

# QUESTION BANK

## **BANKING AND INSURANCE**

General (Common) Course of B.Com/BBA -IV Semester

**CUCBCSS – 2014 Admission onwards**

**SCHOOL OF DISTANCE EDUCATION**

**UNIVERSITY OF CALICUT**

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1. The first bank in India was started in the year  
a. 1825                      b. 1786                      c. 1912                      d. None of these  
Ans. b
2. IMF stands for....  
a. International Monetary Fund                      b. Investment Management Fund                      c. International Monetary Finance                      d. none of these  
Ans. a
3. Which bank plays an important role in promoting foreign trade  
a. Industrial bank                      b. Agricultural banks                      c. Indigenous banks                      d. Exchange banks  
Ans. d
4. Regional rural banks are sponsored by.....  
a. Foreign exchange banks                      b. Nationalized banks                      c. Industrial banks                      d. None of these  
Ans. b
5. ....deposits generally do not carry any interest  
a. Savings                      b. Recurring                      c. Current                      d. Fixed  
Ans. c
6. The number of public sector banks in India  
a. 24                      b. 26                      c. 27                      d. 29  
Ans. c
7. RBI was started in the year  
a. 1947                      b. 1942                      c. 1938                      d. 1935  
Ans. d
8. The number of subsidiary banks under SBI at present  
a. 6                      b. 7                      c. 5                      d. 8  
Ans. c
9. The maximum period of Money at call is  
a. 90 days                      b. 180 days                      c. 360 days                      d. 7 days  
Ans. d
10. The number of nationalized banks in India at present  
a. 17                      b. 16                      c. 19                      d. 21  
Ans. c
11. ATM stands for.....  
a. Automatic Teller Machine                      b. Automated Teller Machine                      c. Authentic Teller Machine                      d. None of these  
Ans. b
12. During the time of inflation , central bank .....the bank rates.  
a. Decrease                      b. Increase                      c. Doubles                      d. none of these  
Ans. b
13. Which is the qualitative credit control mechanism  
a. Credit rationing                      b. Open market operations                      c. Bank rate policy                      d. None of these  
Ans. a
14. The first bank of India  
a. RBI                      b. SBI                      c. General Bank of India                      d. None of these  
Ans. c

15. When banks sells insurance products , it is called  
a. Lead banking    b. Banc assurance    c. credit rationing    d. None of these  
Ans. b
16. Banking regulation Act was passed in the year.....  
a. 1956    b. 1972    c. 1949    d. 1932  
Ans. c
17. IBRD is also known as.....  
a. Asian Development Bank    b. World Bank    c. Central Bank    d. None of these  
Ans. b
18. The first nationalization of banks in india in the year  
a. 1969    b. 1980    c. 1991    d. None of these  
Ans. a
19. ....account either with nil or very low minimum balance  
a. Savings    b. Current    c. no-frills    d. Recurring  
Ans. c
20. Fixed deposits are also called  
a. Demand deposits    b. Term deposits    c. Recurring deposits    d. None of these  
Ans. b
21. Which deposit offered the highest rate of interest  
a. Savings    b. current    c. recurring    d. fixed  
Ans. d
22. The central bank of the country  
a. RBI    b. RRB    c. SBI    d. None of these  
Ans. a
23. CRR stands for.....  
a. Credit Reserve Ratio    b. Common Reserve Ratio    c. Cash Reserve Ratio  
d. none of these  
Ans. c
24. In Core banking, CORE stands for.....  
a. Commercial Online Real time Electronic Banking    b. Centralized Online Real time Electronic Banking  
c. Cashless Online Real time Electronic Banking.    d. none of these  
Ans. b
25. The first Women bank in India  
a. RRB    b. BMS    c. LAB    d. None of these  
b. Ans. b (Bharatiya Mahila Bank)
26. The lender of last resort is called.....  
a. IMF    b. World bank    c. RBI    d. None of these  
Ans. c
27. Note issue is the function of  
a. SBI    b. Imperial Bank of India    c. Central Bank    d. none of these  
Ans. C

28. The present governor of RBI  
a. Dr. D Subba Rao    b. Dr. Raghuram Rajan    c. Dr. Y.V Reddy    d. Dr Bimal Jalan  
Ans. b
29. Regional Rural Bank Scheme were started in the year.....  
a. 1946    b. 1969    c. 1975    d. 1949  
Ans. c
30. NHB stands for.....  
a. National Housing Bank    b. National Hidustan Bank    c. National Housing Board    d. none of these  
Ans. a
31. ....is called the purchase and sale of government securities in the open market by central bank.  
a. Open market operation    b. Clearing    c. Securitization    d. none of these  
Ans. a
32. ....is a form of bank governance that occurs when a small group of people control three or more banks that are independently incorporated.  
a. Unit banking    b. Branch banking    c. Group banking    d. Chain banking  
Ans. d
33. The combination of investment banking and commercial banking is called.....  
a. Group banking    b. Unit banking    c. Mixed banking    d. none of these  
Ans. c
34. ....means allowing the borrower to overdraw his current balance.....  
a. Cash credit    b. Loans    c. Overdraft    d. Consumer credit  
Ans. c
35. ....is a bank located outside the country of residence of the depositor  
a. Off-shore bank    b. Unit bank    c. Foreign bank    d. none of these  
Ans. a
36. Capital Adequacy Ratio is the ratio of Bank's capital to it's.....  
a. Fixed assets    b. Current assets    c. Risk assets    d. none of these  
Ans. c
37. ....was originally the home of commercial banking.  
a. U.S.A    b. England    c. Britain    d. Germany  
Ans. d
38. Commercial banks to expand deposit through expanding their loans and advances is known as  
a. Credit creation    b. Trade discount    c. Deposit    d. Bank advances  
Ans. a
39. RBI introduced a bill Rediscounting Scheme in?  
a. 1997    b. 1956    c. 1970    d. 1984  
Ans. c
40. The first joint Stock Bank in India is.....  
a. IDBI    b. ICICI    c. Imperial Bank    d) Allahabad Bank  
Ans. C

41. RBI introduced.....scheme in 1969

- a. SAA    b. village adaptation      c. Lead bank                                  d. DIR

Ans. c

42. "Buy now and Pay later" is the motto of .....

- a. ATM    b. Debit card                                  c. credit card                                  d. MICR

Ans. c

43. FIRPS stands for

- a. Foreign inward Remittance Payment Scheme  
b. Foreign Investment Remittance Payment Scheme  
c. Foreign inward Remittance Payment system  
d. Foreign Investment Remittance Payment System

Ans. b

44. MICR is a .....digit code.

- a. 9    b. 11    c. 7    d. 13

Ans. a

45. DFHI stands for.....

- a. Discount & Finance Housing investment Ltd.      b. Direct Finance House of India Ltd.  
c. Discount & Finance House of India Ltd.                  d. District Finance House of India Ltd.

Ans. c

46.....is an asset which does not disclose any problem in terms of repayment.

- a. Doubtful asset                                  b. Sub-standard assets                                  c. Loss asset                                  d. Standard assets

Ans. d

47.....are popularly known as Basel Norms.

- a. BIS    b. CRR    c. CAR    d. BFS

Ans. a

48.....is a quasi judicial authority appointed by the RBI to redress customer complaints against certain deficiency in banking services

- a. Banking Ombudsman                                  b. Consumer redressal                                  c. Adjudicating                                  authority  
d. None of these

Ans. a

49.....case apply where the account goes into debit the first item on the debt side is discharged by first item on the credit side

- a. Clayton's case                                  b. Right to set off                                  c. Garnishee order                                  d. Byelaw

Ans. a

.....is an anti money laundering measure specified in the prevention of money laundering act 2002

- a. SAA    b. FCNR    c. KYC    d. NRE

Ans. c

50. The endorsement on the back of the instrument is full; a separate paper can be attached called

- a. Worksheet    b. Allonge    c. Endorser    d. Endorsee

Ans. B

51. Apex bank for rural credit is

- a. RRB      b. PACS      c. LDB      d. NABARD

Ans. b

52. A order issued by a court asking the banker to stop payment out of a particular account is called.....

- a. Specific order      b. General order      c. Lien order      d. Garnishee order

Ans. d

53. A .....bank is usually created to fund a specific project.

- a. Branch banking      b. Consortium banking      c. Correspondent banking      d. none of these

Ans. b

54. SLR stands for.....

- a. Statutory Liquidity Ratio      b. Statutory Leverage Ratio      c. Solvency Liquidity Ratio      d. none of these

Ans. a

55. The right of a creditor to retain possession of those properties in respect of which debt is due is called.....

- a. General Lien      b. Particular lien      c. Garnishee order      d. none of these

Ans. b

56. To be on the safer side, a banker should not open an account in the name of .....

- a. Minor      b. Joint stock company      c. Partnership firm      d. Trust

Ans. a

57. ....is the rate at which RBI provides short term loans to commercial banks

- a. Bank rate      b. PLR      c. Repo rate      d. Reverse Repo rate

Ans. c

58. The initial share capital of RBI

- a. 20 Crore      b. 10 Crore      c. 1 Crore      d. 5 Crore

Ans. d

59. The Banking Ombudsman Scheme was introduced by.....

- a. RRB      b. SBI      c. RBI      d. none of these

Ans. c

60. If the loan remains overdue for more than 90 days, it is treated as.....

- a. NBA      b. NPA      c. PA      d. None of these

Ans. b

61. CAR stands for.....

- a. Capital Asset Ratio      b. Current Asset Ratio      c. Capital Adequacy Ratio      d. none of these

Ans. c

62. In..... deposit, there is no restriction regarding the number and amount of withdrawals

- a. Savings      b. Current      c. Fixed      d. Recurring

Ans. b

63. When the customer is a depositor, banker is a .....

- a. Debtor      b. Creditor      c. Principal      d. agent

Ans. a

64. The Negotiable Instruments Act was passed in the year....  
a. 1872      b. 1889      c. 1912      d. 1882  
Ans. d
65. The validity period of a cheque is .....  
a. 5 months      b. 6 months'      c. 3 months      d. None of these  
Ans. c
66. A demand draft is issued by.....  
a. Bank      b. customer      c. Creditor      d. None of these  
Ans. a
67. The document drawn by a debtor on the credit agreeing to pay a certain sum of money is called.....  
a. Cheque      b. Demand draft      c. Bill of Exchange      d. Promissory note  
Ans. d
68. Any person who acquires the title to the instrument bona fide and for value is called.....  
a. Principal      b. Agent      c. Trustee      d. Holder in due course  
Ans. d
69. When no documents relating to the goods represented by the bill are attached to it, it is called.....  
a. Fictitious bill      b. Documentary bill      c. Genuine trade bill      d. Clean bill  
Ans. d
70. The person to whom money is payable on a cheque is called.....  
a. Payee      b. Debtor      c. Creditor      d. none of these  
Ans. a
71. The grace period allowed for Bill of Exchange is  
a. 5 days      b. 4 days      c. 3 days      d. 7 days  
Ans. c
72. When a cheque is specially crossed to more than one banker , it is called.....  
a. Double crossing      b. special crossing      c. general crossing      d. account payee crossing  
Ans. a
73. ....is a small book issued by a banker to his customer to record all dealings between them.  
a. Pay-in-slip      b. Pass book      c. Cheque book      d. none of these  
Ans. b
74. The number of parties in a Bill of exchange transaction.....  
a. 2      b. 3      c. 4      d. none of these  
Ans. b
75. The cheque which is not presented for payment within reasonable period of time is called.....  
a. Mutilated cheque      b. stale cheque      c. post dated cheque      d. Anti dated cheque  
Ans. b
76. MICR stands for  
a. Micro Ink Character Reader      b. Magnetic Ink Character Reader      c. Minimum Ink character Reader      d. None of these  
Ans. b

77. The endorser simply signs on the back of the instrument for the purpose of negotiation is called...

- a. Special endorsement      b. Restrictive endorsement      c. Blank endorsement  
d. none of these

Ans. c

78. A cheque which is payable to a certain person is called.....

- a. Order cheque      b. Bearer cheque      c. truncated cheque      d. none of these

Ans. a

79. ....is an electronic version of paper cheque

- a. E-cheque      b. Order cheque      c. MICR Cheque      d. None of these

Ans. a

80. RTGS stands for

- a. Real Time Gross Scheme      b. Real Time General Settlement      c. Real Time  
Gross Settlement      d. none of these

Ans. c

81. PIN in ATM card stands for

- a. Personal Index Number      b. Personal Interaction Number      c.      Personal  
Identification Number      d. none of these

Ans. c

82. EFT was introduced by ....

- a. SBI      b. RBI      c. ICICI      d. None of these

Ans. b

83. EFT stands for

- a. Electronic Fee Transfer      b. Electronic Fund Transfer      c.      Electronic      Finance  
Transfer      d.      none of these

Ans. b

84. SWIFT is for.....

- a. Cheque payment      b. Clearing accounts      c.      Communication      for  
Financial Transactions      d. none of these

Ans. c

85. A plastic money which is acts as an instrument of credit is called

- a. Debit card      b. Credit card      c. E-purse      d. none of these

Ans. b

86. Insurance agreement is.....

- a. Written      b. Written or Oral      c. Oral      d. none of these

Ans. a

87. The main source of income of an insurance company is.....

- a. Discount      b. Premium      c. Interest      d. none of these

Ans. b

88. When the same person is insured by several insurers, it is called.....

- a. Reinsurance      b. Double insurance      c. Third party insurance      d. none of  
these

Ans. b

89. .... insurance is not a contract of indemnity

- a. Fire      b. Property      c. Marine      d. Personal accident

Ans. d



90. Employees State Insurance Act was passed in the year....  
a. 1972      b. 1938      c. 1956      d. 1948  
Ans. d
91. The term Causa Proxima means...  
a. Nearest cause      b. Relative cause      c. Financial cause      d. None of these  
Ans. a
92. The written contract of insurance issued by insurer to the insured is called.....  
a. Insurance policy      b. Endowment policy      c. Claim      d. none of these  
Ans. a
93. Public Liability Insurance Act was passed in the year.....  
a. 1990      b. 2001      c. 1991      d. none of these  
Ans. c
94. Life insurance is a contract of.....  
a. Indemnity      b. Guarantee      c. contribution .      d. none of these  
Ans. b
95. ....insurance provides protection to the weaker sections of the society who are unable to pay premium  
a. Social insurance      b. Personal insurance      c. Liability insurance  
d. none of these  
Ans. a
96. General insurance is a contract of .....  
a. Contribution      b. indemnity      c. guarantee      d. none of these  
Ans. b
97. Reinsurance is common in .....  
a. Life insurance      b. General insurance      c. none of these  
Ans. b
98. In the case of marine insurance reserve for unexpired risk is .....  
a. 50%      b. 100%      c. 40%      d. none of these  
Ans. b
99. Valuation balance sheet is prepared by a life insurance company to find out  
a. Profit or loss      b. financial position      c. surplus or deficiency  
d. net liability  
Ans. c
100. Insurance Regulatory and Development Authorities Act came in to effect in  
a. 2001      b. 2004      c. 1999      d. none of these  
Ans. c
101. ....% of net surplus of a life insurance company is given to policyholders as bonus  
a. 90%      b.80%      c.95%      d. none of these  
b. Ans. c
102. Bonus payable on maturity of the policy is termed as  
a. Cash bonus      b. capital bonus      c. reversionary bonus      d. none of these  
Ans. c
103. Insurance Act came in to effect in.....,  
a. 1956      b. 1972      c. 1938      d. none of these  
Ans. c

104. Uberimane Fidei means.....  
a. Insurable interest      b. Free consent      c. Utmost good faith      d. none of these  
Ans. c
105. Consensus ad idem means.....  
a. Nearest cause      b. Honesty      c. Identity of minds      d. none of these  
Ans. c
106. The oldest form of insurance was.....  
a. Fire      b. Marine      c. Accident      d. none of these  
Ans. b
107. The number of insurers in the life insurance business in India at present  
a. 29      b. 28      c.30      d.24  
Ans. 24
108. The origin of Life insurance in.....  
a. Brazil      b. Germany      c. England      d. none of these  
Ans. c
109. The premium paid on life insurance policy is a deductible expense under Section..... of the Income Tax Act  
a. 80D      b. 80C      c. 80DD      D. none of these  
Ans. b
110. Under .....policy, the policy holders are entitled to a share in the profit of the insurance company by way of loans which will be paid along with claim.  
a. With profit policy      b. Money back policy      c. Triple benefit policy  
d. none of these  
Ans. a
111. ....is a financial contract in the form of an insurance product according to which a Life Insurance company makes a series of future payments to a person in exchange for the immediate payment of a lump sum or a series of regular payments .  
a. Surrender      b. Reversions      c. Annuity      d. none of these  
Ans. c
112. In P.P.I Policy P.P.I stands for....  
a. Paid Policy Interest      b. Policy Proof of Interest      c. Premium Paid Policy  
d. none of these  
Ans. b
113. ....is the receipt issued by the captain of the ship for the cargo loaded in the ship.  
a. Promissory note      b. Bill of Exchange      c. Bill of Lading      d. none of these  
Ans. c
114. The period of fire insurance policy is.....  
a. Two      b. One      c. Three      d. none of these  
Ans. b
115. Average clause is applicable for .....  
a. Double insurance      b. Reinsurance      c. Over insurance      d. Under insurance  
Ans. d

116. If more than one person claim the policy money is called.....  
a. Rival claim      b. Death claim      c. both      d. none of these  
Ans. a
117. ....was the first Indian insurance company  
a. Bombay Mutual Assurance Society Ltd.      b. Bombay Insurance Society Ltd.  
c. IRDA      d. GIC  
Ans. a
118. ....policy covers both land and sea sides  
a. Blanket      b. Block      c. Currency      d. Cargo  
Ans. b
119. Motor vehicle insurance begins in .....  
a. UK      b. USA      c. Japan      d. India  
Ans. a
120. ....a document issued in advance of the policy  
a. Endorsement      b. Cover note      c. Certificate of Deposit      d. none  
of these  
Ans. b

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