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Paper II – Principles & Practices of Banking

Paper III – Accounting & Financial Management for Bankers

Paper IV – Retail Banking & Wealth Management



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1. According to world bank classification of world economies, India is a:
 - (a) Low Income
 - (b) Lower Middle-Income
 - (c) Upper Middle-Income
 - (d) Higher Income
 2. Which period of Indian economy is called the Hindu rate of growth?
 - (a) 1951-1980
 - (b) 1961-1991
 - (c) 1981-2000
 - (d) 1951-1991
 3. Which of the statements about the structural changes seen in Indian economy is correct?
 - (a) Primary sector's contribution decreased over time
 - (b) Secondary sector plays a major contributor in the economy
 - (c) In the long run, the secondary sector surpasses the tertiary sector, as the major contributor to the economy
 - (d) The role of the primary sector declines as income rises but India is an exception as still in 2019 agriculture plays main role.
 4. Which of the following sector functioned smoothly in the lockdown?
 - (a) Agriculture sector
 - (b) Service Sector
 - (c) Tertiary sector
 - (d) Manufacturing Sector
 5. What is the rank of Indian economy in terms of GDP Purchasing Power Parity?
 - (a) 1
 - (b) 2
 - (c) 3
 - (d) 4
 6. Which of the instruments does not becomes the part of Money market ?
 - (a) call money
 - (b) certificates of deposit
 - (c) inter-corporate funds
 - (d) G-sec
 7. Which of the following cannot be the underlying asset for derivatives?
 - (a) Security price
 - (b) Environmental change rate
 - (c) Specified Interest rate
 - (d) Credit rating
 8. When the brokers make payments or delivery of securities to the exchange is called _____.
 - (a) Pay-in day
 - (b) Pay-out day
 - (c) Pay-to day
 - (d) Pay-off day
 9. What does Position squaring means in context of trading?
 - (a) when traders close out their positions and get out of the market
 - (b) when traders opens their positions and get out of the market for the day
 - (c) when traders opens their positions in the market by selling short positions
 - (d) None
 10. Which of the issues does not dilutes the stake of its existing shareholders, unless they do not intend to subscribe to their entitlements?
 - (a) Further Public Offer
 - (b) Initial Public offer
 - (c) Private Placement
 - (d) Rights Issue
 11. Which of the following statements is incorrect regarding Securities Lending and Borrowing (SLB) Scheme?
 - (a) It is a mechanism through which clients can lend or borrow securities at a specified price and time
 - (b) For securities borrowing and lending system, clearing corporations of the stock exchange would be the nodal agency and be registered as the 'Approved Intermediaries' (AIs).
 - (c) Lenders and borrowers can quote a lending fee and quantity at which they want to lend or borrow
 - (d) None of these
 12. Which of the following is not a function of financial market?
 - (a) Price determination
 - (b) Risk reduction
 - (c) Easy access
 - (d) Funds Mobilization
 13. _____ sector is the sector of the country which includes the highest level of decision makers in governments (including their bureaucracy) and the private corporate sector.
 - (a) Quaternary
 - (b) Quinary
 - (c) Both a and b
 - (d) None of these
- Ques (14-17): Direction:** The depositories legislation aims at providing for (a) a legal basis for establishment of depositories to conduct the task of maintenance of ownership records of securities and effect changes in ownership records, through book entry; (b) dematerialisation of securities in the depositories mode as well as giving option to an investor to choose between holding securities as at present or hold securities in a dematerialised form, in a depository; (c) making the securities fungible; (d) making the shares, debentures and any interest thereon of a public limited company freely transferable; and (e) exempting all transfers of shares within a depository, from stamp duty.
14. When Depositories act was formulated in India?
 - (a) 1981
 - (b) 1991
 - (c) 1996
 - (d) 1972
 15. How many depositories are there in India?
 - (a) 1
 - (b) 2
 - (c) 3
 - (d) 4
 16. Which set of established year and promoters of depositories is correct?
 1. NSDL : 1996: IDBI bank , UTI, NSE
 2. CDSL: 1999 : BSE and leading banks
 - (a) 1,2
 - (b) 1
 - (c) 2
 - (d) None of these
 17. How many digits are there in dematerialized accounts held with CDSL?
 - (a) 12
 - (b) 14
 - (c) 16
 - (d) 18
 18. Who is coined the term Protein revolution?
 - (a) M S Swaminathan
 - (b) Mr Durgesh Patel
 - (c) Indira Gandhi
 - (d) Narendra Modi
 19. In which of the mechanisms Application Supported by Blocked Amount (ASBA) cannot be used?
 - (a) IPO
 - (b) FPO
 - (c) Secondary market trading
 - (d) All of these
 20. In which country the concept of Real Estate Investment Trusts (REITs) was introduced?
 - (a) USA
 - (b) China
 - (c) India
 - (d) Russia
 21. Employees Provident Fund Organisation (EPFO) has been under which ministry?
 - (a) Ministry of Finance
 - (b) Ministry of Labour
 - (c) Ministry of Social Justice
 - (d) All of these
 22. Under which section of Companies Act, 1956; Private placement is

allowed in Indian Financial market?

- (a) 12 (b) 81
(c) 56 (d) 65

23. Mr. Prashant owns a restaurant, which he had bought 5 years ago, for Rs.10 lakhs. He had bought fire insurance worth Rs.8 lakhs (which is the written down value of his insured property). His restaurant caught fire and he suffered a loss of Rs.6.00 lakhs.

The amount of compensation to be paid by the insurance company = (sum insured/value of insured asset) × actual loss.

The reduced amount of compensation explains the principle of ____.

- (a) Subrogation
(b) Indemnity
(c) Proximate Cause
(d) Insurable Interest

24. Which of the following is not the part of establishing a Mutual fund?

- (a) Promoter (b) Sponsor
(c) Custodian (d) Trustee

25. Under which act/s depository service providers needs to be registered?

- (a) RBI Act,1934 and SEBI Act, 1992
(b) RBI Act,1934 and Companies Act 1956
(c) SEBI Act,1992 Companies Act, 1956
(d) RBI Act 1934, SEBI Act, 1992 and Companies Act, 1956

26. Demutualisation referred to:

- (a) Converting of mutual funds into different type of securities
(b) Calling back of mutual funds
(c) transition process of an exchange from a 'mutually owned' association to a 'shareholders-owned' company
(d) None of these

Ques (27-29): Direction: Global growth is projected to fall from an estimated 3.4 percent in 2022 to 2.9 percent in 2023, then rise to 3.1 percent in 2024. The rise in central bank rates to fight inflation and Russia's war in Ukraine continue to weigh on economic activity. The rapid spread of COVID-19 in China dampened growth in 2022, but the recent reopening has paved the way for a faster-than-expected recovery. Global inflation is expected to fall from 8.8 percent in 2022 to 6.6 percent in 2023 and 4.3 percent in 2024, still above pre-pandemic (2017-19) levels of about 3.5 percent.

27. Which of the following institution has given the above projection?

- (a) World bank

- (b) IMF
(c) Asian Development bank
(d) AIIB

28. Which of the following are the ways to fight inflation?

- (a) Open Market Operations
(b) Decrease interest rates
(c) Decreasing Repo rate
(d) None of these

29. Which of the following reports and their institution is incorrectly matched?

- (a) Global Financial Stability Report: IMF
(b) World Investment Report: UNCTAD
(c) World Economic Outlook: World Bank
(d) Ease of Doing Business: World Bank

30. Which of the following is over the counter derivatives?

1. forward contracts
2. interest rate swaps
3. futures
4. options

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

31. When was Voluntary Retention Route introduced in India?

- (a) 2018 (b) 2019
(c) 2020 (d) 2021

32. In a 100% of net offer to public through voluntary book-built issue, allotments to different categories of investors are required to be ensured in the following proportions. What is required proportions for Retail Individual Investors?

- (a) Not less than 35%
(b) Not less than 15%
(c) Not more than 50%
(d) None of these

33. _____ means an investor who applies or bids for securities of or for a value not more than ₹2,00,000.

- (a) Anchor investor
(b) High Net Worth Individuals
(c) Qualified Institutional Buyer
(d) Retail Individual Investor

34. What is the minimum required net tangible assets for making an IPO?

- (a) 1 Crore (b) 2 Crore
(c) 3 Crore (d) 5 Crore

35. On which committee recommendation IRDAI was established?

- (a) Narasimham Committee
(b) R. N Malhotra committee
(c) Dave committee

- (d) C Rangarajan Committee

36. What is the limit in Fully accessible route for foreign investors?

- (a) 50 lakh (b) 25 lakh
(c) 1 crore (d) unlimited

37. When was Unit Trust of India (UTI) established?

- (a) 1956 (b) 1967
(c) 1963 (d) 1989

38. In which year the concept of Social Stock exchange(SSE) has been proposed in the budget?

- (a) 2019
(b) 2021
(c) 2023
(d) None of these

- Ques (39-41):** Excerpt from Budget speech 2023-24

Our focus on wide-ranging reforms and sound policies, implemented through Sabka Prayas resulting in Jan Bhagidari and targeted support to those in need, helped us perform well in trying times. India's rising global 2 profile is because of several accomplishments: unique world class digital public infrastructure, e.g., Aadhaar, Co-Win and UPI; Covid vaccination drive in unparalleled scale and speed; proactive role in frontier areas such as achieving the climate related goals, mission LiFE, and National Hydrogen Mission.

39. When Mission Life was introduced by the Prime Minister Modi?

- (a) G20 summit in 2021
(b) COP 26
(c) UNCCD summit in 2022
(d) None of these

40. What is the capital outlay for railways?

- (a) 1.40 Lakh crore
(b) 2.40 Lakh Crore
(c) 3.40 Lakh Crore
(d) 4.40 Lakh Crore

41. What is the name of the app recently launched by UIDAI for face authentication feature through mobile?

- (a) AadhaarRd
(b) AadhaarFaceRd
(c) Face app
(d) None of these

42. Which pair formulated the IS-LM CURVE MODEL?

- (a) Sir John Richard Hicks and Alvin Hansen
(b) Marshall and Fisher
(c) Keynes and Fisher
(d) Pigou and Alvin Hansen

43. In budget 2023-24 Indian government adopts 'saptrishi'-seven priorities. Which of the

following is not part of it?

- (a) Inclusive Development
- (b) Youth power
- (c) Financial sector
- (d) Women first

Ques (44-47): The legal framework for administration of foreign exchange transactions in India is provided by the Foreign Exchange Management Act, 1999. Under the Foreign Exchange Management Act, 1999 (FEMA), which came into force with effect from June 1, 2000, all transactions involving foreign exchange have been classified either as capital or current account transactions. All transactions undertaken by a resident that do not alter his / her assets or liabilities, including contingent liabilities, outside India are current account transactions.

44. Under which section of FEMA, authorized dealers are defined?

- (a) Section 5(1)
- (b) Section 4(1)
- (c) Section 10(1)
- (d) Section 12(3)

45. How much Indian currency can be brought in while coming into India?

- (a) 10,000
- (b) 25,000
- (c) 15,000
- (d) 20,000

46. How much foreign currency can be carried in cash for travel abroad generally?

- (a) USD 1000
- (b) USD 2000
- (c) USD 3000
- (d) USD 4000

47. Within how many days on return from a foreign trip, travelers are required to surrender unspent foreign exchange held in the form of currency notes and travellers cheques?

- (a) 30 days
- (b) 120 days
- (c) 180 days
- (d) 360 days

48. On failure of which banks, deposit insurance scheme came in India?

- (a) Laxmi bank, Palai Central Bank
- (b) Agra bank, Allahabad bank
- (c) Dass bank, Bank of Bombay
- (d) None of these

49. Which of the following is not part of the triple whammy of 1991 which forced India into Bankruptcy?

- (a) Slow growth rate and fierce expansion in South East Companies
- (b) Limited exports of India to USSR and eastern bloc countries
- (c) A large number of Imports in form of oil and gulf crisis
- (d) USA and Russia Cold war

50. Consider the following statements about SIDBI functions :

1. Indirect lending

2. Direct Lending

3. Funds of Funds

4. Facilitator

Which of the roles is done by SIDBI?

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

51. Under which act NBFC are registered?

- (a) Depends on the type of NBFC
- (b) RBI
- (c) Companies Act
- (d) None of these

Ques (52-54): Budget 2023-23 at glance

	Actuals	Budget Estimates	Revised Estimates	Budget Estimates
1. Revenue Receipts	2169905	2204422	2348413	2632281
2. Tax Revenue (Net to Centre)	1804793	1934771	2086662	2330631
3. Non Tax Revenue	365112	269651	261751	301650
4. Capital Receipts	1623896	1740487	1838819	1870816
5. Recovery of Loans	24737	14291	23500	23000
6. Other Receipts	14638	65000	60000	61000
7. Borrowings and Other Liabilities	1584521	1661196	1755319	1786816
8. Total Receipts (1+4)	3793801	3944909	4187232	4503097
9. Total Expenditure (10+13)	3793801	3944909	4187232	4503097
10. On Revenue Account of which	3200926	3194663	3458959	3502136
11. Interest Payments	805499	940651	940651	1079971
12. Grants in Aid for creation of capital assets	242646	317643	325588	369988
13. On Capital Account	592874	750246	728274	1000961
14. Effective Capital Expenditure	835520	1067889	1053862	1370949

52. Using the above table find the Fiscal deficit of the budget for the FY22?

- (a) 1584521
- (b) 1661196
- (c) 1786816
- (d) 1755319

53. In which of the following the revenue deficit will be the highest?

- (a) Actuals FY 22
- (b) Budget estimates FY23
- (c) Revised estimates FY23
- (d) Budget estimates FY24

54. _____ refers the sum of Capital Expenditure and Grants-in-Aid for Creation of Capital Assets.

- (a) Effective Capital Expenditure
- (b) Effective Revenue Deficit
- (c) Primary Deficit
- (d) Total expenditure

55. Which of the pairs of NBFC and their regulating body is incorrect?

- (a) Nidhi Companies : Ministry of Corporate affairs
- (b) Chit Funds: RBI
- (c) Housing NBFC : NHB
- (d) Stock exchange : SEBI

56. What is the name of the initiative of RBI to strengthen the Supervisory Monitoring System?

- (a) e-Kuber
- (b) Core Banking System
- (c) DAKSH
- (d) None of these

57. What is the wallet limit for the offline transaction in UPI lite?

- (a) 200
- (b) 2000
- (c) 500
- (d) 10000

58. What is the limit for Foreign Direct Investment in Insurance sector of India?

- (a) 25%
- (b) 49%
- (c) 74%
- (d) 65%

59. Which of the following are regulated by IRDA?

- 1. General Insurance Company
- 2. Agency Channels
- 3. Intermediaries: Brokers, third party administrators
- (a) 1,2
- (b) 2,3
- (c) 1,3
- (d) 1,2,3

Ques (60-62): Direction: The government-backed bad bank to take over stressed assets of lenders, has emerged as the leading bidder in the auction for Srei Infrastructure Finance and Srei Equipment Finance. The 'challenge mechanism' for the two Srei group companies was conducted on Tuesday by the committee of creditors

60. What is the name of bad bank which is being talked about in the above paragraph?

- (a) IDRCL
- (b) NARCL
- (c) NaBFID
- (d) None of these

61. Which act is the legal basis for

- setting up of Asset reconstruction Companies in India?
 (a) RBI Act
 (b) Companies Act
 (c) SARFAESI Act
 (d) SEBI Act
62. What is the capital adequacy ratio to be maintained by ARCs?
 (a) 5 % (b) 10 %
 (c) 15 % (d) 20 %
63. What is the minimum capital requirement for ARC?
 (a) 100 crore (b) 200 crore
 (c) 300 crore (d) 400 crore
64. Consumer Price Index is published _____?
 (a) Monthly
 (b) Bimonthly
 (c) Quarterly
 (d) None of these
65. When was the Integrated Ombudsman Scheme was formulated by RBI?
 (a) 2020 (b) 2021
 (c) 2022 (d) 2023
66. Which of the banks is not part of the pilot project e₹-W of RBI?
 (a) SBI
 (b) HDFC Bank
 (c) Bank of Baroda
 (d) Indian Bank
67. Which of the following is not the uncollateralised segment of money market?
 (a) Triparty repo
 (b) Call money
 (c) Notice money
 (d) Term Money
68. SEBI, which is the regulator of Mutual Funds has classified mutual funds in the following categories: (i) Equity Schemes (ii) Debt schemes (iii) Hybrid Schemes (iv) Solution Oriented Schemes. Which category has the subcategory : Multi cap fund, large cap, mid cap etc?
 (a) Equity Schemes
 (b) Debt schemes
 (c) Hybrid Schemes
 (d) Solution Oriented Schemes
- Ques (69-72): Direction:** The Reserve Bank of India (RBI) has issued a notification regarding the Inclusion of the Goods and Service Tax Network (GSTN) as a Financial Information Provider (FIP) under the Account Aggregator (AA) Framework.
69. Under which section of RBI account aggregators are defined?
 (a) 31-I (b) 42-I
 (c) 73-I (d) 45-I
70. Which of the following is the part of GSTN ?
 1. Tax Information Exchange System (TINXSYS)
 2. Eway Bill
 3. E-invoice
 (a) 1, 2 (b) 2, 3
 (c) 1, 3 (d) 1, 2, 3
71. Which of the following is not an account aggregator?
 (a) PhonePe (b) NESL
 (c) Paytm (d) Protean
72. In which year GST was launched?
 (a) 2016 (b) 2017
 (c) 2018 (d) 2019
73. Choose the definition for the Insurance Penetration:
 (a) The ratio of premium to population
 (b) The percentage of membership to population
 (c) The ratio of membership to population
 (d) the percentage of insurance premium to GDP
74. How many full time members are there in SEBI Board Members?
 (a) 3 (b) 4
 (c) 5 (d) 6
75. What is the name of the first Life Insurance Company ever established in India?
 (a) Oriental Life Insurance Company
 (b) Empire of India
 (c) National Insurance Company
 (d) Bombay Mutual
76. Which of the following country has allowed Bitcoin as a legal tender?
 (a) Sweden (b) El Salvador
 (c) Costa Rica (d) Belize
77. For Deposit taking NBFC what is the time limit for which deposits can be taken?
 (a) No limit
 (b) 1 year- 5 years
 (c) 0-10 years
 (d) None
78. Which of the following All India Financial Institution was first established?
 (a) NABARD (b) NHB
 (c) EXIM Bank (d) SIDBI
79. Which has the highest percentage in the channels of financing Infrastructure in India?
 (a) Corporate Saving
 (b) Household Savings
 (c) Stocks
 (d) None
80. Which of the following is not the forces behind the market supply?
 (a) Technological advances
 (b) Government policies
 (c) Prices of Raw material
 (d) Income of People
81. What do you understand by Security Receipts?
 (a) Government securities
 (b) Securities issued by a securitisation company or a reconstruction company
 (c) These are normal bonds, on which, the issuer pays the investor/holder, interest at the pre-determined rate
 (d) These are short-term bearer discount security, issued by the Government (through the Reserve Bank of India), as a means of meeting its cash requirements.
82. What does consist of narrow money while calculating it:
 1. Currency with public
 2. Demand deposits with the banking system
 3. Post office saving
 (a) 1, 2 (b) 2, 3
 (c) 1, 3 (d) 1, 2, 3
83. Which of the following the example of Veblen Goods?
 (a) Automobiles (b) Perfumes
 (c) Wines (d) All of these
84. Which of the following is not a type of ways to compute GDP as per National Income Accounting?
 (a) Product wise
 (b) Income Wise
 (c) Value added Wise
 (d) Expenditure Wise
85. Arrange the historic moments of banking history in chronological order
 1. Formation of GIC
 2. Formation of NABARD
 3. Formation of IRDAI
 4. Formation of RRBs
 (a) 1,2,3,4 (b) 2,1,4,3
 (c) 1,4,2,3 (d) 3,4,1,2
86. What is the base year for National accounts in India?
 (a) 2004-05 (b) 2011-12
 (c) 2014-15 (d) 2009-2010
87. Recently SEBI has rolled out T+1 settlement cycle on any of the scrips with effect from January 01, 2022, after giving an advance notice of at least one month subject to applicable terms and conditions as per SEBI guidelines dated 7th September 2021. What is not the benefit of this development?

- (a) Reduction in Liquidity needs
 (b) Reduction in Operational Risks
 (c) Increase in Margin Requirements
 (d) Increase in efficiency
88. **When Association of Mutual Funds in India was established?**
 (a) January 22, 1993
 (b) July 15, 1994
 (c) August 22, 1995
 (d) October 7, 1996
89. **When was Farmers Clubs programme which was earlier known as Vikas Volunteer Vahini(VVV) Programme was launched?**
 (a) 1980 (b) 1982
 (c) 1984 (d) 1986
90. **What is the limit for the annual income for households to treat loans as microfinance loans?**
 (a) 1 lakh (b) 3 lakh
 (c) 5 lakh (d) 7 lakh
91. **Reserve Bank is organising its second global hackathon - "HARBINGER 2023. What is its theme?**
 (a) RegTech solutions
 (b) Innovative, easy-to-use
 (c) Saptrishi
 (d) 'Inclusive Digital Services'
92. **Under which section of RBI Act bank rate is defined?**
 (a) 24 (b) 45
 (c) 49 (d) 89
93. **What does an offer document is called in case of Rights issue?**
 1. Red Herring prospectus
 2. Offer for sale
 3. Letter of Offer
 (a) 1,2 (b) 2,3
 (c) 1,3 (d) 1 only
94. **Which of the organization was not part of formulation of System of National Accounts 2008?**
 (a) International Monetary Fund
 (b) Organization for Economic Co-operation and Development
 (c) European Union
 (d) International Labour Organisation
95. **2023-24 Budget has formulated a scheme caeled PM VIKAS. It is for:**
 (a) Minorities (b) Craftsmen
 (c) Women (d) Divyang jans
96. **Rama was confused to buy mutual funds. She is thinking to make an investment for her sister's wedding. She is planning to get her sister married in 2-3 years. As a investment banker what type of mutual fund will you suggest her?**
 (a) Open Ended scheme
 (b) Close ended Scheme
 (c) Both
 (d) None of these
97. **Which of the following is involved in classical theory of interest in determining rate of interest?**
 (a) Demand and supply for savings
 (b) Demand for money and supply of money.
 (c) Type of economy
 (d) All of these
98. **What do you mean by Law of Diminishing Marginal Utility?**
 (a) When one's income increases it substitutes cheaper goods with higher value goods and quality.
 (b) It means the satisfaction keeps decreasing with every additional unit of consumption
 (c) With advancement of technology devices lose their utility
 (d) None of these
99. **Which of the following statements about Red Herring Prospectus is correct?**
 (a) A red herring is a preliminary prospectus filed by a company with the Securities and Exchange Commission (SEC), usually in connection with the company's initial public offering (IPO).
 (b) It contains issue price of the IPO
 (c) It contains number of shares being offered or the amount of issue
 (d) All of these
100. **Consider the following statement about Special Drawing Rights (SDRs) and choose the correct statement.**
 I. SDRs are also known as paper gold.
 II. SDRs are the fiat Money of the International Monetary Fund.
 III. SDRs were created by International Monetary Funds in 1969.
 (a) I and II (b) II and III
 (c) I and III (d) I, II and III

// Hints and Solutions //

- 1(B).** Indian economy falls under the category of - lower-middle income economy. The classification is done on the basis of gross national income and Per capita income.
- 2(A).** In 1978, Professor Raj Krishna coined the phrase "Hindu rate of growth" to describe the slow growth of the Indian economy. The term refers to India's planned economy's low annual growth rate, which hovered around 3.5 per cent from the

1950s to the 1980s, while per capita income growth averaged 1.3%

3(A). Structural change refers to the fundamental changes that have occurred in the critical components of the Indian economy over time.
 The primary sector's contribution to GDP decreased over time, while the secondary and tertiary sectors increased. In the long run, the tertiary sector surpasses the secondary sector, as the major contributor to the economy. In India, the services sector has largely replaced the industrial sector, and it now dominates the economy. The role of the primary sector declines as income rises, and India is no exception. Agriculture's share of GDP has steadily declined from 26.9 per cent in 1990 to 21.6 per cent in 2000, and the decline has continued to 17.8 percent in 2010 and 17.7 per cent in 2019 owing to service-led growth in India.

4(A).

5(C). In terms of GDP purchasing power parity (PPP), India ranked 3rd in the world only after USA and China (IMF WEO April 2022). PPP is an economic theory that compares different countries' currencies through a "basket of goods" approach. Eg: a man buys a bunch of items in USA and the same things in India. The ratio of these amounts is PPP.

6(D). The money market instruments mainly comprise: (i) call money, (ii) certificates of deposit, (iii) treasury bills, (iv) other short-term government securities transactions, such as, repos, (v) bankers' acceptances/commercial bills, (vi) commercial paper, and (vii) inter-corporate funds. G-Sec becomes the part of Debt market.

7(C). Derivatives are financial contracts whose value is derived from an underlying asset or group of assets. The underlying asset can be a wide range of things, including stocks, bonds, commodities, currencies, and interest rates.
 However, all of the options provided in the question can be underlying assets for derivatives except for option (C) Specified Interest rate. Interest rates themselves are commonly used in derivatives contracts, but they are typically not the underlying asset. Instead, the underlying asset for an interest rate derivative might be a bond, a loan, or a financial instrument that pays a fixed or floating interest rate.

8(A). Pay-in day is the day when the brokers make payments or delivery of securities to the exchange. Pay-out day is the day when the exchange makes payment or delivery of securities to the broker.

9(A). Its when traders close out their positions and get out of the market. They either sell long positions (causing a stock or market to fall) or buy back short positions

(causing a stock or market to rise). Position squaring is also known as being flat.

10(D). Rights Issue (RI) is when a listed company proposes to issue fresh securities to its existing shareholders, as on a recorded date. The rights are normally offered in a particular ratio to the number of securities held prior to the issue. This route is best suited for companies who would like to raise capital, without diluting the stake of its existing shareholders, unless they do not intend to subscribe to their entitlements.

11(D). Securities Lending and Borrowing (SLB) is a mechanism through which clients can lend or borrow securities at a specified price and time. Lenders and borrowers can quote a lending fee and quantity at which they want to lend or borrow, and the order will be executed if quotes match at the exchange. For securities borrowing and lending system, clearing corporations of the stock exchange would be the nodal agency and be registered as the 'Approved Intermediaries' (AIs).

12(C). Financial markets are platforms that bring together buyers and sellers of financial instruments, such as stocks, bonds, and currencies. These markets serve various functions that facilitate economic growth and development.

Option (C) "Easy access" is not a function of financial markets. While financial markets do provide access to financial instruments and investment opportunities, they do not guarantee easy access for everyone. Access to financial markets is often limited by various factors, such as regulation, transaction costs, and market liquidity.

13(B). Quinary sector is a sub sector of service sector which includes the highest level of decision makers in governments (including their bureaucracy) and the private corporate sector.

14(C). Depositories Bill was introduced and the Depositories Act, 1996, came into being in August, 1996, to provide for regulation of depositories in securities and for matters connected therewith or incidental thereto.

15(B). There are two depositories which are functional in India – National Securities Depository Ltd (NSDL) and Central Securities Depository Ltd (CDSL).

16(A). While the NSDL (established in the year 1996) has been promoted by the Industrial Development Bank of India, Unit Trust of India and the NSE, the CDSL (established in the year 1999) has been promoted by BSE jointly with leading banks.

17(C). While the dematerialised accounts held with CDSL have 16 numeric digits in them, the dematerialised accounts of NSDL have two alpha numeric digits- 'IN' and 14 numeric digits.

18(D). In 2020, Narendra Modi coined the term Protein revolution meant for higher agriculture production. This aims to increase the production and consumption of protein in Indian diet.

19(C). Secondary Market Trading, In recent times SEBI has formulated a paper for ASBA mechanism in Secondary Market Trading.

ASBA provides an alternative mode of payment in issues whereby the application money remains in the investor's account till finalization of basis of allotment in the issue.

20(A). REITs structured on the lines of mutual funds were first introduced in the USA, in the 1960s. REITs, or real estate investment trusts, are companies that own or finance income-producing real estate across a range of property sectors.

21(B). EPFO is a statutory body under the Ministry of Labour, GOI, which is responsible for regulation and management of provident funds in India. It manages three schemes : provident fund scheme, employee pension scheme and employee deposit linked insurance scheme.

22(B). A private placement is an issue of shares or of convertible securities by a company to a select group of persons under Section 81 of the Companies Act, 1956, which is neither a rights issue nor a public issue.

23(B). Indemnity may be referred to as a mechanism by which, insurers provide financial compensation in an attempt to place the insured in the same pecuniary position, after the loss, as enjoyed just before it.

24(A). Mutual funds are investment vehicles that pool money from multiple investors and use it to invest in a portfolio of securities. The establishment of a mutual fund typically involves several key parties that play different roles in the process.

Option (B) Sponsor is not a part of establishing a mutual fund. While the sponsor may be involved in the creation of a mutual fund, it is not a necessary party in the establishment process.

25(C). The depository service providers need to satisfy the following criteria (a) need to be registered as a company, under the Companies Act, 1956 (b) need to be registered with SEBI, as a depository under the SEBI Act, 1992.

26(C). Demutualisation refers to the transition process of an exchange from a 'mutually owned' association to a 'shareholders-owned' company. In other words, transforming the legal structure of an exchange from a mutual form to a business corporation form, is referred to as demutualisation.

27(B). IMF . The above excerpt is from

World Economic Outlook which is published by IMF.

28(A). Open Market Operations is one of the ways to fight inflation, other two options will aggravate the situation. When there is inflation, central banks increase the repo rate so that banks increase the interest rates on loans. This will reduce money supply in the economy and help in reducing inflation.

29(C). World economic outlook is published by IMF, The above excerpt is from World Economic Outlook which is published by IMF.

30(D). An over-the-counter (OTC) derivative is a financial contract that does not trade on an asset exchange, and which can be tailored to each party's needs. Derivatives are of two distinct types – over the counter derivatives like forward contracts, interest rate swaps and exchange traded derivatives like futures and options.

31(B). Voluntary Retention Route (VRR): Introduced in March 2019, the VRR offers a combined investment limit to FPIs through which they can either invest in government or corporate debt. Investments under VRR are broadly free of macro-prudential controls but are subject to a minimum retention period of three years.

32(A). In a 100% of net offer to public through voluntary book-built issue, allotments to different categories of investors are required to be ensured in the following proportions:

(A) Retail Individual Investors (RIIs): Not less than 35% of the net offer to the public
(B) Non-Institutional Investors (NIIs): Not less than 15% of the net offer to the public
(C) Qualified Institutional Buyers (QIBs): Not more than 50% of the net offer to the public (5% of which should go to Mutual funds) In case of compulsory Book-Built Issues, the proportion of allotments shall be as.

33(D). Retail Individual Investor, Sebi law defines retail individual investor as an investor who applies or bids for securities of or for a value of not more than Rs 2,00,000 in an IPO and buys or holds shares worth less than Rs 2,00,000 in a stock. There is no such limit in commodities to define a retail investor.

34(C). Required net tangible assets of at least three crore rupees, in each of the preceding three full years of which not more than fifty per cent are held in monetary assets. However, the limit of fifty per cent on monetary assets shall not be applicable in case the initial public offer is made entirely through an offer for sale.

35(B). The Committee on Reform of the Insurance Sector (Chairman: Shri R. N. Malhotra) recommended in 1994, the opening up of the insurance sector to private participation and the institution of

a separate regulatory and development authority. Accordingly, the Insurance Regulatory and Development Authority (IRDA) Act was enacted in the year 1999, and a separate Insurance Regulatory and Development Authority was set up.

36(D). To attract capital flows to the bond market, Budget 2020 announced a programme that allows foreign investors to buy unlimited amounts of select government bonds via the fully accessible route (FAR).

37(C). Unit Trust of India (UTI) was established in the year 1963, by an Act of Parliament. It was set up by the RBI and functioned under the Regulatory and administrative control of the RBI. The first scheme launched by UTI was Unit Scheme, 1964 (US-64). In the year 1978, UTI was de-linked from the RBI and the Industrial Development Bank of India (IDBI), took over the regulatory and administrative control of UTI, in place of RBI.

38(A). During her Budget speech for the fiscal year 2019-20, Finance Minister Nirmala Sitharaman first proposed the concept of SSE.

39(B). The idea of LiFE was introduced by India during the 26th United Nations Climate Change Conference of the Parties (COP26) in Glasgow in 2021.

40(B). A capital outlay of ` 2.40 lakh crore has been provided for the Railways. This highest ever outlay is about 9 times the outlay made in 2013- 14.

41(B). The Unique Identification Authority of India (UIDAI) has launched a face authentication feature through a new mobile app called "AadhaarFaceRd". For authentication, Aadhaar card holders no longer need to physically visit an enrollment centre for iris and fingerprint scans.

42(A). Sir John Richard Hicks and Alvin Hansen, The IS-LM model is an acronym for "investment-savings" (IS) and "liquidity preference-money supply" (LM). It is a macroeconomic instrument that illustrates the relationship between real production and interest rates on the money market and the market for goods and services

43(D). The Budget adopts the following seven priorities. They complement each other and act as the 'Saptarishi' guiding us through the Amrit Kaal. 1) Inclusive Development 2) Reaching the Last Mile 3) Infrastructure and Investment 4) Unleashing the Potential 5) Green Growth 6) Youth Power 7) Financial Sector.

44(C). An Authorised Dealer (AD) is any person specifically authorized by the Reserve Bank under Section 10(1) of FEMA, 1999, to deal in foreign exchange or foreign securities and normally includes banks.

45(B). A resident of India, who has gone

out of India on a temporary visit may bring into India at the time of his return from any place outside India (other than Nepal and Bhutan), currency notes of Government of India and Reserve Bank of India notes up to an amount not exceeding Rs.25,000. A person may bring into India from Nepal or Bhutan, currency notes of Government of India and Reserve Bank of India notes, in denomination not exceeding Rs.100. Any person resident outside India, not being a citizen of Pakistan and Bangladesh and also not a traveller coming from and going to Pakistan and Bangladesh, and visiting India may bring into India currency notes of Government of India and Reserve Bank of India notes up to an amount not exceeding Rs.25,000 while entering only through an airport.

46(C). As per the guidelines of the Reserve Bank of India (RBI), individuals travelling abroad are allowed to carry foreign currency notes up to USD 3000 or its equivalent as of the date of travel. Any amount in excess of this limit must be declared to the customs authorities at the airport.

Therefore, the correct answer is (C) USD 3000.

47(C). On return from a foreign trip, travellers are required to surrender unspent foreign exchange held in the form of currency notes and travellers cheques within 180 days of return. However, they are free to retain foreign exchange up to USD 2,000, in the form of foreign currency notes or TCs for future use or credit to their Resident Foreign Currency (Domestic) [RFC (Domestic)] Accounts.

48(A). It was in 1960 that the failure of Laxmi Bank and the subsequent failure of the Palai Central Bank which catalyzed the introduction of deposit insurance scheme in India.

49(D). USA Russia Cold War ended after the end of USSR so not a factor.

50(D).

51(C). A Non-Banking Financial Company (NBFC) is a company registered under the Companies Act, engaged in the business of loans and advances, acquisition of shares/stocks/bonds/debentures/securities issued by Government or local authority or other marketable securities of a like nature, leasing, hire-purchase, insurance business, chit business, but does not include any institution, whose principal business is that of agricultural activity, industrial activity, purchase or sale of any goods (other than securities) or providing any services and sale/purchase/construction of immovable property.

52(A).

53(C). Revised estimates FY23, Revenue deficit is calculated by subtracting total

revenue expenditure from total revenue receipts. In above table 10-1 will give revenue deficit. The below table will give all the deficits.

54(A). Effective Capital Expenditure refers the sum of Capital Expenditure and Grants-in-Aid for Creation of Capital Assets.

55(B). Chit companies, as defined in section 2(b) of the Chit Funds Act, 1982, regulated by the respective State Governments

Nidhi companies as notified under section 620A of the Companies Act, 1956, regulated by the Ministry of Corporate Affairs
Housing finance companies regulated by the NHB

Stock Exchange or a Mutual Benefit Company, regulated by SEBI.

56(C). DAKSH is a web-based end-to-end workflow platform via which the RBI will more closely monitor compliance standards with the goal of further enhancing the compliance culture in Supervised Entities (SEs) such as banks and NBFCs. It is launched in 2022.

57(B). Wallet limit- There is a Rs 2,000 limit on the amount of money you can have in this UPI Lite wallet. Transaction limit-Funds have to be added in the UPI Lite wallet and which can be used to make small payments under Rs 200.

58(C). The insurance industry was first opened to private players and FDI in the year 2000, when the Government permitted FDI to the extent of 26% in Indian insurance companies. This cap, after several years of deliberations, was increased to 49% in 2015 and the budget 2021-22 provided for increase in the cap for FDI to 74%. In insurance intermediaries limit is 100%.

59(D). Entities that are regulated by IRDA are as follows:

(A) Life Insurance Companies – Both public and private sector Companies

(B) General Insurance Companies – Both public and private sector Companies. Among them, there are some standalone Health Insurance Companies which offer health Insurance policies. (C) Re-insurance (D) Agency Channels

(E) Intermediaries which include the following: Corporate Agents ,Brokers ,Third-Party Administrators ,Surveyors and Loss Assessors.

60(A). NARCL: NARCL has been set up as a strategic initiative to clean up the legacy stressed assets with an exposure of Rs 500 crore and above in the Indian Banking system. NARCL will offer adaptable acquisition structures comprising of an optimal mix of Cash and Security Receipts (SRs) to the Selling Banks and Financial Institutions, across sectors and geographies

61(C). The Securitization and Reconstruction of Financial Assets and

Enforcement of Security Interest (SARFAESI) Act, 2002 provides the legal basis for the setting up of ARCs in India.

62(C). Capital Adequacy Ratio (CAR) is the ratio of a bank's capital to its risk. It is also known as the Capital to Risk (Weighted) Assets Ratio (CRAR).

63(C). Asset Reconstruction Companies (ARCs) are specialized financial institutions that acquire non-performing assets (NPAs) from banks and financial institutions and attempt to recover them through restructuring, sale, or other means.

As per the guidelines of the Reserve Bank of India (RBI), the minimum capital requirement for an ARC is Rs. 100 crore. This minimum capital requirement is necessary to ensure that the ARC has the financial strength to acquire and manage distressed assets.

Therefore, the correct answer is (A) 100 crore.

64(A). Monthly, The CPI is published by the National Statistical Office (NSO) under the Ministry of Statistics and Program Implementation.

65(B). Reserve Bank of India (RBI) integrated its three erstwhile Ombudsman Schemes viz. (i) the Banking Ombudsman Scheme, 2006, (ii) the Ombudsman Scheme for Non-Banking Financial Companies, 2018, and (iii) the Ombudsman Scheme for Digital Transactions, 2019, into one Scheme - 'The Reserve Bank - Integrated Ombudsman Scheme, 2021 (the Scheme / RB-IOS, 2021)' with effect from November 12, 2021. The Scheme simplifies the grievance redress process at RBI by enabling the customers of Regulated Entities (REs) like banks, Non-Banking Financial Companies (NBFCs), Payment System Participants (PSPs) and Credit Information Companies to register their complaints at one centralised reference point. The objective of the Scheme is to resolve the customer grievances involving 'deficiency in service' on part of REs in a speedy, cost-effective and satisfactory manner.

66(D). e₹-W (e-Rupi Works) is a digital voucher-based payment system launched by the National Payments Corporation of India (NPCI) on behalf of the Reserve Bank of India (RBI). It aims to provide targeted, leak-proof, and cashless delivery of various welfare services, including health, education, and schemes run by various Central and State Government Departments.

As of September 2021, the pilot project for e₹-W includes 6 banks: State Bank of India (SBI), Punjab National Bank (PNB), Bank of Baroda (BOB), Axis Bank, HDFC Bank, and ICICI Bank.

Therefore, the correct answer is (D) Indian Bank, as it is not one of the banks currently participating in the pilot project for e₹-W.

67(A). The uncollateralised segment (call, notice and term money market) which can be accessed by banks and primary dealers, subject to prudential limits; The collateralised segment (triparty repo, market repo and repo in corporate bonds) which are accessed by banks, primary dealers, mutual funds, insurance companies and corporates.

68(A). Equity Schemes are sun categorized on the basis of market capitalization.

69(D). Section 45-I of RBI act defines account aggregators as NBFC- AA.

70(D).

71(C). Paytm has not got the license, All other have got the account aggregator license.

72(B). In 2017, GST was rolled out. GST is Goods and Services Tax. GST was applied to have a single tax on supply of goods and services. It will help in removing Tax on Tax.

73(D). While insurance penetration is measured as the percentage of insurance premium to GDP, insurance density is calculated as the ratio of premium to population (per capita premium, expressed worldwide in US Dollars per capita).

74(A). The SEBI is headed by a chairman, who is supported by 3 full time Members and 4 part time Members. The part time Members are officials deputed by the Government and RBI and the full time Members are supported by Executive Directors and other line officials.

75(A). Oriental Life Insurance Company of the first Life Insurance Company ever established in India.

76(B). El Salvador country has allowed Bitcoin as a legal tender.

77(B). The NBFCs are allowed to accept and renew public deposits, for a minimum period of 12 months and maximum period of 60 months. They cannot accept deposits repayable on demand.

78(C). EXIM Bank All India Financial Institution was first established.

79(B). India has a reasonably high savings rate. The savings as a portion of GDP are 22.3% for household, 7.2% for corporate and 1.3% for public sector.

80(D). Income of People affects demand not market supply.

81(B). Security Receipts: Security receipts mean receipts or other securities, issued by a securitisation company or a reconstruction company, to any qualified institutional buyer, pursuant to a scheme, evidencing the purchase or acquisition by the holder thereof, of an undivided right, title or interest in the financial assets involved in securitisation.

82(A). Narrow Money (M1) = Currency

with the public + Demand deposits with the banking system + 'Other' deposits with the RBI.

83(D). Certain things, according to Veblen, become more valuable as their price rises. When a commodity is expensive, its worth and utility are thought to be greater, and hence demand for that commodity rises. This is due to perception that expensive means better quality and positioning of goods making them in restricted quantity, affordable by few. Example of high-priced cell phone model and designer bags are examples of Veblen goods that are exceptions to the Law of Demand.

84(D). Expenditure Wise is not a type of ways to compute GDP as per National Income Accounting.

85(C). GIC : 1972
NABARD : 1982
RRB : 1975
IRDAI : 1999

86(B). The Base Year has been changed from 2004-05 to 2011-12 in 2015.

87(C). Accelerating the settlement cycle will help reduce operational risk, liquidity needs, counterparty risk which would also reduce margin requirements and collateral requirements for broker-dealers.

88(C). AMFI, the association of all the Asset Management Companies of SEBI registered mutual funds in India, was incorporated on August 22, 1995, as a non-profit organisation. As of now, 42 Asset Management Companies that are registered with SEBI, are its members.

89(B). The Farmers Clubs programme which was earlier known as Vikas Volunteer Vahini (VVV) Programme was launched by NABARD in 1982.

The Programme was renamed as Farmers' Club Programme in 2005 by revisiting its earlier mission.

The major objective of the club is to promote development through credit, technology transfer, awareness and capacity building of the farmers.

90(B). All collateral-free loans to individual/s belonging to low-income households, i.e., households having annual income up to ₹3,00,000 are treated as microfinance loans.

91(D).

92(C). Section 49 of the RBI act, 1934 is as follows: "Publication of bank rate. The Bank shall make public from time to time the standard rate at which, it is prepared to buy or re-discount bills of exchange or other commercial papers eligible for purchase under this Act."

93(B). Offer Document means prospectus in case of a public issue, or offer for sale and Letter of Offer, in case of a rights issue, which are filed with the Registrar of

Companies (ROC) and stock exchanges. An offer document covers all the relevant information to help an investor to make his/her investment.

94(D). The System of National Accounts 2008 (2008 SNA) is a comprehensive, consistent and flexible set of macroeconomic accounts to meet the needs of government and private-sector analysts, policy-makers, and decisions-takers. It was prepared jointly by the International Monetary Fund, the European Union, the Organization for Economic Co-operation and Development, the United Nations, and the World Bank. These five organizations constitute the Inter-Secretariat Working Group on National Accounts (ISWGNA), that has been mandated by the Statistical Commission of the United Nations to oversee international coordination in the development of national accounts.

95(B). PM Vishwakarma KAushal Samman (PM VIKAS): The main objective of the scheme is to improve the status of the craftsmen in the country.

96(A). As she wanted a near future return

in mutual funds, open ended scheme is better.

A mutual fund scheme can be classified into open-ended scheme or close-ended scheme, depending on its maturity period. An open-ended fund or scheme is one that is available for subscription and repurchase on a continuous basis. These schemes do not have a fixed maturity period. On the other hand, a close ended fund or scheme has a stipulated maturity period, e.g., 3–5 years.

97(A). Classical theory of interest explains the determination of interest rate by analyzing the real factors like savings and investment. This is also known as the capital theory of interest or the saving-investment theory of interest or the real theory of interest.

98(B). Law of Diminishing Marginal Utility : The more we consume, the lesser satisfaction, each additional unit of consumption, will give us. For example, if we are extremely thirsty, the 1st glass of cool water will give us a lot of satisfaction, 2nd glass too is welcome but will give lesser

satisfaction and satisfaction keeps decreasing with every additional unit of consumption.

99(A). Red Herring Prospectus (RHP) is a prospectus which does not have details of either price or number of shares being offered or the amount of issue. This means that in case the price is not disclosed, the number of shares and the upper and lower price bands are disclosed.

100(D). **Special Drawing Rights (SDRs):**

- The International Monetary Fund (IMF) has succeeded in establishing a scheme of Special Drawing Rights (SDRs) which is otherwise called 'Paper Gold'.
- They are a form of international reserves created by the IMF in 1969 to solve the problem of international liquidity.
- All transactions by the Fund in the form of loans and their repayments, its liquid reserves, its capital, etc. , are expressed in the SDR. So, it is the Fiat Money of the IMF.

1. According to H.D. Dickinson, how is the concept of economic planning precisely characterized?
 - (a) The process of making economic decisions by the government
 - (b) The process of allocating resources to different economic sectors
 - (c) The making of major economic decisions based on a comprehensive survey of the economic system as a whole
 - (d) The process of coordinating consumption, production, investment, trade, and income distribution
 2. In conformity with the interpretation by the National Planning Committee in India, what is the characterization of planning?
 - (a) Planning is a technique to address economic inequities and injustices
 - (b) Planning is the technical coordination of consumption, production, investment, trade, and income distribution based on social objectives
 - (c) Planning is the allocation of resources to different economic sectors
 - (d) Planning is the process of making major economic decisions by the government
 3. What was the magnitude of India's participation in the world economy, gauged by its contribution to the gross value of goods and services, as captured in Angus Maddison database for the year 1000 AD?
 - (a) 16.1%
 - (b) 23%
 - (c) 29%
 - (d) 52%
 4. What was the sector that played the most significant role in driving India's economic growth after 1980, as reflected in its contribution to Gross Domestic Product (GDP)?
 - (a) Agriculture
 - (b) Industry
 - (c) Services
 - (d) None of the above
 5. In colonial India, who was responsible for the first calculations of national income, as documented by the published estimates?
 - (a) Edmund Burke
 - (b) Philip Francis
 - (c) Dadabhai Naoroji
 - (d) R.C Dutta
 6. What is the main purpose towards alleviating poverty in Indian planning?
 - (a) To reduce unemployment
 - (b) To reduce economic disparities
 - (c) To increase economic growth
 - (d) To improve the standard of living
 7. Which sector was the last to be opened up to foreign investment under the LPG reforms of Indian economic reform package of 1991?
 - (a) Telecom
 - (b) Insurance
 - (c) Aviation
 - (d) Banking
 8. During which Five-Year Plan did India succeed in surmounting the challenges associated with the 'Hindu Rate of Growth'?
 - (a) First five-year plan (1951-1956)
 - (b) Second five-year plan (1956-1961)
 - (c) Sixth five-year plan (1980-1985)
 - (d) Tenth five-year plan (2002-2007)
 9. What were the primary factors that prompted the Indian government to initiate liberalization measures in 1991?
 - (a) Need of the Indian economy to make the domestic market more competitive in international markets
 - (b) Pressure from international agencies as part of the stabilisation and structural adjustment programme
 - (c) Both (A) and (B)
 - (d) None of the above
 10. How can Foreign Portfolio Investment (FPI) be characterized in the context of financial markets?
 - (a) Investment made by a foreign company in a local company.
 - (b) Investment made by a local company in a foreign company.
 - (c) Investment made by a local individual in a foreign company.
 - (d) Investment made by a foreign individual in a local portfolio.
- Ques (11-15):** The origins of priority sector (PS) lending can be traced back to 1966 when Morarji Desai saw a need for increasing credit to agriculture and small industries. However, the definition for PS was only formalised based on a Reserve Bank of India (RBI) report in the National Credit Council in 1972. After bank nationalisation, the PS formulation also allowed Indira Gandhi to assuage important political lobbies, in a poor country with full adult franchise, through such directed lending.
11. Priority Sectors are those sectors that are considered as important for the development of the basic needs of the country and are to be given priority over other sectors. Who determines the criteria for Priority sector?
 - (a) Government of India
 - (b) Reserve Bank of India
 - (c) Both (A) and (B)
 - (d) NABARD
 12. The RBI's predetermined standards for determining suitability for Priority Sector Lending do not correspond to the following?
 - (a) Activity specific
 - (b) Collateral specific
 - (c) Beneficiary specific
 - (d) Both (A) and (C)
 13. If a student avails an education loan after September 2020 for Rs. 20 lakhs, how will PSL be calculated for this particular customer?
 - (a) Approved as within outstanding limit
 - (b) Approved as within sanctioned limit
 - (c) Rejected as above sanctioned limit
 - (d) Rejected as above outstanding limit
 14. In accordance with the Priority Sector Lending (PSL) guidelines, which of the following groups do not fall under the category of weaker sections?
 - (a) Small and Marginal farmers
 - (b) Beneficiaries of NRLM, NULM and Self-employment schemes of government
 - (c) Individual women beneficiaries up to Rs 2 lakh per borrower
 - (d) Beneficiaries of Differential Rate of Interest (DRI) scheme
 15. Which entity is responsible for calculation of interest rates on banks' contributions to Rural Infrastructure Development Fund (RIDF) or other similar funds, if they fail to meet the Priority Sector targets?
 - (a) National Bank for Agriculture and Rural Development (NABARD)
 - (b) Reserve Bank of India (RBI)
 - (c) Ministry of Finance
 - (d) The particular Bank itself
 16. According to Adam Smith's tenets, what comprises the subject matter of Economics in its academic

- context?**
- (a) The study of man in the ordinary business of life
- (b) The study of human behavior as a relationship between ends and scarce means
- (c) The study of how wealth is produced and consumed
- (d) The study of means and ends
17. **What is the etymology of the word 'oikonomia' in the field of economics?**
- (a) Wealth management and dispensation
- (b) Study of man in the ordinary business of life
- (c) Study of human behavior as a relationship between ends and scarce means
- (d) Household management
18. **What is an example of the first economic problem that every society must solve?**
- (a) How to distribute wealth fairly
- (b) How to determine who will do the production
- (c) How much of each good or service to produce
- (d) How to produce goods using the latest technology
19. **What is the scenario where market-based decisions determine all economic transactions and resources allocation?**
- (a) Capitalistic economy
- (b) Socialistic economy
- (c) Command economy
- (d) Laissez-faire economy
20. **Which country came close to being a 100 per cent market economy in the 19th century?**
- (a) The United States
- (b) The Soviet Union
- (c) England
- (d) India
21. **What factors contribute to the construction of the demand curve?**
- (a) Scientific observation and common sense
- (b) Economic theory and empirical testing
- (c) Both (A) and (B)
- (d) None of the above
22. **What is the basic principle behind the behavioral tendency of law of demand?**
- (a) When the price of a commodity is raised, buyers tend to buy more of the commodity.
- (b) When the price of a commodity is raised, buyers tend to buy less of the commodity.
- (c) When the price of a commodity is lowered, buyers tend to buy more of the commodity.
- (d) When the price of a commodity is lowered, buyers tend to buy less of the commodity.
23. **Which one of the following factors affect the demand for a commodity?**
- (a) The size of the market
- (b) Prices and availability of related goods
- (c) Special influences
- (d) All of the above
24. **Which of the following alternatives at hand is not an exception to the Law of demand?**
- (a) Giffen goods
- (b) Veblen goods
- (c) Necessary items
- (d) Goods whose demand increases as their price decreases
25. **Which of the following functions of money enables it to be used as a way to finance future payments?**
- (a) Store of value over time
- (b) Measure of value
- (c) Medium of exchange
- (d) Standard for deferred payments
26. **How is M3 derived while calculating the aggregates of Money supply?**
- (a) By following the balance sheets of RBI and the rest of the banking sector.
- (b) By measuring the amount of currency in circulation.
- (c) By calculating the GDP of the country.
- (d) By measuring the amount of foreign reserves held by the country.
27. **What is the number of times the available money stock may roll over or change hands to finance transactions equivalent of nominal GDP called?**
- (a) Reserve money
- (b) Velocity of money
- (c) Broad money
- (d) Money multiplier
28. **What type of inflation is caused by a persistent increase in the general price level?**
- (a) Cost-push inflation
- (b) Demand-pull inflation
- (c) Structural inflation
- (d) Chronic inflation
29. **Within the economic domain, what is the nature of the connection between inflation and interest rates?**
- (a) Positive relationship
- (b) Negative relationship
- (c) No relationship
- (d) Can have a positive or negative relationship
30. **How does a government increase aggregate demand through fiscal policy?**
- (a) By decreasing government spending and raising taxes
- (b) By increasing government spending and decreasing taxes
- (c) By increasing taxes and decreasing government spending
- (d) By decreasing taxes and increasing government spending
- Ques (31-35):** Demand, supply and market equilibrium are key concepts in economics. Take the example of a local fruit vendor who sells apples. The demand for apples depends on various factors such as the season, availability of substitutes and consumer preferences. If the weather is warm, the demand for apples may decrease as people prefer to consume cold drinks. On the other hand, if the weather is cold, the demand for apples may increase. Understanding these concepts can help us make informed decisions as consumers and producers in the market.
31. **What is inaccurate about the statement: Demand refers to the willingness of buyers to purchase different quantities of a good at different prices during a specific time period:**
- (a) Instead of "demand", it should be "quantity demanded"
- (b) Instead of "willingness", it should be "ability"
- (c) Demand refers to the willingness and ability of buyers, not just willingness.
- (d) There is nothing wrong with the statement.
32. **A grocery store purchases five hundred cases of Pepsi every week, retailing each case at a price of Rs. 500. By the end of the first week, only 420 cases had been sold. What economic situation is the grocery store facing and what will have to happen to price in order for equilibrium to be attained?**
- (a) surplus; price will rise.
- (b) surplus; price will fall.
- (c) shortage; price will fall.
- (d) nothing since the market is in equilibrium.
33. **Assuming a market for biscuits in Mumbai, comprising of over a thousand biscuit-selling stores at any given time. If the food safety**

- authority, FSSAI, releases a public statement claiming that consuming biscuits is detrimental to health.. Holding all else constant, this will lead to a:
- Change in Demand
 - Change in Supply
 - Change in Demand and Change in Supply
 - No change in Demand and Supply
34. _____ refers to the consumers' capacity and readiness to buy varying amounts of a commodity at different prices within a specified period whereas _____ refers to precise quantity of goods or services that consumers intend to purchase at a specific price.
- Demand and Quantity Demanded
 - Demand and Supply
 - Demand and Quantity Supplied
 - Supply and Demand
35. Assuming the manufacturing of whole-wheat bread in Delhi, involving numerous production units functioning at any given time, let's say an innovative technology has been introduced that enables the production of greater quantities of bread at a lower cost than ever before. Holding all else constant, this will lead to a:
- Change in Demand
 - Change in Supply
 - Change in Demand and Change in Supply
 - No change in Demand and Supply
36. What distinguishes informal financial systems from formal ones in terms of their primary attributes?
- Informal systems are regulated, while formal systems are unregulated
 - Informal systems are institutional, while formal systems are non-institutional
 - Informal systems are characterised by lack of regulations, while formal systems are regulated and institutional
 - Informal systems cater to modern spheres of economy, while formal systems are for rural and lesser developed geographies.
37. What is the exception among the examples presented in the article that do not constitute an informal financial system?
- Non-bank financial intermediaries such as finance, investment, and chit-fund companies
 - Partnership firms consisting of local brokers, pawnbrokers
 - Insurance companies
 - Individual money lenders
38. Which of the following is a financial instrument on the liabilities side of the balance sheet?
- Loans and advances
 - Investments
 - Placements
 - Deposits
39. Which of the following financial instruments is not an example of intangible value-added services?
- Insurance policies
 - Mutual fund units
 - Bonds
 - Investments
40. What was the underlying objective behind the implementation of prudential regulations in commercial banks?
- To ensure adequate disclosure of income
 - To classify assets and provide for bad debts
 - To reflect the accurate and correct financial position of banks
 - All of the above
41. According to the Narasimham Committee-II, what is the relationship between government control over banks and bank autonomy?
- They complement each other and are necessary for the success of the banking system
 - They are incompatible with each other and need to be reviewed
 - They have no effect on each other
 - The government should have complete control over banks for efficient functioning
42. What was the year of the establishment of the SHG-Bank Linkage Programme in India?
- 1980
 - 1982
 - 1992
 - 1996
43. What is the purpose of self-help groups (SHGs) in the context of microfinance sector?
- SHGs are the only providers of microfinance services to the poor in India
 - SHGs were the pioneers of the modern microfinance movement in India
 - SHGs have no role to play in the microfinance sector in India
 - SHGs were created to help large corporations access cheap credit
44. How does NABARD contribute to the provision of credit assistance to Joint Liability Groups (JLGs)?
- NABARD provides loans directly to JLGs
 - NABARD refinance the loans provided by banks to JLGs to the full extent
 - NABARD does not provide any credit support to JLGs
 - NABARD only provides technical assistance to JLGs
45. What is the principal commercial undertaking of a Loan Company (LC)?
- Financing physical assets
 - Providing loans or advances for any activity other than its own
 - Both (A) and (B)
 - None of the above
46. What is the definition of a microfinance loan as per Reserve Bank of India (Regulatory Framework for Microfinance Loans) directions, 2022?
- A collateral-free loan given to a household having annual household income up to Rs. 3,00,000.
 - A loan given to a household with any annual household income.
 - A loan given to a business with an annual turnover of up to Rs. 5,00,000.
 - A loan given to a business with an annual turnover above Rs. 3,00,000.
47. What does the acronym NOFHC stand for?
- Non-Operational Financial Holding Company
 - Non-Operating Financial Holding Company
 - Non-Organic Financial Holding Company
 - Non-Operative Financial Holding Company
48. What is meant by the Integrated Ombudsman Scheme, 2021?
- Guidelines issued by RBI that cover only banking services
 - Guidelines issued by RBI that cover only NBFC services
 - Guidelines issued by RBI that cover banking and NBFC services
 - Guidelines issued by SEBI that

- cover NBFC services
49. Which of the following NBFCs is not excluded under the Ombudsman Scheme?
- Core Investment Company (CIC)
 - Infrastructure Debt Fund – Non-banking Financial Company (IDF-NBFC)
 - Non-banking Financial Company – Infrastructure Finance Company (NBFC-IFC)
 - None of the above
50. Which scheme was launched by the RBI in December 1969 to mobilize deposits and to step up lending to weaker sections of the economy?
- Lead Bank Scheme
 - Regional Rural Banks Act
 - Swadeshi Movement
 - Cooperative Societies Act
51. What is the primary difference between scheduled and non-scheduled banks in India?
- The minimum capital requirement to qualify as a scheduled bank is higher than for non-scheduled banks.
 - Scheduled banks can obtain membership in clearing houses, while non-scheduled banks cannot.
 - Non-scheduled banks can borrow from RBI at Bank Rate, while scheduled banks cannot.
 - The reserve requirements for non-scheduled banks are higher than for scheduled banks.
52. Which of the following is the main role of an insurance intermediary?
- They sell insurance policies to consumers
 - They represent insurance companies seeking to sell policies
 - They help consumers settle claims with insurance companies
 - They determine the specific terms and conditions of an insurance contract
53. What is the main objective of setting up a Bad Bank in India?
- To take over NPAs from banks to free up their balance sheets
 - To invest in manufacturing and production activities
 - To increase the gross NPA ratio of banks
 - To encourage banks to focus on increasing loan disbursements
54. What is the expected percentage of cash sale of bad loans to National Asset Reconstruction Company Limited (NARCL)?
- 5%
 - 10%
 - 15%
 - 20%
55. Which of the following is the primary basis of the EASE Agenda?
- Recommendations made by the Whole Time Directors (WTDs) and senior management of PSBs
 - The Government's budget allocation for PSBs
 - The credit availability in rural areas
 - The number of branches in urban areas
- Ques (56-60):** Make in India initiative, Atmanirbhar Bharat Abhiyaan (Self Reliant India Campaign) and Prime Minister's Employment Generation Programme (PMEGP) have played a key role in promoting business and local manufacturing in the country, giving special thrust to Micro, Small and Medium Enterprises (MSMEs), also referred to as the backbone of Indian economy. The central government has also taken immediate response measures in the form of the Atmanirbhar Bharat Package to ensure continuity of businesses during the COVID-19 pandemic.
56. The Prime Minister's Employment Generation Programme (PMEGP) facilitates generation of employment opportunities for:
- unemployed youth by setting up of micro-enterprises in non-farm sector.
 - illiterate youth by setting up of micro-enterprises in non-farm sector.
 - unemployed youth by setting up of micro-enterprises in farm sector.
 - unemployed youth by setting up of small-enterprises in non-farm sector.
57. Which of the following is not an objective of "Raising and Accelerating MSME Performance" (RAMP) scheme?
- Policy Provider
 - Knowledge Provider
 - Technology Provider
 - Employment Provider
58. Recently, the PMEGP increased the respective maximum project cost for manufacturing units and service units to:
- Rs. 100 lakh, Rs. 200 lakh
 - Rs. 20 lakh, Rs. 50 lakh
 - Rs. 50 lakh, Rs. 20 lakh
 - Rs. 50 lakh for both
59. The Credit Guarantee Scheme (CGS) was launched to strengthen credit delivery system and facilitate flow of credit to the MSE sector. Under the scheme, Credit Guarantee is given to which of the following?
- Member Lending Institutions (MLIs) for loans upto Rs. 200 lakh.
 - Member Lending Institutions (MLIs) for loans above Rs. 200 lakh.
 - Micro Lending Institutions (MLIs) for loans above Rs. 200 lakh.
 - Medium Lending Institutions (MLIs) for loans upto Rs. 200 lakh.
60. The recently launched "Raising and Accelerating MSME Performance" (RAMP) scheme is assisted by which of the following institutions?
- Niti Ayog
 - International Monetary Fund
 - World Bank
 - World Trade Organisation
- Ques (61-65):** The government has been cued into financial inclusion, digitalisation and social welfare schemes from the very beginning of its term in office starting May 2014, with good results on the ground Significant strides were made in improving access to banking as the Pradhan Mantri Jan-Dhan Yojana (PMJDY) accounts reached more than 400 million. This was complemented by the dramatic push in the adoption of retail digital payments, especially with the Unified Payments Interface (UPI) scaling record of over 74 billion transactions worth Rs 125.94 trillion in the calendar year 2022.
61. Which among the following is not a vision of National Strategy for Financial Inclusion (NSFI)?
- Universal access to financial services
 - Universal Basic Income
 - Livelihood and skill development
 - Customer Protection and Grievance Redressal
62. Which scheme has been launched by Government of India that makes it obligatory for all Public Sector Banks to provide loans to poor borrowers at concessional rate?
- Concessional rate of interest scheme
 - Differential rate of interest scheme
 - Preferential rate of interest scheme
 - Priority rate of interest scheme
63. What is the target to move towards a less cash society according to National Strategy for Financial Inclusion (NSFI)?

- (a) March 2022 (b) March 2020
(c) March 2024 (d) March 2023
64. Which of the following is the milestone identified by RBI to achieve the vision of financial inclusion?
(a) Providing banking access to every village
(b) Providing free education for all
(c) Proving basic monetary amount to every individual
(d) Providing debit cards for all
65. Which among the following strategic objectives of National Strategy for Financial Inclusion does Pradhan Mantri Jan Dhan Yojana (PMJDY) cater to?
(a) Financial literacy and education
(b) Universal access to financial services
(c) Access to livelihood and skill development
(d) Customer protection and grievance redressal
66. In what way does the money market facilitate borrowers and lenders in meeting their respective borrowing and investment obligations?
(a) By providing a platform to trade long-term bonds
(b) By ensuring lower interest rates on loans
(c) By providing efficient market clearing prices for short-term funds
(d) By offering subsidies to borrowers
67. What is the intended outcome of the central bank's monetary management activities in the money market?
(a) To reduce the money market rates
(b) To keep the money market rates constant
(c) To align money market rates with the key policy rate
(d) To reduce the supply of money in the economy
68. The prudential limits in respect of outstanding lending transactions in the call/notice/term money market are decided by which of the following?
(a) Decided by the RBI
(b) Decided by the participants with the approval of their Board
(c) Decided by the Department of Regulation of the Reserve Bank
(d) Decided by the participants with the approval of the RBI
69. What is the principal objective of Treasury Bills (T-Bills)?
(a) Financing long-term debt obligations of the Government of India
(b) Financing short-term debt obligations of the Government of India
(c) Financing infrastructure projects of the Government of India
(d) Financing short-term debt obligations of the corporations
70. When is it permissible to conduct the buyback of CDs at the prevailing market price?
(a) Only on the date of issue of the CD
(b) After 7 days of the date of issue of the CD
(c) Only after 1 month of the date of issue of the CD
(d) Only after 6 months of the date of issue of the CD
71. In financial terminology, what is the meaning of a reverse repo transaction?
(a) The buying of securities and lending of short-term surplus in the 1st leg and selling the security at a predetermined rate in the 2nd leg
(b) The sale of a security without an agreement to repurchase the same at a future date
(c) The sale of a security with an agreement to repurchase the same at a future date at a predetermined price
(d) The lending of funds on an uncollateralised basis
72. What is a Derivative Usance Promissory Note (DUPN)?
(a) An endorsement and delivery of a trade bill
(b) A usance promissory note drawn against the underlying bills
(c) A certificate of unencumbered usance bills
(d) A document that indicates a bank's credit portfolio
73. What is the intended purpose behind Demutualisation of an exchange?
(a) It is the process of transition from a shareholder-owned company to a mutual association.
(b) It is the process of transforming an exchange from a mutual form to a business corporation form.
(c) It is the process of transforming an exchange from a business corporation form to a mutual form.
(d) It is the process of transitioning from being publicly-owned to privately-owned
74. Which of the following instruments is not secured/charged against the asset of the company in favor of the holder?
(a) Debentures
(b) Equity Shares
(c) Participating Preference Shares
(d) Bonds
75. What is meant by the term "rights shares" in the context of the secondary market?
(a) Shares issued free of cost to shareholders
(b) Shares issued to existing shareholders at a discount
(c) Shares with preferential rights over other shareholders
(d) Shares issued to a selected group of investors
76. What are the usual circumstances under which a further/follow-on public offering (FPO) is conducted?
(a) When a listed company makes a fresh issue of securities to the public
(b) When an unlisted company makes an offer for sale of its existing securities
(c) When a listed company makes an offer for sale to the public
(d) When an unlisted company makes a fresh issue of securities
77. What happens if the details filled in the ASBA form are incorrect?
(a) The application form will still be accepted
(b) The application form will be rejected
(c) The investor will have to pay a fine
(d) The investor will have to fill in another form
78. What is the core function of a factor in the context of the factoring business?
(a) To finance company's business against invoices
(b) To bear the losses if the buyer fails to pay
(c) To sell agricultural produce or goods of any kind
(d) To secure credit facilities provided by a bank.
79. The sale of the receivables is involved in which of the options given below?
(a) Factoring
(b) Forfeiting
(c) Both involve the sale of the receivables

- (d) None of the above
80. **What is the role of a venture capitalist in the day-to-day management of the enterprise?**
- (a) The venture capitalist participates in the day-to-day management
 (b) The venture capitalist acts as the owner of the enterprise
 (c) The venture capitalist guides and aids the management
 (d) The venture capitalist controls the management
81. **When was the first venture capital fund, Risk Capital Foundation (RCF), established and made available in India?**
- (a) 1972 (b) 1975
 (c) 1976 (d) 1986
82. **What percentage of a Real Estate Investment Trust (REIT) portfolio should be invested in completed and rent-generating properties to generate income?**
- (a) 50% (b) 70%
 (c) 80% (d) 100%
83. **What is the meaning of "Sponsoring of an Infrastructure Debt Fund" as a Para Banking and Financial Services activity?**
- (a) Providing loans to infrastructure projects
 (b) Investing in infrastructure projects
 (c) Marketing of infrastructure debt fund to investors
 (d) Creating an infrastructure debt fund and getting it registered with SEBI

Ques (84-88): The International Financial Services Centre Authority (IFSCA) is a regulatory body established by the Government of India to develop and regulate the financial services market in the International Financial Services Centre. The IFSCA aims to create a world-class financial hub in India that is competitive with other leading international financial centres. The IFSCA is an important initiative for India's economic development, as it has the potential to create jobs, attract foreign investment, and increase India's global financial footprint.

84. **The International Financial Services Centers Authority (IFSCA) is headquartered at?**
- (a) Mumbai (b) Bangalore
 (c) Gandhinagar (d) Ahmedabad
85. **Which of the following statements about the International Financial Services Centers Authority (IFSCA) is not true?**
- (a) Permits resident Indians to open

- foreign currency accounts in the banks.
- (b) Develops a strong global connection and focuses on needs of Indian economy
 (c) Caters to the domestic currency needs of the customers that are out of the jurisdiction of the domestic economy
 (d) An integrated hub for financial and technology services not just for India but for the world

86. **The membership of the International Financial Services Centers Authority (IFSCA) is composed of individuals nominated by the Government of India, what is the composition of the IFSCA?**
- (a) 9 members for a period of 3 years
 (b) 9 members for a period of 5 years
 (c) 11 members for a period of 4 years
 (d) 8 members for a period of 4 years
87. **Which of the following financial institutions is not represented by individuals nominated as members in the International Financial Services Centers Authority (IFSCA)?**
- (a) Reserve Bank of India
 (b) National Bank for Agriculture and Rural Development
 (c) Pension Fund Regulatory and Development Authority
 (d) Securities and Exchange Board of India
88. **Among the following options, which one does not belong to an International Financial Services Centers Authority (IFSCA)?**
- (a) Singapore (b) Mumbai
 (c) New York (d) Gandhinagar

Ques (89-93): Differentiated banks are financial institutions that offer specialized banking services to a specific category of customers. They operate under a differentiated banking license issued by the Reserve Bank of India (RBI) and are subject to specific regulations. These banks cater to various sectors such as agriculture, microfinance, and infrastructure. Differentiated banks aim to bring financial services to underserved sectors of the economy and support financial inclusion. They offer customized banking solutions to their target customers, and their operations are supervised by the RBI.

89. **A differentiated bank is one that serves an identified demographic segment. Which of the following is not an example of a differentiated**

- bank?**
- (a) Saraswat Co-operative Bank
 (b) India Post Payments Bank
 (c) IDBI Bank
 (d) Ujjivan Small Finance Bank Limited

90. **Which committee suggested the idea of establishing small finance banks?**
- (a) Urjit Patel committee
 (b) Narasimhan committee
 (c) Nachiket Mor committee
 (d) Usha Thorat committee
91. **What is the minimum amount of initial contribution required from the promoter towards the paid-up equity capital of a Payment Bank?**
- (a) at least 20% for the first 5 years
 (b) at least 40% for the last 5 years
 (c) at least 20% for the last 5 years
 (d) at least 40% for the first 5 years
92. **Among the following activities, which one is not allowed to be undertaken by Payment Banks?**
- (a) Accepting deposits of upto Rs. 2 lakh/customer
 (b) Distribution of insurance products
 (c) Issuance of credit cards
 (d) Distribution of mutual funds
93. **What is the minimum paid-up equity capital that Urban Cooperative Banks need to maintain when they are converted into Small Finance Banks?**
- (a) Rs. 200 crore (b) Rs. 100 crore
 (c) Rs. 500 crore (d) Rs. 400 crore
94. **Consider the following statements and choose the correct statement.**
- I. India has a high savings rate compared to developed economies.
 II. The Indian banking sector is dominated by public sector banks.
 III. India has a large informal economy.
 IV. India has a well-developed capital market.
- (a) I and II
 (b) III and IV
 (c) II and III
 (d) All of the above
95. **Among the financial market functions, which one facilitates the pooling of savings from investors?**
- (a) Price determination
 (b) Funds mobilisation
 (c) Liquidity
 (d) Risk sharing
96. **The theory of the _____ largely revolves around the concept of laissez-faire.**
- (a) Invisible Hand

- (b) Invisible Elbow
(c) Invisible Mind
(d) Invisible Force
97. A liquidity trap is an economic situation where people hold financial Capital instead of investing or consuming it. As the interest rate is ____ and saving rates are ____ it renders the monetary policy ineffective.
(a) high, low (b) high, high
(c) low, high (d) low, low
98. The money market can be characterized by an array of functions. Among the following, which activities may not be recognized as belonging to its operational sphere.
(a) Equilibrating demand and supply of short-term funds
(b) Enabling borrowers and lenders to fulfill their borrowing and investment requirements
(c) Providing an avenue for central bank intervention in influencing long-term liquidity
(d) Aligning money market rates with the key policy rate
99. What is the intention of a Venture Capitalist (VC) while providing equity finance to a start-up?
(a) To retain the investment in the investee company for ever
(b) To earn regular returns in the form of interest on loans
(c) To act as the owner of the enterprise and participate in day-to-day management
(d) To provide risk capital which is not available otherwise, due to the high degree of risk involved in the venture
100. What does 'When Issued' transactions in the Government securities market signify?
(a) Transactions in new securities issued by state governments
(b) Transactions in new securities issued by central governments
(c) Transactions in secondary market of Government securities
(d) Transactions in Central Government securities that have been notified for issuance, but not yet actually issued

// Hints and Solutions //

- 1(C).** The making of major economic decisions based on a comprehensive survey of the economic system as a whole.
2(B). Planning is the technical coordination of consumption, production, investment, trade, and income distribution

based on social objectives.

3(B). Based on its contribution to the gross value of goods and services recorded in the Angus Madison database for the year 1000 AD, India's share in the world economy was 23%.

4(C). The services sector is not only the dominant sector in India's GDP, but has also attracted significant foreign investment, has contributed significantly to export and has provided large-scale employment.

5(C). In colonial India, Dadabhai Naoroji was responsible for the first calculations of national income, as documented by the published estimates.

6(D). The main objective of poverty alleviation in Indian planning is to improve the standard of living.

7(D). Banking was the last sector to be opened up to foreign investment under the LPG reforms, which allowed foreign banks to enter the Indian market and set up branches or subsidiaries.

8(C). India broke the curse of the 'Hindu Rate of Growth' only during the sixth five-year plan (1980-1985).

9(C).

10(D). Foreign Portfolio Investment (FPI) refers to investment made by foreign individuals or institutions in a local portfolio, typically in the form of stocks, bonds, or mutual funds, without acquiring control over the company.

11(C). Priority Sectors are those sectors that are considered as important for the development of the basic needs of the country and are to be given priority over other sectors. Government of India and Reserve Bank of India determines the criteria for Priority sector.

12(B). The RBI's predetermined standards for determining suitability for Priority Sector Lending do not correspond to the Collateral specific.

13(B). If a student avails an education loan after September 2020 for Rs. 20 lakhs, Approved as within sanctioned limit will PSL be calculated for this particular customer.

14(C). In accordance with the Priority Sector Lending (PSL) guidelines, Individual women beneficiaries up to Rs. 2 lakh per borrower groups do not fall under the category of weaker sections.

15(B). Reserve Bank of India (RBI) manages the Rural Infrastructure Development Fund (RIDF).

16(C). According to Adam Smith's tenets the study of how wealth is produced and consumed comprises the subject matter of Economics in its academic context.

17(D). The term 'economy' is derived from the Greek word 'oikonomia', which is

made up of two words: 'oikos', which is commonly translated as 'home', and 'nemein', which means 'management'. Thus, the term 'oikonomia' referred to 'household management'.

18(C). How much of each good or service to produce is an example of the first economic problem that every society must solve.

19(D). The extreme case of a market economy, in which the government does not interfere in economic decisions, is called a 'laissez-faire' economy.

20(C). England came close to being a 100 per cent market economy in the 19th century.

21(C). Both scientific observation and common sense, as well as economic theory and empirical testing, form the basis of the demand curve.

22(B). The law of demand states that when the price of a commodity is raised (and other things being constant), buyers tend to buy less of the commodity.

23(D). The prices and availability of related goods, the size of the market, and special influences all influence the demand for a commodity.

24(D). This is not an exception to the law of demand, which states that as the price of a good increases, the quantity demanded will decrease.

25(A). Money can be held over a period of time, allowing it to be used for financing future payments.

26(A). By following the balance sheets of RBI and the rest of the banking sector.

27(B). Velocity refers to the number of times the available money stock may roll over or change hands to finance transactions equivalent of nominal GDP.

28(D). Chronic inflation refers to a sustained and persistent increase in the general price level over a long period of time.

29(B). When inflation increases, central banks tend to increase interest rates in order to reduce the demand for goods and services, slowing down the increase in prices.

30(B). Increasing government spending and decreasing taxes leads to an increase in disposable income, leading to an increase in consumption, which in turn leads to an increase in aggregate demand.

31(C). Demand refers to the willingness and ability of buyers, not just willingness.

32(B). A grocery store purchases five hundred cases of Pepsi every week, retailing each case at a price of Rs. 500. By the end of the first week, only 420 cases had been sold. What economic situation is the grocery store facing and surplus; price will fall will have to happen to price in order for

equilibrium to be attained.

33(A). Assuming a market for biscuits in Mumbai, comprising of over a thousand biscuit-selling stores at any given time. If the food safety authority, FSSAI, releases a public statement claiming that consuming biscuits is detrimental to health. Holding all else constant, this will lead to a Change in Demand.

34(A). Demand refers to the consumers' capacity and readiness to buy varying amounts of a commodity at different prices within a specified period whereas Quantity Demanded refers to precise quantity of goods or services that consumers intend to purchase at a specific price.

35(B). Assuming the manufacturing of whole-wheat bread in Delhi, involving numerous production units functioning at any given time, let's say an innovative technology has been introduced that enables the production of greater quantities of bread at a lower cost than ever before. Holding all else constant, this will lead to a Change in Supply.

36(C). Informal systems are characterised by lack of regulations, while formal systems are regulated and institutional.

37(C). Insurance companies fall under the formal financial system.

38(D). Deposits are a type of financial instrument that financial institutions use to capture and transfer wealth from savers to investors.

39(C). Bonds are an example of financial instruments that are not intangible value-added services.

40(D). The purpose of introducing prudential norms was to ensure adequate disclosure of income, classify assets and provide for bad debts, and reflect the accurate and correct financial position of banks.

41(B). According to the Narasimham Committee-II, They are incompatible with each other and need to be reviewed is the relationship between government control over banks and bank autonomy.

42(C). The SHG-Bank Linkage Programme was formally launched by NABARD in 1992, with its guidelines to banks for financing SHGs.

43(B). SHGs were the pioneers of the modern microfinance movement in India is the purpose of self-help groups (SHGs) in the context of microfinance sector.

44(B). NABARD refinance the loans provided by banks to JLGs to the full extent does NABARD contribute to the provision of credit assistance to Joint Liability Groups (JLGs).

45(B). Providing loans or advances for any activity other than its own is the principal commercial undertaking of a Loan

Company (LC).

46(A). A collateral-free loan given to a household having annual household income up to Rs. 3,00,000 is the definition of a microfinance loan as per Reserve Bank of India (Regulatory Framework for Microfinance Loans) directions, 2022.

47(A). NOFHC is a wholly owned Non-Operational Financial Holding Company (NOFHC), which holds the capital of the bank as well as other financial services companies.

48(C). The Integrated Ombudsman Scheme, 2021 issued by RBI covers both banking and NBFC services.

49(D). The Ombudsman Scheme excludes CIC, IDF-NBFC, NBFC-IFC, companies in resolution or winding up/liquidation.

50(A). The RBI launched the Lead Bank Scheme in December 1969 to mobilize deposits and to step up lending to weaker sections of the economy.

51(B). "Scheduled banks can obtain membership in clearing houses, while non-scheduled banks cannot" is the primary difference between scheduled and non-scheduled banks in India.

52(B). The intermediary serves as a bridge between the insurance companies and consumers seeking to buy policies.

53(A). The main objective of setting up a Bad Bank is to enable it to take over NPAs from banks, thereby freeing up their balance sheets.

54(C). It is expected that the sale of bad loans to NARCL will be against 15% cash and 85% in the form of Security Receipts (SRS).

55(A). The EASE Agenda is based on recommendations made by the Whole Time Directors (WTDs) and senior management of PSBs.

56(A). The Prime Minister's Employment Generation Programme (PMEGP) facilitates generation of employment opportunities for unemployed youth by setting up of micro-enterprises in non-farm sector.

57(D). Employment Provider is not an objective of "Raising and Accelerating MSME Performance" (RAMP) scheme.

58(C). Recently, the PMEGP increased the respective maximum project cost for manufacturing units and service units to Rs. 50 lakh, Rs. 20 lakh.

59(A). The Credit Guarantee Scheme (CGS) was launched to strengthen credit delivery system and facilitate flow of credit to the MSE sector. Under the scheme, Credit Guarantee is given to Member Lending Institutions (MLIs) for loans upto Rs. 200 lakh.

60(C). The recently launched "Raising and Accelerating MSME Performance" (RAMP) scheme is assisted by World Bank

institutions.

61(B). Universal Basic Income is not a vision of National Strategy for Financial Inclusion (NSFI).

62(B). Differential rate of interest scheme has been launched by Government of India that makes it obligatory for all Public Sector Banks to provide loans to poor borrowers at concessional rate.

63(A). March 2022 is the target to move towards a less cash society according to National Strategy for Financial Inclusion (NSFI).

64(A). Providing banking access to every village is the milestone identified by RBI to achieve the vision of financial inclusion.

65(B). Universal Access to Banking Services: PMJDY aims to provide universal access to basic banking services for all households in India. Through this program, individuals are encouraged to open a bank account, which serves as a gateway to various financial services.

66(C). The money market enables borrowers and lenders of short-term funds to fulfill their borrowing and investment requirements, at an efficient market clearing price.

67(C). The objective of monetary management by the central bank is to align money market rates with the key policy rate.

68(B). Prudential limits in respect of outstanding lending transactions in the call/notice/terms Money Markets shall be decided by the participants with the approval of their Board within the regulatory framework of the exposure norms.

69(B). T Bills are issued to finance the short-term debt obligations of the Government of India.

70(B). After 7 days of the date of issue of the CD it is permissible to conduct the buyback of CDs at the prevailing market price.

71(A). The buying of securities and lending of short-term surplus in the 1st leg and selling the security at a predetermined rate in the 2nd leg.

72(B). A DUPN is a usance promissory note drawn by the discounting bank against the underlying bills.

73(B). It is the process of transforming an exchange from a mutual form to a business corporation form is the objective behind demutualization of an exchange.

74(B). Equity shares are not secured/charged against the asset of the company in favor of the holder. They represent the form of fractional ownership, in which a shareholder undertakes the entrepreneurial risk associated with a business venture.

75(B). Shares issued to existing shareholders at a discount is meant by the term "rights shares" in the context of the secondary market.

76(A). When a listed company makes a fresh issue of securities to the public.

77(B). Investors are responsible for ensuring that the details filled in the ASBA form are correct; otherwise, the form is liable to be rejected.

78(A). Factoring involves the factor financing a company's business by purchasing its outstanding invoices.

79(B). In forfaiting, the exporter sells the receivables to the forfaiter.

80(C). The venture capitalist does not participate in the day-to-day management, but aids and guides the management by providing the benefit of their skill, experience and expertise.

81(B). RCF was launched by Industrial Finance Corporation of India (IFCI) in 1975 to supplement promoter's equity.

82(C). In order to ensure that a REIT is able to generate income, 80% of its portfolio should be invested in completed and rent-generating properties.

83(D). Sponsoring of an Infrastructure Debt Fund is a Para Banking and Financial Services activity in which a bank creates an infrastructure debt fund and gets it registered with SEBI.

84(C). The International Financial Services Centres Authority (IFSCA) has

been established on April 27, 2020 under the International Financial Services Centres Authority Act, 2019. It is headquartered at GIFT City, Gandhinagar in Gujarat.

85(C). Caters to the domestic currency needs of the customers that are out of the jurisdiction of the domestic economy statements about the International Financial Services Centres Authority (IFSCA) is not true.

86(A). The membership of the International Financial Services Centres Authority (IFSCA) is composed of individuals nominated by the Government of India, 9 members for a period of 3 years is the composition of the IFSCA.

87(B). National Bank for Agriculture and Rural Development financial institutions is not represented by individuals nominated as members in the International Financial Services Centres Authority (IFSCA).

88(B). Mumbai does not belong to an International Financial Services Centres Authority (IFSCA).

89(C). A differentiated bank is one that serves an identified demographic segment. IDBI Bank is not an example of a differentiated bank.

90(C). Nachiket Mor committee suggested the idea of establishing small finance banks.

91(D). At least 40% for the first 5 years is the minimum amount of initial contribution required from the promoter towards the paid-up equity capital of a Payment Bank.

92(C). The payments banks cannot offer credit cards. The permitted activities are accepting demand deposits, issuing ATM cards, providing remittance services and issue pre-paid instruments.

93(B). 94(D).

95(B). Financial markets contribute to the mobilisation of the savings of the investors by determining the required rate of return on the funds invested by investors and allocating the funds among the entities in need of funds.

96(A). The theory of the invisible hand largely revolves around the concept of laissez-faire. This concept follows the policy of letting things take their own course, without any interference. According to laissez-faire, the less the government is involved in making policy decisions, the better the economy will be.

97(C).

98(C). The money market does not provide an avenue for central bank intervention in influencing long-term liquidity.

99(D). The most distinguishing feature of Venture Capital is that it is provided largely in the form of equity, when the investee company is unable to float its equity shares independently. Thus, risk capital is provided, which is not available otherwise, due to the high degree of risk involved in the venture.

100(D).

1. **The Fourteenth General Review of Quotas (2010) was carried out with what principal in view?**
 - (a) To increase the global supply of international reserves
 - (b) To improve the international monetary system
 - (c) To realign member country quota shares
 - (d) To promote economic policies in member nations
 2. **What does the term priority sector signify within the Indian economic framework?**
 - (a) Only sectors that have a substantial influence on vast portions of the population and are employment-intensive are considered priority sectors.
 - (b) Sectors that are important for the growth of the economy and the basic needs of the country.
 - (c) Any sector that contributes significantly to the country's GDP.
 - (d) Sectors that are important for the overall development of the country, regardless of their influence on the population.
 3. **Within the context of economic infrastructure, which among the following is explicitly excluded?**
 - (a) Water supply
 - (b) Power
 - (c) Financial institutions
 - (d) Telecommunications
 4. **What is the key contrast between sectoral planning and spatial planning with regard to their central concerns?**
 - (a) Sectoral planning focuses on a single sector of the economy, while spatial planning focuses on a single geographic area.
 - (b) Sectoral planning focuses on a single geographic area, while spatial planning focuses on a single sector of the economy.
 - (c) Sectoral planning is concerned with the development of a specific economic sector, while spatial planning is focused on the organization and distribution of land use and infrastructure in a particular geographical area.
 - (d) Sectoral planning focuses on the distribution of people and activities, while spatial planning focuses on the development of the economy.
 5. **Which individual is vested with the authority to preside over the meetings of the National Development Council (NDC)?**
 - (a) The Prime Minister
 - (b) The Deputy Chairman of the Planning Commission
 - (c) The Chairman of the Planning Commission
 - (d) The President of India
 6. **What is the essential element that forms the basis of a more just global economic system?**
 - (a) Addressing the wants and needs of all people
 - (b) Providing maximum benefits to developed nations
 - (c) Providing maximum benefits to developing nations
 - (d) Promoting competition among nations
 7. **What was the central target of the insurance sector reforms carried out in India?**
 - (a) To control interest rates and government pre-exemption of resources
 - (b) To establish an efficient, productive, and competitive financial services industry
 - (c) To allow emerging players/joint ventures to undertake insurance business
 - (d) To limit the role of market forces in the insurance sector
 8. **Which policy measure was introduced as a part of the LPG reforms to encourage privatization of public sector enterprises?**
 - (a) Industrial Policy
 - (b) Denationalization Policy
 - (c) Disinvestment Policy
 - (d) Public-Private Partnership Policy
 9. **As per the RBI's assessment report, how much time will it take for India to recuperate from the financial setbacks caused by the COVID-19 pandemic?**
 - (a) 13 years
 - (b) 10 years
 - (c) 8 years
 - (d) 15 years
- Ques (10-14):** The Reserve Bank of India (RBI) announced a four-tiered regulatory framework for categorisation of Urban Co-operative Banks (UCBs). The RBI said given the heterogeneity in the cooperative sector, a tiered regulatory framework is required. Such a framework is needed to balance the spirit of mutuality and co-operation more prevalent in banks of smaller sizes and those with limited area of operation vis-a-vis the growth ambitions of the large-sized UCBs and undertake more complex business activities.
10. **Who has been appointed as the Chairman of the Expert Committee constituted for strengthening the financial soundness of Urban Co-operative Banks (UCBs)?**
 - (a) Raghuram Rajan
 - (b) Urjit Patel
 - (c) NS Swaminathan
 - (d) YV Reddy
 11. **What is the underlying principle of the four-tiered regulatory framework for Urban Co-operative Banks (UCBs)?**
 - (a) Size of deposits of the banks
 - (b) NPA of the respective banks
 - (c) Geography of the respective banks
 - (d) Demography of the respective banks
 12. **Which criterion is not included in the revised guidelines for identifying a Financially Sound and Well Managed (FSWM) Urban Co-operative Bank (UCB)?**
 - (a) Net NPA of not more than 3%.
 - (b) No default in the maintenance of CRR / SLR during preceding financial year.
 - (c) At least two professional directors on the Board.
 - (d) Partially implemented Core Banking Solution (CBS)
 13. **According to the updated guidelines, what is the criterion for Tier 2 classification of Urban Co-operative Banks (UCBs)?**
 - (a) Deposits more than 100 cr and upto 1000 cr
 - (b) Deposits more than 10 cr and upto 100 cr
 - (c) Deposits more than 1000 cr
 - (d) Deposits more than 500 cr and upto 1000 cr
 14. **What is the prescribed limit of Priority Sector Lending (PSL) targets for Urban Co-operative Banks (UCBs) as per the current guidelines?**
 - (a) 40 per cent of Adjusted Net Bank Credit (ANBC)
 - (b) 70 per cent of Adjusted Net Bank Credit (ANBC)
 - (c) 75 per cent of Adjusted Net Bank Credit (ANBC)
 - (d) 50 per cent of Adjusted Net Bank Credit (ANBC)
 15. **Which of the following is not regarded as one of the three basic economic problems that need to be tackled by every society, according**

- to conventional economic theory?**
- (a) How to determine the quantity and quality of goods and services to be produced
- (b) How to produce goods in the most efficient way
- (c) How to ensure that the environment is not harmed by economic activity
- (d) How to distribute the resources
16. **According to economic theory, how does a command economy differ from other types of economic systems?**
- (a) It is a type of economy in which the government makes all important economic decisions.
- (b) It is a type of economy in which individuals and private firms make the major decisions about production and consumption.
- (c) It is a type of economy that is a mix between government control and the market mechanism.
- (d) It is a type of economy in which the government sets prices and incentives for goods and services.
17. **What is meant by the law of downward-sloping demand in economics?**
- (a) The more we consume of a good, the less satisfaction each additional unit of consumption provides
- (b) The higher the price of a good, the more units consumers are willing to buy
- (c) The substitution effect and income effect cause buyers to switch to cheaper alternatives
- (d) The relationship between the price of a good and the quantity demanded is negative
18. **How do special influences differ from normal influences on demand for a commodity, such as changes in price or income?**
- (a) They have no impact on the demand for a commodity
- (b) They may affect the demand for a commodity in specific circumstances
- (c) They always affect the demand for a commodity
- (d) They only affect the demand for luxury goods
19. **What is the name of the commodity that satisfies the requirements for being a Giffen good among the options given below?**
- (a) Luxury cars
- (b) Potatoes
- (c) Diamond jewellery
- (d) Smart TVs
20. **If a country's nominal GDP in 2022 was \$2 trillion and the inflation rate was 3%, what would be the country's real GDP in 2022?**
- (a) \$1.94 trillion (b) \$1.97 trillion
- (c) \$1.98 trillion (d) \$2.06 trillion
21. **Which of the following is the primary financial resource employed for the estimation of M3?**
- (a) The asset side of the balance sheet of the banking sector
- (b) The liability side of the balance sheet of the banking sector
- (c) The capital markets
- (d) The foreign exchange market
22. **Among the below given alternatives, which is the appropriate method to calculate the annual inflation rate?**
- (a) By comparing the price index for the current year with the price index of the next year
- (b) By comparing the price index for the current year with the price index of the previous year
- (c) By taking an average of the price indices of the current and previous year
- (d) By comparing the price index of the current year with the average price index of the previous year
23. **If the price elasticity of demand for a product is -0.5 and the price of the product is increased by 10%, what will be the change in quantity demanded?**
- (a) 2% (b) 5%
- (c) -5% (d) -2%
24. **What is the reason behind the GDP deflator being considered as more comprehensive in measuring inflation than the WPI and CPI?**
- (a) Because it is based on a fixed basket of goods and services
- (b) Because it covers a limited range of goods and services produced in the economy
- (c) Because it covers the entire range of goods and services produced in the economy
- (d) Because it is available on a monthly basis
25. **What are the constituents of the 'basket' used in calculating the GDP deflator in each year?**
- (a) The set of all goods that were produced domestically, weighted by the market value of the total consumption of each good
- (b) The set of all goods that were produced internationally, weighted by the market value of the total consumption of each good
- (c) The set of all goods that were produced domestically, weighted by the quantity of each good
- (d) The set of all goods that were produced internationally, weighted by the quantity of each good
26. **Which parameters contribute to dissimilarities in the interest rates levied on loans granted during the same time frame?**
- (a) Differences in the risk or trouble involved
- (b) Differences in the use of money
- (c) Differences in the collateral security offered
- (d) Differences in the demand to borrow
27. **In accordance with the Hicks-Hansen Synthesis, the I-S curve indicates about the relationship between which two economic variables?**
- (a) Interest rate and output
- (b) Interest rate and investment
- (c) Output and investment
- (d) Income and consumption
28. **If a country's GDP in 2021 is \$5 trillion and its government spending in 2022 is \$1 trillion, what is its GDP growth rate in 2022?**
- (a) 20% (b) 25%
- (c) 30% (d) 35%
29. **In what way does the Liquidity Preference Theory suggest that central banks can influence aggregate demand through interest rate adjustments?**
- (a) Central banks have no role in regulating interest rates according to the theory
- (b) Central banks can use monetary policy to influence the money supply and thus interest rates
- (c) Central banks can influence the marginal efficiency of capital to regulate interest rates
- (d) Central banks can regulate interest rates by controlling inflation expectations
- Ques (30-34):**
Consider the following table of consumer price index (CPI) data for a country:
- | Year | CPI |
|------|-----|
| 2018 | 100 |
| 2019 | 105 |
| 2020 | 110 |
- (Take 2018 as base year)
30. **What is the inflation rate from 2018 to 2019?**

- (a) 5% (b) 10%
(c) 0.05% (d) 0.1%
31. Consider the same table of CPI data for a country as in Q1. What is the inflation rate from 2019 to 2020?
(a) 5% (b) 10%
(c) 4.76% (d) 9.09%
32. Consider the same table of CPI data for a country as in Q1. If the cost of a basket of goods was \$100 in 2018, what would be the cost of the same basket in 2020?
(a) \$115 (b) \$110
(c) \$106 (d) \$121
33. Consider the same table of CPI data for a country as in Q1. If the cost of a basket of goods was \$120 in 2019, what would be the inflation rate from 2019 to 2020?
(a) 4.76% (b) 5%
(c) 6.67% (d) -8.33%
34. Consider the same table of CPI data for a country as in Q1. What is the cost of the same basket of goods in 2021 if the CPI is 115?
(a) \$115 (b) \$117.25
(c) \$126.5 (d) \$110.25
35. The IS-LM model is a theoretical construct that explains the relationship between the interest rate and income level equilibrium by analysing which of the following?
(a) The intersection of the investment and savings curves
(b) The intersection of the money supply and money demand curves
(c) The intersection of the consumption and investment curves
(d) The intersection of the fiscal and monetary policy curves
36. When evaluating regional economic disparities in a country, what are the shortcomings of relying solely on GDP as an indicator of economic well-being?
(a) GDP considers the contribution of less developed states to the country's economy
(b) GDP is a good indicator of regional disparity in a country
(c) A few developed states contribute the most to the country's GDP, while a majority of less developed state economies contribute very little
(d) There is no regional disparity in a country's GDP
37. Which of the following benchmarks was NOT recommended by the Internal Study Group (ISG) to Review the Working of the Marginal Cost of Funds Based Lending Rate (MCLR) System for external benchmarking?
(a) Government of India 3-Months Treasury Bill yield
(b) Reserve Bank of India policy repo rate
(c) Savings Deposit Rate
(d) Government of India 6-Months Treasury Bill yield
38. Of the options below, which of the following is not a component of capital receipts?
(a) Recoveries of loans and advances
(b) Disinvestment receipts
(c) Market borrowings
(d) External grants
39. Which monetary policy tool was introduced as a result of the financial sector reforms in 1998?
(a) Open Market Operations
(b) Refinance Facilities
(c) Liquidity Adjustment Facility
(d) Standing Deposit Facility
40. In the context of fiscal policy, which of the following statements is true about primary deficit?
(a) It is the difference between fiscal deficit and interest payments
(b) It is the difference between revenue deficit and interest payments
(c) It is the difference between capital deficit and interest payments
(d) None of the above
41. Among the options given below, which of the following describes the goal of the committee chaired by Dr Nachiket Mor?
(a) To propose measures for achieving financial inclusion
(b) To increase access to financial services for high-income households
(c) To recommend setting up of only Payments Banks
(d) To grant 'in-principle' approvals to all the applicants
42. Which of the following assertions regarding horizontal FDI is not accurate?
(a) It involves investing in the same industry abroad as the firm operates in at home
(b) It is often used to reduce production costs and increase market share
(c) It may involve setting up new facilities or acquiring existing firms
(d) It involves investing in a different industry abroad than the firm operates in at home
43. Which payment system is an offline contactless card used for low-value payments, including transit, toll, parking, and retail?
(a) RuPay (b) AePS
(c) UPI (d) NFS
44. Which of the following acts is not relevant to the functioning of Payment Banks?
(a) Banking Regulation Act, 1949
(b) Companies Act, 2013
(c) Foreign Exchange Management Act, 1999
(d) Securities and Exchange Board of India Act, 1992
45. Who has been given the responsibility of exercising the general superintendence and direction of the Reserve Bank of India in accordance with Section 7 of the RBI Act, 1934?
(a) Central Government
(b) Central Board of Directors
(c) Governor
(d) Deputy Governors
46. As per the RBI Act, 1934, which assets fall under the purview of the Issue Department's balance sheet?
(a) Rupee coins, rupee securities, and gold bullion only
(b) Foreign securities, rupee coins, and rupee securities only
(c) Gold coin, gold bullion, foreign securities, rupee coins, and rupee securities
(d) Only gold bullion
47. Which of the following types of financial institutions are required under Section 42 of the RBI Act to keep cash reserves with the Reserve Bank of India?
(a) All banks operating in India
(b) Only public sector banks
(c) Only private sector banks
(d) Only Banks included in the 2nd Schedule
48. Which feature of the Banking Regulation Act, 1949, enables the central government to take action against banks?
(a) Prescription of minimum capital standards
(b) Limiting the payments of dividends
(c) Inclusion of the scope of legislation of banks registered outside India
(d) Provision for bringing the RBI into closer touch with banking companies
49. Which of the following types of

investments are not included in the calculation of Net Owned Funds (NOF)?

- (a) Investments in subsidiaries and companies in the same group
- (b) All investments made by the NBFC
- (c) Investments in other NBFCs
- (d) Investments in subsidiaries, companies in the same group, and other NBFCs

50. What primary objective does the Buyer's Credit program of Exim Bank aims to achieve?

- (a) To offer loans to overseas buyers
- (b) To reduce transaction costs and complexities of international trade transactions
- (c) To finance imports at competitive LIBOR rates
- (d) To provide funds for the export of Indian goods or services.

51. What are the functions of NABARD with respect to rural development at the district level?

- (a) A coordinator in planning for rural credit and the operations of credit institutions purveying rural credit
- (b) A provider of relief to farmers affected by natural calamities
- (c) A coordinator in promoting applied research project/studies
- (d) A supervisor to cooperative banks and RRBs

52. Which of the following is not a measure taken by the RBI to ensure the availability of durable liquidity in the system?

- (a) Long-Term Repo Operation (LTRO)
- (b) Targeted Long-Term Repo Operations (TLTRO)
- (c) Ways and Means Advances/Overdraft to the State Governments
- (d) Production of coins in denominations of 25 paise

53. What is the maximum number of consecutive working days for which a State Government account can be in overdraft, within an overall limit of 36 days in a quarter?

- (a) 14
- (b) 21
- (c) 28
- (d) 36

54. Based on legal forms, which of the following classifications represent the three types of MFIs in India?

- (a) Non-profit, State and National Cooperatives, and For-profit
- (b) Non-profit, Mutual Benefit, and For-profit
- (c) State and National Cooperatives,

For-profit, and Banking Institutions

- (d) NGOs, For-profit, and Banking Institutions

Ques (55-59): The regulatory framework for asset reconstruction companies (ARCs) has been amended recently. Since inception, ARCs have grown in number and size, however their potential for resolving stressed assets is yet to be realised. Accordingly, based on the recommendation of a committee, The government has reviewed the existing regulatory regime applicable to ARCs and put forth the Framework, which has introduced certain important measures and has amended certain existing guidelines with an aim to increase the transparency and efficiency of these institutions.

55. Who was the chairperson of the Reserve Bank of India's committee dedicated to augmenting the transparency and efficiency of the Asset Reconstruction Company Framework?

- (a) Usha Thorat
- (b) Chitra Ramakrishna
- (c) Arundhati Bhattacharya
- (d) Sudarshan Sen

56. Under the amended regulatory framework, what is the threshold level of net owned funds mandated for Asset Reconstruction Companies to qualify as resolution applicants under the Insolvency and Bankruptcy Code of 2016?

- (a) ₹100 crore
- (b) ₹500 crore
- (c) ₹1000 crore
- (d) ₹3000 crore

57. Which entity is responsible for enforcing the regulatory norms applicable to an Asset Reconstruction Company?

- (a) It is regulated by National Asset Reconstruction Company (NARCL)
- (b) It is regulated by the Securities and Exchange Board of India (SEBI)
- (c) It is regulated by the Reserve Bank of India (RBI)
- (d) ARCs are Section 8 companies and hence not regulated by any authority

58. Under the SARFAESI Act, 2002, what is the maximum period for which an Asset Reconstruction Company (ARC) can hold a financial asset before selling it?

- (a) 2 years
- (b) 3 years
- (c) 4 years
- (d) 5 years

59. What is the minimum capital requirement for the formation of an Asset Reconstruction Company

under the revised regulatory framework?

- (a) Rs. 100 crore
- (b) Rs. 200 crore
- (c) Rs. 300 crore
- (d) Rs. 500 crore

Ques (60-64): India's foreign exchange reserves declined by \$8.31 billion to \$566.94 billion in the week ending on February 10, according to the Reserve Bank of India's latest data released on Friday. India's reserves fell 8.3%, logging the biggest decline in more than 11 months. However, the rupee's losses for the week were lesser than that of its Asian peers. The Reserve Bank of India's governor recently said that the size of India's forex reserves is comfortable.

60. Which among the following options describes the constituents of India's foreign exchange reserves?

- (a) Foreign Currency assets, Gold, Special Drawing Rights (SDR) of IMF, and Foreign Debt
- (b) Foreign Currency assets, Gold, Special Drawing Rights (SDR) of IMF, and Reserve Position at IMF
- (c) Foreign Currency assets, Government Securities, Special Drawing Rights (SDR) of IMF, and Reserve Position at IMF
- (d) Foreign Currency assets, Government Securities, Special Drawing Rights (SDR) of IMF, and Foreign Debt

61. What are the areas of the economy that are likely to be positively impacted by the fall in the value of the rupee?

- (a) Oil and Gas, Renewable Energy, FMCG and Aviation
- (b) Pharmaceuticals and Automobiles
- (c) Information Technology, Tea, and Garments
- (d) None of the above

62. What are the potential implications of dwindling forex reserves on the Indian economy's fiscal stability?

- (a) Decrease in foreign debt
- (b) Increase in rating by rating agencies
- (c) Reduction in capital inflow
- (d) Increase in foreign investment

63. Which of the following act allows the Reserve Bank of India to manage and utilize India's foreign currency reserves?

- (a) Foreign Exchange Regulation Act, 1947
- (b) Foreign Exchange Management Act, 1999
- (c) Foreign Exchange Act, 1986
- (d) RBI has no role in managing India's forex reserves.

64. How does the reduction of India's

- forex reserves affect the country's ability to provide help to its neighbouring nations?**
- It equally reduces India's ability to provide aid to its neighbours
 - It reduces India's ability to open currency swap lines for its neighbours
 - It reduces India's ability to provide military support to its neighbours
 - It reduces India's ability to invest in its neighbours
- 65. In what manner do financial markets carry out their function of decreasing transaction costs and providing information?**
- Providing information to investors without cost
 - Determining the required rate of return for investors
 - Reducing the cost of transactions for investors
 - Allocating funds of investors among entities in need of funds
- 66. What is the correlation between market volatility and the inclination of a buyer to enter that specific market?**
- Buyers tend to avoid volatile markets as they offer little potential for profits
 - Buyers tend to seek out volatile markets as they offer the potential for larger profits
 - Volatility has no impact on a buyer's decision to enter a market.
 - Volatility only affects the buyers when adequate risk is involved
- 67. Which of the following options accurately describes the spectrum of maturity for financial instruments within the money market:**
- One year to five years
 - Six months to one year
 - One month to six months
 - Overnight to one year
- 68. According to regulatory specifications, which entities are authorized to purchase a Certificate of Deposit?**
- Only individuals
 - Only banks and insurance companies
 - Individuals and corporations
 - Only non-resident Indians
- 69. According to the Targeted Long-Term Repo Operations (TLTRO) program, what is the obligation of banks in terms of holding securities as collateral?**
- Banks are not required to maintain any securities for the amount received under TLTRO.
 - Banks are required to maintain specified securities for the amount received under TLTRO in their AFS (available for sale) book.
 - Banks are required to maintain specified securities for the amount received under TLTRO in their HTM (held to maturity) book.
 - Banks are required to maintain specified securities for the amount received under TLTRO in their investment account.
- 70. What are the lower and upper limits of the tenor of a Bills Rediscounting Scheme (BRDS) transaction?**
- Minimum of 30 days and maximum of 60 days
 - Minimum of 15 days and maximum of 90 days
 - Minimum of 60 days and maximum of 180 days
 - Minimum of 90 days and maximum of 365 days
- 71. What is the classification for shares that have the right to participate in profits after a specified fixed dividend is paid?**
- Equity Shares
 - Rights Issue/Rights Shares
 - Cumulative Preference Shares
 - Participating Preference Share
- 72. What is the significance of rating agencies in the context of corporate bond market?**
- To ensure that capital is allocated more efficiently among various enterprises
 - To supply long-term investment products for long-term investors
 - To review the rating on bonds periodically
 - To hold all bonds in dematerialized form
- 73. What are the key aims of establishing a resilient and well-functioning corporate bond market?**
- To supply short-term investment products for short-term investors
 - To reduce funding costs for corporates and others by eliminating agency and disintermediation costs
 - To reduce the number of investors in the market to increase stability
 - To ensure that capital is not allocated efficiently among various enterprises
- 74. In corporate finance, what is the classification of equity shares that do not confer voting rights to shareholders in a company?**
- Cumulative Convertible Preference Shares
 - Participating Preference Share
 - Equity Shares
 - Preferred Stock/Preference Shares
- 75. Which types of financial instruments are eligible for retail investors to purchase through the Retail Direct Scheme (RDS) of RBI?**
- Corporate Bonds, Mutual Funds, Fixed Deposits and Post Office Schemes
 - Government of India Treasury Bills, Shares, Mutual Funds and Real Estate Investment Trusts
 - Government of India Treasury Bills, Government of India dated securities, Sovereign Gold Bonds, and State Development Loans
 - Fixed Deposits, Mutual Funds, Shares and Corporate Bonds
- 76. What does the term 'liquidity' signify in the context of the Forex market?**
- The ability to sell a large amount of currency at a uniform market price
 - The ability to plan the timing of future activity in advance
 - The freedom to open or close a position of any size in the current market quotation
 - The absence of service charges, except for the bid/ask market spread
- 77. What is the maximum credit "leverage" (margin) determined by the agreement between the customer and the bank or brokerage house in the Forex market?**
- 1:10
 - 1:50
 - 1:100
 - 1:500
- 78. What is meant by the phenomenon of "coupling" of economies in financial markets?**
- A process of unifying markets and enabling convergence of risk-adjusted returns on the assets of similar maturity
 - The phenomenon of disturbances spreading across economies like contagion
 - The harmonization of prudential regulations in line with international best practices
 - The process of globalization and

deregulation, which has led to the growth of financial markets

79. What precisely constitutes the definition of a clearing union?

- (a) A bilateral payments arrangement that periodically offsets the debits and credits accumulated by each member
- (b) A multilateral payments arrangement that offsets the debits and credits accumulated by each member against the other members
- (c) A payments arrangement that only facilitates the use of national currencies within a member country
- (d) A payment arrangement that is exclusively used for international capital markets

80. How does the uncollateralized weighted average call money market rate (WACR) interrelate with other benchmark money market rates?

- (a) They evolve independently of WACR
- (b) They are not impacted by WACR
- (c) They evolve around WACR with varying spreads
- (d) They evolve in the opposite direction of WACR

81. In what manner does the operational strategy of merchant banks diverge from that of commercial banks?

- (a) Merchant Banks are assets oriented, whereas Commercial Banks are management oriented
- (b) Merchant Banks are mainly financiers, whereas Commercial Banks are project counsellors
- (c) Merchant Banks are management oriented, whereas Commercial Banks are assets oriented
- (d) Merchant Banks mainly undertake funding business, whereas Commercial Banks primarily deal with debt related finance

82. According to SEBI regulations, what is the extent of business operations that a Category IV merchant bank can lawfully conduct?

- (a) Underwriting and Consultancy
- (b) Advisory and Consultancy
- (c) Co-Management and Underwriting
- (d) Merely advisory or consultancy to an issue

83. In the context of Indian accounting, which specific accounting standard provides a definition of a lease as

an arrangement between the lessor and lessee?

- (a) Indian Accounting Standard 12
- (b) Indian Accounting Standard 16
- (c) Indian Accounting Standard 19
- (d) Indian Accounting Standard 21

84. According to the guidelines set forth by the Reserve Bank of India (RBI), what policy should banks establish with the authorization of their boards?

- (a) Policy on loan disbursement and interest rates
- (b) Policy on investment in government securities
- (c) Policy on equipment leasing services
- (d) Policy on opening new branches and ATMs

Ques (85-89): In moves that are gathering momentum, a number of State governments are announcing or implementing decisions to reverse their shift to the new pension scheme (NPS) designed largely by the Centre. Arguing that the NPS has not delivered on its promises, they have decided to restore the old pension scheme (OPS). Under the OPS, those who were members of the scheme, which consisted mainly of regular employees of the Central and State governments, made no contribution while they were in service and were eligible for a pension on retirement.

85. Which of the following was the source of the proposal for the introduction of the New Pension Scheme in 2004?

- (a) LAKE Project
- (b) OASIS Project
- (c) Project Vaya Vandana
- (d) Bhartruhari Mahtab Committee

86. Which of the following offers a fixed monthly pension that constitutes 50% of the last drawn salary?

- (a) New Pension System (NPS)
- (b) Old Pension System (OPS)
- (c) Employee Pension Scheme (EPS)
- (d) Both (A) and (B)

87. Who among the following is entitled to benefit from the Atal Pension Yojana?

- (a) Any citizen of India who has a savings account
- (b) Any person who is above 18 years of age and has a savings bank account
- (c) Only those who are below 40 years of age and do not have any social security schemes
- (d) Any person who has an Aadhar card and has linked it to their savings account

88. Which of the following is not one of the components of the World Bank's Pillars of Social Security?

- (a) Intergenerational financial and non-financial support
- (b) Savings and co-insurance
- (c) Accidental insurance
- (d) Redistribution

89. What is the limit on the loan amount that is permissible under the Pradhan Mantri Vaya Vandana Yojana policy?

- (a) 50% of policy value
- (b) 75% of policy value
- (c) 100% of policy value
- (d) No loan available

Ques (90-94): Recently RBI policy is in news regarding the extension of Tokenisation Duration for all Debit Cards and Credit Cards for about 3 months to evade malafide function, and disruption chain and to facilitate easy access and smooth way to all concerned card holders. The RBI's New Policy says that no other third party, or entity, can store the COF (CARD ON FILE) except the main card issuer and the networks of cards in payments and transactions.

90. As a data security measure, what is the process of tokenization in technical terms?

- (a) It is a process to replace unique code with CVV.
- (b) It is a process to store card number, CVV and expiry date for processing online transactions.
- (c) It is a process to replace card details with a unique code or token, allowing purchases to go through without exposing sensitive details.
- (d) It is a process to store card details and making payments without exposing sensitive details.

91. What is the underlying concept behind a Card on File (CoF) transaction?

- (a) A transaction in which a cardholder has authorized a merchant to store his or her payment details
- (b) A transaction in which a cardholder has authorized a merchant to process the transaction without prior authorization
- (c) A transaction in which a cardholder has authorized a merchant to store his or her credit score details
- (d) A transaction in which a cardholder has authorized a merchant to store his or her

- driving license details
92. **What are the entities that possess the authority to perform tokenization and detokenization?**
- The card issuing Bank
 - Visa / Mastercard / Rupay
 - Both (A) and (B)
 - Online players or merchants
93. **In the process of tokenisation, which types of payment information are deemed unsuitable for storage by merchants?**
- Credit score and financial information
 - CVV and expiry date
 - Card number and CVV
 - Any existing details that were saved by merchants will not be deleted
94. **How do emerging trends in payment security and fraud prevention impact the relationship between tokenization and merchant liability?**
- Increases merchant liability
 - Decreases merchant liability
 - Has no effect on merchant liability
 - Depends on the merchant's payment gateway
95. **What are the key characteristics of venture capital investments?**
- Low-risk investments made for long-term goals
 - High-risk investments made for short-term goals
 - Low-risk investments made for short-term goals
 - High-risk investments made for long-term goals
96. **In accordance with Section 146 of the Indian Contract Act, 1872, what is the definition of a bailment contract?**
- A contract to sell goods
 - A contract to lease goods
 - A contract to transfer ownership of goods
 - A contract to transfer possession of goods
97. **What are the 5 essential components of a pension system that influence their design and implementation?**
- Reliable collection of contributions, securing financial management, timely payment of benefits, accurate data and record-keeping, and production of financial statements.
 - Reliable collection of taxes, timely payment of benefits, effective communication,
- financial management, and production of financial statements.
 - Accurate data and record-keeping, securing financial management, timely payment of benefits, reliable collection of contributions, and effective communication.
 - Payment of benefits, securing financial management, accurate data and record-keeping, reliable collection of contributions, and production of financial statements.
98. **Banks are allowed to hold equity in financial services companies as well as companies not engaged in financial services activities, subject to which of the following limits?**
- Prudential limits
 - Limits specified under Section 19(2) of the Banking Regulation Act, 1949
 - Limits specified under Section 6(1) of the Banking Regulation Act, 1949
 - Both (A) and (B)
99. **What are the regulatory requirements and restrictions that govern bank's investments in subsidiaries and financial services companies?**
- The investment should not exceed 15% of the bank's paid-up share capital
 - The subsidiary should be engaged in businesses permitted under Section 6 (1) of the Banking Regulation Act
 - The investment should not exceed 30% of the bank's paid-up share capital
 - The financial services company should be engaged in businesses permitted under Section 45 I of the RBI Act
100. **AMRUT along with smart cities were jointly planned and launched by the government to transform urban living conditions through infrastructure upgradation. Expand the term "R" in AMRUT-**
- Rejuvenation
 - Real
 - Roadways
 - Renewal

// Hints and Solutions //

1(C). The Fourteenth General Review of Quotas aimed at realigning member country quota shares, with an emphasis on shifts to dynamic emerging market and developing countries (EMDCs) that were underrepresented earlier. It was aimed at ensuring the safeguarding of the voting

share of the poorest members.

2(A). The current framework of Priority Sector Lending (PSL) in India was established to address the complaints that several priority sectors, such as agriculture, small-scale industries, and exports, had not received their fair share of bank credit.

3(C). Economic infrastructure includes physical structures like water supply, power, telecommunications, and organizational structures. Financial institutions are not physical structures and are categorized as soft infrastructure.

4(C). Sectoral planning concentrates on one specific area of the economy, while spatial planning looks at how development is taking place in a particular geographic area and how it affects the distribution of people and activities.

5(A). The National Development Council (NDC), which approves the Planning Commission's plans for implementation, is chaired by the Prime Minister of India.

6(A). The cornerstone of a more equitable globalisation is addressing the wants and needs of all people.

7(C). The main objective of insurance sector reforms in India was to allow emerging players/joint ventures to undertake insurance business on a risk-sharing/commission basis.

8(C). The Disinvestment Policy was introduced to promote the privatization of public sector enterprises, including the sale of shares in government-owned companies to private investors, as part of the LPG reforms.

9(A). The RBI's report on Currency and Finance 2021-22 suggests that India will take more than 13 years to recover from the losses caused by the COVID-19 pandemic.

10(C). NS Swaminathan has been appointed as the Chairman of the Expert Committee on UCB.

11(A). Size of deposits of the banks is the underlying principle of the four-tiered regulatory framework for Urban Co-operative Banks (UCBs).

12(D). The revised guidelines for identification of Financially Sound and Well Managed (FSWM) Urban Cooperative Banks (UCBs) do not include the partially implemented Core Banking Solution (CBS) criteria.

13(A). According to the new 4 tiered framework- Tier 2 UCBs are banks with deposits more than 100 cr and upto 1000cr.

14(C). As per the current guidelines, the limit of Priority Sector Lending (PSL) targets for Urban Co-operative Banks (UCBs) is 75 per cent of Adjusted Net Bank Credit (ANBC).

15(C). A society must determine how much of each of the many possible goods

and services it will make and when they will be produced.

16(A). In a command economy, such as the one which operated in the Soviet Union during most of the twentieth century, the government makes all important decisions about production and distribution.

17(D), 18(B).

19(B). When the price of potatoes rises, their demand also increases, resulting in a reversal of the law of demand.

20(A). Real GDP = Nominal GDP / (1 + inflation rate)

Real GDP = \$2 trillion / (1 + 0.03) = \$1.94 trillion

21(B). M3 is derived on the basis of a balance sheet approach, and the components are drawn from the liability side of the balance sheet of the banking sector.

22(B). The Annual Rate of Inflation during a month is calculated by using the price index for that month in the current year and comparing it with the price index during the same month of the previous year.

23(C). The price elasticity of demand measures the responsiveness of quantity demanded to changes in price. If the price elasticity of demand is -0.5, it means that a 10% increase in price will lead to a 5% decrease in quantity demanded. Therefore, the change in quantity demanded will be -5%.

24(C). The GDP deflator covers the entire range of goods and services produced in the economy, making it a more comprehensive measure of inflation than the limited commodity baskets for the wholesale or consumer price indices.

25(A). The set of all goods that were produced domestically, weighted by the market value of the total consumption of each good. The 'basket' in each year for the GDP deflator is the set of all goods that were produced domestically, weighted by the market value of the total consumption of each good.

26(A). Differences in the rate of interest on different loans made during the same period of time must be due to differences in the risk or trouble involved.

27(A). The I-S curve represents the combinations of interest rates and output levels that generate equilibrium in the goods market.

28(A). GDP growth rate = (New GDP - Old GDP) / Old GDP × 100%

New GDP = Old GDP + Government spending

New GDP = \$5 trillion + \$1 trillion = \$6 trillion

GDP growth rate = (\$6 trillion - \$5 trillion) / \$5 trillion × 100% = 20%

29(B). According to the Liquidity

Preference Theory, central banks can use monetary policy to affect the money supply and thus interest rates.

30(A). The inflation rate can be calculated as [(CPI in 2019 - CPI in 2018) / CPI in 2018] × 100%. Plugging in the numbers, we get [(105 - 100) / 100] × 100% = 5%.

31(C). The inflation rate can be calculated as [(CPI in 2020 - CPI in 2019) / CPI in 2019] × 100%. Plugging in the numbers, we get [(110 - 105) / 105] × 100% = 4.76%.

32(B). We can use the formula for calculating the cost of a basket of goods in a given year: Cost of basket = (CPI / 100) × Base year cost. Plugging in the numbers for 2020, we get Cost of basket = (110 / 100) × \$100 = \$110.

33(D). We can use the formula for calculating the inflation rate: Inflation rate = [(CPI in 2020 - CPI in 2019) / CPI in 2019] × 100%. We are given that the cost of the basket of goods in 2019 is \$120, which means CPI in 2019 is 120. Plugging in the numbers for 2020, we get [(110 - 120) / 120] × 100% = -8.33%.

34(A). We can use the formula for calculating the cost of a basket of goods in a given year: Cost of basket = (CPI / 100) × Base year cost. Plugging in the numbers for 2021, we get Cost of basket = (115 / 100) × \$100 = \$115.

35(B). The interest rate and income level at which the demand for money equals the money supply determine the equilibrium in the IS-LM model.

36(C). A few developed states contribute the most to the country's GDP, while a majority of less developed state economies contribute very little.

37(C). Savings Deposit Rate benchmarks was NOT recommended by the Internal Study Group (ISG) to Review the Working of the Marginal Cost of Funds Based Lending Rate (MCLR) System for external benchmarking.

38(D).

39(C). The Liquidity Adjustment Facility (LAF) was introduced in 1998 as part of the financial sector reforms on the recommendation of the Committee on Banking Sector Reforms (Narasimhan Committee II).

40(A). Primary deficit is the fiscal deficit minus the interest payments that the government has to make on its outstanding debt.

41(A). The objective of the committee headed by Dr. Nachiket Mor was to propose measures for achieving financial inclusion and to increase access to financial services for high-income households.

42(D). Horizontal FDI involves investing in the same industry abroad as the firm operates in at home. It is often used to

reduce production costs and increase market share by leveraging the firm's existing knowledge and expertise in the industry. This may involve setting up new facilities or acquiring existing firms.

43(A). RuPay cards have the functionality of the National Common Mobility Card (NCMC), which enables low-value contactless payments (like transit, toll, parking, retail) using offline technology.

44(D). Securities and Exchange Board of India Act, 1992 acts is not relevant to the functioning of Payment Banks.

45(C). The Governor of RBI is entrusted with the general superintendence and direction of the Reserve Bank of India under Section 7 of the RBI Act, 1934.

46(C). Section 33 of the RBI Act, 1934, specifies that the assets of the Issue Department shall consist of gold coin, gold bullion, foreign securities, rupee coins, and rupee securities.

47(D). As per Section 42 of the RBI Act, every bank included in the 2nd Schedule of the Act shall maintain with RBI an average daily balance, the amount of which shall not be less than such percentage of the total of the demand and time liabilities in India of such bank, as the RBI may from time to time notify in the Gazette of India.

48(C). The Banking Regulation Act, 1949, includes the scope of legislation of banks registered outside India and empowers the central government to take action against such banks if they conduct their affairs in a manner detrimental to depositors' interests.

49(D). Investments made by the NBFC in shares of its subsidiaries, companies in the same group and all other NBFCs are excluded from calculating NOF.

50(B). Through the Buyer's Credit program, Exim Bank aims to reduce transaction costs and complexities of international trade transactions for the Indian exporter.

51(A). NABARD acts as a coordinator in planning for rural credit and the operations of credit institutions purveying rural credit at the district level.

52(D). RBI ensures the availability of durable liquidity in the system by measures such as Long-Term Repo Operation (LTRO), Targeted Long-Term Repo Operations (TLTRO), and Ways and Means Advances/Overdraft to the State Governments. RBI does not produce coins in denominations of 25 paise.

53(A). A State Government account can be in overdraft for a maximum of 14 consecutive working days, within an overall limit of 36 days, in a quarter.

54(B). MFIs in India can be categorized under three types according to legal forms: Not for profit MFIs, Mutual benefit MFIs,

and For-profit MFIs (NBFC-MFIs).

55(D). The objective of the committee headed by Sudarshan Sen was to recommend changes in the regulatory framework for Asset Reconstruction Companies (ARCs).

56(C). The ARCs with a minimum net owned fund of ₹1000 crore are allowed to act as resolution applicants under the IBC 2016 as per the amended regulatory framework.

57(C). An ARC is regulated by the Reserve Bank of India (RBI) as a Non-Banking Financial Company.

58(B). An ARC can hold a financial asset for a maximum period of 3 years before it must be sold, as per the provisions of the SARFAESI Act, 2002.

59(C). The minimum capital requirement for setting up an ARC has been raised to Rs. 300 crore from the existing Rs. 100 crore in a phased manner.

60(B). The components of India's forex reserves are Foreign Currency assets, Gold, Special Drawing Rights (SDR) of IMF, and Reserve Position at IMF.

61(C). The sectors that are likely to benefit from the fall in the value of the rupee are Information Technology, Tea, and Garments as a fall in the value of the rupee makes exports cheaper and more attractive for foreign buyers, which can increase demand for Indian products in international markets.

62(C). Falling forex reserves could reduce the confidence of investors, leading to a reduction in capital inflow.

63(B). The Reserve Bank of India manages India's forex reserves under the Foreign Exchange Management Act, 1999.

64(B). Falling forex reserves reduce India's ability to open currency swap lines for its neighbours, especially during tough times.

65(C). Financial markets carry out their function of decreasing transaction costs and providing information by reducing the cost of transactions for investors.

66(B). Some traders actively seek out volatile markets as they offer the potential for larger profits, but this can also come with the potential for larger losses.

67(D). Maturity in money markets refers to the time period between the issuance and maturity of financial instruments. These can range from overnight to a year or more, impacting their liquidity and risk.

68(C). CDs can be subscribed to by Individuals, corporations, trusts, funds, associations, etc. Eligibility criteria vary based on regulatory guidelines, and CDs offer a low-risk investment opportunity with fixed interest rates for a specified term.

69(C). Banks are required to maintain specified securities for the amount received under TLTRO in its HTM (held to maturity) book at all times until the maturity of TLTRO.

70(B). The minimum tenor of a BRDS transaction is 15 days and the maximum tenor is 90 days.

71(D). Participating Preference Share - These shares have the right to participate in profits after a specified fixed dividend is paid.

72(C). Rating agencies provide a rating to corporate bonds depending on various fundamental factors pertaining to the company issuing the bonds, and these ratings are reviewed periodically.

73(B). Objectives of the development of a robust corporate bond market are to reduce funding costs for corporates and others, by eliminating agency and disintermediation costs.

74(D). Preferred Stock/Preference Shares do not offer voting rights to shareholders, but they are entitled to a fixed dividend or a dividend calculated at a fixed rate to be paid regularly before any dividend can be paid in respect of equity share.

75(C). Government of India Treasury Bills, Government of India dated securities, Sovereign Gold Bonds, and State Development Loans are financial instruments which are eligible for retail investors to purchase through RBI Retail Direct Scheme (RDS).

76(C). The term 'liquidity' in the Forex market refers to the freedom to open or close a position of any size in the current market quotation.

77(C).

78(B). The "coupling" of economies refers to the phenomenon of disturbances spreading across economies like contagion. This means that when there is a financial crisis in one part of the world, it can have a resonating effect on other parts of the world, leading to financial instability and turmoil.

79(B). A clearing union can be defined as a multilateral payments arrangement that periodically offsets the debits and credits accumulated by each member against the other members in the process of trade and other transactions.

80(C). The uncollateralised weighted average call money market rate (WACR) impacts other money market rates in India instantaneously, and they evolve around the WACR, with varying spreads.

81(C). Merchant banks specialize in providing financial services to corporations and governments for a fee, such as mergers and acquisitions, underwriting etc. On the other hand, commercial banks primarily

deal with providing banking services to the general public, such as accepting deposits, granting loans etc.

82(D). Category IV Merchant Bank can only act as an advisor or consultant to an issue as per SEBI Regulations.

83(C). Indian Accounting Standard 19, on leases, defines a lease as an agreement whereby the lessor conveys to the lessee in return for a payment or a series of payments the right to use an asset for an agreed period of time.

84(C). The RBI requires banks to frame an appropriate policy on leasing business with the approval of their Boards to avoid possible asset liability mismatch.

85(B). NPS was introduced in 2004 based on the report of OASIS (Old Age Social and Income Security) Project.

86(B). OPS provides a fixed monthly pension of 50% of the last drawn salary.

87(C). To be eligible for Atal Pension Yojana, the subscriber must not be a member of any statutory social security scheme. Also, the age of subscribers should be in the 18 to 40 age group and they should have a savings bank account.

88(C). World Bank's 5 Pillars of Social Security are- Savings and co-insurance, Redistribution, Intergenerational financial and non-financial support, Personal insurance and poverty alleviation.

89(B). A loan can be availed on the policy after completion of three years, up to a maximum of 75% of the value of the policy.

90(C). Tokenisation is a process to replace card details with a unique code or token, allowing purchases to go through without exposing sensitive details.

91(A). A CoF transaction is a transaction in which a cardholder has authorized a merchant to store his or her Mastercard or Visa payment details, and to bill the stored account.

92(C). Tokenisation and de-tokenisation can be performed only by the card issuing Bank or Visa / Mastercard / Rupay who are referred to as authorized card networks.

93(C). Under the process of tokenisation, online players or merchants are not allowed to store card number, CVV and expiry date for processing online transactions.

94(B). Tokenisation decreases merchant liability as the merchant no longer has to stay compliant with various regulations related to card storage.

95(D). Venture capital investments are high-risk investments made with an intention of making high profits. The investments made are based on long-term goals.

96(D). According to Section 146 of the Indian Contract Act, 1872, bailment is the

delivery of goods by one person to another person for some purpose upon a contract that they shall, when the purpose is accomplished, be returned or otherwise disposed of.

97(A).

98(D). Banks are allowed to hold equity in financial services companies as well as

companies not engaged in financial services activities, subject to prudential limits and the limits specified under Section 19(2) of the Banking Regulation Act, 1949.

99(C). The investment made by a bank in a subsidiary or financial services company should not exceed 30% of the bank's paid-up share capital.

100(A). Atal Mission for Rejuvenation and Urban Transformation (AMRUT) along with smart cities were jointly planned and launched by the government to transform urban living conditions through infrastructure upgradation.

1. **The government's approach to addressing developmental issues in India involved what specific interventions and policy measures?**
 - (a) Implementation of fiscal policies
 - (b) Implementation of five-year plans
 - (c) Implementation of tax reforms
 - (d) Implementation of monetary policies
2. **What was the underlying cause of the deindustrialization that occurred in India during the period of British colonialism?**
 - (a) Increase in nominal wages
 - (b) Reduction in Indian textile competitiveness
 - (c) Growth of the Mughal Empire
 - (d) Decrease in transportation facilities
3. **What is the name given to the type of foreign direct investment that involves acquiring or merging with an existing company?**
 - (a) Greenfield investment
 - (b) Joint venture
 - (c) Brownfield investment
 - (d) Strategic alliance
4. **The Indian economy's Gross Domestic Product (GDP) witnessed growth at what rate during the first three decades post-independence, i.e. 1951-1980?**
 - (a) 3.5 per cent
 - (b) 5.3 per cent
 - (c) 6.7 per cent
 - (d) 7.6 per cent
5. **Within the confines of the Indian economy, to which specific sector does the Indian government allocate the majority of its spending?**
 - (a) Railways
 - (b) Power
 - (c) Telecommunications
 - (d) Irrigation
6. **How would you define the concept of soft infrastructure?**
 - (a) Major physical networks required for the operation of a modern industrial nation
 - (b) Physical and social infrastructure
 - (c) Institutions that are essential to keep the economy running
 - (d) The availability of high-quality infrastructure
7. **What is the two-stage reporting process for an Indian company receiving FDI through the automatic route?**
 - (a) Reporting to the government and the RBI
 - (b) Reporting to the foreign exchange department of the RBI and the Cabinet Committee on Economic Affairs
 - (c) Reporting to the foreign exchange department of the RBI and submitting required documentation
 - (d) Reporting to the administrative ministry/department and the Cabinet Committee on Economic Affairs
8. **Which of the following are the primary methods of implementing protectionist policies?**
 - (a) Tariffs, free trade agreements, and labour laws
 - (b) Import quotas, subsidies, and free trade agreements
 - (c) Tariffs, import quotas, and non-tariff barriers
 - (d) Import duties, export subsidies, and labour laws
9. **In accordance with the SDG India Index published by NITI Aayog, which of the following domains has not witnessed notable advancement in India?**
 - (a) Infrastructure
 - (b) Clean water and sanitation
 - (c) Health
 - (d) Affordable and clean energy
10. **What are the measures that fiscal authorities have adopted to address the economic slowdown caused by the COVID-19 outbreak in India?**
 - (a) By implementing flexible fiscal policies
 - (b) By reducing government debt
 - (c) By increasing taxes
 - (d) None of the these
11. **How much overdue is attributed to agricultural loans that have been categorized as non-performing assets (NPA)?**
 - (a) 2 crop seasons for short duration crops, 1 crop season for long duration crops.
 - (b) 2 crop seasons for short duration crops, 2 crop season for long duration crops
 - (c) 1 crop seasons for short duration crops, 2 crop season for long duration crops
 - (d) None of these
12. **Which of the following factors is not deemed to be a cause of non-performing assets (NPAs)?**
 - (a) High leverage ratio
 - (b) inability of banks to restructure projects
 - (c) improved asset quality
 - (d) stalled/stressed projects
13. **Within the framework of the Indradhanush Plan, which sought to restructure public sector banks (PSBs), what does the fifth component "E" in the acronym ABCDEFG stand for?**
 - (a) Employment
 - (b) Economic stabilisation
 - (c) Empowerment
 - (d) Environment
14. **Which among the following options is not considered as a program to tackle legacy non-performing assets (NPAs)?**
 - (a) capital infusion in Public Sector Banks
 - (b) Financial Awareness Weeks
 - (c) Indradhanush Plan
 - (d) Consolidation of PSBs
15. **Which of the following continue to remain the outstanding or emerging apprehensions related to non-performing assets (NPA)?**
 - (a) Borrowing Costs are decreasing
 - (b) Effectiveness of IBC Framework
 - (c) Increased rates of recovery
 - (d) Share of unsecured credit in total credit has been increasing
16. **Which individual among the following choices is credited with characterizing Economics as a discipline that focuses on human welfare?**
 - (a) Adam Smith
 - (b) Alfred Marshall
 - (c) Lionel Robbins
 - (d) John Maynard Keynes
17. **Among the following options what was the primary concern of Adam Smith in his work "The Wealth of Nations"?**
 - (a) The overall performance of the economy
 - (b) The behaviour of individual entities such as markets, firms, and households
 - (c) The determination of prices of land, labour, and capital
 - (d) The development of models that explain the relationship among various factors
18. **What is the technical term in economics for the correlation between the cost of a commodity and the quantity bought?**
 - (a) Supply curve
 - (b) Demand schedule

- (c) Market demand
(d) Income effect
19. In economic theory, which of the following describes the practice of using money as a benchmark for deferred payments?
(a) Money being used to exchange goods and services
(b) Money being held over a period of time for future payments
(c) Money being used as a means of record-keeping
(d) Money being used as an agreed-upon measure for future receipts and payments.
20. What is the name of the indicator that shows the relationship between nominal GDP and money supply?
(a) Reserve money
(b) Velocity of money
(c) Broad money
(d) Money multiplier
21. If the consumption expenditure increases to Rs. 35,000, gross investment increases to Rs. 45,000, government spending remains at Rs. 20,000, exports remain at Rs. 68,000 and imports increase to Rs. 65,000, what would be the new GDP using the expenditure approach?
(a) Rs. 100,000 (b) Rs. 101,000
(c) Rs. 102,000 (d) Rs. 103,000
22. Which of the following are influenced by the behaviour of commercial banks?
(a) Currency to deposit ratio
(b) Required reserves to total deposits
(c) Excess reserves maintained by banks
(d) Nominal GDP
23. What are the three fundamental characteristics that define the concept of interest?
(a) Payment for risk, payment for trouble, and payment for use of money.
(b) Payment for rent, payment for wages, and payment for profit.
(c) Payment for investment, payment for production, and payment for distribution.
(d) Payment for demand, payment for supply, and payment for competition.
24. What is the basis for determining the interest rates according to the classical theory of interest?
(a) Supply and demand of money
(b) Supply and demand of savings
(c) Marginal efficiency of capital
(d) Level of income
25. What is the relationship between fiscal policy and the fluctuations of interest rates and income levels?
(a) It always results in higher interest rates and income
(b) It always results in lower interest rates and income
(c) It can result in both higher and lower interest rates and income
(d) It has no effect on interest rates and income
26. The table below provides information on the economy of a country. Use the income approach to calculate the GDP for this country.
- | Factor of Production | Amount(in\$) |
|----------------------|--------------|
| Wages | 100 |
| Rent | 50 |
| Interest | 20 |
| Profit | 30 |
- (a) \$ 200 (b) \$110
(c) \$150 (d) \$130
27. Which terminology is used to denote the rise and fall of the macroeconomic performance of a nation over the course of several months or years?
(a) Economic downturns
(b) Market corrections
(c) Business cycles
(d) Fluctuation events
28. Which of the following is not a factor limiting the role of the bank rate as an instrument of monetary policy in India?
(a) The structure of interest rates is not automatically linked to the bank rate
(b) Commercial banks enjoying specific refinancing facilities
(c) The bill market is underdeveloped
(d) The government imposing a cap on the bank rate
29. What is the impact of increasing production costs in the boom phase on the fixed-income category?
(a) They are unaffected by the increase in prices
(b) They increase their consumption to keep up with rising prices
(c) They reduce their consumption as they can't afford to keep up with rising prices
(d) They invest more to take advantage of the booming economy
30. What is the relationship between interest rates and the reserve requirements such as Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR)?
(a) An increase in CRR will decrease interest rates while an increase in SLR will increase interest rates.
(b) An increase in CRR and SLR will increase interest rates.
(c) A decrease in CRR and SLR will decrease interest rates.
(d) The relationship between CRR, SLR and interest rates is not direct.

Ques (31-35):

Price	Quantity Demanded	Quantity Supplied
\$10	100	20
\$20	80	40
\$30	60	60
\$40	40	80
\$50	20	100

31. At what price will the market be in equilibrium?
(a) \$20 (b) \$30
(c) \$40 (d) \$50
32. If the price is \$10, what is the excess demand in the market?
(a) 20 units (b) 40 units
(c) 80 units (d) 100 units
33. If the price is \$50, what is the excess supply in the market?
(a) 20 units (b) 40 units
(c) 80 units (d) 100 units
34. If the price is \$25, what is the quantity supplied in the market?
(a) 30 units (b) 50 units
(c) 60 units (d) 80 units
35. If the price is \$45, what is the quantity demanded in the market?
(a) 20 units (b) 30 units
(c) 40 units (d) 50 units
36. Which of the following aptly describes the term System of National Accounts (SNA)?
(a) A collection of accounts based on set of international concepts and principles
(b) A collection of individual economic data points suitable for research
(c) A set of domestic accounting principles for each country to follow
(d) A collection of balance sheets and tables for individual companies
37. What is the impact of determining GDP at the production stage, income generation stage, or final use stage on its valuation?
(a) The value of output, revenue

- flows, and final expenditure will differ.
- (b) The value of output, revenue flows, and final expenditure will be the same.
- (c) The value of output and revenue flows will be the same, but the final expenditure will differ.
- (d) The value of output and final expenditure will be the same, but the revenue flows will differ.
- 38. Which methodology is employed for the calculation of quarterly GDP?**
- (a) By adding up all expenditures done in the economy
- (b) By apportioning observed GVA data into different spender categories
- (c) By subtracting net subsidies from GVA
- (d) By adding up all the taxes received and subsidies disbursed by the government
- 39. Which of the following is not a component of revenue receipts as defined in the Union Budget?**
- (a) Dividend and profits
- (b) Recoveries of loans and advance
- (c) Market borrowings
- (d) Tax revenue
- 40. In what way does the concept of Effective Revenue Deficit differ from that of Revenue Deficit?**
- (a) Effective Revenue Deficit is the Revenue Deficit minus Grants in Aid for creation of capital assets
- (b) Revenue Deficit is the excess of revenue expenditure over revenue receipts
- (c) Effective Revenue Deficit is the excess of total expenditure over revenue receipts
- (d) Revenue Deficit is the difference between the fiscal deficit and interest payments
- 41. What was the recommendation of the Narasimhan Committee with regard to interest rates as per Narasimhan Committee-I?**
- (a) Interest rates should be determined by the government
- (b) Interest rates should be determined by the market forces
- (c) Interest rates should be deregulated for deposits only
- (d) Interest rates should be deregulated for advances only
- 42. What amount of funds were allocated to the first presidency bank of India, the Bank of Calcutta, during its inception?**
- (a) Rs 50,00,000 (b) Rs 10,00,000 (c) Rs 20,00,000 (d) Rs 30,00,000
- 43. Which of the following explains the ineligibility of non-scheduled banks' in gaining membership of clearing houses?**
- (a) They do not meet the minimum capital requirement set by RBI.
- (b) They are not included in the second schedule to the RBI Act.
- (c) They cannot maintain Cash Reserve Ratio with the RBI.
- (d) They can only borrow from RBI in events of emergencies.
- 44. Which chapter in the Reserve Bank of India Act, 1934, outlines the provisions of the central banking activities?**
- (a) Chapter I (b) Chapter II (c) Chapter III (d) Chapter IV
- 45. The RBI Act 1934 outlines the number of Local Boards that are formed within the RBI, as well as the number of members appointed to each of these boards - what are these numbers?**
- (a) 2 Local Boards with 5 members each
- (b) 3 Local Boards with 5 members each
- (c) 4 Local Boards with 5 members each
- (d) 5 Local Boards with 5 members each
- 46. What is the specific clause in Chapter III-F of the RBI Act, 1934 that outlines the provision of information to the Monetary Policy Committee (MPC) members?**
- (a) Sub-section 45ZL (b) Sub-section 45ZM (c) Sub-section 45ZN (d) Sub-section 45ZO
- 47. Which regulatory authority is empowered to call for periodical returns and inspect books and accounts of a bank under the Banking Regulation Act, 1949?**
- (a) Reserve Bank of India (b) Central Board of Indirect Taxes and Customs (c) Ministry of Corporate Affairs (d) Central Vigilance Commission
- 48. What deficiencies or gaps in the financial system were addressed by the establishment of Development Financial Institutions in India?**
- (a) Providing short-term finance to the industrial sector.
- (b) Encouraging excess speculation in the capital market.
- (c) Sponsoring issue of bonds and other securities.
- (d) Providing long-term finance for infrastructure and risky ventures.
- 49. What is the tenor of financial assistance typically offered by DFIs in India?**
- (a) Less than 10 years, with an initial moratorium period
- (b) Up to 20 years, with an initial moratorium period
- (c) More than 10 years, with no initial moratorium period
- (d) Up to 10 years, with no initial moratorium period
- 50. In India, which legal statute is not-permissible for the registration of not-for-profit microfinance institutions (MFIs)?**
- (a) Societies Registration Act, 1860 (b) Indian Trust Act, 1882 (c) Companies Act, 1956 (d) Cooperative Societies Act
- 51. Which of the following elements are not taken into account when determining 'Owned Funds'?**
- (a) Accumulated balance of loss, revenue expenditure, and other tangible assets
- (b) Investments in shares of subsidiaries, companies in the same group, and all other NBFCs
- (c) Book value of debentures, bonds, outstanding loans and advances, including hire purchase and lease finance made to and deposits with subsidiaries and companies in the same group
- (d) All of the above
- 52. Which of the following types of NBFCs are excluded under the Ombudsman Scheme?**
- (a) Core Investment Company (CIC) (b) Infrastructure Debt Fund-Non Banking Financial Company (IDF-NBFC) (c) Non-Banking Financial Company - Infrastructure Finance Company (NBFC-IFC) (d) All of the above
- 53. What is the principal objective of reinsurance?**
- (a) To enable insurers to focus on their core business
- (b) To transfer all risk to the reinsurers
- (c) To increase volatility for insurers
- (d) To eliminate the need for technical services
- 54. Which of the following is not a reason for prudent regulation of the financial system?**
- (a) To generate, maintain and promote confidence and trust of

the public in the financial system.

- (b) To protect investor's interests.
- (c) To ensure that the commercial markets are efficient.
- (d) To ensure that the market participants measure up to the rules of the market place.

55. Which one of the following statements about the Special Drawing Facility (SDF) is inaccurate?

- (a) SDF is extended against the collateral of government securities held by the state government.
- (b) SDF is provided to states participating in the Consolidated Sinking Fund and Guarantee Redemption Fund.
- (c) SDF is provided once the normal WMA limit is exhausted.
- (d) States participating in the Consolidated Sinking Fund and Guarantee Redemption Fund are not eligible for availing SDF.

Ques (56-60): Recently, World Bank postulated that Digital markets work differently than traditional physical markets. The winner-take-all markets of the digital economy prompt 'winners' to resort to certain actions that discourage competition, the Standing Committee on Finance, chaired by Jayant Sinha, said in its report. The committee interacted with Indian representatives of foreign big tech companies like Amazon, Apple, Facebook, Google, Netflix, Twitter, and Uber, as well as representatives of domestic companies like PayTM, MakeMyTrip, Zomato, Ola, Swiggy, Flipkart, etc., to identify competition concerns.

56. According to economic theory, Oligopolistic competition refers to a certain type of market structure. Which feature is not a defining characteristic of this structure?

- (a) market structure with limited number of firms
- (b) only one seller or producer in the market
- (c) duopoly or two companies dominating the market
- (d) caused due to high capital and technological reasons

57. What is the projected size of India's digital market in the near future, given current growth trends and technological advancements?

- (a) 907 million users by 2023.
- (b) 950 million users by 2023.
- (c) 907 million users by 2027.
- (d) 907 million users by 2030.

58. In which year did the World Bank

decide to stop publishing the 'Ease of Doing Business' reports due to "data irregularities"?

- (a) September 2020
- (b) September 2021
- (c) October 2020
- (d) September 2022

59. What is the name of the body that adjudicates and disposes appeals against directions from the Competition Commission of India (CCI)?

- (a) National Company Law Tribunal (NCLT)
- (b) Supreme Court
- (c) Ministry of Corporate Affairs
- (d) National Company Law Appellate Tribunal (NCLAT)

60. Which of the subsequent practices is not considered to be an example of anti-competitive market behaviour?

- (a) Self preferencing
- (b) Killer acquisitions
- (c) price competition
- (d) deep discounting

Ques (61-65): The Reserve Bank of India (RBI) has issued a note on Central Bank Digital Currency (CBDC). CBDC pilot launched by the RBI in retail segment has components based on blockchain technology. RBI has identified 9 banks for phase-wise participation in the retail pilot project. Like cash, the CBDC will not earn any interest and can be converted to other forms of money, like deposits with banks. Other steps being taken by RBI for full operationalisation of CBDC include expanding the scope of the pilots gradually to include more banks, users and locations based on feedback received during the pilots.

61. What constitutes a Central Bank Digital Currency (CBDC)?

- (a) A digital form of a country's fiat currency, which is regulated by its central bank.
- (b) A cryptocurrency which is regulated by its central bank.
- (c) A digital form of a foreign cryptocurrency, which is regulated by a foreign central bank.
- (d) A digital currency that is regulated by a government.

62. Among the following options, which bank is not included in RBI's CBDC pilot project initiative?

- (a) State Bank of India
- (b) HDFC Bank
- (c) Punjab National Bank
- (d) IDFC First Bank

63. Which of the following

characteristic is not a feature of a central bank digital currency (CBDC)?

- (a) Records are maintained on distributed ledger technology like Blockchain
- (b) Holders of CBDC need not have bank accounts
- (c) Liability on central bank's balance sheet
- (d) Non- fungible legal tender

64. What is the fundamental dissimilarity between currency and money in economic domain?

- (a) Money is a physical object while currency is a digital concept.
- (b) Money is a medium of exchange while currency is a store of value.
- (c) All currency is a form of money but not all money is currency.
- (d) There is no difference between money and currency.

65. Among the following options, which country was the first or pioneer in launching a CBDC?

- (a) Nigeria
- (b) Jamaica
- (c) United States of America
- (d) Bahamas

66. Which of the following is the purported role of the National Asset Reconstruction Company (NARCL)?

- (a) To provide loans to public sector banks
- (b) To aggregate and consolidate stressed assets for resolution
- (c) To provide debt resolution services only to banks
- (d) To raise capital from the market

67. What does the "New Age 24 × 7 banking" theme of EASE 4.0 aspire to achieve?

- (a) To ensure uninterrupted availability of banking services
- (b) To introduce new age banking services like cryptocurrency
- (c) Establishing new PSBs in the financial market
- (d) To maximize synergies through collaboration between PSBs and broader financial services ecosystem for coordinated handling of co-originated loans

68. Which of the following stands out as the main distinction between an Equity REIT and a Mortgage REIT?

- (a) Equity REITs are owners of real estate properties, while Mortgage REITs are not.
- (b) Equity REITs invest in mortgages, while Mortgage

- REITs own real estate properties.
- (c) Equity REITs earn income from rental income, while Mortgage REITs earn income through interest on mortgages.
- (d) Equity REITs only invest in commercial real estate, while Mortgage REITs invest in all types of real estate.
69. **When did Infrastructure Investment Trusts (InvITs) commence operations in India?**
- (a) 2010 (b) 2012
(c) 2014 (d) 2016
70. **What is the legal basis for the formation of Infrastructure Investment Trusts (InvITs) in India?**
- (a) Indian Trust Act, 1882
(b) Indian Companies Act, 2013
(c) Indian Partnership Act, 1932
(d) Indian Securities and Exchange Board of India Act, 1992
71. **What is the correlation between volatility and risk in the context of price discovery?**
- (a) Volatility and risk are the same thing
(b) Volatility determines whether a buyer chooses to enter or not in any particular market
(c) Volatility has no effect on price discovery
(d) Volatility only affects the price of assets that are considered high risk
72. **Which of the following defines the methodology for calculating the return on T-Bills?**
- (a) By adding the issue price and par value
(b) By subtracting the issue price from the par value
(c) By multiplying the issue price with the par value
(d) Issue price is not considered, only par value
73. **Among the following options, which is the distinguishing feature between a tri-party repo and a market repo?**
- (a) The rate at which the security will be repurchased
(b) The presence of a third party known as a tri-party agent
(c) The type of securities that can be used as collateral
(d) The eligibility criteria for participating in the transaction
74. **What is the nomenclature for the document provided by a bank when it borrows money through the BRDS program?**
- (a) Usance Promissory Note
(b) Derivative Promissory Note
(c) Derivative Usance Promissory Note
(d) Trade Bill Promissory Note
75. **What is the fundamental purpose of the Depositories Act, 1996 in India from an economic standpoint?**
- (a) To provide for regulation of depositories in securities and for matters connected therewith.
(b) To provide legal framework for setting up of depositories to record the ownership details in book entry form.
(c) To exempt all transfers of shares within a depository from stamp duty.
(d) To make the shares, debentures and any interest thereon of a public limited company freely transferable.
76. **What distinguishes a Coupon Bond from a Zero-Coupon Bond in terms of their financial characteristics?**
- (a) Coupon Bonds are issued at a discount, while Zero-Coupon Bonds are issued at face value.
(b) Coupon Bonds pay periodic interest, while Zero-Coupon Bonds do not.
(c) Coupon Bonds are issued by companies, while Zero-Coupon Bonds are issued by governments.
(d) Coupon Bonds are tradable/transferable instruments, while Zero-Coupon Bonds are not.
77. **Which entity is involved in the mechanism of settlement for trades in the secondary market of Government securities?**
- (a) Clearing Corporation of India
(b) Reserve Bank of India
(c) Negotiated Dealing System Order Matching
(d) None of the above
78. **What is the prescribed time period for the issuance of government securities in the financial market as per the financial regulatory framework?**
- (a) Less than 1 year to 40 years and above
(b) 10 years to 40 years and above
(c) 1 year to 10 years
(d) Only for 1 year
79. **What is the interrelationship between the coupon rate and the market interest rate for a bond that is currently trading at par value in the financial market.**
- (a) The coupon rate is higher than the market interest rate.
(b) The coupon rate is lower than the market interest rate.
(c) The coupon rate is the same as the market interest rate.
(d) There is no relationship between the coupon rate and the market interest rate.
80. **What is the non-competitive bidding mechanism that is available for retail investors in the financial markets?**
- (a) A scheme allowing retail investors to participate indirectly through an aggregator/facilitator.
(b) A scheme allowing retail investors to bid on a competitive basis.
(c) A scheme allowing retail investors to bid on a non-competitive basis directly.
(d) A scheme allowing retail investors to invest in foreign government securities.
81. **What is the rationale for the foreign exchange market operating around the clock, as per financial regulations?**
- (a) To enable traders to work around the clock to make maximum profits.
(b) To accommodate different time zones of banks located globally
(c) To facilitate trading between developed and developing nations.
(d) To allow for round-the-clock surveillance of trading activities
82. **What does the interpretation of the term "foreign exchange" in the context of the FEMA, 1999, as per the provisions of Section 2(n) include?**
- (a) Foreign currency, including only deposits, credits and balances payable in any foreign currency.
(b) Foreign currency, including only drafts, travellers' cheques, letters of credit or bills of exchange, expressed or drawn in Indian currency but payable in any foreign currency
(c) Foreign currency, including only drafts, travellers' cheques, letters of credit or bills of exchange drawn by banks, institutions or persons outside India, but payable in Indian currency
(d) Both (A) and (B)
83. **What are the economic consequences of the integration of**

financial markets on the global economy?

- (a) Reduced arbitrage opportunities across financial centres
- (b) Increased scope of market imperfection
- (c) Decreased cross-border mobility of funds
- (d) More quantitative controls on monetary policy

84. Which one of the following elements is not responsible for the heterogeneity observed in financial markets?

- (a) The economic nature of financial instruments.
- (b) The liquidity of financial instruments.
- (c) The risk profile of financial instruments.
- (d) The harmonization of prudential regulations.

85. What are the activities that Merchant Banks extended their operations to, in addition to syndication of long-term/short-term finance?

- (a) Offering retail banking services to the general public
- (b) Providing investment advice to small businesses
- (c) Negotiating agents for mergers and takeovers
- (d) Offering loans to large corporates

Ques (86-90): The Prime Minister dedicated Digital Banking Units (DBU) across districts to the nation. These DBU will further financial inclusion and enhance banking experience for citizens. The government aims to provide maximum services with minimum infrastructure, and all of this will happen digitally without involving any paperwork. It will also simplify the banking procedure while also providing a robust and secure banking system. Recently, the Reserve Bank of India (RBI) also issued guidelines on 'Establishment of DBUs

86. In the context of financial technology, what is a Digital Banking Unit (DBU)?

- (a) A government initiative to promote digital banking products
- (b) A mobile application for banking services
- (c) A physical banking outlet with digital infrastructure for delivering banking services
- (d) A regulatory body for banking institutions

87. What are the specific features and functionalities available to

customers at the self-service zone of a DBU?

- (a) Only cash deposit and withdrawal
- (b) Only internet banking and passbook printing
- (c) Bill payments and tax payments
- (d) All of the above

88. How is the Digital Assistance Zone in a DBU serving as a novel approach to providing customer support and enhancing the overall banking experience??

- (a) It allows customers to access the bank's website
- (b) It helps customers learn how to use the self-service zone
- (c) It assists customers in opening savings and current accounts
- (d) It provides information on the bank's services and products

89. Which of the following entities are not eligible to set up a DBU as per the RBI guidelines?

- (a) Regional Rural Banks
- (b) Payments Banks
- (c) Local Area Banks
- (d) All of the above

90. In which types of centres can SCBs open DBUs in without seeking permission from the RBI?

- (a) Only Tier 1 and Tier 2 centres
- (b) Only Tier 1 to Tier 5 centres
- (c) Only Tier 1 to Tier 6 centres
- (d) All centres without any restriction

Ques (91-95): The Centre has made changes to the Foreign Trade Policy to enable trade settlement in the Indian Rupee. With this amendment, invoicing, payment, and settlement of trade can now take place in the Indian currency. Accordingly, benefits/incentives/fulfilment under the Foreign Trade Policy will be extended for realisations in Indian Rupees as per the RBI guidelines. "Given the rise in interest in the internationalisation of the Indian Rupee, the given Policy amendments have been undertaken to facilitate and to bring ease in international trade transactions in Indian Rupees,"

91. What is the prevailing Foreign Trade Policy (FTP) of India?

- (a) Foreign Trade Policy (2021-26)
- (b) Foreign Trade (Development and Regulation) Act, 2022
- (c) Foreign Trade Policy (2015-20)
- (d) Foreign Trade Policy (2018-23)

92. What is the definition of a Special Vostro Account according to the RBI guidelines on International Trade Settlement (ITS)?

- (a) A bank account in India used for receiving payments denominated in Rupee
- (b) A bank account in a foreign country used for receiving payments denominated in Rupee
- (c) A bank account in a foreign country used for receiving payments denominated in the local currency
- (d) A bank account in India used for receiving payments denominated in a foreign currency

93. What form of currency interchangeability is presently permissible in India's accounts?

- (a) full capital account convertibility only
- (b) full capital account & partial current account convertibility
- (c) full current account convertibility only
- (d) partial capital account & full current account convertibility

94. Under which regulation is the broad framework for cross-border transactions in India governed?

- (a) Foreign Exchange Management Act (FEMA)
- (b) Foreign Exchange Regulation Act (FERA)
- (c) Foreign Trade (Development and Regulation) Act
- (d) Prevention of Money Laundering Act (PMLA)

95. Which of the following options signifies the meaning of Interest Rate Differential (IRD)?

- (a) The difference in inflation rates between two countries
- (b) The difference in GDP growth rates between two countries
- (c) The change in interest rates between two countries' currencies
- (d) The change in exchange rates between two countries' currencies

96. Which regulatory authority is responsible for overseeing and regulating the activities of Merchant Banks and Commercial Banks in India?

- (a) Merchant Banks are regulated by RBI, whereas Commercial Banks are regulated by SEBI
- (b) Both Merchant Banks and Commercial Banks are regulated by SEBI
- (c) Merchant Banks are regulated by SEBI, whereas Commercial Banks are governed by RBI

regulations

- (d) Both Merchant Banks and Commercial Banks are regulated by RBI

97. What was the innovative accounting system created by the Sumerians that revolutionized early civilization's economic transactions?

- (a) Barter system
- (b) Use of clay tokens and clay writing tablets
- (c) Development of modern futures market
- (d) Use of intermediaries for trading

98. What is the most significant difference between a forward contract and a futures contract in the domain of derivatives?

- (a) Parties involved in the contract are known to each other in the case of futures contract.
- (b) Futures contract is a standardised contract and trade on an exchange, while forward contracts are OTC contracts.
- (c) Forward contracts have predetermined expiry dates, while futures contracts do not have expiry dates.
- (d) Forward contracts require delivery of the underlying asset, while futures contracts are settled in cash.

99. What does a 3 × 6 FRA (Forward Rate Agreement) mean?

- (a) The agreement is for a 3-month borrowing or lending commitment starting 3 months from now and ending 6 months from now.
- (b) The agreement is for a 6-month borrowing or lending commitment starting 3 months from now and ending 6 months from now.
- (c) The agreement is for a 3-month borrowing or lending commitment starting 6 months from now and ending 9 months from now.
- (d) The agreement is for a 6-month borrowing or lending commitment starting 6 months from now and ending 9 months from now.

100. What is the fundamental distinction between lease financing and borrowing from multiple sources in the context of business finance?

- (a) In lease financing, the assets are acquired using both equity and debt while borrowing from various sources is a separate

entity.

- (b) In lease financing, the assets are acquired using neither equity nor borrowings while borrowing from various sources is done through equity and borrowings.
- (c) Lease financing is a method of acquiring right to use an equipment or asset for a consideration while borrowing from various sources is a method of acquiring funds.
- (d) In lease financing, the entrepreneur can acquire the assets without any consideration while in borrowing from various sources there is a consideration.

// Hints and Solutions //

1(B). The government addressed the developmental issues through five-year plans by setting targets and ensuring the allocation of funds for the development of various sectors.

2(A).

3(C).

Brownfield investment in FDI refers to the acquisition of an existing foreign company, also referred to as a Merger or Acquisition, as opposed to establishing a new business venture or forming a joint venture.

4(A). 3.5 per cent During the first three decades after independence (1951-1980), India's growth rate was slow and hovered around 3.5 per cent.

5(D). Some sectors like railways and nuclear power are government monopolies, while other sectors like telecommunications and power are dominated by private sector investment. The irrigation sector is largely dominated by government spending.

6(C). Soft infrastructure refers to institutions that are essential to keep the economy running, such as financial, educational, healthcare, and law-enforcement organisations. It is also categorized as organizational structures.

7(C). The Indian company must first report to the foreign exchange department of the RBI and then submit required documentation with the same department upon issue of shares to non-resident investors.

8(C). The main forms of protectionism are tariffs, import quotas, and non-tariff barriers. Protectionist measures attempt to protect home producers and workers from foreign competition, resulting in decline in trade, price rise, and subsidies for protected industries.

9(A). In accordance with the SDG India Index published by NITI Aayog, Infrastructure domains has not witnessed notable advancement in India.

10(A). Fiscal authorities have responded by implementing flexible fiscal policies, including greater support to vulnerable groups, in response to the economic slowdown caused by the COVID-19 pandemic in India.

11(A). loan granted for short duration crops will be treated as NPA, if the instalment of principal or interest thereon remains overdue for two crop seasons.

12(C). Improved asset quality reduces the levels of NPA in the banking system.

13(C). 7 pronged plan includes appointments, Banks board bureau, capitalisation, de-stressing, empowerment, framework of accountability and governance reforms (ABCDEFG).

14(B). Financial Awareness Weeks aims to create awareness about financial products, services and good financial practices.

15(D). Share of unsecured credit in total credit continues to remain the outstanding or emerging apprehensions related to non-performing assets (NPA).

16(B). According to Prof. Alfred Marshall, the ultimate purpose or objective of Economics is to promote well-being or welfare. Hence, his definition is known as welfare definition.

17(C). In The Wealth of Nations, Adam Smith studied the determination of prices of land, labour and capital, and inquired into the strengths and weaknesses of the market mechanism.

18(B). Relationship between the market price of a good and the quantity demanded of that good is called the demand schedule or the demand curve.

19(D). Money serves as a standard for deferred payments, which means it is used as an agreed-upon measure for future receipts and payments in contracts.

20(B). The ratio between nominal GDP and money supply is called 'Velocity of Money'.

21(D). $GDP = C+I+G+(X-M) = 35000+45000+20000+(68000-65000) = 103,000$

22(C). The excess reserves maintained by banks with the central bank, as a percentage of total deposit liabilities depends on the behaviour of commercial banks.

23(A). Three elements can be distinguished in interest: (i) payment for the risk involved in making the loan; (ii) payment for the trouble involved; (iii) pure interest, that is a payment for the use of the money.

- 24(B).** The theory asserts that interest rates are determined by the equilibrium of demand and supply of savings.
- 25(C).** It can result in both higher and lower interest rates and income, depending on the type of fiscal policy implemented.
- 26(A).** $GDP = Wages + Rent + Interest + Profit$
 $GDP = 100 + 50 + 20 + 30 = \200
 Therefore, the GDP of the country is \$200.
- 27(C).** Business cycles terminology is used to denote the rise and fall of the macroeconomic performance of a nation over the course of several months or years.
- 28(D).** The role of the bank rate as an instrument of monetary policy is limited in India because of the structure of interest rates not being automatically linked to the bank rate, commercial banks enjoying specific refinance facilities, and the bill market being underdeveloped.
- 29(C).** They reduce their consumption as they can't afford to keep up with rising prices. The fixed income group finds it difficult to cope with rising prices as their income does not increase accordingly, leading to reduced consumption.
- 30(D).** While CRR and SLR have an indirect impact on the interest rates in the economy, the relationship is not straightforward and depends on a variety of other factors, such as inflation, economic growth, and global economic conditions.
- 31(B).** \$30 At \$30, the quantity demanded and quantity supplied are both 60, which is the equilibrium point.
- 32(C).** At \$10, the quantity demanded is 100, while the quantity supplied is 20. The excess demand is $100 - 20 = 80$ units.
- 33(C).** At \$50, the quantity demanded is 20, while the quantity supplied is 100. The excess supply is $100 - 20 = 80$ units.
- 34(B).** At \$25, the quantity demanded is 70 (interpolating between \$20 and \$30), while the quantity supplied is 50.
- 35(C).** At \$45, the quantity demanded is 40, while the quantity supplied is 80.
- 36(A).**
- 37(B).** The value of output, revenue flows, and final expenditure will be the same. GDP is the same regardless of whether it is measured at the point of production, income generation, or final utilization.
- 38(B).** By apportioning observed GVA data into different spender categories. Quarterly GDP is arrived at by apportioning observed GVA data into different spender categories.
- 39(C).** Market borrowings The components of revenue receipts are tax revenue (including GST), interest receipts, dividend and profits, external grants, and other non-tax revenue. Market borrowings are a component of capital receipts.
- 40(A).** Effective Revenue Deficit is the Revenue Deficit minus Grants in Aid for creation of capital assets.
- 41(B).** Interest rates should be determined by the market forces. The Narasimha Committee advocated that interest rates should be allowed to be determined by market forces, and since 1992, interest rates were freed, in stages, for deposits as well as for advances.
- 42(A).** Rs 50,00,000 The first 'Presidency Bank'—the Bank of Calcutta was established in Calcutta on June 2, 1806 with a capital of Rs 50 lakhs.
- 43(B).** Non-scheduled banks are those that are not included in the second schedule to the RBI Act, and as a result, they cannot become members of clearing houses.
- 44(C).** Chapter III of the RBI Act, 1934 deals with the Central Banking Functions of the Reserve Bank of India, which includes functions like issuing currency notes, keeping reserves, providing credit to banks, and acting as a banker to the government.
- 45(C).** As per the RBI Act, there are 4 Local Boards in the RBI, with each board consisting of 5 members appointed by the Central Government.
- 46(B).** Sub-section 45ZM Chapter III-F of the RBI Act, 1934 deals with Monetary Policy and its various aspects, including the Monetary Policy Committee (MPC). Sub-section 45ZM deals with the information provided to the members of the MPC.
- 47(A).** Reserve Bank of India The Reserve Bank of India is empowered under the Banking Regulation Act, 1949 to call for periodical returns and inspect books and accounts of a bank.
- 48(D).** Development Financial Institutions in India filled the gap of providing long-term finance for infrastructure projects and risky ventures in the post-independence financial system.
- 49(A).** DFIs in India typically offered financial assistance with a tenor of up to 10 years, with a suitable initial moratorium period, which means that borrowers were given a grace period before they started repaying the loan.
- 50(C).** Companies Act, 1956. Not for profit MFIs can be registered under societies registration act or Indian Trust Act, but not under Companies Act.
- 51(D).**
- 52(D).** CIC, IDF-NBFC, and NBFC-IFC are excluded under the Ombudsman Scheme.
- 53(A).** To enable insurers to focus on their core business. Sol. Reinsurance allows insurers to transfer a portion of risk to reinsurers, freeing them to focus on their primary business.
- 54(C).**
- 55(D).** The SDF is extended against the collateral of the government securities held by the State Government. To encourage the State's participation in the Consolidated Sinking Fund and Guarantee Redemption Fund, incremental investments in these funds are also eligible for availing SDF.
- 56(B).** Oligopolistic competition refers to a market structure in which a few large firms dominate the market.
- 57(A).** The projected size of India's digital market in the near future, given current growth trends and technological advancements is 907 million users by 2023.
- 58(B).** September 2021 World Bank Group had decided to discontinue publication of its 'Doing Business' rankings of country business climates after a review of data irregularities in the 2018 and 2020 reports.
- 59(D).** National Company Law Appellate Tribunal (NCLAT) NCLAT is also the Appellate Tribunal to hear and dispose of appeals against order passed by the Competition Commission of India (CCI).
- 60(C).** Price competition Self preferencing, Deep discounting and Killer acquisitions are all examples of anti-competitive market practices.
- 61(A).** A digital form of a country's fiat currency, which is regulated by its central bank. CBDC is a digital representation of physical money that is issued by a central authority, rather than by a commercial bank or other private entity.
- 62(C).** Punjab National Bank 9 prominent banks have been identified for participation in the pilot project. These are State Bank of India, Bank of Baroda, Union Bank of India, HDFC Bank, ICICI Bank, Kotak Mahindra Bank, Yes Bank, IDFC First Bank and HSBC.
- 63(D).** Non- fungible legal tender It is fungible legal tender i.e freely convertible against fiat currency.
- 64(C).** All currency is a form of money but not all money is currency While currency is a form of money, not all money is currency.
- 65(D).** Bahamian Sand Dollar is the first CBDC in the world.
- 66(B).** NARCL has been set up by the government to aggregate and consolidate stressed assets for subsequent resolution.
- 67(A).** The "New Age 24 × 7 banking" theme of EASE 4.0 aims to ensure uninterrupted availability of banking services by ensuring 24 × 7 availability of select banking channels, improving the reliability of technology platforms, and aligning internal processes in the PSBs to deliver such services.
- 68(C).** REITs are companies that own, operate, or finance income-producing

properties. Equity REITs own and operate properties and generate revenue primarily through rental income. Mortgage REITs invest in mortgages, mortgage-backed securities

69(C). InvITs were introduced in India in 2014 as trust-based financial instruments to enable participation, to a wide investor base, in infrastructure financing.

70(A). InvITs are established as trusts under the Indian Trust Act, 1882 and are regulated under the SEBI (Infrastructure Investment Trusts) Regulations, 2014 and 2016.

71(B). Some traders actively seek out volatile markets as they offer the potential for larger profits, but they also carry a higher risk of loss.

72(B). The instrument is redeemed at par value with the difference between the issue price and par value, representing the return on the instrument.

73(B).

74(C). The bank borrowing under the BRDS scheme issues a Derivative Usance Promissory Note (DUPN) to the lender as well as a certificate that the bank holds eligible bills, equal to the amount of the transaction on its books.

75(A). The Depositories Act, 1996 came into being in August, 1996, to provide for regulation of depositories in securities and for matters connected therewith or incidental thereto.

76(B). A coupon bond is a type of bond that pays periodic interest to the bondholder, typically every six months. A zero-coupon bond, also known as a discount bond, is a type of bond that does not pay periodic interest to the bondholder.

77(A). The settlement of all trades in the secondary market of Government securities takes place through the Clearing Corporation of India, which guarantees the settlements.

78(A).

The period for which government securities are issued can vary from less than 1 year (for Treasury Bills) to 40 years and above.

79(C). When the market rate and the coupon rate for a given maturity are the same, the bond will trade at par.

80(A). A scheme allowing retail investors

to participate indirectly through an aggregator/facilitator Retail investors can participate in the auctions on 'non-competitive' basis, indirectly through an aggregator/facilitator as per the scheme of Non-competitive bidding facility announced by the RBI.

81(B). The Forex market is a 24-hour market to accommodate different time zones of banks located in different corners of the globe.

82(D). The definition of 'foreign exchange' as per Section 2(n) of FEMA, 1999, includes both (a) deposits, credits, and balances payable in any foreign currency and (b) drafts, travellers' cheques, letters of credit or bills of exchange, expressed or drawn in Indian currency but payable in any foreign currency.

83(A). Implications of integration of financial markets include reduced arbitrage opportunities across financial centres, increased cross-border mobility of funds, changes in the term structure of interest rates, and harmonization of prudential regulations.

84(D). Harmonization of prudential regulations would actually reduce the heterogeneity of financial markets.

85(C). In addition to syndication of long-term/short-term finance, Merchant Banks extended their activities to negotiating agents for mergers and takeovers, among other things.

86(C). A physical banking outlet with digital infrastructure for delivering banking services. DBU stands for "a specialized fixed-point business unit/hub housing certain minimum infrastructure for delivering digital banking products & services as well as servicing existing financial products & services digitally".

87(D). The self-service zone of a DBU allows customers to access an ATM, a Cash Deposit Machine, print pass book, access internet banking, pay bills and taxes, etc.

88(C). It assists customers in opening savings and current accounts. The Digital Assistance Zone is meant to assist customers in undertaking various services, including opening of savings account, current account, etc.

89(D). Only SCBs (excluding Regional Rural Banks, Payments Banks, and Local Area Banks) with past digital banking

experience can set up DBUs.

90(C). The SCBs are permitted to open DBUs in Tier 1 to Tier 6 centres without the need to seek permission from RBI, unless otherwise specifically restricted.

91(C). Foreign Trade Policy (2015-20) Foreign Trade Policy 2015-20 has been extended for a further period of six months.

92(B).

The RBI guidelines allow exporters and importers to use a Special Vostro Account linked to the correspondent bank of the partner country for receipts and payments denominated in Rupee.

93(D). Currently, India allows partial Capital Account Convertibility and full current account convertibility.

94(A). The broad framework for cross-border transactions is governed by the Foreign Exchange Management Act (FEMA), 1999.

95(C). The given statement defines Interest Rate Differential (IRD) as the change in interest rates between the currencies of two countries.

96(C). Merchant Banks are financial institutions that conduct underwriting, loan services etc and are regulated by SEBI, whereas Commercial Banks are governed by RBI regulations.

97(B). The people of Sumer used clay tokens and clay writing tablets as a revolutionary new accounting method for financial transactions.

98(B). While both futures and forward contracts are agreements to buy or sell an asset at a specified price on a future date, futures contracts trade on exchanges and have standardised terms, while forward contracts are privately negotiated between two parties and are customised to meet their specific needs.

99(A). A 3×6 FRA means that the corporate has to borrow or lend for a period of 3 months, beginning 3 months from now and ending 6 months from now.

100(B). Lease financing and hire purchase are two important sources of finance, whereby, the entrepreneur resorts to neither equity nor borrowings to acquire the assets. In contrast, borrowings from various sources is done through equity and borrowings.

1. During the post reforms period, what was the main reason for the high growth rate the Indian economy experienced?
 - (a) Increased inflow of foreign capital
 - (b) Technological advances
 - (c) New product developments
 - (d) Increase in consumer demand structure
 2. Consider the following statements regarding agriculture and select the incorrect one.
 - (a) It is the largest unorganized sector in India
 - (b) It employs 93.4 percent of the total unorganized labor force of the economy
 - (c) It accounts for 17.8% of India's GVA
 - (d) The share of Agriculture in GDP valuation is constantly growing since the reforms of 1991
 3. India's service sector is dominated by services relating to?
 - (a) Communication
 - (b) Tourism
 - (c) Software
 - (d) Transportation
 4. To operate as NBFC in India, one has to take license from _____.
 - (a) SEBI
 - (b) RBI
 - (c) MoF
 - (d) FICCI
 5. Which of the following is not the function of NITI AAYOG?
 - (a) Promote cooperative federalism
 - (b) Allocation of revenue resources between the Union and the State Governments
 - (c) Assess and monitor program and initiative execution
 - (d) Create a strategy and long-term policy and program framework
 6. Which entities are eligible for MSME registration?
 - (a) Proprietorship, partnership firm, company, trust, or society with an investment below Rs. 50 crore and annual turnover below Rs. 250 crores
 - (b) Partnership firm or company with an investment below Rs. 50 crore and annual turnover below Rs. 250 crores
 - (c) Proprietorship or partnership firm with an investment below Rs. 50 crore and annual turnover below Rs. 250 crores
 - (d) Proprietorship or partnership firm with an investment below Rs. 100 crore and annual turnover below Rs. 200 crores
 7. Globally, what is the position assumed by India in Renewable energy capacity?
 - (a) First
 - (b) Third
 - (c) Fourth
 - (d) Fifth
 8. Does protectionism take the form of?
 - (a) Tariff
 - (b) Import Quotas
 - (c) Non-tariff Barriers
 - (d) All of the above
 9. Which of the following reforms doesn't take place in 1992?
 - (a) Deregulation of Lending rates
 - (b) Debt Recovery Tribunal
 - (c) Deregulation of Branch licensing
 - (d) Entry of new private banks
 10. The indication of Economic growth among the following is?
 - (a) Per capita income
 - (b) Balance of trade
 - (c) Human Development Index
 - (d) Gini Coefficient
 11. Which of the following statements is correct?
 - (i) The SDR is defined as equivalent to one US dollar
 - (ii) The SDR is defined as equivalent to 0.888671 grams of fine gold
 - (a) Only (i)
 - (b) Only (ii)
 - (c) All of the above
 - (d) None of the above
- Ques (12-16): Redirection:** The launch of the Udyam Registration Portal is one of the recent efforts made by the government to boost the ease of doing business for MSMEs. Micro Small-Enterprises Cluster development program (MSE-CDP), Prime Minister's Employment generation program (PMEGP), Scheme of Fund for Regeneration of Traditional Industries, enabling IT ecosystems, hassle-free lending, etc. and many such schemes are used to incentivize to allow them to expand and flourish. In light of the statements above, answer the questions that follow.
12. What is the target for Banks for lending to MSMEs as per the Prime Minister's Task Force on MSMEs?
 - (a) 20 percent year-on-year growth in credit to micro and small enterprises
 - (b) 10 percent annual growth in the number of micro enterprise accounts
 - (c) 60 percent of total lending to the MSE sector as of the corresponding quarter of the previous year to Micro-enterprises
 - (d) All of the above
 13. The provisions of RBI Master Direction on Lending to Micro, Small & Medium Enterprises (MSME) Sector shall apply to all Scheduled Commercial Banks excluding?
 - (a) Public Sector Banks
 - (b) Co-operative banks
 - (c) Small finance banks
 - (d) Regional Rural Banks
 14. Entrepreneurs Memorandum (EM) Part II and Udyog Aadhaar Memorandum (UAMs) of the MSMEs, are replaced by Udyam registration, the new & simplified version of Udyog Aadhaar. Earlier, however, EM- II needed to be filed within:
 - (a) 3 months from the date of going into commercial production
 - (b) 6 months from the date of going into commercial production
 - (c) 9 months from the date of going into commercial production
 - (d) 12 months from the date of going into commercial production
 15. Which of the following is not an Objective of the MSE-CDP program?
 - (a) To support the sustainability and growth of MSEs by addressing common issues such as improvement of technology, skills and quality, market access, access to capital, etc.
 - (b) To build the capacity of MSEs for common supportive action through the formation of self-help groups, consortia, upgradation of associations, etc.
 - (c) To create/upgrade infrastructural facilities in the new/existing industrial areas/ clusters of MSEs.
 - (d) To develop credit plans to guide and motivate the banking sector.
 16. The financial assistance provided for any specific project under the Scheme of the Fund for Regeneration of Traditional Industries shall be subject to a maximum of?
 - (a) Rs 2 crore
 - (b) Rs 8 crore
 - (c) Rs 5 crore
 - (d) Rs 10 crore
 17. An economy in which the government makes all the important decisions about production and distribution is known as a?
 - (a) Free market economy
 - (b) Mixed economy
 - (c) Command economy
 - (d) Socialism

- (a) Capitalist Economy
- (b) Command Economy
- (c) Mixed Economy
- (d) Market Economy

Ques (18-21): Direction: Study the following table in regards to a commodity X and answer the questions that follow:

Price	Qty Demanded	Qty Supplied
1000	100	500
2000	200	400
3000	300	300
4000	400	200
5000	500	300

18. At what price the economy is at the equilibrium stage?
 (a) 1000 (b) 2000
 (c) 3000 (d) 4000
19. At what price, there is downward pressure on the price?
 (a) 1000, 2000 (b) 3000
 (c) 4000, 5000 (d) 4000
20. At what price, there is upward pressure on the price?
 (a) 1000, 2000 (b) 3000
 (c) 4000, 5000 (d) 4000
21. Studying the above patterns of demand and relative prices, it can be concluded that the demand for X is?
 (a) Perfectly inelastic
 (b) Unitary
 (c) Elastic
 (d) Inelastic
22. Calculate the rate of inflation from the following data:
 Price Index during May 2021 - 194.8
 Price Index during May 2022 - 214.5
 (a) 10.11% (b) 9.18%
 (c) 7.20% (d) 8.67%
23. Which of the following statements is/are not correct?
 (i) CPI reflects the level of prices of a basket of goods and services purchased/ consumed by the households
 (ii) The weight of primary articles in WPI is 22.6%
 (a) Only (i)
 (b) Only (ii)
 (c) All of the above
 (d) None of the above
24. The slope of the LM curve depends on the?
 (a) Responsiveness of demand for money to the changes in the rate of interest
 (b) Responsiveness of demand for money to the changes in income
 (c) All of the above
 (d) None of the above
25. Which of the following is not a characteristic of the depression phase of the business cycle?
 (a) Underemployment of material
 (b) Desire for liquidity increases
 (c) General demand falls faster than production
 (d) Demand for bank credit is at its lowest
26. Which of the following is/are not a correct statement?
 (i) SLR is used to controlling the bank's leverage for credit expansion.
 (ii) Banks earn returns on money parked with RBI as CRR.
 (a) Only (i)
 (b) Only (ii)
 (c) Both (i) & (ii)
 (d) None of the above
27. Consider the following statements and choose the incorrect ones:
 (a) The current banking system is called a "fractional reserve banking system"
 (b) Bank rate is a discount rate at which RBI grants long-term loans to commercial banks
 (c) Marginal Standing facility provides a safety valve against unanticipated liquidity shocks to the banking system
 (d) Marginal Standing facility is used to manage and control credit supply in the country
28. Which among the following financial instruments are dealt by Primary Dealers?
 (a) Bonds
 (b) Mutual Funds
 (c) Government securities
 (d) Debentures
29. Why was 2011-12 chosen as the base year for the calculation of national accounts instead of 2009-10?
 (a) Global crisis of 2007-08
 (b) Political turbulence
 (c) International uniformity
 (d) Exceptional economic performance in 2011

Ques (30-34): Direction: Study the following data and answer the questions that follow:

	In crores
Short term borrowings	3000
Market loans	2500
State Provident fund	750

Recoveries of short-term loans and advances from states and loans to government servants	3400
Recoveries of loans and advances	6000
Miscellaneous capital receipt	3450
Other receipt (Net)	2100
Total non-tax revenue	5400
Transfer to NCCD fund	110
Drawdown cash balance	2320
Net tax revenue	3900
External Assistance (Net)	120

30. What is the amount of the non-Debt receipt?
 (a) 4500 (b) 6050
 (c) 5320 (d) 7670
31. What is the amount of the Debt receipt?
 (a) 4900 (b) 3420
 (c) 8470 (d) 6880
32. What is the total Capital receipt?
 (a) 14520 (b) 13720
 (c) 17380 (d) 14820
33. What is the amount of the total tax revenue?
 (a) 3900 (b) 4010
 (c) 5400 (d) 2920
34. What are the total receipts?
 (a) 14520 (b) 23780
 (c) 26250 (d) 21800
35. Which of the following is an objective of the FRBM Act, of 2004?
 (a) Efficient management of expenditure, revenue, and debt
 (b) Macroeconomic stability
 (c) Better coordination between fiscal and monetary policy
 (d) All of the above
36. Which of the following is not among the recommendations proposed by the Narasimham Committee-I?
 (a) Branch Licensing policy
 (b) Establishment of a 4-tier hierarchy for the banking structure
 (c) Supervisory function over Banks and financial institutions by a quasi-autonomous body
 (d) Phased achievement of 8% capital adequacy ratio
37. Name the section that mandate banks to maintain CRR with RBI?
 (a) Section 42(1) RBI Act
 (b) Section 24(1) RBI Act
 (c) Section 42(1) BR Act
 (d) Section 24(1) BR Act

38. Which of the following is a correct fact regarding the Reserve Bank of India?
- RBI is a constitutional Body
 - It was established under The Reserve Bank of India Act, of 1935
 - It was started as a private-sector bank
 - It was nationalized in the year 1948
39. What is the minimum capital requirement for setting up a Small Finance Bank?
- 50 crores
 - 100 crores
 - 200 crores
 - 250 crores
40. Unified Payment Interface is an instant real-time payment system developed by?
- Ministry of Finance
 - Reserve Bank of India
 - National Payments Corporation of India
 - Central Government
41. Public Sector Banks need to maintain _____ ownership in National Asset Reconstruction company limited.
- 25%
 - 75%
 - 100%
 - 51%
42. Which section of The Reserve Bank of India Act, of 1934 deals with transactions in foreign exchange?
- Section 40
 - Section 20
 - Section 34
 - Section 26
43. As per Section 26 of The Banking Regulation Act, 1949, every banking company shall submit a return to RBI of all accounts, which have not been operated upon for 10 years within?
- 15 days after the close of the Calendar year
 - 15 days after the close of the financial year
 - 30 days after the close of the Calendar year
 - 30 days after the close of the financial year
44. ICICI Ltd. adopted the universal banking model and turned it into ICICI Bank Ltd. Because of?
- RBI policy pronouncements rendering the Development financial institution model unsustainable
 - Global financial crisis of 2007-08
 - Economic Reforms of 1991
 - Banking regulation act mandated it
45. Which out of the following liquid assets is not a part of SLR?
- Cash
 - Govt Securities
 - Gold
 - Bonds
46. SIDBI's loan scheme STAR can be de-abbreviated as?
- SIDBI Term-Loan Assistance for Rural India
 - SIDBI Term-Loan Assistance for Rooftop Solar PV Plants
 - SIDBI Term-Loan Assistance for Response Against Coronavirus
 - SIDBI Term-Loan Assistance for Revitalizing Industries
47. A microfinance loan is given to a household having an annual household income of?
- Rs. 10 lakhs
 - Rs. 7 lakhs
 - Rs. 5 lakhs
 - Rs. 3 lakhs
48. In the case of matured SHGs, loans can be given up to:
- 2 times the saving
 - 3 times the savings
 - 4 times the savings
 - None of the above
- Ques (49-53):** Direction: Study the following paragraphs and answer the questions that follow:
The situation of government ownership of banks continued well into the 1990s when the first wave of liberalization ensured that banks were now allowed to be privately owned. While multinational banks were always privately owned, most Indian banks were government owned or owned in a quasi-governmental manner. Even after liberalization, the RBI or the Reserve Bank of India proceeded cautiously as far as private ownership of the BFSI sector was concerned. However, this did not deter many firms such as the NBFCs or the Non-Banking Financial Companies from operating and indeed, flouting the rules thereby leading to periodic bouts of crises.
49. What is the total number of public sector banks present in India?
- 42
 - 12
 - 22
 - 6
50. The first presidency bank of India is:
- Bank of India
 - Bank of Calcutta
 - Bank of Maharashtra
 - Indian Bank
51. Lead Bank Scheme was introduced by the RBI in the year?
- 1949
 - 1956
 - 1969
 - 1984
52. How many banks were nationalized in the year 1980?
- 6
 - 4
 - 14
 - 12
53. Which is the first nationalized bank of India?
- State Bank of India
 - Reserve Bank of India
 - Central Bank of India
 - Union Bank
54. Which of the following is not a classification of NBFC?
- Size Based
 - Activities Based
 - Liabilities Based
 - Assets Based
55. Presently, what is the ceiling rate for interest prescribed to Deposit taking NBFCs?
- 10%
 - 12.5%
 - 14%
 - 16.5%
56. Which of the following forms a part of the informal sector of the Indian Financial System?
- NBFCs
 - Mutual Funds
 - Chit Funds
 - Insurance Companies
57. Which among the following is not an entity regulated by IRDA?
- Deposit Insurance and Credit Guarantee Corporation.
 - Life Insurance Corporation of India.
 - Aditya Birla Sun Life Insurance Co. Ltd.
 - Agriculture Insurance Company of India Ltd.
58. What does the monetary Policy Committee consist of?
- 4 members
 - 6 members
 - 5 members
 - 10 members
59. What is the cash withdrawal limit from Points of Sale (PoS) terminals using debit cards and open-system prepaid cards issued by banks?
- ₹2,000 per transaction per day across Tier 1 to 6 centers
 - ₹1,000 per transaction per day across Tier 1 to 6 centers
 - ₹3,000 per transaction per day across all Tier 1 to 6 centers
 - ₹2000 per day per card in Tier III to VI centers and ₹1,000 per day per card at Tier I and II centers
60. The currency chests should invariably report all transactions through CyM - CC portal on the same day to RBI by?
- 4 pm
 - 5 pm
 - 6 pm
 - 7 pm
61. EASE can be de-abbreviated as?
- Enhanced Access and Service Excellence

- (b) Enhanced access and security environment
- (c) Enriched access and security excellence
- (d) Ease of accounting and securities excellence

Ques (62-66): Direction: Financial markets are typically defined by having transparent pricing, basic regulations on trading, costs, and fees, and market forces determining the prices of securities that trade.

Financial markets can be found in nearly every nation in the world. Some are very small, with only a few participants, while others – like the Bombay Stock Exchange (BSE) and the forex markets – trade millions of rupees daily. Investors have access to a large number of financial markets and exchanges representing a vast array of financial products. Some of these markets have always been open to private investors; others remained the exclusive domain of major international banks and financial professionals until the very end of the twentieth century.

- 62. Which of the following is a segment of the financial market?**
- (a) Insurance market
 - (b) Mutual fund market
 - (c) Foreign exchange market
 - (d) All of the above
- 63. _____ is the organizations, or institutions that provide long-term funds.**
- (a) Capital market
 - (b) Money market
 - (c) Primary market
 - (d) Secondary market
- 64. Which of the following is not the function of the financial market?**
- (a) Mobilization of savings
 - (b) Price fixation
 - (c) Provide liquidity to financial assets
 - (d) Revaluation of securities
- 65. Call money and certificate of deposits are traded in?**
- (a) Derivatives market
 - (b) Debt market
 - (c) Money market
 - (d) Capital market
- 66. The stock exchange is known as _____ market for securities.**
- (a) Primary market
 - (b) Secondary market
 - (c) Capital market
 - (d) None of the above
- 67. When securities are allotted to institutional investors & some selected individuals are referred to as _____.**
- (a) Initial public offer
 - (b) Offer through the prospectus
 - (c) Private placement
 - (d) Offer for sale
- 68. Which of the following statements is not true about the capital market?**
- (a) The funds are raised for a short period
 - (b) Both debt and equity funds can be raised
 - (c) It is classified into two types
 - (d) All of the above
- 69. Which of the following statements is not true about the primary market?**
- (a) Is also known as the old issues market.
 - (b) It facilitates the transfer of investible funds from savers to entrepreneurs.
 - (c) It deals with new securities being issued for the first time.
 - (d) It facilitates the transfer of investible funds from savers to entrepreneurs.
- 70. Which of the following statements is not true about the stock exchange?**
- (a) It provides a platform for buying and selling new securities.
 - (b) It curbs the marketability of the securities.
 - (c) By providing a ready market, it extends liquidity to the securities.
 - (d) It provides a platform for buying and selling old securities.
- 71. Government securities are issued in which of the following?**
- (a) Trade Community Auctions
 - (b) RBI Annual Auctions
 - (c) Multiple Price Auctions
 - (d) Central Government Security Auctions
- 72. Which of the following are investment intermediaries?**
- (a) Finance companies
 - (b) Mutual funds
 - (c) Pension funds
 - (d) All of the above
- 73. Which of the following can be described as involving direct finance?**
- (a) A corporation's stock is traded in an over-the-counter market.
 - (b) People buy shares in a mutual fund.
 - (c) A pension fund manager buys commercial paper in the secondary market.
 - (d) None of the above
- 74. The process of deleveraging refers to the?**
- (a) cutbacks in lending by financial institutions.
 - (b) reduction in debt owed by banks.
 - (c) a company selling off a portion of its assets.
 - (d) a company selling off a business unit
- 75. When the value of the Indian Rupees changes from INR/USD 1.19 to INR/USD 1.89, the Rupee has _____ and the Dollar has _____.**
- (a) depreciated; appreciated
 - (b) depreciated; depreciated
 - (c) appreciated; appreciated
 - (d) appreciated; depreciated
- 76. What is the full form of LIBOR?**
- (a) London Intra Bank Operation Rate
 - (b) London International Banking Odds Ratio
 - (c) London Inter Bank Offer Rate
 - (d) London International Banking Official Regulations
- 77. Which of the following needs to be deducted from Gross advances to arrive at Net advances?**
- (a) NPA provisions, floating provisions, and other provisions
 - (b) DICGC/ECGC claims received and pending adjustment
 - (c) Part payment and interest capitalization kept in sundry account
 - (d) All of the above
- 78. Which of the following is an example of direct finance?**
- (a) Taking a loan from a bank
 - (b) Issuing bonds in the capital market
 - (c) Investing in a mutual fund
 - (d) Purchasing shares in the stock market
- 79. Which among the following is not the basis for differentiating merchant and commercial banks?**
- (a) Regulatory Body
 - (b) Orientation
 - (c) Capital
 - (d) Activities undertaken
- 80. IFCI started its merchant banking activities in the year?**
- (a) 1976
 - (b) 1986
 - (c) 1991
 - (d) 1997
- Ques (81-85): Direction:** The Asian Clearing Union (ACU) was established at the initiative of the United Nations Economic and Social Commission for Asia and Pacific (ESCAP), for promoting regional cooperation. The main objective

of the clearing union is to facilitate payments among member countries for eligible transactions on a multilateral basis, thereby economizing on the use of foreign exchange reserves and transfer costs, as well as promoting trade among the participating countries.

The Asian Monetary Units (AMUs) is the common unit of account of ACU and are denominated as 'ACU Dollar', 'ACU Euro', and 'ACU Yen', which is equivalent in value to one US Dollar, one Euro, and one Japanese Yen respectively. All instruments of payments under ACU have to be denominated in AMUs. Settlement of such instruments may be made by AD Category-I banks through the ACU Dollar Accounts, ACU Euro Accounts, and ACU Yen Accounts, which should be distinct from the other US Dollar, Euro, and Japanese Yen Accounts respectively maintained for non-ACU transactions.

81. **Where is the headquarters of ACU located?**
 (a) New York (b) Tehran
 (c) Jamaica (d) Peru
82. **When was ACU established?**
 (a) 1974 (b) 1954
 (c) 1984 (d) 1964
83. **Which among the following is not a reason leading to the formation of a clearing union?**
 (a) Exploitation of economies of scale
 (b) Promotion of domestic currencies
 (c) Trade liberalization
 (d) Common ground for regional economic co-operation
84. **How many countries are members of ACU?**
 (a) 6 (b) 7
 (c) 8 (d) 9
85. **Who among the following is not a member of ACU?**
 (a) Nepal (b) Myanmar
 (c) Thailand (d) Pakistan
86. **The advantage of futures contracts relative to forward contracts is that futures contracts:**
 (a) Are standardized, making it easier to match parties, thereby increasing liquidity.
 (b) Specify that more than one bond is eligible for delivery, making it harder for someone to corner the market and squeeze traders.
 (c) All of the above
 (d) None of the above
87. **If a firm must pay for goods it has ordered with foreign currency, it can hedge its foreign exchange rate risk by?**
 (a) Selling foreign exchange futures short
 (b) Buying foreign exchange futures long
 (c) Staying out of the exchange futures market
 (d) None of the above
88. **The price specified on an option that the holder can buy or sell the underlying asset is called?**
 (a) Premium
 (b) Coupon rate
 (c) The Exercise price
 (d) Market value
89. **What is the maximum debt period permitted under factoring?**
 (a) 150 days (b) 120 days
 (c) 100 days (d) 90 days
90. **One difference between a finance lease and an operating lease is that:**
 (a) There is often a call option in a financial lease.
 (b) There is often an option to buy in an operating lease.
 (c) An operating lease is often cancellable by the lessee.
 (d) A financial lease is often cancellable by the lessee.
91. **Which of the following is India's first Credit Information Company?**
 (a) CRISIL (b) SMERA
 (c) ICRA (d) CIBIL
92. **What is the full form of NAV?**
 (a) Net Assessment Value
 (b) National Asset Value
 (c) Net Asset Value
 (d) National Asset variation
93. **From the following information, calculate the absolute return: Current market value = 7000 Original amount invested = 5000**
 (a) 40% (b) 20%
 (c) 50% (d) 30%
94. **Which of the following is not a type of insurance?**
 (a) Marine Cargo Insurance
 (b) Fire Insurance
 (c) Contingency Insurance
 (d) Travel Insurance
95. **An employee's contribution towards NPS is eligible for tax deduction under which section of the IT Act?**
 (a) 80CCD (1) & 80CCD 1(B)
 (b) 80CCD (1) & 80CCD (2)
 (c) 80CCD (2) & 80CCD (3)
 (d) 80CCD 1(A) & 80CCD 1(B)
96. **Business of financial services include?**
 (a) Credit Information Service
 (b) Payment System
 (c) Depository
 (d) All of the above
97. **Retail REITs are required to invest at least ____ of their assets into commercial retail.**
 (a) 15% (b) 24%
 (c) 38% (d) 50%
98. **Which of the following is not a type of REIT?**
 (a) Mortgage Trust
 (b) Equity trust
 (c) Hybrid trust
 (d) Partnership trust
99. **Which of the following statements about financial markets and securities are true?**
 (a) A debt instrument is an intermediate-term if its maturity is less than one year
 (b) A debt instrument is long-term if its maturity is ten years or longer
 (c) The maturity of a debt instrument is the time (term) that has elapsed since it was issued
 (d) A bond is a long-term security that promises to make periodic payments called dividends to the firm's residual claimants
100. **The setting up of NARCL (National Asset Reconstruction Company Limited) was brought about by?**
 (a) Union Budget of 2021-22
 (b) National Asset Reconstruction Act, 2020
 (c) Amendment in the constitution
 (d) None of the above

// Hints and Solutions //

1(A). Although a lot of factors resulted in the boom of economic growth of India, however the increase in the inflow of foreign capital under the new economic policy of 1991 can be considered the foremost catalyst making India, the world's second fastest-growing economy after China from 1992 to 2008.

2(D). India on its path to development is following the norms of a developing economy with structural changes in the workforce as well, which accounts for moving from an agrarian economy to an industrial economy. The share of agriculture in the GDP has been reducing as a result of the same.

3(C). India is globally respected because of its contributions to the Software sector. Because of this, India is among the top ten service exporters globally. The share of Software in Service exports is 40%.

4(B).

5(B). Finance Commission is the

constitutional body responsible for the allocation of revenue resources between the Union and the State Governments.

6(A). Proprietorship, partnership firms, companies, trusts, or society are all eligible for MSME registration provided, they have an investment below Rs. 50 crore and annual turnover below Rs. 250 crores.

7(C). India stand stands in position globally in renewable power capacity. Additionally, it also stands in 4th position in wind power and 5th in solar power.

8(D).

9(C). Deregulation of branch licensing was part of the second phase of reforms taking place in 1998.

10(A). Per capita income along with GDP and GNI are the indicators of economic growth.

11(D). The collapse of the Bretton woods system has resulted in redefining SDR as a basket of currencies rather than 0.888671 grams of fine gold or 1 US dollar.

12(D). All of the above are correct targets.

13(D). RBI Master Direction on Lending to the MSME sector does not apply to Regional Rural Banks.

14(B). The EM-II needed to be filed within 6 months from the date of going into commercial production to enable the entrepreneurs to avail the benefit of various incentives under the Central/State policies.

15(D). Developing credit plans to guide and motivate the banking sector is not an Objective the of MSE-CDP program.

16(B). The maximum financial assistance provided for any specific project under the Scheme of the Fund for Regeneration of Traditional Industries is RS. 8 crores.

17(B). A command economy, also known as a planned economy or a socialist economy, is one in which the central government plans, organizes, and controls all economic activities to maximize social welfare. Command economies, as opposed to free-market economies, do not allow market forces like supply and demand to determine production or prices.

18(C). The equilibrium stage is at Rs. 3000 where demand is equal to the supply.

19(A). There is a downward pressure on the price on prices Rs. 1000 & Rs. 2000 since supply is greater than demand.

20(C). There is a upward pressure on the price of prices Rs. 4000 & Rs. 5000 since demand is greater than supply.

21(B). When the percentage change in quantity equals the percentage change in price, the magnitude of elasticity of demand is equal to 1.

22(A). Rate of Inflation = $(\text{Price Index of 2022} - \text{Price Index of 2021}) \times 100 / \text{Price Index of 2021}$

$[(214.5-194.8) \times 100/194.8] = 10.11 \%$

23(D). Both the mentioned statements are correct.

24(C). The slope of the LM curve depends on the responsiveness of demand for money to the changes in the rate of interest as well as the responsiveness of demand for money to the changes in income.

25(B). An increase in the desire for liquidity is a characteristic of the recession phase.

26(B). Banks don't earn returns on money parked as CRR as mandated by RBI. It is a tool to control the liquidity in the economy.

27(D). MSF is a facility under which banks are provided overnight funds when they face an acute shortage of funds.

28(C). Primary dealers are registered entities with the RBI who have the license to purchase and sell government securities.

29(A). The global crisis of 2007-08 resulted in the year 2009-10 being declared as an abnormal year and not fit to be considered a base year.

30(B). Non-Debt receipt = Recoveries of loans and advances - Recoveries of short-term loans and advances from states and loans to government servants + Miscellaneous capital receipt.
6000 - 3400 + 3450 = 6050

31(C). Debt receipt = Market loans + Short term borrowings + External Assistance (Net) + State Provident fund + Other receipt (Net).
2500 + 3000 + 120 + 750 + 2100 = 8470

32(A). Capital receipt = non-Debt receipt + Debt receipt
6050 + 8470 = 14520

33(B). Total Tax revenue = Net tax revenue + Transfer to NCCD fund
3900 + 110 = 4010

34(C). Total Receipts = Total Tax revenue + Total non-tax revenue + Capital receipt + Draw down cash balance
4010 + 5400 + 14520 + 2320 = 26250

35(D). All of the above including achieving a balanced budget are the objectives of the FRBM Act.

36(A). Branch licensing policy abolishment was recommended by this committee.

37(A). In terms of Section 42(1) of the RBI Act, 1934 the Reserve Bank, having regard to the needs of securing the monetary stability in the country, prescribes the CRR for SCBs without any floor or ceiling rate. The current CRR is 3%

38(C). RBI is a statutory body established under The Reserve Bank of India Act, of 1934. It started as a private bank and was nationalized later in 1949.

39(C). The minimum capital requirement for setting up a Small Finance Bank in India

is ₹200 crore.

40(C). UPI was developed for operations by NPCI.

41(D). Public Sector Banks need to maintain 51% ownership in National Asset Reconstruction company limited.

42(A). Section 40 deals with transactions in foreign exchange.

43(C). Every banking company shall submit a return to RBI of all accounts, which have not been operated upon for 10 years within 30 days after the close of the Calendar year.

44(A). RBI policy pronouncements for DFIs, Government in 2002 brought about a decisive resolution to the problems faced by DFIs by announcing that "financial sector reforms" has rendered the Development financial institution model unsustainable. Later, the policy crystallized and resulted in the merger of ICICI Ltd with ICICI Bank Ltd.

45(D). Statutory Liquidity Ratio or SLR is the minimum percentage of deposits that a commercial bank has to maintain in the form of liquid cash, gold or other securities.

46(B). STAR can be de-abbreviated as SIDBI Term-Loan Assistance for Rooftop Solar PV Plants.

47(D). A microfinance loan is given to a household having an annual household income of Rs. 3 lakhs.

48(D). There is no such limit on matured SHGs, loans can be given at the discretion of the bank.

49(B). As per data sourced by RBI, 12 public sectors, 22 private sectors, 11 small finance, and 6 payments banks are present in India.

50(B). The first presidency bank of India is the Bank of Calcutta.

51(C). Lead Bank Scheme was introduced by the RBI in 1969.

52(A). 6 Banks were nationalized in 1980 Sol. Six scheduled commercial banks were nationalized in 1980. The banks which were nationalized in were Vijaya Bank Limited, Punjab and Sind Bank Limited, Oriental Bank of Commerce Limited, New Bank of India Limited, Corporation Bank Limited, and Andhra Bank Limited.

53(B). Reserve Bank of India is the first nationalized bank of India.

54(D). All of the above are classifications of NBFC except for Assets Based.

55(B). The ceiling rate for interest prescribed to Deposit taking NBFCs is 12.5%.

56(C). The informal sector of the Indian financial system is made up of moneylenders, chit funds, Nidhi companies, indigenous bankers, etc.

57(A). Deposit Insurance and Credit Guarantee Corporation is a specialized

division of the Reserve Bank of India which is under the jurisdiction of the Ministry of Finance, Government of India.

58(B).

59(D). ₹2000 per day per card in Tier III to VI centers and ₹1,000 per day per card at Tier I and II centers is the cash withdrawal limit from Points of Sale (PoS) terminals using debit cards and open system prepaid cards issued by banks.

60(D). The currency chests should invariably report all transactions through CyM – CC portal on the same day to RBI by 7 pm.

61(A). EASE stands for "Enhanced Access and Service Excellence." This is a program launched by the Indian government in 2018 with the aim of providing enhanced access to banking services and promoting financial inclusion in the country.

62(D). All of the above segments of the financial market.

63(A). The capital market is the institution that provides term funds.

64(D). Revaluation of securities is not the function of the financial market.

65(C). Call money and certificate of deposits are traded in the money market.

66(B). The stock exchange is known as the Secondary market for securities.

67(C). When securities are allotted to institutional investors & some selected individuals is referred to as Private placement.

68(A). In the capital market, the funds are raised for long periods.

69(A). The primary market is known as the old issues market.

70(B). The stock market does not curb the marketability of the securities.

71(C). Government securities are issued

through either Multiple Price Auctions or Uniform Price Auctions, conducted by RBI.

72(D). Finance companies, mutual funds, and pension funds are all examples of investment intermediaries.

73(D). All of the provided options carry indirect financing.

74(A). The process of deleveraging refers to cutbacks in lending by financial institutions.

75(D). When the value of the Indian Rupees changes from INR/USD 1.19 to INR/USD 1.89, the Rupee has appreciated and the Dollar has depreciated.

76(C). London Inter-Bank Offer Rate is the full form of LIBOR.

77(D). All of the above transactions need to be deducted to arrive at Net advances.

78(D). Purchasing shares in the stock market. Direct finance refers to the flow of funds from savers to borrowers without the involvement of financial intermediaries. Purchasing shares in the stock market is an example of direct finance.

79(C).

80(B). IFCI started its operations in 1986.

81(B). The headquarters of The Asian Clearing Union is located in Tehran.

82(A). The Asian Clearing Union was established in 1974.

83(B). The promotion of domestic currencies is not a reason leading to the formation of a clearing union.

84(D). There are 9 members in the ACU.

85(C). The Central Banks and the Monetary Authorities of Bangladesh, Bhutan, India, Iran, Maldives, Myanmar, Nepal, Pakistan, and Sri Lanka are currently members of the ACU.

86(C). Both (a) & (b) are the advantage

of futures contracts relative to forward contracts.

87(B). If a firm must pay for goods it has ordered with foreign currency, it can hedge its foreign exchange rate risk by buying foreign exchange futures long.

88(C). The exercise price is the price specified on an option that the holder can buy or sell the underlying asset.

89(A). The maximum debt period normally permitted under factoring is 150 days inclusive of a maximum grace period of 60 days.

90(C). An operating lease is often cancellable by the lessee however that is not the case for finance leases.

91(D). CIBIL is India's first Credit Information Company.

92(C). The full form of NAV is Net Asset Value.

93(A).

94(C). Contingency insurance is not a type of insurance.

95(A). An employee's contribution towards NPS is eligible for tax deduction under sections 80CCD (1) & 80CCD 1(B).

96(D). The business of financial services includes all of the above-mentioned services.

97(B). Retail REITs are required to invest at least 24% of their assets into commercial retail.

98(D). Partnership trust is not a type of REIT.

99(B). A debt instrument is considered long-term if its maturity period is ten years or longer.

100(A). The setting up of NARCL was announced in the Union Budget of 2021-22 to create a 'Bad Bank' which would house bad loans of Rs. 500 crores and above.