

PROVISIONAL ANSWER KEY

Paper: Elements of Banking - I PAPER
Date of Test 28-04-2022

- Question1:-The only merger of two public sector banks took place between
A:-Bank of India and New Bank of India
B:-Punjab National Bank and New Bank of India
C:-Allahabad Bank and United Bank of India
D:-Punjab National Bank and Bank of Rajasthan
Correct Answer:- Option-B
- Question2:-After State Bank of India, which of the following bank has the largest number of Offices?
A:-Punjab National Bank
B:-Bank of India
C:-Andhra Bank
D:-Canara Bank
Correct Answer:- Option-A
- Question3:-Which of the following terms is used in banking field?
A:-Input devices
B:-Interest rate swap
C:-Sedimentary
D:-Zero hour
Correct Answer:- Option-B
- Question4:-Bank rate is decided by which of the following?
A:-Reserve Bank of India
B:-Government of India
C:-State Bank of India
D:-Securities and Exchange Board of India
Correct Answer:- Option-A
- Question5:-What does M in M-Banking Facility being offered by Banks to their customers, stands for?
A:-Money
B:-Marginal
C:-Message
D:-Mobile Phone
Correct Answer:- Option-D
- Question6:-The reserves held by Commercial Banks over and above the Statutory minimum, which the RBI are called
A:-Cash reserves
B:-Deposit reserves
C:-Excess reserves
D:-Momentary reserves
Correct Answer:- Option-C
- Question7:-Banking in India is controlled by
A:-Reserve Bank of India
B:-Union Finance Commission
C:-Union Ministry of Finance
D:-Union Ministry of Commerce
Correct Answer:- Option-A
- Question8:-In which year was the Reserve Bank of India established?
A:-1947
B:-1935
C:-1949
D:-1952
Correct Answer:- Option-B
- Question9:-Which of the following is the apex institution which handles refinance for agriculture and rural development in India?
A:-RBI
B:-SIDBI
C:-NABARD
D:-SEBI
Correct Answer:- Option-C
- Question10:-With which of the following is SARFAESI Act 2020 related?
A:-Recovery of bad loans
B:-Regulation of Foreign Exchange
C:-Fixation of Interest rate
D:-Acquisition of small banks
Correct Answer:- Option-A
- Question11:-The share of State Government in the capital of Regional Rural bank is
A:-50%
B:-35%
C:-25%
D:-15%
Correct Answer:- Option-D
- Question12:-One of the items is not related with e-banking
A:-Demand draft
B:-SPMS
C:-ECS
D:-ATM
Correct Answer:- Option-A
- Question13:-Banking Ombudsman may reject the complaint
A:-immediately after receipt
B:-after hearing both parties
C:-at any stage
D:-none of the above
Correct Answer:- Option-C
- Question14:-The maturity period of Treasury Bill is
A:-91 days

- B:-364 days
- C:-Both (1) and (2)
- D:-None of these

Correct Answer:- Option-A

Question15:-Which among these is not a monetary tool?

- A:-SLR
- B:-Deficit Financing
- C:-Open market operations
- D:-CRR

Correct Answer:- Option-B

Question16:-Rate of interest is increased by RBI at times of

- A:-Lower inflation
- B:-Higher inflation
- C:-From the pressure of commercial banks
- D:-All the above

Correct Answer:- Option-A

Question17:-The first development bank IFCI was established in

- A:-1947
- B:-1948
- C:-1949
- D:-1950

Correct Answer:- Option-B

Question18:-Which of the following is not the fund based business of commercial banks

- A:-D P operation
- B:-Loans
- C:-Deposits
- D:-Depositing bills

Correct Answer:- Option-A

Question19:-Which is not a finance company?

- A:-Hire purchase finance company
- B:-IRDA
- C:-Mutual Benefits Companies
- D:-Loan Companies

Correct Answer:- Option-B

Question20:-From which date have all banks started sharing their ATM force of cost for transaction?

- A:-January 1, 2009
- B:-April 1, 2009
- C:-July 1, 2009
- D:-September 1, 2009

Correct Answer:- Option-B

Question21:-In India the basic objectives of monetary policy is/are

- A:-Price stability and adequate credit flow
- B:-Price control and command on economy
- C:-Price reduction and credit reduction
- D:-All the above

Correct Answer:- Option-D

Question22:-NABARD has been established on the recommendation of

- A:-Talwar Committee
- B:-Tandom Committee
- C:-Narasimhan Committee
- D:-Shivaraman Committee

Correct Answer:- Option-D

Question23:-A _____ card is basically a payment mechanism which allows the holder of the card to make purchase without any immediate payment.

- A:-ATM
- B:-CREDIT
- C:-DEBIT
- D:-KISHAN CREDIT

Correct Answer:- Option-B

Question24:-Which one is not non-markable securities?

- A:-Corporate Securities
- B:-Bank deposits
- C:-Deposits with companies
- D:-Post office certificate deposits

Correct Answer:- Option-A

Question25:-"Blue Card" denotes

- A:-A credit card
- B:-A debit card
- C:-A proposition by EV to attract highly qualified professionals from other countries
- D:-None of the above

Correct Answer:- Option-C

Question26:-The commercial bank do not perform one function out of the following

- A:-Mobilization of saving
- B:-Giving loans and advances
- C:-Issues currency notes
- D:-Financing priority sectors

Correct Answer:- Option-C

Question27:-Bank does not give loan against

- A:-Gold Ornaments
- B:-LIC policy
- C:-Lottery ticket
- D:-NSC

Correct Answer:- Option-C

Question28:-100/- Rupee note is signed by

- A:-Prime Minister
- B:-Finance Minister
- C:-RBI Governor
- D:-None of above

Correct Answer:- Option-C

Question29:-ATM password to be shared only with

- A:-Spouse
- B:-Obedient son
- C:-Obedient daughter
- D:-None of above

Correct Answer:- Option-D

Question30:-Who is the present Governor of RBI?

- A:-K.C. Chakrabarty
- B:-D.K. Mittal
- C:-Shaktikanta Das
- D:-Montek Singh Ahluwalia

Correct Answer:- Option-C

Question31:-Bank does not provide loans for

- A:-Crop loans
- B:-Education loans
- C:-Home loans
- D:-Drinking and Gambling

Correct Answer:- Option-D

Question32:-Loans from money lenders are

- A:-With High rate of interest
- B:-No proper accounting
- C:-No transparency
- D:-All of above

Correct Answer:- Option-D

Question33:-Timely repayment of loans results

- A:-Good reputation
- B:-No tension
- C:-Easily availability of loan in future
- D:-All of above

Correct Answer:- Option-D

Question34:-Life insurance means

- A:-Insurance of human
- B:-Insurance of life of human and cattle
- C:-Insurance of Life of Machines
- D:-All of above

Correct Answer:- Option-A

Question35:-Aadhaar is

- A:-12 digit number card
- B:-Identity proof issued by UIDAI
- C:-Both (1) and (2)
- D:-None of above

Correct Answer:- Option-C

Question36:-Which is prohibited for writing on currency notes?

- A:-Political message
- B:-Religious message
- C:-Personal message
- D:-All of above

Correct Answer:- Option-D

Question37:-Highest denomination of currency notes issued by RBI is

- A:-Rs. 100/-
- B:-Rs. 500/-
- C:-Rs. 1,000/-
- D:-Rs. 10,000/-

Correct Answer:- Option-C

Question38:-PAN means

- A:-A kind of utensil
- B:-Primary Account Number
- C:-Permanent Account Number
- D:-None of above

Correct Answer:- Option-C

Question39:-Bank provides loans for

- A:-Home
- B:-Car
- C:-Education
- D:-All of above

Correct Answer:- Option-D

Question40:-The safest place for keeping money

- A:-A pit dug in the ground
- B:-An iron box
- C:-Bank
- D:-Money lender

Correct Answer:- Option-C

Question41:-Currency notes are issued by

- A:-RBI
- B:-NABARD
- C:-Public sector banks
- D:-Central Government

Correct Answer:- Option-A

Question42:-Bank Pass Book is

- A:-Issued by Bank
- B:-Contains transaction details of Bank account
- C:-Shows balance in account
- D:-All of above

Correct Answer:- Option-D

Question43:-Bank charges interest on

- A:-Deposits
- B:-Loans
- C:-Both (1) and (2)
- D:-None of above

Correct Answer:- Option-B

Question44:-Business Correspondent means

- A:-An agent who provides banking services
- B:-An agent of business house
- C:-A type of money lender
- D:-None of above

Correct Answer:- Option-A

Question45:-Nomination once done can

- A:-Not be cancelled
- B:-Be cancelled
- C:-Not be changed
- D:-None of above

Correct Answer:- Option-B

Question46:-PAN number is required for

- A:-Deposits less than Rs. 50,000/-
- B:-Deposits in excess of Rs. 1 lac
- C:-Deposits Rs. 50,000/- and above
- D:-All transactions

Correct Answer:- Option-C

Question47:-Maximum amount of cheque

- A:-Rs. 100 crore
- B:-No limit
- C:-Rs. 1 crore
- D:-None of above

Correct Answer:- Option-B

Question48:-Self Help Group involves

- A:-Group of 5 to 20 people
- B:-Regular saving habits
- C:-Inter-lending within the group members
- D:-All of above

Correct Answer:- Option-D

Question49:-Account payee cheques can be paid

- A:-At cash counter of Bank
- B:-At ATM
- C:-By deposit in Bank account
- D:-None of above

Correct Answer:- Option-C

Question50:-While making nomination, signature of nominee is required on

- A:-Account Opening Form
- B:-Nomination form
- C:-Affidavit
- D:-None of above

Correct Answer:- Option-D

Question51:-Multimedia notes

- A:-should be burnt away
- B:-should be thrown away
- C:-can be exchanged at Bank
- D:-none of above

Correct Answer:- Option-C

Question52:-Upon detection of a counterfeit note at the counter, Bank

- A:-Returns the note to the customer
- B:-Exchange with a genuine Note
- C:-Deposit in Account
- D:-Impound the Note and issue receipt

Correct Answer:- Option-D

Question53:-Interest on FDRs is compounded on

- A:-Monthly basis
- B:-Quarterly basis
- C:-Half yearly basis
- D:-Yearly basis

Correct Answer:- Option-B

Question54:-If locker rent is not paid, Bank can

- A:-seal the locker
- B:-stop operation of locker
- C:-break open the locker after giving suitable notice
- D:-All of above

Correct Answer:- Option-D

Question55:-Maximum tenure of Fixed Deposit is

- A:-5 years
- B:-7 years
- C:-8 years
- D:-10 years

Correct Answer:- Option-D

Question56:-To whom Overdraft facility of Rs. 5,000/- in PMJDY Account is available?

- A:-After 6 months of satisfactory conduct of account
- B:-One account per household
- C:-Customers in age group of 18-60 years
- D:-All of above

Correct Answer:- Option-D

Question57:-What is meant by Aadhaar seeding?

- A:-Linking of Aadhaar with Bank account
- B:-Duplicate issuance of Aadhaar
- C:-Transfer of Aadhaar
- D:-None of above

Correct Answer:- Option-A

Question58:-Who can open an account under PMJDY?

- A:-Minor above the age of 10 years
- B:-Only lady of the house
- C:-Only head of the family
- D:-All of above

Correct Answer:- Option-D

Question59:-What is the maximum amount of deposits acceptable in Small accounts?

- A:-Rs. 30,000/-
- B:-Rs. 40,000/-
- C:-Rs. 50,000/-
- D:-None of above

Correct Answer:- Option-C

Question60:-What is the minimum deposit required while opening a BSBD Account?

- A:-Rs. 100/-
- B:-No minimum deposit required
- C:-Rs. 1,000/-
- D:-Rs. 500/-

Correct Answer:- Option-B

Question61:-What is Pradhan Mantri Suraksha Bima Yojana (PMSBY)?

- A:-Accidental insurance cover
- B:-Life insurance cover
- C:-Overdraft up to Rs. 5,000/-
- D:-None of above

Correct Answer:- Option-A

Question62:-Which type of deposits earns higher interest rate?

- A:-Current account
- B:-Savings account
- C:-Fixed Deposits
- D:-None of above

Correct Answer:- Option-C

Question63:-Under PMSBY, partial disability claim is available for :

- A:-Rs. 50,000/-
- B:-Rs. 1 lac
- C:-Rs. 2 lac
- D:-None of above

Correct Answer:- Option-B

Question64:-Life Insurance Corporation (LIC) is an example of

- A:-Developmental Bank
- B:-Investment Bank
- C:-Cooperative Bank
- D:-Commercial Bank

Correct Answer:- Option-B

Question65:-Where are the headquarters of Asian Development Bank (ADB)?

- A:-Manila
- B:-Tokyo
- C:-Hongkong
- D:-Singapore

Correct Answer:- Option-A

Question66:-Which amongst the following organisations make major credit policies for the Regional Rural Banks (RRBs)

- A:-NABARD
- B:-World Bank
- C:-Asian Development Bank
- D:-State Bank of India

Correct Answer:- Option-A

Question67:-According to the World Bank Report India is a

- A:-Developing Country
- B:-Low Income Country
- C:-Development Country
- D:-Rich Country

Correct Answer:- Option-B

Question68:-For International payments, the Indian currency is linked to

- A:-British Sterling
- B:-Gold Standard
- C:-American Dollar
- D:-None of these

Correct Answer:- Option-A

Question69:-The functions of the Lead Bank are performed by

- A:-Any Bank
- B:-Reserve Bank of India
- C:-A bank designed for this purpose
- D:-State Bank of India

Correct Answer:- Option-C

Question70:-If the Cash Reserve Ratio (CRR) is lowered by the RBI, its impact on credit creation will be

- A:-Increase
- B:-Decrease
- C:-No impact
- D:-None of these

Correct Answer:- Option-A

Question71:-Which of the following statement is incorrect about the 'Current Account'?

- A:-Banks offered no rate of interest on money held in current account
- B:-There is not limit on deposit or withdrawal in current account
- C:-A special type of passbook is issued for current account holders
- D:-Current account are opened for business transactions

Correct Answer:- Option-C

Question72:-In which kind of 'crossing of cheques', the payment can be made through bank account only?

- A:-Special Crossing
- B:-Restrictive Crossing
- C:-Double Crossing
- D:-General Crossing

Correct Answer:- Option-D

Question73:-The term plastic money relates to which of the following?

- A:-Credit card
- B:-ATM card
- C:-Plastic sheet notes
- D:-All the above

Correct Answer:- Option-A

Question74:-In case of a _____ card, the customer can make payment to the extend of balance lying in his account.

- A:-Debit Card
- B:-Smart card
- C:-Credit Card
- D:-None of the above

Correct Answer:- Option-A

Question75:-When an organization is split into two or more parts, it is called

- A:-Merger
- B:-Demerger
- C:-Amalgamation
- D:-Acquisition

Correct Answer:- Option-B

Question76:-The term broad money is known as

- A:-M1
- B:-M2
- C:-M3
- D:-M4

Correct Answer:- Option-C

Question77:-Under which section of Banking Regulation Act 1949, every banking company has to maintain statutory liquidity ratio

- A:-19 (d)
- B:-25
- C:-24
- D:-None of the above

Correct Answer:- Option-C

Question78:-U/s 49 of RBI Act, which of the following is done by RBI?

- A:-Announces bank rate
- B:-Published fortnightly statement assets and liabilities
- C:-Prepares annual balance sheet
- D:-Frames RBI (Note Refund) rule

Correct Answer:- Option-A

Question79:-On a cheque issued by a customer, the words bearer or order are not written. This cheque will be treated as

- A:-a bearer cheque
- B:-an order cheque
- C:-this is not a valid cheque
- D:-this is not a negotiable instrument now

Correct Answer:- Option-B

Question80:-'A customer is a person who maintains account with a bank'. This definition of the customer is available as per

- A:-Banking Regular Act
- B:-Negotiable Instrument Act
- C:-RBI Act
- D:-KYC guidelines of RBI

Correct Answer:- Option-D

Question81:-In a joint account, mandate can be cancelled by

- A:-All the account holders
- B:-Any one of the account holders
- C:-Majority of account holders
- D:-None of the above

Correct Answer:- Option-B

Question82:-Bank note shall be exempted from stamp duty under,

- A:-RBI Act 1934
- B:-Banking Regulation Act 1949
- C:-Negotiable Instrument Act 1881
- D:-Indian Stamp Act

Correct Answer:- Option-D

Question83:-RBI can impose penalty for various kinds of violations under sec _____ of banking Regulation Act 1949.

- A:-49 A
- B:-47 A
- C:-45 Y
- D:-45 Z

Correct Answer:- Option-B

Question84:-A note of which portion is mission or which is composed of more than two pieces

- A:-Multilated note
 - B:-Imperfect note
 - C:-Soiled note
 - D:-Mismatched note
- Correct Answer:- Option-A

Question85:-The physical parts of a computer are known as

- A:-Software
 - B:-Hardware
 - C:-Shareware
 - D:-Fixedware
- Correct Answer:- Option-B

Question86:-Which of the following Act gives legal recognition to electronic signature?

- A:-Negotiable Instrument Act
 - B:-Income Tax Act
 - C:-Information Technology Act
 - D:-Indian Evidence Act
- Correct Answer:- Option-C

Question87:-Which of the following is not a regulatory institution in Indian financial system?

- A:-RBI
 - B:-CIBIL
 - C:-SEBI
 - D:-IRDA
- Correct Answer:- Option-B

Question88:-Financial institutions are also known as

- A:-Financial organizations
 - B:-Financial intermediaries
 - C:-Financial system
 - D:-None of the above
- Correct Answer:- Option-B

Question89:-Which is the largest commercial bank in India?

- A:-Bank of India
 - B:-Axis Bank
 - C:-State Bank of India
 - D:-HDFC
- Correct Answer:- Option-C

Question90:-Which of the following is not related with Money Market?

- A:-Treasury Bills
 - B:-Commercial Bills
 - C:-Certificate of Deposit
 - D:-Shares
- Correct Answer:- Option-D

Question91:-What is the maximum validity of a cheque?

- A:-90 days
 - B:-30 days
 - C:-60 days
 - D:-180 days
- Correct Answer:- Option-A

Question92:-Which of the following Act defines a Cheque?

- A:-RBI Act 1934
 - B:-Negotiable Instrument Act 1881
 - C:-Banking Regulation Act 1949
 - D:-Companies Act 2013
- Correct Answer:- Option-B

Question93:-How many companies are included in the SENSEX?

- A:-50
 - B:-111
 - C:-30
 - D:-None
- Correct Answer:- Option-C

Question94:-In the long run _____ affect the exchange rate.

- A:-relative price levels
 - B:-tariffs and quotas
 - C:-productivity
 - D:-All of the above
- Correct Answer:- Option-D

Question95:-A Non-Banking Financial Company (NBFC) is a company registered under the

- A:-RBI Act 1934
 - B:-Companies Act 1956
 - C:-NBFC Act 1956
 - D:-Government Securities Regulations 1913
- Correct Answer:- Option-B

Question96:-Which of the following give finance to young, start-up companies?

- A:-Venture Capital Firm
 - B:-Finance Company
 - C:-Small - Business Finance Company
 - D:-Capital - Creation Company
- Correct Answer:- Option-A

Question97:-Industrial Finance Corporation of India (IFCI) was established in

- A:-1946
 - B:-1947
 - C:-1948
 - D:-1949
- Correct Answer:- Option-C

Question98:-Which financial institution is helping commercial banks is lending to the infrastructure sector?

- A:-IFCI Ltd
- B:-IDBI
- C:-IBI
- D:-IIFCL

Correct Answer:- Option-D

Question99:-The headquarters of SIDBI is in

- A:-Lucknow
- B:-New Delhi
- C:-Mumbai
- D:-Kolkata

Correct Answer:- Option-A

Question100:-The Unit Trust of India (UTI) was set up in

- A:-1935
- B:-1980
- C:-1956
- D:-1964

Correct Answer:- Option-D