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# Banking and Financial Awareness Questions for SBI Clerk Mains

## Banking and Financial Awareness Quiz 3

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

**1. The Small Industries Development Bank of India (SIDBI) was set up in 1990 as a subsidiary of which among the following?**

- A. State Bank of India                      B. Reserve Bank of India                      C. IDBI Bank  
D. Life Insurance Corporation of India                      E. None of the above

**2. What is the maximum amount of loan that can be obtained under the Pradhan Mantri Mudra Yojana?**

- A. Rs 5 lakhs                      B. Rs 10 lakhs                      C. Rs 15 lakhs  
D. Rs 20 lakhs                      E. There is no maximum amount specified

**3. The Export-Import Bank of India has its headquarters in –**

- A. Mumbai, Maharashtra                      B. New Delhi                      C. Kolkata, West Bengal  
D. Bangalore, Karnataka                      E. None of the above

**4. ECGC Limited was first established as Export Risks Insurance Corporation (ERIC) in the year –**

- A. 1958                      B. 1959                      C. 1960  
D. 1965                      E. None of the above

**5. The Priority Sector Lending targets given by the RBI are applicable for foreign banks having \_\_\_\_\_ branches or more.**

- A. 20 branches                      B. 10 branches                      C. 15 branches  
D. 25 branches                      E. None of the above

**6. What is the minimum credit exposure required for the agriculture sector under the Priority Sector Lending Guidelines?**

- A. 18 percent                      B. 25 percent                      C. 20 percent  
D. 15 percent                      E. 30 percent

**7. What is the loan amount in the education sector for studying abroad that is included in the Priority Sector by the Reserve Bank of India?**

- A. Rs 15 lakhs                      B. Rs 20 lakhs                      C. Rs 10 lakhs  
D. Rs 25 lakhs                      E. Rs 30 lakhs

**8. What is the loan amount in the housing loan segment for metropolitan cities that is considered under the priority sector by the RBI?**

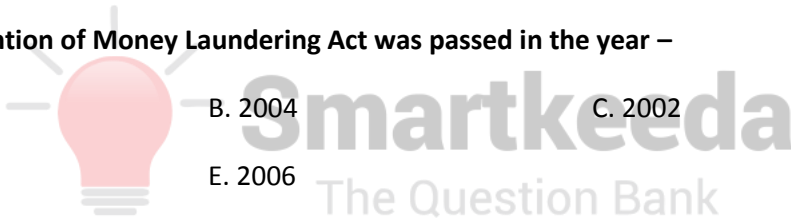
- A. Rs 35 lakhs                      B. Rs 40 lakhs                      C. Rs 50 lakhs  
D. Rs 60 lakhs                      E. None of the above

**9. The asset size of a non-banking finance company should be \_\_\_\_\_ or more in order for it to be identified as a systemically important NBFC.**

- A. Rs 400 Crores                      B. Rs 350 Crores                      C. Rs 250 Crores  
D. Rs 500 Crores                      E. None of the above

**10. The Prevention of Money Laundering Act was passed in the year –**

- A. 2003                      B. 2004                      C. 2002  
D. 2005                      E. 2006



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**Correct answers:**

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

**Explanations:**

1. SIDBI was established in 1990 by an act of Parliament in order to regulate the MSME credit extension in the country. It was created as a wholly owned subsidiary of the IDBI Bank but later it was recognized as an independent body. SIDBI is based in Lucknow, Uttar Pradesh.

Hence, option C is correct.

2. The Pradhan Mantri Mudra Yojana was launched in 2015 in order to provide hassle-free loans to the MSME Sector of the country. There were three categories of loans extended under the PMMY Scheme – Shishu (Upto Rs 50000), Kishore (From Rs 50001 to Rs 5 Lakhs) and Tarun (Rs 500001 to Rs 10 lakhs). These loans are only extended to borrowers from the non-farm sector.

Hence, option B is correct.

3. The EXIM Bank was established in 1982 in order to promote the foreign trade of the country. The main objective of this bank is to facilitate exports and imports from the country. It is based in Mumbai, Maharashtra.

Hence, option A is correct.

4. The ECGC Limited was established as the Export Risks Insurance Corporation (ERIC) in 1957 and later it was converted to Export Credit Guarantee Corporation Limited in 1964. It was then converted to Export Credit Guarantee Corporation of India in 1983. It is mainly engaged in providing export credit insurance to the exporters. It is based in Mumbai, Maharashtra.

Hence, option E is correct.

5. The PSL Targets are given by the Reserve Bank of India in order to extend credit facility to the sectors which may not get adequate credit facility in the absence of any such special scheme. This scheme is extended to all the domestic commercial banks such as the public sector banks (excluding regional rural banks and small finance banks) and the foreign banks with 20 or more branches.

Hence, option A is correct.

6. The banks have to give at least 40% of adjusted net bank credit in order to meet the PSL guidelines of the Reserve Bank of India. Within that quota, banks should give 18% to the agriculture sector, 7.5% to the micro, small and medium enterprises and 10 percent to the weaker sections of the society in order to fulfill the PSL quota. The calculation is done on the basis of the percentage of the adjusted net bank credit or credit equivalent of off-balance sheet exposure, whichever is higher.

Hence, option A is correct.

7. Education is one of the priority sectors identified by the Reserve Bank of India. Under the PSL guidelines, loans upto Rs 10 lakhs to the individuals for education purposes including the vocational courses to study in India and upto Rs 20 lakhs for studying abroad are identified under the priority sector by the Reserve Bank of India.

Hence, option B is correct.

8. Housing loans are considered as the priority sector loans upto certain limit in India. For metropolitan cities, housing loans upto Rs 35 lakhs are considered under the priority sector whereas loans upto Rs 25 lakhs are considered under the priority sector in other areas of the country. This classification holds true for the regional rural banks and small finance banks as well.

Hence, option A is correct.

9. NBFCs in India provide most of the banking services without meeting the legal requirements of a banking company. Such organizations are registered as per the provisions of the Companies Act 1956. NBFCs whose asset size is Rs 500 crores or more are mainly identified as the systemically important NBFCs in the country. These companies can function as per the mandate given to them.

Hence, option D is correct.

10. Money Laundering is the process through which black money is converted into white money i.e. legitimate money. Such funds are used for various anti-social activities such as terrorism etc. In order to prevent that, the PMLA Act was passed in the year 2002 and it has the authority to also seize property obtained from the illegal money.

Hence, option C is correct.

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