

# BHARAT SCHOOL OF BANKING

## ECONOMICS

Q1. What does the term 'Green shoots' represent in an Economy?

- (a) signs of growth of agriculture sector in a growing economy
- (b) signs of economic recovery during an economy downturn
- (c) signs of growth of agriculture sector in a declining economy
- (d) signs of economic decline in a developed economy

Q2. Consider the following statement in regard to reserve currency :

(1) Reserve currency acts as the international pricing currency in the global market for

commodities like oil and gold.

(2) The country whose local currency is accepted as reserve currency gets an added advantage in terms of lower commodity rates in the international 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

Q3. Which of the following is considered production in Economics?

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- (a) Tilling of soil.
- (b) Singing a song before friends.
- (c) Preventing a child from falling into a manhole on the road.
- (d) Painting a picture for pleasure.

Q4. Identify the correct statement:

- (a) The average product is at its maximum when marginal product is equal to average product.
- (b) The law of increasing returns to scale relates to the effect of changes in factor proportions.
- (c) Economies of scale arise only because of indivisibilities of factor proportions.
- (d) Internal economies of scale can accrue only to the exporting sector.

Q5. Which of the following is not a characteristic of land?

- (a) Its supply for the economy is limited.
- (b) It is immobile.
- (c) Its usefulness depends on human efforts.
- (d) It is produced by our forefathers.

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Q6. What do you understand by 'regressive taxation'?

- (a) Tax that takes a larger percentage from low income people than from high income people.
- (b) Taxation where the tax rate increases irrespective of fall or rise in taxable incomes.
- (c) Taxation where the tax rate increases with the increase of taxable income
- (d) None of the above

Q7. Which of the following statements is true?

- (a) Accumulation of capital depends solely on income.
- (b) Savings can also be affected by the State.
- (c) External economies go with size and internal economies with location.
- (d) The supply curve of labour is an upward sloping curve.

Q8. Which of the following Acts was framed specially to deal more effectively with the problem of Non- Performing Assets in Banking system?

- (a) SARFAESI Act
- (b) Banking Regulation Act

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(c) Foreign Exchange Management Act

(d) Industrial Disputes Act

Q9. In the production of wheat, all of the following are variable factors that are used by the farmer except:

(a) the seed and fertilizer used when the crop is planted.

(b) the field that has been cleared of trees and in which the crop is planted.

(c) the tractor used by the farmer in planting and cultivating not only wheat but also corn and barley.

(d) the number of hours that the farmer spends in cultivating the wheat fields.

Q10. In the context of Indian economy; which of the following is/are the purpose/purposes of 'Statutory Reserve Requirements'?

1. To enable the Central Bank to control the amount of advances the banks can create

2. To make the people's deposits with banks safe and liquid

3. To prevent the commercial banks from making excessive profits

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4. To force the banks to have sufficient vault cash to meet their day-to-day requirements Select the correct answer using the code given below.

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

Q11. Deficit financing leads to inflation in general, but it can be checked if:

- (a) government expenditure leads to increase in the aggregate supply in ratio of aggregate demand
- (b) only aggregate demand is increased
- (c) all the expenditure is denoted national debt payment only
- (d) All of the above

Q12. The marginal product of a variable input is best described as:

- (a) total product divided by the number of units of variable input.
- (b) the additional output resulting from a one unit increase in the variable input.

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(c) the additional output resulting from a one unit increase in both the variable and fixed inputs.

(d) the ratio of the amount of the variable input that is being used to the amount of the fixed input that is being used.

Q13. Diminishing marginal returns implies:

(a) decreasing average variable costs.

(b) decreasing marginal costs.

(c) increasing marginal costs.

(d) decreasing average fixed costs.

Q14. Banking and financial services all over the world are regulated usually by the Monetary Authority of the land. Who controls this function in India?

(a) Ministry of Finance

(b) SEBI

(c) RBI

(d) None of these

Q15. Ten-rupee notes contain the signature of.....?

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- (a) Finance Secretary, GOI
- (b) Chairman, State Bank of India
- (c) Governor, Reserve Bank of India
- (d) Finance Minister, GOI

## SOLUTIONS

S1. Ans.(b) S2. Ans.(c) S3. Ans.(a) S4. Ans.(a) S5. Ans.(d)

S6. Ans.(a) S7. Ans.(b) S8. Ans.(a) S9. Ans.(b) S10. Ans.(b)

S11. Ans.(d) S12. Ans.(b) S13. Ans.(c) S14. Ans.(b) S15. Ans.(c)