

LILHA EDUCATION CENTRE

MONEY & BANKING + ECONOMIC AFFAIRS

IMP. QUES + NOTES

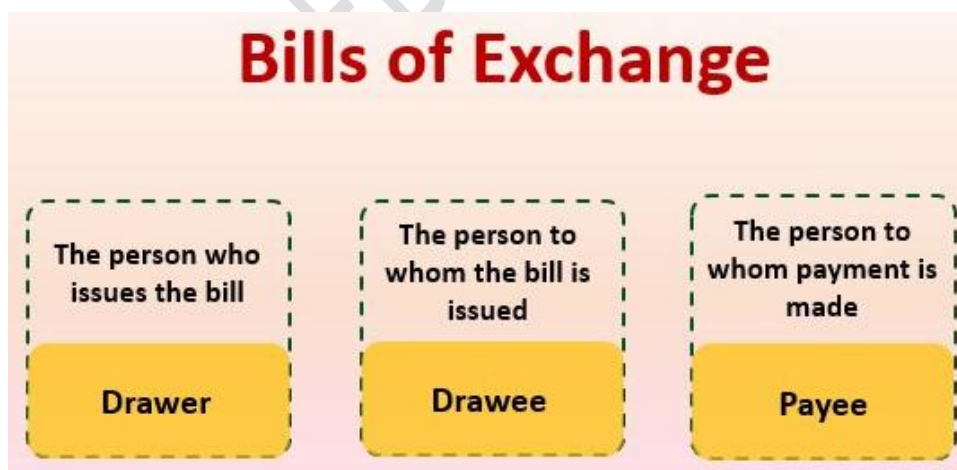
1. Which was the first bank, starting the services of Merchant Banking in India?
 - a. Punjab National Bank
 - b. State Bank of India**
 - c. United Bank of India
 - d. Bank of Baroda

(Although many sources suggest Grindlays Bank as the first to start Merchant Banking in India, but the first Indian Bank to start Merchant Banking is SBI in 1972)

2. Who regulates the business of mutual funds in India?
 - a. RBI
 - b. Ministry of finance
 - c. SEBI**
 - d. Stock Exchanges

(SEBI acts as regulator for the Asset Management Companies who manages the Mutual Fund)

3. A promissory Note is an instrument in writing, containing an unconditional undertaking to pay a certain amount and signed by the
 - a. Payee
 - b. Maker**
 - c. Bank
 - d. Witness



4. The main purpose of crossing a cheque is that that the payment of cheque will be made by the bank
 - a. To any person

- b. To the concerned customer
- c. From the counter in cash
- d. To representative of the customer

Note:

1. Crossing a cheque does not restrict its endorsement, it will be payable to a banker only and if it is Special Crossing then it is payable to a specific bank only.
2. Cheques are always payable on demand, it may be payable to 'Bearer' or "on Order"
3. Demand draft is a bill of exchange drawn upon a specific buyer

LIST OF PUBLIC SECTOR BANKS IN INDIA	
1	Allahabad Bank
2	Andhra Bank
3	Bank of Baroda
4	Bank of India
5	Bank of Maharashtra
6	Canara Bank
7	Central Bank of India
8	Corporation Bank
9	Dena Bank
10	Indian Bank
11	Indian Overseas Bank
12	Oriental Bank of Commerce
13	Punjab National Bank
14	Punjab & Sind Bank
15	Syndicate Bank
16	Union Bank of India
17	United Bank of India
18	UCO Bank

19	Vijaya Bank
20	IDBI Bank Ltd.
21	State Bank of India

5. Which one of the following is not a bank of the private sector?
- ICICI
 - IDBI
 - BOI**
 - UTI Bank (Now Axis Bank)

IDBI may also be classified as Private sector bank after LIC acquired stake in it and Government holding fell down below 50%.

Note:

- Now(As on 29th August, 2020 there are only 12 Public Sector Banks in India which was 27 in Year 2017)
- Recent mergers:
 - United Bank of India and OBC merged with PNB
 - Syndicate Bank merged with Canara Bank
 - Indian Bank merged with Allahabad Bank
 - Union Bank of India merged with Andhra Bank and Corporation Bank
- Biggest Public Sector Banks
 - 1st – SBI
 - 2nd – Punjab National Bank
 - 3rd – Bank of Baroda (Vijay Bank and Dena Bank merged into it)
 - 4th – Canara Bank
 - 5th – Union Bank
- Biggest Private sector Banks
 - 1st – HDFC
 - 2nd – ICICI
 - 3rd – Axis Bank
 - 4th - IDBI

6. The head office of the Reserve Bank of India is located at
- New Delhi
 - Kolkata
 - Mumbai**
 - Nagpur

7. The main function of the SEBI is to regulate and control all functions of
- Financial Institutions

- b. Nationalised Banks
- c. Stock Exchanges
- d. Capital Market

8. 'Economics is the science of scarcity' Who gave this definition?
- a. Marshall
 - b. Robbins
 - c. J.N. Keynes
 - d. Cannon

Note:

Wealth Definition - Adam Smith

Welfare Definition – Alfred Marshall

Growth Definition – Paul A Samuelson

Scarcity Definition – Lionel Robbins

9. Who is the author of book entitled “Principles of Economics”?
- a. Marshall
 - b. J.B. Say
 - c. Adam Smith
 - d. Pigou

Note:

1. Principle of Economics - Alfred Marshall
2. Price Theory – Milton Friedman
3. The General Theory of Employment, Interest and Money – JM Keynes
4. An Inquiry into Nature, Causes & Wealth of Nations – Adam Smith
5. Das Capital & Wage, Labor & Capital – Karl Marx
6. There is no such thing as Free lunch – Milton Friedman
7. Theory of Comparative Advantage / Theory of Comparative Cost – David Recardo
8. Population Theory and Theory of Market Gluts – Thomas Malthus
9. Supply always creates its own demand – JB Say
10. 'Economics is the science which studies human behavior as a relationship between ends and scare means which have alternative uses.
11. 'Economic Laws are essentially hypothetical – Prof. Saligman
12. Kinked Demand Curve - Paul M Sweezy

13. The terms 'Microeconomics' and 'Macroeconomics' – Ragner Frish

14. Money is a link between present and future – JM Keynes

10. Which bank first introduced Mobile ATM in India:

- a. ICICI
- b. IDBI
- c. HDFC
- d. Axis Bank

11. Money market is regulated by:

- a. Financial Institution
- b. Indian Commercial Banks
- c. Reserve Bank of India
- d. Foreign Banks

12. Which of the following is not correctly matched:

- a. EXIM Bank – Finance for Export and Import
- b. R.B.I. – Banker's Bank
- c. I.D.B.I. – Industrial Finance
- d. F.C.I. – Financial aid to commercial institution

Note: FCI refers to Food Corporation of India

13. Which one of the following is the best source of exchange?

- a. Goods
- b. Cheque
- c. Bill receivable
- d. Money

14. 'Money is what money does' Who gave this definition?

- a. Fisher
- b. Marshall
- c. Hartley withers
- d. Seligman

15. For listing of securities application is made to

- a. Stock Exchange
- b. Central Government
- c. State government
- d. Company Registrar

16. Solution of unemployment problem of India lies in
- a. Government industries
 - b. Cottage industries
 - c. **Small industries**
 - d. Large industries
17. The first stock exchange in India was established in
- a. **1875**
 - b. 1877
 - c. 1887
 - d. 1948

Note: First Stock Exchange in India(as well as Asia) was Bombay Stock Exchange (BSE)

Some Common Stock Market Terms:

Arbitrage: Making risk free profit because of difference in listed price in different markets

Hedging: Protection from excessive risk

Bull Market: When there is rising trend in share market

Bear Market: When there is falling trend in share market

Blue Chip stocks: Big Companies with stable dividend records

Broker: A person who buys or sells securities on behalf of his client for a commission

Bid: amount of money an investor is ready to pay for a share

Day Trading: Buying and Selling in the same day

Rolling Settlement system is followed in India where transactions are settled on a T+2 days basis

Yield: Return in the form of dividend over Market Price

Call Option: An option to buy an underlying asset(a share/stock) at a specified date/time

Put option: Right to sell an underlying asset(a share/stock) at a specified date/time

Rally: A rapid increase in the general price level of an individual stock

Stock symbol: A one to three character alphabetical symbol to indicate the name of a company

18. Which of the following is the contingent function of money?
- a. Basis of credit
 - b. Medium of Exchange
 - c. Measure of Value
 - d. Store of Value

Functions of Money

Primary Functions	Secondary Functions	Contingent Functions	Other Functions
↓	↓	↓	↓
1. Medium of Exchange 2. Measurement of Value <small>geteconhelp.com</small>	1. Standard of deferred Payment 2. Store of Value 3. Transfer of Value	1. Distribution of Income 2. Giving a general form to Capital 3. Basis of Credit 4. Maximum Satisfaction	1. Liquidity Function 2. Bearer of Options 3. Guarantor of Solvency

19. In which economy decision is taken on the basis of price mechanism?

- a. Socialist
- b. Capitalist**
- c. Mixed economy
- d. Gandhian economy

20. Who among the following is the Chairman of the NITI Aayog?

- a. President
- b. Prime Minister**
- c. Union Minister of Planning
- d. Union Minister of Finance



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