

Quiz Date: 27th July 2020

Q1. Fiscal policy is concerned with which of the following?

- (a) Public revenue and Expenditure
- (b) Issue of Currency
- (c) Export Import
- (d) Population Control
- (e) Education for all

Q2. In which of the following types of banking, there is a direct execution of transaction between a bank and its consumers?

- (a) Retail Banking
- (b) Universal Banking
- (c) Virtual Banking
- (d) Unit Banking
- (e) None of the given options is true

Q3. Loans against the security of shares, debentures and bonds should not exceed the limit of Rupees _____ per individual if the securities are held in physical form.

- (a) two lakhs
- (b) five lakhs
- (c) ten lakhs
- (d) fifteen lakhs
- (e) twenty lakhs

Q4. In case of failed ATM transactions, if the amount is not credited to customer's account within 7 working days from the date of receipt of the complaint. Banks have to pay compensation at the rate of Rs. _____ per day.

- (a) 150
- (b) 200
- (c) 100
- (d) 10
- (e) 50

Q5. Which of the following is known as "Demat" account?

- (a) Account in which shares are held in electronic form
- (b) Account opened with zero balance
- (c) Account allowed to be operated by guardian of minor
- (d) Account operated by business correspondents in rural centres.
- (e) None of the given options is true

Q6. Which among the following are not the categories of NPA?

- (a) Sub-standard Assets

- (b) Profit Assets
- (c) Doubtful Assets
- (d) Loss Assets
- (e) None of the above

Q7. Name the India's first credit rating agency, is incorporated, promoted by the erstwhile ICICI Ltd, along with UTI and other financial institutions.

- (a) CRISIL
- (b) CIBIL
- (c) ICRA
- (d) All of the above
- (e) None of the given options is true



Q8. ICRA Limited (formerly Investment Information and Credit Rating Agency of India Limited) was set up in _____ by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

- (a) 2004
- (b) 1999
- (c) 1995
- (d) 1987
- (e) 1991

Q9. The largest shareholder of a Public Sector Banks (PSBs) is _____.

- (a) RBI
- (b) Government of India
- (c) NABARD
- (d) All of the Above
- (e) Finance Ministry

Q10. The Foreign exchange of India is kept with _____.

- (a) SBI
- (b) ECGC
- (c) RBI

- (d) NABARD
- (e) None of the given options is true

Q11. The foreign shareholding in the small finance bank would be as per the FDI policy for _____ as amended from time to time.

- (a) Private Sector Banks
- (b) Public Sector Banks
- (c) Foreign Sector Banks
- (d) Regional Rural Banks
- (e) All of the above

Q12. The promoter's minimum initial contribution to the paid-up equity capital of such small finance bank shall at least be _____?

- (a) 50 per cent
- (b) 40 per cent
- (c) 60 per cent
- (d) 30 per cent
- (e) 20 per cent

Q13. Small Finance Banks will be required to extend _____ of its ANBC to the sectors eligible for classification as priority sector lending (PSL) by the Reserve Bank.

- (a) 55%
- (b) 35%
- (c) 75%
- (d) 50%
- (e) 10%

Q14. The small finance bank will be subject to all prudential norms and regulations of RBI as applicable to existing commercial banks including requirement of maintenance of CRR and SLR. What is the present rate of SLR?

- (a) 20.75 per cent
- (b) 19.75 per cent
- (c) 20.00 per cent
- (d) 18.00 per cent
- (e) 21.25 per cent

Q15. FDI is an investment made by a company or individual in one country in business interests in another country. FDI stands for-

- (a) Foreign Direct Industries
- (b) Fully Direct Investment
- (c) Foreign Department Investment
- (d) Foreign Direct Installment
- (e) Foreign Direct Investment

Solutions

S1. Ans.(a)

Sol. Fiscal policy is the policy relating to government revenues from taxes and expenditure on various projects. Monetary Policy, on the other hand, is mainly concerned with the flow of money in the economy.

S2. Ans.(a)

Sol. Retail banking also known as Consumer Banking is the provision of services by a bank to individual consumers, rather than to companies, corporations or other banks. Services offered include savings and transactional accounts, mortgages, personal loans, debit cards, and credit cards.

S3. Ans.(c)

Sol. Loans against the security of shares, debentures and bonds should not exceed the limit of Rupees ten lakhs per individual if the securities are held in physical form and Rupees twenty lakhs per individual if the securities are held in dematerialised form. Such loans are meant for genuine individual investors, and banks should not support collusive action by a large group of individuals belonging to the same corporate or their inter-connected entities to take multiple loans in order to support particular scrip or stock-broking activities of the connected firms. Such finance should be reckoned as an exposure to capital market.

S4. Ans.(c)

Sol. Effective from July 1, 2011, banks have to pay compensation of Rs. 100/- per day for delays in re-crediting the amount beyond 7 working days from the date of receipt of complaint for failed ATM transactions. The compensation has to be credited to the account of the customer without any claim being made by the customer. If the complaint is not lodged within 30 days of transaction, the customer is not entitled for any compensation for delay in resolving his / her complaint.

S5. Ans.(a)

Sol. A Dematerialized account (Demat Account) is opened by the investor while registering with an investment broker (or sub-broker). Account in which shares are held in electronic form is known as Dematerialized account.

S6. Ans.(b)

Sol. Banks are required to classify non-performing assets further into the following three categories based on the period for which the asset has remained non-performing and the realisability of the dues:

1. Sub-standard Assets
2. Doubtful Assets
3. Loss Assets

S7. Ans.(a)

Sol. On 29th January 1987: CRISIL, India's first credit rating agency, is incorporated, promoted by the erstwhile ICICI Ltd, along with UTI and other financial institutions. Mr. N Vaghul and Mr. Pradip Shah are CRISIL's first Chairman and Managing Director, respectively.

S8. Ans.(e)

Sol. ICRA Limited (formerly Investment Information and Credit Rating Agency of India Limited) was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

S9. Ans.(b)

Sol. Public Sector Banks (PSBs) are banks where a majority stake (i.e. more than 50%) is held by a government. The shares of these banks are listed on stock exchanges.

S10. Ans.(c)

Sol. Reserve Bank of India accumulates foreign currency reserves by purchasing from authorized dealers in open market operations. Foreign exchange reserves of India act as a cushion against rupee volatility once global interest rates starts rising. The Foreign exchange reserves of India consists of below four categories. (a) Foreign Currency Assets (b) Gold (c) SDRs (d) Reserve Tranche Position in the IMF.

S11. Ans.(a)

Sol. The foreign shareholding in the small finance bank would be as per the Foreign Direct Investment (FDI) policy for private sector banks as amended from time to time.

S12. Ans.(b)

Sol. The promoter's minimum initial contribution to the paid-up equity capital of such small finance bank shall at least be 40 per cent and gradually brought down to 26 per cent within 12 years from the date of commencement of business of the bank.

S13. Ans.(c)

Sol. The small finance banks will be required to extend 75 per cent of its Adjusted Net Bank Credit (ANBC) to the sectors eligible for classification as priority sector lending (PSL) by the Reserve Bank.

S14. Ans.(d)

Sol. The small finance bank will be subject to all prudential norms and regulations of RBI as applicable to existing commercial banks including requirement of maintenance of Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR). No forbearance would be provided for complying with the statutory provisions. Present rate of SLR is 18.00 per cent.

S15. Ans.(e)

Sol. Foreign direct investment (FDI) is an investment made by a company or individual in one country in business interests in another country, in the form of either establishing business operations or acquiring business assets in the other country, such as ownership or controlling interest in a foreign company.



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