

RBI and its functions (MCQ)

Q1. Which of the following statements is true about RBI?

- a. RBI is a statutory, autonomous, independent body incorporated as per the Sec 3 of the RBI Act 1934.
- b. RBI commenced its operation on 01.04.1935.
- c. It was nationalized on 01.01.1949. It has a capital of Rs.5 Cr
- d. RBI has its central office in Mumbai and has 28 regional offices
- e. All of the above

Q2. Which of the following statements is true about RBI?

- a. RBI is managed by a Central Board of Directors consisting of not more than 20 directors. Out of this five directors, the Governor and the four Deputy Governors of RBI function as whole time directors.
- b. Besides Central Board, RBI has four local boards in four areas/ zones namely Western area, Eastern area, Southern Area, and Northern area. Each local board comprises of five directors nominated by GOI and acts as per the advice of the Central Board.
- c. RBI prepares its financial statement on the last date of June of every Year.
- d. The CBS of RBI is called E-Kuber
- e. All of the above

Q3. Which of the following statements is true about RBI Governor?

- a. The Governor of RBI, who is the chief executive of the bank, is appointed by Gol.
- b. The present Governor of RBI, who happens to be 23rd Governor is Dr Raghuram Govind Rajan
- c. He has been appointed as Governor for a term of 3 years with effect from 05.09.2013.
- d. Prior to his present assignment he was posted as the chief economist of IMF.
- e. All of the above

Q4. Which of the following Acts empower the RBI?

- a. The RBI Act-1934
- b. The Banking regulation Act-1949
- c. The Payment and settlement System Act-2006
- d. The Foreign Exchange Management Act-1999
- e. All of the above

Q5. Which of the following statements is true about Board of Financial Supervision (BFS)?

- a. The Gol formed the **BFS**, with the Governor of RBI as its chairman and some directors of central board of RBI as its members in the year 1994.
- b. It supervises the banking system and NBFCs
- c. It supervises DFIs like NABARD, SIDBI etc
- d. The board supervises the financial system by conducting onsite inspection and offsite monitoring and surveillance system (OSMOS).
- e. All of the above

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Q6. Credit Rating Agencies are regulated by...

- a. The RBI
- b. Finance Ministry
- c. SEBI
- d. IRDA
- e. None of the above

Q7. Find out the wrong regulator –financial sector segment pair

- a. SEBI-Capital Market
- b. IRDAI-Insurance Market
- c. PFRDA-Pension & Provident Fund Market
- d. RBI-Deposit, Credit, Money & Foreign Exchange Market
- e. None of the above

Q8. Banks are required to maintain SLR as per the provisions of

- a. U/S 42 of BR Act
- b. U/S 24 of RBI Act
- c. U/S 21 of BR Act
- d. U/S 24 of BR Act
- e. None of the above

Q9. Section 24 of BR Act provides that the following types of bank should maintain SLR

- a. All scheduled banks
- b. Scheduled & Non scheduled banks
- c. Only nationalized banks
- d. All public sector banks
- e. All Public, private and foreign banks operating in India

Q10. As per Section 24 of BR Act, RBI is empowered to vary SLR from ... to ...% of Net Demand and Time Liabilities.

- a. 0-25
- b. 0-30
- c. 25-40
- d. 0-40
- e. 3-20%

Qn->	1	2	3	4	5	6	7	8	9	10
Ans->	E	E	E	E	E	C	E	D	B	D

Q11. The credit policy decision is taken by a committee headed by the

- a. Finance Minister
- b. RBI Governor
- c. Deputy Governor of RBI
- d. Executive Director of RBI in charge of credit policy department
- e. Finance Secretary to Gol

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Q12. The RBI asks for DSB returns from Banks which is a mechanism of surveillance by RBI.

- a. Offsite
- b. Onsite
- c. Fraud
- d. Instability
- e. Online Real-time

Q13. RBI prepares Annual Financial statement as on ... for every year

- a. March 31
- b. December 31
- c. June 30
- d. September 30
- e. None of the above

Q14. In a Repo transaction with RBI the government securities go to the account of the ...

- a. The counterparty Bank
- b. Clearing Corporation of Ind Ltd
- c. FIMMDA
- d. RBI
- e. None of the above

Q15. The following is a mechanism for injection of liquidity by RBI to the financial system

- a. Repo
- b. Reverse Repo
- c. Hike in CRR
- d. Hike in interest rate
- e. None of the above

Q16. Which of the following is true for a Repo transaction?

- a. Repo is the acronym of Repurchase
- b. In a Repo transaction a bank borrows money for the short term by selling securities (to RBI) with the condition to buy back the same after the agreed period.
- c. The securities which are eligible for repo/ reverse repo facility are Govt dated securities, T bills and state development loans.
- d. Presently Repo rate is 6.50%
- e. All of the above

Q17. Which of the following is true for a Reverse Repo transaction?

- a. In a Reverse Repo transaction RBI borrows money and sells securities, with a condition that RBI will purchase back the same after the agreed period.
- b. Reverse repo rate is always less than the Repo rate by 100 basis points.

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- c. A bank can avail repo and reverse repo facility for a period of minimum 1 day to maximum 14 days.
- d. The maximum amount which a bank can borrow from RBI by means of overnight repo is 0.25% of the NDTL of the bank concerned. The minimum amount which can be borrowed is Rs.5 Cr.
- e. All of the above

Q18. Open Market operation means

- a. Providing finance to priority sector
- b. Speculative activities
- c. Buying & selling of securities by RBI
- d. Debt waiver
- e. Selling of CPSU shares in stock exchanges like NSE and BSE

Q19. Cash kept in currency chest is owned by

- a. Currency chest branch
- b. Head office of the Bank
- c. SBI
- d. RBI
- e. None of the Above

Q20. The rating of domestic banks is given on a basis which is called ... rating.

- a. CACS
- b. CAMELS
- c. AAA, AA and A
- d. Fitch
- e. Standard & Poor's

Qn->	11	12	13	14	15	16	17	18	19	20
Ans->	B	A	C	D	B	E	E	C	D	B

Q21. The rate at which interest is paid by RBI on the CRR balance of the Banks

- a. 4%
- b. Nil
- c. Bank Rate
- d. Repo Rate
- e. None of the above

Q22. The Insurance Regulatory and Development Authority of India acts as the regulator for the ... sector of the financial system.

- a. Life insurance
- b. General Insurance
- c. Health insurance
- d. Export Credit insurance
- e. All of the Above.

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Q23. The chairman of the Financial Stability and Development Council (FSDC) is

- a. Governor of RBI
- b. PM
- c. Chairman of SEBI
- d. Union Finance Minister
- e. None of the Above

Q24. The maximum age of a MD of a banking company can be ... years

- a. 75
- b. 72
- c. 70
- d. 68
- e. NOA

Q25. In case of a banking company the maximum age restriction of 70 years is applicable to

- a. Any director
- b. MD
- c. CMD
- d. Any Whole time director
- e. NOA

Q26. Every listed banking company must have a woman director in their board. This is as per the provision of the ...

- a. RBI directive
- b. Companies Act
- c. BR Act
- d. SEBI guideline
- e. Both 2 & 4

Q27. Listed banks are required to publish quarterly results as per the directives of

- a. RBI
- b. The Companies Act
- c. SEBI
- d. GOI
- e. None of the Above

Q28. As per RBI guideline the minimum capital required to form a new private sector bank

- a. Rs.500Cr for a private commercial bank
- b. Rs.100 Cr for a small finance bank
- c. Rs.100 Cr for a small payment bank
- d. a, b & c
- e. None of the above

Q29. As per the RBI guideline, before declaring dividend a banking company is required to transfer ...% of its profit during the year to Reserve Fund.

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- a. Maximum 20%
- b. Minimum 0%
- c. Maximum 25%
- d. Minimum 25%
- e. Minimum 30%

Q30. The format in which a bank must prepare its financial statement is prescribed in...

- a. First schedule of BR Act
- b. Second schedule of BR Act
- c. Third schedule of BR Act
- d. Fourth schedule of BR Act
- e. Companies Act

Qn->	21	22	23	24	25	26	27	28	29	30
Ans->	B	E	D	C	D	E	C	D	D	C

Q31. The Bank Balance Sheets have ... schedules

- a. 12
- b. 15
- c. 13
- d. 16
- e. 20

Q32. From 2013 RBI has mandated banks to go for legal audit and get the title deeds and documents audited in respect of finance of Rs... and above

- a. 1 Cr
- b. 10Cr
- c. 2 Cr
- d. 5 Cr
- e. None of the above

Q33. Which of the following is not a function of RBI?

- a. Implementation of international best practices in India
- b. Supervision of entire financial system
- c. Supervisor of stock exchanges
- d. Financial stability of the Global Financial System
- e. Supervisor for implementation of the AML/KYC in banks

Q33. Which of the following is/ are function(s) of RBI?

- a. Regulator of the organizations related to banking
- b. Co-coordinator of all regulators of the financial system
- c. Interacts with the self regulatory organizations
- d. Acts as a bank led growth of the economy

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- e. All of the above

Q34. Which of the following entities are regulated by RBI?

- a. Credit Information Companies(CICs) like CIBIL & Equifax etc
- b. Asset Reconstruction Companies (ARCs) like ARCIL, Edelweiss ARC, Phoenix ARC etc
- c. Primary Dealers (PDs)
- d. Credit Rating Agencies like CARE, CRISIL etc
- e. All of the above

Q35. Which of the following is not an approved Credit Information Company (CIC) in India

- a. ARCIL
- b. Equifax Credit Information Services Private Limited
- c. Experian Credit Information Co of India Pvt Ltd
- d. Highmark Credit Information Services Pvt Ltd
- e. CIBIL

Q36. Which of the following is/ are function(s) of RBI?

- a. Regulating maintenance of cash reserve by banks
- b. Issuing and distributing of currency notes
- c. Acting as banker to governments
- d. Managing public debts
- e. All of the above

Q37. Which of the following is/ are function(s) of RBI?

- a. Acting as banker to central government
- b. Acting as banker to state government
- c. Acting as banker to banks
- d. Formulating credit and monetary policy
- e. All of the above

Q38. Which of the following is true about Cash Reserve Ratio?

- a. U/S 42(1) of RBI Act, all SCBs are required to maintain cash reserve with RBI.
- b. Cash Reserve is maintained by SCBs by maintaining balance in their current accounts with RBI.
- c. The amount of cash reserve to be maintained by a bank is fixed by RBI from time to time
- d. The CRR at present is 4% of NDTL
- e. All of the above

Q39. Which of the following is not true about Cash Reserve Ratio?

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- a. CRR serves as a mechanism to protect the interest of the depositors by providing immediate liquidity to the banks
- b. CRR is used by RBI as a tool for controlling credit and money supply in the economy
- c. RRBs are exempted to maintain CRR
- d. Failure to maintain minimum CRR on any day the banks are penalized at the rate of Bank Rate plus 3% for the first fortnight of default.
- e. Failure to maintain minimum CRR on any day, banks pay penal interest at the rate of Bank Rate plus 5% for the second and subsequent fortnights of default

Q40. Which of the following are true about NDTL?

- a. NDTL stands for Net Demand and Time Liabilities
- b. NDTL consists of the demand and time liabilities of the Bank to the public and the net demand and time liabilities to the banking system
- c. Bank's liabilities to NABARD and other DFIS towards the amount of refinance received does not form a part of the NDTL as these are not liabilities to the banking system
- d. All of the above
- e. Only a & b

Qn->	31	32	33	34	35	36	37	38	39	40
Ans->	D	D	C	E	E	A	E	E	C	D

Q41. Bank notes can be issued in ... denominations

- a. 11
- b. 10
- c. 9
- d. 8
- e. None of these

Q42. At present how many denominations of bank notes are in circulation?

- a. 9
- b. 8
- c. 11
- d. 10
- e. None of these

Q43. Currency notes are printed in which of the following city?

- a. Nashik (Maharashtra)
- b. Dewas (Madhya Pradesh)
- c. Mysore (Karnataka)

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- d. Salboni (West Bengal)
- e. All of the above

Q44. Govt issues coins as per which of the following act?

- a. The Coinage Act-1906
- b. The RBI Act
- c. No act is required as Central Govt is issuing it
- d. The amended Coinage Act-2011
- e. None of the above

Q45. The maximum denomination for which coins can be issued is...

- a. Rs.10
- b. Rs.100
- c. Rs.1000
- d. Rs.10000
- e. None of the above

Q46. Coins are minted in which of the following cities?

- a. Alipore in Kolkata
- b. Noida
- c. Mumbai
- d. Saifabad and Cherapally in Hyderabad
- e. All of the above

Q47. Which of the following is correct regarding our money?

- a. All bank notes are legal tenders to an unlimited extent as per section 26 of the RBI Act
- b. Coins of Re1 and above are unlimited legal tenders as per provision of the Coinage Act
- c. Coins up to and including 25 paise are no more in circulation
- d. One rupee notes for all purposes are treated as coins
- e. All of the above

Q48. Which of the following is correct regarding our money?

- a. Fifty paise coin, called subsidiary coin is legal tender for an amount not exceeding Rs.10
- b. No person other than RBI and GOI, can issue PN or BoE payable to bearer on demand as a PN payable to a bearer on demand in effect means currency notes.
- c. Bank notes issued as per the will and orders of the Govt, without any reference to the reserve, the currency so issued is called the fiat money.
- d. RBI is required to maintain reserve in the combination of gold, foreign securities, GSecs, rupee notes & coins against the currency it issues

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e. All of the above

Q49. The last date by which public can exchange currency notes issued prior to the year 2005 is

- a. 31.12.2016
- b. 30.06.2016
- c. 30.09.2016
- d. No such date is notified by RBI
- e. None of these

Q50. Which of the following is true about demonetization?

- a. RBI is empowered to demonitise currency notes of any denominations
- b. It is required to check hoarding of black money in the form of cash
- c. It is required to check circulation of counterfeit notes
- d. It is used for tax evasion
- e. All of the above

Answer Keys:

1	2	3	4	5	6	7	8	9	10
E	E	E	E	E	C	E	D	B	D
11	12	13	14	15	16	17	18	19	20
B	A	C	D	B	E	E	C	D	B
21	22	23	24	25	26	27	28	29	30
B	E	D	C	D	E	C	D	D	C
31	32	33	34	35	36	37	38	39	40
D	D	C	E	E	A	E	E	C	D
41	42	43	44	45	46	47	48	49	50
B	B	E	D	E	E	E	E	B	E