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T.B.C. : STS-K-TPT  
Serial No.:

Test Booklet Series

TEST BOOKLET

**Subject : Test 4 – Economics**  
**Question Paper****Time Allowed : Two Hours****Maximum Marks : 200****INSTRUCTIONS**

1. IMMEDIATELY AFTER THE COMMENCEMENT OF THE EXAMINATION, YOU SHOULD CHECK THAT THIS TEST BOOKLET DOES NOT HAVE ANY UNPRINTED OR TORN OR MISSING PAGES OR ITEMS, ETC. IF SO, GOT IT REPLACED BY A COMPLETE TEST BOOKLET.

**2. Please note that it is the candidate's responsibility to encode and fill in the Roll Number and Test Booklet Series A, B, C or D carefully and without any omission or discrepancy at the appropriate places in the OMR Answer Sheet. Any omission/discrepancy will render the Answer Sheet liable for rejection.**

3. You have to enter your Roll Number on the Test Booklet in the Box provided alongside. DO NOT write anything else on the Test Booklet.

4. This Test Booklet contains 100/80 items (questions).

Each item is printed in English. Each item comprises of four responses (answers). You will select the response

which you want to mark on the Answer Sheet. In case you feel that there is more than one correct response, mark the response which you

consider the best. In any case, choose ONLY ONE response for each item.

5. You have to mark all your responses ONLY on the separate Answer Sheet provided. See directions in the Answer Sheet.

6. All items carry equal marks

7. Before you proceed to mark in the Answer Sheet the response to various items in the Test Booklet, you have to fill in some particulars in the Answer Sheet as per instructions sent to you with your Admission Certificate.

8. After you have completed filling in all your responses on the Answer Sheet and the examination has concluded, you should hand over to the Invigilator only the Answer Sheet. You are permitted to take away with you the Test Booklet.

9. Sheets for rough work are appended in the Test Booklet at the end.

**10. Penalty for wrong answers:**

THERE WILL BE PENALTY FOR WRONG ANSWERS MARKED BY A CANDIDATE IN THE OBJECTIVE TYPE QUESTION PAPERS

(i) There are four alternatives for the answer to every question. For each question for which a wrong answer has been given by the candidate, **one third** if the marks assigned to that question will be deducted as penalty.

(ii) If a candidate gives more than one answer, it will be treated as a wrong answer even if one of the given answers happens to be correct and there will be same penalty as above to that question.

(iii) If a question is left blank, i.e., no answer is given by the candidate, there will be no penalty for that question.

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1. In India's financial architecture, different entities discharge specialised functions ranging from liquidity support to market intermediation and government operations.

Consider the following table:

Institution	Core Role / Function	Correct Description
1. Anchor Bank	Provides stability and liquidity support to weaker banks during systemic stress	Acts as a lender of last resort for banks
2. Shadow Bank	Engages in credit intermediation outside the traditional banking system	Includes NBFCs without direct access to central bank liquidity
3. Merchant Bank	Mobilises public deposits and provides retail loans	Accepts demand deposits from the public
4. Agency Bank	Authorised by the RBI to perform government-related banking functions	Collects taxes, makes pension payments, and handles govt receipts and payments

How many of the above rows are correctly matched?

- Only one
- Only two
- Only three
- All four

2. What was the primary reason given by the Reserve Bank of India (RBI) for withdrawing ₹2000 denomination banknotes from circulation in 2023?

- To introduce a new ₹1000 denomination note
- To curb counterfeit currency in the economy
- To ensure clean note policy as it had completed its expected lifespan.
- To eliminate high-value currency to discourage digital transactions

3. Money performs several important roles in an economy, facilitating exchange and economic calculation.

With reference to the functions of money, consider the following statements:

- Money acts as a unit of account, enabling valuation and comparison of goods and services.
- Money serves as a medium of exchange, eliminating the need for barter.
- Money functions as a store of value, allowing individuals to transfer purchasing power over time.
- Easy convertibility into goods and services is considered a Primary function of money.

Which of the statements given above are correct?

- 1, 2 and 3 only
- 1 and 2 only
- 2, 3 and 4 only
- 1, 2, 3 and 4

4. Different forms of money in a modern economy vary in terms of their issuer, backing, and legal status. With reference to money issuance and asset backing, consider the following statements:

1. Government-issued paper currency, commonly referred to as fiat money, is not backed by any physical commodity such as gold or silver.
2. The value of fiat money is derived from legal sanction and public confidence, rather than intrinsic worth.
3. Bank demand deposits and cheques represent claims on banks and are therefore classified as fiduciary money.
4. Fiduciary money is backed by Gold and Bonds held by commercial banks.

Which of the statements given above are correct?

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

5. Different types of crypto-assets have gained attention in recent years due to their design, use cases, and risk profile.

Consider the following table:

Crypto Asset Type	Basis / Backing	Key Feature
1. Stablecoin	Backed by fiat currency or other assets	Designed to reduce price volatility
2. Meme Coin	Backed by sovereign guarantee	Value driven largely by social media trends
3. Utility Token	Issued for accessing a blockchain-based service	Used to pay fees or access digital platforms
4. Central Bank Digital Currency (CBDC)	Issued by private crypto exchanges	Decentralised and anonymous by design

How many of the above rows are correctly matched?

- a) Only one
- b) Only two
- c) Only three
- d) All four

6. Which of the following statements correctly describes the limitations and functions of Payments Banks in India?

1. Payments Banks can accept deposits up to ₹2 lakh per customer but cannot offer fixed deposits (FDs) or recurring deposits (RDs).
2. They can provide personal loans and issue credit cards to customers as part of financial inclusion efforts.
3. Payments Banks must invest at least 75% of their demand deposits in government securities (G-Secs) or treasury bills with a maturity of up to one year.
4. They are allowed to facilitate digital transactions, issue debit/prepaid cards, and offer remittance services but can engage only in limited forex transactions.

Which of the above statements are correct?

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

7. With reference to Soulbound Tokens (SBTs) in the Web3 ecosystem, consider the following:

1. SBTs are transferable non-fungible tokens (NFTs) that can be sold in open markets.
2. They are envisioned to represent verifiable credentials or affiliations.
3. SBTs promote decentralized identity systems by being non-transferable.

Which of the statements is/are correct?

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

8. With reference to the Financial Services Institutions Bureau (FSIB), consider the following statements:

1. FSIB replaced the Banks Board Bureau (BBB).
2. FSIB recommends appointments of Whole-time Directors and Non-Executive Chairpersons of Public Sector Banks.
3. FSIB has been entrusted with recommending appointments in Public Sector Insurance Companies and Financial Institutions in addition to banks.
4. FSIB is a statutory body established through an Act of Parliament.

Which of the statements given above are correct?

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

9. The India Debt Resolution Company Ltd (IDRCL) was created as part of India's strategy to resolve large stressed assets in the banking system.

With reference to IDRCL, consider the following statements:

1. IDRCL works alongside the National Asset Reconstruction Company Ltd (NARCL) in resolving stressed assets.
2. While NARCL acquires Non-Performing Assets (NPAs), IDRCL is responsible for managing, resolving, and selling these assets.
3. IDRCL is a government-owned company, with majority ownership held by public sector banks.
4. The 15:85 structure—with 15% cash payment and 85% backed by government-guaranteed Security Receipts—forms the funding model of IDRCL.

Which of the statements given above are correct?

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

10. Which of the following correctly differentiates between a Credit Rating Agency (CRA) and a Credit Information Company (CIC)?

1. Credit Rating Agencies (CRAs) assess the creditworthiness of companies, financial instruments, and government bonds, whereas Credit Information Companies (CICs) provide credit scores and reports for individual borrowers.

2. CRAs assign ratings such as AAA, AA, A, etc., while CICs generate credit scores like CIBIL Score, Experian Score, and Equifax Score.

3. CRAs are regulated by RBI, while CICs are regulated by the IBBI as a information utility company.

4. Only CRAs impact loan approvals, while CICs have no influence on a borrower's ability to secure loans.

Which of the above statements are correct?

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

11. The DICGC is a key pillar of depositor protection in India. With reference to the DICGC, consider the following statements:

1. DICGC is a wholly owned subsidiary of the Reserve Bank of India and functions under the DICGC Act, 1961.
2. The Chairperson of DICGC is appointed by the Central Government and is not the Finance Minister of India.
3. DICGC provides insurance cover of up to ₹5 lakh per depositor per bank, including commercial banks, RRBs, Small Finance Banks and eligible cooperative banks.
4. Deposits held with NBFCs are covered under the DICGC insurance framework.
5. Deposit insurance premium is borne by banks, and the premium structure has recently been aligned with a risk-based assessment model.

Which of the statements given above are correct?

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

12. With reference to certain financial and regulatory entities in India, consider the following table:

Entity	Primary Function / Role
1. Asset Reconstruction Company (ARC)	Acquisition and resolution of stressed assets from banks
2. Asset Management Company (AMC)	Managing mutual fund schemes on behalf of investors
3. Alternative Investment Fund (AIF)	Raising pooled funds for investment in startups, real estate, private equity
4. Competition Commission of India (CCI)	Regulating credit risk and supervising banks

Which of the above are correctly matched?

- 1, 2 and 3 only
- 1 and 4 only
- 2 and 3 only
- 1, 2, 3 and 4

13. What does the term "Base Effect" refer to in the context of inflation measurement?

- The additional tax levied by the government to control inflation
- The impact of foreign exchange rates on domestic inflation
- The difference between core inflation and headline inflation
- The influence of last year's price levels on the current year's inflation rate

14. Which of the following is a key difference between the Consumer Price Index (CPI) and the Wholesale Price Index (WPI)?

- CPI gives more weightage to manufactured products, while WPI gives more weightage to food items
- CPI includes services like health and education, whereas WPI does not cover services
- WPI is used to measure retail-level inflation, while CPI measures wholesale inflation
- CPI is calculated by the Reserve Bank of India (RBI), while WPI is calculated by the Ministry of Finance

15. India uses multiple macroeconomic indices to track inflation, industrial performance, and taxation-related price changes.

Consider the following table:

Index	Compiled / Released by	Primary Purpose
1. Wholesale Price Index (WPI)	Ministry of Commerce and Industry	Measures price changes at the wholesale level for goods
2. Consumer Price Index (CPI)	Ministry of Statistics and Programme Implementation	Measures retail inflation faced by households, including services
3. Index of Industrial Production (IIP)	Ministry of Statistics and Programme Implementation	Measures changes in the volume of industrial output
4. Cost Inflation Index (CII)	Reserve Bank of India	Used for adjusting income tax liability for inflation

How many of the above rows are correctly matched?

- Only one
- Only two
- Only three
- All four

16. Which of the following pairs are correctly matched?

Concept	Explanation
A. Shrinkflation	Physical quantity of product is reduced but price remains the same
B. Skimpflation	Reduction in service quality or quantity while keeping price same
C. Greedflation	Price increase due to genuine rise in input costs
D. Excuseflation	Using crises as pretext to increase prices beyond actual cost rises

Select the correct answer:

- (a) A, B and C only
- (b) A, B and D only
- (c) B, C and D only
- (d) A, B, C and D

17. In India's monetary policy framework, banks are required to maintain certain reserves and liquidity buffers as mandated by the central bank. Collectively, these mandatory requirements are referred to as the Statutory Reserve Arrangement (SRA).

Which of the following instruments form part of the Statutory Reserve Arrangement as prescribed by the Reserve Bank of India?

- 1. Cash Reserve Ratio (CRR)
- 2. Statutory Liquidity Ratio (SLR)
- 3. Liquidity Adjustment Facility (LAF)
- 4. Marginal Standing Facility (MSF)
- 5. Bank Rate

Select the correct answer using the code given below:

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

18. Bank Rate and Base Rate (now largely replaced by newer benchmark systems) have historically been important instruments in India's monetary policy framework. With reference to Bank Rate and Base Rate as instruments of the Reserve Bank of India, consider the following statements:

- 1. Commercial banks generally do not lend below the Base Rate, though the RBI has permitted limited exceptions such as differential lending to specific categories.
- 2. Bank Rate is used as a reference rate for imposing penalties on banks for default in maintaining Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR).
- 3. In the current monetary policy framework, the Base Rate has been completely replaced by the External Benchmark Lending Rate (EBLR) for all new floating-rate loans.

Which of the statements given above are correct?

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

19. With reference to the Indian banking system and the use of reserve requirements as monetary policy instruments by the Reserve Bank of India, consider the following statements:

- 1. As per the latest monetary policy stance, the Cash Reserve Ratio (CRR) is maintained at around 4.5%, and the RBI does not pay interest on CRR balances.
- 2. There is no historical precedent in India where the CRR was raised to 100%.
- 3. During the demonetisation episode of 2016, the RBI imposed a temporary 100% incremental CRR on banks to absorb excess liquidity.
- 4. Decisions relating to changes in CRR and SLR are taken by the Monetary Policy Committee (MPC) as part of its statutory mandate.

Which of the statements given above is/are correct?

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

20. Commercial banks support government borrowing through certain regulatory and operational mechanisms mandated or facilitated by the central bank.

Which one of the following terms refers to a mechanism through which commercial banks provide credit to the government by mandatorily holding government securities?

- a) Cash Credit Ratio
- b) Debt Service Obligation
- c) Liquidity Adjustment Facility
- d) Statutory Liquidity Ratio

21. The Monetary Policy Committee (MPC) is the key institutional mechanism through which monetary policy decisions are taken in India.

With reference to the Monetary Policy Committee (MPC), consider the following statements:

1. The MPC was given statutory status through an amendment to the RBI Act, 1934.
2. The MPC consists of six members, of which three are nominated by the Central Government and three are from the Reserve Bank of India.
3. In the event of a tie in voting, the Governor of the Reserve Bank of India exercises a casting vote.
4. The MPC decides on all monetary policy instruments, including changes in CRR and SLR.

Which of the statements given above are correct?

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

22. With reference to the Repo Rate, MSF, Reverse Repo and Standing Deposit Facility (SDF), consider the following table:

Instrument	Nature of Operation	Position in Policy Corridor
1. Repo Rate	Short-term secured lending by RBI to banks	Centre of the corridor
2. Marginal Standing Facility (MSF)	Overnight secured lending by RBI to banks	Upper bound of the corridor
3. Standing Deposit Facility (SDF)	Uncollateralised absorption of liquidity by RBI	Lower bound of the corridor
4. Reverse Repo Rate	Primary floor rate replacing SDF in the corridor	Lower bound of the corridor

How many of the above rows are correctly matched?

- a) Only one
- b) Only two
- c) Only three
- d) All four

23. Economic curves are often used as analytical tools to guide policy formulation. Some of these curves are particularly relevant for monetary policy decisions taken by central banks in developed economies.

With reference to commonly used economic curves, consider the following table:

Curve	What it Represents	Relevance to Monetary Policy
1. Phillips Curve	Trade-off between inflation and unemployment	Used by central banks to assess inflation-employment dynamics
2. Laffer Curve	Relationship between tax rates and tax revenue	Used to design optimal monetary policy stance
3. Lorenz Curve	Degree of income inequality in an economy	Used to determine interest rate policy
4. Kuznets Curve	Relationship between economic growth and income inequality	Used for short-term monetary policy calibration

How many of the above rows are correctly matched?

- a) Only one
- b) Only two
- c) Only three
- d) All four

24. In India, the lending rates charged by banks to customers are linked to specified benchmark interest rates to improve transparency and monetary policy transmission.

With reference to the benchmark interest rate system for bank lending to customers in India, consider the following statements:

1. The External Benchmark Lending Rate (EBLR) system links certain categories of bank loans to external benchmarks such as the repo rate of the Reserve Bank of India.
2. Under the EBLR framework, banks are required to reset lending rates at least once in three months.
3. The Marginal Cost of Funds based Lending Rate (MCLR) has been completely abolished and is no longer applicable to any category of bank loans.
4. The objective of introducing external benchmarks was to ensure faster and more effective transmission of monetary policy to borrowers.

Which of the statements above are correct?

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

25. With reference to the monetary aggregates (M1 to M4) in India, which one of the following statements is incorrect?

- a) M1 includes currency with the public and demand deposits with banks.
- b) M2 includes currency with the public, demand deposits with banks, and savings deposits with post offices.
- c) M3 includes currency with the public, demand deposits with banks, savings deposits with post offices, and time deposits with banks.
- d) M4 includes currency with the public, demand and time deposits with banks, and total deposits with post offices.

26. The Financial Stability and Development Council (FSDC) was established to strengthen India's financial architecture through coordinated oversight and systemic risk management.

With reference to the functions and mandate of the FSDC, which one of the following statements is NOT correct?

- a) It promotes inter-regulatory coordination among financial sector regulators.
- b) It aims at strengthening and institutionalising financial stability in the Indian financial system.
- c) It undertakes macro-prudential oversight of financial conglomerates to address systemic risks.
- d) It replaces the Department of Economic Affairs in the formulation of the Union Budget and fiscal policy.

27. With reference to the Countercyclical Capital Buffer (CCyB) framework as applicable in India, consider the following statements:

1. The CCyB requires banks to hold additional capital during periods of excessive credit growth.
2. The CCyB is intended to be released during economic downturns to support lending activity.
3. The decision to activate or deactivate the CCyB in India is taken by the Monetary Policy Committee (MPC).
4. The CCyB forms part of the Basel III regulatory framework adopted by India.

Which of the statements given above are correct?

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

28. In the context of India's monetary system, Broad Money (M3) is an important measure of the money supply. Which of the following correctly represents the components of Broad Money (M3)?

1. Currency with the Public
2. Demand Deposits with Banks
3. Time Deposits with Banks
4. 'Other' Deposits with the RBI
5. Interbank Deposits held by Commercial Banks

Select the answer from the below codes

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

29. With reference to the Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) in India, consider the following statements:

1. The Cash Reserve Ratio can be raised by the RBI up to 100% of a bank's Net Demand and Time Liabilities (NDTL) under the RBI Act.
2. The Statutory Liquidity Ratio has no statutory upper limit and can be raised up to 100% of NDTL.
3. Decisions regarding CRR and SLR are taken by the Monetary Policy Committee (MPC).

Which of the statements given above are correct?

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

30. With reference to factors influencing the money multiplier in an economy, consider the following statements:

1. A reduction in Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) increases the capacity of banks to create credit.
2. A shift in public preference from holding currency in hand to depositing money in banks enhances deposit creation.
3. An increase in the repo rate raises the cost of borrowing for banks and discourages credit expansion.

4. A higher proportion of the monetary base being held as currency with the public reduces the scope for deposit multiplication.

Which of the statements given above would lead to an increase in the money multiplier?

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

31. With reference to the factors affecting money supply in India, consider the following statements:

1. An increase in the money multiplier or velocity of money leads to greater circulation of money in the economy.
2. Expansion of the asset side of the Reserve Bank of India, such as through accumulation of foreign exchange reserves or purchase of government securities, injects liquidity into the system.
3. Greater banking penetration, financial inclusion, and formalisation increase access to credit and expand money supply.
4. Adoption of contractionary monetary policy by the RBI increases liquidity in the economy.

Which of the statements given above are correct?

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

32. What is the primary objective of the RBI's Operating Framework of Monetary Policy?

- a) To align the Weighted Average Call Rate (WACR) with the Policy Repo Rate through liquidity management
- b) To directly control the inflation rate by setting fixed prices for essential goods
- c) To regulate foreign exchange rates and prevent currency depreciation
- d) To manage fiscal policy decisions and government borrowing

33. Which of the following correctly defines the concept of the Money Multiplier (MM) in an economy?

- a) It represents the amount of Reserve Money (M0) that the central bank can generate from the total money supply (M3).
- b) It indicates the relationship between the monetary base (M0) and the money supply (M3), showing how much money banks create through lending.
- c) It is the ratio of broad money (M3) to narrow money (M1) and is influenced solely by changes in currency circulation.
- d) It is a constant value that remains unaffected by changes in monetary policy tools such as the Cash Reserve Ratio (CRR) and the Statutory Liquidity Ratio (SLR).

34. Which of the following statements correctly describe Priority Sector Lending (PSL) in India?

- 1. Priority Sector Lending (PSL) mandates banks to allocate a specified percentage of their total lending to sectors identified as critical for economic development.
- 2. NBFCs are required to meet the same PSL targets as scheduled commercial banks.
- 3. Agriculture, MSMEs, renewable energy, and affordable housing are among the sectors classified under PSL.
- 4. RBI regularly revises the PSL guidelines to align with emerging economic needs and sectoral priorities.

Which of the above statements are correct?

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

35. In the banking and monetary framework, different rates and ratios serve distinct purposes related to lending, deposits, and regulation.

Consider the following table:

Instrument / Rate	What it Represents	Correct Description
1. Weighted Average Lending Rate (WALR)	Average interest rate charged by banks	Calculated on outstanding loans of banks
2. Weighted Average Deposit Rate (WADR)	Average interest rate offered by banks	Reflects cost of deposits mobilised by banks
3. Marginal Cost of Funds Lending Rate (MCLR)	Benchmark lending rate	Minimum rate below which banks normally cannot lend
4. Cash Reserve Ratio (CRR)	Prudential requirement	Percentage of NDTL to be kept with RBI in government securities

How many of the above rows are correctly matched?

- a) Only one
- b) Only two
- c) Only three
- d) All four

36. With reference to the Cash Reserve Ratio (CRR) in India, consider the following statements:

Which one of the following statements is incorrect?

- a) CRR is also referred to as the Required Reserve Ratio, as it mandates banks to keep a portion of their deposits with the central bank.
- b) CRR is commonly known as the Credit-Deposit Ratio, reflecting the lending behaviour of banks.
- c) The rate of CRR is determined and notified exclusively by the Reserve Bank of India.
- d) Changes in CRR have a direct impact on money creation and liquidity in the banking system.

37. With reference to Financial Benchmarks India Pvt. Ltd. (FBIL), consider the following statements:

1. FBIL acts as the benchmark administrator for key Indian financial benchmarks such as MIBOR, MIFOR, and government securities yield curves.
2. FBIL is jointly promoted by Indian Banks' Association (IBA), FIMMDA, and FEDAI to ensure transparent and market-driven benchmark administration.
3. FBIL functions as a statutory regulator for money, bond, and foreign exchange markets in India.
4. Benchmarks administered by FBIL are widely used for pricing, valuation, and settlement across financial markets.

Which of the statements given above are correct?

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

38. Which of the following best differentiates Marginal Standing Facility (MSF) from Repo Rate?

1. MSF is available only to Scheduled Commercial Banks, not cooperative banks.
2. MSF is a penal rate higher than the Repo Rate.
3. Under MSF, banks can borrow using excess SLR securities.
4. MSF requires RBI's prior approval for each borrowing transaction.

Select the correct answer:

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

39. With reference to the Bank Rate as used by the Reserve Bank of India, consider the following statements:

1. Bank Rate is also referred to as the Penal Rate because it is linked to penalties imposed for non-maintenance of CRR and SLR.
2. Bank Rate is also known as the Discount Rate as it is the rate at which the RBI rediscunts commercial bills and exchange instruments.
3. The Bank Rate is statically fixed by the RBI and is not linked to changes in the policy repo or MSF rate.
4. Bank Rate automatically changes in line with the MSF rate whenever the policy repo rate is revised.

Which of the statements given above are correct?

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

40. The Balance of Payments (BoP) records all economic transactions between residents of a country and the rest of the world during a given period. It is broadly classified into Current Account and Capital Account (as per Indian convention).

With reference to India's Balance of Payments, consider the following statements:

1. External Commercial Borrowings (ECBs) and Foreign Direct Investment (FDI) are recorded under the Capital Account of the Balance of Payments.
2. Private transfers, including remittances sent by Indians working abroad, are recorded under the Current Account of the Balance of Payments.
3. Portfolio investments by Foreign Institutional Investors (FIIs) are treated as part of the Current Account, as they involve cross-border financial flows.

Which of the statements given above are correct?

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

41. Changes in exchange rates can occur either due to government action or market forces, and different terms are used to describe these movements.

With reference to exchange rate terminology, consider the following table:

Term	Nature of Change	Description
1. Devaluation	Government action	Official reduction in the value of domestic currency
2. Revaluation	Government action	Official increase in the value of domestic currency
3. Depreciation	Market-determined	Fall in the value of domestic currency due to market forces
4. Appreciation	Market-determined	Rise in the value of domestic currency due to market forces
5. Accommodating transactions	Balance of Payments	Transactions undertaken to cover deficit or surplus in BOP

How many of the above rows are correctly matched?

- a) Only two
- b) Only three
- c) Only four
- d) All five

42. According to the latest IMF assessment, which of the following best describes India's current exchange rate arrangement?

- a) Free-floating exchange rate system, with no central bank intervention
- b) Stabilised arrangement, with exchange rate anchored to a fixed parity
- c) Crawl-like arrangement, where the exchange rate remains within a narrow band around a trend
- d) Currency board arrangement, backed fully by foreign exchange reserves

43. Which of the following measures can the RBI adopt to prevent excessive depreciation of the Rupee?

- 1. Sell US dollars in the forex market
- 2. Increase the Cash Reserve Ratio
- 3. Raise Repo Rate
- 4. Reduce customs duty on gold imports

Options:

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

44. With reference to the Money Market in India, consider the following statements:

- 1. The money market deals in short-term funds and instruments, generally having a maturity period of up to one year.
- 2. The Reserve Bank of India and commercial banks are among the principal participants in the money market.
- 3. Instruments such as Treasury Bills, Commercial Paper, and Certificates of Deposit are traded in the money market.
- 4. Call money and notice money transactions are undertaken only between commercial banks, and non-bank financial institutions are not permitted to participate.

Which of the statements given above are correct?

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

45. Treasury Bills and Government Bonds (also known as Dated Securities) are key instruments through which the Government of India raises funds from the market. With reference to Treasury Bills (T-Bills) and Government Bonds / Dated Securities issued in India, consider the following statements:

1. Treasury Bills are short-term debt instruments issued at a discount and redeemed at face value, whereas Government Bonds are generally issued with a fixed coupon rate.
2. Treasury Bills are issued for maturities of 91 days, 182 days, and 364 days, while Government Bonds usually have medium to long-term maturities exceeding one year.
3. Interest income from Treasury Bills is paid periodically, similar to Government Bonds.
4. Both Treasury Bills and Government Bonds are issued by the Government of India and are considered sovereign securities with negligible credit risk.

Which of the statements given above are correct?

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

46. Money market instruments are used for short-term borrowing and liquidity management by governments, banks, and corporates.

Consider the following table:

Instrument	Issuer / Participant	Key Characteristic
1. Commercial Paper (CP)	Corporates and NBFCs	Unsecured short-term instrument issued at a discount
2. Call Money	Banks and Primary Dealers	Overnight unsecured borrowing and lending
3. Cash Management Bill (CMB)	Government of India	Short-term instrument issued to manage

		temporary cash mismatches
4. Certificate of Deposit (CD)	Reserve Bank of India	Long-term secured instrument issued to absorb liquidity

How many of the above rows are correctly matched?

- a) Only one
- b) Only two
- c) Only three
- d) All four

47. Match List I (Types of Capital) with List II (Characteristic or Example):

List I – Type of Capital	List II – Description / Example
A. Fixed Capital	1. Health, training, and skill development
B. Working Capital	2. Tangible assets like machinery and tools
C. Physical Capital	3. Cash in hand and raw materials used in production
D. Human Capital	4. Durable goods used over time in production
E. Social Capital	5. Social networks, civic norms, and institutions

Choose the correct code:

- (a) A-4, B-3, C-2, D-1, E-5
- (b) A-2, B-1, C-4, D-3, E-5
- (c) A-2, B-3, C-1, D-4, E-5
- (d) A-4, B-2, C-3, D-1, E-5

48. The Reserve Bank of India exercises regulatory and supervisory oversight over banks and certain financial institutions to ensure financial stability and sound governance.

With reference to the regulatory framework of the RBI for financial institutions, consider the following aspects:

1. Granting licences to banks and regulating their branch expansion.
2. Approving the appointment of Chief Executive Officers (CEOs) of Public Sector Banks.
3. Prescribing and overseeing compliance with accounting and reporting standards, including convergence with International Financial Reporting Standards (IFRS).
4. Implementing and overseeing resolution mechanisms for stressed banks and financial institutions.

Which of the above fall within the ambit of the RBI's regulatory framework?

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

49. To ensure compliance with regulatory norms, the Reserve Bank of India is empowered to impose monetary penalties on banks under various legislations.

In this context, RBI imposes penalties under Section 47A of the Banking Regulation Act, 1949, and also under laws such as the PMLA, 2002, FEMA, and the Payment and Settlement Systems Act, 2007.

The exercise of such powers by the RBI is best described as which one of the following?

- a) Moral suasion
- b) Selective credit control
- c) Direct action
- d) Credit rationing

50. With reference to the committees associated with the establishment of the RBI, consider the following table:

Committee	Year	Relevance to RBI
1. Hilton Young Commission	1926	Recommended the establishment of a central bank for India
2. Maclagan Committee	1915	Examined banking conditions and emphasised the need for a central banking authority
3. Herschell Committee	1920	Suggested separation of central and commercial banking functions
4. Henry Fowler Committee	1898	Recommended creation of RBI and regulation of paper currency

How many of the above rows are correctly matched?

- a) Only one
- b) Only two
- c) Only three
- d) All four

51. The National Financial Reporting Authority (NFRA) was established to strengthen oversight over the auditing profession and enhance corporate governance.

With reference to the scope of governance and jurisdiction of NFRA, consider the following bodies/entities:

1. Statutory auditors of listed companies
2. Statutory auditors of large unlisted public companies notified by the Central Government
3. The Institute of Chartered Accountants of India (ICAI) in respect of disciplinary control over all its members
4. Audit firms and individual auditors associated with companies falling under NFRA's jurisdiction

Which of the above come under the governance / disciplinary jurisdiction of NFRA?

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

52. India's Unified Payments Interface (UPI) has witnessed significant regulatory and technological updates in the last one year to enhance security, inclusiveness, and international reach.

With reference to the recent updates related to UPI, consider the following statements:

1. UPI has enabled credit on UPI by allowing linkage of pre-sanctioned credit lines to UPI for payments.
2. The UPI Lite X feature allows users to make offline digital payments without real-time internet connectivity.
3. The National Payments Corporation of India introduced interoperability of UPI with RuPay credit cards to expand merchant payments.
4. RBI has mandated that all UPI transactions must necessarily be routed through SWIFT for enhanced cross-border security.

Which of the statements given above are correct?

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

53. With reference to the regulation of All-India Financial Institutions (AIFIs) in India, consider the following statements:

1. The Reserve Bank of India derives its powers to regulate and supervise All-India Financial Institutions primarily from the Reserve Bank of India Act, 1934.
2. The All-India Financial Institutions regulated by the RBI include EXIM Bank, NABARD, SIDBI, and the National Housing Bank (NHB).

Which of the statements given above is/are correct?

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

54. With reference to certain entities regulated or overseen by the Reserve Bank of India (RBI), consider the following table:

Entity	Regulatory Law / Framework	Core Function
1. Financial Benchmarks India Pvt. Ltd. (FBIL)	Banking Regulation Act, 1949	Administration of financial market benchmarks
2. Credit Information Companies (CICs)	Credit Information Companies (Regulation) Act, 2005	Collection and dissemination of credit information
3. All-India Financial Institutions (AIFIs)	RBI Act, 1934	Long-term finance to priority and developmental sectors
4. Authorised Dealers (ADs)	Payment and Settlement Systems Act, 2007	Handling foreign exchange transactions

Which of the above rows are correctly matched?

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

55. Under the Pradhan Mantri Mudra Yojana (PMMY), loans are provided to micro and small enterprises under different categories.

With reference to MUDRA loan categories, consider the following table:

Loan Category	Loan Amount Range	Eligibility / Purpose
1. Shishu	₹50,001 to ₹5 lakh	Existing enterprises seeking expansion
2. Kishore	Up to ₹50,000	New / start-up micro enterprises
3. Tarun	₹5 lakh to ₹10 lakh	Well-established micro enterprises
4. Tarun Plus	₹10 lakh to ₹20 lakh	Successful borrowers with good repayment history

Which of the above rows are correctly matched?

- 3 and 4 only
- 1 and 2 only
- 2, 3 and 4 only
- 1, 2, 3 and 4

56. Consider the following table:

Scheme	Primary Target Group	Nodal Ministry
A. Pradhan Mantri Shram Yogi Maandhan Yojana	1. Unorganised workers such as street vendors, domestic workers	i. Ministry of Labour & Employment
B. Pradhan Mantri Laghu Vyapari Maandhan Pension	2. Small traders and shopkeepers with GST turnover below threshold	ii. Ministry of MSME
C. Pradhan Mantri Karam Yogi Maandhan Scheme	3. Gig and platform workers registered on e-Shram	iii. Ministry of Commerce & Industry
D. Atal Pension Yojana (APY)	4. Voluntary pension for workers in informal sector	iv. Ministry of Finance

Which of the following is the correct match?

- A-1-i, B-2-ii, C-3-iii, D-4-iv
- A-1-i, B-2-i, C-3-i, D-4-iv
- A-4-iv, B-2-ii, C-1-i, D-3-iii
- A-1-ii, B-2-i, C-3-iv, D-4-i

57. With reference to the National Bank for Financing Infrastructure and Development (NaBFID), consider the following statements:

- NaBFID was established under a separate Act of Parliament passed in 2021 as a Development Financial Institution (DFI) for infrastructure financing.
- NaBFID is regulated and supervised by the Reserve Bank of India as an All India Financial Institution (AIFI) under the RBI Act, 1934.
- NaBFID is the fifth AIFI in India, after EXIM Bank, NABARD, NHB and SIDBI.
- NaBFID is authorised to accept public deposits that will be used for Infrastructure projects.
- The authorised share capital of NaBFID is ₹1 lakh crore, and its head office is located in Mumbai.

Which of the statements given above are correct?

- 1, 2, 3 and 5 only
- 1, 3 and 4 only
- 2, 4 and 5 only
- 1, 2, 3, 4 and 5

58. In the context of banking regulation, Demand and Time Liabilities (DTL) and Net Demand and Time Liabilities (NDTL) form the base for key reserve requirements.

With reference to Demand and Time Liabilities in the Indian banking system, consider the following statements:

- Demand liabilities include deposits payable on demand, such as current account deposits and outstanding demand drafts.
- Time liabilities include fixed deposits, recurring deposits, cash certificates, and the time-liability portion of savings bank deposits.
- Banks are required by the Reserve Bank of India to maintain prescribed ratios of their NDTL in the form of Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR).
- Foreign currency deposits maintained with Indian banks are excluded from the computation of NDTL for regulatory purposes.

Which of the statements given above are correct?

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

59. With reference to the functions performed by banks, consider the following table:

Activity	Category Assigned
1. Accepting deposits from the public	Core Activity
2. Providing locker facilities	Ancillary Activity
3. Collection of cheques and bills on behalf of customers	Agency Activity
4. Issuing demand drafts and banker's cheques	Agency Activity

Which of the above are correctly matched?

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

60. With reference to Cross-Chain Bridges in blockchain ecosystems, examine the following statements:

1. Cross-chain bridges facilitate interoperability by allowing assets and information to move across blockchains that may follow different consensus protocols.
2. By enabling direct blockchain-to-blockchain transfers, cross-chain bridges can reduce dependence on centralized exchanges for token swaps.
3. Cross-chain bridges are free from security risks since transactions are executed through smart contracts without intermediaries.

Which of the statements given above are correct?

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

61. Which of the following can improve India's Gross Savings Rate?

1. Increase in household financial savings
2. Government fiscal deficit
3. Public sector profit reinvestment
4. Fall in real interest rates on savings

Options:

- (a) 1 and 3 only
- (b) 2 and 4 only
- (c) 1, 3 and 4 only
- (d) All of the above

62. The Four Balance Sheet (4BS) Problem, also known as Twin Balance Sheet 2.0, extends beyond the traditional Twin Balance Sheet (TBS) issue by including additional stressed sectors. Which of the following correctly represents the key components of the 4BS framework?

- a) Stressed banking sector, fiscal deficit, private consumption slowdown, and monetary tightening.
- b) High corporate debt, weak public sector finances, real estate crisis, and banking sector NPAs.
- c) Banking sector NPAs, stressed corporate balance sheets, liquidity crisis in NBFCs, and real estate sector distress.
- d) Current account deficit, fiscal deficit, high inflation, and weak manufacturing sector.

63. Recently RBI issued a circular named "Prudential Framework for Resolution of Stressed Assets". Which of the following statements is incorrect with reference to this new norm on managing NPA?

- a) Before identifying an asset as a stressed asset, resolution strategy and plan can be made.
- b) Loan defaults to be recognized within 30 days
- c) There must be an Inter Creditor Agreement put up right away, and the Resolution Plan must be carried out in compliance with the Insolvency and Bankruptcy Code.
- d) Before beginning the Resolution Process, a necessary institutional arrangement, known as the Joint Lenders Forum, must exist.

64. With reference to the Prompt Corrective Action (PCA) framework of the Reserve Bank of India, consider the following indicators:

1. Decline in Capital to Risk-Weighted Assets Ratio (CRAR) below prescribed thresholds
2. Deterioration in asset quality reflected by rising Net Non-Performing Assets (NNPAs)
3. Persistent negative profitability indicators such as Return on Assets (RoA)
4. Increase in credit growth beyond RBI-specified limits

Which of the above are used as triggers for placing a bank under PCA?

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

65. With reference to interest rates and inflation, consider the following statements:

1. The gain that borrowers receive due to a rise in prices (inflation) is commonly referred to as an inflation premium.
2. The interest rate charged by banks without adjusting for inflation is known as the nominal interest rate.
3. When inflation is positive, the real interest rate is lower than the nominal interest rate.
4. A rise in the inflation premium necessarily indicates higher profits for lending institutions.

Which of the statements given above are correct?

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

66. Match the following inflation terms with their correct descriptions:

Term	Description
A. Disinflation	Decrease in the rate of inflation
B. Deflation	Sustained decline in general price level
C. Reflation	Policy-induced rise in price to counteract deflationary pressure
D. Stagflation	Inflation combined with stagnating growth and high unemployment

Select the correct code:

- (a) A and B only
- (b) A, B and D only
- (c) B, C and D only
- (d) A, B, C and D

67. Which of the following statements are correct regarding Wholesale Price Index (WPI) and Consumer Price Index (CPI)?

1. WPI gives higher weight to manufactured goods while CPI gives higher weight to food.
2. WPI includes services like education and health, while CPI excludes services.
3. Core inflation in WPI and CPI excludes both food and fuel components.
4. RBI uses CPI, not WPI, for inflation targeting under monetary policy.

Choose the correct option:

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

68. In monetary economics, the money multiplier explains the relationship between the expansion of the money supply and the increase in high-powered money (monetary base).

Which one of the following correctly represents the formula for the money multiplier?

- a) Money Multiplier = Change in total money supply plus change in the monetary base
- b) Money Multiplier = Change in total money supply minus change in the monetary base
- c) Money Multiplier = Change in total money supply multiplied by change in the monetary base
- d) Money Multiplier = Change in total money supply divided by change in the monetary base

69. Which of the following statements correctly describe the characteristics and functions of the Bank Rate in India?

- 1. The Bank Rate is the rate at which banks can borrow long-term funds from the RBI without collateral.
- 2. Penalties imposed on banks for non-maintenance of CRR and SLR are linked to the Bank Rate.
- 3. The Bank Rate is the same as the Repo Rate and both are used identically for day-to-day liquidity management.
- 4. The Bank Rate is aligned with the Marginal Standing Facility (MSF) rate and changes automatically when the MSF rate is revised.
- 5. The Bank Rate is also referred to as the Discount Rate, as it is the rate at which RBI rediscounts eligible bills.

Select the correct answer using the code given below:

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

70. Which of the following facility enables a bank in Liquidity Crunch to get Cash inflow

- 1. Standing Deposit Facility (SDF)
- 2. Repo Facility
- 3. Marginal Standing Facility
- 4. Facility to Avail Liquidity for Liquidity Coverage Ratio (FALLCR)

Select the answer from the give codes

- a) One option only
- b) Two options only
- c) Three options only
- d) All the four options

71. The Incremental Cash Reserve Ratio (I-CRR) is a special liquidity management tool occasionally used by the Reserve Bank of India.

With reference to the use of Incremental CRR in India, consider the following statements:

- 1. RBI imposed an Incremental CRR of 100% in 2016 to absorb excess liquidity generated after demonetisation.
- 2. In August 2023, RBI introduced an Incremental CRR of 10% on the increase in banks' NDTL to manage liquidity arising from the withdrawal of ₹2000 notes.
- 3. Incremental CRR leads to a permanent increase in banks' reserve requirements.
- 4. Incremental CRR is used as a temporary liquidity absorption measure.

Which of the statements given above are correct?

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

72. In the context of Broad Money (M3) in India, which of the following correctly defines Aggregate Deposits?

a) The total amount of cash held by the public and banks, including interbank deposits.

b) The sum of Demand Deposits with Banks, Time Deposits with Banks, and 'Other' Deposits with the Reserve Bank of India.

c) The amount of currency in circulation plus the reserves held by commercial banks with the RBI.

d) The total value of all assets held by financial institutions, including loans, advances, and securities.

73. What is the primary role of Financial Benchmarks India Private Ltd (FBIL)?

a) To regulate stock market trading in India

b) To determine and administer financial benchmarks like interest rates and forex rates in India

c) To oversee banking regulations and monetary policy decisions

d) To manage government securities auctions and bond issuance

Correct Answer: B (To determine and administer financial benchmarks like interest rates and foreign exchange rates in India)

74. India's foreign exchange reserves are maintained to ensure external sector stability, manage balance of payments pressures, and instil confidence in the economy.

With reference to the composition of India's foreign exchange reserves, consider the following components:

1. Foreign Currency Assets (FCA)
2. Gold holdings of the monetary authority
3. Special Drawing Rights (SDRs) held with the International Monetary Fund
4. Reserve Tranche Position (RTP) with the International Monetary Fund

Which of the above are included in India's foreign exchange reserves?

a) 1 and 2 only

b) 3 and 4 only

c) 1, 2 and 3 only

d) 1, 2, 3 and 4

75. Which of the following is NOT a component of India's capital account in the Balance of Payments?

(a) External commercial borrowings

(b) Portfolio investment

(c) Foreign Direct Investment

(d) Merchandise exports

76. Which of the following can lead to capital account deficit?

(a) Large FDI inflows

(b) Increase in ECB repayments

(c) Rise in foreign investment in equity

(d) NRI deposits increase

77. A Tri-Party Agent in a Tri-party repo will do which of the following functions

1. Collateral selection,

2. Payment and settlement,

3. Custody and management during the

life of the transaction.

Select the answer from the below codes

a) 1 and 2 only

b) 2 and 3 only

c) 1 and 3 only

d) 1, 2 and 3

78. What is an inventory?

(a) It is a stock of unsold finished goods.

(b) It is a stock of unsold raw materials.

(c) It is treated as capital.

(d) All of the above

79. Which of the following statements about the relationship between gold prices and currency value are correct?

1. Gold prices move in the opposite direction of the US dollar value.

2. When the US dollar weakens, the demand for gold increases.

3. If the Indian rupee depreciates, gold prices in India rise.

Select the correct answer:

a) 1 and 2 only

b) 2 and 3 only

c) 3 only

d) 1, 2, and 3

80. Match the instrument with its features:

Instrument	Feature
A. Treasury Bills	1. Issued by companies, unsecured
B. Commercial Paper	2. Issued at discount, no interest
C. Certificate of Deposit	3. Negotiable deposit by banks
D. Inter-Corporate Deposit	4. Unsecured lending between corporates

Choose the correct code:

- (a) A-2, B-1, C-3, D-4
- (b) A-3, B-2, C-4, D-1
- (c) A-1, B-2, C-3, D-4
- (d) A-2, B-4, C-1, D-3

81. Which of the following correctly describes Certificate of Deposit (CD)?

- 1. It is a negotiable money market instrument issued by scheduled banks.
- 2. It is issued in both physical and dematerialized form.
- 3. It is backed by government securities as collateral.

Select the correct answer using the codes below:

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

82. The Reserve Bank of India performs multiple roles to ensure monetary stability, financial regulation, and orderly functioning of the banking system.

With reference to the functions of the RBI, consider the following statements:

- 1. The RBI acts as the custodian of the cash reserves of scheduled commercial banks.
- 2. The RBI functions as the banker to the Government of India, managing its public debt and treasury operations.
- 3. The RBI directly regulates and supervises all Non-Banking Financial Companies (NBFCs) and stock exchanges in India.
- 4. The RBI acts as the lender of last resort by providing liquidity support to banks during periods of financial stress.

Which of the statements given above are correct?

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

83. The Reserve Bank of India uses both quantitative and qualitative (selective) instruments of monetary policy to regulate credit and liquidity in the economy. With reference to these instruments, which of the following are qualitative instruments rather than quantitative instruments of monetary policy?

- 1. Credit rationing
- 2. Cash Reserve Ratio (CRR)
- 3. Reverse Repo Rate
- 4. Loan-to-Value (LTV) requirement

Select the correct answer using the code given below:

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

84. Which of the following institutions are classified as All-India Financial Institutions (AIFIs) in India?

- a) LIC, IFCI, PFC, NIIF
- b) IFCI, PFC, NHB, NABARD
- c) NABARD, SIDBI, EXIM Bank, NHB
- d) SIDBI, LIC, EXIM Bank, NIIF

85. An enterprise engaged in services reports the following for FY 2025–26:

- Investment in equipment: ₹24 crore
- Annual turnover: ₹110 crore

Based on the MSME classification under Budget 2025, the enterprise will be classified as:

- a) Micro enterprise
- b) Small enterprise
- c) Medium enterprise
- d) Not eligible for MSME classification

86. Which of the following activities is a Non Banking Financial Company (NBFC) strictly prohibited from undertaking?

- a) Providing loans to individuals and businesses
- b) Investing in securities and other financial instruments
- c) Borrowing funds from banks for operational needs
- d) Accepting demand deposits from the public

87. With reference to the economic characteristics of money, consider the following statements:

- 1. Money possesses the highest degree of liquidity among all assets.
- 2. Money yields the highest return compared to other financial or real assets.
- 3. Money with a stable value tends to enjoy general acceptability in transactions.
- 4. Holding money helps individuals offset the opportunity cost of not holding other assets.

Which of the statements given above are correct?

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

88. Consider the following statements about Meme Coins in the cryptocurrency market:

- 1. Meme coins derive their value largely from community hype rather than underlying utility.
- 2. Dogecoin and Shiba Inu are examples of such coins.
- 3. Meme coins are generally regulated by central banks.

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

89. A capitalist economy is one of the major forms of economic organisation observed across countries.

With reference to the characteristics of a capitalist economy, consider the following statements:

- 1. The means of production are predominantly owned by private individuals or enterprises.
- 2. Allocation of resources is largely guided by the price mechanism operating through demand and supply.
- 3. The primary objective of economic activity is profit maximisation, subject to market competition.
- 4. The State plays no role regulation, redistribution, or correction of market failures.

Which of the statements given above are correct?

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

90. Which of the following statements is correct?

- 1. Inflation Tax refers to the loss of purchasing power when inflation reduces the value of cash holdings.
- 2. Imported Inflation occurs when prices rise due to increased costs of imported goods, often caused by a weaker domestic currency.

Select the answer from the below codes

- a) Only 1 is correct
- b) Only 2 is correct
- c) Both 1 and 2 are correct
- d) Neither 1 nor 2 are correct

91. With reference to Index of Industrial Production (IIP), consider the following:

1. IIP is released monthly by the Ministry of Commerce & Industry.
2. IIP covers both sectoral and use-based classifications.
3. Eight Core Industries account for about 40.27% of the IIP.
4. Electricity and Refinery Products are part of the Eight Core Industries.

Which of the above are correct?

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

92. The Standing Deposit Facility (SDF) was introduced as part of India's evolving monetary policy operating framework to improve liquidity management.

With reference to the Standing Deposit Facility (SDF) of the Reserve Bank of India, consider the following statements:

1. The SDF enables the RBI to absorb surplus liquidity without the need to provide government securities as collateral.
2. It is a liquidity absorption facility available to scheduled commercial banks.
3. The SDF is an instrument designed and operated by the International Monetary Fund (IMF) for its member countries.
4. The SDF allows banks to park excess funds with the RBI at their discretion, without any collateral requirement.

Which of the statements given above are correct?

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

93. Inflationary or deflationary outcomes in an economy largely depend on the liquidity and credit conditions influenced by the actions of the Reserve Bank of India.

With reference to the impact of various monetary policy actions, consider the following:

Which of the following measures are likely to have an inflationary effect on the economy?

1. Issuance of new bonds by the RBI in the open market
2. Reduction in the repo rate by the RBI
3. Increase in the bank rate by the RBI
4. Complete abolition of the Cash Reserve Ratio (CRR)

Select the correct answer using the code given below:

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

94. The Statutory Liquidity Ratio (SLR) is a key regulatory instrument prescribed by the Reserve Bank of India to ensure financial stability and prudent banking behaviour.

With reference to the objectives of the Statutory Liquidity Ratio, which one of the following statements is incorrect?

- a) It helps in controlling excessive expansion of bank credit in the economy.
- b) It ensures that commercial banks maintain adequate liquidity and solvency.
- c) It requires banks to hold a portion of their deposits in safe and liquid assets, including government securities.
- d) It mandates banks to allocate credit to priority sectors such as agriculture and MSMEs.

95. Which of the following are monetary instruments?

1. Reserve Ratios
2. Policy Rate
3. Public Policy
4. Open Market Operation

Select the answer from the codes below

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

96. As per the Reserve Bank of India Act, 1934 (as amended), which authority is responsible for determining the inflation target in terms of the Consumer Price Index (CPI) for India, and how often is this target reviewed?

- a) The Reserve Bank of India (RBI), every three years
- b) The Monetary Policy Committee (MPC), every five years
- c) The Central Government, in consultation with the Reserve Bank of India, every five years
- d) The Department of Monetary Policy, on an annual basis

97. With reference to the Open Market Operations (OMO) conducted by the Reserve Bank of India, consider the following options: Open Market Operations refer to:

- a) The outright sale of government securities by RBI to raise funds for financing government welfare programmes.
- b) The outright purchase of government securities by RBI solely to expand bank credit.
- c) The outright purchase and sale of government securities by RBI with the objective of managing liquidity conditions in the economy.
- d) The outright purchase and sale of government and private sector equity instruments to maximise government returns.

98. Which of the following assets are eligible for maintenance under SLR norms?

1. Cash
2. Gold
3. Government-approved securities
4. Commercial papers

Select the correct answer using the code below:

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

99. With reference to the primary and secondary capital markets, consider the following statements:

1. When an investor purchases shares directly from the issuing company, the transaction takes place in the secondary market.
2. Transactions involving buying and selling of shares among investors are carried out in the primary market.
3. Both the primary market and the secondary market require a formal, institutionalised trading platform for transactions.

Which of the statements given above are not correct?

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

100. What is a Certificate of Deposit (CD) in the Indian financial system?

- a) A long-term loan given by the Reserve Bank of India to commercial banks
- b) A type of savings account with a fixed interest rate offered by all banks
- c) A government bond issued for financing infrastructure projects
- d) A short-term negotiable money market instrument issued by banks to raise funds