IMPORTANT MCQ TEST

ALL RBI CIRCULARS

IN AUGUST 2024

DECODE INDIAN

1. What is the full form of BDDR?

a) Bad and Doubtful Debt Reserve
b) Borrowed and Deferred Debt Reserve
c) Bank Debt Default Reserve
d) Business Development Debt Reserve

Answer : **a) Bad and Doubtful Debt Reserve**

Details :

- Recently, the RBI issued a circular on **Prudential Treatment of Bad and Doubtful Debt Reserve by Co-operative Banks.**

- As per revised instructions on BDDR, with effect from the **FY 2024-25**, **all provisions as per Income Recognition, Asset Classification and Provisioning (IRACP) norms**, whether accounted for under the head "BDDR" or any other head of account, **shall be charged as an expense to the P&L account** in the **accounting period in which they are recognised**.

2. From which financial year (FY) are the revised instructions on Bad and Doubtful Debt Reserve (BDDR) applicable for co-operative banks?

a) FY 2023-24
b) FY 2024-25
c) FY 2025-26
d) FY 2022-23

Answer : **b) FY 2024-25**

3. As per the revised instructions on Bad and Doubtful Debt Reserve (BDDR) for cooperative bank, how should provisions under Income Recognition, Asset Classification, and Provisioning (IRACP) norms be treated?

a) Appropriated directly from net profits
b) Charged as an expense to the P&L account
c) Added to Tier 2 capital
d) Transferred to General Reserves

Answer : **b) Charged as an expense to the P&L account**

4. The balance in BDDR as of March 31, 2024, created by directly appropriating from net profits, is referred to as which of the following?

a) BDDR2023-24
b) BDDR2023
c) BDDR2024
d) BDDR2024-25

Answer : **c) BDDR2024**

Details:

- Previously, banks may have created provisions required as per IRACP norms by appropriating from the net profit **rather than recognizing the same as an expense in the P&L account**.

- The balances in BDDR as on **March 31**, **2024**, representing such provisions as per IRACP norms in the **previous years** (hereafter referred to as '**BDDR2024**').

5. As of March 31, 2025, what action is required regarding the balance in BDDR2024?

a) It must be transferred to the General Reserve only.

b) Transfer to provisions for NPA.

c) It must be written off entirely as an expense.

d) d) It can only be added to Gross NPAs.

Answer : **b) Transfer to provisions for NPA**

Details:

- As at **March 31, 2025**, to the extent of **BDDR2024**, an appropriation shall be made directly from the **P&L Account or General Reserves to provisions for NPA**.

6. To the extent the balances in BDDR are not required as per the applicable statute, the same can also be transferred to General Reserves/Balance in P&L Account below the line.

   After passing the above entries, the balances in the BDDR can be reckoned as _______.

a) Tier 2 capital
b) Operating income
c) Tier 1 capital
d) Net NPAs

Answer : **c) Tier 1 capital**

7. The Modified Interest Subvention Scheme (MISS) is a variation of which scheme?

a) Pradhan Mantri Fasal Bima Yojana (PMFBY)
b) Interest Subvention Scheme (ISS)
c) Kisan Credit Scheme
d) National Agriculture Insurance Scheme (NAIS)

Answer : **b) Interest Subvention Scheme (ISS)**

Modified Interest Subvention Scheme (MISS)

- The **Modified Interest Subvention Scheme** (**MISS**) is a variation of the **Interest Subvention Scheme** (**ISS**) that provides **short-term agriculture loans** to farmers at a **7% interest rate**.

- This is a **Central Sector Scheme** that is fully funded by the Government of India and was launched in **2006-2007.** ISS was renamed as MISS in **2022.**

- The scheme is available through the **Kisan Credit Card (KCC)**, which was introduced in **1998.**

8. What is the overall limit under MISS for short-term crop loans and allied activities for farmers during the financial year 2024-25?

a) ₹5 lakh
b) ₹2 lakh
c) ₹4 lakh
d) ₹3 lakh

Answer: **d) ₹3 lakh**

Details:

- Government of India has approved the **continuation of the Modified Interest Subvention Scheme** (**MISS**) for the **financial year 2024-25.**

- In order to provide **short term crop loans** and **short term loans for allied activities** including **animal husbandry**, **dairy**, **fisheries**, **bee keeping** etc. upto an overall limit of **₹3 lakh** to farmers through **KCC at concessional interest rate during the year 2024-25**.

- Subject to a maximum sub-limit of **₹2 lakh** per farmer in respect of those farmers involved only in activities related to **animal husbandry**, **dairy**, **fisheries**, **bee keeping** **etc**.

9. Under MISS, farmers who repay their loans on time can avail an additional interest subvention of _________.

a) 2%
b) 4%
c) 3%
d) 5%

Answer: **c) 3%**

Details :

- The "**on time**" repayment means paying back the loan either **by the actual date of repayment** or **by the due date set by the bank**, whichever is earlier.

- Subject to a **maximum period of one year** from the date of disbursement. This benefit would not accrue to those farmers **who repay their agri loans after one year of availing such loans.**

10. Farmers repaying promptly under MISS can get short-term loans for crop and allied activities at what concessional interest rate?

a) 6% per annum
b) 4% per annum
c) 5% per annum
d) 7% per annum

Answer: **b) 4% per annum**

11. Under the Modified Interest Subvention Scheme, interest subvention for loans against negotiable warehouse receipts is available for a further period of up to ________ months post-harvest for small and marginal farmers.

a) 12 months
b) 4 months
c) 6 months
d) 3 months

Answer: **c) 6 months**

Details:

- In order to **discourage distress sale** by farmers and to encourage them to **store their produce in warehouses**.

- The benefit of interest subvention under KCC will be available to small and marginal farmers for a **further period of upto six months.**

- **Post the harvest of the crop** against **negotiable warehouse receipts** on the produce stored in warehouses accredited with **Warehousing Development Regulatory Authority** (**WDRA**), at the **same rate as applicable to the crop loan**.

12. Under MISS, for farmers affected by severe natural calamities, interest subvention is provided for up to how many years on restructured loans?

a) 2 years
b) 3 years
c) 4 years
d) 5 years

Answer: **d) 5 years**

Details :

- To provide relief to **farmers affected due to severe natural calamities**, the applicable rate of interest subvention for that year will be made available to **banks for first three years/entire period** (**subject to a maximum of five years**) **on the restructured loan amount.**

13. What is the interest subvention provided to lending institutions under the Modified Interest Subvention Scheme (MISS)?

a) 1.5%
b) 1%
c) 2%
d) 3%

Answer: **a) 1.5%**

Details:

Financial Year	Lending rate to farmers	Rate of Interest Subvention to Lending Institutions
2024-25	7%	1.50%

14. Banks are required to upload granular data of individual farmer beneficiaries of MISS on which portal to settle claims?

a) Kisan Samman Portal
b) PM Kisan Portal
c) Kisan Rin Portal (KRP)
d) Farmer Loan Portal

Answer: **c) Kisan Rin Portal (KRP)**

15. According to the RBI circular issued on January 15, 2015, how frequently should Credit Institutions (CIs) and Credit Information Companies (CICs) update the credit information collected/maintained by them?

a) Weekly
b) Monthly
c) Fortnightly
d) Quarterly

Answer: **b) Monthly**

Details :

- The circular issued on **January 15, 2015**, directs the **credit information companies** (**CICs**) and **credit institutions** (**CIs**) to keep the credit information collected/maintained by them **updated regularly on a monthly basis or at such shorter intervals as mutually agreed upon between the CI and the CIC.**

- As per recent RBI circular, it is directed that CICs and CIs shall keep the credit information collected/maintained by them **updated regularly on a fortnightly basis** (**i.e., as on 15th and last day of the respective month**) or at **such shorter intervals as mutually agreed upon between the CI and the CIC**.

16. What is the revised frequency of updating credit information by Credit Institutions (CIs) to Credit Information Companies (CICs) as per the recent RBI circular?

a) Daily
b) Monthly
c) Quarterly
d) Fortnightly

Answer: **d) Fortnightly**

17. What is the new deadline for Credit Institutions (CIs) to submit their credit information to Credit Information Companies (CICs) after each reporting fortnight?

a) 5 calendar days
b) 7 calendar days
c) 10 calendar days
d) 15 calendar days

Answer: **b) 7 calendar days**

Details :

- The **fortnightly submission** of **credit information by CIs to CICs** shall be ensured within **seven (7) calendar days of the relevant reporting fortnight.**

18. By when must Credit Information Companies (CICs) ingest credit information data received from CIs as per the RBI's revised instructions?

a) Within 3 calendar days
b) Within 5 calendar days
c) Within 7 calendar days
d) Within 10 calendar days

Answer: **b) Within 5 calendar days**

Details:

- As per circular issued on **October 26, 2023**, CICs are required to **ingest credit information data received from the CIs**, as per their data acceptance rules, **within seven (7) calendar days of its receipt from the CIs**.

- This is now being revised to **five (5) calendar days of its receipt.**

19. Revised frequency of credit information reporting will be effective from ___________.

a) January 1, 2024
b) January 1, 2025
c) March 31, 2025
d) October 26, 2023

Answer: **b) January 1, 2025**

20. How often must Credit Information Companies (CICs) provide a list of Credit Institutions (CIs) that are not adhering to the data submission timelines to the Department of Supervision, RBI?

a) Annually
b) Quarterly
c) Half yearly
d) Monthly

Answer: **c) Half yearly**

Details:

- CICs shall provide a **list of CIs** which are not adhering to the **fortnightly data submission** timelines to **Department of Supervision, RBI**, **at half yearly intervals** (**as on March 31** and **September 30 each year**) for information and monitoring purposes.

21. Under the revised regulations for Housing Finance Companies (HFCs), what is the minimum percentage of liquid assets that deposit-taking HFCs must maintain as of January 1, 2025?

a) 6.5%
b) 14%
c) 10%
d) 15%

Answer: **b) 14%**

- **Details:**

- Currently, in terms of **Section 29B of the NHB Act**, **1987**, deposit taking HFCs are required to **maintain 13 per cent liquid assets against public deposits held by them**.

- It has now been decided that all deposit taking HFCs shall maintain, on an ongoing basis, **liquid assets to the extent of 15 per cent of the public deposits held by them**, in a phased manner as specified below:

Timeline	Unencumbered approved securities, to be held as a per cent of public deposits	Total liquid assets along with unencumbered approved securities to be held as a per cent of public deposits
Currently	6.50%	13%
January 01, 2025	8.00%	14%
July 01, 2025	10%	15%

- **unencumbered** - securities that are not pledged or used as collateral.

22. What is the ceiling on the quantum of public deposits held by deposit-taking HFCs as per the revised regulations?

a) 3 times of net owned fund
b) 1.5 times of net owned fund
c) 2 times of net owned fund
d) No limit specified

Answer: **b) 1.5 times of net owned fund**

Details:

- The **ceiling on quantum of public deposits** held by deposit taking HFCs, shall stand reduced from **3 times to 1.5 times of net owned fund**.

23. What is the revised maximum tenure for public deposits accepted or renewed by HFCs under the new regulations?

a) 60 months
b) 120 months
c) 36 months
d) 24 months

Answer: **a) 60 months**

Details :

- Currently, HFCs are allowed to accept or renew public deposits repayable **after a period of twelve months or more but not later than one hundred and twenty months** from the date of acceptance or renewal of such deposits.

- It has been decided that henceforth, the public deposits accepted or renewed by HFCs shall be repayable **after a period of twelve months or more but not later than sixty months**.

24. Under the revised instructions, which financial products are HFCs allowed to issue, similar to NBFCs?

a) Currency Swaps
b) Co-branded Credit Cards
c) Derivative Contracts
d) Asset-Backed Securities

Answer: **b) Co-branded Credit Cards**

- It has been decided that, like NBFCs, HFCs shall be allowed to **hedge the risks** arising out of their operations and **to issue co-branded credit cards**.

25. As per the revised instructions, what type of HFCs can participate in currency futures exchanges?

a) Only deposit-taking HFCs
b) All HFCs
c) HFCs with asset size above ₹5,000 crore
d) Only government-owned HFCs

Answer: **b) All HFCs**

Details :

Participation in exchange traded currency derivatives

In order to hedge their **underlying exposures**, HFCs are allowed to participate in the following **SEBI recognized exchanges**, **as clients.**

- **Participation in Currency Futures** – All HFCs can participate in currency futures exchanges.

- **Participation in Currency Options** – Non-deposit taking HFCs with **asset size of ₹1000 crore and above** can participate in currency options exchanges

25. What is the maximum amount considered a 'tiny deposit' as per revised regulations for Non-Banking Financial Companies (NBFCs)?

a) ₹1,000
b) ₹5,000
c) ₹10,000
d) ₹50,000

Answer: **c) ₹10,000**

Details :

- Tiny deposit means the **aggregate amount of public deposits not exceeding ₹10,000/-** standing in the name of the sole or the first named depositor in the same capacity **in all the branches of the NBFC**.

- **Tiny deposits** may prematurely be paid to individual depositors, at the request of the depositor, **before the expiry of three months** from the date of acceptance of such deposits, **in entirety**, **without interest**.

26. For larger public deposits, what is the maximum amount allowed for premature withdrawal as per revised regulations for Non-Banking Financial Companies (NBFCs)?

a) 25% of the principal amount or ₹10 lakh
b) 50% of the principal or ₹5 lakh, whichever is lower
c) Entire principal amount with interest
d) ₹1 lakh irrespective of deposit size

Answer: **b) 50% of the principal or ₹5 lakh, whichever is lower**

Details :

- In case of other public deposits, **not more than fifty per cent** of the amount of the principal sum of deposit or **₹5 lakh**, **whichever is lower**, may be prematurely paid to individual depositors, at the request of the depositors, **before the expiry of three months from the date of acceptance of such deposits, without interest**.

27. NBFCs need to intimate the details of maturity of the deposit to the depositor at least ____________before the date of maturity of the deposit.

a) Two months
b) 14 days
c) 7 days
d) One month

Answer: **b) 14 days**

Details :

- NBFCs needed to intimate the details of maturity of the deposit to the depositor **at least two months before the date of maturity of the deposit**.

- It has been decided **to reduce the period from two months to 14 days**.

28. What is the cap on risk-weighted assets for undisbursed housing loans as per the revised guidelines for HFCs?

a) 50% of the disbursed amount
b) Equivalent to the risk weight for a disbursed loan
c) 5% of the disbursed amount
d) There is no cap

Answer: **b) Equivalent to the risk weight for a disbursed loan**

Details :

- As per recent RBI circular, It has been decided that the **risk weighted assets computed for undisbursed amount of housing loans/other loans**, shall be capped at the risk weighted asset computed **on a notional basis for equivalent amount of disbursed loan**.

29. What is the risk weight for standard fund-based and non-fund-based exposures to Commercial Real Estate – Residential Building as per HFCs guidelines?

a) 50%
b) 75%
c) 100%
d) 125%

Answer: **b) 75%**

30. According to the recent RBI circular, which service has been included under the e-mandate framework?

a) Auto-replenishment of savings accounts
b) Auto-replenishment of FASTag and NCMC
c) Auto-renewal of fixed deposits
d) Auto-renewal of insurance policies

Answer: **b) Auto-replenishment of FASTag and NCMC**

Details:

- It has been decided to include **auto-replenishment of FASTag and NCMC**, as and when the balance falls below a threshold set by the customer, under the **e-mandate framework**.

31. UBS AG has recently been included in which schedule of the Reserve Bank of India Act, 1934?

a. First Schedule
b. Third Schedule
c. Second Schedule
d. Fourth Schedule

Answer: **C) Second Schedule**

32. As per the Banking Regulation Act, 1949, which company has ceased to be a banking company?

a. UBS AG
b. Credit Suisse AG
c. Deutsche Bank AG
d. Barclays Bank PLC

Answer: **b) Credit Suisse AG**

33. Under which section of the Banking Regulation Act, 1949, has Credit Suisse AG ceased to be a banking company?

a. Section 42(6)(a)
b. Section 24(1)
c. Section 36(A)(2)
d. Section 12(b)

Answer: **c)Section 36(A)(2)D)**

34. Krung Thai Bank Public Company Limited is based in which country?

a. Thailand
b. South Korea
c. Japan
d. China

Answer: **a) Thailand**

Details :

- **Krung Thai Bank Public Company Limited** has ceased to be a banking company within the meaning of the **Banking Regulation Act, 1949.**

35. According to RBI's recent directions, which of the following practices is NOT allowed for NBFC-P2P platforms?

a. Promoting peer to peer lending as an investment product with tenure-linked assured minimum returns
b. Offering lending and borrowing facility
c. Acting as a platform for lending between participants
d. Adopting the prescribed funds transfer mechanism

Answer: **a) Promoting peer to peer lending as an investment product with tenure-linked assured minimum returns**

36. What is the cap on the aggregate exposure of a lender to all borrowers across all NBFC P2P platforms at any point in time?

a. Rs.10,00,000
b. Rs.25,00,000
c. Rs.50,00,000
d. Rs.1,00,00,000

Answer: **C) Rs.50,00,000**

Details :

- In case, the amount lent by a lender is **more than Rs.10,00,000 across P2P platforms**, the lender shall produce a certificate to P2P platforms from a practicing Chartered Accountant certifying **minimum net-worth of Rs.50,00,000**.

37. On a Peer to Peer (P2P) lending platform, the funds transferred into the Lenders' Escrow Account and Borrowers' Escrow Account must not remain in these accounts for more than how many days?

a. T+0
b. T+1
c. T+2
d. T+3

Answer: **B) T+1**

Details :

What is an escrow account?

- An escrow account is a **safekeeping account** that **holds money** or **assets** **until certain conditions are met**.

- Escrow accounts are used in **transactions where there is a risk that one or both parties may not fulfill their obligations**.