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**JAI IIB**  
**PPB**

**MOCK**  
**TEST**



**Note:** Though we had taken enough care to go through the questions, we advise everyone to update oneself with the latest information through RBI website and other authenticated sources.



LEARNING  
SESSIONS

**November 2021**

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## JAIIB - PPB MOCK TESTS

Learning sessions has brought free mock tests on the subject: Principles & practices of Banking. You can solve the mock test down below & then afterwards can check the status of your test by checking out the answers given at the last of this article.

### PPB- JAIIB MOCK TEST

No.	QUESTION
1	<p>Which of the following option(s) is or are correct in relation to the selective credit control?</p> <p>(i) Selective credit controls are used to control pressure of inflationary nature, (ii) Bank credit to customers to raise demand for durable consumer goods will also lead to inflation, (iii) Bank loans that are extended to the speculators to hoard goods are going to lead to inflation</p> <p>a. Only (i) &amp; (ii) b. Only (i) &amp; (iii) c. Only (ii) &amp; (iii) d. (i), (ii) &amp; (iii)</p>
2	<p>With a _____ System, bank-wide information, that is online and accurate becomes a reality as with the better information available with the bank, the cost of operation can be reduced.</p> <p>a. Computer b. Centralised c. Distributed d. De-centralized</p>
3	<p>In connection with the loan that is available under NRLM i.e National Rural Livelihood Mission, which of the below does not match?</p> <p>a. First dose: 4 to 8 times of the proposed corpus during the year or Rs. 50,000.00 whichever is higher</p>

	<p>b. Second dose: 5 to 10 times of the exiting corpus &amp; the proposed savings during the next 12 months or Rs. 1,00,000.00, whichever is higher</p> <p>c. Third dose: Minimum of Rs. 5,00,000.00</p> <p>d. Between Rs. 5,00,000.00 to 10,00,000.00 for the fourth dose and/or higher in subsequent doses.</p>
4	<p>Your bank receives a cheque in inward clearing which has not been signed by the account holder. Which of the below reasons you will chose to return the cheque?</p> <p>a. Cheque is not signed by the payee</p> <p>b. Refer to the drawer</p> <p>c. Cheque is not signed by the drawee</p> <p>d. Cheque is not signed by the endorsee</p>
5	<p>What do you understand by golden parachute?</p> <p>a. Attractive benefits which are given to the top executives of target companies at the acquisition time.</p> <p>b. Attractive benefits which are given to clerical staff as well as subordinate staff of target company at the acquisition time</p> <p>c. Attractive benefits which are given to top executives of company that is acquiring at the acquisition time.</p> <p>d. Attractive benefits which are given to clerical staff as well as the subordinate staff of acquirer company at the acquisition time</p>
6	<p>Bank sanctioned a Term Loan of Rs. 20,00,000.00 to Small Scale Industries (SSI) for a project cost of Rs. 40,00,000.00 Balance is to come as margin from promoter and under SIDBI's National Equity Fund. What is the maximum amount that is available under NEF to this project?</p> <p>a. Rs.5,00,000.00 being 25% of the amount of the loan</p> <p>b. Rs.10,00,000.00being 25% of project cost</p> <p>c. Rs.4,00,000.00 lac i.e 10% of project cost</p> <p>d. Difference b/w margin to be provided by the borrower + bank loan &amp; the project cost</p>
7	<p>A draft that was purchased has been reported as lost and the purchaser wants to stop the payment of the draft. Can the Bank do this?</p> <p>a. Bank cannot stop payment because it is a promissory note</p> <p>b. Bank can stop payment because it is covered under negotiable instrument</p>

	<p>c. Bank can ask the purchaser to suffer for negligence and bank cannot help in the matter</p> <p>d. Bank would issue instructions to stop the payment only after 2 weeks from date of issue</p>
<b>8</b>	<p>On 27.09.2017, on verification of a cheque that is presented by a customer of your bank, you find that the date of the cheque has been wrongly written as 27.09.2016 and you are of the opinion that the cheque should be returned to the customer under what reasons?</p> <p>a. Because it is a Stale cheque</p> <p>b. Because it is a Mutilated cheque</p> <p>c. Because it is a Post-dated cheque</p> <p>d. Because it is a Damaged cheque</p>
<b>9</b>	<p>..... is the best operable within a first to market scenario even though there would be few competitors within the industry of the company.</p> <p>a. Market penetration</p> <p>b. Market skimming</p> <p>c. Elasticities</p> <p>d. Marketing research</p>
<b>10</b>	<p>Which of the following orders that the Reserve Bank of India may pass when the affairs of a Banking company become detrimental to the public interest?</p> <p>(i) To determinate the policy in relation to the advances that are to be followed by Banking companies,</p> <p>(ii) To decide the purposes for which the advances may or may not be made,</p> <p>(iii) To fix margin that is required to be maintained in respect of secured advances</p> <p>a. Only (i) and (ii)</p> <p>b. Only (i) and (iii)</p> <p>c. Only (ii) and (iii)</p> <p>d. (i), (ii) and (iii)</p>
<b>11</b>	<p>A bank wishes to undertake an insurance business. Whose permission will be necessary before the insurance business can be commenced?</p> <p>a. Life Insurance Corporation of India (LIC)</p> <p>b. General Insurance Corporation of India (GIC)</p> <p>c. Insurance regulatory and development authority (IRDA)</p> <p>d. Reserve Bank of India (RBI)</p>

12	<p>Which of the below is not an essential condition for an urban co-operative bank that is going to undertake Bank assurance business?</p> <p>a. The bank should obtain prior permission from IRDA i.e Insurance Regulatory and Development Authority</p> <p>b. The bank should have a net worth of not less than Rs. 50,00,00,000.00</p> <p>c. The bank assurance business can be done through banks branches</p> <p>d. The bank will be required to enter into an agreement with the concerned insurance agency</p>
13	<p>Which among the following defines a non-performing asset i.e NPA?</p> <p>a. In a loan account, the principal amount that is due has not been paid for more than 90 days</p> <p>b. In a loan account, the interest amount that is due has not been paid for more than 90 days</p> <p>c. Both a. and b. as mentioned above</p> <p>d. Assets that have not been commented upon by the auditors of banks</p>
14	<p>In periods of boom, that leads to economic instability, Reserve Bank does not resort to which of the following?</p> <p>(i) Selling of 1<sup>st</sup> class securities in its possession in the market, to reduce the supply of money as a measure of open market operations,</p> <p>(ii) Increasing the bank rate as a measure of open market operations,</p> <p>(iii) Buying of approved securities in the market as a measure of open market operations</p> <p>a. Only (i) and (ii)</p> <p>b. Only (i) and (iii)</p> <p>c. Only (ii) and (iii)</p> <p>d. (i), (ii) and (iii)</p>
15	<p>Under the provision of Reserve bank of India (Note Refund) Rules, 1989, the exchange of mutilated notes is required to be done by the branches of which of the following bank or banks?</p> <p>a. State bank of India (SBI) only</p> <p>b. Nationalised bank only</p> <p>c. Public Sector banks (PSBs)</p> <p>d. Scheduled Commercial banks including Regional Rural banks (RRBs)</p>
16	<p>A club maintains current account which is operated by Secretary and Treasurer jointly. The treasurer dies and a cheque that has been signed by him and Secretary is presented for the clearing</p>

	<p>a. The cheque cannot be paid as such</p> <p>b. The cheque cannot be paid after death because he was responsible for the money</p> <p>c. The cheque should be paid if it is otherwise in order</p> <p>d. The cheque should be paid only after confirmation from president of the club.</p>
<b>17</b>	<p>Mr. Bubbles wants a demand draft (DD) striking the word 'Order' and writing the word 'Bearer'. Can bank help him in the given case?</p> <p>a. Bearer Draft is unlawful under section 31 of Reserve Bank of India Act</p> <p>b. Bearer Draft can be issued just like a cheque</p> <p>c. Signature of the payee should be attested on the back of draft by the issuing bank branch</p> <p>d. Attestation of the signature of the payee on a separate slip of paper by the bank (it will be without striking out the word 'Order' from the draft)</p>
<b>18</b>	<p>Mandate which is given by the illiterate account holder should be _____.</p> <p>a. Attested by the manager who confirms and certifies the same.</p> <p>b. Attested by Notary public or the Magistrate.</p> <p>c. It is enough if we ask for a Mandate letter with LTI which has to be attested by an authorised official.</p> <p>d. We cannot at all accept a mandate from an illiterate customer at all.</p>
<b>19</b>	<p>Which of the following is not true in respect of Hindu Undivided Family (HUF)?</p> <p>a. It is governed by 2 schools of Hindu laws 1. Dayabhaga &amp; 2. Mitakshara</p> <p>b. Under Mitakshara, every son or daughter of a coparcener acquires a right in HUF by birth</p> <p>c. Under Dayabhaga School he or she acquires the right in HUF only after the death of the father.</p> <p>d. All members of the family are called coparceners including mother &amp; daughter-in-law</p>
<b>20</b>	<p>A bearer cheque is issued by Mrs. Sachdeva in favour of Dhiman, but she forgets to hand over the cheque to Dhiman. Dhiman however, picks up the cheque in his absence from his table. Whether the negotiation has taken place or not?</p> <p>a. No, because endorsement is also needed</p>

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| b. No, as the delivery of the cheque is also required |
| c. No, endorsement and delivery both are needed       |
| d. Yes, the cheque is drawn in his favour             |

**ANSWER KEY**

<b>1</b>	D	<b>6</b>	B	<b>11</b>	C	<b>16</b>	C
<b>2</b>	B	<b>7</b>	A	<b>12</b>	A	<b>17</b>	D
<b>3</b>	C	<b>8</b>	A	<b>13</b>	C	<b>18</b>	B
<b>4</b>	B	<b>9</b>	B	<b>14</b>	D	<b>19</b>	D
<b>5</b>	A	<b>10</b>	D	<b>15</b>	C	<b>20</b>	B

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