

INDUS ACADEMICS CDSE-II 2017 QUALITY IMPROVEMENT PROGRAM**INDIAN ECONOMY**

1. Which of the following is/are the advantages of a fully convertible rupee?
1. Increased liquidity in financial markets.
 2. Development of onshore rupee market.
 3. Complete determination of currency exchange rate by the RBI.
 4. Easy access to foreign capital.
- Select the correct answer using the code given below.
- (a) 1 and 2 only (b) 1, 2 and 4 only
(c) 3 and 4 only (d) 1, 2, 3 and 4
2. Which of the following is/are examples of narrow money?
1. Currency
 2. Net demand deposits
 3. Saving deposits with Post office saving banks
 4. Net time deposits
- Select the correct answer using the codes given below.
- (a) 1, 2 and 3 only (b) 1, 3 and 4 only
(c) 2 and 4 only (d) 1, 2, 3 and 4
3. Maintaining a Cash Reserve Ratio (CRR) is **not** mandatory for which of the following banks in India?
1. Banks with capital base below a certain limit prescribed by RBI
 2. Banks that lend majority of their capital to micro finance units
 3. Banks that have sponsored self-help groups to promote financial inclusion and development
- Select the correct answer using the code below.
- (a) 1 and 2 only (b) 2 and 3 only
(c) 1 only (d) None
4. With reference to Bank rate and Repo rate, consider the following statements:
1. While Bank rate is used for long term lending by RBI to commercial banks, Repo rate is used for short term.
 2. While lending at Bank rate requires government securities as collateral Repo rate does not require Government securities as collateral.
- Which of the above statements is/are correct?
- (a) 1 only (b) 2 only
(c) Both 1 and 2 only (d) Neither 1 nor 2
5. Money supply in an economy can be measured using
1. Currency notes and coins
 2. Demand deposits with commercial banks
 3. Saving deposits with Post offices
- Select the correct answer using the code given below.
- (a) 1 only (b) 1 and 2 only
(c) 2 and 3 only (d) 1, 2 and 3
6. Which of the following policy instruments are used by RBI to maintain reserve deposit ratio in banks?
1. Cash Reserve Ratio
 2. Statutory Liquidity Ratio
 3. Bank Rate
- Select the correct answer using the code given below.
- (a) 1 only (b) 1 and 2 only
(c) 3 only (d) 1, 2 and 3
7. Consider the following statements with respect to Basel III norms :
1. It ensures that financial institutions have enough capital to ensure liquidity and stability.
 2. It requires banks to maintain high Tier I capital.
 3. They are binding on all members of WTO.

Which of the statements given above is/are correct?

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

8. With reference to NABARD, consider the following statements:

1. It is a statutory body.
2. It provides subsidized loans to farmers.
3. It operates under the dual role of RBI and Government of India.

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

9. Which of the following constitute a part of double financial repression on Indian banking system?

1. Statutory Liquidity Ratio
2. Cash Reserve Ratio
3. Priority Sector lending
4. High Inflation

Select the correct answer using the code given below.

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

10. For an economy, which of the following statements is/are correct?

1. The Net Domestic product is always lower than Gross Domestic Product for the same year.
2. Gross National Product of an economy can be either more or less than Gross Domestic Product for the same year.

Select the correct answer using the code given below.

- (a) 1 only (b) 2 only
(c) Both 1 and 2 (d) Neither 1 nor 2

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11. Consider the following statements with respect to Banks Board Bureau (BBB):

1. It is mandated to recommend for selection of heads of Public sector banks and Financial Institutions.
2. It is a component of Indradhanush Plan.
3. It is headed by the RBI governor.

Which of the statements given above is/are correct?

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

