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

Banking System Quiz 5

Choose the right answer from the given options.

1. What is a 'Debit Card'?

- A. It is a card issued by a Rating Agency.
- B. It is a card which can be used for withdrawing cash or making payment even in the absence of any balance in the account.
- C. It is a card which can be used for withdrawing cash or making payment if there is balance in the account.
- D. It is a card which carries prepaid balance.
- E. It is card which can be used for making STD calls.

2. Axis Bank is a

- A. Public Sector Bank B. Private Sector Bank C. Co-operative Bank
- D. Foreign Bank E. Gramin Bank

3. Bad advances of Bank are called

- A. Bad debt B. Book debt C. Non Performing Asset D. Out of order accounts
- E. Overdrawn accounts

4. By increasing repo rate, the economy may observe the following effects

- A. Rate of interest on loans and advances will be costlier
- B. Industrial output would be affected to an extent

- C. Banks will increase rate of interest on deposits
- D. Industry houses may borrow money from foreign countries
- E. All of the above

5. From which of the following banks did Madan Mohan malaviya take loans for financing “The Hindustan Times”?

- A. Punjab National Bank B. Bank of Maharashtra C. Bank of Baroda
- D. State Bank of India

6. The reserves held by Commercial Banks over and above the statutory minimum, with the RBI are called

- A. Cash reserves B. Deposit reserves C. Excess reserves
- D. Momentary reserves

7. What is NABARD’s primary role?

- A. to provide term loans to Cooperatives
- B. to assist State Governments for the share capital contribution
- C. to act as a refinance institution
- D. All of the above

8. The Reserve Bank of India doesn't transact the business of which state government?

- A. Nagaland B. Assam C. Jammu and Kashmir D. Rajasthan

9. Which amidst the following banks was recently converted to a “Universal Bank”?

- A. Corporation Bank B. Bank of Baroda C. IDBI Bank D. Canara Bank

10. Who has provided the Savings Bank facility to the largest number of account-holders in India?

A. State Bank of India B. Punjab National Bank C. Allahabad Bank D. Post Office



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Correct Answers:

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

Explanations:**1.**

A **debit card** is a payment card that provides the cardholder electronic access to their bank account(s) at a financial institution. Some cards may bear a stored value with which a payment is made, while most relay a message to the cardholder's bank to withdraw funds from a payer's designated bank account. The card, where accepted, can be used instead of cash when making purchases. In some cases, the primary account number is assigned exclusively for use on the Internet and there is no physical card.

Hence, the option C is correct.

2.

Axis Bank is a private sector bank in India.

Private sector banks in India:

1. Axis Bank
2. Bank of Punjab
3. Centurion Bank Ltd.
4. Development
6. ICICI Bank
7. IndusInd Bank
8. Kotak Mahindra Bank
9. Yes Bank
10. Times Bank
11. Global Trust Bank (India)
12. Balaji Corporation Bank Limited
13. HDFC bank

Hence, the option B is correct.

3.

Non Performing Assets are also called bad advances of Bank.

A debt obligation where the borrower has not paid any previously agreed upon interest and principal repayments to the designated lender for an extended period of time is called Non Performing Asset.

Hence, the option C is correct.

4.

By increasing repo rate, the economy may observe the rate of interest on loans and advances will be costlier.

Repo rate is the rate at which the central bank of a country (Reserve Bank of India in case of India) lends money to commercial banks in the event of any shortfall of funds. Repo rate is used by monetary authorities to control inflation.

Hence, the option A is correct.

5.

Madan Mohan Malaviya raised Rs. 50,000 rupees to acquire the Hindustan Times along with the help of nationalist leaders Lajpat Rai and Mr. Jayakar and industrialist GD. Birla, who paid most of the cash. Due to involvement of Lala Lajpat Rai with Punjab National Bank. Malaviya received much needed funds from the bank to revive the paper.

Hence, the option A is correct.

6.

Excess reserves: Capital reserves held by a bank or financial institution in excess of what is required by regulators, creditors or internal controls. For commercial banks, excess reserves are measured against standard reserve requirement amounts set by central banking authorities. These required reserve ratios set the minimum liquid deposits (such as cash) that must be in reserve at a bank; more is considered excess.

Hence, the option C is correct.

7.

NABARD is apex institution in India which looks after the development of the cottage industry, small industry and village industry and other rural industries. Its other function are:

1. to coordinate the rural financing activities of all institutions engaged in developmental work at the field level and maintain liaison with government of India, Reserve Bank of India, and other national level institutions concerned with policy formulation.
2. to refinance the financial institutions which finances the rural sector.
3. to regulate the corporative Banks and the RBI's etc.

NABARD's refinance is available to state co-operative agriculture and rural development banks (SCARDBs), state co-operative banks (SCBs), regional rural banks (RRBs), commercial banks (CBs) and other financial institutions approved by RBI.

Hence, the option D is correct.

8.

An important function of RBI is to act as government banker, agent and adviser. RBI is an agent of central government and of all state government in India excepting that of Jammu and Kashmir. State government transactions are carried out by RBI in terms of the agreement entered into with the state governments in terms of section 21 A of the Reserve Bank of India Act, 1934.

Hence, the option C is correct.

9.

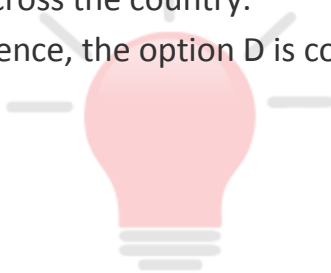
The Industrial Development Bank of India (IDBI) was established in 1964 by the government of India under an act of the Indian Parliament called the IDBI Act. On 15th December 2003, the Indian Parliament approved the conversion of Industrial Development Bank of India's (IDBI) into a universal bank. The government's move was significant given the fact that the Development Financial Institution (DFI) had been struggling to sustain its growth in recent times. In India, the Development Financial Institutions were established and developed by Government of India and Reserve Bank of India (RBI) to meet the specific needs of the industry and were

traditionally engaged in long term financing, as their main objective was to take care of the investment needs of industries and to contribute to a better industrial climate. Hence, the option C is correct.

10.

The Department of Posts, trading as India Post, is a government-operated postal system in India. Owing to its far-flung reach and its presence in remote areas, the Indian postal service is involved in other services such as small savings banking and financial services. The post office has offered and continues to offer various savings schemes, including National Savings Certificates, the Public Provident Fund, Savings Bank Accounts, Monthly Income Schemes, Senior Citizen Saving Schemes, and Time Deposit Accounts. Small savings accounts in rural post offices were a keystone to the department's policy and the department had the largest number of savings accounts across the country.

Hence, the option D is correct.



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