

## All India Mock For JAIB PPB 2023

**Q1.** Which among the following types of damage involves damage to the banking industry from individuals with mala fide intentions who wish to disrupt the services for financial gains?

(½ Mark)

- (a) Malicious damage
- (b) Accidental damage
- (c) Human errors and omissions
- (d) None of the above

**Q2.** In the context of a bank-customer relationship, what role does the bank play?

(½ Mark)

- (a) The bank acts as an investor.
- (b) The bank acts as a debtor.
- (c) The bank acts as a shareholder.
- (d) The bank acts as a creditor.

**Q3.** How is money transferred to the beneficiaries under the EBT Scheme which aims at the transfer of subsidies and other benefits directly to the people?

(1 Marks)

- (a) The State Govt. directly transfers the funds into the beneficiaries' accounts
- (b) The State Govt. transfers the funds to the Leader bank of the whole district for onward transmission into the beneficiaries' accounts
- (c) The State Govt. transfers the funds to the Leader bank transfers to the participating banks for onward transmission into the beneficiaries' accounts
- (d) The State Govt. transfers the funds to the Leader bank which transfers to the Nodal officer of the district for onward transmission to the participating banks and who ultimately transfers into the beneficiaries' accounts

**Q4.** What of the following is true about the SARFASEI Act, of 2002

(1 Marks)

- (a) It empowers the borrower to get back their security in the event of default owing to bankruptcy
- (b) It empowers the banks to enforce the securities in the event of default
- (c) It empowers the court to seize the securities of the borrower in the event of default
- (d) It empowers the banks to enforce the securities in the event of default with the assistance of the Debt Recovery Tribunal

**Q5.** Which of the following functions is not an End of the Day (EOD) operation at banks?

(½ Mark)

- (a) Expiry of Overdraft limits
- (b) Filing of reports
- (c) Minimum balances are calculated
- (d) Recording of entries in the Backup Register

**Q6.** Can a Resident Foreign Currency (RF(C) Account be opened jointly?

(1 Marks)


- (a) No, it is not possible to open an RFC Account as a joint account
- (b) Yes, the RFC account holder can have a resident/non-resident relative as a joint holder but it can only be operated by the joint holder if he is an adult
- (c) Yes, the RFC account holder can have only a resident relative as a joint holder but it can only be operated by the joint holder if he is an adult
- (d) Yes, the RFC account holder can have only a resident relative as a joint holder but it cannot be operated by the joint holder during the lifetime of the account holder

**Q7.** Under Core Banking Solutions-

(1 Mark)

- (a) All branches of a bank have separate software and all the computers of the branch are connected to the central server of the Branch
- (b) All branches of a bank have the same software and all the computers of different branches are connected to the central server of the bank
- (c) All the computers of all bank branches have separate software and there is no central server
- (d) All the commercial banks are connected to the central server of the banking sector

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**Q8.** Mr. Smith approached Bank X for a personal loan of Rs. 10,000 to renovate his home. The bank approved the loan and provided him with the funds. However, Mr. Smith's financial situation changed, and he decided not to utilize the loan amount. What is the relationship between Mr. Smith and Bank X, and what are the implications of not utilizing the loan amount?

(2 Mark)

- (a) Mr. Smith is a debtor, and Bank X is a creditor. Not utilizing the loan amount does not relieve Mr. Smith from his obligation to repay the loan, and he must still repay the loan with interest as per the terms.
- (b) Mr. Smith is a debtor, and Bank X is a creditor. Not utilizing the loan amount releases Mr. Smith from his obligation to repay the loan, and he incurs no further debt.
- (c) Mr. Smith is a creditor, and Bank X is a debtor. Not utilizing the loan amount means that Bank X owes Mr. Smith an additional Rs. 10,000 as compensation for not being able to utilize the funds.
- (d) Mr. Smith is a creditor, and Bank X is a debtor. Not utilizing the loan amount gives Mr. Smith the right to request an equivalent loan amount in the future without undergoing the approval process.

**Q9.** When examining the relevance and fairness of information disclosed to customers, a banking professional should prioritize:

(1 Mark)

- (a) Presenting data that best showcases the bank's strengths, even if it omits certain risks.
- (b) Delivering information in complex jargon, showcasing expertise.
- (c) Ensuring transparency, even if it means disclosing potential risks or drawbacks.
- (d) Highlighting only the most popular services, irrespective of individual client needs.

**Q10.** Mrs. Arora has a Fixed Deposit (FD) account with Bank XYZ. It has been three years since she last operated the account, and it is now classified as inoperative. Recently, Mrs. Arora responded to the bank's communication, stating that she wishes to withdraw the entire balance from the FD account. According to the RBI guidelines, how should Bank XYZ handle Mrs. Arora's request?

(2 Mark)

- (a) Bank XYZ should charge Mrs. Arora a penalty for the inactivity of the FD account before allowing her to withdraw the entire balance.
- (b) Bank XYZ should refuse Mrs. Arora's request as the account has been classified as inoperative, and she needs to resume regular transactions before any withdrawal.
- (c) Bank XYZ should allow Mrs. Arora to withdraw a part amount from the FD account, and her request to revive the account's operations should be considered.
- (d) Bank XYZ should permit Mrs. Arora to withdraw the entire balance from the FD account without any charge for activation.

**Q11.** According to Sec. 4 of the Indian Partnership Act, 1932, how is a partnership defined? (½ Mark)

- (a) A formal agreement between individuals.
- (b) A relationship based on friendship.
- (c) A relationship involving profit sharing in a business.
- (d) A legal contract for property sharing.

**Q12.** What is a mandate? (1 Mark)

- (a) An authority is given by the account holder to the bank to operate the account on his behalf
- (b) An authority is given by the account holder to any third party to operate the account on his behalf
- (c) An authority is given by the account holder to shift his bank account to the name of his nominee after his death
- (d) An authority given by the account holder to his/her spouse to operate the account on his/her behalf

**Q13.** How often is the submission and settlement of claims from banks supposed to be done? (½ Mark)

- (a) Weekly
- (b) Bi-weekly
- (c) Monthly
- (d) Quarterly

**Q14.** Under what condition can a duplicate DD/BC be issued in lieu of the lost instrument? (1 Mark)

(1 Mark)

- (a) Only if the purchaser/payee provides an indemnity and payment has already been made.
- (b) Only if the bank has not lost the original instrument.
- (c) If the purchaser/payee provides an indemnity and payment has not been made.
- (d) If the bank receives an official request from the government.

**Q15.** XYZ Bank, a modern financial institution, is dedicated to enhancing the security of its electronic payment transactions. As part of this effort, the bank has decided to implement a crucial security measure regarding the addition of beneficiaries to customer accounts. In the process of boosting security measures, XYZ Bank chooses to restrict the number of beneficiaries that a customer can add within a single day. What specific action will XYZ Bank take once a beneficiary is successfully added? (2 Mark)

(2 Mark)

- (a) Recognizing the significance of beneficiary additions, the bank will require the customer to complete an additional level of authentication before confirming the addition. This step further guarantees that the addition is genuine and authorized.
- (b) The bank will present a warm congratulatory message directly on the customer's online banking dashboard immediately after the successful addition of a beneficiary. This message aims to acknowledge the customer's action.

- (c) XYZ Bank will promptly send an SMS alert to the user's registered mobile number once the prescribed beneficiary limit is exceeded. However, beneficiaries within the limit will be added without any restrictions and/or alerts. For beneficiaries beyond the limit, an additional factor of authentication will be required.
- (d) The bank will proactively inform the customer when a beneficiary is successfully added. This is done to make sure the customer knows about the change and its importance in the context of keeping their transactions secure.

**Q16.** Which of the following banks helps in Initial Public Offering (IPO)? (½ Mark)

- (a) Merchant bank
- (b) Central Bank (RBI)
- (c) Commercial bank
- (d) Payment Bank

**Q17.** What is the Annual Guarantee Fee% p.a. for a Credit Facility Amount of Rs.3 lakh? (1 Mark)

- (a) 1.50%
- (b) 1.25%
- (c) 1.00%
- (d) 0.75%

**Q18.** What is the purpose of mediation and conciliation when used by an ombudsman? (½ Mark)

- (a) To impose a solution on the parties involved.
- (b) To avoid any form of negotiation.
- (c) To forge understanding and agreement among the parties.
- (d) To escalate the dispute further.

**Q19.** Identifying the organization's core values is important because - (1 Mark)

- (a) It is the mandatory requirement of the law to follow the set standards of values within all the practices of the organization
- (b) Only the adoption of core values can help in reducing the NPAs of an organization
- (c) An organization can compete only by effectively implementing the core values within all its decisions
- (d) All of these

**Q20.** MFI stands for \_\_\_\_ and its role is to \_\_\_\_\_. (½ Mark)

- (a) Micro Finance Institutions; provide loans to low-income households
- (b) Micro Finance Institutions; provide loans to rural households
- (c) Micro & Financial Institutions; provide loans without collateral
- (d) Micro & Financial Institutions; provide loans to rural households

**Q21.** In a Demand promissory note (DPN), the borrower makes a promise to the banker to repay the loan amount on demand with- (½ Mark)

- (a) Market rate of interest
- (b) Flexible rate of interest
- (c) Fixed rate of interest
- (d) Agreed rate of interest

**Q22.** Company Q is in a strong financial position and has a track record of successful business operations. On January 15, 2024, the company applied for a substantial loan of Rs. 5,00,000 from Bank R. What significance does enforceability hold about collateral? (2 Mark)

- (a) Enforceability of collateral ensures that the legal system is designed to provide an efficient process for lenders to recover their outstanding dues by enforcing security in the event of loan default.
- (b) Enforceability of collateral primarily guarantees that the assets offered as security adhere to specific criteria and are kept up-to-date, thus safeguarding the lender's interests in case of loan default.
- (c) Enforceability of collateral involves evaluating various aspects such as the age, condition, and specialization level of assets. This evaluation is crucial to ensure the assets retain their value over time.
- (d) Enforceability of collateral pertains to assessing the technological obsolescence of the assets offered as security. This assessment determines whether the assets remain relevant and valuable over time.

**Q23.** A street vendor has successfully repaid a 2nd loan of Rs. 20,000 within a minimum repayment period of 6 months. The vendor is now eligible for a 3rd loan under the PM SVANidhi Scheme. If the interest rate for the new loan is 10% per annum and there is an interest subsidy of 7%, what would be the effective interest rate for the vendor for the 3rd loan? (2 Mark)

- (a) 10%
- (b) 7%
- (c) 3%
- (d) 8%

**Q24.** What is the difference between a demand draft and a cheque? (1 Mark)

- (a) Cheque is a negotiable instrument whereas a Demand Draft is not a negotiable instrument
- (b) A Cheque is payable as pay-to-order as well as to the bearer whereas a Demand Draft is not payable to the bearer
- (c) A Demand Draft is payable as pay-to-order as well as to the bearer whereas a Cheque is not payable to the bearer
- (d) Demand Draft is a negotiable instrument whereas Cheque is not a negotiable instrument

**Q25.** What are the obligations under PMLA aimed at for banks? (½ Mark)

- (a) To provide easy and fast loans to customers.
- (b) To report every transaction to the government.
- (c) To understand customers and their financial dealings, detect and report suspicious activities, comply with laws, and train staff in KYC/AML procedures.
- (d) To increase the number of customers for better profitability.

**Q26.** Emily, a loan officer at Trust Bank, is scrutinizing loan applications to assess whether they fit under the Weaker Sections category within the Priority Sector as per the bank's compliance requirements. She encounters four diverse loan applications that need appropriate classification. Which loan application is not eligible to be categorized under the Weaker Sections according to the guidelines? (2 Mark)

- (a) A loan request from Jacob, a small-scale farmer in a rural community, who is applying for funds to modernize his existing irrigation system to increase agricultural productivity and better serve his community.
- (b) A loan application from Handi-Craft Co., a village industry specializing in handmade products, where the individual credit limit requested exceeds the guideline of Rs. 1 lakh by a marginal amount for expansion purposes.
- (c) A loan application from Sarah, an individual woman, who is seeking funds for starting her own small-scale food production business, with the loan amount requested being exactly Rs. 1 lakh.
- (d) A loan request from Luxe Fashion, a boutique aiming to cater exclusively to an elite clientele, owned by a member of a minority community in a state where that minority is actually in the majority.

**Q27.** If the drawer of the cheque wants to ensure a safety audit trail of payment, he may further direct the paying banker to pay the cheque only through an \_\_\_\_\_. Crossing of the cheque conveys this mandate of the drawer. Secs. 123 to 131 deal with \_\_\_\_\_ the cheques. These provisions are also applicable to banker's cheques, pay orders, and drafts. (1 Mark)

- (a) cash, endorsing
- (b) account, crossing
- (c) third-party, cashing
- (d) credit card, depositing

**Q28.** Set-off, as a type of charge, refers to-

(1 Mark)

- (a) the right of the banker to retain possession of the goods and/or securities owned by the debtor until the debtor pays the dues of the debt taken
- (b) the right of a debtor to consider a debt owed to him by a creditor, when claiming a debt due from him to the creditor

- (c) the bailment of goods for providing security for payment of debt
- (d) None of the above

**Q29.** Which of the following statements most accurately captures the constraints faced by the rural poor? (2 Mark)

- (a) The rural poor predominantly suffer from illiteracy and low motivation but generally have a solid economic base.
- (b) The rural poor are disadvantaged mainly due to poor economic conditions, while social backwardness and lack of knowledge are lesser concerns.
- (c) The rural poor face multiple incapacitations including social backwardness, illiteracy, low motivation, and a poor economic base, which are exacerbated when faced individually.
- (d) The rural poor are generally empowered individuals who lack only access to knowledge and information in today's development process.

**Q30.** ABC Ltd. plans to expand its business and is setting up to raise funds through capital and debenture issues next year. Meanwhile, they ask Big Bank for a short-term bridge loan, promising to repay once they secure the long-term funds. Big Bank is now considering this request in light of RBI rules on bridge loans. Should Big Bank approve ABC Ltd.'s request for a bridge loan to tide over its immediate financial needs until the long-term fundraising? (2 Mark)

- (a) Yes, Big Bank can grant the bridge loan as it is for the expansion of operations, which is critical for ABC Ltd.'s growth, ensuring a prosperous future for the company.
- (b) Yes, since ABC Ltd. has a clear plan to raise long-term funds through capital and debenture issues in the future, Big Bank can grant the bridge loan to facilitate the smooth transitioning of the company's growth phase.
- (c) No, Big Bank should adhere to the RBI regulations, which strictly prohibit banks from granting bridge loans of any nature or interim finance against capital or debenture issues or pending the raising of long-term funds from the market.
- (d) No, but Big Bank can explore alternative avenues of financial assistance that do not involve bridge loans or interim finance against the pending raising of long-term funds, in compliance with RBI regulations.

**Q31.** According to Section 182 of the Indian Contract Act, 1872, what is the principal's role in a principal-agent relationship? (1 Mark)

(1 Mark)

- (a) The principal collects payments on behalf of the agent.
- (b) The principal delegates authority to the agent.
- (c) The principal handles all financial transactions directly.
- (d) The principal acts as a mediator between the agent and third parties.



**Q32.** Secure Bank is in talks with an NBFC, Growth Fin, for a potential collaboration. Growth Fin is planning a big project with another firm, Future Corp, and needs Secure Bank to guarantee their inter-company loans. Meanwhile, Secure Bank is also considering providing partial credit enhancement (PCE) to Growth Fin for the bonds they are planning to issue later this year. What should Secure Bank do?

(2 Mark)

- (a) Secure Bank can refuse to guarantee the inter-company loans following RBI guidelines but can offer PCE for Growth Fin's upcoming bonds as it is allowed for NBFC-ND-SIs and HFCs.
- (b) Secure Bank might devise a strategy to get around RBI rules, facilitating guarantees for inter-company deposits while staying compliant with the PCE rules for the bond issue.
- (c) Secure Bank could work out terms to provide guarantees by changing the structure of the fund placement to follow RBI rules and also plan for PCE for the bonds.
- (d) Secure Bank should suggest Growth Fin look for other ways to secure the loans without guarantees as per RBI norms and help them build a strong case for getting PCE for their bond issues.

**Q33.** Which of the following statements is true about business ethics?

(½ Mark)

- (a) Business ethics modify people's behavior
- (b) An organization is ethical if it operates within the limits of the law
- (c) Business Ethics is the same as Corporate Social responsibility
- (d) Ethics can be managed mostly indirectly

**Q34.** What is the fundamental principle behind the right of set-off in banking?

(1 Mark)

- (a) Allowing a creditor to collect debts from a debtor.
- (b) Allowing a debtor to offset debts owed to them by a creditor.
- (c) Encouraging customers to maintain multiple bank accounts.
- (d) Promoting the use of credit cards for financial transactions.

**Q35.** What is the composition of the Central Information Commission under the Right to Information Act, of 2005?

(1 Marks)

- (a) President, and A Chief Information Officer
- (b) President, A Chief Information Officer, Central Information Commissioners not exceeding five
- (c) A Chief Information Commissioner, Chief Information Officers not exceeding five
- (d) A Chief Information Commissioner, Central Information Commissioners not exceeding ten

**Q36.** Which among the following is true about the financial assistance provided by banks to help their employees in purchasing shares of their bank? (1 Marks)

- (a) The banks can extend finance to its employees under ESOPs to the extent of 95% of the purchase price of the shares.
- (b) The banks can extend finance to its employees under ESOPs to the extent of Rs. 15 lakh.
- (c) The banks can extend finance to its employees under ESOPs to the extent of 90% of the purchase price of the shares or Rs. 20 lakh, whichever is lower.
- (d) The banks cannot extend finance to its employees to purchase shares of their bank.

**Q37.** In the village of Prospera, the RBI emphasized connecting Self-Help Groups (SHGs) with banks to improve financial inclusion. This led to the SHG-Bank Linkage Programme, which aimed to enhance villagers' access to financial services. In the context of service/processing charges for loans to SHGs, which statement is correct?

(2 Mark)

- (a) Banks are allowed to charge service and inspection fees for all loans provided to SHGs, regardless of the loan amount, to cover administrative costs.
- (b) Banks are obligated to charge a standard service fee for all loans given to SHGs, ensuring a consistent fee structure for every transaction.
- (c) Service charges are exempted only for loans exceeding Rs. 25,000 per member for eligible priority sector loans to SHGs/JLG, encouraging SHGs to borrow larger sums for significant projects.
- (d) No service charges or inspection charges are applicable for loans up to Rs. 25,000 per member for eligible priority sector loans to SHGs/JLG, making borrowing more affordable for smaller amounts.

**Q38.** A principal debtor borrows Rs. 10,000 from a lender at an interest rate of 5% per annum. A surety guarantees the loan. Due to the debtor's inability to pay, the surety makes a payment of Rs. 2,000 towards the loan after one year. Including the interest for one year, what amount is the principal debtor impliedly obligated to pay back to the surety?

(2 Mark)

- (a) Rs. 2,000
- (b) Rs. 2,100
- (c) Rs. 2,050
- (d) Rs. 1,900

**Q39.** Why is security and risk management crucial in the electronic transmission and retrieval of sensitive corporate information? (1 Marks)

- (a) To encourage open access to all corporate data.
- (b) To prevent any form of data transmission.
- (c) To safeguard data integrity and confidentiality.
- (d) To minimize corporate losses due to external fraud.

**Q40.** On receipt of the garnishee or attachment order, the bank shall-

(1 Mark)

- (a) Stop debit operations in the account attached on the part of the customer
- (b) Stop credit operations in the account attached on the part of the customer
- (c) Stop debit as well as credit operations in the account attached on the part of the customer
- (d) Close the bank account of the customer

**Q41.** The parties and the mediator shall maintain \_\_\_\_\_ in respect of the events that transpire during the mediation proceedings and shall not use or rely upon any information, document, etc. produced, the proposals and admissions made, or the views expressed during the mediation proceedings. There shall be no \_\_\_\_\_ or \_\_\_\_\_ recording of the mediation proceedings.

(1 Mark)

- (a) integrity, audio, video
- (b) accountability, voice, image
- (c) transparency, sound, visual
- (d) confidentiality, audio, video

**Q42.** What are the main objectives of measures for prevention of money laundering?

1. To prevent criminal elements from using the financial system for money laundering activities.
2. To prevent spread of criminal activities in society.
3. To safeguard the economy from financial crimes.
4. To prevent terrorists from gaining access to financial resources.

(1 Mark)

- (a) 1, 2, and 3
- (b) 2, 3, and 4
- (c) Only 2 & 4
- (d) All of the above

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**Q43.** Which among the following computers was deployed during the initial stages of the computerization of banks?

(½ Mark)

- (a) Microcomputers
- (b) Mainframe computers
- (c) Minicomputers
- (d) None of the above

**Q44.** Which type of transactions are accepted during the Start of the day (SO(D) event under Real Time Gross Settlement (RTGS)?

(½ Mark)

- (a) Only Inter-bank payments
- (b) Only payments up to Rs 3,00,000 per transaction
- (c) Only payments up to Rs 2,50,000 per transaction
- (d) No payments are accepted

**Q45.** What is the general procedure for a person aggrieved by a Tribunal's order to exercise their right to appeal?

(1 Mark)

- (a) They must always file an appeal, regardless of the order's nature.
- (b) They can directly approach the Supreme Court.
- (c) They may prefer an appeal to an Appellate Tribunal having jurisdiction.
- (d) They can only appeal if the order involves a criminal matter.

**Q46.** Which of the following is not a requirement for opening a bank account for an illiterate person?

(1 Mark)

- (a) Passport size photograph of the customer must be attached to the account opening form, as well as on the front page of the passbook and chequebook issued
- (b) The left-hand thumb impression of the account holder must be obtained in the presence of an authorized bank officer and a person well-known to the bank on the account opening form
- (c) The rules regarding the operational and other aspects of the account must be clearly explained to the customer in a language understood by him/her
- (d) If the customer intends to allow any other person to operate his/her account, the customer must submit an authorization cum indemnity letter to the bank

**Q47.** In the case of Morrison vs London County and Westminster Bank Ltd., which of the following best describes the reason for the bank being held negligent?

- A. The manager drew cheques payable to the bank and transferred them to his private account without any proper justification.
- B. The bank failed to notice that the manager was drawing cheques from the firm's account without authorization.

- C. The bank collected cheques signed by the manager without making the necessary enquiries, even though it was evident that he was signing as an agent of the firm.
- D. The manager of the plaintiff had no authority to draw cheques per pro his employer but did so without the bank raising any concerns.

(2 Mark)

- (a) Only B  
(b) Only A  
(c) Only D  
(d) Only C

**Q48.** Government entity X is updating its security protocols to align with PCI DSS guidelines. As the IT specialist, you are selecting critical personal details to mask to avoid data breaches. This approach involves hiding certain data to ensure privacy and meet regulatory requirements. Which personal data should Entity X prioritize for data masking to comply with auditor recommendations?

(2 Mark)

- (a) Masking shopping preferences of individuals, their frequently used email addresses, and details of their most recent purchases to create a safer environment.
- (b) Masking sensitive personal details like credit card information, Social Security numbers, the names and residential addresses of individuals, and their primary phone numbers to safeguard them from unauthorized access and potential misuse.
- (c) Masking non-financial personal history data such as educational backgrounds, detailed work histories, and affiliations to various organization memberships to prevent the potential leaking of personal history, albeit this data is not directly linked to financial security.
- (d) Masking auxiliary membership details such as frequent flyer numbers, library card numbers, and recreational park membership IDs to protect information that could potentially be leveraged in identity-related fraud.

**Q49.** Can banks lend money to minors?

(½ Mark)

- (a) Yes, but only with the consent of his/her legal guardian  
(b) Yes, but only for the necessities of life  
(c) Yes, but only after the minor is 10 years of age  
(d) No, the banks cannot lend money to a minor

**Q50.** Which is the principal financial institution for financing and development of the MSME sector?

(½ Mark)

- (a) RBI  
(b) Ministry of Corporate Affairs  
(c) SIDBI  
(d) SEBI

**Q51.** Which of the following describes Chatbots as an emerging technology in banking?

(1 Mark)

- (a) It is an interactive experience where real-world objects are simulated and enhanced by computer-generated perceptual information
- (b) It refers to the use of gadgets that can be worn by a person to record tracking information related to health and fitness
- (c) It refers to an application that mimics written or spoken human speech
- (d) It refers to a cellular network that uses waves and enhances the ability to move, manipulate and analyze data on the fly

**Q52.** Which of the following statements best differentiates a contract of indemnity from a contract of guarantee in terms of the number and roles of parties involved?

- A. In a contract of indemnity, there are three parties involved: the indemnifier, the indemnified, and a neutral arbitrator, while a contract of guarantee also includes three parties: the debtor, the creditor, and the surety.
- B. Both a contract of indemnity and a contract of guarantee involve only two parties: the indemnifier and the indemnified in the former, and the creditor and debtor in the latter.
- C. A contract of indemnity involves two parties: the indemnifier and the indemnified, while a contract of guarantee involves four parties: the debtor, the creditor, the surety, and a witness.
- D. In a contract of indemnity, there are only two parties: the indemnifier and the indemnified, whereas a contract of guarantee involves three parties: the debtor, the creditor, and the surety.

(2 Mark)

- (a) Only Statement D  
(b) Only Statement A  
(c) Only Statement B  
(d) Only Statement C

**Q53.** IT has been used in two avenues of banking. One is communication and connectivity, and the other one is \_\_\_\_\_.

(½ Mark)

- (a) Business Process Re-engineering  
(b) Business Process Improvement  
(c) Business Process Management  
(d) Six Sigma

**Q54.** The Positive Pay System is most closely associated with which of the RBI's measures of the betterment of the Banking Industry?

(½ Mark)

- (a) Prevention of Money Laundering Act (PMLA)  
(b) Cheque Truncation System (CTS)  
(c) Know Your Customer (KYC) Policy  
(d) Digital Payment Systems

**Q55.** Steve, the CEO of a regulated Non-Banking Financial Company (NBFC), received an Award from the Ombudsman on September 1, 2023, that was not in the company's favor. He was busy with an overseas business trip and missed the initial 30-day window for filing an appeal. What is the latest date by which Steve can potentially file an appeal, provided the Appellate Authority is convinced of his reasonable cause for the delay?

(2 Mark)

- (a) October 1, 2023, because the governing rules are very strict and explicitly state that the 30-day appeal window cannot be extended for any reason, even for CEOs of companies.
- (b) September 30, 2023, as being out of the country for business reasons is generally not considered a valid excuse to extend the window for filing an appeal under the scheme.
- (c) November 15, 2023, because typically CEOs of regulated entities receive an automatic 45-day grace period added to the initial 30-day window to file an appeal, making it quite lenient for them.
- (d) October 31, 2023, considering the Appellate Authority has the discretion to grant an additional 30-day extension if he's convinced that there was a reasonable cause for the delay in filing the appeal.

**Q56.** Which of the following scenarios best captures the essence of an acceptance credit or time credit?

(1 Mark)

- (a) Under an acceptance credit, the beneficiary receives immediate payment for the bills as soon as they are drawn, allowing the buyer to enjoy extended credit terms.
- (b) An acceptance credit means that the beneficiary waits for an indefinite period until the buyer decides to pay the bills, providing a flexible payment schedule for the buyer.
- (c) In an acceptance credit, the beneficiary has the option to wait until the date of maturity to receive money or can get the bills discounted to obtain immediate payment, thus giving the buyer credit from the seller.
- (d) An acceptance credit stipulates that the beneficiary must mandatorily wait until the date of maturity to receive any payment, giving the buyer no flexibility in settling the bills earlier.

**Q57.** Which of the following statements is/are correct regarding the accounts of foreign nationals leaving India?

- i. The resident accounts held in India can be re-designated as NRO account for the collection of pending bonafide dues in India.
- ii. AD Cat-I banks need not satisfy that the credits are bonafide dues when he/she was a resident in India.
- iii. The funds credited to the account need not be repatriated abroad.
- iv. The amount repatriated abroad can exceed USD two million per financial year.

(2 Mark)

- (a) i, ii, and iv
- (b) iii, and iv
- (c) Only i
- (d) All of the above

**Q58.** Bank X has an eligible capital base of Rs.100 lakh from its last audited balance sheet. After an additional Rs. 20 lakh infusion in Tier I capital and accrued profits of Rs. 10 lakh during the year, which has been certified and submitted to the RBI, what is the highest exposure value that Bank X can have towards a single counterparty?

(2 Mark)

- (a) Rs. 20 lakh, based solely on the capital from the previous balance sheet without considering any additions.
- (b) Rs. 26 lakh, which includes the additional capital infusion after the balance sheet but excludes the accrued profits during the year.
- (c) Rs. 30 lakh, including only the profits accrued during the year and the initial capital from the last audited balance sheet.
- (d) Rs. 26 lakh, taking into account all components: the capital from the last balance sheet, the additional infusion, and the accrued profits during the year.

**Q59.** In case of advances given to a limited company against its assets, the required forms are to be presented to-

(½ Mark)

- (a) Ministry of Corporate Affairs
- (b) Registrar of Companies
- (c) Company Head Office
- (d) None of the above

**Q60.** EASE stands for \_\_\_\_\_ and aims at \_\_\_\_\_. (1 Mark)

- (a) The Enhanced Access and Service Excellence; aim at the automation and digitization of banking services in all commercial banks
- (b) The Enhanced Access and Service Excellence; aims at automation and digitization of banking services in public sector banks
- (c) The Excellence in Accessing Service; aims at automation and digitization of banking services in all commercial banks
- (d) The Excellence in Accessing Service; aims at automation and digitization of banking services in public sector banks

**Q61.** What characterizes an irrevocable credit according to the latest uniform customs and practices for documentary credits 600? (½ Mark)

- (a) It can be amended or cancelled without beneficiary consent.
- (b) The issuing bank is not bound by its commitments.
- (c) It requires the consent of the beneficiary for any changes.
- (d) It is subject to frequent revisions.



**Q62.** Deterrent controls, to be evaluated of Information System (IS) Audit, refers to- (1 Marks)

- (a) The controls that are designed for recovery from a loss situation
- (b) The controls that record the occurrence of undesired events
- (c) The controls that prevent the event or incident from occurring
- (d) The controls that discourage people from doing undesirable activities

**Q63.** Which among the following facilities is offered for the visually impaired at an ATM/branch of a bank? (½ Mark)

- (a) Ramps
- (b) Braille keypads
- (c) Magnifying glass
- (d) None of the above

**Q64.** Which of the following warehouse receipts can be used as a security against advances? (½ Mark)

- (a) Warehouse receipts issued by the central government
- (b) Warehouse receipts issued by the state government
- (c) Warehouse receipts issued by the private agencies
- (d) Both (a) and (b)

**Q65.** Which of the following statements most accurately captures the characteristics of short-term loans? (1 Mark)

- (a) Short-term loans, repayable up to 36 months, primarily include crop loans and Kisan Credit Cards scheme for raising crops.
- (b) Short-term loans are those that must be repaid within 18 months and include options such as crop loans, Kisan Credit Cards for raising crops, and loans against gold ornaments for agricultural purposes.
- (c) Short-term loans refer to loans that are repayable in a period exceeding 18 months, and they include crop loans and loans against gold ornaments for non-agricultural purposes.
- (d) Short-term loans, repayable within 18 months, exclusively include crop loans and do not feature any other types of loans like Kisan Credit Cards or loans against gold ornaments.

**Q66.** The following are statements regarding the contract of indemnity and the contract of guarantee-

- I. In a contract of guarantee, the liability of the surety is secondary whereas, in a contract of indemnity, the indemnifier has the primary liability
- II. In a contract of indemnity, there are two contract whereas, in a contract of guarantee, there are three contracts. (1 Marks)

- (a) Statement I is true and II is false
- (b) Statement I is false and II is true
- (c) Statements I and II are true
- (d) Statements I and II are false

**Q67.** As the central bank is expected to announce new regulatory changes on September 30, 2023, Bank Z is considering using its DSS to anticipate the effects and form a fitting strategy. Which strategy could Bank Z most appropriately choose? (2 Mark)

- (a) Bank Z should generate ad hoc reports and utilize statistical analyzers to understand the potential implications of the forthcoming regulatory changes, forming a strategy based on historical data and trends.
- (b) The management of Bank Z plans to use the graphic tools available in DSS to develop presentations that outline potential strategies, conveying the analyses visually to the stakeholders.
- (c) Bank Z should consider a multifaceted strategy using DSS, which includes creating simulations to explore various what-if scenarios to help anticipate different outcomes to facilitate decision-making.
- (d) Bank Z should avoid using DSS for decision-making as DSS are generally not designed to facilitate decision-making processes in banking institutions and cannot aid in analyzing situations under different conditions effectively.

**Q68.** Which of the following provides a system of resolving disputes related to failed transactions in their respective payment system? (½ Mark)

- (a) Payment Clearing Corporates
- (b) Payment Banking Solution
- (c) Payment System Operators
- (d) Payment National Corporates

**Q69.** What is the primary focus of the Enhanced Access and Service Excellence (EASE) program initiated by the Indian Banks' Association (IBA)? (½ Mark)

- (a) Enhancing customer service quality
- (b) Increasing the number of public sector banks (PSBs)
- (c) Reducing the profitability of PSBs
- (d) Promoting traditional banking methods

**Q70.** Which two categories define logical access controls? (½ Mark)

- (a) Security barriers and malware protection tools
- (b) Verification and permission granting
- (c) Code encoding and decoding
- (d) Tangible access measures and biometric verification

**Q71.** A borrower receives two different loans, one for ₹4 lakh and another for ₹2 lakh. What would be the category of the maximum extent of guarantee if both loans were considered together? (2 Mark)

- (a) Up to ₹5 lakh
- (b) Above ₹5 lakh
- (c) Cannot be determined
- (d) Neither, it's not covered

**Q72.** Medium-term loans in the Agricultural sector are the ones whose period of credit is up to \_\_\_\_\_. (½ Mark)

- (a) 18 months
- (b) 20 months
- (c) 24 months
- (d) 36 months

**Q73.** Which of the following statements best reflects the role and characteristics of a 'Self-Help Group' (SHG)? (1 Mark)

- (a) An SHG is a mandatory group of financially well-off individuals focusing exclusively on economic development, having a significant role in the modern banking system.
- (b) SHGs are voluntary groups consisting of the poor, aiming to achieve social and economic empowerment and have transformed the credit delivery system by focusing on micro-finance.
- (c) SHGs are government-imposed associations formed for the sole purpose of social empowerment, and they have minimal impact on the credit delivery system.
- (d) An SHG is an optional group of middle-class individuals aimed primarily at community building, with no substantial role in altering the credit delivery system.

**Q74.** What was the core objective of RBI behind the formation of the National Payments Corporation of India (NPCI)? (1 Marks)

- (a) To integrate multiple public sector banks' ATMs in the country and facilitate convenience banking
- (b) To integrate multiple payment systems in the country for all large-value payments
- (c) To integrate multiple payment systems in the country for all retail payments
- (d) To integrate multiple payment systems in the country for all retail and large-value payments

**Q75.** In bus topology- (½ Mark)

- (a) All the devices are connected in a closed loop and the information is passed from one node to another in series
- (b) Transmission from any of the workstations travels through the entire cable in both the directions
- (c) If one node fails, it will not affect the entire network
- (d) All the above

**Q76.** Whistle blower policy of private sector and foreign banks were brought under the purview of \_\_\_\_ while the whistle-blower policy for public sector banks was brought under the purview of \_\_\_\_\_. (1 Mark)

- (a) Central Vigilance Commission; Reserve Bank of India
- (b) Reserve Bank of India; Central Vigilance Commission
- (c) National Human Rights Commission of India; Reserve Bank of India
- (d) Reserve Bank of India; National Human Rights Commission of India

**Q77.** Section 131 of the Negotiable Instruments Act protects to - (½ Mark)

- (a) Paying bank
- (b) Collecting bank
- (c) Drawer of cheque
- (d) Payee of cheque

**Q78.** Which of the following categories of persons are prohibited from receiving foreign contributions as per FCRA?

- i. Candidates for election
- ii. Public servant, Government servant or employee of any corporation
- iii. Associations or companies engaged in the production or broadcast of audio news or audio-visual news
- iv. Member of any Legislature

(2 Mark)

- (a) i, ii, and iv
- (b) i, ii, and iii
- (c) Only ii, iii
- (d) All of the above

**Q79.** SARFASEI Act stands for \_\_\_\_\_. (½ Mark)

- (a) Securitization and Reconstruction of Financial Assets and Enhancement of Security Interest Act
- (b) Securitization and Reconstruction of Financial Assets and Enforcement of Secured Interest Act
- (c) Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act
- (d) Securitization and Reconstruction of Finance & Assets and Enforcement of Security Interest Act

**Q80.** Fill in the Blanks:

- 1. The pre-packaged insolvency resolution process shall commence from the date of admission of the application. PIRP shall be completed within a period of \_\_\_\_\_ from the pre-packaged insolvency commencement date.
- 2. The RP should submit the resolution plan approved by the CoC to the AA, within \_\_\_\_\_ from the pre-packaged insolvency commencement date. If CoC does not approve any resolution plan within the time limit, the RP will file an application for termination of the PIRP with AA.

(1 Mark)

- (a) 60 days, 30 days
- (b) 90 days, 60 days
- (c) 120 days, 90 days
- (d) 180 days, 120 days

**Q81.** In the case of the death of Karta, who among the following is eligible to become the next Karta in the ancestral business as per the laws of the Hindu Succession Act?

(½ Mark)

- (a) Eldest male member
- (b) Eldest female member
- (c) Either a or b
- (d) Any adult male member

**Q82.** Which of the following best describes the current applications and features of major Fintech products and services?

(1 Mark)

- (a) Fintech products like P2P lending platforms and Robo advisors are exclusively used by large financial institutions as nodal intermediation agencies to connect lenders and borrowers.
- (b) Major Fintech products and services such as crowdfunding, blockchain technology, and Big Data are primarily focused on information security and do not connect lenders and borrowers.
- (c) Fintech products and services like P2P lending platforms, smart contracts, and E-aggregators are used to connect lenders and borrowers, as well as information seekers and providers, with or without a nodal intermediation agency.
- (d) Fintech services including blockchain technology and distributed ledgers are solely used for maintaining governmental financial records and do not involve connecting lenders and borrowers.

**Q83.** What is a Security Operations Center (SOC)?

(½ Mark)

- (a) A place where employees take breaks during work hours.
- (b) A facility where security guards are trained.
- (c) A centralized unit responsible for monitoring and managing an organization's security posture.
- (d) A department focused on customer support and service.

**Q84.** Which of the following medium(s) is/are used for inward remittances into India?

(½ Mark)

- (a) Bank wire transfer
- (b) Bank money orders
- (c) ACH Transfer
- (d) All of the above

**Q85.** Which of the following is NOT eligible to serve as a Business Facilitator under the BF model?

(½ Mark)

- (a) Farmers' Clubs
- (b) Agri Clinics
- (c) Insurance agents
- (d) Shopping malls

**Q86.** Which of the following statements best describes Neo-banking?

(1 Mark)

- (a) It refers to a small electronic and computerized box that helps the users to inquire, print and transact
- (b) It refers to the online remittance services provided by the traditional banks
- (c) It refers to a form of banking that does not have an online presence
- (d) It refers to a form of banking that does not have a physical presence

**Q87.** Which of the following statements is true regarding the conversion of unspent Indian currency into foreign currency?

(1 Mark)

- (a) Non-residents can convert unspent Indian currency into foreign currency without a valid Encashment Certificate
- (b) Foreign tourists can convert unspent Indian currency into foreign currency without a valid Encashment Certificate
- (c) Indian residents can convert unspent Indian currency into foreign currency without a valid Encashment Certificate
- (d) Unspent Indian currency cannot be converted into foreign currency without a valid Encashment Certificate

**Q88.** The resident of India who is granted PoA by the NRE account holder is not authorized to-

- I. Make permitted investments in India on behalf of the NRE account holder
- II. Repatriate funds outside India to a third party on behalf of the NRE account holder
- III. Remit funds to the NRE account holder outside India

(1 Marks)

- (a) Only II
- (b) Only III
- (c) Both II and III
- (d) All I, II and III

**Q89.** NRO stands for \_\_\_\_\_ and is offered to \_\_\_\_\_.

(½ Mark)

- (a) Non-Resident Overseas Rupee Account, Overseas Citizens of India
- (b) Non-Resident Original Rupee Account, Non-Resident Indians
- (c) Non-Resident Overseas Rupee Account, Non-Resident Indians
- (d) Non-Resident Ordinary Rupee Account, Persons of Indian Origin

**Q90.** Which of the following is not associated with Electronic Banking?

(½ Mark)

- (a) Remote banking
- (b) MPIN
- (c) Bank teller
- (d) Neo-banking

**Q91.** The targets for achieving the priority sector advances extend to which of the following types of banks?

(½ Mark)

- (a) Regional Rural Banks
- (b) Small Finance Banks
- (c) Co-operative Banks
- (d) All the above

**Q92.** Which of the following is not an initiative taken by the RBI to strengthen the payment system mechanism in India?

(½ Mark)

- (a) INFINET
- (b) CTS
- (c) FEMA
- (d) NACH system

**Q93.** \_\_\_\_\_ is authorized to store and safeguard the KYC records of the customers in digital form and \_\_\_\_\_ is authorized to act and perform the functions of the former entity and \_\_\_\_\_ is the code assigned to a customer from the former entity.

(1 Mark)

- (a) Central Registry of Securitization Asset Reconstruction and Security Interest of India; Central KYC Records Registry; KYC Key
- (b) Central KYC Records Registry; Central Registry of Securitization Asset Reconstruction and Security Interest of India; KYC Key
- (c) Central Registry of Securitization Asset Reconstruction and Security Interest of India; Central KYC Records Registry; KYC Identifier
- (d) Central KYC Records Registry; Central Registry of Securitization Asset Reconstruction and Security Interest of India; KYC Identifier

**Q94.** Who should sign the Power of Attorney if the account is jointly held by 2 or more persons?

(½ Mark)

- (a) Any of the joint account holder
- (b) More than 50% of the joint account holders
- (c) All joint account holders
- (d) The POA cannot be exercised in case of joint accounts

**Q95.** The provisioning coverage ratio indicates-

(½ Mark)

- (a) the extent of funds a bank has kept aside to cover loan losses
- (b) the extent of funds a bank has kept aside to pay dividends to its employees
- (c) the extent of funds a bank has kept aside as a provision to cover damages due to natural calamities
- (d) Any of the above

**Q96.** Which of the following statements is incorrect about the Deferred payment guarantee?

(1 Mark)

- (a) In a Deferred payment guarantee, the buyer of the goods pays the full price of the goods in installments over some time
- (b) The buyer pays the installment amounts as and when he has sufficient funds with him
- (c) The third party, i.e., bank or any other financial institution guarantees the payment of installments
- (d) If the installment is not paid on time, the guarantor would have to pay the same

**Q97.** Under Bill finance, a usance bill is also called-

(½ Mark)

- (a) Inland bill
- (b) Bills payable after sight
- (c) Bills payable before sight
- (d) Sight bill

**Q98.** How can the banks' employees be trained to prevent cybercrimes?

(1 Mark)

- (a) By making them aware of the patterns of prevalent IT attacks
- (b) By delegating them powers to handle an IT attack on their terms
- (c) By simply using password protection to encrypt sensitive data
- (d) All of the above

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**Q99.** A bank employee up to \_\_\_\_\_ of his career in banking is considered at the "Middle management" stage. At this stage, the employee \_\_\_\_\_.

(1 Mark)

- (a) 7 years; can try to resolve inter-personal and other issues at the workplace and can encourage openly employees with honest behavior
- (b) 15 years; can be deployed as a trainer or coach to train his/her juniors regarding various ethical practices to be followed at the workplace
- (c) 20 years; can train his/her juniors regarding various ethical practices to be followed at the workplace

(d) 20 years; can familiarize the junior employees with the pressure faced by the board members and help juniors in taking ethical decisions

**Q100.** Why is it important for the EOD process to be completed before the BOD process can be initiated?

(½ Mark)

- (a) To ensure that all transactions from the previous day are closed
- (b) To prevent errors in the new day's transactions
- (c) To save time in completing the BOD process
- (d) To prioritize the BOD process over the EOD process

## Solutions

**S1. Ans.(a)**

**Sol.** Malicious damage refers to harm or destruction that is done with an intent to injure or harm. In the context of the banking industry, individuals with mala fide intentions who disrupt the services for financial gains are committing malicious damage. In contrast, accidental damage pertains to unintentional harm or damage. Human errors and omissions also result from unintentional mistakes rather than deliberate intentions to harm.

**S2. Ans.(d)**

**Sol.** In a bank-customer relationship, the bank lends money to the customer or holds their deposits, making the bank a creditor. The customer owes money to the bank in the form of loans or may have deposited funds in the bank, making the bank a creditor for those funds.

**S3. Ans.(c)**

**Sol.** Each month, the leader bank receives the funds from the State Govt. in the Savings account opened by the Nodal Department with it and transfers the funds to other banks for credit to the accounts of ultimate beneficiaries.

**S4. Ans.(b)**

**Sol.** The Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002 is an Indian law that allows banks and other financial institutions to auction properties (residential and commercial) to recover loans when borrowers default on repayments.

**S5. Ans.(a)**

**Sol.** Expiry of Overdraft limits is an operation performed at the Beginning of the Day (BOD).

**S6. Ans.(d)**

**Sol.** The RFC holder can have a resident relative as the joint holder on a "former or survivor" basis, but who cannot operate the account during the lifetime of the account holder.

**S7. Ans.(b)**

**Sol.** Under Core Banking solutions, the software is installed at different branches of a bank to connect to the central server for accessing customer information and their transactions.

**S8. Ans.(a)**

**Sol.** Mr. Smith is the debtor (borrower) as he borrowed money from Bank X, making the bank the creditor (lender). Not utilizing the loan amount does not relieve Mr. Smith from his obligation to repay the loan. Even though he decided not to use the funds, the loan agreement remains in effect, and he is still responsible for repaying the loan amount with interest as per the agreed-upon terms.

**S9. Ans.(c)**

**Sol.** Prioritizing transparency is crucial for maintaining trust and professionalism in banking. It means being open about potential risks and drawbacks, which bolsters confidence as clients feel they are receiving a full picture. Misrepresenting or omitting information could harm the bank's reputation in the long run.

**S10. Ans.(d)**

**Sol.** If a customer responds to the bank's communication and wishes to withdraw the entire balance from an inoperative account, the bank should permit the withdrawal on proper identification. Since Mrs. Arora has responded to Bank XYZ's communication and expressed her desire to withdraw the entire balance from her FD account, Bank XYZ should permit her to do so without any activation charge, as per RBI guidelines.

**S11. Ans.(c)**

**Sol.** Section 4 of the Indian Partnership Act, 1932 defines a partnership as "the relation between persons who have agreed to share the profits of a business carried on by all or any of them acting for all." This definition highlights the key elements of a partnership, including profit sharing and joint business activities.

**S12. Ans.(b)**

**Sol.** A mandate is an authority given by the account holder in favor of a third person to operate the account on his/her behalf after informing the bank and following the required procedure.

**S13. Ans.(c)**

**Sol.** The submission and settlement of claims from banks are typically supposed to be done on a monthly basis. This allows for regular reconciliation and accounting processes to take place.

**S14. Ans.(c)**

**Sol.** Duplicate DD/BC (Demand Draft/Banker's Cheque) is typically issued when the original instrument is lost, and to safeguard the bank's interests, the purchaser or payee is often required to provide an indemnity. This ensures that the bank is protected against any potential loss or liability arising from the issuance of the duplicate instrument. The key condition is that payment on the original instrument has not been made yet.

**S15. Ans.(d)**

**Sol.** When the bank adds a new person who can receive money from your account (this person is called a beneficiary), they want to make sure you know about it. So, the bank will send you a message to tell you that the addition was successful. This is because the bank cares about your safety and wants you to be aware of any changes to your account. This way, you can be sure that the transaction process, which involves moving money, stays secure and protected. The bank wants you to feel confident and informed about what's happening with your account.

**S16. Ans.(a)**

**Sol.** - Merchant banks also known as Investment banks are financial intermediaries which help a corporate in the transfer of capital like IPO, FPO, etc.

**S17. Ans.(c)**

**Sol.** According to the given information, for a Credit Facility Amount up to Rs.5 lakh, the Annual Guarantee Fee% p.a. is 1.00%.

**S18. Ans.(c)**

**Sol.** The purpose of mediation and conciliation is to facilitate understanding and agreement among the parties involved in a dispute.

**S19. Ans.(c)**

**Sol.** Identifying an organization's core values is important because these values guide decision-making and behavior within the organization. They help in creating a strong organizational culture and enable the organization to compete effectively by ensuring that all decisions align with these core values.

**S20. Ans.(a)**

**Sol.** Micro-Finance Institutions (MFIs) provide small loans to poor and low-income households and aim at financial inclusion of the poor to come out of poverty and improve their living standards.

**S21. Ans.(d)**

**Sol.** In a Demand Promissory Note (DPN), the borrower makes a promise to the banker to repay the loan amount on demand with an agreed rate of interest. This interest rate is typically determined and agreed upon between the borrower and the banker at the time of the loan agreement.

**S22. Ans.(a)**

**Sol.** In the given context of Company Q seeking a substantial loan from Bank R, the enforceability of collateral holds significance in terms of securing the lender's interests. Enforceability ensures that the legal system is designed to facilitate an efficient process for lenders to recover their outstanding dues through the enforcement of security in the unfortunate event of loan default. This holds particular relevance for Company Q, which is in a strong financial position and has a successful business track record. The efficiency of the legal process in enforcing collateral becomes a crucial safeguard for the lender, allowing them to swiftly recover their dues and protect their investment in case of adverse circumstances.

**S23. Ans.(c)**

**Sol.** According to the PM SVANidhi Scheme guidelines, there is an interest subsidy of 7% for all standard loans. If the original interest rate is 10%, then the effective interest rate after the subsidy would be  $10\% - 7\% = 3\%$ . Therefore, the vendor would have an effective interest rate of 3% for the 3rd loan.

**S24. Ans.(b)**

**Sol.** A Demand Draft cannot be payable to the bearer as it would amount to currency notes and will be a violation of Sec 31 of the RBI Act 1934.

**S25. Ans.(c)**

**Sol.** The Prevention of Money Laundering Act (PMLA) imposes obligations on banks and other financial institutions to prevent and detect money laundering activities. This includes understanding the nature of their customers' financial activities, reporting any suspicious transactions, ensuring compliance with the laid-down laws and regulations, and training their staff in Know Your Customer (KYC) and Anti-Money Laundering (AML) procedures.

**S26. Ans.(d)**

**Sol.** According to the guidelines for the Weaker Sections category within the Priority Sector, loans are generally meant to benefit marginalized and vulnerable sections of society. Luxe Fashion's business model, focused on catering to an elite clientele, doesn't align with the objectives of uplifting the weaker sections of society, even if the owner belongs to a minority community. Moreover, in states where a notified minority is actually in the majority, they are not considered under the Weaker Sections category, making this loan application ineligible for this category.

**S27. Ans.(b)**

**Sol.** If the drawer of the cheque wants to ensure a safety audit trail of payment, he may further direct the paying banker to pay the cheque only through an account. Crossing of the cheque conveys this mandate of the drawer. Secs. 123 to 131 deal with crossing the cheques. These provisions are also applicable to banker's cheques, pay orders and drafts.

**S28. Ans.(b)**

**Sol.** Set-off is the right of a debtor to consider a debt owed to him by a creditor when claiming a debt due from him to the creditor. It means merging a claim of one person against another in a counterclaim by the latter against the former.

**S29. Ans.(c)**

**Sol.** The correct answer is option (c), which states that the rural poor face multiple challenges like social backwardness, illiteracy, low motivation, and a weak economic base. These challenges are more severe when faced individually and the rural poor suffer from a variety of disadvantages.

**S30. Ans.(c)**

**Sol.** RBI's guidelines are clear on the prohibition of granting bridge loans or any kind of interim finance against pending long-term fund-raising through capital or debenture issues. ABC Ltd.'s request falls under this prohibition as they are seeking a bridge loan promising to repay it with the funds raised from long-term financial avenues in the future. Therefore, Big Bank must decline the loan request to comply with the RBI's regulations, irrespective of ABC Ltd.'s plans.

**S31. Ans.(b)**

**Sol.** According to Section 182 of the Indian Contract Act, 1872, the principal in a principal-agent relationship delegates authority to the agent to act on their behalf. This delegation of authority allows the agent to represent the principal in various matters and transactions.

**S32. Ans.(a)**

**Sol.** As per RBI's stipulations, banks cannot guarantee inter-company loans, ensuring the return of loans accepted by NBFCs from other firms, making it clear that Secure Bank should not assist in guaranteeing the inter-company loans between Growth Fin and Future Corp. However, RBI allows banks to offer partial credit enhancement (PCE) for bonds issued by specific categories of NBFCs including NBFC-ND-SIs and HFCs. Therefore, Secure Bank can cooperate with Growth Fin in providing PCE for their future bond issue, adhering to the RBI guidelines.

**S33. Ans.(d)**

**Sol.** It is a myth that ethics cannot be managed. It can be managed though mostly indirectly. An organization's priorities can indicate its ethics.

**S34. Ans.(b)**

**Sol.** The right of set-off in banking allows a debtor to offset debts owed to them by a creditor. It permits the debtor to deduct the amount owed to them from what they owe to the creditor, effectively reducing their liability. This principle helps in settling mutual claims and debts between parties in a more efficient manner.

**S35. Ans.(d)**

**Sol.** The Central Information Commission shall consist of:  
(a) the Chief Information Commissioner;  
(b) Central Information Commissioners not exceeding ten.

**S36. Ans.(c)**

**Sol.** The banks can extend finance to the employees to purchase shares of their own company to its employees under ESOPs to the extent of 90% of the purchase price of the shares or Rs. 20 lakh, whichever is lower. However, the banks cannot extend financial assistance to their employees to purchase shares of their bank under ESOPs/IPOs or from the secondary market.

**S37. Ans.(d)**

**Sol.** No service charges or inspection charges should be imposed on loans up to Rs. 25,000 per member for eligible priority sector loans to SHGs/JLG. This means that for loans falling under this limit, banks should not charge any extra fees from the SHGs. It's a way to support financial inclusion and make loans more accessible for smaller amounts.

**S38. Ans.(b)**

**Sol.** The interest on Rs. 2,000 for one year at a 5% rate is Rs.  $2,000 \times 0.05 = \text{Rs. } 100$ . The surety paid Rs. 2,000 towards the loan, and with the one-year interest, the total becomes Rs.  $2,000 + \text{Rs. } 100 = \text{Rs. } 2,100$ . According to the implied promise by the principal debtor to indemnify the surety, the debtor is obligated to pay back this amount to the surety.

**S39. Ans.(c)**

**Sol.** Security and risk management are crucial in electronic transmission and retrieval of sensitive corporate information to safeguard data integrity and confidentiality. Protecting sensitive data ensures that it remains confidential and unaltered during transmission, reducing the risk of data breaches and unauthorized access, which could result in significant harm to a company.

**S40. Ans.(a)**

**Sol.** When a bank receives a garnishee or attachment order, it typically stops debit operations in the account attached on the part of the customer. This means that the bank restricts the customer from making withdrawals or using the funds in the attached account until the matter is resolved.

**S41. Ans.(d)**

**Sol.** The parties and the mediator shall maintain confidentiality in respect of the events that transpire during the mediation proceedings and shall not use or rely upon any information, document etc. produced, the proposals and admissions made or the views expressed during the mediation proceedings. There shall be no audio or video recording of the mediation proceedings.

**S42. Ans.(d)**

**Sol.** The main objectives of measures for prevention of money laundering are:

- (a) To prevent criminal elements from using the financial system for money laundering activities.
- (b) To prevent spread of criminal activities in society.
- (c) To safeguard the economy from financial crimes.
- (d) To prevent terrorists from gaining access to financial resources.

**S43. Ans.(d)**

**Sol.** During the initial stages of the computerization of banks, standalone computer systems were deployed in the banking industry. Standalone computers are those which can be used by only one person at a time but they were best suited for the decision-making process.

**S44. Ans.(d)**

**Sol.** The start of the day is the first event that triggers basic functions like loading the code files, etc. No payments sent by the participants are accepted at the time of SOD and if submitted, they are kept in the queues to be exercised during the next event.

**S45. Ans.(c)**

**Sol.** In the context of legal proceedings, when a person is aggrieved by a Tribunal's order, they typically have the right

to appeal. The general procedure is to prefer an appeal to an Appellate Tribunal that has jurisdiction over the matter. This allows for a review of the order by a higher authority to determine if it should be upheld or modified. The option to appeal is not always mandatory, and it depends on the nature of the order and applicable laws.

**S46. Ans.(a)**

**Sol.** While opening an account for an illiterate person, the bank must obtain the passport-size photograph of the person on both the account opening form as well on the passbook but no photograph is to be attached to the chequebook and in fact, it is advised not to issue a chequebook to such a person under any circumstances.

**S47. Ans.(d)**

**Sol.** The manager of the plaintiff was allowed to draw cheques per pro his employer. He drew some cheques payable to himself and deposited them into his private account. The bank was found negligent for collecting these cheques without making required enquiries, especially since there was a clear indication that the manager was signing on behalf of the firm as an agent.

**S48. Ans.(b)**

**Sol.** Data masking is a substantial tool for enhancing security and privacy by obfuscating certain personal information to limit the risks associated with data breaches. To adhere to PCI DSS guidelines, which are recommended by government and auditors, it's essential to prioritize masking highly sensitive information including credit card details, Social Security numbers, and individuals' names, addresses, and phone numbers. This approach not only maintains the privacy of individuals but also significantly reduces the risks of data breaches.





**S49. Ans.(b)**

**Sol.** According to the law, a minor cannot enter into a contract and a contract entered into by a minor is considered void. The only exception is that if a bank lends money to a minor to meet the expenses of purchasing necessities of life, the bank can recover the money from the estate of the minor.

**S50. Ans.(c)**

**Sol.** SIDBI (Small Industries Development Bank of India) is the principal financial institution in India that specializes in financing and development activities for the Micro, Small, and Medium Enterprises (MSME) sector.

**S51. Ans.(c)**

**Sol.** Chatbots are indeed an emerging technology in banking and various other fields. They are applications or programs designed to mimic written or spoken human speech and interact with users, often providing automated responses and assistance. Option (c) accurately describes chatbots in the context of emerging technology in banking.

**S52. Ans.(a)**

**Sol.** In a contract of indemnity, there are only two parties involved: the indemnifier and the indemnified. The indemnifier promises to compensate the indemnified for any loss suffered. In contrast, a contract of guarantee involves three parties: the debtor, the creditor, and the surety. In this type of contract, the surety promises to fulfill the debtor's obligations if the debtor fails to do so. Therefore, the number and roles of the parties differ in these two types of contracts.

**S53. Ans.(a)**

**Sol.** IT (Information Technology) has been used in banking for communication and connectivity as well as for Business Process Re-engineering (BPR), which involves redesigning and improving business processes to make them more efficient and effective.

**S54. Ans.(b)**

**Sol.** The Positive Pay System is introduced as a measure under the Cheque Truncation System (CT(C) in which the key details of cheques of Rs 5,00,000 or above are cross-checked or confirmed electronically to deter cheque fraud.

**S55. Ans.(d)**

**Sol.** The original 30-day period for filing an appeal would naturally conclude on October 1, 2023. However, the Appellate Authority has some flexibility in extending this window. According to the rules, the Appellate Authority may grant an extension of no more than an additional 30 days if convinced that the regulated entity, in this case, Steve, had a reasonable cause for failing to meet the initial deadline. If Steve's overseas business commitments are deemed a valid reason for the delay, then he could be granted an extension. This would make the last possible day for filing the appeal October 31, 2023.

**S56. Ans.(c)**

**Sol.** An acceptance credit or time credit is a type of Letter of Credit (LC) where usance bills are drawn under it. The bills will be honored only on maturity, allowing the buyer to obtain credit from the seller. The seller has two options: either wait until the date of maturity to receive payment or discount the bills to obtain immediate value for the goods.

**S57. Ans.(c)**

**Sol.** The resident accounts held in India by foreign nationals leaving India can be re-designated as NRO account for collection of pending bonafide dues in India. AD Cat-I banks need to satisfy that the credits are bonafide dues when he/she was a resident in India. The funds credited to the account must be repatriated abroad immediately on payment of applicable income tax and other taxes in India. The amount repatriated abroad should not exceed USD one million per financial year.

**S58. Ans.(d)**

**Sol.** The maximum exposure to a single counterparty is 20% of the bank's available eligible capital base. With the initial Rs. 100 lakh, the added Rs. 20 lakh infusion, and the Rs. 10 lakh profit, the total becomes Rs. 130 lakh. 20% of Rs.130 lakh = Rs. 26 lakh.

**S59. Ans.(b)**

**Sol.** In case of advances given to limited companies against its assets, the required forms are to be presented to the Registrar of Companies as a legal procedure to be followed.

**S60. Ans.(b)**

**Sol.** EASE stands for "The Enhanced Access and Service Excellence," and its aim is to promote automation and digitization of banking services specifically in public sector banks.

**S61. Ans.(c)**

**Sol.** It requires the consent of the beneficiary for any changes. An irrevocable credit cannot be amended or cancelled without the consent of the beneficiary, as per the latest UCP 600.

**S62. Ans.(d)**

**Sol.** Deterrent controls in Information System (IS) Audit are measures that discourage individuals from engaging in undesirable activities within an organization's IT environment. They function as preventive mechanisms by creating disincentives or barriers to deter potential wrongdoers, thereby promoting compliance with security policies and reducing the likelihood of security breaches or unauthorized actions.

**S63. Ans.(b)**

**Sol.** Braille keypads are provided for the visually impaired at ATM/branch facilities of banks. These keypads have raised dots representing numbers and functions, enabling visually impaired individuals to input their PIN and conduct transactions independently. This accessibility feature enhances their banking experience and promotes inclusivity.

**S64. Ans.(d)**

**Sol.** Advances may be made against the security of Warehouse Receipts issued by Central and State Government Warehouses. However, Warehouse Receipts issued by Private Agencies maintaining such Warehouses should not be accepted unless such Private Agencies have been approved by the bank.

**S65. Ans.(b)**

**Sol.** Loans that are repayable for up to 18 months are classified as short-term loans. These loans include crop loans, Kisan Credit Cards for raising crops, and loans against gold ornaments specifically for agricultural purposes. Therefore, option B accurately encapsulates all these points.

**S66. Ans.(c)**

**Sol.** Statements I and II are true. In a contract of guarantee, the surety's liability is secondary, while in a contract of indemnity, the indemnifier has primary liability. A contract of indemnity involves two parties, whereas a contract of guarantee involves three distinct relationships.

**S67. Ans.(c)**

**Sol.** DSS is a versatile tool that can help in many ways - it can generate detailed reports, create graphic presentations, and even run simulations to predict the outcomes of different strategies. Bank Z plans to explore various "what-if" scenarios using DSS, trying to foresee different outcomes and making well-informed decisions. This approach ensures they have a comprehensive understanding of potential impacts, which can help in forming a strategy that is both robust and flexible.

**S68. Ans.(c)**

**Sol.** RBI has advised the Payment System Operators (PSOs) to provide a system to cover disputes related to failed transactions in their respective payment systems.

**S69. Ans.(a)**

**Sol.** The EASE program primarily focuses on enhancing customer service quality in public sector banks (PSBs) through data analytics, automation, and digitization.

**S70. Ans. (b)**

**Sol.** Logical access controls focus on verifying the identity of users and then granting them appropriate permissions based on their authentication. These controls involve user authentication methods like usernames and passwords, biometric verification, and subsequently determining the level of access or permissions the user should have.

**S71. Ans.(b)**

**Sol.** If both loans are considered together, the total loan amount would be ₹4 lakh + ₹2 lakh = ₹6 lakh. Since ₹6 lakh is greater than ₹5 lakh, the maximum extent of guarantee would fall into the category of "Above ₹5 lakh." Therefore, option b is the correct answer.

**S72. Ans.(d)**

**Sol.** Medium-term loans in the Agricultural sector are the ones whose period of credit is up to 36 months.

**S73. Ans.(b)**

**Sol.** A 'Self-Help Group' (SHG) is a voluntary association formed by poor individuals with the common goal of social and economic empowerment. Furthermore, it states that SHGs have had a "silent revolutionary" impact on the credit delivery system, particularly through micro-finance.

**S74. Ans.(c)**

**Sol.** The core objective was to consolidate and integrate the multiple systems with varying service levels into a nationwide uniform and standard business process for all retail payments systems.

**S75. Ans.(b)**

**Sol.** In a bus topology, all the devices are connected to a single continuous cable and the transmission from any workstation goes through the entire length of the cable in both directions and is received by all the other workstations.

**S76. Ans.(b)**

**Sol.** Whistle blower policy of private sector and foreign banks were brought under the purview of Reserve Bank of India while the whistle-blower policy for public sector banks was brought under the purview of Central Vigilance Commission.

**S77. Ans.(b)**

**Sol.** Section 131 of the Negotiable Instruments Act protects the collecting bank if the collecting banker acts in good faith and without negligence.

**S78. Ans.(d)**

**Sol.** FCRA prohibits candidates for election, public servants, members of legislature, political parties and their office bearers, associations or companies engaged in the production or broadcast of audio news or audio-visual news or current affairs programmes, and organisations of a political nature as may be specified, from receiving foreign contribution. The prohibition is also applicable to correspondents, columnists, cartoonists, editors, owners, printers or publishers of registered newspapers and associations or companies engaged in the production or broadcast of audio news or audio-visual news or current affairs programmes.

**S79. Ans.(c)**

**Sol.** SARFASEI Act stands for Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act.

**S80. Ans.(c)**

**Sol.** The pre-packaged insolvency resolution process shall commence from the date of admission of the application. PIRP shall be completed within a period of 120 days from the pre-packaged insolvency commencement date. The RP should submit the resolution plan approved by the CoC to the AA, within 90 days from the pre-packaged insolvency commencement date. If CoC does not approve any resolution plan within the time limit, the RP will file an application for termination of the PIRP with AA.

**S81. Ans.(c)**

**Sol.** Earlier only the next eldest male member of the family was eligible to be the next Karta but after the 2005 amendment to the Hindu Succession Act, it was held that the eldest female member of the family can be its Karta in a HUF.

**S82. Ans.(c)**

**Sol.** Various Fintech products and services like Peer-to-peer (P2P) lending platforms, crowdfunding, blockchain technology, and others are currently in use. These technologies serve to connect lenders and borrowers as well as information seekers and providers. Furthermore, they can function with or without a nodal intermediation agency.

**S83. Ans.(c)**

**Sol.** A Security Operations Center (SOC) is a centralized unit within an organization that is responsible for monitoring and managing its security. It plays a crucial role in detecting and responding to security incidents and ensuring the overall security of the organization's systems and data.

**S84. Ans.(d)**

**Sol.** Inward remittances mean the transfer of money to a country from any foreign country. There are various mediums used in this regard like Bank Wire transfers, Bank Money Orders, ACH transfer etc.

**S85. Ans.(d)**

**Sol.** Under BF model, banks may use intermediaries, such as the following as Business Facilitators: Non- Government Organisations (NGOs)/ Self-Help Groups (SHGs), Farmers' Clubs, Cooperatives, Community-based organisations, IT enabled rural outlets of corporate entities, Post offices, Insurance agents, Well functioning Panchayats, Village Knowledge Centres, Agri Clinics, Agri Business Centers, Krishi Vigyan Kendras, and Khadi and Village Industries Commission (KVIC)/ Khadi and Village Industries Board (KVIB) units.

**S86. Ans.(d)**

**Sol.** Neo-banking refers to a form of banking that operates primarily or entirely through digital platforms and does not have a physical branch presence. Neo-banks are typically technology-driven financial institutions that offer banking

services, such as savings accounts, payments, and money transfers, entirely online or through mobile applications.

**S87. Ans.(d)**

**Sol.** Unspent Indian currency held by non-residents can be converted into foreign currency only if a valid Encashment Certificate is produced. In the case of Indian residents and foreign tourists, specific conditions and documents are required for the conversion.

**S88. Ans.(a)**

**Sol.** A resident acting as an agent of the NRE account holder through the PoA granted by the NRE account holder cannot repatriate funds outside India to anyone except the account holder himself.

**S89. Ans.(d)**

**Sol.** NRO stands for Non-Resident Ordinary Rupee Account, and it is offered to Persons of Indian Origin (PIOs) who reside outside of India. This type of account allows PIOs to hold and manage their income earned in India, such as rent, dividends, or pension, in Indian rupees.

**S90. Ans.(c)**

**Sol.** Bank Teller is an employee of a bank whose responsibilities include the handling of customer cash and negotiable instruments in the traditional, brick-and-mortar form of banking.

**S91. Ans.(d)**

**Sol.** The targets and sub-targets as fixed for each category apply to every commercial bank [including Regional Rural Bank (RRB), Small Finance Bank (SFB), Local Area Bank] and Primary (Urban) Co-operative Bank (UCB) other than Salary Earners' Bank.

**S92. Ans.(c)**

**Sol.** RBI has taken various measures to strengthen the payment system mechanism in the country like the National Clearing House (NACH) system, and Real Time Gross Settlement (RTGS), but FEMA is Foreign Exchange Management Act, which governs and regulates the foreign exchange mechanisms in the country.

**S93. Ans.(d)**

**Sol.** In India, the Central KYC Records Registry is authorized to store and safeguard the KYC (Know Your Customer) records of customers in digital form. The Central Registry of Securitization Asset Reconstruction and Security Interest of India is authorized to act and perform the functions related to security interest. The code assigned to a customer from the Central KYC Records Registry is known as the KYC Identifier.

**S94. Ans.(c)**

**Sol.** In the case of a joint account, all the joint account holders must sign the POA to empower the third party to operate the account.

**S95. Ans.(a)**

**Sol.** The Provisioning Coverage Ratio (PCR) is a financial metric that is used to measure the extent to which a bank has set aside capital to cover any future loan losses. This is a key indicator of a bank's financial health, as it provides insight into how well the bank is prepared for situations where its borrowers may default on their loans. The higher the ratio, the better prepared the bank is to handle loan losses.

**S96. Ans.(b)**

**Sol.** The Deferred payment guarantee is a type of bank guarantee in which the bank guarantees the payment of installments on behalf of the buyer to the seller. This means that the buyer is not required to pay the installment amounts if he does not have sufficient funds with him. The bank will pay the installments to the seller on the due date, and then recover the amount from the buyer later.

**S97. Ans.(b)**

**Sol.** A usance bill is a bill of exchange that is payable after a certain period of sight. In other words, it becomes due for payment after a specified number of days from the date it is presented for acceptance or sight. This is also referred to as "Bills payable after sight."

**S98. Ans.(a)**

**Sol.** Training banks' employees to prevent cybercrimes involves educating them about the patterns of prevalent IT attacks, such as phishing, malware, social engineering, and other cyber threats. By increasing their awareness and

knowledge of these attacks, employees can become more vigilant and take necessary precautions to mitigate risks.

**S99. Ans.(b)**

**Sol.** A bank employee up to 15 years of his career in banking is considered at the "Middle management" stage. At this stage, the employee can be deployed as a trainer or coach to train his/her juniors regarding various ethical practices to be followed at the workplace.

**S100. Ans.(a)**

**Sol.** The BOD process depends on the completion of the EOD process for the previous working day to ensure that all transactions from the previous day are closed and the system is ready for new transactions. If the EOD process is not completed, the BOD process cannot be initiated, and the system cannot open a new transaction day.

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