

M.Com – Semester III
Commercial Bank Management Sample Questions

1. Bank deposit refers to-----

- a. The amount of money standing to the credit of a customer of a bank.
- b. A term used by the Federal Reserve to refer to the total deposits of member banks
- c. The amount of money standing to the debit as a customer of a bank.
- d. Loans and advance

2. 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

3. The Commercial Banks in India are governed by-----

- a. Reserve Bank of India Act, 1934
- b. Indian Companies Act, 1956
- c. Indian Banking Regulation Act, 1949
- d. Securities and Exchange Board of India Act, 1993

4. Repo Rate refers to the rate at which-----

- a. RBI borrows short term money from the markets
- b. Banks keep the money with RBI
- c. Bills are discounted by RBI
- d. Forex purchased by RBI

5. The features of the commercial paper are.

- a. It is an unsecured instrument issued in the form of promissory note.
- b. The highly rated corporate borrowers can raise short term funds through this instrument.
- c. It is an additional instrument to the investing community.
- d. Unsecured Instrument, highly rated corporate borrowers, additional instrument.

6. Banking ombudsman may reject the complaint.

- a. immediately after receipt
- b. after hearing both parties
- c. at any stage
- d. Initial stage

7. Which one among the following has not started commercial banking?

- a. SIDBI

b.IDBI

c.ICICI

d.UTI

8. The maturity period of Treasury Bill is

- a. 91 days
- b. 364 days
- c. Both a and b
- d. 100

9. Customer Relationship Management is about

- a) Acquiring the right customer
- b) Instituting the best processes
- c) Motivating employees
- d) Acquiring, instituting, and motivating

10. Social class is indicated by _____ variables.

- a) Single
- b) Several
- c) Multiple
- d) Many

11. What is the type of account opened for customers if one doesn't satisfy KYC Norms?

- a. Savings Account
- b. No frill account
- c. Small account
- d. Dormant account

11. What is the full form of IRR?

- a) Internal Rate of Return
- b) Internal Reserve Ratio
- c) Internal Rate of Ratio
- d) Internal Recession Rate

13. Employee referral is----- _____ .

- (a) an internal method of recruitment
- (b) an indirect method of recruitment
- (c) third party method of recruitment
- (d) an internet recruiting

14. Health insurance, retirement pension, payment for overtime, etc., are----- _____ .

- (a) base pay

- (b) variable pay
- (c) benefits
- (d) HRA

15. Under which plan if a worker reaches the standards, he will be paid time wage plus a bonus at fixed percentage (20%) of normal time wage?

- (a) Gantt Task and Bonus Plan
- (b) Merrick plan
- (c) Halsey Plan
- (d) Rowan plan

16. Job Characteristics model was developed by _____.

- (a) Hackman and Oldham
- (b) Herzberg
- (c) Taylor
- (d) Fredrick

17. MICR is a -----digit code.

- (a) 9
- (b) 11
- (c) 7
- (d) 13

18. Banking services that increasingly rest on technology and communication systems is popularly known as _____

- (a) Hi-tech banking
- (b) Internet Banking
- (c) Mobile banking
- (d) NET Banking

19. _____ is a funds transfer mechanism where transfer of money takes place from one bank account to another bank account in real time.

- (a) NEFT
- (b) EFT
- (c) ECS
- (d) RTGS

20. CIBIL stands for _____

- a) Credit Information Bureau Ltd
- b) Credit Information Banking India Ltd
- c) Credit Investment Bureau India Ltd
- d) Credit Information Bureau India Ltd

21. If any loss suffered by the complainant then complainant will get:

- a) Rs. 5,00,000 for any huge loss
- b) Rs. 10,00,000 for any huge loss
- c) amount arising directly out of the act or omission of the bank or Rs. 10,00,000, whichever is lower
- d) Rs. 8,00,000 for any huge loss

22. _____ are not covered under PMJDY Life Insurance Scheme of Rs.30,000/-

- a) Employees of Central / State Govt. / Public Sector Undertakings / Banks
- b) Income Tax Payee
- c) Aam Aadmi Bima Yojana beneficiaries
- d) Employees of Central / State Govt. / Public Sector Undertakings / Banks, Income Tax Payee & Aam Aadmi Bima Yojana beneficiaries

23. The ways in which mergers and acquisitions (M&As) occur do not include _____

- a. Vertical integration
- b. conglomerate takeover
- c. Diversification
- d. Horizontal integration

24. Asset-based company valuations do not include the _____

- a. Replacement cost method
- b. Realisable Value Method
- c. Marginal Cost Method
- d. Book Value Method

25. _____ are to be followed by Commercial Banks for Risk Management

- a. Basel II norms
- b. Basel III norms
- c. Monetary Policy
- d. Overnight Rate

26. Which of the following statements is correct regarding Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 -----

- a) The act enables banks to recover NPAs through easy disposal of secured assets.
- b) The act enables banks to do multiple lending on deposits received by the public.
- c) The act requires courts to give priority to cases involving NPAs of banks.
- d) The act enables banks to do multiple lending on loans received by the public.

27. _____ is known for as the recession occurring two times with a small gap in between.

- a. Deep Recession
- b. Deflation
- c. Double – Dip Recission
- d. Double inflation

28. TDS Means _____

- a. Time Deposit Scheme
- b. Total Deposit Scheme
- c. Tax Deducted at source
- d. Time Deducted at source

29 _____ is full form of CRR.

- a. Cash Reserve Rate
- b. Cash Reserve Ratio
- c. Case Recession Ratio
- d. Core Reserve Rate

30. Which one among the following formulates the fiscal policy in India _____

- a. Niti Ayog
- b. Finance Commission
- c. The Reserve Bank of India
- d. Ministry of Finance

- 1) A debt market is a part of the ____ market.
 - a) Money
 - b) Capital
 - c) Cash
 - d) Paper

- 2) _____ Rating is mandatory for issuing debentures publicly.
 - a) Credit
 - b) Debit
 - c) Finance
 - d) Legal

- 3) The Indian Debt market has traditionally been a _____ market
 - a) Retail
 - b) Wholesale
 - c) Cash
 - d) Lot

- 4) _____ Regulates the Government securities market.
 - a) SEBI
 - b) RBI
 - c) IRDA
 - d) AMFI

- 5) An open market operation is an instrument of _____policy.
 - a) Credit
 - b) Monetary
 - c) Fiscal
 - d) Balance

- 6) _____ Bonds are securities which do not have a fixed coupon rate.
 - a) Floating Rate
 - b) Zero
 - c) Junk
 - d) Liquid

- 7) _____ Bonds are Rupee denominated bonds
 - a) Zero Coupon
 - b) Masala
 - c) Inflation
 - d) Speculation

8) _____ deposits are used by banks.

- a) Certificate
- b) Commercial
- c) Bonds
- d) Foreign

9) A _____ Dealer is a firm that buys government securities directly from a government.

- a) Primary
- b) Secondary
- c) Retail
- d) Wholesale

11) Primary dealers are Registered with the _____

- a) CCIL
- b) RBI
- c) STCI
- d) UPI

12) _____ payment system operator authorized by RBI

- a) SEBI
- b) CCIL
- c) IRDA
- d) PFRDA

13) _____ are issued and redeemed at face value,

- a) Plain bonds
- b) Floating bonds
- c) Fixed bonds
- d) Dividend bonds

14) _____ is the screen based trading system of BSE

- a) BOLT
- b) NEAT
- c) NIIT
- d) DIVICE

15) _____ are the largest investors in the Debt market

- a) Retail Investors
- b) Banks
- c) Broking Firms
- d) Placement Firms

16. _____ is one of the function of Credit Rating Agency

- a) Provides quality and dependable information.
- b) Education Policy
- c) Social awareness
- d) Industrial Taxation

17. CRISIL stands for_____

- a) Credit Rating and Information Services of India Ltd.
- b) Credit Rating and Information Solution of India Ltd.
- c) Credit Rating and Interest Services of India Ltd.
- d) Credit Rating and Information Speculation of India Ltd.

18) _____ Bonds are securities which do not have a fixed coupon rate.

- a) Floating Rate
- b) Zero
- c) Junk
- d) Tax Free

19) _____ deposits are used by banks.

- a) Certificate
- b) Commercial
- c) Bonds
- d) Interest

20. OMO stands for_____.

- a) Open Market Option
- b) Open Market Operation
- c) Option market Operation d)
- d) Open marginal Operation

21. _____ Rating is mandatory for issuing debentures publicly

- a) Future
- b) Debit
- c) Credit
- d) Positive

22. _____ are issued by Banks

- a) Call Money
- b) Certificate of deposits
- c) Commercial paper
- d) Promissory Note

23. _____ is a participants in Indian Debt Market.

- a) Politicians
- b) Corporate Companies
- c) Defence Sector
- d) None of these

24. _____ is the first rating agency in India

- a) ICRA
- b) ONICRA
- c) CARE
- d) CRISIL

1.

25. _____ is Capital Market Instruments.

- a) Treasury Bills
- b) Call Money
- c) Bonds
- d) Promissory Note

36. _____ Risk is a risk where one party will fail to deliver the term contract with another party at the time of settlement.

- a) Credit Risk
- b) Settlement Risk
- c) Inflation Risk
- d) Call Risk

27. Rajan Committee report was submitted in year _____

- a) 2000
- b) 2005
- c) 2008
- d) 2010

28. Government Bonds are directly issued by _____

- a) Corporate Companies

- b) SBI bank
- c) Government of India
- d) Credit Rating Agencies

29. _____ Bonds refers to a bond through which Indian entities can raise money from foreign markets in rupee, and not in foreign currency.

- a) Government
- b) Public
- c) Masala
- d) Junk

30. _____ is a market where fixed income securities are issued and traded.

- a) Future Market
- b) Open Market
- c) Debt Market
- d) Stock Market

31. Patil Committee report was submitted in year _____

- a) 2000
- b) 2005
- c) 2008
- d) 2010

32. _____ are issued by Corporate

- a) Treasury Bill
- b) Certificate of deposits
- c) Commercial paper
- d) Call Money

33. The worth of money today that is receivable or payable at a future date is called _____

- a) Present Value
- b) Future value
- c) Discount Factor
- d) Compounding Factor

34. _____ grade bonds indicates highly speculative feature, often in default.

- a) AA+

- b) BB+
- c) AAA
- d) CC

1.

35. _____ is Money Market Instruments.

- a) Kisan Vikas Patra
- b) Call Money
- c) Bonds
- d) Debentures

36. _____ are also known as Market Makers in Indian debt market

- a) Corporate Companies
- b) PSU Unit
- c) Primary dealers
- d) Public

37. _____ acts as central counter party to all government securities trade functioning off Open Market Operation settlement

- a) NCIL
- b) RBI
- c) CCIL
- d) SEBI

38. Open Market Operations are conducted by _____

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

39. _____ Bonds are securities which do not have a fixed coupon rate

- a) Fixed Rate
- b) Floating Rate
- c) Tax-Free
- d) Junk Rate

40. ICRA Credit Rating Agency was incorporated in _____

- a) 1991
- b) 1987
- c) 1997

d) 1965

41. Bond prices and _____ rate are inversely related.

- a) Inflation
- b) Interest
- c) Influence
- d) Integrity

42. _____ yield curve is upward sloping curve.

- a) Abnormal
- b) Normal
- c) Flat
- d) Humped

43. In _____ yield curve yield of maturities are close to one another.

- a) Current
- b) Normal
- c) Flat
- d) Humped

44. In _____ yield curve the longer term rates are actually lower than short term interest rates.

- a) Humped
- b) Normal
- c) Flat
- d) Inverted

45. _____ is one of the yield curve.

- a) Parallel
- b) Small
- c) Steep
- d) Round

46. _____ yield is a bond's annual return based on its annual payments and current price.

- a) Current
- b) Normal
- c) Flat
- d) Humped

47. The formula for finding Present value is

a) $PV = FV \cdot 1/(1+r)^n$

b) $FV = PV \cdot 1/(1+r)^n$

c) $PV = FV \cdot 1/(1+P)^n$

d) $PV = FV \cdot 1/(2+r)^n$

48. The formula for finding Future Value value is

a) $PV = FV (1+r)^n$

b) $FV = PV (1+r)^n$

c) $PV = FV (1+P)^n$

d) $PV = FV \cdot 1/(2+r)^n$

49. _____ is the present value of a rupee received n future.

a) Present Value

b) Future value

c) Discount Factor

d) Compounding Factor

50. _____ is one of the reason for time value of Money

a) Integrity

b) Inflation

c) Diversification

d) Speculation

Financial market

Sample Questions

_____ is the function of financial system

- Savings
- Nationalized of financial institutions
- Establishment of development banks
- Intermediaries control

The _____ deals in new financial claim, therefore it is called new issue market

- Money Market
- Primary Market
- Secondary Market
- Capital Market

Who controls the money market _____?

- RBI
- SBI
- DFHI
- IDBI

_____ are dealers who purchase and sell securities on their own names

- Jobbers
- Brokers
- Underwriters
- Agent

The BSE Sensex consist of a basket of _____ Stocks

- 50
- 100
- 30
- 66

Whenever a company issues new shares or debentures it is known as _____.

- Fresh issue
- IPO
- Secondary issue
- Public issue

Which of the following is not a money market instruments _____?

- a. Commercial Paper
- b. Treasury Bill
- c. Debenture
- d. Commercial Bill

T-Bills are issued by _____

- RBI
- SEBI
- SBI
- FMC

Yield to Maturity is the used to evaluate----- Instruments.

- Equity
- Bonds
- Derivatives
- Commodity

GDR stands for _____

- Global Depository Receipt
- Global Depository Rate
- Global Deposit Receipt
- Global Depository Receipt

_____ is the first stock exchange in India

- a. BSE
- b. NSE
- c. MCX
- d. Madrid Stock Exchange

_____ are issued by a corporation, are meant to raise the funds for the company's expansion plans.

- Equity Shares
- Debentures
- Corporate bonds
- ULIPS

_____ helps in reducing potential financial loss or hardship and provides a comprehensive coverage.

- A. Mutual Funds
- B. Factoring
- C. Insurance
- D. venture capital financing

Objectives of investing in Mutual Funds are_____

- A. Capital Appreciation
- B. Capital Preservation
- C. Regular Income
- D. All of these

_____ is a link between savers & borrowers, helps to establish a link between savers & investors.

- Marketing
- Financial market
- Money market
- Capital

Which of the following is the function of financial market?

- (a) Mobilization of savings
- (b) Price fixation
- (c) Provide liquidity to financial assets
- (d) All of the above

_____ is the organisations, institutions that provide long term funds.

- (a) Capital market
- (b) Money market
- (c) Primary market
- (d) Secondary market

All those institutions or individuals who help to bring the savers and seekers of capital are known as_____

- A. Promoters
- B. Shareholders
- C. Intermediaries
- D. Owner

_____ holds securities in electronic form

- A. Depository
- B. Merchant Banker
- C. Stockbroker
- D. All of these

Which one is an un-organised organisation?

- ICICI Bank
- L&T Finance

Indigenous Bankers
IDBI

_____ are the financial products that derive their value from the underlying assets.

- A. Equity shares
- B. Bonds
- C. Derivatives
- D. Commodities

Factor which is not contributing for globalization of financial market

- Deregulation and liberalization of financial activities
- Agriculture condition
- Technological innovations
- Competition among financial and nonfinancial institutions

Post 1951, Indian Financial System adopted _____ in economy.

- Privatization
- Globalization
- Traditional
- mixed

Full form of MCX

- Multi Commerce Exchange of India
- Multi Commodity Equity of India
- More Commodity Exchange of India
- Multi Commodity Exchange of India

Which of the following are money markets instruments?

- Treasury 8% 2011.
- A 3-month certificate of deposit.
- A treasury bill with 7 days to maturity.
- A 14-day repurchase agreement of Treasury 8% 2007.

_____ is a link between savers & borrowers, helps to establish a link between savers & investors.

- Marketing
- Financial market
- Money market
- Capital market

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- (d) Secondary market

When securities are allotted to institutional investors & some selected individuals is referred to as _____.

- (a) Initial public offer
- (b) Offer through prospectus
- (c) Private placement
- (d) Offer for sale

_____ are companies which is on verge of becoming a sick unit either because their managers have committed major mistakes or because a recession has depressed their operations and prospects.

- Slower
- Stalwarts
- Cyclical
- Turnround