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Prelims Marathon

1st Week October, 2024

HISTORY
ECONOMICS
POLITY
SCIENCE AND TECHNOLOGY
GEOGRAPHY AND ENVIRONMENT

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Inflation and Money

Q.1) Consider the following statements:

1. Under the Banking Regulation Act, 1949 RBI has the sole authority to issue banknotes in India.
2. One Rupee note is considered as coins as per the definition of coins given under RBI Act 1934.

Which of the statements given above is/are correct?

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

ANS: D

Explanation: As per Section 22 of the RBI Act 1934, RBI has the sole authority to issue banknotes in India.

- RBI Act 1934 empowers RBI to issue all the banknotes except 1 Rs. note.
- One Rupee note is considered as coins as per the definition of coins given under Coinage Act.

Source: Ramesh Singh

Q.2) Which of the following factors is/are attribute to “hard currency”?

1. Economic and politically stability
2. High and unstable inflation with inconsistent growth
3. Balanced trade environment

Select the correct answer from below given codes:

- a) Only one
- b) Only two
- c) Only three
- d) None

ANS: B

Explanation: Hard currencies are widely accepted around the world for international transactions and are expected to remain relatively stable through a short period of time, and to be highly liquid in the forex or foreign exchange (FX) market.

The factors attributed to hard currency include:

- Economic and politically stability
- Low and stable inflation with consistent growth
- Balanced trade environment
- Strong fiscal, monetary policies by government and central bank
- Effective national debt management and sensible interest rate policies

Source: Ramesh Singh

Q.3) Consider the following statements regarding “price index”:

1. It is a weighted average of the prices of a number of goods and services.
2. It shows the exact price rise or fall of a single good.

Which of the statements given above is/are correct?

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

ANS: A

Explanation: The rate of inflation is measured on the basis of price indices which are of two kinds— Wholesale Price Index (WPI) and Consumer Price Index (CPI).

- A price index is a measure of the average level of prices, which means that it does not show the exact price rise or fall of a single good.
- A price index is a weighted average of the prices of a number of goods and services.
- In the index the total weight is taken as 100 at a particular year of the past (the base year), this when compared to the current year shows a rise or fall in the prices of current year, there is a rise or fall in the '100' in comparison to the base year—and this inflation is measured in digits.

Source: Ramesh Singh

Q.4) Which of the following measures is/are used to control demand – pull inflation?

1. Supply of goods as per demand.
2. Reducing taxes.
3. Increasing government expenditure.

Select the correct answer from below given codes:

- a) Only one
- b) Only two
- c) Only three
- d) None

ANS: A

Explanation: A mismatch between demand and supply pulls up prices.

- Either the demand increases over the same level of supply, or the supply decreases with the same level of demand and thus the situation of demand-pull inflation arise.
- This was a Keynesian idea. The Keynesian School suggests cuts in spending as the way of tackling excess demand mainly by increasing taxes and reducing government expenditure.

Source: Ramesh Singh

Q.5) Which of the following measures is/are used to control cost – push inflation?

1. Control on prices
2. Moral suasions
3. Reduce the monopoly power of trade unions

Select the correct answer from below given codes:

- a) Only one
- b) Only two
- c) Only three
- d) None

ANS: C

Explanation: An increase in factor input costs (i.e., wages and raw materials) pushes up prices.

- The price rise which is the result of increase in the production cost is cost-push inflation.
- The Keynesian school suggested controls on prices and incomes as direct ways of checking such an inflation and, 'moral suasions' and measures to reduce the monopoly power of trade unions as indirect measures (basically, cost-push inflations chiefly used to happen due to higher wage demanded by the trade unions during the era).

Source: Ramesh Singh

Q.6) Which of the following inflation shows price rise in all goods and services excluding “energy and food articles”?

- a) Galloping inflation
- b) Hyper inflation
- c) Stagflation
- d) Core inflation

ANS: D

Explanation: Core Inflation: This nomenclature is based on the inclusion or exclusion of the goods and services while calculating inflation.

- Popular in western economies, core inflation shows price rise in all goods and services excluding energy and food articles.
- In India, it was first time used in the financial year 2000–01 when the government expressed that it was under control—it means the prices of manufactured goods were under control.

Source: Ramesh Singh

Q.7) Which of the following “graphic curve/coefficient which advocates a relationship between inflation and unemployment in an economy”?

- a) Laffer curve
- b) Arthur curve
- c) Phillips curve
- d) Gini – coefficient

ANS: C

Explanation: Phillips curve is a graphic curve which advocates a relationship between inflation and unemployment in an economy.

- As per the curve there is a ‘trade off’ between inflation and unemployment, i.e., an inverse relationship between them.
- The curve suggests that lower the inflation, higher the unemployment and higher the inflation, lower the unemployment.

Source: Ramesh Singh

Q.8) The famous term “NAIRU” is associated with which of the following?

- a) Unemployment and growth
- b) Unemployment and inflation
- c) Inflation and growth
- d) Inflation and development

ANS: B

Explanation: The NAIRU is the level of unemployment at which inflation is expected to increase if the unemployment rate falls below it.

- The idea is that when unemployment is higher than the NAIRU, the Federal Reserve can lower it through monetary policy.
- However, when unemployment is at or below the NAIRU, monetary stimulus could lead to dangerous inflation.

Source: Ramesh Singh

Q.9) Which of the following represents the “situation in an economy when inflation and unemployment both are at higher levels”?

- a) Galloping inflation
- b) Hyper inflation
- c) Stagflation
- d) Core inflation

ANS: C

Explanation: Stagflation is a situation in an economy when inflation and unemployment both are at higher levels, contrary to conventional belief.

Such a situation first arose in the 1970s in the US economy (average unemployment rate above 6 per cent and the average rate of inflation above 7 per cent) and in many Euro-American economies.

Source: Ramesh Singh

Q.10) Which of the following is/are fully dollarized economies?

1. Cuba
2. Panama
3. Ecuador

Select the correct answer from below given codes:

- a) Only one
- b) Only two
- c) Only three
- d) None

ANS: B

Explanation: 3 fully dollarized economies - Ecuador, Panama and El Salvador have had successful economic outcomes following dollarization.

Source: FORUMIAS

Agriculture

Q.1) Consider the following statements:

1. India has emerged as the net exporter of agricultural products.
2. During 2021-22, agricultural exports reached more than US\$ 50 billion.

Which of the statements given above is/are correct?

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

ANS: C

Explanation: Status of agriculture sector in India:

- Contribution to India's GVA -18.3% (2022-23).
- Population involved - 54.6% of the total workforce (Census 2011).
- Growth - 3% in 2021-22 compared to 3.3% in 2020-21.
- In recent years, India has also rapidly emerged as the net exporter of agricultural products.

- During 2021-22, agricultural exports reached an all-time high of US\$ 50.2 billion.

Source: FORUMIAS

Q.2) Which of the following categories is/are covered under “minimum support price”?

1. Cereals
2. Pulses
3. Sugar cane

Select the correct answer from below given codes:

- a) Only one
- b) Only two
- c) Only three
- d) None

ANS: B

Explanation: MSP – It is the price at which the government is obligated to purchase the produce from farmers in the event that the market price falls below this threshold.

- The concept of MSPs was 1st proposed throughout the 1960s as a market intervention by the GOI to insure agricultural producers against any sharp fall in farm prices.
- Coverage – 22 crops (Kharif, Rabi and commercial crops). It includes cereals (7), pulses (5), oilseeds (7), raw cotton, raw jute and copra.
- Government announces Fair and Remunerative Price (FRP) for sugarcane.

Source: FORUMIAS

Q.3) Post independence, government of India signed the “Public Law (PL) 480 agreement” with which of the following country to import agriculture produce?

- a) United Kingdom
- b) China
- c) Russia
- d) United States of America

ANS: D

Explanation: India signed a long-term Public Law (PL) 480 agreement to get food aid under Government agricultural trade development assistance, with the US in 1954.

The ships would land on our shores with grains and they would directly go to feed the people and they called it a “ship-to-mouth’ existence.

Source: FORUMIAS

Q.4) The famous semi-dwarf gene or sd1 gene “Dee-geo-woo-gen” is related to?

- a) Rice
- b) Wheat
- c) Maize
- d) Cotton

ANS: A

Explanation: The success of green revolution (for rice) during 1960s was only possible when the semi-dwarf gene or sd1 gene (mutant allele of plant height) was discovered in the Chinese cultivar ‘Dee-geo-woo-gen’ (DGWG).

Source: FORUMIAS

Q.5) Consider the following statements regarding “rice production”:

1. India is the largest producer in the world.
2. Andhra Pradesh is the largest producing state in India.

Which of the statements given above is/are correct?

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

ANS: D

Explanation: Globally, the top riceproducing country is China, followed by India.

- As per Second Advance Estimates, the estimated production of Rice for 2022- 23 is 1308.37 Lakh Tonnes.
- West Bengal is the largest rice producer in India.

Source: FORUMIAS

Q.6) Which of the following is/are cash crops?

1. Tea
2. Coffee
3. Sugar cane

Select the correct answer from below given codes:

- a) Only one
- b) Only two
- c) Only three
- d) None

ANS: C

Explanation: Cash crops are agricultural crops that are planted for the purpose of selling on the market or for export to make profit.

- It is also called as commercial farming. Examples -Cotton, Jute, Sugarcane, Tobacco, Tea, Coffee, Arecanut, Oilpalm, Rubber etc.,
- It is distinguished from subsistence crops planted for the purpose of self-supply of the farmer (like livestock feeding or food for the family).

Source: FORUMIAS

Q.7) The famous “WINDS manual” is recently seen in news related to?

- a) Agricultural meteorology
- b) Indigenous seeds
- c) Cyclone information
- d) Wind energy

ANS: A

Explanation: Weather Information Network Data Systems (WINDS) – It will serve as a one-stop online platform for all information related to agricultural meteorology.

Source: FORUMIAS

Q.8) The “UPAg Portal” is recently seen in news related to?

- a) Indigenous agricultural practices
- b) Agricultural Statistics
- c) Sheep farming
- d) Poultry farming

ANS: B

Explanation: The Centre launched the Unified Portal for Agricultural Statistics (UPAg) to address the complex governance challenges India’s farm sector is facing now.

- It is a platform designed to generate crop estimates and is integrated with other systems generating agriculture statistics such as price, trade, procurement, stock.
- It is a crucial component of the Digital Public Infrastructure for Agriculture.

Source: FORUMIAS

Q.9) Consider the following statements regarding “Cotton”:

1. It is a Kharif crop in the major parts of the country and also monsoon based in southern zone.
2. India is the only country in the world where all the 4 cultivated species are grown on commercial scale.

Which of the statements given above is/are correct?

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

ANS: C

Explanation: Cotton is a fiber and cash crop of India. Origin - India is believed to be the home of cotton because the art of making cloth from cotton was first developed in India.

- India is the only country in the world where all the 4 cultivated species are grown on commercial scale.
- Cotton is a Kharif crop in the major parts of the country and also monsoon based in southern zone.

Source: FORUMIAS

Q.10) Consider the following statements:

1. India stands 1st in the world in cotton production and cotton acreage.
2. Maharashtra is the largest producer of cotton in India.

Which of the statements given above is/are correct?

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

ANS: A

Explanation: India stands 1st in the world in cotton production and cotton acreage.

- Gujarat is the largest producer of cotton in India followed by Punjab and Maharashtra.
- India is the 2nd largest consumer of cotton in the world.

Source: FORUMIAS

Industry & Infrastructure

Q.1) Consider the following statements:

1. Manufacturing sector contributes to 17% of GDP and employs 20% of the workforce in the country.
2. Southern and Eastern Indian states tend to have the highest average productivity in manufacturing sector.

Which of the statements given above is/are correct?

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

ANS: A

Explanation: Status of Manufacturing Sector:

- Contribution to GDP - Manufacturing sector contributes to 17% of GDP and employs 20% of the workforce in the country.
- Most of India's GDP now comes from the services sector while millions continue to languish in the agriculture sector.
- The share of manufacturing both in India's GDP or overall employment has largely stayed stagnant.
- Western and Central Indian states tend to have the highest average productivity in manufacturing, while the Southern and Eastern states have the lowest.
- This is in contrast to the GDP per capita ranking of states, in which Southern states tend to have higher incomes than their Western and Central counterparts.

Source: FORUMIAS

Q.2) Consider the following statements regarding "Startups":

1. India has become the 5th largest startup environment in the world.
2. Unicorn is a term given only to startups that have a valuation of over \$100 billion.

Which of the statements given above is/are correct?

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

ANS: D

Explanation: India has become the 3rd largest startup environment in the world and as the 3rd highest number of unicorns in the world next to US and China.

- Unicorn - It is a term given only to startups that have a valuation of over \$1 billion.
- Decacorn - The startups that exceed the valuation of \$10 billion are grouped under the term called decacorn (a super unicorn).

Source: FORUMIAS

Q.3) Arrange the below given different types of employment (employment status) in descending order with respect to the numbers:

1. Farmers
2. Salaried class
3. Small traders

Select the correct answer from below given codes:

- a) 1 – 2 – 3
- b) 1 – 3 – 2
- c) 3 – 2 – 1
- d) 3 – 1 – 2

ANS: B

Explanation: According to CMIE, the total employment in India in January-April 2023 stood at 412.9 million.

Employment status - In descending order

- Farmers,
- Wage laborers or small traders,
- Salaried class
- Business class or entrepreneurship

Business is the only category that has actually recovered to the pre-pandemic level.

Source: FORUMIAS

Q.4) Consider the following statements regarding “India Semiconductor Industry”:

1. India’s semiconductor design engineers makes up 20% of the global workforce.
2. Gujarat becomes the 1st state in India to have a large-scale semiconductor manufacturing facility.

Which of the statements given above is/are correct?

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

ANS: C

Explanation: India’s semiconductor design engineers makes up 20% of the global workforce.

- About 2,000 integrated circuits and chips are designed in India every year with engineers involved in varied aspects of design and verification.
- Gujarat will become the 1st state in India to have a large-scale semiconductor manufacturing facility.

Source: FORUMIAS

Q.5) Which of the following is/are reasons for “global supply chains are moving from China”?

1. Lower wages in china
2. Supply chain bottlenecks within China
3. Profitability of relocating production away from China

Select the correct answer from below given codes:

- a) Only one
- b) Only two
- c) Only three
- d) None

ANS: B

Explanation: The global supply chains are moving from China because of

- Rising wages in China
- Supply chain bottlenecks within China
- Investor concerns about tighter regulation of foreign firms
- China’s trade war with the US
- Profitability of relocating production away from China

Source: FORUMIAS

Q.6) Which of the following country is not part of “Supply Chain Resilience Initiative (SCRI)”?

- a) India
- b) Japan
- c) Australia
- d) South Korea

ANS: D

Explanation: India, Japan & Australia launched Supply Chain Resilience Initiative (SCRI) in 2021 to attain strong, sustainable, balanced and inclusive growth in the Indo-pacific region.

Source: FORUMIAS

Q.7) The famous “DANTAK project” is recently seen in news related to?

- a) Bhutan
- b) Nepal
- c) Sri Lanka
- d) Myanmar

ANS: A

Explanation: Project DANTAK - a project that constructed important infrastructure in Bhutan - is commemorating its Diamond Jubilee in Bhutan.

- It was established in 1961 as a result of the visionary leadership of the Third King of Bhutan and then Indian Prime Minister Jawaharlal Nehru.
- It is one of the oldest Projects of the Border Roads Organisation (BRO).
- It completed the road connecting Samdrup Jongkhar to Trashigang in 1968. Also, Thimphu was connected to Phuentsholing.
- DANTAK was tasked to construct the pioneering motorable roads there.
- Other notable projects executed by DANTAK - Construction of Paro Airport, Yonphula Airfield, Thimphu-Trashigang Highway, Telecommunication & Hydro Power Infrastructure, etc.

Source: FORUMIAS

Q.8) The “Amitabh Kant committee” was constituted in 2023 related to which of the following?

- a) Food processing
- b) Real estate
- c) Green corridors
- d) Agri – marketing

ANS: B

Explanation: Amitabh Kant committee was constituted in 2023 to examine stalled real estate projects and to recommend ways to complete the stalled projects.

Source: FORUMIAS

Q.9) The “Kavach System” is often seen in news related to?

- a) Space sector
- b) Railways
- c) Roadways
- d) Aviation

ANS: B

Explanation: In the recent happening of Odisha train accident, the KAVACH system is not installed in the mishaped trains.

- It is an indigenously developed Automatic Train Protection (ATP) system by the Research Design and Standards Organization (RDSO) in collaboration with the Indian industry.
- Traffic collision avoidance system (TCAS) is equipped with on board the locomotive and transmission towers at stations.
- It is connected with Radio Frequency Identification (RFID) tags, helps in two-way communication between the station master and loco-pilot to convey any emergency message.

Source: FORUMIAS

Q.10) Which of the following country is not part of “European Free Trade Association (EFTA)”?

- a) Norway
- b) Iceland
- c) Switzerland
- d) Belgium

ANS: D

Explanation: The European Free Trade Association (EFTA) is a four-nation bloc founded by the Stockholm Convention in 1960. Iceland, Liechtenstein, Norway, and Switzerland are the EFTA States.

Source: FORUMIAS

Agriculture, Industry & Services sector

Q.1) Consider the following statements regarding “Kasturi Cotton”:

1. It is India’s premium Cotton in the world cotton Trade.
2. Cotton Corporation of India has been designated as the implementing agency for Traceability, Certification and Branding of "Kasturi Cotton India".

Which of the statements given above is/are correct?

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

ANS: A

Explanation: Kasturi Cotton is India’s premium Cotton in the world cotton Trade.

- It is a joint initiative by the Ministry of Textiles, Cotton Corporation of India, Trade Bodies & Industry.
- The Cotton Textiles Export Promotion Council (TEXPROCIL) has been designated as the implementing agency for Traceability, Certification and Branding of "KASTURI Cotton India".

Source: FORUMIAS

Q.2) The “Cott-ALLY mobile app” is recently seen in news related to?

- a) Cattle farmers
- b) Indigenous Cows production
- c) Cotton farmers
- d) Cashew nut production

ANS: C

Explanation: Cott-ALLY mobile app has been developed for cotton farmers to increase awareness about MSP rates, nearest procurement centers, payment tracking, best farm practices etc.

It is a free mobile-based application owned by The Cotton Corporation of India Ltd.

Source: FORUMIAS

Q.3) The “MAHARISHI initiative” is often seen in news related to which of the following?

- a) Marketing infrastructure for farmers
- b) Millets and ancient grains research
- c) Zero budget natural farming
- d) Food processing industry

ANS: B

Explanation: Millets and other Ancient Grains International Research Initiative (MAHARISHI) is an initiative proposed by India to advance research in the field of millets and other ancient grains.

The initiative's secretariat is based at the Indian Institute of Millets Research (IIMR) in Hyderabad.

Source: FORUMIAS

Q.4) The famous “FL 2027 patent case” is recently seen in news related to?

- a) Cotton
- b) Rice
- c) Wheat
- d) Potato

ANS: D

Explanation: The Delhi High Court upheld an order by the Protection of Plant Varieties and Farmers’ Rights Authority (PPVFRA), revoking the registration of patent for a potato variety (FL-2027) to PepsiCo India Holdings Pvt. Ltd.

FL 2027 (commercial name FC-5) is a potato variety with high dry matter and low sugar content better suited for making chips. It was developed in 1996 by a US breeder employed in PepsiCo Inc.

Source: FORUMIAS

Q.5) Consider the following statements:

1. More than 50% of the floriculture products are produced in Karnataka, Andhra Pradesh and Tamil Nadu and Madhya Pradesh.
2. The global horticulture market of India is more than five percent.

Which of the statements given above is/are not correct?

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

ANS: B

Explanation: More than 50% of the floriculture products are produced in Karnataka, Andhra Pradesh and Tamil Nadu and Madhya Pradesh.

- Horticulture contributes 30.4% of the agriculture Gross Domestic Product (GDP) using only 13.1% of gross cropped area.
- Exports - India is ranked 14th in vegetables and 23rd in fruits. However, the global horticulture market of India is at mere 1%.

Source: FORUMIAS

Q.6) Which of the following state has the largest number of “Minor Irrigation schemes”?

- a) Maharashtra
- b) Gujarat
- c) Uttar Pradesh
- d) Tamil Nadu

ANS: C

Explanation: Uttar Pradesh had the largest number of Micro Irrigation schemes in the country (17.2%) followed by Maharashtra (15.4%), Madhya Pradesh (9.9%) and Tamil Nadu (9.1%).

Source: FORUMIAS

Q.7) The famous traditional framing practice “Akkadi Saalu” is related to which of the following state?

- a) Andhra Pradesh
- b) Tamil Nadu
- c) Karnataka
- d) Jharkhand

ANS: C

Explanation: The recently released report by the FAO suggests that use of traditional framing practices including Akkadi Saalu could reduce the escalating human and environmental costs of producing food.

- Akkadi Saalu is an intercropping system that has been in traditional practice in Karnataka. It helps to preserve life in the soil by reducing the use of pesticides.
- It is a traditional biodiversity based ecological farming practice with zero chemical fertilizers, zero chemical pesticides and minimal use of ground water.

Source: FORUMIAS

Q.8) Which of the following steps taken to promote entrepreneurship in India?

- 1. Invest India scheme
- 2. Standup India scheme
- 3. ASPIRE scheme

Select the correct answer from below given codes:

- a) Only one
- b) Only two
- c) Only three
- d) None

ANS: C

Explanation: Steps taken by India to Promote Entrepreneurship:

- Progressive Industrial Policies- The central government declared industrial policies in 1948, 1956, 1980, 1986, and 1991 to promote economy growth and entrepreneurship in country.
- Invest India- It was launched in 2009 to promote foreign investment in the country.
- Startup India- It was launched in 2015 to promote innovation and entrepreneurship in India.
- Standup India- It was launched in 2016 to promote entrepreneurship among women and SC/ST communities.
- Atal Innovation Mission- It was launched in 2016 to promote an innovative culture and the development of the spirit of entrepreneurship across India.

Source: FORUMIAS

Q.9) In which of the following state India’s first International “Multi Modal Logistics park” located?

- a) Assam
- b) West Bengal
- c) Gujarat
- d) Goa

ANS: A

Explanation: Union Minister of Ports, Shipping & Waterways and Ayush, visited the construction site of India’s first International Multi Modal Logistics park in Jogighopa, Assam.

- The park is being developed under the ambitious Bharatmala Pariyojana of the Government.

- First such MMLP, it is being made by NHIDCL in Jogighopa of Assam.
- The park will be connected to road, rail, air and waterways. This is being developed in 317-acre land along the Brahmaputra.

Source: FORUMIAS

Q.10) Consider the following statements regarding “North East Centre for Technology Application and Reach (NECTAR)”:

1. It is an autonomous society, set up under NITI Aayog.
2. It looks at harnessing and leveraging niche frontier technologies available with central scientific departments and institutions.

Which of the statements given above is/are correct?

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

ANS: B

Explanation: NECTAR is an autonomous society, set up under Department of Science & Technology; Government of India with its headquarters at Shillong, Meghalaya. The Centre will look at harnessing and leveraging niche frontier technologies available with central scientific departments and institutions.

Source: FORUMIAS

Indian Financial Market

Q.1) The term “LIBOR” is often seen in news related to which of the following?

- a) Global benchmark interest rate
- b) International payment gateway
- c) Developing countries aid
- d) International development banks

ANS: A

Explanation: LIBOR or London Interbank Offered Rate is a global benchmark interest rate. LIBOR was created in the 1970s as a way to provide a more transparent and efficient way to set interest rates.

Source: Ramesh Singh

Q.2) Consider the following statements regarding “International Finance Corporation (IFC)”:

1. It is the largest global development institution focused on the public sector in developing countries.
2. It is not a member of the World Bank Group.

Which of the statements given above is/are correct?

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

ANS: D

Explanation: International Finance Corporation (IFC) was founded in 1956 with a key objective that the private sector has the potential to transform developing countries.

- IFC is a member of the World Bank Group, advances economic development and improves the lives of people by encouraging the growth of the private sector in developing countries.
- IFC is the largest global development institution focused on the private sector in developing countries.

Source: FORUMIAS

Q.3) Consider the following statements regarding “Credit Rating Agency (CRA)”:

1. CRA’s are regulated by RBI act, 1934.
2. CRA’s is agencies that assess the creditworthiness of organization, individual or entity and assign ratings to it.

Which of the statements given above is/are correct?

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

ANS: B

Explanation: A credit rating agency is an agency that assesses the creditworthiness of organization, individual or entity and assign ratings to it.

- In India, CRAs are regulated by SEBI (Credit Rating Agencies) Regulations, 1999 of the Securities and Exchange Board of India Act, 1992.
- The global credit rating industry is highly concentrated, with 3 agencies - Moody's, Standard & Poor's, and Fitch.

Source: FORUMIAS

Q.4) Which of the following factors determine the “sovereign credit rating” of a country?

1. Per capita income
2. Rate of inflation
3. External debt

Select the correct answer from below given codes:

- a) Only one
- b) Only two
- c) Only three
- d) None

ANS: C

Explanation: The factors that determine the sovereign credit rating of a country include:

- Per capita income;
- GDP growth;
- Rate of inflation;
- External debt;
- Economic development;
- History of defaults.

Source: FORUMIAS

Q.5) Consider the following statements regarding “Risk Asset Ratio System”:

1. It was introduced after the subprime lending crisis in India by RBI.
2. Its calculation depends on the nature of the loan and the inherent risk associated with it.

Which of the statements given above is/are not correct?

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

ANS: A

Explanation: Risk Asset Ratio System – RBI introduced it in 1992 for banks including foreign banks as a capital adequacy measure in line with the Capital Adequacy Norms prescribed by Basel Committee.

Calculation – It depends on the nature of the loan and the inherent risk associated with it.

Source: FORUMIAS

Q.6) Consider the following statements regarding “Electronic Gold Receipts”:

1. They are held in demat accounts and traded in stock exchanges like dematerialized stocks.
2. The stock exchange can source physical gold from deposits in delivery centre’s, domestic refineries and imports.

Which of the statements given above is/are correct?

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

ANS: C

Explanation: Electronic Gold Receipts: They are a new way of trading gold on the stock exchange without having to buy or store physical gold.

- They are held in demat accounts and traded in stock exchanges like dematerialized stocks.
- The stock exchange can source physical gold from deposits in delivery centre's, domestic refineries and imports.

Source: FORUMIAS

Q.7) Consider the following statements regarding "Investor Risk Reduction Access (IRRA)":

1. It is launched by SEBI (Securities and Exchange Board of India).
2. Its objective is to reduce risks faced by investors during technical glitches at both the primary and disaster recovery site.

Which of the statements given above is/are correct?

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

ANS: C

Explanation: Recently launched Investor Risk Reduction Access (IRRA) platform acts as a 'safety net' for investors registered with SEBI.

- Its objective is to reduce risks faced by investors during technical glitches at both the primary and disaster recovery site.
- To provide an opportunity to square off/close their open positions and cancels pending orders.

Source: FORUMIAS

Q.8) The famous "Vahul Committee" is related to which of the following?

- a) Stock exchange reforms
- b) Money market development
- c) Foreign currency regulations
- d) Capital market development

ANS: B

Explanation: The organized form of money market in India is just close to three decades old. However, its presence has been there, but restricted to the government only.

It was the Chakravarthy Committee (1985) which, for the first time, underlined the need of an organized money market in the country and the Vahul Committee (1987) laid the blue print for its development.

Source: FORUMIAS

Q.9) Which of the following is/are traditional indigenous bankers?

1. Chettiars
2. Bakarwals
3. Gujarati Shroffs

Select the correct answer from below given codes:

- a) Only one
- b) Only two
- c) Only three
- d) None

ANS: B

Explanation: Indigenous bankers receive deposits and lend money in the capacity of individual or private firms.

There are, basically, four such bankers in the country functioning as nonhomogenous groups:

- (a) Gujarati Shroffs: They operate in Mumbai, Kolkata as well as in industrial, trading and port cities in the region.
- (b) Multani or Shikarpuri Shroffs: They operate in Mumbai, Kolkata, Assam tea gardens and North Eastern India.
- (c) Marwari Kayas: They operate mainly in Gujarat with a little bit of presence in Mumbai and Kolkata.
- (d) Chettiars: They are active in Chennai and at the ports of southern India.

Source: Ramesh Singh

Q.10) Which of the following variant of “Treasury Bills (TBs)” are discontinued by government?

- a) 14 – day Auctionable Bills
- b) 91 – day Treasury Bills
- c) 182 – day Treasury Bills
- d) 364 – day Treasury Bills

ANS: A

Explanation: Treasury Bills (TBs): This instrument of the money market though present since Independence got organised only in 1986.

- They are used by the Central Government to fulfill its short-term liquidity requirement up to the period of 364 days.
- There developed five types of the TBs in due course of time: (a) 14-day (Intermediate TBs) (b) 14-day (Auctionable TBs) (c) 91-day TBs (d) 182-day TBs (e) 364-day
- TBs Out of the above five variants of the TBs, at present only the 91-day TBs, 182-day TBs and the 364-day TBs are issued by the government. The other two variants were discontinued in 2001.

Source: Ramesh Singh

Revision

Q.1) Consider the following statements regarding “Certificate of Deposit (CD)”:

- 1. It is issued by Reserve Bank of India.
- 2. It is negotiable and tradable in the money market.

Which of the statements given above is/are correct?

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

ANS: B

Explanation: Certificate of Deposit (CD): Organized in 1989, the CD is used by banks and issued to the depositors for a specified period ranging less than one year—they are negotiable and tradable in the money market.

Since 1993 the RBI allowed the financial institutions to operate in it— IFCI, IDBI, IRBI (IIBI since 1997) and the Exim Bank—they can issue CDs for the maturity periods above one year and up to three years.

Source: Ramesh Singh

Q.2) Which of the following institution does not issue the “commercial bill”?

- a) Scheduled commercial banks
- b) Merchant banks
- c) Cooperative banks
- d) NABARD

ANS: D

Explanation: Commercial Bill (CB): Organized in 1990, a CB is issued by the All India Financial Institutions (AIFIs), Non-Banking Finance Companies (NBFCs), Scheduled Commercial Banks, Merchant Banks, Co-operative Banks and the Mutual Funds. It replaced the old Bill Market available since 1952 in the country.

Source: Ramesh Singh

Q.3) Which of the following institutions act as both the borrowers and lenders in call money market?

1. Mutual funds
2. IDBI
3. LIC

Select the correct answer from below given codes:

- a) Only one
- b) Only two
- c) Only three
- d) None

ANS: D

Explanation: Call Money Market (CMM): This is basically an inter-bank money market where funds are borrowed and lent, generally, for one day—that is why this is also known as over-night borrowing market (also called money at call).

The scheduled commercial banks, co-operative banks operate in this market as both the borrowers and lenders while LIC, GIC, Mutual Funds, IDBI and NABARD are allowed to operate as only lenders in this market.

Source: Ramesh Singh

Q.4) Consider the following statements regarding “call money market”:

1. Borrowing in this market may take place against securities or without securities.
2. Rate of interest in this market glides with the repo rate of the time.

Which of the statements given above is/are correct?

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

ANS: C

Explanation: Call Money Market (CMM): This is basically an inter-bank money market where funds are borrowed and lent, generally, for one day—that is why this is also known as over-night borrowing market (also called money at call).

- Fund can be borrowed/raised for a maximum period up to 14 days (called short notice).
- Borrowing in this market may take place against securities or without securities.
- Rate of interest in this market ‘glides’ with the ‘repo rate’ of the time the principle remains very simple —longer the period, higher the interest rate.

Source: Ramesh Singh

Q.5) Consider the following statements regarding “Cash Management Bill (CMB)”:

1. They are non-standard and discounted instruments issued for maturities of more than 91 days.
2. They are tradable and qualify for ready forward facility.

Which of the statements given above is/are not correct?

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

ANS: A

Explanation: The Government of India, in consultation with the RBI, decided to issue a new short-term instrument, known as Cash Management Bills, since August 2009 to meet the temporary cash flow mismatches of the government.

- The Cash Management Bills are non-standard and discounted instruments issued for maturities less than 91 days.
- The CMBs have the generic character of Treasury Bills (issued at discount to the face value); are tradable and qualify for ready forward facility; investment in it is considered as an eligible investment in government securities by banks for SLR.

Source: Ramesh Singh

Q.6) Consider the following statements regarding “White Label ATMs (WLAs)”:

1. They are operated by both bank and non-bank operators.
2. They are authorized under the Payment & Settlement Systems Act, 2007 by the Reserve Bank of India (RBI).

Which of the statements given above is/are correct?

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

ANS: B

Explanation: White Label ATMs (WLAs): Non-Banks – They are ATMs set up, owned and operated by non-banks are called WLAs.

- Non-bank ATM operators are authorized under the Payment & Settlement Systems Act, 2007 by the Reserve Bank of India (RBI).
- The WLAs provide banking services to the customers of banks in India, based on the cards (debit/credit/prepaid) issued by banks.

Source: Ramesh Singh

Q.7) Which of the following is a regional development bank?

- a) New Development Bank (NDB)
- b) World Bank
- c) International Bank for Reconstruction and Development (IBRD)
- d) International Development Association (IDA)

ANS: A

Explanation: International Development Banks Regional Development Banks:

- World Bank
- International Bank for Reconstruction and Development (IBRD)
- International Finance Corporation (IFC)
- International Development Association (IDA)

Regional Development Banks:

- European Investment Bank (EIB)
- Asian Development Bank (ADB)
- New Development Bank (NDB)
- Eurasian Development Bank (EDB)
- Islamic Development Bank (IsDB)
- Asian Infrastructure Investment Bank (AIIB)

Source: FORUMIAS

Q.8) The “UDGAM Portal” is recently seen in news related to which of the following?

- a) Inflation
- b) Unclaimed deposits
- c) Cash floating in market
- d) Last mile credit

ANS: B

Explanation: The RBI unveiled a Centralized Web Portal UDGAM (Unclaimed Deposits – Gateway to Access inforMation).

- Purpose – For use by public to search their unclaimed deposits across multiple banks at one place and enable them to either claim the deposit amount or make their deposit accounts operative at their respective banks.
- RBI Technology Pvt. Ltd. (ReBIT), Indian Financial Technology & Allied Services (IFTAS), and participating banks have collaborated on developing the portal.

Source: FORUMIAS

Q.9) The “First Loss Default Guarantee (FLDG)” is often seen in news related to?

- a) Agriculture
- b) Industry
- c) Fintech companies
- d) International funding

ANS: C

Explanation: The Reserve Bank of India (RBI) has allowed First Loss Default Guarantee (FLDG) for fintech Lending Service Providers (LSP).

- First loss default guarantee (FLDG) is a lending model between banks or non-banking finance companies (Regulated Entities) and lending service providers (fintech firms).
- In FLDG arrangement, the initial hit on a default is taken by a third party such as fintech firm that originated the loan.
- The fintech player (LSP) compensates lenders if the borrower defaults up to a certain threshold of the loan portfolio.

Source: FORUMIAS

Q.10) Consider the following statements regarding “Bank of International Settlements (BIS)”:

1. It is owned by 63 central banks including RBI that account for 95% of the GDP.
2. Basel Committee on Banking Supervision of BIS provides the Basel norms.

Which of the statements given above is/are correct?

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

ANS: C

Explanation: Bank of International Settlements (BIS):

- BIS was established in 1930.
- BIS is owned by 63 central banks including RBI that account for 95% of the GDP.
- BIS’s head office is in Basel, Switzerland and it has two representative offices in Hong Kong and Mexico City.
- The mission of BIS is to support central banks' pursuit of monetary and financial stability through international cooperation, and to act as a bank for central banks.
- Basel Committee on Banking Supervision of BIS provides the Basel norms.

Source: FORUMIAS

Banking in India

Q.1) Consider the following statements regarding “Non-Performing Assets (NPAs)”:

1. It is a loan or advance for which principal or interest payment remained overdue for a period of 30 days.
2. There is an increase in gross non-performing assets (GNPA) ratio of Indian banks in recent years.

Which of the statements given above is/are correct?

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

ANS: D

Explanation: NPA is a loan or advance for which principal or interest payment remained overdue for a period of 90 days.

- There is a decline in gross non-performing assets (GNPA) ratio of Indian banks.
- In 2017-18, this ratio was as high as 11.2 % raising concerns on the stability of the banking system.
- During last three years (2019-22) alone fresh NPAs add up to ₹10.61 lakh crore

Source: FORUMIAS

Q.2) According to “Central Vigilance Commission”, what is the minimum amount of default to be considered as “willful default”?

- a) 25 lakhs
- b) 50 lakhs
- c) 75 lakhs
- d) 1 crore

ANS: A

Explanation: The amount of willful default must be of at least Rs. 25 lakhs as per the Central Vigilance Commission.

Source: FORUMIAS

Q.3) Which of the following statements is/are correct?

1. The rate at which the RBI issues loans to commercial banks when there is a shortage of funds is the repo rate.
2. The reverse repo rate is the variable or fixed interest rate the RBI pays to commercial banks when they store excess cash reserves with the central bank.
3. The variable rate reverse repo is a fixed or variable interest rate at which RBI lends to banks.

Select the correct answer from below given codes:

- a) Only one
- b) Only two
- c) Only three
- d) None

ANS: B

Explanation: The rate at which the RBI issues loans to commercial banks when there is a shortage of funds is the repo rate.

- The reverse repo rate is the variable or fixed interest rate the RBI pays to commercial banks when they store excess cash reserves with the central bank.
- The variable rate reverse repo is a fixed or variable interest rate at which banks lend to RBI.
- The VRRR auction is undertaken to reduce surplus liquidity in the system by withdrawing existing cash.

Source: FORUMIAS

Q.4) Which of the following is/are regulated entities?

1. Scheduled commercial banks
2. Primary cooperative banks
3. NABARD

Select the correct answer from below given codes:

- a) Only one
- b) Only two
- c) Only three
- d) None

ANS: C

Explanation: The RBI asked all regulated entities (REs) including banks and NBFCs, to give personal loan borrowers an option to switch over from a floating rate to a fixed rate regime at the time of resetting interest rates.

Regulated entities include banks, primary cooperative banks, Non-Banking Financial Companies, Credit Information Companies and also institutions such as EXIM Bank, NABARD, NaBFID, National Housing Bank (NHB) and Small Industries Development Bank of India (SIDBI).

Source: FORUMIAS

Q.5) Consider the following statements regarding “Co-Lending Model of Loan”:

1. It is developed by RBI to address the flow to credit to un-served sectors of the economy.
2. NBFC is the originator in Co – lending while a bank is where the major portion of the loan rests.

Which of the statements given above is/are correct?

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

ANS: C

Explanation: Co-lending is an arrangement where the loan origination is by one entity usually nonbanking financial company (NBFC) but the risk is shared by two entities (NBFC and banks).

- NBFC is the originator while a bank is where the major portion of the loan rests.
- Co-lending model is developed by RBI to address the flow to credit to un-served sectors of the economy.

Source: FORUMIAS

Q.6) Which of the following services is/are offered by white label ATM's?

1. Cash Deposit
2. Purchase of Re-load Vouchers for Mobiles
3. Request for Cheque Book

Select the correct answer from below given codes:

- a) Only one
- b) Only two
- c) Only three
- d) None

ANS: B

Explanation: ATMs set up, owned and operated by non-banks are called White Label ATMs.

Non-bank ATM operators are authorized under the Payment & Settlement Systems Act, 2007 by the Reserve Bank of India (RBI).

In addition to dispensing cash, ATMs / WLAs may offer many other services / facilities to customers. Some of such services include:

- Account Information
- Cash Deposit
- Regular Bill Payment
- Purchase of Re-load Vouchers for Mobiles (not permitted at WLAs)
- Mini / Short Statement Generation
- PIN Change
- Request for Cheque Book

Source: FORUMIAS

Q.7) Which of the following is/are types of “Non-Banking Financial Companies”?

1. Asset Finance Company (AFC)
2. Investment Company (IC)
3. Loan Company (LC)

Select the correct answer from below given codes:

- a) Only one
- b) Only two
- c) Only three
- d) None

ANS: C

Explanation: NBFCs have been reclassified into three categories: (i) Asset Finance Company (AFC) (ii) Investment Company (IC) and (iii) Loan Company (LC).

Source: Ramesh Singh

Q.8) Consider the following statements:

1. The Reserve Bank of India was set up in 1935 by the RBI Act, 1934 as a private bank.
2. The Reserve Bank of India was nationalized in 1955.

Which of the statements given above is/are not correct?

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

ANS: B

Explanation: The Reserve Bank of India (RBI) was set up in 1935 (by the RBI Act, 1934) as a private bank with two extra functions—regulation and control of the banks in India and being the banker of the government.

After nationalization in 1949, it emerged as the central banking body of India and it did not remain a ‘bank’ in the technical sense.

Source: Ramesh Singh

Q.9) Which of the following is not a function of “Reserve Bank of India”?

- a) Issuing agency of one rupee currency.
- b) Banker of the government.
- c) Bank of the banks.
- d) Keeper of the foreign currency reserves.

ANS: A

Explanation: After nationalization in 1949, it emerged as the central banking body of India and it did not remain a ‘bank’ in the technical sense.

Since then, the governments have been handing over different functions 4 to the RBI, which stand today as given below:

- (i) It is the issuing agency of the currency and coins other than rupee one currency and coin (which are issued by Ministry of Finance itself with the signature of the Finance Secretary on the note).
- (ii) Distributing agent for currency and coins issued by the Government of India.
- (iii) Banker of the government.
- (iv) Bank of the banks/Bank of last resort.

- (v) Announces the credit and monetary policy for the economy.
- (vi) Stabilizing and targeting (CPI-C) the rate of inflation.
- (vii) Stabilizing the exchange rate of rupee.
- (viii) Keeper of the foreign currency reserves.
- (ix) Agent of the Government of India in the IMF.
- (x) Performing a variety of developmental and promotional functions under which it did set up institutions like IDBI, SIDBI, NABARD, NHB, etc.

Source: Ramesh Singh

Q.10) Consider the following statements regarding “cash reserve ratio (CRR)”:

1. It is fixed by central government.
2. It is the ratio of the total deposits of a bank in India which is kept with the RBI in the form of gold.

Which of the statements given above is/are not correct?

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

ANS: C

Explanation: The cash reserve ratio (CRR) is the ratio (fixed by the RBI) of the total deposits of a bank in India which is kept with the RBI in the form of cash.

- This was fixed to be in the range of 3 to 15 per cent.
- A recent Amendment (2007) has removed the 3 per cent floor and provided a free hand to the RBI in fixing the CRR.

Source: Ramesh Singh

Capital Market in India

Q.1) Which of the following instruments is/are used as long term capital source?

1. Call money
2. Mutual funds
3. Securities

Select the correct answer from below given codes:

- a) Only one
- b) Only two
- c) Only three
- d) None

ANS: B

Explanation: The segment of a financial market of an economy from long-term capital is raised via instruments such as shares, securities, bonds, debentures, mutual funds, and is known as the security market of that economy.

Source: Ramesh Singh

Q.2) Which of the following is/are functions of stock exchanges?

1. It is the single most important institution in the secondary market for securities.
2. Makes available the prices of trading as an important piece of information to the investors.
3. By publishing its Index, it fulfills the purpose of projecting the moods of the stock market.

Select the correct answer from below given codes:

- a) Only one
- b) Only two
- c) Only three
- d) None

ANS: C

Explanation: A physically existing institutionalized set-up where instruments of security stock market (shares, bonds, debentures, securities, etc.) are traded. It serves the following major functions:

- (i) Makes a floor available to the buyers and sellers of stocks and liquidity comes to the stocks. It is the single most important institution in the secondary market for securities.
- (ii) Makes available the prices of trading as an important piece of information to the investors.
- (iii) By following institutionalized rules and procedures, it ensures that the participants in the stock market live up to their commitments.
- (iv) Passes updated information's to the enlisted companies about their present stockholders (so that they can pass on dividends etc., to them).
- (v) By publishing its 'Index', it fulfills the purpose of projecting the moods of the stock market.

Source: Ramesh Singh

Q.3) Which of the following stock exchange is known as "The Native Share and Stock Brokers Association"?

- a) Calcutta stock exchange
- b) National stock exchange
- c) India international exchange
- d) Bombay stock exchange

ANS: D

Explanation: The first stock exchange in India, the Bombay Stock Exchange known as The Native Share and Stock Brokers' Association was set up in 1870 (under a tree!).

Source: Ramesh Singh

Q.4) Which of the following is world's largest stock exchange on the basis of market capitalization?

- a) New York Stock Exchange
- b) NASDAQ
- c) London Stock Exchange
- d) National Stock Exchange

ANS: A

Explanation: The global stock exchanges are an integral part of the financial system, which has a significant impact on the global economic outlook.

- There are approximately 60 major stock exchanges worldwide, with the largest ones having a combined market capitalization of \$116,397,310.17 trillion, according to the World Federation of Exchanges (WFE).

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- Notably, two of the largest stock exchanges, the New York Stock Exchange (NYSE) and the Nasdaq, both located in the United States, lead and dominate the majority of the global market by a wide margin.

Top 10 largest stock exchanges in the world, according to their market capitalization in 2024:

Rank	Exchange name	Country	Domestic market cap (in trillion dollars)
1	New York Stock Exchange (NYSE)	USA	\$27,876,292.90
2	Nasdaq	USA	\$25,914,307.90
3	Japan Exchange Group	Japan	\$6,246,074.78
4	Shanghai Stock Exchange	China	\$6,350,622.64
5	National Stock Exchange (NSE) of India	India	\$5,055,163.02
6	Euronext	Europe	\$7,148,962.99
7	Hong Kong Exchanges and Clearing	Hong Kong	\$4,115,775.02
8	Shenzhen Stock Exchange	China	\$3,821,844.20
9	Toronto Stock Exchange (TMX Group)	Canada	\$3,194,035.69
10	Korea Exchange	South Korea	\$1,947,717.56

Source: World Federation of Exchanges (WFE)

Source: Ramesh Singh

Q.5) Which of the following is/are works as mediators for trading in the stock exchanges?

1. Brokers
2. Jobbers
3. Market – makers

Select the correct answer from below given codes:

- a) Only one
- b) Only two
- c) Only three
- d) None

ANS: C

Explanation: Trading in the stock exchanges takes place via the mediators known as the brokers, the jobbers, and the market-maker.

Source: Ramesh Singh

Q.6) Which of the following stock exchange has 50 share index?

- a) Bombay stock exchange
- b) National stock exchange
- c) Over the Counter Exchange of India Ltd (OTCEI)
- d) Interconnected Stock Exchange of India

ANS: B

Explanation: The National Stock Exchange of India Ltd. (NSE) was set up in 1992 and became operationalised in 1994.

- The sponsors of the exchange are financial institutions, including IDBI, LIC and GIC with IDBI as its promoter.
- It has a 50 share index and a 500 share index known as S&P CNX-50 (Nifty Fifty) and S&P CNX-500, respectively.

Source: Ramesh Singh

Q.7) Consider the following statements regarding “Over the Counter Exchange of India Ltd (OTCEI)”:

1. It is India’s first fully computerized stock exchange.
2. Trading in this exchange takes place via brokers and commission is market based and not fixed.

Which of the statements given above is/are correct?

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

ANS: A

Explanation: Though the Over the Counter Exchange of India Ltd (OTCEI) was set up in 1989, it could commence trading only in 1992.

- India’s first fully computerized stock exchange was promoted by the UTI, ICICI, SBI Cap among others, in order to overcome problems such as lack of transparency and delays in settlements prevalent in the older stock exchanges.
- Another important goal of the exchange was to allow stock market exposure to comparatively smaller companies (companies with paid-up capital from Rs. 30 lakh to Rs. 25 crore are enlisted here).
- Trading in this exchange takes place via market-makers and commission is fixed.

Source: Ramesh Singh

Q.8) Which of the following is not part of Bombay stock exchange?

- a) Sensex
- b) BSE – 50
- c) BSE – 200
- d) National Index

ANS: B

Explanation: There are at present four indices connected with the BSE:

- (i) Sensex: The sensitive index (i.e., Sensex) is a 30 stocks index of the BSE which was enlarged to include 50 stocks in 2000 but soon was cut down to the original level. This index represents the Indian stock market.

- (ii) BSE-200: This is a 200 stock share index of the BSE (including the 30 stocks of the Sensex) which has its Dollar version too—the Dollex.
- (iii) BSE-500: In mid-1999, the BSE came up with a 500-stock index representing major industries and many sub-sectors of the economy with information technology getting a significant weightage.
- (iv) National Index: An index of 100 stocks being quoted nationwide (Bombay, Delhi, Kolkata, etc.) was developed to give broader/wider representation of the stock market since the Sensex consists of only 30 stocks. The 30 stocks of the sensex are included in the National Index.

Source: Ramesh Singh

Q.9) The term “BSE Indo Next” is recently seen in news related to?

- a) Major companies stocks
- b) Small companies stocks
- c) Foreign companies stocks
- d) Offshore companies stocks

ANS: B

Explanation: A new stock exchange to promote liquidity to the stocks of the small enterprises (SMEs) was launched in 2005 jointly and medium the BSE and the FISE (Federation of Indian Stock Exchanges, representing 18 regional stock exchanges).

- It is better known as the BSE Indo Next. It was also an effort to rejuvenate the RSEs which were facing falling volumes of trading on their floors.
- Due to absence of trading at the RSEs, the stocks of the SME, has become illiquid.

Source: Ramesh Singh

Q.10) The term “Taravaniwallah” is associated with which of the following?

- a) Broker
- b) Jobber
- c) Market maker
- d) Both A & B

ANS: B

Explanation: A jobber is a broker’s broker or one who specializes in specific securities catering to the need of other brokers—in India also known as ‘Taravaniwallah’ (in the BSE).

A jobber is located at a particular trading post on the floor of the stock exchange and does buying and selling for small price differences, called the spread. He has no contact with the investing public.

Source: Ramesh Singh