

FINAL ANSWER KEY

Paper: Elements of Banking - I PAPER
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Question1:-RBI (Reserve Bank of India) was started in the year

- A:-1949
- B:-1935
- C:-1934
- D:-1947

Correct Answer:- Option-B

Question2:-The Indian Bank Act was passed in _____ to bring banks with in the ambit of the Reserve Bank.

- A:-1938
- B:-1939
- C:-1949
- D:-1947

Correct Answer:- Option-B

Question3:-The Head Quarters of RBI is at

- A:-Mumbai
- B:-New Delhi
- C:-Chennai
- D:-Bangalore

Correct Answer:- Option-A

Question4:-The RBI issued its own bank notes in

- A:-January 1938
- B:-February 1939
- C:-January 1939
- D:-March 1939

Correct Answer:- Option-A

Question5:-The main source of profit of a bank

- A:-Commission
- B:-Interest
- C:-Penal Interest
- D:-Service charge

Correct Answer:- Option-B

Question6:-Credit Information Bureau (India) Ltd CIBIL was established to obtain and share data on

- A:-Deposits
- B:-Financial intermediaries
- C:-Borrowers
- D:-All of the above

Correct Answer:- Option-C

Question7:-Which of the following is not an agency service of banks

- A:-Sale of Insurance
- B:-Mutual fund
- C:-Govt. business
- D:-Safe custody of valuables

Correct Answer:- Option-D

Question8:-In 1996 Reserve Bank became a member of

- A:-IMF
- B:-European economic community
- C:-Bank for international settlement

D:-ADB (Asian Development Bank)

Correct Answer:- Option-C

Question9:-Long term financial soundness of a bank is called

A:-Liquidity

B:-Solvency

C:-Viability

D:-Profitability

Correct Answer:- Option-B

Question10:-Agriculture Refinance Corporation was set up in July 1963, as a subsidiary of

A:-RBI

B:-NABARD

C:-SBI

D:-NCDC

Correct Answer:- Option-A

Question11:-No of banks nationalised in the year 1969 by Government of India

A:-6

B:-8

C:-10

D:-14

Correct Answer:- Option-D

Question12:-Which one is not a Nationalised Bank?

A:-Canara Bank

B:-Indian Overseas Bank

C:-HDFC Bank

D:-Dena Bank

Correct Answer:- Option-C

Question13:-Banking through internet, ATM and smart cards is called

A:-Virtual Banking

B:-e-Banking

C:-Modern Banking

D:-None of these

Correct Answer:- Option-A

Question14:-1961, the failure of two commercial banks, led to deliberations on the need for deposit insurance. The banks are

A:-Lakshmi bank and Nedungadi Bank

B:-Palai Central Bank and Cochin Bank

C:-Nedugadi Bank and Cochin Bank

D:-Palai Central Bank and Lakshmi Bank

Correct Answer:- Option-D

Question15:-_____ came into existence in June 1964 with the Reserve Bank wholly contributing the capital of Rs. 10 crores.

A:-NCDC

B:-UTI

C:-IDBI

D:-ICICI

Correct Answer:- Option-C

Question16:-The first insurance company was started in India in 1818 at

A:-Chennai

B:-Mumbai

C:-Kolkata

D:-New Delhi

Correct Answer:- Option-C

Question17:-According to section 49 of the _____ Act the bank rate is defined.

- A:-RBI Act
- B:-BR Act
- C:-Indian Paper Currency Act
- D:-None of the above

Correct Answer:- Option-A

Question18:-In bank guarantee, the number of parties involved in the agreement are

- A:-two
- B:-many
- C:-one
- D:-three

Correct Answer:- Option-D

Question19:-Factoring Service means

- A:-Collection of bills
- B:-Discounting of bills
- C:-Maintenance of account books
- D:-All of the above

Correct Answer:- Option-D

Question20:-In 1921, three banks viz the bank of Bengal, the bank of Bombay, the bank of Madras were amalgamated into one bank which is

- A:-SBI
- B:-RBI
- C:-IOB
- D:-None of these

Correct Answer:- Option-A

Question21:-MICR code consists of _____ digit.

- A:-9
- B:-8
- C:-6
- D:-10

Correct Answer:- Option-A

Question22:-Which of the following loan is exempted from _____ provisioning norms.

- A:-Gold loan
- B:-Loans against NSC
- C:-Mortgage loan
- D:-All of the above

Correct Answer:- Option-B

Question23:-A bank is prohibited from doing any business other than those mentioned in section _____ of BR Act 1949.

- A:-5
- B:-8
- C:-6
- D:-7

Correct Answer:- Option-C

Question24:-Bank established under Section 3 of National Housing Bank Act

- A:-National Housing Federation
- B:-National Housing Board
- C:-National Housing Bank
- D:-None of these

Correct Answer:- Option-C

Question25:-"No. Company other than a banking company shall use a part of its name any of the words 'bank', 'banker' or 'banking'" - Concerned section in B.R. Act

- A:-3

B:-5

C:-6

D:-7

Correct Answer:- Option-D

Question26:-Section 27 of B.R. Act says

A:-Power to publish information

B:-Audit

C:-Monthly returns and power to call for other returns and informations

D:-Powers of RBI

Correct Answer:- Option-C

Question27:-Industrial Development Bank delinked by RBI in _____.

A:-1974

B:-1976

C:-1977

D:-1979

Correct Answer:- Option-B

Question28:-Banking Ombudsman scheme in banking sector was introduced in the year

A:-1994

B:-1995

C:-2004

D:-2005

Correct Answer:- Option-B

Question29:-Capital Reserve is

A:-Depreciation made for fixed assets

B:-Dividend payable on paid up share capital

C:-Surplus arising out of sale proceeds of assets

D:-Reserve made for purchase of capital assets

Correct Answer:- Option-C

Question30:-Which of the following reserve is not considered for computation of net worth

A:-Statutory Reserve

B:-Building fund

C:-Bad debt Reserve

D:-Dividend Equalization Fund

Correct Answer:- Option-B

Question31:-Scheduled banks are listed in the second schedule of

A:-BR Act 1949

B:-Reserve Bank of Indian Act 1934

C:-NI Act 1881

D:-NABARD Act 1981

Correct Answer:- Option-B

Question32:-'Banking Company' is defined as per section _____ of BR Act 1949.

A:-5(a)

B:-5(b)

C:-5(c)

D:-5(d)

Correct Answer:- Option-C

Question33:-The Bankers Bank is

A:-NABARD

B:-State Bank of India

C:-Union Bank of India

D:-Reserve Bank of India

Correct Answer:- Option-D

Question34:-The largest portion of bank liabilities is

A:-Paid up share capital

B:-Own funds

C:-Deposits

D:-Borrowings

Correct Answer:- Option-C

Question35:-In India the financial section reforms started during

A:-1989-90

B:-1991-92

C:-1993-94

D:-1975-76

Correct Answer:- Option-B

Question36:-Chairman of CRAFTCARD committee

A:-Narasimham Committee

B:-B. Sivaraman Committee

C:-Gorwala Committee

D:-R.G. Surayya Committee

Correct Answer:- Option-B

Question37:-IFCI was setup in the year (Industrial Financial Cooperation of India)

A:-1955

B:-1949

C:-1948

D:-1935

Correct Answer:- Option-C

Question38:-The lead Bank Scheme was started on the basis of

A:-R.G. Surayya Committee

B:-Gadgil

C:-Nariman

D:-AIRCRC

Correct Answer:- Option-C

Question39:-Upto 1956 India follows _____ system of note issue.

A:-Fixed monetary

B:-Maximum fiduciary

C:-Minimum Reserve

D:-Proportional Reserve

Correct Answer:- Option-D

Question40:-Which one is not a private bank?

A:-ICICI Bank

B:-HDFC Bank

C:-Global Trust Bank

D:-Bank of Baroda

Correct Answer:- Option-D

Question41:-Which of the following is general utility service of commercial banks?

A:-Issue of letter of credit

B:-Foreign exchange

C:-Remittance of funds

D:-All of the above

Correct Answer:- Option-D

Question42:-A subsidiary of SBI recently merged with it

- A:-Bank of Maharashtra
- B:-The Allahabad Bank
- C:-The Syndicate Bank
- D:-State Bank of Travancore

Correct Answer:- Option-D

Question43:-Fastest economical and secure mode of fund transfer

- A:-Letter
- B:-Issue of Demand Draft
- C:-Couriers
- D:-Banking network

Correct Answer:- Option-D

Question44:-Method of fund transfer

- A:-NEFT
- B:-RTGS
- C:-UPI
- D:-All of the above

Correct Answer:- Option-D

Question45:-Integration of short term and long term structure was recommended by

- A:-Hazari Committee
- B:-Bawa Committee
- C:-Khusro Committee
- D:-Gorwala Committee

Correct Answer:- Option-A

Question46:-The lead Bank was introduced in

- A:-1950
- B:-1956
- C:-1965
- D:-1969

Correct Answer:- Option-D

Question47:-Bankers lien is an account

- A:-Implied pledge
- B:-Agreement
- C:-Bailment
- D:-An stoppage

Correct Answer:- Option-A

Question48:-Government of India lastly announced demonetization on

- A:-1st November 2016
- B:-8th November 2016
- C:-16th November 2016
- D:-30th November 2016

Correct Answer:- Option-B

Question49:-Right to combine two accounts by bank is called

- A:-Garnishee
- B:-Lien
- C:-Rating
- D:-Set-off

Correct Answer:- Option-D

Question50:-Garnishee order is issued by a

- A:-Revenue officers

B:-EID

C:-Courts of law

D:-Police officer

Correct Answer:- Option-C

Question51:-Operation risk is the risk arising from various types of

A:-Human error

B:-Failed system and procedure in the bank

C:-Break down in international control

D:-All of above

Correct Answer:- Option-D

Question52:-The original name of Present Kerala State Coop Bank

A:-Trivandrum Central Co-op Bank

B:-Travancore 'Central Co-op Bank

C:-Travancore Cochin Central Co-op Bank

D:-None of these

Correct Answer:- Option-C

Question53:-The present chairman of NABARD

A:-Dr. Prakash Bakshi

B:-Harshkumar Bhanwala

C:-Y.S.P. Thorat

D:-B. Viswanathan

Correct Answer:- Option-B

Question54:-Model Cooperative law was recommended by

A:-Ch. Brahma Prakash

B:-Narasimham

C:-V.L. Metha

D:-Prakash Bakshi

Correct Answer:- Option-A

Question55:-A 'Cheque' is defined in section _____ of negotiable instrument Act 1881.

A:-Section 6

B:-Section 5

C:-Section 4

D:-Section 3

Correct Answer:- Option-A

Question56:-_____ is an instrument in writing containing an unconditional order signed by the maker directing a certain person to pay a certain sum of money.

A:-A bill of exchange

B:-Cheque

C:-Promissory note

D:-None of these

Correct Answer:- Option-A

Question57:-'Holder in due course' dealt with section _____ of NI Act 1881.

A:-Section 10

B:-Section 9

C:-Section 11

D:-Section 12

Correct Answer:- Option-B

Question58:-Section 138 of NI Act deals with

A:-Dishonour of cheque for insufficiency of funds in the account

B:-Offence by companies

C:-Instruments made out of India

D:-None of these

Correct Answer:- Option-A

Question59:-Section 124 of NI Act says about

A:-Cheque crossed generally

B:-Cheque crossed specially

C:-Crossing after issue

D:-None of these

Correct Answer:- Option-B

Question60:-Forged cheque is an _____ cheque.

A:-Post - dated

B:-Stale cheque

C:-Invalid

D:-Anti-dated

Correct Answer:- Option-C

Question61:-The person cannot open a SB account in a bank is

A:-Company

B:-Blind person

C:-Minor

D:-Illiterate person

Correct Answer:- Option-A

Question62:-DTC stands for

A:-Direct Tax Co-operative

B:-Direct Tax Code

C:-Direct Tax Corporation

D:-None of the above

Correct Answer:- Option-B

Question63:-A cheque which is torn into pieces is called

A:-Post-dated

B:-Anti dated

C:-Mutilated

D:-Stale

Correct Answer:- Option-C

Question64:-A deposit receipt is issued by banker in the case of _____ deposit.

A:-Fixed

B:-Recurring

C:-Savings

D:-Current

Correct Answer:- Option-A

Question65:-The higher rate of interest is on

A:-Current

B:-Savings

C:-Recurring

D:-Fixed

Correct Answer:- Option-D

Question66:-Prime lending rate is announced by the banks taking into account

A:-Cost of deposits and borrowing

B:-Yield on loans and investment

C:-Cost of funds and transaction cost

D:-Transaction cost and risk cost

Correct Answer:- Option-C

Question67:-In respect of collection of cheque the banker customer relationship is

- A:-Agent - Principal
- B:-Principal - agent
- C:-Bailee - Bailer
- D:-Bailer - Bailee

Correct Answer:- Option-A

Question68:-The person who is named in the cheque to receive money is

- A:-Drawee
- B:-Payee
- C:-Depositor
- D:-Bank

Correct Answer:- Option-B

Question69:-A cheque is payable

- A:-on demand
- B:-after a reasonable time
- C:-within three months
- D:-within six months

Correct Answer:- Option-A

Question70:-In a cheque if the amount in words and figures differ, NI Act says

- A:-Cheque should be returned
- B:-Amount in words can be paid
- C:-Amount in figures can be paid
- D:-Lower amount can be paid

Correct Answer:- Option-B

Question71:-A bill of exchange expressed to be payable after 45 days is called

- A:-Usance bill
- B:-Demand bill
- C:-Sight bill
- D:-All of the above

Correct Answer:- Option-A

Question72:-Who can give a notice of dishonour to drawer is case of dishonour of cheque

- A:-Drawer
- B:-Banker
- C:-Payee
- D:-Payee or holder

Correct Answer:- Option-D

Question73:-In case of return of cheque for want of funds, reason stating is

- A:-Refer to Drawer
- B:-Present again
- C:-Insufficient funds
- D:-Exceed arrangement

Correct Answer:- Option-C

Question74:-In a pledge advance possession and security charges with

- A:-Pledger
- B:-Pledgee
- C:-Both of them
- D:-None of them

Correct Answer:- Option-B

Question75:-The contribution to the financial inclusion fund is not made by which of the following

- A:-Government of India

B:-State Government

C:-RBI

D:-NABARD

Correct Answer:- Option-B

Question76:-The Supervision of Service Co-op Bank and District Co-Op Bank vest with _____ as per section 35(6) of BR Act.

A:-NABARD

B:-RBI

C:-State Government

D:-Registrar of CS

Correct Answer:- Option-A

Question77:-Two or more separately incorporated banks are brought under one common control by any device other than that of holding company

A:-Group Banking

B:-Chain banking

C:-Mixed banking

D:-None of these

Correct Answer:- Option-B

Question78:-Regional Rural Bank Act was passed in

A:-1974

B:-1975

C:-1976

D:-1977

Correct Answer:- Option-C

Question79:-The following cards is not issued by Co-op Banks in Kerala

A:-Debit cards

B:-Credit cards

C:-ATM cards

D:-Kisan credit cards

Correct Answer:- Option-B

Question80:-Monthly average of balance sheet items excluding contra item is

A:-Working fund

B:-Working capital

C:-Borrowed fund

D:-Capital

Correct Answer:- Option-A

Question81:-The main financial statements are _____ and profit and loss account.

A:-Trading Account

B:-Receipt and Disbursement

C:-Balance sheet

D:-None of these

Correct Answer:- Option-C

Question82:-Average yield on assets minus average cost of funds is

A:-Financial Margin

B:-Margin

C:-Net Margin

D:-None of these

Correct Answer:- Option-A

Question83:-Income on resources raised is

A:-Transaction cost

B:-Risk cost

C:-Management cost

D:-Financial cost

Correct Answer:- Option-D

Question84:-Total working capital in a business is

A:-Total current assets

B:-Total assets

C:-Current assets minus current liabilities

D:-None of these

Correct Answer:- Option-A

Question85:-SERF AESI Act means securitization and _____ of Financial Assets and Enforcement of Security Interest Act.

A:-Restructuring

B:-Reorganisation

C:-Realisation

D:-Reconstruction

Correct Answer:- Option-D

Question86:-A bill of exchange drawn without a valuable consideration is a _____ bill.

A:-Trade

B:-Clean

C:-Discount

D:-Accommodation

Correct Answer:- Option-D

Question87:-No interest is paid on

A:-Fixed deposit

B:-Current deposit

C:-Saving bank

D:-Recurring deposit

Correct Answer:- Option-B

Question88:-Bank with out any branches is called

A:-Unit

B:-Central

C:-Federal

D:-None of these

Correct Answer:- Option-A

Question89:-Interest on fixed deposit @8% per annum for Rs. 1,25,000/- for one year

A:-Rs. 12,500/-

B:-Rs. 9,000/-

C:-Rs. 1,000/-

D:-Rs. 10,000/-

Correct Answer:- Option-D

Question90:-The first Bank in India which started ATM in 1987 at Delhi

A:-ICICI

B:-HSBC

C:-SBI

D:-HDFC

Correct Answer:- Option-B

Question91:-FEMA replaced FERA in the year

A:-2000

B:-1999

C:-2009

D:-2010

Correct Answer:- Option-A

Question92:-The first Bank which started cheque system in India was

- A:-Dena Bank
- B:-Bengal Bank
- C:-State Bank of India
- D:-Canara Bank

Correct Answer:- Option-B

Question93:-Framing of policy and guidelines for rural financial institutions is done by

- A:-NABARD
- B:-RBI
- C:-NCDC
- D:-None of these

Correct Answer:- Option-B

Question94:-Which of the following is applicable to Bankers lien?

- A:-Safe custody
- B:-Debts not due
- C:-Deposits
- D:-Securities left negligently

Correct Answer:- Option-C

Question95:-Introduction is not necessary in one of the following case

- A:-Joint account
- B:-Minor account
- C:-Illiterate account
- D:-Trust account

Correct Answer:- Option-D

Question96:-A minor endorsed a cheque in favour of another person. The endorsement is

- A:-Valid endorsement
- B:-Invalid endorsement
- C:-Valid endorsement and Binding endorsement
- D:-Valid endorsement and Not binding him

Correct Answer:- Option-D

Question97:-Once a bearer always a bearer. This narrates in section of NI Act

- A:-Section 6
- B:-Section 15
- C:-Section 85
- D:-Section 18

Correct Answer:- Option-C

Question98:-POS refers to

- A:-Point of Sale
- B:-Post Office Savings
- C:-Point of Service
- D:-Position of Outstanding Sale

Correct Answer:- Option-A

Question99:-In the case of accounts suspended to have terrorist links, banks are advised to made suitable report to

- A:-RBI
- B:-NABARD
- C:-Financial intelligence unit
- D:-GBI

Correct Answer:- Option-C

Question100:-The present Finance Minister of Kerala

- A:-Pinarayi Vijayan

B:-E.P. Jayarajan

C:-Dr. Thomas Isac

D:-A.C. Moideen

Correct Answer:- Option-C