

BANKING, SECURITY MARKET & INSURANCE BASED INDIAN ECONOMY MCQ PRACTICE QUESTIONS AND ANSWERS PDF WITH EXPLANATION

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Q1. Which of the following statements best describes the term 'Scheme for Sustainable Structuring of Stressed Assets (S4A)', recently seen in the news?

- a) It is a disinvestment plan of the Government regarding Central Public Sector Undertakings.
 - b) It is a scheme of RBI for reworking the financial structure of big corporate entities facing genuine difficulties.
 - c) It is a procedure for considering ecological costs of developmental schemes formulated by the Government.
 - d) It is an important provision in 'The Insolvency and Bankruptcy Code' recently implemented by the Government.
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Q2. Yes Bank has announced mobilisation of USD 5 billion towards its commitment to climate finance in India by 2020. The Bank's committed target for funding clean energy is

- a) 1500 MW by 2020
 - b) 1500 MW annually
 - c) 1000 MW annually
 - d) 5000 MW by 2020
-

Q3. Which one of the following Public Sector Bank's emblem figures a dog and the words 'faithful friendly, in it'?

- a) oriental Bank of Commerce
 - b) Syndicate Bank
 - c) Punjab National Bank
 - d) State Bank of India
-

Q4. SBI Life Insurance Limited is a joint venture life insurance company of State Bank of India (SBI) and

- a) BNP Paribas Cardiff
- b) Life Insurance Corporation of India
- c) HDFC Life Insurance Company
- d) ICICI Prudential Life Insurance Company

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Q5. For regulation of the Insurance Trade in the country the Government has formed

- a) General Insurance Corporation
- b) Reserve Bank of India
- c) Insurance Regulatory and Development Authority
- d) SEBI

Q6. Devaluation of currency leads to

- a) expansion of import substituting
- b) contraction of import trade
- c) expansion of export trade
- d) all of the above

Q7. Which of the following company is the sole reinsurance company in India?

- a) National Insurance Company
- b) ICICI Prudential Life Insurance Company
- c) Life Insurance Corporation of India
- d) General Insurance Corporation

Q8. In the context of Indian economy, open market operations to :

- borrowing by scheduled banks from RBI
- lending by commercial banks to industry and trade
- purchase and sale of government securities by the RBI
- None of the above

Select the **correct** answer using the codes given below :

- a) 4 and 1 only
- b) 3 only
- c) 1 and 2 only
- d) 2 and 3 only

Q9. Private Sector Mutual Funds in India were permitted in

- a) 2001
- b) 1993
- c) 1994
- d) 1964

Q10. How many seats of Deputy Governor are there in Reserve Bank of India?

- a) 3 only
- b) 2 only
- c) 1 only
- d) 4 only

Q11. Consider the following statements with regard to Statutory Liquidity Ratio (SLR)

- To meet SLR, Commercial banks can use cash only.
- SLR is maintained by the banks with themselves.
- SLR restricts the banks leverage in pumping more money into the economy.

Which of the statements given above is/are **correct**?

- a) 2 and 3

- b) 1 and 3
 - c) 1, 2 and 3
 - d) only 2
-

Q12. Choose the **correct** statements in the context of Cooperative Banks in India.

- Cooperative Banks operate on no profit no loss basis.
- Cooperative Banks are allowed to operate only in the agriculture sector.
- NABARD is a Cooperative Bank.

- a) 1 and 3
- b) 1 and 2
- c) 1 only
- d) All of these

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Q13. To prevent recurrence of scams in Indian capital market the Government of India has assigned regulatory power to

- a) ICICI
- b) RBI
- c) SBI
- d) SEBI

Q14. The Bandhan Banking Limited is an Indian banking and financial services company Headquartered in

- a) Hyderabad, Telangana
- b) New Delhi, Delhi
- c) Mumbai, Maharashtra
- d) Kolkata, West Bengal

Q15. The Bank rate is the rate at which

- a) the RBI gives credit to the commercial banks.
- b) the RBI lends to the public.
- c) a bank lends to the public.
- d) the Government of India lends to other countries.

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Answers to the above questions :

Q1. Answer: (b)

S4A is RBI's scheme for restructuring of corporate loans, hence "B" is the most appropriate among the given options.

Q2. Answer: (d)

YES BANK, a leader in the climate finance space in the country, investing and raising capital towards mitigation, adaptation and resilience. This bank has the target funding of 5,000 MW of clean energy by 2020.

Q3. Answer: (b)

Syndicate Bank. The symbol of dog implies that Bank is trustworthy and a friend. Its slogan is : Faithful Friendly.

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Q4. Answer: (a)

SBI Life Insurance is a joint venture life insurance company between State Bank of India (SBI), and BNP Paribas Cardif.

Q5. Answer: (c)

Q6. Answer: (d)

Devaluation leads to a country's exports becoming less expensive as the currency is deliberately adjusted down to other currencies, making imports more expensive, making domestic consumers less likely to purchase them thus the domestic companies are encouraged to substitute imports.

Q7. Answer: (d)

GIC of India (GIC) is the sole reinsurance company in the Indian insurance market with over four decades of experience.

Q8. Answer: (b)

Open market operation: When RBI buys/sells securities in open market, in case of OMO, first party permanently sells the Government security to second party. Second party is free to do whatever it wants with that security.

Q9. Answer: (b)

Q10. Answer: (d)

The general superintendence and direction of the RBI are entrusted with the 21-member-Central Board of Directors—the Governor (currently Dr Urjit R. Patel), four Deputy Governors, two Finance Ministry representatives, ten government-nominated directors to represent important elements from India's economy, and four directors to represent local boards headquartered at Mumbai, Kolkata, Chennai and New Delhi.

Q11. Answer: (a)

SLR used by bankers indicates the minimum percentage of deposits that the banks have to maintain in the form of gold, cash or other approved government securities.

Q12. Answer: (c)

Cooperative Banks operate on no profit no loss basis, and they operate in all sectors including agriculture sector.

NABARD is not a Cooperative Bank. National Bank for Agriculture and Rural Development (NABARD) is an apex development bank in India.

Q13. Answer: (d)

Q14. Answer: (d)

Bandhan Bank was incorporated on 23 December 2014 as a wholly owned subsidiary of Bandhan Financial Holdings with its headquarters at Kolkata, West Bengal, India.

Q15. Answer: (a)

Bank rate is that rate at which RBI gives credit to Commercial Banks.

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