

ALL THE VERY BEST FOR YOUR EXAMS

SAMPLE QUESTIONS FOR CAIIB RETAIL BANKING

Though we had taken enough care to go through the questions, we shall not be responsible for any loss or damage, resulting from any action taken on the basis of the contents. We advise everyone to update yourself with the latest information through RBI website and other authenticated sources. In case you find any incorrect/doubtful information, kindly update us also (along with the source link/reference for the correct information) as lot of questions were shared by many people.

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CAIIB – GENERAL INFORMATION

Consists of 3 papers :

I. Compulsory Paper

1. Advanced Bank Management
2. Bank Financial Management

II. Elective Papers (Candidates to choose any one of their Choice)

1. Corporate Banking
2. Rural Banking
3. International Banking
4. Retail Banking
5. Co-operative Banking
6. Financial Advising
7. Human Resources Management
8. Information Technology
9. Risk Management
10. Central Banking
11. Treasury Management

- Only existing employees of banks and cleared JAIIB can appear for CAIIB Exam.
- CAIIB exams are conducted in on-line mode only.
- The examination will be conducted normally twice a year in May / June and November / December on Sundays.
- The duration of the examination will be of 2 hours.
- **Examination Pattern :** (i) Question Paper will contain 100 objective type multiple choice questions for 100 marks including questions based on case studies. The Institute may however vary the number of questions to be asked for a subject. Generally 60-65% theory based and 35-40% case study / problem solving/Analytical /Logical exposition. There is no negative marking for wrong answers.
- **Passing Criteria** - Minimum 150 in total and minimum 45 in each subject in any single attempt (not required to be the 1st attempt) is considered as pass. Else 50 in each subject. Passed subject gets carried forward to 4 continuous attempts (whether you appear for the exam or not) from the 1st attempt. If not passed in 4 continuous attempts, you need to appear in all 3 papers.
 - ❖ **First Class** : 60% or more marks in aggregate and pass in all the subjects in the FIRST PHYSICAL ATTEMPT.
 - ❖ **First Class with Distinction** : 70% or more marks in aggregate and 60% or more marks in each subject in the FIRST PHYSICAL ATTEMPT.
 - ❖ Candidates who have been granted exemption in the subject/s will be given "Pass Class" only.

- **Cut-off Date of Guidelines /Important Developments for Examinations** - The Institute has a practice of asking some questions in each exam about the recent developments/ guidelines issued by the regulator(s) in order to test if the candidates keep themselves abreast of the current developments. But, there could be changes in the developments / guidelines from the date the question papers are prepared and the dates of the actual examinations. In order to address these issues effectively, it has been decided that:

- ❖ In respect of the exams to be conducted by the Institute for the Period from February 2018 to July 2018, instructions/guidelines issued by the regulator(s) and important developments in banking and finance up to 31st December, 2017 will only be considered for the purpose of inclusion in the question papers.
- ❖ In respect of the exams to be conducted by the Institute for the period from August 2018 to January 2019, instructions/guidelines issued by the regulator(s) and important developments in banking and finance up to 30th June, 2018 will only be considered for the purpose of inclusion in the question papers.

➤ **Exam Fees**

JAIIB

First attempt fee - 2,400*
Second attempt fee - 1,000*
Third attempt fee - 1,000*
Fourth attempt fee - 1,000*

DBF

First attempt fee - 3,200*
Second attempt fee - 1,000*
Third attempt fee - 1,000*
Fourth attempt fee - 1,000*

CAIIB

First attempt fee - 2,700*
Second attempt fee - 1,000*
Third attempt fee - 1,000*
Fourth attempt fee - 1,000*

* Plus convenience charges and Taxes as applicable

SYLLABUS

The details of the prescribed syllabus which is indicative are furnished below. However, keeping in view the professional nature of examinations, all matters falling within the realm of the subject concerned will have to be studied by the candidate as questions can be asked on all relevant matters under the subject. Candidates should particularly prepare themselves for answering questions that may be asked on the latest developments taking place under the various subject/s although those topics may not have been specifically included in the syllabus. Any alterations made will be notified from time to time. Further, questions based on current developments in banking and finance may be asked.

Candidates are advised to refer to financial news papers / periodicals more particularly "IIBF VISION" and "BANK QUEST" published by IIBF.

MODULE - A: Introduction

History and definition, role within the bank operations, Applicability of retailing concepts distinction between Retail and Corporate / Wholesale Banking

MODULE - B : Retail Products

Retail Products Overview - Customer requirements, Products development process, Liabilities and Assets Products / Description of Liability products, Description of Asset Products, Approval process for retail loans, Credit scoring.

Important Asset Products -

Home Loans - Eligibility, Purpose, Amounts, Margin, Security, Disbursement, Moratorium, Prepayment issues, Repayments / Collection.

Auto / Vehicle Loans - Eligibility, Purpose, Amounts, Margin, Security, Disbursement, Moratorium, Prepayment issues, Repayments / Collection.

Personal Loans Eligibility, Purpose, Amounts, Security, Disbursement, Moratorium, Prepayment issues, Repayments / Collection.

Educational Loans Eligibility, Purpose, Amounts, Security, Disbursement, Moratorium, Prepayment issues, Repayments.

Credit / Debit Cards - Credit Vs Debit Cards, Eligibility, Purpose, Amounts, Margin, Security, Process of using the cards, Billing Cycle, Credit Points.

Other Products / Remittances / Funds Transfer

MODULE - C : Marketing / Selling of retail products, MIS and Accounting

Retail Strategies; Tie-up with Institutions for Personal loans / Credit cards / Educational loans, with OEMs / Authorised Dealers for Auto / Vehicle loans, and with Builders / Developers for Home loans

Delivery Channels - Branch, Extension counters, ATMs, POS, Internet Banking, M-Banking.
Selling Process in retail products-Direct Selling Agents

Customer Relationship Management - Role and impact of customer relationship management, Stages in customer relationship management process.

Regulations and compliance

Technology for Retail Banking - Static information, Account opening, basic loan origination data etc. Updated information like income details at different frequencies. Transaction information from disbursement till final settlement of the loan amount. Analytics / Alerts.

Accounting entries - Loan process and the relevant accounting including EMI Computation.

MODULE - D : Other issues related to Retail Banking

Securitisation, mortgage based securities.

Trends in retailing - New products like Insurance, Demat services, online / Phone Banking, Property services, Investment advisory / Wealth management, Reverse Mortgage - Growth of e-banking, Cross selling opportunities.

Recovery of Retail Loans - Defaults, Rescheduling, recovery process. SARAFAESI Act, DRT Act, use of Lok Adalat forum. Recovery Agents - RBI guidelines.

Retail Banking

Bharat QR - A QR code consists of black squares arranged in a square grid on a white background, which can be read by an imaging device such as a camera.
QR contains information about the item to which it is attached.

Answer the following questions regarding Bharat QR.

1. Bharat QR is Mobile payment solution
 - a. P2P (Person to Person)
 - b. P2M (Person to Merchant)
 - c. M2P (Merchant to Person)
 - d. M2M (Merchant to Merchant)
2. Bharat QR is mutually derived among payment networks. (i) NPCI, (ii) Visa, (iii) Mastercard
 - a. Only (i) and (ii)
 - b. Only (i) and (iii)
 - c. Only (ii) and (iii)
 - d. (i), (ii) and (iii)
3. What are the charges for using Bharat QR?
 - a. No additional charges for making transaction through Bharat QR
 - b. Depends on the Bank
 - c. Depends on the App
 - d. Depends upon the transaction amount
4. Can multiple bank cards be linked on same App?
 - a. No. Multiple cards can't be linked in a single app
 - b. Yes. Multiple cards of multiple banks can be linked in a single app
 - c. Yes. Multiple cards of the same bank can be linked in a single app
 - d. None of the above
5. First factor of 2FA for Bharat QR is MPIN for the mobile application login. Second factor is taken as (i) MPIN, (ii) OTP, (iii) ATM pin
 - a. Only (i) or (ii)
 - b. Only (i) or (iii)
 - c. Only (ii) or (iii)
 - d. (i) or (ii) or (iii)

6. What is the Daily transaction limit?

- a. Rs. 10000
- b. Rs. 20000
- c. Rs. 50000
- d. Set at Bank's end

7. How many Bharat QR transactions can be done in a day?

- a. 25
- b. There is no limit on number of transactions
- c. There is no limit on number of transactions but subject to daily transaction amount limits on your Debit/Credit Cards
- d. Set at Bank's end

Answers :

1-b, 2-d, 3-a, 4-c, 5-d, 6-d, 7-c

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An individual has recently purchased a house worth Rs. 40 lakh for self-occupation by availing housing loan of Rs. 28 lakh at 9.25% p.a. rate of interest. The tenure of loan is 18 years. He has Rs. 12 lakh financial assets at present invested at 9% p.a. He is expected to save annually Rs. 2 lakh which he invests on a quarterly basis beginning a quarter from now in an instrument which is expected to provide return of 9% p.a.

1. What will be the EMI on housing loan?

- a. 25669
- b. 26659
- c. 26969
- d. 29669

2. What will be the Outstanding in his housing loan after five years?

- a. 21,14,624
- b. 24,14,624
- c. 24,41,624
- d. 24,44,624

3. What will be the value of his Financial assets after five years?

- a. 14,68,349
- b. 16,48,349

- c. 16,84,349
d. 18,46,349

4. What will be the value of his Savings after five years?

- a. 12,36,614
b. 13,26,614
c. 13,62,614
d. 16,26,614

5. What would be his net worth five years from now? The value of the house which is for consumption purposes is not considered in the net worth so arrived.

- a. 6,33,688
b. 6,36,838
c. 6,68,338
d. 6,86,338

Solution :

1 - b

Housing loan liability = 28,00,000

Tenure = 18 years

Rate of interest = 9.25% p.a.

Financial assets = 12,00,000

Annual savings = 2,00,000

Rate of investment growth in assets = 9% p.a.

EMI on housing loan = 26,659 {PMT (9.25%/12,18*12,-2800000,0,0)}

2 - b

Outstanding housing loan = 24,14,624 {PV(9.25%/12,(18-5)*12,-26659,0,0)}

3 - d

Financial assets = 18,46,349 {FV(9%,5,0,-1200000,0)}

4 - a

Savings = 12,36,614 {FV((1+9%)^(1/4)-1,5*4,-200000/4,0,0)}

5 - c

Net worth of the individual after 5 years = 6,68,338 (1846349+1236614-2414624)

A businessman sold Rs. 85 lakh value of unlisted securities on 20th December 2016. These shares were acquired in April 2012 for Rs. 20 lakh. He invested Rs. 40 lakh from these proceeds in February 2017 in his first residential house to avail benefit under Section 54F of the Income-tax Act, 1961.

Cost inflation index for FY 2012-13 : 852 , 2016-17 : 1125.

1. What is the Indexed cost of acquisition in the year of sale?

- a. 20,40,845
- b. 20,46,845
- c. 26,40,845
- d. 26,46,845

2. What is the Long Term Capital Gains?

- a. 58,58,155
- b. 58,59,155
- c. 59,58,155
- d. 59,59,155

3. What is the Ratio of cost of new asset to net consideration?

- a. 0.4706
- b. 0.6706
- c. 0.7046
- d. 0.9706

4. What is the Exemption eligible under Section 54F?

- a. 25,57,249
- b. 25,75,249
- c. 27,57,249
- d. 27,75,249

5. What approximate amount of bonds specified under Section 54EC should he purchase and by what date so as to make his capital gains liability almost 'Nil' towards these transactions?

- a. 30,12,000 and 19th June 2017
- b. 30,20,000 and 19th December 2017
- c. 31,02,000 and 19th June 2017
- d. 31,20,000 and 19th December 2017

Solution :

1 - c

Cost of acquisition of unlisted shares : 2012-13 = 20,00,000

Indexed cost of acquisition in the year of sale = 26,40,845 ($2000000 \times 1125/852$)

2 - b

Sale proceeds : December 2016 = 85,00,000

Cost of acquisition of unlisted shares : 2012-13 = 20,00,000

Indexed cost of acquisition in the year of sale = 26,40,845 ($2000000 \times 1125/852$)

Long Term Capital Gains = 58,59,155 ($85,00,000 - 26,40,845$)

3 - a

Cost of new asset: a residential house = 40,00,000

Sale proceeds : December 2016 = 85,00,000

Ratio of cost of new asset to net consideration = 0.4706 ($40,00,000/85,00,000$)

4 - c

Long Term Capital Gains = 58,59,155 ($85,00,000 - 26,40,845$)

Ratio of cost of new asset to net consideration = 0.4706 ($40,00,000/85,00,000$)

Exemption eligible under Section 54F = 27,57,249 ($58,59,155 \times 0.4706$)

5 - c

Capital Gains chargeable to tax = 31,01,906 ($58,59,155 - 27,57,249$)

Approximate amount to be invested u/s 54EC bonds = 31,02,000

Date by which Sec 54EC bonds to be invested = 19th June 2017 (Within 6 months from sale)

Mrs. A whose date of birth is 30th March 1956 has a total salary income of Rs. 9,78,000 for the previous year 2016-17. She has income from other sources of Rs. 18,142 from her savings bank account. Her only investments are contributions to Recognised Provident Fund account which are 12% of her basic salary of 40,000 per month.

1. What will be the total eligible deductions for AY 2017-18?

- a. 10000
- b. 57600
- c. 62600
- d. 67600

2. What will be her Taxable Salary for AY 2017-18?

- a. 978000
- b. 928542
- c. 996142
- d. 999542

3. What will be her tax liability for AY 2017-18?

- a. 85708
- b. 105708
- c. 108880
- d. 113708

Solution:

1 - d

Deductions eligible:

Interest up to Rs. 10,000 on savings bank (u/s 80TTA) = 10,000

Basic salary = 40,000

Recognised provident Fund contributions (cum. limit Rs. 1.5 lakh) = 57,600 (40000*12%*12)

Total deductions eligible = 10000+57600
= 67600

2 - c

Income from Salary = 9,78,000

Interest from Savings bank account = 18,142

Total income = 9,96,142 (978000+18142)

Taxable Salary = 996142-67600
= 9,28,542

3 - c

Up to Rs. 3,00,000 : Nil (Senior citizen) = 0

Up to Rs. 5,00,000 : 10% in excess of Rs. 3 lakh = 20,000 ((500000-300000)*10%)

Up to Rs. 10,00,000 : 20% in excess of Rs. 5 lakh = 85,708 ((928542-500000)*20%)

Education Cess(es) = 3,172 ((25000+85708)*3%)

Total Tax = 20000+85708+3172
= 1,08,880

"Housing for All by 2022" aimed for urban areas with following components/options to States/Union Territories and cities:-

- a. Slum rehabilitation of Slum Dwellers with participation of private developers using land as a resource;
- b. Promotion of affordable housing for weaker section through credit linked subsidy;
- c. Affordable housing in partnership with Public & Private sectors and
- d. Subsidy for beneficiary-led individual house construction or enhancement.

Answer the following questions.

1. Central grant of Rs. per house, on an average, will be available under the slum rehabilitation programme.

- a. Rs. 1 lakh
- b. Rs. 1.5 lakhs
- c. Rs. 2.3 lakhs
- d. Rs. 2.7 lakhs

2. Under the Credit Linked Interest Subsidy component, what will be the interest subsidy on housing loans availed upto a tenure of 15 years will be provided to EWS/LIG categories?

- a. 5.6 percent
- b. 6.5 percent
- c. 5.8 percent
- d. 8.5 percent

3. Under the Credit Linked Interest Subsidy component, what will be the subsidy pay-out on NPV basis per house for both the categories?

- a. Rs. 1 lakh
- b. Rs. 1.5 lakhs
- c. Rs. 2.3 lakhs
- d. Rs. 2.7 lakhs

4. Central assistance at what rate per house for EWS category will be provided under the Affordable Housing in Partnership house construction or enhancement?

- a. Rs. 1 lakh
- b. Rs. 1.5 lakhs
- c. Rs. 2.3 lakhs
- d. Rs. 2.7 lakhs

5. Central assistance at what rate per house for EWS category will be provided under the Affordable Housing in Beneficiary-led individual house construction or enhancement

- a. Rs. 1 lakh
- b. Rs. 1.5 lakhs
- c. Rs. 2.3 lakhs
- d. Rs. 2.7 lakhs

Answers :

- 1. a - Rs. 1 lakh
- 2. b - 6.5 percent
- 3. c - Rs.2.3 lakhs
- 4. b - Rs.1.5 lakhs
- 5. b - Rs.1.5 lakhs

What will be the capitalized value of a property purchased for Rs. 8,00,000 for income @ 10% rate of interest and redemption of capital @ 5% rate of interest for a period of 25 years?

- a. 6161000
- b. 6166000
- c. 6616000
- d. 6661000

Ans - c

Solution :

In actual practice, separate provision for sinking fund is not done but the capitalized value is obtained by referring to dual rate Valuation Tables to determine the multiplying factor (YP) based on income for a specified period (life of building) at particular interest rate and redemption of capital at another rate of interest.

Thus the YP or present value of Re 1 per annum for income @ 10% rate of interest and redemption of capital @ 5% rate of interest for a period of 25 years is 8.27 as per the tables (see Appendix).

In other words, if a property is purchased for Rs. 8,00,000, its capitalized value will be $8.27 \times 8,00,000 = 66,16,000$.

Bharat Interface for Money (BHIM)

BHIM is a UPI based payment interface which allows real time fund transfer using a single identity like your mobile number or name.

Answer the following questions regarding BHIM.

1. Which one is not correct regarding money sent to a wrong user?
 - a. Matter can be referred to NCPI
 - b. A successful transaction cannot be reversed
 - c. You have to try and raise a collect request and hope that the user will return the same
 - d. There is no guarantee that your amount will be reversed
2. What is correct in respect of BHIM? (i) You can't use BHIM outside India, (ii) You can use BHIM outside India to send and collect money for your local accounts, (iii) NRI/NRE accounts cannot be used for the same.
 - a. Only (i) and (ii)
 - b. Only (i) and (iii)
 - c. Only (ii) and (iii)
 - d. (i), (ii) and (iii)
3. What are the methods available on BHIM for sending Money? (i) VPA/Mobile No (Registered on UPI), (ii) Aadhaar Number (Should be linked to a bank account), (iii) Account Number and IFS code
 - a. Only (i) and (ii)
 - b. Only (i) and (iii)
 - c. Only (ii) and (iii)
 - d. (i), (ii) and (iii)
4. What are the charges to use BHIM?
 - a. Depends upon the transaction limit
 - b. Depends on the Bank
 - c. Depends on the App
 - d. NPCI does not charge any user for transacting on BHIM
5. Which is not correct regarding sending money using BHIM?
 - a. Maximum of Rs. 10,000 per transaction
 - b. Maximum of Rs. 20,000 per day
 - c. Limit is available per app from a mobile
 - d. Limit is available per bank account linked on BHIM

6. Which is correct regarding collect request using BHIM?

- a. Maximum of Rs. 10,000 per transaction
- b. Maximum of Rs. 20,000 per transaction
- c. Maximum of Rs. 10,000 per day
- d. Maximum of Rs. 20,000 per day

7. A failed transaction amount should normally be reversed to you in

- a. T+1 days
- b. T+2 days
- c. T+3 days
- d. T+4 days

Answers :

1-a, 2-c, 3-d, 4-d, 5-d, 6-a, 7-c

Mr. Y wants to receive Rs. 40000 p.a. for 20 years by investing @ 5%. How much he will have to invest now?

- a. 498489
- b. 498849
- c. 498948
- d. 498984

Ans - a

Explanation :

Here,

P = 40000

R = 5% p.a.

T = 20 yrs

$$PV = P / R * [(1+R)^T - 1] / (1+R)^T$$

$$PV = (40000 \div 0.05) * \{(1.0520 - 1) \div 1.0520\}$$
$$= 498489$$

Bharat Bill Payment System (BBPS) is an integrated bill payment system which will offer interoperable bill payment service to customers online as well as through a network of agents on the ground. The system will provide multiple payment modes and instant confirmation of payment.

Answer the following questions regarding BBPS.

1. Who has been identified to act as Bharat Bill Payment Central Unit (BBPCU)?

- a. RBI
- b. SBI
- c. NCPI
- d. Govt of India

2. Banks and non-bank entities presently engaged in any of the above bill payment activities falling under the scope of BBPS and desirous of continuing the activity are

- a. mandatorily required to apply for approval/authorisation to become BBPOUs
- b. allowed to decide whether they want to become BBPOUs or not
- c. Any one of the above
- d. Neither of the above

3. Approval/authorisation to become BBPOUs should be applied to

- a. RBI
- b. SBI
- c. NCPI
- d. Govt of India

4. Net worth of the non-bank entities for seeking authorisation as BBPOUs should be atleast

- a. Rs.10 crore
- b. Rs.50 crore
- c. Rs.100 crore
- d. Rs.200 crore

5. Whether the non-bank entities will be required to show upfront that they are meeting the capital requirement for BBPOUs?

- a. Yes
- b. Not required
- c. If an entity applying for authorisation for BBPOU does not have the required network, then they are required to demonstrate unequivocal commitment/sources for raising the funds and also specify the time period within which the funds will be raised

d. If they don't show upfront that they are meeting the capital requirement for BBPOUs, their application will be rejected

Answers :

1-c, 2-a, 3-a, 4-c, 5-c

An investor purchased 2,000 shares of a listed company at Rs. 125 per share on 28.08.2015. The Company declared a dividend of Rs. 8 per share, the record date was 26.11.2015. He sold 900 shares on 12.04.2016 at a price of Rs. 115 per share and the balance on 27.06.2016 at a price of Rs. 135 per share.

1. Whether he had gained profit or suffered loss in the sale on 12.04.2016?

- a. Gained profit
- b. Suffered loss
- c. No Profit No Loss
- d. Can't determine

2. How much is the dividend received?

- a. Rs. 7,200
- b. Rs. 8,800
- c. Rs. 12,800
- d. Rs. 16,000

3. How much is the profit or loss on sale on 12.04.2016?

- a. Loss of Rs. 3,600
- b. Loss of Rs. 9,000
- c. Profit of Rs. 3,600
- d. Profit of Rs. 9,000

4. Whether he had gained profit or suffered loss in the sale on 12.04.2016?

- a. Gained profit
- b. Suffered loss
- c. No Profit No Loss
- d. Can't determine

5. How much is the profit or loss on sale on 27.06.2016?

- a. Loss of Rs. 11,000
- b. Loss of Rs. 19,800

- c. Profit of Rs. 11,000
d. Profit of Rs. 19,800

6. What is the Taxable short term capital gains for AY 2017-18?

- a. Rs. 2,000
b. Rs. 4,000
c. Rs. 9,000
d. Rs. 11,000

Solution :

1 - b

Price at which bought = Rs. 125

Sales consideration per share = Rs. 115

So, $(115 - 125 = -10)$ Loss

2 - d

Declared dividend = Rs. 8 per share

Dividend received on 2000 shares = Rs. 16,000 (2000×8)

3 - b

Price at which bought = Rs. 125

Sales consideration per share = Rs. 115

So, $(115 - 125 = -10)$ Loss

Number of shares sold = 900

Loss on sale: Short term = Rs. 9,000 $\{900 \times (115 - 125)\}$

4 - a

Price at which bought = Rs. 125

Sales consideration per share = Rs. 135

So, $(135 - 125 = 10)$ Profit

5 - c

Price at which bought = Rs. 125

Sales consideration per share = Rs. 135

Gain on sale : Short term = Rs. 11,000 $\{1100 \times (135 - 125)\}$

6 - a

Loss on sale on 12.04.2016 = Rs. 9,000

Gain on sale on 27.06.2016 = Rs. 11,000

Taxable short term capital gains = Rs. 2,000 $(11000 - 9000)$

Mr X has been enjoying a credit card from ABC Bank. The bank has fixed a spending limit of Rs. 200000 lac on his card. During July 2016, he made purchase of Rs. 150000 and paid on due date (10 Aug 2016) Rs. 120000 being a part of the outstanding amount of Rs. 150000. On 11 Aug 2016, he made additional purchase of Rs. 70000. Rate of interest charged by bank is 2 % per month.

Answer the following questions

01. What would be the minimum payment requirement on credit card dues during any month?

- a. 3% of due
- b. 5% of due
- c. 8% of due
- d. 10% of due

Ans - b

Minimum payment require 5%

02. As the bank charges interest at 2% per month, what would be the annual effective rate to the user?

- a. 24.52%
- b. 26.82%
- c. 27.92%
- d. 28.64%

Ans - b

Solution

$$\begin{aligned}\text{Effective interest rate} &= (1+r)^n - 1 \\ &= (1+0.02)^{12} - 1 \\ &= 1.26824 - 1 \\ &= 0.26824 \\ &= 26.82\%\end{aligned}$$

03. Daily interest charged on outstanding balance as on 11 Aug 2016 will be

- a. Rs.60.50
- b. Rs.65.75
- c. Rs.70.10
- d. Rs.75.25

Ans - b

.....

Solution

Daily interest charged=Due outstanding*12/365*r
=(30000+70000)*12/365*0.02
=100000*12*.02/365
=24000/365
=65.75
.....

04. Total interest Charged on 10 Sep 2016 will be

- a. Rs.1865
- b. Rs.1908
- c. Rs.1973
- d. Rs.2036

Ans - c

Solution

Total interest charged= no of days outstanding * Daily interest
From 11 Jul 2016 to 10 Aug 2016 = 30 days
=30*65.75
=1973.05
.....

05. If Mr A wants to clear all his dues on the due date on 10 Sept 2016, what amount would be required to pay

- a. Rs.30000
- b. Rs.70000
- c. Rs.100000
- d. Rs.101913

Ans - d

Solution

Outstanding amount+additional purchase+interest
= 30000+70000+1973
= 101973
.....

Reverse Mortgage Loan (RML) Scheme, though apparently enables senior's regular income by pledging home with the lending bank, the product has not met with much success due to obvious reasons such as non-availability of regular income beyond tenure leading to uncertainty as to how manage without payment after the loan term, quantum etc. To overcome the weakness of the scheme, an improved Reverse Mortgage Loan enabled Annuity Scheme (RMLeA) has evolved as significant improvement over the initial RML product variant.

Answer the following question:

01. RMLeA scheme has been promoted by

- (i) National Housing Bank
- (ii) HDFC Ltd
- (iii) Central Bank of India
- (iv) Star Union Daichi life insurance Company Ltd.

- a. (i) and (ii) only
- b. (iii) and (iv) only
- c. (i),(iii) and (iv) only
- d. (i),(ii) and (iii) only

Ans - b

02. Which of the following features are true in respect of RMLeA?

- (i) Married couples will be eligible as joint borrower for financial assistance
- (ii) Joint borrower will have the option to receive the annuity separately in their respective individual names on proportionate basis that may decide
- (iii) The senior Citizen borrower are eligible to receive assured life-time payments even after completion of the fixed term with increased quantum of annuity
- (vi) The periodic annuity payments are subject to Income Tax and Taxable in the hand of the annuity recipients.

- a. (i),(iii) and (vi) are correct
- b. (ii),(iii) and (vi) are correct
- c. (iii),(ii) and (i) are correct
- d. All (i),(ii),(iii) and (vi) are correct

Ans - a

03. The LTV in respect of Senior Citizen in the age bracket of 70-80 as per the scheme is

- a. 50%
- b. 75%
- c. 70%

d.60%

Ans - c

04.Under reverse Mortgage Loan Enabled Annuity(RMLEA), which of the following are considered as the primary annuity sourcing institution?

- a. Scheduled Commercial Banks
- b. Housing finance Companies
- c. Life insurance Corporations*
- d. All the above

Ans - c

Mr. X wants to receive Rs. 40000 p.a. for 20 years by investing @ 5%. How much he will have to invest now?

- a. 498489
- b. 498849
- c. 498948
- d. 498984

Ans - a

Explanation :

Here,

P = 40000

R = 5% p.a.

T = 20 yrs

$$PV = P / R * [(1+R)^T - 1] / (1+R)^T$$

$$PV = (40000 \div 0.05) * \{(1.0520 - 1) \div 1.0520\}$$
$$= 498489$$

What will be sinking fund for redeeming capital of Rs. 15 lacs at the end of 25 years @ 5% compound interest?

- a. 275000
- b. 295000

- c. 315000
d. 335000

Ans - c

Solution :

The sinking fund factor is the amount that accumulates to Re. 1 if invested at specified rate of interest for certain number of years.

It can be obtained from Valuation Tables.

The factor for redemption of Re 1 at the end of 25 years @ 5% compound interest is 0.021 from the table (see Appendix).

Thus the sinking fund for redeeming original capital of Rs. 15 lacs will be $15,00,000 \times 0.021 = 315000$.

Suppose that during the rent of a property the owner earns the income of 60000 on a quarterly basis. Set the value of this liability at the current moment; in other words, determine the price of this property, if it was sold at the present moment at the interest rate:

1) of 8% converted on a quarterly basis?

- a. 1500000
a. 2000000
a. 3000000
a. 4500000

Ans - c

2) of 8% converted on an annual basis?

- a. 1588557
b. 3088557
c. 3808557
d. 3880557

Ans - b

Solution :

We have that

- 1) $R = 60000$;
 $i = 0.02$;
 $A = 60000 / 0.02$

= 3000000

Thus, the market value of this property is 3000000.

2) In the case we have a complex annuity,

thus: $R = 60000$, $i = 0.08$, $c = 0.25$ Then

$p = 1.08^{0.25} - 1 = 0.0194265$

$A = 60000 / 0.0194265 = 3088557$

In this case the value of this property is 3088557.

As we know today private, public and foreign banks issues ATM to his customers. ATM is now 24 hour banking service provider. Customer use ATM not only to withdraw cash from machine but also to make shopping on various sites. Some banks offer additional facilities on ATM card i.e Accidental cover and some give a facility to withdraw money beyond the limit. It has changed the banking scenario globally, today a person who don't have money in a foreign country can withdraw money from ATM.

Answer the following questions on ATM/Debit card

1. Max cash withdrawal limit for POS in Tier I and II centres?

- a. Rs.1000/- in one transaction
- b. Rs.1000/- can be withdrawn daily
- c. Rs.5000/- in one transaction
- d. Rs.5000/- can be withdrawn daily

2. Max withdrawal on other bank's ATM in one transaction?

- a. Rs 5,000/-
- b. Rs 10,000/-
- c. Rs 15,000/-
- d. Rs 20,000/-

3. Max free allowed limit in a month on other banks ATM Machine?

- a. 2
- b. 3
- c. 5
- d. 10

4. Max free allowed limit in a month on other banks ATM Machine located in the six metro centres?

- a. 2

- b. 3
c. 5
d. 10

5. The bank promote using of ATM because

- a. to reduce staffs
b. to earn commission
c. to avoid customers at banks
d. to Reduce human cost on small payments

Ans

1-b, 2-b, 3-c, 4-b, 5-d

Nomination details, after the death of cardholder are required to be given, while submitting credit card application form. This is essential for purpose of?

- a. To pay credit card dues by nominee
b. To get insurance cover as nominee
c. To reimburse loss by insurance company after the loss of card, as nominee
d. Not required

Ans - b

What are the disadvantages of retail banking?

- a. Huge clientele requires more efforts for monitoring and tracking.
b. Cost of servicing will be relatively high.
c. Delinquencies relatively higher in unsecured retail loans like Personal Loans and Credit Card Receivables
d. All the above

Ans - d

Loans against security of shares, convertible bonds, convertible debentures and units of equity oriented mutual funds should not exceed the limit of if the securities are held in physical form.

- a. Rs. 2 lakhs
b. Rs. 5 lakhs
c. Rs. 10 lakhs

d. Rs. 20 lakhs

Ans - c

What is the accidental death cover available to holders of Kisan Credit Card?

- a. Rs. 50,000
- b. Rs. 100,000
- c. Rs. 150,000
- d. Rs. 200,000

Ans - a

Retail Loan Processing Centres of banks are designed to

- a. Source retail asset business
- b. Process retail loans
- c. Do the valuation/legal opinion wherever necessary
- d. Release the loan either at their end or advise sanction to branches

Ans - d

From which country, the concept of Credit Card originated?

- a. United Kingdom
- b. United States
- c. France
- d. Australia

Ans - b

Deregulation of interest rate has exposed the banks in the adverse impact of interest rate risk may take the form of?

- a. Gap or mismatch in off balance sheet items/basis risk/embedded option risk
- b. Operational risk/solvency risk/technical risk
- c. Country risk/environmental risk/contingency risk
- d. Both b and c

Ans - a

Market risk means risk arising from the adverse changes in the market variables. What are those variables are? (i) Interest rates/foreign exchange rates/equity price, (ii) Liquidity/commodity price, (iii) Funding risk/time risk/call risk

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - a

What strategies are adopted by banks for managing risk and profitability?

- a. Guidelines on delegation of power and accountability
- b. Strengthening of credit appraisal mechanism/risk of wilful default be checked by presanction inspections and verification of antecedents.
- c. Meaningful post-disbursal monitoring for early identification of signs of incipient sickness.
- d. All above

Ans - b

Set out the mistakes as occur in credit scoring? (i) Confusion in names due to similarity in names, (ii) Human input error/identity theft which are exploited

- a. Only (i)
- b. Only (ii)
- c. Either (i) or (ii)
- d. Neither (i) nor (ii)

Ans - c

The business entity that is authorized to accept cards for the payment of goods and services is called?

- a. Issuer
- b. Acquirer
- c. Merchant
- d. Authorised Issuer

Ans - c

Define the process flow of ECS (i) Issuing of mandate by account holder favouring beneficiary, (ii) It is registered with clearing house by the beneficiary, (iii) Proceeds are credited to the a/c of beneficiary

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

What is the maximum repayment period that can be considered for repayment of Housing Loan?

- a. 30 Years
- b. 25 Years
- c. 20 Years
- d. 18 Years

Ans - a

When one feels chances of error in credit scoring, then what steps could be taken for clarification in the credit report? (i) Ask the bank who declined credit, to provide the control number of 9 digit for the credit report, (ii) Call for help on CIBIL website www.cibil.com and inform the exact nature of discrepancies as pointed out by bank, (iii) If bank is in-cooperative then lodge a complaint in the bank's website and on failure to receive any answer within 15 days, lodge a complaint with Banking Ombudsman

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

Various parameters are judged by the card issuer for higher credit card scoring. Name such parameters

- a. Age between 31-45 years/professional or postgraduate/serving in government organisation or PSU/self employed or owner/ length of service 5 yrs. and above in profession or business
- b. Lesser number of dependents/self owned house/self owned car/income upto 2 lakhs yearly/spouse income below 5 lakhs/no card holder earlier

-
- c. Integrity/character/conduct satisfactory bank experience deposit upto 1 lakh with bank/banking with bank upto 6 months/owning two wheelers/residing in rented house
d. Application between 45-49 years/ever under graduate/serving with public Ltd./Length of service between lyr. to 2 years/happy family of 5 persons

Ans - a

.....

What is the maximum time allowed for construction on a plot purchased under our Housing loan ?

- a. 12 months
b. 18 months
c. 24 months
d. 30 months

Ans - d

.....

Ordinarily there are only two kinds of cards (plastic money) viz. Credit cards and debit cards. It there is any other card to be given as gift and issued by corporate? (i) Smart Card, (ii) Pre Loaded Cards, (iii) Prepaid Cards

- a. Only (i) and (ii)
b. Only (i) and (iii)
c. Only (ii) and (iii)
d. (i), (ii) and (iii)

Ans - c

.....

Credit cards issued by banks, to award cash back points is/are called

- a. Titanium/Platinum/Gold/Silver Card
b. Platinum/Gold/Silver Card'
c. Platinum/Gold Card
d. Gold and Silver Card

Ans - a

.....

Payments default risk is embedded in which type of cards? (i) Debit card, (ii) Credit card

- a. Only (i)
b. Only (ii)

.....

- c. Either (i) or (ii)
d. Neither (i) nor (ii)

Ans - b

.....

Your client had inherited a property of market value of Rs. 50 lakh from his grandfather on 28th December 2009. His grandfather had acquired this property on 1st September 2001 for Rs. 12 lakh. He sold this property for Rs. 70 lakh in January 2017. Compute the capital gains/loss for AY 2017-18. Cost inflation index for FY 2001-2002 : 426, 2009-2010: 632, 2016-17: 1125

- a. 18,30,986
b. 20,00,000
c. 31,69,014
d. 38,30,986

Ans - d

Solution :

Acquisition price of the property : 1-Sep 2001 = 12,00,000
Market Value when inherited: 28-Dec-2009 = 50,00,000
Sales consideration : January 2017 = 70,00,000
CII: 2001-02 = 426
CII: 2009-10 = 632
CII: 2016-17 = 1125
Index cost of acquisition for Capital Gains = 31,69,014 ($1200000 \times 1125 / 426$)
Capital Gains = 38,30,986 ($7000000 - 3169014$)

.....

The extent of funding against mutual funds is generally % of the base NAV.

- a. 20-30
b. 30-40
c. 40-50
d. 50-60

Ans - c

.....

Loans against security of shares, convertible bonds, convertible debentures and units of equity oriented mutual funds should not exceed the limit of if the securities are held in demat form.

- a. Rs. 2 lakhs

- b. Rs. 5 lakhs
- c. Rs. 10 lakhs
- d. Rs. 20 lakhs

Ans - d

Banks stipulate a minimum margin of % of the market value of equity shares/debentures.

- a. 20
- b. 30
- c. 40
- d. 50

Ans - d

The transactions carried out by RIGS is are

- a. Inter bank transactions/customer payment transactions/ delivery vs. payment transactions
- b. Inter bank transactions/securities settlement transactions/ customer payment transactions
- c. Customer payment transactions/delivery vs payment transactions
- d. Customer payment transactions

Ans - a

For what purposes housing loan can be sanctioned by banks? (i) Purchase of new house/old house or flat and for extension of owned house. Old house is age should not be more than 5 to 20 years, (ii) Purchase of new flat/house/land and/or extension of house/ construction of new house/flat

- a. Only (i)
- b. Only (ii)
- c. Either (i) or (ii)
- d. Neither (i) nor (ii)

Ans - a

For can loan, what security can be granted by applicant to the bank?

- a. Hypothecation of the vehicle (car) to be purchased out of loan
- b. Hypothecation of any vehicle, whether old or new
- c. Pledge of car to be purchased out of loan

d. Mortgage of new car to be purchased out of loan

Ans - a

Define the eligibility norms for availing housing loans? (i) Individual/group of individual/members of residential co-op. society, (ii) Should not be enjoying credit facility elsewhere and should not be defaulter in any other credit facility, (iii) Should has regular income from salary or business. Salaried class should have minimum 3 years confirmed service. Applicant's age should not be more than 55 to 60 years at the time of loan application

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

Demerits to issuers of credit cards (i) High cost of local made plastic card, (ii) High cost of imported plastic card/marketing cost, (iii) High cost of credit checks on applicants

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - c

With reference to the Credit Card number, which digits identify the Credit Card Network?

- a. Initial two
- b. Initial Four
- c. Last two
- d. Last four

Ans - a

While availing any vehicle loan (auto rickshaw/passenger/Jeep/Car/Taxi) how much period of moratorium is granted by bank?

- a. 6 months

- b. No moratorium, repayment starts one month after vehicle's possession
c. 3 months
d. Moratorium at the discretion of the bank

Ans - b

Discuss the maximum repayment period given for two wheelers, four wheelers and passenger bus which are allowed by banks in providing loans?

- a. Two Wheelers - 60 months Four Wheelers - 84 months Old Cars/Jeep - 60 months
b. Two Wheelers - 36 months Four Wheelers - 60 months Old Cars - 48 months
c. Two Wheelers - 48 months Four Wheelers - 84 months Old Cars/bus - 60 months
d. Discretion of the bank and reputation of the borrower

Ans - a

RuPay debit card is similar to (i) Singapore's NETS, (ii) China's UnionPay

- a. Only (i)
b. Only (ii)
c. Either (i) or (ii)
d. Both (i) and (ii)

Ans - d

What is Electronic Clearing Service?

- a. Mechanism to effect payments
b. Mandate favouring the beneficiary
c. Mandate favouring the account holder
d. Both a and b

Ans - a

Banks charges levied for which kind of services on the card holders are (i) Finance charges, where part amount paid of the total payment, (ii) Minimum amount due means one debits/previous unpaid payments and other charges, (iii) Annualised percentage rate-monthly interest when annualised

- a. Only (i) and (ii)
b. Only (i) and (iii)

- c. Only (ii) and (iii)
d. (i), (ii) and (iii)

Ans - d

The statement "quality of service delivered by bank staff is not exactly the same each time," refers to which attribute of financial services in a retail bank?

- a. Intangibility
b. Inseparability
c. Perishability
d. Heterogeneity

Ans - d

Forex cards are issued by banks to substitute (i) Foreign currency notes, (ii) Travelers cheques, (iii) Indian currency Notes

- a. Only (i) and (ii)
b. Only (i) and (iii)
c. Only (ii) and (iii)
d. (i), (ii) and (iii)

Ans - a

Mr. X borrowed an amount of Rs. 50000 for 8 years @ 18% roi. What shall be monthly payment?

- a. 986
b. 968
c. 896
d. 869

Ans - a

Explanation :

Here,

$P = 50000$

$R = 18\% = 18\% \div 12 = 0.015$ monthly

$T = 8 \text{ yrs} = 96$ months

$$EMI = P * R * [(1+R)^T / (1+R)^T - 1]$$

$$EMI = 50000 * 0.015 * 1.01596 \div (1.01596 - 1)$$
$$= 986$$

Mr. X borrowed an amount of Rs. 50000 for 8 years @ 18% roi. What shall be monthly payment?

- a. 986
- b. 968
- c. 896
- d. 869

Ans - a

Explanation :

Here,

$$P = 50000$$

$$R = 18\% = 18\% \div 12 = 0.015 \text{ monthly}$$

$$T = 8 \text{ yrs} = 96 \text{ months}$$

$$EMI = P * R * [(1+R)^T / (1+R)^T - 1]$$

$$EMI = 50000 * 0.015 * 1.01596 \div (1.01596 - 1)$$
$$= 986$$

Home Loans are sanctioned by Banks for the following purposes

- a. Purchase/Construction of House/Flat
- b. Purchase of land and construction
- c. Additions to the existing house
- d. All the above

Ans - d

EFMA conducted a study on global Retail Banking market covering Banks.

- a. 132
- b. 142
- c. 152

d. 162

Ans - b

Which of the following country doesn't come under Europe – eurozone?

- a. Austria
- b. Sweden
- c. Netherlands
- d. Ireland

Ans - b

The last stage in the family life cycle is best described as one involving 'wealth transfer'. Which type of bank products is NOT likely to be in demand in this stage of the life cycle?

- a. Mortgage loans
- b. Savings products
- c. Annuities
- d. Trusts and wills

Ans - a

Which among the following benefits is associated with RuPay? (i) International transactions lead to higher transactions costs. Such costs can be reduced by using RuPay card since processing will be done within the country. Also transactions will be faster, (ii) Users will get alerts for every transaction made through RuPay Card, (iii) Processing Fees for RuPay card compared with regular debit/credit cards will be considerably lower

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

Maximum Limit of Housing Loan in Semi-urban

- a. 100 Lac
- b. 200 Lac

- c. 300 Lac
d. 500 Lac

Ans - a

While granting vehicle loans by the bank, to the applicant, what is the security eventually required other than the vehicle? (i) Security of the life insurance policy of the applicant, (ii) Personal security of the spouse, (iii) Personal security of third party with good net worth

- a. Only (i) and (ii)
b. Only (i) and (iii)
c. Only (ii) and (iii)
d. (i), (ii) and (iii)

Ans - c

For retail loans do the banks charge any processing fee from the applicant? What are its minimum and maximum ceiling?

- a. Home loans - 0.50% maximum ceiling 12500 and minimum 500. Vehicle loans - 0.50% maximum ceiling 12500 and minimum 500
b. Home loans - 1.00% maximum ceiling z 12500 and minimum 1,000. Vehicle loans - 1.00% maximum ceiling 12500 and minimum 1,000
c. Home loans - 2.00% maximum ceiling 12500 and minimum 2,000. Vehicle loans - 2.00% maximum ceiling z 12500 and minimum 2,000
d. Fixed amount of 5000 for Housing loan. Fixed amount of 3000 for Vehicle loan. Fixed amount of 1000 for Wheeler loan

Ans - a

Can you tell us the margin range under vehicle loans for two wheelers and four-wheelers?

- a. Minimum 10% cost price for two wheelers and 15% on four wheelers 25% for old cars
b. Nil margin for two wheelers an 30% margin for 4 wheelers 50% for old cars
c. Margins vary as per loan quantum. Bigger the loan, bigger the margin, lower the loan lower the margins
d. For two-wheelers and 4 wheelers margin @20% of cost of vehicle

Ans - a

How to define personal loans granted by bank?

- a. Loans granted on the personal security (goodwill) of the borrower
- b. Loans granted are backed by personal guarantees of the lender
- c. Loans granted by borrower to lender on the image of the borrower
- d. Both a and b

Ans - a

Home Loans are sanctioned by Banks for the following purposes (i) Purchase/Construction of House/Flat, (ii) Purchase/Construction of Flat, (iii) Purchase of land and construction

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

Whether under NEFT any compensation and/or penalty is payable to the sender in delay in completion of funds transfer which may be decided by (i) Sender bank's board of Directors, (ii) RBI, (iii) Ombudsman, on complaint lodged

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - c

..... also provides a unified "Kisan Card" issued by banks across the country under Kisan Credit Card, enabling farmers to transact business on ATMs and POS terminals

- 1. Maestro Card
- 2. RuPay Card
- 3. Forex Card
- 4. None of The Above

Ans - b

.....

In terms of Credit Cards, what is a Hot Card?

- a. Newly issued Card
- b. Invalid Card
- c. Stolen Card
- d. Unpaid Card

Ans - c

.....

The additional attribute of financial services affected by the fact that customers may have limited information when compared to bank staff is known as:

- a. transparency of performance
- b. uncertainty of performance
- c. comparability of performance
- d. co-creation of performance

Ans - a

.....

In international remittance from NRIs what are fastest modes of remittance? (i) Demand Draft, (ii) SWIFT, (iii) Link, Western Union

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - c

.....

Auto Loans are given by banks for the following purposes (i) Purchase of New Car, (ii) Purchase of Used Car, (iii) Purchase of Two Wheelers

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

.....

.....

What is the validity period of a Kisan Credit Card?

- a. 2 Years
- b. 3 Years
- c. 5 Years
- d. 10 years

Ans - b

Default rate in credit cards has gone up high in recent due to

- a. Use of debit card
- b. Use of Amex card
- c. Non utilisation or under utilisation of credit card
- d. Use of multiple credit cards

Ans - d

Which of following statements are correct relating to TOD and TOM? (i) Rates are generally quoted at a premium to the spot rate, (ii) Rates are generally quoted at discount to the spot rate, (iii) Rates are less favorable to the buyer of the currency

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - c

The interest rate differential is added to the spot rate of (i) Low interest yielding currency, (ii) High interest yielding currency

- a. Only (i)
- b. Only (ii)
- c. Either (i) or (ii)
- d. Both (i) and (ii)

Ans - a

Inter bank payments and transactions mainly arise out of

- a. Treasury operations
- b. RBI's securities settlement
- c. Foreign currency transactions
- d. e-banking

Ans - a

Daily mark-to-market in case of an exchange trade futures contract implies

- a. Daily difference in spot price is settled between exchange and holder
- b. Daily difference in futures price is settled between exchange and holder
- c. Daily difference in futures price is adjusted from the margin held
- d. Daily difference in spot price is adjusted from the margin held

Ans - b

In most banks, are integrated to various extents to manage the SLR regulations. (i) funds department, (ii) planning department, (iii) treasury

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

The securities contracted basically on account of long term investment relationships or for steady income and statutory obligations are classified under..... (i) Held-To-Maturity, (ii) Held for Trading

- a. Only (i)
- b. Only (ii)
- c. Either (i) or (ii)
- d. Both (i) and (ii)

Ans - a

.....

If RBI announces an increase in Reverse repo rate, it means the rate at which Banks can park funds with RBI has gone up. What effect can this have on the Bond markets?

- a. Bond prices may go up
- b. Bond prices may go down
- c. There will be no effect on the prices in Bond markets
- d. The effect depends on how often the RBI would conduct the auction

Ans - b

.....

The investments on the securities made to earn profits from the short-term price movements are classified under (i) Held-To-Maturity, (ii) Held for Trading

- a. Only (i)
- b. Only (ii)
- c. Either (i) or (ii)
- d. Both (i) and (ii)

Ans - b

.....

The aggregate exposure of a bank to the capital markets in all forms (both fund based and non-fund based) should not exceed % of its net worth, as on March 31 of the previous year.

- a. 30
- b. 40
- c. 50
- d. 60

Ans - b

.....

Bank's direct investment in shares, convertible bonds/debentures, units of equity-oriented mutual funds and all exposures to Venture Capital Funds should not exceed% of its net worth.

- a. 20
- b. 30
- c. 40
- d. 50

Ans - a

.....

.....

ABC company just issued 50 Lakhs Rs. 100-par bonds payable carrying 8% coupon rate and maturing in 15 years. The bond indenture requires the company to set up a sinking up to pay off the bond at the maturity date. Semi-annual payments are to be made to the fund which is expected to earn 5% per annum. Find the amount of required periodic contributions.

- a. 1,83,81,820
- b. 1,81,83,820
- c. 1,13,88,820
- d. 1,08,83,820

Ans - c

Solution

The future value required to be accumulated equals 50 Crores ($50,00,000 \times 100$)

Since the payments are semi-annual, the periodic interest rate = $5\% \div 2 = 2.5\%$

Number of periods = $2 \times 15 = 30$

Periodic Contribution to Sinking Fund

$$\text{PMT(FV)} = (\text{FV} / (((1+i)^n - 1) / i))$$

PMT = Payment per Time Period

FV = Future Value

i = Interest Rate per Time Period

n = Number of Time Periods

$$\begin{aligned} &= (50,00,00,000 / (((1+0.025)^{30} - 1) / 0.025)) \\ &= (50,00,00,000 / ((2.097567579 - 1) / 0.025)) \\ &= (50,00,00,000 / (1.097567579 / 0.025)) \\ &= (50,00,00,000 / 43.90270316) \\ &= 1,13,88,820 \end{aligned}$$

So, ABC company must deposit Rs. 1,13,88,820 at the end of each 6 months for 15 years in order to accumulate enough money to pay off the bonds when they are due.

XYZ Publishers buy a machine for Rs 20000. The rate of depreciation is 10%. Find the depreciated value of the machine after 3 years. Also find the amount of depreciation. What is the average rate of depreciation?

- a. 7.066
- b. 8.033

- c. 9.033
d. 10.066

Ans - c

Solution

Original value of machine = Rs 20000,
Rate of depreciation, $i = 10\%$
Hence the book value after 3 years = 20000

$$\begin{aligned} &= 20000 (0.9)^3 \\ &= 20000 (0.729) \\ &= \text{Rs. } 14580 \end{aligned}$$

Amount of depreciation in 3 years = Rs 20000 - Rs 14580 = Rs 5420

Average rate of depreciation in 3 years
 $= (5420/20000) \times (100/3) = 9.033\%$

.....

A company wants to set up a sinking fund for the repayment of a loan of Rs. 10 Crores at the end of four years. It makes equal deposits at the end of each month into a fund that earns interest at 12% per year compounded monthly. Determine the size of each deposit. Also construct a sinking fund schedule (the first three months only).

- a. 15,33,383
b. 15,88,383
c. 16,33,383
d. 16,88,383

Ans - c

Solution :

Loan is 10 Crores to be repaid at the end of 4 years. Monthly deposits are made.
Interest rate is 12% per year compounded monthly. This is a Payment for a Future Value type problem.

PAYMENT FOR A FUTURE VALUE EQUATION

$$\text{PMT(FV)} = (\text{FV} / (((1+i)^n - 1) / i))$$

PMT = Payment per Time Period
FV = Future Value

i = Interest Rate per Time Period
n = Number of Time Periods

FV = Rs. 10,00,00,000

i = 0.12 / 12 = 0.01

n = 12 * 4 = 48

Intermediate calculations would be:

$(1.01)^{48} - 1 = 1.612226078 - 1 = 0.612226078$

So,

PMT = 10,00,00,000 / (0.612226078 / 0.01) which would become:

PMT = Rs. 16,33,383

Also, sinking fund schedule for the first three months are :

End of month 1 = Rs. 16,33,383.54

End of month 2 = Rs. 16,33,383.54 * (1+i) = 16,49,717.378 + p = 32,83,100.92

End of month 3 = Rs. 32,83,100.92 * (1+i) = 33,15,931.929 + p = 49,49,315.47

Reverse Mortgage (RML) Numerical Questions :

Value of the property - Rs. 50,00,000

Loan Amount - 80%

Loan Tenor - 15 years

Rate of interest - 10%

Calculate Monthly Installment

Here,

PV = 5000000

LTVR = 80/100 = 0.8

n = 15 * 12 = 180

i = 10/(12*100) = 10/1200 = 0.008333

$= (5000000 * 0.8 * 0.008333) / ((1 + 0.008333)^{180} - 1)$

= Rs. 9651

So, the Monthly installment = Rs. 9651

You had purchased a license to engage in the transportation services for which you paid 5000.
Moreover, you paid 30000 for the purchased car.
You hope to replace a car with a new one every three years, hoping to allocate 30000 for a new car.
In addition, you can sell the car for 10000.

Determine the costs of this business, if the interest rate is 12%.

- a. 34892
- b. 48932
- c. 84392
- d. 94832

Ans - c

Solution :

We have that the initial business costs are 35000,
the replacement costs are $R = 30000 - 10000 = 20000$,

In addition,

$$i = 0.12$$

$$c = 3$$

$$p = 1.12^3 - 1 = 1.404928 - 1 = 0.404928, \text{ Then}$$

$$K = 35000 + (20000/0.404928) \\ = 84392$$

Thus, the capitalized general business costs will be 84392

Mr. Raj has bought :

2000 units of a stock at Rs. 20 on 1 Jan 2013,
2000 more units at Rs. 30 on 1 May 2013
2000 more units at Rs. 40 on 1 December 2013

and sold

5000 units at Rs. 50 on 30 December 2014,

Should he go ahead with Indexed Capital Gains Tax or Non Indexed Capital Gains Tax to save some Tax.

CII for 2012-13 = 852
CII for 2013-14 = 939
CII for 2014-15 = 1024

- a. Indexed Capital Gains Tax
- b. Non Indexed Capital Gains Tax
- c. Both are same
- d. None of the above

Ans - b

Solution :

Each purchase/sale transaction is matched on a First-In-First-Out basis.

All the units sold have been held for over one year, so long term capital gains tax applies.

So here, out of the 5000 units sold, we have three separate pieces to be considered.

The First 2000 are matched to the first 2000 bought, appropriately indexed, gains calculated and tax calculated.

Here you get two years of Indexation (2012-13 and 2014-15)

Indexed Purchase Price = $40,000 * (1024/852) = 48,075$
Capital Gain = $100000 - 48075 = 51925$
The non-indexed gain is Rs. $(100000 - 40000) = \text{Rs. } 60000$

Indexed Capital Gain: Rs. 51925
Non Indexed Capital Gain: Rs. 60000

The First 2000 are matched to the first 2000 bought, appropriately indexed, gains calculated and tax calculated.

Here you get two years of Indexation (2013-14 and 2014-15)

Indexed Purchase Price = $60,000 * (1024/939) = 65431$
Capital Gain = $100000 - 65431 = 34569$
The non-indexed gain is Rs. $(100000 - 60000) = \text{Rs. } 40000$

Indexed Capital Gain: Rs. 34569
Non Indexed Capital Gain: Rs. 40000

The next 1000 units are sold at Rs. 50 and bought at Rs. 40, appropriately indexed, gains calculated and tax calculated.

Here you get two years of Indexation (2013-14 and 2014-15)

Indexed Purchase Price = $40,000 * (1024/939) = 43620$

Capital Gain = $50000 - 43620 = 6380$

The non-indexed gain is Rs. $(50000 - 40000) = \text{Rs. } 10000$

Indexed Capital Gain: Rs. 6380

Non Indexed Capital Gain: Rs. 10000

So let's add them all up.

Indexed

Total Capital Gain = $51925 + 34569 + 6380 = 92874$

Capital Gains Tax Appl (%) = 20%

Capital Gains Tax = 18575

Non-Indexed

Total Capital Gain = $60000 + 40000 + 10000 = 110000$

Capital Gains Tax Appl (%) = 10%

Capital Gains Tax = 11000

He should go ahead to choose the non-indexed option to save some tax of Rs. $(18575 - 11000) = \text{Rs. } 7575/-$.

Mr. Naveen borrowed an amount of Rs. 50000 for 8 years @ 18% roi. What shall be monthly payment?

- a. 986
- b. 968
- c. 896
- d. 869

Ans – a

Explanation :

Here,

$P = 50000$

$R = 18\% = 18\% \div 12 = 0.015 \text{ monthly}$

$T = 8 \text{ yrs} = 96 \text{ months}$

$EMI = P * R * [(1+R)^T / (1+R)^T - 1]$

$EMI = 50000 * 0.015 * 1.01596 \div (1.01596 - 1)$
 $= 986$

Mr. Anup had applied for a Home loan of Rs. 10.00 Lakhs. The estimation of total cost for which is Rs. 11 Lakhs. What is the maximum loan amount which can be sanctioned to him?

- a. Rs. 8,25,000
- b. Rs. 8,80,000
- c. Rs. 10,00,000
- d. Rs. 11,00,000

Ans - b

ISP in Internet Banking stands for ?

- a. Internet Service Punching.
- b. Internet Service Providers.
- c. Internal Security Procedure.
- d. Internal Security Provider.

Ans - b

Which of following is part of direct agriculture under Priority sector ?

- a. Loans upto 5 crore to dealers in fertilizers, pesticides, seeds etc.
- b. Loans to distressed farmers indebted to non-institutional lenders.
- c. Loans to small and marginal farmers for purchase of land for agricultural purposes.
- d. b & c

Ans - d

What is appropriate about incremental loans by banks under MSME to be reckoned as priority sector lending ?

- a. The incremental bank loans to medium service enterprises extended after November 13, 2013, up to the credit limit of Rs. 10 crores, would qualify as Priority Sector Advances.
- b. In line with the above, similar incremental loans to micro and small service enterprises upto the credit limit of Rs. 10 crores, (as against the present ceiling of Rs. 5 crores), shall also be treated as priority sector advances.
- c. The above dispensation will remain in force up to March 31, 2014
- d. All the above

Ans - d

Who is small & marginal farmer ?

- a. Who holds land upto 5.50 acres irrespective whether irrigated or unirrigated.
- b. Farmers with landholding of up to 1 hectare is considered as Marginal Farmers. Farmers with a landholding of more than 1 hectare but less than 2 hectares are considered as Small Farmers.
- c. Farmers with landholding of up to 1 hectare is considered as Marginal Farmers. Farmers with a landholding of more than 1 hectare but less than 2 hectares are considered as Small Farmers. For the purpose of priority sector loans 'small and marginal farmers' include landless agricultural labourers, tenant farmers, oral lessees and share-croppers, whose share of landholding is within above limits prescribed for "Small and Marginal Farmer.
- d. Farmer who holds land upto 5 acre small and upto 2.50 acre marginal.

Ans - c

An individual took a loan of Rs. 10.00 Lakhs for purchasing a plot of land during F.Y. 2005-06 & has paid around Rs. 1,10,000 towards Interest & around Rs. 57,000 towards principal during F.Y. 2006-07. He has not made any other contribution under Sections 80C, 80CCC, or 80CCD. He will be able to claim deduction oftowards principal.

- a. Rs. 1,50,000
- b. Rs. 1,10,000
- c. Rs. 57,000
- d. Rs. 0

Ans - d

.....

Misselling retail loans by a DSA (Direct Selling Agent) and the resultant dissatisfaction of the customer results in risk for the bank.

- a. credit
- b. liquidity
- c. operational
- d. reputation

Ans - d

.....

Which of the following facilities are available for mobile banking customers:

- a. Facility for using banking facility from anywhere
- b. Easy operations - instructions carried out by self.
- c. Option to pay utility bills.
- d. All the above.

Ans - d

.....

A credit Card Bill is Rs. 27200, Amount is not paid on the due date. How much will be the interest charged for the next billing cycle of 30 days. if rate of interest 2.75% p.a.

- a. 758.67
- b. 745.89
- c. 801.28
- d. 768.37

Ans – b

Solution

Daily interest = $27200 \times 2.75\% \times 12 \text{ month} / 36500$
= 24.8630

Interest payable for next installment Cycle = daily interest * no of days
= 24.8630×30
= 745.89

.....

.....

If income level is between 50 lacs & 400 lacs it is

- a. Mass market
- b. Mass affluent
- c. Super affluent
- d. None

Ans - c

.....

One of the following is not an expectation of customers about the service quality of banks

- a. Tangibility
- b. Reliability
- c. Readiness
- d. Empathy

Ans - c

.....

Under what stage of Product Life Cycle, the sales volume will be low and revenue from the products will not be sufficient to cover the cost of production, etc

- a. Introduction
- b. Growth
- c. Maturity
- d. None Empathy

Ans - a

.....

Second HLs/Home improvement/Home Décor loans are under what type of needs as prescribed by Moslow

- a. Social needs
- b. Esteem needs
- c. Safety/Security needs
- d. None

Ans - b

.....

.....

.....

If the income level is between 10 lacs & 50 lacs it is

- a. Mass market
- b. Mass affluent
- c. Super affluent
- d. None

Ans - b

.....

Empathy as a service quality of the bank – means

- a. Entering into the shoes of others & helping them
- b. Understanding each and every service in the bank and helping all
- c. Understanding the service expectations from the customer's point of view
- d. None

Ans - c

.....

Which of the following services are not offered for Internet Banking customers?

- a. View of Balance and last few transactions.
- b. Generate statement of Account
- c. Transfer of funds between accounts within the bank.
- d. None of the above.

Ans - d

.....

Cash Tree (a common networking arrangement) is owned by

- a. UBI
- b. OBC
- c. BOI
- d. SBI

Ans - c

.....

Which of the following customer services are offered online?

- a. Account monitoring (electronic statements, realtime account balanced)
 - b. Account management (bill payments, funds transfers, applying for products on-line)
-

- c. Financial transactions (securities trading, foreign currency transactions)
d. All the above.

Ans - d

The implementation models followed by banks for retail banking are

- a. Horizontally Organised Model
b. Vertically Organised Model
c. Predominantly Horizontally/Vertically Organised Model
d. Anyone of the above

Ans – d

Warranties on electronic purchases are examples of ____.

- a. cross selling
b. up selling
c. down selling
d. side selling

Ans - b

The customer information is centralized and the functionality is provided across all products in ____.

- a. Horizontally organized model
b. Vertically organized model
c. Predominantly Horizontally organized model
d. Predominantly Vertically organized model

Ans - b

Parent documents for housing loans should be provided for

- a. 20 yrs.
b. 25 yrs.
c. 30 yrs.
d. None of the above.

Ans – c

Which is one of the pioneers in introducing consumer banking models with hybrid liability and asset products specifically targeted at the personal segment?

- a. Andhra Bank
- b. Standard Chartered Bank
- c. State Bank of India
- d. Bank of Baroda

Ans - b

Suppose you went to a restaurant and order a hamburger. The cashier / waiter ask you, "Do you want fries with that?" In this case, you are being

- a. cross sold
- b. up sold
- c. down sold
- d. side sold

Ans - b

Which bank created waves in the early 1980s with their credit card products?

- a. Standard Chartered Bank
- b. State Bank of India
- c. Citibank
- d. Bank of Baroda

Ans - c

Who were the two of the early players in the credit card business in the PSB space?

- a. State Bank of India and Andhra Bank
- b. Bank of Baroda and Andhra Bank
- c. State Bank of India and Bank of Baroda
- d. Bank of India and Andhra Bank

Ans - b

.....

In which approach strategies are designed based on the type of branch viz., Rural. Semi Urban. Urban and Metro?

- a. Segmented Approach
- b. Geography based approach
- c. Classification based approach
- d. None of the above

Ans - c

.....

Consumer awareness of the product is more at

- a. Introduction
- b. Growth
- c. Maturity
- d. Saturation

Ans - b

.....

Customer loyalty means

- a. Customers dealing with the same product
- b. Customers dealing with the same liability
- c. Customers dealing with the same asset
- d. Customers dealing with the same bank

Ans - d

.....

Customers develop a tendency of indifference to the product under which stage of Product Life Cycle

- a. Growth
- b. Maturity
- c. Stagnation
- d. Decline

Ans - c

.....

The process of converting future sums into their present equivalents is known as

- a. Compounding
-

- b. Discounting
c. Either a or b
d. None of the above

Ans - b

Mr. Ravi took a Loan of Rs. 20.00 Lacs for purchasing a flat for self-occupation on 30/03/2000 & paid Rs. 90,000 towards Interest during FY. 2007-08. He had also taken a Loan of Rs. 15.00 Lacs for purchasing another house on 30/03/2001 & paid Rs. 70,000 towards Interest during FY. 2007-08. The maximum amount of Interest which he can claim as a deduction would be...

- a. Rs. 1,60,000
b. Rs. 1,50,000
c. Rs. 90,000
d. Rs. 60,000

Ans – c

Deduction can be claimed only in respect of one property of the borrower as per his choice.

Home Loans are not sanctioned by Banks for the following purposes

- a. Purchase/Construction of House/Flat
b. Purchase of land/plot
c. Additions to the existing house
d. Purchase of land and construction

Ans - b

Website of a bank permits its customers to submit their instructions and application for different services etc but do not permit any fund based transaction on their account. This is.....

- a. Basic level internet banking services
b. Simple transaction website
c. Fully transactional website
d. None of these

Ans - b

.....

Following types of account are not permitted under Internet banking

- a. Jointly operated accounts
- b. Joint account in E/s
- c. Proprietorship accounts
- d. Any of these

Ans - a

.....

Minimum amount due (MAD) is calculated at what % of the total current dues of the credit card.....

- a. 5
- b. 7
- c. 8
- d. 10

Ans - a

.....

Service delivery is generally more personalised and caring in which of the following category of banks ...

- a. Public sector banks
- b. Private banks
- c. Foreign banks
- d. All of these

Ans - d

.....

If a bank is not able to respond to a situation in time in internet banking, this is called

- a. Internet banking risk
- b. Strategic risk
- c. Reputation risk
- d. Operational risk

Ans - b

.....

In a simple registered mortgage the deed of mortgage is to be registered within months of its date of execution

- a. 1
-

- b. 3
c. 6
d. 4

Ans - d

The first Credit Bureau in the world?

- a. TransUnion international inc.
b. CIBIL
c. Dun & Bradstreet information services
d. High Mark credit information services

Ans – c

Reverse Mortgage (RML) Numerical Questions to Calculate Quarterly installment:

Value of the property - Rs. 50,00,000

Loan Amount - 80%

Loan Tenor - 15 years

Rate of interest - 10%

- a. 24,414
b. 24,914
c. 29,414
d. 29,914

Ans - c

Calculate Quarterly installment

Here,

$$PV = 5000000$$

$$LTVR = 80/100 = 0.8$$

$$n = 15 * 4 = 60$$

$$I = 10/(4*100) = 10/400 = 0.025$$

$$= (5000000 * 0.8 * 0.025) / ((1 + 0.025)^{60} - 1)$$

$$= \text{Rs. } 29,414$$

So, the Quarterly installment = Rs. 29,414

Assurance – one of the various dimensions of Service Quality – does not include

- a. Competence
- b. Courtesy
- c. Credibility
- d. Carefulness

Ans - d

To augment fee based income, banks sell products of other manufacturers in the financial /investment space like mutual funds, life/non-life insurance products, etc. This refers to

- a. Core Banking
- b. Retail Banking
- c. Wholesale Banking
- d. Para-Banking

Ans - d

Obsolescence is the process of

- a. Deterioration
- b. Becoming old and non functional
- c. Rapid change
- d. (a. & (b. above

Ans - d

Which of the following is not a constraint in New Product Development?

- a. Heterogeneity
- b. Technological Revolution
- c. Existing product range
- d. None

Ans - d

A current account with a cheque book is a

- a. Generic product

- b. Expected product
- c. Augmented product
- d. Potential product

Ans - b

Advantages of a good branch layout are:-

- a. Promotes efficiency as it will ensure smooth flow of services.
- b. Internal communication effectiveness increases facilitating better coordination among the staff resulting in better customer service.
- c. Provides a comfortable and congenial work environment to the staff which results in high employee motivation as a morale booster.
- d. All the above.

Ans - d

Which of the following important human interventions are not available in physical channel in Service Delivery?

- a. Internal Customer- Staff of the Branch.
- b. Specialized Market Personnel
- c. Direct Selling Associates (DSAs)
- d. Net Banking and Mobile Banking.

Ans - d

SBU in Internet Banking stands?

- a. Small Business Unit.
- b. Strategic Business Unit.
- c. Sophisticated Business Unit
- d. Strategic Banking Unit.

Ans - b

A newly constructed building stands on a plot costing Rs. 100000.
The construction cost of building is Rs. 2000000 and the estimated life of building is 66 years.
The investor wants a 5% return on land cost and 6% return on the construction cost.
Calculate the annual rent to be charged if annual repairs cost 0.5% of cost of construction and other outgoings equal 30% of gross rent.
The co-efficient for sinking fund at 3% for 66 years may be taken as 0.005.

- a. 17261
- b. 15200
- c. 15500
- d. 15550

Ans - a

Return on land cost = 5% of 100000 = 5000
Return on construction cost = 6% of 2000000 = 120000
Total Income desired = Rs. 125000 (a)

Let gross annual rental be 'r'

Outgoings:

Annual repairs = 0.5% of 2000000 = 10000

Other outgoings = 30% of r or 0.30 r

Amount towards sinking fund = 0.005 x 2000000 = 10000

Hence, net income = $r - 0.30 r - 20000$ (b)

Equating (a) and (b),

$$0.70r - 20000 = 125000$$

$$0.70r = 125000 + 20000$$

$$0.70r = 145000$$

$$r = 145000 / (0.70 \times 12)$$

$$= 17261$$

Husband & Wife jointly raise a loan in April 2005 for constructing a house for self-occupation. The construction was completed in July 2006. They have been paying the housing loan installments on 50:50 Basis from their respective Incomes. During FY 2006-07, they paid Interest of Rs. 3,00,000. The

- a. Rs. 1,50,000
- b. Rs. 1,00,000
- c. Rs. 75,000
- d. Rs. 50,000

Ans - c

Personal Loans are sanctioned by banks based on

- a. Salary in case of employees
- b. Monthly/Annual Income in case of business
- c. Number of years of service/in business
- d. All the above

Ans – d

.....

Retail Loan Processing Centres of banks are designed to

- a. Source retail asset business
- b. Process retail loans
- c. Do the valuation/legal opinion wherever necessary
- d. Release the loan either at their end or advise sanction to branches

Ans - d

.....

Types of credit cards issued by banks in general are

- a. Silver Card
- b. Gold Card
- c. Platinum Card
- d. All the above

Ans - d

.....

The features available in all types of cards are

- a. Facility for payment of purchases
- b. Facility to withdraw cash from ATMs upto a fixed limit
- c. Reward Points for usage of cards.
- d. All the above

Ans - d

.....

The characteristics of Debit Cards are

- a. Payments for purchases are directly debited into the account
- b. Cash Withdrawals through ATMs are debited to the account immediately

.....

- c. Payments made for purchases/usage will be debited subsequently after a certain period
d. Both i and ii are true

Ans - d

Payment Default Risk (chances of failure to pay the card dues) is embedded in

- a. Debit Cards
b. Credit Cards
c. Both i and ii
d. Only ii

Ans - d

Discounting is used to determine

- a. the future value of present cash flows
b. the present value of future cash flows
c. Either a or b
d. None of the above

Ans - b

For an SB A/c, cheque book & ATM card is issued, collection of cheques is free of cost, cheques are collected at the doorstep of the customer ; this is a

- a. Generic product
b. Expected product
c. Augmented product
d. Potential Product

Ans - c

The documents relating to the following transactions of immovable properties are required to be compulsorily registered : a. Gift, b. Lease of immovable property where period is more than one year, c. Instruments which create any right in an immovable property of a value of more than one hundred rupees.

- a. (a) above
b. (a) and (b) above

- c. all of the above
d. None of the above

Ans - c

Futuristic features are in anticipation for a product, it is

- a. A Generic product
b. An Expected product
c. An Augmented product
d. A Potential Product

Ans - d

What you do to the mind than what you do to the product refers to

- a. Product Development
b. Product Positioning
c. Product Repositioning
d. None

Ans - b

USP is a

- a. Product Development Tool
b. Product Marketing Tool
c. Product Differentiation Tool
d. None

Ans - c

The minimum acceptable CIBIL TU score is fixed as while entertaining credit proposals by the Banks / Financial Institutions.

- a. 300
b. 400
c. 550
d. 600

Ans - d

What is new name of SGSY (swaranjayanti gram swarojgar yojna) ?

- a. National gram livelihood society
- b. Central rural gram yojna
- c. National livelihood campaign
- d. National Rural Livelihood Mission

Ans - d

Public sector banks in India follow the model of

- a. Departmental approach
- b. Strategic Business Unit approach
- c. Integrated approach
- d. all the above

Ans - a

Which of the following is not a fundamental ingredient of an effective marketing mix in Retail Banking?

- a. Product and Price
- b. Product and profit
- c. Place and People
- d. Process and Physical evidence

Ans - b

Returns are more in

- a. para banking
- b. corporate banking
- c. retail banking
- d. all the above

Ans - c

Securitisation Process involves the following :

- a. The lender first selects the assets they want to securitise.
- b. The issuer (Special Purpose Vehicle) makes payment to the lender for the loans securitised.

- c. The assets are converted into a pool of securities by the issuer for the purpose of issuing Pass Through Certificate (PTC) and the PTCs are sold to other investors who are willing to invest.
d. All the above.

Ans - d

Any document other than a will has to be presented for registration within months from the date of its execution. The term 'execution' means signing of the agreement. Under the present rules and regulations, all agreements in respect of a transfer of a immovable property have to be duly stamped.

- a. 1
b. 2
c. 3
d. 4

Ans - d

Which of the following is wrong

- a. USP of SB A/c is 'Easy Operation'
b. USP of Credit Cards is 'Cash-less operations'
c. USP of CA is 'Operations without restrictions'
d. None

Ans - d

To establish white label ATMs, minimum net-worth of a non-bank entity should be

- a. 100 Cr
c. 300 Cr
b. 200 Cr
d. 500 Cr

Ans - a

Moratorium refers to

- a. Loan waiver
b. Interest waiver
c. Scaling down of advance

d. Repayment Holiday period

Ans - d

By applying Rule 72, rupee will double in nine years if the rate of interest is % p.a.

- a. 18%
- b. 9 %
- c. 8%
- d. 6%

Ans - c

The form which serves as a data base for cross selling of different products in banks

- a. account opening form
- b. KYC form
- c. credit card form
- d. none of these

Ans - b

Short term capital asset means a capital asset held for less than months immediately prior to the date of transfer and Long term capital asset means a capital asset held for more than months immediately prior to the date of transfer.

- a. 36,12
- b. 12,36
- c. 36,36
- d. 12,12

Ans - c

Any profit or gain from sale or transfer of a capital asset is chargeable to tax under the head "capital gains" Capital asset means any property whether movable or immovable, tangible or intangible. Transfer, in relation to capital asset, includes sale, exchange of the asset. However, the following assets are NOT excluded from the definition of capital assets:

- a. Stock-in-trade, stores, raw material
- b. Personal effects (excluding Jewellery)

-
- c. Agricultural land outside the limit of municipality or notified area.
c. None of the above

Ans - d
.....

Through Internet Banking customer can not avail the facility of the transactions of

- a. Transactions of debits
b. Transactions of credits
c. Letter of Credit services
d. Funds Transfer

Ans – c
.....

Electronic Channels in retail banking refers to

- a. ATMs
b. Internet Banking
c. Mobile Banking
d. All the above

Ans - d
.....

EMI Reset is applicable in case of

- a. Fixed loan borrowers.
b. Floating rate borrowers
c. Both A & B
d. none

Ans - b
.....

At which stage of product life cycle the product is likely to see drop in volumes and in profits?

- a. saturation stage.
b. decline stage.
c. introduction stage.
d. a & c

Ans – b
.....

Marketing Mix refers to

- a. Product & Price
- b. Promotion & Place
- c. People & Process & Physical evidence
- d. All the above.

Ans - d

DRTs are governed by provisions of the

- a. RBI Act
- b. SARFAESI Act
- c. RDB Act
- d. BR Act

Ans - c

The terms and conditions for repossession as per the recovery policy should contain the following provisions

- a. notice period before taking possession
- b. circumstances under which the notice period can be waived
- c. the procedure for taking possession of the security
- d. a provision regarding final chance to be given to the borrower for repayment of loan before the sale/auction of the property

Ans - d

Value added services refer to

- a. Invaluable services
- b. Additional services
- c. Upgrading of services which have no value
- d. None

Ans - b

UTR in RTGS has how many characters

- a. 20
- b. 21
- c. 22
- d. 24

Ans - c

What is the weight-age which credit information bureaus use for payment history

- a. 35%
- b. 30%
- c. 15%
- d. 10%

Ans - a

Which of the following is not correct among the most common mistakes in credit score

- a. Confusion of names
- b. Human output error
- c. Identity theft
- d. None

Ans - d

Mr. Ram working as a Gazetted Officer in a Government Department having 20 years left over service was recently transferred to Chennai. He approached a branch and requested that he is in pursuit of a good house or apartment in Chennai for immediate purchase and he requires in principle sanction. Whether the Bank accepts to his request? If so, it is valid for how many months?

- a. No. We cannot accede to such request
- b. Yes, it is valid for one month
- c. Yes, it is valid for three months
- d. Yes, it is valid for six months

Ans - c

Interest on housing loan can be claimed as a deduction from income from property, salary, business/ profession, capital gains, or any other source upto a maximum of Rs. 1,50,000 under section 24(b) of the Income-tax Act, 1961 every year subject to fulfilment of the following conditions. Find the FALSE one :

- a. Loan has been taken on or after 1st April 1999.
- b. Loan is for purchase or construction of a residential property or as re-finance (takeover) of the principal amount outstanding under a loan taken earlier for purchase or construction of a residential property. However, in case of loan for construction, the construction should get completed within 3 Years of raising the Loan. Deduction can be claimed only from the financial year when the purchase/ construction is completed.
- c. The lender issues a certificate at the end of the financial year mentioning therein the interest & principal paid during the year in respect of that loan.
- d. If any of the first 2 Conditions mentioned above is not satisfied, i.e., loan was taken before 1st April 1999 &/or loan is for repairs/renovation/reconstruction, deduction of only up to a maximum of Rs. 100,000 every year can be claimed. The third condition mentioned above, however, has to be satisfied.

Ans - d

The loans sanctioned by banks for housing projects exclusively for the purpose of construction of houses only to economically weaker sections and low income groups, having family income, irrespective of location, the total cost of which do not exceed per dwelling unit.

- a. Rs 100000/- & Rs 5 lacs
- b. Rs 120000/- & Rs 15 lacs
- c. Rs 120000/- & Rs 10 lacs
- d. Rs 24000 & Rs 1 lacs

Ans - c

Bank loans to Housing Finance Companies (HFCs), approved by NHB for their refinance, for on-lending for the purpose of purchase/construction/reconstruction of individual dwelling units or for slum clearance and rehabilitation of slum dweller:

- a. Aggregate loan limit Rs 5 lacs per dwelling unit
- b. Rs 10 lacs per borrower
- c. Rs 5 lacs
- d. Rs 1 lacs

Ans - b

The construction cost = Rs. 120000.

Assuming its salvage value as Rs. 30000 at the end of 6 years, determine the amount of depreciation for each year by Straight Line method at 15% per annum.

- a. 10000
- b. 15000
- c. 20000
- d. 25000

Ans - b

Solution :

Straight line method

$$\begin{aligned} &= (C-S)/n \\ &= (120000-30000)/6 \\ &= 90000/6 \\ &= 15000 \end{aligned}$$

At the end of 6 years, total depreciation is Rs. 90000 and book value is $120000 - 90000 = 30000$ (salvage value)

The construction cost = Rs. 120000.

Assuming its salvage value as Rs. 30000 at the end of 6 years, determine the amount of depreciation for 3rd year by WDV method at 15% per annum.

- a. 15000
- b. 15600
- c. 12000
- d. 12380

Ans - b

Solution :

WDV method, the rate of depreciation

$$\begin{aligned} R &= (1 - ((S/C)^{1/n})) * 100 \\ &= (1 - ((30000/120000)^{1/6})) * 100 \\ &= (1 - 0.7936) * 100 \end{aligned}$$

$$= 0.2064 * 100$$
$$= 20.64$$

The following table shows depreciation chart @ 20.64%

Age	Depreciation for the year	Accumulated depreciation	WDV
1	24770	24770	95230
2	19650	44420	75580
3	15600	60020	59980
4	12380	72420	47600
5	9820	82220	37780
6	7780	90000	30000

Thus, the WDV at the end of 6 years is Rs. 30000, which is the salvage value of the property.

Which of following concepts point out for a well laid strategy for Retail Banking focusing on Customers?

- a. Identifying the customers' needs,
- b. Developing appropriate products to satisfy their needs
- c. Providing them with efficient delivery channels for availing the products.
- d. All the above.

Ans - d

Which of the following are fundamental ingredients of an effective marketing mix in Retail Banking?

- a. Product and Price.
- b. Promotion and Place.
- c. Process and Physical evidence.
- d. All the above.

Ans - d

Through Internet Banking customer can not avail the facility of the transactions of:

- a. Transactions of debits/credits
- b. Funds Transfer
- c. Bill payment services
- d. None of the above

Ans - d

Through Mobile Banking customer can avail the facility of:

- a. Balance Enquiry
- b. Transactions of credits
- c. Funds Transfer
- d. None of the above.

Ans - d

The channels through which Retail Banking services are offered are?

- a. Physical Channels.
- b. Branch and Extension Counters.
- c. ATM, Internet Banking and Mobile Banking.
- d. All the above.

Ans - d

The branch is the primary direct channel that drives Retail Banking by the following reasons:-

- a. The branch tangibilizes the intelligible nature of banking service.
- b. Personnel at the branch relate with the customer for their transactions.
- c. Communication happens directly with the bank staff and customer for better understanding.
- d. All the above.

Ans - d

The branch is the primary direct channel that drives Retail Banking by the following reasons:-

- a. Products and services are directly explained to the customers.
- b. A good branch ambience enhances the feel good factor.
- c. The branch tangibilizes the intelligible nature of banking service
- d. All the above.

Ans - d

.....

A good branch ambience will result in the following advantages for the bank.

- a. Promotes efficiency and smooth flow of services which result in time benefits.
- b. Proper placing of various service facilities enhances internal communication effectiveness.
- c. The comfortable and congenial work environment results in high employee motivation.
- d. All the above.

Ans - d

.....

Which of following concepts point out for a well laid strategy for Retail Banking focusing on Customers?

- a. Identifying the customers' needs
- b. Developing appropriate products to satisfy their needs
- c. Providing them with efficient delivery channels for availing the products
- d. All the above.

Ans - d

.....

Which of the business modules is Management by Objectives process?

- a. Strategic Business Unit approach
- b. Integrated approach
- c. Departmental approach
- d. B & C

Ans - a

.....

Default in repayment in Credit Cards and Personal Loan segments are mainly due to

- a. Genuine Defaults due to reasons beyond the borrowers' control
- b. Willful defaults where the default is intentional
- c. Anyone of the above
- d. Both the above

Ans - c

.....

Cross Selling refers to

- a. Selling additional products/services to the existing customers.
 - b. Selling products/services to new customers.
-

- c. Only i is true
d. Both i and ii are true.

Ans - c

Select the ODD one :

- a. No Tax Benefit is available in respect of Loan taken for purchase of plot of land. Hence, instead of taking a Loan for purchase of plot, he/she should take loan for purchase of plot as well as construction of house & complete construction of a self-sufficient House within 3 Years of raising the Loan.
b. If Loan is raised jointly by husband & wife or any other combination of persons acceptable to the lender, the interest & principal can be claimed by the co-borrowers in proportion to the amounts paid by them, subject to the combined maximum limit of Rs. 1,50,000 (or Rs. 30,000) & Rs. a. 00.000 towards interest & principal respectively.
c. If the housing loan is taken before 1st April, 1999, deduction on account of interest shall be limited to Rs. 30,000 every Year. However, if the loan is taken after 1st April, 1999, deduction of interest upto Rs. 1,50,000 can be claimed every Year.
d. As regards principal repayment, it can be claimed as a deduction from the gross total Income only by an Individual/HUF borrower under section 80C of the Income Tax Act, 1961 cannot exceed Rs. 1,50,000

Ans - d

Which one is not a characteristic of retail banking?

- a. Banking facilities to individual customers.
b. Banking facilities to small size businesses
c. Banking facilities to medium size businesses
d. Banking facilities to large size businesses

Ans - d

Banking in the Indian scenario was identified with lending to business and corporate clients for working capital and project financing before

- a. 1950
b. 1960
c. 1970
d. 1980

Ans – b

Husband & Wife jointly raise a loan in April 2005 for constructing a house for self-occupation. The construction was completed in July 2006. They have been paying the housing loan installments on 50:50 Basis from their respective Incomes. During FY 2006-07, they paid Interest of Rs. 3,00,000. The maximum interest which each of them can claim as deduction is

- a. Rs. 1,50,000
- b. Rs. 1,00,000
- c. Rs. 75,000
- d. Rs. 50,000

Ans - c

Demat refers to

- a. process of converting physical shares (share certificates) into an electronic form
- b. Once converted, the shares are held in a Demat account
- c. The shares will become interchangeable, identical and fungible assets after demat
- d. All the above

Ans - d

New Delhi and Mumbai have benches in Debt Recovery Tribunal

- a. 2
- b. 3
- c. 4
- d. 5

Ans - b

A good branch ambience will result in the following advantages for the bank

- a. Promotes efficiency and smooth flow of services which result in time benefits
- b. Proper placing of various service facilities enhances internal communication effectiveness
- c. The comfortable and congenial work environment results in high employee motivation
- d. All the above

Ans - d

Which of following is not part of Direct MSE under P/sector lending ?

- a. Loans for food & agro processing(manufacturing)provided they fulfill investment in P&M criteria.
- b. Bank Loans upto 5 crore to service units provided they fulfill investment in equipment criteria
- c. All KVI sector loans irrespective of area & amount of loan
- d. Loans to persons involved in assisting the decentralised sector in the supply of inputs

Ans - d

Loans for repairs to the damaged dwelling units of families upto is part of Priority sector:

- a. Rs 1 lacs in rural/s-urban & 2 lacs in urban/metro
- b. Rs 2 lacs in rural & 4 lacs in urban/metro
- c. Rs 2 lacs in rural and 5 lacs in urban/metro
- d. Rs 4 lacs in rural/s-urban & 6 lacs in urban/metro

Ans - c

Which among the following does not come under the warning signs of Credit score

- a. Craving for credit
- b. Frequent and unnecessary shopping for credit
- c. Long credit history
- d. None

Ans - d

CIR refers to

- a. Credit Investigation Report
- b. Credit Information Report
- c. Credit Investment Report
- d. None

Ans - b

In respect of suit filed accounts of willful defaulters, what is the cut-off limit for reporting to CIBIL

- a. Rs.10 lacs & above
- b. Rs.20 lacs & above

- c. Rs.25 lacs & above
d. Rs.50 lacs & above

Ans - c

Credit risk and delinquency rates are more in respect of the following loans

- a. Auto Loans
b. Housing loans
c. Personal loans
d. None

Ans - c

Arrange the following stages of a CRM in the order in which they come first.

- i. Designing suitable products and services to the targeted and segmented customers
ii. Providing the right sales and service processes
iii. Capturing the customer's profile through a technology enabled model
iv. Offering the products and services to the targeted and segmented customers

- a. i, iv, iii, ii
b. i, iii, ii, iv
c. iii, iv, ii, i
d. iii, i, iv, ii

Ans - d

Mr Raj is from BUNDI Rajasthan working in OBC bank at KARNAL want to purchase a house at KOTA by taking housing loan under staff HL scheme, Under simple registered mortgage, the Deed of Mortgage is required to be registered with the sub-Registrar/Registrar.

- a. Kota
b. Bundi
c. Karnal
d. Any where

Ans - a

.....

The channels through which Retail Banking services are offered are?

- a. Physical Channels
- b. Branch and Extension Counters
- c. ATM, Internet Banking and Mobile Banking
- d. All the above

Ans - d

.....

The branch is the primary direct channel that drives Retail Banking by the following reasons

- a. The branch tangibilizes the intelligible nature of banking service
- b. A good branch ambience enhances the feel good factor
- c. Communication happens directly with the bank staff and customer
- d. All the above

Ans - d

.....

Which of the following facility a Mobile Banking customer cannot use?

- a. Facility for using banking facility from anywhere
- b. Option to pay utility bills and Transfer of funds between accounts of same bank and other banks
- c. Facilities of withdrawing cash anywhere anytime
- d. Balance Enquiries and facility for shopping and paying through mobile

Ans - c

.....

Which of the following is not a benefit and use of Mobile Banking?

- a. Easy and most acceptable delivery channel
- b. It is a tool to attract of the old generation clients
- c. Lesser transaction costs as compared to other channels
- d. Cost effective solution as compared to ATMs

Ans - b

.....

Which of the following is not a Retail Deposit Products?

- a. Recurring Deposit Account
 - b. Term Deposit Account
-

- c. CC/OD account facility to a corporate office
d. Current Deposit Account

Ans - c

Loans upto _____ to Producer Companies set up exclusively by only small and marginal farmers under Part IXA of Companies Act, 1956 for agricultural and allied activities, is part of _____ agriculture:

- a. 5 crore direct agri
b. 2 crore indirect agri
c. 5 crore indirect agr
d. 1 crore agriculture

Ans - b

Rate of Interest on Priority sector loans is fixed by :

- a. Govt of India
b. Board of Directors
c. NABARD only
d. RBI

Ans - d

Commitments to customers under BCSBI cover

- a. Savings Accounts
b. Loan Accounts
c. Credit Cards & Mobile Banking
d. All the above

Ans - d

Process models in retail banking are structured as

- a. Horizontally Organised Model where individual process platform supports one product only.
b. Vertically Organised Model where functionality is provided across all products.
c. Predominantly Horizontally Organised Model with some modularization within a product oriented feed back.

d. Any one of the above

Ans - d

Para banking refers to

- a. Distribution of life insurance policies
- b. Distribution of non life insurance policies
- c. Distribution of mutual fund schemes
- d. All the above

Ans - d

Mortgage Backed Securitisation (MBS) is backed by

- a. All retail loans
- b. Retail loans other than housing loans
- c. Mainly housing loans
- d. None of the above

Ans - c

Which of the following are not related to Internet Banking Services?

- a. Payment Gateway services
- b. Corporate Internet Banking
- c. Letter of Credit
- d. Supply Chain Management

Ans - c

A person raised a house loan of Rs. 10 lac @ 12% roi repayable in 10 years. Calculate EMI.

- a. 14734
- b. 14347
- c. 13437
- d. 13734

Ans - b

Explanation :

Here,

P = 1000000

R = 12% monthly = 0.01% p.a.

T = 10 Y = 120 months

$$EMI = P * R * [(1+R)^T / (1+R)^T - 1]$$

So,

$$EMI = 1000000 * 0.01 * (1+0.01)^{120} \div \{(1+0.01)^{120} - 1\}$$
$$= 14347$$

Which of the following are benefits and uses for banks of Mobile Banking:

- a. Easy and most acceptable delivery channel.
- b. Cost effective solution as compared to ATMs.
- c. Lesser transaction costs as compared to other channels.
- d. All of the above

Ans - d

The facility of mobile banking product branded as "UMOBILE" with a tagline "Bank in Your Pocket" was first launched by a Public Sector Bank namely:

- a. State Bank of India.
- b. HDFC Bank.
- c. IDBI Bank.
- d. Union Bank of India.

Ans - d

Which of the following facilities of mobile banking "UMOBILE" with a tagline "Bank in Your Pocket" launched by Union Bank of India is not available to the customers:

- a. Balance enquiry.
- b. Request for regular cash withdrawals.
- c. Funds transfer within the bank between to registered customers.
- d. To other banks using NEFT platform.

Ans – b

Which of the following facilities of mobile banking "UMOBILE" with a tagline "Bank in Your Pocket" launched by Union Bank of India is available to the customers:

- a. Bill Payments.
- b. Airline Ticketing.
- c. Movie Ticketing.
- d. All of the above.

Ans - d

Which of the following facilities of mobile banking "UMOBILE" with a tagline "Bank in Your Pocket" launched by Union Bank of India is not available to the customers:

- a. Corporate Fund Transfer.
- b. Temple Donations and Fee Payments
- c. Stop Payments of Cheques.
- d. Request for regular cash withdrawals.

Ans - d

If the sanctioned loan amount is Rs. 100000 at 12% interest for 2 years, calculate the EMI.

- a. 3077
- b. 3707
- c. 4077
- d. 4707

Ans - d

Solution :

$$EMI = P \times r \times (1 + r)^n / ((1 + r)^n - 1)$$

Here p = principal amount (loan taken)

r = interest rate per month (ex: if interest rate per annum is 10% then $10/(12 \times 100)$)

n = tenure in months

$$EMI = 100000 \times 0.01 \times (1 + 0.01)^{24} / ((1 + 0.01)^{24} - 1) = 4707$$

Where,

p = loan taken = 1,00,000

.....

$r = \text{interest rate per month} = 1\% = 0.01$
 $n = \text{tenure in months} = 2 \text{ Years} = 24 \text{ months}$

.....

Which of following is not an observation of Ernest T. Parkins from USA that the Internet Banking, going forward, would have great implications?

- a. Internet Commerce
- b. Electronic retail banking and new types of electronic retail payments
- c. The product for retail banking has been broadly rejected by the customers
- d. Movement of retail financial services to electronic delivery including insurance, discount brokerages and mutual funds

Ans – c

.....

Select the FALSE one in case of Check-off facility :

- a. There will be an irrevocable letter of authority from the borrowers for deducting a specific amount of monthly installment from his salary/wages.
- b. In case of Government officers, who themselves are drawing and disbursing authorities and take housing loans, a letter of undertaking from them is sufficient.
- c. Where check-off facility is not available to the bankers, post-dated cheques should not be obtained.
- d. In case of Government officers, who themselves are drawing and disbursing authorities and take housing loans, a letter of undertaking from them is sufficient.

Ans - c

.....

In case of cheques received unpaid from the paying banker for want of sufficient funds, the borrower should be immediately contacted. The cheque should be re-presented within a period of days of its having been returned unpaid with written request from the borrower.

- a. 7
- b. 3
- c. 30
- d. 15

Ans - b

.....

Which of the following dimension of CRM is not an approach of customer optimization?

- a. Acquisition of new customers
- b. Retention of existing customers
- c. Expansion of the customer relationship with the bank
- d. Decreasing dependence on technology

Ans - d

Which of the following is not a result of shifting the customers from the branch to the ATM?

- a. Reduction in operation cost for the bank
- b. Improvement in operational efficiencies
- c. Reduction in delivery cost
- d. None of these

Ans - d

Employee value is by deploying them in marketing and for cross selling / up selling opportunities, better business values and volumes.

- a. increased
- b. decreased
- c. not affected
- d. either a or b

Ans - a

What is quantum/ceiling of loan under Priority Sector ? Pick up the ODD one :

- a. Loans to individuals upto 25 lacs in metro cities with population above 10 lacs
- b. Loans to individuals upto 15 lacs in metro/towns with population upto 15 lacs
- c. Rs 15 lacs in other centres with population less than 10 lacs
- d. Loans of metro as well as other centres to individuals per dwelling unit per family.

Ans - b

What are extant guidelines for Agriculture advances to corporate/partnerships & institutes engaged in agri & allied activities:-

- a. Loans upto 2 crores covered under Direct Agriculture
- b. Loans upto 1 crore direct agri
- c. Loans above 2 crores covered un Indirect agr.
- d. a & c

Ans - d

Which of following is not part/category of Priority sector lending ?

- a. Agriculture
- b. Micro & Small Enterprises
- c. Loans to banks staff
- d. Housing & Education &,others

Ans - c

Ajit wants to receive Rs. 40000 p.a. for 20 years by investing @ 5%. How much he will have to invest now?

- a. 498489
- b. 498849
- c. 498948
- d. 498984

Ans - a

Explanation :

Here,

P = 40000

R = 5% p.a.

T = 20 yrs

$$PV = P / R * [(1+R)^T - 1]/(1+R)^T$$

$$PV = (40000 \div 0.05) * \{(1.0520 - 1) \div 1.0520\}$$
$$= 498489$$

The Point of Sale (POS) terminals represent the following:

- a. Point of Sale is simply an electronic transaction terminal used in an electronic Point of Sale system.
- b. The terminal interacts with a computer file to approve transactions for posting against customer accounts.
- c. Net Settlement when the transfer of funds actually takes place.
- d. All of the above.

Ans - d

Which of the following is not a facility for a customer of Mobile Banking except?

- a. Facility for using banking facility from anywhere.
- b. Option to pay utility bills and Transfer of funds between accounts of same bank and other banks.
- c. Facilities of withdrawing cash anywhere anytime.
- d. Balance Enquiries and facility for shopping and paying through mobile.

Ans - c

Which of the following facilities of mobile banking "UMOBILE" with a tagline "Bank in Your Pocket" launched by Union Bank of India are available to the customers?

- a. Cheque Status.
- b. Hot list Debit Card and ATM/ Branch Locator.
- c. Request to Bank for Cheque Book and account statement.
- d. All the above

Ans - d

Which of the following facilities of mobile banking "UMOBILE" with a tagline "Bank in Your Pocket" launched by Union Bank of India are available to the customers?

- a. Request to Bank for loans, debit and credit Card.
- b. Request to Bank for MPIN change
- c. Request to Bank for Communication mode.
- d. All the above.

Ans - d

Which of the following are Retail Deposit Products?

- a. Recurring Deposit Account
- b. Term Deposit Account
- c. Current Deposit Account
- d. All of the above

Ans - d

Which of the following are not related to Internet Banking Services:

- a. Payment Gateway services
- b. Corporate Internet Banking
- c. Supply Chain Management
- d. Letter of Credit

Ans - d

Which of the following is a part of the procedure adopted to avail the facility of Mobile Banking:

- a. Customers should use a mobile having any of the modes-SMS / GPRS / J2ME and GPRS facility.
- b. Customers of the bank having Savings / Current / Cash Credit accounts are eligible to avail Mobile Banking Facility.
- c. One time physical presence of the customer at the branch and tendering the application form is a must as per RBI guidelines.
- d. After registration of the request in CBS it is approved and application form is retained.

Ans - c

In case of successful registration, the customer will receive following SMS messages:

- a. Welcoming the customer to the mobile banking facility and requesting him to visit the web site of the bank for the browser.
- b. Advising the customer to download the relevant application form.
- c. The details of User ID and PIN will be sent by post and with a request to change the User id and PIN.
- d. All of the above.

Ans - b

Which of following is not an observations of Ernest. T. Parkins from USA that the Internet Banking, going forward, would have great implications:

- a. Internet Commerce.
- b. Electronic retail banking and new types of electronic retail payments.
- c. The product for retail banking has been broadly rejected by the customers.
- d. Movement of retail financial services to electronic delivery including insurance, discount brokerages and mutual funds.

Ans - c

What changes were observed by Ernest T. Parkins from USA in Internet Banking:

- a. Reduction of Geographic Barriers.
- b. Commoditization of banking products.
- c. New competitive strategies adopted by competitor banks,
- d. All of the above.

Ans - d

A temporary structure has been constructed at a cost of Rs. 120000.

Assuming its salvage value as Rs. 30000 at the end of 6 years, determine the amount of depreciation for each year by Straight Line method and WDV method at 15% per annum.

Straight line method

$$\begin{aligned} &= (C-S)/n \\ &= (120000-30000)/6 \\ &= 90000/6 \\ &= 15000 \end{aligned}$$

At the end of 6 years, total depreciation is Rs. 90000 and book value is $120000 - 90000 = 30000$ (salvage value)

WDV method, the rate of depreciation

$$\begin{aligned} R &= (1 - ((S/C)^{1/n})) * 100 \\ &= (1 - ((30000/120000)^{1/6})) * 100 \\ &= (1 - 0.7936) * 100 \\ &= 0.2064 * 100 \\ &= 20.64 \end{aligned}$$

The following table shows depreciation chart @ 20.64%

Age	Depreciation for the year	Accumulated depreciation	WDV
1	24770	24770	95230
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Thus, the WDV at the end of 6 years is Rs. 30000, which is the salvage value of the property.

What changes were observed by Ernest T. Parkins from USA in Internet Banking?

- a. Reduction of Geographic Barriers
- b. Commoditization of banking products
- c. New competitive strategies adopted by competitor banks
- d. All of the above

Ans - d

According to the BCSBI codes bank has to inform the customer classifying his account as DORMANT / INOPERATIVE before

- a. 1 month
- b. 3 months
- c. 2 months
- d. on becoming dormant

Ans - b

Banks distribute the following types of products in life and non life insurance business

- a. Regular Premium Individual Policies
- b. Single Premium Individual Policies
- c. Group Insurance Policies
- d. All the above

Ans - d

As a Corporate Agent , Banks can distribute the products of

- a. One Life insurer
- b. One Non Life (general) insurer
- c. One Life Insurer and One Non Life insurer
- d. Anyone of the above

Ans - c

Prepayments charges collected by branches should be credited to which account?

- a. Interest A/c
- b. Commission A/c
- c. Exchange A/c
- d. Current A/c

Ans - a

Mr. Ravi took a Loan of Rs. 20.00 Lacs for purchasing a flat for self-occupation on 30/03/2000 & paid Rs. 1,80,000 towards Interest during FY. 2007-08. The maximum amount of Interest which he can claim as a deduction would be...

- a. Rs. 1,50,000
- b. Rs. 1,20,000
- c. Rs. 1,00,000
- d. Rs. 30,000

Ans - a

What is the maximum amount that can be claimed as a deduction under 80C of the IT Act, 1961?

- a. Rs. 1,50,000
- b. Rs. 1,20,000
- c. Rs. 1,00,000
- d. Rs. 30,000

Ans - c

.....

The maximum number of Mutual Funds that can be distributed by Banks as a Corporate Agent is

- a. One
- b. Two
- c. Five
- d. No Limit

Ans - d

.....

What are priority sector targets for foreign banks as per extant guidelines now:-

- a. Foreign banks with 20 or more branches in India, are now at par with Indian banks i.e 40% target
- b. Foreign banks have 32% targets irrespective of number of branches
- c. Foreign banks with less than 20 branches in India, have 32% PS target
- d. a & c

Ans - d

.....

Loans up to _____ borrower to dealers /sellers of fertilizers, pesticides, seeds,cattle feed, poultry feed, agricultural implements and other inputs, is part of Indirect Agriculture:-

- a. 1 crore
- b. 2 crore
- c. 8 crore
- d. 5 crore

Ans - d

.....

Standardized approach & professional documentation standards are possible in

- a. Stand-alone model of processing
- b. Centralized model of processing
- c. Any of the above
- d. None of the above

Ans - b

.....

What is the weightage which credit information bureaus use for New Credit

- a. 35%
-

- b. 30%
c. 15%
d. 10%

Ans - d

Better understanding of the customer requirements is possible in

- a. Stand-alone model of processing
b. Centralized model of processing
c. Any of the above
d. None of the above

Ans – a

A Platinum Credit Card is a

- a. Proprietary Card
b. Branded Card
c. Co-branded Card
d. None

Ans - a

Mr. Naveen borrowed an amount of Rs. 50000 for 8 years @ 18% roi. What shall be monthly payment?

- a. 986
b. 968
c. 896
d. 869

Ans - a

Explanation :

Here,

$P = 50000$

$R = 18\% = 18\% \div 12 = 0.015$ monthly

$T = 8 \text{ yrs} = 96$ months

$$EMI = P * R * [(1+R)^T / (1+R)^T - 1]$$

$$EMI = 50000 * 0.015 * 1.01596 \div (1.01596 - 1)$$
$$= 986$$

Claims with regard to Deceased depositors should be settled within a period of

- a. 10 days
- b. 15 days
- c. 15 days from receipt of claim
- d. C & production of proof of death and other documents to banks satisfaction

Ans - d

Which of the following is a direct channel but not a remote channel?

- a. ATM
- b. Branch
- c. Mobile Banking
- d. Internet Banking

Ans - b

Data warehouse is one of the most important backbone of CRM. Which of the following is correct regarding data warehouse ?

- i. It is a relational database.
 - ii. It is designed for query and analysis rather than for transaction processing.
 - iii. It usually contains historical data derived from transaction data.
 - iv. It enables an organization to consolidate data from several sources.
- a. i, ii, iii
 - b. i, iii, iv
 - c. ii, iii, iv
 - d. i, ii, iii and iv

Ans – d

.....

The process of turning raw data into useful information (so that banks can learn more about the pattern and behaviour of customers) is known as

- a. data warehousing
- b. data mining
- c. data clustering
- d. data purification

Ans - b

.....

Recovery Officer of Debt Recovery Tribunal be a judicial Officer

- a. need
- b. need not
- c. either a or b
- d. none of the above

Ans - b

.....

Loan origination not refers to

- a. Information acquisition,
- b. Credit appraisal and sanction,
- c. Disbursement.
- d. Repayment

Ans - d

.....

This is an important phase in the origination cycle as decisions made here affect the health of the portfolio.

- a. Credit appraisal and sanction
- b. Disbursement.
- c. FOLLOW UP AND RECOVERY
- d. None of the above

Ans - a

.....

.....

Service charges under Priority sector lending are exempted for loans upto:

- a. Rs 10000/-
- b. Rs 15000/-
- c. Rs 25000/-
- d. Rs 50000/-

Ans - c

What is correct about Khadi village Industries loans under MSE in Priority sector ?

- a. All loans to KVI sector in rural areas only to be treated as micro.
- b. All loans only in population upto 50000 as per planning commission,
- c. All loans sanctioned to units in the KVI sector, irrespective of their size of operations, location and amount of original investment in plant and machinery. Such loans will be eligible for classification under the sub-target of 60 percent prescribed for micro enterprises within the micro and small enterprises segment under priority sector.
- d. All loans to KVI sector in rural & semi urban but maximum upto 5 crore

Ans - c

Which of following is true about overdrafts to no frills to be treated as priority sector ?

- a. Overdrafts to No frills account upto maximum 25000/-
- b. Overdrafts to No frills account upto maximum 25000/-but within rural areas only.
- c. Overdrafts to No frills account upto maximum 50000/-in rural & semi urban areas.
- d. Overdraft upto 50000/- per account granted in no frills account/basic banking saving account provided borrowers threshold income limit do not exceed 60000/-in rural and 120000/- in non rural areas.

Ans - d

What is correct about rate of interest under DRI scheme ?

- a. 5% below base rate
- b. 7% simple
- c. to be decided by Govt of India presently 6%
- d. 4% simple

Ans - d

Asset classes/receivables like Car Loans, Credit Card Receivables and Mortgage Loans like Home Loans, are grouped together and securitized in

- a. SPV
- b. PTC
- c. CDO
- d. ABS

Ans -

BCSBI codes are

- a. issued by GOI
- b. Voluntary codes
- c. Codes given by customers
- d. voluntary codes by bankers

Ans - d

EFMA conducted a study on global Retail Banking market in

- a. 1986
- b. 1992
- c. 2002
- d. 2006

Ans - d

EFMA conducted a study on global Retail Banking market covering Banks.

- a. 132
- b. 142
- c. 152
- d. 162

Ans - b

EFMA conducted a study on global Retail Banking market covering banks in Countries.

- a. 15
- b. 20

- c. 25
d. 30

Ans - b

Which one is not one among the Europe's large private banks, the "Big Five"?

- a. Deutsche Bank AG
b. Bundesbank AG
c. HypoVereinsbank AG
d. Commerzbank AG

Ans - b

Today many supermarkets offer free loyalty cards to customers that give them access to reduced prices not available to non-members. Why so?

- a. for effective data warehousing
b. for data verification
c. for data encryption
d. for effective data mining

Ans - d

In PSBs, retail banking is carried on only as a

- a. separate departmental activity
b. SBU (Strategic Business Unit)
c. either of a or b
d. both a and b

Ans - a

Which of the following concerns are taken in the report of RBI about the impact of Internet Banking on its monetary and credit policies.

- a. As long as Internet is used only as a medium for delivery of banking services and facilitator of normal payment transactions, perhaps, it may not impact monetary policy.
b. It is assumed a stage where private sector initiative produces electronic substitution of money like e-cheque, account based cards and digital coins it will impact monetary system.

-
- c. It is assumed that in the countries having quite developed Internet Banking; its impact on monetary policy will be significant.
- d. It is assumed that the world over, central bankers and regulators have been addressing themselves to meet the new challenges thrown by Internet Banking on banking.

Ans - c

.....

Several studies have pointed to the fact that the cost of delivery of banking service through Internet is several times less than the traditional delivery methods. This alone is enough reason for banks to flock to Internet and to deliver more and more of their services through Internet and as soon as possible. What measures banks should adopt for getting edged out of the competition?

- a. The banks must remain efficient but not cost effective.
- b. The banks must be aware of the risks involved and have proper built-in-safeguards.
- c. The banks must have taken steps to adopt systems to manage the emerging risks.
- d. The banks should not bother because the Internet Banking has an edge on the traditional banking.

Ans - d

.....

EBPP in Internet Banking stands for ?

- a. Electronic Bill Presentment and Payment.
- b. Electronic Bill Passed for Payment.
- c. Electronic Bill Presented for Payment.
- d. Electronic Bill Presented for Passing.

Ans - a

.....

PDA in Internet Banking stands for ?

- a. Personal Data Attendant.
- b. Personal Data Assistant.
- c. Personal Digital Assistants
- d. Personal Digital Analyzer.

Ans - c

.....

ISP in Internet Banking stands for ?

- a. Internet Service Punching.
-

- b. Internet Service Providers.
- c. Internal Security Procedure.
- d. Internal Security Provider.

Ans - b

Which of the following customer services offered online include:-

- a. Account monitoring (electronic statements, realtime account balanced).
- b. Account management (bill payments, funds transfers, applying for products on-line)
- c. Financial transactions (securities trading, foreign currency transactions).
- d. All the above.

Ans - d

Which of the following regulations by the Monetary Authority of Singapore has reviewed for licencing and supervision of banks?

- a. To ensure its relevance in- the light of developments in Internet Banking either as an additional channel.
- b. To ensure the standalone entities (Internet Only Banks)
- c. To ensure owned either by existing banks or by new players entering the banking industry.
- d. All the above

Ans - d

Which of the following facilities are available to the customers to transact on-line with the bank and from any where at any time of the day through Internet?

- a. View of balance in account and view of last few transactions and generate statement of Account
- b. Transfer of funds from Savings/ Current, and Cash Credit accounts to another Savings, Current, and Cash Credit, Loan or Recurring Deposit accounts within the bank and Transfer of funds to accounts with other banks through NEFT mechanism.
- c. Viewing of Recurring Deposit/Loan Accounts and to pay their indirect taxes (Excise and Service taxes).
- d. All the above.

Ans - d

Which of the following is not a criterion to take a decision whether to issue a credit card

- a. whether the applicant is a major & above 21 years of age
- b. whether he is residing in the present address for the last six months
- c. whether he is serving & his minimum service is 2 years
- d. whether he is self employed or a professional & he has been in his current profession for more than 2 years

Ans - c

Credit scoring is an effective

- a. Risk mitigation tool
- b. Risk avoidance tool
- c. Risk elimination tool
- d. Risk evaluation tool

Ans - b

Which of the following is not a better criterion for improving credit score

- a. High income level with an owned house
- b. Employment of the spouse
- c. existing customer of a bank with good account relationship
- d. Person of local standing & proven integrity

Ans - d

Which of the following facilities is not available for mobile banking customers?

- a. Facility for using banking facility from anywhere
- b. Easy operations - instructions carried out by self
- c. Depositing Cash
- d. Transfer of funds between accounts - same bank and other banks

Ans - c

When the data is not shared with other products and product platform, i.e., the functionality is limited to one product only, this process model is known as ____.

- a. Horizontally organized model
- b. Vertically organized model
- c. Predominantly Horizontally organized model
- d. Predominantly Vertically organized model

Ans - a

Suppose you are viewing a 4GB iPod Nano for Rs. 4000 in a shop. The shopkeeper shows you 8 GB iPod Nano worth Rs. 6000. This is an example of ____.

- a. push sell
- b. pull sell
- c. up sell
- d. cross sell

Ans - c

Suppose you are viewing a 4GB iPod Nano for Rs. 4000 in a shop. The shopkeeper shows you Apple In-Ear Headphones with Remote and Mic worth Rs. 800. This is an example of ____.

- a. push sell
- b. pull sell
- c. up sell
- d. cross sell

Ans - d

Banking Codes and Standards of India is aimed at the following

- a. promote good and fair banking practices by setting minimum standards increase transparency in services
- b. encourage market forces, through competition, to achieve higher operating standards
- c. promote a fair and cordial relationship between the customer and their bank
- d. All the above

Ans - d

.....

In the BCSBI code the words 'you' and 'we' refers to

- a. The customer
- b. the bank of the customer
- c. the inspecting officer
- d. Both A & B

Ans - d

.....

What is the minimum age limit for applying for credit card?

- a. 18 yrs
- b. 20 yrs
- c. 21 yrs
- d. no age limit

Ans - c

.....

Price structuring for products and services is attempted by banks in the following ways

- a. Stand alone pricing for different products and services
- b. Special quotes for high value deposits and retail assets
- c. Bundled pricing/Holistic pricing based on total relationship
- d. All the above

Ans - d

.....

Bank's representatives authorized to represent the Bank in collection or/and security repossession would contact the borrower after

- a. 0600 hrs
- b. 0700 hrs
- c. 0800 hrs
- d. 0900 hrs

Ans - b

.....

Certificate course for Direct Recovery Agents by IIBF has minimum hours of training.

- a. 50
-

- b. 75
- c. 100
- d. 125

Ans - c

Which of the following is incorrect for calculating Minimum Amount Due (MAD)?

- a. It includes new debits for the month
- b. It does not include previously unpaid payments and other charges
- c. It includes the amount by which the card holder exceeds the card limit
- d. None

Ans - b

Whether 2nd dose of loan is applicable under national rural livelihood mission ?

- a. No second loan at all
- b. 2nd dose only for SC/ST beneficiaries living below poverty line
- c. 2nd dose as per discretion of gram sabha committee
- d. 2nd dose permissible but within overall subsidy condition

Ans - d

What is maximum allowable amount per unit under SJSRY scheme ?

- a. Rs 1 lacs
- b. Rs 5 lacs
- c. Rs 2 lacs
- d. Rs 10 lacs

Ans - c

What is income criteria under DRI scheme ?

- a. 24000/- in rural & 48000/- in urban
- b. Rs 18000/- in rural area & Rs 24000/- in urban centres
- c. Rs 50000/- in all areas
- d. Rs 240000/- p,a irrespective of location

Ans - b

According to Maslow's Need Hierarchy Theory, needs may be broadly classified as

- a. Physiological Needs
- b. Safety Needs
- c. Social Needs
- d. All the above

Ans - d

Customers' expectations of service quality mainly depend on the following :

- a. Assurance
- b. Reliability
- c. Responsiveness
- d. All the above

Ans - d

Customer data integration is available to a certain extent for other products also in ____ organized process model.

- a. Horizontally
- b. Vertically
- c. Predominantly Horizontally
- d. Predominantly Vertically

Ans - c

The basic information is available across products for common services in ____ organized process model.

- a. Horizontally
- b. Vertically
- c. Predominantly Horizontally
- d. Predominantly Vertically

Ans - d

.....

The bank employees have to give importance to customers based on their ____.

- a. portfolio of products
- b. current checking account balance
- c. seniority (age)
- d. number of accounts

Ans - a

.....

Compounding is used to determine

- a. the future value of present cash flows
- b. the present value of future cash flows
- c. Either a or b
- d. None of the above

Ans - a

.....

State whether the following is true

- a. Customers are different
- b. Needs of the customers are different
- c. Each customer will have different sets of need for financial services
- d. All are true

Ans - d

.....

Which of the following statements is incorrect ?

- a. Master card was formerly Master Charge
- b. First Universal card was introduced by Diner's Club in 1950
- c. Previously Electron was 'Master' & Cirrus was 'Visa'
- d. A Gold credit card is a Stand-alone card

Ans - c

.....

Which of the following is not a pioneer in the Indian credit card market in 1980s ?

- a. HSBC
- b. CitiBank

.....

- c. Standard Chartered Bank
d. None

Ans - c

Remitting branch prepares one of the following formats to effect a payment through NEFT

- a. Interbank Funds Transfer Processor (IFTP)
b. Structured Financial Messaging Solution (SFMS)
c. Straight Through Processing Interface (STPI)
d. Any of the above

Ans - b

Minimum Amount Due is (which is incorrect) the higher of the following

- a. 5% of the statement outstanding
b. Rs.500/- in case of default, or if the statement balance is less than Rs.500/-, the entire outstanding amount is to be paid
c. Sum total of all installments billed, interest, fees, other charges, amount that is over limit & 1% of the principal
d. None

Ans - b

Raj had applied for a Auto/Vehicle loan for an used car of Rs. 4 Lakhs. The total cost price for which is Rs. 5 Lakhs. What is the maximum loan amount which can be sanctioned to him?

- a. Rs. 3,00,000
b. Rs. 3,50,000
c. Rs. 3,75,000
d. Rs. 4,00,000

Ans - c

At which stage of product life cycle the product is likely to break even and start earning profits?

- a. introductory stage
b. maturity stage
c. growth stage

d. development stage

Ans - c

Why CRM ?

- a. Need to increase operational efficiencies and to derive more value from employees
- b. Increasing Competition in retail banking
- c. Delivery Channel Efficacy and application of technology
- d. All the above

Ans - d

The customer segment whose income level is between Rs. 10 lacs to Rs.50 lacs is referred to as

- a. Mass Affluent
- b. Super Affluent
- c. HNW
- d. All the above

Ans - a

Statement 1 - In the 'introduction' stage of a product, the sales volume will be low and revenue from the products will not be sufficient to cover the cost of producing, marketing and servicing it.

Statement 2 - In the 'growth' stage, which is the second stage in the product life cycle, the sales volumes remains stagnant.

- a. Statement 1 is true
- b. Statement 2 is true
- c. Both Statement 1 and 2 are true
- d. Both Statement 1 and 2 are false

Ans - a

The factors which are to be taken into account for calculation of Equated Monthly Installment (EMI) are...

- a. Principal
- b. No. of years of repayment
- c. Rate of Interest

d. All the above.

Ans - d

Chennai and Kolkata have benches of Debt Recovery Tribunal

- a. 2
- b. 3
- c. 4
- d. 5

Ans - a

The Presiding Officer of Debt Recovery Tribunal is generally a judge of the rank of

- a. Supreme Court Judge
- b. High Court Judge
- c. Dist. & Sessions Judge
- d. None of the above

Ans - c

Product architecture consists of the following component/s

- a. The Generic Product - the core product
- b. The Expected Product - adding additional features
- c. The Augmented Product- adding value in addition to features
- d. All the above

Ans - d

Credit Scoring Models are based on the following details of applicants:

- a. Family Size
- b. Income Levels
- c. Occupation/Business
- d. All the above

Ans - d

Planet Plastics Inc. makes toys. It recently bought a new machine, on January 1, that molds plastic pellets into the desired shapes. The price of that machine was Rs60,000. It cost Rs1,500 to deliver the machine to the factory. It cost Rs2,500 to install and properly calibrate the machine. It has an expected useful life of 8 years, and is expected to have a zero salvage value at the end of those 8 years. Planet Plastics uses the straight-line method of depreciation.

1. What is the capital cost of the new machine?

- a. Rs 58,500.
- b. Rs 62,500.
- c. Rs 61,500.
- d. Rs 64,000.

Ans - d

2. What is the depreciable cost of the new machine?

- a. Rs 61,500.
- b. Rs 64,000.
- c. Rs 57,500.
- d. Rs 56,000.

Ans - b

3. What is the amount of the annual depreciation?

- a. Rs 8,000.
- b. Rs 7,750.
- c. Rs 7,500.
- d. Rs 7,000.

Ans - a

4. What is the gross value of the machine in the books at the end of the first year?

- a. Rs 66,500.
- b. Rs 62,500.
- c. Rs 64,000.
- d. Rs 58,500.

Ans - c

5. What is the net value of the machine in the books at the end of the first year?

- a. Rs 54,000.
- b. Rs 57,500.
- c. Rs 58,000.
- d. Rs 56,000.

Ans - d

6. What is the gross value of the machine in the books at the end of the second year?

- a. Rs 64,000.
- b. Rs 61,500.
- c. Rs 62,500.
- d. None of the above.

Ans - d

7. What is the net value of the machine in the books at the end of the second year?

- a. Rs 52,000.
- b. Rs 50,000.
- c. Rs 48,000.
- d. Rs 56,000.

Ans - c

8. What is the amount of accumulated depreciation of the machine in the books at the end of the eighth year?

- a. Rs 62,500.
- b. Rs 64,000.
- c. Rs 61,500.
- d. Rs 56,000.

Ans - b

9. What is the net value of the machine in the books at the end of the eighth year?

- a. Rs 0.
- b. Rs 8,000.
- c. Rs 4,000.
- d. Rs 2,500.

Ans - a

The most common mistakes in credit score will be due to the following;

- a. Confusion of names
- b. Human Input Error
- c. Identity Theft
- d. All the above

Ans - d

Which of the following is used under RTGS to settle the participant bank's financial obligations on their own account?

- a. Interbank Transactions
- b. Customer Payment Transactions
- c. Delivery Vs Payment Transactions
- d. None

Ans - a

Under RTGS, what risk is taken care of

- a. Systemic Risk
- b. Operational risk
- c. Settlement Risk
- d. Both (a. & (c.

Ans - d

One of the following 'money transfer mechanisms' is handled by RBI

- a. NEFT

- b. RTGS
- c. IMPS
- d. None

Ans - b

Which of the following is used under RTGS to transmit customer information along with the payment message in a structured format?

- a. Interbank Transactions
- b. Customer Payment Transactions
- c. Delivery Vs Payment Transactions
- d. None

Ans - b

The banks not achieving priority sector targets, have to contribute:

- a. All Indian scheduled banks have to contribute their shortfall to NABARD.
- b. Domestic scheduled commercial banks and foreign banks with branches 20 and above, will contribute their shortfall in (total p/sector target, agriculture & weaker sections) to the Rural Infrastructure Development Fund (RIDF) established with NABARD or Funds with NHB/SIDBI/other Financial Institutions, as specified by the Reserve Bank.
- c. The foreign banks with less than 20 branches, which fail to achieve the priority sector targets are required to contribute to funds with SIDBI or with other Financial Institutions, for such other purpose as may be stipulated by Reserve Bank of India from time to time.
- d. b & c

Ans - d

Credit to women beneficiaries is:

- a. 5% of ANBC and part of priority sector lending
- b. 5% of ANBC but outside Priority sector targets.
- c. 1% of ANBC outside Psector targets
- d. 5% outstanding last year.

Ans - b

Home Loans are sanctioned by Banks for the following purposes

- a. Purchase/Construction of House/Flat
- b. Purchase of land and construction
- c. Additions to the existing house
- d. All the above

Ans - d

What is correct about subsidy under National Rural Livelihood mission scheme ?

- a. 30% max(7500/-), SC/ST 50% max 10000/-, SHG 50% max 1.25 lacs(Rs 10000 per member max)
- b. 25% for all(max 7500) Others 35% max 12000/-
- c. 35% max 20000, others 40% max 15000/-
- d. 40% project cost but max 35000 for all

Ans - a

What is criteria of reservation under National rural livelihood mission scheme ?

- a. SC/ST 40, women 30%, 5% disabled
- b. SC/ST 50%, women 40%, disabled 3%
- c. SC/ST 35%, women 45 % disabled 6%
- d. SC/ST 50%, women 35%, disabled 2%

Ans - b

Auto Loans are given by banks for the following purposes

- a. Purchase of New Car
- b. Purchase of Used Car
- c. Purchase of Two Wheelers
- d. All the above

Ans - d

Message flow model used in India for RTGS is

- a. L shaped
- b. X shaped

- c. Y shaped
d. None

Ans - c

Who is the authority for settlement under RTGS ?

- a. RBI
b. IDRB
c. NPCI
d. None

Ans - a

ECS mandate is registered by the Beneficiary through his bank with

- a. The Paying Bank
b. The Collecting Bank
c. The Clearing House
d. None

Ans - c

Asset backed securitisation (ABS) is backed by

- a. All retail loans
b. Retail loans other than housing loans
c. Only housing loans
d. None of the above

Ans - b

An individual took a loan of Rs. 10.00 Lakhs for purchasing a plot of land during F.Y. 2005-06 & has paid around Rs. 1,10,000 towards Interest & around Rs. 57,000 towards principal during F.Y. 2006-07. He has not made any other contribution under Sections 80C, 80CCC, or 80CCD. He will be able to claim deduction of towards Interest.

- a. Rs. 1,50,000
b. Rs. 1,10,000
c. Rs. 57,000

d. Rs. 0

Ans - d

Under NEFT, number of settlements on week days are

- a. 10
- b. 11
- c. 12
- d. 15

Ans - c

Which department of RBI will process the data for NEFT?

- a. Clearing House
- b. Funds Transfer Department
- c. Issue Department
- d. National Clearing Cell

Ans - d

APR refers to

- a. Annual Penal Rate
- b. Annualised Percentage Rate
- c. Amortized period of Reference
- d. None

Ans - b

In case of Home Loans, the credit rating should be reviewed

- a. MONTHLY
- b. QRTLY
- c. HY
- d. YRLY

Ans - d

.....

The technology models adopted by banks are

- a. Fully outsourced model
- b. Partially outsourced model
- c. In house model
- d. Anyone of the above

Ans - d

.....

The Internet banking is nothing more than traditional banking services delivered through an electronic Communication backbone, viz. Internet. Some of the distinctive features of i-banking are:

- a. It removes the traditional geographical barriers as it can reach to customers of different countries/legal jurisdiction.
- b. It has added a new dimension to different kinds of risks traditionally associated with banking, heightening some of them and throwing new risk control challenges.
- c. Security of banking transactions, validity of electronic contract, customers' privacy etc., which have all along been concerns of both bankers and supervisors have assumed different dimensions.
- d. All of the above.

Ans - d

.....

Which of the following issues are not included as security of Internet Banking transactions:

- a. For access control encryption/decryption (minimum key length etc.)
- b. Firewalls, verification of digital signature Public Key Infrastructure etc.
- c. To provide permanent security guard.
- d. Security awareness and education.

Ans - c

.....

Which of the following issues are included as security regulators of Internet banking transactions?

- a. Regulates advance warning system.
- b. Regulates Information technology audit and remittance products-engineering of operational procedures.
- c. Regulates concerning whether the nature of products and services offered are within the regulatory framework.
- d. All the above.

Ans - d

.....

Which facilities are available to the customers to transact online with the bank and from any where at any time of the day through Internet.

- a. View of balance in account and view of last few transactions and generate statement of Account
- b. Pay their direct tax (TDS and Income Tax dues, Payments to several other merchant establishments, etc.
- c. Utility Payment facility like payment of insurance premium, telephone bills, energy bills.
- d. All the above.

Ans - d

The eligibility criteria of the customer depend on the type of branch at which the customer is having the account and also the type of customers. The following types of customers can open Internet banking accounts.

- a. Individuals and Corporate customers of networked branches.
- b. Proprietary concerns.
- c. Corporate customers which include Limited Companies, Partnership firms, Trust, Society, Association.
- d. All the above.

Ans - d

The eligibility of the customer depends on the type of branch at which the customer is having his account and also the type of the customers. The following types of Customers can not open Internet banking accounts:

- a. In the case of individuals the mode of operation of the account should be 'Single' or 'E or S' or 'Any One or Survivor'.
- b. If the account is operated 'JOINTLY' or if the account holder is a minor, they are not eligible.
- c. If an account holder has more than one account, he / she can register all the accounts under the same login-id.
- d. Accounts in the names of Minors and jointly operated Accounts are eligible for Internet Banking facility.

Ans - d

Which of the procedure retail customers have to comply for registering and availing Internet banking?

- a. The customer has to- register online for the services through the web site of the bank.
- b. The customer can register only the accounts he is authorized to operate in his individual capacity.
- c. To operate the account through Internet Banking, each individual will have a unique login id.

d. All the above.

Ans - d

Which of the following procedures retail customers have not to comply for registering and availing Internet banking?

- a. Individuals have to submit to the branch the registration form duly signed.
- b. After completion of registration, a four digit pin number will be generated by the system.
- c. The customer should memorize it and use it at the time of availing the funds transfer facility.
- d. None of the above.

Ans - d

Electronic Channels in retail banking refers to:

- a. Facility of ATMs
- b. Facility of Internet Banking
- c. Facility of Mobile Banking
- d. All the above.

Ans - d

Ajit wants to receive Rs. 40000 p.a. for 20 years by investing @ 5%. How much he will have to invest now?

- a. 498489
- b. 498849
- c. 498948
- d. 498984

Ans - a

Explanation :

Here,

P = 40000

R = 5% p.a.

T = 20 yrs

$$PV = P / R * [(1+R)^T - 1] / (1+R)^T$$

$$PV = (40000 \div 0.05) * \{(1.0520 - 1) \div 1.0520\}$$
$$= 498489$$

A person raised a house loan of Rs. 10 lac @ 12% roi repayable in 10 years. Calculate EMI.

- a. 14734
- b. 14347
- c. 13437
- d. 13734

Ans - b

Explanation :

Here,

$$P = 1000000$$

$$R = 12\% \text{ monthly} = 0.01\% \text{ p.a.}$$

$$T = 10 \text{ Y} = 120 \text{ months}$$

$$EMI = P * R * [(1+R)^T / (1+R)^T - 1]$$

So,

$$EMI = 1000000 * 0.01 * (1+0.01)^{120} \div \{(1+0.01)^{120} - 1\}$$
$$= 14347$$

The ATMs are carrying which types of the following risks to the customers as well as to banks?

- a. ATM is a double edged sword increasing the chances of fraudulent withdrawals.
- b. Negative publicity due to break downs.
- c. Cash out situation which reflect in the efficiency of the banks.
- d. All of the above.

Ans - d

Which of the following measures had not been suggested by Ernest. T. Parkins from USA to be adopted in Internet Banking:

- a. Banks will have to find ways to cut the operating costs.

- b. Banks will have to find ways to gain access to the consumer.
c. Banks will have to find ways to start traditional banking activities again.
d. Banks will have to find ways to avoid direct competition.

Ans - c

If the sanctioned loan amount is Rs. 100000 at 12% interest for 2 years, calculate the EMI.

- a. 3077
b. 3707
c. 4077
d. 4707

Ans - d

Solution :

$$EMI = P \times r \times (1 + r)^n / ((1 + r)^n - 1)$$

Here p = principal amount (loan taken)

r = interest rate per month (ex: if interest rate per annum is 10% then $10/(12 \times 100)$)

n = tenure in months

$$EMI = 100000 \times 0.01 \times (1 + 0.01)^{24} / ((1 + 0.01)^{24} - 1) = 4707$$

Where,

p = loan taken = 1,00,000

r = interest rate per month = 1% = 0.01

n = tenure in months = 2 Years = 24 months

Mr. Anup had applied for a Home loan of Rs. 10.00 Lakhs. The estimation of total cost for which is Rs. 11 Lakhs. What is the maximum loan amount which can be sanctioned to him?

- a. Rs. 8,25,000
b. Rs. 8,80,000
c. Rs. 10,00,000
d. Rs. 11,00,000

Ans - b

PSBs are more ____ organized in the process model with various levels of ____ position across banks.

- a. vertical, horizontal
- b. horizontal, vertical
- c. vertical, vertical
- d. horizontal, horizontal

Ans - b

In the retail liabilities and asset side, the software mainly captures the following types of information.
Select the correct option.

- i. Static Information
- ii. Updated Information
- iii. Transaction Information
- iv. Analytics and Alerts

- a. i, ii and iii
- b. ii, iii and iv
- c. i, iii, and iv
- d. i, ii, iii, and iv

Ans - d

Power of attorney should be.....

- a. notarised
- b. registered
- c. notarised and registered
- d. notarised or registered

Ans - d

The facilities available for mobile banking customers are

- a. Facility for using banking facility from anywhere
- b. Transfer of funds between accounts - same bank and other banks
- c. Option to pay utility bills
- d. All the above

Ans – d

Mr. Ram working as a Gazetted Officer in a Government Department having 20 years left over service was recently transferred to Chennai. He approached a branch and requested that he is in pursuit of a good house or apartment in Chennai for immediate purchase and he requires in principle sanction.

- a. No. We cannot accede to such request
- b. Yes, it is valid for one month
- c. Yes, it is valid for three months
- d. Yes, it is valid for six months

Ans - c

Each Debt Recovery Tribunal has Recovery Officers

- a. 1
- b. 2
- c. 3
- d. 4

Ans - b

Which of following is part of weaker section under P/sector lending ? Pick up the ODD one :

- a. Loans to Small & Marginal Farmers
- b. Loans to Staff Members of Bank
- c. Loans to DRI beneficiaries
- d. Loans to Self Help group

Ans - b

Mr Raj is from BUNDI Rajasthan working in OBC bank at KARNAL want to purchase a house at KOTA by taking housing loan under staff HL scheme, Under simple registered mortgage, he should cross check the Encumbrance Certificate for years showing nil encumbrances and Parent Documents of years.

- a. 30,13
- b. 13,30
- c. 13,13
- d. 30,30

Ans - b

.....

The Moratorium period in case of housing loan will be

- a. 18 months
- b. Upto 18 months after the disbursal of 1st disbursement of loan
- c. Two months after the completion of construction.
- d. Both b and c.

Ans - d

.....

What are the disadvantages of retail banking?

- a. Huge clientele requires more efforts for monitoring and tracking.
- b. Cost of servicing will be relatively high.
- c. Delinquencies relatively higher in unsecured retail loans like Personal Loans and Credit Card Receivables
- d. All the above

Ans - d

.....

What is the time limit for settlement of claims in respect of deceased depositors and to release payments to survivor(s) / nominee(s) (assuming all terms and conditions fulfilled and bank is satisfied with the identification of the claimants).

- a. 7 days
- b. 15 days
- c. 21 days
- d. 30 days

Ans - b

.....

The time limit for transfer of borrowal account is days.

- a. 7 days
- b. 15 days
- c. 21 days
- d. 30 days

Ans - c

.....

The time limit for returning of the securities / documents / title deeds of mortgaged property is days from the repayment of all dues agreed to or contracted.

- a. 7 days
- b. 15 days
- c. 21 days
- d. 30 days

Ans - b

Select the FALSE one in case of Priority of Charge

- a. Where a mortgagor creates more than one equitable mortgage over the same property in favour of two financing institutions, the institution in whose favour the mortgage is created first, has priority of charge.
- b. Where a mortgagor has created separate registered mortgages over the same property in favour of two or more financing institutions, the priority of charge will be determined with reference to the date of the execution of the deeds which has been duly registered within four months of execution (not the date of registration).
- c. Where a mortgagor gives the same property in equitable mortgage to one financing institution and in registered mortgage to another financing institution, the priority of charge will be determined with reference to the date of deposit of title deeds in equitable mortgage and the date of execution of registered mortgage deed. An equitable mortgage in no way gives inferior rights compared to a registered mortgage.
- d. None of the above

Ans - d

One of the following is treated as a teasing concept under credit card dues repayment

- a. MAD
- b. APR
- c. Maximum Interest Free Period
- d. None

Ans - a

The concept behind credit cards is

- a. Buy Now, Pay Now
- b. Buy Now, Pay Later

- c. Buy Now, Pay Never
d. None

Ans - b

In respect of big ticket personal loans, Ticket size is above ____ and average ticket size is ____

- a. 25000, 75000
b. 50000, 100000
c. 50000, 125000
d. 50000, 150000

Ans - c

The maximum period for Reverse mortgage loan is

- a. 10 yrs
b. 15 yrs
c. 12 yrs
d. 20 yrs

Ans - b

At which stage of product life cycle the customer develop a tendency of indifference to the product?

- a. maturity stage
b. decline stage
c. saturation stage
d. Both A & C

Ans - a

Bank Marketing refers to

- a. Identifying the most profitable markets now and in the future
b. Assessing the present and future needs of customers
c. Setting business development goals and making plans to meet them
d. All the above

Ans - d

.....

A suit for foreclosure must be filed within years/months from the day the mortgage money becomes due.

- a. 3M
- b. 30M
- c. 3Y
- d. 30Y

Ans – d

.....

Which types of the following risks to the customers as well as to banks are carried by the ATMs?

- a. ATM is a double edged sword increasing the chances of fraudulent withdrawals
- b. Negative publicity due to break downs
- c. Cash out situation which reflect in the efficiency of the banks
- d. All of the above

Ans - d

.....

The Point of Sale (POS) terminals do not represent which of the following

- a. Point of Sale is simply an electronic transaction terminal used in an electronic Point of Sale system.
- b. Net Settlement when the transfer of funds actually takes place.
- c. Transfer of funds to any third party
- d. A Point of Sale terminal is predominantly used for payment for sale transactions only but not for purchases transactions.

Ans - c

.....

The business model followed by Banks for retail banking are

- a. Strategic Business Unit (SBU) Approach
- b. Departmental Approach
- c. Integrated Approach
- d. Anyone of the above

Ans - d

.....

What is sub target for MSE under Priority sector lending ? Pick up the ODD one :

- a. 40% of total advances to MSME should go to micro units(manufacturing)with investment in P&M upto 10 lacs & services with investment in equipment upto 4 lacs
- b. 50% to go micro with investment in P&M upto 5 lacs & services upto 2 lacs
- c. Total 60% to go to MSEs
- d. 20% to go to Micro (Manufacturing)with investment in P&M above 10 lacs & upto 25 lacs and and services with investment above 4 lacs & upto 10 lacs

Ans - b

What stands for ANBC ?

- a. Automatic national bank credit
- b. Adjusted national branch credit
- c. Automated net bank credit
- d. Adjusted Net Bank Credit

Ans - d

Which of the following country doesn't come under Europe – eurozone?

- a. Austria
- b. Sweden
- c. Netherlands
- d. Ireland

Ans - b

Which of the following dimensions do not relate to Marketing in Retail Banking?

- a. Identifying the most profitable markets now and in the future
- b. assessing the present and future needs of customers
- c. Setting business development goals and making plans to meet them
- d. None of the above

Ans - d

When a cheque is dishonoured, the bank has to give a notice in writing to the drawer within days of the receipt of information by it from the finance institution regarding the return of the cheque.

- a. 7
- b. 3
- c. 30
- d. 15

Ans - d

If drawer fails to make the payment of the said amount of money to the Bank within 15 days of the receipt of the notice mentioned in MLQ4, A complaint should be filed before Court, within days from the date of cause of action.

- a. 7
- b. 3
- c. 30
- d. 15

Ans - c

BCSBI commits to provide 'Online Alerts' to customers for all 'card not present' transactions of the value of Rs and above.

- a. 1000
- b. 2000
- c. 5000
- d. 10000

Ans - c

In respect of small ticket personal loans, Ticket size is less than ____ & average ticket size is ____

- a. 50000, 25000
- b. 50000, 23000
- c. 50000, 22000
- d. 50000, 21000

Ans - b

Demographic Dividend is considered as an advantage for a country as it refers to

- a. Population with productive consumers
- b. Population with a good percentage of youth to make the country a super power
- c. Population with a good percentage of people with brilliant academic back ground
- d. None

Ans - b

Loans to distressed persons (other than farmers) is also part of priority sector if the amount of loan is upto:

- a. Rs 1 lac
- b. No limit
- c. Rs 5 lacs
- d. Rs 50000

Ans - d

In India, mortgage advice profession should follow the guideline of

- a. RBI
- b. SEBI
- c. CONCERN BANK/BRANCH
- d. No regulations

Ans - d

Select the ODD one :

- a. Ordinary Annuity : Payments are made/received at the end of each period.
- b. $FV = PV(1 + r)^n$ (Where PV means present value, 1 means one rupee, r means rate of interest and n means period or term.)
- c. Annuity Due : Payments are made/received at the beginning of each period
- d. Present value = FV x CV factor

Ans - d

CRM (Customer Relationship Management) has basically degree view of the customers and their profile.

- a. 100
- b. 180
- c. 360
- d. 0

Ans - c

EBPP in Internet Banking stands for ?

- a. Electronic Bill Presentment and Payment.
- b. Electronic Bill Passed for Payment.
- c. Electronic Bill Presented for Payment.
- d. Electronic Bill Presented for Passing.

Ans - a

In foreign banks and new generation private sector banks, retail banking is carried on as a

- a. separate departmental activity
- b. SBU (Strategic Business Unit)
- c. either of a or b
- d. both a and b

Ans - b

A DMM (Dedicated Marketing Manager) should possess following qualities. Select the inappropriate one.

- a. Sales conversions
- b. Market Intelligence
- c. A DMA need not focus on loyalty factor as the loyalty factor is already attached with the PSBs.
- d. Product presentations to the identified customer segments

Ans - c

Corporate banking is a

- a. B2C approach
- b. B2B approach
- c. Either a or b
- d. Neither a not b

Ans - b

Head institutions of public sector banks in Europe are known as

- a. Sparkassen
- b. Bundesbank
- c. Landesbanken
- d. None of the above

Ans - c

Foreign banks cited in the topic, which entered in retail banking activities, when not able to achieve the business objectives,

- a. Continued with their business in spite of not being profitable.
- b. Moved out of the business.
- c. Changed their focus with some strategic changes.
- d. None of the above

Ans - b

Which of the following is a mismatch

- a. Market risk – Change in market prices
- b. Business risk – Losing money due to wrong strategy
- c. Credit risk – Bank fails to recover
- d. Operations Risk – Processing failures and frauds

Ans - c

Matching of Bank's resources with the customer's needs in the most profitable manner refers to

- a. Business Process Reengineering

- b. Personal Selling
- c. Bank Marketing
- d. None

Ans - c

One among the following is not in the 7 'Ps'

- a. People
- b. Process
- c. Physical Evidence
- d. Package

Ans - d

Anything that has the capacity to provide the satisfaction, use, and return desired by the customer is called

- a. Product
- b. Price
- c. Promotion
- d. Physical Evidence

Ans - a

All marketing activities which go into the marketing of the final product to the customer including delivery channels is called

- a. Process
- b. Product Development
- c. Product Structuring
- d. None

Ans - a

Developing tangibility to the intangibility concept of banking services refers to

- a. Package
- b. Promotion
- c. Physical Existence

d. Physical Evidence

Ans - d

The branch is the primary direct channel that drives Retail Banking by the following reasons:-

- a. Products and services are directly explained to the customers.
- b. Personnel at the branch relate with the customer for their transactions
- c. The branch tangibilizes the intelligible nature of banking service
- d. All the above.

Ans - d

BCSBI codes are ____.

- a. mandatory
- b. voluntary
- c. set up as maximum standards which each bank has to follow
- d. set up such that these supersede the guidelines of RBI

Ans - b

In case of default in repayment, before repossession of the security, BCSBI representatives will contact you ('you' denotes customer) between ____ and ____, unless the special circumstances of your (customer's) business or occupation require otherwise.

- a. 0900 hrs to 2100 hrs
- b. 0800 hrs to 1800 hrs
- c. 1000 hrs to 2000 hrs
- d. 0700 hrs to 1900 hrs

Ans - d

According to BCSBI, if a bank plans to close or move its branch, the bank will give the customers a notice of ____ months if there is no other branch of any bank functioning at that centre and a notice of ____ months, if there is a branch of any other bank functioning at that centre.

- a. 1, 3
- b. 1, 2
- c. 2, 3

d. 3, 2

Ans - d

Which of following is not part of priority sector lending ?

- a. Loan to small & marginal farmers
- b. Loan to DRI beneficiaries
- c. Loans to farmers in distress who are caught in clutches of money lenders/private institutional lenders
- d. Medium enterprises in MSME

Ans - d

PDA in Internet Banking stands for ?

- a. Personal Data Attendant.
- b. Personal Data Assistant.
- c. Personal Digital Assistants
- d. Personal Digital Analyzer.

Ans - c

Which of the following services are not offered for Internet Banking customers?

- a. View of Balance and last few transactions
- b. Transfer of funds between accounts within the bank
- c. Utility Payment facility payment of insurance premium, telephone bills, energy bills
- d. None of the above

Ans - d

Which of the following important human interventions are not available in physical channel in Service Delivery?

- a. Internal Customer- Staff of the Branch.
- b. Specialized Market Personnel
- c. Direct Selling Associates (DSAs)
- d. Net Banking and Mobile Banking.

Ans – d

SBU in Internet Banking stands?

- a. Small Business Unit
- b. Strategic Business Unit
- c. Sophisticated Business Unit
- d. Strategic Banking Unit

Ans - b

Which of the following is the enabler for building and translating a customer data base into retail banking business?

- a. Staff Approach
- b. Technology
- c. Cross Selling
- d. Up Selling

Ans - b

Which of the following was the beginning of the level of technology implementation in PSBs?

- a. POS
- b. Regional Net worked hubs
- c. Total Branch Automation
- d. Automated Ledger Posting Machines

Ans - d

When the data is available product wise on a stand alone basis, this model is known as ____.

- i. Horizontally organized model
 - ii. Vertically organized model
 - iii. Predominantly Horizontally organized model
 - iv. Predominantly Vertically organized model
- a. both i and ii
 - b. both i and iii
 - c. both iii and iv
 - d. both ii and iv

Ans – a

Human interventions in the delivery of services are

- a. Internal Customer - Staff of the Branch
- b. Specialised Marketing Personnel
- c. Direct Selling Associates (DSAs)
- d. All the above.

Ans - d

Which of the following channels will be best fit for a conservative customer?

- a. Delivery channels
- b. Direct channels
- c. Remote channels
- d. None

Ans - b

Nowadays, one of the following channels is the primary direct channel that drives retail banking

- a. Branch
- b. ATM
- c. Internet Banking
- d. Mobile Banking

Ans - a

Ceiling on withdrawal of cash at Point of Sale terminals with debit cards as prescribed by RBI is

- a. 100000/-
- b. 10000/-
- c. 1000/-
- d. 100/-

Ans - c

This method of depreciation is generally adopted by industrial units because of advantage of lower income-tax

- a. Written Down Value (WDV) Method

- b. Straight Line Method
- c. both
- d. There are several methods to calculate depreciation, board of directors of company decides.

Ans - a

Which one is not correct in Reverse Mortgage Loan?

- a. Reverse Mortgage Loan, seeks to generate income from the property owned and resided in by the senior citizens to enable them to lead an independent and dignified life
- b. A senior citizen who is above 60 years is eligible for a reverse mortgage loan against his own and self occupied residential property.
- c. Married couples will be eligible as joint borrowers subject to the condition that one of them is above 60 years and the other not below 55 years.
- d. The maximum period of the loan is 10 years. If the borrower outlives the maximum loan period, he/she can continue to retain the property and need not repay the loan or service the interest.

Ans - d

What is appropriate about educational qualifications under PMGEP scheme ?

- a. 8th pass essential
- b. Over this ceiling (10 lacs mfg & 5 lacs others), 8th pass
- c. No criteria upto loan of Rs 10 lacs(manufacturing) & 5 lacs for business/service .
- d. b & c

Ans - d

For reverse mortgage loans the age of the applicant should be above

- a. 50 yrs
- b. 55 yrs
- c. 60 yrs
- d. 65 yrs

Ans - c

Through Mobile Banking customer can't avail the facility of

- a. Balance Enquiry

- b. Letter of Credit services
- c. Funds Transfer
- d. Transactions of credits

Ans - b

Sales through Tie-Ups with auto dealers is more prevalent in

- i. PSBs
- ii. Private banks
- iii. foreign banks
- iv. co-operative banks

- a. both i and ii
- b. both ii and iii
- c. both i and iii
- d. both iii and iv

Ans - b

The requirements for delivering effective service to the customers are

- a. Understanding the customer, his income level, his financial profile, his needs, his requirements of financial products and his life stage
- b. Customer Empathy
- c. Post sales service follow up for customer satisfaction
- d. All the above

Ans - d

Tie ups are not entered into by banks for bulk sale of the following assets

- a. Home Loans
- b. Auto Loans
- c. CC/OD Accounts
- d. Education Loans

Ans - c

.....

An individual took a loan of Rs. 10.00 Lakhs for purchasing a plot of land during F.Y. 2005-06 & has paid around Rs. 1,10,000 towards Interest & around Rs. 57,000 towards principal during F.Y. 2006-07. He has not made any other contribution under Sections 80C, 80CCC, or 80CCD. He will be able to claim deduction oftowards principal.

- a. Rs. 1,50,000
- b. Rs. 1,10,000
- c. Rs. 57,000
- d. Rs. 0

Ans - d

.....

The loans sanctioned by banks for housing projects exclusively for the purpose of construction of houses only to economically weaker sections and low income groups, having family income, irrespective of location, the total cost of which do not exceed per dwelling unit.

- a. Rs 100000/- & Rs 5 lacs
- b. Rs 120000/- & Rs 15 lacs
- c. Rs 120000/- & Rs 10 lacs
- d. Rs 24000 & Rs 1 lacs

Ans - c

.....

Calculate the Capital Gain, if you had bought 2000 units of a debt fund at Rs. 60 per unit in June 2012 and sold the 1000 units in August 2014 for Rs. 80.

CII for 2012-13 = 852
CII for 2013-14 = 939
CII for 2014-15 = 1024

- a. 7211
- b. 7121
- c. 7878
- d. 7887

Ans - d

Solution :

Purchase Price = 1000 x 60 = Rs. 60,000
Sale price = 1000 x 80 = Rs. 80,000

.....

Indexed Cost of Acquisition = $60,000 \times (1024/852) = 72,113$
Capital gain = $80,000 - 72,113 = 7887$

Please remember : Unsold units don't attract Capital Gains until they are sold.

Which of the following dimensions do not relate to Marketing in Retail Banking?

- a. Identifying the most profitable markets now and in the future.
- b. Assessing the present and future needs of customers.
- c. Setting business development goals and making plans to meet them.
- d. None of the above

Ans - d

Commercial Credit Bureau of CIBIL covers credit availed by

- a. Individuals
- b. Non-Individuals
- c. NBFCs
- d. None

Ans - b

If Rs. 75000 is invested for a period of 4 years at interest at 12% p.a. Find the maturity sum i.e. future value-with the help of Future value table given below :

Year	7%	8%	9%	10%	11%	12%
1	1.07	1.08	1.09	1.10	1.11	1.12
2	1.14	1.17	1.19	1.21	1.23	1.25
3	1.23	1.26	1.29	1.33	1.36	1.40
4	1.31	1.36	1.41	1.46	1.51	1.57
5	1.40	1.47	1.54	1.61	1.68	1.76
6	1.50	1.59	1.68	1.77	1.87	1.97

- a. 111750
- b. 115100
- c. 117700
- d. 117750

Ans - d

Solution :

Future value = PV x future value factor
= 75000 x 1.57
= 117750

Electronic Channels in retail banking refers to

- a. Facility of ATMs
- b. Facility of Internet Banking
- c. Facility of Mobile Banking
- d. All the above.

Ans - d

Miss. Radha had applied for a Auto/Vehicle loan for a new car of Rs. 4 Lakhs. The total cost price for which is Rs. 5 Lakhs. What is the maximum loan amount which can be sanctioned to him?

- a. Rs. 3,00,000
- b. Rs. 3,50,000
- c. Rs. 3,75,000
- d. Rs. 4,00,000

Ans - d

Find out the encumbrance factor from following particulars of the property :

Land area - 600 Sq m
Total built-up area - 400 Sq m
Permissible FSI - 1
Rate of construction cost - Rs. 10000 per Sq m
Rate of land cost - Rs. 4000 per Sq m
Desired rate of return - 10%
Usable carpet area - 200 Sq m
Monthly Rent on carpet area basis - Rs. 100 per Sq m
Usual outgoings - 1/6 of yield

- a. 0.766
- b. 0.833
- c. 0.866

d. 0.933

Ans - b

Solution :

Cost of construction = $400 \times 10000 = 4000000$

Cost of FSI used = $400 \times 4000 = 1600000$

Total cost = 5600000

Desired Yield @ 10% = $5600000 \times 0.1 = 560000$

Estimated Yield = $100 \times 200 \times 12 = 240000$

Usual outgoings = $1/6$ of yield = $240000/6 = 40000$

Net annual yield = 200000

Hence, encumbrance factor = $200000/240000 = 0.833$

Usable FSI = $600 - 400 = 200$ Sq m

Value of usable FSI = $200 \times 0.833 \times 4000 = 666400$

Which of the following country doesn't come under Europe - Non-eurozone?

- a. Switzerland
- b. Poland
- c. Slovakia
- d. France

Ans - d

Liability products are offered to retail banking customers basically under?

- a. Savings Accounts
- b. Current Accounts
- c. Term Deposit Accounts
- d. All three

Ans - d

What are the standard retail asset products offered by banks?

- a. Housing Loans
- b. Consumer Durable Loans

- c. Car Loans
d. All three

Ans - d

Retail Banking is a

- a. B2C approach
b. B2B approach
c. Either a or b
d. Neither a not b

Ans - a

GPRS refers to

- a. General Pocket Radio System
b. General Packet Radio System
c. General Packet Radio Service
d. General Packer Radio Service

Ans - c

What was the tag line for UMOBILE – A mobile banking facility provided by Union Bank of India

- a. Bank in your pocket
b. Bank in our pocket
c. Bank inside the pocket
d. Banking through the pocket

Ans - a

PKI refers to

- a. Performance Key Indication
b. Public Key Infrastructure
c. Private Key Structure
d. Permanent Key System

Ans - b

According to Ernest T Parkins, reduction of geographic barriers and commoditization of banking products is possible only through

- a. Bank Marketing
- b. Mobile banking
- c. Internet banking
- d. Geo marketing

Ans - c

An Individual took a Loan of Rs. 15.00 Lacs for purchasing a flat for self-occupation on 30/03/1999 & paid Rs. 1,20,000 towards Interest during FY. 2006-07. The maximum amount of Interest which he can claim as a deduction would be...

- a. Rs. 1,50,000
- b. Rs. 1,20,000
- c. Rs. 1,00,000
- d. Rs. 30,000

Ans - d

What are the advantages of retail banking?

- a. Risk is less as client base is large
- b. Income is relatively more as spreads are more
- c. Stable model with less volatility
- d. a and b

Ans - d

Recovery of loans through Lok Adalats can be resorted to by banks upto a limit of

- a. Rs.2 lacs
- b. Rs.5 lacs
- c. Rs.10 lacs
- d. Rs.20 lacs

Ans - c

Bank's representatives authorized to represent the Bank in collection or/and security repossession would contact the borrower before

- a. 1800 hrs
- b. 1900 hrs
- c. 2000 hrs
- d. 2100 hrs

Ans - b

What is appropriate about targets under DRI scheme ?

- a. 1% of outstanding as target of DRI
- b. 2/3rd of DRI to be given through rural & semi urban branches.
- c. 3/4th to be routed through rural/semi urban branches
- d. a & b

Ans - d

The Supervisory (regulatory) and operational issues of internet banking does not include

- a. Risk control measures & advance warning systems
- b. Re-engineering of operational procedures
- c. Information Technology Audit
- d. None

Ans - d

SMS is also called

- a. Test Message Facility
- b. Text Message Facility
- c. Text Messaging Facility
- d. Text Messaging Forum

Ans - c

Which of the following is a universal remote channel attracting bottom of pyramid customers as well as high end customers is

- a. ATM
- b. Internet Banking
- c. Mobile Banking
- d. Branch Banking

Ans - c

PDA refers to

- a. Personal Data Assistant
- b. Personal Digital Assistant
- c. Personal Direct Associate
- d. Personal Direct Agent

Ans - b

EBPP refers to

- a. Electronic Bill Presentment & Payment
- b. Electronic Bill Passed for Payment
- c. Electronic Bill Presented for Payment
- d. Electronic Bill Presented for Passing

Ans - a

On which of the following papers, the particulars of nomination received from the customer are not recorded

- a. Pass book of the account
- b. Statement of Account
- c. Fixed Deposit Receipt
- d. ATM card issued to the customer

Ans - d

Which of the following accounts are ineligible for Internet banking?

- a. Accounts with E/S or 'Any one or Survivor' operations
- b. Limited Companies, Trusts, Partnership firms
- c. Jointly operated accounts, accounts of Minors
- d. All of the above

Ans - c

Who among the following will support retail banking initiative through customer sourcing and their need identification and serving them end to end for making them to avail the products & services?

- a. Marketing personnel
- b. Internal Customer (Staff)
- c. Direct Selling Agents
- d. Specialised marketing managers

Ans - d

Agencies appointed by banks to source business for them on a fee basis and to ensure branch penetration and geography to service a large section of customers are called

- a. Marketing personnel
- b. Internal Customer (Staff)
- c. Direct Selling Agents
- d. Specialised marketing managers

Ans - c

One of the following is recognised as a useful tool for a more calibrated approach to customer segmentation and design and offer more relevant products & services for the targeted segments

- a. Globalisation
- b. Individualisation
- c. Marketing Management
- d. Customer Relationship Management

Ans - d

.....

Out of the technology models, foreign banks follow

- a. Proprietary model (In house model)
- b. Partially outsourced model
- c. Fully outsourced model
- d. None

Ans - c

.....

Out of the technology models, PSBs follow

- a. Proprietary Model (In house model)
- b. Partially outsourced model
- c. Fully outsourced model
- d. Blend of In-house & Outsourced models

Ans - a

.....

Common information for most of the related services is offered by which following Process models in retail banking?

- a. Horizontally organised model
- b. Vertically organised model
- c. Predominantly horizontally organised model
- d. Predominantly vertically organised model

Ans - d

.....

In which of the following Process models of retail banking, customer information is centralised?

- a. Horizontally organised model
- b. Vertically organised model
- c. Predominantly horizontally organised model
- d. Predominantly vertically organised model

Ans - b

.....

What is the main feature/issue in respect of various technology models under retail banking

- a. Reliability & Relevance
- b. Understandability & Comparability

.....

- c. Scalability & Sustainability
d. None

Ans - c

BCSBI refers to

- a. Banking Codes & Security Board of India
b. Banking Codes & Services Board of India
c. Banking Codes & Systems Board of India
d. Banking Codes & Standards Board of India

Ans - d

ALPM refers to

- a. Automated Loans Processing Machine
b. Automated Ledger Posting Machine
c. Automatic Ledger Posting Machine
d. Automatic Loans Processing Machine

Ans - b

BCSBI is a

- a. Voluntary Code
b. Involuntary Code
c. Fair Practices Code
d. Verification Code

Ans - a

Which of the following is “static information”?

- a. Income details at different frequencies
b. Operation details for liability products
c. Operational and strategic alerts
d. Account opening, basic origination data, etc

Ans – d

Calculate the Capital Gain Tax, if you had bought 3000 units of a debt fund at Rs. 40 per unit in June 2013 and sold the 3000 units in August 2014 for Rs. 50.

CII for 2012-13 = 852
CII for 2013-14 = 939
CII for 2014-15 = 1024

- a. 1577
- b. 3287
- c. 3827
- d. 7328

Ans - c

Solution :

Purchase Price = $3000 \times 40 = \text{Rs. } 1,20,000$ and Sale price = $3000 \times 50 = \text{Rs. } 1,50,000$

Indexed Cost of Acquisition = $1,20,000 \times (1024/939) = 1,30,863$

Capital gain = $1,50,000 - 1,30,863 = 19,137$

Capital Gains tax = 20% of 19,137 = Rs. 3,827

.....

If Rs. 100000 is invested for a period of 5 years at interest at 10% p.a. find the maturity sum i.e. future value-with the help of Future value table given below :

Year	7%	8%	9%	10%	11%	12%
1	1.07	1.08	1.09	1.10	1.11	1.12
2	1.14	1.17	1.19	1.21	1.23	1.25
3	1.23	1.26	1.29	1.33	1.36	1.40
4	1.31	1.36	1.41	1.46	1.51	1.57
5	1.40	1.47	1.54	1.61	1.68	1.76
6	1.50	1.59	1.68	1.77	1.87	1.97

- a. 161000
- b. 171000
- c. 181000
- d. 191000

Ans - a

.....

Solution :

Future value

$$\begin{aligned} &= PV \times \text{future value factor} \\ &= 100000 \times 1.61 \\ &= 161000 \end{aligned}$$

.....

Find out the value of the usable FSI from following particulars of the property :

Land area - 600 Sq Sq m
Total built-up area - 400 Sq m
Permissible FSI - 1
Rate of construction cost - Rs. 10000 per Sq m
Rate of land cost - Rs. 4000 per Sq m
Desired rate of return - 10%
Usable carpet area - 200 Sq m
Monthly Rent on carpet area basis - Rs. 100 per Sq m
Usual outgoings - 1/6 of yield

- a. 556400
- b. 565400
- c. 664600
- d. 666400

Ans - d

Solution :

Cost of construction = $400 \times 10000 = 4000000$
Cost of FSI used = $400 \times 4000 = 1600000$
Total cost = 5600000

Desired Yield @ 10% = $5600000 \times 0.1 = 560000$
Estimated Yield = $100 \times 200 \times 12 = 240000$
Usual outgoings = $1/6$ of yield = $240000/6 = 40000$
Net annual yield = 200000

Hence, encumbrance factor = $200000/240000 = 0.833$
Usable FSI = $600 - 400 = 200$ Sq m
Value of usable FSI = $200 \times 0.833 \times 4000 = 666400$

.....

Mr. Raj has bought :

2000 units of a stock at Rs. 20 on 1 Jan 2013,
2000 more units at Rs. 30 on 1 May 2013
2000 more units at Rs. 40 on 1 December 2013

and sold

5000 units at Rs. 50 on 30 December 2014,

Calculate the Indexed Capital Gains.

CII for 2012-13 = 852
CII for 2013-14 = 939
CII for 2014-15 = 1024

- a. 89742
- b. 92874
- c. 94872
- d. 97482

Ans - b

Solution :

Each purchase/sale transaction is matched on a First-In-First-Out basis.

All the units sold have been held for over one year, so long term capital gains tax applies.

So here, out of the 5000 units sold, we have three separate pieces to be considered.

The First 2000 are matched to the first 2000 bought, appropriately indexed, gains calculated and tax calculated.

Here you get two years of Indexation (2012-13 and 2014-15)

Indexed Purchase Price = $40,000 * (1024/852) = 48,075$
Capital Gain = $100000 - 48075 = 51925$

The Next 2000 are matched to the Next 2000 bought, appropriately indexed, gains calculated and tax calculated.

Here you get two years of Indexation (2013-14 and 2014-15)

Indexed Purchase Price = $60,000 * (1024/939) = 65431$
Capital Gain = $100000 - 65431 = 34569$

The next 1000 units are sold at Rs. 50 and bought at Rs. 40, appropriately indexed, gains calculated and tax calculated.

Here you get two years of Indexation (2013-14 and 2014-15)

Indexed Purchase Price = $40,000 * (1024/939) = 43620$
Capital Gain = $50000 - 43620 = 6380$

So let's add them all up.

Total Capital Gain	= $51925 + 34569 + 6380 = 92874$
Capital Gains Tax Appl (%)	= 20%
Capital Gains Tax	= 18575

Which of the following is transaction information?

- a. Income details at different frequencies
- b. Operation details for liability products
- c. Operational and strategic alerts
- d. Account opening, basic origination data, etc

Ans - b

Which of the following websites, under internet banking, disseminate information on different products and services?

- a. Basic Level Bank Websites
- b. Simple Transactional Websites
- c. Fully Transactional Websites
- d. None

Ans - a

Loan origination not refers to...

- a. Information acquisition,

- b. Credit appraisal and sanction,
- c. Disbursement.
- d. Repayment

Ans - d

..... is the first independent nation wide shared ATM network in India. It is also the largest private shared ATM network with IDBI Bank acting as the settlement bank.

- a. Infinet
- b. Cash Tree
- c. BANCS
- d. Cashnet

Ans - d

This is an important phase in the origination cycle as decisions made here affect the health of the portfolio.

- a. Credit appraisal and sanction
- b. Disbursement.
- c. Follow up and Recovery
- d. one of the above

Ans - a

In case of Check-off facility WHICH IS FALSE

- a. There will be an irrevocable letter of authority from the borrowers for deducting a specific amount of monthly installment from his salary/wages.
- b. In case of Government officers, who themselves are drawing and disbursing authorities and take housing loans, a letter of undertaking from them is sufficient.
- c. Where check-off facility is not available to the bankers, post-dated cheques should not be obtained.
- d. In case of Government officers, who themselves are drawing and disbursing authorities and take housing loans, a letter of undertaking from them is sufficient.

Ans - c

When a cheque is dishonoured, the bank has to give a notice in writing to the drawer within ----- days of the receipt of information by it from the finance institution regarding the return of the cheque.

- a. 7
- b. 3
- c. 30
- d. 15

Ans - d

If drawer fails to make the payment of the said amount of money to the Bank within 15 days of the receipt of the notice mentioned in MLQ4, A complaint should be filed before Court, within -----DAYS from the date of cause of action.

- a. 7
- b. 3
- c. 30
- d. 15

Ans - c

Mr ML is from BUNDI Rajasthan working in OBC bank at KARNAL want to purchase a house at KOTA by taking housing loan under staff HL scheme, Under simple registered mortgage, the Deed of Mortgage is required to be registered with the.... sub-Registrar/Registrar

- a. Kota
- b. Bundi
- c. Karnal
- d. Depent on Mr. ML and his bank.

Ans - a

Which is not correct in case of Priority of Charge?

- a. Where a mortgagor creates more than one equitable mortgage over the same property in favour of two financing institutions, the institution in whose favour the mortgage is created first, has priority of charge.
- b. Where a mortgagor has created separate registered mortgages over the same property in favour of two or more financing institutions, the priority of charge will be determined with reference to the date of the execution of the deeds which has been duly registered within four months of execution (not the date of registration).

-
- c. Where a mortgagor gives the same property in equitable mortgage to one financing institution and in registered mortgage to another financing institution, the priority of charge will be determined with reference to the date of deposit of title deeds in equitable mortgage and the date of execution of registered mortgage deed. An equitable mortgage in no way gives inferior rights compared to a registered mortgage.
- d. None of the above

Ans - d

.....

A suit for foreclosure must be filed withinyears/months from the day the mortgage money becomes due.

- a. 3M
b. 30M
c. 3Y
d. 30Y

Ans - d

.....

The credit rating should be reviewed(IN CASE OF HOME LOAN)

- a. MONTHLY
b. QRTL
c. HY
d. YRLY

Ans - d

.....

Power of attorney should be

- a. notarised
b. registered
c. notarised and registered
d. notarised or registered

Ans - d

.....

Interest on housing loan can be claimed as a deduction from income from property, salary, business/ profession, capital gains, or any other source upto a maximum of Rs. 1,50,000 under section 24(b. of the Income-tax Act, 1961 every year subject to fulfilment of the following conditions-FIND FALSE ONE

- a. Loan has been taken on or after 1st April 1999.
- b. Loan is for purchase or construction of a residential property or as re-finance (takeover) of the principal amount outstanding under a loan taken earlier for purchase or construction of a residential property. However, in case of loan for construction, the construction should get completed within 3 Years of raising the Loan. Deduction can be claimed only from the financial year when the purchase/ construction is completed.
- c. The lender issues a certificate at the end of the financial year mentioning therein the interest & principal paid during the year in respect of that loan.
- d. If any of the first 2 Conditions mentioned above is not satisfied, i.e., loan was taken before 1st April 1999 &/or loan is for repairs/renovation/reconstruction, deduction of only up to a maximum of Rs. 100,000 every year can be claimed. The third condition mentioned above, however, has to be satisfied.

Ans - d

Pick the Odd One

- a. No Tax Benefit is available in respect of Loan taken for purchase of plot of land. Hence, instead of taking a Loan for purchase of plot, he/she should take loan for purchase of plot as well as construction of house & complete construction of a self-sufficient House within 3 Years of raising the Loan.
- b. If Loan is raised jointly by husband & wife or any other combination of persons acceptable to the lender, the interest & principal can be claimed by the co-borrowers in proportion to the amounts paid by them, subject to the combined maximum limit of Rs. 1,50,000 (or Rs. 30,000) & Rs. 1.00.000 towards interest & principal respectively.
- c. If the housing loan is taken before 1st April, 1999, deduction on account of interest shall be limited to Rs. 30,000 every Year. However, if the loan is taken after 1st April, 1999, deduction of interest upto Rs. 1,50,000 can be claimed every Year.
- d. As regards principal repayment, it can be claimed as a deduction from the gross total Income only by an Individual/HUF borrower under section 80C of the Income Tax Act, 1961 cannot exceed Rs. 1,50,000

Ans - d

In India, mortgage advice profession should follow the guideline of-

- a. RBI
- b. SEBI
- c. CONCERN BANK/BRANCH
- d. no regulations

Ans - d

Mr ML is from BUNDI Rajasthan working in OBC bank at KARNAL want to purchase a house at KOTA by taking housing loan under staff HL scheme, the Bank Manager cross check the Encumbrance Certificate for ----- years showing nil encumbrances and Parent Documents of ---- years.

- a. 30,13
- b. 13,30
- c. 13,13
- d. 30,30

Ans - b

If Rs. 100000 is invested for a period of 5 years at interest at 10% p.a. find the maturity sum i.e. future value-with the help of Future value table given below Hint (Future value = PV x future value factor)

Year	7%	8%	9%	10%	11%	12%
1	1.07	1.08	1.09	1.10	1.11	1.12
2	1.14	1.17	1.19	1.21	1.23	1.25
3	1.23	1.26	1.29	1.33	1.36	1.40
4	1.31	1.36	1.41	1.46	1.51	1.57
5	1.40	1.47	1.54	1.61	1.68	1.76
6	1.50	1.59	1.68	1.97	1.87	1.97

- a. 161000
- b. 171000
- c. 181000
- d. 191000

Ans - a

Future value of annuity due of Rs. 1000 for a period of 5 years at interest rate of 5% would be

HINT- Future value of annuity = Annuity x CV factor

Annuity table

Year	7%	8%	9%	10%	11%	12%
1	1.00	1.00	1.00	1.00	1.00	1.00
2	2.070	2.080	2.090	2.100	2.110	2.120
3	3.215	3.246	3.278	3.310	3.342	3.374
4	4.440	4.506	4.573	4.641	4.710	4.779
5	5.751	5.867	5.985	6.105	6.228	6.353
6	7.153	7.336	7.523	7.716	7.913	8.115

- a. 5801.91
- b. 5750.30
- c. 52368.12
- d. 59250.41

Ans - a

Pick the Odd One

- a. Ordinary Annuity : Payments are made/received at the end of each period.
- b. $FV = PV(1 + r)^n$
Where PV means present value, 1 means one rupee, r means rate of interest and n means period or term.
- c. Annuity Due : Payments are made/received at the beginning of each period
- d. Present value = $FV \times CV \text{ factor}$

Ans - d

Short term capital asset means a capital asset held for less than ---- months immediately prior to the date of transfer and Long term capital asset means a capital asset held for more than ---- months immediately prior to the date of transfer.

- a. 36,12
- b. 12,36
- c. 36,36
- d. 12,12

Ans - c

Any profit or gain from sale or transfer of a capital asset is chargeable to tax under the head "capital gains" Capital asset means any property whether movable or immovable, tangible or intangible. Transfer, in relation to capital asset, includes sale, exchange of the asset. , however, The following assets are NOT excluded from the definition of capital assets:

- a. Stock-in-trade, stores, raw material
- b. Personal effects (excluding Jewellery)
- c. Agricultural land outside the limit of municipality or notified area.
- d. None of the above

Ans - d

Any document other than a will has to be presented for registration within---- months from the date of its execution. The term 'execution' means signing of the agreement. Under the present rules and regulations, all agreements in respect of a transfer of a immovable property have to be duly stamped.

- a. 1
- b. 2
- c. 3
- d. 4

Ans - d

One of the following types of banking is an attractive channel for the upper middle end customers who are tech savvy, but it is not a 'Bottom of Pyramid Banking'?

- a. Internet Banking
- b. Mobile Banking
- c. Relationship Banking
- d. Door-step Banking

Ans - a

Valuation is a specialized area practiced by qualified engineers and architects who possess knowledge of building costs, awareness of market conditions and economic trends, developmental plans, legal statutes and provisions governing real property, rental income and outgoings etc. The Valuer is required to collect data on aforesaid aspects but as the information is not easily accessible and/or authentic particularly about demand and supply, the Valuer has to rely on his own experience and judgment in arriving at the fair market value! It is hence inevitable that there will be difference of opinion between two Valuers in respect of the value of same property. Who grants registration to Valuers, on the basis of their technical background and experience.

- a. RBI
- b. SEBI
- c. IT DEPTT
- d. SUB REGISTRAR

Ans - c

This method of depreciation is generally adopted by industrial units because of advantage of lower income-tax

- a. Written Down Value (WDV) Method

- b. Straight Line Method
c. both
d. There are several methods to calculate depreciation, board of directors of company decides.

Ans - a

Reverse Mortgage Loan – Pick the wrong one.

- a. Reverse Mortgage Loan, seeks to generate income from the property owned and resided in by the senior citizens to enable them to lead an independent and dignified life
b. A senior citizen who is above 60 years is eligible for a reverse mortgage loan against his own and self occupied residential property.
c. Married couples will be eligible as joint borrowers subject to the condition that one of them is above 60 years and the other not below 55 years.
d. The maximum period of the loan is 10 years. If the borrower outlives the maximum loan period, he/she can continue to retain the property and need not repay the loan or service the interest.

Ans – d

The integration of triple play (data + audio + video) provides banking customers real time access to their relationships with the bank, such as fund transfers, remittances, etc. This is built on ____ principles.

- i. Web 1.0
ii. Web 2.0
iii. J2EE
iv. .NET

- a. both i and ii
b. i, ii and iii
c. ii, iii and iv
d. i, iii and iv

Ans - c

BCSBI was released by the Governor, Reserve Bank of India on

- a. 1st Apr 2006
b. 1st Jul 2006
c. 1st Aug 2008
d. 1st Sep 2009

Ans – b

BCSBI codes are reviewed after every years.

- a. 2
- b. 3
- c. 4
- d. 5

Ans - b

What is correct about project cost under PMGEP scheme ?

- a. Rs 20 lacs(manufacturing) & 10 lacs(Others)
- b. Rs 25 lacs(Manufacturing) & 10 lacs(Others)
- c. Rs 10 lacs(manufacturing) & Rs 5 lacs(Others)
- d. Rs 2 lacs maximum

Ans – b

What is range of margin/borrower contribution in PMGEP scheme ?

- a. 10% general and 5% for special category
- b. 5% for general & special category nil
- c. 5% for all
- d. 10% for all

Ans - a

Valuation is a specialized area practiced by qualified engineers and architects who possess knowledge of building costs, awareness of market conditions and economic trends, developmental plans, legal statutes and provisions governing real property, rental income and outgoings etc. The valuer is required to collect data on aforesaid aspects but as the information is not easily accessible and/or authentic particularly about demand and supply, the Valuer has to rely on his own experience and judgment in arriving at the fair market value! It is hence inevitable that there will be difference of opinion between two Valuers in respect of the value of same property. Who grants registration to Valuers, on the basis of their technical background and experience.

- a. RBI
- b. SEBI
- c. IT DEPTT
- d. SUB REGISTRAR

Ans - c

According to the factors of service quality – Empathy means

- a. Helping the customer
- b. extend prompt service
- c. understanding the service expectations from customers point of view
- d. all the above

Ans - c

To consider the loan amount under housing loan scheme which of the following statements are true?

- a. The property is jointly held with the spouse and the spouse is co-borrower
- b. the property is held in single name and the spouse stands as a guarantor the borrower's son or daughter who has a steady income
- c. the salary is routed through Bank account and joins as a co-borrower
- d. expected rental less taxes, cess, etc., in case the house/flat being purchased is proposed to be rented
- e. Regular income from all sources can be considered to arrive at total eligible loan amount.

- a. a, c, d
- b. a, b, d
- c. a, d, e
- d. All the above

Ans - d

Which of the following websites, under internet banking, allow customers to go for query on their account balances?

- a. Basic Level Bank Websites
- b. Simple Transactional Websites
- c. Fully Transactional Websites
- d. None

Ans - b

In the credit information report maximum weightage is given to

- a. payment history

- b. length of credit history
c. amount owed
d. Both B & c

Ans - a

In the credit information report weightage given to payment history is

- a. 25 %
b. 30 %
c. 35 %
d. 40 %

Ans - c

Loans to farmers against pledge/hypothecation of agriculture produce(including warehouse receipts) upto _____ lacs for period not exceeding 12 months.

- a. upto 50 lacs
b. upto 1 crore
c. Upto 10 lacs
d. upto 25 lacs

Ans - a

Find out the encumbrance factor and value of the usable FSI from following particulars of the property :

Land area - 533 Sq Sq m
Total built-up area - 205 Sq m
Permissible FSI - 1
Rate of construction cost - Rs. 5000 per Sq m
Rate of land cost - Rs. 2000 per Sq m
Desired rate of return - 9%
Usable carpet area - 155 Sq m
Monthly Rent on carpet area basis - Rs. 50 per Sq m

Solution

Cost of construction = $205 \times 5000 = 1025000$

Cost of FSI used = $205 \times 2000 = 410000$

Total cost = 1435000

Desired Yield @ 9% = $1435000 \times 0.09 = 129150$
Estimated Yield = $50 \times 155 \times 12 = 93000$
Usual outgoings = $1/6$ of yield = $93000/6 = 15500$
Net annual yield = 77500

Hence, encumbrance factor = $77500 = 0.833 \times 93000$
Usable FSI = $533 - 205 = 328$ Sq m
Value of usable FSI = $328 \times 0.833 \times 2000 = 546448$

A newly constructed building stands on a plot costing Rs. 100000.
The construction cost of building is Rs. 2000000 and the estimated life of building is 66 years.
The investor wants a 5% return on land cost and 8% return on the construction cost.
Calculate the annual rent to be charged if annual repairs cost 0.5% of cost of construction and other outgoings equal 30% of gross rent.
The co-efficient for sinking fund at 3% for 66 years may be taken as 0.005.

Return on land cost = 5% of 100000 = 5000
Return on construction cost = 6% of 2000000 = 120000
Total Income desired = Rs. 125000 (a)

Let gross annual rental be 'r'

Outgoings:

Annual repairs = 0.5% of 2000000 = 10000
Other outgoings = 30% of r or 0.30 r
Amount towards sinking fund = $0.005 \times 2000000 = 10000$
Hence, net income = $r - 0.30 r - 20000$ (b)

Equating (a) and (b),

$0.70r - 20000 = 125000$
 $0.70r = 125000 + 20000$
 $0.70r = 105000$
 $r = 105000/0.70$
 $= 150000$

Hence, rent per month = Rs. 12500

A temporary structure has been constructed at a cost of Rs. 120000.
Assuming its salvage value as Rs. 30000 at the end of 6 years, determine the amount of depreciation for each year by Straight Line method and WDV method at 15% per annum.

Straight line method

$$\begin{aligned} &= (C-S)/n \\ &= (120000-30000)/6 \\ &= 90000/6 \\ &= 15000 \end{aligned}$$

At the end of 6 years, total depreciation is Rs. 90000 and book value is $120000 - 90000 = 30000$ (salvage value)

WDV method

$$\begin{aligned} P &= (1-S/C)^{1/n} \\ &= (1-30000/120000)^{1/6} \\ &= 1 - 0.7936 = 0.2064 \end{aligned}$$

The following table shows depreciation chart @ 20.64%

Age	Depreciation for the year	Accumulated depreciation	WDV
1	24770	24770	95230
2	19650	44420	75580
3	15600	60020	59980
4	12380	72420	47600
5	9820	82220	37780
6	7780	90000	30000

Thus, the WDV at the end of 6 years is Rs. 30000, which is the salvage value of the property.

Formula to Calculate the Periodic Payments under RML

The formula to calculate the periodic payments, as available in the website of NHB, is as under:

Installment Amount = $(PV \times LTVR \times I) / ((1+I)^n - 1)$ Where,

PV = Property Value;

LTVR = LTV Ratio;

n = No. of Installment Payments;

I = the value of I will depend on Disbursement Frequency selected.

A Hypothetical Example

Value of the property	Rs. 50,00,000	Rs 50,00,000
Loan Amount	80%	90%
Loan Tenor	15 years	15 years
Rate of interest 10%	10.50%	
Monthly installment	Rs. 9651.	Rs 10,368
Quarterly installment	Rs. 29,414.	Rs 31,638
Yearly installment	Rs. 1,25, 895	Rs 1,36,116

The sinking fund factor is the amount that accumulates to Re. 1 if invested at specified rate of interest for certain number of years.

It can be obtained from Valuation Tables.

The factor for redemption of Re 1 at the end of 25 years @ 5% compound interest is 0.021 from the table (see Appendix).

Thus the sinking fund for redeeming original capital of Rs. 15 lacs will be $15,00,000 \times 0.021 = 315000$.

In actual practice, separate provision for sinking fund is not done but the capitalized value is obtained by referring to dual rate Valuation Tables to determine the multiplying factor (YP) based on income for a specified period (life of building) at particular interest rate and redemption of capital at another rate of interest.

Thus the YP or present value of Re 1 per annum for income @ 10% rate of interest and redemption of capital @ 5% rate of interest for a period of 25 years is 8.27 as per the tables (see Appendix).

In other words, if a property is purchased for Rs. 8,00,000, its capitalized value will be $8.27 \times 8,00,000 = 66,16,000$.

Suppose that during the rent of a property the owner earns the income of 60000 on a quarterly basis. Set the value of this liability at the current moment;

in other words, determine the price of this property, if it was sold at the present moment at the interest rate:

- 1) of 8% converted on a quarterly basis?
- 2) of 8% converted on an annual basis?

We have that

1) $R = 60000$;
 $i = 0.02$;
 $A = 60000 / 0.02$
 $= 3000000$;

Thus, the market value of this property is 3000000.

2) In the case we have a complex annuity,
thus: $R = 60000$, $i = 0.08$, $c = 0.25$ Then
 $p = 1.08^{0.25} - 1 = 0.0194265$
 $A = 60000 / 0.0194265 = 3088557$

In this case the value of this property is 3088557.

Mr. Raj has bought :

2000 units of a stock at Rs. 20 on 1 Jan 2013,
2000 more units at Rs. 30 on 1 May 2013
2000 more units at Rs. 40 on 1 December 2013

and sold

5000 units at Rs. 50 on 30 December 2014,

Calculate the Non Indexed Capital Gains.

- a. 100000
- b. 110000
- c. 120000
- d. 130000

Ans - b

Solution :

Each purchase/sale transaction is matched on a First-In-First-Out basis.

All the units sold have been held for over one year, so long term capital gains tax applies.

So here, out of the 5000 units sold, we have three separate pieces to be considered.

The First 2000 are matched to the first 2000 bought, appropriately indexed, gains calculated and tax calculated.

The non-indexed gain is Rs. $(100000 - 40000) = \text{Rs. } 60000$

The Next 2000 are matched to the Next 2000 bought, appropriately indexed, gains calculated and tax calculated.

The non-indexed gain is Rs. (100000 - 60000) = Rs. 40000

The next 1000 units are sold at Rs. 50 and bought at Rs. 40, appropriately indexed, gains calculated and tax calculated.

The non-indexed gain is Rs. (50000 - 40000) = Rs. 10000

So let's add them all up.

Non-Indexed

Total Capital Gain	= 60000 + 40000 + 10000 = 110000
Capital Gains Tax Appl (%)	= 10%
Capital Gains Tax	= 11000

Which of the following dimensions were not highlighted by Ernest. T. Parkins from USA in Internet banking:

- a. Migration from traditional channels to electronic channels in delivery of retail banking services.
- b. Ability to exploit the potential of these channels to change the competition dynamic in retail banking.
- c. Impact of these channels and changes in customer experience of retail banking products.
- d. Initiate steps to adopt the traditional banking activities again.

Ans - d

Which of the following important observations and views is not mentioned in the report by RBI codifying the different concepts of Internet Banking to have an understanding of the different dimensions:

- a. The Basic Level Service is the banks' websites which disseminate information on different products and services.
- b. Simple Transactional Websites which allow customers to submit their instructions, applications for different service, and queries on their account balances.
- c. It has also a provision to permit the customers of any fund-based transactions on their accounts.
- d. It also has the provision of the 'Fully Transactional Websites' which allow the customers to operate on their accounts for transfer of funds, payment of different bills, subscribing to other products of the bank and to transact purchase and sale of securities.

Ans - c

.....

In case of cheques received unpaid from the paying banker for want of sufficient funds, the borrower should be immediately contacted. The cheque should be re-presented within a period of ----- days of its having been returned unpaid with written request from the borrower.

- a. 7
- b. 3
- c. 30
- d. 15

Ans - b

.....

The device, the cost of which is 120000, must be replaced after six years.
It is known that after six years the used equipment could be sold for 20000.
Set the value of the property at the present moment (capitalize the costs) if the interest rate is 10%, which is converted once a year?

We have that $OV = 120000$, the replacement costs $R = 120000 - 20000 = 100000$,

In addition,

$$\begin{aligned} i &= 0.15; \\ c &= 1/(1/6) = 6 \text{ and} \\ p &= 1.1^6 - 1 = 0.7716 \end{aligned}$$

Then

$$\begin{aligned} K &= 120000 + (100000/0.7716) \\ &= 249607.4 \end{aligned}$$

.....

A.B. purchased a license to engage in the transportation services for which he paid 6000.
Moreover, he paid 30000 for the purchased car.
He hopes to replace a car with a new one every three years, hoping to allocate 30000 for a new car.
In addition, he can sell the car for 10000.

Determine the costs of this business, if the interest rate is 12%.

We have that the initial business costs are 35000,
the replacement costs are $R = 30000 - 10000 = 20000$,

In addition, $i = 0.12$; $c = 3$; $p = 0.404928$: Then

$$K = 35000 + (20000/0.404928)$$

.....

= 84391.5

Thus, the capitalized general business costs will be 84391.5

How To Calculate Long Term Capital Gains Tax

When you sell an asset like a stock or mutual fund after a year – in some cases, like Gold, three years – you need to pay long term capital gains tax. Equity mutual funds where more than 65% of the holding is equity don't have long term cap gains tax currently, and neither does stock held for over a year – in both cases, you will pay a Securities Transaction Tax on the sale.

There are two ways to calculate long term capital gains tax.
Without Indexation

The government understands that you might buy a product this year, but sell it after a few years. But in the process, inflation has destroyed the value of your money – i.e. what might cost Rs. 100 today might cost Rs. 130 in five years (assuming 5.4% inflation – remember, inflation is compounded). So if you sell the product after five years for Rs. 150, your gain really is Rs. 20.

To calculate this actual gain, the Income Tax department releases a cost-inflation-index (CII) figure every year. Usually, in May, it will release the CII for the last financial year – so the CII for 2010-11 will be released in May 2011. And it's not easy to find; but luckily enough people get to know and Google becomes a good friend.

Effectively, the cost of acquisition becomes substantially lower. The formula is:
Indexed Cost of Acquisition = (Actual cost of purchase) * (CII Of Year of Sale)/(CII of Year of Purchase).
Capital Gain = (Sale Price MINUS Indexed Cost of Acquisition).
Capital Gains Tax = 20% of Capital Gain

For example, if you bought 1000 units of a debt fund at Rs. 50 per unit in 2008-09 and sold the 1000 units in 2009-10 for Rs. 55, then:

(Purchase Price = Rs. 50,000 and Sale price = $55 \times 1000 = \text{Rs. } 55,000$)

a) Indexed Cost of Acquisition = $50,000 \times (632/582) = 54,295$.

b) Capital gain = $55,000 - 54,295 = 705$.

c) Capital Gains tax = 20% of 705 = Rs. 141.

The indexation benefit allows you to let inflation take its toll on the purchase price; there is no such allowance for "short term" capital gains, in a mutual fund or stock sold within a year of purchase. In that

case, the gain (non-indexed) is simply added to your income and your income is taxed appropriately, and that effectively means short term capital gains are taxed at the highest slab that applies to you.

The indexation benefit also substantially increases your post-tax return when you use a mutual fund rather than, say, a fixed deposit. The mutual fund is indexed for inflation, but the FD return is not (even the annual interest for a multi year deposit is added to your gross income and taxed).

Without Indexation

To make life a little simpler, there is an allowance to ditch the entire indexation concept, where you have sold a mutual fund (or a stock outside the stock exchanges, say in a buyback offer). The idea is: your non-indexed capital gain = Sale Price MINUS purchase price. On that you pay just 10%.

You can choose with indexation or without indexation for every asset sale for the total capital gain that you have. In some cases it may be better to pay just 10%. For instance if you bought a stock 10 years ago, chances are it has multiplied so much that any amount of indexation doesn't cut much into your profits; you are then better off paying 10% of the unindexed gain rather than 20% of indexed gains.

Note: Reader Px noted that the IT department may not allow part of such debt mutual fund gains to be indexed and part not to be. This means you have to calculate your total gains with such indexation, and then without such indexation. Then see if the taxes are different on the two. That makes sense, but is complicated in the sense that you don't get the best benefit on your assets if you sell a lot of them. But I admit – this looks like something the IT department will allow more than my earlier assumption (i.e. choose indexation or not for each asset sale). I have changed the post – my apologies.

Example: Different purchase dates and FIFO

Now I will complicate matters. If you have bought :

- * 1000 units at Rs. 10 on 1 Jan 2008,
- * 1000 more units at Rs. 15 on 1 May 2008
- * 1000 more units at Rs. 16 on 1 December 2008

and sold

- * 2500 units at Rs. 17 on 30 December 2009,

How are the gains calculated?

Answer: Each purchase/sale transaction is matched on a First-In-First-Out basis. This is like a queue – the first person who is in the queue gets serviced first and get out, then the next and so on. Versus a "LIFO" or Last-In-First-Out, like in a crowded lift or a metro train where the last person in usually ends up getting pushed out before others can leave. The IT department needs FIFO.

All the units sold have been held for over one year, so long term capital gains tax applies.

So here, out of the 2,500 units sold, we have three separate pieces to be considered.

The First 1000 are matched to the first 1,000 bought, appropriately indexed, gains calculated and tax calculated.

Here you get two years of Indexation (2007-08 and 2008-09) because the purchase to sell dates span two financial years – Jan 08 to December 09.

Indexed Purchase Price = $10,000 * (632/551) = 11,470$.

Capital Gain = $17,000 - 11,470 = 5,530$

The non-indexed gain is Rs. $(17,000 - 10,000) = \text{Rs. } 7,000$.

Indexed Capital Gain: Rs. 5,530

Non Indexed Capital Gain: Rs. 7,000

The Next 1000 units get one year's indexation because they are off by just one financial year (Jun 2008 to Dec 2009) These were purchased for Rs. 15,000.

Indexed Purchase Price = $15,000 * (632/582) = 16,289$

Capital Gain = $17,000 - 16,289 = 711$

Without indexation: The Capital Gain is Rs. 2,000 $(17,000 \text{ minus } 15,000)$

Indexed Capital Gain: Rs. 711

Non Indexed Capital Gain: Rs. 2,000

The next 500 units are sold at Rs. 17 and bought at Rs. 16, which are again provided one year's indexation.

Indexed Purchase Price = $16 * 500 * (632/582) = 8,687$

Capital Gain = $17 * 500 - 8,687 = (\text{Loss of Rs. } 187)$.

The unindexed gain is $(\text{Rs. } 17 - 16) * 500 \text{ units} = \text{Rs. } 500$.

Indexed Capital Gain: Loss of Rs. 187

Non Indexed Capital Gain: Rs. 500

So let's add them all up.

	Indexed	Non-Indexed
Total Capital Gain	6054	9500
Capital Gains Tax Applicable (%)	20%	10%
Capital Gains Tax	1210.8	950

You can choose which one of the two you want, and in this case the non-indexed option is better – you pay lower taxes.

Note: Long term capital gains must be all added up but in case of other assets (like houses or gold or such) you don't get to choose between 10% unindexed and 20% indexed. There it's only indexed (and long term applies only after three years). So if you have sold a house and some mutual funds, the calculation will take on the indexation or non-indexation benefit only for the mutual fund bits.

Nowadays most software do this for you, and brokerages provide detailed statements as well. (See MProfit, for instance. Disclosure: I'm not associated but a good friend works with them)

Gains are based on the number of units sold, and each unit's purchase price. What is left in the kitty in the above example is 500 units bought at Rs. 16. That will not attract any tax until you sell. The investor may buy more before selling, adding to calculation complexity.

I hope this helps clarify a subject I get a lot of email for. Please send in your comments!

Note: I'm not a CA – this is my understanding of the tax law. Apologies upfront for any mistakes; please let me know and I will correct.

(While the tax rates change with the Direct Tax Code (DTC), calculation methodology will remain the same, though non-indexation benefits might vanish)

How to calculate Capital Gains or Losses . A lot of people make mistake in this . If you buy a house in 1995 at Rs 10 lacs and sell it at Rs 20 lacs in 2009 . On how much profit will you pay the tax ? If your answer is Rs 10 lacs , you have no idea how to calculate capital gains . Read ahead to understand .

What is Capital Asset ?

Capital Assets are the properties which can be held by a person . Some examples are Real Estate, Shares, Mutual Funds , Gold and Debt Funds . FD's and other fixed returns Instruments are not part of it .

Taxation

For taxation of Capital Assets , read this : How to use your losses to Reduce Tax

How to Calculate Capital Gains ?

Most of the people think that

Capital Gain = Sell Price – Purchase Price

But , Actually the real formula is

Capital Gain = Sell Price – Indexed Purchase Price

What is Indexation ?

Indexation is a technique to adjust income payments by means of a price Index , in order to maintain the purchasing power of the public after inflation. We must understand that prices in general also rises, so the actual prices should not be used while computing the profits , rather It should be Indexed as per Inflation in the country ,so that people can get the real value from sale of there assets . Indexation is used in Tax treatment for Debt , Gold and other asset classes

What is Cost Inflation Index (CII) ?

Year	CPI
1981-82	100
1982-83	109
1983-84	116
1984-85	125
1985-86	133
1986-87	140
1987-88	150
1988-89	161
1989-90	172
1990-91	182
1991-92	199
1992-93	223
1993-94	244
1994-95	259
1995-96	281
1996-97	305
1997-98	331
1998-99	351
1999-00	389
2000-01	406
2001-02	426
2002-03	447
2003-04	463
2004-05	480
2005-06	497
2006-07	519
2007-08	551
2008-09	582
2009-10	632
2010-11	711
2011-12	785

2012-13 852

How to Calculate Indexed Purchase Price ?

Indexed Purchase Price = Purchase Price * (CPI for current year / CPI for year of purchase)

Once you have Indexed Purchase Price , you can subtract it from Sale Price and get your capital gains .

In some products Long term Capital gains is around 20% with Indexation and 10% without Indexation . In Equities Long term Capital Gains is exempt from Tax .

Let take an Example

Purchase Price 1000000
Year of Purchase 1995
Sale Price 2500000
Year of Sale 2008
No of Years 13
Purchase CII 281
Sale CII 582
Indexed Purchase Price 2071174
Capital Gain 428826
Tax with Indexation 85765
Tax without Indexation 150000

Capital Gains Tax with Indexation and Without Indexation

There are some asset classes where you have the choice of using Indexation or not. This is true for debt funds and FMP's. So the current rate is either 20% with Indexation or 10% without Indexation for Long term Capital Gains .

For Tax without Indexation , you simply find out normal profit (sale price – cost price) and then calculate the tax .

So you can calculate tax using both ways and then choose the one which is lower :) .

How to save your Capital Gains Tax ?

For people who are miser and do not like to pay lot of taxes , govt has provided some relief to them . Govt says that If you dont want to pay tax on your capital gains , you can do following things to save your taxes .

Invest your Capital Gains in Real Estate :If you invest your Capital Gains in Real estate within 2 yrs , you will get the exemption .

Invest in Capital Gain Bonds :There are some specific bonds issued under sec 54EC , some of them are NHA or REC bonds . You have to invest in these bonds within 6 months. Generally the lock in period is around 3+ yrs . interest on NHA or REC bonds is around 5-5.5% .

Tax on Capital Gains can be different for different People

Please note that Capital Gains tax can vary from one person to other person depending on which tax bracket he/she belongs to . It will also depends whether Tax with Indexation or without Indexation works out to be cheaper for him or not .

Note :For calculation purpose the Financial years are business year from April – Mar , Not Jan – Dec . If you buy in June 2009 and sell in Jan 2010 , you are in the same year not 2 different years .

Conclusion

So , In this post we learned how you can calculate capital gains and also take advantage of tax benefits for saving your taxes on capital gains , Your aim should be to understand the process and learn about it, so that you can take informed decisions in your financial life . No one should take advantage of your ignorance and also to take quick decisions and make rough calculations when there is a need. If you know these rules , you can take better decisions

Questions for you

Suppose you are age 30 .

- In June, 2005, You buy 20 lacs Home
- In Aug, 2012, You buy stocks worth 10 Lacs
- In April, 2013 your sell your house at Rs 30 lacs
- In June 2013, your stocks have gone down in value are worth Rs 3 lacs now .

What should you do to avoid paying any tax on capital gains made from House ?

Calculating capital gains on sale of property in India

When it comes to capital gains on real-estate, some people believe that the selling price, minus the purchase price is their profit, and the amount on which they would be subjected to capital gains tax. For example: Suppose you bought a house in India for Rupees 35 lakh in November 1995 and you sell this property in October 2010 for a price of say Rupees 105 lakh. Some people may assume that the capital gain on the sale of this property would be 105 lakh (selling price - purchase price). This works out to a 70 lakh. Actually the calculation above is not correct. While deducting the purchase price of 35 Lakh, from

the sale price of 105 Lakhs, gives you a profit of 70 Lakh, this is not your capital gain. This is because when you factor in the cost inflation indexation, your taxable capital gain liability is reduced considerably.

What is Cost Inflation Indexing

One acceptable fact about money these days is that the value of the money decreases every year due to inflation. The department of income tax in India allows indexing the cost price, so as to arrive at a price that is comparable, to the sale price, when you sell your property. This price is referred to as the Indexed Cost of Acquisition.

How to calculate Long term capital gains on sale of property

The cost of acquisition of property that was purchased many years ago can be indexed, using the cost inflation index numbers. Cost inflation index, is a number derived for each financial year, by the Reserve Bank of India. This is done by taking into account the prevailing prices during that financial year.

Hence, if we see a change in the cost inflation index between the year 1995 and 2010, it would give us an indication of the change in prices between these years. To start off, first you need to find the Indexation factor from the cost indexing inflation table. The cost of inflation index table is provided on this website and you can see it by clicking [HERE](#) or simply use the left side red arrow, to go to our previous page to see the latest chart up to the years 2012/2013.

Formula to find the indexation factor:

Indexation Factor = Cost inflation index of the year of sale / Cost inflation index of the year of purchase.

Example: Suppose you purchased a house in November 1995 for Rupees 35 lakh and decide to sell it for Rupees 105 lakh in October 2010. Let's calculate the capital gains on such a transaction by applying the cost inflation index.

1. First we need to find the cost inflation index for the year of the sale. Using the cost inflation index chart table provided, we can see that the cost inflation index for the year 2010 when you want to sell is 711

2. The cost inflation index for the year 1995, when you purchased the property is 281. So using the formula, Indexation Factor = Cost inflation index of the year of sale / Cost inflation index of the year of purchase: Indexation Factor = $711 / 281 = 2.53024$.

Formula: Indexed Cost of Acquisition = Actual Purchase Price * multiplied by the Indexation Factor. So your Indexed cost of acquisition when applying this formula works out to $35 \text{ lakh} * 2.53024 = 88.56 \text{ lakh}$. The actual capital gains that would apply for your property sale can now be calculated.

Calculating your long term capital gain

Long term capital gain is the difference between the sale price and the indexed cost of your acquisition. Formula: Long Term Capital Gain = Sale Price - Indexed Cost of Acquisition. Using the amounts from our example: Long Term Capital Gain = Rupees 105 Lakh - Rupees 88.56 Lakh = Rupees 16.44 Lakh. So the capital gain that seemed to be Rs. 70 lakh is actually only Rupees 16.44 lakh. This can even be further reduced, when you add all the expenses for your property upgrades, maintenance etc. and apply indexing to those figures also. Suppose Rupees 6.44 lakh was spent in making improvements to the property after you bought it in 1995. Then your final figure is trimmed down to a capital gain of 10 lakh. Considering a 20% capital gains tax rate, you would have to pay just 2 lakh. Cost inflation index for prior years: The benefit of indexation can be availed, either from the year of acquisition of the property by the assessee, or from the base year 1981-82, whichever is later. The financial year in India is from April to March. When reading the cost inflation index chart, the month of purchase needs to be taken into consideration. The latest cost of inflation index chart is available on the previous page.

There are various asset classes such as equity, debt, gold and real estate in which you invest according to the time horizon of your financial goals and risk appetite. The gains from these investments are termed as capital gains and are taxed differently. Since any tax liability impacts your returns from the investment, it's important to have awareness on the net gains you will receive.

The capital gains from the above-mentioned asset classes are classified as long-term or short-term gains, based on the holding period of investment. For example, in real estate, if you have held the asset for more than 3 years, it is treated as long term. Contrary to this, in equities investment for more than a year is treated as long term.

Long-term capital gains are usually taxed at a lower rate than regular income, which is done to encourage entrepreneurship and also investment in the economy.

Here are some calculations to show how long-term and short-term capital gains are derived and how can they help you in reducing your taxability:

1. Long-Term Capital Gains: A long-term capital gain arises when you hold any asset for a defined period. This period ranges from one year to three years across different asset classes. The table below shows the holding period for long-term gains in various asset classes and the applicable tax rate:

*Education Cess of 3% is applicable on all tax rates

As can be inferred from the data, equities enjoy zero taxability on long-term capital gains while in real estate or physical gold investment you have to pay a flat rate. "Due to these variations, the post-tax returns from these asset classes can vary substantially. There are provisions in income tax to reduce long-term capital gains (LTCG) through indexation or save LTCG tax by investing the gain in other alternatives," says Jitendra P.S. Solanki, a SEBI-registered investment adviser and founder, JS Financial Advisors.

Thus, apart from reducing your tax liability through the indexation benefit, the tax on long-term capital gains can also be saved by investing these gains in specified securities for a certain period of time.

Indexation Benefit: Inflation constantly erodes the real value of money through the rise in prices. Due to this even if your investments have risen four times during a particular period, the purchasing power of money might have went down by, say, 50% from the time of your investment. "To reduce the impact of inflation on your investment, indexation benefit is provided in calculating long-term capital gains. Through this benefit you can adjust your capital gains from inflation by applying an appropriate factor from cost inflation index to the original units," says Solanki.

Here is how indexation benefits works:

Cost of purchasing a property in April 2007 - Rs 35,00,000

Cost of selling the property in May 2011 - Rs 50,00,000

Inflation Index- 2007-2008 - 551

2011-2012 - 785

Indexed Purchase Cost- $35,00,000 \times \frac{785}{551} = \text{Rs } 49,86,388$

Long Term Capital Gains= $50,00,000 - 49,86,388 = \text{Rs } 13612^*$

Tax on LTCG= $13612 \times 20\% = \text{Rs } 2722$

Education Cess= $2722 \times 3\% = \text{Rs } 82$

Total Tax on LTCG = Rs 2804

*The non-indexed gain would have been Rs 15 lakh

Thus, the indexation benefit reduces the tax liability substantially which otherwise would have been a huge payout for any investor.

2. Short-Term Capital Gains: Investment in any asset class, if held for a very short period, is taxed as short-term capital gains. Except equity, short-term gains from other assets are included in the investor's income and are taxed as per the slab rate. The data below highlights the taxation structure in case of short-term capital gains:

*Education cess of 3% is applicable on all tax rates

This is how short-term capital gains are calculated:

Cost of Equity Mutual Funds units bought in 2011 - Rs 100,000

Price of same units sold after 6 months - Rs 120,000

Short Term Capital Gains - Rs 20,000

Tax Applicable - $20,000 \times 15\% = \text{Rs } 3000$

Education Cess - $3000 \times 3\% = \text{Rs } 90$

Total Tax payable = Rs 3090

It is clear, thus, that with complex capital gains tax structure, it's wise to first make yourself aware of the net returns, i.e. post-tax returns, you will earn, whenever you intend to make any investment. This will help you in analyzing the amount of wealth you will create after paying your tax liabilities.

Re-collected from June - 2014

1. Calculate Min. Amt. Due for dues of credit card

Finance Charges - Applicable in the event of the card member deposits part of the Total Payment or the Minimum Amount Due. The amount attracts finance charges on entire outstanding including fresh purchases and other bank charges till the date of full and final payment.

Finance charges are calculated on a daily basis at the end of every day based on the current outstanding balance of the customer.

Illustration:

- Balance outstanding as on the statement date - Rs.20000
- Balance is not paid on the due date.
- Interest - 3.5% per month
- Daily Interest Charge for the above balance is
 $= 20000 \times (3.5\% \times 12 \text{ months}) / 365 = \text{Rs.}23.01$
- Total interest payable by the next statement cycle (after 30 days)
 $= \text{Rs.}23.01 \times 30 = \text{Rs.}690.41 + \text{Service Tax}$

(ii) Minimum Amount Due - Minimum Amount Due (MAd. is calculated by adding New Debits for the month, previously unpaid payments and other charges. Minimum amount also includes the amount by which the card holder exceeded the card limit.

Minimum Amount Due every month shall be higher of the following:

- (a. 5% of the statement outstanding or
- (b. Sum total of all installments billed, interest, fees, other charges, amount that is over limit and 1 % of the principal or
- (c. Rs.250/-. In case of default or if the statement balance is less than Rs.250/-. the entire outstanding amount has to be paid.

2. Documents/Eligibility for Home Loans/other loans - Unit 7 (Go thru book for details)

3. Maslow Theory -.....need arises at which level- pg 43 (Go thru book for details)

4. Product Life Cycle - pg 51 (Go thru book for details)

- (i) Introduction
- (ii) Growth
- (iii) Maturity
- (iv) Staleness or saturation

(v) Decline

5. Stages in new product development - pg 60
(Go thru book for details)

- (i) Generating new product ideas
- (ii) Idea screening
- (iii) Concept Testing
- (iv) Business analysis and Market analysis
- (v) Actual product development, test marketing and commercialisation

6. DSA & CRM related ques - pg 149 & 155 (Go thru book for details)

7. Wealth Management - pg 184 & 223 (Go thru Last Minute Revision Page and book for details)

8. Calculation of EMI - pg 207
(Go thru Last Minute Revision Page and book for details)

9. In PROPAGATE model, what does E stands for ? - pg 218

Banks selling mutual fund schemes should clearly understand the implications mentioned in the following model called as PROPAGATE Model for distribution. PROPAGATE model refers to :

- P - Product
- R - Risk
- O - Opportunities (Returns)
- P - People
- A - Appetite
- G - Geography (Place)
- A - Attributes
- T - Training
- E - Education

10. All types of Mortgage related ques - pg 248 (Go thru Last Minute Revision Page and book for details)

11. Numerical from Capital Gain - pg 288
(Go thru Last Minute Revision Page and book for details)

12. Depreciation from WDV Method - pg 304 (Go thru Last Minute Revision Page and book for details)

13. Age related ques from Reverse Mortgage - pg 308 (Go thru Last Minute Revision Page and book for details)

14. Which method of Valuation is preferred for agri/urban land? Pg 298 (Go thru Last Minute Revision Page and book for details)

15. Classification of Business Process Structure in Retail Banking -pg 27 & 28

- (i) Horizontally Organised Model
- (ii) Vertically Organised Model
- (iii) Predominantly Vertically Organised Model
- (iv) Predominantly Horizontally Organised Model

According rule of 72 : If a amt doubles in 10 years and 5 months , find the rate of interest

- 5% increases every year in number of employees , how many employees would be there after 10 years?

- Ifsc has how many alpha numeric number ?

- A want to invest 57.50 lac in house , advisor say it be 70 L in 1 yr or he invest in Mutual Fund @8% return. Where the fund should be invested ?

- Case Study:

Mr X and Mrs. X has taken loan based on their income (75:25). They paid 3 lac & 4 lac towards the principal & Interest respectively.

- i) Find rebate for Mr. X towards Principal
- ii) Find rebate for Mrs. X towards Principal
- iii) Find rebate for Mr. X towards Interest
- iv) Find rebate for Mrs X towards Interest

- Case study 2:

Mr. A has used is credit card limit fully. He has deposited 35,000 on 22 July. Remained 15,000 deposited on 10 Aug. 2015

- Limit 50,000

- Interest Rate 1.5%

- Billing cycle due 2nd of each month

- Due date of bill 22nd of each month

- Overlimit withdrawl penalty 600

- o Interest will be recovered for how many day ?

- o Interest will be recovered on which amount ?

- o How much interest will be recovered ?

- o If he withdrawals 65000 , and remained 30000 deposited on 10 aug. then How much finance charge will be there ?

- Atm Complaint regarding Non withdrawal of amount , must be solved in How many days ?

- RTGS & NEFT limits

- Total Batch generates in NEFT (Mon to Friday) & (Sat)

- Straight Line Depreciation

- Case study on Education Loan.

Re-collected from June-2015

How many neft settlements in a day?

Total 12 weekdays and 6 on Saturdays neft settlements

Tax benefit in Home loan

Credit card cycle

NEFT/RTGS max n min limit

Basic diff.b/w rtgs n neft

Benefit of pvt. Banking

Wealth mgmt for corporates

Education loan repayment/defaults

EMI

Income tax

Rule 72

Essence of crm

Bharat bill paymnt systm

Priority of charge in mortgage

Brown label atm

Purpose of securitisation

Conditions for pension fund mgmt

Mutual fund conditions for bank

Approval for insurance

Propagate model

7Ps

ATM transactions in metro cities

SARFAESI

DRT

internet banking

Mobile banking

Full form of CDO

Product meaning??

Airline company used which model..SBU..INTEGRATED MODEL???

RUPAY card is issued by NPCI

Case study related to Internet banking 5 questions

Case study related to credit card charges and other

Register mortgage date and deposit of title deed

Implementation model related

WRBR.. Full form??

Date of execution of documents.. 4 months

Augmented product...

Expected product...

Under NEFT, number of settlement on week days are..12

RTGS minimum and maximum amount...

Disadvantages of Retail banking...

Mobile banking maximum amount per txn and monthly threshold related 5 questions

IFSC CODE TOTAL ALPHA..and numerics

SFMS

- 1) Internet Banking- strategy adaptation
- 2) Depreciation by both methods
- 3) Capital gain
- 4) Annuity
- 5) FSI Calculations

1. 2 Case studies on priority charge on mortgage
2. Problem on depreciation (By WDV)... eg. What will be the book value after 3 years?
3. Calculating future value
4. Diff between NEFT and RTGS
5. Questions on DSA
6. Case study on tax exemptions (both interest and principal repayment)?
7. Prob on Depreciation by straight through method?
8. What does securitisation mean?
9. Risk involved with DSA?
10. Questions on Potential product PROPAGATE?
11. EMI Calculation
12. Questions on vertical, horizontal model
13. How Many NEFT settlement on weekdays and Saturday
14. How many characters in UTR?
15. Question on WRBR
16. Case study on education loan... all the fig are given (eg. Hostel fee, tuition fee, other expenses and bank margin)... we have to calculate max permissible bank loan
17. One critical case study on credit card... credit card limit, free int period, int rate, over limit penalty, due date and purchase date are given...
We have to calculate int charged
 - a. if the customer pays the amt due after 18 days from due date
 - b. If he pays half amt before due date then calculate int charged for remaining amt on a particular date?
 - c. If the amt crosses the limit then calculate the amt he has to pay
18. If we allow overdraft in CC a/c and the customer does not repay it, then can we approach DRT ?
There are four options and we have to choose the correct one

Re-collected from December-2015

1. Which of the following gives right to the banker to collect the money without intervention of court?
i) DRT ii) Sarfaesi Act iii) Revenue Act...
options: i and ii
ii and iii
i, ii and iii

2. What is the % weightage of "owned money" in credit scoring- Ans 30
3. Which is one of the not aspect of business mode?
4. Which of the following does not affect the processing time in retail banking. i) Govt. Policy ii) Banks' internal policy iii) Large customer segment
5. Which one is the initiative in retail banking.
6. Which one is the optional document in Home information Pack
7. The non - fund based facilities provided by the banks
8. Tapping up a Housing loan involves?
9. What is the siphoning of funds?
10. Which one of the following is the method for valuation of Urban open land?
11. A product which is bases on customer's sentiment not on to gain profit is ...
12. As per Theodore Levit a product is a _____ and _____.
13. If a bank offers different products to different customers which of the Model he is using--options Horizontally organised, vertically organised, predominantly Horizontally organised, iv- Predominantly vertically organized

Case Study -1 asked in CAIIB Retail Evening Shift

A bank "X" issued a platinum credit card to mr. A with a credit limit of rs. 1,00,000. The bill date is 2nd of every month and due date is 22nd of the same month.

The rate of interest charged is 2.38% per month.

interest is calculated on daily basis.

Note: there is no interest charged for the first 50 month.

Overdue charges is rs. 600

Mr. A makes a shopping worth rs. 1,00,000 in the month of july and paid rs. 85000 on 22nd july and rest pays on 10th august with final payment.

Q.1 For how much days interest will be paid?

i) 18 days ii) 21 day iii) days iv) No interest will be paid as MAD is paid

Q.2 What will be the financial charges on final payment?

Q.3 How much payment he will make in the full settlement at 10 august

Q.4 What will be the overdue charges for the month?

Q.5 What will be the late payment charges are levied on him

CASE STUDY 2

As we know today private, public and foregin banks issues ATM to his customers. ATM is a now 24 hour banking service provider, now cutomer use atm not only to withdraw cash from machined but also to make shopping on various sites. Some banks offers additional facilities on ATM card i.e Accidental cover and Some gives a facility to withdraw money beyond the coutry limit. It has changed the banking scenerio globally, today a person who don't have money in a foreign country can withdraw money from ATM.

Q.1 max withdrawal limit for POS

Q.2 MAX withdrawl on other bank's atm in one transactions?

Q.3 Max free allowed limit on other banks ATM Machine?

Q.4 The bank promote using of ATM-- Ans to Reduce human cost on small payments

Case Study-3

As we know banks and financial institutions are constantly committed to stop money laundering by fulfilling the KYC norms of the customers. It helps in banks to know the customer as well as help them to satisfy their needs. By KYC norms bank can cross sale and up sale their product to the targeted group segment.

Q.1 What are the minimum time to revise KYC in A/c= 2 Years

Q.2 What is the time period for revise KYC to Low risk, Medium risk and High risk customer consecutively- Ans : 10 : 8 : 2 Years

Q.3 What can be used as an official valid document for KYC purposes?

i) PAN CARD ii) JOB CARD issued by NREGA iii) RATION CARD

inme internal choices di gayi thi..

Q.4 If a customer opens a small saving bank account without fulfilling KYC Norms. His annually dr. cr kitne honge

Q.14 Para Banking does not include

Realibily, assurance, enabling, Modeling, responsive se 7 questions the bus options aage piche the. Some of them are as follows:

1. A customers enters in Branch and a branch executive welcome him very heartly it is a type of
2. A cutomer want to close his Fd Branch manager assures him that the amount will be credited in his account with in 2 day it is example of
3. A customer complains his wrong charges on his bank account. it is type of

1. Business process structure - horizontal, vertical, predominantly vertical & predominantly horizontal.
2. Customer service quality - Tangible, Reliability, Responsiveness, Assurance & Empathy.
3. Actual product development, test marketing- saving cum loan product for working women.
4. New product development requirement
5. Product position
6. Vehicle loan features - 5 Q
7. Education loan (foreign) features - 5 Q
8. Credit card due numerical - 5 Q
9. Debit card -ATM characteristics
10. No of NEFT Batch per day by RBI.
11. Timing for RTGS settlement.
12. Max cash withdrawal from other bank through ATM.
13. SARFAESI Act applicable to which type of assets - immovable
14. Selling of third party product by bank
15. Valuation of security - 5 Q

Case study on wdv method
Three questions on rent capitalization method
Case study on maslow hierarchy
Case study on tangibles..assurance..responsiveness wale 5 factors
Emi calculation 2 questions
Theory was easy
Sbu 1 question
Horizontally organized model
credit card bill (case study 5 qus.)
Three questions on rent capitalization method
Neft batches - 12 batches
depreciation numerical...
case study on gift card...
Fullform of USP - Unique Selling Proposition
case study on education loan for abroad...

Question on hni, super hni, ultra hni category..
Whthr d civil report can be given to customer after levying some charge or nt..
Whthr moratorium is given fr second hand car...

Moslow theory : Case study on needs
RTGS : when processing
Education loan : case study about margin
On college fee hostel fee computer fee other expenses..
WDV : Case Study on Depreciation I
Credit Card : Case study on interest , risk , overdue amount....
Valuation of urban land ,agriculture land Method criteria etc.....

NEFT : 12 batches

Super affluent : 50-400 Lakhs

According to Theodore Levitt Products are defined as "Anything that has the capacity to provide the satisfaction, use and return desired by the customer"

Abs/mbs difference..

The primary difference between these two security types is the collateral upon which the securitized asset is based. Instead of mortgages, ABS represent an interest in a wide range of pooled assets, such as credit card receivables, aircraft leases, home equity loans, automobile loans and leases, equipment leases, etc.

Benefit of CRM : ?

An effective CRM implementation in retail banking will benefit the banks in more than way. The following are some of the important benefits that accrue to banks and enhance the customer focus of the banks:

- (i) Improves the customer satisfaction and cross selling potential for the banks.
- (ii) Helps the banks to derive increased share of wallet from the customer.
- (iii) Enhances the operational efficiencies of the banks.
- (iv) Helps to take on competition as CRM results in more customer focus and retention.
- (v) Helps to understand Customer Lifetime Value through the structured data base on a dynamic basis.
- (vi) Improves customer service through effective integration of all remote delivery channels.
- (vii) Helps to manage multi delivery channels in a better way to adopt and maintain uniform service standards across channels.
- (viii) Enables to achieve seamless information flow across functions in delivery.
- (ix) Results in better relationship marketing as customer segments are better target based on the data available in CRM.

Role of Marketing Manager?

- Understanding the customer, his income level, his financial profile, his needs, his requirements of financial products and his life stage.
- Cross selling the right products to match their requirements.
- Post sales service follow up for customer satisfaction.

Credit card Weightage on amount owned ?

ATM : Case study on transaction limit at other bank ATM ,Current a/c holder etc

1. New car and used car loan given all related and asked. EMI, Eligible loan amount etc 5 marks
2. education loan case study 5marks
2. depreciation se 5 marks both st line and wdv metho

There was a case given...that a customer went to bank..then 5 situation based questions were there...ki bank's response was..in which service quality...tangibility..assurance responsiveness...

If any loan closed then how many days it takes to reflect in cibil

As per the Credit Information Companies (Regulation) Act of 2005, CIBIL cannot modify any information in the database without confirmation from the relevant Credit Institution. Credit Institutions submit data every 30-45 days to CIBIL and if you happen to purchase your CIR within 45 days of closure/ pay-off of your accounts it may not be updated in CIBIL records.

80c claim upto – 150000

ALL THE VERY BEST FOR YOUR EXAMS

SAMPLE QUESTIONS FOR CAIIB RETAIL BANKING

Though we had taken enough care to go through the questions, we shall not be responsible for any loss or damage, resulting from any action taken on the basis of the contents. We advise everyone to update yourself with the latest information through RBI website and other authenticated sources. In case you find any incorrect/doubtful information, kindly update us also (along with the source link/reference for the correct information) as lot of questions were shared by many people.

May 2019

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