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

Banking System Quiz 3

Choose the right answer from the given options.

1. The government of India has announced a 'funding for lending' scheme. Who are the beneficiaries for this scheme?

- A. Commercial Banks B. Regional Rural Banks C. Micro-finance Institutions
D. Finance Department of the State Governments E. None of the above

2. The arrangement under which banks sell insurance products acting as the agents of respective companies is called the

- A. Insurance Joint Venture B. Bancassurance Model C. Hybrid Insurance Model
D. Insurance Broking E. Integrated Model

3. The seed capital of Bhartiya Mahila Bank is

- A. Rs. 2,000 crore B. Rs. 1,000 crore C. Rs. 4,000 crore D. Rs. 3,000 crore
E. None of these

4. Which of the following institutions is regarded as the 'Lender of the Last Resort' by Banks in India?

- A. State Bank of India (SBI) B. The State Treasury C. Reserve Bank of India (RBI)
D. World Bank E. Department of Financial Services (DFS)

5. A bank's 'fixed deposit' is also referred to as a

- A. Term Deposit B. Saving bank deposit C. Current deposit D. Demand deposit
E. Home saving deposit

6. Which of the following services related to execution of transaction directly with consumers, rather than corporation or other banks?

- A. Wholesale Banking Services B. Industrial Banking Services
- C. Investment Banking Services D. Corporate Banking Services
- E. Corporate Banking Services

7. Banks' mandatory lending to farmers for agriculture, micro and small enterprises and other weaker sections where in banks are required to lend up to 40% of the loans is generally described as

- A. Para Banking B. Sub-prime Banking C. Retail Lending
- D. Non-priority sector lending E. Priority sector lending

8. As reported in various newspapers the Reserve Bank of India is planning to allow more and more banks to function as "Local Area Banks". This will help RBI in the implementation of which of the following of its plans/drives?

1. Financial inclusion

2. Rural Banking

3. Mobile and e-Banking

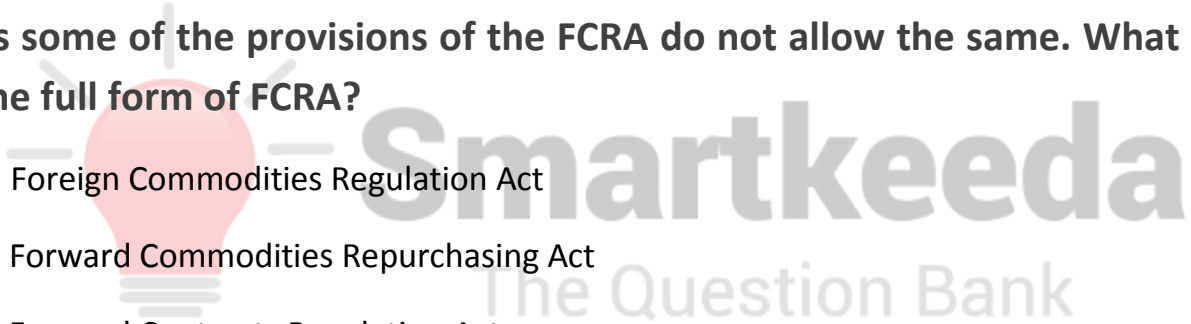
- A. Only 1 B. Only 2 C. Only 3 D. Only 1 and 2 E. None of these

9. In commodity exchanges in India, Index Futures are not permitted, as some of the provisions of the FCRA do not allow the same. What is the full form of FCRA?

- A. Foreign Commodities Regulation Act
- B. Forward Commodities Repurchasing Act
- C. Forward Contracts Regulation Act
- D. Financial Contracts Reformation Act
- E. None of these

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Correct Answers:

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

Explanations:

1.

The Reserve Bank of India and the finance ministry have decided to launch a 'funding for lending' scheme that will result in cheaper loans for sectors such as housing and automobiles. Under this scheme the Reserve Bank of India can lend money to banks at a 1-2% cheaper rate.

For the complete information kindly visit given link:

[http://articles.economictimes.indiatimes.com/2013-09-](http://articles.economictimes.indiatimes.com/2013-09-18/news/42184146_1_special-scheme-policy-rates-borrowing-rates)

[18/news/42184146_1_special-scheme-policy-rates-borrowing-rates](http://articles.economictimes.indiatimes.com/2013-09-18/news/42184146_1_special-scheme-policy-rates-borrowing-rates)

Hence, the option A is correct.

2.

The bank insurance model (BIM), known as bancassurance, is the partnership or relationship between a bank and an insurance company whereby the insurance company uses the bank sales channel in order to sell insurance products, an arrangement in which a bank and an insurance company form a partnership so that the insurance company can sell its products to the bank's client base.

Hence, the option B is correct.

3.

Bharatiya Mahila Bank (BMB) is an Indian financial services banking company headquartered in New Delhi, India. Former Indian Prime Minister Manmohan Singh inaugurated the system on 19th November 2013 on the occasion of the 96th birth anniversary of former Indian Prime Minister Indira Gandhi. Although initially reported as a bank exclusively for women, the bank allows deposits to flow from everyone, but lending will be predominantly for women. The Bank's initial capital

consists of Rs 1,000 crores. India is the third country in the world to have a bank especially for women, after Pakistan and Tanzania.

General Studies Economics

Hence, the option B is correct.

4.

'Lender Of Last Resort' is an institution, usually a country's central bank, that offers loans to banks or other eligible institutions that are experiencing financial difficulty or are considered highly risky or near collapse.

In India the Reserve Bank of India is known as 'Lender of Last Resort' because, banks are supposed to meet their shortfalls of cash from other sources and if the other sources don't meet the demand, then they approach the Reserve Bank of India.

Hence, the option C is correct.

5.

Term Deposit: A deposit held at a financial institution that has a fixed term. These are generally short-term with maturities ranging anywhere from a month to a few years.

For example:

When a customer buy term deposit, he can withdraw after the term has ended or by giving a predetermined number of days notice.

Hence, the option A is correct.

6.

Retail banking is the direct execution of transactions between a bank and its consumers, rather than with corporations or other banks. Services offered include savings and transactional accounts, mortgages, personal loans, debit cards, and credit cards.

Hence, the option E is correct.

7.

Priority Sector Lending is an important role given by the Reserve Bank of India (RBI) to the other banks for providing a specified portion of the bank lending to few specific sectors like agriculture or small scale industries.

Categories of Priority Sector:

1. Agriculture (Direct and Indirect finance)
2. Small Scale Industries (Direct and Indirect Finance)
3. Small Business / Service Enterprises
4. Micro Credit
5. Education loans
6. Housing loans

Hence, the option E is correct.

8.

With a view to providing institutional mechanisms for promoting rural savings as well as for the provision of credit for capable economic activities in the local areas, the RBI has decided to allow the establishment of new local banks in the private sector. This is expected to bridge the gaps in credit availability and enhance the institutional credit framework in the rural and semi-urban areas. The following are the guidelines for establishment of the new local banks. This will help RBI in the implementation of

1. Financial inclusion
2. Rural Banking

For the complete information kindly visit given link

http://articles.economictimes.indiatimes.com/2009-12-08/news/28492838_1_local-area-banks-small-banks-full-fledged-banks

Hence, the option D is correct.

9.

The full form of FCRA is Foreign Contribution Regulation Act.

It regulates the foreign contribution (money donation) and foreign hospitality (e.g. free airplane tickets and hotel lodging during videsh-yaatra) given to various NGOs, institutes, judges, journalists, public servants etc.

It also regulates that foreigners are not affecting India's electoral politics, public servants, judges, journalists, NGOs etc. for wrong purposes. If someone found violating the Act, he/she can be sent to jail for up to 5 years.

Hence, the option E is correct.

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Hence, the option E is correct.



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