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# Financial System Question for Bank Exams (IBPS Clerk & SBI Clerk)

## Financial System Quiz 2

Choose the right answer from the given options.

**1. The NRIs while investing in the equity of a company cannot buy more than prescribed percentage of the paid up capital of that company. What is the prescribed percentage?**

- A. 2    B. 3    C. 4    D. 5    E. 6

**2. Invisible Export means export of**

- A. Services    B. Prohibited goods    C. Restricted goods    D. Goods as per OGL list  
E. Other than those who given as options

**3. Pre-shipment finance is provided by the Banks only to \_\_\_\_\_.**

- A. Credit and Holders    B. Student aspiring for further studies  
C. Brokers in equity market    D. Village Artisans    E. Exporters

**4. The customers by opening and investing in the tax saver Deposit Account Scheme in a bank would get benefit under \_\_\_\_\_.**

- A. Sales Tax    B. Customer Duty    C. Excise Duty    D. Professional Tax  
E. Income Tax

**5. As per the current practice, the maximum part of the Global Foreign Exchange Reserve (more than 60%) and the Foreign Exchange Transactions (more than 90%) take place in only one currency all over the world. Which is that currency?**

A. Euro    B. Pound Sterling    C. US Dollar    D. Yen    E. None of these

**6. As per the news published in major financial newspapers the Union Govt. is planning to disinvest 20% stake in the state owned Hindustan Copper Ltd. What does it really mean?**

- A. The Govt. will bring 20% more capital into the company.  
B. The Govt. will sell 20% of its total share to the public.  
C. The Govt. is planning to purchase 20% share in state owned company.  
D. 20% of the total share in Hindustan Copper Ltd. will be sold to its employees.  
E. None of these

**7. Many economist and financial analysts are of the opinion that India could withstand the recent global economic crisis comfortably because of a good fiscal consolidation and Govt.'s adherence to the target fixed by**

- A. Fiscal Responsibility and Budget Management Act    B. Banking Regulation Act  
C. Finance Bill Act    D. Foreign Exchange Management Act    E. All of the above

**8. The monetary policy in India is formulated by**

- A. Central Government    B. Industrial Financial Corporation of India  
C. Reserve Bank of India    D. Industrial Development Bank of India

**9. A short-term government security paper is called**

- A. Share    B. Debenture    C. Mutual fund    D. Treasury bill

**10. Which of the following exchange rates India is following presently?**

- A. Fixed exchange rate    B. Floating exchange rate    C. Pegged up exchange rate  
D. Pegged down exchange rate



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**Correct Answers:**

<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>10</b>
E	D	A	E	D	B	E	C	D	A

**Explanations:****1.**

The NRIs while investing in the equity of a company cannot buy more than 5 percentage of the paid up capital of that company.

Hence, the option D is correct.

**2.**

Exporting of insurance services and shipping service that can earn foreign exchange without the transfer of goods from one country to another.

Hence, the option A is correct.

**3.**

Pre-shipment finance: A short term loan or capital for purchase of raw material, processing, packing, transportation, ware housing, etc of the goods meant for exports.

Hence, the option E is correct.

**4.**

The customers by opening and investing in the tax saver Deposit Account Scheme in a bank would get benefit under section 80C of Income Tax Act, 1961

Hence, the option E is correct.

**5.**

As per the current practice, the maximum part of the Global Foreign Exchange Reserve (more than 60%) and the Foreign Exchange Transactions (more than 90%) take place in only US Dollars all over the world.

Hence, the option D is correct.

**6.**

Disinvestment means when Govt. Sector Company sells its share to private sector.

Hence the option B is correct.

**7.**

Global Economic Crisis can be referred to a economic problem experienced by markets and consumers in the world. A global financial crisis is a difficult business environment to succeed in since potential consumers tend to reduce their purchases of goods and services until the economic situation improves.

India could withstand the recent global economic crisis comfortably because of a good fiscal consolidation and Govt.'s adherence to the target fixed by, Fiscal Responsibility and Budget Management Act, Banking Regulation Act, Finance Bill Act and Foreign Exchange Management Act

Hence, the option E is correct.

**8.**

Monetary Policy of India: The Reserve Bank of India formulate the monetary policy through open market operations, bank rate policy, reserve system, credit control policy, moral persuasion and through many other instruments.

The objective of Indian Monetary Policy:

Price Stability

Controlled Expansion Of Bank Credit

Promotion of Fixed Investment

Restriction of Inventories and stocks

Promotion of Exports and Food Procurement Operations

Desired Distribution of Credit

Equitable Distribution of Credit

To Promote Efficiency

Reducing the Rigidity

Hence, the option C is correct.

**9.**

A short-term government security paper is called treasury bill.

Treasury Bills are money market instruments to finance the short term requirements of the Government of India. In other words we can say, "A government security, sold through Reserve Bank of India for short-term loans, 91 days to 364 days".

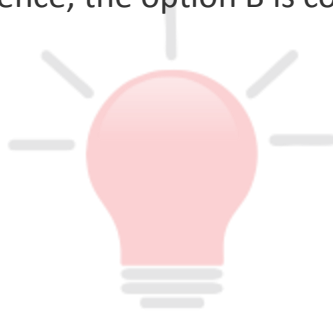
Hence, the option D is correct.

**10.**

At present India is following Floating exchange rate.

A floating exchange rate rate is a type of exchange-rate regime in which a currency's value is allowed to rise in response to market mechanisms of the foreign-exchange market.

Hence, the option B is correct.



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