

**MONEY QUESTIONS**

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1) The major aim of devaluation is to:

- >Encourage exports
- >Encourage imports
- >Encourage both exports and imports
- >Discourage both exports and imports

**Answer:**

- >Encourage exports
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2) Which amongst the following currencies is the costliest ?

- >French franc
- >Swiss Franc
- >Euro
- >Pound Sterling

**Answer:**

- >Pound Sterling
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3) Which of the following Mahatma Gandhi series of currency notes issued by the RBI has ecology depicted on it?

- >Rs500/-
- >Rs.100/-
- >Rs.50/-
- >Rs.5/-

**Answer:**

- >Rs.100/-
- 

4) Which of the following Mahatma Gandhi series currency notes issued by the RBI has a drawing of the Parliament House depicted on it ?

- >Rs.500/-
- >Rs.100/-
- >Rs.50/-
- >Rs.10/-

**Answer:**

>Rs.50/-

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5) Inflation is caused by :

- >Increase in supply of goods
- >Increase in cash with the Government
- >Decrease in money supply
- >Increase in money supply

**Answer:**

>Increase in money supply

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6) Devaluation usually causes the internal prices to :

- >Fall
- >Rise
- >Remain unchanged
- >None of these

**Answer:**

>Remain unchanged

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7) In India one rupee coins and notes and subsidiary coins are issued by:

- >The Reserve Bank of India
- >The Central Government
- >The State Bank of India
- >The Unit Trust of India

**Answer:**

>The Central Government

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8) New Capital issue is placed in :

- >Primary market
- >Secondary market
- >Grey market
- >Black market

**Answer:**

>Primary market

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9) The process of curing inflation by reducing money supply is called:

- >Cost-push inflation
- >Down-pull inflation
- >Disinflation
- >Reflation

**Answer:**

- >Disinflation
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10) Long term funds in the capital market can be raised either by borrowing from certain institutions or through :

- >Issue of Note
- >taking loan from Government
- >Issue of Securities
- >taking loan from foreign institutions

**Answer:**

- >Issue of Securities
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11) The currency of Thailand is:

- >Bhat
- >Rupiah
- >Yuan
- >Yen

**Answer:**

- >Bhat
- 

12) Which one of the following statement is correct :

- >Good money drives bad money out of circulation
- >Bad money drives good money out of circulation
- >Good and bad money can not circulate together
- >cannot say

**Answer:**

- >Bad money drives good money out of circulation
- 

13) Who has the sole right to issue paper currency in India ?

- >The Government of India
- >The Finance Commission
- >The Central Bank of India
- >The Reserve Bank of India

**Answer:**

>The Reserve Bank of India

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14) Full convertibility of a rupee means :

- >Purchase of foreign exchange for rupees freely
- >payment for imports in terms of rupees
- >repayment of loans in terms of rupees
- >determination of rate of exchange between rupee and foreign currencies freely by the market forces of demand and supply

**Answer:**

>determination of rate of exchange between rupee and foreign currencies freely by the market forces of demand and supply

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15) The present Indian monetary system is based on :

- >Gold reserve system
- >Proportional Reserve System
- >Convertible Currency system
- >Minimum reserve system

**Answer:**

>Minimum reserve system

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16) The term stagflation refers to a situation where:

- >growth has no relation with the change in prices
- >rate of growth and prices both are decreasing
- >rate of growth is faster than the rate of price increase
- >rate of growth is slower than the rate of price increase

**Answer:**

>rate of growth and prices both are decreasing

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17) The RBI issues currency notes under the :

- >Fixed fiduciary System
- >Maximum Fiduciary System
- >Minimum Reserve System
- >Proportional reserve System

**Answer:**

>Minimum Reserve System

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18) During period of inflation rates should :

- >Increase
- >Decrease
- >remain constant
- >fluctuate

**Answer:**

- >Increase
- 
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19) The existence of a parallel economy or Black Money:

- >makes the economy more competitive
- >makes the monetary policies less effective
- >ensures a better distribution of income and wealth
- >ensures increasing productive investment

**Answer:**

- >makes the monetary policies less effective
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20) In the parlance of economy/commerce, what is Gilt-edged market ?

- >Gold and silver market
- >Industrial securities market
- >market of safe (such as Government) securities
- >Market of software technology/service products

**Answer:**

- >market of safe (such as Government) securities
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