

B.A./B.Sc. (Hons. & General) Semester-V (Internal) Examination – 2020 (Under CBCS)
Discipline Specific Elective Course [Economics] (DSE -A) BA/BSc (General)
Course: Money and Banking (MB)
Date of examination: 5th March 2020

Answer **any 10** out of the following 12 questions by choosing the right option from the four options given below each question. For each question **choose only one option as your answer**. Each question carries 1 mark. [Full marks: 1*10 = 10]

1. Measure of money supply M1 will be equal to:
 - a. Currency with the public + Demand deposits with the banking system + Savings deposits of post office savings banks
 - b. Currency with the public + Demand deposits with the banking system + 'Other' deposits with the RBI
 - c. Currency with the public + Demand deposits with the banking system + Fixed deposits with the banking system
 - d. Currency with the public + Demand deposits with the banking system + All deposits with post office savings banks

2. The value of money multiplier will increase if:
 - a. Cash Reserve Ratio increases
 - b. The ratio of currency in circulation held by the public increases
 - c. Cash Reserve Ratio decreases
 - d. Only Cash Reserve Ratio increases

3. How many commercial banks were nationalized on July 19, 1969?
 - a. Fifteen
 - b. Twenty seven
 - c. Eleven
 - d. Fourteen

4. Banking sector reforms since 1992 do not include
 - a. Improvement of public sector banks
 - b. Reduction in the SLR and CRR
 - c. Reduction in number of banks in rural areas
 - d. Encouragement to competition

5. Which of the following is usually associated with the unorganized sector of the Indian Money Market includes:
 - a. The Treasury Bill Market
 - b. Chit funds
 - c. Repo market
 - d. Commercial Bill Market

6. The reform measures to strengthen the Indian Money Market does not include:
 - a. Deregulation of money market interest rates
 - b. Introduction of new money market instruments
 - c. Introduction of repo and reverse repos
 - d. Removing all money market mutual funds

7. Which one of the following is not among the roles that Securities and Exchange Board of India (SEBI) plays?
 - a. Regulating business in stock markets
 - b. Prohibiting fraudulent practices in securities markets
 - c. Giving permissions to commercial banks to open new branches
 - d. Promoting education related to investment in securities.

8. Which one of the following did not happen to help in the growth of capital market in India?
 - a. Publicity of information related to investment opportunities
 - b. Legislative measures to help the growth in capital market
 - c. Setting up of SEBI
 - d. Removal of underwriting business

9. Which one of the following is not a part of the interest rate structure in India
 - a. Bank rates of RBI
 - b. Term Lending rates of Financial Institutions
 - c. Auction T-Bills of 60 days
 - d. Bank deposit rate

10. Which one of the following statements is not true regarding Cash Reserve Ratio (CRR)?
 - a. CRR is controlled by the RBI
 - b. CRR is applicable to commercial banks
 - c. Banks can lend more when CRR is increased
 - d. CRR requires banks to have only cash reserves with the RBI

11. Which of the following statements is not true regarding the REPO RATE in India?
 - a. It is the rate at which commercial banks can borrow money from the RBI
 - b. It affects loans taken by the public from commercial banks
 - c. It is used as a tool of monetary policy
 - d. It cannot be linked to home loan rates

12. Which of the following is not true regarding the monetary policy in India?
 - a. The RBI uses both qualitative and quantitative measures to control inflation
 - b. Changes in Statutory Liquidity Ratio (SLR) cannot be used to control inflation
 - c. CRR can be used to control inflation
 - d. Reverse REPO rate does not affect inflation
