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# Banking System Questions for Bank Exams (IBPS Clerk & SBI Clerk)

## Banking System Quiz 2

Choose the right answer from the given options.

**1. Interest on saving accounts nowadays is \_\_\_\_\_.**

- A. Fixed by RBI    B. Fixed by the respective banks    C. Fixed by the depositors
- D. Fixed as per the contract between bank and the Consumer court
- E. Not paid by the Bank

**2. Interest below which a Bank is not expected to lend to customers is known as \_\_\_\_\_.**

- A. Deposit rate    B. Base rate    C. Prime lending rate    D. Bank rate
- E. Discount rate

**3. In Banking business, when the borrowers avail a term Loan, initially they are given a repayment holiday and this referred as \_\_\_\_\_.**

- A. Subsidy    B. Interest waiver    C. Re-phasing    D. Interest concession
- E. Moratorium

**4. A non- performing assets is**

- A. Money at call and short notice    B. An asset that ceases to generate income
- C. Cash balance in till    D. Cash balance with RBI    E. Balance with other Bank

**5. As per the news published in various financial newspapers, the RBI is reworking the roadmap on Capital Account Convertibility. If this is done, who amongst the following would be able to invest in foreign projects or acquire assets outside India without any restrictions?**

**1. Public Sector Banks**

**2. Companies which are registered in India**

**3. Govt. of India**

**4. Any Individual**

**A. Only 1    B. Only 2    C. Only 3    D. All 1, 2, 3 and 4    E. None of the above**

**6. The RBI Governor, in one of his speeches, made mention of Inflation Index and said, “the problem in India is that which Inflation Index to target as there are several such indices”. Which of the following statement is correct in this regard?**

**A. There is one WPI Index and four CPI indices**

**B. There two WPI Indices and two CPI Indices**

**C. There is one WPI Index and one CPI Index**

**D. There are ten different types of WPI and CPI Indices**

**7. Some Banks which were not able to meet their priority sector lending targets are now allowed to do so by purchasing Priority Sector Lending Certificates (PSLC). Which of the following agencies/organizations is/are authorized to issue these certificates?**

**1. Micro Finance Institutions**

**2. Non Banking Finance Companies**

### 3. NABARD

A. Only 1    B. Only 2    C. Only 3    D. All 1, 2 and 3    E. None of these

**8. A bank without any branch network that offers its services remotely through online banking, telephone/mobile banking and interbank ATM network alliances is known as**

A. Universal banking    B. Indirect Banking    C. Door Step Bank    D. Direct Bank  
E. Unit Bank

**9. The Aadhar-enabled Payment System (AEPS) is a bank-led model that facilitates banking facilities through banking co responders across banks. However, Aadhar-enabled basic types of banking transaction do 'not' include**

A. Aadhar to Aadhar funds transfer    B. Small overdraft facility    C. Cash withdrawal  
D. Balance enquiry    E. Cash Deposit

**10. NABARD is responsible for regulating and supervising the function of**

A. Investment and Industrial Finance Banks  
B. Cooperative Banks and regional Rural Banks  
C. Corporative Finance and Overseas Banking Units  
D. Private Sector and Multinational Banks  
E. Reserve bank of India

**Correct Answers:**

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|---|---|---|---|---|---|---|---|---|----|
| B | B | E | B | D | A | D | D | B | B  |

**Explanations:****1.**

Interest on savings accounts is fixed by the respective banks  
Hence, the option B is correct.

**2.**

Base rate is minimum interest rate of a bank below which it cannot be given, unless the RBI allows it.  
Hence, the option B is correct.

**3.**

Moratorium: A short time prohibition or suspension of an activity, it may refer to the temporary prohibition of law to allow a legal challenge to be carried out.  
Hence, the option E is correct.

**4.**

An asset that ceases to generate income is also known as a non performing assets.  
Hence, the option B is correct.

**5.**

Capital Account Convertibility for India economy refers to the abolition of all limitations with respect to the movement of capital from India to different countries across the globe.  
Hence, the option D is correct.

6.

Wholesale Prices Index, WPI is the index that is used to measure the change in the average price level of goods traded in whole sale market. In India a total of 435 commodities data on price level is tracked through WPI.

Hence, the option A is correct

7.

Some areas or fields in a country depending on its economic condition or Govt. interest are prioritized and are called Priority Sectors as industry, agriculture. Banks are directed that loans must be given on reduced interest rates with discounts to promote these fields. Such lending is called Priority Lending.

Hence, the option D is correct.

8.

A direct bank is a type of bank without any branch network that provides its services remotely through online banking and telephone banking and may also provide access through ATMs, mail and mobile.

Hence, the option D is correct.

9.

The Aadhar-enabled Payment System (AEPS) is a bank led model which allows online interoperable financial inclusion transaction at PoS (Micro-ATM) through the Business correspondent of any bank using the Aadhaar authentication.

**Aadhaar enabled basic types of banking transactions are:**

1. Balance Enquiry
2. Cash Withdrawal
3. Cash Deposit
4. Aadhaar to Aadhaar Funds Transfer

**Services offered by Aadhaar-enabled Payment System (AEPS):**

1. Balance Enquiry
2. Cash Withdrawal
3. Cash Deposit

- 4. Aadhaar to Aadhaar Fund Transfer
- 5. Gateway Authentication Services

Hence, the option B is correct.

## 10.

National Bank for Agriculture And Rural Development (NABARD) is set up as a supreme Development Bank in India with a mandate for facilitating credit flow for promotion and development of agriculture, small-scale industries, cottage and village industries, handicrafts and other rural crafts. It has its headquarter in Mumbai, Maharashtra.

### **Functions of National Bank for Agriculture And Rural Development (NABARD):**

1. National Bank for Agriculture And Rural Development (NABARD) Acts as a coordinator in the operations of rural credit institutions
2. Extends assistance to the government, the Reserve Bank of India and other organizations in matters relating to rural development
3. Offers training and research facilities for banks, cooperatives and organizations working in the field of rural development
4. Helps the state governments in reaching their targets of providing assistance to eligible institutions in agriculture and rural development
5. Acts as regulator for cooperative banks and RRBs

Hence, the option B is correct.



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