JAIIB PPB Practice Questions(Set -2)

Q1. The value of raw material consumption for a company is Rs. 5,400 lakh, and the value of raw material to be bought on credit is Rs. 4,200 lakh. The time for advising a Letter of Credit (L/C) is 15 days, and the shipment time is 25 days. The credit period agreed upon between the seller and the customer is 35 days.
What will be the Letter of Credit (L/C) limit for the company?
(a) Rs. 650 lakh
(b) Rs. 700 lakh
(c) Rs. 750 lakh
(d) Rs. 875 lakh

Q2. What d [redacted] er a debt in India?
(a) The bank [redacted]
(b) The type [redacted]
(c) The Limi [redacted]
(d) The disc [redacted]

Q3. Which [redacted] depositing money in a [redacted]
Mr. Sharma [redacted] his current account wit [redacted] earn higher interest rat [redacted] ts the bank to provide [redacted] ates on his account. Ho [redacted] for its own purposes, t [redacted] nds are not secured aga [redacted]
(a) The cust [redacted], regardless of any dema [redacted]
(b) The ban [redacted] fined by the customer, w [redacted]
(c) In the ev [redacted] creditors for repayment [redacted]
(d) The cust [redacted] the bank is not obligated to make any repayment unless such a demand is made, even for demand deposits.

Q4. Which aspects are part of the operational responsibilities of Authorized Persons (APs) under the FEMA guidelines?
(a) APs must obtain a declaration for foreign exchange transactions, collect relevant information/documents, and maintain transaction records.
(b) APs should collect information/documents, maintain transaction records, and refuse transactions if contravention is suspected, reporting to RBI.
(c) APs are required to obtain a declaration and maintain transaction records.
(d) All aspects including obtaining declarations, collecting and verifying information/documents, maintaining records, refusing suspicious transactions, and reporting to RBI are included.

Q5. Bank C has a loan with an enterprise, which is now seen as a 'substandard' unsecured exposure. What total provision should the bank apply on the outstanding balance for this exposure?

(a) 15% of the total outstanding balance, adhering to the general provision rules.

(b) 25% of the total outstanding balance, considering the additional provision required for unsecured exposures.

(c) 20% of the total outstanding balance, following the rules applied to secured exposures.

(d) 10% of the total outstanding balance, as a special case provision.

Q6. What is [redacted]

(a) There is [redacted]

(b) The inte[redacted]

(c) The inte[redacted]riate spread

(d) The inte[redacted]

Q7. Jane, a [redacted] **2023. The message cla**[redacted] **unless she immediate**[redacted]**at failure to comply wil**[redacted]**urity threat and what a**[redacted]

(a) Jane sho[redacted]mmediately click the UR[redacted]

(b) Jane sho[redacted]lpdesk right away to disc[redacted]

(c) Jane is f[redacted]vard off this malicious at[redacted]

(d) Jane sho[redacted]ge and, if in doubt, call h[redacted]

Q8. Which [redacted] **the enactments relevant to the documentation process in credit management within a bank?**

(a) The Indian Contract Act is relevant to documentation in credit management.

(b) The Limitation Act helps define the time limits for enforcing rights related to credit agreements.

(c) The Companies Act is irrelevant to the documentation process in credit management.

(d) The Indian Registration Act plays a role in the registration of documents used in credit transactions.

Q9. What is the maximum amount that can be retained for pipeline transactions during the settlement cycle before refunding the unutilized balance of a travel card?
(a) US$ 50
(b) US$ 200
(c) US$ 100
(d) No amount is retained

Q10. Fill in the Blanks
1. The committee formed in 1983 under the chairmanship of Dr. C. Rangarajan was responsible for studying the possibilities and stages involved in bank computerisation and preparing guidelines [redacted] ___________.
2. In the ye[redacted] to draw up a perspect[redacted]0-94. This committee [redacted]
(a) First Ran[redacted]
(b) First Ran[redacted]
(c) First Ran[redacted]
(d) First Ran[redacted]

Q11. What [redacted] rom a court or an attac[redacted] Income-tax Act?
(a) Announc[redacted]
(b) Increase[redacted]
(c) Proceed [redacted]
(d) Cease de[redacted]

Q12. Which[redacted] rmediaries for deliveri[redacted] d business correspond[redacted]
(a) Non-Gov[redacted]
(b) Micro-fi[redacted]
(c) Civil Society Organizations
(d) All of the above

Q13. The principle that a bank's liability in a bank guarantee is primary and independent of the underlying contract between the buyer/importer and the seller/exporter applies to which of the following guarantees?
(a) Deferred Payment Guarantee
(b) Performance Guarantee
(c) Financial Guarantee
(d) None of the above

Q14. Match the following Group A with Group B in respect of the Essential mitigation strategies for business continuity:

	Group A		Group B
A	Application whitelisting	1	Remediate known security vulnerabilities
B	Patching applications	2	Control the execution of unauthorized software
C	Configuring Microsoft Office macro settings	3	Protect against vulnerable functionality
D	Application hardening	4	Block untrusted macros

(a) A-4, B-1, C-2, D-3
(b) A-2, B-1, [redacted]
(c) A-3, B-2, [redacted]
(d) A-1, B-3, [redacted]

Q15. In whi[redacted] guidelines as per the [redacted] Mr. R, a bus[redacted]BC Bank to his supplie[redacted] a real-time basis. Howe[redacted]eported the issue to XY[redacted]
(a) XYZ Ban[redacted]nt message, even though[redacted]
(b) XYZ Ban[redacted]nt message, and the amo[redacted]
(c) XYZ Ban[redacted]nt message, and the tran[redacted]
(d) XYZ Ban[redacted]ccount after 1 hour, altho[redacted]

Q16. Which[redacted]
(a) Goods th[redacted]
(b) Goods th[redacted]
(c) Goods that are genuine and accurately claimed to be so
(d) Goods that are falsely claimed to be of lower quality than they are

Q17. A loan classified as 'Doubtful I' and unsecured has been an NPA for 1.5 years. If the loan amount is ₹250,000, what would be the revised accelerated provisioning required in monetary terms?
(a) ₹250,000
(b) ₹100,000
(c) ₹200,000
(d) ₹125,000

Q18. When deciding the quantum of a loan, banks typically require an income proof document, such as a _________ for salaried individuals or an income tax return for other segments.
(a) Salary slip
(b) Bank statement
(c) Salary certificate
(d) Employment contract

Q19. Which of the following would be classified as a restrictive trade practice under consumer protection laws?
(a) A company offers a discount on one product when another unrelated product is purchased, but the customer ca [redacted]
(b) A compa [redacted] rvice fee for immediate c [redacted]
(c) A trader [redacted] in the price, thereby imp [redacted]
(d) A busine [redacted] n for future maintenanc [redacted]

Q20. In rela [redacted]
(a) A docum [redacted]
(b) A docum [redacted]
(c) A docum [redacted]
(d) A docum [redacted]

Q21. When [redacted] appears to be made by [redacted]
(a) If the en [redacted]
(b) If the en [redacted]
(c) If the en [redacted]
(d) If the en [redacted]

Q22. Which [redacted] BI) process for handling complaints?
1. The RBI does not acknowledge the receipt of complaints to safeguard the identity of the complainant.
2. Complainants are encouraged to follow up regularly with RBI to ensure their complaints are being addressed in a timely manner.
3. If further clarification is needed, the RBI will contact the complainant directly.
(a) Only 1, 3
(b) Only 2, 3
(c) Only 1, 2
(d) All of the above

Q23. What is the primary objective of extending Interest Subvention and Incentive for Prompt Repayment through Kisan Credit Cards (KCC) for Short Term Crop Loans?
(a) To promote long-term investment in real estate by farmers.
(b) To encourage farmers to take loans from private moneylenders.
(c) To ensure farmers have access to affordable credit and to promote timely repayment of loans.
(d) To increase the profitability of financial institutions by charging higher interest rates.

Q24. Is there a limit on the amount of a dispute that can be filed before the Ombudsman?
(a) Yes, there is a limit of Rupees 1 lakh
(b) Yes, there [redacted]
(c) No, there [redacted]
(d) It depen [redacted]

Q25. M/s. A [redacted] **0 lakh. The available n** [redacted] **quirement, margin mo** [redacted]
(a) Working [redacted] s. 36 lakhs
(b) Working [redacted] s. 40 lakhs
(c) Working [redacted] s. 42 lakhs
(d) Working [redacted] s. 42 lakhs

Q26. Rohan [redacted] **tion 133 of the Income** [redacted] **ial records. The bank,** [redacted] **s books of account to** [redacted] **sure of his informatio** [redacted]
Under whi [redacted] **'s financial records to t** [redacted]
(a) The ban [redacted] orization is provided.
(b) The Inc [redacted] ion, but the customer is not notified.
(c) The bank receives a specific, signed order from an authorized officer under Section 133 of the Income Tax Act, 1961, and informs the customer afterward.
(d) The bank independently decides to share customer financial records with the Income Tax Department to assist in potential future proceedings.

Q27. A bank has the following data:
Gross Advances: ₹150 lacs
Gross NPA: ₹15 lacs
Deductions: ₹5 lacs

Calculate the Gross NPA as a percentage of Gross advances:
(a) 8%
(b) 10%
(c) 12%
(d) 14%

Q28. What method is used to decide the interest rate for a loan secured against TDs?
(a) By adding a specified percentage to the interest rate of the loan.
(b) By adding a specified percentage to the prevailing market interest rate.
(c) By setting it a certain percentage above the interest rate given on the TD.
(d) By aligning [redacted]

Q29. What [redacted] ount status and transa[redacted]
(a) Overlook[redacted]
(b) Concent[redacted]
(c) Being at[redacted]
(d) Solely fo[redacted]

Q30. How [redacted] ans with a banker?
(a) Through[redacted]
(b) Under ci[redacted]
(c) By provi[redacted]
(d) By subm[redacted]

Q31. A far[redacted] maize on 2 acres. The [redacted] acre. What will be the [redacted]
(a) ₹1,32,00[redacted]
(b) ₹1,50,00[redacted]
(c) ₹1,69,00[redacted]
(d) ₹1,70,000

Q32. What is the maximum tenure of an SNRR account?
(a) 5 years
(b) 7 years
(c) 10 years
(d) No maximum tenure

Q33. Which of the following statements accurately describe the permitted credits in an Exchange Earner's Foreign Currency (EEFC) Account as per the guidelines?

A. 100% of foreign exchange earnings, including loans and investments received through normal banking channels, can be credited to an EEFC account.
B. Payments received for counter trade purposes are permitted to be credited into an EEFC account.
C. Advance remittance received towards export of goods or services is not allowed to be credited to an EEFC account.
D. Professional earnings such as consultancy fees or honorariums received by a professional in their individual capacity can be credited to an EEFC account.
(a) Only A, B
(b) Only B, D
(c) Only A, C
(d) All of the [redacted]

Q34. What [redacted] **eir version if they are g** [redacted]
(a) 30 days
(b) 45 days
(c) 50 days
(d) 60 days

Q35. Sarah, [redacted] **e discovers that a team** [redacted] **ct has been successful s** [redacted] **must decide how to add** [redacted] **ompany. What appro** [redacted] **is facing?**
(a) Confront [redacted] mplications.
(b) Analyze [redacted] nterests are prioritized a [redacted]
(c) Explore [redacted] implications while maint [redacted]
(d) Ignore t [redacted] might cause unnecessary [redacted]

Q36. Who is primarily responsible for addressing customer service complaints or grievances at the Branch?
(a) Counter Staff
(b) Customer
(c) Regional/Zonal Office
(d) Branch Manager

Q37. When a bank receives a garnishee order from a court, what are the required steps regarding a customer's account that has a credit balance?

(a) The bank must immediately freeze debit transactions in the affected account and notify the customer about the order.
(b) If the amount specified in the order is less than the account's credit balance, it may be moved to a sundry deposit account for later disbursement to the court or the tax authority.
(c) The bank is allowed to open a new account for future transactions, as garnishee orders do not apply to subsequent accounts unless specifically reattached.
(d) Garnishee orders targeting an individual do not affect joint accounts held by the debtor with others.

Q38. What primary responsibility does a banker have when managing funds acquired via deposits?
(a) To securely store it within vaults.
(b) To chann [redacted]
(c) To alloca [redacted]
(d) To stand [redacted]

Q39. What i [redacted] banks from crediting a [redacted] yee named therein?
(a) To adher [redacted] Act of 1881.
(b) To prote [redacted]
(c) To ensur [redacted]
(d) To avoid [redacted]

Q40. Which [redacted] ower"?
(a) Drawing [redacted]
(b) Drawing [redacted] k value and then deduct [redacted]
(c) Drawing [redacted] n.
(d) Drawing [redacted] the stock is unpaid or no [redacted]

Q41. What [redacted] m?
(a) The 200 [redacted]
(b) The launch of digital currency
(c) The implementation of the Basel III framework
(d) The growth of blockchain technology

Q42. According to Section 11 of the Contract Act, which of the following conditions must be met for a person to be legally competent to enter into a contract?
(a) The person must be below the age of majority and of sound mind.
(b) The person must have attained the age of majority, be of sound mind, and not be disqualified by law.
(c) The person must only be of sound mind, with no consideration for age or legal disqualification.
(d) The person must be a government employee.

Q43. Which of the following best describes the purpose of an Escrow account in a real estate transaction?

(a) To protect the interests of the buyer by holding the funds until all contract conditions are satisfied
(b) To pay the seller immediately upon receiving the funds
(c) To secure a loan for the purchase of the property
(d) To manage the buyer's monthly mortgage payments

Q44. Which of the following is an unsecured money market instrument issued in the form of a promissory note?

(a) Demand [redacted]
(b) Overdra [redacted]
(c) Commer [redacted]
(d) Treasury [redacted]

Q45. What [redacted] l fee-based financial se [redacted]

(a) These se [redacted] ed services.
(b) They off [redacted]
(c) Fee-base [redacted]
(d) These se [redacted]

Q46. What [redacted] Consumer Protection [redacted]

(a) To imple [redacted]
(b) To offer [redacted]
(c) To advise [redacted]
(d) To handl [redacted]

Q47. Which [redacted] ions of the Prime Mini [redacted]

(a) The Pri [redacted] a 20% year-on-year growth in credit to micro and small enterprises.
(b) Banks are recommended to achieve an annual growth of 15% in the number of micro enterprise accounts.
(c) 60% of total lending to the MSE sector should be directed to Micro enterprises, based on the numbers from the corresponding quarter of the previous year.
(d) Credit to MSMEs falls under the Priority Sector Lending with a sub-target of 7.5% of ANBC or CEOBE, whichever is higher, specifically for Micro enterprises.

Q48. Under what condition can a duplicate Demand Draft (DD) or Banker's Cheque (BC) be issued?

(a) Only if the original instrument has already been paid.

(b) Only after the purchaser or payee furnishes indemnity and payment has not already been made.

(c) Without any indemnity, as long as the original instrument is lost.

(d) Only if the request is made by a third-party holder of the instrument.

Q49. A company has total sales of ₹1,20,00,000 and accounts receivable of ₹15,00,000. What is the debtor's receivables turnover ratio?

(a) 8 times

(b) 18 times [redacted]

(c) 28 times [redacted]

(d) 38 times [redacted]

Q50. In the [redacted] legal status of the bank [redacted]

(a) The ban[redacted] the amount once the pay[redacted]

(b) The bank[redacted]sury agreed to honor the[redacted]

(c) The ban[redacted]nt from the Panchayat d[redacted]

(d) The ban[redacted]issued by a government[redacted]

Q51. XYZ B[redacted]g a routine internal au[redacted]al engaged in internati[redacted] are mostly cross-bord[redacted]audit team recommen[redacted]

Which of t[redacted]llowing the internal audit recommendation regarding the client's risk categorization?

(a) Re-categorize the client to a high-risk category based solely on their high-net-worth status.

(b) Consider additional factors such as the client's volume of cross-border transactions and international client base before deciding on any re-categorization.

(c) Leave the client in the medium-risk category but increase the frequency of transaction monitoring.

(d) Immediately re-categorize the client as high risk and apply enhanced due diligence procedures without further assessment.

Q52. What is the purpose of making the complaint handling process policy document available at all branches of the bank?

(a) To ensure that only the management is aware of the complaint handling process.
(b) To enhance customer service and ensure that all employees are aware of the complaint handling process.
(c) To restrict the information to senior-level employees only.
(d) To keep the document as a reference for auditors only.

Q53. Alok, a salaried employee, is concerned about the financial security of his family in case of any unforeseen events. He wants to opt for a government scheme that provides life insurance coverage along with affordable premiums. Which government scheme would be the most suitable choice for Alok to ensure financial protection for his family?
(a) Alok should enroll in the Atal Pension Yojana to secure his family's financial future in case of any unforeseen [redacted]
(b) Alok sho[redacted]s accidental death and d[redacted]
(c) Alok sho[redacted]rest rate and is a secure i[redacted]
(d) He shoul[redacted]ial inclusion and providi[redacted]

Q54. Who c[redacted]
(a) Only Qu[redacted]
(b) Only ins[redacted]
(c) Only non[redacted]
(d) Individu[redacted]

Q55. What [redacted]
(a) Matters [redacted]entities and individuals [redacted]
(b) Matters [redacted]
(c) Matters [redacted]
(d) Matters [redacted]

Q56. Why s[redacted]k?
(a) To give customers an opportunity to express their grievances or suggestions anonymously.
(b) To collect confidential information about customers.
(c) To restrict the flow of complaints to a few branches only.
(d) To prevent customers from making complaints directly to the staff.

Q57. In the context of the Aadhar enrolment process, which of the following best explains how UIDAI ensures the uniqueness of the Aadhar number issued to each resident?
Rohit, a resident of India, visits an Aadhar enrolment center to register for his Aadhar card. He is required to provide his demographic details like name, date of birth, and address, along with biometric data such as fingerprints and iris scans. The Unique Identification Authority of India

(UIDAI) will use a de-duplication process to check if Rohit's details are already in the database before assigning him a unique 12-digit Aadhar number. Rohit is curious about how the system ensures that his Aadhar number is not already assigned to another person.

(a) By generating random numbers and cross-checking them against existing identity cards issued by other government agencies such as PAN or Voter ID
(b) By verifying the resident's demographic and biometric data against existing records in the UIDAI database to ensure that no duplicate entries are made before assigning a new Aadhar number
(c) By checking whether the person's data matches with any global identification systems before issuing the Aadhar
(d) By ensuring that the Aadhar number is linked to a person's tax records and financial transactions to avoid duplication of identity

Q58. 1. Ba [redacted] he buyer's requiremen [redacted] goods are found to be [redacted]
2. The pa [redacted] tween the buyer/imp [redacted] dule in the guarantee [redacted]
3. In a def [redacted] dent of the underlying [redacted]
Which of th [redacted] ntee (DPG) in internati [redacted]
(a) Only 1 a [redacted]
(b) Only 2 a [redacted]
(c) Only 1 a [redacted]
(d) All of th [redacted]

Q59. What [redacted] guidelines?
I. To provid [redacted]
II. To delive [redacted]
III. To facili [redacted] espondents (BCs), auto [redacted]
(a) I, II, and [redacted]
(b) Only II & [redacted]
(c) Only I & III
(d) None of the above

Q60. Under which of the following circumstances will XYZ Bank be entitled to protection under Section 128 of the Negotiable Instruments Act, 1881, after paying a crossed cheque in due course?
XYZ Bank received a crossed cheque from one of its customers, Mr. P, who requested the amount be credited to his account. The cheque was crossed generally and was drawn on ABC Bank. XYZ Bank, after verifying the cheque, made the payment in due course. Later, a dispute arose questioning whether XYZ Bank was entitled to protection under Section 128 of the Negotiable Instruments Act.

(a) XYZ Bank pays the cheque in due course, but the cheque was crossed specially, and the payment was made to a different bank.
(b) XYZ Bank pays the cheque in due course, and the cheque was crossed generally, with payment made to a banker.
(c) XYZ Bank pays the cheque without verifying if it was crossed generally or specially, and the payment was made to the bearer of the cheque.
(d) XYZ Bank pays the cheque in due course, but the cheque was crossed generally, and the payment was made directly to the payee without involving a bank.

Q61. What is the main objective of BCSBI?
(a) To regulate banks under the Banking Regulation Act, of 1949
(b) To ensu [redacted]
(c) To prom [redacted]
(d) To moni [redacted]

Q62. When [redacted]
(a) Once the [redacted]
(b) After bo [redacted]
(c) After all [redacted]
(d) When th [redacted]

Q63. State [redacted]
A. Integrat [redacted] eliminated the constra [redacted] transfer.
B. EFT facil [redacted]
C. The EFT [redacted] nendations of the Sara [redacted] constituted by the RBI [redacted]
(a) False, Tr [redacted]
(b) True, Fa [redacted]
(c) True, Tr [redacted]
(d) True, Fa [redacted]

Q64. Which of the following is the most appropriate procedure for XYZ Bank to verify and ensure that there has been no change in the KYC information of a legal entity customer?
XYZ Bank is conducting its annual KYC review for its corporate clients. They send emails to legal entity customers requesting a self-declaration regarding any changes in their KYC information. One of their clients, ABC Ltd., submits a self-declaration via the registered mobile number, confirming no changes. The bank proceeds with updating the Beneficial Ownership (BO) information for verification.
(a) Requesting a self-declaration through any communication method, even if the contact is not registered with the bank.
(b) Obtaining a self-declaration from the customer along with a Board resolution and verifying Beneficial Ownership, using channels like registered email, mobile number, or digital platforms.

(c) Only checking the KYC information submitted previously, without requiring any further documentation or verification from the legal entity.
(d) Relying solely on the customer's past declaration, without verifying Beneficial Ownership or the self-declaration for accuracy.

Q65. ABC Ltd. enjoys working capital facilities with Bank B. It has approached the bank for a Letter of Credit (LC) limit for the purchase of machinery parts. The relevant information provided is given below:

- **Projected value of machinery parts consumption: Rs.5,400 lakh**
- **Projected value of machinery parts purchase on credit: Rs.4,200 lakh**
- **Time ta[redacted]**
- **Time ta[redacted]**
- **Credit p[redacted]d available credit p[redacted]ays**

What woul[redacted]
(a) Rs. 700 l[redacted]
(b) Rs. 630 l[redacted]
(c) Rs. 680 l[redacted]
(d) Rs. 620 l[redacted]

Q66. Choo[redacted]e banking industry:
1. Indian b[redacted]ing for the past few ye[redacted]
2. Broadba[redacted]anks to roll out many b[redacted]
3. Impleme[redacted]
4. Banks no[redacted]
(a) 1, 2 only[redacted]
(b) 1 and 4 [redacted]
(c) 2, 3 and [redacted]
(d) All of the[redacted]

Q67. Which legislation governs the management of foreign currency accounts for individuals residing in India, as part of the movement towards capital account convertibility?
(a) Foreign Exchange Management Act (FEMA)
(b) Reserve Bank of India Act (RBI Act)
(c) Securities and Exchange Board of India Act (SEBI Act)
(d) Banking Regulation Act

Q68. A company has a net income of $200,000 and shareholder equity of $1,000,000. What is the Return on Equity (ROE)?

(a) 15%
(b) 18%
(c) 16%
(d) 20%

Q69. Mr. Desai, a businessman, needs to urgently transfer ₹5 lakh to a supplier's account for a critical shipment. He chooses to use the RTGS system for the transfer, ensuring that the funds reach the supplier almost instantaneously. Mr. Desai initiates the transaction at 2:00 PM, and the funds are debited from his account immediately. The supplier confirms receipt within minutes. Which of the following situations could potentially disrupt the efficiency of the RTGS system, causing a delay in the beneficiary receiving the funds?
(a) The rece [redacted] delaying the crediting of [redacted]
(b) The tra [redacted] ount being transferred, [redacted]
(c) The sen [redacted] lting in the transfer bei [redacted]
(d) The RTG [redacted] ction by the system.

Q70. What [redacted] Off-Balance Sheet Expo [redacted] nks (UCBs) allocate to [redacted]
(a) 40%
(b) 50%
(c) 60%
(d) 75%

Q71. What [redacted] ver the past few decade [redacted]
(a) Decrease [redacted]
(b) Upward [redacted]
(c) Eliminat [redacted]
(d) Reduction in banking regulations on cash reserves

Q72. Which of the following can be inferred regarding the amendment to Section 28 of the Indian Contract Act, 1872, and its impact on bank guarantees?
1. Before the amendment to Section 28, most bank guarantees included a clause limiting the beneficiary's right to enforce claims within a short time period, typically three to six months.
2. The amendment to Section 28 was introduced to prevent government departments and municipal bodies from filing claims under bank guarantees for up to thirty years.
3. The amendment allows banks to extinguish their liability under a bank guarantee immediately after the stipulated claim period ends, reducing the need for long-term financial provisions.

(a) Only 1, 2
(b) Only 2, 3
(c) Only 1, 3
(d) All of the above

Q73. In a "Contract of Indemnity," who is responsible for compensating the loss?
(a) The third party who caused the loss.
(b) The person who suffered the loss.
(c) The promisor who made the promise.
(d) The government.

Q74. In met[redacted] of financial and non-fin[redacted]
(a) Two
(b) Three
(c) Four
(d) Five

Q75. For wh[redacted]
A. At the re[redacted]
B. Payment[redacted]
C. Payment[redacted] other than branches o[redacted]
D. Payment[redacted]
(a) A, B, and[redacted]
(b) B, C, and[redacted]
(c) Only B &[redacted]
(d) All of th[redacted]

Q76. If a bo[redacted] 0 lakh, how much will b[redacted]
(a) 100 lakh[redacted]
(b) 150 lakh[redacted]
(c) 160 lakh
(d) 200 lakh

Q77. Statement 1: Ethical audits conducted at regular intervals can help identify weak ethical areas within the organization, thereby preventing a potential crisis arising from internal factors.
Statement 2: External screening of threats focuses on factors that are within a firm's control, such as improving product/service quality, to prepare for a crisis.
Statement 3: The Whistle-blower Policy in an organization is designed to encourage reporting of unethical or illegal activities and assures protection for the individuals who report such activities.

Which of the following statements about the Pre-Crisis Stage and its management practices in an organization is/are correct?
(a) Only Statement 1 and Statement 3 are correct
(b) Only Statement 2 and Statement 3 are correct
(c) Only Statement 1 and Statement 2 are correct
(d) All three statements are correct

Q78. What is the purpose of implementing a Risk-Based Approach (RBA) in risk management for banks?
(a) To guarantee the effective execution of AML/CFT measures.
(b) To continuously evaluate and strengthen control measures as needed.
(c) To tailor [redacted] levels.
(d) To analy[redacted] customers, products/se[redacted]

Q79. Which[redacted] governing banks' dep[redacted]positors?
A small bus[redacted]xed deposit account. Du[redacted]ilities, such as online b[redacted]s. Although the bank's [redacted]violates the principle o[redacted]sit account and other s[redacted]
(a) A bank [redacted] only if the customer's [redacted]security.
(b) Banks a[redacted]positors and may include[redacted]d minimum deposit amo[redacted]
(c) As part o[redacted]ts, including charges anc[redacted]e customer voluntarily [redacted]
(d) A bank [redacted]lacement of deposits, bu[redacted]val from its depositors to remain compliant with transparency norms.

Q80. XYZ Wealth Management is advising its client, Mr. Gupta, on diversifying his investment portfolio. Mr. Gupta is particularly interested in exploring permitted investment avenues under the current regulatory framework. His portfolio manager presents several options, including investing in capital instruments of companies listed on the stock exchange, units issued by investment vehicles, and participating in the capital of a Limited Liability Partnership (LLP). Mr. Gupta also considers investing in convertible notes issued by a startup.
Considering the information provided, which of the following statements is most accurate regarding Mr. Gupta's potential investments?

(a) Mr. Gupta can invest in the capital of a LLP with a limit proportional to his other investments, but investing in convertible notes of a startup company is subject to strict regulatory restrictions under FEMA.
(b) Mr. Gupta can invest in the capital of a LLP without any limit, and investing in convertible notes issued by a startup company is permitted under FEMA guidelines.
(c) Mr. Gupta is restricted from investing in units issued by an investment vehicle outside the stock exchange, but he can invest in capital instruments of a company on the stock exchange without any restrictions.
(d) Mr. Gupta can only invest in capital instruments of a company or units issued by an investment vehicle on the stock exchange, and all other investment avenues are subject to significant regulatory limitations.

Q81. XYZ [redacted] compliance requireme[redacted]s, generate reports, an[redacted]he RegTech solution ha[redacted] the risk of regulatory [redacted]p pace with evolving re[redacted]ndle future regulatory [redacted]
Which of th[redacted]RegTech for managing [redacted]
(a) The nee[redacted]could strain the bank's I[redacted]
(b) The pos[redacted]ing systems, leading to d[redacted]
(c) The risk [redacted]ck of human oversight, p[redacted]
(d) The cha[redacted] in different jurisdictions[redacted]

Q82. If a fa[redacted]ost-harvest warehouse[redacted]ft for other uses?
(a) 24,000
(b) 20,000
(c) 16,000
(d) 10,000

Q83. What are the minimum disclosures required by the RBI in the 'Notes to Accounts' of financial statements?
(a) Only the items that are significant to the understanding of the financial position and performance of the bank
(b) Only the comparative financial information of the previous period
(c) All disclosures required by the Accounting Standards
(d) The items listed in the RBI Guidelines

Q84. What type of shares is considered appropriate as collateral for loans granted to corporations to finance the promoters' contribution towards the equity of newly established companies?
(a) Only shares in dematerialized (demat) form
(b) Only shares in physical form
(c) Both dematerialized and physical shares
(d) None, as shares are not permissible as collateral for such loans

Q85. Which of the following statements accurately describe the categories of NBFCs exempted from registration with RBI under the RBI Act, 1934?
Statement [redacted]without any conditions.[redacted]
Statement [redacted]curitisation and Recon[redacted], 2002, are exempted.[redacted]
Statement [redacted] RBI.
Statement [redacted] to register with RBI u[redacted]
(a) Stateme[redacted]
(b) Stateme[redacted]
(c) Stateme[redacted]
(d) Stateme[redacted]

Q86. Whic[redacted] currency transaction[redacted]
Statement [redacted]with banks outside Ind[redacted]an be used for related [redacted]
Statement [redacted]name of the individual [redacted]oad, with a self-declara[redacted]
(a) Only Sta[redacted]
(b) Only Statement 2
(c) Both Statement 1 and Statement 2
(d) Neither Statement 1 nor Statement 2

Q87. When calculating drawing power, the margin is deducted after excluding _________ stock from the total stock value, ensuring that the value considered for credit is fully secured.
(a) Paid-up
(b) Unpaid
(c) Residual
(d) Gross

Q88. Which among the given directives isn't pertinent to activities executed at White Label ATMs (WLAs)?

(a) Directives concerning recompense for unsuccessful ATM transactions.

(b) Directives allowing a quintet of complimentary monthly transactions when utilizing ATMs from different banks.

(c) Universal directives overseeing the functionality of ATMs managed by banks.

(d) Each of the aforementioned directives pertains to WLA transactions.

Q89. Identify the entities that are mandated to adhere to the Right to Information (RTI) Act in India:

(a) Exclusiv[redacted]

(b) Solely pu[redacted]

(c) Both pub[redacted]nent.

(d) Neither [redacted]ent.

Q90. What [redacted]ney?

(a) Maximiz[redacted]

(b) Ensuring[redacted]

(c) Lending [redacted]

(d) Ignoring[redacted]

Q91. Which[redacted]

(i) An empl[redacted]

(ii) An emp[redacted]

(iii) An em[redacted]

(iv) An emp[redacted]

(a) Both ii, a[redacted]

(b) Both iii, [redacted]

(c) Both ii, a[redacted]

(d) ii, iii, and[redacted]

Q92. What [redacted]d under the FCRA, to reallocate a portion of the foreign contribution from his "FCRA Account" at SBI's New Delhi Main Branch to another chosen scheduled bank for easier operations?

(a) Mr. Gupta is permitted to directly relocate the foreign contribution from his "FCRA Account" at SBI's New Delhi Main Branch to any scheduled bank of his preference without any limitations.

(b) Mr. Gupta can shift the entire foreign contribution from his "FCRA Account" at SBI's New Delhi Main Branch to any other personal or operational account of his choosing for better management.

(c) Mr. Gupta is not authorized to transfer the foreign contributions to another scheduled bank; he must use the funds directly from his "FCRA Account" at SBI's New Delhi Main Branch.

(d) Mr. Gupta should first transfer the foreign contribution from his "FCRA Account" at SBI's New Delhi Main Branch to his "FCRA Account" in a different scheduled bank, then he can move it to any scheduled bank of his choice for usage.

Q93. On August 10, 2023, Mr. Smith, a customer of XYZ Bank, issued a crossed cheque for Rs. 5,000 favoring Mr. Johnson. The cheque appeared to be genuine and was presented for clearing under the CTS system. XYZ Bank, acting in good faith and without negligence, received the payment for Mr. Smith. However, upon further examination, it was discovered that the signature on the cheque was forged. Can XYZ Bank claim protection under Sec. 131 for the payment received from the forged cheque?

(a) No, XYZ Bank cannot claim protection under Sec. 131 even though they acted in good faith and received the payment for their customer, as they did not fulfill the crucial condition of verifying the prima facie genuineness of the cheque before collecting payment.

(b) Yes, XYZ [redacted] gent actions in receiving [redacted] genuineness of the chequ[redacted]

(c) No, XYZ [redacted] ed generally or especiall[redacted]

(d) Yes, XYZ [redacted] cheque and could not ha[redacted]

Q94. A pers[redacted]. Calculate the simple [redacted]

(a) Rs. 1,25[redacted]

(b) Rs. 1,30[redacted]

(c) Rs. 1,50[redacted]

(d) Rs. 1,60[redacted]

Q95. As per [redacted] required to open an ac[redacted]

(a) Docume[redacted]

(b) Docume[redacted]

(c) Docume[redacted]

(d) Docume[redacted]

Q96. From which sources can NRIs/PIOs/OCIs legally acquire immovable property in India, except for agricultural land, plantation property, and farmhouses?

(a) By purchasing from a resident of India, an NRI, or an OCI who is a relative as defined under the Companies Act, 2013.

(b) By inheriting property from a person residing outside India, provided the property was acquired in compliance with foreign exchange regulations.

(c) By inheriting property from a resident of India.

(d) All of the above

Q97. What is the purpose of creating savings habits through SHGs?
(i) To uplift the living conditions of poor
(ii) To mobilize individual skills for the group's interest
(iii) To assist members financially in their time of need
(a) Only ii
(b) Only ii and iii
(c) Only i and iii
(d) All of the above

Q98. Under [redacted] ner's goods or securitie [redacted]
(a) When th [redacted]
(b) When t [redacted] e course of banking bus [redacted]
(c) When th [redacted]
(d) When th [redacted]

Q99. Under [redacted]
(a) A cheque [redacted]
(b) A postda [redacted]
(c) A cheque [redacted]
(d) A chequ [redacted]

Q100. Alice [redacted] The bank is considering [redacted] er financial institution. [redacted] ice is asked for her opi [redacted]
(a) Alice sh [redacted] can create challenges s [redacted]
(b) Alice sh [redacted] bank won't [redacted] proceed smoothly.
(c) Alice should suggest that merging banks will be seamless because modern IT infrastructure is adaptable and can handle the complexities easily.
(d) Alice should recommend avoiding any mergers entirely to circumvent the potential technological complications that could arise.

Solutions

S1. Ans.(d)
Sol. Cycle of Operation=Time for Advising L/C+Shipment Time+Credit Period
=15+25+35=75days= 15 + 25 + 35 = 75 \, \text{days}=15+25+35=75days
The number of cycles in one financial year is
Number of Cycles=360/75=4.8cycles
LC credit limit = 4,200 lakh/ 4.8
= 875 lakh

S2. Ans.(c)
Sol. The per [redacted] ined by the
Limitation [redacted] gs must be
initiated for [redacted] ebt through
the court. T [redacted] owledgment
of debt, or d [redacted] im becomes
time-barred [redacted] s.

S3. Ans.(d)
Sol. Accordi [redacted] tor, and the
customer a [redacted] mount; the
customer m [redacted] eque, draft,
or withdraw [redacted] the right to
withdraw m [redacted]

S4. Ans.(d)
Sol. Author [redacted] ave several
operational [redacted]
(i) Obtaining [redacted] action is not
intended to [redacted]
(ii) Collecti [redacted] re that the
transaction [redacted] or any rule.
(iii) Keeping [redacted] saction was
undertaken.
(iv) Refusing to undertake the transaction in writing if there is a reasonable belief of contravention/evasion and reporting such suspicions to the Reserve Bank of India (RBI). These measures are put in place to prevent misuse of foreign exchange transactions and ensure adherence to legal and regulatory frameworks.

S5. Ans.(b)
Sol. Unsecured exposures identified as ‘substandard’ attract an additional provision of 10%, meaning a total of 25% (15% general provision + 10% additional provision) on the outstanding balance should be provisioned. Hence, option b which suggests a 25% provision is the correct answer.

S6. Ans.(a)

Sol. Typically, investments in securitized assets originated by Microfinance Institutions (MFIs) are not subject to an interest cap as per regulatory norms. The pricing is generally influenced by market forces and the credit rating of the securitized assets. Therefore, the correct answer is option (a), "There is no interest cap for investments in securitized assets originated by MFIs."

S7. Ans.(d)

Sol. The given scenario precisely matches the characteristics of a Smishing attack. Smishing attempts often use urgent language, URLs, and threats of financial penalties to lure victims into falling for the scam. According to best practices, if Jane has any doubts, she should confirm the situation by calling her bank's Bran [redacted] xt message. Ignoring the [redacted]

S8. Ans.(c)

Sol. The sta [redacted] ss in credit managemen [redacted] , operation, and dissolu [redacted] ements with companies. [redacted] istration Act are also inte [redacted]

S9. Ans.(c)

Sol. As per t [redacted] any pipeline transactions [redacted] ongoing or unclaimed t [redacted] nge balance is processed [redacted]

S10. Ans.(a [redacted]

Sol. The co [redacted] ponsible for studying the [redacted] lines for the same. The [redacted] **Committee Report on B** [redacted] garajan was constituted [redacted] eriod 1990-94. This committee was tasked with creating a **perspective plan**.

S11. Ans.(d)

Sol. When a bank receives a garnishee order from a court or an attachment order from the Income Tax Authorities under section 226 of the Income-tax Act, it is mandated to immediately halt all debit operations in the account that has been specified in the order. This action is taken to comply with the legal requirements set forth by the court or tax authorities, ensuring that the account's funds are preserved in accordance with the directives. The bank must then inform the account holder of the order, suspending any withdrawals or outgoing payment activities until the legal matters are settled, thereby preventing any transactions that could interfere with the execution of the court's or authority's decision.

S12. Ans.(d)

Sol. The Reserve Bank of India allows various entities, including Non-Governmental Organizations/Self-Help Groups (NGOs/SHGs), Micro-finance Institutions (MFIs), and Civil Society Organizations (CSOs), to function as intermediaries. These organizations are authorized to offer banking and financial services under the frameworks of business facilitators (BF) and business correspondents (BC).

S13. Ans.(a)

Sol. The principle that a bank's liability in a bank guarantee is primary and independent of the underlying contract between the buyer/importer and the seller/exporter applies to a Deferred Payment Guarantee ([redacted]

S14. Ans.(b[redacted]

Sol. Essenti[redacted]

1. Application whitelisting	to control the execution of unauthorized software
2. Patching applications	to remediate known security vulnerabilities
3. Configuring Microsoft Office macro settings	to block untrusted macros
4. Application hardening	to protect against vulnerable functionality
5. Restricting administrative privileges	to limit powerful access to systems
6. Patching operating systems	to remediate known security vulnerabilities
7. Multifactor authentication	to protect against risky activities and credential theft
8. Daily backups	to maintain the availability of uninfected critical data.

[redacted]

S15. Ans.(d[redacted]

Sol. RTGS ([redacted]stem where funds are tr[redacted]ure that the beneficiary's account is credited within **30 minutes** of receiving the RTGS message. **Option (d)** is correct as the bank delayed the crediting by more than 30 minutes due to system issues, thus violating the guidelines.

- **Option (a)** is incorrect because the minimum RTGS transaction amount is ₹2 lakh, and this transaction falls below the permissible limit.
- **Option (b)** is correct since the transaction amount is ₹2.5 lakh, and the account was credited within 30 minutes.
- **Option (c)** is incorrect because the bank credited the account 35 minutes after receiving the message, exceeding the 30-minute limit, which is a violation.

S16. Ans.(a)

Sol. Spurious goods refer to products or items that are not genuine or authentic, yet they are falsely claimed or presented as genuine by the seller or manufacturer. These goods may imitate the appearance or packaging of legitimate products to deceive consumers into believing that they are purchasing the real thing.

S17. Ans.(a)

Sol. For the 'Doubtful I' classification in the 2nd year, the unsecured portion requires 100% provisioning.

Provisioning = ₹250,000 × 100/100 = ₹250,000

So, the corr[redacted]

S18. Ans.(c[redacted]

Sol. When d[redacted]ent, such as a salary cer[redacted] The salary certificate s[redacted]essing their ability to re[redacted]

S19. Ans.(c[redacted]

Sol. This is a[redacted] an increase in the price[redacted]r protection laws, practic[redacted]d restrictive.

S20. Ans.(b[redacted]

Sol. OVD, o[redacted]entity of an individual. [redacted] Cards, and Driving Lice[redacted]

S21. Ans.(a[redacted]

Sol. A bank [redacted] to be made by or on beh[redacted] due course. This situatio[redacted] is protected if it adheres to standard procedures in processing payments, even in cases where the endorsement is later discovered to be non-genuine. This provision is designed to shield banks from liability when they have acted in good faith and followed standard banking practices.

S22. Ans.(a)

Sol. Statement 1 is correct as the RBI intentionally does not acknowledge receipt of complaints to protect the complainant’s identity.

Statement 2 is incorrect because complainants are explicitly advised not to engage in further correspondence with the RBI to maintain the confidentiality of their complaint.

Statement 3 is correct as the RBI will contact the complainant if additional clarification is required.

S23. Ans.(c)
Sol. The primary objective of extending Interest Subvention and Incentive for Prompt Repayment through Kisan Credit Cards (KCC) for Short Term Crop Loans is to ensure farmers have access to affordable credit and to promote timely repayment of loans. This scheme helps farmers manage their short-term working capital needs efficiently, thereby supporting agricultural productivity and financial stability.

S24. Ans.(c)
Sol. There is no limit on the amount of a dispute that can be filed before the Ombudsman.

S25. Ans.(b[redacted]
Sol. Given th[redacted]
Net working[redacted]
Working Ca[redacted]
Maximum b[redacted]
Borrower m[redacted]
Additional n[redacted]

S26. Ans.(c[redacted]
Sol. The co[redacted]x Act, 1961.
Under Secti[redacted]igned order
from an auth[redacted]fter sharing
the informa[redacted]ncy with the
customer.

S27. Ans.(b[redacted]
Sol. To find[redacted]
Gross NPA a[redacted]
Substituting[redacted]
(₹15 lacs / ₹[redacted]

S28. Ans.(c[redacted]
Sol. The interest rate for a loan taken against Term Deposits (TDs) is usually set by marking it up by a defined percentage over the rate provided on the TD. Consequently, the interest rate charged on the loan will surpass the interest generated from the TD, establishing it as an efficient borrowing choice using the TD as security.

S29. Ans.(c)
Sol. A collecting banker has the responsibility to be vigilant about the customer's financial circumstances and the nature of transactions happening within the account. Neglecting this aspect can lead to risks and raise suspicions regarding significant deposits made through cheque collections. The banker must remain informed about both the customer's financial health and the patterns of transactions to ensure due diligence is practiced in managing the account.

S30. Ans.(c)
Sol. Under Sections 59 to 61 of the Indian Contract Act, 1872, a debtor holds the right to precisely allocate a payment by issuing written instructions to their banker. This vital mechanism guarantees that the payment is exclusively utilized to offset a designated debt. Through this legal provision, debtors can exert control over the allocation of funds, enhancing financial transparency and contractual obligations in monetary transactions.

S31. Ans.(c)
Sol.
1. **Scale of finance for wheat** = 1 * ₹30,000 = ₹30,000
2. **Scale of** [redacted]
3. **Total sc** [redacted]
4. **Add 10** [redacted]
5. **Add 20** [redacted]
6. **Total K** [redacted]

S32. Ans.(b [redacted]
Sol. The ten [redacted] eration/the business of t [redacted] in the SNRR guidelines. [redacted]

S33. Ans.(b [redacted]
Sol. Stateme [redacted] allowed as credits in an [redacted] consultancy fees and ho [redacted] stments are excluded fro [redacted] exports are indeed allow [redacted]

S34. Ans.(b [redacted]
Sol. The opp [redacted] it can be for a duration n [redacted] be 30 + 15 = 45 days.

S35. Ans.(c)
Sol. To effectively resolve an ethical dilemma, Sarah should explore multiple alternative solutions, considering both the short-term and long-term implications while maintaining objectivity. Ethical dilemmas require comprehensive understanding and innovative thinking, rather than a narrow win-lose analysis. By evaluating all possible options and their consequences, Sarah can find a solution that aligns with both ethical standards and the company's long-term success.

S36. Ans.(d)
Sol. The responsibility for resolving complaints or grievances related to customer service at the Branch falls primarily on the Branch Manager. When issues cannot be resolved by the counter staff or supervisor, it is the Branch Manager's obligation to investigate and address the complaint effectively.

S37. Ans.(a)

Sol. Upon receipt of a garnishee order, a bank is obligated to halt all debit operations on the customer's account that have been targeted by the order and promptly inform the customer of this legal action. This step is crucial to ensure adherence to the legal directives while safeguarding the interests of the customer. Promptly notifying the customer about the garnishee order is essential for maintaining transparency, fostering trust, and facilitating a swift resolution of any issues leading to the issuance of the order. This procedure is designed to protect both the bank and its customers from potential fraudulent activities or other related concerns.

S38. Ans.(c [redacted]

Sol. A bank [redacted] nploy those resources i [redacted] ws banks to procure int [redacted] sits to their customers.

S39. Ans.(a [redacted]

Sol. The pr [redacted] outlined in Section 131 [redacted] ave received payment in [redacted] them from incurring li [redacted]

S40. Ans.(b [redacted]

Sol. Drawin [redacted] onsidered a liability, fro [redacted] ock value to determine t [redacted] accurately reflects the [redacted]

S41. Ans.(a [redacted]

Sol. The int [redacted] 2008 Global Financial Cr [redacted] ading to the development [redacted] in financial transactions. The LEI helps improve financial transparency and mitigate the systemic risks that contributed to the crisis.

S42. Ans.(b)

Sol. Section 11 of the Contract Act specifies that for a person to be legally competent to enter into a contract, three conditions must be met: (i) the person must have attained the age of majority, (ii) the person must be of sound mind, and (iii) the person must not be disqualified from entering into a contract by any law to which they are subject. These conditions ensure that only those individuals who are legally and mentally capable can engage in binding contracts.

S43. Ans.(a)
Sol. In real estate transactions, an Escrow account is set up to protect both the buyer and the seller by ensuring that the funds are not released until all the conditions of the purchase agreement have been met. For instance, the escrow service may require the seller to provide proof of a clear title or to complete certain repairs before the money is transferred. This mechanism ensures that the transaction proceeds smoothly and securely.

S44. Ans.(c)
Sol. Commercial paper is an unsecured money market instrument issued in the form of a promissory note. It enables highly rated corporate borrowers to diversify their sources of short-term borrowings and to provi[redacted]

S45. Ans.(c[redacted]
Sol. The stu[redacted]sed financial services as [redacted]d consistent income stre[redacted]and interest rate change[redacted]harges. This consistency [redacted] reduces the banks' relia[redacted]all financial performanc[redacted]

S46. Ans.(c[redacted]
Sol. The pri[redacted]cil (CPC) by the Central [redacted]er rights as specified in [redacted]from central and state go[redacted]t parties. Its principal fu[redacted]umer rights.

S47. Ans.(b[redacted]
Sol. Option [redacted]of the Prime Minister's [redacted] recommend[redacted] enterprise accounts, not 15%. All the other options correctly summarize features or recommendations for MSMEs.

S48. Ans.(b)
Sol. A duplicate DD or BC can be issued if the original instrument has not been paid and the purchaser or payee furnishes an indemnity. This protects the bank against any potential claims that might arise from the original instrument being found or misused. This is a standard procedure to ensure that the bank and the purchaser are safeguarded against any possible financial loss.

S49. Ans.(a)
Sol.
The formula for the debtor's receivables turnover ratio is:

$$\text{Debtor's Receivables Turnover Ratio} = \frac{\text{Total Sales}}{\text{Accounts Receivable}}$$

Substituting the given values:

$$\text{Debtor's Receivables Turnover Ratio} = \frac{₹1,20,00,000}{₹15,00,000} = 8$$

This ratio indicates how many times the company collects its average accounts receivable during a period. A higher ratio signifies efficient management of receivables.

S50. Ans.(c[redacted]
Sol. In this [redacted] recover the cheque amo[redacted]cquired the cheque in g[redacted] to claim the amount des[redacted]

S51. Ans.(b[redacted]
Sol. The mo[redacted] such as the client's volu[redacted]g on any re-categorizati[redacted]ient's actual risk profile. [redacted]g enhanced due diligenc[redacted]stimation of the actual ri[redacted] monitoring might not be[redacted]

S52. Ans.(b[redacted]
Sol. Making[redacted]re informed about the co[redacted]l awareness within the [redacted] effectively, contributing to better overall customer satisfaction.

S53. Ans.(a)
Sol. Atal Pension Yojana not only offers a pension component but also provides life insurance coverage in case of the subscriber's demise. It is an ideal choice for Alok to ensure comprehensive financial protection for his family in case of any unforeseen events. While PMSBY provides life insurance benefits in case of an accident, it may not fulfill his need for a comprehensive financial protection scheme. Additionally, RBI Bonds provide a secure investment option but they do not offer life insurance coverage or financial protection in case of unforeseen events. Since Alok wants a government scheme that offers life insurance coverage, he eliminates the option of Pradhan Mantri Jan Dhan Yojana which is primarily focused on financial inclusion and providing bank accounts to the unbanked population.

S54. Ans.(a)
Sol. Asset Reconstruction Companies (ARCs) issue Security Receipts (SRs) mainly to Qualified Buyers (QBs) as defined by regulations. These Qualified Buyers are generally institutions or other entities that meet certain financial and regulatory criteria that make them eligible to invest in such financial instruments.

S55. Ans.(a)
Sol. The IBC covers matters related to insolvency, liquidation, voluntary liquidation, or bankruptcy of entities and individuals. It applies to companies incorporated under the Companies Act, 2013, or under any previous law, limited liability partnerships, partnership firms, proprietorship firms, and individuals.

S56. Ans.(a [redacted]
Sol. A com [redacted] xpress their grievances [redacted] d accessible way to com [redacted] services and customer sa [redacted]

S57. Ans.(b [redacted]
Sol. The UI [redacted] ion process, where both [redacted] ints and iris scans) of the [redacted] guarantees that no dup [redacted] r number is unique and [redacted]

S58. Ans.(b [redacted]
Sol.
1. **Stateme** [redacted] ods shipped meet th [redacted] uarantee is indepen [redacted] grounds of defective [redacted]
2. **Stateme** [redacted] between the buyer/i [redacted] ule into the guarantee they issue, mirroring the terms of the main contract.
3. **Statement 3 is correct:** The bank's liability under a Deferred Payment Guarantee is primary and independent of the underlying contract between the buyer/importer and the seller/exporter. The bank is obligated to make payment without protest, based on the unconditional and irrevocable nature of the guarantee.

S59. Ans.(a)
Sol. The objectives of payment banks (PBs) are multifaceted as per the regulatory guidelines. These include the provision of small savings accounts, which cater to various entities such as migrant laborers, low-income households, and small businesses. Additionally, offering efficient payment and remittance

services is a key goal. Another significant objective is ensuring financial inclusion. This is particularly aimed at serving remote areas and underbanked populations, utilizing business correspondents (BCs), ATMs, and other accessible networks. These objectives collectively aim to broaden the reach of banking services and integrate more people into the formal financial system.

S60. Ans.(b)

Sol. Section 128 of the Negotiable Instruments Act provides protection to a drawee bank that pays a crossed cheque in due course, placing it in the same position as if the payment was made to the true owner of the cheque. For the protection to apply, certain conditions must be met: when a cheque is crossed generally, the payment must be made to a banker; when crossed specially, the payment must be made only [redacted] by paying the cheque [redacted]

- **Option** [redacted] have been made to [redacted]
- **Option** [redacted] protection wouldn't [redacted]
- **Option** [redacted] process to qualify [redacted]

S61. Ans.[redacted]

Sol. The [redacted] Codes and Standards [redacted] that the Codes and [redacted] services to their [redacted]

S62. Ans.[redacted]

Sol. The [redacted] presentation clearing [redacted] This ensures that all [redacted] such as insufficient [redacted]

S63. Ans.(b)

Sol. The correct statements are as follows:

A. True - The availability of integrated technology, such as computers and communication facilities, has indeed eliminated the constraint of distance in providing better customer service and expediting funds transfer.

B. False - EFT (Electronic Funds Transfer) facilitates the movement of funds through electronic media, not physical means.

C. True - The EFT mechanism at the national level was established as a result of the recommendations of the Saraf Committee on technology issues in the payment and settlement system constituted by the RBI (Reserve Bank of India) in 1994.

S64. Ans.(b)

Sol. The correct procedure for banks includes obtaining a self-declaration from legal entities, along with a letter from an authorized official, Board resolution, or other formal documents. Banks should also verify that the Beneficial Ownership (BO) information is up-to-date and that no changes have occurred. This ensures compliance with KYC norms. **Option (b)** captures all essential steps—self-declaration, verification of BO, and use of registered communication channels, making it the most comprehensive and compliant approach.

- **Option (a)** is incorrect as it suggests using unregistered communication methods, which could compromise security.
- **Option (c)** ignores the need for verification and updating of BO information, an essential part of the KYC revi[redacted]
- **Option** [redacted]formation is current, [redacted]

S65. Ans.(a[redacted]

Sol. The tim[redacted]

Time for ad[redacted]t period (30 days)

= 12 + 18 + [redacted]

The number[redacted]

Number of [redacted]

The project[redacted]h.

The value of[redacted]

Value of L/[redacted]

Thus, the Le[redacted]

S66. Ans.(a[redacted]

Sol. Explana[redacted]

1. This sta[redacted]s of digital technolo[redacted]s of digital banking.[redacted]
2. This is a[redacted] the way for online ba[redacted]
3. This statement is incorrect. Implementation of new technologies often involves significant costs, not just in terms of acquiring the technology but also in training staff, integrating with existing systems, and maintaining the new technologies.
4. This statement is incorrect. Banks continue to use demographic information to segment their customer base and offer targeted products and services.

S67. Ans.(a)

Sol. The regulation of foreign currency accounts for individuals living in India falls under the Foreign Exchange Management Act (FEMA). This act facilitates the opening, holding, and maintaining of foreign currency accounts within India, helping residents engage in foreign exchange transactions and offering a way to mitigate exchange rate risk while also reducing the costs associated with currency conversion.

S68. Ans.(d)
Sol. ROE = (Net Income / Shareholder's Equity) x 100
= ($200,000 / $1,000,000) x 100
= 20%

S69. Ans.(a)
Sol. While RTGS transactions are processed on a real-time basis, technical issues at the receiving bank can delay the crediting of the beneficiary's account. Even though RTGS requires the beneficiary's account to be credited within 30 minutes of receiving the RTGS message, technical disruptions can cause delays, potentially affecting the transaction's efficiency.
Informatio[redacted]
Real-Time [redacted]suring that payments ar[redacted]
Minimum T[redacted]ons, with no upper limit.[redacted]
Instantaneo[redacted]30 minutes, under norm[redacted]
Availability:[redacted]ce for high-value transa[redacted]
Technical Di[redacted]sing of RTGS transactions[redacted]
Manual Veri[redacted]rification in cases of sus[redacted]

S70. Ans.(d[redacted]
Sol. The req[redacted]y March 31, 2024, UCBs [redacted] the priority sector. This [redacted] on priority sectors over[redacted]

S71. Ans.(b[redacted]
Sol. One ma[redacted]rates, which raises the op[redacted]reater costs in terms of lost potential earnings from investments when they hold too much cash on hand. This incentivizes companies to adopt more efficient cash management practices.

S72. Ans.(a)
Sol.
- **Statement 1** is correct. Prior to the amendment of Section 28, bank guarantees commonly included a clause limiting the time in which the beneficiary could enforce a claim to three to six months, after which the bank's liability would be extinguished.
- **Statement 2** is correct. The clause was introduced due to concerns that without such a limitation, government departments and municipal bodies could file claims under bank guarantees up to thirty years after a claim was made, creating long-term liabilities for banks.

- **Statement 3** is incorrect. The amendment does not immediately extinguish the bank's liability after the claim period ends. The amendment likely redefines the limitations and conditions under which claims can be made, but it does not remove the banks' liability as soon as the claim period ends.

S73. Ans.(c)

Sol. In a "Contract of Indemnity," the promisor is the party responsible for compensating the loss incurred by the promisee. The promisor makes a legal commitment to indemnify the promisee against any losses that arise due to the promisor's actions or the actions of any other person, ensuring that the promisee is financially protected.

S74. Ans.(b)

Sol. In metr [redacted] ial and non-financial tra [redacted] rs in metro areas can ac [redacted] tional costs.

S75. Ans.(d [redacted]

Sol. Banker' [redacted] behalf of its customers. [redacted]

a) At the re [redacted]

b) Payment [redacted]

c) Payment [redacted] an branches of our B [redacted]

d) Payment [redacted]

e) Payment [redacted]

f) Payment [redacted]

g) All other [redacted]

S76. Ans.(b [redacted]

Sol. Althoug [redacted] nt in default is subject to [redacted] d have been higher, it is [redacted]

S77. Ans.(a [redacted]

Sol.

1. **Statement 1** is correct: Ethical audits are indeed a preventive measure that helps in identifying weak ethical areas within an organization, thereby preventing a potential crisis due to internal reasons.
2. **Statement 2** is incorrect: External screening of threats focuses on factors **beyond** a firm's control, such as market conditions or actions by fraudsters, not on improving internal factors like product/service quality, which are within the firm's control.
3. **Statement 3** is correct: The Whistle-blower Policy is designed to encourage the reporting of unethical or illegal activities and provides protection to those who report such activities, helping prevent larger crises.

S78. Ans.(c)

Sol. The Risk-Based Approach (RBA) is employed by banks to customize customer due diligence and transaction monitoring measures based on the assessed risk levels, ensuring that anti-money laundering and counter-financing of terrorism measures are appropriately applied according to the level of risk.

S79. Ans.(c)

Sol. The correct answer is **C** because banks must ensure transparency and explicitly inform depositors about charges, account operations, and restrictive practices like "tying-up" services with deposits. Such practices should only occur if the customer voluntarily consents after understanding the terms. Other options are [redacted] ve practices without pro[redacted]

S80. Ans.(b[redacted]

Sol. The mo[redacted] ut any limit, and investin[redacted] guidelines. This aligns [redacted] the amount invested in [redacted] king them a valid investr[redacted]

S81. Ans.(c[redacted]

Sol. While R[redacted] a significant risk that ove[redacted] might allow non-complia[redacted] y nuance of complex reg[redacted] ugh it is not directly men[redacted]

S82. Ans.(c[redacted]

Sol. The per[redacted] %.

Amount left[redacted]

Amount left[redacted]

Thus, the amount left for other uses is 16,000, making option C the correct answer.

S83. Ans.(d)

Sol. The Reserve Bank of India (RBI) sets forth specific guidelines for what must be disclosed in the 'Notes to Accounts' of financial statements for banks. These guidelines are designed to ensure transparency, accuracy, and adherence to regulatory standards. Therefore, banks are required to include all the items listed in the RBI Guidelines in their 'Notes to Accounts.'

S84. Ans.(a)

Sol. Loans extended to corporations, which are secured by shares, specifically shares in dematerialized (demat) form, to meet the promoters' equity contribution in new companies, are essentially considered as the bank's investment in shares. Such investments are subject to a regulatory ceiling of 40 percent of the bank's net worth as of the end of the previous financial year (March 31). This limit includes the bank's complete exposure to the capital market, covering both fund-based and non-fund-based exposures.

S85. Ans.(a)

Sol.

- **Stateme**[redacted]se fulfilling certain c[redacted]
- **Stateme**[redacted]ation Act are exempt f[redacted]
- **Stateme**[redacted]BI.
- **Stateme**[redacted] are exempt from RB[redacted]

S86. Ans.(c[redacted]

Sol. Both s[redacted]actions and remittances[redacted] states that individuals[redacted]a for making remittances[redacted]roval. These accounts ca[redacted]igible under LRS.

Statement 2[redacted]d Draft (DD) either in the[redacted]ey intend to conduct pe[redacted]inst a self-declaration[redacted]

S87. Ans.(b)

Sol. When calculating drawing power, the margin is deducted after excluding the unpaid stock from the total stock value. This ensures that the credit extended by the bank is fully secured by stock that has been paid for and can be considered as reliable collateral.

S88. Ans.(b)

Sol. The stipulation that grants users a set of five free monthly transactions when using ATMs of other banks does not extend to White Label ATMs (WLAs). Such a provision is commonly associated with ATMs directly supervised by banks. WLAs, on the other hand, are overseen by entities that don't fall under traditional banking, and as such, they might embrace distinct fee arrangements for ATM services.

S89. Ans.(c)
Sol. The Right to Information (RTI) Act in India encompasses a broad range of entities. Both public sector banks and institutions that are owned and controlled by the Government fall under the purview of this Act. This includes a wide array of organizations, not limited to but significantly including public sector banks, which are crucial components of the government's financial infrastructure. The RTI Act is a critical tool for ensuring transparency and accountability, as it empowers citizens to access information held by these entities. By complying with the RTI Act, these organizations play a pivotal role in fostering a governance system that is more transparent, participatory, and subject to public scrutiny and oversight.

S90. Ans.(b[redacted]
Sol. The pri[redacted] must ensure that any mo[redacted] custodian of public funds[redacted] these funds is paramour[redacted]

S91. Ans.(b[redacted]
Sol.
- **Option** [redacted] – This is a legitimat[redacted]
- **Option (**[redacted] ness" – This may not[redacted] for offering financial[redacted]
- **Option (**[redacted] icates abuse of power[redacted]
- **Option (**[redacted] also a clear example[redacted]

S92. Ans.(d[redacted]
Sol. Mr. Gup[redacted] eived by his NGO under [redacted] unt" at SBI's New Delhi [redacted] tep ensures adherence t[redacted] funds from this second "FCRA Account" to any scheduled bank of his choice for further use. This structured procedure ensures regulatory compliance while facilitating the practical management and application of foreign contributions.

S93. Ans.(d)
Sol. Section 131 of the **Negotiable Instruments Act, 1881**, protects a bank from liability if it acts in **good faith** and **without negligence** while collecting a crossed cheque. Since the forgery on the cheque was **not apparent** and could not have been detected with **ordinary care**, XYZ Bank fulfilled its duty of care and is entitled to protection. The law does not impose strict liability for undetectable forgeries. Hence, Option D is correct.

S94. Ans.(c)
Sol.

The formula for calculating simple interest is:

$$\text{Simple Interest} = \frac{P \times R \times T}{100}$$

Where:

- P = Principal amount (Rs. 10,000)
- R = Rate of interest (5%)
- T = Time period (3 years)

Substitute the values:

$$\text{Simple Interest} = \frac{10,000 \times 5 \times 3}{100} = \frac{1,50,000}{100} = 1,500$$

S95. Ans.(a[redacted]
Sol. To fulfi[redacted] to provide documents [redacted]plicable, and the current [redacted]ss, ensuring compliance [redacted] activities.

S96. Ans.(d[redacted]
Sol. NRIs (N[redacted]ens of India) have the fle[redacted]ese include purchasing [redacted]ve under the Companies [redacted]a, as long as the original acquisition of the property was in line with the prevailing foreign exchange laws. Additionally, inheriting property from residents in India is also permissible. However, it is important to note that this flexibility does not extend to agricultural land, plantation property, and farmhouses, which are excluded from these permissible modes of acquisition.

S97. Ans.(d)
Sol. Creating savings habits through Self-Help Groups (SHGs) serves the purpose of uplifting the living conditions of the poor by encouraging regular savings. It also mobilizes individual skills for the group's collective interest, fostering economic empowerment. Additionally, SHGs offer financial assistance to members in times of need, promoting financial resilience and social support.

S98. Ans.(b)

Sol. A banker's lien applies only to goods and securities that are deposited with the banker in the ordinary course of banking business. If a customer inadvertently leaves goods, such as share certificates or life insurance policies, in the bank without any formal banking transaction, the banker has **no right of lien** over those items. The right of lien does not apply when the items are not handed over in the normal course of business dealings.

S99. Ans.(a)

Sol. A cheque is considered stale and, therefore, ineligible for payment if it is presented three months after its date of issue. This policy by financial institutions ensures the timeliness and relevance of cheque transactions [redacted] he integrity of cheque-b[redacted]ons.

S100. Ans.([redacted]

Sol. In her [redacted] ealistic and comprehens[redacted]t were built independen[redacted]wo different banks may b[redacted]applications used by ea[redacted]adaptations. Furthermor[redacted]rmonized to ensure ongo[redacted]nk make an informed de[redacted]in the event of a merger. [redacted]