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Banking and Financial Awareness Questions for SBI Clerk Mains

Banking and Financial Awareness Quiz 1

Directions: Study the following the information carefully and answer the questions given below,

1. What was the initial share capital of the Reserve Bank of India at the time of its establishment in 1935?

- A. Rs 2 crores B. Rs 1 crore C. Rs 5 crores
D. Rs 15 crores E. Rs 100 crores

2. There are _____ in the Board of Directors of the Reserve Bank of India including the governor.

- A. 20 members B. 21 members C. 22 members
D. 24 members E. None of the above

3. Which among the following is issued by the Government of India, instead of the Reserve Bank of India?

- A. All the coins B. One Rupee Notes C. Ten Rupee Notes
D. Five Rupee Notes E. Both A and B

4. What is the maximum time period given to the states to repay the Ways and Means Advances extended to them by the RBI?

- A. 14 days B. 7 days C. 1 month
D. 3 months E. 6 months

5. Which among the following constitutes the foreign exchange reserves of India as maintained by the Reserve Bank of India?

- A. Gold B. Special Drawing Rights by IMF
C. IMF Reserve Positions D. Both A and B E. All A, B and C

6. Which among the following is NOT correctly matched regarding the new series of banknotes issued by the RBI?

- A. Ellora Caves – Rs 20 Note B. Konark Sun Temple – Rs 10 note

C. Rani Ki Vav – Rs 100 note D. Red Fort –Rs 2000 note E. All are correct

7. Which among the following is/are NOT covered under the insurance cover issued by the Deposit Insurance and Credit Guarantee Corporation?

- A. State Government Deposits
- B. Savings Deposits with the Commercial Banks
- C. Current Account Deposits with the Commercial Banks
- D. Both B and C
- E. All A, B and C

8. Which among the following is NOT a function of the National Housing Bank?

- A. Strengthening the credit delivery network for housing finance
- B. Regulation of the housing finance institutions at the regional as well as local levels
- C. Running the daily administration of the Housing Finance Companies
- D. Both A and C
- E. All are functions of NHB

9. Which among the following states in India has / have banknote press run by the Bharatiya Reserve Bank Note Mudran Private Limited?

- A. West Bengal B. Karnataka C. Maharashtra
- D. Both A and B E. All A, B and C

10. If the RBI wants to increase the liquidity in the monetary system, which among the following should be done?

- A. It will buy the government securities through the Open Market Operations
- B. It will increase the Cash Reserve Ratio
- C. It will reduce the Statutory Liquidity Ratio
- D. Both A and C
- E. All A, B and C

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Correct answers:

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

Explanations:

1. The Reserve Bank of India was established in 1935 as per the provisions of the RBI Act 1934. The initial share capital of the organization was Rs 5 crores. It was nationalized in 1949 and it is the central banking authority of the country.

Hence, option C is correct.

2. The general administration of the Reserve Bank of India is entrusted with 21-member Board of Directors comprising of the Governor, four Deputy Governors, two representatives from the Ministry of Finance, ten government-nominated directors representing various elements of Indian economy and four directors representing the four local boards of the bank situated in Kolkata, Mumbai, Delhi and Chennai.

Hence, option B is correct.

3. According to the Section 22 of the RBI Act 1934, the RBI is the sole authority to issue bank notes in the country except the One Rupee notes and the coins. These are issued by the Government of India. The maximum denomination for which a bank note can be issued by the RBI is Rs 10000 and amendment to the RBI Act 1934 will be required to issue any currency above that.

Hence, option E is correct.

4. Ways and Means Advances are extended by the Reserve Bank of India to the states in order to help them meet the temporary mismatch in the cash flow. The states can repay the advance within a maximum period of 90 days. There is no such facility given to the central government by the central bank. WMA is guided by the Section 17(5) of the RBI Act 1934.

Hence, option D is correct.

5. The Reserve Bank of India maintains the foreign exchange reserves of India. The reserves include the foreign exchange and gold, Special Drawing Rights with the IMF and the IMF Reserve Positions. The foreign exchanges are dealt with in India by the authorized dealers as per the FIMMDA guidelines.

Hence, option E is correct.

6. Denominations of the New Notes Dimension Colour Motif

Denominations of the New Notes	Dimension	Colour	Motif
Rs 10	63 mm × 123 mm	Chocolate Brown	Konark Sun Temple
Rs 20	63 mm × 129 mm	Greenish Yellow	Ellora Caves
Rs 50	66 mm × 135 mm	Fluorescent Blue	Hampi with Chariot
Rs 100	66 mm × 142 mm	Lavender	Rani Ki Vav
Rs 200	66 mm × 146 mm	Bright Yellow	Sanchi Stupa
Rs 500	66 mm × 150 mm	Stone Grey	Red Fort
Rs 2000	66 mm × 166 mm	Magenta	Mangalyaan

Hence, option D is correct.

7. The Deposit Insurance and Credit Guarantee Corporation of India is a subsidiary of the Reserve Bank of India. It is mainly associated with providing insurance cover for the bank deposits in its member banks. It does not cover foreign government deposits, deposits of the central and the state governments, inter-bank deposits, deposits of the State Land Development Banks with the State Co-Operative Banks. It was established in 1978 and is based in Mumbai.

Hence, option A is correct.

8. The National Housing Bank is the regulator body for housing finance in India. It was established in 1988. The functions of the organization mainly include regulation and promotion of the housing finance companies in India, through on-site and off-site surveillance mechanism. The organization is also involved in strengthening the credit delivery network for housing finance in the country. It is based in New Delhi.

Hence, option C is correct.

9. The BRBNMPL is a subsidiary of the Reserve Bank of India and it was established in 1995 in order to facilitate the function of banknote production in the country. It is based in Bangalore, Karnataka. There are two banknote presses run by BRBNMPL – one in Salboni and another in Mysore. BRBNMPL is a private limited company registered under the provisions of the Companies Act 1956.

Hence, option D is correct.

10. If the government buys the government securities through the OMO, the money supply in the system will increase and banks will have money to lend. OMO is conducted by RBI in order to sell and buy government securities to manage the monetary supply in the economy.

The CRR is defined as the amount of the Net Demand and Time Liability that the banks have to keep with the RBI. If this is increased, the monetary supply decreases in the economy and vice versa.

The Statutory Liquidity Ratio is defined as the percentage of the Net Demand and Time Liabilities that banks have to invest in government securities, gold, cash or other approved securities. This has the same bearing on the monetary supply in the economy as the CRR.

Hence, option D is correct.



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