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## Prep Series Part - 8

### 50 QUESTIONS ECONOMY (PART - II)

Q1. Consider the following statements with regard to Domestic Systemically Important Banks (D-SIBs).

1. Domestic Systemically Important Banks (D-SIBs) are the banks which assume systemic importance due to their size and level of activity.
2. According to RBI, D-SIBs will be required to have additional Common Equity Tier-1 capital requirement.
3. D-SIBs will also be subjected to differentiated supervisory requirements and higher intensity of supervision.

Which of the above statements are correct?

- (a) Only 1 & 2                      (b) Only 2 & 3  
(c) Only 1 & 3                      (d) All of the above

Q2. A strong Intellectual Property regime is a prerequisite for creation of global IPs from India. It has also become a requirement under WTO. Which of the following steps need to be taken in this context?

1. Improve IP management and protection mechanisms.
2. Develop global information database on IPs accorded.
3. Strengthen and modernise the process of patent examination and according patents.

Select the correct code:

- (a) Only 1 & 2                      (b) Only 2 & 3

(c) Only 1 & 3                      (d) All of the above  
Q3. Consider the following statements.

1. India Inclusive Innovation Fund (IIIF) has been launched by the National Innovation Council in partnership with the Ministry of Micro, Small and Medium Enterprises (MSME)
2. It will address social needs of all citizens of India in the areas like healthcare, agriculture, water, financial inclusion etc.
3. It will help to create a new class of capital or venture capital to set up and scale entrepreneurial skills and innovation in the firms delivering goods and services to the poorest of the country.
4. It is a 100% centrally sponsored Scheme.

Which of the statement given above are incorrect?

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

Q4. Which of the following items are shown in the liability column of the balance sheet of a bank?

1. Demand deposits.
2. Endorsement of bills of exchange.
3. Cash kept with other banks.
4. Borrowings from other banks.

Select the correct answer using the codes given below.



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

Q5. Consider the following statements in the context of instruments of Money Market Management:

1. A certificate of deposits is a time deposit, commonly offered to consumers by banks, thrift institutions, and credit unions and which has a specific, fixed term usually, and a fixed interest rate.
2. Commercial paper is a money-market security issued (sold) by large corporations to get money to meet short term debt obligations, and is only backed by an issuing bank or corporation's promise to pay the face amount on the maturity date specified on the note.

Which of the above statements are correct?

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

Q6. Consider the following statements about the concept of money supply calculated by RBI.

1. M1 includes currency with public as well as deposits (time and demand) with the banks.
2. M3 which also includes post office deposits is known as broad money.

Which of the above statements is/are correct?

- (a) Only 1                                      (b) Only 2  
(c) Both 1 & 2                              (d) Neither 1 nor 2

Q7. Consider the following statements related to no-frill savings account scheme launched by RBI.

1. No-frills savings account enables disadvantaged people to open a savings account thus lead to financial inclusion.
2. Cheque book and ATM facilities are not provided in no-frill savings account scheme.
3. No-frill savings account scheme is provided only by public sector banks.

Which of the above statements is/are correct?

- (a) Only 1                                      (b) Only 2  
(c) Only 1 & 3                              (d) Only 2 & 3

Q8. Consider the following statement-

1. Deficit financing in India refers to the

excess of total expenditure over total budgetary receipts on current and capital accounts together.

2. The deficit of the central government is covered by the sale of Treasury bills and withdrawals from cash balances.
3. The central government usually relies on ways and means, advances and overdraft from the R.B.I. to cover their deficit.

Which of the above statements are correct?

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

Q9. Match list-I (form of currency) with list II (Function) and find the correct answer from the below.

**List-I (form of currency)**

- A. Hard currency
- B. Soft currency
- C. Hot Money

**List-II (Function)**

1. A currency the exchange value which keeps on fluctuating vis-a-vis other currencies.
2. Money which flees quickly from country to country either in response to better earnings or in apprehension of adverse circumstances.
3. A currency the exchange value of which is expected to remain stable due to strong performance by its economy.

Codes:

- |     | A | B | C |
|-----|---|---|---|
| (a) | 1 | 2 | 3 |
| (b) | 3 | 1 | 2 |
| (c) | 3 | 2 | 1 |
| (d) | 1 | 3 | 2 |

Q10. Consider the following—

1. Rationing of credit
2. Moral Suasion
3. Variation in margin requirement
4. Equal interest rate on each type of advances

Which of the above are the qualitative credit control methods?



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

Q11. Match list I (Institutions) with list II (Objectives) and give the correct answer using the codes given below-

**List - I**

- A. IDBI  
 B. National Equity Fund Scheme  
 C. ICICI  
 D. IIBIL

**List - II**

1. It is the principal financial institution for providing credit and other facilities for developing industries and assisting developing institutions.
2. For providing equity assistance to tiny small scale units.
3. For developing medium and small industries of private sector.
4. To revive sick and closed industrial units and to act as a prime loan and reconstruction agency

Codes:

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

Q12. Consider the following components of Money Supply.

1. Currency and Coins in Circulation
2. Bankers Deposits with RBI
3. Other deposits with RBI
4. Demand deposits with the Banking system

Which of the above mentioned components are included in measuring the Monetary Aggregate called "Reserve Money". Select the correct answer from the codes given below

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

Q13. Consider the following statements about Asian Clearing Union (ACU).

1. The Asian Clearing Union (ACU) was

established at the initiative of the World Bank for promoting regional co-operation.

2. The main objective of the clearing union is to facilitate payments among member countries for eligible transactions on a multilateral basis, thereby economizing on the use of foreign exchange reserves and transfer costs, as well as promoting trade among the participating countries.
3. The Central Banks and the Monetary Authorities of Bangladesh, Bhutan, India, Iran, Maldives, Myanmar, Nepal, Pakistan and Sri Lanka are currently the members of the ACU.

Which of the statements given above are correct?

- (a) Only 1, 2                      (b) Only 1, 3  
 (c) Only 2, 3                      (d) All 1, 2, 3

Q14. Which of the following is/are true about the recommendations of the 14th Finance Commission?

1. It increased the state's share in net proceeds from tax collections to 34% from the earlier 32%.
2. It added new criteria of forest cover for devolution of central taxes.
3. There is a shift from devolution based support from centre to a scheme and grant based one.

Select the correct answer using the codes given below.

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

Q15. Consider the following statement about dear money policy.

1. It is adopted to increase the credit utilization facilities in the economy.
2. Under dear money policy, interest rate is increased which helps in controlling inflation in the economy.
3. It is adopted to squeeze the credit utilization facilities in the economy.
4. Under this policy interest rate is decreased which helps in controlling inflation in the economy.



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Which of the above statements is/are correct?

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

Q16. Match list I (Term) with list II (Explanation of term) and find the correct answer from the below-

**List-I**

**List-II**

- |                       |                                                                                                            |
|-----------------------|------------------------------------------------------------------------------------------------------------|
| A. Bank Rate          | 1. The rate of interest charged by the banks on the loans given upto two lakhs of rupees to their clients. |
| B. Prime Lending Rate | 2. The official rate at which the RBI will rediscount the bills of commercial banks.                       |
| C. CRR                | 3. A commercial bank is required to keep in cash a portion of its deposit with the RBI.                    |
| D. SLR                | 4. A commercial bank invest a designated minimum proportion of its total assets in liquid assets.          |

Codes:

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

Q17. Consider the following statement-

1. Interest payment
2. Defense revenue
3. Grants to foreign governments
4. Central assistance for plans of the States and UTs

Non-Plan expenditure of the central Government includes -

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

Q18. Consider the following statements in context with the Free Market Economy.

1. The role of market forces and competition is eliminated by law.
2. There is high degree of competition in both commodity and factors markets.
3. Private gains are the main motivating and

guiding force for carrying out economic activities.

Which of the statements given above are correct? Select the answer from the codes given below.

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

Q19. Identify the correct statement(s) about GDP deflator.

- (a) The GDP deflator is a measure of price inflation. It is calculated by dividing Real GDP by Nominal GDP and then multiplying by 100.
- (b) Nominal GDP is the market value of goods and services produced in an economy, unadjusted for inflation.
- (c) Trends in the GDP deflator are similar to changes in the Consumer Price Index, which is a different way of measuring inflation.
- (d) Only b, c

Q20. The G20 started in 1999 as a meeting of Finance Ministers and Central Bank Governors in the aftermath of the Asian financial crisis. Consider the following statements related to it.

1. The Group of Twenty (G20) is the premier forum for its members' international economic cooperation and decision-making and comprises 19 countries plus the European Union.
2. In 2008, the first G20 Leaders' Summit was held, and the group played a key role in responding to the global financial crisis.
3. The G20 Summit continues to focus on measures to support global economic growth, with a strong emphasis on promoting job creation and open trade.
4. The G20 works independently of the international organizations including the International Labour Organization, the International Monetary Fund, the Organization for Economic Co-operation and Development etc.

Which of the statements given above are correct?

- (a) Only 1, 2, 3                      (b) Only 1, 3, 4  
(c) Only 2, 3, 4                      (d) All 1, 2, 3, 4



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Q21. Consider the following economic conditions.

1. Low aggregate demand
2. Comparatively lower inflation
3. Increasing unemployment rate

Which of the above mentioned economic conditions are the characteristic feature/features of Depression? Select the answer from the codes given below.

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

Q22. Consider the following statements regarding Inflation

1. Inflation occurs due to an imbalance between demand and supply of money.
2. Inflation occurs due to changes in production and distribution cost
3. Inflation occurs due to increase in taxes on products.

Which of the above reasons for inflation is/are correct? Select the answer from the codes given below

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

Q23. Consider the following pairs and identify the correct one

1. NNP at market price: GNP at market price – depreciation
2. GDP at market price: GNP at market price - net income from abroad
3. GNP at factor cost: GNP at market price - net indirect taxes
4. NDP at market price: NNP at market price - net income from abroad

Select the answer from the codes given below.

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

Q24. Which of the following is not a feature of "capitalist economy"?

- (a) Ownership of means of production is with the private
- (b) A great part of the production is used for private consumption
- (c) Labour services are purchased and sold at a price

(d) Production takes place for selling the output in the market

Q25. The Kisan Credit Card (KCC) Scheme which is in operation throughout the country is implemented by which of the following banks

1. Commercial Banks
2. Cooperative Banks
3. Regional Rural Banks

Select the answer from the codes given below.

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

Q26. Consider the following statements regarding The International Finance Corporation.

A. The International Finance Corporation (IFC) is an international financial institution that offers investment, advisory, and asset management services to encourage private sector development in developing countries.

B. It was established in 1976 as the private sector arm of the World Bank Group to advance economic development by investing in strictly for-profit and commercial projects that purport to reduce poverty and promote development

Which of the statements given above is/are correct? Select the answer from the codes given below.

- (a) Only A                      (b) Only B  
(c) Both A and B              (d) Neither A nor B

Q27. Consider the following statements

1. A memorandum of understanding (MOU or MoU) is a formal agreement between two or more parties.
2. MOUs are legally binding and they carry a degree of seriousness and mutual respect, stronger than a gentlemen's agreement.
3. MOUs are popular in multinational international relations because, unlike treaties, they take a short time to ratify and can be kept confidential.
4. MOUs may also be used to modify existing legal treaties.

Which of the statements given above are correct?



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- (a) All 1, 2, 3, 4            (b) Only 1, 2, 3  
(c) Only 1, 3, 4            (d) Only 1, 2, 4

Q28. The International Monetary Fund (IMF) promotes international financial stability and monetary cooperation. Identify the correct statements related to it.

1. It seeks to facilitate international trade, promote high employment and sustainable economic growth, and reduce poverty around the world.
2. The IMF, also known as the Fund, was conceived at a United Nations conference convened in Bretton Woods, New Hampshire, United States, in July 1944.
3. The governments represented at that conference sought to build a framework for economic cooperation that would avoid a repetition of the vicious circle of competitive devaluations that had contributed to the Great Depression of the 1930s.
4. The IMF's primary purpose is to ensure the stability of the international monetary system—the system of exchange rates and international payments that enables countries (and their citizens) to transact with each other.

Select the correct code.

- (a) Only 1, 2, 3            (b) Only 2, 3, 4  
(c) Only 1, 2, 4            (d) All 1, 2, 3, 4

Q29. The Fortaleza Summit launched a new cycle for the BRICS. Consider the following statements related to it.

1. The meeting's particular focus on social inclusion and sustainable development gave visibility to policies implemented by member countries, and to the contribution of the BRICS' economic growth to poverty reduction.
2. The theme "inclusive growth, sustainable solutions" is not only in line with the member countries' social policies, but also highlights the need to tackle challenges in the social, economic and environmental fields, and creates new opportunities for the BRICS in different areas, including the negotiations on the post-2015

development agenda.

Which of the statements given above is/are correct?

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

Q30. Consider the following statements.

1. The International Bank for Reconstruction and Development was created in 1944 to help Europe rebuild after World War II.
2. Today, IBRD provides loans and other assistance primarily to middle income countries.
3. It works independently of the World Bank Group to help developing countries reduce poverty, promote economic growth, and build prosperity.
4. Specifically, IBRD supports long-term human and social development that private creditors do not finance.

Which of the statements given above are correct?

- (a) All 1, 2, 3, 4            (b) Only 1, 2, 3  
(c) Only 1, 3, 4            (d) Only 1, 2, 4

Q31. The Cabinet Committee on Economic Affairs in August 2012 had approved a new Centrally Sponsored Scheme titled "National Mission on Food Processing (NMFP)". The basic objective of NMFP is.

1. To decentralize the implementation of Ministry's schemes, which will lead to substantial participation of State Governments/UTs?
2. To spread the message of significance of food processing for enhancing agricultural productivity and farmers income in the country.
3. To assist the state governments in creating requisite synergy between their agricultural plans and development of food processing sector.
4. To assist the state governments in addressing both institutional and infrastructural gaps along the Value Chains and thus create efficient Supply Chains for agricultural produces.
5. To promote initiatives for skill development,

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training and entrepreneurship which would meet needs of both post-harvest management and food processing industry.

Which of the statements given above are correct?

- (a) All 1, 2, 3, 4, 5      (b) Only 1, 2, 3, 4  
(c) Only 1, 3, 4, 5      (d) Only 1, 2, 4

Q32. Consider the following statements regarding the modified National Agricultural Insurance Scheme.

1. The scheme provides insurance for all crops.
2. The scheme is compulsory for farmers who have taken loans.
3. The scheme allows for the Private sector insurers participation.

Which of the statements given above is/are correct? Select the answer from the codes given below.

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

Q33. Consider the following statements regarding the minimum alternate tax (MAT).

- A. The objective of introduction of MAT is to bring into the tax net "zero tax companies" which in spite of having earned substantial book profits and having paid handsome dividends, do not pay any tax due to various tax concessions and incentives provided under the Income-tax Law
- B. Finance minister recently clarified that minimum alternate tax (MAT) would not be applicable on foreign companies' earnings from capital gains on securities, royalty, fee on technical services and interest, providing a huge breather to foreign investors.

Which of the statements given above is/are correct? Select the answer from the codes given below.

- (a) Only A      (b) Only B  
(c) Both A and B      (d) Neither A nor B

Q34. Which of the following steps can be taken by a country to handle the situation of "Balance of payment" crisis?

1. Improving current account balance by increasing exports or decreasing imports

or both.

2. Improving capital account balance with more external borrowing/FDI.
3. Expansionary fiscal and monetary policies.
4. Devaluation of the indigenous Currency

Select the correct answer from the codes given below.

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

Q35. Consider the following statements.

1. Universal Banking means that Financial Institutions (FIs) and Banks are allowed to undertake all kinds of activity of banking, financing and related businesses.
2. Apart from savings and loans, the Universal banks provides services such as investing in securities, credit cards, project finance, remittances, payment systems, project counselling, merchant banking, forex operations, insurance and so on.
3. The concept was culmination of reports submitted by Narasimham Committee and S.H. Khan Committee which had suggested to consolidate the financial industry of India via medium of merging financial activities carried by different types of financial institutions.
4. The Universal banking is not familiar in European countries.

Which of the statements given above are correct?

- (a) All 1, 2, 3, 4      (b) Only 1, 2, 3  
(c) Only 1, 2, 4      (d) Only 1, 3, 4

Q36. Which the following main objectives of disinvestment were outlined in India?

1. To improve public finances
2. To introduce, competition and market discipline
3. To fund growth
4. To encourage wider share of ownership
5. To depoliticise non-essential services

Select the correct code

- (a) Only 1, 2, 3, 4      (b) Only 1,2,3,5  
(c) Only 1, 2, 4      (d) All 1, 2, 3, 4, 5

Q37. Which of the following are the Maharatna Companies?

1. Coal India Limited



2. Indian Oil Corporation Limited
3. Bharat Petroleum Corporation Limited
4. Oil and Natural Gas Corporation Limited
5. Steel Authority of India Limited
6. Bharat Electronics Limited

Select the correct code

- (a) Only 1, 2, 3, 4, 5    (b) Only 1, 2, 3, 6  
 (c) Only 1, 2, 4, 5    (d) All 1, 2, 3, 4, 5, 6

Q38. The current account of the balance of payments (BoP) includes which of the following?

1. Foreign aid.
2. Foreign institutional investments.
3. Remittances.

Select the answer using the codes given below.

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

Q39. Consider the following statements.

1. A base year is the year used for comparison for the level of a particular economic index.
2. GDP of any of the previous years is chosen as the initial GDP and the year that is chosen is known as the base year.
3. The arbitrary level of 100 is selected so that percentage changes (either rising or falling) can be easily depicted.

Which of the statements given above is/are correct?

- (a) All 1, 2, 3                      (b) Only 1, 2  
 (c) Only 2, 3                      (d) Neither 1 nor 2 nor 3

Q40. Indicators used for The Human Poverty Index include-

1. Life length
2. Functional literacy skills
3. Short term unemployment

Which of the facts given above are correct?

- (a) All 1, 2, 3                      (b) Only 1 and 2  
 (c) Only 1 and 3                      (d) Neither 1 nor 2 nor 3

Q41. Which of the following statements are correct?

1. Bharatiya Mahila Bank (BMB) is an Indian financial services banking company based in New Delhi, India.
2. Although initially reported as a bank exclusively for women, the bank allows deposits and lending to flow from everyone and to everyone.

3. India is the third country in the world to have a bank especially for women, after Pakistan and Tanzania.

4. The bank will also place emphasis on funding for skills developments to help in economic activity. Moreover, the products will be designed in a manner to give a slight concession on loan rates to women.

5. One of the other objectives of the bank is to promote asset ownership amongst women customers.

Select the correct code-

- (a) All 1, 2, 3, 4, 5    (b) Only 1, 2, 3, 4  
 (c) Only 1, 3, 4, 5    (d) Only 2, 3, 4, 5

Q42. Any money that has been borrowed from foreign sources for financing the commercial activities in India is called External Commercial Borrowings. The ECBs are defined as money borrowed from foreign resources including the following.

1. Commercial bank loans
2. Buyers credit and suppliers credit
3. Securitised instruments such as Floating Rate Notes and Fixed Rate Bonds etc.
4. Credit from official export credit agencies etc.

Select the correct code

- (a) All 1, 2, 3, 4                      (b) Only 2, 3, 4  
 (c) Only 1, 3, 4                      (d) Only 1, 2, 3

Q43. Consider the following statements.

1. Infrastructure Debt Fund (IDFs) are investment vehicles which can be sponsored by commercial banks and NBFCs in India in which domestic/offshore institutional investors, specially insurance and pension funds can invest through units and bonds issued by the IDFs.

2. IDFs would essentially act as vehicles for refinancing existing debt of infrastructure companies, thereby creating fresh headroom for banks to lend to fresh infrastructure projects.

3. IDF-NBFCs would take over loans extended to infrastructure projects which are created through only Public Partnership (PP) route and have successfully completed one year of commercial production.

Which of the statements given above are correct?



- (a) All 1, 2, 3                      (b) Only 2, 3  
(c) Only 1, 2                        (d) Only 1, 3

Q44. Consider the following statements.

1. The National Stock Exchange (NSE) is India's leading stock exchange covering various cities and towns across the country.
2. NSE was set up by leading institutions to provide a modern, fully automated screen-based trading system with national reach.
3. The Exchange has brought about unparalleled transparency, speed & efficiency, safety and market integrity.
4. NSE has played a catalytic role in reforming the Indian securities market in terms of microstructure, market practices and trading volumes.

Which of the statements given above are correct?

- (a) All 1, 2, 3, 4                      (b) Only 2, 3, 4  
(c) Only 1, 2, 3                        (d) Only 1, 3, 4

Q45. Consider the following statements.

1. The Bank for International Settlements (BIS) is the world's oldest international financial organisation.
2. The BIS has 60 member central banks, representing countries from around the world.
3. The head office is in New York and there are two representative offices: in the Hong Kong Special Administrative Region of the People's Republic of China and in Mexico City.
4. The mission of the BIS is to serve central banks in their pursuit of monetary and financial stability, to foster international cooperation in those areas and to act as a bank for central banks.

Which of the statements given above are correct?

- (a) All 1, 2, 3, 4                      (b) Only 2, 3, 4  
(c) Only 1, 2, 4                        (d) Only 1, 2, 3

Q46. Consider the following statements about NBFCs.

1. A NBFC is a company registered under Companies Act, 1956 and is involved in making loans and advances, acquisition of shares, stocks, bonds, securities issued by government etc.

2. They are very similar to banks and performs all the works done by any bank.
3. They have to be registered with RBI to operate within India.
4. There are a host of regulations which NBFCs have to follow to smoothly operate within India like accept deposit for a minimum period, cannot accept interest rate beyond the prescribed rate given by RBI.

Which of the statements given above are correct?

- (a) Only 1, 2, 3                        (b) Only 2, 3, 4  
(c) Only 1, 3, 4                        (d) All 1, 2, 3, 4

Q47. Consider the following statements

1. Liquidity Adjustment Facility (LAF) is the least important instrument of Reserve Bank of India for modulating liquidity and transmitting interest rate signals to the market.
2. It (LAF) refers to the difference between the two key rates viz. repo rate and reverse repo rate.
3. Informally, Liquidity Adjustment Facility is also known as Liquidity Corridor.

Which of the statements given above are correct?

- (a) Only 1, 2                            (b) Only 2, 3  
(c) Only 1, 3                            (d) All 1, 2, 3

Q48. Which of the statements given below are correct?

1. Capital market is a market where buyers and sellers engage in trade of financial securities like bonds, stocks, etc.
2. The buying/selling is undertaken by participants such as individuals and institutions.
3. Capital markets help channelize surplus funds from savers to institutions which then invest them into productive use.

Select the correct code

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

Q49. Consider the following statements about Non-agricultural market access (NAMA).

1. NAMA refers to all products not covered by the Agreement on Agriculture.
2. They are sometimes referred to as



industrial products or manufactured goods.

3. The objective of NAMA negotiation is “to reduce or as appropriate eliminate tariffs, including the reduction or elimination of high tariffs, tariff peaks and tariff escalation as well as Non-Tariff Barriers, in particular on products of export interest to developing countries”.

Which of the statements given above are correct?

- (a) Only 1, 2                      (b) Only 1, 3  
(c) Only 2, 3                      (d) All 1, 2, 3

Q50. A hedge fund is a fund that can take both long and short positions, use arbitrage, buy and sell undervalued securities, trade options or bonds, and invest in almost any opportunity in any market where it foresees impressive gains at reduced risk. Key Characteristics of Hedge Funds includes-

1. Hedge funds utilize a variety of financial instruments to reduce risk, enhance returns and minimize the correlation with equity and bond markets.
2. Hedge funds vary enormously in terms of investment returns, volatility and risk.
3. Most hedge funds are managed by experienced investment professionals who are generally disciplined and diligent.
4. Pension funds, endowments, insurance companies, private banks and high net worth individuals and families invest in hedge funds to minimize overall portfolio volatility and enhance returns.

Which of the statements given above are correct?

- (a) Only 1, 2, 3                      (b) Only 2, 3, 4  
(c) Only 1, 3, 4                      (d) All 1, 2, 3, 4

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