

Class: T Y BBI

Sem: VI

Subject: Central Banking

Multiple Choice Questions

1) The rapid growth of financial market in various countries and their inter dependence due to ----- poses a big challenge to central banks.

- a) Globalisation
- b) Industrialization
- c) Privatization
- d) Urbanization

2) ----- at present perform various functions and along with banking offer many products like mutual funds, insurance consultancy services etc.

- a) RBI
- b) Commercial Banks
- c) Public Companies
- d) IRDA

3) ----- is not a goal of RBI.

- a) Stability of the monetary and financial system
- b) Development and regulation of the financial market
- c) Price stability along with economic growth
- d) Development of insurance sector

4) ----- refers to a targeted exchange rate against another currency or group of currencies.

- a) Inflation rate targeting
- b) Money supply targeting
- c) Money growth targeting

d) Exchange rate targeting

5) The control over ----- and credit enable the central banks to control inflation and ensure price stability.

- a) Money Supply
- b) International Transactions
- c) Foreign Trade
- d) Foreign Exchange

6) The formulation and implementation of ----- is the responsibility of the RBI.

- a) Fiscal Policy
- b) Public Policy
- c) Monetary Policy
- d) Trade Policy

7) The central bank is managed by the -----, the governor and four deputy governors.

- a) Board of Directors
- b) SEBI
- c) State Governments
- d) Federal Reserve System

8) The objectives of fiscal policy and monetary policy may be ----- in nature.

- a) Conflicting
- b) Similar
- c) Flexible
- d) Different

9) The Central Banks's policies, finances and operations are influenced by -----

- a) Foreign banks

- b) State Governments
- c) NGOs
- c) Central Government

10) Along with autonomy and accountability, another aspect which is gaining importance in central banking is-----

- a) Transparency
- b) Flexibility
- c) Diversity
- d) Both 'B' and 'C'

11) The central board of directors consists of ----- members.

- a) 20
- b) 50
- c) 5
- d) 10

12) The tenure of the governor and deputy governors is -----
And they are eligible for reappointment.

- a) 2 years
- b) 3 years
- c) 6 years
- d) 5 years

13) Monetary policy is concerned with the money supply, credit creation by banks and -----

- a) Foreign Trade
- b) Public Finance
- c) Growth of Insurance Sector
- d) Rate of Interest

14) ----- refers to buying and selling government securities by the Central Bank.

- a) CRR
- b) SLR
- c) Moral Suasion
- d) Open Market Operations

15) ----- is the powerful instrument in the hands of the government to achieve a number of socio-economic objectives.

- a) Monetary policy
- b) Fiscal policy
- c) Foreign policy
- d) Defence policy

16) Apart from the main source of revenue to the government, ----- is a powerful fiscal weapon in the hand of the government.

- a) CRR
- b) Repo Rate
- c) Taxation
- d) Reverse Repo

17) ----- conferred the powers to the RBI in appointing the higher officials to the banks and full control over the management.

- a) RBI Act.
- b) SEBI Act.
- c) Banking Regulation Act.
- d) IRDA Act.

18) On-site inspection refers to inspection of the bank by the staff of the supervisor or by ----- appointed by the supervisor.

- a) External Auditors
- b) Internal Auditors
- b) Finance Officer
- c) Legal Officer

19) ----- is a set of institutional arrangements through which financial surplus available in the economy are mobilized.

- a) Financial Institutions
- b) Financial Instruments
- c) Financial Market
- d) Financial System

20) ----- is the rate at which the Central Bank discounts the Securities of commercial banks.

- a) SLR
- b) Interest Rate
- c) CRR
- d) Bank Rate





