

1 Global Bank is having a current account of M/s Ruchi Enterprises and a cheque of Rs.13500 is presented through clearing, drawn in favour of Mr. Ramesh. Through an oversight the cheque is dishonoured wrongfully. When information about this dishonour is received by Mr. Ramesh, he sends a notice to the Global Bank for wrongful dishonour and claims damages. What would you do with this notice?

- a Bank should contact Mr. Ramesh for withdrawals of the notice for damages.
- b Banks should contact the drawer and ask them to prevail upon the payee for withdrawal of the notice.
- c Bank can ignore this notice as the bank is not liable for such damages to the payee.
- d Bank is liable to the drawer of the cheque and no one else.
- e c and d above

2 Corporate Bank had opened a saving bank account in the name of Mr. Subramanian and Murlidhar operated as 'former or survivor'. The wife of Mr. Subramanian, who is nominee in the account comes to your branch and informs you that Mr. Subramanian has expired a month back. She also hands over the death certificate and requests for payment of the balance.

- a the payment to the nominee will be made on proper identification as she is also having the death certificate.
- b the payment will be made to the wife of deceased being legal heir of the former.
- c the payment will not be made as with the death of the former, nomination has been cancelled.
- d the payment will not be made as with the death of the former, survivor gets the authority to operate the account and nominee comes in to picture only when none of the account holders is available
- e any of the above

3 Bank Universal Limited receives a letter of credit of \$ 20000 in favour of M/s Diamond Exports Pvt Ltd for exports to Germany. After verification of the genuineness of the credit, it is forwarded to the beneficiary through registered letter. Unfortunately, due to postal strike, by the time the letter of credit is delivered, its validity period expires. The exporter threatens legal action against the bank:

- a bank is liable as bank has not handed over the credit in time to the beneficiary
- b postal department is liable for the loss and exporter has to take up the matter with the postal department
- c bank is not liable as it does not assume any liability for the consequences arising out of delay in transit due to actions beyond its control
- d bank could persuade the opening bank to extend the validity date so that it is not put to loss
- e any of the above

4 Your branch has received a garnishee order in the name of your customer having saving bank account, with following transactions. Which among these is not subject matter of the garnishee order:

- a an advice ready for despatch to another branch after debit to the account in payment of cheque
- b an advice received for a cheque which was sent in collection, from another branch but not credited to the account so far
- c a cheque sent in clearing, the amount of which has been credited to the account
- d an amount of Rs.4000 relating to his wife's account credited by mistake to the account of the

customer
e all the above

5 Your branch opens a fixed deposit of Rs.50000 in the joint name of Mr. Anil Kumar and Mr. Suhail Kumar payable to either or survivor. They also nominate Miss Konica a minor daughter of Mr. Suhail Kumar with the provision that the payment can be claimed by Mrs. Suhail Kumar on behalf of the minor. Unfortunately, Mr. Suhail Kumar expired and subsequently Mr. Anil Kumar decides to change the nomination from Miss Konica to his own son. To this, Mrs. Suhail Kumar objects and asks your branch not to accept the instruction of Mr. Anil Kumar:

a bank has no option to ignore the request from Mr. Anil Kumar as, being survivor all rights relating to deposit are vested with him.

b bank can request Mr. Anil Kumar to decide the case in consultation with the existing nominee

c bank has to accept the request from Mrs. Suhail Kumar, as she was the nominee coupled with interest

d bank will ask them to go to a court of law for decision and would implement the decision of the court

e b and c above

6 Sh. Amrit Lal opens a term deposit account with Bank of Bengal and nominates his niece Ms Aruna Pande. Unfortunately, he expires in an accident but Ms Aruna Pande does not turn up despite a notice from the bank. Meantime, the legal heirs of Mr. Amrit Lal i.e. his two sons, visit the bank and request for making payment of the deposit. They also present a probate from court of law in which they are executors of the will of the deceased:

a the payment of the balance in the account will be made by the bank to Ms Aruna Pande only

b the payment of the balance would be made to the legal heirs in terms of probate

c the payment will be made in equal proportion to the legal heirs and the nominee

d the bank will advise the legal heirs to bring specific order from the court in the light of nomination

e none of the above

7 The liability of a minor co-parcener in an HUF, for the acts of a Karta is:

a unlimited

b nil

c to the extent of his share in the family property

d 50% of the loss as per his share

e none of the above

8 Mr. D Singh and Mr. K Singh are maintaining a current account in 'former and survivor' operations. Mr. K Singh (illiterate) issues a notice to the bank that the operations in the account should be stopped as there is some dispute between both of them. He also mentions that money in the account belongs to him but for operational convenience, the power to operate the account was given in favour of D Singh. What would you do with the cheque (signed by Mr. D Singh for Rs.670 favouring LIC of India) which has been presented through clearing, for payment from this account?

a the cheque is of small amount and shall be paid.

b the cheque is in favour of LIC of India and shall be paid

c cheque will be returned due to receipt of information about dispute

d cheque will be paid as K Singh's instruction cannot be accepted so long as Mr. D Singh is alive

e Any of the above

9 An attachment order is received from Income Tax Officer for attaching funds lying in saving bank account of a person. In case, the bank fails to execute this order u/s 226 (3) of Income Tax Act:

- a: Branch Manager can be arrested.
- b: Branch Manager can be fined upto Rs. 5000 and sentenced upto one year
- c: The banker shall be treated as a assessee in default
- d Amount can be recovered from the bank, with penalty.
- e: c and d.

10 Your branch is having a fixed deposit receipt of Rs.2 lac in the name of B, which is to mature after one year. B defaults in payment of loan. The right of set-off can be exercised for a loan against fixed deposit receipt:

- a: On maturity
- b: Even before maturity
- c by giving 30 days notice, it can be exercised
- d: any of the above
- e: None of the above.

11 Your customer Mr. Veerapan issues a cheque payable to 'self or order', for Rs.55000. It is presented for payment by his peon Mr. Prakash. The cheque is endorsed by Mr. Veerapan in blank:

- a cheque should not be paid as it is drawn in favour of self
- b cheque should not be paid as it is not drawn properly
- c cheque can be paid as it is properly drawn and endorsed in blank the payment of which can be obtained by the bearer
- d cheques payable to self or order cannot be endorsed in blank
- e none of the above

12 The bank received garnishee order on saving bank account of Mr. Ram at 10.50 a.m., who deposits Rs. 5000 at 12.10 p.m. i.e. after service of the order:

- a: The order would apply to this amount also.
- b: The bank will refuse to accept the deposit
- c: The order will not apply to this amount
- d order will apply if court is informed about this
- e: order will apply if court declares so.

13 For the purpose of change in classification of an advances from standard to sub-standard category due to non-payment of the loan, in case of crop based agriculture advances, which of the following is taken:

- a two harvest seasons
- b two crop seasons
- c one crop season
- d two crop seasons for short duration crop and one crop season for long duration crop
- e two harvest seasons with maximum of one year.

14 An exporter has received repayment of certain bills he had sent for collection and now wants to retain the same in foreign currency:

- a he can open current account as EEFC account

- b he can open fixed deposit account as EEFC account
- c he can open saving bank account as EEFC account
- d he can open any of the above provided no interest is paid
- e he can open only a and c

15 Your branch maintains a current account of a partnership firm Sandhu & Company with Sandeep Sandhu and Kuldeep Sidhu as partners. Master Sandesh Sandhu (son of Mr. Sandeep Sandhu) is also admitted to the firm for benefits. In order to meet the financial requirements of the firm, Mr. Sandhu approaches the bank to sanction a demand loan against an FDR in the name of Master Sandesh u/g of Mr. Sandeep Sandhu:

- a the loan is needed by the firm, in which the minor is a partner, hence can be sanctioned
- b the loan is being raised by the father of the minor, due to which it can be sanctioned
- c the loan can be sanctioned by keeping the FDR as security
- d the loan can be sanctioned if the father declares that it is for the benefit of the minor.
- e Loan cannot be sanctioned

16 Corporate Bank had granted a term loan of Rs.20 lac to M/s Kawal Society Limited which is not being repaid. The company is signing the balance confirmation letter despite the fact that it has been sent three times. Bank sends a legal notice for repayment of the loan which shows balance of Rs.27 lac now. Company confronts bank's claim of Rs.27 lac by way of a letter stating that they have already paid Rs.5 lac due to which the amount should be Rs.15 lac only:

- a the letter will serve the purpose of acknowledgement letter and extend the limitation period for the entire amount
- b the letter could extend the limitation period if it were duly stamped
- c the letter is not an acknowledgement it is only a denial of bank's claim
- d any of the above
- e none of the above

17 Your branch has sanctioned working capital limit of Rs.9 lac to a partnership firm which submits stock report with stocks worth Rs.28 lac and sundry creditors of Rs.18 lac. The margin in the account is only 20% , the unit being an SSI unit. What is the maximum amount up to which the limit can be allowed to be availed by the party?

- a Rs.6 lac b Rs.8 lac
- c Rs. 9 lac d Rs.4.60 lac
- e none of the above

18 Any old bank has to fulfill the following terms and conditions to be included in the second schedule of RBI Act 1934:

- a: It should be either a State Co-op Bank or a Company defined under Indian Companies Act 1956 or an institution appointed by Central Govt. for undertaking banking operations.
- b: Jointly its paid up capital and reserves should not be less than 5 lac.
- c: It has to satisfy RBI that none of its functions, are against depositors interest.
- d: All of the above.
- e only c

19 For small scale service business enterprises (SSSBE), the investment ceiling in fixed assets excluding land and building is:

- a Rs.20 lac b Rs.3 lac
- c Rs.5 lac d Rs.10 lac

e Rs.5 lac

20 A person called Himmat Singh has been maintaining a saving bank account with your branch for the last 10 years where no nomination has been opted. Now he wants to make nomination in favour of his minor son.

a: Bank will accept the request for nomination

b: Bank will not accept the request for nomination in favour of minor since a long period has already passed when account was opened

c: Nomination in favour of minor can be allowed only when a person is also appointed who can receive the payment on behalf of minor if the account holder dies during his minority

d: Both (c) and (b) above

e none of the above

21 Universal Bank has been maintaining a joint fixed deposit account in the name of Mr. Asha Singh and Mr. Manjeet Singh. After sudden death of the Mr. Asha Singh in a road accident, Mr. Manjeet Singh approaches the bank for payment of the fixed deposit before maturity, which the bank makes after obtaining an indemnity bond. The legal heirs dispute the payment and insist on 50% payment:

a the claim of legal heirs is not tenable as after death of one of the joint holders, the balance becomes payable to the survivor

b the bank has made the payment to the survivor negligently, as in case of death of one of the holders, the deposit receipt cannot be cancelled

c the bank has acted negligently as the payment was required to be made to the legal heirs of the deceased holder and the survivor jointly

d a and c

e any of the above

22 A business firm has been sanctioned working capital limits of Rs.6 lac at 25% margin by the bank and book debt limit of Rs.4 lac at 50% margin. What will be total margin requirement to avail the limit fully:

a 4 lac b 5 lac

c 6 lac d 6.5 lac

e 8 lac

23 What is the maximum time available to a customer for lodging complaint to Ombudsman:

a 1 month from date of complaint made to bank and no reply received

b 1 month from date of complaint, reply received but customer not satisfied

c 1 year from date of receipt of reply from the bank

d 1 year from date of lodgement of complaint with the bank + 1 month, where reply has not been received.

e c or d

24 An FD payable to either or survivor for Rs. 25000 is in the names of A and B. The receipt is lost and a duplicate is issued on the basis of indemnity. Later on A comes with original on date of maturity for payment.

a: The bank will pay to A because it is payable to either or survivor

b: The bank will not pay because a duplicate has been issued making the original as useless. Hence the consent of B is required

c: The court will be informed.

d any of the above at the discretion of the bank
e: None of the above

25 Ravi your customer of a saving bank account is approached by a person called Ram to give an introduction to enable him to open a saving bank account with your branch to which he agrees. Subsequently it is proved that Ravi gave introduction though he really did not know much about Ram. In such situation:

- a: Bank can hold Ravi responsible as he carelessly gave the introduction
- b: Bank cannot hold Ravi responsible as Ravi has not violated introduction rules
- c: Bank can recover 50% of amount from Ravi
- d any of the above
- e: None of the above

26 Intt. in SF account is calculated on:

- a: Minimum balance during the month
- b: Balance as on 30th of the month
- c: Minimum balance between 10th and last day of the month
- d balance as on 10th and last day of the month
- d: None of the above

27 A gives a mandate in favour of B to operate his account and later on a power of attorney is executed by A in favour his wife. In the case:

- a: Mandate will would remain effective along with power of attorney
- b: Mandate would become ineffective, if revoked specifically
- c: Court intervention should be had
- d Only power of attorney will be operative
- e: a and b.

28 In a public limited company, maximum and minimum no. of shareholders is:

- a: 50 and 10
- b: No limit and 7
- c: 100 and 2
- d: 1000 and 100
- e any number at the discretion of the company

29 A company is availing credit facilities from your branch. Which among these credit facilities does not require registration of charges u/s 125 of Companies Act 1956 for :

- a: Packing Credit for shipment of goods
- b: Hypothecation of stocks
- c: Pledge of stock
- d: Term loan for machinery
- e bills discounting

30 For door-step banking by banks, RBI has issued directives under which of the following Acts:

- a RBI Act
- b Negotiable Instrument Act
- c Banking Regulation Act
- d Shops and Establishment Act
- e Industrial Disputes Act

31 In a partnership firm, the no. of partners cannot go beyond 10 or 20 depending upon the nature of business. The provision regarding this maximum no. of partners is mentioned in:

- a: Indian Partnership Act
- b: Indian Contract Act
- c: Indian Companies Act
- d Banking Regulation Act
- e: None of the above.

32 Ravi Kumar and Sons, an HUF, maintain a current account. The Karta of the HUF dies and leaves behind three family members i.e. his wife and two minor sons. How will you deal with the account:

- a: Bank will stop operations in the account
- b: Account can be operated by minor son being male member
- c: Account would be operated by widow being guardian of eldest male member to be called Karta
- d account can be operated by any of the two sons
- e: None of the above.

33 Which of the following documents in case of a company, is called Charter of the company:

- a: Resolution from Board of Directors or Shareholders
- b: Memorandum of Association
- c: Articles of Association
- d Certificate of Incorporation
- e: Certificate of Commencement of Business

34 A bank receives a cheque for collection from its customer. Bank gives credit before collection of the cheque. It also allows the customer to withdraw the amount. In such case, the:

- a: Bank is holder
- b: Bank is holder for value
- c: Bank becomes holder in due course
- d representative of the drawer
- e: None of the above

35 Not negotiable crossing means:

- a: The collecting banker should confirm about the genuineness of holder before collection of his cheque
- b: The not negotiable cheque cannot be further negotiated.
- c: Collection of not negotiable cheque will not get protection under NI Act
- d: A transferee cannot get better title than a transferor and he also cannot transfer a better title than he possesses.
- e any of the above

36 A bill is payable to or to order of a non-trading firm. Endorsement can be made by:

- a: Any partner of the firm
- b: All the partners
- c: Authorised partner through power of attorney
- d: Any two partners
- e any of the above

37 The term 'allonge' refers to:

- a: A plain sheet appended to a negotiable instrument for the purpose of making endorsement thereon
- b: Conditional endorsement of a negotiable instrument
- c: A plain sheet appended to a will
- d enclosures to the balance sheet of the bank
- e: None of the above

38 A customer of Delhi branch of the bank having Multi-city cheque book under the centralized business solution (CBS) demands payment of a cheque at Lucknow branch of the bank and there is connectivity between these two branches:

- a it is not a proper demand
- b demand is in order. Lucknow branch should pay. Bank would get proper discharge.
- c to demand money all bank branches are considered one unit whether the cheque is normal or multi-city.
- d demand is in order, but Lucknow branch cannot get valid discharge as contract is with Delhi branch
- e b and c

39 A cheque is presented for payment through clearing house but due to certain reasons, it is returned unpaid. The returning memo is enclosed to comply with:

- a: Negotiable Instruments Act
- b: RBI Act
- c: Banking Regulations Act
- d: It is a practice
- e RBI clearing House rules

40 The provision for making the payment of amount mentioned in words in a cheque is described u/s...of NI Act:

- a: 18 b: 19
- c: 20 d: 21
- e 118

41 A bearer cheque is issued by one Mr. Ashok in favour of Aman, but he forgets to hand over the cheque to Aman. Aman however, picks up the cheque in his absence from his table. Whether the negotiation has taken place ?

- a: No, endorsement is also needed
- b: No, delivery is also needed
- c: No, endorsement and delivery both required
- d yes, the cheque is drawn in his favour
- e: None of the above

42 An export client M/s Shanbeg Exports of your branch receives an export order for export of handicraft items to US under a letter of credit of \$ 30000. It is stated that your bank can issue another credit in favour of local supplier/manufacturer from whom the exporter is to procure the material. Under which of the following categories, such letter of credit can be classified:

- a red clause letter of credit
- b green clause letter of credit
- c stand by letter of credit
- d transferable letter of credit

e back to back letter of credit

43 A bank can purchase NPA from another bank, if in the books of selling bank, the account was NPA for ____:

- a 2 years
- b 3 years
- c 4 years
- d 5 years
- e 7 years

44 If NPA is purchased from X bank by Y Bank and Y bank wants to sell it to Z bank, what is the minimum period for which the account should remain with bank Y:

- a: 6 months
- b: 12 months
- c: 15 months
- d 18 months
- e: 36 months

45 What is the risk weightage for capital adequacy purpose, in case of credit card:

- a: 25%
- b: 50%
- c: 100%
- d: 125%
- e: 150%

46 In case of SJSRY, what is the minimum no. of members of women group under DWCUA:

- a: 25
- b: 20
- c: 15
- d 12
- e: 10

47 Under the Nayak Committee recommendations, the quantum of working capital limits from the bank is minimum ____ of the projected annual sales:

- a: 5% b: 15%
- c: 20% d: 25%
- e 3%

48 A bearer cheque of Rs. 3 lac has been presented by Mr. Sham Kumar, the payees of a cheque drawn on your branch. He being new to the bank has shown inability to give identification:

- a in case of bearer cheque, no identification is needed irrespective of the amount of the cheque
- b Identification is required to safe guard the interest of the bank
- c Identification is essential for all instruments for getting protection
- d Identification would not be required if presented with pass book
- e none of the above

49 Mr. Dharmvir has given a power of attorney to Mr. Ashok Kumar for operation of accounts and dealing with negotiable instruments drawn in favour of Mr. Dharmvir. What will be the correct endorsement by Mr. Ashok Kumar among the following:

- a Dharmvir sd/ by Ashok Kumar
- b Ashok Kumar sd/ Ashok Kumar
- c For Dharmvir sd/ Dharmvir by Ashok Kumar
- d For Dharmvir sd/ by Ashok Kumar (attorney for Dharmvir)
- e For Ashok Kumar sd/ by Ashok Kumar

50 Mr. Jugraj Lal comes to open a saving bank account with your branch. He also has a cheque of Rs.500, which he would deposit in the account when account is opened. Which among the following can be accepted as first deposit in the account?

- a cash only b cheque
- c bank draft d bankers' cheque
- e any of the above

51 What is the target (quota) for SC/ST and other backward classes under PMRY:

- a 40%, 10%
- b 30%, 20%
- c 22.5%, 27%
- d 27%, 22.5%
- e 20%, 30%

52 In case of a partnership firm, the managing partner execute the documents on behalf of firm. If you are branch auditor, what would you suggest to the branch staff ?

- a: All the partners sign all documents
- b: All partners sign in both the capacities i.e. jointly and severally
- c partners sign in their individual capacity
- d: Both the above
- e: None of the above

53 For Term loan the period of limitation is three years from:

- a: Date of documents
- b: Date of default
- c: Date of sanction
- d: Due date of each instalment
- e date of default of each instalment

54 In case the debt is acknowledged after the expiry of limitation period, the limitation period will be:

- a: Extended by another three years from this date
- b: Extended for another three years from date of expiry
- c extended for 3 years
- d: Not be extended
- e: None of the above

55 In term loans, NPA is the account when:

- a: Principal has remained past due for 3 months wef March 31, 2004
- b: Interest, principal or other charges, remain unpaid for a period more than 90 days wef March 31, 2004
- c Interest and principal have fallen due and paid after more than 90 days
- d: any of the above which ever is earlier

e: None of the above

56 What is the extent up to which the credit is allowed to women as part of the overall credit being extended by the banks:

- a 3% of their priority sector credit
- b 5% of their total credit
- c 5% of their net bank credit
- d 5% of their priority sector credit
- e 5% of their incremental deposits

57 In case of advances covered under ECGC or DICGC guarantee, the provision under provisioning guidelines is to be made for the outstanding balance:

- a: After reducing the amount of cover available from the outstanding balance
- b: Without taking into account the above said cover
- c reducing the amount if actually recovered
- d: Any of the above
- e: None of the above

58 In the group approach system of lending, the following norms have been prescribed by RBI relating to ceiling on exposure of banks:

- a: 15% of capital fund for individual borrower
- b: 40% of capital fund for borrowing group
- c 5% for infrastructure projects
- d: a and b above
- e: a to c above

59 What is the %age of loan accounts that is to be routed through rural or semi urban branches in DRI advances:

- a 2/3rd
- b 50%
- c 40%
- d 1/3rd
- e 30%

60 What is the reservation for women in SGSY scheme:

- a: 60%
- b: 50%
- c: 40%
- d 30%
- e: 25%

61 There are certain financial instruments whose prices are derived from the price of the underlying currency or interest rate or stocks etc. These are known as:

- a Derivatives b Securitisation
- c Leasing d Factoring
- e Venture Capital Funding

62 The concepts of Monetary Aggregates and Liquidity aggregates such as M1, M2, M3 and L1, L2 and L3 have been revised on the recommendations of which of the following committees:

- a Narasimham Committee
- b Rangarajan Committee
- c Raja Chelliah Committee
- d Y V Reddy Committee
- e L C Gupta Committee

63 A process, through which, a member owned organisation becomes a shareholder-owned company, is called:

- a Demutualisation
- b Dematerialisation
- c Factoring
- d Derivatives
- e Securitisation

64 After the conversion of hypothecation into pledge the bank will have the same right as that of:

- a: Pledgee b: Mortgagee
- c: Pledger d hypothecatee
- e: Hypothecator

65 On CRR the banks get interest ___ on ___:

- a: bank rate, entire balance
- b: 3.5%, eligible balance
- c: bank rate, eligible balance
- d 3.5%, entire balance
- e: discretion of RBI.

66 Charge created by a borrower in favour of a secured creditor on movable assets without possession, is known as per provisions of ___ Act:

- a: Lien, Indian Contract Act
- b: Assignment, SARFAESI Act
- c: Mortgage, Transfer of Property Act
- d: Hypothecation, Indian Contract Act
- e none of the above

67 What is the funding ratio for SGSY scheme within state and central govt.:

- a: 25:75
- b: 33:67
- c: 50:50
- d 75:25
- e: 80:20

68 Which two currencies have been included by RBI in its REER:

- a: Japanese Yen and Chinese Yuan
- b: Chinese Yuan and Singapore Dollar
- c Singapore Dollar & Australian Dollar
- d: Australian Dollar & Canadian Dollar
- e: none of the above

69 Which among the following is limited to 150% of threshold yield under the Rashtriya Krishi

Bima Yojna?

- a the amount of loan to be covered by the insurance policy
- b the amount of premium on the insurance policy
- c the amount of the insurance
- d the amount of claim under the insurance policy
- e any of the above, whichever is higher

70 What is the amount of claim which will be paid immediately by the Credit Guarantee Fund to a bank if the amount of loan in default is Rs.16 lac on the eligible date :

- a Rs.16 lac
- b Rs.12 lac
- c Rs.9 lac
- d Rs.3 lac e none of the above

71 The funding in the ratio of 75:25 is done by Central and State Govt. for which of the following Govt. sponsored schemes:

- a PMRY Scheme
- b SJSRY scheme
- c DRI scheme
- d SLRS scheme
- e all the above

72 Your branch proposes to sanction loan to a retail trader for the commodities which are not covered by the definition of essential commodities. What is the maximum amount of loan that could be sanctioned to the borrower:

- a Rs.3 lac b Rs. 5 lac
- c Rs.10 lac d Rs. 20 lac
- e no ceiling

73 A letter of credit is silent about the currency in which the insurance is to be obtained. In which of the following will it be obtained?

- a Indian rupees b Euro
- c US Dollar d Pound
- e currency of the letter of credit

74 Which of the following confers on the trustees, the power to obtain loan:

- a: Trust deed
- b: Trust deed writer
- c: Beneficiary
- d resolution from the trustees
- e: Commissioner of Charity

75 What is the amount of minimum paid up capital and capital adequacy ratio % for a new private bank:

- a: Rs.100 cr, 15%
- b: Rs.200 cr, 15%
- c: Rs.200 cr, 12%
- d Rs.200 cr, 10%
- e: Rs.300 cr, 10%

76 On which kind of the following deposits, the senior citizens can be allowed additional interest as per RBI directives?

- a current deposits
- b saving bank deposits
- c term deposits
- d a to c all
- e b and c only

77 How many review of the Annual Policy Statement (Credit Policy) are made by RBI and when:

- a One, during October
- b two, during April and October
- c Three, during July / October / January
- d Four, during April, July, Oct & Jan
- e none of the above

78 The maximum level upto which SLR is maintainable is:

- a 25% b 30%
- c 35% d 40%
- e 45%

79 As per the loan delivery system recommended by Jilani Committee, the borrowers are required to split their fund based working capital limits or MPBF into:

- a term loan and bills
- b demand loan and cash credit
- c working capital demand loan and cash credit
- d cash credit and bills
- e term loan and cash credit

80 Prompt corrective action is initiated by RBI in respect of which of the following:

- a when capital adequacy is below %
- b when net NPAs are above 10%
- c when return on assets falls below 0.25%
- d a to c all
- e a and b

81 What is the level of net NPA of a bank when on satisfying other conditions, the bank can declare dividend:

- a less than 9%
- b less than 8%
- c less than 7%
- d less than 5%
- e less than 4%

82 A cheque with amount in words written as rupees five thousand is presented but the amount in figures is not stated. The payee insists on immediate payment:

- a cheque can be paid after consulting the drawer only
- b cheque can be paid after obtaining indemnity from the payee and the drawer.
- c cheque can be paid for amount in words u/s 18 of Negotiable Instrument Act

d cheque being Inchoate Instrument cannot be paid
e none of the above

83 A bearer cheque has been drawn in favour of Mrs. Durani, who wants to negotiate it further.
How she will endorse the cheque:
a Durani (Mrs.) b Mrs. Durani
c sd/ (Mrs. Durani) d Any of above
e none of the above

84 Which among the following is the most appropriate crossing to consider it a `special crossing`?
a `Pay X through his bank` within two transverse lines
b Payee's account through his bank without transverse lines
c Name of the bank without transverse lines
d Name of the bank within transverse lines
e c and d

85 Which among the following is provided u/s 22 of Negotiable Instrument Act in the context of a Bill of Exchange:
a drawee to be permitted 48 hours for acceptance of the bill
b drawee can accept the bill by signing on the face of the bill
c presentation of the bill should be at the business place of the drawee
d drawee can be allowed 3 days of grace for making payment
e drawee can make the payment on next preceding business day if the payment falls due on a holiday

86 A term loan is sanctioned for:
a: Working capital purposes
b: Investment in current assets
c: Investment in fixed assets
d both for fixed assets and current assets
e: any of the above

87 What is the maximum amount of donation that a profit making bank make during a year:
a: 5% of its profits after tax
b: 4% of its audits profits
c: 2% of the profits of the previous year
d: 1% of the profits of the previous year
e maximum Rs.5 lac

A borrowing firm submits to the Commercial Bank, the balance sheet with following particulars:
Capital and Reserves 24 lac
Term loans 16 lac
Trade Creditors 12 lac
Expenses payable 8 lac
Bank cash credit 20 lac
Fixed assets 24 lac
Security deposit for Electricity 4 lac
Preliminary expenses 2 lac
Stocks 30lac

Bills receivable/book debts 14 lac
Cash and bank balances 6 lac
Net profits 6 lac
Sales 120 lac

On the basis of above information, please work the following ratio?

88 Current ratio would be:

- a 1.10:1 b 1.15:1
- c 1.20:1 d 1.25:1
- e 1.33:1

89 What will be the quick ratio:

- a 0.85:1 b 0.75:1
- c 0.50:1 d 0.40:1
- e 0.30:1

90 The debt equity ratio would be:

- a 2.1:1 b 1.76:1
- c 1.34:1 d 1.10:1
- e 0.73:1

91 Debtor's velocity ratio would be:

- a 1.4 months b 1.6 months
- c 1.8 months d 2.0 months
- e 2.2 months

92 What will be stock turnover ratio:

- a 3 times b 4 times
- c 5 times d 5.5 times
- e 6 times

93 Under Uniform Practices for Documentary Credit, if quantity is not specified to be exceeded or reduced, it should not exceed the tolerance level of:

- a 1% b 2%
- c 3% d 5%
- e 10%

94 In case interest rates rise during a year, the current market value of existing Govt. securities generally:

- a remain constant
- b increases
- c falls
- d moves up after falling initially
- e none of the above

95 Which of the following is not a term which is used in the context of Asset Liability Management ?

- a Maturity Buckets

- b Capital Fund
- c Residual maturity
- d Interest rate risk
- e none of the above

96 Which agency processes the loan applications under the scheme Swarn Jayanti Shehri Rozgar Yojna:

- a DRDA
- b Distt Industry Centre
- c KVIC
- d Urban local body
- e Reserve Bank

97 Under which of the following categories, a contract of insurance is categorised?

- a contract of agency
- b contract of guarantee
- c contract of indemnity
- d contract of guarantee and indemnity
- e an actionable claim

98 Under the provisions of law, what is the maximum no. of companies, on the Board of Directors of which, an individual can become a Director:

- a 5 b 10
- c 15 d 20
- e 25

99 As per RBI directives, what amount a bank is expected to transfer to statutory reserve fund :

- a 20% of profits before tax
- b 25% of the profits
- c 20% of profits before declaration of dividend
- d 25% of profits before declaration and dividend and tax
- e 25% of profits before dividend declaration

100 A cheque of Rs.15000 issued in favour of M/s Manish Kumar & Sons is deposited by the proprietor of the firm Mr. Manish Kumar in his personal saving bank account, which the collecting bank refuses to collect, to guard itself against conversion, while Manish Kumar insists on that:

- a the stand taken by the bank is correct since the cheque belonging to the firm cannot be collected for the account of individual
- b the stand taken by Manish Kumar is wrong as it is discretion of the bank to decide whether to collect or not
- c stand taken by the bank is incorrect since in the case of proprietorship, the account of the firm and that of the individual are considered in the same name and same capacity
- d cheque can be collected only if Manish Kumar provides an indemnity
- e none of the above

Answers : Test No.1

**01 e 02 d 03 c 04 c 05 a 06 a 07 c 08 d 09 e 10 a 11 c 12 c 13 d 14 a 15 e 16 a 17 b
18 d 19 d 20 c 21 c 22 c 23 e 24 b 25 b 26 c 27 e 28 b 29 c 30 c 31 c 32 c 33 b 34
b 35 d 36 b 37 a 38 b 39 e 40 a 41 b 42 e 43 a 44 c 45 d 46 e 47 c 48 a 49 d 50 e
51 c 52 b 53 d 54 d 55 b 56 c 57 a 58 d 59 a 60 c 61 a 62 d 63 a 64 a 65 b 66 e 67
a 68 b 69 c 70 c 71 b 72 c 73 e 74 a 75 e 76 c 77 c 78 d 79 c 80 d 81 c 82 d 83 e 84
e 85 d 86 c 87 d 88 d 89 c 90 e 91 a 92 b 93 d 94 c 95 b 96 d 97 c 98 c 99 e 100 c**

1 International Bank opened a saving bank account in the name of Mr. R Singh and at the time of opening of the account handed over to him the copy of rules and regulations for conducting the account which also provided that the cheque book should be kept under lock and key and for loss if any arising from not complying with requirement, bank will not be responsible. The customer kept the cheque book in drawer and one of his office colleagues took off one cheque leave and by forging the signatures of Mr. R Singh withdrew the money from the bank. The customer claims the refund of the money:

- a the bank is not under obligation to refund the money as the loss has been caused due to negligence on the part of the customer
- b the loss would be shared equally by the customer and bank as both of them have been at fault.
- c bank would advise the customer to recover the money from the forger who is office colleague of the customer
- d bank is liable for making payment of a forged cheque and will have to restore the amount to the credit of the account
- e any of the above.

2 Your branch maintains a saving bank account of Mr. Dharma, an illiterate person who wants to go abroad for some time. He wants to authorise his wife to operate the account. Which among the following will be most convenient/easy way to achieve the objective:

- a power of attorney duly registered with the Registrar of Assurances
- b adding the name of wife to the account and making the operations either or survivor
- c authorising the another person through mandate (a simple letter)
- d making his wife nominee in the account
- e any of the above

3 Mr. Samendu has been maintaining a current account with Corporate Bank for the last 3 years with substantial balance of Rs.3 lac. Bank gets a confirmed report that he has filed an insolvency petition. Bank also receives a cheque of Rs.1.50 lac for payment:

- a cheque will be returned by the bank as payment will not be a payment in due course
- b cheque will be returned as property is now vested with official assignee
- c cheque will be returned under such doubtful circumstances
- d cheques will be paid and operations in the account will be permitted till the competent court declares him insolvent
- e none of the above

4 A partnership firm having its current account with your branch withdraws cash in the morning amounting to Rs.45000. At noon it withdraws more amount of Rs.27000. In the evening yet another withdrawal of Rs.28000 is made by the firm. What is the status of application of Banking Cash Transaction Tax:

- a bank is required to deduct the tax as the total amount of withdrawal on a single day is Rs.1 lac
- b bank is not required to deduct because the amount is not more than Rs.1 lac
- c bank is not liable to deduct because the amount of single withdrawl is less than Rs.1 lac
- d bank is required to deduct as the amount of each withdrawal is above Rs.25000
- e none of the above

5 Your branch has granted a demand loan of Rs.60000 to Sh. Banwari Lal against his term deposit

of Rs.1 lac. The branch has received a court attachment order for Rs.50000 relating to this deposit. Which of the following action should be taken by the bank:

- a since the deposit is already under lien of the bank, bank should ignore the order
- b since there is adequate balance in the FDR account to meet the liability of the loan, the bank can follow the instructions in the attachment order after recovery of its own dues
- c bank should seek specific confirmation from court before adjustment of its dues
- d the branch will meet the attachment order liability on date of maturity of the FDR
- e bank's liability is of contingent nature due to which the liability under attachment order will be met first.

6 Sh. Des Raj a blind persons approaches Meerut branch of Commercial Bank for opening a current account as he is engaged as commission agent in fruit business. The bank however refuses to open the current account giving the reason that such accounts are not permitted in the light of practical difficulties involved in operation of the account:

- a Refusal of the bank is not justified as a blind person is competent to contract and can also open a current account
- b Refusal of the bank is justifiable in the light of practical difficulties.
- c Refusal of the bank is justified in the light of possible loss which the customer may incur
- d b and c
- e only c

07 A company is having its current account with 3 branches of your bank and on a single days makes cash withdrawals of Rs.40000 from one branch, Rs.35000 from the 2nd branch and Rs.25000 from the 3rd branch. What is the status of application of Banking Cash Transaction Tax:

- a bank is required to deduct the tax as the total amount of withdrawal on a single day is Rs.1 lac
- b bank is not required to deduct because the amount is not more than Rs.1 lac
- c bank is not liable to deduct because the amount of single withdrawl is less than Rs.1 lac
- d bank is required to deduct as the amount of each withdrawal is of Rs.25000 or above
- e Bank is not required to deduct as the amount is less than Rs.1 lac for each branch and the amount withdrawn from all branches is not to be aggregated

8 The exposure ceiling on individual borrowers under the group approach in Indian banks from March 31, 2002 as per RBI directives is restricted to:

- a 12% of the capital fund
- b 15% of the capital fund
- c 18% of paid up capital
- d 22.5% of paid up capital
- e 15% of the paid up capital

9 The term ARC used in Narasimham Committee Report-II stands for:

- a Asset restructuring corporate
- b Asset re-location company
- c Asset reconstruction company
- d Asset redeployment corporate
- e none of the above

10 Which of the following types of operations modes are permitted under the Senior Citizens Saving Scheme 2004:

- a generally single account

- b joint mode with the spouse
- c joint operation with any one
- d a and b only
- e a to c all

11 Mr. Akash Khanna is having his personal saving account with United Bank's Chandigarh branch. He is also the sole trustee of Khanna Charitable Trust and operates the account of the trust which is also maintained with the bank. In connection with an important personal work he proposes to proceed abroad for 6 months and seeks your guidance for smooth operations in the accounts:

- a he can give mandate in favour of some of his friend or relative for operations in the accounts.
- b he can execute a power of attorney in favour of a known person for operations in both the accounts
- c he can give mandate or power of attorney for his personal account
- d he cannot delegate the powers to any one in case of trust account and could leave some cheque leaves properly signed for use in case of trust account
- e c and d

12 What is the amount of balance in a deceased depositor's account, where the bank, depending upon the circumstances may ask for a legal representation such as succession certificate, letter of administration, probate:

- a in case of joint survivorship accounts, no requirement
- b in case of nomination accounts, no requirement
- c in case of accounts with no nomination or survivorship provision, discretion of the bank
- d Banks cannot ask for such representations
- e a to c

13 A borrower in your branch has created an equitable mortgage. The registration, under Section 125, of such a charge with Registrar of Companies is:

- a: Required to make it binding on liquidator
- b: Not required being oral mortgage
- c: Required sometimes when memorandum of deposit is submitted
- d: a and c
- e Never required

14 What is the maximum time limit for the banks to settle the claims in respect of a deceased depositors and release payments to the survivors/nominees :

- a 7 days
- b 10 days
- c 15 days
- d 30 days
- e no time limit

15 A partnership firm wants to open a Current Account with your branch, but it is not registered with Registrar of Firms.

- a Is the registration of a partnership firm essential ?
- b: It is not essential as it is only optional
- c: It depends on will of creditors of the firm
- d: It depends on will of the bank

e c and d

16 RBI regulates the money market and SEBI regulates the capital market. Which segment is regulated by IRDA, out of the following sector:

- a telecom b insurance
- c banking d software
- e b and d

17 In foreign exchange transaction, which of the following is the basic buying rate:

- a Bills buying rate
- b TT buying rate
- c Direct rate
- d Indirect rate
- e a and b

18 The cases of deceased depositors where the claims have been received and pending beyond the stipulated period are required to be reported to which of the following:

- a Board of Directors of the bank
- b Ombudsman
- c Reserve Bank of India
- d Customer Service Committee of the Board
- e All the above

19 Which of the following kinds of joint accounts cannot be categorized as an account opened with survivorship clause:

- a either or survivor
- b anyone or survivor
- c former or survivor
- d letter or survivor
- e none of the above

20 X opened an account with your branch under the Senior Citizens Saving Scheme 2004 for 3 years. He needs the funds to meet his medical expenses by raising a loan on the basis of pledge of the deposit. What precautions would be taken by the bank:

- a the loan cannot be sanctioned under the scheme
- b the loan amount should not be more than 80% of the amount of original deposit
- c the loan amount will be linked to present maturity value of the deposit
- d the loan would be allowed after obtaining a written request supported by a estimate from hospital
- e none of the above

21 When a seller undertakes to make the goods available for export, at his factory, such arrangement is called:

- a Ex-works b FOB
- c CIF d FOR on ship
- e none of the above

22 Which among the following is not correct in connection with the Lok Adalats, which have come into prominence in the recent past?

a proceedings before Lok Adalat are deemed to be judicial proceedings under Civil Procedure Code

b Lok Adalat has power to summon and enforce attendance of witnesses

c Lok Adalat have the same powers which are vested in a civil court under the Code of Civil Procedure.

d Lok Adalats can entertain pecuniary (financial) cases without any ceiling on the amount

e none of the above

23 International Bank Limited negotiated documents worth Euro 15000 against a without-recourse irrevocable letter of credit issued by a bank in UK. When the documents were sent to the opening bank in UK, these were returned with the reason that the bill of lading and the insurance certificate attached to the documents are fake. Opening bank also refused to make the payment against these documents, which are otherwise as per terms of the letter of credit. What is the position of International Bank Limited?

a Bank has acted negligently by accepting fake documents due to which it cannot recover the money from opening bank

b Bank has the option to recover the money from the seller who has tendered fake documents

c Bank can rightly claim the money from opening bank under UCPDC provisions since the bank was to see the regularity of the documents and was not responsible for their being fake

d Bank will have to approach international court

e a and b above

24 For financing a pump set, which of the following standards will be taken into account?

a ISO 9001 b ISO 9002

c ISO 9004 d BIS

e BIS 2101

25 What is the age criteria for under Senior Citizen Saving Scheme 2004 for opening the account:

a 55 years

b 65 years

c 60 years

d 55 years in case of those who are retiring voluntarily

e c and d

26 Liability of the guarantor in a contract of guarantee is:

a: Unlimited where it is not revoked

b: Irrespective of the liability of the principal debtor it does not continue

c: Co-extensive with that of the principal debtor

d: a and c

e None of the above

27 Because the bank's right under general lien is an implied pledge, in case of default, the bank, after giving a proper/reasonable notice to the borrower can:

a: Convert general lien into a particular lien

b: Sell the security under certain circumstances without filing a suit

c: Can surrender its right, if told by RBI

d: a and c

e None of the above

28 In case the pledgee fails to re-transfer the possession of the goods to the pledger on repayment of loan, within a reasonable period and the goods are damaged, according to Section 161 of Indian Contract Act:

- a: Pledgee would be responsible for loss, if any
- b: Pledger would be responsible, for loss, if any
- c: Godown-keeper would be responsible
- d: damage would be to the account of both of them equally
- e None of the above

29 For a charge hypothecation, registration with Registrar of Companies u/s 125 of Indian Companies Act:

- a: Would be in bank's interest
- b: Registration not required as hypothecation is just like a pledge
- c: Registration is compulsory because of floating charge
- d: registration is compulsory because it is charge on actionable claims
- e None of the above

30 Your branch receives a cheque of Rs.20000 drawn from SB account in favour of LIC of India by your customer maintaining SB and Current Account. SB account has been showing balance of Rs.15678 and the current account Rs.12940:

- a cheque would not be passed as the account on which cheque is issued does not have sufficient balance
- b cheque would not be passed as bank cannot transfer the balance from one account to another account even though there is instruction from the account holder
- c cheque would be passed after speaking to the customer over phone
- d cheque could be passed after transferring the balance from one account to another
- e any of the above, according to the merit of the customer

31 What is the role of advising bank in case of a letter of credit:

- a to forward to the seller and to negotiate documents
- b to verify the genuineness of LC and forward it to the seller/beneficiary
- c to give confirmation that payment would be made by it in case the issuing bank fails to make the payment
- d to allow preshipment credit if asked for by the beneficiary
- e all the above

32 What will be due date for a bill dated 1.2.2004 payable 45 days after sight and the bills was accepted on 6.2.2004:

- a: 23.3.2004 b: 25.3.2004
- c: 26.3.2004 d: 28.03.2004
- e None of the above

33 For banks to enter into insurance business, among others, the NPA level should be:

- a not more than 10%
- b not more than 9%
- c not more than 5%
- d reasonable
- e none of the above

34 The maximum period for which a certificate of deposit can be issued:

- a 7 days
- b 15 days
- c 179 days
- d not more than 12 months
- e 3 years

35 Model Bank issued an FDR in the name of Mr. X and his wife W. Mrs W comes to the bank and request for premature payment to meet the expenses on treatment of Mr. X who is admitted to one hospital and cannot sign, because of fractured hands:

- a the request of W will be considered on sympathetic consideration
- b the request of W will be considered on production of certificate from the hospital to the effect that Mr.X is admitted
- c the request of W will be turned down altogether
- d payment can be made after verifying the facts and after obtain thumb impression of Mr. X in the hospital, witnessed by the attending Doctor
- e none of the above

36 Corporate Bank has sanctioned a loan of Rs.5 lac for purchase of a car to a lawyer. Under which of the following categories it will be classified:

- a small business
- b professional and self employed
- c small scale service and business enterprise
- d self employed
- e non-priority sector advance

37 Production of oil seeds and pulses is connected with which of the following:

- a green revolution
- b yellow revolution
- c blue revolution
- d white revolution
- e none of the above

38 A cheque has been presented through clearing house and bears special crossing of two banks.:

- a: Drawee bank will pay to the bank in whose favour special crossing appears first
- b: Pay to either of the banks and payment shall be in due course
- c: Return the cheque with the remarks crossed to two banks
- d: a and b
- e None of the above

39 A cheque has been endorsed in favour of Z with the condition that payment of the cheque can be made to him only when he marries Y. In this case the drawee bank should ensure while making payment that:

- a: Z married Y
- b: There is no need for bank to ensure marriage of Z to Y
- c: Drawer that marriage has taken place
- d: if cheque is presented for payment, bank shall pay the cheque
- e b and d

40 Bank International Limited had granted a loan of Rs.65 lac to M/s Juary Fertilisers Ltd few years back but due to problem with the industry, the account could not be conducted properly for few months and has become sub-standard. Party wants to settle the account with the bank to make it legally binding on both the parties without involving itself in a lengthy legal struggle. Bank is also agreeable for their proposal:

- a they can enter into a compromise settlement and get it approved from High Court of the State
- b they can go to a Lok Adalat and get the consent decree
- c they can go to a notary public and give declarations
- d they can approach a Lok Adalat of DRT for a consent decree
- e any of the above

41 A cheque has been issued in favour of A or order. At his request the drawer converts the order to bearer and puts his small initials to authenticate the cancellation:

- a: The bank will make the payment as mandate is clear
- b: The bank will not make payment as cancellation requires full signatures
- c: The bank seek confirmation from ask the drawer whether it is his signatures
- d: a and b
- e c and d

42 While providing finance to a project, the term Net Present Value method represents which of the following:

- a to find out the present value of the investment made in the project
- b a tool to understand as to what shall be the present value of the loan being given at the end of a particular period.
- c present value of the cash flows which the project would generate over a time period on the basis of a discount factor
- d present value of the cash outgo over the life time of the project so as to understand the actual outlay
- e the discount rate at which the present value of future cash flows becomes zero taking into account the investment.

43 Which of the following method can be used to calculate the per capita income of a country:

- a: Total family income / number of family members
- b: National income / total population
- c: Total income of various industries / total number of industrial workers
- d: Total Govt. revenue / total population
- e a and b

44 Which among the following aspects are taken into consideration by RBI for its Prompt Corrective Action (PCA), while initiating any action under the scheme:

- a capital to risk assets ratio
- b non-performing advances
- c return on assets
- d a and c above
- e a to c above

45 Which among the following is the first bank to return capital to the Central Government:

- a State Bank of India
- b Punjab National Bank

- c Oriental Bank of Commerce
- d Canara Bank
- e Corporation Bank

46 Project A has higher fixed cost than the project B. What will be true with regard to Break even point of these project, other things being equal:

- a project A has higher break-even and scope of better profits
- b project A has higher break-even and scope of lower profits
- c project B has higher break-even and scope of better profits
- d project B has higher break-even and scope of lower profits
- e Break even shall be equal based on the cash flows

47 Under which section of Banking Regulation Act 1949, every banking company has to submit annual statement of all those accounts which are lying under in-operative category for the last 10 years (called unclaimed deposits) to RBI:

- a: 27 b: 26
- c: 19(2) d: 15
- e 12

48 A company has been formed to undertake the business of software development. This objective of the company would be found in which of the following documents:

- a Certificate of Incorporation
- b Certificate of Commencement of Business
- c Resolution from Board of Directors
- d Articles of Association
- e None of the above

49 When a banker is acting on the standing instructions of a customer, their relationship is of :

- a: An employer and an employee
- b: An owner and a servant
- c: A trustee and beneficiary
- d: A principal and an agent
- e Agent and principal

50 Under which of the following methods of depreciation on fixed assets, the annual amount of depreciation decreases:

- a Written down value method
- b Straight line method
- c Annuity method
- d Insurance policy method
- e a and c above

51 An importer has imported from Australia (invoicing Aus Dollar) certain plant and machinery the payment of which is to be made 2 months after. On the basis of prevailing situation the home currency is expected to record depreciation compared to Aus Dollar. What should be importer do:

- a He must go for a swap of Aus Dollar with Rupee
- b He must arbitrage in Aus Dollars
- c He should book a forward contract and purchase Aus Dollar

- d He should sell Aus Dollars immediately
- e He should purchase Aus Dollars spot

52 The methodology that focuses on eliminating the defects and facilitating data driven decision making:

- a management by objectives
- b customer relation management
- c six sigma
- d strategic management
- e Total quality management

53 A bank carries positive gap in its asset liability position i.e. rate sensitive assets are higher than the rate sensitive assets. What would the impact of increase in interest rates:

- a Net interest margin would decrease
- b Net interest margin would increase
- c Market value of the assets would increase
- d Market value of the liabilities would increase
- e There will be no impact.

54 Collection period of its sundry debtors has been increasing in respect of a firm but the period available to it for payment to sundry creditors has been decreasing. This would lead to:

- a increase in its working capital requirements
- b decrease in its working capital needs
- c no change in its working capital needs
- d higher amount of interest payment
- e No impact on any of the financial parameters

55 A process under which it is expected that a combined entity (combination of two or more) would be able to exceed the individual earning of the entities being combined:

- a six sigma
- b total quality management
- c synergy
- d internal rate of return
- e management by profiteering

56 The facility of remittance is not available to which of the following types foreign nationals of non-Indian origin:

- a Citizens of Australia & Canada
- b Citizens of Nepal & Bhutan
- c Citizens of Nepal and Bangladesh
- d Citizens of Bhutan and Pakistan
- e None of the above

57 A registered firm has certain advantages over the non-registered firms. Where is a partnership firm registered:

- a: Registrar of firms
- b: Registrar of companies
- c: Registrar of deeds
- d: Sub-registrar estates

e a or d

58 A banker should not pay the cheques drawn by a customer who has been sentenced and sent to jail for:

- a: Rape
- b: Criminal liability
- c: Moral ground
- d: Insolvency
- e a and b

59 You are approached by a person for opening an account in the name of an executor of a will. You require which of the following documents:

- a: Registration certificate
- b: Memorandum of association and articles of association,
- c: Probate
- d: letter of administration
- e None of the above.

60 What is a probate:

- a: A will certified by a court for settlement of property of the deceased.
- b: It is will of the deceased
- c: The last will of a person certified by the legal heirs
- d: a registered will of the deceased
- e None of the above.

61 U/s 26 of Negotiable Instruments Act:

- a: A minor can not draw promissory note or a cheque.
- b: A minor who has been admitted to a partnership firm can draw a cheque .
- c: A minor can draw, accept, endorse and negotiate bills of exchange, promissory note or cheque binding all parties except himself.
- d: a minor can be held liable for the bill of exchange he has accepted
- e None of the above.

62 A foreign national visiting India wants to open an NRO account during his visit:

- a account can be opened
- b account cannot be opened
- c account can be opened with RBI permission only
- d account can be opened for foreign currency transactions
- e none of the above

63 Holder in due course is defined u/s....of NI Act

- a: 10 b: 9
- c: 18 d: 8
- e 13

64 Mr. X and Y are having a joint account in which they have nominated Mr. A. On death of Mr. X, Mr A approaches the bank for payment?

- a being nominee, payment would be made to A
- b Y being alive, payment would be made to Y as survivor

- c Y being alive and payment would be made to nominee and Y jointly
- d payment would be made to Y and legal heirs of X
- e payment would be made as per succession certificate which has to be submitted

65 In which of the following currencies, an FCNR-B cannot be allowed to be opened:

- a US \$ and Euro
- b Euro & Australian Dollar
- c Canadian Dollar & Pound
- d Japanese Yen and Euro
- e Singapore Dollar and Dinar

66 Which of the following categories of persons can open an FCNR-B account:

- a Overseas Company
- b Overseas firm
- c Overseas corporate body
- d NRI of Indian nationality or origin
- e c and d

67 A software that restricts the access to and from a network and is designed to protect from outside intrusion is called:

- a firewall technology
- b network protection technique
- c virus protection technology
- d total protection technique
- e morphing

68 The break-even point in terms of capacity utilization of a project in its 2nd and 3 year would be 55% and 50% respectively while the actual level of operation is 52% and 54% respectively:

- a there will be substantial profit
- b it will incur loss
- c there will be loss in the 2nd year and profit in the 3rd year
- d there will be profit in the 2nd year and loss in the 3rd year
- e there will be neither profit nor loss

69 In computer software, the term 'Morphing' refers to which of the following:

- a animation technique in which one image is gradually turned into another
- b data conversion technique by way of use of codes
- c conversion of digital picture to analog images
- d a soft ware that saves a network from intrusion
- e software that links one server to another

70 What is the amount of loan which can be extended against the security of a certificate of deposit:

- a 25% b 50%
- c 75%
- d No loan can be allowed
- e none of the above

71 Which among the following is not a condition for a case to be referred to Corporate Debt Restructure forum:

- a the aggregate exposure should not be more than Rs.10 cr
- b there should be atleast two creditors
- c the reference can be made by any creditor having 20% or more share in the exposure
- d the reference can be for standard and sub-standard accounts
- e none of the above

72 The receivables of various loans and obligations are put together and distributed amongst investors, in which of the following:

- a leasing
- b factoring
- c securitisation
- d venture capital
- e forfeiting

73 Popular Bank has issued a term deposit receipt in the name of Mr. A and B to be operated as 'former or survivor'. A approaches the bank for addition of name of Mr. X, his son and also nominate Mr. Z his brother in law. He claims that the money belongs to him?

- a addition of name would be allowed but not nomination
- b nomination would be permitted but not addition of name
- c addition of name and nomination would be permitted as request is from former
- d without consent of B addition or nomination cannot be accepted
- e none of the above

74 Which of the following categories of borrowers are not eligible for assistance under KVIC's margin money scheme?

- a Partnership firm
- b individuals
- c cooperative societies
- d trust registered with KVIC
- e none of the above

75 Which of the following is not correct with regard to prevention of Money Laundering provisions:

- a it is acquiring, owning, possessing or transferring any proceeds of money of crime
- b it is a process of converting money obtained illegally to appear to have originated legitimate sources
- c India has passed the Prevention of Money Laundering Act to identify and control the transactions of money laundering
- d Records relating to money laundering transactions are to be preserved by banks for 20 years
- e Offences under money laundering are cognizable and non-bailable.

76 The minimum amount of a certificate of deposit can be:

- a Rs.1 lac b Rs.3 lac
- c Rs.5 lac d Rs.10 lac
- e no minimum is prescribed

77 The holder of a negotiable instrument is holder in due course if:

- a: He receives the instrument in good faith and without negligence
- b: He receives the instrument for lawful consideration

c: He receives the instrument before its maturity

d: All the above

e none of the above

78 If a promissory note is payable in instalments, the period of grace for payment will be available:

a: Only once

b: On each instalment

c: Only on last instalment

d: no grace period available for promissory note

e None of the above

79 Under Gold Card scheme for exporters, based on credit worthiness of the card holder, which of the following is not correct:

a banks could consider waiver of collateral security

b banks could consider exemption from ECGC guarantee cover

c requests for credit would be considered quickly maximum within 7 days

d in principal limits would be set up for 3 years

e provision for stand-by limit of 20% to meet urgent credit needs would be made.

80 Repayment of loans under Swarnjayati Shahri Rozgar Yojna should be made in:

a 2-3 years b 3-5 years

c 3-7 years d 5-7 years

e more than 6 years

81 Repayment under the Scheme for Liberation and Rehabilitation of Scavengers (SLRS) has to be in a period of:

a 2-5 years b 3-5 years

c 3-7 years d 5-7 years

e more than 7 years

82 For which among the following the bank provides relief in interest rate to the borrower in education loan?

a when he is from a very poor family

b when loan is sanctioned for a highly prospective education from job aspects

c when loan is repaid during the moratorium period

d when interest portion of the loan is repaid during the moratorium period

e when interest as well as principal of the loan is paid before moratorium

83 Under which kind of following mechanisms, the DSB returns being submitted by banks to RBI, fall:

a early alert system

b on-site surveillance

c off-site supervision

d risk based supervision system

e prevention of money laundering

84 Which of the following cannot enter into a valid contract?

a a person temporarily of unsound mind and presently of sound mind

- b a pardanashin lady
- c an illiterate person
- d a blind person
- e a person of age of 17 plus years

85 Dearness allowance increase for bank employees is linked to which of the following:

- a General increase in the inflation
- b wholesale price index
- c consumer price index
- d consumer price index for industrial workers
- e wholesale price index for industrial workers

86 Preservation of bank records is mandatory under which of the following Acts?

- a RBI Act 1934
- b Preservation of Books Act 1902
- c Indian Evidence Act
- d Banking Regulation Act 1949
- e Companies Act 1956

87 Which of the following accounts are reported under CVC directions:

- a willful defaulters of Rs.10 lac and above
- b willful defaulters of Rs.25 lac and above
- c loan frauds of Rs.10 lac and above
- d loan write-off of Rs.10 lac and above
- e all the above

88 Under the rating system called CAMELS, the term 'M' stands for which of the following:

- a management of assets and liabilities
- b management of non-performing assets
- c management of human resources
- d management quality
- e management policies

89 Which of the following documents relating to a loan transaction, can be kept blank by a bank:

- a: hypothecation agreement
- b: Memorandum of mortgage
- c: Share transfer deeds
- d any of the above
- e none of the above

90 A loan agreement is executed but it is not stamped properly:

- a: It can be stamped later on after payment of penalty as per provision of State Stamp Acts and can be treated as a valid documents, after obtaining permission of the collector of stamp duty.
- b: The court can allow the bank to pay the duty with fine and validate the document
- c: Since at the time of execution, the stamp duty has not been paid, this cannot be treated an agreement
- d: a and b
- e: a to c any.

91 When there is an agreement in writing for creation of an equitable mortgage between the parties and this forms a part of an equitable mortgage, the agreement in itself is an operative instrument. This is not simply an evidence:

- a: For such a document the registration is necessary
- b: For such a document registration is not necessary
- c: This depends upon the will of the bank
- d: a and b
- e None of the above

92 A banking company can acquire shares in a company subject to which of the following ceiling:
a not exceeding 30% of the capital of the bank or 30% of the capital of the company, whichever higher

b not exceeding 30% of the reserves of the bank or 30% of the capital of the company whichever is lower

c not exceeding 30% of the paid up capital and reserves of the bank or 30% of the capital of the company whichever is lower

d 30% of the capital of the company

e 30% of the authorised capital of the bank or 30% of the capital of the company

Problem. Following are the financial figures of a concern as on 31.03.2003

Particulars. Rs.

Capital 8,000

Sundry Debtors 10,000

Cash in Hand 3,000

Machinery 17,000

Prepaid expenses 1,000

Fixed deposit with bank 5,000

Bills payable 2,000

Debentures 22,000

Expenses outstanding 4,000

Stock 4,000

Sundry creditors 4,000

Based on this information, please work out the following:

93 Net working capital in this case will be:

a Rs. 5,000 b Rs. 2,000

c Rs. 13,000 d Rs. 22,000

94 From the financial figures given in the above question total working capital works out to :

a Rs. 23,000 b Rs. 36,000

c Rs. 22,000 d Rs. 14,000

e Rs.12000

95 If in the above problem, the sales are Rs.115000, the working capital turnover ratio would be:

a 3 b 5

c 7 d 8

e 9

96 The liquidity aggregate L1, as per recommendations of YB Reddy Committee represents which of the following:

- a M 1 + deposits of financial institutions
- b M 1 + deposits of post office
- c M 2 + deposits of financial institutions and post office
- d M 3 + deposits of post offices excluding NSCs
- e M 3 + deposits of financial institutions and post office

97 In a real time gross settlement system, which is true with regard to the transmission, processing and settlement of instruction:

- a it is carried through a net work provided by SWIFT
- b it is carried on a batch-system basis
- c it is carried on a plat form provided by leading public sector banks
- d it is carried on a continuous basis as and when the instructions are received and accepted by the system
- e it is carried when authorised by RBI

98 Proceeds of goods and services exported by an exporter are required to be brought to India within 180 days normally. But a status holder can avail the normal repatriation period for export proceeds up to ____, instead of normal 180 days:

- a 360 days b 300 days
- c 270 days d 225 days
- e 200 days

99 In a computer system, the security is important for which of the following reasons:

- a to secure the data
- b to improve the reliability of the data
- c to improve the quality of data
- d to analyse the data
- e all the above

100 Corporate Bank decides to allow a cash credit limit of Rs.25 lac to a trading firm in one of its branches in Jaipur. The proposes to secure the loan by mortgage of a commercial property (located in Kolkata) of the equal value, in the name of one the partners in the firm, who is sick and is admitted in hospital. The firm wants the equitable mortgage to be created in the hospital itself:

- a can be accepted, if the doctor certifies the illness and it one of the witness.
- b cannot be created because the hospital is not part of the bank branch
- c can be created if the hospital is located at a notified centre
- d can be created if the title deed of the property is handed over to the bank officials
- e can be created if the hospital would have been in Kolkata instead of Jaipur as property is located in Kolkata

Answers : Test No.02

**01 d 02 c 03 d 04 b 05 b 06 a 07 e 08 b 09 c 10 d 11 e 12 c 13 a 14 c 15 b 16 b 17
b 18 d 19 e 20 a 21 a 22 d 23 c 24 d 25 e 26 c 27 b 28 a 29 c 30 a 31 b 32 b 33 d
34 d 35 d 36 e 37 b 38 c 39 b 40 d 41 b 42 c 43 b 44 e 45 b 46 b 47 b 48 e 49 e
50 a 51 c 52 c 53 b 54 a 55 c 56 b 57 a 58 d 59 c 60 a 61 c 62 a 63 b 64 d 65 e 66
d 67 a 68 c 69 a 70 d 71 a 72 c 73 d 74 a 75 d 76 a 77 d 78 b 79 c 80 c 81 c 82 d
83 c 84 e 85 d 86 d 87 b 88 d 89 c 90 a 91 a 92 c 93 c 94 a 95 b 96 d 97 d 98 a 99
a 100 c**

1: If a minor admitted to a partnership firm for benefits becomes major and does not offer any declaration about either becoming the partner of the firm or about intention to leave the firm as a partner within 6 months of the date on which he became major or within 6 months of the date when he first got information about his status as beneficiary of the firm:

- a: It will be presumed that he is a partner
- b: It will be presumed that he is not a partner
- c: It will be presumed that his intention is not to become a partner
- d: b and c
- e None of the above

2: An attachment order of Rs.80000 on a partnership firm is received, whose current a/c shows a balance of Rs.8000. The individual accounts of the partners A, B and C are showing credit balance of Rs.40000, Rs.34000 and Rs.2500 respectively. To meet the payment stated in the order, how much amount will be payable from A's account?

- a Rs.32500 b Rs.35500
- c Rs.37500 d Rs.40000
- e Rs.39500

3 M/s Rahim Khan and Company import certain goods and after payment of the documents to the bank, send the shipping documents to their clearing agents M/s Shoab Clearing Agents with the instruction that they may dispose of the goods and also stipulate the minimum rate for which these goods can be sold. The clearing agents sell the goods for a price little less than the stipulated price. M/s Rahim Khan and Company claim the return of the goods from the buyer:

- a since the clearing agents have sold the goods for a price lower than the stipulated one, the buyer will have to return the goods.
- b since the clearing agents have sold the goods at a lower price without seeking confirmation from the principals, the goods will have to be returned
- c the buyer cannot be forced to return the goods, since they do not have any notice of the condition stipulated by the principals
- d the buyer cannot be forced to return even if he had the information about the condition
- e none of the above

4 A bill of exchange is drawn by M/s Kasturi Lal and Sons on M/s Shiva Traders in consideration of purchase of goods, Mr. Shayam Kumar being its payee. Shayam Kumar endorsed the bill in favour of Mr. Shanti Prakash who had endorsed it in blank. It is stolen by Mr. Sudhir Phatke, an employee of Shanti Prakash and delivered to M/s Dyal Traders for value, but it is dishonoured on presentation for payment. From whom can M/s Dyal Traders recover the amount on the bill?

- a From Mr. Shanti Prakash
- b From M/s Shiva Traders
- c From M/s Kasturi Lal & Sons
- d From Shyam Kumar
- e From all the above

5 Non performing advance is an advance (except Cash Credit) which remains past due for a period of more than

- a: 360 days b: 180 days

- c: 90 days d 30 days
- e: none of the above

6 Credit Bank maintains a current account of M/s Chitam Enterprises in which the firm deposits a cheque of Rs.52000. On careful examination, the bank finds that the words 'non-negotiable' are written on lower part of the cheque without the parallel transverse lines. The concerned officer of the bank is not sure about whether to accept it for collection or not:

- a it is uncrossed instrument and two parallel transverse lines should be drawn
- b it is not a clear direction from the drawer due to which the cheque should not be accepted for collection
- c the words 'not-negotiable' can be written without parallel lines. But this will not be considered as crossing. It can be accepted for collection.
- d the transferability of the instrument has been affected due to these words, due to which the instrument should not be accepted.
- e none of the above

7 Your branch receives a dividend warrant of Rs.560 in favour of one Mrs. Rama Devi presented by State Bank in clearing. On the back side of the dividend warrant, it is stated that payee's discharge is needed but the payee has not signed the same in giving discharge.

- a the dividend warrant will be returned unpaid as the requirement of discharge has not been met, which the drawer had imposed. Payment if made, will not be a payment in due course.
- b the dividend warrant will be returned as it has been presented by another bank which has not given its confirmation
- c the dividend warrant will be paid without discharge from the payee, as such discharge is not a legal requirement
- d the dividend warrant will be paid after confirmation from the collecting bank
- e none of the above

8 New Delhi branch of Modern Bank issued a fixed deposit of Rs.3 lac for 5 years in the name of Mr. S Subramaniam who raises a loan of Rs.50000 against the FDR with a view to meet exigencies at a later stage. He comes for addition of the name of his son, as he is not keeping good health for few months.

- a the request of the depositor will be accepted being a genuine reason
- b the request will be accepted since the addition is for the his son's name
- c the request will be accepted since the FDR is to mature after long time
- d the request cannot be accepted till the loan is outstanding
- e any of the above

9 Universal Bank is approached by Sameer, a 17 old boy with his PAN card and other necessary information for opening a current account. He is having substantial investments in shares and receives regular dividend. His father has recently expired and his father's investment will also be transferred in his name in future:

- a the account cannot be opened as it exposes the bank to undue risk
- b the account cannot be opened as it is for share transactions
- c the current account can be opened by the minor as he can draw, negotiate and give valid discharge
- d the current account can be opened by Sameer alongwith his mother, if she is willing to do the same
- e none of the above

10 What is the no. of minimum and maximum shareholders in a public limited joint stock company:

- a minimum 2 maximum 7
- b minimum 3 maximum 50
- c minimum 4 maximum 50
- d minimum 7 maximum 50
- e minimum 7 maximum no ceiling

11 A loan is sub-standard asset for a period of more than one year. The provision is to be made at the rate of...of the outstanding amount:

- a: 10% b: 20%
- c: 30%
- d: 100% for the unsecured portion
- e a and d above

12 Which of the following is a situation that can be termed as negative working capital?

- a when current assets are equal to current liabilities
- b when current assets are less than current liabilities
- c when current assets are more than current liabilities
- d when there are losses and current ratio is 1:1
- e when the current ratio is below the ideal ratio of 1.33:1

13 What is the maximum amount for which the CGFTSI guarantee cover is available:

- a: Rs.18.75 lac
- b: Rs.25 lac
- c: 75% of the amount on date of NPA
- d: Rs.10 lac
- e a and b

14 A loan of Rs.4 lac each is allowed by bank Z to a doctor having his own clinic and a lawyer having his own practice. These loans shall be classified as:

- a: loan to doctor as priority sector and to lawyer as non-priority sector
- b: loan to lawyer as priority sector and to doctor as non-priority sector
- c: loan to doctor and to lawyer as non-priority sector
- d loan to doctor and to lawyer as priority sector

15 Premium is to be paid by the bank to DICGC for the half-year ended Sept 2005. As on which date the amount of deposits is to be taken into account:

- a last Friday of Mar 2005
- b Last day of Sep 2004
- c last working day of Mar 2005
- d last Friday of Sep 2004
- e none of the above

16 The term 'firewall technology' refers to:

- a computer software that protects a computer system from virus.
- b computer software that removes the computer virus.
- c computer operating software.

d computer hardware to protect a computer from incident of fire
e computer software that protects a computer system from outward intrusion.

17 What is the maximum no. of partners in a non-banking firm.

- a 20
- b 20 excluding the minor partner
- c 10
- d 10 including the minor partner
- e 20 including the minor partner

18 Risk arising from failure of computer system and loss of data is:

- a: credit risk
- b: system risk
- c: liquidity risk
- d: operational risk
- e computer risk

19 On which among the following, a garnishee order is not applicable?.

- a funds in the account at the time of receipt of garnishee order
- b term deposit receipt which is yet to mature
- c recurring deposit the maturity of which will be 3 months after
- d a cheque realization advice that has not been credited to the account
- e amount deposited by the customer after receipt of the garnishee order

20 A mortgagor sells the property to the mortgagee under the condition that the sale would become absolute on fulfillment of specific conditions:

- a: This mortgage by conditional sale
- b: This is English mortgage
- c: This is a sale cum mortgage transaction
- d: This is a sale with promise to buy back
- e a and c

21 Who can deposit the title deed with the bank for creating an equitable mortgage:

- a: Owner
- b: His authorised agent
- c a person directed by the court
- d: a and b
- e: a to c

22 Whether a trustee can appoint agent:

- a: As a trustee, he cannot
- b: As individual person, he can
- c: Under all circumstances, he cannot
- d: a & b both e a to c

23 A state govt. guaranteed advances would be treated NPA if overdue for more than 90 days
wef:

- a: 31.03.2005
- b: 31.03.2006

c: 31.03.2007

d To be treated NPA for income recognition purpose only

e: Such accounts are not to be treated as NPA.

24 Advances against their own shares are not allowed by banks because these are prohibited under:

a RBI Act 1934

b Negotiable Instrument Act

c Banking Regulation Act 1949

d SEBI Act

e c and d

25 A returning non-resident Indian wants to open an account with you but wants to be sure about what can be repatriated by him in case of need.

a no repatriation allowed

b only interest can be repatriated

c only principal can be repatriated

d principal and interest both can be repatriated

e none of the above

26 Which of the following defines a foreign exchange forward contract better?

a exchange rate that is determined in future

b exchange rate that is determined in future but delivery is made now

c exchange rate that is determined now but delivery of currency is made in future on a day fixed at the time of making the contract

d exchange rate and delivery, both are determined in future

e none of the above

27 Modern Bank had granted a term loan for purchase of a car to Mr. Ramesh Chander which has become time barred debt last month. A letter written 8 months back, by Mr. Ramesh Chander to his friend Mr. Satish Kumar falls in the hands of the bank in which he had requested Mr. Satish Kumar to give him certain funds as he has to repay the above stated loan of the bank.

a the letter can be treated as acknowledgement of debt if particulars of the loan match with those given in the letter which would extend the limitation period

b the letter can not be used for the purpose of the limitation period as it is not stamped

c the letter can not be used for limitation purpose as it is not addressed to the bank

d the letter can be used for limitation period but it is not stamped adequately

e all the above

28 Official language policy came in to force with effect from which of the following dates:

a Aug 16, 1947

b Sept 14, 1947

c Jan 26, 1947

d Jan 26, 1950

e Aug 16, 1950

29 What is the maximum amount for the purpose of arbitration under Banking Ombudsman scheme 2002.

a Rs. 2 lac b Rs. 3 lac

- c Rs. 5 lac d Rs. 10 lac
- e None of the above

30 In case of overdraft facility, where the account is showing credit balance temporarily, what is the relationship of the bank and customer.

- a creditor and debtor
- b debtor and creditor
- c principle and agent
- d trustee and beneficiary
- e none of the above

31 Which section of the respective Act covers the SLR:

- a Section 24(2A) of BR Act 1949
- b Section 23 of BR Act 1949
- c Section 27 of RBI Act
- d Section 24(2) of RBI Act
- e Section 14 of BR Act

32 The loan system of credit delivery is mandatorily applicable for loan accounts having:

- a term loan of Rs.10 crore and above
- b fund based working capital limits (MPBF) of Rs.10 cr and above
- c non-fund based limits of Rs.10 cr and above
- d combined limits of Rs.10 cr and above
- e a, b and d

33 When payment of a term deposit receipt is made, what is the amount of interest per financial year, for deduction of tax at source.

- a Rs.5000 or above from a bank
- b Above Rs.5000 from a bank branch
- c Above Rs.5000 from all branches of the bank taken together
- d Rs.5000 and above including interest on saving bank deposits
- e none of the above

34 Your branch has sanctioned cash credit limit of Rs.12 lac to M/s United Pharmacy. As at the close of July 31, it has been carrying stocks worth Rs.9 lac, sundry creditors of Rs.3 lac and book debts of Rs.6 lac. Bank has prescribed a margin of 25% on stocks and 30% on book debts. What is the maximum amount that can be withdrawn in the cash credit limit ?

- a Rs.8.70 lac b Rs.8.30 lac
- c Rs.12 lac d Rs.6.75 lac
- e Rs.7.25 lac

35 At the time of renewal of working capital limits by your branch, the loan officer observed that M/s Babra Enterprises's utilisation of funds on a long term basis is 80% of the long term sources during the year. Which among the following would be the result of this kind of financial management:

- a the current liabilities would increase
- b the current assets would decline
- c the current ratio would decline
- d the current ratio would improve

e none of the above

36 Which among the following, is the Authority that fixes the rate of interest on saving bank deposits in banks?

- a Reserve Bank of India
- b Ministry of Finance
- c Indian Banks' Association
- d Board of Directors of a Bank
- e None of the above

37 Stock audit is compulsory in case of NPA account, if the amount outstanding is Rs.____ or more

- a: 5 cr
- b: 4 cr
- c: 3 cr
- d: 2 cr
- e 1 cr

38 Popular Bank decides to provide finance to Ghai Films Ltd for production of a film. The working capital assessment would be done by the bank on the basis of:

- a: cash budget system
- b: turnover method of Nayak Committee
- c: Traditional method of Tandon Committee
- d: any of the above at bank's discretion
- e none of the above

39 What is the period of limitation for the recovery of a loan given on the basis of a demand promissory note:

- a: Three years
- b: Three years from date of note
- c: Three years from filing of suit
- d: Three years from date of default
- e b and d

40 Corporate Bank files suit for recovery of its loan against the guarantor only and not the borrower. Guarantor pleads in the court that before filing suit against him, money should be recovered from the borrower. In such circumstances, the bank can seek recourse in the court against:

- a: all the liable parties together only
- b: any one of them at a time
- c: all separately
- d: at its discretion it can proceed against any one.
- e at the discretion of the court

41 A public limited company opens a collection account for its public issue. The bank wants to withdraw the funds for use for the purpose for which the issue was floated. On what condition, this can be done.

- a: If Co. produces certificate of commencement of business
- b: If Co submits copy of certificate of incorporation

- c: If prospectus is issued
- d: When co. requests the bank
- e a and c

42 What is the minimum amount outstanding in case of willful default, that the information will be required to be sent to CIBIL:

- a: Rs.2.5 lac
- b: Rs.10 lac
- c: Rs.25 lac
- d: Rs.100 lac
- e none of the above

43 In those case where the process of dissolution of a firm has started, what are the situations where the partners still have rights to bind the other partners:

- a: To wind up the business of firm
- b: To complete all those transactions which could not be completed till date of dissolution
- c: till all the liabilities of the firm are discharged
- d a and b
- e: a to c

44 In a PMRY group loan, the interest rate would be decided on the basis of:

- a: total amount of the project cost
- b: total amount of the loan
- c: total amount of loan and subsidy
- d: per capita loan amount
- e per capital project cost

45 Your branch receives a cheque of Rs.17500 in the account of a saving bank customer. The balance in the account is Rs.16700. An outstation cheque of Rs.23000 has been sent for collection, the proceeds of which have not been received as yet. While returning the cheque, which among the following reasons will be given:

- a insufficient funds
- b exceeds arrangements, please present again
- c effects not cleared, please present again
- d drawer's instructions awaited
- e refer to drawer

46 In an HUF, there is one male major member having two minor sons. After his death who will function on behalf of the Karta of HUF:

- a: Eldest son
- b: Youngest son
- c: Natural guardian of the eldest son
- d guardian of the eldest appointed by court if there is no natural guardian
- e: c and d

47 A Hindu soldier gives an oral will while he is fighting on Indo-Pak border. Such wills are called:

- a oral will
- b invalid will

- c privileged will
- d unprivileged will
- e a and c

48 A charitable trust is registered with:

- a: Registrar of Trusts
- b: Register of Societies
- c: Registrar of Companies
- d: Commissioner of Charity
- e a or b

49 Investment fluctuation reserve would be classified by a bank for the purpose of capital adequacy ratio under:

- a: tier I capital fund
- b: paid up capital
- c: tier II capital fund
- d: tier III capital fund
- e at the discretion of the bank

50 Who can act as natural guardian in respect of a Hindu Minor:

- a father alone
- b mother alongwith father
- c father and after his death mother
- d grand-father
- e b and c

51 In which of the following, a term deposit receipt can be classified ?

- a not negotiable but transferable
- b transferable actionable claim
- c not transferable actionable claim
- d a demand liability
- e none of the above

52 What kind of an asset is goodwill as per the Indian Accounting Standards ?

- a intangible asset
- b fictitious asset
- c current assets
- d fixed asset
- e not an asset

53 Rajan raised a loan and Harish was his guarantor and loan has become due, for payment which Rajan fails to pay. Bank had to recall the loan due to this. Harish maintains a SF account. The Bank:

- a: Cannot exercise right of set-off against Harish's account.
- b: In case loan is recalled from Harish, the right of set-off can be exercised
- c: Intervention of the court required
- d: loan recall is not a necessary condition
- e None of the above.

54 Your branch is having a partnership current account and a garnishee order in the name of a partner in the firm, is received. It will:

- a apply to all partners
- b apply to firm's account
- c not apply to firm's account
- d not apply to any one.
- e a and c

55 A garnishee order is applicable to

- a: Demand deposits
- b: Time deposits subject to maturity
- c Recurring Deposit
- d: a to c
- e: b and c

56 For a loan to be raised in case of need, a persons assigns his insurance policy in favour of the bank. Such relationship of the customer with the bank, will be of a/an:

- a pledger and pledgee
- b beneficiary and trustee
- c lender and borrower
- d assignor and assignee
- e assignee and assignor

57 Which of the following is a current liability for the purpose of classification to analyse a balance sheet

- a debentures dues after 2 years
- b term loan with a moratorium of 3 years
- c general reserve created only 3 months earlier
- d provision for disputed income tax liability
- e none of the above

58 One rupee note bears the signatures of:

- a: Governor RBI.
- b: Secy. Ministry of Finance
- c: Prime Minister of India
- d: Finance Minister.
- e President of India

59 As per section 45(ZA) of Banking Regulation Act 1949:

- a: Nomination facility has been granted for bank deposits.
- b: Guidelines have been laid down for election of Chairmen and Managing Directors of the banks.
- c: Guidelines have been given for providing working capital to big units.
- d: nomination facility is available for locker accounts
- e nomination facility for safe deposit vault

60 The report on Harmonisation of role of FIs and banks relating to universal banking, was given by:

- a M S Verma

- b R H Khan
- c B D Shah
- d K S Shere
- e Narasimham Committee

61 Sale of an SSI firm is Rs.240 lac. Its requirement for working capital is equal to 5 month's sales. What will be the amount of working capital.

- a Rs.60 lac
- b Rs.75 lac
- c Rs.90 lac
- d Rs.100 lac
- e none of the above

62 Sale of an SSI firm is Rs.240 lac. Its requirement for working capital is equal to 5 month's sales. What will be the amount of margin & bank limit.

- a Rs.48 lac, 12 lac
- b Rs.60 lac, 15 lac
- c Rs.72 lac, 18 lac
- d Rs.80 lac, 20 lac
- e none of the above

63 Repayment capacity in case of term loan proposals is judged by the banks with which of the following ratios :

- a debt equity ratio
- b internal rate of return
- c net present value
- d break even analysis
- e debt service coverage ratio

64 A collecting bank gets statutory protection under:

- a: RBI Act
- b: Banking Regulation Act
- c: Negotiable Instruments Act
- d: Indian Contract Act
- e None of the above

65 What is the time period under SARFAESI Act, for replying the borrower, in case he raises an objection for possession of the asset:

- a: 60 days
- b: 30 days
- c: 7 days
- d: 3 days
- e none of the above

66 B is payee of a cheque, who endorses it to C. C lost the cheque which is found by D, who endorses it in favour of A for valuable consideration by way of forging C's signatures. The cheque is dishonoured. A can recover from:

- a: B b: C
- c: D
- d: any of the previous parties

e None of the previous parties

67 A, a customer has a saving bank account and her husband had withdrawn the money from the bank on the basis of forged cheques at various occasions but the customer did not object to it. After his death, she comes to bank and demands the money:

a: Bank would refer the matter to the court

b: Bank is liable on forged cheques

c: The bank is negligent but not liable, as the customer is party to the forgery and did not inform the bank in time

d: loss shall be borne in the ratio of 50:50 by the bank and the customer

e None of the above

68 A firm discounts its export receivables of up to 5 years without recourse to the exporter under which of the following arrangement:

a forfaiting

b factoring

c securitisation

d bills discounting

e foreign bills discounting

69 Who among the following will sign the account opening form for opening a current account in case of a partnership firm where the firm has three partners and a minor, aged 17, has been admitted to the firm for benefits?

a all the three and the father of the minor

b all the three and natural guardian of the minor

c all the three and the minor himself

d all the three partners only

e any of the above

70 You receive a garnishee order for a current account maintained in your branch. A cheque is received for payment. What memo should be appended while returning the cheque:

a: Garnishee order received

b: Refer to drawer. Garnishee order received

c: insufficiency of funds due to garnishee order

d a and b

e a to c

71 A bill presented by your branch is dishonoured and you want to get its noting. The provision regarding noting is described under section...of NI Act:

a: 100 b: 99

c: 85A d: 131

e 87

72 If a borrower wants to file an appeal with DRAT against the decision of DRT under SARFAESI Act, how much amount it will be required to deposit:

a: 75% of the amount

b: 50% of the amount

c: 25% of the amount

d: 10% of the amount

e there is no need for deposit of the amount.

73 If a borrower wants to file an appeal with DRAT against the decision of DRT under DRT Act, how much amount it will be required to deposit:

a: 75% of the amount

b: 50% of the amount

c: 25% of the amount

d: 10% of the amount

e there is no need for deposit of the amount.

74 A is having a locker and sends the key by post with an intention to surrender the locker:

a: bank will be discharged of its liability, if key is accompanied by a letter stating the contents of the lockers as NIL

b: The bank will not be discharged of its liability

c: The bank should not accept

d: bank can accept subject to its rights under reserve

e None of the above

75 A and B maintain an FD account with a locker and want to make single nomination for both the accounts :

a: Nomination can be made in both the accounts separately

b: Nomination can not be allowed in lockers in joint names

c: It will depend on bank's discretion

d: nomination can be accepted

e None of the above

76 If a cheque is crossed as account payee, this is direction of ___, to ___:

a payee, paying bank

b payee, collecting bank

c drawer, paying bank

d drawer, collecting bank

e drawer, paying & collecting bank

77 In terms of recommendations of Tandon Committee, which of the following is considered as ideal current ratio by banks for sanction of term loans:

a 1:1 b 1.17:1

c 1.25:1 d 1.33:1

e none of the above

78 There is an FDR of A and B but A dies before its maturity. B also dies one week after his death. FD amount is payable to:

a: Legal heirs of A

b: Legal heirs of B

c: Legal heirs of A and B

d: legal heirs of the person who died later

e None of the above.

79 Analysis of balance sheet of a partnership firm shows that its total net worth is more than the total outside liabilities.

- a it can be termed as a desirable situation
- b it can be termed as an excellent and desirable situation
- c it reflects the conservatism on the part of the management
- d it reflects risk appetite of the management
- e all the above

80 For the purpose of creation of equitable mortgage, who notifies the places for deposit of title deeds:

- a Central Govt.
- b Local self Govt.
- c President of India
- d Governor of the State
- e State Govt.

81 In deposit accounts, the photographs are obtained. Why ?

- a: to avoid frauds
- b: to avoid irregularities
- c: to detect irregularities in financial transactions
- d to comply with UN directives
- e: to check benami accounts / transactions

82 Which among the following has formulated the govt. sponsored scheme called ` Swaran Jayanti Gram Swarozgar Yojana ?

- a Agricultural Deptt of State Govt.
- b Ministry of Agriculture of State
- c Union Ministry of Rural Development
- d Distt. Rural Development Agency
- e Lead Bank of the concerned Distt

83 What is the requirement of margin under the Scheme for Liberation and Rehabilitation of Scavengers (SLRS):

- a 20% of the project cost with maximum of Rs.7500
- b 15% of the amount of loan with a maximum of Rs.7500
- c 15% of the project cost with maximum of Rs.7500
- d 10% of the project cost with maximum of Rs.7500
- e 15% of the amount of subsidy maximum Rs.7500

84 In a private limited company the minimum and maximum no. of shareholders can be:

- a: 1 and 20 b: 20 and 100
- c: 100 and 1000 d: 2 and 50

85 What is the meaning of a scheduled bank ?

- a: The bank functioning under provisions of Banking Reg. Act 1949.
- b: The bank included in 2nd schedule of RBI Act 1934.
- c: The bank incorporated under Banking Companies Act 1956.
- d: The bank authorised to do banking functions.
- e bank issued a license by RBI mentioning therein that it is a scheduled bank

86 Who fixes the scale of finance for crop loan for agricultural advances in India:

- a Distt Crop Committee

- b Distt Technical Committee
- c State Agri. Deptt
- d State Technical Committee
- e a or c

87 Section 31 of RBI Act permits only RBI and Central Govt. to issue/draw:

- a bills payable to bearer on demand
- b promissory notes payable to bearer on demand
- c cheques payable to bearer on demand
- d a & b above
- e a to c

88 Where the foreign banks fail to achieve the lending target for SSI under priority sector:

- a they have to deposit the amount of shortfall with NABARD
- b they have to deposit the amount of shortfall with KVIC
- c they have to deposit the amount of shortfall with RBI
- d they have to deposit the amount of shortfall with SIDBI
- e any of the above

89 What is the sub-target for advances to small scale industries by the commercial banks for units having investment in plant and machinery above Rs.25 lac ?

- a Minimum 40% of Net Bank Credit
- b Maximum 40% of net bank credit
- c 40% of the SSI advances
- d Minimum 40% of SSI advances
- e Maximum 40% of SSI advances

90 Under Know Your Customer guidelines of RBI, for which period the records are required to be maintained:

- a 1 years b 2 years
- c 4 years d 5 years
- e 10 years

91 A month back the dollar-rupee rate was Rs.43.90 per dollar. Now it is Rs.45.10 per dollar. Who among the following is the gainer:

- a who exports b who imports
- c who has to make outward remittance
- d who moves for a visit abroad
- e none of the above

92 Dollar has shown increase in its value compared to Indian rupee. Which of the following would be true ?

- a Exports from India will go up
- b Imports into India will become costly
- c Trade with other nations will be reduced
- d b or c
- e None of the above

93 Interest and principal can be repatriated by an NRI, in the following accounts ?

- a FCNR b NRE
- c EEFC d a & b
- e all the above

The following data is taken from the balance sheet of a firm:

Capital and Reserves 50
Bank term loan 50
Bank cash credit 50
Current liabilities 50
Fixed Assets 70
Preliminary expenses 10
Cash/Bank balance 20
Stocks 60
Book debts 30
Prepaid expenses 10
Sales 300
Profit 10

On the basis of above information:

94 What is the net worth:

- a 50 b 45
- c 40 d 30
- e 20

95 What is the current ratio:

- a 1.5:1 b 1.33:1
- c 1.20:1 d 1.10:1
- e 1.00:1

96 What is the acid test ratio (quick ratio)

- a 0.25:1 b 0.50:1
- c 0.75:1 d 0.80:1
- e none of the above

97 What is the debit equity ratio?

- a 3:1 b 2:1
- c 2.25:1 d 1.25:1
- e 1:1

98 What is the total indebtedness ratio:

- a 6:1 b 4.25:1
- c 4.0:1 d 3.75:1
- e 3.25:1

99 What is the stock turnover ratio?

- a 3 times b 4 times
- c 5 times d 6 times
- e none of the above

100 What is the debtors' velocity ratio

- a 2.1 months
- b 1.60 months
- c 1.20 months
- d 1.09 months
- e 1 months

Answers : Test No. 03

**01 a 02 b 03 c 04 e 05 e 06 c 07 a 08 d 09 c 10 e 11 b 12 b 13 b 14 a 15 c 16 e 17
a 18 d 19 e 20 a 21 d 22 d 23 b 24 c 25 d 26 c 27 a 28 d 29 d 30 b 31 a 32 b 33 b
34 a 35 d 36 a 37 a 38 a 39 b 40 d 41 a 42 c 43 d 44 d 45 a 46 e 47 c 48 d 49 a 50
c 51 c 52 b 53 b 54 c 55 d 56 d 57 d 58 b 59 a 60 b 61 d 62 d 63 e 64 c 65 c 66 c
67 b 68 a 69 d 70 a 71 b 72 b 73 a 74 a 75 a 76 d 77 e 78 c 79 c 80 e 81 e 82 c 83
c 84 d 85 b 86 b 87 d 88 d 89 e 90 d 91 a 92 b 93 d 94 c 95 c 96 b 97 d 98 d 99 c
100 c**