



JAIIB Exam

(Practice Questions)

**Retail Banking and Wealth
Management**

Physicswallah



- Q1** In the digital age, what has emerged as an alternative to traditional retail banking?
- (A) Brick-and-mortar bank branches
 - (B) Fintech companies offering online banking
 - (C) Investment banking services
 - (D) Mortgage brokerage firms
- Q2** What is one of the challenges faced by retail banking in managing risk?
- (A) Dealing with a large number of customers over varied delivery channels, creating significant vulnerabilities across banks' systems.
 - (B) Safeguards for non-traditional delivery channels are essential, as technology-related frauds have been witnessed across Indian banks in recent years.
 - (C) Recognizing and managing risks arising from mis-selling, market risk, liquidity risk, interest rate risk, and more.
 - (D) All of the above challenges are encountered in managing risk in retail banking.
- Q3** In the SBU approach of retail banking, SBUs are described as:
- (A) Small entities with no control over their performance.
 - (B) Profit centers with a focus on various functions within the organization
 - (C) Autonomous divisions with control over factors affecting long-term performance.
 - (D) Separate departments for different banking operations.
- Q4** KLM Bank, a regional financial institution, has been facing challenges in managing its retail banking operations efficiently. They are considering adopting a new approach to

streamline their business model and improve profitability. After thorough analysis, they decide to embrace a specific approach.

What approach is KLM Bank most likely to adopt for their retail banking operations, considering their focus on reducing risk and increasing profitability through unity?

- (A) Strategic Business Unit (SBU) Approach
- (B) Customer-centric Approach
- (C) Integrated Approach
- (D) Departmental Approach

- Q5** ABC Bank has been facing a significant issue in their retail banking operations. They are struggling to retain customers who often switch to other banks due to various reasons, such as poor customer service, lengthy approval processes, and outdated technology. Which approach should ABC Bank consider to address their customer retention problem in retail banking?

- (A) Strategic Business Unit (SBU) Approach
- (B) Departmental Approach
- (C) Integrated Approach
- (D) None of the above

- Q6** What is a common approach taken by foreign banks in the retail banking sector when faced with unprofitable segments?

- (A) They aggressively expand in unprofitable segments to gain market share.
- (B) They prioritize long-term brand building in unprofitable segments.
- (C) They exit unprofitable segments within the retail banking model.
- (D) They acquire local banks to sustain profitability in unprofitable segments.

Q7

- A newly established retail bank is strategizing its approach to organizing its processes effectively. It wants to have common customer information available for most of its products to enhance cross-selling and up-selling opportunities. Which process model would be most suitable for this bank?
- (A) Horizontally Organized Model
(B) Vertically Organized Model
(C) Predominantly Horizontally Organized Model
(D) Predominantly Vertically Organized Model
- Q8** A well-established retail bank is experiencing inefficiencies in its current process model, resulting in delays in providing services to customers. The bank is looking to streamline its operations and provide a seamless experience to customers across various products. However, it's essential to maintain a high level of data security. Which process model should the bank consider to address these challenges?
- (A) Vertically Organized Model
(B) Predominantly Vertically Organized Model
(C) Predominantly Horizontally Organized Model
(D) Horizontally Organized Model with Enhanced Security Protocols
- Q9** In the segmented approach of retail banking, branches are classified based on business potential and targeted business. What is the primary purpose of this classification?
- (A) To have a clear business focus and employ focused marketing strategies.
(B) To create competition among branches.
(C) To establish resource centers for technology.
(D) To implement strict hierarchical management.
- Q10** What is a key benefit of sophisticated customer segmentation in banking?
- (A) Simplifying customer interactions
(B) Reducing the number of banking services offered
(C) Catering to individualized customer needs
(D) Increasing the tenure of customers with the bank
- Q11** What is the primary source of funds used by banks to make loans and buy securities?
- (A) Borrowings from other banks
(B) Revenue from fees
(C) Shareholders' equity
(D) Deposits and borrowed money
- Q12** A bank has a net income of ₹10 million, total assets of ₹200 million, and bank capital of ₹50 million. Calculate the bank's Return on Equity (ROE) using the given formula.
- (A) 20% (B) 40%
(C) 10% (D) 50%
- Q13** XYZ Bank is a well-established bank operating in India. They are analyzing their profitability, taking into account various factors. In this context, which of the following statements accurately reflect the factors influencing the profitability of XYZ Bank in the Indian banking landscape?
- 1) Strength of equity capital and operational efficiency are significant factors that positively affect profitability.
 - 2) High-interest rates have a positive impact on bank profitability in India.
 - 3) Government policies have no influence on the profitability of XYZ Bank.
 - 4) Non-performing assets (NPAs) impact the profitability of the bank.
 - 5) Ratio of XYZ deposits to GDP affects the profitability of XYZ bank.
- (A) 1, 4, 5 (B) 2, 3, 5
(C) 1, 2, 4 (D) 3, 4, 5
- Q14** In the context of retail loans, what is the primary purpose of conducting title investigation and property valuation?
- (A) To verify the applicant's income and employment details.
(B) To confirm the applicant's residential address.

- (C) To assess the applicant's credit history.
(D) To evaluate the market value and legal status of the offered security or collateral.

Q15 In retail banking, which stage of Maslow's Hierarchy of Needs corresponds to the need for products like pension plans and retirement solutions?

- (A) Self-Actualization Needs
(B) Esteem Needs
(C) Security/Safety Needs
(D) Physiological Needs

Q16 Regarding BSBDA Small Accounts in banks, which of the following statements are correct? (Select all correct statements)

- 1) Small Accounts can have an aggregate of credits up to ₹2 Lakhs in a financial year.
- 2) The balance in a Small Account can exceed ₹50,000 at any point in time.
- 3) Foreign remittances can be credited to Small Accounts without completing normal KYC formalities.
- 4) Small Accounts can only be opened at CBS linked branches of banks or at branches where manual monitoring of conditions is possible.
- 5) Small Accounts are valid for an initial period of 12 months, extendable by another 12 months if the person provides proof of applying for an Officially Valid Document (OVD).

- (A) 1, 3, 5 (B) 1, 3, 4
(C) 2, 4, 5 (D) 4 and 5

Q17 Consider the following statements regarding the interest rates on savings deposit accounts:

- I. RBI regulates the interest rate on savings bank deposits.
- II. Banks have autonomy to determine their savings bank deposit interest rates.
- III. Banks must have a comprehensive policy on interest rates on deposits approved by the Board of Directors.
- IV. Interest rates should be subject to negotiation between depositors and the bank.

V. Banks must offer a uniform interest rate on savings bank deposits up to ₹1 Lakh.

- (A) I and III (B) II and IV
(C) II, III, and V (D) I, III, and IV

Q18 Consider the following statements regarding the advantages of Recurring Deposit accounts:

- I. Recurring Deposits require a lump-sum deposit at the beginning of the term.
- II. Depositors of Recurring Deposits earn the same interest rates as regular term deposits.
- III. Recurring Deposits are beneficial for individuals with irregular monthly incomes.
- IV. Some banks offer flexibility in the monthly deposit amount for Recurring Deposits.
- V. Recurring Deposits typically do not pay any interest on the accrued amount.

- (A) II and IV (B) III only
(C) III and V (D) II, IV, and V

Q19 In a combination deposit product, how is interest typically calculated?

- (A) Simple interest
(B) Compound interest
(C) Fixed interest rate
(D) Variable interest rate

Q20 How is the probability of default typically presented in a credit scoring model?

- (A) In the form of a credit card limit
(B) As a numeric credit score
(C) As the total debt of the customer
(D) In terms of previous credit inquiries

Q21 You are a financial advisor, and you are reviewing the credit profile of two clients, Anika and Raj, to provide them with advice on managing their credit scores.

Scenario 1: Anika Anika has a credit limit of ₹50,000, but she is using only ₹25,000 of it. She has not applied for any new credit lines recently, and all her accounts are up to date with no payment defaults.

Scenario 2: Raj Raj also has a credit limit of ₹50,000, but he is using the entire limit, and he

has applied for three new credit cards in the past month. He has one past account that is overdue by 30 days.

Which of the following statements is true based on the case study scenarios?

- (A) Anika is effectively managing her credit score, while Raj could be overleveraging himself and negatively impacting his score.
- (B) Anika's credit score is likely to drop because she is not utilizing her full credit limit, while Raj is making wise financial decisions.
- (C) Anika and Raj both have similar credit profiles and are managing their credit scores effectively.
- (D) Anika's credit score is at risk because she applied for a new credit line recently, while Raj is doing well with his credit utilization.

Q22 Rahul is a young professional who has recently started his career. He is considering applying for a credit card and wants to understand how to manage his credit score effectively. Rahul has a stable income and is interested in getting a credit card for his everyday expenses. Based on Rahul's scenario, which of the following actions would be advisable for him to maintain a positive credit score?

- (A) Rahul should apply for multiple credit cards to increase his credit limit.
- (B) Rahul should consistently pay his credit card bills in full every month.
- (C) Rahul should ignore his credit card statements and payment due dates.
- (D) Rahul should use his credit card to withdraw cash from ATMs frequently.

Q23 The Credit Information Companies (Regulation) Act, 2005 ("CIC Act"), is a legislation enacted by the Government of India to regulate the actions of credit information companies in India ("CIC's") and to facilitate efficient distribution of credit. The CIC Act is complemented by the Credit Information Companies Regulations, 2006 ("Regulations")

and the Credit Information Companies Rules, 2006 ("Rules").

Based on the information provided about the CIC Laws in India, which of the following statements are correct?

- 1) The CIC Act, Regulations, and Rules collectively form the legal framework for credit information companies in India.
 - 2) Credit Institutions, Credit Information Companies, and Specified Users can become members of a CIC as per the CIC Act.
 - 3) A CIC can requisition credit information from Credit Institutions and other CICs, and they must furnish the requested information within the specified time.
 - 4) Credit information provided by CICs to specified users can be used for any purpose deemed necessary by the user.
 - 5) Disputes between a CIC and its member can only be settled through litigation in court.
- (A) 1, 4, 5 (B) 2, 3, 5
(C) 1, 2, 3 (D) 4 and 5

Q24 What is another name for term deposits, which are repayable on expiry of the period?

- (A) Recurring deposits
- (B) Fixed deposits
- (C) Demand deposits
- (D) Current deposits

Q25 Which of the following statements regarding a current deposit account is correct?

- (A) It is designed to encourage saving habits.
- (B) It pays interest on the funds deposited.
- (C) It requires a lower minimum balance compared to a savings account
- (D) It is mainly intended for business transactions.

Q26 Which of the following statements are correct regarding savings bank accounts for minors in India?

- 1) A minor is a person who has attained 21 years of age as per the Indian Majority Act 1875.
- 2) A contract entered into by a minor is always

considered valid.

3) A savings bank account in the sole name of a minor, operated by the minor, can be opened if the minor is 10 years of age or above.

4) The minor should be capable of reading and writing any language recognized and understanding the account rules.

5) Cheque book facility can be provided to a minor without considering their literacy.

- (A) 2, 3, 4, 5 (B) 1, 2, 5
(C) 3, 4 (D) 1, 3, 4

Q27 Regarding the standalone and centralized models for retail loans processing, which of the following statements are correct?

1) In the standalone model, processing time is uniform and fixed.

2) Centralized model (Retail Loan Processing Hubs/Centres) provides a better understanding of customer requirements.

3) Standalone model relies on standardized approaches.

4) Centralized model may lead to differences in the quality of appraisal based on the branch and its personnel.

5) In the centralized model, documentation standards may not be uniform.

6) Compliance of appraisal norms is consistent in both models.

- (A) 2, 3, 4, 5 (B) 1, 2, 5, 6
(C) 1, 2, 3 (D) 4, 5, 6

Q28 Regarding educational loans, which of the following statements are correct?

1) Accrued interest during the repayment holiday period is added to the principal.

2) Banks can provide a 1% interest concession if interest is serviced during the study period and moratorium period.

3) The joint borrower must always be the student borrower's parent(s) or guardian.

4) No due certificate is a pre-condition for considering an educational loan.

5) Educational loans up to ₹10 lakh are eligible for priority sector classification.

(A) 1, 2, 5

(B) 3, 4

(C) 1, 2, 4, 5

(D) 2, 3, 5

Q29 If a loan amount is Rs. 40 Lakh for the 1st house, what is the applicable margin percentage?

(A) 10%

(B) 20%

(C) 25%

(D) 30%

Q30 Regarding types of credit cards, which of the following statements are correct?

1) Credit cards are always issued under the proprietary format.

2) Co-branded cards are issued without any tie-up with service providers.

3) Proprietary cards may have different brand names like Classic, Silver, Gold, Platinum, etc.

4) In the co-branded format, banks partner with service providers like Hotels and Oil Companies.

5) Co-branded cards do not offer any special incentives or reward points.

(A) 1, 3, 5

(B) 2, 3, 5

(C) 3, 4

(D) 1, 4, 5

Q31 What is the maximum amount outstanding allowed for Open System PPIs issued by banks at any point in time?

(A) ₹10,000

(B) ₹50,000

(C) ₹1,00,000

(D) ₹500,000

Q32 What key aspects does the Bharat Ecommerce Payment Gateway (BEPG) aim to enhance for RuPay cardholders during e-commerce transactions?

(A) Speed and discounts

(B) Security and risk management

(C) Cash withdrawals and rewards

(D) Mobile wallet integration and promotions

Q33 What are some key features of the Structured Financial Messaging System (SFMS)?

1) SFMS is solely used for inter-bank communication, similar to SWIFT.

2) SFMS is a global standard used for financial messaging.

3) SFMS supports secure messaging through template builders.

4) Smart cards are not used for user access in SFMS.

5) SFMS allows for clubbing and exchanging messages as a batch of files.

(A) 3, 5 (B) 1, 2, 4

(C) 2, 4, 5 (D) 1, 2, 3

Q34 Which of the following services was handed over by IDRBT to the National Payments Corporation of India (NPCI) in January 2010?

(A) Structured Financial Messaging System (SFMS)

(B) Indian Financial Network (INFINET)

(C) National Financial Switch (NFS)

(D) Indian Banking Community Cloud (IBCC)

Q35 Rajesh is a small business owner looking to expand his electronics store. He needs a loan to purchase new inventory and renovate his storefront. He decides to explore digital lending options to streamline the process. After researching various lenders, he applies for a digital loan from an online lending platform. Based on Rajesh's situation, which advantage of digital lending is he likely to benefit from the most?

(A) Lengthy processing times, requiring weeks for approval.

(B) Limited access to different lending options.

(C) Personalized loan offers tailored to his business needs.

(D) Extensive paperwork and documentation requirements.

Q36 Which technology is being used to eliminate human errors from hand-crafted models in risk management in the banking sector?

(A) Blockchain

(B) Artificial Intelligence (AI)

(C) Internet of Things (IoT)

(D) Big Data Analytics

Q37 ABC Bank, a leading financial institution, has adopted Artificial Intelligence (AI) in its risk

management practices to enhance efficiency and accuracy. It has implemented AI-driven fraud detection systems to safeguard its customers and the bank itself from fraudulent activities.

(A) AI systems help identify potential risks in historical financial data.

(B) AI automates routine tasks in data entry and report generation.

(C) AI detects unusual or suspicious activities in real-time transactions.

(D) AI predicts future market trends and credit risk.

Q38 How does AI technology enhance customer support in the banking and finance sector?

(A) By increasing the complexity of customer queries

(B) By eliminating the need for customer support entirely

(C) By reducing waiting times and improving efficiency

(D) By introducing more physical branches for customer interactions

Q39 Which type of loan repayment method involves paying the loan amount with interest in a single payment at the end of the loan period?

(A) Fixed Instalment Loan

(B) Equated Monthly Installments (EMI)

(C) Bullet Payment

(D) Interest-Only Payment

Q40 In the context of retail loans, what is the term used to describe the situation when borrowers fail to repay their EMIs due to personal setbacks, job losses, or unforeseen expenses, even though their intention to pay remains intact?

(A) Genuine Defaults

(B) Wilful Defaults

(C) Default in Repayment

(D) Loan Forfeiture

Q41 Regarding the classification of non-performing assets (NPAs) in banks, which of the following

statements are correct?

- 1) Income from NPAs is recognized on an accrual basis.
- 2) An asset is classified as "doubtful" if it has remained NPA for more than 12 months.
- 3) Loss assets are considered to have some salvage or recovery value.
- 4) Erosion in the value of security is significant when it's less than 50 percent of the assessed value.
- 5) Classification of assets is primarily facility-wise.

- (A) 2 and 4 (B) 1, 3, and 5
(C) 2, 3, 4 (D) 1, 2, 3, 5

Q42 In a bustling urban area, a bank branch has experienced a significant increase in customer foot traffic and transactions. This growth has posed operational challenges that need addressing. Which statement accurately reflects the relationship between Management Information Systems (MIS) and decision-making in the context of the bank branch's operational challenges?

1. A good MIS ensures good decision-making, while bad MIS can lead to poor decisions.
2. The quality of managerial decision making depends directly on the quality of available information.
3. It is vital to ensure that the MIS strategy chosen is not compatible with the current system.
4. Management Information Systems (MIS) mainly rely on data from external sources.

- (A) 3 and 4 (B) 1 and 2
(C) 1 and 3 (D) 2 and 4

Q43 In the context of Management Information Systems (MIS), which of the following factors is critical for ensuring effective decision-making and customer service in a bank?

- (A) Technological advancements
(B) External data sources
(C) Human resource upgrades
(D) Procedural methodologies

Q44 Why is the elapsed time of transaction execution important in the banking industry?

- (A) To determine the customer's social-economic status.
(B) To calculate the bank's profits.
(C) To decide on interest rates.
(D) To measure the quality of service.

Q45 Regarding the securitization of Non-Performing Assets (NPAs) and the concept of a "Bad Bank" in India, choose the correct statements:

- (A) Banks in India are required to list NPAs for sale to other institutions, including Asset Reconstruction Companies (ARCs), at the end of each fiscal year.
(B) Invitation for bids for NPAs should not be publicly solicited but should instead be limited to a select group of prospective buyers.
(C) ARCs issue security receipts (SRs) to individual buyers, and these SRs are non-transferable.
(D) The creation of a "Bad Bank" in India aims to buy NPAs from commercial banks at face value.

Q46 Regarding National Asset Reconstruction Company Limited (NARCL) and India Debt Resolution Company Limited (IDRCL), choose the correct statements:

1. NARCL was incorporated in September 2021 with an authorized capital of ₹2750 Crore.
2. RBI granted a license to NARCL under the SARFAESI Act 2002 on 4th October 2021.
3. Public Sector Banks will have a majority shareholding (more than 51%) in NARCL.
4. IDRCL has authorized capital of ₹50 Cr and paid-up capital of ₹20 Cr.

- (A) 1, 3, 4 (B) 2, 3, 4
(C) 1 and 4 (D) 2 and 3

Q47 In the context of Minimum Retention Requirement (MRR) in asset securitization, identify the correct and incorrect statements from the following:

- 1) MRR is a regulatory requirement to ensure the selling bank retains a portion of the assets transferred.
 - 2) Retail loans typically involve a consolidated MRR account, while non-retail loans require borrower-wise accounts.
 - 3) The percentage of MRR is uniform for all types of loans, regardless of their maturity or repayment structure.
 - 4) MRR helps align the interests of the selling bank with those of the investors in the securitized assets.
 - 5) MRR simplifies risk management for the selling bank by transferring all risk to the investors.
- (A) 1, 2, and 4 are correct.
(B) 1, 2, and 5 are correct.
(C) 1, 3, and 4 are correct.
(D) 2, 3, and 5 are correct.

Q48 Which of the following best describes the two-stage process of securitization?

- (A) The first stage involves selling securities to third-party investors, while the second stage involves pooling assets.
(B) In the first stage, assets are repackaged into tradable debt securities, and in the second stage, they are sold to an SPV.
(C) In the first stage, there is a sale of single assets or pooling and sale of a pool of assets to an SPV for an immediate cash payment. In the second stage, security interests are repackaged and sold to third-party investors as tradable debt securities.
(D) The first stage involves trading debt securities, while the second stage involves selling assets to an SPV.

Q49 What does "SWOT" analysis stand for in marketing analysis?

- (A) Strength-Weakness-Opportunity-Threats
(B) Sales-Worthiness-Opportunity-Trends
(C) Strategic-Workforce-Optimization-Technology
(D) Service-Wealth-Operations-Testing

Q50 Which stage of the marketing process involves assessing the present and future needs of customers and setting business development goals?

- (A) Marketing Analysis
(B) Marketing Planning
(C) Marketing Implementation
(D) Marketing Control

Q51 What is the consequence for banks if they delay re-crediting a customer's account for a failed ATM transaction beyond a certain period?

- (A) Banks are required to pay compensation of 100/- per day to the customer.
(B) Banks must refund the customer's account immediately.
(C) Banks have to pay a fixed penalty of 100/- per transaction.
(D) Banks are not liable for any compensation for delays.

Q52 Which of the following statements regarding cash recycling machines and Point of Sale (POS) terminals are correct?

- 1) Cash recycling machines are primarily used for cash withdrawal, while POS terminals are used for cash deposits.
- 2) Cash recycling machines can help reduce the costs of cash handling and interest, while POS terminals are more expensive to maintain.
- 3) POS terminals are commonly used for making payments with credit and debit cards at merchant establishments.
- 4) Cash recycling machines can provide additional revenue opportunities for banks through value-added services like bill payments and money transfers.

- (A) 1 and 2 (B) 2 and 4
(C) 1, 2 and 3 (D) 2, 3, and 4

Q53 What are some of the supervisory and operational issues associated with Internet banking?

- (A)

Risk control measures, advance warning system, and a customer support hotline.

- (B) Digital marketing strategies, customer retention techniques, and account management.
- (C) Information technology audit, mobile banking applications, and branch expansion.
- (D) Regulatory compliance, money laundering prevention, and re-engineering of operational procedures.

Q54 XYZ Bank is planning to launch mobile banking services in India. They aim to tap into the growing mobile user base and provide convenient banking solutions to their customers. However, they want to ensure that their mobile banking implementation is secure and compliant with regulatory guidelines. What are some key security and compliance considerations that XYZ Bank should address when implementing mobile banking services in India?

- (A) Offering unlimited daily transaction limits for all customers.
- (B) Implementing end-to-end encryption for all mobile banking transactions.
- (C) Storing MPIN (Mobile Personal Identification Number) in an unsecured environment.
- (D) Allowing cross-border inward and outward transfers for customers.

Q55 Which of the following statements regarding staff members in retail banking delivery is incorrect?

- (A) Staff members play a crucial role in the entire delivery process.
- (B) All staff members in a branch have the same level of delivery quality.
- (C) Understanding the customer's needs and financial profile is essential for effective service delivery.
- (D) Public sector banks generally have a more personalized and caring approach to service delivery.

Q56 ABC bank is facing a significant issue with DSAs mis-selling credit card products to customers, resulting in customers falling into a debt trap due to misuse of the cards. This has led to dissatisfaction among customers and poses a reputation risk for the bank.

How can the ABC bank address the issue of DSAs mis-selling credit card products and mitigate the associated risks?

- (A) Conduct regular training sessions for DSAs on responsible selling practices and compliance.
- (B) Increase the commission paid to DSAs to incentivize better selling practices.
- (C) Reduce the scrutiny and KYC formalities for credit card applications to make the process faster.
- (D) Appoint more DSAs to reach a wider customer base without addressing the mis-selling issue.

Q57 A bank has entered into a tie-up with a renowned automobile dealership as a preferred financier. Customers visiting the dealership showroom can avail of loans directly through the bank's counter set up in the showroom. This tie-up is aimed at simplifying the loan application process for car buyers. However, the bank faces a challenge in ensuring that the loan processing is efficient and customer-friendly. How can the bank address this challenge?

What can the bank do to address the challenge of efficient and customer-friendly loan processing at the dealership showroom?

1. Implement strict eligibility criteria for loan applicants.
2. Offer special discounts on car prices to attract more customers.
3. Set up dedicated bank staff at the showroom to process loans promptly.
4. Enhance the online loan application process for customers' convenience.
5. Reduce the interest rates on car loans to encourage more applications.

6. Increase the loan processing time to ensure thorough scrutiny.
7. Collaborate with multiple dealerships to expand loan options for customers.
8. Launch a marketing campaign to promote the tie-up with the dealership.

(A) 1, 3, 5, 8
(B) 2, 4, 6, 7
(C) 1, 2, 3, 6, 7, 8
(D) Only 3

Q58 ABC Bank is planning to implement a CRM system. They have successfully completed the first stage, which is the identification of customers. What is the next stage in CRM implementation?

- (A) Interaction with the most Valued Customers
(B) Classification of Customers
(C) Customization of Bank's Products and Services for Different Customer Segments
(D) None of the above

Q59 What is an essential dimension for the successful implementation of CRM, alongside the integration of systems, in a bank?

- (A) Customer segmentation
(B) Marketing campaigns
(C) Organizational culture alignment
(D) Data analysis and reporting

Q60 XYZ Bank faces challenges in its retail banking operations due to intense competition in a saturated market, where customer expectations are high, innovative disruptions are prevalent, and customer loyalty is hard to maintain. These challenges necessitate the adoption of effective CRM strategies to differentiate the bank's offerings and meet customer demands. Which of the following statements regarding XYZ Bank's situation are correct?

- 1) XYZ Bank's operational costs in branch banking are decreasing.
- 2) The bank is not concerned about shifting customers to cost-effective channels like ATMs.

3) Employee productivity is not a concern for XYZ Bank.

4) Rising competition in the retail banking sector is driving the need for CRM.

5) XYZ Bank is not interested in deriving more value from its employees.

6) The bank is unaffected by the increasing importance of fee-based income.

7) CRM has no role in determining the right delivery channel mix.

(A) 4
(B) 2, 3, 4, 6, 7
(C) 1, 3, 5, 6, 7
(D) 3, 4

Q61 In the implementation of CRM by banks, what are some key challenges often faced in adapting to the unique nature of their business processes and IT infrastructure?

- 1) Evaluating customer preferences and needs.
- 2) Customizing the CRM solution.
- 3) Integrating legacy IT infrastructure.
- 4) Developing new information flows.
- 5) Enhancing organizational culture.

(A) 1, 2, 3
(B) 1, 4, 5
(C) 2, 3, 5
(D) 3, 4, 5

Q62 What is the major function of the Consumer Education and Protection Department (CEPD) established by RBI?

- 1) Administering the Banking Ombudsman Scheme.
- 2) Dissolving BCSBI.
- 3) Setting up voluntary codes for banks.
- 4) Handling credit card operations.
- 5) Managing the collection of dues and repossession of security.

(A) 1 and 2
(B) 2 and 3
(C) Only 1
(D) 1 and 5

Q63 What does the "Right to Privacy" entail?

- (A) Banks can freely share customers' personal information
(B) Banks must treat all personal information of customers as private and confidential
(C) Customers have no right to privacy in banking transactions

(D) Privacy is not relevant in banking

Q64 A customer named Sarah decides to sign up for ABC Digital Plus to take advantage of the convenient digital banking services. However, she encounters a problem while using the service. She notices unauthorized transactions on her account, and her personal information seems to be at risk. Sarah is concerned about her privacy and the security of her funds.

Which aspect of the Code of Bank's Commitment is most relevant to Sarah's situation?

- (A) Transparency in banking operations.
- (B) Right to Privacy provision.
- (C) Compliance with Regulatory Instructions.
- (D) Enhanced Customer Service standards.

Q65 Which of the following statements about the Reserve Bank - Integrated Ombudsman Scheme, 2021 (RB-IOS, 2021) are correct?

1. RB-IOS, 2021 was launched on November 12, 2021.
2. RB-IOS, 2021 integrates three previous Ombudsman schemes of RBI into one.
3. All commercial banks, excluding Foreign Banks, Local Area Banks, Payment Banks, and Regional Rural Banks with deposit size of ₹50 Crore and above are covered under it.
4. All Credit Information Companies as defined in the Companies Act, 2013 (18 of 2013) and granted a Certificate of Registration under sub-section (2) of section 5 of the Credit Information Companies (Regulation) Act, 2005 (30 of 2005) are covered under it.
5. Core Investment Companies, Infrastructure Debt Fund-Non-banking Financial Companies, Non-Banking Financial Companies-Infrastructure Finance Companies, companies in resolution or winding up / liquidation are covered under it

- (A) 2, 3, 5
- (B) 1, 2, 4, 5
- (C) 1, 2 and 4
- (D) 1, 3, 5

Q66

Which statements are correct about the components of MKIS?

- 1) Internal Marketing Information typically includes data on sales turnover, cost, cash flows, and accounts receivable.
- 2) Marketing Intelligence System primarily relies on internal sources for market trend information.
- 3) Marketing Research System is used to solve specific marketing problems related to consumer behavior, competition, and product development.
- 4) Marketing Management and Science System bridges the communication gap between different sectors of the organization.

- (A) 1, 2, 4
- (B) 1, 3, 4
- (C) 2, 4
- (D) 2, 3

Q67 Which of the following is NOT a function of a Marketing Information System (MKIS)?

- (A) Collecting and assembling data from internal and external sources.
- (B) Processing data by classifying, tabulating, and summarizing information.
- (C) Analyzing data using statistical and operations research tools.
- (D) Selling collected data to external organizations for profit.

Q68 XYZ Corporation is a leading player in the retail industry. They have recently implemented a sophisticated Marketing Information System (MKIS) to enhance their decision-making processes.

XYZ Corporation has integrated a state-of-the-art MKIS to streamline their marketing operations. This system primarily consists of two general subsystems: input and output subsystems.

1. MKIS primarily consists of two general subsystems: input and output subsystems.
2. The input subsystems of MKIS gather internal and environmental data for the databases.
3. Marketing managers can only receive routine reports from the output subsystems.

4. The usage of computers in MKIS is limited to supercomputers.

5. Internal accounting is considered the most important source of MKIS information.

- (A) 1, 3, 5 (B) 2, 3, 4
(C) 1, 2, 5 (D) 3, 4, 5

Q69 XYZ Corporation has implemented a Marketing Information System (MKIS) to improve its marketing activities.

At XYZ Corporation, the data gathering subsystems of MKIS include marketing research, marketing intelligence, and internal accounting. These subsystems collect valuable information from various sources.

Which of the following statements about MKIS performance is correct based on the case study?

- 1) MKIS primarily serves as a data bank.
- 2) MKIS subsystems represent areas like product, price, distribution, and promotion.
- 3) The MKIS at XYZ Corporation focuses mainly on processing data.
- 4) Most managers at XYZ Corporation have a deep understanding of MKIS functions.
- 5) MKIS is primarily used for environmental data storage.

- (A) Only 4 (B) 1, 3, 4
(C) 2, 4, 5 (D) only 2

Q70 Which of the following statements regarding the selection of tax regimes for income is correct?

- (A) Employees can change their tax regime selection at any time during the year for TDS purposes.
- (B) In the case of business or profession income, the option to choose between tax regimes is available every financial year.
- (C) Once an employee chooses the new tax slab regime at the beginning of the year, they can't change it for TDS purposes during that year.
- (D) There is no option for employees to choose between old and new tax regimes for

income from salary.

Q71 What is the locking period for investments in the Pradhan Mantri Vaya Vandana Yojana (PMVVY) for senior citizens?

- (A) 5 years (B) 10 years
(C) 15 years (D) 20 years

Q72 Which of the following statements about Income tax is/are correct?

1. Income Tax rate for Partnership firms or LLPs in the old regime is 30%.
2. In the old regime, a 12% surcharge is levied on incomes above ₹1 Crore for Partnership firms or LLPs.
3. In the old regime, there is a Health and Education Cess at the rate of 4% for Partnership firms or LLPs.
4. No concessional rates have been introduced for firms or LLPs in the new tax regime.

- (A) 1, 3
(B) 2, 4
(C) 1, 2, 4
(D) All of the above

Q73 Which of the following statements regarding tax-saving options beyond Section 80C is correct?

- 1) Medical insurance premium can be claimed up to ₹1,00,000 under Section 80D if availed for senior citizens.
- 2) Under section 24, interest paid on a home loan can be claimed as a deduction up to ₹2 Lakhs.
- 3) The principal portion of a home loan EMI can be claimed as a deduction under Section 80C, up to ₹1.5 lakhs.
- 4) Interest paid on an Education Loan is not eligible for deduction under any section.

- (A) 2 and 3 (B) 1 and 4
(C) 1 and 2 (D) 3 and 4

Q74 Mr. X operates a warehousing facility for sugar storage and had a total income of Rs. 80 lakh for Assessment Year 2022-23. He claimed a

deduction of Rs. 70 lakh under section 35AD for building investment. Calculate his tax liability for A.Y. 2022-23, including Alternate Minimum Tax (AMT).

- (A) Normal Tax Liability: Rs. 23.01 lakh, AMT: Rs. 31.639 lakh
- (B) Normal Tax Liability: Rs. 31.639 lakh, AMT: Rs. 23.01 lakh
- (C) Normal Tax Liability: Rs. 22.125 lakh, AMT: Rs. 30.423 lakh
- (D) Normal Tax Liability: Rs. 30.423 lakh, AMT: Rs. 22.125 lakh

Q75 What is an alternative asset?

- (A) A standard investment portfolio consisting of stocks and bonds.
- (B) An asset with potential economic value found in a typical investment portfolio.
- (C) A non-traditional asset with potential economic value not found in a standard investment portfolio.
- (D) An asset with guaranteed returns and low risk

Q76 Which statements are true regarding the types of Government Bonds described in the passage?

- 1) Fixed-rate bonds have a fixed interest rate that are not based on market fluctuations.
 - 2) Floating rate bonds (FRBs) offer stable interest rates throughout the investment period.
 - 3) Sovereign Gold Bonds (SGBs) allow tax-free interest generated from digital gold investments.
 - 4) Inflation-indexed bonds are not linked to the consumer price index (CPI) or wholesale price index (WPI).
 - 5) 7.75% GOI Savings Bond has a minimum investment amount of INR 10,000.
- (A) 1, 2, 5
 - (B) 1 and 3
 - (C) 1, 3, 5
 - (D) 2, 3, 4

Q77 Which statements are accurate regarding the types of Mutual Funds described in the

passage?

- 1) Equity Mutual Funds primarily invest in debt instruments like Treasury bills.
- 2) Debt Mutual Funds guarantee a fixed rate of return.
- 3) Balanced Mutual Funds invest exclusively in equities to maximize returns.
- 4) ELSS (Equity Linked Savings Schemes) have a lock-in period of 5 years.
- 5) Open Ended Funds do not have any lock-in period and allow investors to redeem their investments anytime.

- (A) 2 and 5
- (B) 1, 2, 4
- (C) 2, 3, 4
- (D) 1, 3, 5

Q78 XYZ Investment Management is a renowned financial firm that specializes in managing portfolios for individual and institutional investors. They offer a wide range of investment services, including asset allocation, risk assessment, and financial planning.

Which of the following statements accurately describe the services and responsibilities of XYZ Investment Management?

- 1) XYZ Investment Management primarily focuses on managing investment portfolios for individual investors.
- 2) XYZ Investment Management provides services related to asset allocation and risk assessment.
- 3) XYZ Investment Management offers financial planning and advisory services.
- 4) XYZ Investment Management is exclusively dedicated to corporate finance and raising funds for companies.
- 5) XYZ Investment Management is not involved in investment research or analysis.

- (A) 1, 3, 5
- (B) 2, 4, 5
- (C) 1, 2, 3
- (D) 2 and 3

Q79 ABC Financial Services is a reputable financial firm that offers both Portfolio Management and Investment Banking services to its clients. They aim to help clients maximize their wealth and achieve their financial goals.

Which of the following statements accurately describe the differences between Portfolio Management and Investment Banking at ABC Financial Services?

- 1) Portfolio Management involves helping clients invest their existing money to maximize their wealth, while Investment Banking focuses on raising capital for clients.
- 2) Portfolio Management is also known as the "sell-side," while Investment Banking is referred to as the "buy-side" in finance.
- 3) In Portfolio Management, clients provide their money to be managed, whereas in Investment Banking, clients seek assistance in obtaining capital.
- 4) Investment Banking primarily deals with managing investment portfolios for individual investors.
- 5) Portfolio Managers require expertise in capital raising opportunities, while Investment Bankers need skill and knowledge about investments.

(A) 1, 2, 4, 5 (B) 2, 3, 4
(C) 1, 3, 5 (D) 3, 4, 5

Q80 Which of the following statements accurately describe the role and process of Portfolio Management?

- 1) Portfolio Managers focus on managing clients' existing assets to maximize wealth.
- 2) Portfolio Managers draft an Investment Policy Statement (IPS) to understand clients' financial positions and needs.
- 3) Active Portfolio Management aims to mimic the performance of market indexes through passive investing.
- 4) Rebalancing the portfolio composition is a crucial step in the Portfolio Management process to optimize earnings.

(A) 1, 2, 4 (B) 1, 2, 3
(C) 1, 2, 3, 4 (D) 2, 3, 4

Q81 One of the functions of a direct broker in the insurance industry is handling premium

payments under section _____VB of the Insurance Act of 1938.

(A) 74 (B) 64
(C) 54 (D) 44

Q82 What are the important features of group insurance products offered by banks?

- 1) Group insurance covers are only offered to loan borrowers.
- 2) Group insurance covers have a fixed amount for natural and accidental death.
- 3) Premiums for group insurance covers are charged on a monthly basis.
- 4) Dynamic group insurance covers are available for retail loans with single premium payments.
- 5) Banks are not reimbursed for marketing expenses related to group insurance products.

(A) 1, 2, 4, 5 (B) 2, 3, 5
(C) 2, 4, 5 (D) 1, 3, 4, 5

Q83 Priya is a 28-year-old individual who is keen on securing her family's financial future in case of any unfortunate event. She has heard about the Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY), a government scheme offering life insurance coverage for death due to any reason.

Given Priya's decision to enroll in PMJJBY, what is the benefit her family will receive in case of her unfortunate demise?

(A) ₹1,00,000 (B) ₹50,000
(C) ₹100,000 (D) ₹200,000

Q84 Ratna, a 62-year-old individual, is concerned about her financial security in case of an accident leading to disability or death. She is considering enrolling in the Pradhan Mantri Suraksha Bima Yojana (PMSBY). PMSBY is an Accident Insurance Scheme offering accidental death and disability cover.

Based on the information provided, please select the correct statements regarding the Pradhan Mantri Suraksha Bima Yojana (PMSBY):

- 1) Ratna, at 62 years old, is eligible to join PMSBY.
- 2) The enrolment period for PMSBY is from 1st June to 31st May each year.
- 3) Premium payment for PMSBY is done in quarterly installments.
- 4) If a member is covered through more than one account, the premium paid for duplicate insurance(s) will be refunded.
- 5) The annual premium for PMSBY is ₹20 per member, deducted through 'auto debit' on or before 1st June of each coverage period.

- (A) 1, 2, 4 (B) 3, 4
(C) 1, 2, 5 (D) 3, 4, 5

Q85 Based on the RBI guidelines on factoring services, what is the maximum allowable aggregate equity investment in factoring subsidiaries and companies concerning a bank's paid-up capital and reserves?

- (A) 5% of the bank's paid-up capital and reserves.
(B) 10% of the bank's paid-up capital and reserves.
(C) 15% of the bank's paid-up capital and reserves.
(D) 20% of the bank's paid-up capital and reserves.

Q86 What are some of the conditions for factoring business undertaken departmentally, as per RBI guidelines?

- 1) Factoring services can only be provided with recourse.
- 2) Credit appraisal of debtors is not required before entering into a factoring arrangement.
- 3) Factoring is treated differently from loans and advances in terms of prudential norms.
- 4) Banks and factors are not required to share information about common borrowers.
- 5) Credit information regarding non-payment of dues by the debtor should be furnished to authorized Credit Information Companies.

- (A) 1, 2, 5 (B) 2, 4, 5
(C) 1, 3, 4, 5 (D) 3, 5

Q87 Which of the following statements regarding Section 80EEA is correct?

- 1) Section 80EEA allows a taxpayer to claim a deduction of up to Rs. 200,000 on interest paid on a housing loan.
- 2) The loan should be sanctioned by a financial institution between 01-04-2020 and 31-03-2023 to be eligible for Section 80EEA.
- 3) The stamp duty value of the residential house property should not exceed Rs. 50 lakhs to qualify for the deduction.
- 4) To claim the deduction under Section 80EEA, the taxpayer should own at least one other residential property.

- (A) 2 and 3 (B) 1 and 2
(C) 1 and 4 (D) 3 and 4

Q88 What percentage of arrears of rent or recovery of unrealized rent is allowed as a deduction?

- (A) 10% (B) 20%
(C) 30% (D) 40%

Q89 Priya recently transferred her house property to her minor daughter without any exchange of money.

Based on the scenario provided, which of the following statements regarding Priya's situation is correct under Section 27 of the Income Tax Act?

- (A) Priya will be deemed the owner of the house property since she transferred it to her minor daughter.
(B) Priya will not be deemed the owner since the transfer was to her own daughter.
(C) Priya's daughter will be considered the owner for taxation purposes.
(D) Priya's status as the owner will depend on whether she and her daughter have an agreement to live apart.

Q90 Under what conditions will tax benefits claimed under Section 80C for a house property become ineligible in a financial year?

- (A) If the property is sold within 2 years of possession.

- (B) If the property is sold within 3 years of possession.
- (C) If the property is sold within 4 years of possession.
- (D) If the property is sold within 5 years of possession.

Q91 Under which section of the Income Tax Act can an individual claim an exemption for long-term capital gain by investing in specified bonds?

- (A) Section 54F (B) Section 54D
(C) Section 54EC (D) Section 54GA

Q92 Ritu has taken a loan of ₹1,00,000 with an annual interest rate of 10%. The loan term is 24 months. Her monthly payment is ₹4,614.49. What is the outstanding loan balance at the end of Month 3?

- (A) ₹96,218.84 (B) ₹92,406.17
(C) ₹88,561.73 (D) ₹84,685.25

Q93 Mr. Sharma wants to save for his child's education. He decides to invest ₹5,000 every month into a savings account that earns an annual interest rate of 8%. How much will he have saved after 5 years?

- (A) ₹4,67,767.58 (B) ₹3,67,767.58
(C) ₹1,67,767.58 (D) ₹2,67,767.58

Q94 A company purchased a piece of machinery for ₹80,000. They estimate its salvage value to be ₹10,000 at the end of 8 years. What is the annual depreciation using the Straight Line method, and what is the rate of depreciation?

- (A) Annual depreciation is ₹8,750, and the rate of depreciation is 22.88%
(B) Annual depreciation is ₹7,500, and the rate of depreciation is 12.5%.
(C) Annual depreciation is ₹6,000, and the rate of depreciation is 15%.
(D) Annual depreciation is ₹9,000, and the rate of depreciation is 11.3%

Q95 Hari owns a commercial property valued at ₹1,000,000. He expects the property to last for 30 years before it needs replacement. He

wants to create a Sinking Fund to ensure he has enough capital to replace the property when the time comes. He plans to invest the fund at an annual interest rate of 8%.

Calculate the annual amount he needs to set aside in the Sinking Fund to accumulate enough capital for the property replacement.

Using the sinking fund factor table, consider that for 30 years at 8%, the factor is approximately 15.93.

- (A) ₹42,400.67 (B) ₹52,800.45
(C) ₹62,774.64 (D) ₹63,600.64

Q96 Which method of open land valuation is based on the frontage and depth of the plot?

- (A) Comparative Method
(B) Rent Capitalization Method
(C) Belling Method
(D) Extraction Method

Q97 What does FSI stand for in the context of urban land valuation?

- (A) Floor Space Index
(B) Frontage & Shape Indicator
(C) Financial Space Investment
(D) Field Size Indicator

Q98 How can retail banking be described in terms of account holders?

- (A) It serves large account holders.
(B) It serves account holders of all sizes.
(C) It primarily serves small account holders.
(D) It exclusively serves corporate account holders.

Q99 Why is product appropriateness crucial for the success of retail banking?

- (A) It reduces the number of customers in the bank.
(B) It helps retain existing customers.
(C) It eliminates the need for data analytics.
(D) It focuses on corporate customers.

Q100 The adoption of the Departmental Approach by certain banks, especially in their retail banking business takes place. In this context,

what can be inferred about the Departmental Approach?

- (A) It emphasizes a focused business model for retail banking.
- (B) New-generation private sector banks more commonly follow it.
- (C) It promotes the use of Strategic Business Units (SBUs) for retail banking.
- (D) It segregates the functions of the organization based on various teams' performance.

Q101 A large multinational bank is considering restructuring its retail banking operations. They are evaluating different approaches to organizing their business units. Based on the provided information about Strategic Business Unit (SBU) Approach, Departmental Approach, Integrated Approach, and Business Models in Retail Banking, answer the following question: Which approach within the bank structure focuses on achieving targeted profits through modular strategies and objectives?

- (A) Integrated Approach
- (B) Departmental Approach
- (C) SBU Approach
- (D) Business Models in Retail Banking

Q102 A multinational bank with a diverse portfolio of retail banking services is evaluating its options for restructuring its retail operations. They are specifically interested in optimizing their business model for profitability and are open to different approaches.

Which approach is best suited for a large multinational bank aiming to optimize its retail banking operations for profitability and flexibility?

- (A) SBU Approach
- (B) Departmental Approach
- (C) Integrated Approach
- (D) None of the above

Q103 A leading multinational bank with a diverse range of retail banking services is undergoing a

major transformation. They are contemplating their organizational approach to retail banking. The bank's top executives are concerned about both profitability and customer satisfaction. They want an approach that can adapt to changing market dynamics and offer personalized services.

Which approach is most suitable for the multinational bank's goal of balancing profitability, customer satisfaction, adaptability to market changes, and personalization of services in their retail banking operations?

- (A) Strategic Business Unit (SBU) Approach
- (B) Departmental Approach
- (C) Integrated Approach
- (D) None of the above

Q104 In the context of retail banking, which approach focuses on classifying branches based on their business potential and implementing focused marketing strategies accordingly, such as Resource Centres, Profit Centres, Priority Centres, and General Centres?

- (A) Corporate objective-based approach
- (B) Segmented Approach
- (C) Classification-based approach
- (D) Geography-based approach

Q105 Based on the information provided in most public banks, which of the following statements are TRUE?

- 1) The horizontally organized model is characterized by a centralized customer database used across products.
 - 2) In most public sector banks (PSBs), the predominantly vertically organized model is the standard norm.
 - 3) New-generation private sector banks generally follow a horizontally organized model.
 - 4) The classification-based approach in retail banking involves segmenting branches based on geography.
- (A) Statements 1 and 2
 - (B) Statements 2 and 3
 - (C) Statements 1 and 3

(D) Statements 2 and 4

Q106 Which of the following statements about the distinction between retail and corporate/wholesale banking are correct?

- 1) Retail Banking primarily targets corporate clients.
- 2) Wholesale/Corporate Banking has a larger customer base compared to retail banking.
- 3) Corporate Banking typically follows a B2C approach.
- 4) The ticket size of loans in retail banking is generally low.
- 5) In retail banking, returns are higher due to lower loan amounts.
- 6) Monitoring and recovery in corporate banking are more laborious due to a larger customer base.
- 7) The cost of deposits in corporate banking is usually higher than in retail banking.
- 8) NPA impact is generally more pronounced in corporate banking due to higher loan amounts.

- (A) 4, 7, 8 (B) 2, 3, 5, 8
(C) 1, 3, 4, 8 (D) 4, 6, 7

Q107 Which of the following statements about profitability measures – gross profit, operating profit, and net profit – are correct?

- 1) Gross profit is calculated as sales minus operating expenses.
- 2) Operating profit is calculated by subtracting taxes and interest from gross profit.
- 3) The gross profit margin is calculated by dividing gross profit by total sales.
- 4) Net profit represents the income left over after all expenses except taxes and interest have been paid.
- 5) The net profit margin is calculated by dividing net profit by total sales.

- (A) 1, 2, 4 (B) 2, 3, 5
(C) 1, 2, 4, 5 (D) 3, 4, 5

Q108 Which regulatory requirement mandates that banks must keep a certain portion of their

deposits with the regulator (e.g., RBI in India)?

- (A) Cash Reserve Ratio (CRR)
(B) Return on Assets (ROA)
(C) Loan Loss Reserves (LLR)
(D) Return on Equity (ROE)

Q109 Which of the following areas are major strategic areas where today's banks are focusing their efforts to improve operating efficiencies?

- (A) Reducing the number of branches to cut costs.
(B) Investing heavily in traditional businesses to increase profitability.
(C) Enhancing contact centres to meet customer expectations.
(D) Increasing staff size to handle more transactions.

Q110 ABC Bank is facing significant losses and is looking to change its way of working to enhance branch profitability and generate income.

To enhance branch profitability and generate income, banks can adopt various strategies. Which of the following statements regarding these strategies is correct in the context of ABC Bank's situation?

1. Banks should apply the same growth targets to all branches to maintain consistency.
2. Customer base analysis involves increasing wallet share among existing customers to reduce customer retention.
3. Customized branch goals should consider each branch's unique circumstances for customer acquisition, retention, and cross-selling.
4. Targeted outreach for new prospects relies solely on existing relationships and branch location.
5. Branches should avoid constant evolution in their strategies to maintain stability and consistency.

- (A) 1, 3, 4 (B) 2, 4, 5
(C) 3, 4 and 5 (D) Only 3

Q111 ABC Bank is a well-established financial institution that has been serving its customers for several decades. It has a broad customer base, catering to both individual retail customers and corporate clients. Over the years, ABC Bank has built a reputation for offering a wide range of banking products and services, including savings and checking accounts, loans, investment options, and corporate banking solutions.

However, in recent times, ABC Bank has been facing significant challenges related to customer relations and service quality. Several factors have contributed to the deterioration of customer relations: Decline in Service Quality; Increasing Customer Complaints, Competitive Pressure, Technological Challenges, Employee Morale. Due to these challenges, ABC Bank recognizes the urgency of addressing customer relations issues and improving service quality.

In this context, which of the following statements regarding customer service and service quality are correct? (Select all that apply.)

1. Customer satisfaction is solely based on the actual service provided, not on customer expectations.
2. If the actual service exceeds customer expectations, it leads to customer satisfaction.
3. Responsiveness refers to the willingness to help customers and provide prompt service.
4. Tangibles in service quality include the possession of required skills and knowledge by bank personnel.
5. Providing solutions rather than excuses is a recommended approach in customer service.
6. Denying customer concerns is an effective way to handle complaints.

(A) 2, 3, 5 (B) 1, 2, 3, 4
(C) 2, 5, 6 (D) 1, 2, 3, 6

Q112 Vishal is in the process of applying for a personal loan. He's concerned about his credit score and wants to make sure he manages it effectively. After applying for the loan, Vishal's

application is rejected based on a credit score check. He decides to seek advice to improve his credit score. Based on Vishal's situation, which of the following statements regarding managing credit scores are correct? (Select all that apply.)

1. Using the entire credit limit without seeking additional credit won't affect the credit score.
2. Having a high number of credit inquiries is a positive indicator of responsible credit management.
3. Frequent applications for new credit accounts can negatively impact the credit score.
4. Timely payment of past accounts has no influence on the credit score.
5. A history of consistent repayment of various types of credit can improve the credit score.
6. Having only credit cards in the credit mix can positively impact the credit score.

(A) 2, 4, 5, 6 (B) 3 and 5
(C) 1, 2, 4, 6 (D) 3, 5, 6

Q113 Meet Ravi, a 35-year-old professional working as an IT consultant with an annual income of ₹70 lakh. He has recently decided to purchase a brand-new car worth ₹30 lakh. Ravi is considering applying for an auto/vehicle loan to finance his purchase. Based on Ravi's profile and the provided information, which of the following statements are correct regarding his eligibility and parameters for the auto/vehicle loan? (Select all that apply.)

1. Ravi is eligible for an auto/vehicle loan as a salaried employee.
2. Ravi's annual income of ₹70 lakh makes him eligible for a car loan without any income constraints.
3. The margin (down payment) required for a new car loan is typically 5%.
4. Ravi can choose the repayment tenure for his car loan, with a maximum of 7 years generally.

5. Ravi can make a prepayment on his car loan without incurring any penalty.

6. Ravi will need to provide a third-party guarantee since he is applying for a car loan as an NRI.

- (A) 1, 3, 4, 5
- (B) 3, 4, 6
- (C) 1, 2, 4, 5
- (D) 2, 3, 5, 6

Q114 Mr. Faizal has taken out a loan of ₹50,000 from a bank at a fixed interest rate per annum of 15%. The loan is to be repaid over a period of 5 years with monthly installments. Calculate the Equated Monthly Installment (EMI) that Mr. Faizal needs to pay for the loan.

- (A) ₹1,450 (B) ₹2,190
- (C) ₹2,200 (D) ₹1,190

Q115 Mr. Smith, a business borrower, availed a loan from a bank on 1st October 2021. The loan's first due date was 1st February 2022, but Mr. Smith failed to make the payment on that date. The bank follows the standard asset classification criteria.

Based on the given information, when did Mr. Smith's loan account become "Substandard" according to the asset classification criteria?

- (A) 1st November 2022
- (B) 1st July 2022
- (C) 1st May 2022
- (D) 1st February 2023

Q116 In a securitization transaction, which of the following assets are generally NOT eligible for securitization by originating banks? (Select all that apply.)

- 1. Revolving credit facilities (e.g., Credit Card receivables)
 - 2. Assets purchased from other entities
 - 3. Securitization exposures (e.g., Mortgage-backed/asset-backed securities)
 - 4. Loans with a bullet repayment of both principal and interest
- (A) 2, 4 (B) 1, 2, 3, 4

(C) 1, 3, 4

(D) 1, 2, 3

Q117 Which of the following statements regarding the Minimum Retention Requirement (MRR) in securitization are correct? (Select all that apply.)

- 1. Assets with an original maturity of 24 months or less require the retention of 10% of the cash flows on a pari-passu basis.
- 2. Assets with an original maturity of above 24 months require the retention of 5% of the cash flows on a pari-passu basis.
- 3. Assets with a bullet repayment of both principal and interest do not require any retention under MRR.
- 4. In the case of a partial sale of assets, the seller must retain at least 15% of the cash flows to meet MRR requirements.
- 5. All exposures retained by the selling bank, including MRR, should rank pari-passu with the sold portion of the asset.

- (A) 1, 3, 5 (B) 2, 4, 5
- (C) 2, 3, 4 (D) 2 and 5

Q118 Consider the statements regarding the issuance of Security Receipts (SRs) by Asset Reconstruction Companies (ARCs) and their regulatory requirements:

- 1. The trusteeship of the trust that issues SRs must vest with the ARC.
- 2. SRs can be issued to both Institutional Buyers (QIBs) and retail investors.
- 3. ARCs can raise funds by formulating schemes for acquiring financial assets, and they must maintain separate accounts for each scheme.
- 4. ARCs are required to invest at least 15% in the SRs issued by trusts set up for securitization under each scheme.
- 5. ARCs must maintain a minimum of 15% of the security receipts issued by them under each scheme on an ongoing basis until the redemption of all such security receipts.
- 6. ARCs must declare the Net Asset Value (NAV) of the SRs issued by them within three

months of the acquisition of assets.

7. The rating/grading of SRs should be reviewed by ARCs annually, and NAV should be declared only to QIBs.

8. As of April 1, 2017, banks are not required to keep provisions on assets related to SRs backed by stressed assets.

(A) 1, 2, 3, 5, 7, 8

(B) 2, 3, 6, 7, 8

(C) 1, 3, 4, 5

(D) 2, 3, 5, 6

Q119 ABC Bank, a well-established financial institution, is planning to introduce a new savings account targeted at young professionals and students. The bank's marketing team is in the process of developing a marketing plan for this new banking product. Considering the stages of the marketing process in retail banking services, which of the following actions would be most appropriate for the team to take in the "Marketing Planning" stage?

(A) Conduct a SWOT analysis to assess the strengths and weaknesses of the existing savings accounts offered by ABC Bank.

(B) Define specific action programs for promoting the new savings account to the target audience.

(C) Analyze the current market conditions and gather data on competitor banks' savings account offerings.

(D) Implement advertising and promotional campaigns for the new savings account across various channels.

Q120 Meet Sarah, a marketing manager at a retail bank. She is tasked with designing a marketing strategy for the bank's new savings account product. Sarah needs to consider various elements of the marketing mix to create an effective plan. Which of the following actions should Sarah prioritize as part of her marketing mix strategy?

1. Determining the interest rate to be offered on the savings account.

2. Identifying the strengths and weaknesses of competitors in the market.

3. Deciding on the layout and interior design of the bank's physical branches.

4. Developing an executive summary for the marketing plan.

5. Conducting employee training programs to improve customer service.

6. Creating a TV advertisement to promote the savings account.

(A) 1, 4, 5

(B) 2, 3, 5, 6

(C) 1, 2, 4, 5, 6

(D) 1, 2, 6

Q121 In the context of retail banking, what is the primary driver of profitability and strength for banks, and what is the key focus of their efforts to achieve this?

(A) The primary driver is the diversity of financial products offered, and the focus is on product innovation.

(B) The primary driver is the number of customers, and the focus is on building a large customer base.

(C) The primary driver is the efficiency of internal operations, and the focus is on cost reduction.

(D) The primary driver is the geographical expansion of branches, and the focus is on expanding the branch network.

Q122 Meet Priya, a banking executive at a rural branch of a prominent bank in India. Her branch is located in an underserved area, and Priya is keen on expanding the bank's reach to the local population. She is considering whether to engage Banking Correspondents (BCs) or Business Facilitators (BFs) to help with this initiative.

Select the most appropriate option for Priya's branch in her efforts to deepen financial inclusion and expand banking services in underserved area.

(A)

Priya should opt for BCs because they can make transactions on behalf of the bank and serve customers directly.

- (B) Priya should choose BF's as they can personally conduct transactions, which is more efficient for reaching the local population.
- (C) Neither BCs nor BF's are suitable for Priya's branch, and she should focus on opening a new branch instead.
- (D) Priya should consider using a combination of BCs and BF's to leverage their respective strengths in different situations.

Q123 Meet Rajesh, a bank manager at a private sector bank. He is considering different strategies to expand the bank's retail credit portfolio. Which of the following strategies align with Rajesh's goals and are commonly adopted by banks for expanding retail credit? (Select all that apply.)

- 1. Rajesh is thinking about directly selling credit cards and personal loans to customers through the bank's branch network.
 - 2. He plans to engage Direct Selling Agents (DSAs) to source credit card and retail loan business on behalf of the bank.
 - 3. Rajesh is exploring tie-ups with builders to offer special concessions on Home Loans to prospective buyers of specific housing projects.
 - 4. He intends to establish counters in automobile dealerships to provide on-the-spot car loan approvals to potential buyers.
 - 5. Rajesh is considering tie-ups with educational institutions to offer special education loan packages to students during the admission season.
 - 6. He plans to focus on tie-ups with manufacturers and dealers to provide concessional interest rates and discounts on car loans.
- (A) 1, 2, 3, 5
 - (B) 2, 4, 6
 - (C) 1, 2, 4, 5
 - (D) 1, 2, 3, 4, 5, 6

Q124 You are a project manager tasked with implementing CRM in a retail bank in India. The bank is looking to enhance customer relationships and streamline its processes. You need to understand the implementation process and its stages. Consider the following statements:

Statement 1: Identifying customers and their product preferences is not crucial for CRM implementation; banks can start without this data.

Statement 2: Information processes involve analyzing and restructuring the existing data flows to integrate them into the CRM system.

Statement 3: Information systems in banks should not be completely replaced but reinforced during CRM implementation.

Statement 4: Internal organizational culture does not play a significant role in the success of CRM implementation; it's primarily about system integration.

Statement 5: The fourth stage of CRM implementation involves refining strategies based on customer feedback and data analysis.

Which statements are correct?

- (A) Statements 3 and 4 are correct.
- (B) Statements 2 and 5 are correct.
- (C) Statements 2 and 3 are correct.
- (D) Statements 1 and 4 are correct.

Q125 You are a marketing manager at a retail bank, and you are planning a campaign to promote a new savings account product. You need to evaluate various marketing strategies. Consider the following statements:

Statement 1: Targeting all age groups equally with a single marketing message is the most effective strategy.

Statement 2: Conducting market research to understand the preferences and needs of different customer segments is essential before launching the campaign.

Statement 3: Using only traditional marketing channels like print media and billboards is

sufficient for promoting the savings account.

Statement 4: Personalizing marketing messages based on the customer's life stage and financial goals can improve campaign effectiveness.

Statement 5: Setting a fixed budget for the entire campaign without flexibility is the best practice.

Statement 6: Monitoring and analyzing campaign performance during and after the launch is necessary.

Which statements are correct?

- (A) Statements 1 and 3 are correct.
- (B) Statements 1, 4, and 5 are correct.
- (C) Statements 2, 4, and 6 are correct.
- (D) Statements 1, 3, and 5 are correct

Q126 Which of the following is NOT covered by the 'Code of Bank's Commitment to Customers'?

- (A) Savings accounts
- (B) Payment services like RTGS and NEFT
- (C) Mobile Banking and Internet Banking
- (D) Real estate transactions

Q127 Consider the following statements regarding customer grievance handling process in banks:

Statement 1: Banks must display the name of an official at the branch who customers can approach if they have a grievance.

Statement 2: If a written complaint is hand-delivered, the bank must provide an acknowledgment and a complaint reference number separately sent by SMS on the registered mobile number.

Statement 3: Customer feedback is not considered a parameter for rating member banks' compliance with industry codes.

Statement 4: A rating category of "Average" is assigned to banks that score between 70 and less than 85 out of 100 in the compliance rating.

Which statements are correct?

- (A) Statements 1 and 2 are correct.
- (B) Statements 2 and 3 are correct.
- (C) Statements 1 and 4 are correct.

(D) Statements 3 and 4 are correct.

Q128 Which of the following statements regarding the Consumer Education and Protection Department (CPED) and the Integrated Ombudsman Scheme 2021 are correct?

- 1) CPED administers the Banking Ombudsman Scheme.
- 2) CPED acts as a nodal department for the Banking Codes and Standards Board of India (BCSBI).
- 3) The Integrated Ombudsman Scheme 2021 eliminates the need for complainants to identify the specific scheme for filing complaints.
- 4) The Regulated Entity has the right to appeal an Award issued by the Ombudsman for not providing satisfactory and timely information/documents.
- 5) The Executive Director of RBI's Consumer Education and Protection Department serves as the Appellate Authority under the Integrated Ombudsman Scheme 2021.

- (A) 3, 4, 5
- (B) 1, 2, 5
- (C) 1, 2, 3, 5
- (D) 2, 4, 5

Q129 What is the purpose of due diligence in the loan application process?

- (A) To expedite loan approvals
- (B) To verify the applicant's eligibility for the loan
- (C) To market retail loans aggressively
- (D) To collect invoice details from authorized dealers

Q130 Which of the following statements accurately reflects the concepts related to customer service, customer satisfaction, and service quality in the banking industry? (Select all that apply.)

- 1. Customer service aims to exceed customer expectations by consistently going above and beyond their requirements.
- 2. Customer satisfaction is solely based on the actual service received, regardless of customer

expectations.

3. If the actual service provided falls short of customer expectations, it may result in customer dissatisfaction.

4. Service quality in banks encompasses dimensions such as tangibles, reliability, responsiveness, assurance, empathy, and value.

5. Empathy in customer service involves understanding customers' needs and communicating with them in a language they can understand.

6. Providing excuses is an effective way to address customer concerns and improve customer satisfaction.

7. Competence and courtesy are elements of assurance, emphasizing the importance of knowledgeable and polite staff.

8. Understanding customer queries and concerns involves actively listening, seeing the issues from the customer's perspective, and acknowledging their feelings.

(A) 1, 2, and 3

(B) 3, 4, and 5

(C) 4, 5, and 6

(D) 3, 4, 5, 7, and 8

Q131 Why is it important for banks to aim for keeping their products in the maturity stage?

(A) To introduce new products quickly

(B) To minimize marketing expenses

(C) To maximize business and profit continuously

(D) To focus on core products

Q132 Scenario: A bank is implementing branding initiatives to create recall for its various products. They categorize their products into three main types: Deposit Products or Liability Products, Asset Products or Retail Credit Products, and Other Products and Services.

Which category of products requires more marketing effort according to the scenario?

(A) Core Products

(B) Augmented Products

(C) Liability Products

(D) Asset Products

Q133 What are the key conditions for "Small Accounts" in the banking industry, as per the Government of India notification dated December 16, 2010? (Select all that apply.)

1. The balance in a Small Account should not exceed Rs 50,000 at any point in time.

2. Small Accounts cannot receive foreign remittances without completing normal KYC formalities.

3. Small Accounts are valid for an initial period of 12 months, which may be extended.

4. If proper KYC documents are not submitted within 12 months, all transactions in a Small Account will be blocked.

5. Small Accounts can be opened without any documents or identification.

(A) 1, 2, 3

(B) 2, 3, 4

(C) 1, 4, 5

(D) 1, 2, 4, 5

Q134 What is the purpose of the control number in the credit report process?

(A) It represents your credit score

(B) It helps track an individual's credit report from the bank's database

(C) It indicates the number of loans you've applied for

(D) It serves as a unique identifier for the bank

Q135 What is one key advantage of using credit scoring models in credit decisions?

(A) They rely on subjective assessments

(B) They are primarily based on income levels

(C) They provide a quantifiable measure of risk

(D) They don't consider payment history

Q136 What are Credit Information Companies (CICs) in India, and how do they operate? (Select all that apply.)

1. CICs are government-run institutions responsible for providing loans to individuals.

2. CICs collect financial data about individuals' loans and credit cards.

3. CICs share financial data with their customers, such as banks and non-banking financial institutions.

4. Credit Institutions (CIs) are not required to submit data to CICs according to RBI directives.

5. CICs must update the credit information they collect on a monthly basis.

- (A) 2, 3, 4 (B) 1, 4, 5
(C) 2, 3, 5 (D) 2, 3

Q137 In the context of competition among banks, why is having a higher CASA deposit ratio advantageous?

- (A) It allows banks to offer higher interest rates to customers
(B) It reduces the bank's ability to offer loans
(C) It provides flexibility in offering lower loan interest rates while maintaining profitability
(D) It increases the overall cost of funds for the bank

Q138 What does CC/OD stand for in the context of banking?

- (A) Central Control and Oversight
(B) Credit Card and Overdraft
(C) Credit Collection and Outstanding Debt
(D) Customer Communication and Online Documentation

Q139 What is the minimum and maximum period for fixed deposits in banks, as per the information provided?

1. Minimum period: 15 days for deposits less than Rs 15/- lacs, Maximum period: 10 years
2. Minimum period: 7 days for deposits of Rs 15/- lacs and above, Maximum period: 15 months
3. Minimum period: 7 days for deposits of Rs 15/- lacs and above, Maximum period: 120 months
4. Minimum period: 30 days for deposits less than Rs 15/- lacs, Maximum period: 20 years
5. Minimum period: 15 days for deposits of Rs

15/- lacs and above, Maximum period: 3 months

- (A) 1, 2 (B) 2, 3
(C) 3, 4 (D) 1, 5

Q140 What is the size of a house for the Economically Weaker Section (EWS) as per PMAY(U) guidelines?

- (A) Up to 50 sq. mt. carpet area
(B) Up to 40 sq. mt. carpet area
(C) Up to 30 sq. mt. carpet area
(D) Up to 60 sq. mt. carpet area

Q141 What can be observed about the quantum (amount) of loans for different housing-related purposes?

1. There is no upper ceiling on the loan amount for the construction or purchase of a house/flat in many banks.
2. The loan amount for repairs/renovation/extension to a house/flat is consistent across all banks.
3. The loan amount for purchasing a plot is the same in all banks.
4. The loan amount for purchasing household articles for furnishing the house/flat is standardized across all banks.
5. The loan amount for various housing purposes varies from bank to bank.

- (A) 1, 4 (B) 2, 3
(C) 1, 5 (D) 2, 5

Q142 In which year was the first "travel and entertainment" card issued by the Diner's Club?

- (A) 1949 (B) 1950
(C) 1959 (D) 1960

Q143 What is one advantage of co-branded cards for banks and customers?

- (A) Lower annual fees
(B) Higher interest rates
(C) Better utilization of products offered by the tied-up company
(D) Reduced credit limits

Q144

Scenario: The use of INR (Indian Rupee) denominated Prepaid Payment Instruments (PPIs) for cross-border transactions is permitted under specific conditions and regulations.

Which financial institutions are permitted to issue INR-denominated PPIs for cross-border transactions according to the scenario?

- (A) Any registered bank
- (B) Banks holding an AD-I license
- (C) Foreign exchange bureaus
- (D) Non-banking financial companies (NBFCs)

Q145 Which process model offers common information for most related services and has basic information available across products for common services?

- (A) Horizontally Organized Model
- (B) Vertically Organized Model
- (C) Predominantly Horizontally Organized Model
- (D) Predominantly Vertically Organized Model

Q146 What significant change did Google Wallet and Apple Pay bring to the financial industry?

- (A) Eliminating the need for smartphones
- (B) Enabling contactless payments with physical cards
- (C) Allowing people to use their phones directly for purchases
- (D) Introducing online banking services

Q147 Who built the AI chatbot "Eva" for HDFC Bank?

- (A) HDFC Bank's in-house team
- (B) Bengaluru-based Senseforth
- (C) HCL
- (D) Apple Inc.

Q148 What is the cut-off limit for invoking penal provisions in cases of wilful default or instances of siphoning/diversion of funds?

- (A) Rs 10 Lakh or more
- (B) Rs 15 Lakh or more
- (C) Rs 25 Lakh or more
- (D) Rs 50 Lakh or more

Q149

What type of service should the bank manager get support through in case legal standards are not met?

- (A) Customer support service
- (B) Marketing support service
- (C) Decision Support Service
- (D) Loan processing service

Q150 What is the minimum percentage of the book value of loans being securitized that the originator must retain as per the statement?

- (A) 10%
- (B) 5%
- (C) 15%
- (D) 20%

Q151 What type of action is taken in response to marketing control findings?

- (A) Predictive action
- (B) Preventive action
- (C) Corrective action
- (D) Promotional action

Q152 In the marketing mix, what does the term "Price" refer to?

- (A) The cost of production
- (B) The product quality
- (C) The transaction cost borne by the banker or the customer
- (D) The promotional activities

Q153 What is each MMID linked to?

- (A) A bank account
- (B) A unique email address
- (C) A unique mobile number
- (D) A social security number

Q154 In the Co-Lending Model for loans with NBFCs, what is the minimum contribution required to be retained by the bank as direct exposure?

- (A) 10%
- (B) 20%
- (C) 30%
- (D) 40%

Q155 What is the primary goal of CRM when it comes to customer needs?

- (A) Offering products that customers don't need
- (B) Dynamically tracking changing customer needs

- (C) Reducing the number of products offered
- (D) Ignoring customer needs

Q156 What is the primary goal of Sales Force Automation (SFA) in a CRM system?

- (A) Increasing duplicate efforts between a salesperson and a customer
- (B) Reducing customer interactions
- (C) Automatically tracking all contact and follow-ups between a salesperson and a customer
- (D) Managing customer complaints

Q157 What are the primary functions of MKIS (Marketing Information System)?

- (A) Data gathering and data processing
- (B) Marketing research and product development
- (C) Sales and customer service
- (D) Internal accounting and financial reporting

Q158 What can a bank achieve by effectively transforming its processes, according to the Boston Consulting Group study?

- (A) A decrease in customer satisfaction
- (B) A decrease in unit costs
- (C) A decrease in competition
- (D) A change in the bank's location

Q159 Regarding the Code of Bank's Commitment to Micro and Small Enterprises (MSEs) and its objectives, which of the following statements are incorrect?

1. The code was brought out by the Banking Codes and Standards Board of India (BCSBI) in collaboration with the Indian Banks' Association (IBA) in May 2008.
2. The code has not been revised since its initial release in 2008.
3. One of the objectives of the code is to promote good and fair banking practices by setting minimum standards in dealing with MSE customers.
4. The code aims to decrease transparency between banks and MSEs to simplify the banking relationship.

5. It is mandatory for all member banks to offer every product and service listed in the code.

- (A) 2, 4, 5
- (B) 1, 3, 5
- (C) 1, 2, 3
- (D) 4, 5

Q160 You are the marketing manager of a medium-sized consumer electronics company. Your company is planning to launch a new smartphone product line to compete in the highly competitive mobile phone market. To make informed decisions and develop effective marketing strategies for this new product line, you need to utilize a Marketing Information System (MKIS).

In your role as a marketing manager, how can the MKIS assist in decision-making for the smartphone product line?

- (A) By storing data for future reference.
- (B) By collecting information from consumers, suppliers, and dealers.
- (C) By evaluating the accuracy of data collected from external sources.
- (D) By processing data using statistical and operations research tools to draw conclusions.

Q161 You are the marketing manager at a retail company, and you need to make an informed marketing decision for an upcoming product launch. The product is a new line of eco-friendly home cleaning products.

Which of the following statements about utilizing the Marketing Information System (MKIS) for this decision are correct?

1. The internal records system will provide information about the sales performance of our existing cleaning products, helping us identify trends and customer preferences.
2. The market intelligence system can help us gather data on the current market trends related to eco-friendly cleaning products and consumer preferences for such products.
3. The marketing research system is not relevant for this decision since we already know

what the product is, and no additional research is needed.

4. The marketing management and science system can assist in analyzing the collected data, identifying potential target markets, and optimizing our marketing strategy for the new product.

5. A good MKIS for this decision should only focus on cost-effectiveness, as other requirements are not essential for launching a new product.

6. The marketing research system should be employed to conduct surveys and gather feedback from potential customers about their preferences for eco-friendly cleaning products.

(A) 3 and 5

(B) 1, 2, 4

(C) 1, 2, 4, 6

(D) 3, 4, 5, 6

Q162 A retail company is looking to enhance its marketing strategies using MKIS. The marketing manager is assessing various aspects of MKIS usage within the organization.

Which statements regarding MKIS usage in the retail company are correct?

1. Initially, MKISs were primarily supporting low-level management, but this distribution has shifted towards top-level management receiving more support.

2. Planning and controlling are the two management functions that have received the most support from MKIS.

3. The use of decision models in MKIS primarily focuses on well-structured tasks like computing economic order quantities.

4. Marketing research and marketing intelligence are more balanced sources of information in the MKIS, while internal accounting remains the most important.

5. Price-related decisions have always received more MKIS support than product-related decisions.

(A) 2, 3 and 5

(B) 1, 2, 3, 5

(C) 2 and 4

(D) 1, 2, 5

Q163

You are a senior manager at a bank, and you are responsible for improving the bank's customer service and operational efficiency. You decide to implement an MIS to address various aspects of customer service and transaction execution.

Which statements regarding the role of MIS in the banking industry, as described in the scenario, are correct?

1. The primary factors influencing a bank customer's choice include the quality of personnel and service, and the range of financial services offered.

2. Quick transaction execution is not a crucial measure of excellent service in the banking industry.

3. MIS in the banking industry focuses on solving customers' problems related to financial matters.

4. Tax consulting and tax planning are not services typically provided by banks.

5. The primary goal of implementing MIS in the banking industry is to reduce the range of service demands from customers

(A) 1, 2, 4

(B) 3, 4, and 5

(C) 2 and 5

(D) 1 and 3

Q164 Which of the following statements regarding the conditions for initiating action under the SARFAESI Act in the banking sector are correct?

1. The loan account must have been classified as NPA, backed by security.

2. The outstanding amount in the account, including the interest accrued/applied, should be more than one lakh rupees.

3. Outstanding dues should be 10% or above of the principal and interest.

4. The secured asset can be agricultural land.

5. Documents should be enforceable, and there is no requirement for an unexpired period.

6. In case of multiple lenders/consortium advances, it's sufficient if lenders having 40% of

dues outstanding agree to initiate action under SARFAESI Act 2002.

- (A) 2, 3, 6 (B) 1, 2, and 5
(C) 2, 3, 4, 5 (D) 1, 3, 4, 6

Q165 Which of the following statements about the benefits of technology in retail banking are correct?

1. Modern technologies in retail banking can lead to decreased efficiency, making transactions slower and less convenient for customers.
2. The adoption of technology in banking has resulted in an increase in the number of large physical branches in urban areas.
3. Cost reduction in retail banking is achieved by opening smaller branches and banking kiosks in smaller towns and rural areas.
4. Technology has had no impact on the accuracy of banking transactions and record-keeping.
5. With internet banking, customers are required to visit the bank office for all their transactions.

- (A) 3 and 5 (B) 1, 2, 4
(C) 3, 4, 5 (D) 1, 2 and 3

Q166 Which of the following statements about customer analytics solutions in banking are correct?

1. Customer analytics solutions primarily focus on providing basic customer information such as names and addresses.
2. The primary purpose of customer analytics is to decrease customer engagement and management.
3. Customer analytics solutions help banks understand the customer better and facilitate a differentiated customer experience.
4. Campaign management, cross-sell analysis, and customer profitability are not key modules of customer analytics.
5. Customer analytics solutions significantly increase the total cost of ownership due to extensive infrastructure requirements.

- (A) 3 and 4 (B) 1, 2, 5
(C) 3, 4, 5 (D) 1, 2, 3

Q167 Sarah is a small investor looking to diversify her investment portfolio by investing in real estate. She is interested in Real Estate Investment Trusts (REITs) and wants to understand their benefits.

Given Sarah's interest in REITs, which advantage of REITs would be most appealing to her based on the information provided in the case study?

- (A) They primarily invest in volatile real estate projects.
(B) They require large investments from individual investors.
(C) They generate regular rental income for investors.
(D) They focus on comprehensive wealth management services.

Q168 Which of the following statements regarding different types of bonds are incorrect?

1. Regular Convertible bonds allow the investor only the right, but not the obligation, to convert them into equity shares of the issuing company.
2. Mandatory convertible bonds obligate the investor to convert them into equity shares of the issuing company upon maturity.
3. Reverse convertible bonds give the issuing company the right to convert them into equity shares upon maturity.
4. Government bonds in India have a guaranteed interest rate that varies between 7% and 10%.
5. Fixed-rate government bonds have a variable interest rate for the entire tenure of the investment.
6. Floating rate bonds have a fixed spread determined via an auction that remains stable until maturity.
7. Sovereign Gold Bonds (SGBs) allow entities to invest in digitized forms of gold, and interest generated from them is taxable.

8. Inflation-Indexed Bonds in India are indexed according to the consumer price index (CPI) or wholesale price index (WPI).

- (A) 1, 3, 4, 5, 8 (B) 2, 4, 6, 7, 8
(C) 5, 6, 7 (D) 1, 2, 3, 4, 6

Q169 Which type of mutual fund primarily invests in stock markets, and its returns are based on the performance of the fund's stock holdings?

- (A) Debt Mutual Fund
(B) Balanced Mutual Fund
(C) Sectorial Fund
(D) Equity Mutual Fund

Q170 Sonam, a renowned artist, lived a vibrant and creative life. She had no immediate family members, such as parents, siblings, or children. Instead, she had a few close friends who had been with her throughout her artistic journey, and she also had some distant relatives whom she hadn't been in close contact with for many years.

What is the key difference between the Succession Act and a Will in determining the distribution of Sonam's estate?

- (A) The Succession Act allows Sonam to leave her assets to her close friends, while a Will would distribute them to her distant relatives.
(B) The Succession Act and a Will have no significant differences in this scenario.
(C) The Succession Act ensures that Sonam's assets are donated to charity, while a Will lets her choose individuals or organizations as beneficiaries.
(D) The Succession Act automatically distributes Sonam's assets to her distant relatives, while a Will allows her to specify her preferred beneficiaries.

Q171 Which of the following statements regarding Portfolio Management Services (PMS) and Mutual Funds (MFs) are correct? (Select all that apply)

1) PMS offers a higher degree of customization tailored specifically to the goals of an investor, while MFs provide a similar level of customization.

2) PMS promotes a personalized dialogue between the portfolio manager and investor, allowing for changes in risk profiles and personal situations to maximize returns. MFs offer high engagement with the investor.

3) MFs charge a fixed fee attributed to the entry and exit of investments, while PMS demands a share in the profit over a particular rate of return (known as the hurdle rate) in addition to the annual maintenance fee.

4) Under PMS, the investor retains direct ownership of shares of the company, while MFs offer units in the form of investment.

5) Investment size requirements for PMS typically start at a minimum limit of ₹50/- Lakh as per Securities and Exchange Board of India (SEBI) guidelines, whereas MFs entertain any amount of capital.

- (A) 1, 2, and 4 (B) 3, 4, and 5
(C) 2, 3, and 5 (D) 3 and 5

Q172 Company X is a well-established technology firm with significant cash reserves and a desire to diversify its investments for better returns. Meanwhile, Company Y is a startup in the same industry with innovative products but limited capital to expand its operations.

In the context of the provided scenarios, which financial service would be most suitable for Company X and Company Y, respectively?

- (A) Company X: Portfolio Management; Company Y: Investment Banking
(B) Company X: Investment Banking; Company Y: Portfolio Management
(C) Company X: Asset Valuation; Company Y: Hedge Fund Management
(D) Company X: Private Equity Investment; Company Y: Risk Assessment Services

Q173 What is the primary objective of asset allocation in effective portfolio management,

and how does it work? (Select the most accurate statement.)

- (A) Asset allocation involves investing only in stocks and bonds for long-term growth.
- (B) Asset allocation aims to maximize short-term profits by focusing on volatile investments.
- (C) Asset allocation is based on the understanding that different types of assets move in concert and have similar volatility.
- (D) Asset allocation involves creating a mix of various asset types to provide balance and mitigate risk.

Q174 What does liquidity mean in the context of investment?

- (A) It refers to the guaranteed returns on investments.
- (B) It means an investor can sell their investment easily in the market without incurring significant transaction costs or time.
- (C) It represents the level of risk associated with an investment.
- (D) It refers to the ability to maximize safety in investments.

Q175 Under the Foreign Exchange Management Act, 1999 (FEMA), what is the definition of "Capital Account Transaction"?

- (A) A transaction that alters the assets or liabilities of persons resident in India, excluding contingent liabilities.
- (B) A transaction that alters the assets or liabilities of persons resident outside India, excluding contingent liabilities.
- (C) A transaction that alters the assets or liabilities, including contingent liabilities, outside India of persons resident in India or assets or liabilities in India of persons resident outside India.
- (D) A transaction related to the acquisition and transfer of immovable property within India.

Q176

Mr. Raja is assessing his income tax for the year 2023-24. He has made various payments to avail of deductions under section 80C. Which of the following payments made by Mr. Raja is eligible for deduction under section 80C?

- 1) Premium paid on his life insurance policy of Rs. 8,400, which was taken in April 2011 with a sum assured of Rs. 25,000.
 - 2) Premium of Rs. 1,000 on another life insurance policy due in March 2023 but paid in April 2024.
 - 3) Premium of Rs. 30,000 on a life insurance policy taken in the name of his wife in April 2012 with a sum assured of Rs. 2,00,000.
 - 4) Premium of Rs. 30,000 on life insurance policies taken in the name of his three children, one of whom is a minor daughter, another is a major married daughter, and the third is a major married son who is a practicing engineer. The policies are term plans, and the premium on all the policies worked out to be 5% of the capital sum assured.
 - 5) Premium on life insurance policies taken in the name of his parents, parents of his spouse, and his younger brother and sister, all of whom are dependent on him.
 - 6) Investment in PPF of Rs. 60,000.
 - 7) Investment in NSC of Rs. 10,000, with accrued interest of Rs. 1,000.
 - 8) Payment of tuition fees for his minor daughter amounting to Rs. 5,000.
- (A) 2, 3, 4, 6, 7, 8
(B) 1, 3, 4, 6, 7, 8
(C) 1, 2, 4, 5, 8
(D) 3, 5, 7

Q177 Mukesh is the manager (karta) of a Hindu Undivided Family (HUF). For the purpose of Income-tax Law, when will this HUF be treated as resident and ordinarily resident in India during the year?

- (A) If Mukesh is a resident in India for at least 2 years out of 10 years immediately preceding the relevant year, and his stay in India is for

730 days or more during 7 years immediately preceding the relevant year.

- (B) If Mukesh is a resident in India for at least 5 years out of 7 years immediately preceding the relevant year and his stay in India is for 365 days or more during 7 years immediately preceding the relevant year
- (C) If Mukesh is a resident in India for at least 3 years out of 5 years immediately preceding the relevant year and his stay in India is for 730 days or more during 7 years immediately preceding the relevant year.
- (D) If Mukesh is a resident in India for at least 1 year out of 5 years immediately preceding the relevant year, and his stay in India is for 365 days or more during 5 years immediately preceding the relevant year.

Q178 Which of the following is an example of indirect tax before the implementation of the Goods and Services Tax (GST) in India?

- (A) Central Excise Duty
- (B) Income Tax
- (C) Corporate Tax
- (D) Property Tax

Q179 Mr. Suresh owns three properties that he rented out during the financial year 2022-23. He provided the following details for each property:

Property Details	Property X (Rs.)	Property Y (Rs.)	Property Z (Rs.)
Municipal Value	₹9,25,000	₹7,50,000	₹5,60,000
Fair Rent	₹7,60,000	₹6,80,000	₹4,50,000
Standard Rent	₹6,00,000	₹5,25,000	₹4,80,000
Actual Rent	₹8,20,000	₹6,40,000	₹4,90,000
Unrealized Rent	₹1,10,000	₹20,000	₹60,000

What is the Gross Annual Value (GAV) for Properties X, Y and Z?

- (A) ₹8,20,000; ₹6,40,000; ₹4,90,000
- (B) ₹9,25,000; ₹7,50,000; ₹5,60,000

- (C) ₹7,60,000; ₹6,80,000; ₹4,50,000
- (D) ₹7,10,000; ₹6,20,000; ₹4,30,000

Q180 Deduction under section 24(b) is available on account of _____.

- (A) Municipal taxes paid by the owner
- (B) Capital expenditure incurred by the owner
- (C) Revenue expenditure incurred by the owner
- (D) Interest on capital borrowed for the purpose of purchase, construction, repair, renewal or reconstruction of the property

Q181 In retail banking, the focus of marketing activities should be towards:

- (A) Identifying the customers' needs.
- (B) Developing appropriate products to satisfy their needs.
- (C) Providing efficient delivery channels for product availability.
- (D) All of the above.

Q182 What is the primary role of Direct Selling Agents (DSAs) appointed by banks?

- (A) Providing customer support services
- (B) Managing branch operations
- (C) Sourcing Credit Cards and Retail Loans
- (D) Conducting market research

Q183 What is a potential risk associated with the Direct Selling Agent (DSA) model?

- (A) Financial risk
- (B) Operational risk
- (C) Reputation risk
- (D) Compliance risk

Q184 What is a restriction in the Co-Lending Model between banks and NBFCs?

- (A) Banks can co-lend only with registered NBFCs.
- (B) NBFCs must retain a minimum of 20% share of individual loans on their books.
- (C) Banks cannot enter into a co-lending arrangement with an NBFC belonging to the promoter Group.
- (D) All of the above.

Q185 Without CRM, banks would face challenges in:

- (A) Increasing operational efficiencies
- (B) Deriving more value from employees
- (C) Managing regulatory compliance
- (D) Tracking customers' profiles and offering personalized products and services

Q186 According to the prescribed rights and obligations under NEFT by the Reserve Bank of India, which of the following statements is incorrect?

- (A) Every participating bank or institution shall maintain the security, integrity, and efficiency of the system.
- (B) Fund transfer instructions shall be issued by the customer in a manner prescribed by the participant bank.
- (C) The format shall be complete in all requisite particulars.
- (D) The customer shall be responsible for the accuracy of the particulars given in the payment instruction.

Q187 What are the stages involved in the implementation of CRM (Customer Relationship Management)?

- (A) Analysis, Planning, Execution, Evaluation
- (B) Identification of Customers, Classification of Customers, Interaction with the most Valued Customers, Customization of Bank's Products and Services for Different Customer Segments
- (C) Data Collection, Data Analysis, Campaign Design, Customer Feedback
- (D) Lead Generation, Lead Qualification, Lead Nurturing, Lead Conversion

Q188 What are the stages involved in a CRM initiative?

- (A) Staff Training, Customer Profile Capture, Customer Segmentation, Product Design, Targeted Offerings, Sales and Service Processes
- (B) Data Analysis, Customer Profile Creation, Product Development, Pricing Strategy, Customer Satisfaction

- (C) Staff Alignment, Customer Profile Identification, Information Bucket Creation, Product Customization, Targeted Marketing, Service Delivery

- (D) Onboarding, Customer Data Collection, Customer Segmentation, Product Offering, Sales and Service Optimization

Q189 When was the Banking Codes and Standards Board of India (BCSBI) dissolved by the Reserve Bank of India (RBI)?

- (A) February 2006
- (B) August 2020
- (C) March 2010
- (D) October 2015

Q190 The Reserve Bank of India (RBI) has decided to dissolve the Banking Codes and Standards Board of India (BCSBI). Which of the following will act as nodal department for BCSBI?

- (A) Consumer Education and Protection Department (CEPD)
- (B) Banking Ombudsman Scheme, 2006
- (C) Ombudsman Scheme for NBFCs
- (D) Ombudsman Scheme for Digital Transactions, 2019

Q191 Which organization was responsible for monitoring compliance with the Codes of "Bank's Commitment to Customers" and "Bank's Commitment to Micro & Small Enterprises"?

- (A) Reserve Bank of India (RBI)
- (B) Banking Codes and Standards Board of India (BCSBI)
- (C) Indian Banks' Association (IBA)
- (D) Credit Rating Agency (CRISIL)

Q192 Which type of profit is concerned with profitability before taxes and other expenses?

- (A) Gross profit
- (B) Operating profit
- (C) Net profit
- (D) Top-line profitability

Q193 Company XYZ had sales of Rs.1,000,000 and a cost of goods sold (COGS) of Rs.600,000. The operating expenses were Rs.300,000, and the taxes and interest amounted to Rs.150,000.

What is the gross profit for Company XYZ?

- (A) Rs.600,000
- (B) Rs.500,000
- (C) Rs.400,000
- (D) Rs.1600,000

Q194 Company XYZ had sales of Rs.1,000,000 and a cost of goods sold (COGS) of Rs.600,000. The operating expenses were Rs.300,000, and the taxes and interest amounted to Rs.150,000. What is the operating profit margin for Company XYZ?

- (A) 10%
- (B) 12%
- (C) 14%
- (D) 16%

Q195 What does the concept of "process" encompass in the context of product development and delivery?

- (A) Only the product structuring stage
- (B) Only the delivery stage
- (C) All organisational activities involved in marketing the final product
- (D) Only the product development stage

Q196 Which of the following elements are part of the marketing mix in retail banking?

- (A) Product, Price, Promotion
- (B) Product, Price, Promotion, People
- (C) Product, Price, Promotion, Place, People, Process, Physical Evidence
- (D) Price, Promotion, Place, Process, Physical Evidence

Q197 Which of the following measures are initiated to strengthen security in ATM transactions?

- (A) Caretakers at off-site ATMs and sensitive locations
- (B) Arrangements with local police authorities for regular beats
- (C) Disabling cash retraction facility at ATMs
- (D) All of the above

Q198 Which of the following statements are correct about PoS Process?

1. The terminal interacts with a computer file to approve transactions and transmits sales information for posting against customer accounts.
2. Net Settlement when the transfer of funds actually takes place, may occur at the same time as the transaction or soon afterward, or it may occur later in the day in PoS

systems that operate Off-Line in a Store and Forward mode.

3. A PoS terminal is predominantly used for payment for sale and purchase transactions, while an ATM can be used for several other services like balance enquiry.

4. the bank pays charges which are split among the card-issuing bank, the bank that owns the PoS terminal, the Payment Company, Master card or Visa or RuPay card, and the place where the PoS terminal is located.

Only A and C

- (B) Only B and D
- (C) Only A, B and C
- (D) All of the above

Q199 What is the maximum time limit for resolving a complaint and establishing customer liability in case of an unauthorized electronic banking transaction, as specified in the bank's Board approved policy?

- 30 days
- 60 days
- 90 days
- 120 days

Q200 According to RBI guidelines, what is the maximum time limit for banks to re-credit a customer's account for a failed ATM transaction?

- T+1 days
- T+7 days
- T+3 days
- T+5 days

Q201 The "Code of Bank's Commitment to Customers" is a voluntary code that sets minimum standards of banking practices for member banks to follow when dealing with individual customers. The purpose of this code is to:

- (A) Provide additional protection to customers and explain banking regulations.
- (B) Set higher standards than regulatory instructions for member banks.
- (C) Replace regulatory instructions from the Reserve Bank of India (RBI).
- (D) Enforce mandatory guidelines for member banks.

Q202 Which of the following is/are included in the products covered by the "Code of Bank's Commitment to Customers"?

1. ATM cards
2. Personal loans
3. Safe deposit locker facility
4. Credit cards

- (A) Only 1 and 3
(B) Only 2 and 4
(C) Only 1, 2 and 3
(D) All of the above

Q203 Under Code of Bank's Commitment to Micro and Small Enterprises, which of the following statements are correct?

- A. To give a positive thrust to the MSE sector by providing easy access to efficient banking services.
B. To promote good and fair banking practices by setting minimum standards in dealing with MSE customers
C. To improve member banks understanding of their business through effective communication
D. To limit transparency for MSE customers

- (A) Only A and C
(B) Only B and D
(C) Only A, B and C
(D) All of the above

Q204 Which subsystem of the MKIS model is responsible for gathering internal and environmental data?

- (A) Output subsystem
(B) Marketing research subsystem
(C) Input subsystem
(D) Marketing intelligence subsystem

Q205 How is an MKIS described as a data bank?

- (A) It stores data from the environment
(B) It processes data for decision-making
(C) It gathers information about marketing activities
(D) It serves as a computer program

Q206 ABC Corporation is implementing a Management Knowledge Information System (MKIS) to improve its information sharing and decision-making processes. The MKIS enables cross-sharing of data and provides instant access to company-wide information.

What is a key benefit of the MKIS implementation in enhancing decision-making efficiency?

- (A) Reducing the need for data storage and backup.
(B) Streamlining communication within the organization.
(C) Enabling repetitive use of information for different purposes
(D) Enhancing security measures for data protection.

Q207 Which of the following statements accurately describes the specific patterns of MKIS usage based on the provided information?

1. Computers play a crucial role in retrieving, storing, and processing data used by marketing managers.
2. Internal accounting is the primary source of information in the MKIS while marketing intelligence and marketing research are used to a similar extent.
3. Data collection primarily focuses on customers, with limited emphasis on competitors and prospective customers.
4. Middle-level managers are the primary users of the MKIS.
5. Planning and controlling functions receive the most support from the MKIS.
6. Price and product decisions are the main areas of focus in terms of MKIS resources, but support for marketing mix elements is expected to become more balanced.
7. Decision models are primarily utilized for product and price decisions, with computer-assisted decision models reflecting this usage pattern.
8. The computer software used in the MKIS includes modeling/ spreadsheets, conventional/third-generation programming languages, and database management systems.

- (A) 1, 2, 4, and 6
(B) 2, 3, 5, and 8
(C) 1, 3, 4, and 7
(D) 4, 5, 6, and 8

Q208

Why is estate planning important in wealth management?

- (A) It ensures that your assets are distributed randomly.
- (B) It helps to maximize estate taxes.
- (C) It protects your loved ones from financial hardship.
- (D) It makes the transfer of your assets more complex and costly.

Q209 Sarah, an investor, is evaluating different types of bonds for her investment portfolio. She wants to choose a bond that can help mitigate interest rate risk. In her research, she comes across floating rate bonds and wants to understand their characteristics and benefits. Based on the information provided, what is a key benefit of floating rate bonds in mitigating interest rate risk?

- (A) They provide fixed interest payments throughout the bond's term.
- (B) They offer higher returns compared to fixed-rate bonds.
- (C) Their interest rates are tied to benchmark rates.
- (D) They have a longer maturity period than fixed-rate bonds.

Q210 What role does a dedicated wealth manager play in wealth management?

- (A) Providing generic financial advice to all clients.
- (B) Providing generic financial advice to all clients.
- (C) Creating personalized financial strategies for each client.
- (D) Impersonally managing clients' funds without considering their goals.

Q211 Under which section of the Income Tax Act are investments in ELSS funds exempted from Income tax?

- (A) Section 80D
- (B) Section 80C
- (C) Section 80G
- (D) Section 80E

Q212 Sanjay, an investor, is considering different portfolio management strategies for his investments. He comes across the concept of active portfolio management and wants to understand its characteristics and potential benefits.

Based on the information provided, what is a key characteristic of active portfolio management?

- (A) It aims to replicate the performance of a market index.
- (B) It focuses on minimizing risk and volatility.
- (C) It relies solely on individual investor research for decision-making.
- (D) It aims to beat the performance of a market index.

Q213 Which of the following options are correct about core objectives of portfolio management?

1. Maximizing returns on investment.
2. Allocating resources optimally
3. Ensuring rigidity of portfolio
4. Capital depreciation

- (A) Only 1 and 2
- (B) Only 2 and 4
- (C) Only 1, 2 and 3
- (D) Only 1 and 4

Q214 Client A hires Bank B to manage their investment portfolio. Client A entrusts their money to Bank B, with the expectation of maximizing their wealth through strategic investments. Bank B takes on the role of a portfolio manager and makes investment decisions on behalf of the client.

In the given scenario, what is the primary objective of portfolio management?

- (A) Minimizing investment risks
- (B) Achieving short-term financial goals
- (C) Maximizing the client's wealth
- (D) Providing financial advice to the client

Q215 Client A is seeking investment for their business and approaches an investment banker for assistance. The investment banker's role is to identify potential investors, explore capital raising opportunities in the equity market or through debt, facilitate Initial Public Offerings (IPOs), and provide advice on Merger & Acquisition (M&A) deals. In this case, the client

is relying on the investment banker to secure the necessary funds.

In the given scenario, what is the primary role of the investment banker?

- (A) Managing the client's investment portfolio
- (B) Maximizing the client's wealth through strategic investments
- (C) Providing financial advice to the client
- (D) Assisting the client in raising capital for their business

Q216 Raj is a salaried individual who wants to maximize his tax savings. He decides to explore the options available under section 80C of the Income Tax Act. After careful consideration, he decides to invest in a tax-saving fixed deposit. He has a surplus of funds and wants to utilize the maximum deduction allowed under section 80C.

Based on the information provided, which of the following statements is correct regarding Raj's investment in tax-saving fixed deposits?

- (A) Raj can invest any amount he wants in tax-saving fixed deposits, and the entire investment will be eligible for deduction under section 80C.
- (B) Raj can invest a maximum of Rs. 1.50 lakh per year in tax-saving fixed deposits, and this investment amount will be eligible for deduction under section 80C.
- (C) Raj can invest more than Rs. 1.50 lakh per year in tax-saving fixed deposits, but only Rs. 1.50 lakh will be eligible for deduction under section 80C.
- (D) Raj cannot invest in tax-saving fixed deposits as they have been discontinued as a tax-saving option under section 80C.

Q217 Which of the following options are correct about Section 80CCD (I)-Deduction under NPS?

- 1. 10% of salary (in case the taxpayer is an employee).
- 2. 10% of total income (in case of self-employed)
- 3. 1.5 Lakh (limit allowed u/s 80C)
- 4. 2.5 Lakh (limit allowed u/s 80C)

- (A) Only 1 and 3
- (B) Only 2 and 4
- (C) Only 1, 2 and 3
- (D) Only 1 and 4

Q218 An asset is purchased in 2023 for Rs. 50,000. In 2024, the asset was sold for Rs. 60,000. The cost of improvement incurred on the asset during the period of ownership is Rs. 10,000 and the cost of transfer is Rs. 5,000. What is short-term capital gain?

- (A) Rs -5000
- (B) Rs 10000
- (C) Rs -10000
- (D) Rs 5000

Q219 Which of the following statements are correct about Insurance business with risk participation through a subsidiary/joint venture?

- 1. The net worth of the parent company must be at least 100 crores and its minimum net worth shall not be less than 500 crores after investing in the equity of such a company.
- 2. It has the minimum prescribed capital (including Capital Conservation Buffer) after investment
- 3. Its level of net non-performing assets is not more than 3 percent
- 4. The net worth of the insurance company must be at least 250 crores after investing in the equity of such a company.

- (A) Only 1 and 3
- (B) Only 1 and 2
- (C) Only 3 and 2
- (D) Only 2 and 4

Q220 Which of the following statements about Sovereign Gold Bonds (SGBs) are correct?

- 1. SGBs are government securities denominated in grams of gold.
- 2. SGBs are issued by the Reserve Bank of India (RBI) on behalf of the Government of India.
- 3. SGBs can only be redeemed after the completion of the 8-year tenure.
- 4. SGBs earn a fixed rate of interest of 2.5% per annum.
- 5. The interest earned on SGBs is tax-free.
- 6. SGBs are not listed on any stock exchange.

- (A) 1, 2, and 4 (B) 2, 3, and 5
(C) 1, 3, and 6 (D) 1, 2, 4, and 5

Q221 Under Tax benefit under section 24(b), Which of the following conditions are incorrect?

1. Loan has been taken on or after 1st April 1999.
2. In case of loan for construction, the construction should get completed within - 5 Years of raising the Loan.
3. Deduction can be claimed only from the financial year when the purchase/construction is completed
4. No deduction would be allowed under this section for repayment of principal for those years during which the property was under construction
5. The deduction can be availed on home loans sanctioned only between 1st April to 31st March in the financial year

- (A) Only 1, 2 and 3
(B) Only 1, 3 and 4
(C) Only 2, 3 and 5
(D) Only 4 and 5

Q222 According to Section 80C of the Income Tax Act, 1961, which of the following investments and expenses are eligible for deduction from taxable income?

- (A) Life insurance premiums and medical insurance premiums
(B) Provident fund contributions and tuition fees for children's education
(C) Equity-linked savings schemes (ELSS) and investments in infrastructure company bonds
(D) All of the above

Q223 Under Conditions Necessary for Claiming Deduction under Section 80EE, Which of the following conditions are correct for special tax benefit?

- A. The deduction can be availed on home loans sanctioned only between 1st April to 31st March in the financial year.

B. The value of property for which the loan has been taken should be less than <50 Lakh.

C. Deduction is only applicable on home loan paid for first house property

D. The home loan amount should not exceed <35 Lakh

- (A) Only 1 and 2
(B) Only 3 and 4
(C) Only 1, 2 and 3
(D) All of the above

Q224 The Central Board of Direct Taxes (CBDT) has notified the cost inflation index (CII) number for the current financial year, 2023-24, as _____. This CII number is used to calculate the capital gains accrued in the current financial year from the sale of _____ assets.

- (A) 345, short-term
(B) 348, long-term
(C) 352, tangible
(D) 356, intangible

Q225 Analyzing the competition helps branches to:

- (A) Identify market share and business growth
(B) Lower operational costs
(C) Improve customer satisfaction
(D) Increase customer retention

Q226 Among the following, which statement is not true in relation to increasing branch profitability through staff productivity?

- (A) Reducing process costs helps in increasing branch profitability through staff productivity
(B) Clearly defining expectations and scorecards help in increasing branch profitability through staff productivity
(C) Improving motivation and rewards systems might help in increasing branch profitability through staff productivity
(D) Technology alone is sufficient to increase staff productivity.

Q227 Which of the following statements regarding profit and profitability is incorrect?

- (A) Profit is an absolute amount while profitability is a relative measure.

- (B) Profitability is an absolute amount while profit is a relative measure.
- (C) Profitability measures the efficiency of a company in relation to its size, while profit represents the actual monetary value earned.
- (D) Even if a company makes a profit, it does not necessarily mean it is profitable.

Q228 Which of the following factors is/are affecting profitability of banks in India?

I. The profitability of banks respond positively to GDP growth and negatively, to inflation growth rate. Inflation has a strong effect on profitability of banks and banks' profits are not significantly affected by the real GDP fluctuations.

II. NPAs have the most adverse impact on the profitability of banks. They reduce the profitability due to increase in operating costs and decline in their interest margins NPAs have the most adverse impact on the profitability of banks. They reduce the profitability due to increase in operating costs and decline in their interest margins

III. There exists a positive relationship between deposits and profitability as more deposits a bank collects, higher will be the availability of funds for generating loans and for other profitable uses such as investments.

- (A) Both I and II
- (B) Both II and III
- (C) Both I and III
- (D) All of the above

Q229 If a person does not have a Permanent Account Number (PAN) and enters into a transaction specified in Rule 114B, what should they do?

- (A) Provide their Aadhaar number instead of PAN
- (B) Provide their driving license number instead of PAN
- (C) Make a declaration in Form No.60 with transaction details
- (D)

They cannot proceed with the transaction without PAN

Q230 Under Interest Rates on Savings Deposit Accounts, how does the uniform interest rate apply to the end-of-day balance up to Rs 1 Lakh?

- (A) It is applied to the average balance over a specific period.
- (B) It is applied only to the lowest balance during the day.
- (C) It is applied to the highest balance during the day.
- (D) It is applied to the total balance at the end of the day.

Q231 Under BSBDA Small Accounts, which of the following conditions is/are correct?

1. The aggregate of all credits in a financial year does not exceed Rs 1 Lakh.
2. The aggregate of all withdrawals and transfers in a month does not exceed Rs 10,000/-.
3. The balance at any point of time does not exceed Rs 50,000/-.
4. Small accounts are valid for a period of 12 months initially which may be extended by another 18 months if the person provides proof of having applied for an Officially Valid Document. If proper KYC documents are not submitted within the total time frame of 30 months, all transactions shall be blocked in the account.

- (A) 1, 3
- (B) 1, 4, 3
- (C) 1, 2, 3
- (D) 1, 2, 3, 4

Q232 Which of the following is/are not the features of Current Deposit Account?

- (A) Current deposit accounts are meant to run a business.
- (B) It needs a higher minimum balance to be maintained as compared to the savings account.

- (C) A penalty is charged if the minimum balance is not maintained in the current account.
- (D) It promotes saving habits with its account holders.

Q233 As per recommendations of _____ on Customer Service, IBA has given direction for implementing the facility of account number portability, whereby customer is allowed to maintain the same a/c number in the bank even when he/she moves to another city or shifts his a/c to another branch in the same city.

(A) Damodaran Committee
(B) R.H. Khan Committee
(C) Raghuram Rajan Committee
(D) R.V. Gupta Committee

Q234 Which of the following is/are not correct in terms and conditions for the Joint account of two or more illiterates?

1. All the joint account holders should be close relatives and cousins.
2. The operations in the account should be allowed jointly by all account holders, survivors or survivor.
3. Cheque book facility should be provided and all the account holders should come personally to the branch for withdrawals.

- (A) 1, 3 (B) 1, 2
(C) 1, 2, 3 (D) Only 3

Q235 What is the size of a house for the Economically Weaker Section (EWS) under the Pradhan Mantri Awas Yojana (Urban) guidelines?

- (A) Up to 20 sq. mt. carpet area
(B) Up to 25 sq. mt. carpet area
(C) Up to 30 sq. mt. carpet area
(D) Up to 35 sq. mt. carpet area

Q236 Under Education Loan, the security Above _____ - Parents to be joint borrowers & Tangible collateral security acceptable to the

bank along with the assignment of future income of the student for payment of instalments.

- (A) Rs 4 Lakh (B) Rs 5 Lakh
(C) Rs 7.5 Lakh (D) Rs 2.5 Lakh

Q237 Which of the following is/are true about Standalone Model (Branch Level Processing)?

1. Better understanding of the customer requirements.
2. No standardised approach
3. Retail Loans are only one part of the faster multiple activities.
4. Based on documents only.

- (A) 1, 3 (B) 1, 2
(C) 1, 2, 3 (D) 1, 2, 4

Q238 The first bank card was issued in the year 1946 by a banker _____.

- (A) John Biggins
(B) Amadeo Pietro Giannini
(C) Brian Moynihan
(D) Fannie Mae

Q239 Which of the following statements is true regarding RuPay Global cards?

- (A) In March 2014, RuPay went global by tying up with Discover Financial Services.
(B) RuPay Global cards are backed by state-of-the-art technology.
(C) RuPay Global cards are issued by JCB International Co. Ltd.
(D) RuPay Global cards are available in four variants.

Q240 What is the main characteristic of a co-branded credit card?

- (A) It is issued under the tie-up with service providers.
(B) It has a higher credit limit than other types of cards.
(C) It is marketed aggressively by the card issuer.
(D) It offers incentives/reward points for using the card on its branded PoS only.

Q241 The Reserve Bank of India introduced the National Electronic Funds Transfer (NEFT) as an electronic funds transfer system. It aims to establish an efficient, secure, and reliable system for funds transfer and clearing in the banking sector throughout India. NEFT operates on a Deferred Net Settlement (DNS) basis, settling transactions in batches. Individuals, firms, and corporates can use NEFT to transfer funds from any bank branch to any other bank branch in the country participating in the scheme.

Which types of transactions can be performed using NEFT?

- (A) Only inward transactions at destination bank branches
- (B) Only outward transactions at originating bank branches
- (C) Both inward and outward transactions at destination and originating bank branches
- (D) Only cash-based remittances within India

Q242 The Reserve Bank of India introduced the National Electronic Funds Transfer (NEFT) as an electronic funds transfer system. It aims to establish an efficient, secure, and reliable system for funds transfer and clearing in the banking sector throughout India. NEFT operates on a Deferred Net Settlement (DNS) basis, settling transactions in batches. Individuals, firms, and corporates can use NEFT to transfer funds from any bank branch to any other bank branch in the country participating in the scheme.

What are the charges applicable for NEFT transactions?

- (A) No charges are levied on beneficiaries for inward transactions.
- (B) Charges are applicable based on the transaction amount for outward transactions.
- (C) Banks are required to pay nominal charges to the clearing house and destination bank.
- (D) All applicable charges on NEFT transactions have been waived by RBI.

Q243 The Structured Financial Messaging System (SFMS) is a secure messaging standard developed for:

- (A) Intra-bank communication
- (B) Communication between banks and customers
- (C) Communication between banks and regulatory authorities
- (D) All of the above

Q244 What is the term used to describe the intentional, deliberate, and calculated failure to repay loan EMIs with malafide intentions?

- (A) Genuine default
- (B) Wilful default
- (C) Overdue default
- (D) Default classification

Q245 The SARFAESI Act can be invoked only if the outstanding dues should be _____% or more of the principal amount and interest.

- (A) 25
- (B) 30
- (C) 40
- (D) 20

Q246 What is a tranche in securitization?

- (A) The person responsible for servicing the assets
- (B) A portion or segment of a securitized asset pool
- (C) The process of pricing the securities
- (D) The legal documentation involved in the transaction

Q247 The Minimum Retention Requirement (MRR) is a requirement set by the Reserve Bank of India (RBI) for banks to retain a stake in the securitized assets that they create. Which of the following is incorrect regarding the same?

- (A) Loans with an original maturity of 24 months or less: The MRR is 5% of the book value of the loans.
- (B) Loans with an original maturity of more than 24 months: The MRR is 10% of the book value of the loans.
- (C) Bullet repayment loans/receivables: The MRR is 15% of the book value of the loans.

(D) None of the above

Q248 India Debt Resolution Company Limited (IDRCL) has been incorporated with authorized capital of _____ and paid-up capital of _____.

- (A) Authorized capital of Rs. 50 Cr and paid-up capital of Rs. 20 Cr
- (B) Authorized capital of Rs. 20 Cr and paid-up capital of Rs. 50 Cr
- (C) Authorized capital of Rs. 49 Cr and paid-up capital of Rs. 51 Cr
- (D) Authorized capital of Rs. 51 Cr and paid-up capital of Rs. 49 Cr

Q249 The MHP or Minimum Holding Period is a requirement set by the Reserve Bank of India (RBI) for banks to transfer loans to other entities. Which of the following is correct regarding the same?

1. The MHP for retail loans is 3 months for loans with a tenor of up to 2 years and 6 months for loans with a tenor of more than 2 years.
2. The MHP for corporate loans is 6 months for loans with a tenor of up to 5 years and 12 months for loans with a tenor of more than 5 years.
3. The MHP for secured loans is 3 months for loans with a tenor of up to 2 years and 6 months for loans with a tenor of more than 2 years.
4. The MHP for unsecured loans is 8 months for loans with a tenor of up to 7 years and 24 months for loans with a tenor of more than 7 years.

- (A) Only 1, 2, and 3
- (B) Only 1 and 3
- (C) Only 2 and 3
- (D) Only 1, 3, and 4

Q250 The marketing mix in retail banking refers to the different ingredients that make up a good meal for the customer. Which of the following is NOT one of the fundamental ingredients of an effective marketing mix in retail banking?

(A) Product

(B) Price

(C) Distribution

(D) Promotion

Q251 Which stage of the marketing process involves regulating goals, auditing, measuring, evaluating, and taking corrective action based on defined parameters?

- (A) Marketing Analysis
- (B) Marketing Planning
- (C) Marketing Implementation
- (D) Marketing Control

Q252 At present, the upper limit on *99# is Rs. _____.

- (A) 5,000
- (B) 10,000
- (C) 15,000
- (D) 20,000

Q253 ABC Bank is a leading financial institution that offers a range of banking services to its customers. One of its valued customers is Tushar, who holds an account with the bank and frequently uses electronic banking services for various transactions.

Tushar had been diligently using his online banking services for several months without any issues. However, one day he noticed several unauthorized transactions on his account, totaling a significant amount of money. Concerned about the security of his account, Tushar immediately contacted ABC Bank to report the unauthorized transactions.

What is Tushar's liability if the unauthorized transactions occurred due to contributory fraud/negligence/deficiency on the part of the bank?

- (A) Tushar will have limited liability.
- (B) Tushar will have zero liability.
- (C) Tushar will be fully liable for the loss.
- (D) Tushar's liability will depend on the transaction value.

Q254 ABC Bank is a leading financial institution that offers a range of banking services to its customers. One of its valued customers is Tushar, who holds an account with the bank

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Tushar had been diligently using his online banking services for several months without any issues. However, one day he noticed several unauthorized transactions on his account, totaling a significant amount of money. Concerned about the security of his account, Tushar immediately contacted ABC Bank to report the unauthorized transactions.

What is Tushar's liability if the responsibility for the unauthorized electronic banking transaction lies neither with the bank nor with Tushar but elsewhere in the system, and there is a delay of four to seven working days in notifying the bank?

- (A) Tushar will have limited liability.
- (B) Tushar will have zero liability.
- (C) Tushar will be fully liable for the loss until reporting the unauthorized transaction to the bank.
- (D) Tushar's liability will depend on the transaction value.

Q255 ABC Bank is a leading financial institution that offers a range of banking services to its customers. One of its valued customers is Tushar, who holds an account with the bank and frequently uses electronic banking services for various transactions.

Tushar had been diligently using his online banking services for several months without any issues. However, one day he noticed several unauthorized transactions on his account, totaling a significant amount of money. Concerned about the security of his account, Tushar immediately contacted ABC Bank to report the unauthorized transactions. What is Tushar's liability if the loss from unauthorized transactions is due to his negligence, such as sharing payment credentials?

- (A) Tushar will have limited liability.
- (B) Tushar will be fully liable for the loss until reporting the unauthorized transaction to

the bank.

- (C) Tushar will have zero liability.
- (D) Tushar's liability will depend on the transaction value.

Q256 What is the key to achieving an "omni-channel" experience in retail banking?

- (A) Offering personalized financial products
- (B) Empowering frontline employees
- (C) Providing a high-touch customer experience
- (D) Embracing digital channels and physical locations

Q257 What is the importance of data-driven product delivery in retail banking?

- (A) It allows for better employee training and development.
- (B) It reduces the risk of fraud and unauthorized transactions.
- (C) It enables banks to offer personalized financial products.
- (D) All of the above

Q258 In the context of retail banking, why have banks started appointing dedicated Marketing Managers?

- (A) To improve the efficiency of customer service operations
- (B) To enhance customer relationship management
- (C) To achieve better conversion levels and service delivery quality
- (D) To reduce operational costs

Q259 Which of the following is NOT a benefit of CRM in banks?

- (A) Distinctive and consistent customer experience
- (B) Clear identification of the organization
- (C) Technological and process-related capabilities
- (D) Limited reach across diverse channels

Q260 Which of the following is NOT a stage in the implementation of CRM in banks?

- (A) Identification of Customers
- (B) Analysis of Customer Feedback
- (C) Classification of Customers
- (D) Customisation of Bank's Products and Services for Different Customer Segments

Q261 Which of the following is NOT a key issue in the implementation of CRM in banks?

- (A) Business Processes
- (B) Information Processes
- (C) Information Systems
- (D) Internal Market Analysis

Q262 Which of the following is NOT a main component of CRM?

- (A) Building and managing customer relationships through marketing
- (B) Observing relationships as they mature through distinct phases
- (C) Recognizing the homogeneity of the distribution of value in customer relationships
- (D) Managing relationships at each stage

Q263 The Code of Bank's Commitment to Customers is a covenant between:

- (A) The Reserve Bank of India and member banks
- (B) The Indian Banks' Association and member banks
- (C) The Banking Codes and Standards Board of India (BCSBI) and member banks
- (D) The Ministry of Finance and member banks

Q264 The Code of Bank's Commitment to Customers is a covenant between:

- (A) Regulate the banking practices of member banks
- (B) Set minimum standards for member banks' dealings with customers
- (C) Provide legal guidelines for member banks' advertising and promotions
- (D) Replace the regulatory instructions of the Reserve Bank of India (RBI)

Q265

Which of the following is NOT a key commitment of member banks to customers according to the Code?

- (A) Right to Fair Treatment
- (B) Right to Transparency, Fair, and Honest Dealing
- (C) Right to Profitable Transactions
- (D) Right to Grievance Redressal and Compensation

Q266 The Code of Bank's Commitment to MSEs applies to which types of enterprises?

- (A) Large corporations only
- (B) Manufacturing and processing enterprises only
- (C) Micro and Small Enterprises as defined in the MSMED Act, 2006
- (D) All types of enterprises, regardless of size or industry

Q267 What is the framework of the MKIS model proposed by McLeod and Rogers?

- (A) Input and output subsystems
- (B) Decision support system and databases
- (C) Marketing research and accounting systems
- (D) Market intelligence and internal databases

Q268 ABC Bank is a leading financial institution that aims to provide excellent customer service and stay ahead in the competitive banking industry. Recognizing the importance of gathering and managing marketing information, the bank decided to implement a Marketing Information System (MKIS). How does ABC Bank utilize decision models in its MKIS?

- (A) For product and price decisions
- (B) For customer service improvements
- (C) For internal communication
- (D) For inventory management

Q269 ABC Bank is a leading financial institution that aims to provide excellent customer service and stay ahead in the competitive banking industry. Recognizing the importance of gathering and managing marketing

information, the bank decided to implement a Marketing Information System (MKIS) to enhance its marketing strategies and decision-making processes.

Which management function receives the most support from ABC Bank's MKIS?

- (A) Planning (B) Organizing
(C) Controlling (D) Staffing

Q270 Match the following items between column "A" and column "B":

A	B
(a) Marketing Research System	(i) Major source - published information
(b) Marketing Intelligence System	(ii) Database management
(c) Marketing Information System	(iii) Business information about customers
(d) Customer database	(iv) Data collected specifically
(e) Data analysis	(v) Geographic, demographic, psychographic, and behavioral data on customers and prospects

- (A) (a) (ii), (b) (v), (c) (i), (d) (iv), (e) (iii)
(B) (a) (v), (b) (i), (c) (iv), (d) (ii), (e) (iii)
(C) (a) (iv), (b) (ii), (c) (i), (d) (v), (e) (iii)
(D) (a) (i), (b) (iii), (c) (ii), (d) (v), (e) (iv)

Q271 Who can be chosen as inheritors in a will?
(A) Only immediate family members
(B) Only children or dependents
(C)

Anyone chosen by the person writing the will

(D) Only legal heirs according to the Succession Act

Q272 How do Wealth Managers support asset optimization? (Select all that apply)

1. Managing taxation and savings.
2. Advising on investments and asset restructure.
3. Providing insurance coverage for assets.
4. Conducting wealth auditing for a global view.

- (A) 1,2,3 (B) 1,3,4
(C) 2,3,4 (D) 3 and 4

Q273 Which of the following statements about real estate funds are correct?

1. Real estate funds invest solely in physical properties.
2. Some real estate funds invest in bonds secured by property.
3. Real estate funds provide high returns with low risk.
4. Real estate funds are not affected by volatility in property prices.

- (A) 1 and 3 (B) 2 and 3
(C) 2 and 4 (D) 1 and 4

Q274 Which statements accurately describe Sectorial Funds? (Select all that apply)

1. They invest in selected sectors like IT, Banks, FMCG, Pharma, etc.
2. The fund manager selects stocks based on sector preferences.
3. Returns are based on stock performance belonging from the specific sector.
4. They primarily invest in stock markets.

- (A) 1,2, and 4 (B) 2, 3, and 4
(C) 1, 2 and 3 (D) 1, 3 and 4

Q275 What is the purpose of estimating the capital mantle in portfolio management?

- (A) To evaluate the efficiency of the portfolio
- (B) To select profitable investments and securities
- (C) To determine the suitable asset allocation ratio
- (D) To analyze expected returns and associated risks

Q276 Which type of portfolio management aims at beating the performance of a market index?

- (A) Active Portfolio Management
- (B) Passive Portfolio Management
- (C) Discretionary Portfolio Management
- (D) Non-discretionary Portfolio Management

Q277 What is one key difference between PMS and MF in terms of customization?

- (A) PMS offers a higher degree of customization than MF.
- (B) MF offers a higher degree of customization than PMS.
- (C) Both PMS and MF offer the same level of customization.
- (D) Neither PMS nor MF offer any customization.

Q278 Scenario:

Client B is looking to invest their savings into different financial instruments to diversify their portfolio and generate returns. They approach Investment Firm C for assistance. Investment Firm C carefully analyzes Client B's financial goals, risk tolerance, and investment preferences. They propose a mix of stocks, bonds, and mutual funds that align with Client B's objectives.

Based on the scenario, which type of financial service is Investment Firm C providing to Client B?

- (A) Portfolio management
- (B) Investment banking
- (C) Asset management
- (D) Financial planning

Q279 Mr. X, an individual taxpayer in India, earned income from April 1, 2021, to March 31, 2022. Which of the following statements regarding

the financial year and assessment year is correct?

- (A) The financial year for Mr. X is 2020–2021.
- (B) The assessment year for Mr. X is 2021–2022.
- (C) The financial year for Mr. X is 2022–2023.
- (D) The assessment year for Mr. X is 2022–2023.

Q280 Mr. X, a citizen of India, stayed in India for 185 days in the previous year and 70 days in the relevant financial year. What is Mr. X's residential status for income tax purposes?

- (A) Resident
- (B) Resident Not Ordinarily Resident (RNOR)
- (C) Non-Resident (NR)
- (D) Cannot be determined with the given information.

Q281 Mr. Y owns a property that he does not personally occupy and receives rental income from it. What head of income will this rental income fall under for the computation of his total income?

- (A) Income from salary
- (B) Income from house property/ Rental income
- (C) Profits and gains of business or profession
- (D) Capital gains

Q282 Rahul, a salaried individual, contributes 8% of his basic salary to the National Pension Scheme (NPS). His basic salary is Rs. 5,00,000 per year. He also makes an additional contribution of Rs. 60,000 to his NPS account. What is the maximum deduction Rahul can claim under section 80CCD of the Income Tax Act?

- (A) Rs. 50,000
- (B) Rs. 90,000
- (C) Rs. 1,50,000
- (D) Rs. 2,10,000

Q283 Which statement accurately and exclusively describes the concept of mutual banking?

- (A) Mutual banking offers new product and service innovations for customers who avail of mutual fund products through banks.
- (B) Mutual banking refers to the distribution of mutual funds by banks.
- (C)

Mutual banking allows banks to maximize comfort for customers, banks, and mutual funds.

(D) Mutual banking is a fee-based distribution model for banks.

Q284 Which statement accurately describes the regulations for banks to undertake insurance broking and corporate agency?

(A) Banks can undertake insurance broking and corporate agency departmentally without the need for a subsidiary or joint venture.

(B) Banks can undertake insurance broking and corporate agency only through a subsidiary or joint venture set up for the purpose.

(C) Banks are not allowed to undertake insurance broking and corporate agency under any circumstances.

(D) Banks can undertake insurance broking and corporate agency by fulfilling certain eligibility criteria, regardless of the need for a subsidiary or joint venture.

Q285 ABC Bank has recently obtained a license from IRDA to act as an insurance broker departmentally. They have put in place the necessary policies and procedures to comply with the regulations. Now, they are assessing the qualifications of their employees to ensure compliance with IRDA guidelines.

Which of the following is a requirement for the employees of ABC Bank engaged in the insurance agency/broking business?

(A) They must possess the necessary qualifications prescribed by IRDA.

(B) They must have a minimum of 5 years of experience in the insurance industry.

(C) They must have a bachelor's degree in any field.

(D) They must undergo training in customer service.

Q286 Mr. Singh wants to open a Demat account with XYZ Bank to hold and transact his securities in electronic form. He approaches the bank and

fills out the account opening form provided by the Depository Participant (DP). During the process, he learns about certain key requirements for opening a Demat account.

Which of the following statements is true regarding the opening of a Demat account?

(A) A Demat account can only be opened by individuals aged 18 years or above.

(B) The process of opening a Demat account does not require any documentation.

(C) An investor can open a Demat account with any registered Depository Participant (DP).

(D) The minimum balance of securities to be kept in a Demat account is determined by the DP.

Q287 Mr. Sharma is planning to take a home loan to finance the construction of his house. The construction will be undertaken by a reputed builder. The loan amount will be disbursed in stages over the construction period. When can Mr. Sharma expect the moratorium period to end?

(A) 12 months after the first disbursement of the loan

(B) Two months after completion of construction

(C) 18 months after the completion of construction

(D) Three months after the first disbursement of the loan

Q288 Ms. Patel is applying for a home loan to purchase a flat that is already constructed. The loan will be disbursed in a single installment. How long can she expect the moratorium period to be?

(A) 18 months after the first disbursement of the loan

(B) Two months after completion of construction

(C) 18 months after the completion of construction

(D) None of the above

Q289 Mr. Khan is taking a home loan to purchase a piece of land with a building. The loan amount will be disbursed in a single installment. How long can he expect the moratorium period to be?

- (A) 18 months after the first disbursement of the loan
- (B) Two months after completion of construction
- (C) 18 months after the completion of construction
- (D) Three months after the first disbursement of the loan

Q290 Which of the following statements regarding the power of attorney (POA) for the creation of a mortgage are correct? Select all that apply.

1. A power of attorney executed for a specific act is called a "special power of attorney."
2. A power of attorney can only be executed in favor of one person.
3. A power of attorney executed for generally representing another person is called a "general power of attorney."
4. A power of attorney executed in a foreign country must be stamped within three months of being brought to India.
5. The POA should be duly registered before the Sub Registrar's Office within the jurisdiction where the property is situated.
6. The POA should contain a ratification clause whereby the Principal agrees to ratify and confirm all acts done by the POA holder.

- (A) 1, 3, 6
- (B) 2, 5, 6
- (C) 1, 2, 4, 6
- (D) 1, 3, 4, 5, 6

Q291 Which of the following tax benefits are available in respect of housing finance?

- (A) Tax deduction on payment of home loan interest
- (B) Tax deduction on principal repayment of housing loan
- (C) Tax deduction for first-time homebuyer
- (D) All of the above

Q292 What are the tax implications in respect of NRI home loan repayment?

- (A) NRIs are not eligible for any tax benefits on home loan repayment.
- (B) NRIs can claim tax exemption on home loan repayment if their only source of income is abroad.
- (C) NRIs can claim tax exemption on home loan repayment if they earn additional taxable income from India.
- (D) NRIs can claim tax exemption on home loan repayment regardless of their income sources.

Q293 Mr. Sharma purchased a house property and availed tax benefits under Section 80C. However, he sold the property within 3 years from the end of the financial year in which he received possession of the property. What will be the tax implications for Mr. Sharma?

- (A) Tax benefit under 80C will not be eligible for claim in that financial year.
- (B) The total amount of tax deduction already claimed in respect of earlier years shall be deemed to be income of that year in which the property has been sold and will be liable to pay tax on that income.
- (C) Mr. Sharma will not face any tax implications as he sold the property within 3 years.
- (D) Mr. Sharma will be eligible to claim tax benefits for the entire duration of ownership.

Q294 Which of the following is considered a capital asset under the Income-tax Law?

- (A) Stock-in-trade
- (B) Personal effects excluding jewellery and artworks
- (C) Agricultural land situated within the jurisdiction of a municipality with a population of 10,000 or more
- (D) Residential property owned and used by the taxpayer

Q295

Mr. Sharma purchased shares of a listed company and held them for 10 months. He decides to sell the shares. How will the capital gain from the sale be classified?

- (A) Short-term capital gain
- (B) Long-term capital gain
- (C) It depends on the type of shares purchased
- (D) None of the above

Q296 Ankit deposits ₹5,000 at the end of each year for 8 years into an investment account that earns an annual interest rate of 7%. What will be the future value of his annuity?

- (A) 51,299
- (B) 61,299
- (C) 71,299
- (D) 81,299

Q297 Mr. Sharma purchased a residential property in India on April 1, 2005, for a total cost of Rs. 50,00,000. He sold the property on June 1, 2023, for Rs. 1,20,00,000. The Cost Inflation Index (CII) for the year of acquisition (2005-06) was 497, and the CII for the year of transfer (2022-23) was 1,368. Find Indexed Cost of Acquisition.

- (A) 13762575.4
- (B) 23762575.4
- (C) 33762575.4
- (D) 33762575.4

Q298 Which of the following statements is true regarding property valuation and valuers?

- (A) Valuers rely on easily accessible and authentic data for determining the fair market value.
- (B) Valuers possess knowledge of building costs, market conditions, and economic trends.
- (C) Valuers are not required to collect data on aspects such as demand and supply.
- (D) Valuers do not require registration or membership from professional bodies.

Q299 How is the capitalized value of a property determined in practice?

- (A) By calculating the present value of future income using dual rate Valuation Tables
- (B) By subtracting the sinking fund from the original capital investment
- (C) By dividing the annual income by the compound interest rate
- (D) By multiplying the annual income by the property's market value

Q300 Which method is used for valuing agricultural land based on the assumption of rented crop-sharing income?

- (A) Income Capitalisation Method
- (B) Sales Statistics Method
- (C) Capitalised Value Method
- (D) Present Value Method

Answer Key

Q1 (B)
Q2 (D)
Q3 (C)
Q4 (C)
Q5 (C)
Q6 (C)
Q7 (D)
Q8 (D)
Q9 (A)
Q10 (C)
Q11 (D)
Q12 (A)
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Q292 (C)
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Q296 (B)
Q297 (A)
Q298 (B)
Q299 (A)
Q300 (A)

Hints & Solutions

Q1 Text Solution:

In the digital age, fintech (financial technology) companies have emerged as an alternative to traditional retail banking. These fintech companies often provide banking services through internet platforms and smartphone apps, making it convenient for individuals to manage their finances online. This digital approach has disrupted the traditional banking landscape by offering innovative and user-friendly solutions for tasks like opening accounts, making payments, and accessing financial services without the need for physical bank branches.

Q2 Text Solution:

The challenges faced by retail banking in managing risk include:

A) Dealing with a large number of customers over varied delivery channels, creating significant vulnerabilities across banks' systems.

B) Safeguards for non-traditional delivery channels are essential, as technology-related frauds have been witnessed across Indian banks in recent years.

C) Recognizing and managing risks arising from mis-selling, market risk, liquidity risk, interest rate risk, and more.

Retail banks need to address these issues promptly to mitigate operational risks, reputational risks, and potential litigation, especially in the digital age when fraudsters and hackers can exploit technological vulnerabilities. They also need to focus on enhancing risk management systems to ensure the security and trustworthiness of their services as they continue to grow and cater to a larger customer base.

Q3 Text Solution:

In the SBU (Strategic Business Unit) approach of retail banking, SBUs are described as autonomous divisions with control over factors affecting long-term performance. This means that each SBU operates independently within the bank and has the authority to make decisions that impact its long-term success. SBUs are like separate business units within the bank, focused on specific product offerings and market segments, and they have a degree of autonomy to manage their operations and strategy.

This approach allows for flexibility and adaptability in managing different aspects of the retail banking business, catering to specific customer needs, and responding to market dynamics effectively. It empowers these divisions to make decisions that align with their objectives and contribute to the overall success of the bank's retail banking operations.

Q4 Text Solution:

In the scenario described for KLM Bank, they are looking to reduce risk and increase profitability through unity. This aligns with the Integrated Approach, where all socio-economic aspects are combined into a cohesive approach to tackle business problems. This approach assumes that having a unified business would reduce risk and increase profitability through scale rather than having separate entities for each business line. Therefore, KLM Bank is most likely to adopt the Integrated Approach.

Q5 Text Solution:

An integrated approach is the best way for ABC Bank to address their customer retention problem in retail banking. This approach would involve taking a holistic view of the customer experience and identifying all of the factors

that are contributing to customer churn. Once these factors have been identified, ABC Bank can develop a plan to address them. This plan could include improving customer service, streamlining approval processes, and investing in new technology.

Q6 Text Solution:

Foreign banks in the retail banking sector typically base their decisions on business objectives and profit targets. When a particular segment or business line within the retail banking model is not profitable, they tend to exit that segment. This is illustrated by examples such as BNP Paribas, which exited the retail banking space when it found it to be unprofitable, and American Express Bank, which also exited its credit card business for viability reasons. Recently, Citibank followed a similar strategy by exiting the retail business in India, which was acquired by Axis Bank.

Q7 Text Solution:

In the scenario described, where a retail bank wants to have common customer information available for most of its products to enhance cross-selling and up-selling opportunities, the most suitable process model is a predominantly vertically organized model. This model provides functionality across products with a customer database orientation, and it uses centralized customer data for most of the products, allowing for better cross-selling and up-selling opportunities by leveraging customer information effectively.

Q8 Text Solution:

In this scenario, the bank is facing inefficiencies and wants to streamline operations while maintaining high data security. A horizontally organized model with enhanced security protocols is the most suitable choice. This model offers modularity for different products and end-to-end solutions, which can help

streamline operations. Additionally, by enhancing security protocols, the bank can ensure data security while improving efficiency in providing services to customers. This approach balances operational efficiency and data security, making it an appropriate choice for the bank's situation.

Q9 Text Solution:

In the segmented approach of retail banking, branches are classified based on business potential and the business they are targeted to attract. The primary purpose of this classification is to have a clear business focus, allowing the bank to employ focused marketing strategies tailored to the specific needs and potential of each branch segment. This approach helps the bank optimize its resources and better serve its customer base by tailoring services and marketing efforts accordingly.

Q10 Text Solution:

One of the key benefits of sophisticated customer segmentation in banking is that it allows banks to cater to individualized customer needs. By understanding the unique characteristics, preferences, and behaviors of different customer segments, banks can tailor their services, products, and communication strategies to better meet the specific needs and expectations of each group of customers. This personalized approach can enhance customer satisfaction, loyalty, and overall engagement with the bank, ultimately leading to improved customer retention and profitability.

Q11 Text Solution:

The primary source of funds used by banks to make loans and buy securities is deposits from customers and borrowed money. Banks rely on the funds they receive from depositors, whether individuals or businesses, and they

may also borrow money from other banks or sell debt securities to obtain the necessary funds for their lending and investment activities. This forms the core of a bank's operations and its ability to generate income.

Q12 Text Solution:

$$ROE = \left(\frac{\text{Net Income}}{\text{Bank Assets}} \right) \times \left(\frac{\text{Bank Assets}}{\text{Bank Capital}} \right)$$

Plug in the provided values:

$$ROE = \left(\frac{\text{Net Income}}{\text{Bank Assets}} \right) \times \left(\frac{\text{Bank Assets}}{\text{Bank Capital}} \right)$$

$$ROE = \left(\frac{\text{₹10 million}}{\text{₹200 million}} \right) \times \left(\frac{\text{₹200 million}}{\text{₹50 million}} \right)$$

$$ROE = 0.20 \text{ or } 20\%$$

So, the bank's Return on Equity (ROE) is 20%.

Q13 Text Solution:

1. Strength of equity capital and operational efficiency are significant factors that positively affect profitability.

- **Explanation:** This statement is correct. A strong equity capital base and operational efficiency can positively impact a bank's profitability.

2. Non-performing assets (NPAs) impact the profitability of the bank.

- **Explanation:** This statement is correct. Non-performing assets (NPAs), such as bad loans, typically have an adverse impact on a bank's profitability.

3. Ratio of XYZ deposits to GDP affects profitability of XYZ Bank.

- **Explanation:** The ratio of banking sector deposits to GDP is a factor that can influence a bank's profitability.

The following statements are not accurate:

2. High-interest rates have a positive impact on bank profitability in India.

- **Explanation:** High-interest rates can actually put pressure on interest margins, negatively affecting bank profitability.

3. Government policies have no influence on the profitability of XYZ Bank.

- **Explanation:** Government policies, including regulations and monetary policies, can significantly influence a bank's profitability. This statement is not accurate.

So, the correct statements that accurately reflect the factors influencing XYZ Bank's profitability are 1), 4) and 5).

Q14 Text Solution:

In the context of retail loans, the primary purpose of conducting title investigation and property valuation is to assess the market value and legal status of the property offered as security or collateral. This process helps the bank determine the property's worth and ensure that it has a clear and legal title, reducing the risk associated with the collateral. The other options are not accurate:

- A) To verify the applicant's income and employment details: This is typically done through other means, such as income document verification.
- B) To confirm the applicant's residential address: House visits and address verification are conducted for this purpose.
- C) To assess the applicant's credit history: Credit history assessment is usually performed through credit reports and other credit-related documents.

So, option D is the correct choice as it represents the primary purpose of title investigation and property valuation in the context of retail loans.

Q15 Text Solution:

In the context of retail banking, products like pension plans and retirement solutions align with the "Esteem Needs" stage of Maslow's Hierarchy of Needs. Esteem needs include the desire for self-esteem, confidence, achievement, respect of others, and the need to engage in meaningful activities. Planning for retirement and ensuring financial security

during one's post-working years is a form of self-esteem and future financial security.

Here's how the options align with Maslow's Hierarchy of Needs:

- A) Physiological Needs: These needs relate to basic survival needs like food, shelter, and healthcare, not retirement planning.
- B) Security/Safety Needs: While security and safety are essential, retirement planning is more closely linked to higher-level needs.
- C) Social Needs: Social needs pertain to relationships and belongingness, not retirement planning.
- D) Esteem Needs: Esteem needs include self-confidence and achievement, making them relevant to retirement planning.
- E) Self-Actualization Needs: Self-actualization needs are about personal growth and fulfilling one's potential, which is not directly tied to retirement planning.

So, option D is the correct choice as it corresponds to the stage of Maslow's Hierarchy of Needs where products like pension plans and retirement solutions are relevant in retail banking.

Q16 Text Solution:

- 1) This statement is incorrect. Small Accounts can have an aggregate of credits up to ₹1 Lakh in a financial year, not ₹2 Lakhs.
- 2) This statement is incorrect. The balance in a Small Account can NOT exceed ₹50,000 at any point in time.
- 3) This statement is incorrect. Foreign remittances cannot be credited to Small Accounts without completing normal KYC formalities.
- 4) This statement is correct. Small Accounts can only be opened at CBS linked branches of banks or at branches where manual monitoring of conditions is possible.
- 5) This statement is correct. Small Accounts are valid for an initial period of 12 months, extendable by another 12 months if the person

provides proof of applying for an Officially Valid Document (OVD).

Q17 Text Solution:

- I. This statement is incorrect. RBI deregulated the interest rate on savings bank deposits, giving banks autonomy to determine their rates.
- II. This statement is correct. Banks have autonomy to determine their savings bank deposit interest rates.
- III. This statement is correct. Banks must have a comprehensive policy on interest rates on deposits approved by the Board of Directors.
- IV. This statement is incorrect. Interest rates should not be subject to negotiation between depositors and the bank.
- V. This statement is correct. Banks must offer a uniform interest rate on savings bank deposits up to ₹1 Lakh,

Q18 Text Solution:

- I. This statement is incorrect. Recurring Deposits require fixed sums of money to be deposited every month, not a lump-sum deposit at the beginning of the term.
- II. This statement is incorrect. Recurring Deposits typically offer interest rates similar to term deposits, not the same as regular term deposits.
- III. This statement is correct. Recurring Deposits are beneficial for individuals with irregular monthly incomes who want to save regularly.
- IV. This statement is incorrect. Some banks offer flexibility in the quantum of monthly deposits for Recurring Deposits, not the monthly deposit amount.
- V. This statement is incorrect. Recurring Deposits do pay interest on the accrued amount.

Q19 Text Solution:

In a combination deposit product, interest is typically calculated using compound interest,

where interest is not only earned on the initial deposit but also on any interest that has already been earned. This allows the deposited amount to grow at a faster rate over time compared to simple interest, where interest is only calculated on the principal amount.

Q20 Text Solution:

This numeric credit score serves as a quantifiable measure of an individual's creditworthiness and their likelihood of defaulting on credit obligations. It helps lenders assess the risk associated with extending credit to a particular individual.

Q21 Text Solution:

Anika is using her credit responsibly by not maxing out her limit and not seeking additional credit. In contrast, Raj is using all his available credit and applying for multiple new credit lines, which can be seen as overreager for loans and negatively impact his credit score.

Q22 Text Solution:

Paying credit card bills in full and on time is a positive credit behavior that can help maintain a good credit score. It demonstrates responsible credit usage.

This is a highly recommended practice for several reasons:

- Builds a positive payment history: Regular, on-time payments of credit card bills contribute significantly to a positive credit history. Payment history is one of the most important factors affecting your credit score.
- Avoids interest charges: By paying the full balance every month, Rahul avoids paying interest on his credit card balance. This not only saves money but also indicates responsible credit use.
- Demonstrates financial discipline: Consistently paying the full balance shows

that Rahul is financially responsible and can manage credit effectively.

Q23 Text Solution:

- Statement "1" is correct because the CIC Act, Regulations, and Rules collectively form the legal framework for credit information companies in India, as mentioned in the information.
- Statement "2" is correct because the CIC Act specifies who can become members of a CIC, including Credit Institutions, Credit Information Companies, and Specified Users.
- Statement "3" is correct because the information mentions that a CIC can requisition credit information from its members, and members must furnish the requested information within the specified time.
- Statement "4" is incorrect because the provided information lists specific permissible uses of credit information, and it cannot be used for any purpose deemed necessary by the user.
- Statement "5" is incorrect because the information states that disputes between a CIC and its member can be settled through conciliation or arbitration as per the Arbitration and Conciliation Act, 1996, not necessarily in court.
- Where a dispute has been referred to arbitration as above, the same shall be settled or decided: (i) by the arbitrator to be appointed by the Reserve Bank and (ii) within 3 (three) months of making a reference by the Parties to the dispute:
 - Provided that the arbitrator may, after recording the reasons therefor, extend the said period up to a maximum period of 6 (six months).
 - Provided further that, in an appropriate case or cases, the Reserve Bank may, if it considers necessary to do so (reasons to

be recorded in writing), direct the Parties to appoint an arbitrator in accordance with the provisions of the Arbitration and Conciliation Act, 1996 (26 of 1996), for settlement of their dispute in accordance with the provisions of that Act.

Q24 Text Solution:

Term deposits are also commonly referred to as fixed deposits. They are funds deposited for a fixed period and cannot be withdrawn before maturity without incurring a penalty.

Q25 Text Solution:

A current deposit account is primarily designed for businesses and their transactional needs. It is not meant to encourage saving habits, does not pay interest on the funds deposited, and typically requires a higher minimum balance compared to a savings account.

Q26 Text Solution:

- A minor is a person who has attained 21 years of age as per the Indian Majority Act 1875. (This statement is incorrect because a minor attains majority at 18 years of age as per the provided information.)
- A contract entered into by a minor is always considered valid. (This statement is incorrect because a contract entered into by a minor is void as per the Indian Contract Act.)
- A savings bank account in the sole name of a minor, operated by the minor, can be opened if the minor is 10 years of age or above.
- The minor should be capable of reading and writing any language recognized and understanding the account rules.
- Cheque book facility can be provided to a minor without considering their literacy. (This statement is incorrect because literacy is a consideration for providing a cheque book to a minor.)

Q27 Text Solution:

S. No	Aspect	Standalone Model (Branch Level Processing)	Centralized Model (Retail Loan Processing Hubs/Centres)
1	Understanding of Customer Requirements	Based on documents only.	Standardized approach.
2	Standardized Approach	No standardized approach.	Exclusive activity and professional in approach.
3	Retail Loans as Part of Multiple Activities	Retail Loans are only one part of the faster multiple activities.	Exclusive activity.
4	Quality of Appraisal	Varies based on the branch and its personnel.	Uniform as the activity is exclusive.
5	Processing Time	May differ based on branch priorities.	Uniform and fixed Turn Around Time (TAT) for different retail loans.
6	Compliance of Appraisal Norms	May be based on customer profile standards.	Uniform and impersonal appraisal standards.
7	Documentation Standards	May not be uniform.	Professional documentation standards.

Q28 Text Solution:

Educational Loan:

Feature	Description
Margin on Disbursements	Margin may be brought in on a year-to-year basis as

Feature	Description
	disbursements are made on a pro-rata basis.
Moratorium for Start-up Units	Students setting up start-up units may receive a moratorium on repayment of principal and interest for up to 2 years during the incubation period.
Consideration of Scholarships and Fee Waivers	Scholarships, fee waivers, etc., available to the student borrower may be taken into account when computing the required loan amount.
Lodging and Boarding Charges	Reasonable lodging and boarding charges considered if the student opts for outside accommodation.
Course Completion Extension	Students may be permitted an extension of up to 2 years to complete the course if they face difficulties beyond their control.
Repayment for Discontinued Courses	If a student discontinues the course midway, the bank will work out an appropriate repayment schedule in consultation with the student/parent.
Accrued Interest during Holiday Period	Accrued interest during the repayment holiday period is added to the principal, and repayment is done in Equated Monthly Installments (EMI).
Interest Concession for Timely Servicing	A 1% interest concession may be provided if interest is serviced during the study period and the subsequent moratorium period before repayment begins.
Capability Certificate	Banks can issue capability certificates for students going

Feature	Description
Issuance	abroad for higher studies.
Multiple Sibling Loans	The existence of earlier educational loans for siblings will not affect the eligibility of another meritorious student from the same family obtaining an educational loan.
Age Eligibility	No specific age restriction for student eligibility, but if the student is a minor when the parent executes loan documents, a letter of ratification is obtained upon reaching adulthood.
Top-Up Loans for Further Studies	Banks may consider top-up loans for students pursuing further studies within the overall eligibility limit.
Joint Borrower	Joint borrower can be parent(s)/guardian or, in the case of a married person, spouse or parent(s)/parents-in-law.
No Due Certificate	No due certificate not insisted upon, but banks may require a declaration/affidavit confirming no loans are availed from other banks.
Priority Sector Eligibility	Educational loan up to ₹10 Lakh, irrespective of the sanctioned amount, is eligible for the priority sector.
Application through Vidya Lakshmi Portal	Students can apply for educational loans through the Vidya Lakshmi Portal, linked with Scheduled Banks, offering tracking facilities for loan applications.
Central Sector Interest Subsidy (CSIS)	Government scheme providing full interest subsidy during the moratorium period

Feature	Description
	for economically weaker section students pursuing approved technical and professional courses in India.

Q29 Text Solution:

Margin (For 1st House)	Margin (%)
Upto ₹30 Lakh	10
≥₹30 Lakh and upto ₹75 Lakh	20
≥₹75 Lakh	25

Q30 Text Solution:

- Credit cards are always issued under the proprietary format. (This statement is incorrect because the information mentions two formats: proprietary and co-branded.)
- Co-branded cards are issued without any tie-up with service providers. (This statement is incorrect because co-branded cards are issued in partnership with service providers.)
- Proprietary cards may have different brand names like Classic, Silver, Gold, Platinum, etc.
- In the co-branded format, banks partner with service providers like Hotels and Oil Companies.
- Co-branded cards do not offer any special incentives or reward points. (This statement is incorrect because the information suggests that special incentives/reward points are offered for using co-branded cards.)

Q31 Text Solution:

Prepaid Cards:

- Prepaid Cards serve the unbanked population and extend the card market.
- They can be physical cards, virtual cards, or mobile wallets.
- NPCI provides various RuPay Prepaid card variants, including Gift card, Payroll card, Student card, and Virtual card.

Prepaid Payment Instrument (PPI):

- PPIs facilitate purchasing goods, services, and financial services using the stored value on the instrument.
- PPIs are categorized into Closed System PPIs, Semi-closed System PPIs, and Open System PPIs.
- Closed System PPIs are limited to purchases within the issuing entity and do not allow cash withdrawal.
- Semi-closed System PPIs are used at specific merchant locations and do not permit cash withdrawal.
- Open System PPIs are issued by banks, usable at any merchant, allow cash withdrawal at ATMs/Point of Sale (PoS), and have various limits.
- Banks can facilitate fund transfers to pre-registered beneficiaries with a limit of ₹1,00,000 per month per beneficiary.
- For all other cases, the fund transfer limit is restricted to ₹10,000 per month.

Q32 Text Solution:

Bharat Ecommerce Payment Gateway (BEPG) is an innovative e-commerce system designed to improve the existing e-commerce experience for RuPay Cardholders. The primary goal of RuPay card is to provide a convenient and secure e-commerce experience while minimizing risks.

Q33 Text Solution:

- SFMS is solely used for inter-bank communication, similar to SWIFT. (This statement is incorrect because SFMS can be

used for intra-bank and inter-bank applications.)

b) SFMS is a global standard used for financial messaging. (This statement is incorrect because SFMS is an Indian standard, whereas SWIFT is the international messaging system.)

c) SFMS supports secure messaging through template builders.

d) Smart cards are not used for user access in SFMS. (This statement is incorrect because the information mentions smart card-based user access as a feature.)

e) SFMS allows for clubbing and exchanging messages as a batch of files.

Q34 Text Solution:

- IDRBT handed over the National Financial Switch (NFS) to the National Payments Corporation of India (NPCI) in January 2010.
- Structured Financial Messaging System (SFMS) (This service was not handed over to NPCI; it's related to secure messaging within the banking sector.)
- Indian Financial Network (INFINET) (INFINET is a separate service provided by IDRBT for banking communication.)

Q35 Text Solution:

In the case study, Rajesh is looking for a loan to expand his electronics store. One of the key advantages of digital lending is the ability to provide personalized loan offers tailored to individual business needs. This ensures that Rajesh can find a loan that suits his specific requirements, making the process more efficient and effective.

a) Lengthy processing times, requiring weeks for approval. (Digital lending is known for its quick processing times, often providing faster approvals compared to traditional lending.)

b) Limited access to different lending options. (Digital lending platforms often provide access to a wide range of lending options, increasing choice for borrowers.)

d) Extensive paperwork and documentation requirements. (Digital lending aims to reduce paperwork and simplify the application process.)

Q36 Text Solution:

Artificial Intelligence (AI) is used in risk management to eliminate human errors from hand-crafted models, making risk analysis more efficient and accurate.

Q37 Text Solution:

In the given scenario, ABC Bank uses AI-driven fraud detection systems to monitor transactions in real-time. These systems excel at recognizing patterns and anomalies in transaction data, allowing them to detect unusual or suspicious activities as they occur. This capability is crucial for preventing potential fraudulent transactions and protecting both customers and the bank from financial losses. While AI offers various other benefits in risk management, in this specific case, it plays a key role in real-time fraud detection.

Q38 Text Solution:

As speech processing and natural language processing technologies mature, computers could handle most customer service queries, leading to a reduction in waiting times and increased efficiency in customer support.

Q39 Text Solution:

Bullet Payment:

- Bullet payment is a method of loan repayment where the borrower pays the entire loan amount along with the accrued interest in a single payment at the end of the loan period.
- This repayment method is often used for small value loans, such as gold loans.
- The advantage of bullet payment is that it allows borrowers to defer their payments until the end of the loan term, reducing the

monthly financial burden but requiring a lump sum payment at the end.

Q40 Text Solution:

"Genuine defaults" occur when borrowers are unable to repay EMIs due to personal setbacks or unforeseen expenses, despite their intention to pay. This type of default is characterized by temporary financial difficulties that affect the borrowers' ability to meet their repayment obligations.

Q41 Text Solution:

- Statement 1 is incorrect because income from NPAs is not recognized on an accrual basis; it's recognized when actually received.
- An asset is classified as "doubtful" if it has remained NPA for more than 12 months.
- Statement 3 is incorrect because loss assets are considered uncollectible and generally have little to no recovery value.
- Erosion in the value of security is significant when it's less than 50 per cent of the assessed value.
- Statement 5 is incorrect because the classification of assets is borrower-wise, not facility-wise.

Q42 Text Solution:

1. A good MIS ensures good decision-making, while bad MIS can lead to poor decisions.
 - Correct: This statement is correct. A well-implemented MIS can provide accurate and timely information to support decision-making. Conversely, a poorly designed or implemented MIS can lead to incorrect information and, subsequently, poor decisions.
2. The quality of managerial decision making depends directly on the quality of available information.
 - Correct: This statement is correct. Effective decision-making relies on having accurate

and relevant information. A high-quality MIS ensures that decision-makers have access to reliable data, which, in turn, improves the quality of their decisions.

3. It is vital to ensure that the MIS strategy chosen is not compatible with the current system.

- Incorrect: This statement is incorrect. It is vital to ensure that the MIS strategy chosen is compatible with the current system to avoid disruptions and to facilitate a smooth transition. Compatibility helps in leveraging existing resources and data.

4. Management Information Systems (MIS) mainly rely on data from external sources.

- Incorrect: This statement is incorrect. MIS typically collect and utilize data from both internal and external sources to provide comprehensive information for decision-making. Internal data often includes transactional records and operational information, while external data can include market trends and industry reports.

So, the correct statements are 1 and 2.

Q43 Text Solution:

In various organizations, human resource upgrades are critical for ensuring effective decision-making and customer service. Upgrading the skills and knowledge of employees is essential to meet changing demands, provide efficient services, and improve overall performance. As organizations evolve and face new challenges, well-trained and knowledgeable employees are better equipped to handle these challenges and contribute to better decision-making and customer service.

Q44 Text Solution:

The elapsed time of transaction execution is crucial in the banking industry because it directly impacts the quality of service provided to customers. Shorter transaction times typically indicate efficient and prompt service, which is

essential for customer satisfaction. Banks aim to minimize the time it takes for various transactions, such as crediting an amount, cash withdrawals, loan approvals, and other financial services, to ensure that customers receive quick and efficient service. This measurement helps banks assess and improve their service quality, which is a critical factor in customer retention and attracting new customers. It is not primarily used to determine the customer's social-economic status, calculate the bank's profits, or decide on interest rates.

Q45 Text Solution:

Here are the correct statements and explanations for each:

A. Banks in India are required to list NPAs for sale to other institutions, including Asset Reconstruction Companies (ARCs), at the end of each fiscal year.

- Correct: The statement is correct. As per the guidelines mentioned, banks are required to identify and list specific financial assets for sale, including NPAs to other institutions like ARCs, preferably at the beginning of the year.

B. Invitation for bids for NPAs should not be publicly solicited but should instead be limited to a select group of prospective buyers.

- Incorrect: This statement is incorrect. The guidelines suggest that to attract a wide variety of buyers, the invitation for bids should preferably be publicly solicited to enable as many prospective buyers as possible to participate, and e-auction platforms may be used.

C. ARCs issue security receipts (SRs) to individual buyers, and these SRs are non-transferable.

- Incorrect: This statement is incorrect. ARCs issue security receipts (SRs) to Institutional Buyers (QIBs), and these SRs are transferable/assignable only in

favor of other Qualified Institutional Buyers (QIBs).

D. The creation of a "Bad Bank" in India aims to buy NPAs from commercial banks at face value.

- Incorrect: This statement is not mentioned in the provided text. The concept of a "Bad Bank" involves buying NPAs from commercial banks at a discount, not necessarily at face value.

Q46 Text Solution:

1. This statement is incorrect. NARCL (National Asset Reconstruction Company Limited) was incorporated in July 2021 with an authorized capital of ₹2750 Crore.

2. This statement is correct. RBI granted a license to NARCL on 4th October 2021 under section 3 of the SARFAESI Act 2002.

3. This statement is correct. Public Sector Banks will have 51% shareholding in NARCL, which means they will have a majority share.

4. This statement is correct. IDRCL was established on September 3, 2021, with an authorized capital of ₹50 Crores and a paid-up capital of ₹20 Crores. The ownership distribution consists of 49% held by state-owned banks, with the remaining ownership belonging to private sector lenders.

Q47 Text Solution:

A) Correct. MRR is indeed a regulatory requirement that ensures the selling bank retains a portion of the assets transferred. This helps align the interests of the selling bank with those of the investors.

B) Correct. Retail loans typically involve a consolidated MRR account, while non-retail loans require borrower-wise accounts. This statement correctly distinguishes between the two types of loans in terms of MRR treatment.

C) Incorrect. The statement that "The percentage of MRR is uniform for all types of loans, regardless of their maturity or repayment

structure" is not correct. The percentage of MRR can vary depending on the type of loan, its maturity, and repayment structure.

D) Correct. MRR does help align the interests of the selling bank with those of the investors in the securitized assets. By retaining a portion of the assets, the selling bank shares in the risk and reward associated with those assets.

E) Incorrect. The statement that "MRR simplifies risk management for the selling bank by transferring all risk to the investors" is not correct. MRR does not transfer all risk to the investors; it retains a portion of the risk with the selling bank.

Q48 Text Solution:

Securitization is a two-stage process:

1. In the initial stage, there is either the sale of a single asset or the pooling and sale of a group of assets to a Special Purpose Vehicle (SPV) in exchange for an immediate cash payment.
2. In the subsequent stage, the process involves repackaging and selling the security interests, which represent claims on the incoming cash flows from the asset or pool of assets. These security interests are then issued as tradable debt securities to third-party investors.

Q49 Text Solution:

SWOT analysis is a strategic planning tool used in marketing and various other fields. It stands for:

- Strengths: These are internal factors that are positive and advantageous to the organization.
- Weaknesses: These are internal factors that are negative or areas where the organization may need improvement.
- Opportunities: These are external factors in the environment that the organization can leverage to its advantage.

- Threats: These are external factors that may pose risks or challenges to the organization.

The purpose of SWOT analysis is to identify and evaluate these four aspects to develop effective strategies for an organization. So, option A is the correct answer as it represents the correct expansion of SWOT.

Q50 Text Solution:

In the marketing process, the stage that involves assessing the present and future needs of customers and setting business development goals is "Marketing Planning." This is the phase where an organization evaluates its current market position, identifies target customer segments, and develops strategies and plans to meet the needs of those customers. Marketing planning lays out the roadmap for how the organization will achieve its marketing objectives.

Here's a breakdown of the options:

- Marketing Analysis typically focuses on analyzing market conditions, competition, and gathering data to inform the planning stage.
- Marketing Implementation is about executing the strategies and plans developed in the marketing planning phase.
- Marketing Control involves monitoring and adjusting marketing activities to ensure they align with the goals and objectives set during planning.

Q51 Text Solution:

Banks are mandated to pay compensation of 100/- per day for delays in re-crediting the customer's account beyond T+15 days from the date of receipt of the complaint for failed ATM transactions. This compensation is to be credited to the customer's account without any claim being made by the customer.

Q52 Text Solution:

1. Cash recycling machines are primarily used for cash withdrawal, while POS terminals are used for cash deposits.

- This statement is incorrect. Cash recycling machines can both accept cash deposits and dispense cash.

2. Cash recycling machines can help reduce the costs of cash handling and interest, while POS terminals are more expensive to maintain.

- This statement is correct. Cash recycling machines can reduce cash handling costs and interest costs by optimizing cash usage. POS terminals may have their own maintenance costs.

3. POS terminals are commonly used for making payments with credit and debit cards at merchant establishments.

- This statement is correct. POS terminals are indeed used for making payments with credit and debit cards at merchant establishments.

4. Cash recycling machines can provide additional revenue opportunities for banks through value-added services like bill payments and money transfers.

- This statement is correct. Cash recycling machines can offer additional services like bill payments and money transfers, potentially generating extra revenue for banks.

Q53 Text Solution:

In the realm of Internet banking, there are several supervisory and operational concerns. These encompass implementing risk control measures, establishing an advance warning system, and conducting IT audits. However, the most prominent focus lies on regulatory compliance and thwarting money laundering within Internet banking transactions. Furthermore, the passage underscores the necessity of restructuring operational procedures to align with the evolving

landscape of Internet banking. Consequently, option D aptly encapsulates the primary supervisory and operational issues associated with Internet banking, as elucidated in the text.

Q54 Text Solution:

- Implementing end-to-end encryption is a crucial security measure to ensure the confidentiality and integrity of mobile banking transactions. It helps protect sensitive customer data during transmission.
- Option A is incorrect because offering unlimited daily transaction limits for all customers can pose a significant risk if unauthorized transactions occur.
- Option C is incorrect because storing MPIN (Mobile Personal Identification Number) in an unsecured environment is a security risk, and it should be stored securely.
- Option D is incorrect because the case study clearly states that cross-border inward and outward transfers for mobile banking services are strictly prohibited in India.

So, the correct answer is option B, which addresses the security and compliance considerations mentioned in the case study.

Q55 Text Solution:

A. Staff members play a crucial role in the entire delivery process. (Correct)

- Explanation: This statement is correct. Staff members indeed play a crucial role in the entire retail banking delivery process.

B. All staff members in a branch have the same level of delivery quality. (Incorrect)

- Explanation: This statement is incorrect. It's common for staff members in a branch to have varying levels of delivery quality due to differences in skills, experience, and customer interactions.

C. Understanding the customer's needs and financial profile is essential for effective service delivery. (Correct)

- Explanation: This statement is correct. Understanding the customer's needs and financial profile is essential for providing effective service in retail banking.

D. Public sector banks generally have a more personalized and caring approach to service delivery. (Correct)

- Explanation: This statement is correct. Public sector banks often have a reputation for providing more personalized and caring service due to customer loyalty and better understanding of customer profiles.

Q56 Text Solution:

To address the issue of DSAs mis-selling credit card products and mitigate associated risks, the bank should prioritize training and education. Regular training sessions for DSAs should focus on responsible selling practices, compliance with banking regulations, and ethical conduct. This will help DSAs better understand their responsibilities and ensure that they offer suitable financial products to customers. Additionally, the bank should implement mechanisms to monitor and assess DSAs' performance and adherence to ethical standards, thereby reducing the risk of mis-selling and safeguarding the bank's reputation.

Q57 Text Solution:

Setting up dedicated bank staff at the showroom is a proactive approach to address the challenge. It ensures that customers have direct access to loan processing experts who can streamline the application process and address their queries on the spot. This enhances the overall customer experience and expedites loan approvals.

Other Options and Explanations:

1. Implement strict eligibility criteria for loan applicants: While eligibility criteria are essential, making them too strict may deter potential customers. The goal is to simplify

the loan process, so strict criteria may not be the best approach.

2. Offer special discounts on car prices to attract more customers: While this could attract more customers, it doesn't directly address the efficiency of loan processing.
3. Enhance the online loan application process for customers' convenience: This is a good practice, but it focuses on online applications, which may not directly impact showroom loan processing.
4. Reduce the interest rates on car loans to encourage more applications: This could attract more applicants but doesn't necessarily address the efficiency of processing at the showroom.
5. Increase the loan processing time to ensure thorough scrutiny: Lengthening the processing time may lead to customer dissatisfaction, which is counterproductive to the goal of efficiency.
6. Collaborate with multiple dealerships to expand loan options for customers: This expands options but doesn't directly address efficiency at the showroom.
7. Launch a marketing campaign to promote the tie-up with the dealership: While marketing is essential, it doesn't directly improve the efficiency of loan processing.

In summary, setting up dedicated staff at the showroom is the most effective way to address the challenge of efficient and customer-friendly loan processing in this context.

Q58 Text Solution:

In CRM implementation, once the first stage of identifying customers is completed, the next logical step is to classify those customers based on various parameters such as profitability, product usage rate, and cost to serve. This classification helps the bank develop different strategies for targeting specific customer segments effectively and tailoring their products and services to meet

the needs of each segment. So, the next stage is the classification of customers.

Q59 Text Solution:

Implementing CRM successfully in a bank not only requires the technical integration of systems but also the alignment of the bank's organizational culture with the CRM principles. This means that the bank's culture should be responsive to the changes and customer-centric approaches that CRM promotes. Without proper alignment with the organizational culture, CRM may not deliver its promised benefits.

CRM implementation often involves changes in how employees interact with customers, the way data is managed, and the overall customer-centric focus of the organization. To ensure the success of CRM, it's crucial to address both the technical aspects (system integration) and the cultural aspects (organizational responsiveness to change).

Q60 Text Solution:

1. False: The information doesn't mention a decrease in XYZ Bank's operational costs in branch banking. Instead, it highlights the need to reduce costs and improve operational efficiencies, which implies a concern about operational costs.
2. False: The information suggests that XYZ Bank is concerned about shifting customers to cost-effective channels like ATMs. Therefore, this statement is incorrect.
3. False: Employee productivity is indeed a concern for XYZ Bank. The information emphasizes the need to derive more value from employees by redefining their roles and improving their output through effective CRM solutions.
4. True: The information confirms that rising competition in the retail banking sector is one of the driving factors for implementing CRM strategies. This statement is correct.

5. False: The information contradicts this statement. XYZ Bank is interested in deriving more value from its employees by deploying them in marketing, cross-selling, and other value-adding activities.

6. False: The information highlights the increasing importance of fee-based income for banks. This statement is incorrect as XYZ Bank is indeed interested in fee-based income generation.

7. False: CRM does have a role in determining the right delivery channel mix. The information mentions that CRM solutions can help banks offer the right channel mix to different customer segments to enhance customer loyalty and retention. Therefore, this statement is incorrect.

Q61 Text Solution:

The key challenges often faced in adapting CRM by banks to their unique business processes and IT infrastructure are:

B) Customizing the CRM solution: Banks often need to customize CRM solutions to align with their specific business processes and customer needs. Off-the-shelf CRM systems may not meet all their requirements.

C) Integrating legacy IT infrastructure: Banks typically have legacy IT systems that need to be integrated with the new CRM system. This integration can be complex and challenging.

E) Enhancing organizational culture: Implementing CRM requires a cultural shift within the organization to ensure that employees embrace and use the CRM system effectively. Resistance to change and lack of cultural alignment can be significant challenges.

So, the correct options are B, C, and E.

Q62 Text Solution:

A) Administering the Banking Ombudsman Scheme: The CEPD serves as a single nodal point for receiving and addressing external

complaints related to the deficiency of services provided by RBI and RBI-related entities. This includes administering the Banking Ombudsman Scheme, which handles complaints from customers regarding banking services.

B) Dissolving BCSBI: Reserve Bank of India (RBI) decided to dissolve the Banking Codes and Standards Board of India (BCSBI). This action is related to the dissolution of BCSBI.

So, both options A and B are correct as major functions of the Consumer Education and Protection Department (CEPD).

Q63 Text Solution:

The "Right to Privacy" in banking entails that banks must treat all personal information of customers as private and confidential. This means that banks should not freely share customers' personal information and should take measures to safeguard and protect the privacy of their customers' financial and personal data. This is an essential aspect of customer data protection and security in the banking industry.

Q64 Text Solution:

In Sarah's case, she is concerned about the security of her personal information and the unauthorized transactions on her account, indicating a potential breach of her privacy and account security. The Code of Bank's Commitment includes a "Right to Privacy" provision, which stipulates that customer information should be treated as private and confidential, subject to certain exceptions mentioned in the code.

This provision is designed to protect customers like Sarah from unauthorized access to their personal information and financial accounts. Banks are expected to uphold this right to privacy and take measures to safeguard customer data and account security.

Therefore, option B is the correct answer, as it directly addresses the key concern in Sarah's case and aligns with the principles outlined in the Code of Bank's Commitment.

Q65 Text Solution:

The Reserve Bank - Integrated Ombudsman Scheme, 2021 (RB-IOS, 2021/ the Scheme) was launched on November 12, 2021. It integrates the erstwhile three Ombudsman schemes of RBI namely, (i) the Banking Ombudsman Scheme, 2006; (ii) the Ombudsman Scheme for Non-Banking Financial Companies, 2018; and (iii) the Ombudsman Scheme for Digital Transactions, 2019. These schemes had limited and different grounds of complaints and limited coverage of REs, apart from jurisdiction related restrictions. RB-IOS, 2021 provides for cost-free redress of customer complaints involving deficiency in services rendered by entities regulated by RBI, if not resolved to the satisfaction of the customers or not replied to within a period of 30 days by the RE.

In addition to integrating the three existing schemes, the Scheme also includes under its ambit additional REs, namely, Non-Scheduled Primary (Urban) Co-operative Banks with a deposit size of ₹50 crore and above and Credit Information Companies. The Scheme adopts 'One Nation One Ombudsman' approach by making the RBI's Ombudsman mechanism jurisdiction neutral.

The following REs of RBI are covered under the RB-IOS, 2021:

(i) Banks: All commercial banks, including Public Sector Banks, Private Sector Banks, Foreign Banks, Local Area Banks, Small Finance Banks, Payment Banks, Regional Rural Banks, Scheduled Primary (Urban) Co-operative Banks and Non-scheduled Primary (Urban) Co-operative Banks with deposit size of ₹50 Crore and above, as on the date of the audited balance sheet of the previous financial year;

(ii) NBFCs registered with RBI: All Non-Banking Financial Companies (excluding Housing Finance Companies) which (a) are authorized to accept deposits; or (b) have customer interface, with an assets size of ₹100 crore and above as on the date of the audited balance sheet of the previous financial year;

Note: Core Investment Companies, Infrastructure Debt Fund-Non-banking Financial Companies, Non-Banking Financial Companies-Infrastructure Finance Companies, companies in resolution or winding up / liquidation, or any other NBFC specified by RBI are excluded from the ambit of the RB-IOS, 2021.

(iii) System Participants: All Payment System Participants - banks as well as non-banks regulated by RBI are covered under the RB-IOS, 2021. These entities issue Prepaid Payment Instruments (PPIs) and facilitate transactions over National Electronic Funds Transfer (NEFT) / Real Time Gross Settlement (RTGS) / Immediate Payment Service (IMPS) / Unified Payments Interface (UPI) / Bharat Bill Payment System (BBPS) / Bharat QR Code / *99# mobile transaction service using Unstructured Supplementary Service Data (USSD) / Aadhaar Enabled Payment System (AePS), etc.

(iv) Credit Information Companies: All Credit Information Companies as defined in the Companies Act, 2013 (18 of 2013) and granted a Certificate of Registration under sub-section (2) of section 5 of the Credit Information Companies (Regulation) Act, 2005 (30 of 2005).

Q66 Text Solution:

A) Internal Marketing Information typically includes data on sales turnover, cost, cash flows, and accounts receivable. [Correct]

Explanation: This statement is correct. Internal Marketing Information includes data from internal sources like sales turnover, cost, cash flows, and accounts receivable.

B) Marketing Intelligence System primarily relies on internal sources for market trend information. [Incorrect]

Explanation: This statement is incorrect. The Marketing Intelligence System primarily relies on external sources, not internal ones, for market trend information.

C) Marketing Research System is used to solve specific marketing problems related to consumer behavior, competition, and product development. [Correct]

Explanation: This statement is correct. Marketing Research System is employed to address specific marketing problems, such as consumer behavior, competition, and product development.

D) Marketing Management and Science System bridges the communication gap between different sectors of the organization. [Correct]

Explanation: This statement is correct. Marketing Management and Science System are designed to bridge the communication gap and use computerized data to benefit various sectors within the organization.

So, the correct answers are A, C, and D.

Q67 Text Solution:

The primary functions of a Marketing Information System (MKIS) include collecting and assembling data from various sources, processing data for analysis, and disseminating information to decision-makers within the organization. However, selling collected data to external organizations for profit is not a function of an MKIS. Instead, the purpose of an MKIS is to support the internal decision-making processes of the organization by providing valuable marketing insights and information.

Q68 Text Solution:

1. MKIS primarily consists of two general subsystems: input and output subsystems.

- Correct. It describes the presence of two general subsystems: input and output subsystems.
2. The input subsystems of MKIS gather internal and environmental data for the databases.
- Correct. It mentions that the input subsystems collect internal accounting, marketing intelligence, and marketing research data.
3. Marketing managers can only receive routine reports from the output subsystems.
- Incorrect. The statement is false. Marketing managers can receive both routine reports and make interactive inquiries to produce ad hoc reports.
4. The usage of computers in MKIS is limited to supercomputers.
- Incorrect. The statement is false. The passage discusses the usefulness of computer assistance but does not specify the usage of supercomputers.
5. Internal accounting is considered the most important source of MKIS information.
- Correct. It states that internal accounting is regarded as the most important source of MKIS information.

Q69 Text Solution:

In the case study, it is mentioned that the MKIS at XYZ Corporation includes data gathering subsystems such as marketing research, marketing intelligence, and internal accounting. These subsystems are designed to collect valuable information from various sources.

Statement 1 is not correct because while the MKIS serves as a data bank, it also includes subsystems for data gathering and processing. Statement 3 is not correct because the case study does not specify that the MKIS at XYZ Corporation focuses mainly on processing data.

Statement 4 is not correct because the case study does not provide evidence that most

managers at XYZ Corporation have a deep understanding of MKIS functions.

Statement 5 is not correct because the case study does not mention that MKIS is primarily used for environmental data storage; instead, it emphasizes data gathering and processing. So, based on the case study, option B is the correct statement about MKIS performance at XYZ Corporation.

Q70 Text Solution:

- Option A is incorrect because employees can't change their tax regime selection at any time during the year for TDS purposes. Once selected, it remains for the entire year.
- Option B is incorrect because, for business or profession income, the option to choose between tax regimes is not available every financial year. It can only be chosen once for a particular business.
- Option D is incorrect because employees do have the option to choose between old and new tax regimes for income from salary, but they can't change it during the year for TDS purposes.

Option C is the correct statement as it reflects the information provided, stating that once an employee selects the new tax slab regime at the beginning of the year, they cannot change it for TDS purposes during that year.

Q71 Text Solution:

The locking period for investments in PMVY for senior citizens is ten years. This means that the invested amount cannot be withdrawn for ten years from the date of purchase.

Q72 Text Solution:

1. Income Tax rate for Partnership firms or LLPs in the old regime is 30%.
2. In the old regime, a 12% surcharge is levied on incomes above ₹1 Crore for Partnership firms or LLPs.
3. In the old regime, there is a Health and Education Cess at the rate of 4% for Partnership firms or LLPs.

4. No concessional rates have been introduced for firms or LLPs in the new tax regime.

Q73 Text Solution:

(i) Medical insurance premium can be claimed at ₹50,000. (₹25,000/- for self and dependent family comprising spouse and children and additionally also claim ₹25,000/- for dependent parents below 60 years). One can also claim medical insurance premium paid up to a maximum of ₹1,00,000/- per annum if availed for senior citizens. If senior citizens are not covered under any health insurance, then medical expenditure incurred can be claimed under 80D up to ₹50,000/-

(ii) Under section 24, interest paid on a home loan can be claimed as a deduction up to ₹2 Lakhs. Other than this, Section 80EE also allows you to claim a deduction of up to ₹50,000 on home loan interest which is over and above the limit of Section 24.

(iii) A home loan would also help in reducing the taxable income as the principal portion of the EMI can be claimed u/s 80C up to ₹1.5 lakh, and the interest portion of the EMI can be claimed as a deduction from 'Income from House Property'.

(iv) Interest paid on an Education Loan is allowed as a deduction under Sec 80E.

Q74 Text Solution:

Computation of Normal Tax:

- Tax liability under the normal provisions of the Income-tax Act, 1961: Rs. 22.125 lakh
- Add: Health & Education Cess @4%: Rs. 0.885 lakh
- Total Tax Liability: Rs. 23.01 lakh

Computation of Alternate Minimum Tax (AMT):

- Adjusted Total Income: Rs. 80.00 lakh
- Add: Deduction under section 35AD: Rs. 70.00 lakh
- Less: Depreciation under section 32: Rs. 7.00 lakh
- Adjusted Total Income: Rs. 143.00 lakh
- AMT @18.5%: Rs. 26.455 lakh

- Surcharge @ 15% (since adjusted total income > Rs. 100 lakh): Rs. 3.968 lakh
- Tax: Rs. 30.423 lakh
- Add: Health & Education cess @4%: Rs. 1.216 lakh
- Total Tax Liability: Rs. 31.639 lakh

Since the regular income tax payable is less than the AMT payable, the adjusted total income of Rs. 143 lakhs shall be deemed to be the total income of Mr. X. The tax is payable @18.5% thereof plus surcharge @ 15% and cess @4%. Therefore, the tax liability is Rs. 31.639 lakh. However, Mr. X would be eligible for credit in 15 subsequent years to the extent of the difference between the AMT and Normal Tax which is Rs.

Q75 Text Solution:

Alternative assets are non-traditional assets that have the potential for economic value but are not typically found in standard investment portfolios. Examples include art, antiques, precious metals, and more.

Q76 Text Solution:

- Statement 1 is correct. Fixed-rate bonds have a fixed interest rate, not variable.
- Statement 2 is incorrect. Floating rate bonds (FRBs) have variable interest rates.
- Statement 3 is correct. Sovereign Gold Bonds (SGBs) do allow tax-free interest from digital gold investments.
- Statement 4 is incorrect. Inflation-Indexed Bonds are linked to the consumer price index (CPI) or wholesale price index (WPI).
- Statement 5 is incorrect. The 7.75% GOI Savings Bond has a minimum investment amount of INR 1,000, not INR 10,000.

Q77 Text Solution:

- Statement 1 is incorrect. Equity Mutual Funds primarily invest in the stock markets, not debt instruments.
- Statement 2 is correct. Debt Mutual Funds typically invest in debt instruments and provide a fixed rate of return.
- Statement 3 is incorrect. Balanced Mutual Funds invest in both equities and debts.

- Statement 4 is incorrect. ELSS (Equity Linked Savings Schemes) have a lock-in period of 3 years, not 5 years.
- Statement 5 is correct. Open Ended Funds do not have a lock-in period and allow investors to redeem their investments anytime.

Q78 Text Solution:

Statement 1 is incorrect. XYZ Investment Management caters to both individual and institutional investors, not exclusively to individual investors.

Statement 2 is correct. The case study mentions that XYZ Investment Management provides services related to asset allocation and risk assessment.

Statement 3 is correct. The case study highlights that XYZ Investment Management offers financial planning and advisory services to its clients.

Statement 4 is incorrect. XYZ Investment Management is primarily involved in investment management, not corporate finance.

Statement 5 is incorrect. Investment research and analysis are important components of investment management, which XYZ Investment Management likely engages in as part of its services.

Q79 Text Solution:

Portfolio Management involves:

- Assisting clients in managing their existing assets to maximize their wealth.
- Clients providing their funds for management.
- Expertise in optimizing investment strategies and managing portfolios.

Investment Banking involves:

- Raising capital for clients who may not have the necessary funds.
- Seeking capital-raising opportunities in the equity market or through debt instruments.

C) Advising on mergers and acquisitions, running IPOs, and providing various financial services.

D) Requiring knowledge and skills related to capital raising and financial services.

E) Investment Banking does not primarily deal with managing investment portfolios for individual investors; it is more focused on corporate finance activities.

In finance terminology, Portfolio Management is associated with the "buy-side," while Investment Banking is often referred to as the "sell-side."

Q80 Text Solution:

Statement 1 is correct. Portfolio Managers focus on managing clients' existing assets to help them maximize their wealth.

Statement 2 is correct. Portfolio Managers draft an Investment Policy Statement (IPS) to understand clients' financial positions and needs, which guides the investment strategy.

Statement 3 is not correct. Passive Portfolio Management aims to mimic market indexes, not Active Portfolio Managers.

Statement 4 is correct. Rebalancing the portfolio composition is an essential step in Portfolio Management to ensure that the risk and return profile align with clients' objectives.

Q81 Text Solution:

The responsibilities of a direct broker encompass the following tasks:

- Gathering comprehensive information about the client's business and their approach to risk management.
- Becoming well-acquainted with the client's business and underwriting details to effectively communicate them to insurers and other parties.
- Offering advice regarding suitable insurance coverage and terms.
- Keeping up-to-date knowledge of the available insurance markets, as relevant.

- e. Presenting quotations received from insurer/s for the client's consideration.
- f. Supplying necessary underwriting information to insurers for assessing risk and determining pricing and coverage conditions.
- g. Responsively acting on client instructions and providing written acknowledgments and progress reports.
- h. Assisting clients in premium payment under section 64VB of the Insurance Act, 1938; note that the provisions of section 64VB continue to govern the determination of risk assumption by an insurer.
- i. Aiding in the negotiation of claims.
- j. Maintaining accurate records of claims.

Q82 Text Solution:

Statement 1 is incorrect. Group insurance covers are offered to various groups, including savings and current account holders, not just loan borrowers.

Statement 2 is correct. Group insurance covers have a fixed amount for natural and accidental death.

Statement 3 is incorrect. The premium for group insurance covers is charged on an annual basis, not monthly.

Statement 4 is correct. Dynamic group insurance covers are available for retail loans with single premium payments.

Statement 5 is correct. Banks are reimbursed with marketing expenses of about 10% to 15% of the premium mobilized for group insurance products.

Q83 Text Solution:

1. Eligibility Criteria:

- All individual account holders of participating banks in the age group of 18 to 50 years are entitled to join the PMJJBY scheme. Priya falls within this age group, making her eligible.

2. Enrolment Period:

- To avail of the cover for the period from 1st June to 31st May, subscribers like Priya need to enroll and give their auto-debit consent by 31st May of the policy commencing year.

3. Coverage and Benefits:

- Under PMJJBY, a sum of ₹2 lakh is payable on the member's death due to any cause. This amount would provide crucial financial support to Priya's family in the event of her demise.

4. Premium Payment:

- The annual premium for PMJJBY is ₹436 per member, which is an affordable amount for Priya to secure a significant insurance cover.

Q84 Text Solution:

Key Details of PMSBY:

1. Eligibility Criteria:

- All individual bank account holders in the age group of 18 to 70 years in participating banks are entitled to join PMSBY. Ratna falls within this age group.

2. Enrolment Period:

- The coverage period for PMSBY is from 1st June to 31st May. To join or pay via auto-debit from the designated bank account, individuals like Ratna need to give their consent by 31st May each year. Joining subsequently is possible on payment of the full annual premium.

3. Premium Payment:

- The annual premium for PMSBY is ₹20 per member. The premium is deducted from the account holder's bank account through 'auto debit' facility in one installment on or before 1st June of each annual coverage period. If auto-debit occurs after 1st June, the cover starts from the date of auto-debit.

4. Termination of Cover:

- The accident cover under PMSBY terminates on specific events, including attaining the age of 70 years, closing the bank account, or insufficiency of balance to maintain the insurance. If a member is covered through

multiple accounts and premiums are received inadvertently by the Insurance Company, coverage is restricted to one bank account, and duplicate premium payments are forfeited.

Q85 Text Solution:

According to the RBI guidelines on factoring service, under Factoring business through a subsidiary, the aggregate of equity investment in factoring subsidiaries and factoring companies shall not exceed 10% of the bank's paid up capital and reserves.

Q86 Text Solution:

- Statement 1 is incorrect. Factoring services can be provided with recourse, without recourse, or on a limited recourse basis.
- Statement 2 is incorrect. A thorough credit appraisal of the debtors is required before entering into any factoring arrangement.
- Statement 3 is correct. Factoring shall be treated on par with loans and advances and shall be subject to extant prudential norms on loans and advances as applicable.
- Statement 4 is incorrect. Banks and factors are required to put in place a mechanism for sharing information about common borrowers to avoid double financing.
- Statement 5 is correct. Credit information regarding the non-payment of dues by the debtor should be furnished to authorized Credit Information Companies as per RBI guidelines.

Q87 Text Solution:

- Statement A is incorrect: Section 80EEA allows a deduction of up to Rs. 1,50,000, not Rs. 2,00,000.
- Statement B is correct: To be eligible for Section 80EEA, the loan should be sanctioned by a financial institution between 01-04-2019 and 31-03-2022.

- Statement C is correct: The stamp duty value of the residential house property should not exceed Rs. 45 lakhs to qualify for the deduction.
- Statement D is incorrect: To claim the deduction under Section 80EEA, the taxpayer should not own any other residential property.

Q88 Text Solution:

Arrears of rent or recovery of unrealized rent [Section 25A]

- Amount received in respect of arrears of rent or any subsequent recovery of unrealized rent shall be deemed to be the income of taxpayer under the head "Income from house property" in the year in which such rent is realized or received (whether or not the assessee is the owner of that property in that year).
- Further, 30% of such rent shall be allowed as deduction.

Q89 Text Solution:

Statement A is correct: Priya will be deemed the owner of the house property since she transferred it to her minor daughter without adequate consideration. This is in accordance with Section 27 of the Income Tax Act.

Statement B is incorrect: The mere fact that the transfer was to her own daughter does not exempt Priya from being deemed the owner.

Statement C is incorrect: While Priya's daughter is involved in the scenario, it is Priya who is considered the deemed owner in this context.

Statement D is incorrect: The situation doesn't depend on whether Priya and her daughter have an agreement to live apart. The key factor is the transfer of the property without adequate consideration to a minor child.

Q90 Text Solution:

Reversal of tax benefits availed under section 80C:

If a house property for which tax benefit was availed under section 80C, is sold within a period of 5 years from the end of the financial year in which the property has been received in possession,

then:

- Tax benefits under 80C will not be eligible for a claim in that financial year.
- The total amount of tax deduction already claimed in respect of earlier years shall be deemed to be income of such year in which the property has been sold and will be liable to pay tax on that income

Q91 Text Solution:

Under Section 54EC:

- Eligible Gain for Exemption: Long-term capital gain arising from the transfer of any capital asset.
- Asset for Reinvestment: Investment should be made in bonds issued by the National Highway Authority of India or the Rural Electrification Corporation Limited within 6 months from the date of asset transfer. These bonds cannot be redeemed before 3 years. This exemption is not applicable to short-term capital gains. The maximum eligible investment amount is ₹50,00,000.

Q92 Text Solution:

To calculate the outstanding loan balance at the end of Month 3, you can use the loan amortization formula provided:

Outstanding Loan Balance

$$(\text{End of Month } X) = \text{Beginning Balance (End of Month } X - 1) - \text{Principal Payment (Month } X)$$

Let's calculate it step by step:

1. Month 1:

- Beginning Balance (End of Month 0) = ₹1,00,000

$$\text{Principal Payment (Month 1)} = \text{Monthly Payment} - \text{Interest Payment (Month 1)}$$

$$\text{Principal Payment (Month 1)} = ₹4,614.49 - (\text{₹1,00,000} \times 10\% \div 12) = ₹4,614.49 - ₹833.33 = ₹3,781.16$$

Outstanding Loan Balance

$$(\text{End of Month 1}) = ₹1,00,000 - ₹3,781.16 = ₹96,218.84$$

2. Month 2:

- Beginning Balance (End of Month 1) = ₹96,218.84

$$\text{Principal Payment (Month 2)} = \text{Monthly Payment} - \text{Interest Payment (Month 2)}$$

$$\text{Principal Payment (Month 2)} = ₹4,614.49 - (\text{₹96,218.84} \times 10\% \div 12) = ₹4,614.49 - ₹801.82 = ₹3,812.67$$

Outstanding Loan Balance

$$(\text{End of Month 2}) = ₹96,218.84 - ₹3,812.67 = ₹92,406.17$$

3. Month 3:

- Beginning Balance (End of Month 2) = ₹92,406.17
- Principal Payment (Month 3) = Monthly Payment - Interest Payment (Month 3)

$$\text{Principal Payment (Month 3)} = ₹4,614.49 - (\text{₹92,406.17} \times 10\% \div 12) = ₹4,614.49 - ₹770.05 = ₹3,844.44$$

Outstanding Loan Balance

$$(\text{End of Month 3}) = ₹92,406.17 - ₹3,844.44 = ₹88,561.73$$

So, the outstanding loan balance at the end of Month 3 is ₹88,561.73.

Q93 Text Solution:

To calculate the future value of Mr. Sharma's savings, you can use the formula:

$$\text{Future Value (FV)} = \frac{\text{PMT} \times [(1+r)^n - 1]}{r}$$

Where:

- $PMT = ₹5,000$ (monthly contribution)
- $r = \text{Annual interest rate} / 12 \text{ months} = 8\% \div 12 = 0.67\%$ per month (expressed as a decimal)
- $n = \text{Number of months} = 5 \text{ years} \times 12 \text{ months/year} = 60 \text{ months}$

Now, let's calculate the future value:

$$FV = \frac{₹5,000 \times [(1 + 0.0067)^{60} - 1]}{0.0067} \approx ₹367,767.581$$

So, Mr. Sharma will have saved approximately ₹3,67,767.58 for his child's education after 5 years if he invests ₹5,000 every month with an 8% annual interest rate.

Q94 Text Solution:

Cost of the machinery = ₹80,000

Salvage value at the end of 8 years = ₹10,000

Number of years (n) = 8

Calculate the annual depreciation using the Straight Line method:

Annual Depreciation

$$= \frac{(\text{Cost} - \text{Salvage Value})}{\text{Number of Years}}$$

$$\text{Annual Depreciation} = \frac{(\text{₹}80,000 - \text{₹}10,000)}{8}$$

$$\text{Annual Depreciation} = ₹8,750$$

Calculate the rate of depreciation (p):

$$\text{Rate of Depreciation}(p) = 1$$

$$- (\text{Salvage Value} / \text{Cost})^{\frac{1}{n}}$$

$$\text{Rate of Depreciation}(p) = 1$$

$$- (\text{₹}10,000 / \text{₹}80,000)^{\frac{1}{8}}$$

$$\text{Rate of Depreciation}(p) = 1$$

$$- (0.125)^{\frac{1}{8}}$$

$$\text{Rate of Depreciation}(p) \approx 1 - 0.953$$

$$\text{Rate of Depreciation}(p) \approx 0.228 \text{ or } 22$$

.88%

So, the annual depreciation is ₹8,750, and the rate of depreciation is approximately 22.88%.

Q95 Text Solution:

To calculate the annual amount for the Sinking Fund, you can use the formula:

$$\text{Annual Payment} = \frac{\text{Future Value}}{\text{Sinking Fund Factor}}$$

Where,

- Future Value (FV) is the value of the property, which is ₹1,000,000.
- Sinking Fund Factor is obtained from a table based on the interest rate (8%) and the number of years (30).

Using the sinking fund factor table, you find that for 30 years at 8%, the factor is approximately 15.93.

Now, calculate the annual payment:

$$\text{Annual Payment} = \frac{1,000,000}{15.93} \approx ₹62,774.64$$

So, Hari needs to set aside approximately ₹62,774.64 annually in the Sinking Fund to accumulate enough capital to replace the property after 30 years at an 8% interest rate.

Q96 Text Solution:

The Belling Method of land valuation is based on the frontage and depth of the plot. This method is typically adopted for larger-sized plots with less frontage and more depth. It involves dividing the land into several belts running parallel to the frontage and progressively assigning lower rates to belts that are farther from the frontage. This approach takes into account the specific dimensions and shape of the land when determining its value.

Q97 Text Solution:

FSI stands for "Floor Space Index" in the context of urban land valuation. FSI, also known as Floor Space Area (FAR), refers to the ratio of the total built-up area, including all floors, to the area of the land on which the building is constructed. It is determined by local authorities and varies for different areas or different types of buildings within a city. FSI is an important factor in urban land valuation as it influences the permissible construction and ultimately affects the value of the land.

Q98 Text Solution:

Retail banking is primarily focused on serving individual consumers or small account holders. It aims to provide financial services to individuals for non-entrepreneurial purposes. While retail banks may also offer some services to small and medium-sized businesses, their main target audience is individuals seeking services like savings accounts, personal loans, mortgages, and more. Large account holders and corporate account holders are typically served by other banking divisions, such as corporate or wholesale banking.

Q99 Text Solution:

Product appropriateness in retail banking is crucial because it ensures that the bank offers the right products and services that meet the specific needs and requirements of its customers. When products and services are appropriate for the customer base, it enhances customer satisfaction and loyalty. This, in turn, helps retain existing customers who are more likely to stay with the bank when their financial needs are well-addressed. In contrast, if the products and services are not appropriate or relevant to customers, they may seek banking services elsewhere, leading to customer attrition. Therefore, product appropriateness plays a significant role in customer retention and the overall success of retail banking.

Q100 Text Solution:

The Departmental Approach involves dividing the organization into different departments based on functions, such as accounting, marketing, finance, and planning. It does not emphasize a focused business model for retail banking, and it is not specific to new generation private sector banks or the use of Strategic Business Units (SBUs). Instead, it focuses on organizing the organization's functions into specialized departments.

Q101 Text Solution:

Strategic Business Unit (SBU) Approach:

- SBUs are autonomous divisions within a bank that focus on specific product offerings and market segments.
- They aim to be flexible yet have control over factors affecting long-term performance.
- Some public sector banks in Mumbai follow this approach, aligning their business models with private sector and foreign banks.
- It involves modular strategies and objectives to achieve targeted profits.

Q102 Text Solution:

The SBU Approach allows for flexibility and control over long-term performance while focusing on specific product offerings and market segments. It is well-suited for optimizing profitability in a large, diverse retail banking operation.

Q103 Text Solution:

The Integrated Approach combines various aspects, takes a cohesive approach to business problems, and is well-suited for balancing profitability, customer satisfaction, adaptability to market changes, and personalization of services in retail banking. It focuses on the holistic integration of socio-economic aspects, which can help achieve these goals.

Q104 Text Solution:

- The Segmented Approach involves classifying branches based on business potential and applying focused marketing strategies accordingly.
- It categorizes branches as Resource Centres, Profit Centres, Priority Centres, and General Centres to achieve clear business focus.
- The Segmented Approach is particularly effective for public sector banks with a large

network and is aimed at implementing focused strategies to optimize their retail banking operations.

Q105 Text Solution:

- Statement 1 is true. The horizontally organized model is described as using different process models for different products but offers end-to-end solutions product-wise, implying a centralized customer database for multiple products.
- Statement 2 is true. The case study mentions that in most public sector banks (PSBs), the horizontally organized model is the standard norm.
- Statement 3 is false. The case study states that new generation private sector banks generally follow a vertically organized model, not a horizontally organized one.
- Statement 4 is false. The classification-based approach involves designing strategies based on the type of branch, not geography.

Q106 Text Solution:

Correct Statements:

- 4) The ticket size of loans in retail banking is generally low.
- 7) The cost of deposits in corporate banking is usually higher than in retail banking.
- 8) NPA impact is generally more pronounced in corporate banking due to higher loan amounts.

Explanation for incorrect statements:

Statement 1 is incorrect because retail banking primarily targets the individual segment, not corporate clients.

Statement 2 is incorrect because wholesale/corporate banking typically deals with a smaller segment of corporate clients compared to the larger customer base of retail banking.

Statement 3 is incorrect because corporate banking is primarily a B2B (Business to Business)

approach, not B2C.

Statement 5 is incorrect because returns in retail banking are generally lower due to competitive pressure and lower interest rate spreads.

Statement 6 is incorrect because monitoring and recovery in retail assets are more laborious due to the larger customer base, not in corporate banking.

Q107 Text Solution:

- Statement 1 is incorrect because gross profit is calculated as sales minus the cost of goods sold (COGS), not operating expenses.
- Statement 2 is incorrect because operating profit is calculated by deducting operating expenses from gross profit, not by subtracting taxes and interest.
- Statement 3 is correct. The gross profit margin is calculated by dividing gross profit by total sales.
- Statement 4 is correct. Net profit represents the income left over after all expenses except taxes and interest have been paid.
- Statement 5 is correct. The net profit margin is calculated by dividing net profit by total sales.

Q108 Text Solution:

The regulatory requirement that mandates banks to keep a certain portion of their deposits with the regulator, such as the RBI in India, is known as the Cash Reserve Ratio (CRR). CRR is a specified percentage of a bank's total deposits that must be maintained in cash with the central bank and is used as a tool to control the money supply in the economy. It is not related to profitability measures like Return on Assets (ROA), Loan Loss Reserves (LLR), or Return on Equity (ROE).

Q109 Text Solution:

- Statement A is incorrect because branch optimization involving various strategies but not merely reducing the number of branches to cut costs.
- Statement B is incorrect because banks may need to explore non-traditional businesses, not invest heavily in traditional ones.
- Statement C is correct. Banks are working on enhancing their contact centers to meet customer expectations and ensure virtual availability for customer service.
- Statement D is incorrect because automation tools can be used to improve staff productivity rather than increasing staff size.

Q110 Text Solution:

In the context of ABC Bank's situation where it is facing significant losses and seeking to enhance branch profitability and generate income, let's analyze each statement to determine which one is correct:

1. Banks should apply the same growth targets to all branches to maintain consistency.
 - This statement is not correct. Applying the same growth targets to all branches may not be effective, as each branch may have unique challenges and opportunities. Customization is often necessary.
2. Customer base analysis involves increasing wallet share among existing customers to reduce customer retention.
 - This statement is not accurate. Customer base analysis typically focuses on increasing wallet share among existing customers to enhance customer retention. Reducing customer retention is not a desirable goal.
3. Customized branch goals should consider each branch's unique circumstances for customer acquisition, retention, and cross-selling.
 - This statement is correct. Customizing branch goals based on each branch's unique circumstances is a prudent strategy.

Each branch may serve a different demographic or have different competitive factors, and considering these factors is essential for success.

4. Targeted outreach for new prospects relies solely on existing relationships and branch location.

- This statement is not correct. While existing relationships and branch location can be valuable, targeted outreach for new prospects should involve various strategies, including marketing, advertising, and community engagement, beyond relying solely on existing relationships and location.
5. Branches should avoid constant evolution in their strategies to maintain stability and consistency.

- This statement is not advisable. In a dynamic banking environment, some level of evolution in strategies is often necessary to adapt to changing customer needs and market conditions. Maintaining stability and consistency is important, but it should not come at the cost of inflexibility.

Correct Answer: 3. Customized branch goals should consider each branch's unique circumstances for customer acquisition, retention, and cross-selling.

This statement aligns with the idea that branch strategies should be tailored to the specific challenges and opportunities faced by each branch, which can be a valuable approach for a bank like ABC Bank looking to improve its profitability and generate income.

Q111 Text Solution:

2. If the actual service exceeds customer expectations, it leads to customer satisfaction.
 - This statement is correct. Customer satisfaction is often influenced by whether the service provided meets or exceeds customer expectations. When a bank's services go beyond what

customers anticipated, it can lead to higher levels of satisfaction.

3. Responsiveness refers to the willingness to help customers and provide prompt service.

- This statement is correct. Responsiveness is a crucial aspect of service quality. It involves the bank's eagerness to assist customers promptly and effectively when they have inquiries, issues, or requests.

4. Providing solutions rather than excuses is a recommended approach in customer service.

- This statement is correct. When customers encounter problems or challenges, they prefer banks that focus on finding solutions rather than making excuses or shifting blame. This approach can improve customer relations and satisfaction.

The following statements are incorrect:

1. Customer satisfaction is solely based on the actual service provided, not on customer expectations.

- This statement is incorrect. Customer satisfaction is influenced by both the actual service provided and customer expectations. Meeting or exceeding expectations is a key factor in customer satisfaction.

2. Tangibles in service quality include the possession of required skills and knowledge by bank personnel.

- This statement is incorrect. Tangibles in service quality typically refer to physical or tangible aspects of service delivery, such as the appearance of facilities, equipment, or marketing materials. Skills and knowledge of bank personnel are more related to their competence, which is another dimension of service quality.

3. Denying customer concerns is an effective way to handle complaints.

- This statement is incorrect. Denying customer concerns is not an effective way to handle complaints. It can lead to further dissatisfaction and damage the bank's reputation. Effective complaint handling involves listening to customers, understanding their concerns, and working toward resolution.

In summary, statements 2, 3, and 5 are correct regarding customer service and service quality in the context of ABC Bank's challenges with customer relations and service quality.

Q112 Text Solution:

Based on Vishal's situation, the following statements regarding managing credit scores are correct:

3. Frequent applications for new credit accounts can negatively impact the credit score.

5. A history of consistent repayment of various types of credit can improve the credit score.

Here's the explanation for each statement:

1. This statement is incorrect. Using the entire credit limit without seeking additional credit can negatively affect the credit score. It indicates a higher credit utilization ratio, which can lower the credit score.

2. This statement is incorrect. Having a high number of credit inquiries is generally seen as a negative indicator and can lower the credit score. It suggests that the individual may be seeking credit frequently.

3. This statement is correct. Frequent applications for new credit accounts can negatively impact the credit score. Each credit application generates a hard inquiry on the credit report, which can lower the score.

4. This statement is incorrect. Timely payment of past accounts has a significant influence on the credit score. Payment history is one of the most critical factors affecting the credit score. Late payments can lower the score.

5. This statement is correct. A history of consistent repayment of various types of credit can improve the credit score. It demonstrates responsible credit management and a positive payment history.

6. This statement is incorrect. Having only credit cards in the credit mix may not necessarily positively impact the credit score. A diverse mix of credit types, including installment loans, can be beneficial for the credit score.

Q113 Text Solution:

1. Ravi is eligible for an auto/vehicle loan as a salaried employee.

- Correct. Salaried employees are eligible for auto/vehicle loans.

2. Ravi's annual income of ₹70 lakh makes him eligible for a car loan without any income constraints.

- Correct. Ravi's annual income of ₹70 lakh is substantial.

3. The margin (down payment) required for a new car loan is typically 5%.

- Incorrect. The margin (down payment) required for new cars is typically 10%.

4. Ravi can choose the repayment tenure for his car loan, with a maximum of 7 years generally.

- Correct. The maximum repayment period for individuals for new vehicles is generally 7 years.

5. Ravi can make a prepayment on his car loan without incurring any penalty.

- Correct. Public sector banks generally do not charge any prepayment penalty for auto/vehicle loans.

6. Ravi will need to provide a third-party guarantee since he is applying for a car loan as an NRI.

- Incorrect. The information in the case study does not mention that Ravi is an NRI, and it does not require third-party guarantees for NRIs. Additionally, Ravi's profile is that of a

salaried employee, which is not indicative of NRI status.

Correct Statements:

- 1. Ravi is eligible for an auto/vehicle loan as a salaried employee.
- 2. Ravi's annual income of ₹70 lakh makes him eligible for a car loan without any income constraints.
- 4. Ravi can choose the repayment tenure for his car loan, with a maximum of 7 years generally.
- 5. Ravi can make a prepayment on his car loan without incurring any penalty.

Incorrect Statements:

- 3. The margin (down payment) required for a new car loan is typically 5%.
- 6. Ravi will need to provide a third-party guarantee since he is applying for a car loan as an NRI.

Q114 Text Solution:

- Principal amount (P) = ₹50,000

- Monthly interest rate (r) = $\frac{15}{12 \times 100} = 0.0125$

- Loan tenure (in months) (m) = 5 years * 12 months/year = 60 months

Use the formula: $EMI = \frac{[P \times r \times (1+r)^m]}{[(1+r)^m - 1]}$

Now, calculate EMI:

$$EMI = \frac{[₹50,000 \times 0.0125 \times (1+0.0125)^{60}]}{[(1+0.0125)^{60} - 1]}$$

EMI ≈ ₹1,190 (rounded to the nearest rupee)

So, Mr. Faizal needs to pay approximately ₹1,190 as his Equated Monthly Installment (EMI) for the loan of ₹50,000.

Q115 Text Solution:

According to the NPA recognition criteria for a term loan:

- A loan becomes non-performing when interest and/or installment of principal remain overdue for more than 90 days.

Given the information:

- Mr. Smith's loan's first due date was 1st February 2022.

Now, let's calculate when the loan became "Substandard" based on the 90-day overdue criteria:

- The due date was 1st February 2022.
- Mr. Smith failed to make the payment on that date, and according to the criteria, interest and/or installment of principal should remain overdue for more than 90 days.

Based on this, the loan would have become "Substandard" after 90 days of overdue payments, which would be on 1st May 2022.

Therefore, Mr. Smith's loan account became "Substandard" on 1st May 2022, according to the NPA recognition criteria provided.

Q116 Text Solution:

- Revolving credit facilities, assets purchased from other entities, and securitization exposures are excluded from securitization because they may not meet the criteria of representing a homogeneous pool of obligors, and in the case of securitization exposures, they are already part of a securitization structure.
- Loans with bullet repayment are generally not suitable for securitization because the repayment structure doesn't align with the cash flow requirements of most securitization transactions.

Q117 Text Solution:

1. Assets with an original maturity of 24 months or less require the retention of 10% of the cash flows on a pari-passu basis. – This statement is incorrect. Assets with an original maturity of 24 months or less require the retention of 5% of the cash flows, not 10%.
2. Assets with an original maturity of above 24 months require the retention of 5% of the cash flows on a pari-passu basis. – This statement is correct. Assets with an original maturity of above 24 months indeed require the retention of 5% of the cash flows on a pari-passu basis.
3. Assets with bullet repayment of both principal and interest do not require any retention under MRR. – This statement is incorrect. Assets with

bullet repayment of both principal and interest require the retention of 5% of the cash flows on a pari-passu basis.

4. In the case of a partial sale of assets, the seller must retain at least 15% of the cash flows to meet MRR requirements. – This statement is incorrect. In the case of a partial sale of assets, the seller must retain a portion equivalent to 5% of the portion sold or 10% of the portion sold, as the case may be, to meet MRR requirements. The statement mentions an incorrect percentage.

5. All exposures retained by the selling bank including MRR, should rank pari-passu with the sold portion of the asset. – This statement is correct. All exposures retained by the selling bank, including MRR, should indeed rank pari-passu (on an equal basis) with the sold portion of the asset.

Correct Statements: 2 and 5.

Q118 Text Solution:

1. The trusteeship of the trust that issues SRs must vest with the ARC. – Correct
Explanation: This statement is correct. The trusteeship of the trust that issues SRs must vest with the ARC.
2. SRs can be issued to both Institutional Buyers (QIBs) and retail investors. – Incorrect
Explanation: SRs are typically issued only to Institutional Buyers (QIBs), not retail investors.
3. ARCs can raise funds by formulating schemes for acquiring financial assets, and they must maintain separate accounts for each scheme. – Correct
Explanation: This statement is correct. ARCs can raise funds through schemes and must maintain separate accounts for each scheme.
4. ARCs are required to invest at least 15% in the SRs issued by trusts set up for securitization under each scheme. – Correct
Explanation: This statement is correct. ARCs are required to invest at least 15% in the SRs issued by trusts set up for securitization under each scheme.
5. ARCs must maintain a minimum of 15% of the security receipts issued by them under each

scheme on an ongoing basis until the redemption of all such security receipts. - Correct

Explanation: This statement is correct. ARCs must maintain a minimum of 15% of the security receipts issued by them under each scheme on an ongoing basis until the redemption of all such security receipts.

6. ARCs must declare the Net Asset Value (NAV) of the SRs issued by them within three months of the acquisition of assets. - Incorrect

Explanation: ARCs must declare the NAV of the SRs issued by them within six months of the acquisition of assets.

7. The rating/grading of SRs should be reviewed by ARCs annually, and NAV should be declared only to QIBs. - Correct

Explanation: This statement is incorrect. ARCs will get the rating/grading of SRs reviewed from an approved CRA as on June 30, and December 31 every year and declares the NAV of SRs forthwith, to enable the QIBs to value their investment in SRs

8. As of April 1, 2017, banks are not required to keep provisions on assets related to SRs backed by stressed assets. - Incorrect

Explanation: As of April 1, 2017, banks are required to keep provisions on assets related to SRs backed by stressed assets.

So, the correct statements are 1, 3, 4, and 5.

Q119 Text Solution:

In the "Marketing Planning" stage for the new savings account targeted at young professionals and students, the most appropriate action for ABC Bank's marketing team to take is: Define specific action programs for promoting the new savings account to the target audience.

During the marketing planning stage, it's crucial to create a detailed plan that outlines specific actions and strategies for promoting the new banking product to the intended audience. This

includes defining how the product will be marketed, what channels will be used, and what promotional activities will be undertaken to attract and engage young professionals and students. Conducting a SWOT analysis (option A) and analyzing market conditions and competitor offerings (option C) are important steps that typically occur in the "Marketing Analysis" stage, which precedes the "Marketing Planning" stage. Implementing advertising and promotional campaigns (option D) usually happens in the "Marketing Implementation" stage, which comes after the planning stage.

Q120 Text Solution:

Sarah, the marketing manager at the retail bank, should prioritize the following actions as part of her marketing mix strategy:

- Determining the interest rate to be offered on the savings account.
- Setting the interest rate is a critical element of the product strategy within the marketing mix. It directly impacts customers' decisions to open the savings account.
- Identifying the strengths and weaknesses of competitors in the market.
- Conducting a competitive analysis is essential for understanding the market and positioning the savings account effectively against competitors.
- Creating a TV advertisement to promote the savings account.
- Promotion through TV advertising falls under the promotion element of the marketing mix. It is an essential component to create awareness and attract potential customers.

Other actions mentioned are also important but are not directly related to the marketing mix strategy:

- Deciding on the layout and interior design of the bank's physical branches.

- While branch design is important for customer experience, it is more related to the physical evidence aspect of the extended marketing mix, especially for service industries.
- Developing an executive summary for the marketing plan.
 - Creating an executive summary is part of the planning process but is not a component of the marketing mix itself.
- Conducting employee training programs to improve customer service.
 - Employee training is crucial for delivering excellent customer service, but it is more aligned with the people element of the extended marketing mix, primarily in service industries. It indirectly affects the marketing mix by enhancing service quality.

In summary, determining the interest rate, competitive analysis, and TV advertising are the actions Sarah should prioritize within her marketing mix strategy for the new savings account product.

Q121 Text Solution:

In retail banking, the profitability and strength of banks are primarily driven by the number of customers they possess. This is because the profits in retail banking are derived from a large clientele base. Therefore, banks are more comfortable with a broader customer base, and their focus is on building and expanding this customer base through various marketing strategies and customer-centric initiatives. This approach allows banks to create, communicate, and deliver value to customers, ultimately benefiting the organization and its stakeholders.

Q122 Text Solution:

Banking Correspondents (BCs) are authorized to make transactions on behalf of the bank and serve customers as agents of the bank. This is

particularly beneficial for reaching the unbanked population in remote areas, such as Priya's branch, without the need for establishing costly branch infrastructure. BCs can facilitate doorstep banking, including account opening, disbursement, and loan recovery, which aligns with the objective of financial inclusion and expanding banking services to the local population.

Business Facilitators (BFs), on the other hand, are permitted to refer clients and facilitate the bank in carrying out transactions but are not allowed to personally conduct transactions. While BFs have their own role in the banking ecosystem, they may not be as effective in reaching out directly to the unbanked population in remote areas as BCs.

Therefore, given Priya's goal of expanding banking services and reaching the unbanked population in her underserved area, the use of Banking Correspondents (BCs) is the most suitable option.

Q123 Text Solution:

Rajesh, the bank manager, is considering strategies to expand the bank's retail credit portfolio. Here's the analysis of the strategies that align with his goals:

A. Rajesh is thinking about directly selling credit cards and personal loans to customers through the bank's branch network.

- This strategy is commonly used by banks to directly offer credit card and personal loan products to customers through their branch network. It allows the bank to engage with existing customers and potential borrowers.

Correct. This strategy aligns with Rajesh's goals.

B. He plans to engage Direct Selling Agents (DSAs) to source credit card and retail loan business on behalf of the bank.

- DSAs are external agents appointed by banks to source business on a fee basis. They can be used to expand the reach of retail credit products and reach potential customers more efficiently.

Correct. This strategy aligns with Rajesh's goals.

C. Rajesh is exploring tie-ups with builders to offer special concessions on Home Loans to prospective buyers of specific housing projects.

- This strategy involves partnering with builders to provide financing options to potential homebuyers. It can help the bank expand its home loan portfolio and facilitate real estate transactions.

Correct. This strategy aligns with Rajesh's goals.

D. He intends to establish counters in automobile dealerships to provide on-the-spot car loan approvals to potential buyers.

- Setting up counters in car dealerships is a common strategy to offer convenient financing options to car buyers. It can help the bank attract customers at the point of purchase.

Correct. This strategy aligns with Rajesh's goals.

E. Rajesh is considering tie-ups with educational institutions to offer special education loan packages to students during the admission season.

- This strategy involves collaborating with educational institutions to provide education loan options to students. It can support students in pursuing higher education.

Correct. This strategy aligns with Rajesh's goals.

F. He plans to focus on tie-ups with manufacturers and dealers to provide concessional interest rates and discounts on car loans.

- This strategy involves partnering with manufacturers and dealerships to offer attractive financing packages to car buyers. It can incentivize car purchases.

Correct. This strategy aligns with Rajesh's goals.

In summary, all of the provided strategies align with Rajesh's goals of expanding the bank's retail credit portfolio and reaching potential customers through various channels. These strategies are commonly adopted by banks to offer a range of retail credit products to

- Statement 3 is correct. During CRM implementation, the focus should be on reinforcing existing information systems rather than replacing them entirely.
- Statement 4 is incorrect. Internal organizational culture plays a significant role in CRM implementation success, as it involves adapting the organization's systems and processes to align with CRM goals.
- Statement 5 is incorrect. The fourth stage of CRM implementation involves customizing products and services for different customer segments, not refining strategies based on customer feedback.

Q125 Text Solution:

Statement 1 is incorrect. Targeting all age groups equally may not be the most effective strategy. Tailoring marketing messages to specific customer segments is often more successful.

Statement 2 is correct. Conducting market research to understand customer preferences and needs is essential for effective campaign planning.

Statement 3 is incorrect. Relying solely on traditional marketing channels may limit your reach. Using a mix of online and offline channels is often more effective.

Statement 4 is correct. Personalizing marketing messages based on customer attributes such as life stage and financial goals can significantly improve campaign effectiveness.

Statement 5 is incorrect. Setting a fixed budget without flexibility may lead to missed opportunities. Having some flexibility in budget allocation can be beneficial.

Statement 6 is correct. Monitoring and analyzing campaign performance during and after the launch are crucial to make necessary adjustments and ensure the campaign's success.

Q124 Text Solution:

- Statement 1 is incorrect. Identifying customers and their product preferences is crucial for CRM implementation as it helps banks target specific customer segments effectively.
- Statement 2 is correct. Information processes involve analyzing and restructuring existing data flows to integrate them into the CRM system, ensuring efficient data management.

Q126 Text Solution:

Covered Products

- a. Various deposit accounts, including current accounts, savings accounts, term deposits, recurring deposits, and PPF accounts.
- b. Payment services encompassing pensions, payment orders, and remittances via methods like Demand Drafts, wire transfers, and electronic transactions like RTGS and NEFT.
- c. Banking services associated with Government transactions.
- d. Services related to Demat accounts, equity, and Government bonds.
- e. Facilities for exchanging Indian currency notes and coins.
- f. Services for collecting cheques, providing safe custody, and offering safe deposit lockers.
- g. Loan products, overdrafts, and guarantees.
- h. Foreign exchange services, including currency exchange.
- i. Third-party insurance and investment products promoted through bank branches or their authorized representatives.
- j. Card products, including credit cards, debit cards, ATM cards, smart cards, and Point of Sale (PoS) services, including those offered by bank subsidiaries or companies promoted by member banks.
- k. Digital products, such as e-wallets, Mobile Banking, Internet Banking, UPI (Unified Payments Interface), BHIM (Bharat Interface for Money), and Aadhaar Pay.

Q127 Text Solution:

- Statement 1 is correct. Banks are required to display the name of an official at the branch whom customers may approach if they have a grievance.
- Statement 2 is correct. If a written complaint is hand-delivered, the bank must provide an acknowledgment and a complaint reference number separately sent by SMS on the registered mobile number.

- Statement 3 is incorrect. Customer feedback is one of the parameters for rating member banks' compliance with industry codes. It is assigned a weightage of 13 out of 100.
- Statement 4 is incorrect. A rating category of "Above Average" is assigned to banks that score between 70 and less than 85 out of 100 in the compliance rating.

Q128 Text Solution:

1) CPED administers the Banking Ombudsman Scheme. (Correct)

- This statement is correct. CPED is responsible for overseeing and managing the Banking Ombudsman Scheme.

2) CPED acts as a nodal department for the Banking Codes and Standards Board of India (BCSBI). (Correct)

- This statement is correct. CPED serves as a central department for coordinating with the erstwhile BCSBI, which developed codes like the "Code of Bank's Commitment to Customers" and the "Code of Bank's Commitment to Micro and Small Enterprises."

3) The Integrated Ombudsman Scheme 2021 eliminates the need for complainants to identify the specific scheme for filing complaints. (Correct)

- This statement is correct. The Integrated Ombudsman Scheme 2021 simplifies the complaint filing process by removing the requirement for complainants to identify the specific scheme.

4) The Regulated Entity has the right to appeal an Award issued by the Ombudsman for not providing satisfactory and timely information/documents. (Incorrect)

- This statement is incorrect. The Regulated Entity does not have the right to appeal if an Award is issued against it for failing to furnish satisfactory and timely information/documents.

5) The Executive Director of RBI's Consumer Education and Protection Department serves

as the Appellate Authority under the Integrated Ombudsman Scheme 2021. (Correct)

- This statement is correct. The Executive Director of RBI's Consumer Education and Protection Department is designated as the Appellate Authority under the Integrated Ombudsman Scheme 2021.

So, the correct statements are 1, 2, 3, and 5.

Q129 Text Solution:

Due diligence involves a thorough assessment of the applicant's financial situation, creditworthiness, and the legitimacy of the loan application. It is conducted to ensure that the borrower meets the necessary criteria for obtaining the loan and can repay it as agreed. Options A, C, and D do not accurately represent the primary purpose of due diligence in the loan application process.

Q130 Text Solution:

Statement 1 is incorrect. Customer service aims to meet or exceed customer expectations, but it does not always involve consistently going above and beyond their requirements.

Statement 2 is incorrect. Customer satisfaction is influenced by both the actual service received and customer expectations.

Statement 3 is correct. Falling short of customer expectations can indeed lead to customer dissatisfaction.

Statement 4 is correct. Service quality in banks includes dimensions such as tangibles, reliability, responsiveness, assurance, empathy, and value.

Statement 5 is correct. Empathy involves understanding customers' needs and communicating effectively.

Statement 6 is incorrect. Providing excuses is not an effective way to address customer concerns and improve customer satisfaction.

Statement 7 is correct. Competence and courtesy are elements of assurance in service

quality.

Statement 8 is correct. Understanding customer queries and concerns involves active listening and acknowledging their perspective and feelings.

Q131 Text Solution:

In the maturity stage of a product's life cycle, it has already gained acceptance in the market, and there is a stable customer base. By keeping products in this stage, banks can continue to generate revenue and profit without the high costs associated with introducing new products (Option A) or the need for extensive marketing expenses (Option B). This allows banks to focus on their core products and extract the most value from them (Option D).

Q132 Text Solution:

Asset products, such as retail credit products, typically require more marketing effort because they involve lending money to customers. Banks often need to actively promote these products to attract borrowers and manage the associated risks. Liability products (such as deposit products) may not require as much marketing effort because they involve customers depositing money, which is often considered a more stable and less competitive area for banks. Core products and augmented products do not provide specific information about whether they are asset or liability products, so it's difficult to determine their marketing requirements from the information given.

Q133 Text Solution:

Statement 1 is incorrect. The balance in a Small Account should not exceed Rs 50,000 at any point in time.

Statement 2 is correct. Foreign remittances cannot be credited to Small Accounts without completing normal KYC formalities.

Statement 3 is correct. Small Accounts are valid for an initial period of 12 months, which may be extended.

Statement 4 is correct. If proper KYC documents are not submitted within 12 months, all transactions in a Small Account will be blocked.

Statement 5 is incorrect. Small Accounts require self-attested photographs and signatures or thumbprints for opening, but they are subject to certain conditions.

Q134 Text Solution:

The control number is typically a unique identifier assigned to a credit report request. It helps the credit reporting agency or the bank track and locate a specific individual's credit report in their database. It is not related to the individual's credit score (Option A), the number of loans applied for (Option C), or serving as a unique identifier for the bank (Option D).

Q135 Text Solution:

Credit scoring models assess various factors, such as credit history, outstanding debt, and other relevant financial information to calculate a numerical credit score. This score quantifies the risk associated with lending to an individual or entity. Lenders can use this quantifiable measure to make more objective and consistent credit decisions. Options A, B, and D are not advantages of credit scoring models; in fact, they often rely on objective data, consider income levels, and heavily emphasize payment history.

Q136 Text Solution:

Statement 1 is incorrect. CICs are not government-run institutions responsible for providing loans; they collect and share financial data.

Statement 2 is correct. CICs collect financial data about individuals' loans and credit cards.

Statement 3 is correct. CICs share financial

data with their customers, such as banks and non-banking financial institutions.

Statement 4 is incorrect. Credit Institutions (CIs) are required to submit data to CICs as per RBI directives.

Statement 5 is correct. CICs must update the credit information they collect on a monthly basis or at shorter intervals as mutually agreed upon with Credit Institutions (CIs).

Q137 Text Solution:

A higher CASA deposit ratio means that a bank has a larger portion of its deposits in low-cost current and savings accounts. These accounts typically offer lower interest rates to customers compared to fixed deposits or other savings products. This gives the bank more flexibility to offer lower interest rates on loans while still maintaining profitability because their cost of funds is lower due to the CASA deposits. This can make the bank more competitive in the lending market.

Options A, B, and D do not accurately describe the advantage of a higher CASA deposit ratio in the context of competition among banks.

Q138 Text Solution:

CC/OD stands for "Credit Card and Overdraft."

Credit Card (CC): A credit card is a financial product issued by a bank or financial institution that allows cardholders to make purchases or access a line of credit with a revolving balance. Cardholders can spend up to a predetermined credit limit and then repay the borrowed amount either in full by the due date or over time, with interest applied to the outstanding balance. Credit cards are widely used for everyday transactions, online purchases, and as a means of borrowing money.

Overdraft (OD): Overdraft refers to a financial arrangement provided by a bank where an account holder is allowed to withdraw more money from their bank account than they

currently have available. In essence, it permits the account balance to go negative temporarily. Overdrafts are typically associated with checking or current accounts and can be either authorized or unauthorized. Authorized overdrafts are usually agreed upon in advance and may have associated fees and interest charges. Unauthorized overdrafts occur when an account holder exceeds their available balance without prior approval, resulting in potential penalty fees.

Q139 Text Solution:

Statement 3 is correct. The minimum period for deposits of Rs 15/- lacs and above is 7 days, and the maximum period is 120 months (10 years).

Statement 4 is correct. In special cases, the maximum period for deposits can be extended up to 20 years, but this is not the general rule.

Q140 Text Solution:

Under the Pradhan Mantri Awas Yojana (Urban), a government housing program in India, the Economically Weaker Section (EWS) is one of the beneficiary categories. The program aims to provide affordable housing to individuals and families from economically disadvantaged backgrounds.

The EWS category is eligible for housing units with a maximum carpet area of up to 30 square meters. The term "carpet area" refers to the actual usable area within the walls of the house, excluding the thickness of the walls. This area typically includes living spaces such as bedrooms, living rooms, and kitchens but does not include common areas or walls.

So, individuals or families falling under the EWS category can apply for housing units that have a carpet area of up to 30 square meters as part of the PMAY(U) program. This initiative aims to improve housing conditions for economically weaker sections of society by

providing them with affordable and decent housing options.

Q141 Text Solution:

Statement 1 is correct. The information states that there is no upper ceiling on the loan amount for the construction or purchase of a house/flat in many banks.

Statement 2 is incorrect. The loan amount for repairs/renovation/extension to a house/flat varies from bank to bank.

Statement 3 is incorrect. The loan amount for purchasing a plot also varies from bank to bank.

Statement 4 is incorrect. The loan amount for purchasing household articles for furnishing the house/flat is mentioned as varying from bank to bank.

Statement 5 is correct. The information clearly indicates that the loan amount for various housing purposes varies from bank to bank.

Q142 Text Solution:

Founded by Frank McNamara in 1950, the Diners' Club Card was among the country's earliest charge cards. Before the time of plastic credit cards or digital payments, being freed from carrying an excessive amount of cash by simply presenting your Diners' Club card was novel.

Q143 Text Solution:

Co-branded cards are credit or debit cards that are issued by a bank in partnership with another company, such as a retailer or airline. These cards typically offer rewards or benefits that are specific to the partner company.

For example, a co-branded credit card with a retailer might offer rewards such as discounts on purchases, free shipping, or early access to sales. A co-branded credit card with an airline might offer rewards such as miles that can be redeemed for flights or upgrades.

Co-branded cards can be advantageous for both banks and customers. For banks, co-branded cards can help to increase customer loyalty and attract new customers. For customers, co-branded cards can offer a way to save money or earn rewards on the products and services that they use most often.

The other options are not necessarily advantages of co-branded cards:

(A): Co-branded cards may or may not have lower annual fees than regular credit or debit cards.

(B): Co-branded cards may or may not have higher interest rates than regular credit or debit cards.

(D): Co-branded cards may or may not have reduced credit limits than regular credit cards.

Overall, co-branded cards can be a good option for customers who want to save money or earn rewards on the products and services that they use most often.

Q144 Text Solution:

According to the Reserve Bank of India (RBI), only banks holding an AD-I license are permitted to issue INR-denominated PPIs for cross-border transactions. An AD-I license is a license granted by the RBI to banks that are authorized to deal in foreign exchange.

The RBI has imposed this restriction to ensure that only well-regulated and financially sound institutions are issuing PPIs for cross-border transactions. This is to protect consumers and to mitigate the risk of fraud and money laundering.

The other options are incorrect:

(A): Not all registered banks are authorized to deal in foreign exchange. Only banks holding an AD-I license are authorized to do so.

(C): Foreign exchange bureaus are not authorized to issue PPIs of any kind.

(D): Non-banking financial companies (NBFCs)

are not authorized to issue INR-denominated PPIs for cross-border transactions.

Q145 Text Solution:

Horizontally Organized Models (HOMs) are process models that group related services together. This makes it easy to find and understand the processes for those services. HOMs also have basic information available across products for common services. This means that users can find the information they need without having to search multiple places. For example, a bank might have a HOM for all of its loan services. This HOM would include processes for all types of loans, such as personal loans, car loans, and home loans. The HOM would also have basic information available for all loan services, such as eligibility requirements, interest rates, and repayment terms.

Q146 Text Solution:

Google Wallet and Apple Pay are mobile payment systems that allow users to make contactless payments with their smartphones. To use these services, users must link their payment cards to the Google Wallet or Apple Pay app. Once the cards are linked, users can make payments by simply holding their phone near a contactless payment terminal.

Google Wallet and Apple Pay have brought about a significant change in the financial industry by making it easier and more convenient for people to make payments. This has led to a decline in the use of cash and physical credit and debit cards.

The other options are incorrect:

(A): Google Wallet and Apple Pay do not eliminate the need for smartphones. In fact, they require users to have a smartphone in order to use the service.

(B): Google Wallet and Apple Pay enable contactless payments with smartphones, not physical cards.

(D): Google Wallet and Apple Pay did not introduce online banking services. Online banking services have been around for many years.

Q147 Text Solution:

Eva was launched in March 2017 and is now the largest banking chatbot in India. It is available on HDFC Bank's website, mobile app, and other channels, such as Facebook Messenger, Google Assistant, and Alexa.

Eva can answer a wide range of customer queries related to HDFC Bank's products and services, such as account opening, loan applications, and fund transfers. It can also help customers with troubleshooting and other technical issues.

Senseforth is a leading provider of AI-powered solutions for the banking and financial services industry. It has a team of experienced engineers and scientists who are experts in natural language processing, machine learning, and artificial intelligence.

Q148 Text Solution:

The cut-off limit for invoking penal provisions in cases of wilful default or instances of siphoning/diversion of funds is Rs 25 Lakh or more.

This limit has been fixed by the Reserve Bank of India (RBI) in its Master Circular on Wilful Defaulters, which was issued in 2012.

Penal provisions that can be invoked against wilful defaulters include:

- Reporting the case to the Credit Information Companies (CICs)
- Debarring the borrower from taking further loans from banks and financial institutions
- Filing a criminal complaint against the borrower

Q149 Text Solution:

Decision Support Services (DSS) are used to help managers make better decisions. They do

this by providing information and analysis that would be difficult or time-consuming to obtain on their own.

DSS can be used for a variety of tasks, including:

- Identifying and evaluating alternatives
- Assessing risks and benefits
- Making recommendations

In the case of a bank manager who is concerned about not meeting legal standards, DSS could be used to:

- Identify the specific legal standards that are not being met
- Assess the risks associated with not meeting those standards
- Evaluate different options for improving compliance
- Make recommendations for how to implement those options
- DSS can be provided by a variety of sources, including internal staff, consultants, and software vendors.

Q150 Text Solution:

As per the RBI (Securitisation of Standard Assets) Master Directions, 2021, the minimum percentage of the book value of loans being securitized that the originator must retain is 5%. This requirement is in place to ensure that the originator has a vested interest in the performance of the securitized assets and to reduce the risk of moral hazard.

Q151 Text Solution:

Marketing control findings are used to identify areas where marketing activities are not performing as expected. Once these areas have been identified, corrective action can be taken to improve performance.

Corrective action can take many forms, such as:

Adjusting marketing strategies

Changing target markets

Revising marketing tactics

Increasing or decreasing marketing spending
The specific type of corrective action that is taken will depend on the specific findings of the marketing control process.

The other options are incorrect:

(A): Predictive action is taken to prevent future problems from occurring.

(B): Preventive action is taken to reduce the risk of problems occurring in the first place.

(D): Promotional action is taken to increase sales or awareness of a product or service.

Q152 Text Solution:

Price in the marketing mix pertains to the amount of money that customers are willing to pay for a product or service. It involves setting a price that covers the cost of production (Option A) while also considering factors such as market demand, competition, and customer perceptions. It's not directly related to the quality of the product (Option B) or promotional activities (Option D), although these factors can influence pricing decisions.

Q153 Text Solution:

MMID is a 7-digit number issued by banks in India that allows customers to perform mobile banking transactions. It is linked to the customer's unique mobile number, not to a bank account (Option A), email address (Option B), or social security number (Option D).

Q154 Text Solution:

In the Co-Lending Model for loans with NBFCs, the bank is required to retain a minimum of 20% of the exposure by way of direct exposure, while the maximum direct exposure can be up to 80%.

Q155 Text Solution:

CRM systems are designed to help businesses understand and respond to their customers' needs effectively. This involves continuously tracking and analyzing changing customer preferences, behaviors, and requirements. CRM

aims to enhance customer satisfaction and loyalty by aligning products, services, and marketing strategies with the evolving needs of customers. Options A, C, and D are not aligned with the primary goal of CRM, which is to improve customer relationships by understanding and addressing their needs.

Q156 Text Solution:

The primary goal of Sales Force Automation (SFA) in a CRM system is to automatically track all contact and follow-ups between a salesperson and a customer to prevent duplicate efforts and enhance efficiency in the sales process.

Q157 Text Solution:

MKIS is designed to collect, process, and manage data related to marketing activities. It helps organizations gather information about customers, market trends, competitors, and other relevant factors to support marketing decision-making. While marketing research (Option B) is a part of MKIS, it also encompasses data processing and management. Options C and D are not the primary functions of MKIS; they are related to other aspects of business operations.

Q158 Text Solution:

Effectively transforming its processes can help a bank streamline operations, improve efficiency, and reduce unit costs, ultimately leading to cost savings and potentially improved profitability. This transformation is often aimed at enhancing the bank's competitiveness and financial performance rather than decreasing customer satisfaction (Option A), decreasing competition (Option C), or changing the bank's location (Option D).

Q159 Text Solution:

- Statement (1) is correct. The Code of Bank's Commitment to Micro and Small Enterprises

(MSEs) was indeed brought out by BCSBI in collaboration with IBA in May 2008.

- Statement (2) is incorrect. The code has been revised; it was revised in 2015.
- Statement (3) is correct. One of the objectives of the code is to promote good and fair banking practices by setting minimum standards in dealing with MSE customers.
- Statement (4) is incorrect. The code aims to increase transparency, not decrease it, so that MSEs can have a better understanding of what they can reasonably expect from banking services.
- Statement (5) is incorrect. While the code applies to various products and services related to MSEs, not all member banks may offer every product and service listed in the code. Compliance with the code's standards is the key, regardless of whether all products are offered.

So, the correct statements are (1) and (3).

Q160 Text Solution:

As a marketing manager, the MKIS (Marketing Information System) is a valuable tool for decision-making. It assists in decision-making by collecting data from various sources, processing that data, and utilizing statistical and operations research tools to draw meaningful conclusions. This analytical process allows marketing managers to make informed decisions based on accurate data analysis, ultimately leading to more effective marketing strategies and improved product line management. Storing data for future reference (option a), collecting information from various sources (option b), and evaluating data accuracy (option c) are important aspects of the MKIS, but the primary purpose is to analyze data to inform decision-making.

Q161 Text Solution:

Utilizing the Marketing Information System (MKIS) for making informed marketing decisions involves various components, including internal records, market intelligence, marketing research, and marketing management. In this scenario, it's essential to consider a holistic approach to gather data, analyze market trends, and understand customer preferences to successfully launch a new eco-friendly home cleaning product.

- Statement 1 is correct because the internal records system can provide valuable data on the performance of existing cleaning products, helping identify trends and customer preferences.
- Statement 2 is correct as the market intelligence system can provide insights into market trends and consumer preferences related to eco-friendly cleaning products.
- Statement 4 is correct because the marketing management and science system can help analyze data and optimize the marketing strategy for the new product.
- Statement 6 is correct because using the marketing research system to gather feedback from potential customers is essential for understanding their preferences and needs.

On the other hand, statement 3 is incorrect. Marketing research can still be relevant for this decision, even if the product concept is clear. It can help gather specific insights and feedback from potential customers.

Statement 5 is also incorrect because a good MKIS should meet multiple requirements beyond cost-effectiveness to make informed marketing decisions effectively.

Q162 Text Solution:

Correct Statements:

2. Planning and controlling are the two management functions that have received the most support from MKIS.

4. Marketing research and marketing intelligence are more balanced sources of information in the MKIS, while internal accounting remains the most important.

Incorrect Statements:

1. Initially, MKISs were primarily supporting low-level management, but this distribution has shifted towards top-level management receiving more support. (This statement is incorrect as it mentions a shift towards top-level management, which is not supported by the scenario.)

3. The use of decision models in MKIS primarily focuses on well-structured tasks like computing economic order quantities. (This statement is incorrect as it suggests that decision models primarily focus on well-structured tasks, but the scenario mentions various tasks that decision models assist with.)

5. Price-related decisions have always received more MKIS support than product-related decisions. (This statement is incorrect because the scenario indicates that support for price-related decisions took a small lead ahead of product-related decisions at a later stage.)

Q163 Text Solution:

Correct Statements:

1. The primary factors influencing a bank customer's choice include the quality of personnel and service, and the range of financial services offered.

3. MIS in the banking industry focuses on solving customers' problems related to financial matters.

Incorrect Statements:

2. Quick transaction execution is not a crucial measure of excellent service in the banking industry. (This statement is incorrect because, as mentioned in the scenario, quick transaction execution is an important measure of service quality in banking.)

4. Tax consulting and tax planning are not services typically provided by banks. (This

statement is incorrect because banks often offer services related to tax consulting and tax planning.)

5. The primary goal of implementing MIS in the banking industry is to reduce the range of service demands from customers. (This statement is incorrect because the primary goal of MIS in banking is to identify, decide, and develop a service strategy to meet a broad range of customer service demands.)

Q164 Text Solution:

Correct Statements:

1. The loan account must have been classified as NPA, backed by security.

2. The outstanding amount in the account, including the interest accrued/applied, should be more than one lakh rupees.

5. Documents should be enforceable, and there is no requirement for an unexpired period.

Incorrect Statements:

3. Outstanding dues should be 10% or above of the principal and interest. (This statement is incorrect because the correct condition is 20% or above of the principal and interest.)

4. The secured asset can be agricultural land. (This statement is incorrect because, according to the SARFAESI Act, agricultural land is excluded from secured assets.)

6. In case of multiple lenders/consortium advances, it's sufficient if lenders having 40% of dues outstanding agree to initiate action under SARFAESI Act 2002. (This statement is incorrect because the correct condition is a minimum of 60% of dues outstanding.)

Q165 Text Solution:

Correct Statements:

3. Cost reduction in retail banking is achieved by opening smaller branches and banking kiosks in smaller towns and rural areas.

5. With internet banking, customers are not required to visit the bank office for all their

transactions.

Incorrect Statements:

1. Modern technologies in retail banking can lead to decreased efficiency, making transactions slower and less convenient for customers. (This statement is incorrect because modern technologies aim to increase efficiency and make transactions quicker and more convenient.)
2. The adoption of technology in banking has resulted in an increase in the number of large physical branches in urban areas. (This statement is incorrect because technology has often reduced the need for large physical branches in urban areas.)
4. Technology has had no impact on the accuracy of banking transactions and record-keeping. (This statement is incorrect because technology has improved the accuracy of banking transactions and record-keeping.)

Q166 Text Solution:

Correct Statements:

3. Customer analytics solutions help banks understand the customer better and facilitate a differentiated customer experience.
4. Campaign management, cross-sell analysis, and customer profitability are key modules of customer analytics.

Incorrect Statements:

1. Customer analytics solutions primarily focus on providing basic customer information such as names and addresses. (This statement is incorrect because customer analytics goes beyond basic information and provides comprehensive insights.)
2. The primary purpose of customer analytics is to decrease customer engagement and management. (This statement is incorrect because the primary purpose of customer analytics is to enhance customer engagement and management.)
5. Customer analytics solutions significantly increase the total cost of ownership due to

extensive infrastructure requirements. (This statement is incorrect because customer analytics solutions are designed to minimize infrastructure investments and reduce the total cost of ownership.)

Q167 Text Solution:

In the case study, it's mentioned that Real Estate Investment Trusts (REITs) own and operate real estate properties, generating rental income from them. This income is then distributed among the investors as dividends. Since Sarah is interested in diversifying her investment portfolio and is likely seeking a regular flow of income, the most appealing advantage of REITs for her would be their ability to generate regular rental income, making option C the correct choice.

Option A is incorrect because the case study doesn't mention that REITs primarily invest in volatile real estate projects. Option B is incorrect because REITs, unlike traditional real estate investments, do not require large individual investments. Option D is incorrect because the case study doesn't indicate that REITs focus on comprehensive wealth management services.

Q168 Text Solution:

1. Convertible bonds allow the investor only the right, but not the obligation, to convert them into equity shares of the issuing company. (Correct) - This statement accurately describes convertible bonds.
2. Mandatory convertible bonds obligate the investor to convert them into equity shares of the issuing company upon maturity. (Correct) - This statement correctly explains mandatory convertible bonds.
3. Reverse convertible bonds give the issuing company the right to convert them into equity shares upon maturity. (Correct) - This statement accurately describes reverse convertible bonds.

4. Government bonds in India have a guaranteed interest rate that varies between 7% and 10%. (Correct) - This statement correctly describes the interest rate range for government bonds in India.
5. Fixed-rate government bonds have a variable interest rate for the entire tenure of the investment. (Incorrect) - Fixed-rate government bonds have a fixed interest rate for the entire tenure.
6. Floating rate bonds have a fixed spread determined via auction that remains stable until maturity. (Incorrect) - Floating rate bonds have variable interest rates based on periodic changes in market rates, and the spread can change.
7. Sovereign Gold Bonds (SGBs) allow entities to invest in digitized forms of gold, and interest generated from them is taxable. (Correct) - This statement accurately describes Sovereign Gold Bonds.
8. Inflation-Indexed Bonds in India are indexed according to the consumer price index (CPI) or wholesale price index (WPI). (Correct) - This statement correctly explains Inflation-Indexed Bonds in India.

Q169 Text Solution:

Equity Mutual Funds primarily invest in the stock markets, and their returns are based on the performance of the stocks held by the fund. These funds are considered one of the best types of mutual funds for long-term investments in India.

Q170 Text Solution:

The Succession Act typically follows a standard distribution pattern, often favoring distant relatives in the absence of immediate family. A Will, on the other hand, allows Sonam to specify who should inherit her assets, such as her close friends, providing more control and customization over the distribution of her estate.

Q171 Text Solution:

A) PMS offers a higher degree of customization tailored specifically to the goals of an investor, while MFs provide a similar level of customization. (Incorrect) - The correct statement is that PMS offers a higher degree of customization, but MFs offer limited customization based on the classification and diversity of the fund.

B) PMS promotes a personalized dialogue between the portfolio manager and investor, allowing for changes in risk profiles and personal situations to maximize returns. MFs offer high engagement with the investor. (Incorrect) - The correct statement is that PMS promotes personalized dialogue, while MFs offer low engagement with the investor.

C) MFs charge a fixed fee attributed to the entry and exit of investments, while PMS demands a share in the profit over a particular rate of return (known as the hurdle rate) in addition to the annual maintenance fee. (Correct) - This statement accurately describes the fee structures of MFs and PMS.

D) Under PMS, the investor retains direct ownership of shares of the company, while MFs offer units in the form of investment. (Correct) - This statement correctly explains the difference in asset ownership between PMS and MFs.

E) MFs can entertain any amount of capital, while PMS typically requires a minimum investment of ₹50/- Lakh as per SEBI guidelines.

Q172 Text Solution:

- Company X, a well-established technology firm with significant cash reserves, is looking to diversify its investments for better returns. This aligns with the services provided by Portfolio Management, where professionals manage the company's investment portfolio to optimize returns while taking into account its risk tolerance and financial goals.

- Company Y, a startup with innovative products but limited capital to expand its operations, is seeking financial support to grow. This is where Investment Banking comes into play. Investment bankers assist companies like Company Y in raising capital through various means such as equity offerings, debt financing, or mergers and acquisitions (M&A) deals to facilitate their growth and expansion.

Q173 Text Solution:

Asset allocation's primary objective is to create a mix of different asset types (such as stocks, bonds, cash, real estate, commodities, etc.) to provide balance and protect against risk in effective portfolio management. This strategy is based on the understanding that different types of assets do not move in concert, and some are more volatile than others.

Q174 Text Solution:

Liquidity refers to how easily an investor can convert an investment into cash or sell it in the market. In practical terms, it means that when an investment is considered liquid, it can be bought or sold quickly and with minimal costs or delays. Liquidity is a desirable feature in investments because it provides flexibility and access to funds when needed.

Investments that are highly liquid can be converted into cash almost instantly without significant transaction costs. Examples of liquid assets include stocks traded on major stock exchanges, highly rated government bonds, and money market instruments. These assets can be easily bought or sold in the financial markets, allowing investors to access their funds quickly if necessary.

Q175 Text Solution:

As per Section 2(e) of FEMA, 1999, "Capital Account Transaction" is defined as a transaction that alters the assets or liabilities,

including contingent liabilities, outside India of persons resident in India or assets or liabilities in India of persons resident outside India. This definition covers a wide range of financial transactions involving residents and non-residents.

Q176 Text Solution:

1) Premium paid on his life insurance policy of Rs. 8,400, which was taken in April 2011 with a sum assured of Rs. 25,000.

3) Premium of Rs. 30,000 on a life insurance policy taken in the name of his wife in April 2012 with a sum assured of Rs. 2,00,000.

4) Premium of Rs. 30,000 on life insurance policies taken in the name of his three children, one of whom is a minor daughter, another is a major married daughter, and the third is a major married son who is a practicing engineer. The policies are term plans, and the premium on all the policies worked out to be 5% of the capital sum assured.

6) Investment in PPF of Rs. 60,000.

7) Investment in NSC of Rs. 10,000, with accrued interest of Rs. 1,000.

8) Payment of tuition fees for his minor daughter amounting to Rs. 5,000.

Mr. Raja can claim deductions under section 80C for the payments listed in options (1), (3), (4), (6), (7), (8) as per the rules explained in the provided information. Option (2) is not eligible as the premium was paid in the next year. Option (5) is not eligible as it pertains to premiums paid on policies in the name of individuals other than the taxpayer, spouse, and children, and such premiums are not eligible for deduction under section 80C

Q177 Text Solution:

For the purpose of Income-tax Law, a HUF will be treated as resident in India, if the control and management of the affairs of the HUF is located (partly or wholly) in India.

A resident HUF will be treated as resident and

ordinarily resident in India during the year if its manager (i.e., karta or manager) satisfies both the following conditions:

- (1) He is resident in India for at least 2 years out of 10 years immediately preceding the relevant year.
- (2) His stay in India is for 730 days or more during 7 years immediately preceding the relevant year.

Q178 Text Solution:

- Before the implementation of the Goods and Services Tax (GST) in India, Central Excise Duty was an example of an indirect tax.
- Central Excise Duty is a tax levied on the production or manufacture of goods within the country, and it is typically passed on to the consumers in the form of higher prices for goods.
- Income Tax (Option B), Corporate Tax (Option C), and Property Tax (Option D) are examples of direct taxes, not indirect taxes. These taxes are not related to the production or sale of goods and services but are imposed on income, profits, and property.

Q179 Text Solution:

Step 1: Computation of Reasonable Expected Rent

For each property, we'll calculate the reasonable expected rent, which is the higher of the Municipal Value and Fair Rent (subject to Standard Rent, if applicable):

Property	Higher of Municipal Value and Fair Rent (Rs.)
Property X	₹9,25,000
Property Y	₹7,50,000
Property Z	₹5,60,000

Step 2: Computation of Actual Rent after Deducting Unrealized Rent

For each property, we'll calculate the actual rent after deducting unrealized rent:

Property	Actual Rent after Deducting Unrealized Rent (Rs.)
Property X	₹7,10,000
Property Y	₹6,20,000
Property Z	₹4,30,000

Step 3: Gross Annual Value (Higher of Step 1 and Step 2)

So, the Gross Annual Value for each property is as follows:

Property	Gross Annual Value (Rs.)
Property X	₹9,25,000 (Municipal Value)
Property Y	₹7,50,000 (Higher of Municipal Value and Fair Rent)
Property Z	₹5,60,000 (Higher of Municipal Value and Fair Rent)

These values represent the Gross Annual Value of each property based on the provided details.

Q180 Text Solution:

Deduction under section 24(b) is available on account of interest on capital borrowed for the purpose of purchase, construction, repair, renewal or reconstruction of the property.

Thus, option (D) is the correct option.

Q181 Text Solution:

All of the above.

In retail banking, the marketing activities should be focused towards the customers. The activities should include:

- Identifying the customers' needs: Understanding what the customers require and what their preferences and expectations are.

- Developing appropriate products to satisfy their needs: Creating banking products and services that align with the customers' needs and provide value to them.
- Providing efficient delivery channels for product availability: Ensuring that the customers have convenient and efficient channels to access and avail the banking products.
- Making them avail the products continuously: Encouraging and facilitating customers to continuously utilize and benefit from the banking products.

Q182 Text Solution:

Sourcing Credit Cards and Retail Loans

Direct Selling Agents (DSAs) are agencies appointed by banks to source business for them on a fee basis. Their primary role is to source Credit Cards and Retail Loans on behalf of the banks. DSAs act as intermediaries between the bank and potential customers, promoting and facilitating the application process for credit cards and retail loans.

Q183 Text Solution:

Reputation risk

In the DSA model, reputation risk is a potential threat. DSAs primarily focus on selling products rather than conducting effective marketing after verifying the needs of customers and their actual requirements. This approach can lead to negative customer experiences, dissatisfaction, and damage to the reputation of both the DSA and the bank they represent.

Q184 Text Solution:

All of the above.

In terms of the Co-Lending Model, Bank is permitted to co-lend with all registered NBFCs (including HFCs) based on a prior agreement. As the co-lending bank, we will take our share of the individual loans on a back-to-back basis in our books. However, NBFCs shall be

required to retain a minimum of 20 per cent share of the individual loans on their books. Further, Bank shall not be allowed to enter into a co-lending arrangement with an NBFC belonging to the promoter Group.

Q185 Text Solution:

Tracking customers' profiles and offering personalized products and services

Customer Relationship Management (CRM) plays a crucial role in retail banking by enabling banks to track customers' profiles and offer personalized products and services. CRM systems allow banks to gather and analyze customer data, including their preferences, transaction history, and financial needs. By having a comprehensive understanding of their customers, banks can tailor their offerings to match individual expectations and needs. This leads to improved customer satisfaction and increased customer loyalty. Without CRM, banks would struggle to effectively track and manage customer information, resulting in difficulties in offering personalized solutions.

Q186 Text Solution:

Fund transfer instructions shall be issued by the customer in a manner prescribed by the participant bank.

The incorrect statement is that fund transfer instructions shall be issued by the customer in a manner prescribed by the Reserve Bank of India, not the participant bank. The customer is responsible for initiating the fund transfer according to the guidelines provided by the RBI. The participant bank must adhere to the prescribed security, integrity, and efficiency of the system. The format of the transfer should be complete in all requisite particulars, and the customer is responsible for the accuracy of the particulars given in the payment instruction.

Q187 Text Solution:

Identification of Customers, Classification of Customers, Interaction with the most Valued Customers, Customization of Bank's Products and Services for Different Customer Segments. Implementation Stages In CRM Four stages through which CRM is implemented.

Identification of Customers

Classification of Customers

Interaction With the most Valued Customers

Customization of Bank's Products and Services for Different Customer Segments

Q188 Text Solution:

Staff Alignment, Customer Profile Identification, Information Bucket Creation, Product Customization, Targeted Marketing, Service Delivery.

A CRM initiative involves several stages to effectively manage customer relationships. The stages mentioned in the given information are as follows:

Staff Alignment: Getting the whole staff members on board and aligning them with the CRM initiative. This includes training and ensuring everyone understands the importance of CRM in serving customers.

Customer Profile Identification: Capturing the customers' profile through a technology-enabled model. Gathering data on customer demographics, preferences, and behavior to create a comprehensive customer profile.

Information Bucket Creation: Creating a 360-degree view of customers by organizing their profiles into common information buckets. This helps in categorizing and segmenting customers based on their characteristics and needs.

Product Customization: Designing suitable products and services to cater to the different information buckets. Customizing offerings to meet the specific needs and preferences of each customer segment.

Targeted Marketing: Offering the products and services to the targeted and segmented

customers from the information buckets with the right pricing. Implementing targeted marketing strategies to reach the identified customer segments effectively.

Service Delivery: Providing the right sales and service processes to achieve total customer satisfaction. Ensuring efficient and personalized service delivery to enhance the overall customer experience.

Q189 Text Solution:

As per the Annual Report of RBI dated 25th August 2020, the Reserve Bank of India (RBI) decided to dissolve the Banking Codes and Standards Board of India (BCSBI). The BCSBI was set up by the Reserve Bank in February 2006 as an independent and autonomous body responsible for formulating voluntary codes of conduct for banks to ensure fair treatment of customers.

Q190 Text Solution:

CEPD

The Reserve Bank of India (RBI) has decided to dissolve the Banking Codes and Standards Board of India (BCSBI).

BCSBI was set up by the Reserve Bank in February 2006 as an independent and autonomous body, assigned to formulate codes of conduct to be adopted by banks voluntarily for ensuring fair treatment of customers.

The Reserve Bank has since set up CEPD (Consumer Education and Protection Department) and considerably strengthened the Ombudsman mechanism to enhance consumer protection.

Q191 Text Solution:

Banking Codes and Standards Board of India (BCSBI)

- BCSBI (Banking Codes and Standards Board of India) monitors compliance with the Codes of "Bank's Commitment to

Customers" and "Bank's Commitment to Micro & Small Enterprises."

- They conduct surveys of select branches of member banks to verify the implementation of the Codes.
- Authorized representatives of BCSBI collect information through a structured questionnaire during branch visits and Central Processing Centres (CPCs) of major banks.
- Feedback from customers is also obtained to assess their experience with the bank.
- CRISIL, a rating agency, provides technical assistance to BCSBI for rating member banks based on the data and information collected.

Q192 Text Solution:

Operating profit is a measure of a company's profitability before interest, taxes, depreciation, and amortization (EBITDA). It is calculated by subtracting the cost of goods sold (COGS) and operating expenses from revenue. Operating profit is a good measure of a company's ability to generate profits from its core operations.

Gross profit is the difference between revenue and COGS. It does not take into account operating expenses, such as salaries, rent, and marketing costs. Net profit is the difference between revenue and all expenses, including interest, taxes, depreciation, and amortization. It is the bottom line of a company's income statement.

Top-line profitability is a measure of a company's profitability based on its revenue. It does not take into account any expenses.

Q193 Text Solution:

Gross profit = Sales - COGS

Gross profit = Rs.1,000,000 - Rs.600,000 = Rs.400,000

Q194 Text Solution:

Operating profit = Sales - COGS - Operating expenses

= Rs.1,000,000 - Rs.600,000 - Rs.300,000

= Rs.100,000

Operating profit margin = (Operating profit / Sales) * 100

Operating profit margin = (Rs.100,000 / Rs.1,000,000) * 100 = 10%

Q195 Text Solution:

Explanation:

- The concept of "process" in the context of product development and delivery encompasses all organizational activities involved in marketing the final product. It goes beyond just the product development stage or the delivery stage.
- The process includes various stages and activities starting from the initial ideation and design of the product, through its development, production, marketing, and distribution, all the way to the delivery and post-sales support. It encompasses the entire lifecycle of the product, from its conceptualization to its availability to customers in the market.
- The process involves coordinating and integrating different functions and departments within the organization to ensure a seamless and efficient flow of activities from product development to delivery.
- Therefore, option c) is the correct answer as it captures the broader scope of the concept of "process" in product development and delivery.

Q196 Text Solution:

Explanation:

The marketing mix in retail banking includes the following elements:

- Product: The products and services offered by the bank.
- Price: The prices charged for the products and services.
- Promotion: The activities used to reach and attract customers.
- Place: The channels through which the products and services are made available to customers.
- People: The employees of the bank who interact with customers.

- Process: The way in which the bank's products and services are delivered to customers.
- Physical Evidence: The physical environment in which the bank's products and services are delivered.

Q197 Text Solution:

The measures initiated to strengthen security in ATM transactions include:

- Caretakers at off-site ATMs and sensitive locations
- Arrangements with local police authorities for regular beats
- Disabling cash retraction facility at ATMs
- Security screen on the machine requiring customer confirmation of entered digits
- Reduction of per screen transaction time
- Logging out of a customer in case of even a single invalid pin
- Use of dip-card readers to pre-empt capture of data through extraneous devices
- Implementation of mystery shopping

Q198 Text Solution:

Explanation:

PoS – Process

- PoS is simply an electronic transaction terminal used in an electronic Point of Sale system.
- The terminal interacts with a computer file to approve transactions and transmits sales information for posting against customer accounts.
- There are two basic types of PoS terminals: electronic cash registers that are used by high volume merchants, such as department stores, and dial-up terminals that automatically dial a special telephone number, often a toll-free number, to obtain authorization.
- Net Settlement when the transfer of funds actually takes place, may occur at the same time as the transaction or soon afterward,

or it may occur later in the day in PoS systems that operate Off-Line in a Store and Forward mode. This type of system operates off-line, that is, the merchant terminal is not connected directly to a central computer for authorization or processing of sales receipts.

- A PoS terminal is predominantly used for payment for sale and purchase transaction, while an ATM can be used for several other services like balance enquiry.

In this case, the bank pays charges which are split among the card-issuing bank, the bank that owns the PoS terminal, the Payment Company, Master card or Visa or RuPay card, and the place where the PoS terminal is located.

Q199 Text Solution:

Explanation:

- The Reserve Bank of India (RBI) has directed banks to resolve complaints and establish customer liability in case of an unauthorized electronic banking transaction within a maximum time limit of 90 days.
- The bank's Board approved policy may specify a shorter time frame, but it should not exceed 90 days.
- During this period, the bank is responsible for investigating the complaint, determining customer liability, and providing compensation if required.

Q200 Text Solution:

Explanation:

- RBI has mandated that banks must resolve customer complaints for failed ATM transactions by re-crediting the customer's account within a maximum of T+5 days from the date of the complaint.
- Banks are also required to pay compensation of Rs 100/- per day for delays in re-crediting the amount beyond T-15 days from the date of receipt of the complaint. The compensation should be

credited to the customer's account without the need for the customer to make any claim.

Q201 Text Solution:

- The "Code of Bank's Commitment to Customers" is a voluntary code that sets minimum standards of banking practices for member banks.
- The purpose of this code is to provide additional protection to customers and explain how banks are expected to conduct their day-to-day operations in relation to customers.
- While the code does not replace or supersede regulatory instructions from the Reserve Bank of India (RBI), it may set higher standards than those prescribed in regulatory instructions.
- Member banks commit to complying with both the code and regulatory instructions, but the higher standards of the code prevail as it represents the best practices voluntarily agreed upon by the member banks.
- The code is designed to ensure that customers receive fair treatment and have their rights protected in their banking relationships.

Q202 Text Solution:

Commitment to Customers" include:

- Current accounts, savings accounts, term deposits, recurring deposits, PPF accounts, and all other deposit accounts.
- Payment services such as pension, payment orders, remittances by way of Demand Drafts, wire transfers, and all electronic transactions (e.g., RTGS, NEFT).
- Banking services related to Government transactions.
- Demat accounts, equity, and Government bonds.
- Indian currency notes/coins exchange facility.

- Collection of cheques, safe custody services, and safe deposit locker facility.
- Loans, overdrafts, and guarantees.
- Foreign exchange services, including money changing.
- Third-party insurance and investment products are marketed through bank branches and/or their authorized representatives or agents.
- Card products including credit cards, debit cards, ATM cards, smart cards, and PoS services (including credit cards offered by subsidiaries of member banks/companies promoted by member banks).
- Digital products such as e-wallet, Mobile Banking, Internet Banking, UPI, BHIM, Aadhaar Pay.

Q203 Text Solution:

Explanation:

Objectives of the Code

- To give a positive thrust to the MSE sector by providing easy access to efficient banking services.
- To promote good and fair banking practices by setting minimum standards in dealing with MSE customers.
- To increase transparency so that MSE can have a better understanding of what they can reasonably expect of the services.
- To improve member banks' understanding of their business through effective communication.
- To encourage market forces, through competition, to achieve higher operating standards.
- To promote a fair and cordial relationship between MSE and member banks and also ensure timely and quick responses to their banking needs.
- To foster confidence in the banking system.

Q204 Text Solution:

Explanation:

The input subsystem is responsible for gathering internal and environmental data. It is the first step in the MKIS model, and it provides the foundation for all of the other subsystems.

The other subsystems in the MKIS model then use this data to make marketing decisions. The output subsystem disseminates information from the MKIS model to decision-makers. The marketing research subsystem conducts research to gather data about the market. The marketing intelligence subsystem analyzes data to identify trends and patterns.

The input subsystem is a critical part of the MKIS model, and it is essential for making informed marketing decisions.

Q205 Text Solution:

Explanation:

An MKIS is described as a data bank because it stores data collected from the environment.

This data is made available through a set of computer programs, allowing managers to access and utilize the information for decision-making.

Q206 Text Solution:

The implementation of an MKIS allows repetitive use of information by enabling cross-sharing of data and providing instant access to company-wide information. This means that the same information can be utilized for different purposes across the organization, such as strategic planning, performance evaluation, and resource allocation. By having a centralized system that allows easy access to relevant data, decision-making processes become more efficient and informed. Decision-makers can quickly retrieve and analyze the necessary information, leading to better and more timely decisions. This enhances overall efficiency in decision-making processes within the organization.

Q207 Text Solution:

The specific patterns of MKIS usage can be summarized as follows:

- Computers are necessary for retrieving, storing, and processing data used by marketing managers.
- Internal accounting is the most important source of information in the MKIS, while the use of marketing intelligence and marketing research is relatively balanced.
- Data collection is primarily focused on customers, with some collection on competitors and prospective customers, although this is less computerized.
- The major users of the MKIS are middle-level managers.
- Planning and controlling functions receive the most support from the MKIS.
- Price and product decisions are the primary focus of MKIS resources, but support for marketing mix elements is expected to become more balanced.
- Decision models are predominantly used for product and price decisions, and computer-assisted decision models reflect this usage pattern.
- The computer software utilized in the MKIS includes modeling/ spreadsheets, conventional/ third-generation programming languages, and database management systems. Statistical analysis software, logic programming languages, and expert system shells are not extensively used.

Q208 Text Solution:

- Estate planning is an essential part of wealth management because it ensures that your wealth is preserved for the long term. Without an estate plan, your assets could be subject to probate, which can be a costly and time-consuming process. Additionally, if you do not have an estate plan, your loved ones may not be able to

access your assets as quickly or easily as they would if you had a plan in place.

Here are some of the benefits of estate planning:

- It ensures that your assets are distributed according to your wishes.
- It can minimize estate taxes.
- It can help to protect your loved ones from financial hardship.
- It can make the transfer of your assets more efficient and less costly.

Estate planning is a complex process, so it is important to speak with a financial advisor or estate planning attorney to discuss your specific needs

Q209 Text Solution:

Floating rate bonds are a type of bond where the interest rate is tied to benchmark rates, such as LIBOR or government bond yields. When benchmark rates increase, the interest rate on the floating rate bond also increases. This feature helps mitigate interest rate risk because as market interest rates rise, the bond's interest payments increase, providing higher returns to bondholders. In contrast, fixed-rate bonds have a predetermined interest rate that remains unchanged throughout the bond's term, making them more vulnerable to fluctuations in market interest rates. By having floating interest rates tied to benchmark rates, floating rate bonds offer investors a degree of protection against interest rate movements and can help mitigate interest rate risk.

Q210 Text Solution:

A dedicated wealth manager understands the client's personal requirements and creates financial strategies tailored to their specific needs. They serve as financial counselors and confidantes, helping clients achieve their financial goals by developing strategies for wealth creation in the present and future.

Q211 Text Solution:

Section 80C of the Income Tax Act allows a deduction of up to ₹1.5 lakh in a financial year for investments made in certain eligible instruments, including ELSS funds. ELSS funds are equity-linked savings schemes that offer tax benefits under Section 80C.

Other instruments that are eligible for deduction under Section 80C include:

- Life insurance premiums
- Provident fund contributions
- Public provident fund (PPF) contributions
- Sukanya Samriddhi Yojana (SSY) contributions
- National Savings Certificate (NSC) contributions
- Senior citizens savings scheme (SCSS) contributions
- Medical insurance premiums
- Tuition fees for children
- Donation to certain charitable institutions
- If you invest in ELSS funds, you can claim a deduction of up to ₹1.5 lakh in your income tax return. This will reduce your taxable income, and you will pay less tax.

The lock-in period for ELSS funds is 3 years. This means that you cannot withdraw your money from an ELSS fund before 3 years. However, after 3 years, you can withdraw your money at any time.

ELSS funds are a good way to save tax and to invest in equity markets. They offer the potential for high returns, but they also carry some risk. If you are looking for a tax-efficient way to invest in equity markets, ELSS funds are a good option to consider.

Q212 Text Solution:

Active portfolio management is a strategy that aims to outperform the performance of a market index, such as Nifty. Unlike passive portfolio management, which seeks to

replicate the index performance, active portfolio managers take different positions than the tracking index. They actively buy and sell securities based on institutional research and analysis to generate higher returns than the index. This strategy involves actively managing the portfolio and making investment decisions to exploit market opportunities and generate excess returns. However, it's important to note that active portfolio management typically carries a higher level of risk compared to passive strategies.

Q213 Text Solution:

Explanation

The fundamental objective of portfolio management is to help select best investment options as per one's income, age, time horizon and risk appetite

Some of the core objectives of portfolio management are as follows:

- Capital appreciation
- Maximizing returns on investment
- To improve the overall proficiency of the portfolio
- Risk optimization
- Allocating resources optimally
- Ensuring flexibility of portfolio
- Protecting earnings against market risks

Q214 Text Solution:

Explanation:

In portfolio management, the primary objective is to manage the client's investments in a way that maximizes their wealth over time. The portfolio manager's role is to make informed investment decisions, allocate assets effectively, and optimize returns while considering the client's investment goals, risk tolerance, and time horizon. The aim is to generate consistent growth and wealth accumulation for the client through strategic

investment management. Therefore, option 3 is the correct answer.

Q215 Text Solution:

Explanation:

In this scenario, the primary role of the investment banker is to help the client raise capital for their business. The investment banker will search for potential investors, explore capital raising opportunities in the equity market or through debt, and provide guidance on options such as IPOs or M&A deals. The investment banker acts as a facilitator in securing the necessary funds for the client's business. Therefore, option 4 is the correct answer.

Q216 Text Solution:

The maximum investment amount allowed in tax-saving fixed deposits for tax benefits under section 80C is capped at Rs. 1.50 lakh. This means that Raj can invest up to Rs. 1.50 lakh in tax-saving fixed deposits, and this investment amount will be eligible for deduction from his taxable income under section 80C. It's important to note that any amount invested beyond Rs. 1.50 lakh in tax-saving fixed deposits will not qualify for additional tax benefits under section 80C.

Q217 Text Solution:

Section 80CCD (I)–Deduction under NPS

Employee's contribution under section 80CCD

(1) Maximum deduction allowed is least of the following:

- 10% of salary (in case taxpayer is employee)
- 10% of total income (in case of self-employed)
- 5 Lakh (limit allowed u/s 80C)

Sec 80CCD(1 b)–Under this section additional deduction of ₹50,000/- for amount deposited to NPS Account. Contributions to Atal Pension Yojana are also eligible for deduction under this section.

Q218 Text Solution:

Short-term capital gain = Full value consideration - (Cost of acquisition + Cost of improvement + Cost of transfer)
 = 60,000 - (50,000 + 10,000 + 5,000)
 = 60,000 - 65,000
 = Rs. 5,000

Q219 Text Solution:

Insurance business with risk participation through a subsidiary/joint venture: Bank can undertake insurance business with risk participation through a subsidiary/joint venture set up for the purpose, subject to fulfillment of the eligibility criteria (ascertained as on March 31 of the previous year) as under:

- It has a net-worth of <1000 crore and its minimum net worth shall not be less than <500 Crore after investing in the equity of such company;
- It has the minimum prescribed capital (including Capital Conservation Buffer) after investment;
- Its level of net non-performing assets is not more than 3 percent;
- It has made a net profit in the preceding three financial years; and
- The track record of the performance of its subsidiaries, if any, is satisfactory.

Q220 Text Solution:

Explanation:

- Sovereign Gold Bonds (SGBs) are government securities denominated in grams of gold. They are issued by the Reserve Bank of India (RBI) on behalf of the Government of India. SGBs are a good investment option for investors who want to invest in gold without having to physically hold it.

Some of the key features of SGBs:

- Denomination: SGBs are available in denominations of 1 gram, 2 grams, 5 grams,

10 grams, 20 grams, 50 grams, 100 grams, and 500 grams.

- Tenure: The tenure of SGBs is 8 years. However, investors have the option to redeem their SGBs after 5 years.
- Interest: SGBs earn interest at a fixed rate of 2.5% per annum. The interest is paid half-yearly in the form of gold.
- Listing: SGBs are listed on the National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE). This allows investors to buy and sell SGBs in the secondary market.
- Taxation: The interest earned on SGBs is taxable as per the income tax slab applicable to the investor. The capital gains arising from the sale of SGBs are also taxable as per the income tax slab applicable to the investor.

Q221 Text Solution:

Tax benefit under section 24(b)

Interest on housing loan can be claimed as a deduction from income from property, salary, business/ profession, capital gains, or any other source up to a maximum of Rs 2,00,000 under section 24(b) of the Income-tax Act, 1961 every year subject to fulfillment of the following conditions.

- Loan has been taken on or after 1st April 1999.
- Loan is for the purchase or construction of a residential property or as re-finance (takeover) of the principal amount outstanding under a loan taken earlier for the purchase or construction of a residential property. However, in the case of a loan for construction, the construction should get completed within - 5 Years of raising the Loan. The deduction can be claimed only from the financial year when the purchase/construction is completed.
- The lender issues a certificate at the end of the financial year mentioning there in the

interest and principal paid during the year in respect of that loan.

- Interest payment of home loan taken for a self-occupied property.
- If the loan is availed for repair or renewal an amount of Rs 30,000 is only allowed under Section 24(b).

Q222 Text Solution:

Section 80C of the Income Tax Act, 1961 allows a deduction from taxable income for certain investments and expenses. The maximum deduction allowed under Section 80C is Rs. 1,50,000 per annum.

The investments and expenses that are eligible for deduction under Section 80C include:

- Life insurance premiums
- Provident fund contributions
- Public provident fund (PPF) contributions
- Equity-linked savings schemes (ELSS)
- National pension scheme (NPS) contributions
- Sukanya Samriddhi Yojana (SSY) contributions
- Tuition fees for children's education
- Medical insurance premiums
- Investments in bonds issued by infrastructure companies

The deduction under Section 80C is available to individuals and Hindu Undivided Families (HUFs). The deduction is claimed in the assessment year in which the investment or expense is incurred.

Q223 Text Solution:

Explanation

Conditions Necessary for Claiming Deduction under Section 80EE:

To claim this special tax benefit, the taxpayer must satisfy the following conditions:

- The deduction can be availed on home loans sanctioned only between 1st April to 31st March in the financial year.

- The value of the property for which the loan has been taken should be less than <50 Lakh.
- The home loan amount should not exceed <35 Lakh.
- The tax benefit here can be claimed till the time repayment of the loan continues.
- Deduction is only applicable on home loans paid for the first house property.
- The property in question can be either self-occupied or non-self-occupied.
- The amount of claim deducted under this section will not be eligible to claim the deduction u/s 24 again for the same amount of interest.
- As of the date of sanction of loan, no other house is owned by you.

Q224 Text Solution:

- The Central Board of Direct Taxes (CBDT) has notified the cost inflation index (CII) number for the current financial year, 2023-24.
- According to the notification dated April 10, 2023, the CII number for the current fiscal year is 348.
- This CII number will be used to calculate the capital gains accrued in the current financial year from the sale of long-term assets

Q225 Text Solution:

Analyzing the competition allows branches to identify competitors that have grabbed market share and grown their business. This understanding helps branches develop effective business plans and leverage competitive intelligence for business advantages.

Q226 Text Solution:

The incorrect statement is "Technology alone is sufficient to increase staff productivity". While technology can contribute to increasing staff

productivity, it is not sufficient on its own. To effectively increase staff productivity, a combination of factors is required. These include reducing process costs, clearly defining expectations and scorecards, and improving motivation and rewards systems. Technology can support and enhance productivity, but it needs to be accompanied by effective processes, goals, and motivation strategies to have a meaningful impact on staff productivity and branch profitability.

Q227 Text Solution:

In reality, profit is an absolute number determined by the amount of income or revenue above and beyond the costs or expenses an entity incurs. Profitability, on the other hand, is a relative measure that assesses the efficiency of a company in generating profit in relation to its size or other factors. It indicates how effectively the company utilizes its resources to generate profit.

Q228 Text Solution:

Macro-economic factors- The profitability of banks respond positively to GDP growth and negatively, to inflation growth rate. Inflation has a strong effect on profitability of banks and banks' profits are not significantly affected by the real GDP fluctuations. Low interest rates along with stiff competition among banks put pressure on the interest margins of banks and hence negatively affect bank profitability.

Industry-Specific Factors- NPAs have the most adverse impact on the profitability of banks. They reduce the profitability due to increase in operating costs and decline in their interest margins.

Other Bank Specific Factors- There exists a positive relationship between deposits and profitability as more deposits a bank collects, higher will be the availability of funds for generating loans and for other profitable uses such as investments. Non-interest income of

the bank consisting of commission income, service charges, and fees, guarantee fees, net profit from sale of investment securities, and foreign exchange profit is another factor in determining the bank's profitability. Other important factors impacting the profitability are Net Interest Margin (NIM). Strength of equity capital, operational efficiency, Capital Adequacy, Operating costs, etc

Q229 Text Solution:

As per the provisions contained in Rule 114B, Income-tax Rules, opening an account other than a time- deposit account of not exceeding Rs 50,000 and a Basic Savings Bank Deposit Account with a bank, requires to quote Permanent Account Number (PAN).

- Cash deposit with bank exceeding Rs 50,000 also requires PAN, if the account is not seeded with PAN. Where a person, entering into any transaction referred to in this rule, is a minor and who does not have any income chargeable to income-tax, he shall quote the permanent account number of his father or mother or guardian, as the case may be, in the document pertaining to the said transaction.
- If any person who does not have a permanent account number and who enters into any transaction specified in this rule, shall make a declaration in Form No.60 giving therein the particulars of such transaction.

Q230 Text Solution:

The banks are required to calculate interest on such deposits based on the end-of-day balance up to Rs 1 Lakh.

Interest Rates on Savings Deposit Accounts

- Each bank will have to offer a uniform interest rate on savings bank deposits up to Rs 1 Lakh, irrespective of the amount in the account within this limit. While calculating

interest on such deposits, banks are required to apply the uniform rate set by them on end-of-day balance up to Rs 1 Lakh.

Q231 Text Solution:

As notified in terms of Govt, of India notification dated December 16, 2010, BSBDA Small Accounts would be subject to the following conditions:

- The aggregate of all credits in a financial year does not exceed Rs 1 Lakh.
- The aggregate of all withdrawals and transfers in a month does not exceed Rs 10,000/-.
- The balance at any point of time does not exceed Rs 50,000/-.
- Foreign remittances cannot be credited to Small Accounts without completing normal KYC formalities.
- Small accounts are valid for a period of 12 months initially which may be extended by another 12 months if the person provides proof of having applied for an Officially Valid Document. If proper KYC documents are not submitted within the total time frame of 24 months, all transactions shall be blocked in the account.
- Small Accounts can only be opened at CBS linked branches of banks or at such branches where it is possible to manually monitor the fulfillments of the conditions.

Q232 Text Solution:

MAIN FEATURES OF CURRENT DEPOSIT ACCOUNT

- Current deposit accounts are meant to run a business.
- It is a non-interest-bearing bank account.
- It needs a higher minimum balance to be maintained as compared to the savings account.
- A penalty is charged if the minimum balance is not maintained in the current account.

- It charges interest on the short-term funds/overdraft borrowed from the bank.
- It is of a continuing nature as there is no fixed period to hold a current account.
- It does not promote saving habits with its account holders.
- Banker requires KYC (Know your Customers) norms to be completed before opening a current account.
- The main objective of current bank account is to enable the businessmen to conduct their business transactions smoothly.
- There is no restriction on the number and amount of deposits.
- There is also no restriction on the number and amount of withdrawals made, as long as the current account holder has funds in his bank account.
- Generally, bank does not pay any interest on current account.

Q233 Text Solution:

- As per recommendations of Damodaran Committee on Customer Service, IBA has given direction for implementing the facility of account number portability, whereby customer is allowed to maintain the same a/c number in the bank even when he/she moves to another city or shifts his a/c to another branch in the same city.
- Where the account holder approaches the branch to transfer his account to another branch, the branch should obtain a letter addressed to the transferor branch indicating therein, his desire to have the account transferred to the other branch. The letter should be duly signed as per the constitution of the account and as per specimen with the transfer or branch and handed over to the transferee branch. In case of accounts of companies, board resolution is also required.

Q234 Text Solution:

Joint account of two or more illiterates can be opened on following terms and conditions:

- All the joint account holders should be close relatives, i.e. spouse, children, parents, brothers and unmarried sisters – not cousins.
- The operations in the account should be allowed jointly by all account holders, survivors or survivor.
- No cheque book facility should be provided and all the account holders should come personally to the branch for withdrawals.
- The implications of opening the joint account and the mode of operation, withdrawal, payment etc. should be explained to the party in his/her vernacular language.
- A note to this effect should be made in the relative account opening form, signed by a known person, besides an officer of the branch.
- Photograph of all the joint account holders is to be obtained.
- Where the joint account holders, as above, are not related to each other, a reference should be made to Regional Authorities giving all relevant particulars and the need for opening such accounts.

Q235 Text Solution:

As per the Pradhan Mantri Awas Yojana (Urban) guidelines, the size of a house for the Economically Weaker Section (EWS) can be up to 30 sq. mt. carpet area.

- Pradhan Mantri Awas Yojana (Urban) Mission launched on 25th June 2015 which intends to provide housing for all in urban areas by year 2022. The Mission provides Central Assistance to the implementing agencies through States/Union Territories (UTs) and Central Nodal Agencies (CNAs) for providing houses to all eligible families/ beneficiaries against the validated demand for houses for about 1.12 cr.

- As per PMAY(U) guidelines, the size of a house for Economically Weaker Section (EWS) could be upto 30 sq. mt. carpet area, however States/UTs have the flexibility to enhance the size of houses in consultation and approval of the Ministry.

Q236 Text Solution:

Under Education Loan Security

- Above Rs 4 Lakh upto Rs 7.5 Lakh – besides the parents as co-borrower, collateral security in the form of suitable third party guarantee will be taken. (However, third party guarantee will be waived if the loan is eligible for Credit Guarantee coverage.)
- Above Rs 7.5 Lakh – Parents to be joint borrowers & Tangible collateral security acceptable to the bank along with the assignment of future income of the student for payment of instalments.

Q237 Text Solution:

Standalone Model (Branch Level Processing)

- Better Understanding of the customer requirements.
- No standardised approach
- Retail Loans are only one part of the faster multiple activities.
- Difference in quality of appraisal based on the branch and personnel
- Processing time may differ based on the priorities of the branch and importance of the customers/ proposal
- Compliance of appraisal norms may be based on the customer profile

Q238 Text Solution:

The first bank card was issued in the year 1946 by a banker John Biggins. It was called as Charg-It. The card was issued to the customers to make purchases from the local merchants in the Brooklyn neighbourhood.

- The local merchants used to send the slips to the Biggins bank which used to reimburse

the merchant and recover the payment from the customers.

- Comparatively, it was a simple transaction, as card holders as well as merchants were customers of the same bank. The formal launch of modern credit card took place in the year 1951 when Franklin National Bank issued them in New York.
- The use of credit card issued by the said bank was restricted to the bank's account holders only.

Q239 Text Solution:

In March 2012, RuPay went global by tying up with Discover Financial Services, to bring international services to Indians.

The international card is backed by state-of-the-art technology that is secure, robust, scalable, simple and cost-effective. The initiative has opened doors and marked RuPay's entry into the Indian sector of premium cards. By way of this prestigious association, RuPay offers its customers, great value as Discover brings along a global acceptance footprint. It is a mutually beneficial agreement as Discover and Diners Card holders also enjoy the convenience of availing services of all ATMs that are operational under the NFS network and PoS terminals across India.

In the efforts to offer continued convenience and quality customer service, RuPay has strengthened its network capabilities by launching RuPay JCB Global Card in association with JCB International Co. Ltd. in July 2019. The RuPay JCB Global card can be used at RuPay card accepting points in India and JCB card accepting points outside India for PoS, E-Commerce and ATM. This is the first ever JCB brand card issued in India.

At present, all three card variants - Classic, Platinum and Select are available under RuPay

Global and are accepted at over 42.4 million POS locations and over 1.90 million ATM locations in 200+ countries and territories worldwide.

Q240 Text Solution:

- The main characteristic of a co-branded credit card is that it is issued under a tie-up or partnership with service providers. These service providers can include hotels, oil companies, airline companies, and more.
- The co-branded credit card carries the brand name of both the bank issuing the card and the partnered service provider. This type of card aims to offer special incentives and reward points for using the co-branded card.
- By embossing the brand name of the partnered company on the card, it enhances brand recall and encourages customers to utilize the products or services offered by the partnered company.

Q241 Text Solution:

Explanation: NEFT allows individuals, firms, and corporates to perform both inward and outward transactions. Inward transactions are credited to beneficiary accounts at destination bank branches, while outward transactions are initiated by remitters at originating bank branches.

Q242 Text Solution:

Explanation: Option (1) is incorrect because charges are levied on the sender, not the beneficiary. Option (3) is incorrect because banks are not required to pay nominal charges to the clearing house and destination bank.

Option (4) is incorrect because RBI has not waived all applicable charges on NEFT transactions.

Some additional details about NEFT charges:

- The charges for NEFT transactions are applicable to the sender of the funds.

- The charges vary depending on the bank and the amount of the transaction.
- For transactions up to Rs. 10,000, the charges are typically around Rs. 2.50.
- For transactions above Rs. 10,000, the charges are typically around Rs. 5.
- There are no charges for NEFT transactions initiated online.

Q243 Text Solution:

The Structured Financial Messaging System (SFMS) is a secure messaging standard developed for intra-bank and inter-bank applications in India. It serves as a platform for secure communication within banks and between banks, similar to the international messaging system, Society for Worldwide Interbank Financial Telecommunication (SWIFT). SFMS allows banks to link their important branches, regardless of their level of computerization, through various connectivity options such as PSTN, ISDN, or leased lines. It offers secure communication for various purposes within the bank and between banks. The major advantage of SFMS is its versatility, as it can be used for all communication needs within the banking system.

Q244 Text Solution:

A wilful default is a deliberate and calculated failure to repay loan EMI with mala fide intentions. It is a serious offense that can have serious consequences, such as:

Legal action: The lender can take legal action against the borrower, such as filing a lawsuit or garnishing the borrower's wages.

Damage to your credit score: A wilful default will damage your credit score, which can make it difficult to get loans or credit cards in the future.

Criminal charges: In some cases, wilful default can lead to criminal charges.

Genuine default is a failure to repay loan EMIs due to unforeseen circumstances, such as job

loss or medical emergency. Overdue default is a failure to repay loan EMIs within the grace period. Default classification is a categorization of borrowers based on their repayment history.

Q245 Text Solution:

The SARFAESI Act can be invoked only if the loan account meets the following conditions:

- a. The loan account must be classified as a non-performing asset (NPA) and backed by security.
- b. The outstanding amount in the account, including accrued or applied interest, should be more than one lakh rupees.
- c. The outstanding dues should be 20% or more of the principal amount and interest.
- d. The secured asset should not be agricultural land.
- e. The relevant documents should be enforceable, and there should be an unexpired period of at least six months available (the Act does not specify this requirement). It's important to note that action under the SARFAESI Act does not extend the limitation period of the documents.
- f. In the case of multiple lenders or consortium advances, at least 60% of the outstanding dues should be agreed upon by the lenders for initiating action under the SARFAESI Act of 2002.

Q246 Text Solution:

A tranche refers to a specific portion or segment of a securitized asset pool that is divided based on different risk and return characteristics.

Q247 Text Solution:

The Minimum Retention Requirement (MRR) is a requirement set by the Reserve Bank of India (RBI) for banks to retain a stake in the securitized assets that they create. The MRR is intended to ensure that the originating banks

have a continuing interest in the performance of the securitized assets, and that they have carried out proper due diligence on the loans that they are securitizing.

The MRR is different for different types of loans, as follows:

- Loans with an original maturity of 24 months or less: The MRR is 5% of the book value of the loans.
- Loans with an original maturity of more than 24 months: The MRR is 10% of the book value of the loans.
- Bullet repayment loans/receivables: The MRR is 10% of the book value of the loans.

Q248 Text Solution:

IDRCL has an authorized capital of Rs. 50 Cr and a paid-up capital of Rs. 20 Cr. This means that the company is authorized to have a total capital of Rs.50 Cr, but currently, Rs. 20 Cr has been paid by the shareholders.

Q249 Text Solution:

The MHP or Minimum Holding Period is a requirement set by the Reserve Bank of India (RBI) for banks to transfer loans to other entities. The MHP is different for different types of loans, as follows:

- Retail loans: The MHP for retail loans is 3 months for loans with a tenor of up to 2 years and 6 months for loans with a tenor of more than 2 years.
- Corporate loans: The MHP for corporate loans is 6 months for loans with a tenor of up to 5 years and 12 months for loans with a tenor of more than 5 years.
- Secured loans: The MHP for secured loans is 3 months for loans with a tenor of up to 2 years and 6 months for loans with a tenor of more than 2 years.
- Unsecured loans: The MHP for unsecured loans is 6 months for loans with a tenor of up to 5 years and 12 months for loans with a tenor of more than 5 years.

- The MHP is intended to ensure that banks have adequate time to assess the creditworthiness of the borrowers before transferring the loans to other entities. The MHP also helps to protect the interests of the borrowers, as it ensures that they have a chance to repay the loans before they are transferred to another entity.

Q250 Text Solution:

The marketing mix in retail banking refers to the different ingredients that make up a good meal for the customer.

The marketing mix is a set of tools that businesses use to achieve their marketing goals. The four main elements of the marketing mix are:

- Product: The product is the good or service that the business is offering. In retail banking, the product could be a savings account, a loan, or a credit card.
- Price: The price is the amount that the customer pays for the product. In retail banking, the price could be a fixed rate, a variable rate, or a teaser rate.
- Place: The place is where the product is available. In retail banking, the place could be a physical branch, an ATM, or an online portal.
- Promotion: The promotion is the way that the product is communicated to the customer. In retail banking, the promotion could be through advertising, public relations, or direct marketing.

Q251 Text Solution:

The stage of the marketing process that involves regulating goals, auditing, measuring, evaluating, and taking corrective action based on defined parameters is Marketing Control. It is in this stage that an organization performs the job of monitoring and adjusting its marketing activities to ensure they align with the defined goals and objectives.

Q252 Text Solution:

The *99# service is an innovative payment service that operates through the Unstructured Supplementary Service Data (USSD) channel. It allows mobile banking transactions to be conducted using basic feature mobile phones, without the need for mobile internet data. The aim of the *99# service is to make banking services accessible to every individual in the country. Users can access the service by dialing *99# on their mobile phones, which provides an interactive menu for conducting transactions. The service is available in 12 different languages, including Hindi and English.

Services Offered:

The *99# service currently offers a range of financial, non-financial, and value-added services.

Funds Transfer Limit:

The current upper limit for funds transfer through the *99# service is Rs. 5,000 per transaction.

Q253 Text Solution:

Explanation: Under the Payments Liability Rules, 2009, if the unauthorized transactions occurred due to contributory fraud/negligence/deficiency on the part of the bank, the customer will have zero liability for the loss.

The Payment Liability Rules, 2009 are a set of rules that govern the liability of banks and customers for unauthorized electronic banking transactions. The rules were introduced by the Reserve Bank of India (RBI) in 2009.

The rules state that the customer will be liable for unauthorized electronic banking transactions if:

- The customer's negligence contributed to the unauthorized transaction.
- The customer fails to report the unauthorized transaction to the bank within three working days of becoming aware of it.

However, if the unauthorized transaction occurred due to contributory fraud/negligence/deficiency on the part of the bank, the customer will have zero liability for the loss.

In Tushar's case, the unauthorized transaction occurred due to contributory fraud/negligence/deficiency on the part of the bank. Therefore, Tushar will have zero liability for the loss.

Q254 Text Solution:

Explanation: If the responsibility for the unauthorized electronic banking transaction lies neither with the bank nor with Tushar but elsewhere in the system, and there is a delay of four to seven working days in notifying the bank, Tushar will have zero liability for the loss.

The RBI guidelines on limited liability for unauthorized electronic banking transactions state that if the customer is not negligent, they will not be liable for any loss that occurs due to an unauthorized transaction, even if they delay in notifying the bank. In this case, Tushar was diligent in using his online banking services, so he will not be liable for the loss, even if he delayed in notifying the bank.

The only exception to this rule is if the customer's negligence caused or contributed to the unauthorized transaction. For example, if Tushar had shared his login credentials with someone else, or if he had clicked on a malicious link, he could be held liable for some or all of the loss.

However, in this case, there is no evidence that Tushar was negligent, so he will have zero liability for the loss.

Q255 Text Solution:

Explanation: If the loss from unauthorized transactions is due to Tushar's negligence, such as sharing payment credentials, he will be fully

liable for the loss until reporting the unauthorized transaction to the bank. After reporting, any loss occurring will be borne by the bank.

Q256 Text Solution:

Enabling customers to use whatever physical channel or digital device they prefer for banking transactions is the key to achieving an "omni-channel" experience. This involves embracing both digital channels and physical locations to serve customers.

Q257 Text Solution:

Data-driven product delivery in retail banking involves analyzing real-time data to identify trends, preferences, and patterns. This analysis allows banks to tailor their product offerings to individual customer needs, resulting in personalized financial products and services.

Q258 Text Solution:

Banks have started appointing dedicated marketing managers in the context of retail banking to achieve better conversion levels and service delivery quality. This is because marketing managers are responsible for developing and executing marketing campaigns that target specific customer segments. They also work with other departments within the bank to ensure that the customer journey is seamless and that customers receive the best possible service.

Option (1) is incorrect because marketing managers are not directly responsible for improving the efficiency of customer service operations. Option (2) is incorrect because marketing managers are not directly responsible for enhancing customer relationship management. Option (4) is incorrect because marketing managers are not directly responsible for reducing operational costs.

Overall, dedicated marketing managers can play a key role in helping banks to achieve better conversion levels and service delivery quality.

Q259 Text Solution:

CRM in banks offers various benefits that contribute to their success in retail banking. These benefits include:

- (1) Distinctive and consistent customer experience: CRM helps banks provide a unique and consistent experience to customers, enhancing satisfaction and loyalty.
- (2) Clear identification of the organization: CRM enables banks to have a clear and well-defined organizational identity, facilitating effective communication and brand positioning.
- (3) Technological and process-related capabilities: CRM supports banks in leveraging technology and optimizing processes to enhance customer interactions and service delivery.
- (4) Limited reach across diverse channels: This statement is incorrect as CRM aims to have a unified understanding of customer relationships across diverse channels, enabling banks to reach customers through various touchpoints.

Q260 Text Solution:

The stages in the implementation of CRM in banks are as follows:

- (1) Identification of Customers: This stage involves identifying customers based on their products availed and the bank's focus. Building a repository of customer data is crucial for effective CRM targeting.
- (2) Classification of Customers: In this stage, the compiled customer data is used to classify customers based on different perspectives, such as profitability and account size. Clustering techniques and data mining are utilized to develop strategies for different customer segments.

(3) Interaction with the most Valued Customers: CRM solutions help define customer segments and strategize tailored approaches. Specific campaigns are designed to reach customers based on their product and service usage, using comprehensive information about the customers.

(4) Customisation of Bank's Products and Services for Different Customer Segments: This stage involves selecting the media mix and customer interaction points to design mass-customized products for each target segment. Launching campaigns and obtaining customer feedback further refines the strategy.

Q261 Text Solution:

The key issues in the implementation of CRM in banks are as follows:

(1) Business Processes: Evaluating current business processes is crucial to determine the nature of products and the development of the customer portfolio. Customizing the CRM solution requires a clear understanding of the bank's business processes.

(2) Information Processes: Analyzing existing information processes and integrating them into the CRM system, along with suitable restructuring, is necessary for successful implementation. Channelizing information flows and aligning them with the new system is important.

(3) Information Systems: Banks often have their own legacy systems and IT infrastructure. Analyzing the existing information infrastructure and customizing the CRM infrastructure accordingly, while reinforcing rather than replacing, is essential.

(4) External Market Analysis: While external market analysis is important in overall business strategy.

Q262 Text Solution:

The main components of CRM, as mentioned in the provided information, are:

(1) Building and managing customer relationships through marketing: Utilizing various tools and strategies to optimize marketing campaigns and reach customers effectively.

(2) Observing relationships as they mature through distinct phases: Recognizing that customer relationships evolve and progress through different stages, allowing businesses to adapt their strategies accordingly.

(3) Recognizing the homogeneity of the distribution of value in customer relationships: This statement is incorrect. CRM acknowledges that the distribution of value in customer relationships is not homogenous, meaning that different customers may contribute varying levels of value to the firm.

(4) Managing relationships at each stage: Proactively managing customer relationships at every stage to maximize their value and optimize customer interactions.

Therefore, the correct answer is (3) Recognizing the homogeneity of the distribution of value in customer relationships.

Q263 Text Solution:

The Code of Bank's Commitment to Customers is a covenant between:

Explanation: The Code of Bank's Commitment to Customers is a covenant (agreement) between the Banking Codes and Standards Board of India (BCSBI) and member banks. It outlines the minimum standards that member banks must follow in their dealings with customers.

Q264 Text Solution:

The Code of Bank's Commitment to Customers aims to set minimum standards for member banks' dealings with customers. It promotes good and fair banking practices, transparency, customer protection, and a fair and cordial relationship between customers and banks.

Q265 Text Solution:

The key commitments of member banks to customers according to the Code include the right to fair treatment, right to transparency, fair and honest dealing, right to suitability, right to privacy, and right to grievance redressal and compensation. However, the right to profitable transactions is not specifically mentioned as a key commitment.

Q266 Text Solution:

Explanation: The Code of Bank's Commitment to Micro and Small Enterprises (MSEs) is a set of guidelines for banks to follow in their dealings with MSEs. It was issued by the Banking Codes and Standards Board of India (BCSBI) in 2014.

The Code of Bank's Commitment to MSEs applies to MSEs as defined in the Micro, Small and Medium Enterprises Development Act, 2006. These enterprises are classified into three categories based on their investment in plant and machinery:

- Micro enterprises: Investment up to ₹25 lakh
- Small enterprises: Investment between ₹25 lakh and ₹50 lakh
- Medium enterprises: Investment between ₹50 lakh and ₹250 lakh

Q267 Text Solution:

The MKIS model proposed by McLeod and Rogers consists of two general subsystems: the input subsystem and the output subsystem.

The input subsystem is responsible for collecting and storing data from the environment. This data can include information about customers, competitors, and market trends. The input subsystem also includes the processes that are used to analyze and interpret this data.

The output subsystem is responsible for disseminating information to decision-makers. This information can be used to make strategic decisions, such as product development, pricing, and marketing. The output subsystem

also includes the processes that are used to communicate this information to decision-makers.

Q268 Text Solution:

Decision models are used in marketing information systems to help businesses make decisions about products, prices, and other marketing activities. For example, a decision model could be used to determine the optimal price for a product or to identify the best target market for a new product.

In the case of ABC Bank, decision models could be used to help the bank make decisions about its products and prices. For example, the bank could use a decision model to determine the optimal interest rate for a new loan product or to identify the best target market for a new credit card.

Decision models can be a valuable tool for businesses that want to make informed decisions about their marketing activities. By using decision models, businesses can improve their chances of success in the competitive marketplace.

The other options are incorrect. Option (2) is incorrect because decision models are not typically used for customer service improvements. Option (3) is incorrect because decision models are not typically used for internal communication. Option (4) is incorrect because decision models are not typically used for inventory management.

Q269 Text Solution:

A marketing information system (MkIS) is a system that gathers, stores, analyzes, and distributes information relevant to marketing decisions. It is a tool that can be used to support all of the management functions, but it is most commonly used to support planning.

Planning is the process of setting goals and objectives, and developing strategies to achieve those goals. It is the most important

management function because it determines the direction of the organization.

A MkIS can support planning by providing information about the environment, such as customer preferences, competitor activities, and market trends. This information can be used to identify opportunities and threats, and to develop strategies to achieve the organization's goals.

In the case of ABC Bank, the MkIS would most likely be used to support planning for new product development, pricing, and marketing campaigns. The MkIS would provide information about customer preferences, competitor activities, and market trends. This information would be used to identify opportunities and threats, and to develop strategies to achieve the bank's marketing goals.

Q270 Text Solution:

Explanation:

- (a) Marketing Research System: Data collected specifically (iv)
- (b) Marketing Intelligence System: Database management (ii)
- (c) Marketing Information System: Major source – published information (i)
- (d) Customer database: Geographic, demographic, psychographic, and behavioral data on customers and prospects (v)
- (e) Data analysis: Operations research tool (iii)

Therefore, the correct matching is:

- (a) (iv), (b) (ii), (c) (i), (d) (v), (e) (iii)

Q271 Text Solution:

A will is a legal document that allows a person to specify how their assets will be distributed after their death. The person writing the will, known as the testator, can choose anyone they want to inherit their assets, regardless of their relationship to the testator.

The only exception to this rule is if the testator is married. In that case, the spouse is entitled

to a share of the estate, even if they are not mentioned in the will.

The Succession Act is a law that sets out the rules for inheritance in India. However, the Succession Act does not override the terms of a will. If a person has a will, the terms of the will will be followed, even if they are different from the rules set out in the Succession Act

Q272 Text Solution:

Wealth managers support asset optimization by:

- Managing taxation and savings: Wealth managers can help clients to optimize their tax liability by advising on the best way to structure their assets and investments. They can also help clients to save money by identifying tax-efficient investment products and by managing their overall tax liability.
- Advising on investments and asset restructure: Wealth managers can help clients to make informed investment decisions by providing advice on the best asset allocation for their individual circumstances. They can also help clients to restructure their assets to optimize their financial goals.
- Providing insurance coverage for assets: Wealth managers can help clients to protect their assets by providing insurance coverage for a variety of risks, such as death, disability, and loss of income.
- Conducting wealth auditing for a global view: Wealth managers can help clients to get a global view of their wealth by gathering information about their assets and liabilities from all over the world. This information can then be used to optimize the client's overall financial situation.

Q273 Text Solution:

The following statements about real estate funds are correct:

- (2) Some real estate funds invest in bonds secured by property.
- (3) Real estate funds provide high returns with ** some ** risk.

The following statements about real estate funds are incorrect:

- (1) Real estate funds invest solely in physical properties. Real estate funds can invest in a variety of assets, including physical properties, bonds secured by property, and shares in real estate investment trusts (REITs).
- (4) Real estate funds are not affected by volatility in property prices. Real estate funds can be affected by volatility in property prices. For example, if property prices fall, the value of real estate funds may also fall.

Q274 Text Solution:

Explanation: Sectorial Funds invest in selected sectors like IT, Banks, FMCG, Pharma, etc. The fund manager controls the stock selection based on selected sector preferences, and the returns are based on stock performance belonging to the specific sector.

Q275 Text Solution:

The purpose of estimating the capital mantle in portfolio management is to analyze expected returns and associated risks.

The capital mantle is a measure of the risk-adjusted returns of a portfolio. It is calculated by taking the expected returns of the portfolio and subtracting the risk-free rate of return. The risk-free rate of return is the return that an investor could earn on a risk-free investment, such as a government bond.

The capital mantle can be used to compare different portfolios and to determine which portfolio has the best risk-adjusted returns. It can also be used to determine the optimal asset allocation ratio for a portfolio.

Q276 Text Solution:

Active portfolio management is a type of investment management that seeks to outperform a market index. This is done by actively selecting investments and managing the portfolio in a way that is expected to generate higher returns than the market index. Passive portfolio management, on the other hand, does not seek to outperform the market index. Instead, it seeks to track the performance of the market index as closely as possible. This is done by investing in a portfolio of securities that mirrors the composition of the market index.

Discretionary portfolio management is a type of investment management in which the portfolio manager has the freedom to make investment decisions without any restrictions. This means that the portfolio manager can buy and sell securities as they see fit, without having to follow any pre-defined rules or guidelines.

Non-discretionary portfolio management is a type of investment management in which the portfolio manager is restricted in their investment decisions. This means that the portfolio manager must follow a pre-defined set of rules or guidelines when making investment decisions.

Q277 Text Solution:

Portfolio management services (PMS) and mutual funds (MF) are both types of investment vehicles that allow investors to pool their money together and invest in a variety of assets. However, there is one key difference between PMS and MF in terms of customization: PMS offers a higher degree of customization than MF.

With PMS, investors can work with a portfolio manager to create a customized investment portfolio that meets their individual needs and goals. This includes the ability to choose the specific assets that will be included in the

portfolio, as well as the level of risk that the investor is comfortable with.

With MF, on the other hand, investors are limited to the investment options that are offered by the fund. This means that investors cannot customize their investment portfolio as much with MF as they can with PMS

Q278 Text Solution:

In this scenario, Investment Firm C is providing portfolio management services to Client B. They are actively involved in managing Client B's investments by selecting suitable financial instruments and continuously monitoring and adjusting the portfolio to maximize returns and align with the client's financial goals. This involves analyzing market trends, conducting research, and making investment decisions on behalf of the client to optimize their portfolio.

Q279 Text Solution:

In this scenario, the income earned by Mr. X from April 1, 2021, to March 31, 2022, falls under the financial year 2021-2022. The financial year represents the year in which the income is earned. The assessment year, on the other hand, is the year in which the income is assessed for taxation purposes. Since Mr. X's income will be assessed in the next year, the assessment year would be 2022-2023. Therefore, the correct statement is that the financial year for Mr. X is 2021-2022.

Q280 Text Solution:

According to the Income Tax Act, an individual qualifies as a resident if they satisfy either of the following conditions:

Stay in India for a year of 182 days or more

Stay in India for the immediately preceding years is 365 days or more and 60 days or more in the relevant financial year.

In the scenario, Mr. X stayed in India for 185 days in the previous year and 70 days in the relevant financial year, which satisfies the

conditions for being a resident. Therefore, Mr. X's residential status for income tax purposes is "Resident."

Q281 Text Solution:

According to the provisions of the Income Tax Act, rental income from a property that is owned by a person and not personally occupied by them falls under the head of income from house property. In this scenario, Mr. Y receives rental income from a property that he does not personally occupy, so the rental income will be categorized as "Income from house property/ Rental income" for the computation of his total income.

Q282 Text Solution:

The maximum deduction Rahul can claim under section 80CCD of the Income Tax Act is Rs. 1,50,000.

The deduction under section 80CCD(1) is the least of the following:

- 10% of salary (in case taxpayer is employee)
- 10% of total income (in case of self-employed)
- ₹1.5 lakh (limit allowed u/s 80C)

Rahul's basic salary is Rs. 5,00,000 per year, so the maximum deduction he can claim under section 80CCD(1) is 10% of Rs. 5,00,000, which is Rs. 50,000.

However, Rahul also makes an additional contribution of Rs. 60,000 to his NPS account. This additional contribution is eligible for a deduction under section 80CCD(1b). The maximum deduction Rahul can claim under section 80CCD(1b) is Rs. 50,000.

Therefore, the maximum deduction Rahul can claim under section 80CCD of the Income Tax Act

Q283 Text Solution:

Mutual banking is a partnership between banks and mutual funds. Banks distribute mutual funds to their customers, and mutual

funds provide banks with access to a wider range of investment products. This partnership benefits all three parties:

- Customers: Customers have access to a wider range of investment products and services through their banks.
- Banks: Banks earn fees from distributing mutual funds, and they can also use mutual funds to attract and retain customers.
- Mutual funds: Mutual funds gain access to a wider customer base through banks, and they can also use banks to provide customer service and support.

Q284 Text Solution:

The Insurance Regulatory and Development Authority of India (IRDAI) has allowed banks to undertake insurance broking and corporate agency activities. However, banks need to fulfill certain eligibility criteria before they can start these activities. These criteria include:

- The bank must have a minimum net worth of ₹500 crore.
- The bank must have a minimum capital adequacy ratio of 15%.
- The bank must have a minimum experience of five years in the financial services sector.

Once the bank has fulfilled these criteria, it can undertake insurance broking and corporate agency activities either departmentally or through a subsidiary or joint venture.

If the bank chooses to undertake these activities departmentally, it will need to set up a separate unit within the bank to handle these activities. This unit will need to be staffed by qualified professionals who have experience in the insurance sector.

If the bank chooses to undertake these activities through a subsidiary or joint venture, it will need to set up a separate company for this purpose. This company will need to be registered with the IRDAI and will need to comply with all the applicable regulations.

Q285 Text Solution:

According to the conditions for acting as an insurance broker departmentally, all employees involved in insurance agency/broking business must possess the required qualifications prescribed by IRDA. This ensures that the employees have the necessary knowledge and expertise to effectively engage in insurance-related activities. Therefore, option a) is the correct answer. Options b), c), and d) are not mentioned as requirements in the given scenario.

Q286 Text Solution:

A Demat account can be opened by any individual who is 18 years of age or above and who has a valid PAN card. The process of opening a Demat account requires the submission of certain documents, such as the PAN card, a recent passport-size photograph, and a proof of address.

The minimum balance of securities to be kept in a Demat account is determined by the Depository Participant (DP). However, some DPs may not require a minimum balance to be maintained in the account.

Q287 Text Solution:

Explanation: In the scenario described, since the construction is undertaken by a reputed builder, the moratorium period will be up to 18 months after the first disbursement of the loan or two months after completion of construction, whichever falls first. Therefore, the moratorium period for Mr. Sharma will end two months after the completion of construction.

Q288 Text Solution:

Explanation: In the given scenario, since the flat is already constructed and the loan will be disbursed in a single installment, there is no need for a moratorium period. The borrower will be required to start repaying the loan immediately after the disbursement.

Q289 Text Solution:

Explanation: In the given scenario, since the loan is for the purchase of land with a building, a maximum moratorium period of three months may be allowed. This means that Mr. Khan will have a repayment holiday of three months after the first disbursement of the loan, after which he will be required to start repaying the loan.

Q290 Text Solution:

A power of attorney executed for a specific act is called a "special power of attorney."

- This statement is correct. A special power of attorney is limited to a specific act or related acts, such as the acts necessary to perfect a mortgage or sell a particular property.

A power of attorney can only be executed in favor of one person.

- This statement is incorrect. A power of attorney can be executed in favor of more than one person. However, it is advisable to specify whether the donees will act jointly or severally.

A power of attorney executed for generally representing another person is called a "general power of attorney."

- This statement is correct. A general power of attorney is executed for the purpose of generally representing another person or performing more than one act.

A power of attorney executed in a foreign country must be stamped within three months of being brought to India.

- This statement is correct. If a power of attorney is executed in a foreign country, it should be stamped within three months of being received in India. Failure to stamp the document within this timeframe may render it unstamped and unable to be acted upon.

The POA should be duly registered before the Sub Registrar's Office within the jurisdiction where the property is situated.

- This statement is correct. When accepting a power of attorney for the creation of a mortgage, it should be stipulated that the POA should be duly registered before the Sub Registrar's Office in the jurisdiction where the property is located.

The POA should contain a ratification clause whereby the Principal agrees to ratify and confirm all acts done by the POA holder.

- This statement is correct. The POA should include a ratification clause in which the Principal agrees to ratify and confirm all acts, deeds, and things lawfully done by the POA holder on their behalf.

Q291 Text Solution:

Explanation: Tax benefits in respect of housing finance include tax deduction on payment of home loan interest under Section 24, tax deduction on principal repayment of housing loan under Section 80C, and tax deduction for first-time homebuyer under Section 80EE. These tax benefits provide opportunities for borrowers to save on their taxable income by claiming deductions for the interest and principal repayment of their housing loans. However, it's important to consider individual eligibility criteria and consult with a tax advisor for personalized advice.

Q292 Text Solution:

Explanation: NRIs who earn an additional taxable income from India, apart from their salary earned abroad, are eligible to claim tax exemption on home loan repayment similar to resident Indians. If an NRI's only source of income is abroad, they do not have the opportunity to claim tax exemption on home loan repayment as they are not taxable in India. It is important for NRIs to be aware of the tax implications and consult with a tax advisor to understand the specific eligibility criteria and benefits available to them based on their income sources.

Q293 Text Solution:

Explanation: In this scenario, since Mr. Sharma sold the property within 5 years from the end of the financial year in which he received possession of the property, the tax benefit availed under Section 80C will not be eligible for claim in that financial year. Moreover, the total amount of tax deduction already claimed in respect of earlier years will be deemed as income in the year of sale, and Mr. Sharma will be liable to pay tax on that income.

Q294 Text Solution:

Capital asset is defined to include:

(1) Any kind of property held by an assessee, whether or not connected with business or profession of the assessee.

(2) Any securities held by a FII which has invested in such securities in accordance with the regulations made under the SEBI Act, 1992. However, the following items are excluded from the definition of "capital asset":

Any stock-in-trade, consumable stores, or raw materials held by a person for the purpose of his business or profession.

E.g., Motor car for a motor car dealer or gold for a jewellery merchant, are their stock-in-trade and, hence, they are not capital assets for them.

Personal effects of a person, that is to say, movable property including wearing apparels (*) and furniture held for personal use, by a person or for use by any member of his family dependent on him.

(*) However, jewellery, archeological collections, drawings, paintings, sculptures, or any work of art are not treated as personal effects and, hence, are included in the definition of capital assets.

Agricultural Land in India, not being a land situated:

- Within jurisdiction of municipality, notified area committee, town area committee,

cantonment board and which has a population of not less than 10,000;

- Within range of following distance measured aerially from the local limits of any municipality or cantonment board:
- not being more than 2 KMs, if population of such area is more than 10,000 but not exceeding 1 lakh;
- not being more than 6 KMs, if population of such area is more than 1 lakh but not exceeding 10 lakhs; or
- not being more than 8 KMs, if population of such area is more than 10 lakhs.

Q295 Text Solution:

Explanation: For shares listed in a recognized stock exchange in India, the period of holding to be considered for classification as short-term capital asset is 12 months. Since Mr. Sharma held the shares for only 10 months, the capital gain from the sale will be classified as short-term capital gain.

Q296 Text Solution:

Explanation: The future value of an annuity formula is used to calculate the future value of a series of equal cash flows or payments made at regular intervals. The formula is as follows:

$$FV = P \times \left[\frac{(1+r)^n - 1}{r} \right]$$

Where:

FV = Future value of the annuity

P = Payment or cash flow amount

r = Interest rate per period

n = Number of periods

In this case, the payment or cash flow amount (P) is ₹5,000, the interest rate per period (r) is 7%, and the number of periods (n) is 8. Plugging these values into the future value of annuity formula, we get:

$$FV = 5000 \times \left[\frac{(1+0.07)^8 - 1}{0.07} \right] = 51,299$$

Q297 Text Solution:

To calculate the indexed cost of acquisition, we will use the formula:

Indexed Cost of Acquisition = Cost of Acquisition x (CII of the year of transfer / CII of the year of acquisition)

First, let's calculate the indexed cost of acquisition:

Indexed Cost of Acquisition = Rs. 50,00,000 x (1,368 / 497)

Indexed Cost of Acquisition = Rs. 50,00,000 x 2.75 = 13762575.4

Q298 Text Solution:

Explanation: 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. Valuers are required to collect data on various aspects related to property valuation. However, it is mentioned in the passage that the information may not be easily accessible and/or authentic, particularly regarding demand and supply. Valuers rely on their own experience and judgment to arrive at the fair market value. Additionally, it is stated that valuers require registration and may also

seek membership/fellowship from professional bodies such as the Institution of Valuers.

Q299 Text Solution:

Explanation: In practice, the capitalized value of a property is determined by referring to dual rate Valuation Tables. These tables provide the multiplying factor (YP) based on the income for a specified period (life of the building) at a particular interest rate and the redemption of capital at another rate of interest. The YP is then multiplied by the original capital investment to obtain the capitalized value of the property.

Q300 Text Solution:

Explanation: The valuation of agricultural land can be done using the Income Capitalisation Method, where the income is determined by assuming that the land is rented on a crop-sharing basis. The net annual income is calculated after deducting expenses, and then it is capitalized at an appropriate rate of interest to determine the value of the land.

The following formula is used to calculate the value of agricultural land using the income capitalization method:

Value of agricultural land = Annual rental income / Capitalization rate



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