



Unit 1 Evolution of Banking

1. In which year, the first bank of India "Bank of Hindustan" was established?
 - A. 1870
 - B. 1770**
 - C. 1795
 - D. 1880

2. What were the correct locations of three presidency banks during British India?
 - A. Calcutta, Bombay, Madras**
 - B. Surat, Bombay, Calcutta
 - C. Surat, Madras, Bombay
 - D. Madras, Calcutta, Surat

3. Which is the oldest Joint Stock bank of India?
 - A. Allahabad Bank**
 - B. Bank of Baroda
 - C. Bank of India
 - D. Patiala Bank

4. What was the name of State Bank of India (SBI) before it was created by SBI Act?
 - A. Imperial Bank of India**
 - B. Imperial Bank of Madras
 - C. Imperial Bank of Hindustan
 - D. Imperial Bank of Bengal

5. Which of the following was first bank managed by Indians?
 - A. Bank of India
 - B. Bank of Baroda
 - C. Punjab National Bank**
 - D. Central Bank of India

6. Second Time Nationalization of more than 5 banks were conducted in:
 - A. 1975
 - B. 1980**



- C. 1985
D. None of The Above
- 7. How many banks were nationalized as on 19 July, 1969:**
A. 15
B. 13
C. **14**
D. None of The Above
- 8. When was the first nationalization of many banks were conducted:**
1. 19 August, 1969
2. 19 October, 1969
3. **19 July, 1969**
4. None of The Above
- 9. RBI was established in:**
1. 1 April, 1940
2. **1 April, 1935**
3. 4/1/1948
4. None of The Above
- 10. Which among the following banks form the "Imperial Bank of India" in 1921:**
1. Bank of Bombay
2. Bank of Madras
3. Bank of Bengal
4. **All of the Above**
- 11. Reserve Bank of India was established under which among the following act:**
1. Reserve Bank of India Act 1930
2. Reserve Bank of India Act 1921
3. **Reserve Bank of India Act 1934**
4. None of The Above
- 12. Which among the following is correct:**
1. State Bank of India originated as the Bank of Calcutta in June 1806.
2. "Bank of Calcutta" was renamed as "Bank of Bengal"
3. **Both of Above**
4. None of The Above



13. The Largest and Oldest Bank, still in existence is:

1. Punjab National Bank
2. Reserve Bank of India
3. **State Bank of India**
4. None of The Above

14. First Bank established in India was:

1. Bank of India
2. **Bank of Hindustan**
3. General Bank of India
4. None of The Above

15. Scheduled Banks are classified into:

- A. State Bank of India and Its Associates
- B. Nationalized Banks
- C. Regional Rural Banks (RRB)
- D. Foreign Banks
- E. All of the Above**
- F. None of The Above

16. A scheduled bank is one that is listed in the _____ of RBI Act, 1934.

- A. first schedule
- B. second schedule**
- C. third schedule
- D. fourth schedule

17. What is the minimum paid up capital a bank must have to be eligible for inclusion in the Second Schedule to the Reserve Bank of India Act, 1934?

- A) Rs 5 lakh**
- B) Rs 10 lakh
- C) Rs 10 crore
- D) Rs 5 crore

18. Which of the following is true about non-scheduled banks in India?

- i. A non-scheduled bank doesnot have to maintain CRR with the RBI.**
- ii. Also it cannot lend money from RBI under LAF.**
- iii. The banks named under third schedule of RBI Act 1934, are non-scheduled banks.**

- A) Only i and iii are true
- B) Only ii and iii are true



- C) Only I and ii are true
- D) All are true

19. The minimum start-up capital of a Local Area Banks (LAB) is fixed at ____.

- A. Rs 5 lakh
- B. Rs 10 lakh
- C. Rs 10 crore
- D. Rs 5 crore**

(In 1996 it was decided to allow the establishment of local banks in the private sector. These banks were expected to bridge the gaps in credit availability and enhance the institutional credit framework in the rural and semi-urban areas and provide efficient and competitive financial intermediation services in their area of operation. The minimum start-up capital of a LAB was fixed at Rs.5 crore.)

20. Which banks were set up with a view to develop the rural economy by providing credit for the purpose of development of agriculture, trade, commerce, industry?

- A. Payments Bank
- B. Small Finance Bank
- C. Regional Rural Banks**
- D. Local Area Banks

21. Which is the first Regional Rural Bank in India?

- A. Saurashtra Gramin Bank
- B. Prathama Grameen Bank
- C. Pallavan Grama Bank
- D. Saptagiri Grameena Bank

(The first Regional Rural Bank “Prathama Grameen Bank” was set up on October 2, 1975.
Sponsor Bank- Syndicate Bank. Head Office- Moradabad)

22. What is the share of Central Government in share capital of RRBs?

- A. 15%
- B. 35%
- C. 50%**
- D. 55%

(The Government of India, the concerned State Government and the sponsor bank contribute to the share capital of RRBs in the proportion of 50%, 15% and 35%, respectively.)

23. Which was the first bank to open a branch on foreign soil?

- A. Bank of India**
- B. State Bank of India



- C. Bank of Punjab
D. Allahabad Bank
- 24. Which of the following was first bank managed by Indians?**
- A. Bank of Baroda
B. Bank of India
C. Punjab National Bank
D. Central Bank of India
- 25. Which was the first bank to be wholly owned and run by Indians?**
- A. Allhabad Bank
B. Bank of India
C. Bank of Baroda
D. Central Bank of India
- 26. The liberalization of Indian Banking and Regulation was done based on recommendation of _____?**
- A. R Gandhi Committee
B. Narasimham Committee
C. Basel Committee
D. Khusro Committee
- 27. Imperial Bank of India was nationalized in which year?**
- A. 1945
B. 1955
C. 1949
D. 1965
- 28. In which year was The Banking Regulation Act passed in India?**
- A. 1947
B. 1935
C. 1949
D. 1965
- 29. Original headquarters of RBI were located at which of the following place?**
- A. Calcutta**
B. Bombay
C. Delhi
D. Chennai



(Original headquarters of RBI were in Kolkata. In 1937, it was shifted to Shahid Bhagat Singh Marg, Mumbai. Following India's independence on 15 August 1947, the RBI was nationalized on 1 January 1949. The Reserve Bank of India has zonal offices at Chennai, Delhi, Kolkata and Mumbai. It has 19 regional offices and 10 sub-offices.

Regional offices are in Ahmedabad, Bangalore, Bhopal, Bhubaneswar, Chandigarh, Chennai, Delhi, Guwahati, Hyderabad, Jaipur, Jammu, Kanpur, Kochi, Kolkata, Lucknow, Mumbai, Nagpur, Patna and Thiruvananthapuram.)

30. Consider the following statements:

- 1. Allahabad Bank was the first bank established exclusively by Indians.**
 - 2. Seven banks forming subsidiary of State Bank of India were nationalised in 1960.**
- Which of the statements given above is/are correct?**

- A. Only One
- B. Only Two
- C. Both 1 and 2**
- D. Neither 1 nor 2
- E. Can't say

31. In which year did the Hilton Young Commission submit its report?

- A. 1926**
- B. 1921
- C. 1935
- D. 1947

(The Hilton Young commission submitted its report in the year 1926.

The Reserve Bank of India was set up based on the recommendations of the Royal Commission on Indian Currency and Finance also known as the Hilton-Young Commission.)

32. Which of the following is the Oldest Joint Stock Bank of India which is still working?

- A. Allahabad Bank**
- B. Bank of Upper India
- C. Patiala Bank
- D. State Bank of India

33. What is the minimum paid up capital a bank must have to be eligible for inclusion in the Second Schedule to the Reserve Bank of India Act, 1934?

- A. Rs 5 lakh**
- B. Rs 10 lakh



C. Rs 10 crore

D. Rs 5 crore

34. Of the 11 companies that were given in-principle nod by the Reserve Bank of India (RBI) to set up payments banks in August, 2015, three have already dropped out. Which among the following company has dropped out?

A. Airtel Money

B. Tech Mahindra

C. PayTm

D. Vodafone mPesa

(Of the 11 companies that were given in-principle nod by the Reserve Bank of India (RBI) to set up payments banks in August, 2015, three companies - Tech Mahindra, Cholamandalam Finance and Dilip Shanghvi-IDFC Bank-Telenor JV have dropped out.

This leaves only eight applicants - India Post, Airtel Money, Reliance Industries, PayTm (Vijay Shekhar Sharma), Aditya Birla Nuvo, Vodafone MPesa, Fino PayTech and NSDL.)

35. Which bank was the sponsor of Prathama Gramin Bank?

A. Bank of Baroda

B. Indian Bank

C. Punjab National Bank

D. Syndicate Bank

36. Reserve Bank of India (RBI) recently granted an in-principle license to _____ entities for setting up small finance banks.

A. 11

B. 10

C. 12

D. 2

(The Reserve Bank of India (RBI) recently granted an in-principle nod to 10 entities for setting up small finance banks.



The 10 entities that received the nod for small banks include -

Au Financiers (Jaipur)

Capital Local Area Bank (Jalandhar)

Disha Microfin (Ahmedabad)

Equitas Holdings (Chennai)

ESAF Microfinance and Investments (Chennai)

Janalakshmi Financial Services (Bengaluru)

RGVN (Northeast) Microfinance (Guwahati)

Suryoday Micro Finance (Navi Mumbai)

Ujjivan Financial Services (Bengaluru)

Utkarsh Micro Finance (Varanasi)

In a way, there are like commercial banks because both provide the saving and lending facility, however, small banks must follow stricter regulations as proposed by RBI.

75% of its Adjusted Net Bank Credit (ANBC) should be advanced to the priority sector.

Maximum loan size to a single person cannot exceed 10% of total capital funds; cannot exceed 15% in the case of a group.

Minimum paid-up equity capital requirement of Rs 100 crore.

A fundamental requirement is that it must have 25% of its branches set up in unbanked areas.)

37. What is the full-form of NBFC?

- A. Non-Bank Financial Competition
- B. Non-Bank Foreign Company
- C. Non-Banking Financial Company**
- D. Non-Banking Finance Corporation

(NBFC - A Non-Banking Financial Company (NBFC) is a company registered under the Companies Act, 2013 of India, engaged in the business of loans and advances, acquisition of shares, stock, bonds hire-purchase, insurance business or chit business.

The working and operations of NBFCs are regulated by the Reserve Bank of India (RBI).

Types of NBFCs in India are -

Asset Finance Company (AFC)



Investment Company (IC)
Loan Company (LC)
Infrastructure Finance Company (IFC)
Infrastructure Debt Fund : Non- Banking Financial Company (IDF-NBFC)
Gold Loan NBFCs in India
Residuary Non-Banking Companies (RNBCs))

38. How many developments banks are there in India?

- A. 5
- B. 6**
- C. 7
- D. 8

(There are six development banks are there in India.

They are :

ICICI - Industrial Credit and Investment Corporation of India

IDBI - Industrial Development Bank of India

SIDBI - Small Industries Development Bank of India

EXIM Bank - Export-Import Bank of India

NHB - National Housing Bank

NABARD - National Bank for Agriculture and Rural Development

The National Development Bank is a finance institution, created by a country's government, that provides financing for the purposes of economic development of the country.

Provides Long and Short Term Loans

Helps in Providing economic growth of the country

Provides finance to new business

It works on various fields such as agriculture, housing and other sectors

It does not accept deposits)

39. What is the present number of Local Area Banks in India?

- A. 3
- B. 4**
- C. 5
- D. 6

(Local Area Banks were set up as per a Government of India Scheme announced in August 1996.

There are only four Local Area Banks (LAB) in India, which exist in the form of Non-scheduled banks.



They are as follows:

Coastal Local Area Bank Ltd.

Founded : 27 December 1999

Headquarter : Vijayawada (Andhra Pradesh)

Area of Operation : Krishna, Guntur and West Godavari

Capital Local Area Bank Ltd.

Founded : 14 January 2000

Headquarter : Phagwara (Punjab)

Area of Operation : Jalandhar, Kapurthala and Hoshiarpur

Krishna Bhima Samruddhi Local Area Bank Ltd.

Founded : 28 February 2001

Headquarter : Mahbubnagar (Andhra Pradesh)

Area of Operation : Mahbubnagar in Andhra Pradesh, Raichur and Gulbarga in Karnataka

Subhadra Local Area Bank Ltd.

Founded : 1996

Headquarter : Kolhapur, Maharashtra

Area of Operation : Kolhapur

40. Among the following the correct share of Central, State and Sponsor Bank in RRBs is _____?

- A. 35%, 40%, 25%
- B. 15%, 35%, 50%
- C. 30%, 35%, 35%
- D. 50%, 15%, 35%**

41. Which is the largest commercial bank in India?

- A. Bank of India
- B. Axis Bank
- C. State Bank of India**
- D. HDFC



42. With whom does the ownership of Public sector banks rest?
- A. **Government of India**
 - B. Jointly with Government of India and share-holders from the public
 - C. Jointly with Government of India and State Bank of India
 - D. Jointly with Government of India and Reserve Bank of India
43. Urban Cooperative Banks are also called as ?
- A. Short-term co-operatives
 - B. Secondary Cooperative Banks
 - C. **Primary Cooperative Banks**
 - D. Long-term co-operatives
44. Which bank is outside the purview of the Banking Regulation Act, 1949?
- A. Primary Cooperative Banks (PCBs)
 - B. **Primary Agricultural Credit Societies (PACS)**
 - C. Central Cooperative Banks (CCBs)
 - D. State Cooperative Banks (StCBs)
45. Bank classification is possible according to
- A. Ownership
 - B. Law
 - C. function.
 - D. **All of the above**



Unit 2. Functions of Bank

46. Which type of deposits gives highest rate of interest?
- A. Current deposit
 - B. Fixed deposit**
 - C. Recurring deposit
 - D. None of these
47. Which bank deals with short-term credit?
- A. Agricultural bank
 - B. Commercial bank**
 - C. Industrial bank
 - D. None of these
48. Which of the following is not the function of the commercial bank?
- A. Issue of paper notes.**
 - B. Acceptance of deposits
 - C. Advancing loans
 - D. Credit control
49. Which of the following is not a function of a Bank
- A. To accept deposits
 - B. To waive loans
 - C. To grant advances
 - D. To supply input to farmers**
50. Which of the following is known as a Savings Bank Account opened with a commercial bank with zero balance or very minimal balance?
- A. Current Account
 - B. No-frills Account**
 - C. Fixed Deposit Bank Account
 - D. Students Savings Bank Account
51. We should keep our savings with banks because



- A. It is safe
B. Earns interest
C. Can be withdrawn anytime
D. All of above
52. Bank does not give loan against
A. Gold Ornaments
B. LIC policy
C. Lottery ticket
D. NSC
53. Nomination can be done in
A. Savings Bank account
B. Recurring Deposit account
C. Fixed Deposit account
D. All of above
54. KYC means
A. Know your customer
B. Know your character
C. Both of above
D. None of above
- 55. Banking functions centrally controlled by the :**
A. Central Bank
B. RBI
C. SBI
D. Both [B] and [C]
56. Identify the punishable offence by a Bank Account holder ?
A. If a cheque is not crossed
B. If a post dated cheque is issued
C. If a cheque drawn by him is dishonoured for insufficiency of funds in his account
D. Issuing a cheque without signature



57. What is a Cross cheque ?
- A. which can be encashed only by the drawee
 - B. which can be encashed only through a bank**
 - C. which can be encashed only at the State Bank of India
 - D. which can be encashed only after it has been transferred to another person
58. Interest below which a bank is not expected to lend to customers is known as ...?
- A. Deposit Rate
 - B. Base Rate**
 - C. Prime Lending Rate
 - D. bank Rate
59. A money deposited at a bank that cannot be withdrawn for a period fixed period of time is known as a?
- A. Term Deposit**
 - B. Checking Account
 - C. Savings bank deposits
 - D. Current Deposit
60. Revolving credit is made available by the issuer in the case of which of the following instruments?
- A. Debit card
 - B. Credit card**
 - C. ATM card
 - D. None of these
61. Which of the following is the best option to park money for a long period of time to earn a high rate of interest?
- A. Savings account
 - B. Current account
 - C. Fixed Deposit account**
 - D. Recurring account
 - E. None of these
62. Can illiterate person be issued Debit card?
- A. No
 - B. Yes**



- C. Only in case of joint account
D. Only in case he is head of family
63. When a bank returns a cheque unpaid, it is called...?
A. payment of cheque
B. dishonour of cheque
C. cancelling of cheque
D. taking of cheque
64. When a person opens an account in a bank, the bank is a Towards the person
A. Creditor
B. Debtor
C. Agent
D. Borrower
65. Which of the following is called a 'banker's cheque' ?
A. Demand draft
B. Debit card
C. Pay order
D. Banker's draft
66. What does the letter "C" denotes in the term CBS as used in Banking operations?
A. Central
B. Core
C. Commercial
D. Capital
67. The term Smart Money refers to?
A. Credit cards
B. Us Dollars
C. Internet Banking
D. Foreign currency
68. What does the letter P denote in the term PAN as used in Financial transactions?
A. Primary
B. Partial
C. Provisional



D. Permanent

69. A debit card holder cannot perform which of the following functions?

- A. Make Point of Sale (PoS) purchase
- B. Recharge pre-paid mobile phones
- C. Pay life insurance premium

D. None of the above

70. Which of the following card product launched by the banks is working on the principle of Buy Now Pay Later?

- A. ATM card
- B. Debit card
- C. Charge Card

D. Credit card

71. Which of the following organisation provides credit history of the borrowers?

- A. CIBIL**
- B. SEBI
- C. RBI
- D. IBA