

1. Which of the following statements is true?

- a) The licence to open branches of bank is granted by Board of Directors of that Bank
- b) There is no need of licenses to open branch of a bank
- c) A licence to open a branch is issued by the Central Government
- d) A licence to open a branch is issued by the Reserve Bank of India under the provisions of Banking Regulation Act, 1949

2. The important condition for granting licence of banking companies is?

- a) Banking company need not plan to pay for future depositors
- b) Banking company can plan for its capital structure once the licence is granted
- c) The business undertaken by the banking company should not frustrate the interest of public
- d) The banking company can undertake business other than banking with the permission of annual general body

3. Who of the following is not a party to the IPO?

- a) Registrar of Issue b) Investment Banker c) Advertisement Agency d) Registrar of Companies

4. Which of the following is not shown as an asset in the balance sheet of a Bank?

- a) Investments b) Advances c) Cash Balances with other banks d) Borrowings

5. The credit policy of a bank does not consists of?

- a) Lending policies b) Quality control c) Loan product mix d) Advertising of loan products

6. Which of the following is a function of the agent bank relating to flow of money in the process of loan syndication?

- a) Receiving notices relating to cancellation of any part of the loan
- b) Calling of loans in the event of default
- c) Receiving the fee from the borrower and distributing among the participating banks
- d) Receiving notices relating to transfers of banks

7. Which of the following is the parameter to recognize the SSI unit as sick unit?

- a) The erosion in the net-worth due to accumulated losses is up to 25% of its net worth during the previous account year
- b) The erosion in the net-worth due to accumulated losses is up to 50% of its net worth during the previous account year.
- c) The unit should have been in commercial production for at least five years
- d) Lack of updations in technological development

8. Which of the following is not the service provided by the Small Industries Service Institute?

- a) Providing entrepreneurship development programs
- b) Developmental efforts
- c) Export promotion and liaison activities
- d) Financial support

9. Service Area Approach (SAA) is associated with?

- a) Rural and Semi-urban branches of commercial banks
- b) Urban branches of commercial banks
- c) Branches of commercial banks situated in metro cities
- d) Development banks

10. Which of the following cannot be securitized?

- a) Future rentals of a fishing boat
- b) Hire purchase receivables
- c) Demand drafts received by the banker during clearing
- d) Future billings for an airline

11. Which of the following statements is true?

- a) The special purpose vehicle (SPV) purchases the assets from the borrower directly during the securitization
- b) The originator and obligor are the same persons in securitization process
- c) Administrator collects the payments due from the obligor and passes it to the SPV and follows with defaulters
- d) Mortgage based securitization provides high yields to the investor

12. The important feature of an anticipatory letter of credit is that?

- a) The letter of credit can be used as back- to- back letters of credit
- b) The beneficiary under the letter of credit may receive payment even at the pre-shipment stage
- c) The beneficiary under the letter of credit may receive payment even at the post-shipment stage
- d) The cash advance is not permitted against such letter of credits

13. The Shipping guarantee is a?

- a) Type of a letter of credit
- b) Guarantee issued by the ship captain to the purchaser
- c) Guarantee issued to the borrower towards the loan granted by the shipping company
- d) Deferred payment guarantee issued by a banker at the request of the consignee when the documents are not received and goods are received, for facilitating the delivery of goods.

14. Which of the following statements is true?

- a) The charge card is a credit instrument
- b) Under this facility the cardholders need to pay amount within ten installments
- c) Cardholder has to pay the 100% of the purchase amount within 30 days of purchase
- d) The charge card shall have revolving credit

15. Which of the following is not augmented feature of a credit card?

- a) Personal accident insurance
- b) Cash withdrawals
- c) Add-on facility
- d) Issue of deferred guarantee

16. Which of the following is the disadvantage of going for public issue?

- a) Liquidity to existing shares
- b) Increase in visibility and reputation to the company
- c) Better pricing and placement with new investors
- d) Need to make continuous disclosures

17. Which of the following is not a criterion to select the Investment Bankers?

- a) No professional memberships or incorporations are required
- b) General reputation in the market
- c) Good rapport with market intermediaries
- d) Distribution net work of the organization

18. Which of the following is not an asset of a bank?

- a) Notes and small coins
- b) Overdue recurring deposits
- c) Short term loans
- d) Staff advances

19. The banking company has restriction to sanction loan to?

- a) Directors of the bank

- b) Staff working in the bank
- c) Students going abroad
- d) Professionals

20. Which of the following is a non-depository institution?

- a) Credit unions
- b) Commercial banks
- c) Mutual funds
- d) Regional rural banks

21. The disadvantage associated with leasing company is?

- a) Low costs
- b) Flexibility in payments
- c) Eliminates the risk of obsolescence
- d) High competitions because of entry to all financial institutions

22. Which of the following theory is associated with the financial system in the economic growth?

- a) Retributive theory
- b)) Reformative theory
- c) Financial repression theory
- d) Jurisdictional theory

23. Which of the following is not a financial intermediary in the financial markets?

- a) Pension funds
- b) Credit unions
- c) Life insurance companies
- d) Small scale service institute.

24 Which of the following is not a function of a commercial bank?

- a) Registration of charges and mortgages
- b) Transactions services
- c) Asset transaction
- d) Real-time Gross Settlement

25. Which of the following is one of the three pillars of new Basel Capital Award?

- a) Market competitions
- b) Market rapport
- c) Market discipline
- d) International market relations

26. The interest in savings bank accounts of a bank is calculated on?

- a) Minimum amount of balance that is maintained in the account in between 10th and the last day of

month

b) Maximum amount of balance that is maintained in the account in between 10th and the last of month

c) Minimum amount of balance that is maintained in the account in between 1st and the last day of month

d) Maximum amount of balance that is maintained in the account in between 1st and the last of month

27. The credit policy of a bank does not deal with?

a) Credit risk management

b) Documentation standards

c) Review and renewal of advances

d) Outstanding balances in deposit accounts

28. Issuing credit cards is a component of ?

a) Corporate banking

b) Rural banking

c) Retail banking

d) Micro finance

29. The origin of bank instruments can be traced to?

a) The priests and worship places of public deposits

b) Goldsmith receipts

c) Bonds issued by the British Government in India

d) Bank notes issued by Bank of Venice

30. Which of the following is not the function of commercial banks?

a) Providing transaction services

- b) Intermediation in financial services
- c) Providing transformation services
- d) Regulating the issue of bank notes

31 Which of the following is the most important challenge before the commercial bank?

- a) Maintenance of foreign currency
- b) Evaluating the need of the customers
- c) Maintenance of SLR and CRR
- d) Meet the technological revolution

32. The asset's side of balance sheet consists of ?

- a) Cash balances with other banks
- b) Fixed deposits of customers
- c) Savings deposits
- d) Recurring deposits

33. Which of the following is an income for a bank?

- a) Depreciation on bank's property
- b) Interest on inter bank borrowings
- c) Profit on revaluation of investments
- d) Provisions made on account of write-offs

34. Saving Bank Account can be opened in the name of ?

- a) State text book printing corporations
- b) District level housing cooperative societies
- c) Communist Party of India
- d) Aravind Samuel, Anurag Deepak and Amarish Sugandhi Jointly

35. The interest on recurring deposit is paid on the basis of ?

- a) Simple interest calculated monthly basis
- b) Simple interest on monthly products basis
- c) Quarterly compounding
- d) Interest calculated on daily products basis

36. Which of the following statements is true?
i. Term deposits are non-transaction deposits
ii. Cheques can be issued on short-term deposits
iii. All term deposits are interest bearing deposits

a) (i) only
b) (ii) only
c) (iii) only
d) (i) and (iii)

37. The credit policy laid down by the top management of a bank does not deal with?

- a) Credit risk management
- b) Pricing of the credit products
- c) Appraisal of time and demand deposits
- d) Documentation standards.

38. Which of the following factors is not required to be considered to analyze the repayment capacity of a borrower?

- a) Working capital management
- b) Personal educational qualifications
- c) Financial leverage
- d) Interest rate risk management

39. Which of the following is a facilitating service of core loan products of retail banking services?

- a) Current or savings accounts
- b) Legal services for documentation
- c) Delivery of loan at promised time period
- d) Flexibility in prepayment of loan

40. Which of the following is an most important advantage of retail banking on the resource side?

- a) Consumer loans are low risk products
- b) Innovative product development and disbursal

- c) Increases the subsidiary business of a bank
- d) Requires less efforts to market retail loan products

41. Lenders may not provide trade-offs to the borrowers on the basic term of consumer installment credit relating to?

- a) Interest rate
- b) Maturity of the loan
- c) Maturity of the deposit
- d) Quantum of finance

42. Which of the following is the risk associated with the retail banking?

- a) Strong recovery strategy
- b) Definite lending limits
- c) Effective credit process and proposals
- d) Inadequate risk pricing

43 The advantage of consortium finance is?i. Speedy transactions and individual approachii. Involvement of huge amountsiii. Use of expertise of all the banks

- a) (i) onlyb) (ii) onlyc) (iii) onlyd) (i), (ii) and (iii)

44 Which of the following is not a function of the agent bank in loan syndication?

- a) Ensuring the compliance of conditions precedent under the loan agreement
- b) Determining the LIBOR interest rate for each interest rate
- c) Planning for future syndication of loans
- d) Receiving notices relating to cancellation of any part of the loan

45. Which of the following is not a phase/step in the formation of loan syndication?

- a) Finalization of supply agreement
- b) Identify the needs of the borrower
- c) Preparation of information memorandum
- d) Invite other banks to participate

46. Which of the following statements is true?

- a) SSI is an undertaking in which the investments in fixed assets in plant and machinery does not exceed one million
- b) Small and medium enterprises both in size and shape are not homogenous in nature
- c) The small and medium enterprises contribution towards the GDP is nominal
- d) Small and medium enterprises do not support the large industries.

47. The Nayak Committee has suggested the turnover method for assessing the working capital and pegged it at?

- a) 15% of the projected annual turnover, as working capital limit
- b) 20% of the projected annual turnover, as working capital limit
- c) 25% of the projected annual turnover, as working capital limit
- d) 30% of the projected annual turnover, as working capital limit

48. Which of the following is not a part of the rehabilitation package granted for revival of sick industry?

- a) Waiver of penal interests
- b) Funding by sanctioning of term loans towards the unpaid installments of loans
- c) Grant of additional working capital loans
- d) Not demanding the promoters contribution towards the rehabilitation package

49. Service Area Approach is associated with?

- a) Industrial finance

- b) Microfinance
- c) Rural finance
- d) Consortium finance

50. Which of the following resources cannot be securitized?

- a) Credit balances outstanding in cash credit accounts
- b) Credit Card receivables
- c) Hire purchase receivable
- d) Mortgage in lieu of future payments

51. Which of the following is a type of anticipatory letter of credit?

- a) Green clause letter of credit
- b) Yellow clause letter of credit
- c) Back to back letters of credit
- d) Revolving letter of credit

52. Performance guarantee is issued?

- a) In lieu of earnest money
- b) In lieu of retention money
- c) In lieu of indemnity bonds
- d) For successful competition of Turnkey projects

53. Which of the following is not a transfer of funds by using the electronic media?

- a) Mail transfer of fund
- b) Telegraphic transfer of funds
- c) Electronic credit transfers

d) Electronic clearing transfers

54. Which of the following is not an augmenting feature of credit cards?

- a) Personal accident insurance
- b) Cash withdrawal facility
- c) Add-On facility
- d) Automatic recovery of interest on term loans

55 Which of the following is a disadvantage of going public issue?

- a) Provides liquidity to existing shares
- b) Commands better pricing than placement with few investors
- c) Increased regulatory norms
- d) Enables valuation of the company

56 Which of the following is not a reason for regulating the banking operations?

- a) Banks hold a major portion of the public savings
- b) Banks intermediate between the savings and investments
- c) Banks hold a large part of the money supply
- d) Banks earn profit from non-fund services

57. Which of the following statements is true?

- a) Reserve Bank of India empowers the banks to open branches according to their will and pleasure
- b) Reserve Bank of India is a central bank which monitors only lending activities pertaining to export credit
- c) Banks have authority to establish the ATMs at their convenience
- d) Rural banks of commercial banks do not have freedom to issue credit cards

58. When the customer withdraws cash from ATM, the banker and customer relation ship is?

a) Debtor and Creditor b) Creditor and Debtor c) Lessor and Lessee d) Agent and principal

59. Which of the following is a public sector Bank?

a) IDBI b) ICICI c) AXIS d) HDFC

60. Trade control in India is regulated by?

a) RBI b) SEBI c) EXIM Bank d) DGFT

61 Which of the following businesses is prohibited as per Sec 8 of B.R Act 1949?

a) Executing the trusts b) Leasing c) Retail trading d) Underwriting

62. Which of the following is not one of the essential elements of internal audit?

a) Totality b) Expertise c) Independence d) Subjectivity

63. The letter of credit, which facilitates the exporter to get pre- shipment finance (from the stage of purchase of rawmaterial until the warehousing of the finished goods) from advising bank is called?

a) Red Clause LC b) Lines of credit c) Packing credit loan d) Green Clause LC

64. A term loan is classified as a non-performing asset, if interest or installment is overdue for period exceeding how many days?

a) 90 b) 91 c) 180 d) 182

65. Which of the following is an interest bearing demand deposit?

a) Time Deposit b) Re-investment deposits c) Cash Certificates d) Savings Bank account

66. Debt Recovery Tribunals accept petitions from Banks and financial institutions, only when the amount of suit is for Rs?

- a) 1 00 000 and above b) 5 00 000 and above c) 7 50 000 and above d) 10 00 000 and above

67. An endorsement is deemed as an instruction to?

- a) Collecting Bank b) Paying Bank c) Drawer d) Payee

68. Ideal Credit deposit ratio for a bank is?

- a) 60% b) 40% c) 90% d) 30%

69. The rate at which RBI rediscounts the bills of commercial banks is called as?

- a) Bank Rate b) Prime Lending rate c) Repo rate d) BPLR

70. Which of the following is not one of the RBI directives on clean note policy?

- a) Currency note packets are not to be stapled and secured with paper bands b) Soiled notes are to be stapled before they are remitted to Currency Chest. c) Water mark window of bank notes shall not contain any writings d) Currency notes are to be sorted in to Issuable and non-issuable notes.

71. Which of the following committees are related to 'Micro financing'?

- a) Nayak Committee b) Tandon committee c) Vyas Committee d) Narasimham committee

72. The relation ship between RBI and the Bank maintaining the currency chest is that of?

- a) Debtor and Creditor b) Principal and Agent c) Bailor and Baileed) Creditor and Debtor

73. Normally, the number of members in a self Help Group shall not exceed?

- a) 10 b) 20 c) 50 d) 15

74. Short fall in fulfilling the targets of Priority sector and agricultural finance by domestic

commercial banks shall be deposited with/in? a) RIDF b) SIDBI c) RBI d) IDBI

75. The maturity value of a Recurring deposit with a monthly contribution of Rs 500 kept for a period of 12 months, at 9% interest rate compounded quarterly would be Rs. ? a) 6,265 b) 6,625 c) 7,255 d) 7,555

76. Which of the following is not an imperfect note?

a) Washed note b) Bleached note c) Mutilated note d) Oiled note

77. Credit rating helps in measuring the credit risk and facilitates?

a) Considering higher credit limits b) Making loan provisioning at an early stage c) Accurately calculate the probable loan losses d) Pricing of a loan

78. The Reverse Repo has the following characteristic?

a) Borrowing by RBI from banks b) Borrowing with government security as collateral c) Short term borrowing d) All of these

79. Under the Nayak Committee recommendations, the quantum of working capital limits from the bank is minimum percentage of the projected annual sales?

a) 5% b) 15% c) 20% d) 25%

80. Banks insist on providing finance for those projects or activities only which they consider to be viable. What is meant by viability of project?

a) Capacity to generate cash, adequate to service debt and surplus for borrower's personal requirement. b) Generation of cash to meet debt liability c) Generation of profits. d) Generation of gross profits

81. Letter of negative lien obtained from borrower by a bank contains?

a) An undertaking that the property mortgaged to the bank is his own

b) A confirmation that the borrower had earlier deposited title deeds to create mortgage on the property.

- c) An undertaking not to create any encumbrance/lien on the property which he owns but not yet mortgaged to the bank
- d) A declaration that he is the joint owner of the property furnishing the details of his share and valuation thereof.

82. Which of the following statement is CORRECT?

- a) Consortium advances to be treated as NPA on the basis of recovery by individual banks
- b) If one facility of a borrower is treated as NPA other facilities to him also to be treated as NPA even if there are no irregularities in that account.
- c) Consortium must be formed if the total exposure of fund based limit exceeds Rs 100 crore.
- d) Both (a) and (b)

83. If an IPO is under-priced, which of the following can be considered as consequences/implications of the same? I. The company loses the opportunity to raise more funds II. Under pricing would give less returns to the investor III. Under pricing results in lower net worth on an increased equity.

- a) Only (II) above
- b) Only (III) above
- c) Both (I) and (III) above
- d) Both (II) and (III) above all.

84. Corporate Bank files suit for recovery of its loan against the guarantor only and not the borrower. Guarantor pleads in the court that before filing suit against him, money should be recovered from the borrower. In such circumstances, the bank can seek recourse in the court against?

- a) All the liable parties together only
- b) Any one of them at a time
- c) All separately
- d) At its discretion it can proceed against any one

85. A letter of credit (LC) wherein the credit available to the customer gets reinstated after the bill is paid is known as?

- a) Back to back LC
- b) Red clause LC
- c) Back to front LC
- d) Revolving LC

86. Regional Rural Banks are?

a) Private Sector scheduled commercial banks
b) Cooperative banks
c) Foreign banks
d) Public sector scheduled commercial banks

87. Large corporate customers demand?

a) Short term products from their banks irrespective of the cost at their times of need.
b) Increasingly sophisticated products from their banks at the lowest possible cost.
c) Disintegrated financial products from their banks at the lowest possible cost.
d) Basic banking products from their banks but with speed and efficiency.

88. Funded Services under corporate banking does not include?

a) Working Capital Finance
b) Bill Discounting
c) Export Credit
d) Letters of Credit

89. Which of the following is not directly involved in rural lending?

a) Cooperatives
b) RRBs
c) Commercial banks
d) SIDBI

90. PACSs provide?

a) Mainly long term credit
b) Mainly short term credit
c) Both long term and short term credit
d) Do not provide any credit

91. The purpose of which is to make credit of available to essential sectors of the economy according to national priorities?

a) Selective Credit Control (SCC)
b) Maintenance of cash reserve
c) Reserve fund
d) Comprehensive Credit Control

92. The system of note issue followed by the RBI is?

a) Proportional reserve system
b) Minimum reserve system
c) Minimum fiduciary system
d) Maximum fiduciary system

93. The rate at which the Reserve Bank of India lends to the commercial banks in very short term against the backing of the Government securities is known as?

a) Bank rate b) Repo rate c) Reverse Repo d) Discount rate

94. Scheduled banks are those?

- a) Included in the 2nd schedule of the Banking Regulation Act-1949
- b) Included in the 2nd schedule of the Companies Act-1956
- c) Included in the 2nd schedule of the Reserve Bank of India Act -1934
- d) Bank Nationalization Act -1969

95. The following is classified as a public sector bank?

- a) ICICI Bank b) IDBI Bank Ltd c) Axis Bank d) Local area bank

96. The banker-customer relationship in credit card payment is?

- a) Creditor-debtor b) Debtor-creditor c) Agent principal d) Principal-agent

97. The base rate is set by?

- a) Individual banks b) RBI c) Government of India d) RBI in consultation with Government

98. State Bank of India's new floating rate of deposit is directly linked to?

- a) Inflation Rate b) BPLR c) Base Rate d) Bank Rate

99. Six private sector banks were nationalised on April 15, 1980, whose reserves were more than?

- a) 100 Crores b) Rs. 200 crores c) 300 crores d) 400 crores

100. Security printing press was established in 1982 at?

- a) Kolkata b) New Delhi c) Bombay d) Hyderabad

Answers

1) d 2) c 3) d 4) d 5) d 6) c 7) b 8) d 9) a 10) c 11) c 12) b 13) d 14) c 15) d 16) d 17) a 18) b 19) a
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