

BANKING AWARENESS

Multiple Choice Questions

Set-2

Topics Covered

7. National Housing Bank
8. Credit /Debit cards
9. Fiscal Policy
10. ATM
11. Banking OMBUDSMAN
12. Letter of Credit
13. WTO

National Housing Bank Special

91. NHB stands for:
(a) National Housing Business (b) National Housing Bank
(c) Non - Housing Bank (d) None of The Above
92. National Housing Bank was set up on _____:
(a) 9 July, 1987
(b) 9 July, 1986
(c) 9 July, 1988
(d) None of The Above
93. National Housing Bank was set up on July 9, 1988 under which among the following acts:
(a) National Housing Bank Act, 1985
(b) National Housing Bank Act, 1986
(c) National Housing Bank Act, 1987
(d) None of The Above
94. _____ is an apex financial institution for housing:
(a) RBI (b) SBI
(c) NHB (d) None of The Above
95. The Head Office of National Housing Bank is at:
(a) Kolkata (b) Bangalore
(c) New Delhi (d) Mumbai
(e) None of The Above
96. National Housing Bank is wholly owned by _____, which contributed the entire paid-up capital:
(a) Securities and Exchange Board of India
(b) Reserve Bank of India
(c) State Bank of India
(d) None of The Above
97. NHB has been established with an objective to:
(a) Operate as a principal agency to promote housing finance institutions
(b) promote housing finance institutions both at local and regional levels
(c) provide financial and other support incidental to such institutions and for matters connected therewith
(d) All of The Above
(e) None of The Above
98. _____ is the Managing Director and Chief Executive Officer of NHB now:
(a) Raghu Ram Rajan
(b) Sriram Kalyanaraman
(c) Urjit Patel
(d) None of The Above
99. HFC stands for:

- (a) Housing Finance Company
(b) Housing Finance Corporation
(c) Housing Federation of Commerce
(d) None of The Above
100. NHB issued Directions, 2001 main emphasis on:
(a) Portfolio Management
(b) Asset Liability Management
(c) Housing for Rural citizen
(d) None of The Above
101. _____ plays the vital role in setting up of National Housing Bank:
(a) K. R. Puri
(b) Dr. Manmohan Singh
(c) C. Rangarajan
(d) None of The Above
102. According to 'Housing For All' scheme, main emphasis is to provide houses to:
(a) Rural Citizens (b) Urban Citizens
(c) Both of The Above (d) None of The Above
103. Housing For All - Main focus is to provide affordable houses to urban poor ranging from Rs. _____ to _____ per house:
(a) 1,00,000 and 2,30,000 (b) 1,00,000 and 2,50,000
(c) 1,00,000 and 3,00,000 (d) None of The Above
104. The main objective of 'Housing For All' scheme is to promote slum free cities by:
(a) 2020 (b) 2022
(c) 2025 (d) None of The Above

Credit/Debit Cards

105. Credit Cards are a convenient substitute for _____:
(a) Cash (b) Cheque
(c) Both of The Above (d) None of The Above
106. Credit Card is an essential component of :
(a) Electronic Commerce (b) Internet Commerce
(c) Both of The Above (d) None of The Above
107. Credit Card can be issue by:
(a) Bank only (b) Stores only
(c) Service Provider (e.g. Airline)
(d) All of The Above (e) None of The Above
108. Credit Cardholders normally must pay for credit card purchases within _____ days of purchase:
(a) 30 days (b) 15 days
(c) 45 Days (d) None of The Above
109. Top 5 credit cards issuer in India are:

- (a) PNB, SBI, ICICI, Standard Chartered Bank, Allahabad Bank
(b) American Express, Citi Bank, PNB, SBI, Andhra Bank
(c) ICICI, HDFC, SBI, Citi Bank, American Express
(d) None of The Above
110. Which among the following is incorrect about Credit Cards:
(a) Credit cards offer the easiest ways to borrow money
(b) It is beneficial for short term borrowing
(c) If a person cannot afford to pay balances in full before the due date, he is shooting himself in the foot by borrowing on the card
(d) None of The Above
111. Interest is charged on credit cards:
(a) Yes
(b) No
(c) None of The Above
112. The concept of using a card for purchases was described in ____:
(a) 1855
(b) 1887
(c) 1877
(d) None of The Above
113. The term credit card was first time used by:
(a) Edward Binni
(b) Edward Bellamy
(c) Edward Bamulson
(d) None of The Above
114. Which among the following is correct about the Grace Period:
(a) the time in which cardholders has to pay the balance before interest is assessed on the outstanding balance
(b) Grace period may vary, but usually range from 20 to 55 days depending on the type of credit card and the issuing bank
(c) All of The Above
(d) None of The Above
115. If a cardholder is late paying the balance, finance charges will be calculated and the grace period ____:
(a) Start apply
(b) does not apply
(c) None of The Above
116. Business Credit Cards are:
(a) Specialized credit cards issued in the name of a registered business
(b) can be used only for business purpose.
(c) Both of The Above
(d) None of The Above

117. Compared to debit cards and cheques, a credit card allows:
- (a) small short-term loans to be quickly made to cardholder
 - (b) small short term loans are made to cardholder and he need not calculate a balance remaining before every transaction
 - (c) total charges do not exceed the maximum credit line for the card
 - (d) All of The Above
 - (e) None of The Above
118. NPCI stands for:
- (a) National Commission for Payment Information
 - (b) National Payment Corporation of India
 - (c) National Payment Commission of India
 - (d) None of The Above
119. Which among the following is correct
- (a) RuPay is a combination of two words - Rupee and Payment
 - (b) RuPay Card is an Indian version of credit/debit card
 - (c) RuPay Card is very similar to international card such as Visa/Master
 - (d) All of The Above
 - (e) None of The Above

FISCAL POLICY

120. Fiscal Policy deals with the _____ and _____ decisions of the government:
- (a) Incomes and Expenditures
 - (b) Taxation and Expenditures
 - (c) Trading and Expenditures
 - (d) None of These
121. In most modern economies, the government deals with fiscal policy while the _____ is responsible for monetary policy:
- (a) Government
 - (b) SEBI
 - (c) Central Bank
 - (d) None of These
122. Fiscal Policy is composed of several parts which includes:
- (a) Tax Policy and Expenditure Policy
 - (b) Investment or Disinvestment Strategies
 - (c) Debt or Surplus Management
 - (d) All of the Above
 - (e) None of These
123. Find out the incorrect among following:
- (a) When the government receives more than it spends, it has a surplus
 - (b) If the government spends more than it receives it runs a deficit
 - (c) On a broad generalization, excessive printing of money leads to inflation
 - (d) All of the above

- (e) None of These
124. Which among the following is incorrect:
- (a) The Gross Fiscal Deficit (GF(D) of government is the excess of its total expenditure, current and capital including loans net of recovery, over revenue receipts (including external grants) and non - debt capital receipts
 - (b) The Net Fiscal Deficit is the Gross Fiscal Deficit reduced by net lending by government
 - (c) The Gross primary deficit is the GFD less interest payments
 - (d) Primary Revenue Deficit is the revenue deficit less interest payments
 - (e) All of the Above
 - (f) None of These
125. If budget constraint stands in present value terms, then fiscal policy may be considered as_____:
- (a) Stagnant
 - (b) Sustainable
 - (c) Escaped
 - (d) None of These
126. Fiscal Sustainability is essential to:
- (a) Motivate both public and private sector to grow
 - (b) Allows governments to be autonomous to witness excellent economic growth in the long run.
 - (c) Consider both revenue collections and potential variation in expenditure patterns so that demand may be fulfilled in the long run.
 - (d) All of the Above
 - (e) None of These
127. DTC stands for:
- (a) Direct Tax Code
 - (b) Direct Tax Control
 - (c) Direct Tax Centre
 - (d) None of These
128. FRBM stands for:
- (a) Fiscal Revenue Budget Management
 - (b) Fiscal Responsibility and Budget Management
 - (c) Fiscal Reforms and Budget Management
 - (d) None of These
129. Fiscal Policy comprises of three positions - Neutral Position, Expansionary Position, Contractionary Position. Find out the wrong definition among the following:
- (a) Neutral Position - It applies when the budget outcome has neutral effect on the level of economic activity where the government spending is fully funded by the revenue collected from the tax.

- (b) Expansionary Position - It is position when there is a higher budget deficit where the government spending is higher than the revenue collected from the tax.
- (c) Contractionary Position - It is a position when there is a lower budget deficit where the government spending is lower than the revenue collected from the tax
- (d) All of the Above
- (e) None of These
130. Which of the following definitions are wrong about Revenue Receipts:
- (a) Revenue Receipts consists of revenue from regular sources like Taxation revenues e.g. receipts from corporate tax, income tax, excise tax, excise duty, custom duty, service tax etc.
- (b) Non tax revenue which include interest on loans, dividends from public sector units, Fees and Stamp Duties
- (c) Both of Above
- (d) None of These
131. Which of the following definitions are correct about Capital Receipts:
- (a) Capital receipts refers to those inflows to government that are not in the nature of regular income.
- (b) Other receipts like Disinvestment (selling some shares of a PSU) comes under capital receipt
- (c) Both of Above
- (d) None of These
132. _____ are on going expenditure not covered under the 5 - year plans:
- (a) Plan Expenditure
- (b) Non Plan Expenditure
- (c) Both of Above
- (d) None of These
133. For stepping up the rate of economic development _____ plans have been formulated:
- (a) 3 Years
- (b) 5 years
- (c) 10 Years
- (d) None of These
134. The objectives of fiscal policy such as economic development, price stability, social justice etc. can be achieved only if the which of following tools of policy are effectively used:
- (a) Public Expenditure and Taxation
- (c) Borrowing and Deficit Financing
- (d) All of the Above
- (e) None of These

ATM'S

135. Inventor of ATM was:
- (a) Ian Luther Steward

- (b) David Block
(c) John Adrian Shepherd Barron (A Britisher)
(d) None of These
136. Inventor John Shepherd Barron installed the world's first automatic cash dispenser at a _____ near London:
(a) London Bank Branch
(b) Barclays Bank Branch
(c) Royal Grand Federal Bank Branch
(d) None of These
137. ATM machine was invented in the year ____:
(a) 1967
(b) 1968
(c) 1969
(d) None of These
138. The Machine was called as:
(a) De La Rue Automatic Cash System
(b) DACS
(c) Both of Above
(d) None of These
139. _____ was the first bank to introduce the ATM concept in India:
(a) HSBC
(b) SBI
(c) Standard Chartered Bank
(d) None of These
- Q140. HSBC introduced the ATM concept in India in:
(a) 1988
(b) 1987
(c) 1989
(d) None of These
141. World's Highest ATM is located at:
(a) Sikkim
(b) Leh
(c) Ladakh
(d) None of These

On 12 December, 2003 UTI Bank inaugurated its ATM at Thegu, Near the Nathu - La pass in Sikkim. The Height of ATM is near about 13,200 Feet above the sea level. The ATM is opened there for the convenience of Indian Army Personnel of that area.

142. ATM stands for:
(a) Automated Teller Machine
(b) Automatic Telling Machine
(c) Automatic Taking Machine
(d) None of These
143. White Label ATM means:

- (a) The ATM that does not have any bank logo.
(b) The ATM carries logo of RBI
(c) Both of Above
(d) None of These
144. Which among the following is correct about the "White Label ATM":
(a) Any non bank entity with a minimum net worth of Rs. 100 crore can apply for white label ATMs. (Not Just NBFCs, any non bank entity can apply)
(b) White Label ATM does not carry any bank's logo.
(c) RBI has given license/permission to non - bank entities to open White Label ATMs.
(d) Sponsor Bank provides the cash.
(e) None of These
(f) All of the Above
145. The first company to get RBI's permission to open White Label ATMs is:
(a) Tata Communications Payment Solutions Limited (TCP SL)
(b) Muthoot Finance
(c) Prizm Payments
(d) AGS
(e) None of These
146. TCP SL started their White Label ATMs chain under brand name _____:
(a) Easecash
(b) Indicash
(c) T - Cash
(d) None of These
147. Which among the following is correct about Brown Label ATMs:
(a) These ATMs are owned and maintained by service provider.
(b) Bank whose Brand name is used on ATM takes care of cash management and network connectivity.
(c) Both of Above
(d) None of These
148. Which among the following definitions are correct:
(a) Online ATMS - These ATMs are connected to the bank's database at all times and provide real time transactions online. The withdrawal limits and account balances are constantly monitored by the bank.
(b) Offline ATMs - These ATMs are not connected to bank's database hence they have a predefined withdrawal limit fixed and you can withdraw that amount irrespective of the balance in your account.
(c) Both of the Above
(d) None of These
149. Which among the following definitions of ATMs are incorrect:
(a) Onsite ATM - The ATMs installed within a branch premises.

- (b) Stand Alone ATM - The ATMs are not connected with any ATM network hence their transactions are restricted to the ATM's branch and link branches only.
- (c) Both of Above
- (d) None of These

BANKING OMBUDSMAN (PART 2)

150. The Banking Ombudsman Scheme was introduced under:
- (a) Banking Regulation Act, 1935
 - (b) Banking Regulation Act, 1949
 - (c) Banking Regulation Act, 1985
 - (d) None of The Above
151. The Banking Ombudsman Scheme was introduced under Section 35 A of the Banking Regulation Act, 1949 by RBI with effect from _____:
- (a) 1992
 - (b) 1993
 - (c) 1995
 - (d) None of The Above
152. The Banking Ombudsman Scheme was first introduced in India in 1995 and it was revised in _____:
- (a) 2002
 - (b) 2004
 - (c) 2006
 - (d) None of The Above
153. Current Banking Ombudsman Scheme introduced in _____:
- (a) 2004
 - (b) 2005
 - (c) 2006
 - (d) None of The Above
154. Banking Ombudsman is appointed by _____:
- (a) Central Finance Minister
 - (b) Reserve Bank of India
 - (c) SEBI
 - (d) None of The Above
155. Which among the following is incorrect:
- (a) Banking Ombudsman is a senior official appointed by RBI.
 - (b) The Offices of Banking Ombudsman is mostly situated at State Capitals.
 - (c) All Scheduled Commercial Banks, Regional Rural Banks and Scheduled Primary Co-operative Banks are covered under the Banking Ombudsman Scheme
 - (d) None of The Above
156. Banking Ombudsman is appointed for:
- (a) handling and redress banks complaints against customers' behavior
 - (b) handling and redress customer complaints against deficiency in certain banking services
 - (c) providing decision on important banking operations like - CRR, SLR and MSF etc.
 - (d) None of The Above
157. Which among the following is suitable ground of complaint against banks to Banking Ombudsman:
- (a) Charging any commission for acceptance of small denomination notes
 - (b) Any delay in payment of inward remittances or non payment of inward remittances
 - (c) Any excessive delay or non - payment of collection of cheques, drafts, bills etc.
 - (d) If any banking organization refuses to accept taxes or any delaying in accepting taxes (as required by RBI or Government of India).

- (e) Any Delay in issuing Government Securities
(f) All of The Above
158. A bank customer can file a complaint against banking organization if reply is not received from the bank within a period of _____ after concerned bank has received complaint representation:
(a) Two Months (b) One Month
(c) Three Months (d) None of The Above
159. You can file a complaint to Banking Ombudsman if:
(a) If bank rejects the complaint
(b) If bank show negligence for your complaint
(c) Both of Above
(d) None of The Above
160. If complainant is not satisfied with bank's reply can he file a complaint to Banking Ombudsman:
(a) Yes (b) No
161. Banking Ombudsman charge _____ fee for filing and resolving customer's complaints:
(a) Rs. 10,000 (b) Rs. 5,000
(c) No Fees charge (d) None of The Above
162. If any loss suffered by the complainant then complainant will get:
(a) Rs. 5,00,000 for any huge loss
(b) Rs. 10,00,000 for any huge loss
(c) amount arising directly out of the act or omission of the bank or Rs. 10,00,000, whichever is lower
(d) None of The Above
163. If one party rejects the Banking Ombudsman's decision then:
(a) such party have to satisfied with Banking Ombudsman's decision only
(b) such party can approach the appellate authority against the Banking Ombudsmen's decision.
(c) such party can approach the governor of RBI.
(d) None of The Above
164. Appellate Authority is vested with a:
(a) Deputy Governor of RBI
(b) Head Governor of RBI (c) Finance Ministry
(d) None of The Above

LETTER OF CREDIT

165. A _____ is a document from a bank guaranteeing that a seller will receive payment in full as long as certain delivery conditions have been met:
(a) Agreement (b) Letter of Credit
(c) Bill Paper (d) None of The Above
166. Letter of Credit is used only for international trading payment operations:
(a) Yes (b) No

- (c) None of The Above
167. Most Letter of Credit often used in International Trade. Letters of Credit are governed by rules promulgated by the:
- (a) International Chamber of Commerce
 - (b) Uniform Customs and Practice for Documentary Credits
 - (c) Both of The Above
 - (d) None of The Above
168. Letter of Credit is beneficial for which party:
- (a) Seller (Exporter)
 - (b) Buyer (Importer)
 - (c) Both of The Above
 - (d) None of The Above
169. Sellers must trust that the bank issuing the letter of credit is valid, and that the bank will pay as agreed. If sellers have any doubts, they can use a _____ letter of credit, which means that another (presumably more trustworthy) bank will guarantee payment:
- (a) Confirmed
 - (b) Irrevocable
 - (c) Revocable
 - (d) None of The Above
170. Letter of Credit is essential. Which among the following functions is suitable regarding the requirement of letter of credit:
- (a) Importers and exporter regularly use letters of credit to protect themselves.
 - (b) Working with an overseas buyer can be risky because you do not necessarily know who you're working with.
 - (c) Buyer may be honest and have good intentions, but business troubles or political unrest can delay payment of seller.
 - (d) Communication can be difficult across thousands of miles and different time zones.
 - (e) All of The Above
 - (f) None of The Above
171. Letter of Credit are usually issued by:
- (a) Banks
 - (b) Financial Institutions
 - (c) Both of Above
 - (d) None of The Above
172. Besides the Banks and Financial Institutions, Letter of Credit can be issue by:
- (a) Insurance Companies
 - (b) Mutual Funds
 - (c) Both of Above
 - (d) None of The Above
173. Which among the following definitions are wrong:
- (a) Beneficiary - The company or individual who will receive the payment from buyer.
 - (b) Issuing Bank - The bank which issues letter of credit to seller party
 - (c) Advising Bank - (The bank where seller wants receipt of payment)
 - (d) All of The Above
 - (e) None of The Above
174. The bank with which credit is available (to seller) called _____:
- (a) Delegated Bank
 - (b) Nominated Bank
 - (c) Any Bank
 - (d) None of The Above
175. If no bank is mentioned in the credit as nominated bank, then:

- (a) penalty can occur (b) all banks are nominated
(c) cancellation of letter of credit (d) None of The Above
176. Which among the following is correct about term 'Revocable' in Letter of Credit:
(a) If buyer and Issuing Bank that established the Letter of Credit manipulate the Letter of Credit.
(b) Any corrections made without informing or getting permission from the seller.
(c) All LCs are irrevocable (Type of LC is obsolete.
(d) All of The Above
(e) None of The Above
177. Which is correct about Irrevocable letter of credit:
(a) only allows change or cancellation of the letter of credit by issuing bank with approval by the beneficiary.
(b) All letters of credit governed by the current UCP are irrevocable letter of Credit.
(c) Both of The Above
(d) None of The Above
178. Letter of Credit can be transferred:
(a) Yes (b) No
(d) None of The Above (E) cannot be determined
179. A _____ letter of credit allows the beneficiary to receive partial payment before shipping the products or performing the services. Originally these terms were written in red ink, hence the name. In practical use, issuing banks will rarely offer these terms unless the beneficiary is very creditworthy or any advising bank agrees to refund the money if the shipment is not made:
(a) Simple (b) Red Clause
(c) Black (d) None of The Above

Continue to next chapter

- 14. World Bank**
15. Allahabad Bank
16. Syndicate Bank
17. Oriental Bank of Commerce
18. Axis Bank
19. Punjab & Sind Bank