

1. What is the metric which defines operating liquidity available to business known as? [Asked in SBI PO Main 2017 Exam]

1. Quick ratio                      2. Accounts payable turnover  
**3. Working capital**                4. Cash conversion cycle

The liquidity metric Working capital is defined simply as the difference between two Balance sheet figures: Working capital = Current assets – Current liabilities

2. What is the metric that measures the ability of a company to use its near cash or quick assets to extinguish or retire its current liabilities immediately known as?

- 1. Acid test ratio**                2. Current ratio  
3. Overtrading                    4. Cash conversion cycle

In finance, the **acid-test or quick ratio or liquidity ratio** measures the ability of a company to use its near cash or quick assets to extinguish or retire its current liabilities immediately.

3. What is the metric that measures whether or not a firm has enough resources to meet its short-term obligations known as?

1. Acid test ratio                **2. Current ratio**  
3. Overtrading                    4. Financial accounting

The current ratio is called “current” because, unlike some other liquidity ratios, it incorporates all current assets and liabilities.

The current ratio is **also known as the working capital ratio.**

Current Ratio = Current Assets / Current Liabilities

4. What is the metric that measures how long a firm will be deprived of cash if it increases its investment in resources in order to expand customer sales known as?

1. Quick ratio                    2. Accounts payable turnover  
3. Days payable outstanding  
**4. Cash conversion cycle**

In management accounting, the Cash conversion cycle (CCC) measures how long a firm will be deprived of cash if it increases its investment in resources in order to expand customer sales. It is thus a measure of the liquidity risk entailed by growth.

5. What is the metric that measures the number of times that a firm pays off its suppliers during the accounting period known as?

- 1. Accounts payable turnover**  
2. Financial accounting

3. Days payable outstanding  
4. Cash conversion cycle

The accounts payable turnover ratio is a short-term liquidity measure used to quantify the rate at which a company pays off its suppliers. Accounts payable turnover ratio is calculated by taking the total purchases made from suppliers, or cost of sales, and dividing it by the average accounts payable amount during the same period.

6. What is the metric that measures the average number of days the company takes to payoff outstanding bills known as?

1. Accounts payable turnover  
2. Financial accounting  
**3. Days payable outstanding**  
4. Quick ratio

Days payable outstanding (DPO) is an efficiency ratio that measures the average number of days a company takes to pay its suppliers.

7. What is the metric that measures a company's ability to meet its financial obligations known as?

1. Market Ratio                2. Debt Ratio  
**3. Coverage Ratio**            4. Asset Coverage Ratio

The coverage ratio is a measure of a company's ability to meet its financial obligations. In broad terms, the higher the coverage ratio, the better the ability of the enterprise to fulfill its obligations to its lenders.

8. What is the test that determines a company's ability to cover debt obligations with its assets after all liabilities have been satisfied known as?

1. Key Ratio                    2. Debt Ratio  
3. Coverage Ratio            **4. Asset Coverage Ratio**

9. What is the ratio that measures the extent of a company's or consumer's leverage known as?

1. Key Ratio                    **2. Debt Ratio**  
3. Quick Ratio                4. Leverage Ratio

It is a financial ratio that measures the extent of a company's or consumer's leverage. The debt ratio is defined as the ratio of total – long-term and short-term – debt to total assets, expressed as a decimal or percentage.

10. What is the measurement that look at how much capital comes in the form of debt (loans), or assesses the ability of a company to meet financial obligations known as?

1. Key Ratio 2. Debt Ratio 3. Quick Ratio

#### 4. Leverage Ratio

Leverage ratio in simple terms is the relation between the amount of equity that a company has and the amount of debt that it is carrying in its books. It is a measurement of the capacity of the company to meet its financial obligations.

11. National Housing Bank (NHB), a wholly owned subsidiary of Reserve Bank of India (RBI), was set up under which of the following acts?

1. Banking Regulation Act, 1949
2. Reserve Bank of India Act, 1934
3. Companies Act, 1956

#### 4. National Housing Bank Act, 1987

National Housing Bank (NHB), a wholly owned subsidiary of Reserve Bank of India (RBI), was set up on 9 July 1988 under the National Housing Bank Act, 1987. Established under **Section 3 of National Housing Bank Act, 1987.**

NHB is an apex financial institution for housing. NHB has been established with an objective to operate as a principal agency to promote housing finance institutions both at local and regional levels and to provide financial and other support incidental to such institutions and for matters connected therewith.

12. Bharatiya Reserve Bank Note Mudran Private Limited (BRBNMPL), a wholly owned subsidiary of Reserve Bank of India (RBI), was set up under which of the following acts?

1. Banking Regulation Act, 1949
2. Reserve Bank of India Act, 1934
3. Companies Act, 1956
4. Payment and Settlement Systems Act, 2007

Bharatiya Reserve Bank Note Mudran Private Limited (BRBNMPL) was established by Reserve Bank of India (RBI) as its wholly owned subsidiary on 3rd February 1995 with a view to augmenting the production of bank notes in India to enable the RBI to bridge the gap between the supply and demand for bank notes in the country. The BRBNMPL has been registered as a Private Limited Company under the Companies Act 1956 with its Registered and Corporate Office situated at Bengaluru. The company manages 2 Presses one at Mysore in Karnataka and the other at Salboni in West Bengal.

13. National Bank for Agriculture and Rural Development (NABARD), a wholly owned subsidiary of Reserve Bank of India (RBI), was set up under which of the following acts?

1. Banking Regulation Act, 1949  
2. National Bank for Agriculture and Rural Development Act 1981

3. Companies Act, 1956  
4. National Bank for Agriculture and Rural Development Act 1987

National Bank for Agriculture and Rural Development (NABARD) is an apex development financial institution in India, headquartered at Mumbai with branches all over India. NABARD was established on the recommendations of B. Sivaraman Committee, (by Act 61, 1981 of Parliament) on 12 July 1982 to implement the National Bank for Agriculture and Rural Development Act 1981.

14. Deposit Insurance and Credit Guarantee Corporation (DICGC), a wholly owned subsidiary of Reserve Bank of India (RBI), was set up under which of the following acts?

1. Banking Regulation Act, 1949
2. Companies Act, 1956
3. Deposit Insurance and Credit Guarantee Corporation Act, 1961

4. Deposit Insurance and Credit Guarantee Corporation Act, 1951

Deposit Insurance and Credit Guarantee Corporation (DICGC) is a subsidiary of Reserve Bank of India. It was established on 15 July 1978 under Deposit Insurance and Credit Guarantee Corporation Act, 1961 for the purpose of providing insurance of deposits and guaranteeing of credit facilities. DICGC insures all bank deposits, such as saving, fixed, current, Recurring deposit for up to the limit of Rs. 100,000 of each deposits in a bank.

15. Bank Note Paper Mill India Private Limited was incorporated under which of the following acts?

1. Banking Regulation Act, 1949
2. Companies Act, 1956
3. Reserve Bank of India Act, 1934
4. Companies Act, 2013

Bank Note Paper Mill India Private Limited has been incorporated and registered on October 13, 2010 by Registrar of Companies, Bangalore under the Companies Act 1956 with its registered and Corporate Office at Mysuru, Karnataka

16. National Payments Corporation of India (NPCI) has been incorporated under the provisions of Section 25 of which act?

1. Companies Act, 2013
2. Companies Act, 1956
3. Banking Regulation Act, 1949
4. Payment and Settlement Systems Act, 2007

National Payments Corporation of India (NPCI) is the umbrella organisation for all retail payment systems in India, which aims to allow all Indian citizens to have unrestricted access to e-payment services. Founded in 2008, NPCI, has been incorporated as a “Not for Profit” Company under the provisions of Section 25 of Companies Act 1956 (now Section 8 of Companies Act 2013).

17. National Payments Corporation of India (NPCI) is an initiative of Reserve Bank of India (RBI) and Indian Banks’ Association (IBA) under the provisions of?

1. Companies Act, 2013
2. Companies Act, 1956
3. Banking Regulation Act, 1949

**4. Payment and Settlement Systems Act, 2007**

National Payments Corporation of India (NPCI), an umbrella organisation for operating retail payments and settlement systems in India, is an initiative of Reserve Bank of India (RBI) and Indian Banks’ Association (IBA) under the provisions of the Payment and Settlement Systems Act, 2007, for creating a robust Payment & Settlement Infrastructure in India.

18. A Non Banking Financial Company (NBFC) is registered under which of the following acts?

1. Companies Act, 2013
- 2. Companies Act, 1956**
3. Banking Regulation Act, 1949
4. Reserve Bank of India Act, 1934

A Non Banking Financial Company (NBFC) is a company registered under the Companies Act, 1956 of India, engaged in the business of loans and advances, acquisition of shares, stock, bonds hire-purchase, insurance business or chit business but does not include any institution whose principal business includes agriculture, industrial activity or the sale, purchase or construction of immovable property. In India, the working and operations of NBFCs are regulated by the Reserve Bank of India (RBI).

19. A Payments Bank is licensed as payments banks under which of the following acts?

1. Companies Act, 2013
2. Payment and Settlement Systems Act, 2007
- 3. Banking Regulation Act, 1949**
4. Reserve Bank of India Act, 1934

The banks will be licensed as payments banks under Section 22 of the Banking Regulation Act, 1949. Small Finance Banks are also licensed under Section 22 of the Banking Regulation Act, 1949.

20. A Payments Bank is registered as public limited company under which of the following acts?

**1. Companies Act, 2013**

2. Companies Act, 1956
3. Banking Regulation Act, 1949
4. Payment and Settlement Systems Act, 2007

Small Finance Banks are also registered under Companies Act, 2013

21. The Securities and Exchange Board of India was established in accordance with the provisions of which of the following acts?

1. Securities and Exchange Board of India Act, 1974
2. Securities and Exchange Board of India Act, 1992

**3. Securities and Exchange Board of India Act, 1999**

4. Securities and Exchange Board of India Act, 1985

The Securities and Exchange Board of India was established on April 12, 1992 in accordance with the provisions of the Securities and Exchange Board of India Act, 1992.

22. Security Printing and Minting Corporation of India Limited (SPMCIL) was incorporated under which of the following acts?

1. Banking Regulation Act, 1949
2. Reserve Bank of India Act, 1934

**3. Companies Act, 1956**

4. Payment and Settlement Systems Act, 2007

Security Printing and Minting Corporation of India Limited (SPMCIL) was formed after corporatisation of nine units including four mints, four presses and one paper mill which were earlier functioning under the Ministry of Finance. The Company was incorporated on 13.01.2006 under the Companies Act, 1956 with its headquarters at New Delhi. SPMCIL, a Miniratna Category-I CPSE, and wholly owned Schedule ‘A’ Company of Government of India, is engaged in the manufacture of security paper, minting of coins, printing of currency and bank notes, non-judicial stamp papers, postage stamps, travel documents, etc.

23. Small Industries Development Bank of India (SIDBI) is established and incorporated under Section 3 which of the following acts?

**1. Small Industries Development Bank of India Act 1989**

2. Small Industries Development Bank of India Act 1981
3. Companies Act, 1956
4. Companies Act, 2013

National Bank for Agriculture and Rural Development (NABARD) is an apex development financial institution in India, headquartered at Mumbai with branches all over India. NABARD was established on the recommendations of B.Sivaraman Committee, (by Act 61, 1981 of Parliament) on 12 July 1982 to implement the National Bank for Agriculture and Rural Development Act 1981.

24.As per the advisory of the Reserve Bank of India, only non-bank entities authorised by it under the \_\_\_\_\_ can issue Pre-paid Payment Instrument (PPI) wallets.

1. Banking Regulation Act, 1949
2. Reserve Bank of India Act, 1934
3. Companies Act, 1956

**4. Payment and Settlement Systems Act, 2007**

On March 31, 2017, RBI issued advisory on E-wallets.It told the users of Pre-paid Payment Instruments (PPIs), including mobile and electronic wallets, that only non-bank entities authorised by it under the Payment and Settlement Systems Act, 2007 can issue PPI wallets for purchase of goods and services from third parties and money transfer within India.

25.Export-Import Bank of India was incorporated under which of the following acts?

1. **Export-Import Bank of India Act 1981**
2. Export-Import Bank of India Act 1982
3. Export-Import Bank of India Act 1984
4. Export-Import Bank of India Act 1985

Export-Import Bank of India is the premier export finance institution in India, established in 1982 under Export-Import Bank of India Act 1981.

26.Micro Units Development & Refinance Agency Ltd. is registered as a company under which of the following acts?

1. **Companies Act, 2013**
2. Companies Act, 1956
3. Banking Regulation Act, 1949
4. Reserve Bank of India Act, 1934

The Union Budget presented by the Finance Minister Shri Arun Jaitley, for FY 2015-16, announced the formation of MUDRA Bank. Accordingly MUDRA was registered as a Company in March 2015 under the Companies Act 2013 and as a Non Banking Finance Institution with the RBI on 07 April 2015.

27.The Insurance Regulatory and Development Authority of India (IRDAI) was constituted by which of the following acts?

1. Companies Act, 2013
2. Companies Act, 1956
3. Insurance Regulatory and Development Authority Act, 1995
4. **Insurance Regulatory and Development Authority Act, 1999**

The Insurance Regulatory and Development Authority of India (IRDAI) is an autonomous, statutory agency tasked with regulating and promoting the insurance and re-insurance industries in India. It was constituted by the Insurance Regulatory and Development Authority Act, 1999, an Act of Parliament passed by the Government of India. The agency’s headquarters are in Hyderabad, Telangana, where it moved from Delhi in 2001.

## Some More Abbreviations

- 28.HFC– Housing Finance Companies
- 29.FCCB– Foreign Currency Convertible Bonds
- 30.ACU– Asian Clearing Union
- 31.NBFC-ND-SI= Non Banking Financial Company – Non-Deposit – Systemically Important
- 32.NCAF– New Capital Adequacy Framework
- 33.CCR– Counterfeit Currency Report
- 34.KYC– Know Your Customer
- 35.AML– Anti Money Laundering
- 36.CFT– Combating of Financing of Terrorism
- 37.TDR-Transferable Development Right.
- 38.FLC– Financial Literacy Centres
- 39.HQLA– High Quality Liquid Assets
- 40.LCR – Liquidity Coverage Ratio
- 41.SDR– Strategic Debt Restructuring
- 42.FCTR– foreign currency translation reserve
- 43.DTA– Deferred tax assets
- 44.SMA– Special Mention Account
- 45.DDA– Diamond Dollar Account
- 46.ODI – Overseas Direct Investment
- 47.PSO – Payment System Operators
- 48.EOU – Export Oriented Unit
- 49.EPZ – Export Processing Zone
- 50.CCIL – Clearing Corporation of India Ltd.
- 51.CDES – Currency Distribution and Exchange Scheme
- 52.SBN– Specified Bank Notes
- 53.CGSS– Chest Guarantee Scheme for SBN Deposits
- 54.CNP – Card Not Present ; CP= Card Present
- 55.AFA– Additional Factor of Authentication
- 56.PPI – Prepaid Payment Instrument
- 57.MDR – Merchant Discount Rate
- 58.INFINET– Indian Financial Network
- 59.FLC– Financial Literacy Centres
- 60.FFMC – Full Fledged Money Changer

- 61.LLP – Limited Liability Partnerships  
 62.SDL– State Development Loans  
 63.IBU– IFSC Banking Unit  
 64.REIT – Real Estate Investment Trusts  
 65.InvIT – Infrastructure Investment Trust  
 66.CDM- Cash Deposit machine  
 67.BNAM – Bunch Note Acceptor Machines  
 68.VPA– Virtual Private Address(used in UPI)  
 69.SLBC– State Level Bankers’ Committee  
 70.StCB– State Cooperative Bank  
 71.DCCO – date of commencement of commercial operations  
 72.PMLA – Prevention of Money Laundering Act  
 73.STH– Star Trading House; PTH– Premier Trading House  
 74.SREP – Supervisory Review and Evaluation Process (Related to Basel norms)  
 75.LFAR– Long Form Audit Report  
 76.CVVC – Card Verification Value Code  
 77.CSC – Card security code  
 78.CVD – Card Verification Data  
 79.FLA– Foreign Liabilities and Assets  
 80.NPCI– National Payments Corporation of India  
 81.BHIM – Bharat Interface for Money  
 82.UPI – Unified Payments Interface  
 83.VPA– Virtual Payment Address  
 84.IMPS – Immediate Payment Service  
 85.NACH– National Automated Clearing House  
 86.UMRN – Unique Mandate Reference Number  
 87.AEPS– Aadhaar Enabled Payment System  
 88.APBS– Aadhaar Payment Bridge System  
 89.IIN– Institution Identification Number  
 90.AEBA– Aadhaar Enabled Bank Accounts  
 91.UIDAI– Unique Identification Authority of India  
 92.RuPay card– Formed of two words- Rupee and Payment  
 93.BBPS – Bharat Bill Payment System  
 94.BBPCU – Bharat Bill Payment Central Unit  
 95.BBPOU– Bharat Bill Payment Operating Unit

**Want to pass – sources  
 Everywhere  
 Want a job – resources  
 At MSB**

Visit [www.maruthischoolofbanking.com](http://www.maruthischoolofbanking.com)  
 For Answer Key and more Updated Materials

Maruthi School of Banking