

1. The money multiplier in an economy increases with which one of the following?

- a) Increase in the Cash Reserve Ratio in the banks.
- b) Increase in the Statutory Liquidity Ratio in the banks
- c) Increase in the banking habit of the people
- d) Increase in the population of the country

2. With reference to the Indian economy, demand-pull inflation can be caused/increased by which of the following?

- 1. Expansionary policies
- 2. Fiscal stimulus
- 3. Inflation-indexing wages
- 4. Higher purchasing power
- 5. Rising interest rates

Select the correct answer using the code given below.

- a) 1, 2 and 4 only
- b) 3, 4 and 5 only
- c) 1, 2, 3 and 5 only
- d) 1, 2, 3, 4 and 5

3. With reference to India, consider the following statements:

- 1. Retail investors through Demat account can invest in Treasury Bills and Government of India Debt Bonds in the primary market
- 2. The “Negotiated Dealing System-Ordering Matching” is a government securities trading platform of the Reserve Bank of India.
- 3. The “Central Depository Services Ltd” is jointly promoted by the Reserve Bank of India and the Bombay Stock Exchange.

Which of the statements given above is/are correct?

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

4. In India, the Central Bank’s function as the “lender of last resort” usually refers to which of the following?

- 1. Lending to trade and industry bodies when they fail to borrow from other sources
- 2. Providing liquidity to the banks having a temporary crisis
- 3. Lending to governments to finance budgetary deficits

Select the correct answer using the code given below

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

5. Consider the following statements:

- 1. The Governor of the Reserve Bank of India (RBI) is appointed by the Central Government.
- 2. Certain provisions in the Constitution of India give the Central Government the right to issue directions to the RBI in the public interest.
- 3. The Governor of the RBI draws his power from the RBI Act.

Which of the above statements are correct?

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

6. With reference to the casual workers employed in India, consider the following statements:

- 1. All casual workers are entitled to employees Provident Fund Coverage
- 2. All casual workers are entitled to regular working hours and overtime payment
- 3. The government can by notification specify that an establishment or industry shall pay wages only through its bank account.

Which of the above statements are correct?

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

7. Which among the following steps is most likely to be taken at the time of an economic recession?

- a) Cut in tax rates accompanied by increase in interest rate
- b) Increase in expenditure on public projects
- c) Increase in tax rates accompanied by reduction of interest rate
- d) Reduction of expenditure on public projects

8. Consider the following statements

Other things remaining unchanged, market demand for a good might increase if

- 1. Price of its substitute increases
- 2. Price of its complement increases
- 3. The good is an inferior good and income of the consumers increases
- 4. Its price falls

Which of the above statements are correct?

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

9. With reference to Urban Cooperative Banks in India, consider the following statements:

- 1. They are supervised and regulated by local boards set up by the State Governments.
- 2. They can issue equity shares and preference shares.
- 3. They were brought under the purview of the Banking Regulation Act, 1949 through an Amendment in 1996

Which of the statements given above is/are correct?

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

10. Indian Government Bond yields are influenced by which of the following?

1. Actions of the United States Federal Reserve
2. Actions of the Reserve Bank of India
3. Inflation and short-term interest rates.

Select the correct answer using the code given below

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

11. Consider the following:

1. Foreign currency convertible bonds
2. Foreign institutional investment with certain conditions
3. Global depository receipts
4. Non-resident external deposits

Which of the above can be included in Foreign Direct Investments?

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

12. Consider the following statements:

The effect of the devaluation of a currency is that it necessarily

1. Improves the competitiveness of the domestic exports in the foreign markets
2. Increase the foreign value of the domestic currency
3. Improves the trade balance

Which of the above statements is/are

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

13. Which one of the following effects of creation of black money in India has been the main cause of worry to the Government of India?

- a) Diversion of resources to the purchase of real estate and investment in luxury housing
- b) Investment in unproductive activities and purchase of precious stones, jewellery, gold etc.
- c) Large donations to political parties and growth of regionalism
- d) Loss of revenue to the State Exchequer due to tax evasion

14. Which one of the following is likely to be one of the most inflationary in its effects?

- a) Repayment of public debt
- b) Borrowing from the public to finance a budget deficit
- c) Borrowing from the banks to finance a budget deficit
- d) Creation of new money to finance a budget deficit