

Indian Economy

Important General knowledge questions about Reserve Bank of India (RBI)

1. When did Reserve Bank of India (RBI) formed?

Answer: 1935 april 1

2. When did Reserve Bank of India (RBI) Nationalised ?

Answer: 1949

3. Where was the first Headquarters of Reserve Bank of India (RBI) ?

Answer: Kolkata

4. When did the Headquarters of Reserve Bank of India (RBI) moved to Mumbai ?

Answer: 1937

5. Who was the First Reserve Bank of India (RBI) Governor ?

Answer: Sir Osborne Smith

RBI Governors List

Sir Osborne Smith (01-04-1935 to 30-06-1937)

Sir James Taylor (01-07-1937 to 17-02-1943)

Sir C D Deshmukh (11-08-1943 to 30-06-1949)

Sir Benegal Rama Rau (01-07-1949 to 14-01-1957)

K G Ambegaonkar (14-01-1957 to 28-02-1957)

H V R Iengar (01-03-1957 to 28-02-1962)

P C Bhattacharya (01-03-1962 to 30-06-1967)

L K Jha (01-07-1967 to 03-05-1970)

B N Adarkar (04-05-1970 to 15-06-1970)

S Jagannathan (16-06-1970 to 19-05-1975)

N C Sen Gupta (19-05-1975 to 19-08-1975)

K R Puri (20-08-1975 to 02-05-1977)

M Narasimham (02-05-1977 to 30-11-1977)

Dr. I G Patel (01-12-1977 to 15-09-1982)

Dr. Manmohan Singh (16-09-1982 to 14-01-1985)

A Ghosh (15-01-1985 to 04-02-1985)

R N Malhotra (04-02-1985 to 22-12-1990)

S Venkaramanan (22-12-1990 to 21-12-1992)

Dr. C Rangarajan (22-12-1992 to 21-11-1997)

Dr. Bimal Jalan (22-11-1997 to 06-09-2003)

Dr. Y V Reddy (06-09-2003 to 05-09-2008)

Dr. D. Subbarao (05-09-2008 to date)

6. Who was the first Indian RBI Governor?
Answer: C.D.Deshmukh

7. Which Commission recommended the formation of Reserve Bank of India (RBI) ?
Answer: Hilton Young Commission (Royal commission)

8. Which is the central bank in India ?
Answer: RBI

9. Which bank is known as Banker's Bank ?
Answer: Reserve Bank of India (RBI)

10. Who is the present Governor of RBI ?
Answer: Dr. Raghuram Rajan

11. Who introduced the Banking Ombudsman Scheme ?
Answer: Reserve Bank of India

12. What's the purpose of demat account ?

Demat account is a safe and convenient means of holding securities just like a bank account is for funds. Today, practically 99.9% settlement (of shares) takes place on demat mode only. Thus, it is advisable to have a Beneficiary Owner (BO) account to trade at the exchanges.

13. How does the Reserve Bank estimate the demand for banknotes?

The Reserve Bank estimates the demand for banknotes on the basis of the growth rate of the economy, the replacement demand and reserve stock requirements by using statistical models/techniques.

14. What is the role of the Reserve Bank of India in currency management?

The Reserve Bank derives its role in currency management from the Reserve Bank of India Act, 1934. The Reserve Bank manages currency in India. The Government, on the advice of the Reserve Bank, decides on various denominations of banknotes to be issued. The Reserve Bank also co-ordinates with the Government in the designing of banknotes, including the security features. The Reserve Bank estimates the quantity of banknotes that are likely to be needed denomination-wise and accordingly, places indent with the various printing presses. Banknotes received from banks and currency chests are examined and those fit for circulation are reissued and the others (soiled and mutilated) are destroyed so as to maintain the quality of banknotes in circulation.

15. What is CRR?

Cash reserve Ratio (CRR) is the amount of funds that the banks have to keep with the RBI. If the central bank decides to increase the CRR, the available amount with the banks comes down. The RBI uses the CRR to drain out excessive money from the system. Scheduled banks are required to maintain with the RBI an average cash balance, the amount of which shall not be less than 4% of the total of the Net Demand and Time Liabilities (NDTL), on a fortnightly basis.

16. What is Reverse Repo rate?

Reverse Repo rate is the rate at which the RBI borrows money from commercial banks. Banks are always happy to lend money to the RBI since their money are in safe hands with a good interest. An increase in reverse repo rate can prompt banks to park more funds with the RBI to earn higher returns on idle cash. It is also a tool which can be used by the RBI to drain excess money out of the banking system.

17. What is a Repo Rate?

The rate at which the RBI lends money to commercial banks is called repo rate. It is an instrument of monetary policy. Whenever banks have any shortage of funds they can borrow from the RBI. A reduction in the repo rate helps banks get money at a cheaper rate and vice versa. The repo rate in India is similar to the discount rate in the US.

18. What is SLR Rate?

Statutory liquidity ratio refers to the amount that the commercial banks require to maintain in the form of gold or govt. approved securities before providing credit to the customers. Here by approved securities we mean, bond and shares of different companies. Statutory Liquidity Ratio is determined and maintained by the Reserve Bank of India in order to control the expansion of bank credit. It is determined as percentage of total demand and time liabilities.

19. What is a white-label ATM?

Most automated teller machines (ATMs), or machines that dispense cash, are owned by banks. But ones that are owned and operated by non-banking companies are called white-label ATMs (WLAs). They function just the same way as any other bank-run ATM.

Tata Communications Payment Solutions Ltd. (TCPSL), a subsidiary of Tata Communications on June 2013, rolled out the first-ever white label Automated Teller Machines (ATMs) network under the brand Indicash.

20. How inflation effect on money and price?

In economics, inflation is a rise in the general level of prices of goods and services in an economy over a period of time.[1] When the general price level rises, each unit of currency buys fewer goods and services. Consequently, inflation reflects a reduction in the purchasing power per unit of money – a loss of real value in the medium of exchange and unit of account within the economy. A chief measure of price inflation is the inflation rate, the annualized percentage change in a general price index (normally the consumer price index) over time.

Inflation's effects on an economy are various and can be simultaneously positive and negative. Negative effects of inflation include an increase in the opportunity cost of holding money, uncertainty over future inflation which may discourage investment and savings, and if inflation is rapid enough, shortages of goods as consumers begin hoarding out of concern that prices will increase in the future. Positive effects include ensuring that central banks can adjust real interest rates (to mitigate recessions),[5] and encouraging investment in non-monetary capital projects.

General Knowledge questions on Indian Economy

1. Which state in India is the major producer of mulberry silk?

Ans : Karnataka

2. Which one of the following Indian states leads in the production of rubber ?

Ans : Kerala

3. Nagda is well known as a centre of production of

Ans : Viscose staple fibre

4. In which state is the hydel power project Nathpa Jhakari located ?

Ans : Himachal Pradesh

5. Where is the college of defence management located?
Ans : Secunderabad

6. Highest production of coffee in India ?

Ans : Karnataka

7. Which state of India has the highest population density ?

Ans : West Bengal

8. Who is known as "Father of white Revolution" in India ?

Ans : V. Kurien

9. Which state in country has the largest number of districts ?

Ans : Uttar Pradesh

10. What is the name of the major base of Indian Navy at Karwar ?

Ans : INS Kadamba

11. What is the median age (approximate) of the Indian population ?

Ans : 32 years

12. Which is the largest electricity producing state in India ?

Ans : Maharashtra

13. Which state is the largest producer of Tobacco ?

Ans : Andhra Pradesh

14. Which state is the first largest producer of rice ?

Ans : West Bengal

15. Which Indian state is the largest producer of Hydro electricity ?

Answer: Andhra Pradesh