

Msbte News

JAIIB Principles and Practices of Banking Mcq Questions and Answer

1 Net asset value is disclosed by a mutual fund :

A daily

B weekly

C fortnightly

D depending up on the scheme **Answer**

2 A cheque is crossed as 'Indore' between two lines across its face. It is presented in Mumbai as it is payable by a bank in Mumbai.

A the cheque can be paid in Mumbai **Answer**

B the cheque can be paid in Indore only

C the cheque can be paid both at indore and Mumbai

D the cheque cannot be paid as it is crossing for two places

3 A cheque of Rs.500 issued by Mr. A, (a customer of your branch) favoring Mr. X, is crossed as not-negotiable. X endorses it in favor of Z who deposits the cheque with your branch. What should be done?

A cheque may be collected for Z, as the amount is small.

B cheque cannot be endorsed by Mr. X. Hence endorsement is irregular. It should not be collected for Z.

C.cheque can be collected for Z as a not-negotiable crossing does not restrict further transfer. **Answer**

D Z should be advised to return the cheque to X and should not enter into such a risk-prone transaction.

4 What will be the correct form of endorsement by the payee if the cheque is issued in the name of Dr. Ramesh Kumar, MBBS Dr.Ramesh Kumar (b) Ramesh Kumar (c) Ramesh Kumar MBBS (d) Ramesh Kumar (Dr).

A a and b

B b and c

C c and d

D b and d **Answer**

5 The term 'uberrima fides' relates to:

A contract of insurance **Answer**

B conducting insurance business

C bancassurance

D any of the above

6 Payment of which of the following cheques can be treated as a payment in due course, if otherwise in order:

A a mutilated cheque;

B payment of a cheque crossed as 'account payee' and endorsed by its payee Mr. X in favor of Y.

C payment of a bearer cheque to Mr. X though it is drawn in favor of Mr. Y and there is endorsement by Y in favor of Mr. Z **Answer**

D payment of cheque stopped by a partner who is not authorized to operate the account of the partnership firm.

7 Z, your customer keeps his cheque book carelessly in his briefcase. The office peon steals a cheque leaf and very cleverly forges Z's signatures which appear exactly similar to the signatures on record of the bank and obtains the payment of the cheque. Z claims the money back from the bank.

A bank is liable on the payment; **Answer**

B Z being negligent, he is liable for the loss. Hence his claim is not tenable;

C As signatures appear similar to the signatures on record, the bank is protected u/s 89 of NI Act;

D bank and Z equally negligent and equally liable.

8 Which of the following conditions must be satisfied to treat a payment, as a payment in due course (a) payment as per apparent tenor (b) payment of holder or holder in due course (c) payment in good faith and without negligence (d) payment should be made through the bank account only.

A a to c; **Answer**

B a to d;

C a, c and d

D a, b and d

9 Branches of banks distribute to their customers as corporate agents, insurance products of other insurance companies, which is called

a) underwriting business ;

b) bancassurance; **Answer**

c) referral business;

d) any of the above

10 In case of dishonor of cheque on account of insufficiency of funds, the drawer is punishable by :

a) fine up to double the amount of cheque and imprisonment up to one year.

b) fine up to equal to the amount of cheque and imprisonment up to one year;

- c) fine up to double the amount of cheque and imprisonment up to two years; **Answer**
- d) fine up to equal to the amount of cheque and imprisonment up to two years

11 Introduction for opening a bank account is obtained (a) as a precaution against fraud (b) to get protection against conversion (c) to comply with the requirement of RBI Act (d) to comply with KYC requirement.

- A) a, b and c;
- b)a, b and d; **Answer**
- c) a, c and d;
- d)b, c and d (RBI clarified during 2012 that introduction is not required to open an account. Bank need to obtain proof identity with photo and proof of address)

12 X opened an account in the name of his minor daughter, under his guardianship. He also writes a will; and appoints Z as Testamentary guardian. He changes his religion. In the circumstances, the account will be operated

- a) by X's wife if alive and by Z if she is not alive; **Answer**
- b)by X's wife if alive and by court appointed guardian if she is not alive; cby Z only;
- c) Account will continue to be operated by X only being his guardian.

13 The service which is concerned with the financing and collection of account receivables in domestic trade is called

- A securitization;
- B factoring; **Answer**
- C forfeiting;
- d) bancassurance

14 A and B have a joint account with either and survivor instructions. They nominate a minor M in the account and authorize Z to obtain payment on behalf of the minor nominee. B expired. The payment will be made to:

- A A and M;
- B A and Z;
- C A and legal heirs of B;
- D Only A **Answer**

15 A firm's bank account should be opened in the name of the firm only as Section_____of Indian Partnership Act restricts opening a bank account on behalf of a firm_____

- A 19, by one partners;
- B 19 (1), by all partners;
- C 19 (2), in his own name; **Answer**
- D 19 (2), by one partner.

16 In case of death of a partner, the operations in the bank account are stopped. The operations can be allowed in the existing account:

A with the consent of remaining partners if they want to continue the firm;

B with the consent of legal heirs and existing partners;

C with the consent of remaining partners if they want to wind up the business of the firm

Answer

D at the discretion of the bank

17 Under domestic factoring, normally the seller of goods immediately receives _% of the bill amount on tendering the bills:

a. 100,

b 90%,

c 80%, **Answer**

d 75%

18 Which of the following statement is not correct:

A in case of partnership firm engaged in banking business the no. of partners cannot exceed 10;

B in case of partnership firm engaged in other business the no. of partners cannot exceed 20;

C in case of partnership firm if no. exceeds 10

or 20 it becomes illegal association under provisions of Section 11 of Companies Act;
D the no. of partners is restricted as per Section 11 of Indian Partnership Act, ec and d both **Answer**

19 Which of the following is correct in the context of a company?

- A a public company has minimum 7 shareholders;
- B a private company has no restriction on no. of shareholders;
- C a public company should have minimum 3 directors; **Answer**
- D a public company is a govt. company if 50% or more of its paid up capital is held by Govt.

20 The purpose for which a company raises the loan from a bank should be mentioned in which of the following documents of a company as otherwise the loan will not be recoverable from the company, the purpose being ultra-vires:

- A Memorandum of Association; **Answer**
- B Articles of Association;
- C Certificate of Incorporation;
- D Certificate of Commencement of Business

21. Scheduled commercial banks (SCBs) and primary dealers (PDs) have been allowed with effect from November 2006, to cover their short positions within an extended period of ____?

- (a) five trading days **Answer**

- (b) two trading days
- (c) short sales not permitted
- (d) seven trading days

22. The decision support system makes use of _____? (A) query language (B) ad-hoc report generator (C) statistical analyzer (D) graphics

- (a) A to C only
- (b) B and C only
- (c) A to D all **Answer**
- (d) B, C and D only

23. The facility that enables Indian exporters to extend term credit to importers of eligible goods at the post-shipment stage is called _____?

- (a) buyer's credit
- (b) channel financing
- (c) seller's credit **Answer**
- (d) supply chain partnering

24. U/s 35-A of Banking Regulation Act, a banking company, before allowing transfer of shares, is required to obtain RBI acknowledgment if such transfer results in holding more than _____% of the paid up capital of the bank?

- (a) 2%
- (b) 5% **Answer**
- (c) 7.5%
- (d) 10%

25. Mr. Maniraju issues a cheque favoring Mr. Raj Kumar, who endorses it in blank and delivers it to Mr. Tahir Hussain. Mr. Tahir makes another endorsement in favor of Mr. Ravi Kumar. Who can encash the cheque?

- (a) Ravi Kumar **Answer**
- (b) Raj Kumar
- (c) Tahir Hussian
- (d) Mr. Maniraju and Raj Kumar only

26. Those terminals that are attached to a server in a computer network system, are called ____?

- (a) CPU, Nodes Clients
- (b) Only CPU and Clients
- (c) Only clients and nodes **Answer**
- (d) Only CPU and nodes

27. Which of the following payment system locations does not match?

- (a) Clearing House Interbank Payment System (CHIPS)-USA
- (b) Clearing House Automated Payment System (CHAPS)-Singapore **Answer**
- (c) Clearing House Automated transfer System (CHATS)-Hong Kong
- (d) INFINET- India.

28. Devices are connected to a single continuous cable, on a computer network, in case of _____?

- (a) Star topology, bus topology and ring topology
- (b) Star topology
- (c) Bus topology **Answer**
- (d) Ring topology

29. A service as a product, has essential characteristics, such as _____? (A) intangibility (B) inseparability (C) heterogeneity (D) perishability

- (a) A to C only
- (b) B and C only
- (c) A to D all **Answer**
- (d) B only

30. Securitization is a process of acquiring the loans, classified by Banks as _____?

- (a) Book debts
- (b) Performing debts
- (c) Bad debts
- (d) Non-performing debts **Answer**

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