

JAIB IE & IFS Practice Questions

Q1. Which among the following is not TRUE regarding the Merchant Banks?

1. Merchant Banks are registered by SEBI
2. Merchant Banks primarily deal with debt and debt related finance
3. Merchant Banks are management oriented
4. Merchant Banks are mainly financiers

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

Q2. Financial market integration does not contribute in:

- (a) Improving monetary policy transmission in the economy.
- (b) Reducing arbitrage opportunities.
- (c) Reducing competition in the market.
- (d) Efficient allocation of funds.

Q3. Find the correct match:

- (a) Science of Material Well-being – Adam Smith
- (b) Science of Wealth – A.C. Pigou
- (c) Economics is the science, which studies human behavior as a relationship between ends and scarce means which have alternative uses – Robbins
- (d) None of the above

Q4. Which of the following is not one of the central questions that the study of economics is supposed to answer?

- (a) What to produce?
- (b) When are goods produced?
- (c) Who consumes what?
- (d) How are goods produced?

Q5. The term 'Economics' owes its origin to the Greek word

- (a) Aikonomia
- (b) Wikonomia
- (c) Oikonomia
- (d) None of the above

Q6. Price theory is an important constituent of _____ economics.

- (a) Developmental
- (b) Micro
- (c) Welfare
- (d) Macro

Q7. Contraction in demand is the result of:

- (a) Decrease in the income of purchasers.
- (b) Increase in the price of the good concerned.
- (c) Decrease in number of consumers
- (d) Increase in the price of other goods

Q8. A movement along the demand curve of watches is best described as:

- (a) A decrease in demand
- (b) An increase in demand
- (c) A change in demand
- (d) A change in quantity demanded

Q9. In the last four decades, India has faced the following major shocks

- (i) The 1991 balance of payments (BoP) crisis
 - (ii) The 2008 global financial crisis
 - (iii) The COVID-19 pandemic
- (a) Only (i) and (ii)
 - (b) Only (i) and (iii)
 - (c) Only (ii) and (iii)
 - (d) (i) (ii) and (iii)

Q10. Choose the correct statement:

Statement 1: As income increases, the consumer will go in for superior goods and consequently the demand for inferior goods will fall.

Statement 2: When income increases the money spent on necessities of life may not increase in the same proportion.

- (a) Both the statements are correct
- (b) Both the statements are incorrect
- (c) Only statement 1 is correct
- (d) Only statement 2 is correct

Q11. The penalty for non-compliance with CSR provisions are

- (i) At least Rs. 1 crore for the defaulting company
 - (ii) At least Rs. 2 lakhs for each defaulting officer
 - (iii) Imprisonment provision of maximum three years for defaulting officers
- (a) Only (i) and (ii)
 - (b) Only (i) and (iii)
 - (c) Only (ii) and (iii)
 - (d) (i), (ii) and (iii)

Q12. Under the Prime Minister Suraksha Bima Yojana (PMSBY), the scheme is available to people in the age group of:

- (a) 14 to 60 years
- (b) 15 to 64 years
- (c) 15 to 59 years
- (d) 18 to 70 years

Q13. Atal Pension Yojana is a pension scheme that is not focused on:

- (a) Unorganized sector workers
- (b) Organized sector workers
- (c) Gig workers
- (d) Platform workers

Q14. What do CICs stand for?

- (a) Credit Information Commission
- (b) Criteria Information Commission
- (c) Credit Information Companies
- (d) None of the above

Q15. What is a derivative?

- (a) Whose value changes in response to the change in a specified interest rate, security price, commodity price, foreign exchange rate, index of prices or rates, a credit rating or credit index, or similar variable (called the 'underlying')
- (b) That requires no initial net investment or little initial net investment relative to other types of contracts that have a similar response to changes in market conditions
- (c) That is settled at a future date
- (d) All of the above

Q16. What is meant by the term "non-recourse factoring"?

- (a) In the case of non-payment of invoices by buyers, the factor will recover the amount advanced from the client (seller)
- (b) In case of non-payment of invoices by customers, the factor will bear the risk of bad debts and cannot recover the amount from the client/supplier
- (c) In case of non-payment of invoices by customers till months from the date of maturity, the factor will take the matter to SEBI
- (d) In case of non-payment of invoices by customers, the factor will not recover the finance and service charges

Q17. The maximum credit period normally permitted under factoring is:

- (a) 150 days - inclusive of a maximum grace period of 60 days
- (b) 90 days
- (c) 60 days
- (d) 150 days - exclusive of a maximum grace period of 60 days

Q18. Which among the following statements are TRUE?

Depository service providers need to satisfy the following criteria:

- (a) Need to be registered as a company under the companies act, 1956
- (b) Need to be registered with SEBI under SEBI act, 1992
- (c) Have obtained a certificate of commencement of business from SEBI
- (d) All of the above

Q19. With reference to the FRBM Act. Consider the following statements and choose the incorrect ones:

- 1. The FRBM Act strengthens fiscal stability.
 - 2. The committee under the chairmanship of Deepak Kumar was set up to review the FRBM Act.
 - 3. FRBM Bill was introduced in the Parliament of India for the first time in the year 2003
 - 4. FRBM Bill was introduced by Mr. Yashwant Sinha
- (a) Only 1
 - (b) 2 and 3
 - (c) 1 and 3
 - (d) Only 2

Q20. The participants in Call/Notice Money does not include:

- 1. Banks
 - 2. Primary Dealers
 - 3. Development finance institutions
 - 4. Insurance Companies
 - 5. All Mutual Funds
- (a) (4) and (5)
 - (b) (2) and (4)
 - (c) (1) and (5)
 - (d) (5) only

Q21. Which of the following is/are not a member of ACU?

- 1. Bangladesh
- 2. Bhutan
- 3. India
- 4. Iran
- 5. Maldives
- 6. Myanmar
- 7. Nepal
- 8. Pakistan and
- 9. Sri Lanka.

- (a) Only 2 & 3
- (b) 4, 5, & 8
- (c) All except India
- (d) All are members

Q22. Which of the following is not a reason for interconnectedness of financial markets?

- (a) Mobility of capital
- (b) Profitability parameters
- (c) Technological developments
- (d) Harmonisation of prudential regulations

Q23. Which of the following is/are characteristics of the forex market?

1. Value
 2. Promptness
 3. Market trend
 4. Liquidity
 5. Flexible regulation of the trade arrangement system
- (a) Only d
(b) Only b
(c) All except c & d
(d) All

Q24. Which of the following is/are correct about Contagion Effect?

- (a) A contagion is the spread of an economic crisis from one market or region to another and can occur, both, at the domestic level or at the international level
- (b) Contagion can occur because many of the same goods and services, especially labour and capital goods, can be used across many different markets and because virtually all markets are connected through monetary and financial systems.
- (c) Contagions are typically associated with the spread of economic crises throughout a market, asset class, or geographic region; a similar effect can occur, with the spread of economic booms also.
- (d) All are correct

Q25. Which of the following is/are role of FIMMDA?

- (a) To function as the principal interface with the regulators on various issues that impact the functioning of these markets.
- (b) To develop standardised sets of documentation.
- (c) To undertake developmental activities, such as, introduction of benchmark rates and new derivatives instruments, etc.
- (d) All

Q26. Which among the following is/are not correct about the RBI Act?

1. Chapter 1- Preliminary
 2. Chapter 2 – Incorporation, Capital Management and Business
 3. Chapter 3 – General Provisions
 4. Chapter 4 – Central Banking Functions
- (a) (3) only
(b) (2) only
(c) (3) and (4)
(d) (2) and (3)

Q27. FEMA, 1999 became effective from ____ year, Which includes ____ Chapters and ____ Sections.

- (a) 2001, 8, 50
(b) 2000, 7, 49
(c) 1999, 7, 49
(d) None

Q28. Which of the following is/are correct about eligibility of investors in RDS Scheme?

- (a) Rupee savings bank account maintained in India;
(b) Permanent Account Number (PAN) issued by the Income Tax Department;
(c) Any OVD for KYC purpose;
(d) Valid email ID; and Registered mobile number
(e) All

Q29. Which of the following is/are not allowed to be participants of Corporate debt market?

- (a) Public Sector Enterprises
(b) All India Financial Institutions
(c) State Level Undertakings
(d) Housing Finance Companies
(e) None

Q30. Which among the following is/are the correct features of “Futures Market”?

1. Standardized amounts
 2. Fixed maturities
 3. Traded on exchanges
 4. Initial margin required, which is marked to market
 5. Traded during exchange hours
 6. Counterparty unknown
- (a) (1), (2), (5), and (6)
(b) (3), (4), and (5)
(c) (1), (2), (4), and (6)
(d) All are correct

Q31. Which of the following is/are the main objectives of monetary policy?

1. Maintaining price stability
 2. Ensuring adequate flow of credit to the productive sectors of the economy, to support economic growth
 3. Maintaining financial stability
- (a) Only 1
(b) Only 2
(c) Only 1 & 3
(d) All

Q32. Which of the following is/are correct about STT?

1. It is a tax, being levied on all transactions done on the stock exchanges, at rates prescribed by the Central Government
 2. The Government of India notified the Securities Transaction Tax Rules, 2004 and the STT came into effect from October 1, 2004.
 3. In order to reduce transaction costs in the capital markets, the STT was reduced to 0.1% on cash delivery transactions in the annual budget 2013-14.
- (a) Only 2
(b) Only 3
(c) Only 1 & 2
(d) All

Q33. At the request of market participants, SEBI has proposed to change trade settlement cycle from ____ to ____ , which means shares will now be transferred in ____ hours.

- (a) T + 2, T+1 & T+24
- (b) T+ 2, T+3 & T+23
- (c) T+ 1, T+2 & T+24
- (d) None

Q34. Which of the following is/are correct about ASBA?

1. ASBA means "Applications Supported by Blocked Amount".
2. It is an application containing an authorisation to block the application money in the bank account, for subscribing to an issue

3. Self-certified Syndicate Bank" means a banker to an issue registered with the Board, which offers the facility of ASBA

- (a) Only 2
- (b) Only 3
- (c) Only 1 & 3
- (d) All

Q35. Pick the correct statement/s -

(a) Nominal GDP is the money value of all the goods and services produced in a year.

(b) Nominal GDP is an indicator of the real performance of the economy as the prices change over time.

(c) The real GDP is calculated as the money value of all goods and services produced in a year using the constant set of market prices that have prevailed in a certain chosen base year.

- (a) a, b only
- (b) b, c only
- (c) a, c only
- (d) a, b, c

Q36. National Strategy for New India document is divided in four sections. Which of the following is part of the document?

- 1. Drivers
- 2. Infrastructure
- 3. Inclusion
- 4. Governance.

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

Q37. As per the World Inequality Report (2022), top 10 percent of the Indians earn _____ of the national income.

- (a) 27%
- (b) 37%
- (c) 47%
- (d) 57%

Q38. As per which of the following organization WEO April 2022 report, India is the world's fastest-growing major economy in 2022?

- (a) World bank
- (b) OECD
- (c) GATT
- (d) IMF

Q39. Foreign currency denominated account cannot be maintained in India by _____.

- (a) ship manning agencies in India
- (b) Indian company receiving FDI
- (c) exporters exporting against advance payment
- (d) composite insurance brokers

Q40. Shifts in supply means:

- (a) When changes in factors other than goods own price effect the quantity supplied.
- (b) When changes in goods own price affect the quantity supplied.
- (c) Both (a) and (b)
- (d) None of these

Q41. Fill in the blanks in relation to the scheme "Make in India".

The Prime Minister introduced the Make in India program in September____, as part of a larger set of nation-building initiatives. Make in India was created in response to a crisis circumstance, with the objective of turning India into a global design and ____ hub. The "Make in India" project is built on four pillars established to boost ____ in India, not just in manufacturing but also in other sectors. New Processes, New Infrastructure, New Sectors, and New mindset are the four pillars. The Make in India action plan aims to increase the manufacturing sector's contribution to GDP to ____ percent, by_____.

- (a) 2014, Services, Employment, 40, 2030
- (b) 2014, Manufacturing, Employment, 25, 2022-2025
- (c) 2015, Services, Entrepreneurship, 40, 2020-2025
- (d) 2014, Manufacturing, Entrepreneurship, 25, 2020-2022

Q42. With respect to the concept of Mutual Funds, which among the following statements is/are incorrect?

- 1. A Mutual Fund is comprised of Sponsors, Trustees, Asset Management Companies (AMCs), and Custodians.
- 2. The Trustees of the Mutual Fund hold the securities of the various schemes of the fund in its custody.
- 3. A custodian holds property of a Mutual Fund for the benefit of the unit holders.
- 4. An AMC approved by SEBI, manages the funds, by making investments in various types of securities.

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

Q43. Long term securities are also issued by State Governments and these are called:

- (a) Sovereign State Bonds
- (b) State Treasury Bonds
- (c) State Development Loans
- (d) None of the above

Q44. Asset Management Company (AMC) employs skilled fund managers to operate to operate in the market and manage the corpus fund in case of:

- (a) Capital Market
- (b) Insurance Market
- (c) Mutual Funds
- (d) All of the above

Q45. What was the objective for introducing LTROs in February, 2020 by RBI?

- (a) To encourage banks to undertake maturity transformation smoothly and seamlessly, so as to augment credit flows to productive sectors.
- (b) To assure banks about the availability of durable liquidity, at reasonable cost, relative to prevailing market conditions.
- (c) Both (a) and (b)
- (d) None of the above

Q46. What does MFAC stand for:

- (a) Mutual Fund Advisory Committee
- (b) Mutual Fund Advisory Commission
- (c) Mutual Fund Association of Credit
- (d) Mutual Fund Association for Consultations

Q47. Which among the following is a high investment grade?

- (a) D
- (b) A
- (c) BBB
- (d) Both b & c

Q48. Companies, including Non-Banking Finance Companies (NBFCs) and All India Financial Institutions (AIFIs), are eligible to issue CPs, subject to the condition that:

(a) any fund-based facility availed of from bank(s) and/or financial institutions is classified as a standard asset by all financing banks/institutions at the time of issue.

(b) Other entities like co-operative societies/unions, government entities, trusts, limited liability partnerships and any other body corporate having presence in India with a net worth of Rupees 100 crore or higher.

(c) Any other entity specifically permitted by the Reserve Bank of India (RBI).

(d) All of the above

Q49. In order to reduce transaction costs in the capital markets, the STT was reduced on cash delivery transactions in the annual budget 2013-14 to:

- (a) 1%
- (b) 0.1%
- (c) 0.2%
- (d) 0.3%

Q50. Content of Red Herring Prospectus (RHP) includes:

- (a) Financial Information
- (b) Industry Overview
- (c) Both (1) and (2)
- (d) Personal information about the promoters of a company

Q51. Fill in the blanks in relation to the concept of "Corporate Debt Market".

All bonds are issued and held in dematerialised form since June __, as per RBI regulations. There are two central depositories for all bonds- NSDL and CDSL, where the bonds are held in ___ form. Trading in the corporate bond market is done either through the telephone using services of institutional brokers or ___ trades between the institutional buyers and the sellers.

- (a) 2002, Electronic, Direct
- (b) 2000, Electronic, Direct
- (c) 2000, Physical, Direct
- (d) 2002, Electronic, Indirect

Solutions

S1. Ans.(c)
S2. Ans.(c)
S3. Ans.(c)
S4. Ans.(b)
S5. Ans.(c)
S6. Ans.(a)
S7. Ans.(b)
S8. Ans.(d)
S9. Ans.(d)
S10. Ans.(a)
S11. Ans.(a)
S12. Ans.(d)
S13. Ans.(a)
S14. Ans.(c)
S15. Ans.(d)
S16. Ans.(b)
S17. Ans.(a)
S18. Ans.(d)
S19. Ans.(b)
S20. Ans.(d)
S21. Ans.(d)
S22. Ans.(b)
S23. Ans.(d)
S24. Ans.(d)
S25. Ans.(d)
S26. Ans.(c)

S27. Ans.(b)
S28. Ans.(e)
S29. Ans.(e)
S30. Ans.(d)
S31. Ans.(d)
S32. Ans.(d)
S33. Ans.(a)
S34. Ans.(d)
S35. Ans.(c)
S36. Ans.(d)
S37. Ans.(d)
S38. Ans.(d)
S39. Ans.(c)
S40. Ans.(a)
S41. Ans.(d)
S42. Ans.(b)
S43. Ans.(c)
S44. Ans.(c)
S45. Ans.(c)
S46. Ans.(a)
S47. Ans.(d)
S48. Ans.(d)
S49. Ans.(b)
S50. Ans.(c)
S51. Ans.(a)

