

BANKING, SECURITY MARKET & INSURANCE BASED INDIAN ECONOMY MCQ PRACTICE QUESTIONS AND ANSWERS PDF WITH EXPLANATION

For All Competitive SSC, Bank, IBPS, UPSC, Railway, IT & Other Govt. Exams

Created By [Careericons](#) Team

Q1. Consider the following statements in regard to devaluation and depreciation of a currency:

- Devaluation is an activity conducted by central government whereas depreciation happens due to market forces.
- In both the devaluation and depreciation currency loses value against other currencies in a floating currency exchange market.

Which of the statements given above is/are **correct**?

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

Q2. Non - performing assets in commercial banks means

- a) loans in which interest or principal amount is not recovered.
 - b) capital assets not in use.
 - c) bank deposits which are not invested.
 - d) low - interest rate loans.
-

Q3. Consider the following statements :

- Fiat money is a term used for Gold coins
- Currency Deposit Ratio is the proportion of the total deposits commercial banks keep as reserves.

Which of the above statements is/are **correct**?

- a) Both 1 and 2
- b) 2 only

- c) 1 only
 - d) Neither 1 nor 2
-

Q4. In case of Small Finance Banks (SFB), the loan size and investment limit exposure to single

- a) 15 per cent of capital funds
- b) 10 per cent of capital funds
- c) 15 per cent of total advances
- d) 10 per cent of total advances

5000+ FREE INDIAN ECONOMY MCQ QUESTION BANK FOR ALL SSC, UPSC, BANK, RAILWAY EXAMS

[Free Practice MCQs »](#)

[Download More PDF »](#)

[Free Online Quiz »](#)

Q5. The last six characters of the alphanumeric IFSC printed on the cheque helps in identifying the

- a) Bank name
 - b) Type of account
 - c) Bank branch
 - d) Business or profession
-

Q6. If all the banks in an economy are nationalized and converted into a monopoly bank, the total deposits

- a) will neither increase nor decrease
 - b) will increase
 - c) will decrease
 - d) None of the above
-

Q7. Which of the following will **not** be the part of 'financial inclusion'?

- Opening educational centres
- Opening wealth management centres by citibank.
- Eradication of poverty.
- Report of Khan commission on financial inclusion.

Select the **correct** answer using the codes given below:

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

Q8. According to extant RBI guidelines, 'Payment Banks' are **not** permitted to

- a) distribute mutual fund/insurance/pension products
 - b) accept remittances to be sent to multiple banks
 - c) set up branches or ATMs
 - d) set up subsidiaries to undertake NBFC activities
-

Q9. Open - market operations of Reserve Bank of India refer to

- a) transaction in gold
 - b) auctioning of Foreign Exchange
 - c) trading in securities
 - d) none of the above
-

Q10. India Brand Equity Fund was established in

- a) 1997
 - b) 1995
 - c) 1996
 - d) 1992
-

Q11. The first Land Development Bank was established in 1920. It was located at

- a) Munger
 - b) Jhang
 - c) Meerut
 - d) Thane
-

Q12. SEBI was established in the year

- a) 1985
- b) 1990
- c) 1991
- d) 1988

1000+ FREE BANKING, SECURITY MARKET & INSURANCE BASED QUESTIONS AND ANSWERS FOR ALL COMPETITIVE EXAMS

[Free Practice MCQs »](#)

[Download More PDF »](#)

[Free Online Quiz »](#)

Q13. The banks which are implementing the Micro Finance Programme linked with Self Help Groups (SHGs) are

- a) Co-operative banks and Regional Rural Banks, only
- b) Regional Rural Banks and Commercial Banks, only
- c) Commercial Banks and Co-operative Banks only
- d) Commercial Banks, Regional Rural Banks and Co-operative Banks

Q14. The Rural infrastructure fund set up in 1995 – 96, is maintained by the

- a) NABARD
 - b) State Bank of India
 - c) Reserve Bank of India
 - d) Regional Rural Bank
-

Q15. The 'Interest Rate Risk' is a type of

- a) Reputational Risk
- b) Liquidity Risk
- c) Market Risk
- d) Operational Risk

[Read More banking security market insurance Question and Answers »](#)

Answers to the above questions :

Q1. Answer: (c)

Devaluation happens in countries with a fixed exchange rate. In a fixed-rate economy, the government decides what its currency should be worth compared with that of other countries.

The exchange rate can change only when the government decides to change it. If a government decides to make its currency less valuable, the change is called devaluation. Depreciation happens in countries with a floating exchange rate.

A floating exchange rate means that the global investment market determines the value of a country's currency.

Q2. Answer: (a)

According to Indian Reserve Bank. Non performing assets in commercial bank means the loans in which interest or principal amount is not recovered.

Q3. Answer: (d)

Currency notes and coins are called fiat money. They don't have intrinsic value like a gold or silver coin. The currency-deposit ratio measures the relationship between the cash people have on hand and what they have in their accounts.

5000+ INDIAN ECONOMY MCQ TOPIC WISE MCQ QUESTION BANK WITH SOLVED ANSWERS & FREE PDF

[INTRODUCTION TO INDIAN ECONOMY](#)

PLANNING, ECONOMIC DEVELOPMENT & FIVE YEAR PLANS

NATIONAL INCOME & HUMAN DEVELOPMENT INDEX

AGRICULTURE SECTOR, SUBSIDY AND FOOD PROCESSING

INDUSTRIES, MANUFACTURING & SERVICE SECTORS

INCLUSIVE GROWTH, SUSTAINABLE DEVELOPMENT AND EMPLOYMENT

POVERTY & UNEMPLOYMENT INTRODUCTION TO MICRO ECONOMICS

INTRODUCTION TO MACRO ECONOMICS

MACRO FUNDAMENTALS, GDP, INVESTMENT, GROWTH

DEMAND & SUPPLY, PROFIT LOSS, INFLATION & PRICE INDEX

FISCAL POLICY, PUBLIC FINANCE AND MONETARY POLICY

MONEY SUPPLY, BANKING AND FINANCIAL INSTITUTIONS

TAXES TYPES, METHODS & BUDGETING PROCESS

BANKING, SECURITY MARKET & INSURANCE

Q4. Answer: (b)

The maximum loan size and investment limit exposure to a single and group obligor would be restricted to 10 per cent and 15 per cent of its capital funds, respectively.

Q5. Answer: (c)

The IFSC is an 11-character code with the first four alphabetic characters representing the bank name, and the last six characters (usually numeric, but can be alphabetic) representing the branch.

Q6. Answer: (a)

It will remain the same, because banks do not increase the national income. So it remains the same immaterial whether banks are there or not.

Q7. Answer: (b)

Financial inclusion is the delivery of financial services, at affordable costs, to sections of disadvantaged and low income segments of society. It includes opening educational centres, opening wealth management centres by Citibank etc. Khan commission had put forward its report on financial inclusion.

Q8. Answer: (d)

According to extant RBI guidelines, Payment Banks are not permitted to set up subsidiaries to undertake NBFC activities.

Q9. Answer: (c)

Open Market Operations refer to the purchase and sale of the Government securities (trading of the securities) by RBI from/to market.

The objective of Open Market Operations is to adjust the rupee liquidity conditions in the economy on a durable basis.

Q10. Answer: (c)

Q11. Answer: (b)

The first land development bank was started at Jhang in Punjab in 1920.

Q12. Answer: (d)

Q13. Answer: (d)

Commercial Banks, Regional Rural Banks and Co-operative Banks are implementing the Micro Finance programme linked with Self Help Groups.

Q14. Answer: (a)

Through the assistance of the Swiss Agency for Development & cooperation, NABARD set up the Rural innovation fund. RIDF is another noted scheme for the bank for rural development.

Under the RIDF scheme Rs. 51,283 crore have been sanctioned for 2,44,651 projects covering irrigation, rural roads and bridges, health & education, soil conservation, water schemes etc.

Q15. Answer: (c)

There are four major types of market risk; Interest Rate Risk, Equity Price Risk, Foreign Exchange Risk, Commodity Price Risk.

On our site **Careerions.com**, You can find all the content you need to prepare for any kind of exam like. **Verbal Reasoning, Non-Verbal Reasoning, Aptitude, English, Computer, History, Polity, Economy, Geography, General Science, General Awareness** & So on. Make use of our expert-curated content to get an edge over your competition and prepare for your exams effectively.

Practice with our **Free Practice MCQs, Mock Tests Series, Online Quiz** and get an idea of the real exam environment. Keep track of your progress with our detailed performance reports. They are perfect for competitive exam preparation, as well as for brushing up on basic & fundamental knowledge. The questions are updated regularly to keep up with the changing syllabuses.