

**SHIVAJI UNIVERSITY, KOLHAPUR**  
**VENUTAI CHAVAN COLLEGE, KARAD**  
**B.A. (Part – II) (Semester – III)(SEC)**  
**QUESTION BANK**  
**FINACIAL LITERACY**

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**Choose correct alternative from the following**

1. What does it mean to invest money?
  - **Putting money into something with the expectation of gain in the future**
  - Eating lots of ice cream
  - Hiding your money under your bed
  - Buying a new toy
  
2. If you want a new bicycle, but you don't have enough money, what should you do?
  - Borrow money from a friend
  - Ask your parents to buy it immediately
  - **Save your money until you have enough to buy it**
  - Steal it from the shop
  
3. Why is it a good idea to compare prices at different stores?
  - **To get the best deal and save money**
  - To exercise your legs by walking more
  - To spend more time shopping
  - To see who has the best shopping bags
  
4. What is the best thing to do with your income?
  - Give it all away to friends
  - Lose it somewhere
  - **Save some, spend some wisely**
  - Spend it all at once
  
5. Why should we save money?
  - To throw it away
  - To show off to friends
  - To buy anything we want at any time
  - **To have money for future needs or emergencies**
  
6. Why can't we buy everything we want?
  - Because money grows on trees
  - Because money is limitless
  - **Because money is limited and needs to be spent wisely**
  - Because money is unlimited and we can spend it all

7. What is a budget?

- A type of dessert
- A new video game
- A kind of exercise
- **A plan for how to spend and save money**

8. Why is it important to keep track of your spending?

- To impress your friends
- **To understand where your money goes**
- To practice writing
- To make sure you lose all your money

9. We should keep our savings with banks because

- It is safe
- Earns interest
- Can be withdrawn anytime
- **All of above**

10. ATM password to be shared only with

- Spouse
- Obedient son
- Obedient daughter
- **None of above**

11. KYC means

- **Know your customer**
- Know your character
- Both of above
- None of above

12. Loans from money lenders are

- With High rate of interest
- No proper accounting
- No transparency
- **All of above**

13. General Insurance relates to insurance against

- Fire
- Theft
- Burglary
- **All of above**

14. Bank provides loans for

- Home
- Car
- Education
- **All of above**

15. Bank Pass Book is

- Issued by Bank
- Contains transaction details of Bank account
- Shows balance in account
- **All of above**

16. Banks pays interest on

- **Deposits**
- Loans
- Both (a) & (b)
- None of above

17. Bank charges interest on

- Deposits
- **Loans**
- Both (a) & (b)
- None of above

18. Internet banking refers to

- **Operation of account through internet**
- Opening of account through ATM
- Both (a) & (b)
- None of above

19. ATM can be used for

- Cash withdrawal
- Account enquiry
- Statement of account
- **All of above**

20. People who save money for the future are sacrificing the needs and wants of the present. It is important to live life happily and comfortably in the present than to think and plan for the future.

- Fully agree
- Partially agree
- I don't know
- **Disagree**

21. What is a mediclaim policy?

- A mediclaim policy allows you to buy equity stocks at a discount.
- **A mediclaim policy will pay for the hospital expenses in case anything were to happen to you and your family.**
- A mediclaim policy allows you to buy medicines from a chemist shop.
- All of the above

22. You are very young and likely to live for a long time. Do you need life insurance?

- **Yes, buy a life insurance policy, as you have to protect your family in case of your untimely death.**
- No, life insurance is not required.
- I don't know.
- Life insurance is for people who are over 60.

23. Indians generally prefer to invest in fixed deposits of banks because:

- **Because the risk of losing money in a bank is almost zero, the bank will pay interest on the amount deposited and returns the money when we need it.**
- Yes, if the bank is near to your house, only then you should invest in fixed deposits.
- Bank fixed deposits come at a high interest cost.
- May be, it depends on the bank.

24. Which of the following banks is the oldest public sector bank in India?

- Bank of India
- **State Bank of India**
- Punjab National Bank
- Union Bank of India

25. Which of the following is not a scheduled commercial bank in India?

- HDFC Bank
- Yes Bank
- ICICI Bank
- **LIC Housing Finance Limited**

26. Which of the following is not a type of banking service in India?

- Retail banking
- Corporate banking
- Agriculture banking
- **Luxury banking**

27. Which of the following is a primary function of the Reserve Bank of India (RBI)?

- Providing loans to the general public
- **Regulating the credit system of the country**
- Providing insurance to depositors
- Managing the tax collection system

28. Which of the following banks is not a private sector bank in India?

- HDFC Bank
- Axis Bank
- ICICI Bank
- **State Bank of India**

29. Which of the following banks is not a foreign bank operating in India?

- Citibank
- Standard Chartered Bank
- DBS Bank
- **HDFC Bank**

30. Which of the following is the regulatory body for non-banking financial companies (NBFCs) in India?

- **Reserve Bank of India (RBI)**
- Securities and Exchange Board of India (SEBI)
- Ministry of Finance
- National Company Law Tribunal (NCLT)

31. Which bank is known as banker's bank?

- **RBI**
- SBI
- PNB
- NABARD

32. Banking functions centrally controlled by the :

- Central Bank
- **RBI**
- SBI
- All of the above

33. RTGS stands for

- **Real Time Gross Settlement**
- Ready Time Gross Settlement
- Ready Time Grocery Settlement
- None of Above

34. NEFT stands for

- National Electric Fund Transfer
- **National Electronic Fund Transfer**
- National Electrical Fund Transfer
- None of Above

35. Can illiterate person be issued Debit card?

- No
- **Yes**
- Only in case of joint account
- Only in case he is head of family

36. Which type of deposits earns higher interest rate?

- Current account
- Savings Account
- **Fixed Deposits**
- None of above

37. Who can open bank account

- Indian citizen
- Non Resident Indian
- Illiterate
- **All of above**

38. Coins are issued by

- **Government of India**
- NABARD
- Public sector banks
- State Bank of India

39. In Recurring Deposits,

- A fixed sum is deposited everymonth
- Period of deposit is a fixedtenure
- Interest is paid at FDR rate
- **All of above**

40. \_\_\_\_\_ is regarded as a queen of Indian financial system.

- SEBI
- **RBI**
- Finance Ministry
- BSE

41. Which is the largest commercial bank in India?

- Bank of India
- Axis Bank
- **State Bank of India**
- HDFC

42. With whom does the ownership of Public sector banks rest?

- **Government of India**
- Jointly with Government of India and share-holders from the public
- Jointly with Government of India and State Bank of India
- Jointly with Government of India and Reserve Bank of India

43. Which of the following is considered to be more secure instrument?

- Cheque
- **Draft**
- Commercial Paper
- Hundi

44. Who is Bank Mitra?

- **Banking Correspondents engaged by Banks**
- Valuable customer of Bank
- Security guard in a branch
- None of above

45. What is Pradhan Mantri Suraksha Bima Yojana (PMSBY)?

- **Accidental insurance cover**
- Life insurance cover
- Overdraft up to Rs.5,000/-
- None of above