Greetings from the Newstechcafe Team ……We hope all are preparing for the Interview of IBPS PO/Clerk So we are Sharing Some of the most Important and Mostly asked Interview questions With answers.

With the results for the written exam disclosed, we have compiled a list of ibps po interview questions and answers pdf.

We struggled to be concise and exhaustive at the same time; and after vacillating for hours came with the following result that we are going to present before you now!

1. Why do you want to join banking sector?

Ans. Banking is one of the fastest growing sectors in India providing a wide range of career opportunities to graduates like me. Besides Banking requires maintaining excellent rapport with the customers. Being a people's person, I can very well relate to this aspect of

Banking. I am also well versed with computer knowledge that is now a MUST in Banking like MS Excel, MS Word, etc.

PS: Don't say stuff like "stable sector", "high growth", or "reputable job". You can get in trouble with cross questioning. Also, have some data ready as to why Banking is the fastest growing sector. Only say stuff that you can back with data!

2. What is a Bank?

Ans. A bank is a financial institution that accepts money from it's customers for the purpose of lending.

3. What is a Cheque?

Ans. A Cheque is a negotiable instrument instructing a bank to pay a specific amount from a

specific account. In other words, A cheque is a bill of exchange drawn on a specified

banker and payable on demand. A cheque can be dishonored for variety of reasons such as

insufficient funds, signature mismatch, overwriting, cheque is 3 months+ old (stale), etc.

PS: Cross Questions: What's a bearer cheque? What's an Account Payee Cheque?

4. What is a Demand Draft?

Ans. Demand Draft is a negotiable instrument that is used for effecting transfer of money. Since it's a banker's check, it can't be dishonored.

PS: Cross Question: What is the difference between Cheque and Demand Draft?

5. What is KYC?

Ans. KYC stands for 'Know Your Customer'. As per KYC guidelines prescribed by RBI, some personal information of the customer is required while opening an account (or renewal of old accounts!). The objective is to enable positive identification of customers by their respective Banks; and to prevent money laundering.

The documents as mandated under KYC guidelines are:

1. Photograph

2. Proof of identity. This includes Aadhar, Pan Card, Driving license, Govt ID, or any other document acceptable to Branch Manager

3. Proof of address. This includes Ration Card, Electricity Bill, or any other document acceptable to Branch Manager

PS: Cross Questions can be asked about money laundering.

6. What is Money Laundering ?

Ans. Money laundering means presenting an illegally obtained money as legitimate by creating a complex chain of sub processes. This convoluted chain makes it difficult to trace the source of the illegitimate money.

7. What do you know about RBI?

Ans. The Reserve Bank of India is the central bank of India. On the recommendation of Young Hilton Committee, it was established on 1st April,1935 in accordance with Reserve Bank of India Act, 1934.

PS: The Young Hilton Committee submitted it's report in 1926, and it took nine years to take an action on this report and establish RBI.

8. What are the functions of RBI?

1. Regulate the issuance and circulation of Bank Notes

2. Banker to the Government

3. Banker to Banks

4. Custodian to Foreign Reserve of the country

5. Lender of last resort

6. Controller of Credit

PS: For an amazing Infographics on RBI, visit here

9. What is a Monetary policy?

Ans. Monetary policy is a type of macroeconomic policy by which central monetary authority (RBI) controls the interest rates, thereby effecting control over supply of money in the economy. The primary motive for this policy is to maintain price stability & achieve high economic growth.

10. What is Fiscal Policy?

Ans. Fiscal policy is a type of macroeconomic policy by which our government makes a strategic change to its spending and tax rates to influence a nation's economy. Just like Monetary Policy, Fiscal Policy is another tool by which country's economic conditions can be controlled.

11. What is a Repo Rate?

Ans. Repo Rate is the rate at which RBI lends money to commercial banks. Whenever any bank faces shortage of funds, it can borrow from RBI. Decreasing Repo Rate will help banks avail more money at a cheaper rate. Vice versa, Increasing Repo rate will make borrowing money from RBI more expensive.

12. What is Reverse Repo Rate?

Ans. Reverse Repo rate is the rate at which RBI borrows money from banks. RBI uses this tool to drain excess money circulating in the banking system. Banks have absolutely no qualms about lending money to RBI since their money is in safe hands; not to mention a good interest, too.

13. What is LAF ?

Ans. Liquidity adjustment facility (LAF) is a monetary policy tool which allows banks to borrow money, and adjust their daily liquidity mismatches, through repurchase agreements. LAF has two components: a) repo (repurchase agreement); and b) reverse repo. When banks need liquidity to meet its daily requirement, they borrow from RBI through repo. The rate at which they borrow fund from RBI is called the Repo rate. When banks have excess liquidity, they park with RBI through the reverse repo. The rate at which they lend fund to RBI is called the Reverse Repo rate.

14. What is CRR Rate?

Ans. Cash reserve Ratio (CRR) is the percentage of NDTL (Net Demand and Time Liabilities) that banks have to keep with RBI as cash. If RBI decides to increase the CRR percentage, the credit available to banks for lending comes down. Thus, RBI can increase CRR rate to drain out the excess money from the banks.

15. What is Bank Rate?

Ans. Bank rate a.k.a discount rate, is the interest rate at which the central bank (RBI) charges loans and advances to commercial banks and other financial intermediaries. Bank rate is yet another tool at the disposal of the central bank (RBI) to effectively control the money supply.

16. What is SLR Rate?

Ans. SLR (Statutory Liquidity Ratio) is the percentage of it's NDTL (Net Demand and Time Liabilities), a commercial bank has to maintain as liquid assets such as cash, gold or govt. approved securities (a.ka. govt. Bonds) before lending to its customers. SLR is a type of monetary Policy tool that RBI can use to effectively regulate the expansion of credit by the banks.

17. What is PLR?

Ans. The Prime Interest Rate is the interest rate that a bank charges to it's most financially sound (or high credit worthy) customers. This rate remains basically the same for most banks.

PS: From July 1, 2010, Base Rate has replaced the Benchmark Prime Lending Rate. However, this applies to loans taken after July 1, 2010. All existing loans at July 1, 2010 continues to be at BPLR. But if such old loans are renewed, they'll be linked to Base Rate.

Cross Question: What's the difference between PLR and Base Rate?

18. What is Base Rate?

Ans. It is the minimum rate of interest that a bank is allowed to charge from its customers. No bank can offer loans at a rate lower than Base rate to any of its customers unless mandated by the govt.

19. What is Deposit Rate?

Ans. Interest Rates paid by banks or other financial institutions on the cash deposited with them by the customer.

PS: To know more on deposits, visit here.

20. What are Basis Points?

Ans. BPS is an acronym for basic points and is used to indicate changes in rate of interest and other financial instruments.

PS: 1 basis point change corresponds to 0.01% change. So when we say that repo rate has been increased by 25 bps, it means that the rate has been increased by 0.25%

21. What are Treasury Bills?

Ans. Treasury bills (a.k.a T-Bills) are the short term money market instrument (bonds) issued by central government through auctions. These T-Bills can be issued for 91 days, 182days, or 364 days.

PS: There are no T-bills issued by state government. From 1st April, 1997 T-bills have been replaced with Ways & Means Advances

22. What are Commercial Papers?

Ans. Commercial papers are short term money market instrument (debts issued in the form of promissory note) by corporate, primary dealers, or financial institutions. The maturity period of commercial papers can range from 7 days to 1 year from the date of issuance.

23. What is the Banking Ombudsman Scheme?

Ans. The Banking Ombudsman Scheme offers an easy and inexpensive platform to bank customers for lodging their complaints against certain services offered by the Banks. The Ombudsman sees to it at the complaints of the customers are resolved in a timely manner. The Banking Ombudsman Scheme is introduced under Section 35 A of the Banking Regulation Act, 1949 by RBI with effect from 1995.

PS: All Scheduled Commercial Banks, Regional Rural Banks & Scheduled Primary Co-operative Banks comes under this Scheme.

24. What is a Derivative ?

Ans. A derivative is a financial contract that derives its value from another financial product. This underlying product may be a stock, foreign currency, a commodity, etc. Forwards Market is a nice example of derivative trade.

25. What is Inflation?

Ans. Inflation is as an increase in the price of goods & services that projects the Indian economy. This rise in prices means the demand for these goods and services exceeds their supply.

PS: Cross Question: What's the current index for measurement of Inflation? How's WPI different from CPI?

26. What is Deflation?

Ans. Deflation is the decrease in prices of goods and services. During Deflation, Inflation rate becomes negative .

PS: Cross Question: Why is deflation bad when there is a decrease in prices?

27. What is FII?

Ans. FII (Foreign Institutional Investor) used to denote an investor that proposes to make an investment in Indian securities. Institutional Investors includes pension funds, mutual funds, Insurance Companies, Banks, etc.

PS: FII doesn't exist now. A new investor category Foreign Portfolio Investor(FPI) has been formed by merging FIIs, Sub Accounts and Qualified Foreign Investors(QFI).

28. What is FDI?

Ans. FDI (Foreign Direct Investment) means injection of foreign funds in Indian Markets.

PS: Foreign investment of 10 per cent or more in a listed company will now be treated as FDI. Whereas lesser investment will be treated as FPI.

29. What is IPO?

Ans. IPO stands for Initial Public Offering. This is the first offering of shares to the general public by a company who wishes to enlist itself on the stock exchange.

30. What is GDP?

Ans. The Gross Domestic Product or GDP is a measure of all of the services and goods produced in a country over a specific period (usually one year).

31. What is GNP?

Ans. Gross National Product is measured as GDP plus income of residents from investments made abroad minus income earned by foreigners in domestic market.

32. What is Revenue deficit?

Ans. Where the net amount received by the govt. (from taxes & other forms) is lesser than the predicted amount, the shortfall amount is called Revenue Deficit.

33. What is Fiscal Deficit?

Ans. It is the difference between the government's total receipts (excluding borrowings) and total expenditure.

34. What is Disinvestment?

Ans. When a government decides to dilute it's stake in public sector undertakings, it's called disinvestment.

35. What is National Income?

Ans. National Income is the money value of all goods and services produced in a country during the year.

36. What is Recession?

Ans. When GDP (Gross Domestic Product) growth is negative for a period of two or more consecutive quarters.

37. What causes Sub-prime crisis?

Ans. The Sub-prime crisis occurs when the too many loans are given to customers with low credit rating.

38. What is Dematerialization ?

Ans. Dematerialisation is a process by which the paper certificates of an investor are taken back by the company/registrar and an equivalent security is credited in the electronic holdings of that investor.

39. What is a DeMat Account?

Ans. DeMat is just a dematerialized account. One can open a DeMat account if one wants to buy or sell stocks. In order to open a DeMat account, one needs to approach the Depository Participants. The advantage of DeMat account is that one doesn't need any physical evidence for possessing the shares. All such things are taken care of by the DPs.

PS: Physically only 500 shares can be traded as per SEBI guidelines. From April 2006, it's essential to have PAN for any person opening a DeMat account.

40. What is RuPay Card?

Ans. RuPay is a domestic card payment network set up by National Payments Corporation of India (NPCI). The initial focus of NPCI is to approach banks that do not issue cards.

Example Regional Rural Banks and urban co-operative banks.

41. What is Private Banking?

Ans. Banking services offered to high net-worth individuals is called Private Banking. Financial Institutions offering Private Banking earns commission by providing quality assistance to their high net-worth customers in investing their money. By Private, we mean that the services are provided and tailored on a more personal basis.

42. What is BSBDA?

Ans. On August 10, 2012, RBI mandated that any individual, including poor or those from weaker section of the society, can open zero balance account in any bank. These account are called Basic Savings Bank Deposit Accounts.

PS: These guidelines are applicable to all scheduled commercial banks, including foreign banks having branches in India. No frills accounts, in use earlier, are now renamed as BSBDA.

43. What is NABARD?

Ans. NABARD (National Bank for Agriculture and Rural Development) is an apex development bank in India having headquarters in Mumbai. It was established on 12 July 1982 as per National Bank for Agriculture and Rural Development Act 1981. It replaced the Agricultural Credit Department (ACD), Rural Planning and Credit Cell (RPCC) of RBI, and Agricultural Refinance and Development Corporation (ARDC). The primary objective of NABARD is to provide rural credit. NABARD was established on the recommendations of Shivaraman Committee.

44. What is SEBI?

Ans. SEBI (Securities and Exchange Board of India) is the regulator for the Securities Market in India. Originally set up by the Government of India in 1988, it acquired statutory form in 1992 with SEBI Act 1992 being passed by the Indian Parliament chaired by C B Bhave. SEBI has its Headquarters in Mumbai. Controller of Capital Issues was the regulatory authority before SEBI came into existence.

45. What is SIDBI?

Ans. SIDBI (Small Industries Development Bank of India) is a state-run bank aimed to aid the growth and development of micro, small and medium scale industries in India. Set up in 1990 through an act of parliament, it was incorporated initially as a wholly owned subsidiary of Industrial Development Bank of India.

46. What is SWIFT?

Ans. SWIFT stands for Society for worldwide Interbank financial telecommunication. Almost all FOREX related messages are sent through SWIFT. SWIFT Code is a standard format of bank Identifier code. This code is used particularly in International transfer of money between banks. SWIFT Code consists of 8 or 11 character. In SWIFT code, first 4 characters are bank code, next 2 characters are country code, next two characters are location code. The next 3 digits are optional and indicate the branch code.

47. What is the difference between Nationalized bank and Private Bank ?

Ans. A Nationalized bank is one that was once owned privately, but were later brought under government's control. This was carried out in two phases. One in 1969 when 14 banks were ationalized. And the other in 1980 when 6 more banks were brought under govt's control. A private bank is a bank that is still privately owned.

PS: There's a difference between Nationalized Banks and Public Sector Banks. Cross Question on how many nationalized banks are there?

48. What are Non-Perfoming assets?

Ans. Non performing Assets aka NPA refers to bad loans. If the borrower defaults on a payment (whether principal or interest) for 90 days, the loan is classified as NPA.

49. What is SEZ?

Ans. SEZ means Special Economic Zone is the one of the part of government’s policies in India. A special Economic zone is a geographical region that has more liberal economic laws as compared to the rest of the country. This is to increase foreign investment, development of infrastructure, job opportunities and increase the income level of the people.

50. What are Mutual funds?

Ans. Mutual funds are investment companies that pool money from investors and use this capital to invest in securities of different companies. For this, they charge some commission or fees from their clients.

PS: Mutual funds, hedge funds and pension plans are all run by asset management companies.

51. What is SENSEX and NIFTY?

SENSEX stands for Sensitive Index and is associated with the Bombay Stock Exchange. Established in 1986, this index shows the 30 most traded stocks of BSE. NIFTY, on the other hand, is the index of National Stock Exchange. NIFTY shows the 50 most traded stocks of NSE

PS: Cross Question: What do you mean by Index?

52. What is NOSTRO and VOSTRO account?

Ans. A NOSTRO account is maintained by an Indian bank in foreign countries. A VOSTRO account is maintained by a foreign bank in India.

53. What is foreign exchange reserve?

Ans. Foreign exchange reserve (aka Forex reserves) is the foreign currency deposits and bonds (only), that a country's central bank or monetary authorities hold. Sometimes in broader aspect, Forex reserve is also used to indicate foreign exchange, gold, SDRs and IMF reserve positions.

54. What is Bancassurance ?

Ans. Bancassurance is selling of financial products especially the insurance policies by banks.

55. what is Bitcoin?

Ans. Bitcoin is a type of digital money. It's decentralized peer-to-peer payment network. In other words, it is powered by its users with no central authority.

56. What is a Non-Banking Financial Company (NBFC)?

Ans. Non-banking financial companies aka NBFCs are financial institutions that provide

banking services, but do not hold a banking license. These institutions can't take deposits from the public. They also can't issue cheques drawn on themselves; as they do not come under Payment and Settlement System. However, these institutions performs all operations under the ambit of banking regulations.

PS: NBFCs are not insured by DICGC (Deposit Insurance and Credit Guarantee Corporation)