

**BANKING AWARENESS - III**

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

- A) Quick ratio      B) Accounts payable turnover  
C) **Working capital** D) 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?

- A) **Acid test ratio**      B) Current ratio  
C) Overtrading      D) 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?

- A) Acid test ratio      B) **Current ratio**  
C) Overtrading      D) 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?

- A) Quick ratio      B) Accounts payable turnover  
C) Days payable outstanding

**D) 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?

- A) **Accounts payable turnover**  
B) Financial accounting  
C) Days payable outstanding  
D) 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?

- A) Accounts payable turnover  
B) Financial accounting  
C) **Days payable outstanding** D) 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?

- A) Market Ratio      B) Debt Ratio  
C) **Coverage Ratio**      D) 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?

- A) Key Ratio      B) Debt Ratio  
C) Coverage Ratio      D) **Asset Coverage Ratio**

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

- A) Key Ratio      B) **Debt Ratio**  
C) Quick Ratio      D) 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.

11. 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?

- A) Key Ratio                      B) Debt Ratio  
C) Quick Ratio                    D) **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.

12. Where is Centre for Advanced Financial Research and Learning (CAFRAL) situated?

- A) Jaipur                              B) Ahmedabad  
C) Pune                                D) **Mumbai**

The Centre for Advanced Financial Research and Learning (CAFRAL) is an independent body set up by the Reserve Bank of India (RBI) in the backdrop of India's evolving role in the global economy, in the financial services sector and its position in various international fora, and to develop into a world class global institution for research and learning in banking and finance. The Governor of RBI is the Chairman of the Governing Council of CAFRAL.

13. Where is College of Agricultural Banking (CAB) situated?

- A) **Pune**                                B) Hyderabad  
C) Mumbai                            D) Bengaluru

College of Agricultural Banking is an ISO 9001:2008 Certified Training Institute of Reserve Bank of India.

In keeping up with its developmental mandate seldom seen in the Central Banking circle across the globe, Reserve Bank of India (RBI) established the Co-operative Bankers Training College (CBTC) at Pune on September 29, 1969 to train the higher level personnel of State, Central and Urban Co-operative Banks.

14. Where is Indira Gandhi Institute of Development Research situated?

- A) Nashik                              B) **Mumbai**  
C) New Delhi                        D) Gurugram

**Mumbai** Indira Gandhi Institute of Development Research (IGIDR), Mumbai is an advanced research institution established by The Reserve Bank of India in 1987 on the occasion of its golden jubilee. The Institute's mission is to carry

out research on developmental issues from a multi-disciplinary point of view. It has one of the largest Social Sciences libraries in Asia. The institute has an M.Phil./Ph.D. programme in Development Studies and also an MSc programme in Economics.

15. Where is Institute for Development and Research in Banking Technology (IDRBT) situated?

- A) Mumbai                            B) Mangalore  
C) **Hyderabad**                        D) Bhopal

The Institute for Development & Research in Banking Technology (IDRBT) is a unique institution exclusively focused on Banking Technology. Established by the Reserve Bank of India (RBI) in 1996, the Institution works at the intersection of Banking and Technology. It is located in Hyderabad, India.

16. Where is Joint India-IMF Training Programme (ITP) centre situated?

- A) **Pune**                                B) Vadodara  
C) Bhopal                              D) Kolkata

**Pune** Launched on May 1, 2006, the Joint India-IMF Training Programme (ITP) is a cooperative venture of the International Monetary Fund (IMF) and the Reserve Bank of India (RBI).

17. Where is National Centre for Finance Education (NCFE) situated?

- A) Gurugram                        B) Nashik  
C) **Mumbai**                            D) Noida

The National Centre for Financial Education (NCFE), comprising representatives from all financial sector regulators i.e. Reserve Bank of India (RBI), Securities Exchange Board of India (SEBI), Insurance Regulatory and Development Authority of India (IRDAI), Pension Fund Regulatory and Development Authority (PFRDA) and National Institute of Securities Markets (NISM), has been set up to implement National Strategy for Financial Education (NSFE), under the guidance of a Technical Group on Financial Inclusion and Financial Literacy of the Financial Stability and Development Council (FSDC), which would cater to all sections of the population in the country.

18. Where is National Institute of Bank Management (NIBM) situated?

- A) Noida                                B) Nashik  
C) **Pune**                                D) New Delhi

National Institute of Bank Management (NIBM) is an Indian institution for research, training and consultancy in banking and finance. It is located in Pune. The campus is self-contained, with residential and educational facilities.

19. Where is LSE India Observatory situated?

A) Russia B) Japan C) USA D) **UK**

The India Observatory, set up in 2006, is a Centre to develop and enhance research and programmes related to India's economy, politics and society. The IG Patel Chair and the India Observatory (IO) were established in 2006, in partnership with the Reserve Bank of India (RBI) and the State Bank of India (SBI), in honour of Dr IG Patel, a greatly distinguished Indian and internationally renowned economist and public servant. He had been Director of LSE (1984 – 1990) and Governor of the RBI (1977 – 1982).

**LSE – London School of Economics.**

20. Where is Bankers' Institute of Rural Development (BIRD) situated?

A) Noida B) Nashik  
C) Pune D) **Lucknow**

21. Who among the following is the promoter of North East Small Finance Bank?

A) Rashtriya Kshetra Dharmasthala Rural Development Project– North East  
B) Swadhaar FinServe Pvt Ltd– North East  
C) Grameen Financial Services Pvt Ltd–North East  
D) **Rashtriya Gramin Vikas Nidhi Microfinance Limited– North East**

North East Small Finance Bank started its operations in October 2017, with Rashtriya Gramin Vikas Nidhi Microfinance Limited– North East (RGVNML – NE) as promoter

22. Airtel Payments Bank is a joint venture between Bharti Airtel Ltd and which among the following banks?

A) Yes Bank B) **Kotak Mahindra Bank**  
C) State Bank of India D) Punjab National Bank  
Airtel Payments Bank (APB) is a joint venture between Bharti Airtel Ltd and Kotak Mahindra Bank Ltd. Joint venture ratio is 80 : 20 respectively.

23. Jio Payments Bank Ltd is a joint venture between Reliance Industries Ltd and which among the following banks?

A) Yes Bank B) Bank of India  
C) **State Bank of India** D) ICICI Bank

24. Pan Card is issued under which section of the Income Tax Act?

A) 118B B) 126C C) 143G D) **139A**  
Failure to comply with the provisions of Section 139A of Income Tax Act, penalty of Rs10,000/- for each default is payable u/s.272B to the Assessing Officer.

25. Under which sections of the IPC is printing and circulation of fake notes prohibited?

A) **Section 489 A-E** B) Section 345 A-E  
C) Section 438 A-E D) Section 327 A-E

26. Which section of RBI Act 1934 gives the Reserve bank of India the sole right to issue Bank notes of all denominations?

A) Section 18 B) Section 34  
C) Section 28 D) **Section 22**

27. Which section of the Banking regulation Act refers to the Banking Ombudsman?

A) **Section 35 A** B) Section 58 D  
C) Section 28 B D) Section 47 H

28. In applicable cases, linkage of Aadhaar number to bank account is mandatory under which of the following?

A) Prevention of Money-laundering (Maintenance of Records) First Amendment Rules, 2017  
B) **Prevention of Money-laundering (Maintenance of Records) Second Amendment Rules, 2017**

C) Prevention of Money-laundering (Maintenance of Records) Third Amendment Rules, 2017  
D) Prevention of Money-laundering (Maintenance of Records) Fourth Amendment Rules, 2017

The Reserve Bank had clarified that, in applicable cases, linkage of Aadhaar number to bank account is mandatory under the Prevention of Money-laundering (Maintenance of Records) Second Amendment Rules, 2017 published in the Official Gazette on June 1, 2017

29. Money market instruments and Securities are defined under which section of RBI Act, 1934?

A) **Section 45 U** B) Section 36 B  
C) Section 53 G D) Section 28 K

30. Appeal against NCLAT (National Company Law Appellate Tribunal) under which section of the Companies Act, 2013?

A) Section 370 B) **Section 410**  
C) Section 480 D) Section 350

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