

BANK EXAMS

GENERAL AWARENESS

Promotional Functions of RBI

Development of the Financial System: The financial system comprises the financial institutions, financial markets and financial instruments. The sound and efficient financial system is a precondition of the rapid economic development of the nation. The RBI has encouraged establishment of main banking and non-banking institutions to cater to the credit requirements of diverse sectors of the economy.

Development of Agriculture: Agriculture is the back bone of Indian Economy. Even today at least half of the Indian population depends on Agriculture. Banks accept deposits from the public, but may divert funds to earn more and more profits offering higher interest rates to public. RBI made it mandatory to lend at least 18% of total loans to Agriculture. It does regular auditing of the banks accounts. RBI time to time gives subvention on the rate of interest to farmers' loans.

Promotion of Small Scale Industries Finance: In order to boost the Micro, Small scale and Medium Enterprises, RBI formulated many policies and programmes. The Prime Minister's Task Force on MSME headed by T.K.A. Nair has advised banks to achieve a 20 percent year-on-year growth in credit to micro and small enterprises, a 10 percent annual growth in the number of micro enterprise accounts and 60% of total lending to MSME.

Promotion of Export through Refinance: Export credit refinancing is a scheme started by RBI to promote exports. By promoting exports RBI helps to bring more foreign currency for the country, in turn decreasing current account deficit and decreasing rupee depreciation.

Provisions of Training: RBI provides the Training facilities to bankers, customers and also to lay man through various programmes. National Institute of Bank Management (NIBM) was established in 1969 by RBI in Pune. It is engaged in Research (policy and operations), Training & Education of senior executives of banks, and provides consulting support to the banking and financial sectors. It runs various programmes on pan India basis to educate the customers and lay man to educate them in bank frauds and security features of currency notes.

Collection of Data and Publication of Reports: RBI collects, process and disseminates statistical data on several topics. It includes interest rate, inflation, savings and investments etc., This data proves to be quite useful for researchers and policy makers. Its separate publication publishes data on several sectors of the economy. The reports and bulletins are regularly published by the RBI. It includes RBI weekly reports, RBI Annual Report, Report on Trend and Progress of Commercial Banks in India., etc., This information is made available to the public also at cheaper rates.

Promotion of Banking Habits: As an apex organization, the RBI always tries to promote the banking habits in the country. It institutionalizes savings and takes measures for an expansion of the banking network. During economic reforms it has taken many initiatives for encouraging and promoting banking in India. It always order the banks not to disturb the customers by making the rigidity of banking rules.

Supervisory Functions of RBI

Granting license to banks: RBI grants license to banks for carrying its business. License is also given for opening extension counters, new branches, even to close down existing branches. It also authorized to renew the license of banks. Its role is unquestionable at the time of giving licenses to foreign bank branches.

Bank Inspections: RBI grants license to banks working as per the directives and in a prudent manner without undue risk. It does regular inspections of banks and bank branches. In addition to this it can ask for periodical information from banks on various components of assets and liabilities.

Control over NBFIs: Non-Bank Financial Institutions are not more influenced by the working of a monetary policy. However RBI has a right to issue directives to the NBFIs from time to time regarding their functioning. Through periodic inspection, it can control the NBFIs.

Implementation of the Deposit Insurance Scheme: RBI has set up the Deposit Insurance Guarantee Corporation in order to protect the deposits of small depositors. All bank deposits below Rs.1 lakh are insured with this corporation. The RBI work to implement the Deposit Insurance Scheme in case of a bank failure.

Central clearing house of payment and settlement systems: The increasing monetization in the economy, the country's large geographic expanse, people's preference for paper-based instruments and rapid changes in technology are among factors that make this task a formidable one. Recently, a provision was incorporated by the Information Technology Act, 2000 which enabled the RBI to make regulations for regulating payment systems of banks and financial institutions.

Names of the Directors of the Central Board of the Reserve Bank of India

(as on 6th April 2015)

1. Dr. Raghuram Rajan - *Governor*
2. H.R. Khan - *Deputy Governor*
3. Dr. Urjit R. Patel - *Deputy Governor*
4. R. Gandhi - *Deputy Governor*
5. S. S. Mundra - *Deputy Governor*
6. Dr. Anil Kakodkar
7. Kiran Karnik
8. Dr. Nachiket M. Mor
9. Y.H. Malegam
10. Prof. Dipankar Gupta
11. G.M. Rao
12. Ms. Ela Bhatt
13. Dr. Indira Rajaraman
14. Y.C. Deveshwar
15. Prof. Damodar Acharya
16. Rajiv Mehrishi
17. Dr. Hasmukh Adhia

MODEL QUESTIONS

1. Proportional Reserve System was replaced in 1956 by Minimum of Foreign Reserve System. It means....
 - 1) RBI to hold assets minimum of Rs.515 crores worth of foreign reserves in which Rs.115 Cr. of gold and Rs.400 Cr. of foreign securities must be maintained.
 - 2) RBI to hold assets minimum of Rs.515 crores worth of foreign reserves in which Rs.115 Cr. of gold and Rs.400 Cr. Dollars must be maintained.
 - 3) RBI to hold assets minimum of Rs.515 crores worth of foreign reserves in which Rs.400 Cr. of gold and Rs.115 Cr. of foreign securities must be maintained.
 - 4) RBI to hold assets minimum of Rs.515 crores worth of foreign reserves in which Rs.200 Cr. of gold and Rs.315 Cr. of foreign direct investments.
 - 5) RBI to hold assets minimum of Rs.515 crores worth of foreign reserves in any mode.
2. 1956 Minimum of Foreign Reserve System of RBI was diluted in 1957. It says
 - 1) RBI should maintain Rs.115 crore worth of Gold.
 - 2) RBI should maintain Rs.150 crore worth of Gold and Rs.450 Cr. worth of Government bonds.
 - 3) RBI should maintain Rs.1000 Cr. worth of Gold or Rs.1000 crore worth of Government securities.
 - 4) RBI should maintain Rs.100 Cr. worth of Gold or Rs.1000 crore worth of foreign securities.
 - 5) RBI need not maintain any worth of Gold or Government securities.

3. Currency paper is composed of
- 1) Flax seed pulp
 - 2) Soya seed pulp
 - 3) Cotton and cotton rag
 - 4) Jute
 - 5) None
4. Who determines the denominations of Paper currency?
- 1) RBI
 - 2) Ministry of Commerce
 - 3) Government of India
 - 4) Deputy Governor
 - 5) None of above
5. To cancel the disadvantages of Paper Currency Plastic currency mooted. Which is the first country to mint Plastic money?
- 1) India
 - 2) New Zealand
 - 3) China
 - 4) Spain
 - 5) Australia
6. India moots to mint rupee plastic money first?
- 1) 5
 - 2) 2
 - 3) 100
 - 4) 10
 - 5) 500
7. In the five cities/ towns, the Rs.10 plastic paper currency to be introduced for the valuation of up to Rs.100 crores. They are Kochi, Mysore, Bhubaneswar, Jaipur and....
- 1) New Delhi
 - 2) Hyderabad
 - 3) Visakhapatnam
 - 4) Shimla
 - 5) Pune
8. Virtual Currency is
- 1) coins
 - 2) Bit coin
 - 3) Rs.1000 currency note
 - 4) Rs.1 coin
 - 5) None
9. Bit coin invented by
- 1) John Shepherd - Barron
 - 2) Satoshi Nakamoto
 - 3) Tim Berners-Lee
 - 4) Charles Babbage
 - 5) None of above
10. Who has the sole right to mint coins in India?
- 1) RBI
 - 2) MMTC
 - 3) Government of India
 - 4) SBI
 - 5) Department of Post
11. Whose signature appears on coins?
- 1) President of India
 - 2) RBI Governor
 - 3) Finance Secretary
 - 4) RBI Deputy Governor
 - 5) Coins do not bear the signature
12. Whether all banks accept coins in India though mint by government of India?
- 1) Accept by asking the customer give the undertaking
 - 2) Never accept
 - 3) Yes, accept
 - 4) Accept, tell the customer that the bank return any time
 - 5) Accept at the lower value
13. Which rupee coin has largest circulation in India?
- 1) 2
 - 2) 5
 - 3) 1
 - 4) 10
 - 5) None

14. Which committee suggested for the high denomination of Coins in Indian Circulation?
1) C. Rangarajan 2) Bimal Jalan 3) Tarapore 4) Chandulal
5) Malegam
15. Maximum punishment for melting or destruction of coins would be increased from 5 years to years of imprisonment?
1) 4 2) 9 3) 7 4) 10
5) 16
16. Coins in India are presently being issued for the circulation in denominations of 50 paise, one rupee, two rupees, five rupees and ...
1) two hundred rupees 2) hundred rupees
3) ten rupees 4) twenty rupees
5) None
17. Familiar metal using to mint coins of India these days is.....
1) Stainless Steel 2) Gold
3) Silver 4) Copper
5) Brass
18. become the 19th country to adopt Euro as a Single currency from 1st January 2015?
1) Croatia 2) Lithuania 3) Latvia 4) Mexico
5) South Sudan

ANSWERS

1-1; 2-1; 3-3; 4-3; 5-5; 6-4; 7-4; 8-2; 9-2; 10-3; 11-5; 12-3; 13-3; 14-3; 15-3; 16-3; 17-1; 18-2.

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