

National Testing Agency

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Fundamentals of Banking and Insurance

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Fundamentals of Banking and Insurance-1

Section Id :	603489360
Section Number :	1
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Number of Questions :	50
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Section Marks :	100
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Sub-Section Number :	1
Sub-Section Id :	603489676
Question Shuffling Allowed :	Yes

Question Number : 1 Question Id : 60348917519 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Unique identification of person is done with _____ system.

1. EFT
2. Biometric system
3. RTGS
4. Payment system

Options :

60348965957. 1

60348965958. 2

60348965959. 3

60348965960. 4

Question Number : 2 Question Id : 60348917520 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Financial underwriting is done to evaluate _____.

1. The Possibility of Moral Hazard.
2. The Probability of the policy lapsing in future.
3. The Possibility of Risk
4. None of the options

Options :

60348965961. 1

60348965962. 2

60348965963. 3

60348965964. 4

Question Number : 3 Question Id : 60348917521 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

ADB is a multilateral development finance institution dedicated to reducing poverty in _____and _____.

1. Afghanistan and Pakistan
2. Africa and Pacific
3. Asia and Philippines
4. Asia and Pacific

Options :

60348965965. 1

60348965966. 2

60348965967. 3

60348965968. 4

Question Number : 4 Question Id : 60348917522 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Mr. Shantanu purchases a _____ policy for a sum assured of Rs. 20 Lakh. He was paying premium of Rs. 5000 every year. The term of the policy was 50 years.

1. Pure Endowment
2. Whole life Insurance
3. Unit Linked Insurance
4. Term Insurance

Options :

60348965969. 1

60348965970. 2

60348965971. 3

60348965972. 4

Question Number : 5 Question Id : 60348917523 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Which one of the following statements is correct?

1. The underwriting standards of all insurance are the same.
2. Underwriting standards are changing.
3. Both option 1 and 2
4. None of the above

Options :

60348965973. 1

60348965974. 2

60348965975. 3

60348965976. 4

Question Number : 6 Question Id : 60348917524 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

The negotiable instrument is defined under _____ .

1. Section 11
2. Section 13A
3. Section 14
4. Section 13B

Options :

60348965977. 1

60348965978. 2

60348965979. 3

60348965980. 4

Question Number : 7 Question Id : 60348917525 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Abbreviate MICR

1. Magnetic Ink Character Recognition
2. Magnetic Ink Code Reader
3. Magnetic Ink Code Recognition
4. Magnetic Ink Character Reader

Options :

60348965981. 1

60348965982. 2

60348965983. 3

60348965984. 4

Question Number : 8 Question Id : 60348917526 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

If a cheque is torn into two or more pieces, such cheque is called a _____ cheque.

1. Stale
2. Mutilated
3. Crossed
4. Bearer

Options :

60348965985. 1

60348965986. 2

60348965987. 3

60348965988. 4

Question Number : 9 Question Id : 60348917527 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

A _____ is one who undertakes to collect various types of instruments representing money in favor of his customer or his own behalf from the drawers of these instruments.

1. Agent of Clearance House
2. Collecting agent
3. Collecting Banker
4. Broker

Options :

60348965989. 1

60348965990. 2

60348965991. 3

60348965992. 4

**Question Number : 10 Question Id : 60348917528 Question Type : MCQ Option Shuffling : No
Is Question Mandatory : No**

Correct Marks : 2 Wrong Marks : 0

Arrange the steps involved in the process of a death claim in its correct order.

- A) Submission of Proof of title
- B) Determination and disbursement of claim amounts
- C) Submission of Proof of death
- D) Intimation of death

1. D-C-B-A
2. D-C-A-B
3. C-D-A-B
4. A-D-C-B

Options :

60348965993. 1

60348965994. 2

60348965995. 3

60348965996. 4

**Question Number : 11 Question Id : 60348917529 Question Type : MCQ Option Shuffling : No
Is Question Mandatory : No**

Correct Marks : 2 Wrong Marks : 0

A _____'s role is to provide the insurer with nature, cause and damage of the cargo in marine insurance.

1. Surveyor
2. Nominee
3. Assignee
4. Insured

Options :

60348965997. 1

60348965998. 2

60348965999. 3

60348966000. 4

Question Number : 12 Question Id : 60348917530 Question Type : MCQ Option Shuffling : No

Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

If the _____ is followed, the central bank is required to maintain 100% gold backing.

1. Minimum Reserve Principle
2. Banking principle
3. Currency Principle
4. Bond Deposit principle

Options :

60348966001. 1

60348966002. 2

60348966003. 3

60348966004. 4

Question Number : 13 Question Id : 60348917531 Question Type : MCQ Option Shuffling : No

Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

In which of the following Mobile App, can we deposit cheques?

1. Pocket
2. Buddy
3. Chillr
4. eftCheques

Options :

60348966005. 1

60348966006. 2

60348966007. 3

60348966008. 4

Question Number : 14 Question Id : 60348917532 Question Type : MCQ Option Shuffling : No

Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Which of the following are the rights of the bankers?

1. Right to combine accounts
2. Right of Appropriation
3. Right to charge interest, commission and incidental charges
4. All of the options

Options :

60348966009. 1

60348966010. 2

60348966011. 3

60348966012. 4

Question Number : 15 Question Id : 60348917533 Question Type : MCQ Option Shuffling : No

Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

The deposits of the public with the banks are insured _____ in each account.

1. Up to the limit of Rs. 1 lakh
2. Up to the limit of Rs. 1 crore
3. Up to the limit of Rs. 10 lakh
4. Up to the limit of Rs. 5 lakh

Options :

60348966013. 1

60348966014. 2

60348966015. 3

60348966016. 4

Question Number : 16 Question Id : 60348917534 Question Type : MCQ Option Shuffling : No

Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

A civil wrong is called as a _____.

1. Tort
2. Interest
3. Peril
4. Hazard

Options :

60348966017. 1

60348966018. 2

60348966019. 3

60348966020. 4

Question Number : 17 Question Id : 60348917535 Question Type : MCQ Option Shuffling : No

Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

_____ is engaging in banking activities such as accepting deposits or making loans at facilities away from a bank's home office.

1. Retail banking
2. Merchant banking
3. Investment banking
4. Branch banking

Options :

60348966021. 1

60348966022. 2

60348966023. 3

60348966024. 4

**Question Number : 18 Question Id : 60348917536 Question Type : MCQ Option Shuffling : No
Is Question Mandatory : No**

Correct Marks : 2 Wrong Marks : 0

Destination computer changes the data format again into readable format, this process is known as _____.

1. De-cryptography
2. Cryptography
3. Encryption
4. Decryption

Options :

60348966025. 1

60348966026. 2

60348966027. 3

60348966028. 4

**Question Number : 19 Question Id : 60348917537 Question Type : MCQ Option Shuffling : No
Is Question Mandatory : No**

Correct Marks : 2 Wrong Marks : 0

_____ is a card type in which monetary value is stored on the card itself.

1. Data Card
2. Debit Card
3. Stored Value Card
4. ATM Card

Options :

60348966029. 1

60348966030. 2

60348966031. 3

60348966032. 4

Question Number : 20 Question Id : 60348917538 Question Type : MCQ Option Shuffling : No

Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Which of the following are the presumptions to Negotiable Instrument?

1. Consideration
2. Acceptance
3. Transfer
4. All of the above

Options :

60348966033. 1

60348966034. 2

60348966035. 3

60348966036. 4

Question Number : 21 Question Id : 60348917539 Question Type : MCQ Option Shuffling : No

Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

White level ATMs are handled by _____.

1. RBI
2. Bank of India
3. Central bank of India
4. Non banking Entities

Options :

60348966037. 1

60348966038. 2

60348966039. 3

60348966040. 4

Question Number : 22 Question Id : 60348917540 Question Type : MCQ Option Shuffling : No

Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Which of the following are benefits of Cash Credits?

1. Necessity of providing security and documentation against borrowing funds
2. Borrowing is complex process
3. Flexibility of borrowing
4. Lack flexibility of borrowing

Options :

60348966041. 1

60348966042. 2

60348966043. 3

60348966044. 4

Question Number : 23 Question Id : 60348917541 Question Type : MCQ Option Shuffling : No

Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

RTGS stands for_____.

1. Real Types Gross System
2. Real Time Gross Settlement
3. Real Time General Scheme
4. Real Time Grocc System

Options :

60348966045. 1

60348966046. 2

60348966047. 3

60348966048. 4

Question Number : 24 Question Id : 60348917542 Question Type : MCQ Option Shuffling : No

Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

The relationship between a banker and customer as debtor and creditor remains_____.

1. Only when customer withdraws the interest
2. Only when bank pays interest
3. Irrespective of the fact the bank pays interest or not
4. Only for a limited period

Options :

60348966049. 1

60348966050. 2

60348966051. 3

60348966052. 4

Question Number : 25 Question Id : 60348917543 Question Type : MCQ Option Shuffling : No

Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Which of the following is the most suitable technique for any industrial unit to reduce physical risk.

1. Early Detection System
2. Regular drills for preparedness
3. Automatic response system
4. All of the above

Options :

60348966053. 1

60348966054. 2

60348966055. 3

60348966056. 4

Question Number : 26 Question Id : 60348917544 Question Type : MCQ Option Shuffling : No

Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Which of the following is /are pre-requisites for the success of Insurance?

1. Presence of small no of people sharing similar risk
2. The happening of loss and the event responsible should be under the control of the insured
3. Premium of insurance should be feasible or reasonable
4. Expected risk and the loss should be indeterminable

Options :

60348966057. 1

60348966058. 2

60348966059. 3

60348966060. 4

Question Number : 27 Question Id : 60348917545 Question Type : MCQ Option Shuffling : No

Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

The process of risk management has distinct steps. Arrange the distinct steps in its correct order:

- A. Gather pertinent data to determine the risk exposure
- B. Ongoing Monitoring
- C. Identify Risk Management Goals and Objectives
- D. Develop and Present risk management recommendations
- E. Analyse and evaluate the customer's status
- F. Implementation

Choose the **correct** answer from the options given below

- 1. C, A, E, D, F, B
- 2. A, B, C, D, E, F
- 3. C, E, A, F, B, D
- 4. C, F, E, D, A, B

Options :

- 60348966061. 1
- 60348966062. 2
- 60348966063. 3
- 60348966064. 4

Question Number : 28 Question Id : 60348917546 Question Type : MCQ Option Shuffling : No

Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

The amount of compensation is paid on the basis of calculations of actual loss or the sum insured, whichever is _____.

- 1. Fixed earlier
- 2. Less
- 3. More
- 4. None of the above

Options :

- 60348966065. 1
- 60348966066. 2
- 60348966067. 3
- 60348966068. 4

**Question Number : 29 Question Id : 60348917547 Question Type : MCQ Option Shuffling : No
Is Question Mandatory : No**

Correct Marks : 2 Wrong Marks : 0

The Insurers provide indemnity in which of the following manner.

1. Cash Payment
2. Reinstatement
3. Replacement
4. All of the above

Options :

60348966069. 1

60348966070. 2

60348966071. 3

60348966072. 4

**Question Number : 30 Question Id : 60348917548 Question Type : MCQ Option Shuffling : No
Is Question Mandatory : No**

Correct Marks : 2 Wrong Marks : 0

Overseas medical insurance, Aviation insurance, Travel Insurance are classified under the title _____.

1. Life Insurance
2. Marine Insurance
3. Miscellaneous Insurance
4. Fire Insurance

Options :

60348966073. 1

60348966074. 2

60348966075. 3

60348966076. 4

**Question Number : 31 Question Id : 60348917549 Question Type : MCQ Option Shuffling : No
Is Question Mandatory : No**

Correct Marks : 2 Wrong Marks : 0

Subrogation does not apply to _____ insurance policies.

1. Motor
2. Property
3. Life
4. Marine

Options :

60348966077. 1

60348966078. 2

60348966079. 3

60348966080. 4

Question Number : 32 Question Id : 60348917550 Question Type : MCQ Option Shuffling : No

Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Motor insurance policy may cover _____.

1. Damages to the vehicle
2. Damages to the property of a third party
3. Injury or death of an individual
4. All of the Options

Options :

60348966081. 1

60348966082. 2

60348966083. 3

60348966084. 4

Question Number : 33 Question Id : 60348917551 Question Type : MCQ Option Shuffling : No

Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

The function of an actuary(which is highly debated) is_____.

1. Extent of risk selection and methods of guarding against anti-selection.
2. Assessment and valuation of Mortality Risk.
3. Assessment of Mortality Risk.
4. Valuation of Mortality Risk.

Options :

60348966085. 1

60348966086. 2

60348966087. 3

60348966088. 4

Question Number : 34 Question Id : 60348917552 Question Type : MCQ Option Shuffling : No

Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Most actuaries working in insurance sector are namely in _____.

1. Non-life Insurance
2. Life Insurance
3. Health Insurance
4. Motor Insurance

Options :

60348966089. 1

60348966090. 2

60348966091. 3

60348966092. 4

Question Number : 35 Question Id : 60348917553 Question Type : MCQ Option Shuffling : No

Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

External sector liberalization is relaxing restrictions on _____.

1. International flow of Goods and Services
2. Technology and Capital
3. Both options 1 and 2
4. None of the above

Options :

60348966093. 1

60348966094. 2

60348966095. 3

60348966096. 4

**Question Number : 36 Question Id : 60348917554 Question Type : MCQ Option Shuffling : No
Is Question Mandatory : No**

Correct Marks : 2 Wrong Marks : 0

"A bank is an establishment which makes to individuals such advances of money as may be required and safely made, and to which individuals entrust money when it required by them for use".

Who gave the above definition?

1. Indian Banking Companies Act, 1934

2. Webster's Dictionary

3. Prof. Kinley

4. RBI

Options :

60348966097. 1

60348966098. 2

60348966099. 3

60348966100. 4

**Question Number : 37 Question Id : 60348917555 Question Type : MCQ Option Shuffling : No
Is Question Mandatory : No**

Correct Marks : 2 Wrong Marks : 0

_____ are hybrid institutions that combine functions of finance corporation and development corporation.

1. Development Banks

2. Commercial Bank

3. Non-commercial Bank

4. Industrial Bank

Options :

60348966101. 1

60348966102. 2

60348966103. 3

60348966104. 4

**Question Number : 38 Question Id : 60348917556 Question Type : MCQ Option Shuffling : No
Is Question Mandatory : No**

Correct Marks : 2 Wrong Marks : 0

The Deposit Insurance Corporation offered protection to _____.

1. Industrial Account Holders
2. Large Account Holders
3. Small Account Holders
4. Government account

Options :

60348966105. 1

60348966106. 2

60348966107. 3

60348966108. 4

**Question Number : 39 Question Id : 60348917557 Question Type : MCQ Option Shuffling : No
Is Question Mandatory : No**

Correct Marks : 2 Wrong Marks : 0

_____accounts are aimed for those Indians who reside abroad either temporarily or permanently for doing job.

1. Indian
2. Foreigner
3. NRI
4. FBI

Options :

60348966109. 1

60348966110. 2

60348966111. 3

60348966112. 4

Question Number : 40 Question Id : 60348917558 Question Type : MCQ Option Shuffling : No

Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

When was RBI established?

1. 1st April 1935
2. 1st April 1949
3. 1st September 1933
4. 1st April 1991

Options :

60348966113. 1

60348966114. 2

60348966115. 3

60348966116. 4

Question Number : 41 Question Id : 60348917559 Question Type : MCQ Option Shuffling : No

Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Which of the following criteria is listed in the II schedule of Reserve Banks of India Act, 1934?

1. Minimum paid up capital Rs. 5 lakhs.
2. Any activity of bank will adversely affect the interest of depositors.
3. Minimum paid up capital Rs. 25 lakhs.
4. No criteria

Options :

60348966117. 1

60348966118. 2

60348966119. 3

60348966120. 4

Question Number : 42 Question Id : 60348917560 Question Type : MCQ Option Shuffling : No

Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Which of the following are not the characteristics of a central bank?

1. Controller of foreign exchange reserve.
2. Controller of Credit.
3. Accept deposits from the general public
4. Banker of the Government

Options :

60348966121. 1

60348966122. 2

60348966123. 3

60348966124. 4

Question Number : 43 Question Id : 60348917561 Question Type : MCQ Option Shuffling : No

Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

The insurance cover is provided to deposit held in the same capacity and in the same right and presently the limit is

_____.

1. Rs. 10,000
2. Rs. 1,00,000
3. Rs. 10,00,000
4. Rs. 5,00,000

Options :

60348966125. 1

60348966126. 2

60348966127. 3

60348966128. 4

Question Number : 44 Question Id : 60348917562 Question Type : MCQ Option Shuffling : No

Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

On the recommendation of _____ commission, the first bill was presented to establish the RBI in _____ in the legislative assembly

1. Hilton Young Commission 1934
2. British commission on banking and Finance, 1935
3. Hilton Young Commission 1927
4. British commission on banking and Finance, 1933

Options :

- 60348966129. 1
- 60348966130. 2
- 60348966131. 3
- 60348966132. 4

Question Number : 45 Question Id : 60348917563 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Fund sender customer & fund receiver customer get MMID code in _____ type of transactions.

1. NEFT
2. SWIFT
3. IMPS
4. RTGS

Options :

- 60348966133. 1
- 60348966134. 2
- 60348966135. 3
- 60348966136. 4

Question Number : 46 Question Id : 60348917564 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

The money was to be paid from the account of the sender to the presenter of the note and was called as a '_____'.

1. Legal Tender
2. Drawn Note
3. Currency Note
4. Issue Note

Options :

60348966137. 1

60348966138. 2

60348966139. 3

60348966140. 4

Question Number : 47 Question Id : 60348917565 Question Type : MCQ Option Shuffling : No

Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

The Bank for International Settlements (BIS) is located in _____.

1. Basle, USA
2. Basle, Switzerland
3. Washington, USA
4. Geneva, Switzerland

Options :

60348966141. 1

60348966142. 2

60348966143. 3

60348966144. 4

Question Number : 48 Question Id : 60348917566 Question Type : MCQ Option Shuffling : No

Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Premises banking means _____.

1. Banking in Hostel
2. Banking in Building
3. Banking at Doorstep
4. Banking in Schools

Options :

60348966145. 1

60348966146. 2

60348966147. 3

60348966148. 4

Question Number : 49 Question Id : 60348917567 Question Type : MCQ Option Shuffling : No

Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

_____ is an example of speculative risk.

1. Betting on Horse race
2. Buy shares in a company
3. Gambling
4. All of the options

Options :

60348966149. 1

60348966150. 2

60348966151. 3

60348966152. 4

Question Number : 50 Question Id : 60348917568 Question Type : MCQ Option Shuffling : No

Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

_____ risk is a situation that holds out only the possibility of loss or no loss.

1. Pure
2. Particular
3. Static
4. Unbiased

Options :

60348966153. 1

60348966154. 2

60348966155. 3

60348966156. 4