



MULTIPLE CHOICE QUESTIONS

MULTIPLE CHOICE QUESTIONS-1

1. What is a Repo Rate?

- (A) It is a rate at which RBI sell government securities to banks
- (B) It is a rate at which banks borrow rupees from RBI
- (C) It is a rate at which RBI allows small loans in the market
- (D) It is a rate which is offered by Banks to their most valued customers or prime customers
- (E) None of these

Ans : (B)

2. In economics it is generally believed that the main objective of a Public Sector Financial Company like Bank is to:

- (A) Employ more and more people
- (B) Maximize total profits
- (C) Maximize total production
- (D) Provide financial service to the people of the nation of its origin across the country
- (E) Sell the goods at subsidized cost

Ans : (D)

3. Which of the following cannot be called as a Debt Instrument as referred in financial transactions?

- (A) Certificate of Deposits
- (B) Bonds
- (C) Stocks
- (D) Commercial Papers
- (E) Loans

Ans : (C)

4. The government formed the panel after many ex-servicemen returned their medals to protest the rejection of their 'one rank one pension' demand. Who is heading this panel?

- (A) K.M. Chandrasekhar
- (B) R Balakrishnan
- (C) B S Padmanabham
- (D) T. Raja Shekhar
- (E) R Balu

Ans : (A)

5. Whenever RBI does some Open Market Operation Transaction, actually it wishes to regulate which of the following?

- (A) Inflation only
- (B) liquidity in economy
- (C) Borrowing powers of the banks
- (D) Flow of Foreign Direct Investments
- (E) None of these

Ans : (B)

6. The maximum amount of the total Revenue earned by the government of India comes from:

- (A) Income Tax
- (B) Customs Duty
- (C) Excise Duty
- (D) Value Added Tax
- (E) Corporate Tax

Ans: (C)

7. Which was the first Indian Bank to introduce credit card?

- (A) State Bank of India (B) Central Bank of India
(C) Union Bank of India (D) ICICI
(E) None of these

8. Capital Market Regulator is—

- (A) RBI (B) IRDA
(C) NSE (D) BSE
(E) SEBI

Ans: (E)

9. FDI refers to—

- (A) Fixed Deposit Interest (B) Fixed Deposit Investment
(C) Foreign Direct Investment (D) Future Derivative Investment
(E) None of these

Ans: (C)

10. What is Call Money ?

- (A) Money borrowed or lent for a day or over night
(B) Money borrowed for more than one day but upto 3 days
(C) Money borrowed for more than one day but upto 7 days
(D) Money borrowed for more than one day but upto 14 days
(E) None of these

Ans: (A)

11. Which is the first Indian company to be listed in NASDAQ ?

- (A) Reliance (B) TCS
(C) HCL (D) Infosys
(E) None of these

Ans: (D)

12. Which among the following decides the oil Prices in India?

- (A) Government of India (B) Government of Respective states
(C) Ministry of Petroleum (D) Oil Companies
(E) None of these

Ans: (D)

13. SEBI has been imposed a restriction on money flow in equity through 'P-notes'. What is the full form of 'P-notes'?

- (A) permanent notes (B) purchase notes
(C) participatory notes (D) private notes
(E) None of these

Ans: C

14. Which of the following is known as plastic money?

- (A) bearer cheques (B) credit cards
(C) demand drafts (D) gift cheques
(E) None of these

Ans: B

15. Who is known as the ‘Father of Economics’?

- (A) Adam Smith (B) Marshall
(C) J.M. Keynes (D) Pareto
(E) None of these

Ans: A

16. Which sister organization of the World Bank provides long term loans at zero interest to the poorest developing countries?

- (A) Asian Development Bank (B) IMF
(C) International Developmental Association (D) International Finance Corporation
(E) None of these

Ans: C

17. DSCR indicates the ability of a company to-

- (A) Meet its current liabilities (B) Service its share holders
(C) Meet its long term debt obligations (D) Raise further capital
(E) None of these

Ans: C

18. When there is an inflationary trend in the economy what would be trend in the pricing of the Bank products ?

- (A) Increasing trend
(B) Decreasing trend
(C) Constant trend
(D) There is no relevance of the inflation in pricing of the Banking Products
(E) None of these

Ans: (A)

MULTIPLE CHOICE QUESTIONS-2

1. Banks in our country normally publicize that additional interest rate is allowed on retail domestic term deposits of?

- a) Minors b) Married Women
c) Senior citizens d) Government Employees
e) Rural residents

2. When the rate of inflation increases?

- a) Purchasing power of money increases b) Purchasing power of money decreases
c) Value of money increases d) Purchasing power of money remains unaffected
e) Amount of money in circulation decreases

3. A centralized database with online connectivity to branches, internet as well as ATM-network which has been adopted by almost all major banks of our country is known as?
- a) Investment Banking
 - b) Core Banking
 - c) Mobile Banking
 - d) National Banking
 - e) Specialized Banking
4. Which of the following is NOT considered a money market instrument?
- a) Treasury Bills
 - b) Repurchase Agreement
 - c) Commercial Paper
 - d) Certificate of Deposit
 - e) Shares and Bonds
5. Which of the following is necessary while opening deposit accounts in banks?
- a) Will
 - b) Registration
 - c) Nomination
 - d) Indemnity
 - e) Guarantee
6. Which of the following is not a banking term?
- a) Letter of credit
 - b) MIBOR
 - c) Factoring services
 - d) Entry load
 - e) None of these
7. Which of the following organizations issue the rules of global trade?
- a) IMF
 - b) World Trade Organization
 - c) Foreign trade
 - d) G-20
 - e) None
8. One single statement that depicts the financial position of a Bank and / or Business enterprise at a given point of time is called:
- a) Statement of product details
 - b) Foreign exchange
 - c) Balance Sheet
 - d) Balance of payment
 - e) Trading and Manufacturing account
9. The Reverse Mortgage scheme is launched to give benefit to which of the following groups of society?
- a) Persons below 60 yrs
 - b) Senior Citizens
 - c) Unemployed youth
 - d) Orphans
 - e) All
10. One of the major challenges banking industry is facing these days is curbing deliberate efforts of some people to bring money earned through illegal activities in circulation. Which of the following act is passed to prevent this activity?
- a) Payment & settlements Act
 - b) Control money supply Act
 - c) Narcotics and Psychotropic substance Act
 - d) Prevention of Money laundering Act
 - e) None

- 11. Which of the following scheme is not meant for investment purposes?**
- a) National saving certificate
 - b) Infrastructure bonds
 - c) Mutual funds
 - d) Letter of credit
 - e) None of these
- 12. Basel norms which are important regulatory stipulations are meant for which sector?**
- a) Insurance
 - b) Banking
 - c) Micro finance
 - d) Pension funds
 - e) None
- 13. Systematic investment Plans relates to:**
- a) Mutual Funds
 - b) Life Insurance Companies
 - c) Commercial Banks
 - d) Post office savings schemes
 - e) None
- 14. Euro money is the official currency of?**
- a) NATO
 - b) UN
 - c) European
 - d) Germany and England
 - e) None of these
- 15. Which of the following is an example of cash less purchase?**
- a) Debit card
 - b) Credit card
 - c) ATM withdrawal
 - d) All of the above
 - e) None
- 16. Whose signature appears on Indian Rs. 100 note?**
- a) Finance Minister
 - b) RBI Governor
 - c) Finance Secretary
 - d) Chairman, Planning Commission
 - e) None
- 17. While discussing investments there is a mention of short term government security. What is this investment?**
- a) Debenture
 - b) Mutual funds
 - c) Treasury bill
 - d) Share
 - e) None of these
- 18. NBFCs are an important part of the Indian financial system. what is meant by this term?**
- a) New Banking Financial Companies
 - b) Non Banking Financial Companies
 - c) Neo Banking Financial Confederation
 - d) Non banking Fiscal Companies
- 19. Banking loan against property requires the asset to be free from encumbrances. What does it mean?**
- a) The asset to be free from any liability
 - b) The asset to be properly registered
 - c) The property to be fully constructed
 - d) The asset should not have multiple owners
 - e) None

20. RBI stipulates a healthy mix of CASA in the business figures of banks. What is CASA?
- a) Customer Analysis and Savings Pattern b) Cost Appreciation and selling Analysis
c) Current Account and saving Account d) Credit and savings Aggregate
e) None of these
21. Which one of the following is not an electronic banking delivery channel?
- a) Mobile Vans d) Mobile Phone Banking
c) Internet Banking d) Tele Banking
e) ATM
22. The Rate at which the domestic currency can be converted into foreign currency and vice-versa is known as the _____
- a) Exchange rate b) MIBOR
c) Inter bank Call money rate d) Base rate
e) LIBOR
23. Now-a-days Banks are selling third party products. Example of third party product is:
- a) Mutual funds b) Term deposits
c) Credit cards d) All of these
e) None
24. Electronic Clearing Service in banks can be availed only by:
- a) Individuals b) Corporates
c) Senior Citizens d) All of these
e) None

Answer

- 1) c; 2) b; 3) b; 4) e; 5) c; 6) d; 7) b; 8) c;
9) b; 10) d; 11) d; 12) b; 13) a; 14) c; 15) d; 16) b;
17) c; 18) b; 19) a; 20) c; 21) a; 22) a; 23) a; 24) d;

MULTIPLE CHOICE QUESTIONS-3

1. Interest payable on savings bank accounts is?
- a) De-regulated by RBI b) Regulated by State Governments
c) Regulated by Central Govt d) Regulated by RBI
e) Regulated by Finance Minister
2. The usual deposit accounts of banks are?
- a) Current accounts, electricity accounts and insurance premium accounts.
b) Current accounts, post office savings, bank accounts and term deposit accounts.
c) Loan accounts, savings bank accounts and term deposit accounts.
d) Current accounts, savings bank accounts and term deposit accounts.
e) Current bill accounts and term deposit accounts.

- 3. Fixed deposits and recurring deposits are?**
- a) Repayable after an agreed period
 - b) Repayable on demand
 - c) Not repayable
 - d) Repayable after death of depositors
 - e) Repayable on demand or after an agreed period as per bank's choice
- 4. Accounts are allowed to be operated by cheques in respect of?**
- a) Both savings bank accounts and fixed deposit accounts.
 - b) Savings bank accounts and current accounts.
 - c) Both savings bank accounts and loan accounts.
 - d) Both savings bank accounts and cash accounts only.
 - e) Both current accounts and fixed deposit accounts.
- 5. Which of the following is correct statement?**
- a) No interest is paid on current deposit accounts.
 - b) Interest is paid on current accounts at the same rate as term deposit accounts.
 - c) The rate of interest on current accounts and savings accounts are the same.
 - d) No interest is paid on any deposit by the bank.
 - e) Savings deposits are the same as current deposits.
- 6. Banking services delivered to a customer by means of a computer control system that does not directly involve banks branch is called?**
- a) Universal banking
 - b) Virtual banking
 - c) Narrow banking
 - d) Brick & Mortar banking
 - e) None
- 7. Financial inclusion means provision of ?**
- a) Financial services namely payments, remittances, savings, loans and insurance at affordable cost to persons not yet given the bank
 - b) Ration at affordable cost to persons not yet given the same
 - c) House at affordable cost to persons not yet given the same
 - d) Food at affordable cost to persons not yet given the same
 - e) Education at affordable cost to persons not yet given the same
- 8. When a bank returns a cheque unpaid, it is called?**
- a) Payment of the cheque
 - b) Drawing of the cheque
 - c) Canceling of the cheque
 - d) Dishonour of the cheque
 - e) Taking of the cheque
- 9. Who is the Chairman of the committee constituted by RBI to study issues and concerns in the Micro Finance Institutions (MFI) Sector?**
- a) YH Malegam
 - b) Dr. KC Chakraborty
 - c) C. Rangrajan
 - d) M. Damodaran
 - e) Usha Thorat

- 10. Which of the following types of accounts are known as 'Demat Accounts'?**
- a) Accounts which are Zero Balance
 - b) Accounts which are opened to facilitate repayment of a loan taken from the bank. No other business can be conducted from there
 - c) Accounts in which shares of various companies are traded in electronic form
 - d) Accounts which are operated through internet banking facility
 - e) None of the above
- 11. NEFT means?**
- a) National Electronic Funds Transfer
 - b) Negotiated Efficient Fund Transfer system
 - c) National Efficient Fund Transfer solution
 - d) Non Effective Fund Transfer system
 - e) Negotiated Electronic Foreign Transfer system.
- 12. Distribution of insurance products and insurance policies by banks as corporate agents is known as?**
- a) General insurance
 - b) Non life insurance
 - c) Bancassurance
 - d) Insurance Banking
 - e) Deposit Insurance
- 13. In respect of partnership business, LLP stands for:**
- a) Local Labour Promotion
 - b) Low Labour Projects
 - c) Limited Loan Partnership
 - d) Longer Liability Partnership
 - e) Limited Liability Partnership
- 14. What is a stale cheque?**
- a) A cheque issued without drawer's signature.
 - b) A cheque with only signature of the drawer.
 - c) A cheque which has completed 3 months from the date of its issue.
 - d) Any one of the above.
 - e) None
- 15. Interest on savings bank account is now calculated by banks on?**
- a) Minimum balance during the month
 - b) Minimum balance from 7th to last day of the month
 - c) Minimum balance from 10th to last day of the month
 - d) Maximum balance during the month
 - e) Daily product basis
- 16. Largest shareholder (in percentage shareholding) of a Nationalized bank is ?**
- a) RBI
 - b) NABARD
 - c) LIC
 - d) Govt of India
 - e) IBA

Answer

- 1) a; 2) d; 3) a; 4) b; 5) a; 6) b; 7) a; 8) d;
9) a; 10) c; 11) a; 12) c; 13) e; 14) c; 15) e; 16) d

MULTIPLE CHOICE QUESTIONS-4

- 1. Banking Ombudsman is appointed by:**
 - A. Reserve Bank of India
 - B. Government of India
 - C. Concerned State Govt, where RBI office is located
 - D. Finance Minister
 - E. None of the above
- 2. Before approaching Ombudsman what should the complainant do?**
 - A. Take up the matter with State Government
 - B. Take up the matter with concerned Bank Branch within 30 days of cause of action
 - C. Approach Lok Adalat
 - D. Can directly approach Banking Ombudsman
 - E. Any of the above
- 3. What is the maximum period within which the aggrieved customer can approach OMBUSAMAN?**

A. Within 2 year	B. Within 1 year
C. Within one month	D. No such limitation period
E. None of the above	
- 4. What is the maximum amount for which the Award Can be given by OMBUDSMAN**

A. Rs 1,00,000	B. Rs 2,00,000
C. Rs 5,00,000	D. Rs 10,00,000
E. No limit	
- 5. Who will be appointed as Banking Ombudsman?**

A. CGM or GM of RBI	B. Deputy Governor of RBI
C. Governor RBI I is an ex-officio Ombudsman	
D. Finance Secretary	E. None of the above
- 6. KYC norms are liberalized in case of following accounts:**

A. Current Account	B. Savings Account
C. Term Deposit Account	D. No Frills Account
E. None of the above.	
- 7. The KYC does not include obtaining the following :**

A. Identity Proof	B. Address Proof
C. Customer Profile	D. Vehicle details of the customer
E. None of the above	

8. AML Stands for
- A. Anti Monetary Limit
 - B. Anti Money Laundering
 - C. Always money laundering
 - D. Anytime Money Laundering
 - E. None of the above
9. **KYC –Know Your Customer is to identify the Customer, whereas AML- Anti Money Laundering is to identify the Source of Income:**
- A. False
 - B. True
 - C. True only in case of small amounts
 - D. Not necessary in all cases
 - E. Any of the above
10. **If a Depositor is not a Senior Citizen and his Taxable Income is within the exempted limits then he has to submit _____ to the Bank for not deducting tax at source**
- A. Form 15G
 - B. Form 15 H
 - C. Form 61
 - D. Form 60
 - E. None of the above
11. **In case the prospective customer whose income comes from only Agriculture sources then he has to give a declaration in Form 61.**
- A. True
 - B. False
 - C. He has to submit form 60
 - D. No such requirement
 - E. None of the above
12. **Nomination is available for**
- A. Deposit accounts
 - B. Safe custody articles
 - C. Lockers.
 - D. Partnership firms
 - E. Only A B C
13. **Nomination can be given only for:**
- A. Individuals
 - B. Joint Individuals
 - C. Limited Companies
 - D. Only A, and B
 - E. None of the above
14. **Money deposited at a bank that cannot be withdrawn for at fixed period of time is known as a _____:**
- A. Term deposit
 - B. Checking Account
 - C. Saving Bank deposit
 - D. No Frills Accounts
 - E. Current deposit
15. **With reference to a cheque which of the following is the ‘drawee bank’?**
- A. The bank that collects cheque.
 - B. The payee’s bank.
 - C. The endorsee’s bank.
 - D. The bank of the Drawer of the Cheque
 - E. None of the above

- 16. Base Rate is the rate below which no Bank can allow their lending to anyone. Who will fix this 'Base Rate' for Banks?**
- A. Individuals Banks Board
B. Ministry of Commerce
C. Ministry of Finance
D. RBI
E. Interest Rate Commission of India
- 17. Expand NPA**
- A. No Provision Account
B. Non Performing Asset (An asset which ceases to generate income)
C. No Profit Account
D. Non-Personal Accounts
E. None of the above
- 18. Finance Ministry advised RBI to allow common ATMs to be owned and managed by Non Banking Institutions. Such ATMs are called:**
- A. NBFC ATMs
B. Off Site ATMs
C. Third Party ATMs
D. White Label ATMs
E. None of the above
- 19. An ECS transaction gets bounced and you are unable to recover your money from your customer. Under which Act criminal action can be initiated?**
- A. Indian Penal Code
B. Negotiable Instrument Act
C. Criminal Procedure Code
D. Payment and Settlement Act
E. Indian Contract Act
- (Note: ECS used for Electronic Clearing of cheques– Debit ECS for Collection of loan installments) and Credit ECS for payments like Dividends, Salaries etc.
- 20. What is CTS**
- A. Cash Transaction system (in banks)
B. Cheque Transfer System
C. Cheque Truncation System
D. Cash Transfer System
E. None of the above
- (CTS mean Cheque Truncation System – wherein instead of sending cheques physically to clearing house, only scanned images will be sent. It is also called image based clearing. This system already started in many states of India. This reduces the collection of cheques time considerably and is advantageous to the customers)
- 21. What is India's rank in this year's Global Peace Index (GPI) that measured peace in 162 countries?**
- A. 141
B. 110
C. 132
D. 134
E. 152

- 30. Which country will host both the World Cup Football 2014 and Olympics 2016?**
- A. Russia
B. USA
C. Brazil
D. Japan
E. Germany
- 31. Bharat Ratna was instituted in?**
- A. 1954
B. 1955
C. 1961
D. 1969
E. 1960
- 32. The present Pope chosen in March 2013 hails from?**
- A. Canada
B. Mexico
C. Brazil
D. Argentina
E. Uruguay
- 33. 'Paradise Regained' was written by?**
- A. John Keats
B. Charles Dickens
C. John Milton
D. Oliver Goldsmith
E. Lord Byron
- 34. 'CRY' is an NGO which works for the welfare of?**
- A. Senior citizens
B. Cancer patients
C. War victims
D. Children
E. AIDS patients
- 35. The USP of a Current account is?**
- A. High minimum balance
B. No restrictions on transactions
C. No interest payable
D. Restricted deposits
E. None of these
- 36. Leads for Home Loans can be obtained from?**
- A. Traders
B. Trusts
C. Builders
D. Cooperative societies
E. None of these
- 37. The target group for SME loans is?**
- A. Students
B. Housewives
C. Entrepreneurs
D. Salaried persons
E. Government undertakings
- 38. Which of the following terms is used in the field of finance and banking?**
- A. Metabolism
B. Genetic process
C. Centrifugal force
D. Debt instrument
E. Experimental error

39. The National Social Security Fund (NSSF) helps which of the following groups of society?
- A. Bank employees
 - B. Central government employees
 - C. Workers in the unorganized sector
 - D. Workers in the textile industry
 - E. Women employees
40. Which of the following tools is used by the RBI to control credit and monetary situations of the markets?
- A. RTGS
 - B. NEFT
 - C. ECS
 - D. CRR
 - E. Balance of trade
41. Which of the following countries is located in South America?
- A. South Sudan
 - B. South Korea
 - C. Uganda
 - D. Angola
 - E. Uruguay
42. Which of the following is the currency of Myanmar?
- A. Taka
 - B. Dinar
 - C. Kyat
 - D. Yen
 - E. Dollar
43. Which of the following terms is not used in the field of Economics?
- A. Net income
 - B. Cost of project
 - C. Flow of fund
 - D. Balance sheet
 - E. Cold chain
44. Reverse Mortgage scheme is designed keeping which of the following groups of society in consideration?
- A. Defense personnel
 - B. Senior citizens
 - C. Youngsters who just started earning
 - D. Dependent women
 - E. None of these
45. What happens when an economy is in recession?
- A. GDP growth slows down
 - B. Unemployment rate rises
 - C. Bankruptcies rise
 - D. Both 1 and 2
 - E. All 1, 2 and 3
46. Retail investors means which of the following types of stock market investors?
- A. Mutual funds
 - B. Corporate bodies
 - C. Promoters of companies
 - D. Individuals
 - E. FIIs
47. Which of the following is not an agricultural commodity?
- A. Cardamom
 - B. Cumin
 - C. Garlic
 - D. Turmeric
 - E. Sulphur

48. Functions of Reserve Bank are:

- A. Bankers bank
- B. Banker to Government
- C. Lender of last resort
- D. Controlling financial requirements of banks through Repo/Reverse Repo
- E. All the above

49. How many Deputy Governors will be there in RBI:

- A. 3
- B. 5
- C. 7
- D. 4
- E. No Deputy Governor will be appointed

50. Reverse Repo Rate has the following characteristic:

- A. Borrowing by RBI from banks
- B. Borrowing with government security as collateral
- C. Short Term Borrowing
- D. All the above
- E. None of the above

51. Indian commercial banks are categorised into:

- A. Public Sector banks
- B. Foreign Banks
- C. Private Sector Banks
- D. All the above
- E. None of the above

52. Regional Rural Banks have been set up with the basic objective of:

- A. Providing credit to semi-urban and urban population
- B. Providing deposits facilities to farmers
- C. Providing credit and deposit facilities to rural areas
- D. Providing credit, deposit and other banking facilities to people in rural areas
- E. None of the above

53. The following is a mechanism for injecting liquidity by RBI to the financial system:

- A. Reverse Repo
- B. Hike in CRR
- C. Hike in interest rate
- D. Repo
- E. None of the above

54. _____ are Local Institutions functioning like Banks

- A. Local Area Banks
- B. Indigenous Banks
- C. Private Banks
- D. Financial Institutions
- E. All the above

- 55. The first nationalisation of banks exercise was done on:**
- A. 19.07.1969
B. 19.07.1970
C. 19.07.1967
D. 15.08.1967
E. None of the above
- 56. How many banks were nationalised In the second phase in 1980:**
- A. 5
B. 6
C. 7
D. 4
E. 1
- 57. The Basic criteria that was considered while nationalisation of banks in 1969 was the liability base of banks is more than:**
- A. 30 crores or more
B. 40 crores or more
C. 50 crores or more
D. 60 crores or more
E. None of the above
- 58. Which of the following deposits do not attract TDS?**
- A. Fixed Deposits
B. Deposit Reinvestment Deposits
C. Flexi Deposits
D. Call Deposits
E. Recurring Deposits
- 59. At present the rate of interest paid by RBI to Commercial Banks on CRR is :**
- A. 3%
B. 4%
C. 5%
D. No interest
E. Only for above Rs. 1000 crore CRR balance.
- 60. The Cash Reserve Ratio is to be maintained by Commercial Banks in the form of:**
- A. Cash in hand at branches
B. Balance with other banks
C. Balance in a special account with RBI
D. Funds in the currency chest
E. Any of the above options.
- 61. Increasing Cash Reserve Ratio from time to time by Reserve Bank of India leads to:**
- A. Decrease in deposit
B. Increasing in deposit
C. Increase in lendable resources
D. Decrease in lendable resources.
E. Any of the above
- 62. The interest on Marginal Standing Facility sanctioned by RBI to banks is:**
- A. Repo rate plus 1%
B. Repo Rate plus 2%
C. Repo Rate plus 3%
D. One percent less than reverse repo rate
E. None of the above
- 63. Who was the first governor of RBI?**
- A. Osborne Smith
B. James Taylor
C. C.Desh Mukh
D. B.R.Rao
E. None of the above

64. RBI was established in 1935 pursuant to recommendation of:
- A. The Hilton Young Commission
B. All India Rural Credit Survey Committee
C. Gorawala Committee
D. Talwar Committee
E. None of the above
65. One rupee note and all coins will be issued by:
- A. Reserve Bank of India
B. Central Government
C. Central and State Governments collectively
D. None of the above
E. All the above
66. Who will sign One Rupee Note?
- A. Governor- RBI
B. Governors of concerned state governments
C. Finance Secretary, Ministry of Finance
D. Finance Minister
E. None of the above
67. What is MSF?
- A. Marginal Standing Facility
B. Micro and Small Finance
C. Medium Size finance
D. Mid Term Sanction facility
E. None of the above

Answer

- | | | | | | | | |
|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| 1. <i>A</i> | 2. <i>B</i> | 3. <i>B</i> | 4. <i>D</i> | 5. <i>A</i> | 6. <i>D</i> | 7. <i>D</i> | 8. <i>B</i> |
| 9. <i>B</i> | 10. <i>A</i> | 11. <i>A</i> | 12. <i>E</i> | 13. <i>D</i> | 14. <i>A</i> | 15. <i>D</i> | 16. <i>A</i> |
| 17. <i>B</i> | 18. <i>D</i> | 19. <i>D</i> | 20. <i>C</i> | 21. <i>A</i> | 22. <i>E</i> | 23. <i>C</i> | 24. <i>D</i> |
| 25. <i>E</i> | 26. <i>D</i> | 27. <i>D</i> | 28. <i>B</i> | 29. <i>A</i> | 30. <i>C</i> | 31. <i>A</i> | 32. <i>D</i> |
| 33. <i>C</i> | 34. <i>D</i> | 35. <i>B</i> | 36. <i>C</i> | 37. <i>C</i> | 38. <i>D</i> | 39. <i>C</i> | 40. <i>D</i> |
| 41. <i>E</i> | 42. <i>C</i> | 43. <i>E</i> | 44. <i>B</i> | 45. <i>E</i> | 46. <i>D</i> | 47. <i>E</i> | 48. <i>E</i> |
| 49. <i>D</i> | 50. <i>D</i> | 51. <i>D</i> | 52. <i>D</i> | 53. <i>D</i> | 54. <i>B</i> | 55. <i>A</i> | 56. <i>B</i> |
| 57. <i>C</i> | 58. <i>E</i> | 59. <i>D</i> | 60. <i>C</i> | 61. <i>D</i> | 62. <i>A</i> | 63. <i>A</i> | 64. <i>A</i> |
| 65. <i>B</i> | 66. <i>C</i> | 67. <i>A</i> | | | | | |

MULTIPLE CHOICE QUESTIONS-5**OPTIONS SHOWN IN ITALIC FONTS IS THE ANSWER****1. The term 'moral suasion' refers to**

- 1) The moral duty of a borrower to deal with only one bank
- 2) *The advice given by the Reserve Bank of India to banks/financial institutions in the matter of their lending and other operations with the objective that they might implement or follow it*
- 3) The banker's duty of secrecy as regards the affairs and accounts of his customers
- 4) All of the above
- 5) None of the above

2. When the Reserve Bank of India (RBI) is the lender of last resort, what does it mean?

- 1) RBI advances money to public whenever there is any emergency
- 2) Commercial banks give fund to the RBI
- 3) *RBI advances necessary credit against eligible securities*
- 4) All of the above
- 5) None of the above

3. Which public sector bank of India is the first fully Indian bank, established by the Indian national?

- 1) Allahabad Bank
- 2) Central Bank of India
- 3) State Bank of India
- 4) *Punjab National Bank*
- 5) Bank of Baroda

4. Which one of the following is not a money market instrument?

- 1) Repo
- 2) A negotiable Certificate of Deposit
- 3) Commercial Paper
- 4) A Treasury Bill
- 5) *Treasury Bond*

5. Resources of Land Development Banks operating in the country are raised by

- 1) share capital from members which is linked to their borrowings from the bank
- 2) reserves created out of profits
- 3) borrowings comprising of interim accommodation, deposits and debentures
- 4) Only 3
- 5) *All of the above*

6. Land Development Banks provide long-term credit for schemes of basic importance to agriculture as

- (1) mechanization of agriculture i.e., loans for purposes of tractors, power tillers, threshers etc
- (2) land reclamation, soil conservation, plantation of fruit orchards, dairy development schemes etc. involving heavy expenditure
- (3) minor irrigation purposes like wells, dug-cum-bore wells, tube wells, pump sets and irrigation tanks
- (4) Only (1) and (2)
- (5) *All of the above*

7. The paid-up capital of Non-Schedule Bank is less than

- 1) *Rs 5 lakh*
- 2) Rs 10 lakh
- 3) Rs 12 lakh
- 4) Rs 15 lakh
- 5) None of the above

8. In periods of depression when the Reserve Bank of India (RBI) desires to encourage the banking system to create more credit, what it does?

- 1) Permits the Bank Rate to be decided by market forces
- 2) Raises the Bank Rate
- 3) *Reduces the Bank Rate*
- 4) All of the above
- 5) None of the above

9. In terms of section 5 (1)(e) of the Banking Regulation Act, 1949, a 'banking company' means any compo- which

- (1) transacts the business of banking in India
- (2) undertakes lending of money
- (3) accepts deposits from public and invests the same as trade and industry
- (4) accepts deposits from the public
- (5) *All of the above*

10. In periods of boom, which leads to economic instability, the Reserve Bank of India (RBI) resorts to?

- 1) Hike in the Bank Rate as a measure of open market operations
- 2) *Buying of approved securities in the market as a measure of open market operations*
- 3) Sale in the market of first class securities in its possession to reduce the supply of money as a measure of open market operations
- 4) All of the above
- 5) None of the above

11. Which of the following instruments of credit control adopted by the Reserve Bank of India (RBI) does not fall within 'general' or 'quantitative' methods of credit control?

- 1) Bank rate
- 2) Open market operations
- 3) *Stipulation of certain minimum margin in respect of advance against specified commodities*
- 4) Variable reserve requirements
- 5) None of the these

12. Which of the following category of banks were mooted with a view to providing an institutional mechanism for promoting rural and semi-urban savings as well as - the provision of credit for viable economic activities in local areas ?

- (1) Regional Rural Banks
- (2) *Local Area Banks*
- (3) Private sector banks
- (4) Land Development Banks
- (5) All of the above

13. Which of the following extreme measures may be resorted to by the Reserve Bank of India (RBI), in order to safeguard the interest of the depositing public when the affairs of a bank are observed to be beyond redemption?

- 1) Refusal of a licence or cancellation of an existing licence
- 2) Merge the bank with any public sector bank
- 3) Applying to the Central Government for an order of moratorium and thereafter reconstructing or amalgamating the bank with another bank
- 4) *All of the above*
- 5) None of the these

14. Which of the following statements about Local Area Banks are correct ?

- (1) Local Area Banks are required to observe the priority sector lending targets at 40 per cent of net bank credit as applicable to other domestic bank
- (2) Local Area Banks have to lend at least 25 per cent of their priority sector deployments (10 per cent of net bank credit) to weaker sections within the over all 40 per cent target sfor priority sector
- (3) Local Area Banks are registered as a public limited company under the Companies Act, 1956
- (4) Only (1) and (2)
- (5) *All of the above*

15. Life Insurance Corporation of India is a _____ ?

- 1) Department of Govt. of India
- 2) Independent Body
- 3) *Corporation established by a special Act of Parliament*
- 4) Company established under Companies Act 1956
- 5) Non-Governmental Organization (NGO)

16. Which of the following bank became the first in India to be fully computerized?

- 1) State Bank of India
- 2) Punjab National Bank
- 3) Bank of Baroda
- 4) *Bank of India*
- 5) Union Bank of India

17. Demand of which among the following will be called as Direct Demand?

- 1) Weaving Machine
- 2) Wool for Factory
- 3) *Sweater*
- 4) Wool for making gloves
- 5) None of these

18. The 'No Frill Accounts' facility provided by the banks is aimed at which of the following categories of people?

- 1) Corporate world
- 2) Senior citizens
- 3) Current account holders
- 4) *Poor people*
- 5) Government employees

19. In the context of banking business, the increasing trend in the Burden Bearing Ratio would show the following?

- 1) *Less burden bearing capacity of the bank*
- 2) More burden bearing capacity of the Bank
- 3) Gradual increase in the bad debts
- 4) Improvement in the business growth
- 5) None of these

20. Under the 'Swabhiman' above how much population the government has decided to provide banking facilities to unbanked areas?

- 1) 2000
- 2) 3000
- 3) 4000
- 4) 5000
- 5) 6000

21. Which of the following statements are correct in regard to foreign banks operating in India ?

- (1) The parent foreign bank of a wholly owned subsidiary would continue to hold 100 per cent equity in the Indian subsidiary for a minimum prescribed period of operation
- (2) Foreign banks would be permitted to acquire a controlling stake in a phased manner, but only in those private sector banks which are identified by the Reserve Bank for restructuring
- (3) Foreign banks would be allowed to open more than the existing WTO commitment of 12 branches in a year
- (4) Only (1) and (2)
- (5) *All of the above*

22. The issued/paid-up capital of a Regional Rural Bank should be

- (1) Rs. 5 lakh
- (2) *minimum Rs 25 lac and maximum Rs 100 lac*
- (3) Rs. 80 lac
- (4) Rs 60 lac
- (5) None of the above

23. Regional Rural Banks are classified as

- (1) subsidiaries of NABARD
- (2) subsidiaries of the sponsor banks
- (3) *scheduled commercial banks*
- (4) All of the above
- (5) None of the above

24. In which city the Bank of International Settlements (BIS) located?

- 1) New York
- 2) *Basel*
- 3) Washington
- 4) Davos
- 5) Paris

25. Foreign exchange reserves of India are kept in the custody of which of the following?

- 1) International Bank for Reconstruction and Development
- 2) *Reserve Bank of India*
- 3) State Bank of India
- 4) International Monetary Fund
- 5) Government Treasury

26. Which of the following is the oldest public sector bank of India having branches all over the country and serving for the last 147 years and even today?

- 1) Bank of India
- 2) Punjab National Bank
- 3) *Allahabad Bank*
- 4) State Bank of India
- 5) None of these

27. Biometric ATMs have been introduced by many banks recently, to cater to which type of customers?

- 1) Urban customers
- 2) Non-Resident Indians
- 3) People with dubious characters
- 4) *Rural and illiterate people*
- 5) Bank employees

28. Which of the following is also known as the National Bank?

- 1) Reserve Bank of India
- 2) Asian Development Bank
- 3) State Bank of India
- 4) *NABARD*
- 5) None of these

29. Which of the following Acts has specially been enacted to help banks deal with bad loans?

- 1) Negotiable Instrument Act
- 2) Banking Regulation Act
- 3) *SARFAESI Act*
- 4) Companies Act
- 5) Offshore Banking Act

30. For opening a new branch, a Regional Rural Bank requires

- (1) permission of NABARD
- (2) permission of Director, Institutional Finance
- (3) Approval of DRDA
- (4) *RBI license*
- (5) All of the above

31. For which of the following, the Reserve Bank of India has stipulated the maximum capital adequacy requirement?

- 1) Private sector banks
- 2) Banks that undertake insurance business
- 3) *Local Area Banks*
- 4) Scheduled Commercial Banks
- 5) None of these

32. Paid-up share capital of Regional Rural Bank is contributed by

- (1) Central Government only
- (2) State Government only
- (3) *Central Government, State Government and the sponsor commercial bank in the ratio of 50: 15 :35 respectively*
- (4) NABARD, the concerned State Government and the sponsor commercial bank in the ratio of 60 : 20 :20 respectively
- (5) All of the above

33. Regional Rural Banks are empowered to transact the business of banking as defined under

- (1) Regional Rural Banks Act, 1976
- (2) Negotiable Instruments Act, 1881
- (3) *Banking Regulation Act, 1949*
- (4) The Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970
- (5) None of the above

34. Regional Rural Banks are managed by

- (1) Reserve Bank of India
- (2) the State Government
- (3) the sponsor bank
- (4) a *board of directors*
- (5) All of these

35. The Difference between Gross Domestic product and Net Domestic product is

- 1) Government Revenue
- 2) Net Indirect Tax (Indirect Tax Subsidy)
- 3) Consumption of fixed Capital
- 4) *Net Capital Formation*
- 5) None of these

36. Under which category will you classify Regional Rural Banks ?

- (1) *Scheduled Commercial Banks*
- (2) Co-operative banks
- (3) Private sector banks
- (4) Development banks
- (5) None of these

37. From which of the following financial organizations of the world, India had taken soft loan for recapitalization of banks?

- 1) Asian Development Bank
- 2) International Monetary Fund
- 3) International Donors' Group
- 4) *World Bank*
- 5) Bank of China

38. On the current account balances maintained by the Regional Rural Banks with them, the commercial banks may

- (1) pay interest up to 9 per cent
- (2) *pay interest at such rates as may be mutually agreed to*
- (3) pay interest as applicable to savings accounts
- (4) waive incidental charges
- (5) All of the above

39. Where is the headquarter of Asian Development Bank (ADB) located?

- (1) *Manila*
- (2) Singapore
- (3) Frankfurt
- (4) Bangkok
- (5) Kathmandu

40. The headquarter of Bank of India is located in which of the following city?

- (1) Kolkata
- (2) New Delhi
- (3) *Mumbai*
- (4) Manipal
- (5) Chennai

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- (4) Manipal
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47. All regional rural banks (RRBs) are required to maintain their entire statutory liquidity ratio (SLR) in

- (1) current accounts with sponsor banks
- (2) time deposits with sponsor banks
- (3) *government and other approved securities*
- (4) gold holdings only
- (5) All of the above

48. The Regulatory Authority for Regional Rural Banks is

- (1) *RBI and NABARD*
- (2) Central Government
- (3) State Government
- (4) Sponsor bank
- (5) All of the above

49. Through which of the following the funds to the projects aided by the World Bank and the International Monetary Fund (IMF) are distributed?

- 1) Regional Branches of RBI
- 2) NABARD
- 3) Integrated Rural Development Programme
- 4) *Agriculture Corporation Refinance and Development*
- 5) Ministry of Finance

50. Which of the following conditions are required to be fulfilled by a Regional Rural Bank to be eligible for opening of new branches ?

- (1) It should not have defaulted in maintenance of SLR and CRR during the last two years
- (2) Its net worth should show improvement and its net NPA ratio should not exceed 8 per cent
- (3) It should be making operational profits
- (4) Only (1) and (2)
- (5) *All of the above*

51. Co-operation as a form of economic activity was formally recognized in India in the year 1904 when

- (1) Mahatma Gandhi inaugurated the first Indian co-operative bank
- (2) the first co-operative bank was established in Bombay
- (3) *the first Co-operative Societies Act was passed*
- (4) All of the above
- (5) None of the above

52. Which of the following is NOT a part of India's Money Market?

- 1) Bill Market
- 2) Call Money Market
- 3) Banks
- 4) Mutual Funds
- 5) *Indian Gold Council*

53. Under the Banking Regulation Act, 1949, which of following is not qualified to be called as banks in the co-operative sector?

- (1) Urban Co-operative Banks
- (2) *Primary Agricultural Credit Societies*
- (3) State Co-operative Banks
- (4) Central Co-operative Banks
- (5) All of the above

54. Which of the following public sector banks has recently celebrated its centenary year?

- 1) *Central Bank of India*
- 2) Allahabad Bank
- 3) State Bank of India
- 4) Bank of Maharashtra
- 5) Bank of Baroda

55. The primary function of a central co-operative bank is to

- (1) to channelize the flow of funds from the State co-operative banks
- (2) mobilize the resources in the district for financing its members to the maximum extent possible
- (3) *Both of these*
- (4) Only 2
- (4) None of the above

56. Which of the following Bank in 2012 has celebrated its 30th year of continuous service?

- 1) RBI
- 2) SIDBI
- 3) Central Bank of India
- 4) *NARARD*
- 5) SBI

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67. Which of the following organizations/agencies works solely to monitor and arrange flow of agriculture credit in India ?

- (1) *NABARD*
- (2) SIDBI
- (3) RBI
- (4) SEBI
- (5) None of these

68. The RBI has decided to stop circulation of the coin of which of the following denominations from June 2011 ?

- (1) 50 p.
- (2) Rs 1
- (3) Rs 2
- (4) *25 p.*
- (5) Rs. 5

69. Insurance companies in India are regulated by

- (1) RBI
- (2) AMFI
- (3) SEBI
- (4) *IRDA*
- (5) NABARD

70. Department of Economic Affairs is part of which of the following Ministries ?

- (1) Ministry of Home Affairs
- (2) Ministry of Planning
- (3) *Ministry of Finance*
- (4) Ministry of Heavy Industries & Public Enterprises
- (5) Ministry of Rural Development

71. The currency notes of which of the following denominations are not printed in India ?

- (1) Rs 5
- (2) Rs 10
- (3) Rs 50
- (4) Rs 1,000
- (5) *Rs 2,500*

72. Union Budget which is presented every year in the parliament is also known as

- (1) Annual Budget
- (2) Common Budget
- (3) *General Budget*
- (4) Finance Report of the year
- (5) Statement of Allocation of funds

73. Which of the following is not the name of a bank, functioning in India ?

- (1) Central Bank of India
- (2) *Aegon Religare*
- (3) United Bank of India
- (4) Dena Bank
- (5) Citi Bank

74. When banks accept a fixed sum of money from an individual for a definite term and pay on maturity with interest, the deposit is known as

- (1) demand deposit
- (2) *term deposit*
- (3) bond
- (4) mortgage
- (5) advance

75. Which of the following terms is NOT used in Banking/Finance related matters ?

- (1) Discount Rate
- (2) Letter of Credit
- (3) Cheque Clearing
- (4) General Ledger
- (5) *Law of Motion*

76. Which of the following is a leading electronic payment technology firm ? (The logo of the firm can be seen printed on credit cards/ATM centres etc.)

- (1) *Visa*
- (2) Max
- (3) BSE
- (4) Sensex
- (5) SWAP

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- (2) Max
- (3) BSE
- (4) Sensex
- (5) SWAP

87. 'Global Market' means market of

- (1) USA
- (2) China
- (3) OPEC members
- (4) European Union Countries
- (5) *All major countries and their alliances*

88. What is the full form of 'CRR' as used in banking sector ?

- (1) Crucial Reserve Rate
- (2) Credit & Reserve Ratio
- (3) Compulsory Return Rate
- (4) *Cash Reserve Ratio*
- (5) None of these

89. What is the full form of LAF, the term used in banking world very frequently ?

- (1) Legal Adjournment Formality
- (2) *Liquid Advance & Finance*
- (3) *Liquidity Adjustment Facility*
- (4) Late Arrival of Finance
- (5) Local Advance Finance

90. Where is the headquarter of the International Monetary Fund (IMF) ?

- (1) Geneva
- (2) *Washington DC*
- (3) London
- (4) Manila
- (5) Paris

91. Whenever somebody needs foreign currency against Indian Rupee, banks give equivalent amount of desired currency based on prevalent

- (1) bank rate
- (2) currency rate
- (3) policy rate
- (4) *exchange rate*
- (5) base rate

92. Foreign currencies are represented in various abbreviations. What is meant by USD ?

- (1) UAE Dinar
- (2) *US Dollar*
- (3) Unit of Currency of Denmark
- (4) Ukrainian Soviet Dollar
- (5) None of these

93. Many Regional Rural Banks were given licenses to open branches in small cities and towns. These licenses were given by -

- (1) Indian Banks' Association
- (2) *NABARD*
- (3) RBI
- (4) Cabinet Committee on economic affairs
- (5) None of these

94. Banks recover term loan from the parties in EMIs. What the letter 'E' represents in the term?

- (1) Easy
- (2) Effective
- (3) *Equated*
- (4) Essential
- (5) Economical

95. Which of the following is NOT a scheduled Commercial Bank ?

- (1) HDFC Bank
- (2) Axis Bank
- (1) IDBI Bank
- (4) *NABARD*
- (5) SBI

96. Which of the following Acts is specially launched to facilitate banks in recovery of bad loans?

- (1) RBI Act
- (2) Banking Regulation Act
- (3) *SARFAESI Act*
- (4) Companies Act
- (5) Income Tax Act

97. Which of the following organizations/agencies is not associated with the world of banking and finance?

- (1) SEBI
- (2) AMFI
- (3) RBI
- (4) ECGC
- (5) *ONGC*

98. The financial results of banks and other organizations normally are expressed in quarters. What does Q -1 means ?

- (1) Results of January - March
- (2) *Performance during April - June*
- (3) Profits during July - September
- (4) The period when the profits were highest
- (5) None of these

99. Which of the following certainly is an effort in the direction of Financial Inclusion ?

- (1) *No-frills Accounts*
- (2) Foreign Currency Accounts
- (3) Internet Banking
- (4) Anywhere Banking
- (5) All of these

100. How many banks were nationalized in July 1969, when first Nationalization took place ?

- (1) 5
- (2) 8

- (3) 10
- (4) 14
- (5) None of these

101. Which of the following is called the Bankers' Bank in India?

- (1) State Bank of India
- (2) Central Bank of India
- (3) *Reserve Bank of India*
- (4) NABARD
- (5) None of these

102. Who amongst the following CANNOT work as a 'Business Correspondent, as given in the scheme launched by the banks ?

- (1) Self Help Group
- (2) Post Office
- (3) *Kirana Store*
- (4) A Bank Officer
- (5) Cooperative Society

103. Where is the Headquarter of Indian Bank located?

- (1) Mumbai
- (2) New Delhi
- (3) Mangalore
- (4) *Chennai*
- (5) Kolkata

104. Who amongst the following Padma Bhushan Awardees is a famous banker ?

- (1) Mr. Azim H. Premji
- (2) *Ms. Chanda Kochhar*
- (3) Ms. Kapila Vatsyayan
- (4) Mrs. Waheeda Rehman
- (5) Mr. Brajesh Mishra

105. Whose signature does a one rupee note bear -

- (1) Governor of RBI
- (2) Dy. Governor of RBI
- (3) Finance Minister
- (4) *Finance Secretary*
- (5) None of these

106. We often heard about M-Banking. What does M stands for?

- (1) Money
- (2) Memory
- (3) *Mobile*
- (4) Mobility
- (5) None of these

107. Some banks are financing projects like “Construction Roads/Bridges etc. Financing such projects means banks are helping exactly in —

- (1) Developing Core Sector Industry
- (2) Project Management
- (3) *Infrastructural Development*
- (4) Financial Inclusion
- (5) All of these

108. As we know lot of new concepts are being used in the field of banking these days. Which. of the following is NOT one such concept/product directly associated with banks?

- (1) E-payment
- (2) SMS Alert
- (3) ATM/Debit Card
- (4) Demat Account
- (5) *Number Portability*

109. Which of the following is NOT a Nationalized Bank in India?

- (1) Union Bank of India
- (2) Central Bank of India
- (3) *Yes Bank*
- (4) Syndicate Bank
- (5) Indian Bank

110. Sub-prime lending refers to

- (1) lending to the customers who are most valued for the bank.
- (2) lending to the customers who come to the bank for the very first time
- (3) *lending to the people with less than standard credit status*
- (4) lending to the people who live a sub-standard life.
- (5) None of these

111. Which of the following cannot be a feature of a Debit card?

- (1) These cards cannot be used as POS Centres
- (2) Banks earn huge amount as penalties for defaulting on payment through these cards.
- (3) Can be used normal withdrawals.
- (4) *Only 1 and 2*
- (5) All 1,2 and 3

112. The Banking Ombudsman

- (1) is in charge of bank loans for buses
- (2) fixes the rates of interest for loans
- (3) *resolves complaints of customer*
- (4) is the head of all nationalized bank
- (5) none of these

113. Insurance cover for bank deposits in our country is provided by

- (1) SBI
- (2) Government of India
- (3) *DICGC*
- (4) GIC
- (5) None of these

114. The drawee of a cheque can be

- (1) one person
- (2) two person
- (3) any legal or juristic person
- (4) *a bank*
- (5) none of these

115. Which of the following is an economic term?

- (1) Plaintiff
- (2) Bunker
- (3) Lampoon
- (4) *Deflation*
- (5) None of these

116. The following contains an order to pay money

- (1) Bill of exchange
- (2) Cheque
- (3) Promissory Note
- (4) *Only (1) and (2)*
- (5) None of these