

ECONOMIC —&— SOCIAL ISSUES INDIA & INTERNATIONAL

Question bank

FOR
RBI NABARD

and

OTHER COMPETITIVE EXAMS.

Ishwar C. Dhingra

MULTIPLE CHOICE QUESTIONS

1. Which precious metal is usually measured in troy ounces?
 - a. Silver
 - b. Platinum
 - c. Gold
 - d. All of the above
 - e. None of the above

Ans. (c).

Explanation: It is a traditional unit of gold weight. One troy ounce equals 31.10 grams.

2. The Dividend Aristocrats Index is a sub-set of the _____ index.
 - a. Nifty 50
 - b. S&P500
 - c. FTSE100
 - d. Nikkel 225
 - e. All of the above

Ans. (b)

Explanation: It includes 52 companies among the S&P 500 that have raised dividends each year for at least 25 years.

3. Who is the only Indian to have held the post of chief economist at the World Bank till date?
 - a. Montek Singh Ahluwalia
 - b. Raghuram Rajan
 - c. Bimal Jalan
 - d. Kaushik Basu
 - e. None of the above

Ans. (d)

Explanation: He held the post from October 2012 till earlier this month, when Paul Romer succeeded him.

4. In India, only loss from _____ can be carried forward to the subsequent years, in case of belated filing of Income tax return.
 - a. House property
 - b. Horse racing
 - c. Business/profession
 - d. Equity investments
 - e. None of the above

Ans. (a)

Explanation: It can be carried forward for eight assessment years.

5. Which of these global institutions invests exclusively in private sector companies?
 - a. Asian Development Bank
 - b. European Bank for Reconstruction & Development
 - c. Asian Infrastructure Bank
 - d. International Finance Corporation
 - e. All of the above

Ans. (d)

Explanation: IFC, a member of the World Bank Group, is the largest global development institution focused exclusively on the private sector in developing countries.

6. As per SEBI, the minimum corpus for new equity schemes and debt-oriented schemes should be at least Rs._____ and Rs._____ crore respectively.
 - a. 10,20
 - b. 15,30

- c. 25, 50
- d. 20,35

e. All of the above

Ans. (a)

Explanation: Since June 201A, all new schemes should gamer at least this amount as corpus. Also, there must be a minimum of 20 unit holders, with no investor contributing over 25 per cent of the corpus.

7. The 'Piotroski Score' is often referred to, in the case of _____.

- a. Bank loans
- b. Debt
- c. Equities
- d. Gold
- e. None of the above

Ans. (c)

Explanation: It is a discrete score (named after Joseph Piotroski) between 0-9, which reflects nine criteria used to determine the strength of a firm's financial position. It is used to determine the best value stocks, nine being the best.

8. Consequent to the Brexitvote, ._____ recently overtook England as the world's fifth largest economy.

- a. Singapore
- b. France
- c. Argentina
- d. India
- e. None of the above

Ans. (b)

Explanation: The Pound 'stall against the euro (consequent to the Brexit vote) puts the value of France's GOP for 2015 (2.18 trillion euros) slightly ahead of Britain's figure of 2.172 trillion euros.

9. Only one out of these has not relinquished its payment bank licence. Which one is it?

- a. Cholamandalam Finance
- b. IDFC Bank-Telenor
- c. Airtel Money
- d. Tech Mahindra
- e. None of the above

Ans. (c)

Explanation: The other three have surrendered their licences citing poor business viability.

10. Which of these is true with respect to a 'stagflationary' scenario?

- a. Inflation is stagnant despite growth continuing unabated
- b. Economic growth is stagnant but inflation rages on
- c. Both, inflation and economic growth are stagnant
- d. Both, inflation and economic growth are above trend
- e. None of the above

Ans. (b)

Explanation: It is usually defined as persistent high inflation combined with high unemployment and stagnant demand in a country's economy.

11. What is Helicopter money?

- a. money which takes off vertically
- b. money involved in shady deals in purchase of helicopters by defence forces.

- c. money thrown out of flying copters in an infinite quantity for everyone to pick and use
- d. None of the above
- e. All of the above

Ans. c.

Explanation: it refers to printing of infinite volume of notes to meet the liquidity needs of the economy. Notes lose all value and become a simple scrap of paper.

12. An convertible paper currency system is one in which
- a. only metallic coins circulate and work as money
 - b. paper currency circulates, but if required it can be exchanged for gold/bullion from the Central bank of the country.
 - c. paper currency circulates; there is no liability of the issuing authority
 - d. any of the above.
 - e. None of the above

Ans. c.

Explanation: Paper currency circulates but has no in-built value, except for its face value. It works as a medium of exchange.

13. The following inscription appears on all currency notes issued in India: "I promise to pay _____ It means that
- a. the holder of this currency note can exchange it for gold at government treasury
 - b. the holder of this currency can exchange it for silver at RBI exchange country
 - c. it only means that the note carries the guarantee of the Government of India that it is a legal tender.
 - d. it makes it easy to exchange this note for foreign exchange like dollar, Euros, etc.
 - e. None of the above

Ans. c.

Explanation: Philosophy of currency notes, in remote past, was that the government would issue paper notes only to save minted coins from wastage and loss of value.

14. India has adopted the following monetary standard.
- a. minimum reserve system
 - b. proportional reserve system
 - c. fixed reserve system
 - d. system tied to the amount of fixed reserves
 - e. All of the above

Ans. a.

Explanation: The RBI has been authorised to issue any amount of currency notes it desires on booking of a minimum reserve of foreign assets and gold of the value as Rs. 100 crores. There is no other legal bar.

15. The Currency Board arrangement of note issue is one in which
- a. the amount of currency to be printed is reviewed and approves by a central authority every week.
 - b. the amount of currency to be printed is decided annually

- c. the currency to be printed is totally linked to the availability of forex with the central bank
- d. the government is authorised to order the central bank to print any amount of currency.
- e. None of the above

Ans. c.

Explanation: It is a unique and most secure system of keeping a check on the amount of currency that gets printed in a country.

16. Among the following countries only one country has adopted the currency Board arrangement
- a. Hong Kong
 - b. UK
 - c. USA
 - d. Russia
 - e. None of the above

Ans. a.

Explanation: It, alongwith Argentina, is the only country in the world that have adopted this system.

17. The amount of currency that can be issued by the Central bank is decided by the
- a. Central bank
 - b. Central government
 - c. IMF
 - d. IBRD
 - e. all of the above

Ans. a.

Explanation: It takes a final call on the amount of currency to be printed and issued.

18. Pick up the odd one out among the following
- a. State Bank of India
 - b. Central Bank of India
 - c. Union Bank of India
 - d. Reserve Bank of India
 - e. None of the above

Ans. d.

Explanation: All others are commercial banks; RBI is the Central bank of the country.

19. Pick up the odd one out among the following
- a. ICICI Bank
 - b. HDEC Bank
 - c. HSBC Bank
 - d. IDBI Bank
 - e. None of the above

Ans. d.

Explanation: All others are private banks. IDBI is a public sector bank

20. State Bank of India has what are known as its associate banks. How many?
- a. 4
 - b. 5
 - c. 6
 - d. 1
 - e. None of the above

Ans. (5)

Explanation: It has now five other associate banks which are expected to be merged with their parent soon

21. The following institution is known as the Central bank of Central Banks
- a. Indian Banks Association
 - b. World Bank
 - c. Banks of International Settlement
 - d. RBI

- e. None of the above

Ans. d.

Explanation: It is an international body which frames and gets implemented different rules and practices that are required to be implemented world wide.

22. Government can ask the RBI to print and issue new currency for use by the government on the strength of
- a. additional forex reserves gained
 - b. additional manpower employed by the government
 - c. government securities issued by the govt. in favour of RBI
 - d. government needs of foreign exchange
 - e. None of the above

Ans. c.

Explanation: Govt. gets the new Currency printed to meets its fiscal deficit

23. The fiscal deficit of the government gets met by
- a. borrowings from the Central bank
 - b. borrowings from the banking system
 - c. borrowing from both banking and non-banking system
 - d. all of them
 - e. None of the above

Ans. d.

Explanation: Fiscal deficit constitutes the borrowing requirement of the govt. during a year. It is met by borrowing from all available resources.

24. Govt. needs to borrow to meet its
- | | |
|----------------------------|------------------------|
| a. revenue expenditure | b. Capital expenditure |
| c. repayment of past loans | d. all of the above. |
| e. None of the above | |

Ans. d.

Explanation: Borrowing equals the fiscal deficit of the govt. This is the situation when the total expenditure of the government (including all items of expenditure exceeds its total receipts (both revenue and capital)

25. Currency notes issued in India carry the guarantee under the signature of the
- | | |
|------------------------|----------------------------|
| a. minister of Finance | b. Prime Minister of India |
| c. Governor of the RBI | d. President of India |
| e. None of the above | |

Ans. c.

Explanation: Currency notes are issued in the name of the Governor of RBI

26. The Reserve Bank of India was established on _____.
- | | |
|----------------------|-----------------------|
| a. April 1, 1935 | b. July 12, 1982 |
| c. May 26, 2006 | d. September 30, 2005 |
| e. None of the above | |

Ans. a.

Explanation: On April 1, 1935 the Reserve Bank of India, which is the central bank of this country, was established. It was originally started as a shareholders' bank with a share capital of Rs. 5 crore divided into shares of Rs. 100 each, fully paid-up. But since January, 1949 the Reserve Bank has been nationalised and it is now purely a concern of the State. The Government of India holds the entire share capital of the bank which has been acquired by payment of compensation to the shareholders.

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

- a. State Bank of India
- b. Ministry of Finance
- c. Government of India
- d. International Monetary Fund
- e. None of the above

Ans. a.

Explanation: The State Bank of India works as RBI's agent at places where it has no office of its own.

28. Which of the following is true about the functions performed by RBI

- (i) It is the Bank of Issue
 - (ii) It acts as banker to the Government
 - (iii) It is the banker of other banks
 - (iv) It regulates the flow of credit
- a. Both (i) and (ii)
 - b. Both (iii) and (iv)
 - c. All the Above
 - d. None of the above
 - e. Both (i) and (iv)

Ans. c. All the above

Explanation: Certain restrictions have been imposed on the Reserve Bank as it is a central bank. It is not to compete with the commercial banks. It is not allowed to pay interest on its deposits. It cannot engage directly or indirectly in trade. It cannot also acquire or advise loans against immovable property. It is also prohibited from purchasing its own shares or the shares of any other bank or any company or granting loans on such security.

29. Which among the following is incorrect?

- a. RBI is the Bank of Issue
- b. RBI acts as Banker to the Government
- c. RBI is Banker's Bank
- d. RBI does not regulate the flow of credit
- e. None of the above

Ans. d.

Explanation: The Reserve Bank of India, as the central bank of the country, regulates the flow of credit.

30. Indian Rupee notes issued by the RBI are legal tender in the following places

- a. Colombo
- b. New Delhi
- c. Lahore
- d. Kabul
- e. None of the above

Ans. b.

Explanation: Indian currency issued by the RBI is legal tender only within the political boundaries of India

31. If a new currency to be issued by the issuing authority does not bear certain relationship with the amount of output of goods and services in an economy it may

- a. result in inflation
- b. result in deflation
- c. result in disinflation
- d. any of the above
- e. none of the above

Ans. d.

Explanation: Liquidity supply is to be regulated in accordance with the needs of the physical activity in the production sector.

32. If the supply of money in an economy falls short if the liquidity requirements of the real sector of the economy, it will lead to

- a. inflation
- b. deflation
- c. reflation
- d. none on the above.
- e. all of the above

Ans. c.

Explanation: If supply of money falls short of the national output, prices of goods and services will fall, resulting in inventory building, postponement of production, employment and investment.

33. Among the following the No. 1 gold holder is

- a. India
- b. Switzerland
- c. USA
- d. IMF
- e. None of the above

Ans. c.

Explanation: Their gold holdings are valued as follows: (*in tonnes*)

1	USA	8,133.5
8	Switzerland	1,040.0
3	IMF	2,814.0
11	India	557.7

34. Total gold holdings by temple in India are estimated at

- a. 1,000 tonnes
- b. 2,000 tonnes
- c. 3,000 - 4,000 tonnes
- d. 7,000 – 8,000 tonnes
- e. None of the above

Ans. c.

Explanation: See above.

35. The richest temple in terms of gold holding in India is

- a. Sai Baba temple, Shirdi
- b. Sri Krishna Temple, Kerala
- c. Sri Padmnabha Swamy Temple, Kerala
- d. Sri Jagannath Temple, Puri

e. None of the above

Ans. c.

Explanation: Its gold holdings are estimated at 1,300 tonnes

36. Frank McNamara is well-known as the co-founder of

a. Apple Pay

b. Diners Club

c. Visa

d. Mastercard

e. None of the above

Ans. c.

Explanation: He founded Diners Club international in 1950 which was the first to issue charge cards. These offered the convenience of not paying cash, but did not permit holders to revolve their credit. However, later he added this functionality too.

37. in which country has Coca-Cola recently suspended production?

a. Zimbabwe

b. Argentina

c. Venezuela

d. Latvia

e. None of the above

Ans. c.

Explanation: It has done so, citing lack of availability of sugar, Venezuela is currently beset by drought, inflation and a foreign currency crisis, which as severely curtailed supplies of essential goods as well as economic activity

38. The Q Ratio is used to estimate the

a. Fair value of a country's stock market

b. Size of a country's manufacturing sector

c. Creditworthiness of a country

d. Elasticity of a country's exports.

e. None of the above

Ans. c.

Explanation: It is derived by dividing the total market capitalisation by the replacement cost of all its companies. It was devised by economist and Nobel laureate, James Tobin

39. Which of these central banks is currently headed by a foreigner?

a. Australia

b. Israel

c. Afghanistan

d. England

e. None of the above

Ans. c.

Explanation: He is an Irish—Canadian economist who was formerly Governor of Bank of Canada.

40. The Rule of 144 estimates the time taken for money to

a. Double

b. Triple

c. Quadruple

d. Quintuple

e. None of the above

Ans. c.

Explanation: To know that, divide 144 by the interest rate. For instance, if the rate is 10 per cent it will take 14.44 years of 1 rupee to grow to 4 rupee.

41. One of the following is not an affiliate of the World Bank Group
- a. International Development Association (IDA)
 - b. Multilateral Investment Guarantee (MIGA)
 - c. International Monetary Fund
 - d. International Finance Corporation
 - e. all of the above

Ans. c.

Explanation: It is an independent institution,; all others are affiliates of World Bank with different responsibilities

42. The functions of the following agency are like that of an issuance company
- a. IDA
 - b. MIEA
 - c. IMF
 - d. IFC
 - e. None of the above

Ans. b.

Explanation: It provides an insurance cover to MNCs for their investments abroad against same premium

43. The following agency acts as investment arm of the World Bank
- a. IBRD
 - b. IFC
 - c. IDA
 - d. MIGA
 - e. None of the above

Ans. b.

Explanation: It buys equity and extends loans to private enterprises throughout the globe

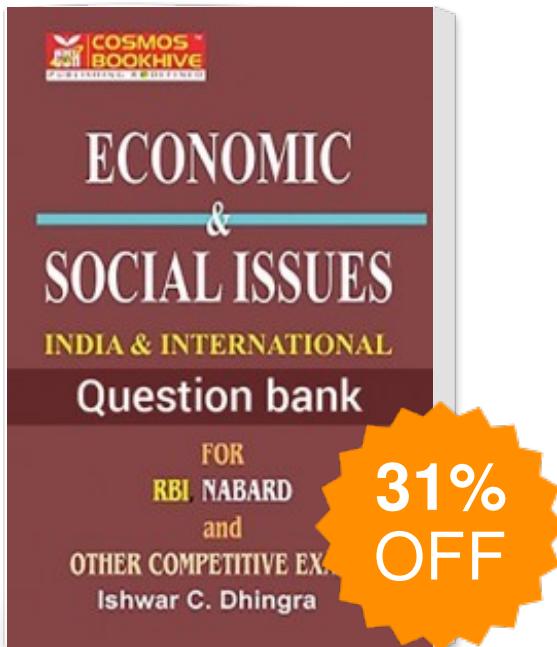
44. The IDA provides development assistance to
- a. all member countries
 - b. all member or non-member countries
 - c. all developing countries
 - d. all poorest among the prov countries.
 - e. None of the above

Ans. d.

Explanation: It is a small soft loans window of the World Bank. Small amount of money is given away as loans to the poorest countries in the world, free of interest, relatively for a longer period of about 30 to 40 years.

45. Arrange the following in the chronological order by their year of establishment
- (i) State Bank of India
 - (ii) Axis Bank
 - (iii) IDBI Bank
 - (iv) Mahila Bank
- The correct order is
- a. (i), (ii), (iii) (iv)
 - b. (i), (ii), (iv), (iii)

Economic And Social Issues India And International (Question Bank)



Publisher : **Cosmos Bookhive**

Author : **Ishwar C Dhingra**

Type the URL : <http://www.kopykitab.com/product/8975>



Get this eBook