



Date : 8th Dec 2023

General Knowledge - Notes and Cheques

English

Q:1 Which of the following statement/statements is/are incorrect for cheques?

1. It is defined under Section 4 of the Negotiable Instruments Act, 1881.
2. A cheque which is more than three months old is a stale cheque.
3. It is a bill of exchange.
4. It is also called negotiable instrument.
5. All are correct

Q:2 _____ is a new process implemented by RBI to mitigate the physical loss of cheques and frauds.

1. Truncation
2. Oligopoly
3. Disbursement
4. Disinvestment
5. Arbitrage

Q:3 _____ code is mentioned on cheques.

1. SWIFT
2. MMID
3. LEI
4. ISIN
5. MICR

Q:4 For how many months from the date mentioned on the instrument, Cheques, drafts, Pay Orders and Bankers' Cheques valid?

1. 4
2. 1
3. 6
4. 3
5. 5

Q:5 Who circulates all mint and one rupee notes in India?

1. Ministry of Finance
2. RBI
3. Ministry of External Affairs
4. State Government
5. None of the above

Q:6 Which of the following is a clause on the Indian bank notes?

1. I promise to extend

2. I promise to talk
3. I am the money of India
4. I promise to pay
5. None of the above

Q:7 Where is the bank note press located in Eastern India?

1. Dewas
2. Itanagar
3. Lemcha
4. Salboni
5. None of the above

Q:8 _____ of the RBI Act, 1934 describes the legal tender character of Indian bank notes.

1. Section 19
2. Section 26
3. Section 35
4. Section 42\
5. Section 10

Q:9 In which city did the Bharatiya Reserve Bank Note Mudran Private Limited set up a new ink manufacturing unit?

1. Kocchi
2. Chennai
3. Mysore
4. Hyderabad
5. None of these

Q:10 Which of the following statement is/are true about soiled notes?

1. Soiled notes are those of which a portion is missing or which is composed of more than two pieces.
2. Soiled notes are any banknote, which is wholly or partially, obliterated, shrunk, washed, altered but does not include a mutilated banknote.
3. Soiled notes are those which are shrunk and cut in two pieces.
4. Soiled notes are those which have become dirty and slightly cut.
5. None of the above



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Answer Key

1. (1)	2. (1)	3. (5)	4. (4)	5. (1)
6. (4)	7. (4)	8. (2)	9. (3)	10. (4)

Answers and Solutions

Q:1 The correct answer is **Option 1** i.e. **It is defined under Section 4 of the Negotiable Instruments Act, 1881**

A cheque is a negotiable instrument which is defined under Section 6 of the Negotiable Instruments Act, 1881.

It is a bill of exchange as it is used for the purpose of making payment to any person.

It is an unconditional order, addressing the drawee to make payment on behalf of the drawer, a certain sum of money to the payee.

Q:2 The correct answer is **Option 1** i.e. **Truncation**

Cheque Truncation means the process by which the physical movement of a cheque within a bank is stopped and replaced by the exchange, or storage, of Images and corresponding electronic information.

It is the process in which cheque details are captured by the payee bank and electronically presented in an agreed format to the drawee bank for payment.

It reduces operational risk by securing the transmission route.

Q:3 The correct answer is **Option 5** i.e. **MICR**

Magnetic Ink Character Recognition (MICR) is a 9-digit code that is mentioned on the cheques.

The first 3 digits represent the city code of the bank, the next 3 represent the bank code and the last 3 represent the branch code.

MICR readers are used to scanning and reading the information given on the cheques.

Q:4 The correct answer is **Option 4** i.e. **3**

Cheques, Drafts, pay orders and banker's cheques are valid for only three months. It was earlier used to be six months.

ObservationThe Reserve Bank of India has observed that some people were taking undue advantage of the long validity period.

Other Information

The Reserve Bank of India had also asked banks to ensure that account payee cheques and drafts are only credited to accounts of the person named in the instrument.

All the Banks had also been requested to issue demand drafts of Rs 20,000 and above without account-payee crossing.

The Demand drafts without any crossing were being used for the transfer of money as an alternative to settlement through cash.

Q:5 The correct answer is **Option 1** i.e. **Ministry of Finance.**

1. In our country, RBI has the sole rights of minting money and the RBI governor signs the currency notes apart from one rupee note.

2. However, One rupee note is controlled by the Ministry of Finance and signed by the Finance Secretary.

3. RBI as per section 24 of the RBI Act, 1934, is not empowered to issue banknotes of the denomination of one rupee.

Q:6 The correct answer is **option 4** i.e. **I promise to pay**

As per Section 26 of Reserve Bank of India Act, 1934, the Bank is liable to pay the value of banknote.

The Bank's obligation to pay the value of banknote does not arise out of a contract but out of statutory provisions.

The promissory clause printed on the banknotes i.e., '**I promise to pay the bearer the sum of Rupees...**' is a statement which means that the banknote is a legal tender for the specified amount.

Q:7 The correct answer is **Option 4** i.e. **Salboni**

In India, four printing presses are for printing and supply of Banknotes.

Nasik (Western India) and Dewas (Central India) are government-owned presses. The other two presses are at Mysore (Southern India) and Salboni (Eastern India).

Q:8 The correct answer is **Option 2** i.e. **Section 26**

Reserve Bank of India Act, of 1934 is the legislative act under which the Reserve Bank of India was formed.



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The act is meant to provide a framework for the supervision of banking firms in India.

Section 26 of the act describes the legal tender character of Indian bank notes.

This means that as per Section 26 of the Reserve Bank of India Act, 1934, the Bank is liable to pay you the value of a banknote.

Q:9 The correct answer is **Option 3** i.e. **Mysore**

A) Recently Bharatiya Reserve Bank Note Mudran Private Limited (BRBNMPL) has set up an Ink Manufacturing Unit named "Varnika" at Mysore, Karnataka. BRBNMPL is a fully-owned subsidiary of the Reserve Bank of India.

B) This new ink manufacturing unit has a capacity of 1,500 MT.

C) BRBNMPL was established in 1995 with the aim of addressing the increased demand for coins and banknotes.

Q:10 The correct answer is **Option 4** i.e. **Soiled notes are those which have become dirty and slightly cut**

The bank notes are of following types: Soiled, Imperfect and Multilated.

Multilated bank note: Notes are those of which a portion is missing or which is composed of more than two pieces.

Imperfect bank note: Notes are any banknote, which is wholly or partially, obliterated, shrunk, washed, altered but does not include a mutilated banknote.

Soiled bank note: Notes are those which have become dirty and slightly cut.