

# Banking Awareness Question Bank

- 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
- Largest shareholder (in percentage shareholding) of a nationalized bank is \_\_\_\_  
(a) RBI (b) NABARD (c) LIC  
(d) Govt. of India, (e) IBA
- Expand the term ALM as used in Banking/ Finance sector:  
(a) Asset Liability Management  
(b) Asset Liability Maturity  
(c) Asset Liability Mismatch  
(d) Asset Liability Manpower  
(e) Asset Liability Maintenance
- The approach of 'Micro-Credit' or 'Banking with the poor' is comparatively a new concept in the field of rural credit. This approach has been tried very successfully in which of the following countries?  
(a) Bangladesh (b) India (c) China  
(d) Japan (e) None of these
- The lowering of Bank Rate by the Reserve Bank of India leads to  
(a) More liquidity in the market  
(b) Less liquidity in the market  
(c) No change in the liquidity in the market  
(d) Mobilization of more deposits by commercial banks  
(e) None of the above
- Which of the following is not a part of the scheduled banking structure in India?  
(a) Moneylenders (b) Public Sector Banks (c) Private Sector Banks  
(d) Regional Rural Bank (e) State Co-operative banks
- The rate of interest on Savings Bank Account is stipulated by  
(a) The concerned bank (b) RBI (c) Indian Banks Association  
(d) Government of India (e) Banking Codes and Standards Board of India
- Many times we read a term CBS used in banking operation. What is the full form of the letter 'C' in the term 'CBS'?  
(a) Core (b) Credit (c) Continuous  
(d) Complete (e) None of these
- In India, the RBI prescribes the minimum SLR level for Scheduled Commercial Banks in India in specified assets as a percentage of Bank's  
(a) Net Demand and Time Liabilities (b) Demand Liabilities (c) Time Liability  
(d) None of the above (e) All of the above
- ATM cards are issued to a person who maintains any of following accounts with the bank  
(a) saving bank accounts (b) Current accounts (c) Term deposits

- (d) Loan or Cash credit accounts                      (e) Either (1) or (2)
11. Names of which of the following rates/ ratios cannot be seen in financial newspapers?  
(a) Bank Rate                      (b) Repo Rate                      (c) Cash Reserve Ratio  
(d) Pulse Rate                      (e) All of the above
12. Which of the following is NOT a type of cheque issued by an individual?  
(a) Bearer cheque                      (b) Order cheque                      (c) Crossed cheque  
(d) Savings cheque                      (e) None of the above
13. The regulator of Micro Finance in India is:  
(a) Finance Ministry                      (b) Reserve Bank of India                      (c) State Bank of India  
(d) SEBI                      (e) None of the above
14. The difference between a Bond and Loan is:  
(a) The loan has normally fixed rate of interest. Bond price is dependent on market interest rate movements  
(b) bonds are more liquid  
(c) Yield to maturity value can be known easily in a bond  
(d) All of the above  
(e) None of the above
15. In the case of advance against fixed deposit receipts issued by banks:  
(a) the deposit receipts are assigned to the bank  
(b) the deposit receipts are hypothecated to the bank  
(c) the deposit receipts are mortgaged to the bank  
(d) a lien is credited in favour of the bank on the deposit receipts  
(e) None of the above
16. The methods of credit control by the Reserve Bank of India may be broadly divided into two parts. These are:  
(a) open and close                      (b) quantitative and qualitative                      (c) monetary and fiscal  
(d) rural and urban                      (e) none of the above
17. The RBI has asked the banks to step up legal action against willful defaulters whose default money is over?  
(a) one crore                      (b) two crore                      (c) three crore  
(d) five crore                      (e) none of the above
18. As per the directives issued by RBI, a cash credit or overdraft account will be treated as Nonperforming Asset if:  
(a) the account remains 'out of order'  
(b) there are no credits in the account in the month in which interest is applied  
(c) the debit balance in the account has exceeded the sanctioned limit during the reporting month  
(d) all of the above  
(e) none of the above
19. Currency notes issued by RBI are fully covered by:  
(a) Approved assets                      (b) Gold                      (c) Foreign exchange  
(d) All of these                      (e) None of the above
20. The government has stipulated that quoting Permanent Account Number is mandatory for  
(a) Current Accounts                      (b) Demat Account                      (c) Term Deposits  
(d) Savings Bank                      (e) None of the above

21. RBI had introduced Advanced Approaches for Basel II Framework in India. Accordingly, the three Approaches are:  
(a) Standardized Approach  
(b) Basic indicator Approach  
(c) Standardized Duration Approach  
(d) All of the above  
(e) None of the above
22. Truncation of cheques means:  
(a) The cheques in the paper form will be retained by the collecting banker and he will submit  
(b) Entire clearing operations would be done only through computers  
(c) Cheques will be scanned and the electronic image, instead of physical cheque, will be transmitted in the clearing cycle  
(d) Debiting the drawer's account through internet banking  
(e) None of the above
23. The main watchdog of international trade is  
(a) IMF (b) World Bank (c) GATT  
(d) IFC (e) None of the above
24. A common currency for the members of the Common market in Europe is known as:  
(a) Dollar (b) Euro (c) Franc  
(d) Pound (e) None of the above
25. The paid-up capital of Non-Scheduled Bank is less than  
(a) 5 lakh (b) 10 lakh (c) 12 lakh  
(d) 15 lakh (e) None of the above
26. In case a depositor wishes to withdraw his deposits prematurely, banks  
(a) do not allow the same till maturity of the deposits  
(b) charge a penalty for the same  
(c) do not charge any penalty and allow the same  
(d) do not allow premature withdrawal  
(e) none of the above
27. Which of the following is a primary function of banks?  
(a) Collection and payment of cheques, rent, interest, etc, on behalf of their customers  
(b) Buying, selling and keeping in safe custody, the securities on behalf of their advice  
(c) Acting as trustees and executors of the property of their customers on their advice  
(d) Remitting money from one place to the other through bank drafts or mail or telegraphic transfer  
(e) Accepting deposits
28. Which of the following is/are the function(s) of Exchange Banks?  
(i) Remitting money from one country to another country  
(ii) Discounting of foreign bills.  
(iii) Buying and selling gold and silver.  
(iv) Helping Import and Export Trade.  
Select the correct answer.  
(a) I and II (b) II and III (c) II and IV  
(d) I, II and III (e) All I, II, III and IV
29. Account payee crossing is a direction of the drawer:  
(a) To collecting banker (b) To drawee banker (c) To payee

- (d) To all endorsees                      (e) None of the above
30. The State Co-operative Banks  
(a) assume the key position in the Co-operative credit structure  
(b) undertake both mobilization of resources as well as proper development among various sectors  
(c) carry out the role of intermediaries between the money market and Central Co-operative Banks  
(d) All of the above  
(e) None of the above
31. When the foreign exchange deals take place through telephone or other electronic system (and not through an exchange) it is called  
(a) over the counter                      (b) over the electronic media      (c) over all channels  
(d) over the exchange                      (e) None of these
32. State financial Corporations give assistance mainly to develop which of the following?  
(a) Small and medium scale industries Agricultural sector  
(b) Cotton industry  
(c) All of the above  
(d) None of the above
33. Which of the following is the regulator of the credit rating agencies in India?  
(a) RBI    (b) SBI    (c) SEBI  
(d) ICRA    (e) None of these
34. Which of the following correctly describes what sub-prime lending is?  
A. Lending to the people who cannot return the loans.  
B. Lending to the people who are high value customers of the banks.  
C. Lending to those who are not a regular customer of a bank.  
(a) Only A    (b) Only B    (c) Only C  
(d) All, A, B and C    (e) A and C

- |     |      |      |      |
|-----|------|------|------|
| 1 B |      | 16 D | 24 C |
| 2 D | 9 A  | 17 B | 25 A |
| 3 A | 10 C | 18 A | 26 B |
| 4 A | 11 D | 19 A | 27 A |
| 5 A | 12 D | 20 B | 28 B |
| 6 A | 13 D | 21 D | 29 E |
| 7 B | 14 D | 22 B | 30 E |
| 8 a | 15 D | 23 D | 31 A |

- 32 D  
33 A  
34 A  
35 C  
36 A

1. Which of the following is a correct statement ?

- (a) Normally 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 account and savings account are the same
- (d) No interest is paid on any deposit by the bank
- (e) Savings deposits are the same as current deposits

2. Which of the following is a measure taken by Reserve Bank of India to control inflation in our country?

- (a) Increase in CRR
- (b) Increase in SLR
- (c) Contraction of supply of currency
- (d) Raising of Repo/ Reserve Repo Rate
- (e) Decrease the SLR

3. What type of loan is granted by banks for purchase of white goods ?

- (a) Consumption loan                      (b) Mortgage loan                      (c) Consumer durables loan
- (d) Home loan                                      (e) None of these

4. What do you understand by the term 'Mortgage'?

- (a) Sale of moveable security in the event of default by the borrower
- (b) Registration of charge with the Registrar of Companies
- (c) Making the security of immovable property available as a cover for a home loan by the borrower
- (d) Registration of charge with the Regional Transport Authority
- (e) Returning of the security to borrower by the bank of receipt of full payment

5. Which of the following is NOT a source of funds of a commercial bank?

- (a) Capital                                      (b) Borrowings from RBI                      (c) Call money
- (d) Deposits                                      (e) Cash reserves with RBI

6. The Banking Ombudsman

- (a) is in charge of bank loan for buses
- (b) fixes the rates of interest for loans
- (c) resolves complaints of customers
- (d) issues licences for new bank branches
- (e) is the head of all nationalized banks

7. Which of the following is not the name of Banking Organisation?

- (a) HDFC                                      (b) IDBI                                      (c) YES
- (d) SEBI                                      (e) ICICI

8. Which of the following is not a primary function of a Bank?

- (a) Granting Loans
- (b) Collecting Cheques/ Drafts customers
- (c) Facilitating import of goods
- (d) issuing Bank drafts
- (e) Selling Gold / Silver Coins

9. Basel –II norms are associated with which of the following aspects of the banking industry ?

- (a) Risk management
- (b) Manpower planning
- (c) Retirement benefits for the employees
- (d) Corporate Governance
- (e) none of the above

10. Which of the following is NOT a banking / finance related term?

- (a) Credit wrap (b) EMI (c) Held to Maturity  
(d) Exposure limit (e) Diffusion

11. Lending to Micro Finance Institutions by banks is considered as fiancé to

- (a) Non priority sector (b) priority sector (c) commercial sector  
(d) Agriculture sector (e) none of these

12. Which of the following was the reasons owing which base rate was introduced?

- (a) BPLR, system fell short of RBIs objective bringing transparency in lending rates  
(b) Under BPLR system it was difficult for RBI to access transmission of policy rates.  
(c) BPLR system was not beneficial to the customers  
(1) Only (A) (2) Only (B) (3) Only (A) & (B)  
(4) Only (B)& (C) (5) All, (A) & (B) & (C)

13. Which of the following is/are various components/ channels of the monetary policy of the RBI?

- (a) Altering money supply  
(b) credit availability  
(c) Influencing exchange rates  
(1) only (A) & (B) (2) Only (B) & (C) (3) Only (A) & (C)  
(4) Only (A) (5) All (A), (B) & (C)

14. Which of the following depository/ depositories in India is/are handling dematerialized shares?

- (a) National Securities Depository Ltd. (NSDL)  
(b) Central Depository Services Ltd. (CDSL)  
(c) Bombay Stock Exchange (BSE)  
(1) only (A) (2) Only (A) &(B) (3) Only (C)  
(4) All , (A), (B) & (C) (e) Only (A) & (C)

15. Which of the following is/are called key Policy rates by the Reserve Bank of India?

- A. Bank rate , B. Repo Rate, Reverse repo rate, C. CRR, SLR  
(1) only A (2) Only B (3) only A & B  
(4) Only C (5) Only B & C

16. Headquarters of Reserve Bank of India is situated in

- (a) New Delhi (b) Mumbai (c) Kolkata  
(d) Chennai (e) Hyderabad

17. The Reserve Bank of India has divested its stake in State Bank of India to

- (a) IDBI Bank (b) LIC (c) ICICI Bank  
(d) Government of India (e) None of the above

18. Objective of monetary policy of RBI is to

- (a) control inflation  
(b) discourage hoarding of commodities  
(c) encourage flow of credit into neglected sector  
(d) All of the above  
(e) None of the above

19. In which year India adopted partial convertibility of rupee?

- (a) 1991 (b) 1992 (c) 1993  
(d) 1994 (e) 1952

20. Which of the following guidelines were issued by Reserve Bank of India in January 1993 for the entry of Private Sector Banks in the wake of Narasimham Committee recommendations?

- (a) The new bank upon being granted licence under the banking Regulation Act by RBI, shall be registered as a public limited company under the Companies Act, 1956
- (b) Its inclusion in the second Schedule to the reserve bank of India Act, 1934 shall be subject to Reserve Bank's decision,
- (c) Preference would be given to those banks the headquarters of which are proposed to be located in the center which does not have the headquarters of any other bank,
- (d) (1) and (3)
- (e) All of the above

**21.** The RBI has prescribed that a new Private Sector Bank

- (a) Shall be subject to prudential norms in regard to income recognition, asset classification and provisioning, capital adequacy etc,
- (b) shall have to observe priority sector lending targets as applicable to other domestic banks,
- (c) will be required to open rural and semi- urban branches also as may be laid down by RBI,
- (d) None of the above
- (e) All of the above

**22.** Real Time Gross Settlement System means a payment system in which

- (a) both processing and final settlement of funds transfer instructions can take place continuously ,
- (b) final transaction takes place at the end of the day
- (c) final payment is physically effected within 24 hours
- (d) final settlement of funds take place at 3 PM daily
- (e) none of the above

**23.** Effective from 15th April, 1980, how many banks with demand and time liabilities exceeding 200 crore were nationalized?

- (a) five
- (b) four
- (c) six
- (d) ten
- (e) None of these

**24.** Who amongst the following was never a Governor of the RBI?

- (a) Bimal Jalan
- (b) Y.V. Reddy
- (c) Arup Roy Choudhury
- (d) D.D Subbarao
- (e) None of the above

**25.** Which of the following is NOT the name of a bank having branches in India?

- (a) State Bank of India
- (b) Naively Lignite Corporation
- (c) Barclays
- (d) HSBC
- (e) None of the above

**26.** The loan given by a bank to a person to purchase house is called \_\_\_\_\_

- (a) project Finance
- (b) Business Loan
- (c) Credit Loan
- (d) Top up Loan
- (e) None of the above

**27.** What is financial inclusion?

- (a) To provide a permanent employment to the unemployed
- (b) To provide a 100 days job to all those who are in need of a job
- (c) To provide banking services to all those living in remote areas
- (d) To ensure that all financial transactions amounting Rs. 5,000/- and above are done through banks.
- (e) None of the above

**28.** Which of the following is the best way to get hard cash immediately from one's bank account at a time when banks are not working?

- (a) Phone Banking
- (b) ATM
- (c) Internet Banking
- (d) All of these
- (e) None of the above

**29.** Which of the following is the name of the organization specifically to develop small scale industrial sector in our country?

- (a) NABARD (b) SEBI (c) SIDBI  
(d) AMFI (e) None of the above

**30.** When was the first commercial bank in India, 'Hindustan Bank'. Set up in Calcutta (now Kolkata)?

- (a) 1690 (b) 1770 (c) 1805  
(d) 1890 (e) none of these

**31.** Which of the following statement is correct :

- (a) a draft can be cancelled only by the drawee branch  
(b) a draft can be cancelled only by the issuing branch  
(c) a draft can be cancelled only if both the issuing branch and the drawee branch agree to do so  
(d) a draft can be cancelled only after obtaining permission from the controlling authority  
(e) none of these

**32.** The bank conducts Government business as an agent of:

- (a) Union and State governments  
(b) Reserve Bank of India  
(c) State Bank of India  
(d) Both (1) and (2)  
(e) None of the above

**33.** Cash Reserve Ratio (CRR) is maintained in the form of:

- (a) Investment in Money Market  
(b) Government Securities  
(c) Balance with RBI  
(d) All of the above  
(e) none of the above

**34.** Counter guarantee means a guarantee obtained:

- (a) By banks from customers on whose behalf the banks have to issue guarantees in favour of third parties, such as Government department , Public bodies, Corporations etc,  
(b) By banks from ECGC covering export risk,  
(c) By banks from the beneficiary of the guarantee in whose favour the guarantee is to be issued,  
(d) All of the above,  
(e) none of the above

**35.** NABARD is a:

- (a) Board (b) Bureau (c) Bank  
(d) Department (e) none of the above

**36.** The term "Multi-agency approach to rural lending" means:

- (a) provision of funds rural development by the NABARD through various lending agencies spread over the rural areas  
(b) provision of rural credit by commercial banks, regional rural banks and cooperative credit institutions  
(c) provision of fiancé for rural development by various central and state government agencies ,  
(d) the whole structure of rural fiancéinstitutional as well as  
(e) none of the above

**37.** Which of the following types of ATMs eliminates the need for PIN early and authenticated customer transactions by thumb impressions.

- (a) while label ATMs  
(b) Biometric ATMs  
(c) On-site ATMs



- (d) Off-site ATMs
- (e) none of the above

**38.** A loan granted for short duration crops would be treated as NPA, if the instalment of principal or interest thereon remains overdue for

- (a) two crop seasons
- (b) two quarters
- (c) two half- years
- (d) whichever is less
- (e) none of the above

**39.** “Scheduled bank” means a bank

- (a) incorporated under the Companies Act, 1956
- (b) authorized to the Banking business,
- (c) governed by the Banking Regulation Act, 1949
- (d) Included in the Second schedule to the Reserve Bank of India Act 1934
- (e) All of the above

**40.** For filing and resolving customer complaints the banking Ombudsman

- (a) charges a fee of 500/-
- (b) does not charge any fee
- (c) charges a fee of 1500/-
- (d) charges a fee of 1000/-
- (e) none of the above

**41.** How many banks are presently associated of State Bank of India?

- (a) Eight
- (b) Seven
- (c) Six
- (D) Five
- (e) Four

**42.** Which of the following is not the part of the Scheduled Banking structure in India?

- (a) Money Lenders
- (b) Public Sector Banks
- (c) Private Sector Banks
- (d) Regional rural banks
- (e) State Cooperative banks

**43.** Lot of Banks in India these days are offering M-banking facility to their customers. What is the full form of ‘M’ in ‘M’-Banking’?

- (a) Money
- (B) Marginal
- (c) Message
- (D) Mutual Fund
- (e) Mobile

**44.** The Branding Line of Bank of Baroda is

- (a) International Bank of India
- (b) India’s international bank
- (c) India’s multinational bank
- (d) World ‘s local bank
- (e) none of the above

**45.** To use smart cards/ debit cards/ credit cards for the purchase of an item or for payment of a service of a merchant’s store, the card has to be swiped in a terminal known as

- (a) point of Sale terminal,
- (b) Real time terminal
- (c) Shopping terminal
- (d) All of the above
- (e) none of the above

**46.** A bank account in which a depositor can deposit his funds any number of times he likes and can also withdraw the same any number of times he wishes is called

- (a) Fixed deposit account
- (b) Saving account
- (c) Current account

(D) Recurring account

47. On dishonouring of a cheque what kind of remedy is available to the holder of the cheque under NI act?

- (a) holder can file complaint with Ombudsman
- (b) holder can file the case in a normal court
- (c) holder can file a complaint with metropolitan magistrate or class I judicial magistrate,
- (d) holder can file a complaint with RBI
- (e) none of the above

48. Any note, which is wholly or partially, obliterated, shrunk, washed, altered or indecipherable is a/an

- (a) mutilated note
- (b) imperfect note
- (c) soiled note
- (d) mismatched note
- (e) none of these

49. Before issuing currency notes to the public over the counters or through ATMs, the bank notes in denomination of Rs 100 and above are to be processed

- (a) through machines to check authenticity
- (b) through manual verification
- (c) through ultra violet lamp,
- (d) any of the above
- (e) none of the above

50. Consider the following

1. international bank for reconstruction and development (IBRD)
2. international development association (IDA)
3. International finance corporation (IFC)
4. Multilateral investment guarantee agency (MIGA)
5. International center for settlement of investment disputes (ICSID) which among the above constitute the world bank group?

- (a) I only
- (b) 1 and 2
- (c) 1, 2 and 3
- (d) 1, 2, 3 and 4
- (e) 1, 2,3 4 and 5

**Answer keys**

1 A	6 C	11 B	16 B	21 E
2 D	7 D	12 C	17 D	22 A
3 C	8 C	13 E	18 D	23 C
4 C	9 A	14 B	19 B	24 C
5 a	10 e	15 c	20 E	25 B
26 D	31 B	36 B	41 D	46 C
27 C	32 B	37 B	42 A	47 C
28 B	33 C	38 A	43 E	48 B
29 B	34 A	39 D	44 B	49 A
30 b	35 C	40 B	45 A	50 E