

BHU B.COM ENTRANCE

Economics and Money & Banking

Practice Questions

1. Which of the following curves is not U-shaped?
 - a. Average fixed cost curve
 - b. Average variable cost curve
 - c. Average total cost curve
 - d. Marginal cost curve
2. Which one of the following is the most effective instrument of controlling black money in an economy?
 - a. Demonetisation
 - b. depreciation of currency
 - c. devaluation of currency
 - d. Deflation
3. If we exclude product taxes and subsidies. We arrive at
 - a. gross value added
 - b. gross domestic product
 - c. net domestic product
 - d. net domestic product at factor cost
4. Which one of the following is not a component of Bharat Nirman?
 - a. Rural housing
 - b. Rural electricity
 - c. Agriculture based industries



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- d. Rural telephones services
5. RTGS stands for
- Real. Time Gross Settlement
 - Regional Teller Google Settlement
 - Real Teller Google Settlement
 - Rapid Time Gross Settlement
6. Reserve Band of India issues notes under which system?
- Maximum reserve
 - Minimum Reserve System
 - Fixed Reserve System
 - Reserve System
7. Ordinal measurement of utility is required in
- Utility Analysis
 - Indifference Curve Analysis
 - Revealed Preference Analysis
 - Demand Curve Analysis
8. Price consumption curve of a normal commodity is
- horizontal
 - vertical
 - negatively
 - positively sloping
9. Which form of monopoly regulation is most advantageous for the consumer?
- Price control
 - Lump-sum tax
 - Per unit tax



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d. Both (2) and (3)

10. The slope of consumption function is known as

- a. aggregate consumption
- b. marginal propensity to consume
- c. average propensity to consume
- d. None of the above

11. The Classical Theory of Employment and Income assumes

- a. full employment
- b. underemployment
- c. disguised unemployment
- d. overfull employment

12. The bank rate means the rate which the

- a. Commercial Banks pay on savings deposits.
- b. Commercial Banks pay on current account deposits
- c. Commercial Banks charge on short-term loans
- d. Central Bank charges in rediscounting bills of exchange

13. The heat of Keynes multiplier is

- a. APC
- b. APS
- c. MPC
- d. MPS

14. High powered or reserve money in India includes

- a. Currency with the public
- b. cash reserves of banks
- c. other deposits and bankers' deposits with RBI



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d. All of the above

15. If regardless of changes in its price, the quantity demanded of a good remains

unchanged, then the demand curve will be

- a. Horizontal
- b. vertical
- c. positively sloped
- d. negatively sloped

16. Stock Exchange is a

- a. State subject
- b. Central subject
- c. Regional subject
- d. Corporate subject

17. By whom the chairman of SEBI appointed?

- a. Stock Exchanges
- b. Reserve Bank of India
- c. Central Government
- d. Mutual Funds

18. The national Securities Depository limited (NSDL) was established in the year

- a. 1996
- b. 1990
- c. 1999
- d. 2002

19. Where is the recognized Stock Exchange located in Uttar Pradesh?

- a. Lucknow



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b. Kanpur

c. Agra

d. Ghaziabad

20. New Issue Market is an integral part of

a. Stock Exchange

b. Capital Market

c. Both 1 and 2

d. Money market

21. SEBI is a

a. Regulatory Authority

b. Statutory Authority

c. Both 1 and 2

d. Group Authority

22. Reverse Repo is a tool used by RBI to

a. Regulate liquidity ratio

b. Absorb liquidity

c. Increase the liquidity with banking system

d. Keep the liquidity at one level

23. What is Repo Rate?

a. It is the rate at which RBI sell Government securities to banks

b. It is the rate at which RBI lends short-term money to the banks against securities

c. It is the rate at which RBI allows small loans in the market

d. It is the rate which is offered by banks to their most valued customers.

24. When demonetization happened in India in 2016?



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- a. 8 September, 2016
 - b. 8 October, 2016
 - c. 8 November, 2016
 - d. 8 December, 2016
25. How many banks were nationalized in the second phase in 1980?
- a. 5
 - b. 6
 - c. 7
 - d. 8
26. In which of the following fund transfer mechanisms, can funds be moved from one banks to another and where the transaction is settled instantly without being bunched with any other transaction? the transaction is se
- a. RTGS
 - b. NEFT
 - c. TT
 - d. EFT
27. 'smart money' is a term used for
- a. Internet banking
 - b. Foreign Currency
 - c. Credit card
 - d. Demand Draft
28. Which one of the following rates is not controlled by the Reserve Bank of India?
- a. Cash Reserve Ratio
 - b. Statutory Liquidity Ratio
 - c. Cess



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d. Repo Rate

29. International Standards on Combatting money laundering and the Financing of

Terrorism and proliferation are framed by

- a. KYC
- b. FATF
- c. TAPI
- d. ICOA

30. RuPay Card is issued by

- a. State bank of India
- b. National Payments Corporation of India
- c. Reserve Bank of India
- d. National Securities Depository Limited

31. AXIS Bank was formerly Known as

- a. YES Bank
- b. UTI Bank
- c. City Union Bank
- d. HDFC Bank

32. Which one of the following is the purpose of introducing 'Know Your Customer'

norms by the banks?

- a. To bring more and more people under the banking net
- b. Identifying people who do not pay income tax
- c. To ensure that the money deposited in banks has come from genuine sources
- d. None of the above

33. The headquarters of Export-import Bank of India is situated at

- a. Lucknow



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- b. Bengaluru
 - c. Mumbai
 - d. Gujarat
34. 'legal Tender Money' refers to
- a. Cheques
 - b. Drafts
 - c. Bill of Exchange
 - d. Currency Notes
35. Which one of the following is not a measure to control inflation adopted by the Government and or the RBI?
- a. Monetary policy
 - b. Fiscal policy
 - c. Financial inclusion
 - d. Price control
36. Which organization issues Monetary Policy in India?
- a. Parliament
 - b. Reserve Bank of India
 - c. State Bank of India
 - d. Ministry of Finance
37. The total number of Stock Exchange in India is
- a. 20
 - b. 21
 - c. 22
 - d. 23
38. On dissolution of a firm, all the assets are transferred to Realisation Account at their



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- a. Written value
- b. Market value
- c. Book value
- d. Cost or market value whichever is less

39. SEBI was established in

- a. 1988
- b. 1998
- c. 1992
- d. 2002

40. In India NIFTY and SENSEX are calculated on the basis of

- a. Market capitalization
- b. Paid-up capital
- c. Free-float market capitalization
- d. authorised share capital

41. The financial instrument with shortest maturity period is

- a. Call money
- b. Certificate of deposit
- c. Commercial bill
- d. Treasury bill

42. Commercial banks and Development banks issue this document

- a. Commercial bill
- b. Treasury bill
- c. Certificate of deposit
- d. Commercial paper

43. When shares are issued at premium, premium amount may be utilized for

- a. Issue of bonus shares
- b. Payment of dividend
- c. Payment of operating expenses
- d. Redemption of debentures

44. Which one of the following is not the objectives of SEBI?

- a. Protection to the investors
- b. Control, over brokers
- c. Protection to the industrialists
- d. Checking the insider trading

45. Which one of the following is not a part of capital market?

- a. Gilt-edged market
- b. Commercial paper market
- c. New issue market
- d. Secondary capital market

46. Which one of the following is not a function of the new issue market?

- a. Origination of securities
- b. Underwriting of securities
- c. Distribution of securities
- d. Administration of securities

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

48. The most important function of a Stock Exchange is to

- a. Safeguard the interest of investors



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- b. Help in the capital formation in the country
 - c. Provides facilities for speculation
 - d. Provide a ready market for all securities
49. Marginal utility is equal to
- a. Total utility minus average utility
 - b. Addition to total utility
 - c. Total utility dividend by the number of units consumed
 - d. Total utility plus average utility
50. The second glass of water generally gives less utility to a thirsty person. This happen because of
- a. Law of diminishing marginal utility
 - b. Law of diminishing returns
 - c. Law of equi-marginal utility
 - d. Law of demand
51. Demand curve for a Giffen Good will be
- a. Horizontal
 - b. Vertical
 - c. Slopping downward to the right
 - d. Slopping upward to the right
52. A consumer is in equilibrium, when his budget line is
- a. Above the indifference curve
 - b. Below the indifference curve
 - c. Tangent to the indifference curve
 - d. Cut the indifference curve
53. For an inferior good, income elasticity of demand is



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- a. Negative
 - b. positive
 - c. zero
 - d. infinity
54. Average product is maximum when
- a. Marginal product is greater than the average product
 - b. Marginal product is less than the average product
 - c. Marginal product is equal to the average product
 - d. Marginal product is negative
55. With increase in output, which cost increases continuously?
- a. Average cost
 - b. Marginal cost
 - c. Fixed cost
 - d. Variable cost
56. Which of the following curves is not U-shaped?
- a. Average fixed cost curve
 - b. Average variable cost curve
 - c. Average total cost curve
 - d. Marginal cost curve
57. The demand curve of a firm under a perfectly competitive market will be
- a. Vertical
 - b. Horizontal
 - c. Negatively sloped
 - d. Positively sloped
58. The concept of selling cost was propounded by



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- a. Alfred marshall
 - b. Edward chamberlain
 - c. Joan robinson
 - d. A. C. pigou
59. Ordinal measure of utility is required in
- a. Utility analysis
 - b. Demand curve analysis
 - c. Indifference curve analysis
 - d. Revealed preference analysis
60. Under monopolistic competition, a seller gains abnormal profit when
- a. $MR=MC$
 - b. $AR=AC$
 - c. $AR>AC$
 - d. $AR<AC$
61. Monetary standard refers to
- a. Principal method of regulating the quantity of standard money
 - b. Principal method of regulating the exchange value of standard money
 - c. Principal method of regulating the quantity and the exchange value of standard money
 - d. Principal method of regulating the purchasing power of standard money
62. NABARD has been established on the recommendation of
- a. Talwar committee
 - b. Tandon committee
 - c. Narasimhan committee
 - d. Shivaraman committee

63. The relationship between value of money and general price-level is

- a. Direct
- b. Indirect
- c. Inverse
- d. Proportional

64. Del credere commission is calculated on

- a. Cash sale
- b. Credit sales
- c. Total sales
- d. Credit sales reduced by cash sales

65. The use of FIFO method is suitable

- a. At rising prices
- b. At falling prices
- c. At constant
- d. At fluctuating prices

████████████████████

████████████████████

████████████████████

67. Which of the following is considered as the Economic Evil of Money?

- a. Encouragement to borrowing
- b. Encouragement to over capitalization
- c. Encouragement to materialism
- d. Encouragement to borrowing and overcapitalization

68. Indian Rupee is

- a. Standard money

- b. Token money
- c. Standard token money
- d. Optional money

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

70. According to transaction approach, which of the following factors determine the general price level?

- a. Quantity of money in circulation, its velocity and the volume of trade
- b. Volume of credit instrument and its velocity
- c. Quantity of money ion circulation, volume of credit instrument and volume of trade
- d. 1 and 2 above

71. To reduce the inflationary gap

- a. The amount of tax should be increased
- b. Production of goods and services should be increased
- c. 1 and 2 above should be adopted
- d. Dear credit policy should be adopted

72. Which of the following is an asset for a bank?

- a. Capital
- b. Reserve fund
- c. Loans and advances
- d. Bills payable

73. Of all the assets of a bank, the most non-profitable asset is
- Buildings and furnitures
 - Cash
 - call money
 - buildings, furnitures and cash
74. Dead stock of a bank is
- Office, buildings and furnitures
 - Money at call and short notice
 - Treasury bills
 - Commercial bills
75. The issue of currency notes by the RBI is
- Proportional reserve System
 - Minimum reserve system
 - Fixed reserve system
 - Maximum reserve system
76. Which of the following is not a quantitative method of credit control?
- Discount rate
 - Open market operations
 - Variable reserve ratio
 - Credit rationing
77. Which of the following is used for International monetary Transfer?
- RTGS
 - NEFT
 - SWIFT
 - None of these

78. Who defined Economics as an inquiry into the nature and causes of the wealth of nations?

- a. Sir James Stuart
- b. Adam Smith
- c. J. B. Say
- d. Alfred Marshall

79. What is the name of the book written by Alfred Marshall?

- a. Theory of Economics
- b. Text-book of Economics
- c. Principles of Economics
- d. An Introduction of Economics

80. Human wants are unlimited while means to satisfy them are

- a. Ample
- b. Scarce
- c. Adequate
- d. Uncertain

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

d. [REDACTED]

82. The first and the most important factor determining the demand for a commodity is

- a. Production
- b. Price
- c. Distribution



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d. Quality

83. According to the law of demand, as the price of a good decreases, its demand

- a. Decreases
- b. Is not affected
- c. Increases
- d. Remains fluctuating

84. At the point where marginal utility becomes zero, the total utility remains

- a. Zero
- b. Minimum
- c. Maximum
- d. Equal

85. The development of monetary system was initially introduced with this money

- a. commodity money
- b. metal money
- c. paper money
- d. credit money

86. Who gave this definition of money, "Money is what money does"?

- a. Marshall
- b. Keynes
- c. Heartley Withers
- d. Crowther

87. Which monetary standard is in practice in India?

- a. Gold Currency Standard
- b. Gold Exchange Standard
- c. Silver Standard

d. Paper currency Standard

88. In which country, the paper money was circulated for the first time?

- a. India
- b. China
- c. Japan
- d. Iran

89. The minimum Reserve System of Note Issue was adopted in India in the year

- a. 1950
- b. 1955
- c. 1956
- d. 1960

90. Who gave the credit money based equation of Quantity Theory of Money?

- a. John Stuart Mill
- b. David Ricardo
- c. Prof. Taussing
- d. Irving Fisher

91. Which money is most economical in terms of its cost?

- a. Gold money
- b. Silver money
- c. Paper money
- d. Commodity money

92. When the General Price level increases at a very fast speed, then this type of inflation is called

- a. Creeping inflation
- b. Walking inflation



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- c. Running inflation
 - d. Imported inflation
93. As a consequence of deflation, the producers are.
- a. Adversely affected
 - b. Largely benefited
 - c. Not affected
 - d. Partially affected
94. For the first time in India, the rupee was devalued in the year
- a. 1947
 - b. 1949
 - c. 1951
 - d. 1966
95. Who regulates the Monetary and Banking System in India?
- a. Government of India
 - b. Parliament
 - c. Reserve Bank of India
 - d. State Bank of India
96. The International Bank for reconstruction and Development (the World Bank) was established in the year
- a. 1944
 - b. 1945
 - c. 1951
 - d. 1961
97. Which one of the following institutions, provides finance for export and import?
- a. IDBI



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- b. RBI
- c. EXIM BANK
- d. FCI



99. The basic problem of most of the commercial banks in India is related to

- a. Lack of capital
- b. Low efficiency
- c. Increasing NPAs
- d. Tough competition

100. The first Regional Rural Bank was established in India on

- a. 1st January, 1960
- b. 2nd October, 1970
- c. 2nd October, 1975
- d. 15th August, 1980



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Answer

1.(a)	2.(a)	3.(d)	4.(c)	5.(a)	6.(b)	7.(b)	8.(c)	9.(a)	10.(b)
11.(a)	12.(d)	13.(c)	14.(d)	15.(b)	16.(b)	17.(c)	18.(a)	19.(b)	20.(b)
21.(c)	22.(a)	23.(b)	24.(c)	25.(b)	26.(b)	27.(a)	28.(c)	29.(b)	30.(b)
31.(b)	32.(c)	33.(c)	34.(d)	35.(c)	36.(b)	37.(d)	38.(c)	39.(c)	40.(c)
41.(a)	42.(c)	43.(a)	44.(c)	45.(b)	46.(d)	47.(.)	48.(d)	49.(b)	50.(a)
51.(c)	52.(c)	53.(a)	54.(c)	55.(d)	56.(a)	57.(b)	58.(b)	59.(c)	60.(c)
61.(c)	62.(d)	63.(c)	64.(c)	65.(a)	66.(.)	67.(d)	68.(c)	69.(.)	70.(a)
71.(c)	72.(c)	73.(c)	74.(a)	75.(b)	76.(d)	77.(c)	78.(b)	79.(c)	80.(b)
81.(.)	82.(b)	83.(c)	84.(c)	85.(b)	86.(c)	87.(d)	88.(b)	89.(c)	90.(d)
91.(c)	92.(c)	93.(a)	94.(d)	95.(c)	96.(a)	97.(c)	98.(.)	99.(c)	100.(c)