

Quiz Date: 1st June 2020

Q1. Which of the following agreement/accord is related to banking reforms?

- (a) Vienna agreement
- (b) Basel accord
- (c) Nagoya Protocol
- (d) Cartagena Protocol
- (e) None of the given options is true

Q2. What is the meaning of KYC in banking/financial sector?

- (a) Know Your Customer very well
- (b) Know Your exiting Customer very well
- (c) Know Your prospective Customer very well
- (d) Satisfy yourselves about the customer's identity and activities
- (e) None of the given options is true

Q3. What is full form of STT?

- (a) Standard Transaction Tax
- (b) Securities Transaction Tax
- (c) Securities Transfer Tax
- (d) Standard Transfer Tax
- (e) None of the given options is true

Q4. Which was the first Mutual Fund started in India _____?

- (a) SBI Mutual Fund
- (b) HDFC Mutual Fund
- (c) Kotak Pioneer Mutual Fund
- (d) Indian Bank Mutual Fund
- (e) Unit Trust of India

Q5. Where is the headquarters of Bureau of Indian Standards (BIS)?

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

Q6. The regulator for Mutual Funds in India is?

- (a) FIMMDA
- (b) AMFI
- (c) RBI
- (d) SEBI
- (e) IRDAI

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Q7. If the Statutory Liquidity Ratio (SLR) is increased, what will be the effect on Bank's credit situation?

- (a) It will be reduced
- (b) It will be increased
- (c) It will remain unaffected
- (d) All of the above
- (e) None of the given options is true



Q8. Kisan Credit Cards (KCC) Scheme was formulated in the year-

- (a) 1996
- (b) 1997
- (c) 1998
- (d) 2000
- (e) 1995

Q9. What is the full form of "CIN" with respect to OLTAs?

- (a) Challan Identification Number
- (b) Challan Identification Notary
- (c) Channel Identification Number
- (d) Challan Inventory Number
- (e) None of the given options is true

Q10. The components of Tier-I capital of a banking company include:

- (a) capital reserve representing surplus arising out of sale proceeds of assets
- (b) paid-up capital, statutory reserves and other disclosed free reserves, if any
- (c) both (a) and (b)
- (d) revaluation reserves, hybrid capital instruments and subordinated term debt,
- (e) None of the given options is true

Q11. What is the meaning of "I" promise to pay' clause written on notes?

- (a) The bank's obligation to pay the value of banknote does not arise out of a contract but out of statutory provisions

- (b) The bank's obligation to pay the value of banknote does arise out of a contract but not out of statutory provisions.
- (c) This obligation is neither due to a contract nor a statutory provision.
- (d) It means that to pay you the value, there is sovereign guaranty.
- (e) None of the given options is true

Q12. What is the name of technology given to the recently introduced computerised clearance of cheques-?

- (a) Automatic clearance
- (b) MICR
- (c) Speedline System
- (d) Special clearing
- (e) None of the given options is true

Q13. To enforce law and order Government of India has many agencies. SFIO is one of them. SFIO stands for-

- (a) Serious Fraud Interrogation Office
- (b) Serious Fraud Investigation Office
- (c) Serious Feud Interrogation Office
- (d) Serious Fraud Interrogation Ordinance
- (e) None of the given options is true

Q14. MICR code is a 9-digit code that uniquely identifies the bank and branch participating in an ECS. What is full form of ECS?

- (a) Electronic Clearing Service
- (b) Electronic Clearing Security
- (c) Electronic Clearing Source
- (d) Electronic Clearing System
- (e) Electronic Clearing Solution

Q15. Consider these statements:-

Statement I – One rupee note is the liability of GOI.

Statement II – Two rupee note is the liability of RBI.

- (a) Both statements are true
- (b) Both are false.
- (c) Statement I is true, whereas II is false.
- (d) Statement I is false, whereas II is true.
- (e) None of the given options is true

Solutions

S1. Ans.(b)

Sol. The Basel Accords are three series of banking regulations (Basel I, II, and III) set by the Basel Committee on Bank Supervision (BCBS).

S2. Ans.(d)

Sol. This process helps to ensure that banks' services are not misused. The KYC procedure is to be completed by the banks while opening accounts and also periodically update the same.

S3. Ans.(b)

Sol. STT is governed by Securities Transaction Tax Act (STT Act) and STT Act has specifically listed down various taxable securities transaction i.e., transaction on which STT is leviable.

S4. Ans.(e)

Sol. The mutual fund industry in India began in 1963 with the formation of the Unit Trust of India (UTI) as an initiative of the Government of India and the Reserve Bank of India. Much later, in 1987, SBI Mutual Fund became the first non-UTI mutual fund in India.

S5. Ans.(d)

Sol. The headquarters of Bureau of Indian Standards (BIS) is in New Delhi.

S6. Ans.(d)

Sol. Mutual funds are regulated primarily by Securities and Exchange Board of India (SEBI). In 1996, SEBI formulated the Mutual Fund Regulation.

S7. Ans.(a)

Sol. The Reserve Bank of India raises SLR to control the bank credit during the time of inflation. Similarly, it decreases the SLR during the time of recession to increase bank credit.

S8. Ans.(c)

Sol. The Kisan Credit Card (KCC) scheme was launched in 1998 with the aim of providing short-term formal credit to farmers.

S9. Ans.(a)

Sol. CIN stands for Challan Identification Number.

S10. Ans.(c)

Sol. The elements of Tier I capital include:

- i. Paid-up capital (ordinary shares), statutory reserves, and other disclosed free reserves, if any;
- ii. Perpetual Non-cumulative Preference Shares (PNCPS) eligible for inclusion as Tier I capital - subject to laws in force from time to time;
- iii. Innovative Perpetual Debt Instruments (IPDI) eligible for inclusion as Tier I capital; and
- iv. Capital reserves representing surplus arising out of sale proceeds of assets.

S11. Ans.(a)

Sol. As per Section 26 of Reserve Bank of India Act, 1934, the Bank is liable to pay the value of banknote. This is payable on demand by RBI, being the issuer. The Bank's obligation to pay the value of banknote does not arise out of a contract but out of statutory provisions. The promissory clause printed on the banknotes i.e., "I promise to pay the bearer the sum of Rupees ..." is a statement which means that the banknote is a legal tender for the specified amount. The obligation on the part of the Bank is to exchange a banknote with bank notes of lower value or other coins which are legal tender under the Indian Coinage Act, 2011, of an equivalent amount.

S12. Ans.(b)

Sol. MICR code is a code printed on cheques using MICR (Magnetic Ink Character Recognition technology). This enables identification of the cheques and which in turns means faster processing. An MICR code is a 9-digit code that uniquely identifies the bank and branch participating in an Electronic Clearing System (ECS).

S13. Ans.(b)

Sol. The Government in the backdrop of major failure of non-banking financial institutions, phenomenon of vanishing companies, plantation companies and the recent stock market scam had decided to set up Serious Fraud Investigation Office (SFIO), a multi-disciplinary organization to investigate corporate frauds. The Organization has been established and it has started functioning since 1st October, 2003.

S14. Ans.(d)

Sol. An MICR code is a 9-digit code that uniquely identifies the bank and branch participating in an Electronic Clearing System (ECS).

S15. Ans.(a)

Sol. The Rs1 issued by GOI constitute a liability of the government.

