d. Discount Window

Ans - b

Income tax, corporate tax, inheritance tax etc. are incident on the person or organisation. These taxes are called

- a. local tax
- b. indirect tax
- c. direct tax
- d. rate

Ans - c

Which of the following is true about the functions performed by RBI (i) It is the Bank of Issue, (ii) It acts as banker to the Government and other banks, (iii) It regulates the flow of credit

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

Which one of the following forms the largest share of deficit of Government of India Budget?

- a. Revenue deficit
- b. Primary deficit
- c. Fiscal deficit
- d. Budgetary deficit

Ans - c

Estimation national income is through

- a. Income method
- b. Only production method
- c. Only income method
- d. expenditure method

Ans - b

How does a developed economy is measured?

- a. having advance technology
- b. Huge profit from Industry
- c. Effective trade and export
- d. By large per capita income

Ans - d

Who works as RBI's agent at places where it has no office of its own?

- a. State Bank of India
- b. Ministry of Finance
- c. Government of India
- d. International Monetary Fund

Ans - a

Which among the following is incorrect?

- a. RBI is the Bank of Issue
- b. RBI acts as Banker to the Government

- c. RBI is Banker's Bank
d. RBI does not regulate the flow of credit

Ans - d

India is a member of the International Monetary Fund since

- a. 1934
b. 1935
c. 1947
d. 1949

Ans - c

When did the Reserve Bank of India notify the draft regulations relating to the Credit Information Companies (Regulation) Act, 2005?

- a. April 5, 2006
b. May 26, 2006
c. June 29, 2007
d. September 30, 2005

Ans - a

Which of the following is true about the restrictions on RBI? (i) It is not to compete with the commercial banks, (ii) It is not allowed to pay interest on its deposits, (iii) It cannot engage directly or indirectly in trade, (iv) It cannot acquire or advance loans against immovable property, (v) It is prohibited from purchasing its own shares or the shares of any other bank or any company or granting loans on such security

- a. only (i),(ii),(iii), and (iv)
b. only (v)
c. all the above
d. none of the above

Ans - c

When was disinvestment started in public enterprises?

- a. 1990-1991

- b. 1991 – 1992
c. 1992 – 1993
d. 1956

Ans - b

If the government wants to try to reduce unemployment, it could spending and/or taxes should be

- a. decrease; increased
b. increase; increased
c. decrease; decreased
d. increase; decreased

Ans - d

For falling the inferior goods falls, its demand

- a. increases
b. Decreases
c. Remain Constant
d. Can be any one

Ans - c

How does the parallel economy or Black Money exist?

- a. It creates the economy further competitive
b. It makes the monetary policies less efficient
c. it makes certain of a better distribution of income and wealth
d. it ensures increasing productive investment

Ans - b

Which of the following is/are true? (i) Current bank interest rates change quickly as per changes in repo rate, (ii) Marginal Cost of Funds based Lending Rate are less responsive to the RBI policy rates

- a. Only 1
b. Only 2
c. Both 1 and 2

d. Neither 1 nor 2

Ans - d

Temporary tax levied to obtain additional revenue is called

- a. Rate
- b. Cess
- c. Fee
- d. Surcharge

Ans - c

Which is the most industrially advanced state in India?

- a. Maharashtra
- b. Tamil Nadu
- c. Punjab
- d. Gujarat

Ans - a

RBI releases discussion paper on enhancing credit supply to borrowers

- a. Medium
- b. Small
- c. Large
- d. None of the above

Ans - c

Rate of growth of an economy is measured in terms of

- a. per capita income
- b. industrial development
- c. number of people who have been lifted above the poverty line
- d. national income

Ans - d

When did the draft guidelines for building grievance redressal mechanism within NBFCs (Non-Banking Financial Companies) publish?

- a. April 5, 2006
- b. May 26, 2006
- c. June 29, 2007
- d. September 30, 2005

Ans - b

Which of the following represent the standard of living in a country?

- a. National income
- b. Per capita income
- c. Poverty ratio
- d. Unemployment rate

Ans - b

Which is the instrument used by RBI under general credit control?

- a. CRR
- b. SLR
- c. Bank Rate
- d. Exchange Control

Ans - c

Who was the first Indian Governor of RBI?

- a. C. D. Deshmukh
- b. Benegal Rama Rau
- c. R. K. Shanmukham Chetty
- d. K. G. Ambegaonkar

Ans - a

Which is a tool that helps RBI to stabilize money supply and prices of Government securities?

- a. EOQ

- b. EPQ
c. JIT
d. OMO

Ans - d

..... is the best measurement of economy growth of a country

- a. Gross national product (GNP)
b. Gross Domestic Product (GDP)
c. Revenue from outside
d. Development of industry

Ans - a

Once the demands for grants and expenditure of different departments are passed by the Parliament, a bill to draw money from Consolidated Funds of India for these purpose is introduced. What is the name of this bill?

- a. Finance Bill
b. Money bill
c. Ordinary bill
d. appropriation bill

Ans - d

Estimating national income is not associated with

- a. Income method
b. Expenditure method
c. Value added method
d. Export-import method

Ans - b

Index 'Residex' is associated with

- a. Share Prices
b. Land Prices
c. Mutual Fund Prices

d. Price Inflation Index

Ans - a

.....

Which of the following is not a method of estimating national income?

- a. Income method
- b. Export import method
- c. Expenditure method
- d. Value added method

Ans - b

.....

Which is the best measure of economic growth of a country?

- a. GNP
- b. GDP
- c. Net revenue
- d. None of these

Ans - b

.....

By which bill does the government make arrangement for the collection of revenues for a year?

- a. Supplementary Budget
- b. Finance Bill
- c. Fiscal Budget
- d. Economic Bill

Ans - b

.....

Fiscal Policy of India is formulated by

- a. the Finance Ministry
- b. the Reserve Bank of India
- c. the Securities and Exchange Board of India
- d. the Planning Commission

Ans - a

.....

.....

The Fiscal Policy of India is formulated by

- a. SEBI
- b. RBI
- c. Finance Ministry
- d. Planning Commission

Ans - d

.....

Which of the following taxes is not levied by the Union Government?

- a. Wealth tax
- b. Excise tax
- c. Income tax
- d. Profession tax

Ans - c

.....

How does the rate of growth of an economy is measured?

- a. In terms of per capita
- b. in terms of poverty line
- c. in terms of industrial development
- d. in terms of national income

Ans - d

.....

How does the standard of living in a country is measured?

- a. by measuring per capita income
- b. by measuring GDP
- c. by measuring poverty
- d. by measuring rate of unemployment

Ans - a

.....

When did the Centre acquire the Reserve Bank of India's entire 59.73% equity stake in the State Bank of India (SBI) at over Rs. 35,531 crore in New Delhi?

- a. April 5, 2006
-

- b. May 26, 2006
c. June 29, 2007
d. September 30, 2005

Ans - c

To help fight a recession, the government could

- a. lower interest rates by decreasing the cash rate
b. decrease taxes to increase aggregate demand
c. conduct contractionary fiscal policy by raising taxes
d. decrease government spending to balance the budget

Ans - b

When did the draft guidelines for building grievance redressal mechanism within NBFCs (Non-Banking Financial Companies) publish?

- a. April 5, 2006
b. May 26, 2006
c. June 29, 2007
d. September 30, 2005

Ans - b

If the economy were in recession, we would expect

- a. government expenditure to be low and tax revenues to be low, probably leading to a budget surplus
b. government expenditure to be high and tax revenues to be low, probably leading to a budget surplus
c. government expenditure to be high and tax revenues to be low, probably leading to a budget deficit
d. government expenditure to be high and tax revenues to be high, probably leading to a budget deficit

Ans - c

Fresh evaluation of every item of expenditure from the very beginning of each financial year is called

- a. Zero based budgeting
b. Deficit budgeting
c. Performance budgeting

d. Fresh budgeting

Ans - a

.....

Fiscal Policy in India is formulated by

- a. the Reserve Bank of India
- b. the Planning Commission
- c. the Finance Ministry
- d. the Securities and Exchange Board of India

Ans - c

.....

Companies pay corporation tax on their

- a. Sales proceeds
- b. Investments
- c. Production
- d. Incomes

Ans - d

.....

Which of the following is an indirect tax?

- a. Excise tax
- b. Capital gains tax
- c. Wealth tax
- d. Corporation tax

Ans - b

.....

National income of a country is determined on the basis of

- a. Total revenue of the state
- b. Net profit earned and expenditure incurred by the state
- c. Production of goods and services
- d. All of the above

Ans - c

.....

Which of the following is not a method of estimating national income?

- a. income method
- b. Value-added method
- c. Expenditure method
- d. Export-import method

Ans - d

The Finance Commission of India is appointed by the President under Article

- a. 224
- b. 200
- c. 270
- d. 280

Ans - d

How does the ad valorem duty is called tax?

- a. On the basis of commodity price
- b. By value added
- c. Amount of commodities
- d. Value added

Ans - a

On which date was the Reserve Bank of India established?

- a. April 1, 1935
- b. July 12, 1982
- c. May 26, 2006
- d. September 30, 2005

Ans - a

Under whose chairmanship did RBI constitute a Working Group for making balance of payments manual?

- a. Anand Sinha

- b. Deepak Mohanty
c. Harun Rashid Khan
d. Kamalesh Chandra Chakrabarty

Ans - b

Who regulates monetary policy?

- a. IRDA
b. RBI
c. SEBI
d. Finance Ministry

Ans - b

National Income in India is compiled by

- a. Central Statistical Organisation
b. Finance Commission
c. NDC
d. Indian Statistical Institute

Ans - a

RBI has issued guidelines for voluntary surrender of license by PSOs under the PSS Act. What does the later stand for?

- a. Payment Settlement Systems Act
b. Payment and Settlement Systems Act
c. Payment Act
d. Settlement System Act

Ans - b

Which of the following is true about the functions performed by RBI (i) It is the Bank of Issue, (ii) It acts as banker to the Government and other banks, (iii) It regulates the flow of credit

- a. Only (i) and (ii)
b. Only (i) and (iii)
c. Only (ii) and (iii)

d. (i), (ii) and (iii)

Ans - d

Name the bill by which the government of India collect the revenue for a year

- a. money bill
- b. Ordinary bill
- c. Finance bill
- d. Appropriation bill

Ans - c

How does the national income is determined?

- a. revenue from state
- b. Goods and service production
- c. Revenue from other countries
- d. None of these

Ans - b

The first estimate of national income in India was made by

- a. VKRV Rao
- b. Mahalanobis
- c. Professor Sheroi
- d. Dadabhai Naorji

Ans - a

An ad valorem duty is a tax on the basis of

- a. the price of a commodity
- b. the value added
- c. the advertisement expenditure
- d. the unit of the commodity

Ans - a

.....
The system of the budget was introduced in india during the viceroyalty of

- a. Canning
- b. Dalhouseie
- c. Ripon
- d. Elgin

Ans - a

.....
Fiscal policy refers to the

- a. government's ability to regulate the functioning of financial markets
- b. spending and taxing policies used by the government to influence the level of economy activity
- c. techniques used by firms to reduce its tax liability
- d. the policy by MAS to affect the cash rate

Ans - b

.....
During which Viceroyalty of India, the budget system was introduced?

- a. Lord Liton
- b. Lord Mountbatten
- c. Lord Canning
- d. Lord Minto

Ans - c

.....
Fiscal responsibility and Budget Management Act concerns

- a. Fiscal deficit
- b. Revenue deficit
- c. Fiscal and Revenue deficit
- d. Neither Fiscal nor revenue deficit

Ans - c

.....
Which one of the following forms the largest share of deficit of Government of India Budget?

- a. Revenue deficit
- b. Primary deficit

- c. Fiscal deficit
d. Budgetary deficit

Ans - c

Estimation national income is through

- a. Income method
b. Only production method
c. Only income method
d. expenditure method

Ans - b

Which among the following is incorrect?

- a. RBI is the Bank of Issue
b. RBI acts as Banker to the Government
c. RBI is Banker's Bank
d. RBI does not regulate the flow of credit

Ans - d

Which is the instrument used by RBI under general credit control?

- a. CRR
b. SLR
c. Bank Rate
d. Exchange Control

Ans - c

RBI will be monitoring banks on issues pertaining to customer rights in which areas?

- a. Right to privacy
b. Right to fair treatment and transparency
c. Right to suitability
d. All of the above

Ans - d

RBI has issued norms for branch offices by foreign entities from which of the following countries? (i) Pakistan, (ii) China, (iii) Bangladesh

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

RBI has released the on tap universal banking license excluding which group as eligible entities from the purview?

- a. Small industrial houses
- b. Medium industrial houses
- c. Large industrial houses
- d. None of the above

Ans - c

RBI has made amendments to the treatment of certain balance sheet items of banks for what purpose? (i) Boosting their regulatory capital, (ii) Aligning with the Internationally adopted Basel III capital standards

- a. Only (i)
- b. Only (ii)
- c. Either (i) or (ii)
- d. Both (i) and (ii)

Ans - d

The national income of India is calculated mainly through

- a. production method alone
- b. expenditure method alone
- c. production and expenditure methods
- d. production and income method

Ans - d

Which is the most disinvestments started in public enterprises?

- a. Gujarat
- b. Punjab
- c. Maharashtra
- d. Tamil Nadu

Ans - c

The Reserve Bank of India will transfer its surplus profit of 65,896 crore rupees to the Centre. This amount is percent higher than previous year

- a. 5
- b. 19
- c. 25
- d. 33

Ans - c

What is the most powerful tool used by the Reserve Bank of India to control inflation?

- a. Raise interest rates
- b. Raise current supply
- c. Reduce current supply
- d. Reduce interest rates

Ans - a

Which one of the following is the most important item of non plan expenditure?

- a. Loans to public enterprises
- b. Interest payment
- c. Defence
- d. Fertilizers subsidies

Ans - a

Which of the following is correct regarding the gross domestic savings in India?

- a. Contribution of household sector is the largest

-
- b. Contribution of government sector is the largest
 - c. Contribution of finance sector is the largest
 - d. Contribution of corporate sector is the largest

Ans - a

.....

The per capita income has been low in India because

- a. more people are in rural area
- b. of price rise
- c. of regulation growth
- d. of population growth

Ans - a

.....

RBI will purchase back indexed bonds maturing in which year?

- a. 2022
- b. 2023
- c. 2024
- d. 2025

Ans - b

.....

Which of the following statements is/are correct about Deputy Governor of RBI? (i) The tenure of Deputy Governor is five years or till the age of 62, whichever is earlier, (ii) RBI has provision for three deputy governors

- a. Only (i)
- b. Only (ii)
- c. Either (i) or (ii)
- d. Both (i) and (ii)

Ans - a

.....

On which date was the Reserve Bank of India established?

- a. April 1, 1935
- b. July 12, 1982
- c. May 26, 2006

.....

d. September 30, 2005

Ans - a

Which of the following represent the standard of living in a country?

- a. National income
- b. Per capita income
- c. Poverty ratio
- d. Unemployment rate

Ans - b

..... is the best measurement of economy growth of a country

- a. Gross national product (GNP)
- b. Gross Domestic Product (GDP)
- c. Revenue from outside
- d. Development of industry

Ans - a

According to the multiplier model, the best way to reduce inflation is to

- a. increase aggregate demand by cutting government spending or raising taxes
- b. increase aggregate demand by raising government spending or cutting taxes
- c. decrease aggregate demand by cutting government spending or raising taxes
- d. decrease aggregate demand by raising government spending or cutting taxes

Ans - c

If the economy goes into a recession, automatic stabilizers will do all of the following except

- a. increase income tax revenues
- b. increase the budget deficit
- c. increase unemployment insurance
- d. increase welfare payments

Ans - a

Money can be many things, but it is not

- a. a financial liability
- b. a financial asset
- c. liquid
- d. illiquid

Ans - d

A reserve ratio of 0.10 means that a bank loans out percent of its

- a. 10; deposit liabilities
- b. 10; excess reserves
- c. 90; deposit liabilities
- d. 90; excess reserves

Ans - c

Government of India can print Re. 1 note and coins as per which act?

- a. RBI Act, 1934
- b. Coinage Act, 2011
- c. Paper Currency Act, 1861
- d. FRBM Act, 2003

Ans - b

Procedure for amalgamation of banking companies is defined under section of Banking Regulation Act, 1949.

- a. Section 44A
- b. Section 45A
- c. Section 46A
- d. Section 47A

Ans - a

What does RBI regulate through Open Market Operation Transactions?

- a. Flow of Foreign Direct Investment

- b. Borrowing powers of the banks
c. Inflation
d. Liquidity in economy

Ans - d

The process by which RBI or any Central bank protects the economy against adverse economic shocks is known as :

- a. protection
b. liberalization
c. stabilization
d. sterilization

Ans - d

In the terminology of economics and money demand, the terms M3 and M4 are also known as

- a. Short money
b. Long money
c. Broad money
d. Narrow money

Ans - c

What is the currency deposit ratio (cdr)?

- a. ratio of money held by the public in currency to that of money held in bank deposits
b. ratio of money held by public in bank deposits to that of money held by public in currency
c. ratio of money held in demand drafts to that of money held in treasury bonds
d. none of the above

Ans - a

The Reserve Bank of India will transfer its surplus profit of 65,896 crore rupees to the Centre. This amount is percent higher than previous year

- a. 5
b. 19
c. 25

d. 33

Ans - c

.....

In order to declare dividend, banks must have a CRAR of at least % for the preceding 2 years, and net NPA of less than %

- a. 9, 7
- b. 11, 3
- c. 9, 5
- d. 10, 5

Ans - a

.....

As per the transitional arrangement under the Basel III framework, the regulation would be fully implemented as on

- a. December, 2019
- b. March, 2019
- c. August, 2019
- d. April, 2019

Ans - b

.....

Who issued the Code of Bank's Commitment?

- a. SBI
- b. RBI
- c. IBA
- d. BCSBI

Ans - d

.....

How will Basel III requirements affect Indian Banks? (i) Expansion of capital will affect the returns on the equity of these banks specifically public sector banks, (ii) It will impact banks' transparency and disclosures

- a. Only (i)
- b. Only (ii)
- c. Either (i) or (ii)

d. Both (i) and (ii)

Ans - d

RBI has set up an inter-regulatory working group to study issues relating to regulatory issues regarding financial technology and which other banking service in India?

- a. Telephone banking
- b. Mobile banking
- c. Digital banking
- d. None of the above

Ans - c

RBI removed a 7 year old restriction on fresh purchase of which state owned bank's shares by foreign investors?

- a. PNB
- b. SBI
- c. OCI
- d. None of the above

Ans - a

RBI has tweaked the rules for lending rates and stipulated that fixed rate loans of up to how many years will be offered by lenders based on marginal cost of funding?

- a. 2
- b. 3
- c. 4
- d. 5

Ans - b

RBI has relaxed norms for which category of banks? (i) Banks part of the cleaning up exercises of power utilities, (ii) Banks holding debt ridden State Electricity Boards bonds

- a. Only (i)
- b. Only (ii)
- c. Either (i) or (ii)

d. Both (i) and (ii)

Ans - d

Which of the following are reasons for adverse impact on card use in India? (i) Less ATMs, (ii) Less number of cards, (iii) Less Point of Sales terminals

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - b

How much will replacing INR 500 and 1000 rupee notes cost the RBI?

- a. INR 13000 crore
- b. INR 12000 crore
- c. INR 11000 crore
- d. INR 10000 crore

Ans - b

In the real world, the currency to deposit ratio is

- a. negative
- b. zero
- c. greater than 0 but less than or equal to 1
- d. greater than 1

Ans - c

RBI has opposed which move of the Watal Committee?

- a. Digital payments
- b. Separate entity to regulate payments and settlements
- c. Cashless transactions
- d. None of the above

Ans – b

What percentage of profit is a bank is required to transfer to its reserve fund as per Banking Regulation Act?

- a. 20
- b. 25
- c. 50
- d. 30

Ans - a

The new high security INR 500 note has which of the following features? (i) Bleed Lines, (ii) Circle with 500 in the right, (iii) Ashoka Pillar emblem

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

As per the notification by Reserve Bank of India (RBI) on 6th Aug'15, in which areas the banks are allowed to shift, merge or close branches without seeking its prior permission?

- a. Urban Areas
- b. Rural Areas
- c. Semi-Rural Areas
- d. Semi-Urban Areas

Ans - a

RBI has restricted Indian entities from making investments in non cooperative countries and territories as per

- a. FATF
- b. FADF
- c. FACF
- d. None of the above

Ans - a

.....

RBI will create polymer based currency notes of which denomination?

- a. INR 5
- b. INR 10
- c. INR 20
- d. INR 25

Ans - b

.....

The Goods and Services tax (GST) proposed to be introduced, covers taxes like

- a. Service tax
- b. Service, excise
- c. Excise, service, VAT
- d. Trade/Sale Tax

Ans - c

.....

Fiscal Policy is connected with

- a. policy of agriculture
- b. policy of industry
- c. public revenue and expenditure
- d. policy of population

Ans - c

.....

Most important source of capital formation in India has been

- a. Government revenue surpluses
- b. Public sector savings
- c. Corporate savings
- d. Household savings

Ans - d

.....

Dear Money Policy implies

- a. high interest rates
 - b. high price level
-

- c. large money supply
d. high production

Ans - a

Which of the following statements is / are correct? (i) National Housing Bank is subsidiary of State bank of India, (ii) Its headquarter is in New Delhi

- a. Only (i)
b. Only (ii)
c. Either (i) or (ii)
d. Both (i) and (ii)

Ans - b

What is the risk weightage on banks' exposure to capital market exposures?

- a. 1.5
b. 2.0
c. 1.25
d. 1.0

Ans - a

In the terminology of economics and money demand, the terms M1 and M2 are also known as

- a. Short money
b. Long money
c. Broad money
d. Narrow money

Ans - d

What does the second pillar of Basel II describes?

- a. It outlines the role of the supervisor and the requirements regarding the responsibilities of the bank's board and senior management
b. It describes the guidelines for calculating the bank's risk profile and capital requirements for credit, market and operational risk
c. It describes the disclosure requirements towards stakeholders

d. None of these

Ans - a

For scheduled commercial banks, the export credit should be atleast % of net bank credit.

- a. 10
- b. 15
- c. 3
- d. 12

Ans - d

Expand - MAT

- a. Maximum Alternate Time
- b. Minimum Alternate Tax
- c. Maximum Alternate Tax
- d. Minimum Alternate Time

Ans - b

The basic structure of Basel III remains unchanged. Which of the following are a part of three mutually reinforcing pillars of Basel III? (i) Minimum Regulatory Capital Requirements based on Risk Weighted Assets (RWAs) : Maintaining capital calculated through credit, market and operational risk areas, (ii) Market Discipline : Increasing the disclosures that banks must provide to increase the transparency of banks, (iii) Supervisory Review Process : Regulating tools and frameworks for dealing with peripheral risks that banks face

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

..... Capital contains Hybrid capital instruments (debt / equity).

- a. Tier II
- b. Tier I

- c. Preference share
d. Paid up

Ans - b

What does UNCED stands for?

- a. United Nations Confederation on Environment and Development
b. United Nations Confederation on Economy and Development
c. United Nations Conference on Economical Development
d. United Nations Conference on Environment and Development

Ans - d

RBI has been amended by which act to provide for a Monetary Policy Committee for the maintenance of price stability?

- a. Finance Act 2016
b. Treasuries Act 2016
c. Financial Policy Act 2016
d. None of the above

Ans - a

If the Bank of Canada wanted to stimulate aggregate demand, it could

- a. raise the target range for the overnight financing rate, thereby reducing interest rates throughout the economy
b. raise the target range for the overnight financing rate, thereby increasing interest rates throughout the economy
c. lower the target range for the overnight financing rate, thereby reducing interest rates throughout the economy
d. lower the target range for the overnight financing rate, thereby increasing interest rates throughout the economy

Ans - c

Which department did RBI open to oversee breaches of rules and their violation?

- a. Enforcement department

- b. Grievances Redressal department
c. Social welfare department
d. Financial laws department

Ans - a

The Capital Conservation Buffers to RWAs has changed from under Basel II to under Basel III.

- a. 6% to 8.5%
b. None to 2.5%
c. 4% to 6.5%
d. None to 4.5%

Ans - a

An automatic stabiliser is

- a. the tendency for inflation to fall as unemployment rises
b. a monetary or fiscal policy that aims to smooth out the business cycle
c. a tax or form of government expenditure that has the effect of reducing the size of business cycle fluctuations
d. a policy for growth of an economy where the current account of the balance of payments is kept in balance

Ans - c

During which Viceroyalty of India, the budget system was introduced?

- a. Lord Liton
b. Lord Mountbatten
c. Lord Canning
d. Lord Minto

Ans - c

Fiscal responsibility and Budget Management Act concerns

- a. Fiscal deficit
b. Revenue deficit
c. Fiscal and Revenue deficit

d. Neither Fiscal nor revenue deficit

Ans - c

What does RBI regulate through Open Market Operation Transactions?

- a. Flow of Foreign Direct Investment
- b. Borrowing powers of the banks
- c. Inflation
- d. Liquidity in economy

Ans - d

What is the most powerful tool used by the Reserve Bank of India to control inflation?

- a. Raise interest rates
- b. Raise current supply
- c. Reduce current supply
- d. Reduce interest rates

Ans - a

Under whose chairmanship did RBI constitute a Working Group for making balance of payments manual?

- a. Anand Sinha
- b. Deepak Mohanty
- c. Harun Rashid Khan
- d. Kamalesh Chandra Chakrabarty

Ans - b

RBI governor HR Khan announced a committee to study which technology?

- a. Information
- b. Blockfield
- c. Blockchain
- d. Bioinformatics

Ans - c

.....

RBI's new debt recast norms are credit positive for banks and will reduce gross NPA by how many basis points following one year?

- a. 30-100
- b. 40-100
- c. 50-100
- d. 60-100

Ans - a

.....

RBI has launched which initiative following the rise of CPI and WPI based inflation?

- a. Inflation Expectations Survey of Householder
- b. Inflation Expectations Survey of Households
- c. Inflation Expectation Schedule of Homes
- d. None of the above

Ans - a

.....

Indian Government announced a scheme for providing short term loans to farmers at concessional rate of % P.A. upto an amount of Rs.

- a. 7, 3 lac
- b. 7, 1 lac
- c. 5, 1 lac
- d. 5, 3 lac

Ans - a

.....

Which of the following is/are true? (i) Current bank interest rates change quickly as per changes in repo rate, (ii) Marginal Cost of Funds based Lending Rate are less responsive to the RBI policy rates

- a. Only 1
- b. Only 2
- c. Both 1 and 2
- d. Neither 1 nor 2

Ans - d

.....

.....

RBI releases discussion paper on enhancing credit supply to borrowers

- a. Medium
- b. Small
- c. Large
- d. None of the above

Ans - c

.....

Who regulates monetary policy?

- a. IRDA
- b. RBI
- c. SEBI
- d. Finance Ministry

Ans - b

.....

Who was the first Indian Governor of RBI?

- a. C. D. Deshmukh
- b. Benegal Rama Rau
- c. R. K. Shanmukham Chetty
- d. K. G. Ambegaonkar

Ans - a

.....

Which of the following is an example of discretionary fiscal policy?

- a. An increase in unemployment benefit payments during a recession due to rising unemployment
- b. The tax increases to combat rising inflation
- c. A decrease in income tax receipts during a recession because incomes are falling
- d. An increase in income tax receipts during an expansion because incomes are rising

Ans - b

.....

The existence of a parallel economy/black money

- a. ensures increasing productive investment
 - b. ensure a better distribution of income and wealth
-

-
- c. makes the monetary policies less effective
 - d. makes the economy more competitive

Ans - c

.....

The minimum requirement for common equity, which is the highest form of loss-absorbing capital, has been raised under Basel III from of total risk-weighted assets.

- a. 2.5% to 4.5%
- b. 3% to 4.5%
- c. 1.5% to 4.5%
- d. 2% to 4.5%

Ans - d

.....

The headquarters of Investment Information & Credit Rating Agency (ICRA) Limited is located in

- a. Mumbai
- b. Gurugram
- c. Noida
- d. New Delhi

Ans - b

.....

The system of the budget was introduced in india during the viceroyalty of

- a. Canning
- b. Dalhouseie
- c. Ripon
- d. Elgin

Ans - a

.....

What are the differences between the approaches for credit risk?

- a. The difference between the approaches is how the estimated are calculated for calculating desired output.
 - b. The difference between the approaches is how the parameters in the formula for calculating the required profit margins.
-

c. The difference between the approaches is how the parameters in the formula for calculating the required regulatory capital.

d. None of these

Ans - c

Fiscal policy refers to the

a. government's ability to regulate the functioning of financial markets

b. spending and taxing policies used by the government to influence the level of economy activity

c. techniques used by firms to reduce its tax liability

d. the policy by MAS to affect the cash rate

Ans - b

What is the need to regulate the banking industry?

a. Because of average size of banks

b. Because of possibility of contagion

c. Because of high profits earned in the banking industry

d. Because of importance to the UK economy of the City of London

Ans - b

RBI has issued guidelines for voluntary surrender of license by PSOs under the PSS Act. What does the later stand for?

a. Payment Settlement Systems Act

b. Payment and Settlement Systems Act

c. Payment Act

d. Settlement System Act

Ans - b

RBI has issued norms for branch offices by foreign entities from which of the following countries? (i) Pakistan, (ii) China, (iii) Bangladesh

a. Only (i) and (ii)

b. Only (i) and (iii)

c. Only (ii) and (iii)

d. (i), (ii) and (iii)

Ans - d

RBI has launched a website called Paisa-Bolta-Hai. What is the purpose of that website?

- a. To create awareness about investment
- b. To provide knowledge about mutual funds
- c. To tell risks about investing in fake hedge funds
- d. To create awareness of counterfeit currency among users of the INR

Ans - d

Which of the following is the first SEZ promoted by a corporate?

- a. Mahindra SEZ, Pune
- b. Reliance SEZ, Haryana
- c. SEEPZ, Mumbai
- d. None of these

Ans - a

The Medium Enterprise is referred as the investment in plant and machinery over the SSI limit, but less than Rs.

- a. 50 cr
- b. 5 cr
- c. 10 cr
- d. 25 cr

Ans - c

Which among the following is considered to be the most liquid asset?

- a. Gold
- b. Money
- c. Land
- d. Treasury bonds

Ans - b

.....

Currency notes and coins are called as

- a. Flat money
- b. Legal tenders
- c. Fiat money
- d. Both b and c

Ans - d

.....

The current estimate of the scaling factor is

- a. 1.05
- b. 0.75
- c. 2.05
- d. 1.06

Ans - d

.....

The Indian corporate are allowed invest in JV and subsidiaries abroad up to % of their net worth.

- a. 200
- b. 150
- c. 100
- d. 75

Ans - a

.....

Which of the following are the aims of the Basel Convention? (i) The reduction of hazardous waste generation and the promotion of environmentally sound management of hazardous wastes, wherever the place of disposal, (ii) The restriction of trans-boundary movements of hazardous wastes except where it is perceived to be in accordance with the principles of environmentally sound management, (iii) A regulatory system applying to cases where trans-boundary movements are permissible

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

.....

.....

Which among the following is incorrect?

- a. RBI is the Bank of Issue
- b. RBI acts as Banker to the Government
- c. RBI is Banker's Bank
- d. RBI does not regulate the flow of credit

Ans - d

What is the risk weightage on banks' exposure to capital market exposures?

- a. 1.25
- b. 1.0
- c. 2.0
- d. 1.5

Ans - d

The headquarters of CARE is in

- a. Mumbai
- b. New Delhi
- c. Noida
- d. Gurugram

Ans - a

When did the Centre acquire the Reserve Bank of India's entire 59.73% equity stake in the State Bank of India (SBI) at over Rs. 35,531 crore in New Delhi?

- a. April 5, 2006
- b. May 26, 2006
- c. June 29, 2007
- d. September 30, 2005

Ans - c

Who sets up 'Base Rate' for Banks?

- a. Individual Banks Board

- b. Interest Rate Commission of India
c. RBI
d. None of the above

Ans - c

Which of the following is true about the restrictions on RBI? (i) It is not to compete with the commercial banks, (ii) It is not allowed to pay interest on its deposits, (iii) It cannot engage directly or indirectly in trade, (iv) It cannot acquire or advance loans against immovable property, (v) It is prohibited from purchasing its own shares or the shares of any other bank or any company or granting loans on such security

- a. Only (i),(ii),(iii), and (iv)
b. Only (v)
c. All the above
d. None of the above

Ans - c

Historically, the Indian rupee was a coin:

- a. Copper
b. Gold
c. Silver
d. Bronze

Ans - c

The National Income of India is estimated mainly through

- a. Production method alone
b. Expenditure method alone
c. Production and income methods
d. Production and expenditure methods

Ans - a

The Countercyclical Buffer has changed from under Basel II to under Basel III.

- a. None to 0 - 3.5%

- b. None to 0 - 2.5%
c. 6% to 8.5%
d. 4% to 6.5%

Ans - b

..... is the act of taking on a risk for a fee

- a. Predictive analytics
b. Guidewire
c. Initial Public Offering
d. Underwriting

Ans - d

The loans to software industry are classified as priority sector advances that are up to a limit of Rs.

- a. 1000 lakhs
b. 100 lakhs
c. 500 lakhs
d. 50 lakhs

Ans - b

Under the Basel II framework, the total regulatory capital comprises of Tier II that is

- a. Core capital
b. None of these
c. Supplementary Capital
d. Monitory Capital

Ans - c

Which of the following statements are correct about RBI? (i) The Reserve Bank's affairs are governed by a central board of directors, (ii) The board is appointed by the Government of India in keeping with the Reserve Bank of India Act, (iii) They are appointed/nominated for a period of four years

- a. Only (i) and (ii)
b. Only (i) and (iii)
c. Only (ii) and (iii)

d. (i), (ii) and (iii)

Ans - d

The Basel convention became effective in the year

- a. 1998
- b. 1989
- c. 1992
- d. 1983

Ans - c

Under the New Foreign Trade Policy, in order to accelerate growth of services exports from India and to create a unique brand, a scheme named _____ has been introduced.

- a. India Service
- b. Incredible India
- c. Served from India
- d. India Calling

Ans - c

Which of the following statements are correct? (i) According to RBI rules citizens of Pakistan, Bangladesh, Sri Lanka, Afghanistan, China, Iran, Nepal or Bhutan are forbidden from acquiring property in India, (ii) Now Hong Kong and Macau administered by China are also forbidden from acquiring property in India

- a. Only (i)
- b. Only (ii)
- c. Either (i) or (ii)
- d. Both (i) and (ii)

Ans - d

Which of the following is true about the functions performed by RBI? (i) It is the Bank of Issue, (ii) It acts as banker to the Government, (iii) It is the banker of other banks, (iv) It regulates the flow of credit

- a. Both (i) and (ii)
- b. Both (iii) and (iv)

-
- c. All the above
 - d. None of the above

Ans - c

.....

The Reserve Bank of India was established on

- a. April 1, 1935
- b. July 12, 1982
- c. May 26, 2006
- d. September 30, 2005

Ans - a

.....

Which of the following are the three pillars of the Basel II framework?

- a. Asset – Liability Management
- b. Supervisory review
- c. Market discipline
- d. Minimum capital requirements

Ans - b

.....

Why is financial exclusion a particular problem?

- a. The costs to the financially excluded are high
- b. It increases compliance costs
- c. Nothing can be done about it
- d. It lowers the profits of financial service companies

Ans - a

.....

What is the full form of NIXI?

- a. Notional Inter Exchange interest
- b. National & International Exchange of India
- c. National Internet Exchange of India
- d. None of these

Ans – a

.....

.....

The number of times a unit of money exchanges hands during a unit period of time is known as

- a. velocity of circulation of money
- b. speed of circulation of money
- c. momentum of circulation of money
- d. count of circulation of money

Ans - a

.....

Who is author of the ancient book on economics, Arthashastra?

- a. Kautilya
- b. Chanakya
- c. Sushrut
- d. Bhattacharya

Ans - b

.....

The Leverage Ratio has changed from under Basel II to under Basel III.

- a. None to 10.5%
- b. None to 3%
- c. 4% to 6.5%
- d. 6% to 8.5%

Ans - b

.....

What is the duration of the use test under Basel II accord? (i) The duration of the use test should be in conformity with the duration of the parallel run, (ii) It should be operational for at least one year, (iii) The duration of the use test covers such a period that the results of the use test do not show any technical or functional issues

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

.....

.....

The minimum total capital requirement will remain at the current level

- a. 0.05
- b. 0.08
- c. 0.07
- d. 0.1

Ans - b

.....

Which of the following is one of the advantages of the self-regulation over the statutory regulation of financial markets?

- a. Self-regulation is likely to overcome the problem of agency capture
- b. Self-regulation is likely to cause lower compliance costs
- c. Self-regulation is likely to preserve more effectively the reputation of financial markets for honesty and fair dealing
- d. Self-regulation is likely to remove the problem of competitive laxity

Ans - b

.....

Which of the following taxes is collected by Panchayat?

- a. Sales tax
- b. Tax on local fairs
- c. Custom duty
- d. Land revenue

Ans - b

.....

Which of the following indicates a true difference between Basel I and Basel II? (i) Basel II has a more active role of bank supervision as compared to Basel I, (ii) Basel II applies a more risk-oriented capital calculation as compared to Basel I, (iii) Basel II has more flexibility in approaches available to banks

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

.....

.....

.....

The first estimate of national income in India was made by

- a. VKRV Rao
- b. Mahalanobis
- c. Professor Sheroi
- d. Dadabhai Naoroji

Ans - a

.....

An ad valorem duty is a tax on the basis of

- a. the price of a commodity
- b. the value added
- c. the advertisement expenditure
- d. the unit of the commodity

Ans - a

.....

The women beneficiaries must receive at least % of net bank credit, according to RBI benchmark for allocation of bank credit.

- a. 1
- b. 10
- c. 5
- d. 15

Ans - c

.....

Who has set up the financial intelligence unit is set up for tightening anti-money laundering measures?

- a. Finance Ministry, GOI
- b. Income Tax Department
- c. Central Vigilance Commission
- d. RBI

Ans - a

.....

Basel Committee on Banking Supervision? is also referred as

- a. Financial Stability Board

.....

- b. Banking Regulation Committee
c. Global Financial System
d. Bank for International Settlements Committee

Ans - d

Indian Government announced a scheme for providing short term loans to farmers at concessional rate of % P.A. upto an amount of Rs._____.

- a. 7, 1 lac
b. 7, 3 lac
c. 5, 1 lac
d. 5, 3 lac

Ans - b

Which of the following statement holds true with reference to Basel Capital Accord standards? (i) Banks will have to convince the supervisor that the minimum capital requirements are based on representative historical figures, (ii) Banks are allowed to use risk models that have been developed internally to measure the capital requirements, (iii) Banks will be rewarded with lower capital requirements

- a. Only (i) and (ii)
b. Only (i) and (iii)
c. Only (ii) and (iii)
d. (i), (ii) and (iii)

Ans - d

What are possible business benefits of Basel II? (i) Improved insight in processes and related risks could lead to more efficient granting of credits, (ii) To apply risk-based pricing, tuning pricing to client's risk profile, (iii) Lower cost of funding capital resulting from an improved rating

- a. Only (i) and (ii)
b. Only (i) and (iii)
c. Only (ii) and (iii)
d. (i), (ii) and (iii)

Ans - d

What is the stake of SBI in its joint venture with TCS, C-Edge?

- a. 0.6
- b. 0.49
- c. 0.4
- d. 0.51

Ans - b

The foreign investment in private banks (including FDI, FII, NRI, etc.) are permitted up to % in India.

- a. 99
- b. 49
- c. 74
- d. 24

Ans - c

Lenders will not require prior central bank approval for equity investments if they have a capital risk weighted asset ratio of how much?

- a. 10% or more
- b. 10% or less
- c. 8% or more
- d. 8% or less

Ans - a

Which of the above statements are not correct? (i) GOI will print one rupee note with signature of RBI governor, (ii) It was discontinued in 1990, (iii) The Government of India has the sole right to mint coins of all denominations, (iv) While RBI has the authority to issue bank notes of denominational values of Rs. 1, Rs. 2, Rs. 5, Rs. 10, Rs. 20, Rs. 50, Rs. 100, Rs. 500, Rs. 1,000, Rs. 5,000 and Rs. 10,000

- a. i, iii, iv
- b. i, ii, iv
- c. i, ii
- d. All

Ans - b

Capital requirements for the implementation of Basel III guidelines are in the initial phase and in the later years.

- a. Lower; higher
- b. Higher; Stable
- c. Stable; Lower
- d. Higher; Lower

Ans - a

What does the WTO Agreements cover? (i) Global trade in services, (ii) Global trade in goods, (iii) Global trade in intellectual property

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

For scheduled commercial banks, the export credit should be atleast % of net bank credit.

- a. 3
- b. 12
- c. 15
- d. 10

Ans - b

Banks are required to maintain a minimum Pillar 1 Capital to Risk-weighted Assets Ratio (CRAR) of on an ongoing basis.

- a. 0.11
- b. 0.07
- c. 0.05
- d. 0.09

Ans - d

Which of the following statement illustrates the problem with risk-weighted capital asset ratios?

- a. Do not weight risks accurately
- b. Are generally set too low
- c. Put too much pressure on the profitability of banks
- d. Do not take into account off-balance-sheet business

Ans - d

What was the reason for the revision of Basel I?

- a. To develop a framework that would further improve the soundness and stability of the financial system by emphasizing the banks' own internal control and management systems
- b. To promote the adoption of stronger risk management practices among banks and considers it as one of its major benefits
- c. To ensure that banks would hold sufficient capital to meet potential future losses
- d. All of these

Ans - b

What was the first Basel Concordat concerned with?

- a. The capital adequacy of banks
- b. The possibility of contagion of banks
- c. The possibility that third world countries might renege on their debts
- d. The division of responsibilities among national supervisory authorities

Ans - d

The foreign banks operating in India are freed of RBI imposed restrictions on their operations and treated on par with Indian banks after

- a. April, 2009
- b. April, 2015
- c. April, 2010
- d. April, 2008

Ans - a

What is the full form of NIXI?

- a. National & International Exchange of India
- b. National Internet Exchange of India
- c. Notional Inter Exchange interest
- d. None of these

Ans - c

Why is financial exclusion a particular problem?

- a. It lowers the profits of financial service companies
- b. Nothing can be done about it
- c. It increases compliance costs
- d. The costs to the financially excluded are high

Ans - d

The Countercyclical Buffer has changed from under Basel II to under Basel III.

- a. None to 0 - 3.5%
- b. None to 0 - 2.5%
- c. 6% to 8.5%
- d. 4% to 6.5%

Ans - b

A person pay a tax on whom the tax is incident is known as

- a. Direct tax
- b. state tax
- c. Indirect tax
- d. none of the above

Ans - a

Which of the following does NOT function as an automatic stabiliser?

- a. The personal income tax system
- b. Government expenditure on road building programmes

- c. Unemployment benefit payments
d. The Goods and Services Tax (GST)

Ans - b

.....

..... is the act of taking on a risk for a fee

- a. Predictive analytics
b. Guidewire
c. Initial Public Offering
d. Underwriting

Ans - d

.....

The loans to software industry are classified as priority sector advances that are up to a limit of Rs.

- a. 1000 lakhs
b. 100 lakhs
c. 500 lakhs
d. 50 lakhs

Ans - b

.....

Which of the following statement illustrates the problem with risk-weighted capital asset ratios?

- a. Do not weight risks accurately
b. Are generally set too low
c. Put too much pressure on the profitability of banks
d. Do not take into account off-balance-sheet business

Ans - d

.....

Basel III is the in the series of Basel Accords.

- a. First
b. Second
c. Third
d. Fourth

Ans - c

.....

.....

Banks are required to maintain a minimum Pillar 1 Capital to Risk-weighted Assets Ratio (CRAR) of on an ongoing basis.

- a. 0.11
- b. 0.07
- c. 0.05
- d. 0.09

Ans - d

.....

Recently India has entered into Comprehensive Economic Co-operation Agreement with

- a. Singapore
- b. USA
- c. Australia
- d. None of these

Ans - a

.....

Who has set up the financial intelligence unit is set up for tightening anti-money laundering measures?

- a. Finance Ministry, GOI
- b. Income Tax Department
- c. Central Vigilance Commission
- d. RBI

Ans - a

.....

The Core Tier I capital to RWAs has changed from under Basel II to under Basel III.

- a. 4% to 6.5%
- b. 2% to 5%
- c. 2% to 4.5%
- d. 2.5% to 6.5%

Ans - c

.....

Under the Basel II framework, the total regulatory capital comprises of Tier I that is

- a. Monitory Capital
-

- b. Supplementary Capital
c. Core capital
d. None of these

Ans - c

Which of the following countries are covered under South Asian Free Trade Area (SAFTA)?

- a. Pakistan, Bangladesh, Bhutan, Sri Lanka, Nepal and Maldives
b. All countries in South and South-East Asia, and Australia and New Zealand
c. All countries in South East Asia
d. The seven countries who are members of SAARC

Ans - d

What is the Information Technology Act, 2000 concerned with

- a. appointment of certifying authorities for issuing digital signatures
b. definition of various types of computer crimes and penalties for the same
c. legal recognition of digital signatures
d. All of these

Ans - c

The overall Tier 1 capital requirement, consisting of not only common equity but also other qualifying financial instruments, will also increase from the current minimum of

- a. 5% to 7%
b. 8% to 10%
c. 6% to 8%
d. 4% to 6%

Ans - d

RBI will use Braille like markings on currency notes of INR 100, 500 and 1,000 in order to (i) Help visually challenged people, (ii) Outdo counterfeiters

- a. Only (i)
b. Only (ii)
c. Either (i) or (ii)

d. Both (i) and (ii)

Ans - d

What does RBI regulate through Open Market Operation Transactions?

- a. Flow of Foreign Direct Investment
- b. Borrowing powers of the banks
- c. Inflation
- d. Liquidity in economy

Ans - d

New Basel Capital Accord is likely to improve the competitive position of

- a. Big banks with sophisticated risk management systems
- b. Universal banks
- c. Banks that maintain a high risk-weighted capital asset ratio
- d. German banks and their subsidiaries engaged in securities trading

Ans - a

The Core Tier I capital to RWAs has changed from under Basel II to under Basel III.

- a. 2% to 4.5%
- b. 4% to 6.5%
- c. 2% to 5%
- d. 2.5% to 6.5%

Ans - a

..... is ranked as the number bank in terms of market capitalization in India.

- a. IDBI Bank
- b. SBI
- c. ICICI Bank
- d. UTI Bank

Ans - c

Basel III is the in the series of Basel Accords.

- a. First
- b. Second
- c. Third
- d. Fourth

Ans - c

Reserve bank of India has the sole right to issue bank notes in India is defined in the of The Reserve Bank of India Act, 1934

- a. Section 22(1)
- b. Section 24(1)
- c. Section 26(2)
- d. Section 32(1)

Ans - a

Revenue equals expenditure in a

- a. surplus budget
- b. deficit budget
- c. balanced budget
- d. None of the above

Ans - c

The Majority shareholder in CRISIL is?

- a. Standard and Poors'
- b. Fitch Ratings Inc.
- c. Moody's
- d. Dun and Bradstreet

Ans - a

The headquarter of ONICRA is

- a. Mumbai

- b. Gurugram
c. Hyderabad
d. Noida

Ans - b

What is the full form of CERSAI?

- a. Combined Registry of Securitization Asset Reconstruction and Security Interest
b. Combined Registry of Securitization Agency Reconstruction and Security Interest
c. Central Registry of Securitization Asset Reconstruction and Security Interest
d. Central Registry of Securitization Agency Reconstruction and Security Interest

Ans - c

The headquarters of CARE is in

- a. Mumbai
b. New Delhi
c. Noida
d. Gurugram

Ans - a

The headquarters of Investment Information & Credit Rating Agency (ICRA) Limited is located in

- a. Mumbai
b. Gurugram
c. Noida
d. New Delhi

Ans - b

SMERA has been registered under which act?

- a. Securities and Exchange Board of India Act, 1992
b. Reserve Bank of India Act, 1934
c. Banking Regulation Act, 1949
d. Securities and Exchange Board of India (Credit Rating Agencies) Regulations, 1999

Ans - d

.....

SMERA is a joint initiative between

- a. SIDBI & Leading Public Sector Banks
- b. Dun & Bradstreet Information Services India Private Limited (D&B) & Leading Private Banks
- c. RBI & SEBI
- d. Both (A) and (B)

Ans - d

.....

Which is a full service credit rating agency exclusively set up for micro, small and medium enterprises?

- a. SMERA
- b. ICRA
- c. ONICRA
- d. CRISIL

Ans - a

.....

A Credit Bureau is governed by which of the following act?

- a. Securities and Exchange Board of India Act, 1992
- b. Reserve Bank of India Act, 1934
- c. Credit Information Companies (Regulation) Act of 2005
- d. Securities and Exchange Board of India (Credit Rating Agencies) Regulations, 1999

Ans - c

.....

Which was the first exchange in the country to provide a modern, fully automated screen-based electronic trading system?

- a. BSE
- b. NSE
- c. PSE
- d. CSE

Ans - b

.....

Stock Holding Corporation of India Ltd (SHCIL) was established in 1986 as

- a. Private Limited
- b. Public limited
- c. Unlimited
- d. Limited Liability Partnership

Ans - b

.....

Which of the following is Asia's first stock exchange?

- a. BSE
- b. NSE
- c. PSE
- d. CSE

Ans - a

.....

Which of the following is merged with SEBI?

- a. CRISIL
- b. FMC
- c. CIBIL
- d. SHCIL

Ans - b

.....

Who has been appointed as the CMD of GIC Re India?

- a. T. S. Vijayan
- b. Mrs. Alice G Vaidyan
- c. Anuj Agrawal
- d. Neelesh Garg

Ans - b

.....

National Insurance Academy located in

- a. Chennai
- b. Calcutta

.....

- c. Pune
d. Hyderabad

Ans - c

Who is the present chairman of IRDA in India?

- a. T. S. Vijayan
b. J. Hari Narayan
c. Nilesh Sathe
d. D. D. Singh

Ans - a

Which of the following scheme was formulated by RBI?

- a. Banking Ombudsman Scheme
b. Jan Dhan Yojana
c. MUDRA Bank Yojana
d. Boutique Financing Scheme

Ans - a

Which statements is/are correct regarding Statutory Liquidity Ratio? (i) All the commercial banks in India can use the cash to fulfill SLR, (ii) The banks can maintain SLR by themselves, (iii) Banks leverage is restricted by SLR in forwarding more money in to economy

- a. Only (i) and (ii)
b. Only (i) and (iii)
c. Only (ii) and (iii)
d. (i), (ii) and (iii)

Ans - d

Which of the following may be an appropriate policy if real equilibrium GDP falls below the long-run aggregate supply curve?

- a. An increase in business income taxes to increase tax fairness
b. An increase in government purchases
c. An increase in individual income taxes to balance the budget

d. Contractionary fiscal policy to increase the budget surplus

Ans - b

.....

According to which guidelines did the Government pick up the entire SBI shares held by the RBI?

- a. National Stock Exchange of India
- b. Securities Commission
- c. Financial Regulations
- d. Securities and Exchange Board of India (SEBI)

Ans - d

.....

Among the following, which is not a subsidiary of RBI?

- a. NHB
- b. NABARD
- c. DICGC
- d. IDBI

Ans - d

.....

Temporary tax levied to obtain additional revenue is known as

- a. Surcharge
- b. Rate
- c. Repo rate
- d. SLR

Ans - a

.....

What is the basic attribute of a formal organization?

- a. esteem and prestige
- b. Roles and duties
- c. Dominance and supremacy
- d. Rules and regulations

Ans - d

.....

.....
The national income of India is calculated mainly through

- a. production method alone
- b. expenditure method alone
- c. production and expenditure methods
- d. production and income method

Ans - d

.....
Which is the most disinvestments started in public enterprises?

- a. Gujarat
- b. Punjab
- c. Maharashtra
- d. Tamil Nadu

Ans - c

.....
Which one of the following is the most important item of non plan expenditure?

- a. Loans to public enterprises
- b. Interest payment
- c. Defence
- d. Fertilizers subsidies

Ans - a

.....
The Goods and Services tax (GST) proposed to be introduced, covers taxes like

- a. Service tax
- b. Service, excise
- c. Excise, service, VAT
- d. Trade/Sale Tax

Ans - c

.....
Fiscal Policy is connected with

- a. policy of agriculture
- b. policy of industry

- c. public revenue and expenditure
d. policy of population

Ans - c

.....

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Ans - c

.....

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- a. Monitory Capital
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.....

Which of the following countries are covered under South Asian Free Trade Area (SAFTA)?

- a. Pakistan, Bangladesh, Bhutan, Sri Lanka, Nepal and Maldives
b. All countries in South and South-East Asia, and Australia and New Zealand
c. All countries in South East Asia
d. The seven countries who are members of SAARC

Ans - d

.....

Which of the following is an example of discretionary fiscal policy?

- a. An increase in unemployment benefit payments during a recession due to rising unemployment
b. The tax increases to combat rising inflation
c. A decrease in income tax receipts during a recession because incomes are falling
d. An increase in income tax receipts during an expansion because incomes are rising

Ans – b

.....

.....
An automatic stabiliser is

- a. the tendency for inflation to fall as unemployment rises
- b. a monetary or fiscal policy that aims to smooth out the business cycle
- c. a tax or form of government expenditure that has the effect of reducing the size of business cycle fluctuations
- d. a policy for growth of an economy where the current account of the balance of payments is kept in balance

Ans - c
.....

The existence of a parallel economy/black money

- a. ensures increasing productive investment
- b. ensure a better distribution of income and wealth
- c. makes the monetary policies less effective
- d. makes the economy more competitive

Ans - c
.....

Which of the following taxes is collected by Panchayat?

- a. Sales tax
- b. Tax on local fairs
- c. Custom duty
- d. Land revenue

Ans - b
.....

Which of the following is true about the functions performed by RBI? (i) It is the Bank of Issue, (ii) It acts as banker to the Government, (iii) It is the banker of other banks, (iv) It regulates the flow of credit

- a. Both (i) and (ii)
- b. Both (iii) and (iv)
- c. All the above
- d. None of the above

Ans - c
.....
.....

.....
A person pay a tax on whom the tax is incident is known as

- a. Direct tax
- b. state tax
- c. Indirect tax
- d. none of the above

Ans - a

.....

The National Income of India is estimated mainly through

- a. Production method alone
- b. Expenditure method alone
- c. Production and income methods
- d. Production and expenditure methods

Ans - a

.....

Revenue equals expenditure in a

- a. surplus budget
- b. deficit budget
- c. balanced budget
- d. None of the above

Ans - c

.....

Which of the following does NOT function as an automatic stabiliser?

- a. The personal income tax system
- b. Government expenditure on road building programmes
- c. Unemployment benefit payments
- d. The Goods and Services Tax (GST)

Ans - b

.....

How many Deputy Governors are there in RBI?

- a. 2
- b. 4

.....

- c. 5
d. 10

Ans - b

Given,

Recoveries of loan and advance	- Rs. 2000 Crores
Misc capital receipt	- Rs. 500 Crores
Market loans	- Rs. 500 Crores
Short term borrowings	- Rs. 1000 Crores
External assistance (Net)	- Rs. 300 Crores
State provident fund	- Rs. 400 Crores
Other receipts (Net)	- Rs. 1000 Crores
Securities issued against small savings	- Rs. 500 Crores
Recoveries of short term loans and advances from states and loans to govt servants	- Rs. 800 Crores
Total Non Tax Revenue	- Rs. 4000 Crores
Net Tax Revenue	- Rs. 1500 Crores
Draw down cash balance	- Rs. 3000 Crores

Calculate Capital Receipt ...

- a. Rs 3700 Crores
b. Rs 4200 Crores
c. Rs 4700 Crores
d. Rs 5400 Crores

Ans - d

Solution :

Capital Receipt = Non Debt Receipt + Debt Receipt

Let us first calculate Non Debt Receipt,

Non Debt Receipt = Recoveries of loan & advances (deduct recoveries of short term loans & advance from state and loans to govt sarvants) + MISC Capital receipts
= 2000-800+500 = 1700 Crores

Now, let us calculate Debt receipt,

Debt Receipt = Market Loans + Short Term Borrowings + External assistance(NET) + Securities issued against Small savings + State provident fund + other Receipts(Net)
= 500 + 1000 + 300 + 500 + 400 + 1000 = 3700 Crores

Capital Receipt = Non Debt Receipt + Debt Receipt
= 1700 + 3700 = 5400 Crores

ALL THE VERY BEST FOR YOUR EXAMS

SAMPLE QUESTIONS FOR CAIIB CENTRAL BANKING

Though we had taken enough care to go through the questions, we shall not be responsible for any loss or damage, resulting from any action taken on the basis of the contents. We advise everyone to update yourself with the latest information through RBI website and other authenticated sources. In case you find any incorrect/doubtful information, kindly update us also (along with the source link/reference for the correct information) as lot of questions were shared by many people.

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