



Dream Big Institution

No. 1 Platform For Preparation of Govt Exams

October 2023
(Memory Based Paper)
Indian Economy
&
Indian Financial System



- Q1. Which of the following is/are the promoters of NSDL?
1. Industrial Development Bank of India (IDBI)
 2. Unit Trust of India (UTI)
 3. BSE
 4. NSE
- (A) III & IV
(B) I, II, III
(C) I, II, III & IV
(D) I, III & IV
- Q2. CGTMSE is a financial initiative in India aimed at providing collateral-free credit facilities. It doesn't apply to which of the following?
- (A) Micro Enterprises
(B) Small Enterprises
(C) Medium Enterprises
(D) It applies to all of the above
- Q3. What happens when a company spends more than the stipulated amount of their net profits on CSR in any year?
- (A) The excess amount spent on CSR is refunded to the company by the government as an incentive for exceeding CSR obligations.
(B) The excess amount spent can be set off against the CSR spending obligation in future years, subject to riders.
(C) The excess amount spent on CSR is treated as a tax-deductible expense, reducing the company's overall tax liability.
(D) None of the above
- Q4. Which of the following statements best describes the term "Spot Price" in financial markets?
- (A) The price of a financial instrument for delivery in the future
(B) The price at which a financial instrument is sold short
(C) The current market price of a financial instrument for immediate delivery and settlement
(D) The average price of a financial instrument over a specific time period
- Q5. Three companies, namely Alpha Corp, Beta Inc, and Gamma Ltd, have reported their annual profits for the last three financial years along with their Corporate Social Responsibility (CSR) expenditures for the financial year 2022-2023.
- **Alpha Corp**
 - Profit for 2019-2020: ₹3 crores
 - Profit for 2020-2021: ₹12 crores
 - Profit for 2021-2022: ₹11 crores
 - CSR spending for 2021-2022: ₹0.30 crores
 - **Beta Inc:**
 - Profit for 2019-2020: ₹0 crores
 - Profit for 2020-2021: ₹8 crores
 - Profit for 2021-2022: ₹7 crores
 - CSR spending for 2021-2022: ₹0.18 crores
 - **Gamma Ltd:**
 - Profit for 2019-2020: ₹5 crores
 - Profit for 2020-2021: ₹6 crores
 - Profit for 2021-2022: ₹5.5 crores

- CSR spending for 2021-2022: ₹0.14 crores

Which of the following companies have met the CSR spending target as per the Companies Act of India?

- (A) Alpha only
- (B) Both Alpha and Beta
- (C) All Alpha, Beta and Gamma
- (D) None of the above

- Q6. Which of the following statements is incorrect regarding various financial institutions and instruments in India?
- (A) NBF-MFI stands for Non-Banking Financial Micro Finance Institution and they are not allowed to accept public deposits.
 - (B) Mortgage Guarantee is an instrument where the guarantee is provided for a loan against residential property.
 - (C) IFC, or International Finance Corporation, is a subsidiary of the Reserve Bank of India (RBI).
 - (D) NBFCs (Non-Banking Financial Companies) primarily engage in lending and investment activities, but cannot accept demand deposits.
- Q7. Universal banks in India were recommended by which of the following committees?
- (A) Narasimham Committee
 - (B) Raghuram Rajan Committee
 - (C) Nachiket Mor Committee
 - (D) S.S. Tarapore Committee
- Q8. In which stage of the economic cycle do prices typically remain low due to the balance of money supply and demand?
- (A) Expansion
 - (B) Peak
 - (C) Contraction
 - (D) Trough
- Q9. Which of the following formulas correctly represents how to calculate Net Domestic Product (NDP) at Factor Cost?
- (A) NDP at Market Price - Indirect Taxes + Subsidies
 - (B) NDP at Market Price + Indirect Taxes Subsidies
 - (C) NDP at Market Price - Indirect Taxes Subsidies
 - (D) NDP at Market Price + Indirect Taxes + Subsidies
- Q10. What term is used to describe the grants in aid specifically given for the creation of capital assets?
- (A) Fiscal Deficit
 - (B) Effective Revenue Deficit
 - (C) Primary Deficit
 - (D) Revenue Deficit
- Q11. Match the following credit ratings with their corresponding descriptions:
- | | | | |
|----|-----|-----|---|
| 1. | AAA | (A) | Denotes adequate safety in terms of timely payment of interest and principal |
| 2. | A | (B) | Double A denotes high safety in terms of timely payment of interest and principal |
| 3. | BBB | (C) | Denotes substantial risk |
| 4. | C | (D) | Triple B denotes moderate safety in terms of payment of interest and speculative grades |
- (A) 1-A, 2-B, 3-D, 4-C
 - (B) 1-B, 2-A, 3-D, 4-C

- (C) 1-B, 2-A, 3-C, 4-D
(D) 1-D, 2-B, 3-A, 4-C

Q12. Choose the correct statement regarding call and put options:

- (A) A call option gives the holder the obligation to sell a stock at a specific price.
(B) A put option gives the holder the obligation to buy a stock at a specific price.
(C) A call option gives the holder the right to buy a stock at a specific price.
(D) A put option gives the holder the right to sell a stock at a specific price.

Q13. Match the following types of mutual funds with their corresponding characteristics:

Types of Mutual Funds		Characteristics:	
1.	Index Fund	(A)	An open-ended scheme replicating/tracking index – Minimum investment in securities of a particular index (which is being replicated/tracked) - 95% of total assets
2.	Funds of Fund	(B)	open-ended fund of fund scheme investing in fund (mention the underlying fund) - Minimum investment in the underlying fund - 95% of total assets
3.	ELSS	(C)	Provides liquidity solutions with low maturity and high credit quality
4.	Liquidity Fund	(D)	Equity-Linked saving Scheme - Provides tax benefits under section 80C

- (A) 1-B, 2-A, 3-D, 4-C
(B) 1-A, 2-B, 3-D, 4-C
(C) 1-A, 2-B, 3-C, 4-D
(D) 1-D, 2-C, 3-A, 4-B

Q14. Calculate the Insurance Density based on the following data:

- Gross Domestic Product (GDP): ₹500 trillion
- Gross Value Added (GVA): ₹400 trillion
- Total Population: 100 million
- Total Insurance Premium: ₹2 trillion

- (A) ₹20,000
(B) ₹ 15,000
(C) ₹10,000
(D) ₹25,000

Q15. The Government of India has envisioned achieving "Insurance for All by 2047" to commemorate 100 years of Independence. Which of the following objectives is least likely to be part of this insurance vision?

- (A) Increasing the penetration of life and nonlife insurance across the rural and urban populace.
(B) Promoting innovative insurance products tailored to the specific needs of diverse demographic segments.
(C) Achieving a minimum insurance density comparable to global standards.
(D) Deregulating the insurance sector to allow for 100% foreign direct investment (FDI) without any conditions.

Q16. The _____ acts as a Self-Regulatory Organisation (SRO) in the mutual fund industry.

- (A) IRDAI
(B) RBI
(C) SEBI
(D) AMFI

Q17. Under the Prime Minister Suraksha Bima Yojana (PMSBY), what is the risk coverage amount provided for accidental death or full disability due to an accident?

- (A) ₹1 lakh
- (B) ₹5 lakh
- (C) ₹2 lakh
- (D) ₹10 lakh

Q18. What is the life cover amount provided under the Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY)?

- (A) ₹1 lakh
- (B) ₹3 lakh
- (C) ₹2 lakh
- (D) ₹5 lakh

Q19. Which organization is responsible for regulating the Atal Pension Yojana (APY)?

- (A) Reserve Bank of India (RBI)
- (B) Pension Fund Regulatory and Development Authority (PFRDA)
- (C) Insurance Regulatory and Development Authority of India (IRDAI)
- (D) Securities and Exchange Board of India (SEBI)

Q20. Under the Employees' Provident Fund (EPF), _____ % of the contribution goes to the EPF account, while _____ % goes to the Employees' Pension Scheme (EPS).

- (A) 3.67,8.33
- (B) 4.75,9.49
- (C) 2.21,7.09
- (D) 5.12,10.21

Q21. Treasury bills in India generally do not come under which of the following maturity periods?

- (A) 91 days
- (B) 182 days
- (C) 273 days
- (D) 364 days

Q22. Which of the following Sustainable Development Goals (SDGs) is specifically focused on taking action to combat climate change and its impacts?

- (A) SDG 3: Good Health and Well-being
- (B) SDG 7: Affordable and Clean Energy
- (C) SDG 13: Climate Action
- (D) SDG 16: Peace, Justice and Strong Institutions

Q23. As of the latest guidelines, what is the maximum percentage of Foreign Direct Investment (FDI) permitted in the insurance sector in India?

- (A) 49%
- (B) 51%
- (C) 74%
- (D) 100%

Q24. What is the name of the Reserve Bank of India's Centralized Database portal for financial transactions?

- (A) BHIM
- (B) e-Rupi
- (C) e-Kuber

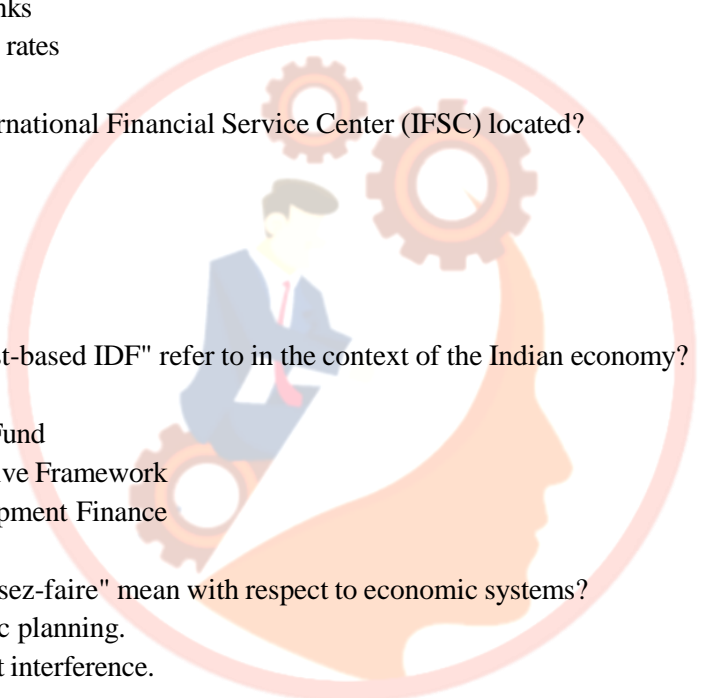
(D) UPI

- Q25. As per regulations, up to what percentage of their net owned funds (NOF) as at end-March of the previous financial year are Primary Dealers allowed to borrow, on average, in a reporting fortnight?
- (A) 150%
 - (B) 225%
 - (C) 300%
 - (D) 100%
- Q26. In India, a commercial paper is issued for investments in multiples of what amount?
- (A) ₹1 lakh
 - (B) ₹2 lakh
 - (C) ₹5 lakh
 - (D) ₹10 lakh
- Q27. How many local boards does the Reserve Bank of India (RBI) have?
- (A) 2
 - (B) 4
 - (C) 6
 - (D) 8
- Q28. In the context of the Reserve Bank of India's policy rates, what is referred to as the LAF (Liquidity Adjustment Facility) corridor?
- (A) The difference between the Marginal Standing Facility (MSF) rate and the repo rate
 - (B) The difference between the repo rate and the reverse repo rate
 - (C) The difference between the bank rate and the reverse repo rate
 - (D) The difference between the Cash Reserve Ratio (CRR) and the Statutory Liquidity Ratio (SLR)
- Q29. What is the primary purpose of the FX Retail platform in India?
- (A) To facilitate retail trading in government securities
 - (B) To provide a platform for retail participation in the foreign exchange market
 - (C) To enable retail investors to invest in mutual funds
 - (D) To facilitate retail trading in commodities
- Q30. What is the revised maximum limit on microfinance loans for NBFCs (other than NBFC-MFIs) as a percentage of their total assets?
- (A) 10%
 - (B) 25%
 - (C) 50%
 - (D) 75%
- Q31. Which of the following factors contributes to the Bank rate becoming irrelevant in India?
- (A) RBI changing rates frequently
 - (B) Underdeveloped bill market in India
 - (C) Interest rates not being automatically changed by the Bank rate
 - (D) None of the above
- Q32. Which of the following is the correct formula to compute Personal Income?

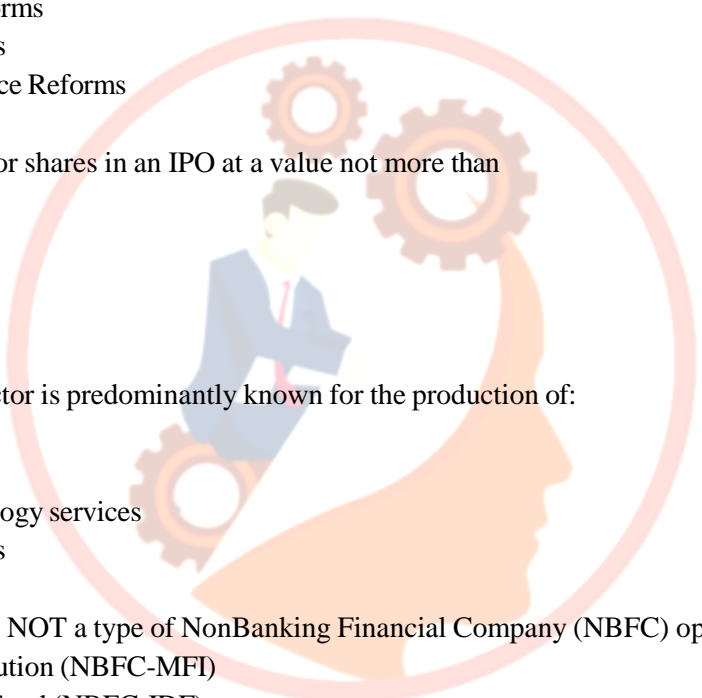
- (A) Gross Income - Deductions
- (B) Gross Income - Taxes
- (C) Net Income + Non-taxable Benefits
- (D) Gross Income - Taxes - Other Non-personal Expenditures

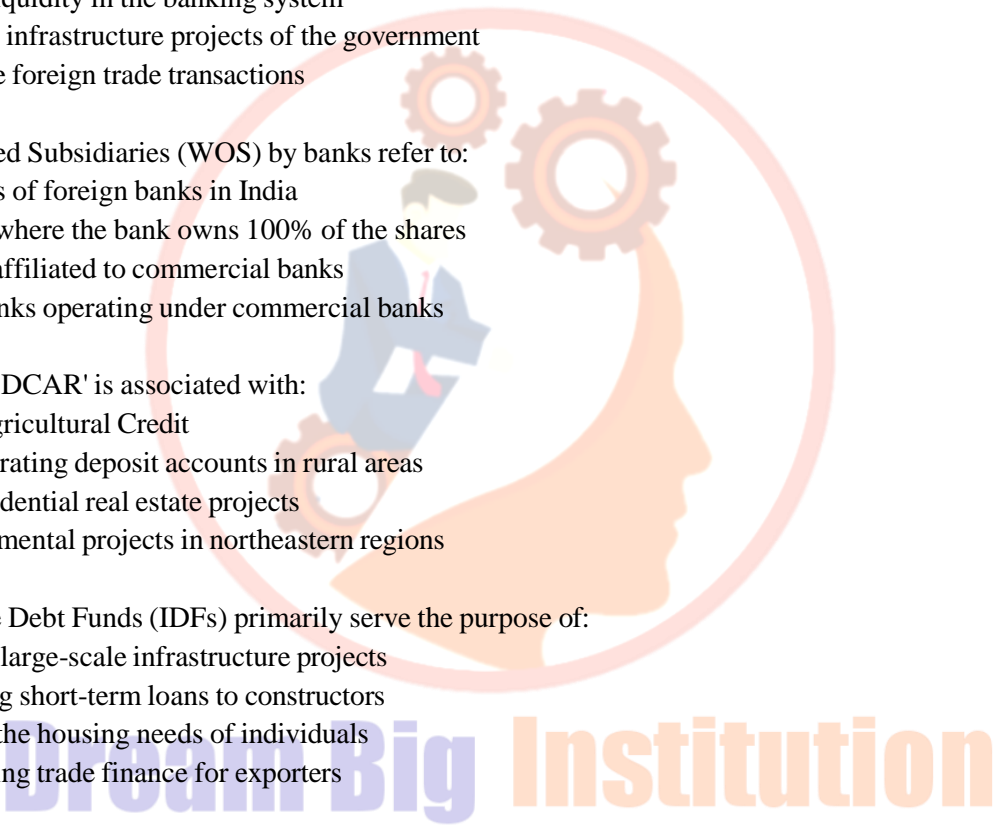
- Q33. Which of the following statements regarding Hire Purchase and Lease is accurate?
- (A) In a lease, the lessee becomes the owner after the last installment.
 - (B) Hire purchase agreements generally contain a provision to return the asset.
 - (C) In a hire purchase, the ownership of the asset transfers immediately.
 - (D) Lease agreements typically involve the maintenance responsibility with the lessor.
- Q34. Which of the following is NOT a primary factor affecting the Indian Economy?
- (A) Inflation rate
 - (B) Population growth
 - (C) Export and import balance
 - (D) None of these
- Q35. What is a defining feature of an Initial Public Offering (IPO)?
- (A) Offered only to internal stakeholders
 - (B) Stocks are sold to institutional investors only
 - (C) It represents a company's first sale of stock to the public
 - (D) Shares are repurchased by the company
- Q36. Which of the following statements is true regarding the minimum paid-up capital equity for bank applicants?
- (A) No minimum requirement is mandated.
 - (B) At least 25% of the projected capital requirement.
 - (C) Rs. 500 crore.
 - (D) It depends on the region where the bank operates.
- Q37. Do banks earn any interest on Cash Reserve Ratio (CRR)?
- (A) Yes, at the prevailing repo rate.
 - (B) Yes, at a fixed rate of 3%.
 - (C) No, banks do not earn any interest on CRR.
 - (D) Yes, but only during economic downturns
- Q38. Up to what maximum amount are coins accepted as legal tender for transactions in India?
- (A) Rs. 1,000
 - (B) Rs. 5,000
 - (C) Rs. 10,000
 - (D) No limit
- Q39. Which of the following is NOT a type of merchant banker in India?
- (A) Underwriters
 - (B) Advisory service providers
 - (C) Issue managers
 - (D) Savings bankers
- Q40. Which statement about the Life Insurance Corporation of India (LIC) during the Global Financial Crisis is true?

- (A) LIC was dissolved due to insolvency.
(B) LIC's overseas investments suffered major losses.
(C) LIC played a stabilizing role in the Indian equity market.
(D) LIC ceased issuing new policies during the crisis.
- Q41. Which of the following entities are NOT mandated to distribute a minimum of 90% of their cash flows to investors for loan repayment?
(A) REITs
(B) InviTs
(C) NBFCs
(D) Both REITs and InvITs
- Q42. The Commodity Fund primarily invests in:
(A) Equities of FMCG companies.
(B) Debt instruments.
(C) Physical commodities or commodity futures.
(D) Real estate projects.
- Q43. Under SEBI regulations, bilateral netting is:
(A) Prohibited in all scenarios.
(B) Allowed only between two institutional trades.
(C) Allowed only for intraday trades.
(D) Permitted for all spot market trades.
- Q44. Which of the following is NOT a characteristic of Annual Percentage Rate (APR) in Real Estate Investment Trusts (REITs)?
(A) Represents the annual cost of funds.
(B) Includes both interest rate and additional costs.
(C) Directly impacts the returns for REIT investors.
(D) Is the same as the repo rate set by the central bank.
- Q45. Which Public Sector Enterprise (PSE) target has been set according to the Investment Objective Standard (IOS) 2021?
(A) Achieve 25% digitization by 2022.
(B) Disinvest in non-core sectors.
(C) Increase market capitalization by 10%.
(D) Enhance foreign direct investments by 15%.
- Q46. Which type of Non-Banking Financial Company (NBFC) functions as a hosting agency for developmental works?
(A) Asset Finance Company (AFC)
(B) Infrastructure Finance Company (IFC)
(C) Micro Finance Institution (MFI)
(D) Investment Company (IC)
- Q47. The planned economic development in India post-independence was majorly guided by:
(A) Five-Year Plans
(B) Annual Budgets
(C) Quarterly reviews by RBI

- (D) Foreign Direct Investment (FDI) policies
- Q48. Which of the following is NOT considered a long-term receiving bill under Regulatory Debt Entities (RDE) regulations?
- (A) Infrastructure bonds
 - (B) Treasury bills
 - (C) Corporate bonds
 - (D) Municipal bonds
- Q49. Which among the following is a primary aggregate monetary policy tool used by central banks?
- (A) Open market operations
 - (B) Setting minimum retail prices
 - (C) Licensing of new banks
 - (D) Setting corporate tax rates
- Q50. Where is India's first International Financial Service Center (IFSC) located?
- (A) Mumbai
 - (B) New Delhi
 - (C) Gandhinagar
 - (D) Bengaluru
- Q51. What does the term "Trust-based IDF" refer to in the context of the Indian economy?
- (A) Initial Deposit Fund
 - (B) Infrastructure Debt Fund
 - (C) Institutional Derivative Framework
 - (D) International Development Finance
- Q52. What does the term "Laissez-faire" mean with respect to economic systems?
- (A) Centralized economic planning.
 - (B) Minimal government interference.
 - (C) Economy based on barter system.
 - (D) High government regulation.
- Q53. In the banking sector, a nominee is best described as:
- (A) A person who recommends loan applicants.
 - (B) An individual authorized to operate an account.
 - (C) A person designated to receive the assets upon the account holder's death.
 - (D) An individual who audits the bank's accounts.
- Q54. Under which of the following circumstances can a bank charge a fee higher than the normally prescribed rate for providing guarantees?
- (A) If the customer is a regular defaulter.
 - (B) If the guarantee is for a shorter duration.
 - (C) If the guarantee involves exceptional risks.
 - (D) If the customer has multiple accounts with the bank.
- Q55. The NDS-OM (Negotiated Dealing System Order Matching) platform is operated by:
- (A) Securities and Exchange Board of India
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- (B) Reserve Bank of India
(C) State Bank of India
(D) Ministry of Finance
- Q56. Which of the following is NOT a rationale behind promoting Small and Medium-sized Enterprises (SMEs)?
(A) Job creation
(B) Fostering entrepreneurship
(C) Reducing inter-regional imbalances
(D) Centralizing economic power
- Q57. A demand schedule in economics represents:
(A) A tabular representation showing different quantities demanded at different prices.
(B) A graphical representation of the supply curve.
(C) A list of products demanded by consumers in a specific market.
(D) A timetable for the release of new products in the market.
- Q58. In the context of environmental and sustainable finance, what does the abbreviation CCFU stand for?
(A) Centralized Climate Financial Unit
(B) Climate Change Financial Understanding
(C) Climate Change Facilitation Unit
(D) Climate Change Finance Unit
- Q59. Who among the following is NOT a role traditionally held by a Deputy Governor in the Reserve Bank of India?
(A) Supervision of banks
(B) Foreign exchange management
(C) Heading the monetary policy committee
(D) Regulating non-banking financial companies
- Q60. Which of the following is NOT considered an essential factor in the origin of the bank rate?
(A) The rate at which central banks lend money to commercial banks.
(B) The interest on savings accounts in commercial banks.
(C) The rate used by central banks to control monetary policy.
(D) The baseline rate for all other interest rates in the economy.
- Q61. Which of the following is NOT an objective of fiscal policy?
(A) Price stability
(B) Full employment
(C) Regulating the stock market
(D) Equitable distribution of income and wealth
- Q62. Which of the following is NOT a limitation of the Fiscal Responsibility and Budget Management (FRBM) Act?
(A) It may hinder counter-cyclical fiscal policies.
(B) It limits government borrowing.
(C) It promotes fiscal transparency.
(D) It doesn't consider the quality of fiscal adjustment.
- Q63. Which of the following is NOT a criterion for a bank to be designated as a 'Scheduled Bank' in India?
(A) The bank should have a reserve fund.

- (B) The bank's annual income must exceed its annual expenditures.
(C) The bank should be established under the Banking Regulation Act, 1949.
(D) The bank must hold a satisfactory position in the opinion of the Reserve Bank of India.
- Q64. The Corporate Social Responsibility (CSR) funds that are in excess can be transferred to which of the following?
(A) Any charitable organization of the company's choice
(B) Prime Minister's Relief Fund
(C) Used for the company's own business expansion
(D) Distributed among shareholders
- Q65. The Radhakrishnan Committee is associated with which of the following recommendations?
(A) Educational Reforms
(B) Banking Sector Reforms
(C) Agricultural Reforms
(D) Corporate Governance Reforms
- Q66. Retail investors can bid for shares in an IPO at a value not more than
(A) ₹1 lakh
(B) ₹2 lakhs
(C) ₹5 lakhs
(D) ₹10 lakhs
- Q67. The Channarayapatna sector is predominantly known for the production of:
(A) Textiles
(B) Steel
(C) Information Technology services
(D) Agricultural products
- Q68. Which of the following is NOT a type of NonBanking Financial Company (NBFC) operating in India?
(A) Micro Finance Institution (NBFC-MFI)
(B) Infrastructure Debt Fund (NBFC-IDF)
(C) Wholesale Deposit-taking NBFC (NBFC-WD)
(D) Asset Finance Company (NBFC-AFC)
- Q69. The Market Stabilization Scheme (MSS) Bonds are used primarily for:
(A) Financing infrastructure projects
(B) Providing long-term funds to industries
(C) Absorbing excess liquidity from the banking system
(D) Promoting exports
- Q70. Which of the following countries is NOT a member of the Asian Clearing Union (ACU)?
(A) India
(B) Nepal
(C) Japan
(D) Iran
- Q71. The PM eVidya program is associated with:
(A) Agricultural innovations
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- (B) Online education
(C) Women empowerment
(D) Infrastructure development
- Q72. Bank guarantees on account of Foreign Direct Investments (FDIs) in India are primarily regulated by:
(A) Ministry of Finance
(B) Securities and Exchange Board of India (SEBI)
(C) Reserve Bank of India (RBI)
(D) Ministry of Commerce & Industry
- Q73. The Cash Reserve Ratio (CRR) maintained by banks with the Reserve Bank of India (RBI) primarily serves to:
(A) Earn interest for banks
(B) Ensure liquidity in the banking system
(C) Fund the infrastructure projects of the government
(D) Facilitate foreign trade transactions
- Q74. Wholly Owned Subsidiaries (WOS) by banks refer to:
(A) Branches of foreign banks in India
(B) Entities where the bank owns 100% of the shares
(C) NBFCs affiliated to commercial banks
(D) Rural banks operating under commercial banks
- Q75. The term 'NODCAR' is associated with:
(A) Rural Agricultural Credit
(B) Non-operating deposit accounts in rural areas
(C) Non-residential real estate projects
(D) Developmental projects in northeastern regions
- Q76. Infrastructure Debt Funds (IDFs) primarily serve the purpose of:
(A) Funding large-scale infrastructure projects
(B) Providing short-term loans to constructors
(C) Serving the housing needs of individuals
(D) Facilitating trade finance for exporters
- Q77. In the context of economics, a "fair economy" emphasizes:
(A) Strict regulations on all industries
(B) Free market operations without any intervention
(C) Equitable distribution of wealth and resources
(D) Solely focusing on agricultural production
- Q78. A Laissez-Faire economic system is characterized by:
(A) High governmental intervention in economic activities
(B) Total absence of governmental intervention in economic activities
(C) Focus solely on public sector enterprises
(D) Regulated trade policies with other countries
- Q79. A nominee loan is primarily:
(A) A loan granted to a minor
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- (B) A loan issued to a nominee of a deceased account holder
- (C) A loan taken by a company's nominee director
- (D) A loan which has a nominee as a coapplicant

Q80. When a company wants to issue shares and needs assistance in the process, who would typically charge them a commission for this service?

- (A) The Reserve Bank of India
- (B) A Merchant Bank
- (C) A Retail Bank
- (D) The Securities and Exchange Board of India (SEBI)

Q81. Which of the following statements regarding EASE 4.0 is accurate?

- (A) It aims to decrease the digital access of public sector banks.
- (B) EASE 4.0 was initiated to increase the efficiency of private sector banks.
- (C) The initiative focuses on traditional banking methods to enhance customer experience.
- (D) EASE 4.0 emphasizes on digital and contactless banking in the post-pandemic era.

Q82. Match the following types of ATMs with their appropriate descriptions:

1.	White Label ATM	(a)	ATMs which are aimed at providing a complete banking solution for the rural sector.
2.	Green Label ATM	(b)	ATMs operated by third-party operators where the hardware and the lease of the ATM machine is owned by a sponsor bank.
3.	Brown Label ATM	(c)	ATMs that are not owned by banks but by private ATM service providers.
4.	Orange Label ATM	(d)	ATMs used for share transactions.

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

Q83. What percentage of Adjusted Net Bank Credit (ANBC) or Credit Equivalent Amount of OffBalance Sheet Exposure, whichever is higher, is required by Small Finance Banks (SFBs) to be maintained towards Priority Sector Lending (PSL)?

- (A) 60%
- (B) 70%
- (C) 75%
- (D) 40%

Q84. Match the following financial services with their correct descriptions.

1.	Factoring	A.	An online mechanism to facilitate the financing of trade receivables of Micro, Small and Medium Enterprises (MSMEs) from corporate buyers through multiple financiers.
2.	Forfaiting	B.	A financial transaction and a type of debtor finance where a business sells its accounts receivable to a third party (called a factor) at a discount.
3.	TReDS	C.	The purchase of promissory notes, bills of exchange, or other left instruments issued by importers who owe money to exporters.

4.	Bill Discounting	D.	A banking service that offers funding to businesses by purchasing their bills (invoices) before the due date at a value which is less than the invoice amount.
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- (A) 1-B,2-C,3-A,4-D
 (B) 1-A,2-B,3-D,4-C
 (C) 1-D,2-C,3-A,4-B
 (D) 1-C,2-B,3-D,4-A

Q85. Match the following mutual fund risk levels with their corresponding descriptions as per the SEBI's Risk-O-Meter.

1.	Low Risk	A.	This category of funds has a portfolio with very high risks associated with it. Investments in these funds can see very high volatility.
2.	Moderately Low Risk	B.	Funds falling under this category are likely to witness low to moderate volatility. They might invest in a mix of debt and equity but with a moderate stance.
3.	Moderate Risk	C.	These funds have the lowest risk as they primarily invest in fixed-income securities and are less volatile compared to other categories.
4.	Moderately High Risk	D.	Funds under this label may invest in a variety of assets, but they are managed in a way to keep the volatility slightly higher than moderate.
5.	High Risk	E.	Investments that come with this rating have moderately low risk and exhibit volatility lower than average but higher than the low-risk category.
6.	Very High Risk	F.	These funds are expected to have high volatility and risk, potentially leading to high returns or high losses.

- (A) 1-C,2-E,3-B,4-D,5-F,6-A
 (B) 1-A,2-C,3-B,4-D,5-F,6-E
 (C) 1-C,2-E,3-B,4-D,5-F,6-A
 (D) 1-A,2-D,3-B,4-E,5-F,6-C

Q86.

1. A Red Herring Prospectus (RHP) is a preliminary registration document filed with SEBI, which does not contain details regarding of the securities.
2. The purpose of the RHP is to gauge the response before the final price is set.
 - (A) Price, Investor
 - (B) Risk Factors, Company
 - (C) Company's Background, Auditor
 - (D) Total Number of Shares, Underwriter

Q87. Which of the following is NOT a Credit Information Company (CIC)?

- (A) CIBIL
- (B) Equifax
- (C) CRIF
- (D) SEBI

Q88. Calculate the direct quote for USD/INR given the following indirect quote: $\text{INR/USD} = 75.00$.

- (A) 0.0133 USD/INR
- (B) 0.0135 USD/INR
- (C) 0.0134USD/INR
- (D) 0.0132USD/INR

- Q89. The Immediate Payment Service (IMPS) offers an instant, 24-hour, interbank electronic fund transfer service through mobile phones which is managed by
- (A) Reserve Bank of India (RBI)
 - (B) National Payments Corporation of India (NPCI)
 - (C) Securities and Exchange Board of India (SEBI)
 - (D) State Bank of India (SBI)
- Q90. Identify the regulator responsible for overseeing Housing Finance Companies (HFCs) in India.
- (A) Reserve Bank of India (RBI)
 - (B) National Housing Bank (NHB)
 - (C) Securities and Exchange Board of India (SEBI)
 - (D) Ministry of Housing and Urban Affairs (MoHUA)
- Q91. Which of the following statements best describes the purpose of an Escrow Account in financial transactions?
- (A) An account used by traders for speculative investments.
 - (B) A reserve account where funds are held by a third party on behalf of transacting parties until certain conditions are met.
 - (C) An account maintained by individuals to segregate personal savings from regular checking account funds.
 - (D) A retirement account that offers tax benefits and is used to accumulate wealth over a long period.
- Q92. When issuing Commercial Paper (CP), a company must adhere to specific guidelines related to its net worth. As per RBI guidelines, what is the minimum net worth a company is required to have to be eligible to issue Commercial Paper?
- (A) ₹100 crore
 - (B) ₹200 crore
 - (C) ₹500 crore
 - (D) ₹50 crore
- Q93. Which of the following statements accurately reflects the 'Production Method Theory' as used in National Income Accounting?
- (A) It measures national income by summing up all the expenditures made for final goods and services over a fiscal year.
 - (B) It estimates national income based on the sum of factor incomes paid for producing the country's output.
 - (C) It calculates national income by adding up the value added by each firm in the process of production.
 - (D) It focuses on the distribution of income among factors of production without considering the actual production process.
- Q94. What is the maximum permissible annual household income for a family to be eligible for a microfinance loan under the regulations of RBI as of the latest guidelines?
- (A) Rs. 1,00,000 for rural areas and Rs. 1,60,000 for urban areas
 - (B) Rs. 1,25,000 for rural areas and Rs. 2,00,000 for urban areas
 - (C) Rs. 2,00,000 for rural areas and Rs. 3,00,000 for urban areas
 - (D) No specific income criteria; eligibility is based on the assessment of the microfinance institution
- Q95. In the country of Economica, the Consumer Price Index (CPI) at the end of the year 2020 was recorded at 118. In the year 2021, the CPI increased to 124.6 . Calculate the inflation rate for the year 2021.
- (A) 5.6%
 - (B) 5.93%

- (C) 6.5%
- (D) 6%

- Q96. Arrange the following steps in chronological order to explain the process of reaching equilibrium in the goods and money markets using the IS-LM (Investment Saving - Liquidity Preference Money Supply) curve analysis developed by John Hicks based on Alvin Hansen's synthesis:
- I. Plot the IS curve, representing all combinations of interest rates and output where the goods market is in equilibrium (Investment = Saving).
 - II. Shift the IS curve as fiscal policy changes, with increased government spending shifting it to the right and reduced spending shifting it to the left.
 - III. Plot the LM curve, showing all combinations of interest rates and output where the money market is in equilibrium (Liquidity Preference = Money Supply).
 - IV. Identify the equilibrium point where both the goods and money markets are in balance, represented by the intersection of the IS and LM curves.
 - V. Adjust the position of the LM curve in response to changes in money supply, with an increase in money supply shifting the curve to the right and a decrease shifting it to the left.
 - VI. Analyze the impact of monetary policy on the equilibrium, recognizing that lower interest rates encourage investment, shifting the IS curve to the right.
 - VII. Consider external shocks to the economy, such as changes in consumer confidence or external trade, and how they might shift the IS or LM curves.
 - VIII. Determine how the IS-LM model equilibrium changes in response to combined fiscal and monetary policy actions.
- (A) I- III-II-V-VI-VII-IV-VIII
 - (B) I-III-IV-V-VI-II-VII-VIII
 - (C) I-II-III-IV-V-VI-VII-VIII
 - (D) III-V-I-III-IV-VI-VII-VIII
- Q97. Which of the following banks were merged with Bank of Baroda in the financial restructuring that took place in 2019?
- (A) Vijaya Bank
 - (B) Dena Bank
 - (C) Andhra Bank
 - (D) Both A and B
- Q98. Which of the following acts is prohibited for the Reserve Bank of India (RBI) under the RBI Act, 1934 ?
- (A) Issuing banknotes
 - (B) Acting as the banker's bank
 - (C) Trading in foreign exchange market
 - (D) Drawing or accepting bills payable otherwise than on demand
- Q99. As per the regulations by the Securities and Exchange Board of India (SEBI), what is the minimum required sponsor's holding in the total units of an Infrastructure Investment Trust (InvIT) post-issue?
- (A) 10%
 - (B) 15%
 - (C) 25%
 - (D) 30%
- Q100. In which year was the Fixed Income Money Market and Derivatives Association of India (FIMMDA) established?

- (A) 1995
- (B) 1997
- (C) 1999
- (D) 2000



Dream Big Institution

Answer Key

Q1. (D)	Q21. (C)	Q41. (C)	Q61. (C)	Q81. (D)
Q2. (C)	Q22. (C)	Q42. (C)	Q62. (C)	Q82. (A)
Q3. (C)	Q23. (C)	Q43. (B)	Q63. (B)	Q83. (C)
Q4. (C)	Q24. (C)	Q44. (D)	Q64. (B)	Q84. (A)
Q5. (C)	Q25. (B)	Q45. (B)	Q65. (A)	Q85. (A)
Q6. (C)	Q26. (C)	Q46. (B)	Q66. (B)	Q86. (A)
Q7. (B)	Q27. (B)	Q47. (A)	Q67. (D)	Q87. (D)
Q8. (D)	Q28. (B)	Q48. (B)	Q68. (C)	Q88. (A)
Q9. (A)	Q29. (B)	Q49. (A)	Q69. (C)	Q89. (B)
Q10. (B)	Q30. (B)	Q50. (C)	Q70. (C)	Q90. (A)
Q11. (C)	Q31. (B)	Q51. (B)	Q71. (B)	Q91. (B)
Q12. (A)	Q32. (A)	Q52. (B)	Q72. (C)	Q92. (A)
Q13. (B)	Q33. (D)	Q53. (C)	Q73. (B)	Q93. (C)
Q14. (A)	Q34. (D)	Q54. (C)	Q74. (B)	Q94. (B)
Q15. (D)	Q35. (C)	Q55. (B)	Q75. (B)	Q95. (B)
Q16. (D)	Q36. (C)	Q56. (D)	Q76. (A)	Q96. (A)
Q17. (C)	Q37. (C)	Q57. (A)	Q77. (C)	Q97. (D)
Q18. (C)	Q38. (A)	Q58. (D)	Q78. (B)	Q98. (D)
Q19. (B)	Q39. (D)	Q59. (C)	Q79. (B)	Q99. (B)
Q20. (A)	Q40. (C)	Q60. (B)	Q80. (B)	Q100. (B)

Dream Big Institution

Hints & Solutions

- Q1. Text Solution:**
- Option A is a promoter of NSDL. Industrial Development Bank of India (IDBI) is one of the initial promoters of NSDL.
 - Option B is not a promoter of NSDL. Unit Trust of India (UTI) is not involved in the promotion of NSDL.
 - Option C is a promoter of NSDL. The Bombay Stock Exchange (BSE) is one of the initial promoters.
 - Option D is a promoter of NSDL. The National Stock Exchange (NSE) is one of the initial promoters.
- Q2. Text Solution:**
- CGTMSE stands for Credit Guarantee Fund Trust for Micro and Small Enterprises.
 - The main objective of the CGTMSE is to provide collateral-free credit facilities to new and existing Micro and Small Enterprises (MSEs).
 - It does not cover Medium Enterprises under its purview, as the primary focus is on Micro and Small Enterprises.
 - Therefore, CGTMSE does not apply to Medium Enterprises.
- Q3. Text Solution:**
- SR (Corporate Social Responsibility) in India is governed by the Companies Act, 2013, specifically under Section 135 .
 - Companies meeting certain criteria are required to spend at least 2% of their average net profits made during the three immediately preceding financial years on CSR activities.
 - If a company spends more than the stipulated amount on CSR in any given year, the excess amount can be carried forward and set off against CSR obligations for future years.
 - This set-off is subject to conditions, such as completing the ongoing CSR projects in line with their stated objectives.
 - Therefore, the excess amount spent can be set off against the CSR spending obligation in future years, subject to riders.
- Q4. Text Solution:**
- The term "Spot Price" refers to the current market price at which a financial instrument, such as a commodity, currency, or security, can be bought or sold for immediate delivery and settlement.
- Q5. Text Solution:**
- Step 1: Calculate the average profits for the last three years for each company.
 - Alpha Corp: $(12+11-3)/3=10$ crores
 - Beta Inc: $(0+8+7)/3=5$ crores
 - Gamma Ltd: $(5+6+5.5)/3=5.5$ crores
 - Step 2: Calculate the CSR spending target for each company. The target is 2% of the average net profits of the three immediately preceding financial years.
 - Alpha Corp: 0.2 crores
 - Beta Inc: 0.1 crores
 - Gamma Ltd: 0.11 crores
 - Step 3: Compare the actual CSR spending with the calculated CSR target for each company.
 - Alpha Corp: Actual CSR spending is ₹0.30 crores, which is above the target of ₹0. 2 crores.
 - Beta Inc: Actual CSR spending is ₹0.18 crores, which is above the target of ₹0.1 crores.
 - Gamma Ltd: Actual CSR spending is ₹0.14 crores, which is above the target of ₹0.11 crores.

- Therefore, all three companies have met the CSR spending target as per the Companies Act of India.

Q6. Text Solution:

- Option A is correct. NBF-MFI stands for NonBanking Financial-Micro Finance Institution. They are specialized NBFCs that provide microfinance services but are not allowed to accept public deposits.
- Option B is correct. Mortgage Guarantee is an instrument where a third party takes on the risk of a default in loan repayment. This guarantee is usually provided against loans secured by residential properties.
- Option C is incorrect. The International Finance Corporation (IFC) is not a subsidiary of the Reserve Bank of India. It is a member of the World Bank Group and focuses on private sector development.
- Option D is correct. NBFCs are financial institutions that primarily engage in lending and investments but are not permitted to accept demand deposits from the public.

Q7. Text Solution:

- The concept of Universal Banks in India was recommended by the Raghuram Rajan Committee.
- The Narasimham Committee primarily focused on banking sector reforms and financial stability but did not specifically recommend Universal Banks.
- The Nachiket Mor Committee was concerned with financial inclusion and did not specifically deal with the recommendation of Universal Banks.
- The S.S. Tarapore Committee primarily dealt with the roadmap for fuller Capital Account Convertibility and did not recommend Universal Banks.

Q8. Text Solution:

- Option A (Expansion) is incorrect because during economic expansion, prices tend to rise as demand increases and the money supply grows to meet this demand.
- Option B (Peak) is also incorrect. At the peak of the economic cycle, prices are generally at their highest, not lowest, because of heightened economic activity and demand.
- Option C (Contraction) is incorrect. While prices may start to decrease during a contraction phase, they are not typically at their lowest. The contraction phase is characterized by a slowdown in economic activity, but prices may not have bottomed out yet.
- Option D (Trough) is correct. During the trough phase of the economic cycle, economic activity is at its lowest point. This typically coincides with lower demand and a reduced money supply, leading to lower prices. This phase is followed by recovery and expansion where demand and prices start to rise again.

Q9. Text Solution:

- Net Domestic Product (NDP) at Factor Cost is calculated to provide a measure that reflects the income earned by the factors of production within the domestic boundaries of an economy.
- NDP at Market Price includes both the indirect taxes levied on the output and the subsidies provided by the government.
- To arrive at NDP at Factor Cost, one needs to subtract the Indirect Taxes and add back the Subsidies to the NDP at Market Price.

Q10. Text Solution:

- Fiscal Deficit is the total deficit of the government, including both the revenue and the capital expenditure, and is not specifically related to grants in aid for the creation of capital assets.
- Effective Revenue Deficit refers to the conventional revenue deficit minus grants for the creation of capital assets. It reflects the revenue deficit situation more accurately by excluding such grants.
- Primary Deficit is Fiscal Deficit minus interest payments and is not concerned with grants in aid for the creation of capital assets.

- Revenue Deficit refers to the shortfall in total revenue as against the total expenditure and does not specifically address grants for capital asset creation.

Q11. Text Solution:

- AA is best matched with option B ("Double A denotes high safety in terms of timely payment of interest and principal") as it reflects a high level of safety for timely payment.
- A should be matched with option A ("Denotes adequate safety in terms of timely payment of interest and principal") as it signifies an adequate level of safety for timely payment.
- BBB is best suited for option D ("Triple B denotes moderate safety in terms of timely payment of interest and principal speculative grades") as it belongs to the speculative grades with moderate safety.
- C aligns with option C ("Denotes substantial risk") as it indicates a high level of risk associated with the credit.

Q12. Text Solution:

- Option A is incorrect because a call option gives the holder the right, not the obligation, to buy a stock at a specific price.
- Option B is incorrect because a put option gives the holder the right, not the obligation, to sell a stock at a specific price.
- Option C is correct. A call option does indeed give the holder the right to buy a stock at a specific price, typically known as the strike price.
- Option D is incorrect in the context of the correct statement. While it's true that a put option gives the right to sell, the correct statement pertains to call options.

Q13. Text Solution:

- Index Fund matches with characteristic A, which describes an open-ended scheme replicating or tracking an index, and a minimum investment in securities of that index at 95% of total assets.
- Funds of Fund aligns with characteristic B, which explains it as an open-ended fund of fund scheme with a minimum investment in the underlying fund at 95% of total assets.
- ELSS (Equity-Linked Saving Scheme) fits with characteristic D, which highlights its role in providing tax benefits under section 80C.
- Liquidity Fund is best suited for characteristic C, which states that these types of funds provide liquidity solutions with low maturity and high credit quality.

Q14. Text Solution:

- Insurance Density is calculated as the total insurance premium per capita.
- Formula: $\text{Insurance Density} = \frac{\text{Total Insurance Premium}}{\text{Total Population}}$
- In this case, $\text{Insurance Density} = \frac{2,000,000,000,000}{100,000,000}$
- Insurance Density = ₹20,000

Q15. Text Solution:

- Option A is very likely to be part of the vision, as increasing penetration is key to achieving "Insurance for All."
- Option B is also relevant because tailored insurance products will make insurance more accessible and attractive to various demographic segments.
- Option C is in line with the vision, as a minimum insurance density comparable to global standards would indicate wide coverage and depth.

- Option D is least likely because achieving "Insurance for All" does not necessarily require completely deregulating the sector to allow for 100% FDI without any conditions. Regulatory oversight would still be essential to ensure the interests of the insured and the stability of the sector.

Q16. Text Solution:

AMFI plays the role of a facilitator and upholder of industry best practices. It aims to promote the interests of mutual funds and their unitholders.

Q17. Text Solution:

The risk coverage amount provided for accidental death or full disability due to an accident under PMSBY is ₹2 lakh.

Q18. Text Solution:

The life cover amount provided under PMJJBY is ₹2 lakh.

Q19. Text Solution:

Pension Fund Regulatory and Development Authority (PFRDA) is the regulatory authority for pension funds, including APY.

Q20. Text Solution:

Under the Employees' Provident Fund, 3.67% of the contribution goes to the EPF account, and 8.33% goes to the Employees' Pension Scheme (EPS).

Q21. Text Solution:

Treasury bills in India are generally not issued for a 273 -day period.

Q22. Text Solution:

SDG 13 is explicitly focused on taking action to combat climate change and its impacts.

Q23. Text Solution:

As per the latest guidelines, 74% FDI is permitted in the insurance sector in India.

Q24. Text Solution:

e-Kuber is the Reserve Bank of India's Centralized Database portal for financial transactions.

Q25. Text Solution:

Primary Dealers are allowed to borrow, on average in a reporting fortnight, up to 225% of their net owned funds (NOF) as at end-March of the previous financial year.

Q26. Text Solution:

in India, a commercial paper is issued for investments in multiples of ₹ 5 lakh.

Q27. Text Solution:

The Reserve Bank of India has a total of 4 local boards.

Q28. Text Solution:

LAF corridor refers to the difference between the repo rate and the reverse repo rate.

Q29. Text Solution:

FX Retail platform is intended to provide a platform for retail participation in the foreign exchange market.

Q30. Text Solution:

The maximum limit on microfinance loans for NBFCs other than NBFC-MFIs now stands revised at 25% of the total assets.

Q31. Text Solution:

- Option A is incorrect because frequent changes in rates by the RBI may not necessarily make the Bank rate irrelevant.
- Option B is correct as the underdeveloped bill market in India contributes to the Bank rate becoming less relevant for monetary policy.
- Option C is incorrect because interest rates not being automatically changed by the Bank rate does not necessarily make the Bank rate irrelevant.

Q32. Text Solution:

The correct formula to compute Personal Income is Gross Income - Deductions.

Q33. Text Solution:

Lease agreements typically involve the maintenance responsibility with the lessor.

Q34. Text Solution:

Factors affecting an economy include inflation rates, population growth, and trade balance.

Q35. Text Solution:

- An IPO marks a company's transition from private to public and its first offering of stock to the public.
- It is not limited to any specific group of investors.

Q36. Text Solution:

- As per the guidelines, certain types of banks have set minimum paid-up capital equity requirements.
- It ensures the bank has adequate capital to commence operations.

Q37. Text Solution:

- CRR is a mandatory reserve banks must maintain with the RBI.
- Banks do not earn any interest on the money held as CRR.

Q38. Text Solution:

Coins up to an amount of Rs. 1,000 are legal tender in India.

Q39. Text Solution:

- Merchant bankers provide various services including underwriting, advisory, and issue management.
- "Savings bankers" is not a recognized category of merchant bankers.

Q40. Text Solution:

- During the Global Financial Crisis, LIC's robust domestic investment portfolio allowed it to play a stabilizing role in the Indian market.
- LIC continued its operations and supported the market during the crisis.

Q41. Text Solution:

- REITs and InvITs are mandated to distribute at least 90% of their cash flows to investors.
- NBFCs are not bound by this specific distribution requirement.

Q42. Text Solution:

- A Commodity Fund is designed to invest in physical commodities or commodity futures contracts.
- Its value is determined by the prices of the commodities it invests in.

Q43. Text Solution:

- Bilateral netting under SEBI guidelines is allowed only for trades between two institutions.
- It cannot be applied to trades involving retail participants.

Q44. Text Solution:

- APR provides a comprehensive measure of borrowing costs, including both the interest rate and other fees.
- It is not related to the repo rate set by central banks.

Q45. Text Solution:

- The IOS 2021 may prioritize disinvestment in non-core sectors for PSEs.
- This aligns with broader strategies to optimize state resources and increase efficiency.

Q46. Text Solution:

- IFCs are a category of NBFCs that primarily hold assets and invest in infrastructure projects.
- Their mandate often aligns with developmental goals and projects.

Q47. Text Solution:

- Post-independence, India adopted the strategy of Five-Year Plans for its planned economic development.
- These plans laid out comprehensive strategies and objectives for various sectors of the economy.

Q48. Text Solution:

- Treasury bills are short-term securities issued by the government.
- Unlike the other options, they do not classify as long-term receiving bills under RDE regulations.

Q49. Text Solution:

- Open market operations involve buying or selling of government securities by the central bank.
- It is a primary tool to regulate money supply and influence short-term interest rates.

Q50. Text Solution:

- The first IFSC in India is located at the Gujarat International Finance Tec-City (GIFT City) in Gandhinagar.
- It aims to bring back the financial services and transactions that are currently carried out in offshore financial centers by Indian entities.

Q51. Text Solution:

- Infrastructure Debt Funds (IDFs) are investment vehicles for facilitating the flow of long-term debt into infrastructure projects.
- Trust-based IDF refers to the model where the IDF is set up as a trust.

Q52. Text Solution:

- "Laissez-faire" is a French term that translates to "let do" or "let go".

- In economic terms, it refers to a system with minimal government intervention in businesses and markets.

Q53. Text Solution:

- A nominee is designated by the account holder.
- The role of the nominee is to ensure that the assets in the account are smoothly transferred to them upon the death of the account holder.

Q54. Text Solution:

- The fee charged by a bank for providing guarantees can be higher if there are exceptional risks associated with it.
- Such risks may warrant additional scrutiny and risk management measures, justifying the higher fee.

Q55. Text Solution:

- NDS-OM is an electronic, screen-based, anonymous, order-driven trading system for dealing in government securities.
- It is operated by the Reserve Bank of India.

Q56. Text Solution:

- SMEs play a pivotal role in fostering entrepreneurship and job creation in the economy.
- They help in equitable distribution of wealth and in reducing regional imbalances.
- Centralizing economic power is not one of the objectives behind promoting SMEs.

Q57. Text Solution:

- A demand schedule showcases the relationship between the price of a product and the quantity of the product demanded by consumers.
- It's a tabular representation that displays the various quantities consumers are willing to purchase at different possible prices.

Q58. Text Solution:

- CCFU stands for Climate Change Finance Unit.
- The Climate Change Finance Unit is concerned with mobilizing and managing financial resources for addressing climate change issues, integrating climate finance into broader economic and financial policies, and ensuring efficient allocation and use of the mobilized resources.

Q59. Text Solution:

- The Deputy Governors have several roles in the RBI including supervising banks, foreign exchange management, and regulating non-banking financial companies.
- The Monetary Policy Committee, however, is a separate entity responsible for setting the repo rate to control inflation. It is not headed by a Deputy Governor.

Q60. Text Solution:

- The bank rate is the rate at which a country's central bank lends money to domestic banks.
- This rate is essential in controlling monetary policy and serves as a baseline for other interest rates in the economy.
- The interest on savings accounts in commercial banks is determined by individual banks based on various factors, and it is not an essential part of the origin of the bank rate.

Q61. Text Solution:

- Fiscal policy pertains to government revenue and expenditure policies that influence macroeconomic conditions.
- Its objectives include achieving price stability, ensuring full employment, and promoting equitable distribution of income and wealth.
- Regulating the stock market is not a primary objective of fiscal policy.

Q62. Text Solution:

- The FRBM Act aims to ensure fiscal discipline by setting targets and providing for the responsibility of the government to adhere to these targets.
- While it might restrict counter-cyclical fiscal policies and doesn't necessarily consider the quality of fiscal adjustment, promoting fiscal transparency is an objective, not a limitation, of the act.

Q63. Text Solution:

- Scheduled Banks are those which are included in the Second Schedule to the Reserve Bank of India Act, 1934.
- They need to fulfill criteria such as having a reserve fund, being established under the Banking Regulation Act, 1949, and maintaining a satisfactory position as per the RBI.

Q64. Text Solution:

- As per CSR rules in India, the unspent CSR funds can be transferred to the Prime Minister's Relief Fund or any other fund set up by the central govt. for socio-economic development.
- It ensures the appropriate utilization of CSR funds for the benefit of society.

Q65. Text Solution:

- The Radhakrishnan Committee is associated with Educational Reforms.
- This committee was set up by the Ministry of Education in November 2022 and was headed by Dr. K Radhakrishnan. The committee was formed for strengthening the Assessment & Accreditation processes and preparing a roadmap for the National Accreditation Council envisioned in the National Education Policy, 2020.
- The committee has recommended several transformative reforms to strengthen the periodic assessment and accreditation of all Higher Educational Institutions (HEIs) in India.
- Some of the key recommendations include bringing the Indian Institutes of Technology (IITs) under the ambit of the National Accreditation Council (NAAC), setting up an overarching agency for accrediting institutes and courses, transitioning to a new accreditation regime by December 2023, and making the accreditation process less dependent on inspections by teams of experts.

Q66. Text Solution:

- In the context of IPOs in India, retail individual investors are those who can apply for shares of a total value of up to ₹2 lakhs.
- This categorization ensures a wider participation of investors in the IPO process.

Q67. Text Solution:

- The Channarayapatna sector is majorly associated with agriculture.
- It's a key area for agricultural production, supplying various agricultural products to different regions.

Q68. Text Solution:

- Non-Banking Financial Companies (NBFCs) in India are categorized based on their primary activity and functionality.
- There is no specific category as NBFC-WD.

Q69. Text Solution:

- The Market Stabilization Scheme (MSS) is a monetary policy intervention by the Reserve Bank of India to withdraw excess liquidity or money from the banking system.
- MSS Bonds are issued with the primary objective of providing the central bank with a stock of securities to intervene in the market for managing liquidity.

Q70. Text Solution:

- The Asian Clearing Union (ACU) is a payment arrangement wherein the member countries settle payments for intra-regional transactions among the participating central banks.
- While countries like India, Nepal, and Iran are members, Japan is not a part of ACU.

Q71. Text Solution:

- The PM eVidya program was launched as a comprehensive digital education initiative.
- It aims to ensure the availability of quality econtent and promote online learning, especially during situations where regular schooling is interrupted.

Q72. Text Solution:

The Reserve Bank of India (RBI) is the primary institution regulating and overseeing Foreign Direct Investments (FDIs) and related financial activities, including bank guarantees, in India.

Q73. Text Solution:

- The CRR is a portion of the bank's deposits that has to be kept with the RBI.
- It is a tool used by the RBI to control liquidity in the banking system.

Q74. Text Solution:

- A Wholly Owned Subsidiary (WOS) is a company whose entire stock is owned by another company, the parent company.
- Banks may set up WOS for various strategic reasons, including entering new markets or consolidating assets.

Q75. Text Solution:

- 'NODCAR' refers to non-operating deposit accounts in rural areas.
- These accounts remain dormant or inoperative for prolonged periods.

Q76. Text Solution:

- Infrastructure Debt Funds (IDFs) are investment vehicles designed to channelize long-term debt into the infrastructure sector.
- They play a crucial role in meeting the longterm financing needs of infrastructure projects.

Q77. Text Solution:

- A fair economy aims to achieve a balance where economic benefits are distributed equitably.
- It focuses on ensuring that all segments of the society have access to resources and opportunities.

Q78. Text Solution:

- Laissez-Faire is a French term meaning "let do" or "let it be."
- In economics, it refers to a system where there is minimal governmental intervention in the workings of the economy.

Q79. Text Solution:

- Nominee loans are provided to the nominee or legal heir of a deceased depositor.
- They are extended against the security of the deceased depositor's balance.

Q80. Text Solution:

- Merchant banks assist companies in raising capital by issuing shares or other financial instruments.
- They charge a commission for their services, which includes advising, underwriting, and other related activities.

Q81. Text Solution:

- EASE 4.0 is an initiative for public sector banks in India.
- It seeks to enhance and streamline banking processes with a significant emphasis on digital and contactless methods, especially considering the changes brought about by the COVID-19 pandemic.

Q82. Text Solution:

- **White Label ATM:** These are ATMs that are not owned by banks but by private ATM service providers.
- **Green Label ATM:** ATMs which provide a complete banking solution for the rural sector.
- **Brown Label ATM:** Hardware and the lease of the ATM machine is owned by a sponsor bank, but cash management and connectivity to banking networks are provided by a third party.
- **Orange Label ATM:** ATMs used for share transactions.

Q83. Text Solution:

As per the guidelines laid down by the Reserve Bank of India (RBI), Small Finance Banks (SFBs) are required to extend 75% of their Adjusted Net Bank Credit (ANBC) or Credit Equivalent Amount of Off-Balance Sheet Exposure, whichever is higher, to sectors that come under Priority Sector Lending (PSL).

Q84. Text Solution:

- Factoring (1 - B): In factoring, a business sells its invoices at a discount to a third-party, called a factor, for immediate cash.
- Forfaiting (2-c) : Forfaiting is the purchase of an exporter's receivables at a discount by paying cash. This is usually done for medium and long-term receivables.
- TReDS (3 - A): Trade Receivables Discounting System (TReDS) is an electronic platform for facilitating the financing/discounting of trade receivables of MSMEs through multiple financiers.
- Bill Discounting (4 - D): Bill discounting is a process in which a business sells an invoice to a bank or financial institution before it is due, at a value less than the invoice amount for immediate cash flow.

Q85. Text Solution:

- **Low Risk (1 - C):** Such funds invest in stable, fixed-income instruments and are suitable for conservative investors looking for stable returns with minimal risk exposure.
- **Moderately Low Risk (2 - E):** Investments with this rating are considered safer than average, generally involving a mix of debt and equity instruments, which may provide reasonable returns with a relatively low level of risk.
- **Moderate Risk (3 - B):** Portfolios with a moderate risk level tend to balance risk and return by investing in a mix of assets, suitable for investors with a balanced approach to risk.
- **Moderately High Risk (4 - D):** These funds take on a higher risk to seek higher returns; suitable for investors who can tolerate above-average levels of risk.
- **High Risk (5 - F):** This category is associated with high-volatility instruments, often suited for investors with a high-risk appetite and a long-term investment horizon.

- **Very High Risk (6 - A):** Such funds typically invest in high-risk ventures and are prone to high volatility, suitable only for investors who can assume very high levels of risk.

Q86. Text Solution:

- The Red Herring Prospectus is an important document in the IPO process which is filed with SEBI. It contains most of the business and financial information about the company except the details of the price or number of shares being offered.
- The document is named "red herring" because it includes a bold disclaimer in red on the cover page stating that the company is not attempting to sell its shares before the registration with SEB is complete.
- The RHP allows investors to understand the business and prospects of the company, but it should not be considered as a solicitation for the purchase of securities.
- Investors' response to the RHP helps the company and its underwriters set the final price at which the securities will be offered.

Q87. Text Solution:

- A Credit Information Company, also known as a Credit Bureau, is an entity that collects and maintains records of an individual's payments pertaining to loans and credit cards. These records are submitted to the bureaus by banks and other financial institutions.
- CIBIL (Credit Information Bureau (India) Limited), Equifax, and CRIF High Mark are well-known CICs in India that collect and maintain credit information of customers.
- SEBI (Securities and Exchange Board of India) is not a Credit Information Company. It is the regulator for the securities market in India established by the Government of India. SEBI's role is to protect the interests of investors in securities, promote the development of, and to regulate, the securities market.

Q88. Text Solution:

- The direct quote is the amount of foreign currency needed to buy one unit of the domestic currency, which in this case is USD/INR.
- The indirect quote is the amount of domestic currency needed to buy one unit of foreign currency, given as $\text{INR/USD} = 75.00$.
- To convert an indirect quote to a direct quote, one needs to find the reciprocal of the given rate.
- $1/75.00 = 0.0133 \text{ USD / INR}$

Q89. Text Solution:

- IMPS is an instant payment inter-bank electronic funds transfer system in India.
- It is managed by the National Payments Corporation of India (NPCI).
- This service is available 24/7, including holidays, allowing the transfer of funds instantly and securely.
- IMPS is accessible through various channels such as mobile phones, internet banking, ATM, etc.

Q90. Text Solution:

- Housing Finance Companies (HFCs) are regulated by the Reserve Bank of India (RBI), especially after the transfer of regulation from the National Housing Bank (NHB) to RBI in August 2019.
- RBI is responsible for the supervision and regulation of the financial sector, which includes commercial banks, financial institutions, and non-banking financial companies, including HFCs.
- The shift in regulation from NHB to RBI was aimed at streamlining the regulatory framework and avoiding dual regulation.
- The RBI's regulatory framework ensures that HFCs operate in a manner that is consistent with the overall sectoral dynamics and maintains financial stability.

Q91. Text Solution:

- An Escrow Account is a fundamental financial arrangement where a third party holds and regulates the payment of funds required for two parties involved in a given transaction.
- It helps make transactions more secure by keeping the payment in a secure account which is only released when all of the terms of an agreement are met as overseen by the escrow company.
- Escrows are very common in real estate transactions, online sales, intellectual property transactions, and other situations where funds pass from one party to another contingent upon specified conditions being met.

Q92. Text Solution:

- Commercial Paper (CP) is an unsecured money market instrument issued in the form of a promissory note.
- According to RBI guidelines, to be eligible to issue CP, a company should have a tangible net worth of at least ₹100 crore as per the latest audited balance sheet.
- The company should also be having working capital (fund-based) limit from bank/s or allIndia financial institution/s.
- Additionally, the company should obtain the credit rating for the issuance of Commercial Paper from an SEBI accredited rating agency, and the rating should be current and valid.

Q93. Text Solution:

- The Production Method Theory, also known as the Value-Added Method or Output Method, is a way of calculating national income by adding up the value added by each firm in the production process.
- Value added by a firm is the market value of its product or service minus the cost of inputs purchased from other firms.
- This method ensures that there is no double counting since it considers only the value addition at each stage of production.
- It sums up the 'net output' or 'value added' at each stage of production across all sectors of the economy to get Gross Domestic Product at factor cost.

Q94. Text Solution:

- According to the latest guidelines issued by the RBI, to qualify for a microfinance loan, a rural household must have an annual income not exceeding Rs. 1,25,000, and an urban or semi-urban household must not exceed Rs. 2,00,000.
- This income ceiling helps to ensure that microfinance services are targeted towards families that are in the lower income bracket and are in need of financial services to improve their living conditions or expand their small-scale businesses.
- It is essential to confirm the household income through reliable means of verification to maintain the integrity of microfinance programs aimed at financial inclusion.

Q95. Text Solution:

- The inflation rate can be calculated using the formula:

$$\text{Inflation Rate} = \left(\frac{\text{CPI in current year} - \text{CPI in previous year}}{\text{CPI in previous year} \times 100} \right)$$

- Using the given data:

$$\text{Inflation Rate} = \left(\frac{124.6 - 118}{118} \right) \times 100$$

$$\text{Inflation Rate} = (118124.6 - 118) \times 100$$

- Calculate the difference and divide by the previous year's CPI:

$$\text{Inflation Rate} = \left(\frac{6.6}{118} \right) \times 100 \approx 5.93\%$$

$$\text{Inflation Rate} = (1186.6) \times 100 \approx 5.93\%$$

- Thus, the inflation rate for the year 2021 in Economica is approximately 5.93%.

Q96. Text Solution:

Step 1: Plot the IS curve - The initial step is to plot the IS curve, which reflects all the combinations where the goods market is in equilibrium, meaning where investment equals saving for various levels of interest rates and output.

Step 2: Plot the LM curve - Following the IS curve, the LM curve is plotted to show combinations where the money market is in equilibrium, where liquidity preference matches money supply.

Step 3: Shift the IS curve for fiscal policy changes - Any changes in government spending or taxation that constitute fiscal policy will shift the IS curve to the right (increase in spending) or left (decrease in spending).

Step 4: Adjust the LM curve for changes in money supply - Changes in the money supply will shift the LM curve to the right (increase in money supply) or left (decrease).

Step 5: Analyze the impact of monetary policy on equilibrium - Lowering interest rates typically encourages investment, leading to a rightward shift of the IS curve.

Step 6: Consider external shocks - Changes in external factors that affect consumer confidence or trade can shift either the IS or the LM curve.

Step 7: Identify the equilibrium point - The point where both the IS and LM curves intersect indicates the equilibrium in both goods and money markets.

Step 8: Determine changes due to policy actions - Analyze how combined fiscal and monetary policies affect the equilibrium as indicated by the shifts in IS and LM curves.

Q97. Text Solution:

- In 2019, the Government of India decided to merge three banks: Bank of Baroda, Vijaya Bank, and Dena Bank.
- The merger was part of the government's agenda to consolidate the banking industry.
- This consolidation aimed to create stronger and more robust banks rather than having several weaker ones.
- After the merger, both Vijaya Bank and Dena Bank ceased to exist independently; they were amalgamated into Bank of Baroda.

Q98. Text Solution:

- The Reserve Bank of India (RBI) Act, 1934, sets out the functions and powers of the RBI.
- Under the act, the RBI has a wide range of functions including issuing currency, managing foreign exchange, operating monetary policy, and acting as the banker to banks and the government.
- However, Section 33 of the RBI Act prohibits the RBI from drawing or accepting bills payable otherwise than on demand. This restriction is in place to prevent the central bank from engaging in commercial banking activities and ensures its role remains focused on broader monetary and fiscal responsibilities.

Q99. Text Solution:

- SEBI regulations stipulate that the sponsor of an InvIT must hold a minimum of 15% of the total units issued by the InvIT.
- This holding is subject to a lock-in period and must be maintained for a certain period post-issue to ensure the sponsor has skin in the game and aligns its interests with that of the investors.
- The sponsor's contribution acts as a confidence measure for investors, reflecting the sponsor's commitment to the success and governance of the InvIT.

Q100. Text Solution:

- FIMMDA was established in the year 1997, as an association of scheduled commercial banks, public financial institutions, primary dealers, and insurance companies.
- It was set up as a voluntary market body for the bond, money, and derivatives markets.
- The establishment of FIMMDA has been pivotal in the development and functioning of the fixed income markets in India.



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