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# Financial System Question for Bank Exams (IBPS Clerk & SBI Clerk)

## Financial System Quiz 1

Choose the right answer from the given options.

**1. Which one of following Taxes/cess is levied by states in India?**

- A. Tax on motor vehicles    B. Educational cess    C. Tax on hotels    D. Tax on wealth  
E. All of the above

**2. NAV is normally used in respect of schemes floated by \_\_\_\_\_.**

- A. Banks    B. Mutual Funds    C. Insurance Companies    D. Merchant Bankers  
E. None of these

**3. The Regulator of Insurance companies in India is \_\_\_\_\_.**

- A. RBI    B. Finance Minister    C. IRDAI    D. IBA    E. None of these

**4. Money Laundering refers to \_\_\_\_\_.**

- A. Conversion of assets into cash  
B. Conversion of money which is illegally obtained  
C. Conversion of cash into gold  
D. Conversion of gold into money  
E. Money Power

**5. Which of the following place in India does not have a stock exchange?**

- A. Kolkata    B. Ahmedabad    C. Mumbai    D. Delhi    E. Udaipur

**6. What is financial inclusion?**

- A. To promote a permanent employment to the unemployed
- B. To provide a 100 days job to all those who are in need of a job
- C. To provide banking services to all those living in remote areas
- D. To ensure that all financial transactions amounting Rs 5,000 and above are done through banks
- E. None of these

**7. Exporters in India get insurance cover and risk cover from which of the following organizations?**

- A. SIDBI   B. NABARD   C. ECGC   D. RBI   E. None of these

**8. Which of following acts is enacted to help the union government to manage its budgeted finances and fiscal deficit in a much disciplined manner?**

- A. The Competition Act   B. The Banking Regulation Act
- C. The Negotiable Instruments Act   D. Foreign Exchange Management Act
- E. Fiscal Responsibility and Budget Management Act

**9. The Reserve Bank of India is in the process of selling its stake in which of the following agencies/organizations?**

- A. NABARD   B. Food Corporation of India   C. Steel Authority of India Ltd.
- D. Bombay Stock Exchange   E. None of these

**10. Which of the following taxes is not levied by the government of India?**

- A. Income Tax   B. Professional Tax   C. Excise Duty   D. Dividend Distribution Tax  
E. Capital Gain Tax



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**Correct Answers:**

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

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

Educational cess is levied by states in India.

Education cess is an additional levy on the basic tax liability. Governments resort to imposition of cess for meeting specific expenditure.

Hence, the option B is correct.

**2.**

Net asset value (NAV) is the value of an entity's assets minus the value of its liabilities, often in relation to open-end or mutual funds, since shares of such funds registered with the U.S. Securities and Exchange Commission are redeemed at their net asset value.

Hence, the option B is correct.

**3.**

Insurance Regulatory and Development Authority of India (IRDAI) is an autonomous apex statutory body which regulates and develops the insurance industry in India.

Hence, the option C is correct.

**4.**

Money laundering is the generic term used to describe the process by which criminals disguise the original ownership and control of the proceeds of criminal conduct by making such proceeds appear to have derived from a legitimate source.

Hence, the option B is correct.

**5.**

Udaipur in India does not have a stock exchange.  
Hence, the option E is correct.

**6.**

Financial inclusion or inclusive financing is the delivery of financial services at affordable costs to sections of disadvantaged and low-income segments of society, in contrast to financial exclusion where those services are not available or affordable.  
Hence, the option C is correct.

**7.**

The Export Credit Guarantee Corporation of India Limited (ECGC) provide insurance cover in respect of risks in export trade.  
Hence, the option C is correct.

**8.**

The Fiscal Responsibility and Budget Management Act, 2003 (FRBMA) is an Act of the Parliament of India to institutionalise financial discipline, reduce India's fiscal deficit, improve macroeconomic management and the overall management of the public funds by moving towards a balanced budget.  
Hence, the option E is correct.

**9.**

The Reserve Bank of India is in the process of selling its stake in National Bank for Agriculture and Rural Development, NABARD.  
Hence, the option A is correct.

**10.**

Professional Tax is not levied the government of India.

Professional Tax is the tax charged by the state governments in India. Any one earning an income from salary or any one practising a profession such as C.A., lawyer, dentist, etc. are required to pay this professional tax. Different states have different rate and method of collection.

Hecne, the option B is correct.



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