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Memory Based Question

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Memory Based Questions

1. Which bank was NOT part of the three-way merger that created the new Bank of Baroda in April 2019?

- A. Dena Bank
- B. Vijaya Bank
- C. Corporation Bank
- D. Bank of Baroda itself

Correct Answer: C

Explanation: The merger involved Bank of Baroda, Dena Bank, and Vijaya Bank. Corporation Bank was merged with Union Bank of India in 2020 as part of a separate consolidation.

2. The Narasimham Committee I (1991) recommended that the government's shareholding in public sector banks should be reduced to:

- A. 33%
- B. 51%
- C. 40%
- D. 26%

Correct Answer: B

Explanation: Narasimham Committee I recommended that the government shareholding in public sector banks should not fall below 51%, thereby retaining majority control while allowing some disinvestment.

3. Narasimham Committee II (1998) recommended a minimum capital adequacy ratio (CAR) of:

- A. 8%
- B. 10%
- C. 12%
- D. 9%

Correct Answer: B

Explanation: Narasimham Committee II recommended raising the capital adequacy ratio to 10%, above the Basel I norm of 8%, to strengthen the banking system.

4. Punjab National Bank's merger in 2020 included which of the following banks?

- A. Andhra Bank and Corporation Bank
- B. Oriental Bank of Commerce and United Bank of India
- C. Syndicate Bank and Canara Bank
- D. Allahabad Bank and Indian Bank

Correct Answer: B

Explanation: Punjab National Bank merged with Oriental Bank of Commerce and United Bank of India in April 2020, making it the second-largest public sector

bank in India.

5. Which committee recommended the establishment of Asset Reconstruction Companies (ARCs) in India?

- A. Rangarajan Committee
- B. Narasimham Committee II
- C. Khan Committee
- D. Verma Committee

Correct Answer: B

Explanation: Narasimham Committee II (1998) recommended the setting up of Asset Reconstruction Companies to take over NPAs from banks and facilitate their resolution.

6. Infrastructure Investment Trusts (InvITs) are regulated by:

- A. RBI
- B. IRDAI
- C. SEBI
- D. Ministry of Finance

Correct Answer: C

Explanation: InvITs in India are regulated by SEBI under the SEBI (Infrastructure Investment Trusts) Regulations, 2014. They allow investors to invest in infrastructure projects.

7. A Real Estate Investment Trust (REIT) is mandatorily required to distribute at least what percentage of its net distributable cash flows to investors?

- A. 75%
- B. 80%
- C. 90%
- D. 95%

Correct Answer: C

Explanation: As per SEBI REIT Regulations, REITs must distribute at least 90% of their net distributable cash flows to unit holders at least twice a year.

8. Which of the following is a key difference between InvITs and REITs?

- A. REITs invest in infrastructure while InvITs invest in real estate
- B. InvITs invest in infrastructure assets while REITs invest in real estate assets
- C. Both invest in the same asset classes
- D. InvITs are regulated by RBI and REITs by SEBI

Correct Answer: B

Explanation: InvITs invest in infrastructure projects such as roads, pipelines, and power plants, whereas REITs invest in income-generating real estate properties like malls and office buildings. Both are regulated by SEBI.

9. As per IRDAI regulations, an insurance broker can represent:

- A. Only one insurance company
- B. Only two insurance companies
- C. Multiple insurance companies

D. Only one life and one non-life insurer

Correct Answer: C

Explanation: Unlike an insurance agent who represents a single insurer, an insurance broker represents the policyholder and can deal with multiple insurance companies to get the best product for the client.

10. Can an insurance broker offer a discount on premium to the client?

- A. Yes, up to 10% of the premium
- B. Yes, from the brokerage received, subject to IRDAI rules
- C. No, a broker cannot offer any discount
- D. Yes, up to 25% of premium

Correct Answer: C

Explanation: As per IRDAI regulations, insurance brokers are not permitted to offer rebates or discounts on the premium. Any rebating is prohibited and considered an offence under the Insurance Act.

11. The correct chronological order of establishment of Indian stock exchanges is:

- A. BSE → NSE → OTCEI → MSE
- B. NSE → BSE → OTCEI → MSE
- C. BSE → OTCEI → NSE → MSE
- D. OTCEI → BSE → NSE → MSE

Correct Answer: C

Explanation: BSE (Bombay Stock Exchange) was established in 1875, OTCEI (Over The Counter Exchange of India) in 1990, NSE (National Stock Exchange) in 1992, and MSE (Metropolitan Stock Exchange) in 2008.

12. TReDS stands for:

- A. Trade Receivables Discounting System
- B. Treasury Receivables Discount Scheme
- C. Trade Revenue Distribution System
- D. Treasury Rate Discount System

Correct Answer: A

Explanation: TReDS stands for Trade Receivables Discounting System. It is an electronic platform that facilitates the financing of trade receivables of MSMEs from corporate buyers through multiple financiers.

13. Over-the-Counter Exchange of India (OTCEI) was primarily set up to facilitate trading for:

- A. Large-cap companies
- B. Government securities
- C. Small and medium-sized companies
- D. Foreign institutional investors

Correct Answer: C

Explanation: OTCEI was established in 1990 to provide a market for small and medium-sized companies that could not meet the listing requirements of major exchanges like BSE and NSE.

14. Which entity operates the TReDS platform 'Receivables Exchange of

India Ltd (RXIL)'?

- A. RBI directly
- B. SIDBI and NSE jointly promoted
- C. SEBI and NABARD
- D. Ministry of MSME

Correct Answer: B

Explanation: RXIL (Receivables Exchange of India Ltd) is jointly promoted by SIDBI (Small Industries Development Bank of India) and NSE (National Stock Exchange) and operates as a TReDS platform.

15. What is the maximum age limit for enrolling under PM Suraksha Bima Yojana (PMSBY)?

- A. 60 years
- B. 65 years
- C. 70 years
- D. 75 years

Correct Answer: C

Explanation: PM Suraksha Bima Yojana covers individuals in the age group of 18 to 70 years. The scheme provides accidental death and disability cover of ₹2 lakh at a very nominal premium.

16. The minimum guaranteed pension under Atal Pension Yojana (APY) is:

- A. ₹500 per month
- B. ₹1,000 per month
- C. ₹2,000 per month
- D. ₹750 per month

Correct Answer: B

Explanation: Under Atal Pension Yojana, subscribers can choose a guaranteed minimum pension of ₹1,000, ₹2,000, ₹3,000, ₹4,000, or ₹5,000 per month at the age of 60 years.

17. PM Jeevan Jyoti Bima Yojana (PMJJBY) provides life insurance cover of:

- A. ₹1 lakh
- B. ₹1.5 lakh
- C. ₹2 lakh
- D. ₹5 lakh

Correct Answer: C

Explanation: PMJJBY provides a life insurance cover of ₹2 lakh in case of death due to any reason. The premium is ₹436 per annum (revised from ₹330 in 2022) and is auto-debited from the subscriber's bank account.

18. Which of the following is the insurance amount provided under PM Suraksha Bima Yojana for permanent partial disability?

- A. ₹2 lakh
- B. ₹1.5 lakh
- C. ₹1 lakh

D. ₹50,000

Correct Answer: C

Explanation: Under PMSBY, the benefit is ₹2 lakh for accidental death or permanent total disability, and ₹1 lakh for permanent partial disability.

19. The FX-Retail platform for retail foreign exchange transactions in India is operated by:

- A. RBI
- B. SEBI
- C. Clearing Corporation of India Ltd (CCIL)
- D. NSE

Correct Answer: C

Explanation: The FX-Retail platform is operated by the Clearing Corporation of India Ltd (CCIL) and enables retail users such as individuals and small businesses to transact in the foreign exchange market.

20. What is the maximum transaction limit per transaction on the FX-Retail platform?

- A. USD 5 million
- B. USD 10 million
- C. USD 1 million
- D. USD 2 million

Correct Answer: A

Explanation: The FX-Retail platform allows retail users to transact up to USD 5 million (or equivalent) per transaction for approved current account and capital account transactions.

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21. What is the maximum period for which a forward booking contract can be booked by an importer/exporter in India?

- A. 12 months
- B. 15 months
- C. 13 months
- D. 18 months

Correct Answer: A

Explanation: As per RBI guidelines, forward contracts for hedging trade exposures can be booked for a maximum period of 12 months (one year) based on past performance or actual underlying exposure.

22. In India, the exchange rate of USD/INR is quoted as:

- A. Direct quote
- B. Indirect quote
- C. Cross rate
- D. Spot rate only

Correct Answer: A

Explanation: India follows the direct quotation method where the exchange rate is expressed as the number of Indian Rupees (home currency) per unit of foreign currency (USD). For example, USD 1 = INR 83.

23. Rights shares are offered to:

- A. New investors in the public market
- B. Employees of the company
- C. Existing shareholders in proportion to their current holdings
- D. Institutional investors only

Correct Answer: C

Explanation: Rights shares are offered to existing shareholders of a company in proportion to their current shareholding, giving them the right (but not obligation) to buy additional shares at a discounted price before the offer is made to the public.

24. Bonus shares are issued to shareholders:

- A. At a premium price
- B. Free of cost by capitalizing reserves
- C. At a discount on face value
- D. Only to preference shareholders

Correct Answer: B

Explanation: Bonus shares are issued free of cost to existing shareholders by converting the company's accumulated profits or free reserves into equity capital. No cash payment is made by the shareholders.

25. Preferential allotment of shares refers to:

- A. Shares issued to preference shareholders only
- B. Issue of shares or convertible securities to a select group of persons at a preferential price
- C. Shares offered to existing equity holders first
- D. Shares allotted to employees under ESOP

Correct Answer: B

Explanation: Preferential allotment is the issue of shares or convertible securities to a specific set of investors (such as promoters or strategic investors) at a price determined in accordance with SEBI guidelines, bypassing the open market.

26. Which of the following represents 'Narrow Money' in the Indian context?

- A. M3
- B. M4
- C. M2
- D. M1

Correct Answer: D

Explanation: M1 (Narrow Money) consists of currency with the public + demand deposits with banks + other deposits with RBI. It represents the most liquid form of money supply in the economy.

27. M3 in India is also referred to as:

- A. Narrow Money
- B. Broad Money
- C. Reserve Money
- D. High-Powered Money

Correct Answer: B

Explanation: M3 is called Broad Money in India. It includes M1 plus time/fixed deposits with banks and is the most commonly used measure of money supply for policy purposes.

28. Demand-pull inflation is caused by:

- A. Rising production costs
- B. Supply chain disruptions
- C. Excess demand relative to supply in the economy
- D. Import of inflation through higher commodity prices

Correct Answer: C

Explanation: Demand-pull inflation occurs when aggregate demand in an economy exceeds aggregate supply, causing prices to rise. It is characterized by 'too much money chasing too few goods.'

29. M4 (the broadest measure of money supply in India) additionally includes, over M3:

- A. Foreign currency deposits
- B. Deposits with post office savings banks
- C. Treasury Bills held by public
- D. Government bonds

Correct Answer: B

Explanation: $M4 = M3 + \text{Total deposits with Post Office Savings Banks (excluding National Savings Certificates)}$. It is the broadest measure of money supply used in India.

30. What is the FDI limit in the broadcasting (FM Radio) sector in India?

- A. 26%

- B. 49%
- C. 74%
- D. 100%

Correct Answer: B

Explanation: FDI in FM Radio broadcasting in India is permitted up to 49% (including FDI, FPI, and NRI investment) through the automatic route, subject to Ministry of Information and Broadcasting guidelines.

31. FDI in the Telecom sector in India is currently permitted up to:

- A. 49%
- B. 74%
- C. 100%
- D. 51%

Correct Answer: C

Explanation: 100% FDI is permitted in the Telecom sector in India — up to 49% via the automatic route and beyond 49% up to 100% via the government approval route.

32. Treasury Bills in India are issued for which of the following maturities?

- A. 91 days, 182 days, and 364 days
- B. 30 days, 90 days, and 180 days
- C. 60 days, 120 days, and 240 days
- D. 45 days, 91 days, and 182 days

Correct Answer: A

Explanation: The Government of India issues Treasury Bills with three standard maturities: 91-day T-Bills, 182-day T-Bills, and 364-day T-Bills. These are zero-coupon instruments issued at a discount and redeemed at face value.

33. Term Money in the inter-bank market refers to deposits with a maturity of:

- A. Overnight only
- B. 2 to 14 days
- C. More than 14 days
- D. Up to 7 days

Correct Answer: C

Explanation: Term Money refers to inter-bank deposits with a maturity of more than 14 days. Notice Money covers 2-14 days, and Call Money covers overnight transactions.

34. Commercial Paper (CP) can be issued by eligible entities for a minimum period of:

- A. 7 days
- B. 15 days
- C. 30 days
- D. 90 days

Correct Answer: A

Explanation: As per RBI guidelines, Commercial Paper can be issued for a

minimum maturity of 7 days and a maximum of up to one year (365 days) from the date of issue.

35. In the structure of a Mutual Fund, which entity holds the fund assets in trust for unit holders?

- A. Asset Management Company (AMC)
- B. Trustee Company/Board of Trustees
- C. Registrar and Transfer Agent
- D. Custodian

Correct Answer: B

Explanation: The Trustee Company or Board of Trustees holds the assets of the Mutual Fund in trust for the benefit of the unit holders. The Sponsor sets up the trust, the AMC manages the fund, and the Trustee oversees AMC activities.

36. In the InvIT/REIT structure, the entity responsible for day-to-day fund management and investment decisions is the:

- A. Sponsor
- B. Trustee
- C. Investment Manager
- D. Project Manager

Correct Answer: C

Explanation: In an InvIT/REIT structure, the Investment Manager (also called Fund Manager) is responsible for making investment decisions, managing the portfolio, and day-to-day operations. The Trustee holds assets, and the Sponsor sets up the trust.

37. When a consumer's income rises, the demand for an inferior good:

- A. Increases
- B. Remains unchanged
- C. Decreases
- D. First increases then decreases

Correct Answer: C

Explanation: For inferior goods, the income effect is negative. When income rises, consumers switch to better quality (normal) goods, reducing demand for inferior goods. This is the income effect in action.

38. Giffen goods are a special category of inferior goods where:

- A. Demand rises as income rises
- B. Demand rises as price rises
- C. Demand falls as price falls
- D. Both B and C

Correct Answer: D

Explanation: Giffen goods are special inferior goods where the demand curve slopes upward. As the price rises, demand also rises (and as price falls, demand falls). This happens because the income effect overpowers the substitution effect.

39. The point at which the demand curve and supply curve intersect is called:

- A. Fair Market Price
- B. Administered Price
- C. Market Clearing Price / Equilibrium Price
- D. Support Price

Correct Answer: C

Explanation: The intersection of the demand and supply curves represents the equilibrium or market clearing price — the price at which quantity demanded equals quantity supplied, leaving no surplus or shortage.

40. The substitution effect states that when the price of a good rises, consumers tend to:

- A. Buy more of the same good due to habit
- B. Substitute it with a relatively cheaper alternative good
- C. Reduce their overall consumption proportionally
- D. Increase savings and reduce all spending

Correct Answer: B

Explanation: The substitution effect means that as the price of one good rises, consumers substitute it with relatively cheaper goods. For example, if tea becomes expensive, consumers may shift to coffee.




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41. In the IS-LM framework, the IS curve represents equilibrium in the:

- A. Money market
- B. Foreign exchange market
- C. Goods and services market
- D. Labour market

Correct Answer: C

Explanation: The IS curve (Investment-Savings curve) represents equilibrium in the goods and services (product) market, where investment equals savings at different combinations of income and interest rates.

42. An expansionary fiscal policy (increase in government spending) in the IS-LM model causes the IS curve to:

- A. Shift leftward
- B. Shift rightward
- C. Rotate clockwise
- D. Remain unchanged

Correct Answer: B

Explanation: Expansionary fiscal policy (increased government spending or tax cuts) increases aggregate demand and shifts the IS curve to the right, leading to a higher equilibrium income and potentially higher interest rates.

43. Which of the following entities is NOT regulated by the Reserve Bank of India?

- A. Scheduled Commercial Banks
- B. Mutual Funds
- C. Non-Banking Financial Companies (NBFCs)
- D. Primary Dealers

Correct Answer: B

Explanation: Mutual Funds are regulated by SEBI (Securities and Exchange Board of India), not RBI. RBI regulates banks, NBFCs, payment systems, primary dealers, and other financial intermediaries in its domain.

44. The Statutory Liquidity Ratio (SLR) requires banks to maintain a minimum percentage of their Net Demand and Time Liabilities (NDTL) in:

- A. Cash only
- B. Gold, cash, and approved government securities
- C. Fixed deposits with RBI
- D. Foreign currency assets

Correct Answer: B

Explanation: SLR is the mandatory reserve that commercial banks must maintain in the form of gold, cash, or approved government and other approved securities before extending credit to customers. Currently it is 18% of NDTL.

45. A Merchant Banker in India is registered with and regulated by:

- A. RBI
- B. SEBI
- C. Ministry of Finance
- D. Stock Exchange

Correct Answer: B

Explanation: Merchant Bankers in India are regulated by SEBI under the SEBI (Merchant Bankers) Regulations, 1992. They are required to obtain a certificate of registration from SEBI to carry on merchant banking activities.

46. Which of the following activities is a core function of a Merchant Banker?

- A. Accepting deposits from the public
- B. Issue management and underwriting of public issues
- C. Providing insurance products
- D. Operating foreign exchange markets

Correct Answer: B

Explanation: The primary functions of a Merchant Banker include managing public issues (IPO, FPO, rights issues), underwriting, corporate advisory, project appraisal, and arranging mergers and acquisitions.

47. As per revised RBI Priority Sector Lending (PSL) norms, the PSL target for Small Finance Banks has been set at:

- A. 40% of ANBC
- B. 75% of ANBC
- C. 60% of ANBC
- D. 50% of ANBC

Correct Answer: C

Explanation: As per the revised PSL guidelines, Small Finance Banks are required to lend 75% of their Adjusted Net Bank Credit (ANBC) to the priority sector, with at least 40% going to weaker sections. The overall target for domestic scheduled commercial banks remains 40%.

48. Under Priority Sector Lending, the sub-target for lending to Weaker Sections for domestic scheduled commercial banks is:

- A. 10% of ANBC
- B. 12% of ANBC
- C. 15% of ANBC
- D. 7.5% of ANBC

Correct Answer: A

Explanation: The sub-target for lending to Weaker Sections is 10% of Adjusted Net Bank Credit (ANBC) or Credit Equivalent Amount of Off-Balance Sheet Exposure (CEOBE), whichever is higher, for domestic scheduled commercial banks.

49. UCO Bank is headquartered in:

- A. Mumbai
- B. New Delhi
- C. Kolkata
- D. Chennai

Correct Answer: C

Explanation: UCO Bank (United Commercial Bank) is a public sector bank headquartered in Kolkata, West Bengal. It was established in 1943 and is one of the older nationalized banks in India.

50. Which of the following is the correct full form of NABARD?

- A. National Agriculture Bank for Agriculture and Rural Development
- B. National Bank for Agriculture and Rural Development
- C. National Authority for Banking and Rural Development
- D. National Agency for Business and Rural Development

Correct Answer: B

Explanation: NABARD stands for National Bank for Agriculture and Rural Development. It was established on 12 July 1982 under the NABARD Act, 1981. It is the apex development bank for promoting agriculture and rural development in India.

51. As per Budget 2025, the FDI limit in the insurance sector was revised to:

- A) 49%
- B) 74%
- C) 100%
- D) 51%

Answer: C

Explanation: In Budget 2025, the FDI limit in the insurance sector was increased from 74% to 100%, allowing full foreign ownership in Indian insurance companies.

52. Under Section 7 of the RBI Act, who has the power to give directions to the Reserve Bank of India in the public interest?

- A) Parliament of India
- B) Ministry of Finance
- C) Central Government
- D) Supreme Court of India

Answer: C

Explanation: Section 7 of the RBI Act empowers the Central Government to issue directions to the RBI from time to time in the public interest after consultation with the Governor.

53. The Four Bond Theorem in fixed-income securities relates to which of the following?

- A) Relationship between bond price, yield, coupon, and maturity
- B) Four types of government bonds issued by RBI
- C) Bond rating methodology used by CRISIL
- D) Duration calculation of zero-coupon bonds

Answer: A

Explanation: The Four Bond Theorem describes the inverse relationship between bond price and yield, and how this relationship is affected by coupon rate and time to maturity.

54. In 'Import Factoring', the factor who deals with the importer in the importer's country is known as:

- A) Export Factor
- B) Correspondent Factor
- C) Import Factor
- D) Correspondent Bank

Answer: C

Explanation: In import factoring, the Import Factor (also called the

Correspondent Factor) is located in the importer's country and is responsible for collecting payment from the importer.

55. What is the maximum FDI limit permitted in Indian private sector banks under the automatic route?

- A) 26%
- B) 49%
- C) 74%
- D) 100%

Answer: C

Explanation: FDI up to 74% is permitted in private sector banks in India under the automatic route. Beyond 74%, government approval is required.

56. OSOWOG, an initiative related to global energy connectivity, stands for:

- A) One State One World One Grid
- B) One Sun One World One Grid
- C) One Source One World One Goal
- D) One Solar One World One Generation

Answer: B

Explanation: OSOWOG stands for 'One Sun One World One Grid', a global initiative proposed by India to create a transnational electricity grid powered by renewable energy, particularly solar power.

57. EASE reforms, introduced to improve customer experience in public sector banks, stands for:

- A) Efficiency and Service Excellence
- B) Enhanced Access and Service Excellence
- C) Empowered Access and Systematic Excellence
- D) Enhanced Advancement in Systematic Efficiency

Answer: B

Explanation: EASE stands for 'Enhanced Access and Service Excellence'. It was introduced by the Indian Banks' Association (IBA) to reform and improve banking services in public sector banks.

58. Under the Companies Act, 2013, companies are required to spend on CSR activities a minimum of _____ of their average net profits of the preceding three financial years:

- A) 1%
- B) 2%
- C) 3%
- D) 5%

Answer: B

Explanation: As per Section 135 of the Companies Act, 2013, eligible companies must spend at least 2% of the average net profits of the preceding three financial years on CSR activities.

59. Sustainable Development Goal (SDG) 13 adopted by the United Nations is related to:

- A) Zero Hunger
- B) Clean Water and Sanitation
- C) Climate Action
- D) Life Below Water

Answer: C

Explanation: SDG 13 is 'Climate Action', which calls for urgent measures to combat climate change and its impacts. It is one of the 17 SDGs adopted by the UN in 2015.

60. Merchant banks in India are regulated and registered with which authority?

- A) RBI
- B) SEBI
- C) IRDAI
- D) Ministry of Finance

Answer: B

Explanation: Merchant bankers in India are regulated by SEBI (Securities and Exchange Board of India) under SEBI (Merchant Bankers) Regulations, 1992.

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61. Who defined Economics as 'the science which studies human behaviour as a relationship between ends and scarce means which have alternative uses'?

- A) Alfred Marshall
- B) Adam Smith
- C) Lionel Robbins
- D) John Maynard Keynes

Answer: C

Explanation: Lionel Robbins gave the scarcity definition of Economics in his 1932 book 'An Essay on the Nature and Significance of Economic Science'. This definition emphasises scarcity and choice.

62. Primary Dealers (PDs) in India are entities registered with the RBI. Which of the following is NOT a function of a Primary Dealer?

- A) Bidding at government securities auctions
- B) Making markets in government securities
- C) Accepting retail deposits from the public
- D) Underwriting government security issues

Answer: C

Explanation: Primary Dealers are not authorised to accept retail deposits from the public. Their key functions include bidding at auctions, market-making in G-secs, and underwriting government security issues.

63. According to the Law of Demand, if all other factors remain constant, when the price of a good rises:

- A) Demand increases
- B) Demand decreases
- C) Supply increases
- D) Demand remains unchanged

Answer: B

Explanation: The Law of Demand states that there is an inverse relationship between price and quantity demanded — when price rises, demand decreases, and vice versa, assuming ceteris paribus.

64. A 'Put Option' gives the buyer the right to:

- A) Buy an asset at the strike price on or before expiry
- B) Sell an asset at the strike price on or before expiry
- C) Buy and sell an asset simultaneously
- D) Buy an asset at market price on expiry date only

Answer: B

Explanation: A Put Option gives the holder the right (but not the obligation) to sell an underlying asset at the predetermined strike price on or before the expiry date.

65. Consumer Price Index (CPI) in India is compiled and released by which organisation?

- A) Reserve Bank of India
- B) Ministry of Finance
- C) National Statistical Office (NSO)
- D) Planning Commission of India

Answer: C

Explanation: The Consumer Price Index (CPI) in India is compiled and released by the National Statistical Office (NSO) under the Ministry of Statistics and Programme Implementation (MoSPI).

66. In a Regional Rural Bank (RRB), what percentage of shareholding does the Sponsor Bank hold?

- A) 50%
- B) 15%
- C) 35%
- D) 25%

Answer: C

Explanation: In an RRB, the shareholding pattern is: Central Government – 50%, State Government – 15%, and the Sponsor Bank – 35%. This structure ensures cooperative governance.

67. In which year were 14 major commercial banks nationalised in India for the first time?

- A) 1949
- B) 1955
- C) 1969
- D) 1980

Answer: C

Explanation: On 19 July 1969, 14 major commercial banks with deposits over ₹50 crore were nationalised by the Government of India under Prime Minister Indira Gandhi.

68. Which type of inflation is caused by an increase in the cost of production, such as rising wages or raw material prices?

- A) Demand-Pull Inflation
- B) Cost-Push Inflation
- C) Structural Inflation
- D) Creeping Inflation

Answer: B

Explanation: Cost-Push Inflation occurs when the general price level rises due to increases in production costs (wages, raw materials, energy), which producers pass on to consumers.

69. What is the minimum age of entry for subscribing to the Atal Pension Yojana (APY)?

- A) 14 years
- B) 18 years
- C) 21 years
- D) 25 years

Answer: B

Explanation: The Atal Pension Yojana allows individuals aged between 18 to 40 years to subscribe. The minimum entry age is 18 years and maximum is 40 years.

70. In a Forward Rate Agreement (FRA) quoted as '3×6', what does it signify?

- A) The agreement starts in 3 months and ends in 6 months from today

- B) The agreement is for 3 months renewed every 6 months
- C) The contract matures in 6 years with a 3-year review period
- D) The interest rate is fixed for 3 to 6 percentage range

Answer: A

Explanation: A 3×6 FRA means the settlement date is 3 months from today and the maturity date is 6 months from today. The underlying period of the FRA is therefore 3 months.

71. UAN (Universal Account Number) in the context of Employees' Provident Fund (EPF) is allotted by:

- A) State Government
- B) Employer
- C) Employees' Provident Fund Organisation (EPFO)
- D) Reserve Bank of India

Answer: C

Explanation: UAN (Universal Account Number) is a 12-digit number allotted by EPFO (Employees' Provident Fund Organisation) to each member, which remains constant throughout the working life of the employee.

72. Alternative Reference Rates (ARRs) were developed globally to replace which benchmark rate that was discontinued due to manipulation concerns?

- A) MIBOR
- B) LIBOR
- C) SOFR
- D) ESTR

Answer: B

Explanation: LIBOR (London Interbank Offered Rate) was phased out globally due to manipulation concerns. ARR's like SOFR (USA), SONIA (UK), and ESTR (Europe) were developed as more robust replacements.

73. Under the National Pension System (NPS), which tier does NOT allow withdrawal before the age of 60?

- A) Tier I only
- B) Tier II only
- C) Both Tier I and Tier II
- D) Neither Tier I nor Tier II

Answer: A

Explanation: NPS Tier I is a mandatory pension account with restricted withdrawals. Premature withdrawal before age 60 is generally not permitted except under specific conditions. Tier II is a voluntary savings account with flexible withdrawals.

74. Which of the following is the largest financial market in the world by daily trading volume?

- A) Stock Market
- B) Commodity Market

- C) Foreign Exchange Market
- D) Bond Market

Answer: C

Explanation: The Foreign Exchange (Forex) Market is the largest financial market in the world with a daily trading volume exceeding \$7 trillion. It operates 24 hours a day, five days a week.

75. Which of the following is the minimum Net Owned Fund (NOF) required for an NBFC to register with the RBI (as per revised norms)?

- A) ₹1 crore
- B) ₹2 crore
- C) ₹10 crore
- D) ₹25 crore

Answer: C

Explanation: As per RBI's revised guidelines, the minimum Net Owned Fund (NOF) required for registration as an NBFC is ₹10 crore (revised upward from ₹2 crore to ₹10 crore in phased manner).

76. Which was the first Development Financial Institution (DFI) established in India?

- A) IDBI
- B) NABARD
- C) IFCI
- D) SIDBI

Answer: C

Explanation: IFCI (Industrial Finance Corporation of India), established in 1948, was the first Development Financial Institution set up in India to provide long-term finance to the industrial sector.

77. The authorised share capital of NaBFID (National Bank for Financing Infrastructure and Development) is:

- A) ₹10,000 crore
- B) ₹25,000 crore
- C) ₹50,000 crore
- D) ₹1,00,000 crore

Answer: D

Explanation: NaBFID was established in 2021 with an authorised share capital of ₹1 lakh crore (₹1,00,000 crore) to finance infrastructure projects in India.

78. Which of the following correctly represents the formula for M3 (Broad Money) in India?

- A) Currency with Public + Demand Deposits with Banks
- B) M1 + Time Deposits with Banks
- C) M2 + Net Time Deposits of Post Office Savings
- D) Currency in Circulation + Reserves with RBI

Answer: B

Explanation: M3 (Broad Money) = M1 + Time Deposits with Banks. M1 includes

currency with the public and demand deposits. M3 is the most commonly used measure of money supply in India.

79. Treasury Bills in India are issued by the Government of India for short-term borrowing. Which of the following is NOT a tenure of Treasury Bills issued in India?

- A) 91 days
- B) 182 days
- C) 270 days
- D) 364 days

Answer: C

Explanation: Treasury Bills in India are issued in three tenures: 91-day, 182-day, and 364-day. There is no 270-day T-Bill issued in India.

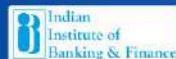
80. The paid-up capital of the Reserve Bank of India is:

- A) ₹1 crore
- B) ₹5 crore
- C) ₹100 crore
- D) ₹500 crore

Answer: B

Explanation: The paid-up capital of RBI is ₹5 crore, as specified in Section 4 of the Reserve Bank of India Act, 1934. The entire capital is held by the Government of India.

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81. Notice Money in the money market refers to funds lent/borrowed for a period of:

- A) 1 day only
- B) 2 to 14 days
- C) 15 to 91 days
- D) Over 1 year

Answer: B

Explanation: Notice Money refers to short-term borrowings/lendings for a period of 2 to 14 days in the interbank market. Overnight lending is called 'Call Money' and beyond 14 days is called 'Term Money'.

82. ASBA (Application Supported by Blocked Amount) is a facility available to investors applying in public issues. Under ASBA, the application money:

- A) Is immediately transferred to the issuer company
- B) Remains blocked in the investor's bank account until allotment
- C) Is deposited in an escrow account managed by SEBI
- D) Must be held in a demat account before applying

Answer: B

Explanation: Under the ASBA facility introduced by SEBI, the application money remains blocked in the investor's bank account. It is debited only if the investor receives an allotment, allowing the investor to earn interest on the blocked funds.

83. The concept of Bancassurance originated in which country?

- A) United Kingdom
- B) United States of America
- C) France
- D) Germany

Answer: C

Explanation: Bancassurance originated in France in the 1980s when banks started distributing insurance products through their branch networks. The term itself is a blend of 'banque' (French for bank) and 'assurance'.

84. As per Budget 2025 revised MSME classification, the investment limit for a Medium Enterprise (Manufacturing) is:

- A) Up to ₹1 crore
- B) Up to ₹10 crore
- C) Up to ₹50 crore
- D) Up to ₹125 crore

Answer: C

Explanation: As per Budget 2025 revised MSME classification norms, a Medium Enterprise (Manufacturing/Service) has an investment limit of up to ₹50 crore and annual turnover up to ₹250 crore.

85. IRDAI (Insurance Regulatory and Development Authority of India) was established based on the recommendations of which committee?

- A) Narasimham Committee
- B) Malhotra Committee
- C) Raghuram Rajan Committee
- D) Kelkar Committee

Answer: B

Explanation: IRDAI was established in 1999 based on the recommendations of the Malhotra Committee (R.N. Malhotra Committee on Reforms in the Insurance Sector, 1994). It became a statutory body under the IRDA Act, 1999.

86. Forfaiting in international trade finance primarily involves:

- A) Pledging of domestic receivables to banks
- B) Purchase of medium to long-term export receivables on a without-recourse basis
- C) Short-term domestic bill discounting by scheduled commercial banks
- D) Forward exchange contract for commodity exports

Answer: B

Explanation: Forfaiting involves the purchase of medium to long-term export receivables (promissory notes, bills of exchange) on a without-recourse basis, meaning the forfaiter bears all risks including credit and political risk.

87. An investor buys a Call Option on a stock with a strike price of ₹500. If on expiry the market price is ₹650, what is the intrinsic value of the option?

- A) ₹0
- B) ₹150
- C) ₹500
- D) ₹650

Answer: B

Explanation: The intrinsic value of a Call Option = Market Price – Strike Price = ₹650 – ₹500 = ₹150. Since the market price exceeds the strike price, the option is 'in the money'.

88. Which of the following statements correctly distinguishes a European Option from an American Option?

- A) European Options can only be exercised on the expiry date, while American Options can be exercised any time before or on the expiry date
- B) European Options give higher returns than American Options
- C) American Options are traded only in the USA
- D) European Options are always cheaper than American Options

Answer: A

Explanation: A European Option can only be exercised on the expiry date, while an American Option can be exercised at any time on or before the expiry date. This flexibility makes American Options generally more valuable.

89. In 1980, how many commercial banks were nationalised in the second phase of bank nationalisation in India?

- A) 6
- B) 8
- C) 14
- D) 20

Answer: A

Explanation: In the second phase of nationalisation in 1980, 6 more commercial banks with deposits over ₹200 crore were nationalised, taking the total number of nationalised banks to 20.

90. According to the Law of Supply, when the price of a commodity increases, ceteris paribus:

- A) Supply decreases
- B) Supply remains unchanged
- C) Supply increases
- D) Demand and Supply both decrease

Answer: C

Explanation: The Law of Supply states a direct relationship between price and quantity supplied — when price increases, producers are motivated to supply more of the commodity, and vice versa.

91. If the price of a good increases by 10% and the quantity demanded falls by 20%, the price elasticity of demand is:

- A) 0.5 (Inelastic)
- B) 1.0 (Unit Elastic)
- C) 2.0 (Elastic)
- D) 0.2 (Perfectly Inelastic)

Answer: C

Explanation: Price Elasticity of Demand = % Change in Quantity Demanded / % Change in Price = 20% / 10% = 2.0. Since PED > 1, the demand is elastic.

92. Under which Act does the RBI exercise regulatory and supervisory powers over commercial banks in India?

- A) RBI Act, 1934
- B) Companies Act, 2013
- C) Banking Regulation Act, 1949
- D) FEMA, 1999

Answer: C

Explanation: The Banking Regulation Act, 1949 is the primary legislation under which the RBI exercises its regulatory and supervisory powers over commercial banks, including licensing, capital adequacy, and management.

93. In the context of a Trust account in banking, the person who creates and transfers assets into the trust is called the:

- A) Beneficiary
- B) Trustee

- C) Settlor (Grantor)
- D) Nominee

Answer: C

Explanation: The person who creates a trust and transfers assets into it is called the Settlor (also known as Grantor or Trustor). The Trustee manages the assets, and the Beneficiary receives the benefits.

94. A Certificate of Registration (COR) for an NBFC is issued by:

- A) SEBI
- B) Ministry of Finance
- C) Reserve Bank of India
- D) IRDAI

Answer: C

Explanation: The Reserve Bank of India issues the Certificate of Registration (COR) to NBFCs under Section 45-IA of the RBI Act, 1934. Without COR, an entity cannot carry on the business of a non-banking financial institution.

95. How many Sustainable Development Goals (SDGs) were adopted by the United Nations as part of the 2030 Agenda for Sustainable Development?

- A) 8
- B) 15
- C) 17
- D) 20

Answer: C

Explanation: The United Nations adopted 17 Sustainable Development Goals (SDGs) in September 2015 as part of the 2030 Agenda for Sustainable Development. They address global challenges including poverty, inequality, climate change, and peace.

96. Which of the following is a PRIMARY function of a Merchant Bank?

- A) Accepting public deposits for lending
- B) Managing Initial Public Offerings (IPOs) and underwriting
- C) Providing microfinance to rural households
- D) Operating payment and settlement systems

Answer: B

Explanation: The primary function of merchant banking includes managing IPOs, underwriting securities, providing corporate advisory services, and arranging mergers and acquisitions. They do not accept public deposits.

97. The Repo Rate is the rate at which:

- A) Banks borrow from other banks for overnight periods
- B) RBI lends short-term funds to commercial banks against eligible securities
- C) Commercial banks lend to their best customers
- D) Government borrows from RBI under Ways and Means Advances

Answer: B

Explanation: The Repo Rate (Repurchase Rate) is the rate at which the RBI lends

short-term funds to commercial banks against eligible government securities. It is the primary tool of monetary policy for controlling inflation.

98. As per the revised MSME classification (Budget 2025), what is the annual turnover limit for a Micro Enterprise?

- A) Up to ₹5 crore
- B) Up to ₹25 crore
- C) Up to ₹50 crore
- D) Up to ₹100 crore

Answer: A

Explanation: Under the revised MSME classification announced in Budget 2025, a Micro Enterprise has an investment limit of up to ₹2.5 crore and an annual turnover limit of up to ₹5 crore (revised from earlier ₹5 crore turnover limit which remained unchanged).

99. In which year was IFCI (Industrial Finance Corporation of India), the first DFI of India, established?

- A) 1944
- B) 1948
- C) 1952
- D) 1964

Answer: B

Explanation: IFCI (Industrial Finance Corporation of India) was established in 1948, soon after India's independence, to provide medium and long-term finance to industrial enterprises.

100. If the Central Government issues directions to RBI under Section 7 of the RBI Act, and the RBI Governor disagrees, what option does the Governor have?

- A) The Governor can legally refuse to comply with the directions
- B) The Governor must comply but may choose to resign
- C) The Governor can approach the Supreme Court
- D) The Governor can seek Parliament's intervention

Answer: B

Explanation: While Section 7 gives the Central Government power to direct the RBI in public interest, the Governor is obligated to comply. However, as a constitutional convention, if the Governor disagrees fundamentally, the option available is to tender resignation rather than openly defy the government.

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