

Banking Awareness PDF for IBPS RRB Mains 2021 (Solutions)

S1. Ans.(b)

Sol. A global depository receipt (GDR) is a certificate issued by a depository bank, which purchases shares of foreign companies and deposits it on the account. They are the global equivalent of the original American depository receipts (ADR) on which they are based.

S2. Ans.(e)

Sol. Investment banking is a specific division of banking related to the creation of capital for other companies, governments and other entities.

S3. Ans.(d)

Sol. The Varishtha Pension Bima Yojana 2017, a pension scheme for senior citizens, was approved by the Union Cabinet. Varishtha Pension Bima Yojana 2017 provides an assured pension based on a guaranteed rate of return of 8 per cent for 10 years.

S4. Ans.(c)

Sol. Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE), has established itself as an important institution in facilitating flow of collateral free credit to units in micro and small enterprise (MSE) sector in the last 17 years of its existence. Loan disbursed under MUDRA yojana is insured by CGTMSE.

S5. Ans.(b)

Sol. The Multilateral Investment Guarantee Agency is an international financial institution which offers political risk insurance and credit enhancement guarantees. The Head Office of MIGA is in Washington DC, USA.

S6. Ans.(c)

Sol. CRISIL pioneered the first corporate sector rating in 1988. one out of every two companies in India is rated by CRISIL. We have an unmatched coverage of about 70 sectors belonging to 22 industry groups. CRISIL is a analytical company providing ratings, research, and risk and policy advisory services.

S7. Ans.(c)

Sol. In 1969 the Indian government nationalised 14 major private banks. one of the big banks was Bank of India.

S8. Ans.(e)

Sol. Amortization is an accounting term that refers to the process of allocating the cost of an intangible asset over a period of time. It also refers to the repayment of loan principal over time.

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S9. Ans.(b)

Sol. National Institute of Securities Markets (NISM) is a public trust, established by the Securities and Exchange Board of India (SEBI), the regulator for securities markets in India. It is located in Navi Mumbai, India.

S10. Ans.(d)

Sol. No tax would be deducted at source for PF withdrawals of up to Rs. 50,000. The government has notified raising the threshold limit of PF withdrawal for deduction of tax (TDS) from existing Rs. 30,000 to Rs. 50,000.

S11. Ans.(a)

Sol. Credit card facility has not given by Payment Banks.

S12. Ans.(e)

Sol. An Equity Linked Savings Scheme (ELSS) is a diversified equity mutual fund which has a majority of the corpus invested in equities. Since it is an equity fund, returns from an ELSS fund reflect returns from the equity markets.

S13. Ans.(b)

Sol. The compound annual growth rate (CAGR) is a useful measure of growth over multiple time periods. It can be thought of as the growth rate that gets you from the initial investment value to the ending investment value if you assume that the investment has been compounding over the time period.

S14. Ans.(a)

Sol. NBFC & MFI in India, The working and operations of NBFCs are regulated by the Reserve Bank of India (RBI) within the framework of the Reserve Bank of India Act, 1934.

S15. Ans.(a)

Sol. Structured Financial Messaging System (SFMS) is a secure messaging standard developed to serve as a platform for intra-bank and inter-bank applications. It is an Indian standard similar to SWIFT which is the international messaging system used for financial messaging globally.

S16. Ans.(e)

Sol. A credit risk is the risk of default on a debt that may arise from a borrower failing to make required payments. In the first resort, the risk is that of the lender and includes lost principal and interest, disruption to cash flows, and increased collection costs.

S17. Ans.(e)

Sol. Liquidity Adjustment Facility (LAF) is a monetary policy tool which allows banks to borrow money through repurchase agreements or repos.

S18. Ans.(a)

Sol. The call money market (CMM) the market where overnight (one day) loans can be availed by banks to meet liquidity. Banks who seeks to avail liquidity approaches the call market as borrowers and the ones who have excess liquidity participate there as lenders.

S19. Ans.(b)

Sol. An Initial Coin Offering (ICO) is used by the startups to bypass the rigorous and regulated capital-raising process required by venture capitalists or banks.

More accurately known as token sales, ICOs are unregulated means of raising money from public investors, to finance a startup.

S20. Ans.(e)

Sol. CASA ratio of a bank is the ratio of deposits in current and saving accounts to total deposits. A higher CASA ratio indicates a lower cost of funds, because banks do not usually give any interests on current account deposits and the interest on saving accounts is usually very low 3-4%.

S21. Ans.(a)

Sol. Import substitution industrialization is a trade and economic policy which advocates replacing foreign imports with domestic production.

S22. Ans.(b)

Sol. To make the payments process easier the Government of India has launched the Bharat QR Code payments transfer mechanism for cashless electronics payments. Over the past few years a lot of people have moved on to the cashless payment methods using debit and credit cards.

S23. Ans.(c)

Sol. Working to foster global monetary cooperation, secure financial stability for member countries is not a function of RBI.

S24. Ans.(d)

Sol. Disinflation is a slowing in the rate of price inflation. It is used to describe instances when the inflation rate has reduced marginally over the short term. Although it is used to describe periods of slowing inflation, disinflation should not be confused with deflation, which can be harmful to the economy.

S25. Ans.(e)

Sol. An oligopoly is a market form wherein a market or industry is dominated by a small number of sellers (oligopolists).



S26. Ans.(c)

Sol. In modern business practice, a letter of credit (LC) also known as a Documentary Credit, is a written commitment by a bank issued after a request by an importer (foreign buyer) that payment will be made to the beneficiary (exporter) provided that the terms and conditions.

S27. Ans.(b)

Sol. Banking Correspondents (BCs) are individuals/entities engaged by a bank in India (commercial banks, Regional Rural Banks (RRBs) and Local Area Banks (LABs)) for providing banking services in unbanked / under-banked geographical territories. A banking correspondent works as an agent of the bank and substitutes for the brick and mortar branch of the bank. BCs are paid by that particular bank.

S28. Ans.(e)

Sol. Rs 1 lakh is maximum limit for saving accounts in IPPB.

S29. Ans.(a)

Sol. The Kisan Credit Card (KCC) scheme is a credit scheme introduced in August 1998 by Indian banks. This model scheme was prepared by the National Bank for Agriculture and Rural Development (NABARD) on the recommendations of R.V.GUPTA to provide term loans and agricultural needs

S30. Ans.(e)

Sol. The Loan-To-Value ratio (LTV ratio) is a lending risk assessment ratio that financial institutions and others lenders examine before approving a mortgage.

S31. Ans.(d)

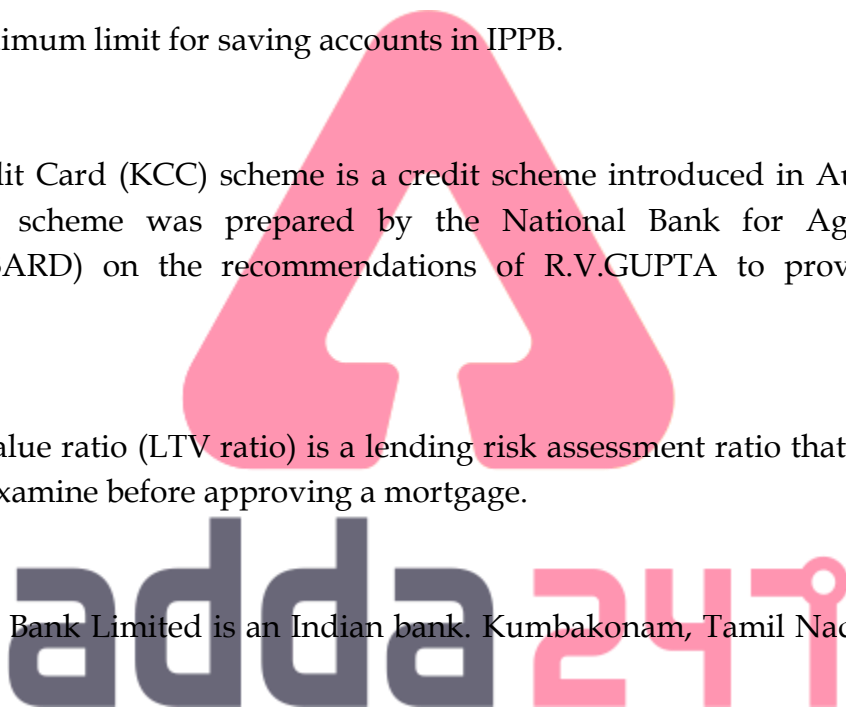
Sol. The City Union Bank Limited is an Indian bank. Kumbakonam, Tamil Nadu is the headquarters of City Union Bank.

S32. Ans.(b)

Sol. The State Expert Appraisal Committee (SEAC)'s function on the principle of collective responsibility. The Chairperson shall endeavor to reach a consensus in each case, and if consensus cannot be reached, the view of the majority shall prevail.

S33. Ans.(a)

Sol. Bandhan Bank Limited is an Indian banking and financial services company headquartered in Kolkata, West Bengal. Bandhan, which started as a micro-finance company in 2001, received banking licence by Reserve Bank of India in 2014.



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S34. Ans.(a)

Sol. The Society for Worldwide Interbank Financial Telecommunication (SWIFT) provides a network that enables financial institutions worldwide to send and receive information about financial transactions in a secure, standardized and reliable environment.

S35. Ans.(b)

Sol. In money market, the amount that is lent for one day is known as “call money” and, if it exceeds one day or two days to 14 days is referred to as “notice money.”

S36. Ans.(b)

Sol. The interest rate risk is the risk that an investment's value will change due to a change in the absolute level of interest rates, in the spread between two rates, in the shape of the yield curve, or in any other interest rate relationship. Such changes usually affect securities inversely and can be reduced by diversifying (investing in fixed-income securities with different durations) or hedging (such as through an interest rate swap).

S37. Ans.(d)

Sol. The RBI has allowed Asset Reconstruction Companies (ARCs) to hold more than 26% post conversion of debt into equity in companies undergoing restructuring.

S38. Ans.(b)

Sol. The Banking Codes and Standards Board of India was registered as a society under the Societies Registration Act, 1860 in February 2006. It functions as an independent and autonomous body. Membership of BCSBI is voluntary and open to scheduled banks.

S39. Ans.(e)

Sol. The National Summary Data Page (NSDP) links are intended to provide quick access to a single comprehensive source of economic and financial data consistent with the data categories and components described in the subscriber's metadata. Additionally, many of the NSDPs include further links to additional data or information on other national Internet data sites.

S40. Ans.(d)

Sol. Pluto Exchange launches the India's first bitcoin trading app for transacting in virtual currencies. The Pluto Exchange mobile app offers a solution to the coordination problem between payment processors, financial gateways and banks. Pluto Exchange will enable transactions using mobile numbers only. With this, by using a four-digit personal identification number (PIN), users can now buy, sell, store and spend bitcoins via a mobile number.

S41. Ans.(e)

Sol. The current interest rate applicable to KVP is 6.9% per annum which will double your investment in 124 months.

S42. Ans.(b)

Sol. Arrangement of selling an insurance product through banks is known as Bancassurance.

S43. Ans.(d)

Sol. Regulator for the Indian Corporate Debt Market is the Securities and Exchange Board of India (SEBI). SEBI controls bond market and corporate debt market in cases where entities raise money from public through public issues.

S44. Ans.(c)

Sol. Know your customer(KYC) is an important step developed globally to prevent identity theft, financial fraud, money laundering and terrorist financing.

S45. Ans.(d)

Sol. There is no requirement for any initial deposit for opening a BSBDA.

S46. Ans.(a)

Sol. The minimum amount to be remitted through RTGS is Rs2 lakh.

S47. Ans.(a)

Sol. RNBCs stands for Residuary Non-Banking Companies.

S48. Ans.(c)

Sol. The term bad debts usually refers to accounts receivable (or trade accounts receivable) that will not be collected.

S49. Ans.(b)

Sol. Government of India created the RIDF in NABARD in 1995-96, with an initial corpus of Rs.2,000 crore. With the allocation of Rs.28,000 crore for 2018-19 under RIDF XXIV, the cumulative allocation has reached Rs.3,20,500 crore, including Rs. 18,500 crore under Bharat Nirman.

S50. Ans.(b)

Sol. A savings account is an account maintained by a bank or other financial institutions for individuals to save money and earn interest on the cash held in the account.



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