



GENERAL AWARENESS

IBPS PO CLERK



1) Bank holidays under Section 25 of the Negotiable Instruments Act, 1881 are declared by:

- a) Respective State/UTs Government
- b) Banking Operations Department
- c) Bank Union
- d) RBI
- e) None of the above

2) The tax payers data flows directly from banks to Tax Information Network (TIN). Who maintains TIN?

- a) RBI
- b) National Securities Depository Ltd.
- c) National Securities Defense Ltd.
- d) Enforcement Directorate
- e) None of these

3) In which of the following types of banking, there is a direct execution of transaction between a bank and its consumers?

- a) Retail Banking
- b) Universal Banking
- c) Virtual Banking
- d) Unit Banking
- e) None of the above

4) Expand MAT related to tax?

- a) Minimum Additional Tax
- b) Maximum Alternative Tax
- c) Maximum Additional Tax

d) Minimum Alternative Tax

e) None of these

5) If the RBI wants to infuse credit in Banking system in our country, which of the followings can be done?

a) Decreasing CRR

b) Decreasing SLR

c) Both (a) and (b)

d) None of the above

e) Cannot be determined

6) Which is an interest-free period that is to be given by a creditor to debtor?

a) Fixed Period

b) Preset Period

c) Grace Period

d) All of the above

e) None of the Above

7) Which among the following is not an example of Non – Linear Derivative?

a) Convertibles

b) Swaps

c) Options

d) Equity linked bonds

e) None of them

8) Which among the following does the Section 47 (A) of The Banking Regulation Act, 1949 include?

a) Application of other laws not barred



- b) Power of Reserve Bank to impose penalty
- c) Disposal of non – banking assets
- d) Requirement as to minimum paid – up capital and reserves
- e) Prohibition of trading

9) Under a money back policy, the payment of sum assured to the insured which has become due by instalments is known as _____.

- a) Claim Amount
- b) Guaranteed Insurance Sum
- c) Survival Benefit
- d) Surrendered value
- e) Insurable Interest

10) Which of the following component of external sector comes under Current Account in India?

- a) FDI
- b) Interest payments received by government
- c) External Commercial Borrowings
- d) FII
- e) NRI bank account

Answers :

1) Answer: A

A bank holiday in India is a public holiday which is declared especially for banks and other financial institutions. Not all public holidays are classified as bank holidays – bank holidays are declared by Central/State Governments/ Union Territory under the Negotiable Instruments (NI) Act, 1881.

2) Answer: B

TIN is a repository of nationwide Tax related information and has been established and maintained by NSDL (National Securities Depository Ltd) e-Governance Infrastructure Limited on behalf of Income Tax Department. Tax Information Network (TIN) is an initiative by Income Tax Department of India (ITD) for the modernization of the current system for collection, processing, monitoring and accounting of direct taxes using information technology.

3) Answer: A

Retail banking, also known as consumer banking, is the typical mass-market banking in which individual customers use local branches of larger commercial banks. Services offered include savings and checking accounts, mortgages, personal loans, debit/credit cards and certificates of deposit (CDs).

4) Answer: D

Minimum Alternative Tax is payable under the Income Tax Act. The concept of MAT was introduced to target those companies that make huge profits and pay the dividend to their shareholders but pay no/minimal tax under the normal provisions of the Income Tax Act, by taking advantage of the various deductions, and exemptions allowed under the Act. But with the introduction of MAT, the companies have to pay a fixed percentage of their profits as Minimum Alternate Tax. MAT is applicable to all companies including foreign companies.

5) Answer: C

Quantitative Tools	RBI's Action	Effects on Inflation
CRR	Increases	Decreases
	Decreases	Increases
SLR	Increases	Decreases
	Decreases	Increases
OMO	RBI Sell Govt. Securities	Decreases
	RBI buys Govt. Securities	Increases
Bank Rate	Increases	Decreases
	Decreases	Increases
Repo Rate	Increases	Decreases
	Decreases	Increases
Reverse Repo Rate	Increases	Decreases
	Decreases	Increases

Instrument	Definition
SLR	Statutory liquidity ratio (SLR) is the reserve requirement that the commercial banks in India are required to maintain in the form of cash, gold reserves, the government approved securities before providing credit to the customers.
CRR	It's the amount which banks have to keep with themselves permanently and thus cannot be part of circulated money. The reason for such reserve is to meet the negative contingency if at all it arises in future.
Repo	Repo rate is the rate at which RBI lends money to commercial banks in the event of any shortfall of funds
Reverse Repo	A reverse repo is a rate at which RBI borrows money from commercial banks

6) Answer: C

The grace period is a period of time provided to the debtor by the creditor after the due date during which payment may be made without penalty. The grace period allows the debtor to delay payment for a short period of time beyond the due date.

No late fees or penalty is charged, and the delay cannot result in default and cancellation of the loan or contract in case of grace period. Under some grace period no additional interest is charged whereas sometimes compounding interest is charged during the grace period.

7) Answer: B

Swap is not an example of Non – Linear Derivative.

Non – Linear Derivatives are those derivatives that are time – dependent and whose sensitivity changes with the passage of time or with market movement. The payoff is non – linearly related to the price of the underlying asset.

Swap is a contract between any two parties who themselves decides (a) to make payments to one another on scheduled dates in the future, and (b) use different criteria or formulas to determine their respective payments.

A convertible bond is a financial instrument that provides the holder of the bond to convert the bond for other securities offered by the issuer.

Options are Financial Instrument. It gives the buyer an opportunity to buy or sell the underlying asset. The buyer will have to exercise its opportunity before the expiration date of Option Contract. If the buyer chooses to buy the underlying asset, the stated price on an option is called the strike price.

Equity Linked Bonds are debt instruments that give an option to the buyer to purchase an equity stake in the issuer, its parent, or another company at a fixed price.

8) Answer: B

The Section 47 (A) of The Banking Regulation Act, 1949 includes the Power of Reserve Bank to impose penalty.

As per this Section, “Any penalty imposed by the Reserve Bank under this section shall be payable within a period of fourteen days from the date on which notice issued by the Reserve Bank demanding payment of the sum is served on the banking company”

“No complaint shall be filed against any banking company in any court of law in respect of any contravention or default in respect of which any penalty has been imposed by the Reserve Bank under this section”

9) Answer: C

Survival Benefit is the payment of sum assured to the incurred person which has become due by instalments under a money back policy. Surrender Value is the value payable to the policyholder in the event of terminating the policy before the maturity of the policy. The reasonable concern of a person to obtain insurance for any individual or property against unforeseen events is called Insurable Interest.

10) Answer: B

The Balance of payments for a country is calculated by the difference of Capital Account and Current account. Both the accounts have different components included in it.

Current Account: Components – Net Import-Export (Import minus Export); Incomes (Profits, Interests, Dividend); Transfers (Donations, Gifts. etc.)

Capital Account: Components – Investment (FDI, FII); Loan (Government Borrowings, External commercial borrowings); Bank account transfers by NRIs, etc.