20 True or False

Decide, then check the answer and reason below each statement.

Question 1

JAIIB PPB is generally organised into four modules.

TRUE

The modules cover the financial system, functions of banks, banking technology and support services/marketing.

Question 2

SEBI regulates the insurance sector in India.

FALSE

IRDAI regulates insurance; SEBI regulates the capital market.

Question 3

RBI is the regulator for banks in India.

TRUE

RBI is the central banking regulator responsible for overseeing scheduled and other banks.

Question 4

CRR is held by banks in the form of prescribed government securities.

FALSE

CRR is held as cash reserves with the RBI; SLR is the portion held in government securities.

Question 5

SLR is the percentage of NDTL a bank holds in prescribed government securities.

TRUE

SLR requires banks to maintain liquid assets, mainly government securities, against their NDTL.

Question 6

The RBI was constituted under the RBI Act, 1934.

TRUE

This Act laid the legal foundation for the Reserve Bank of India.

Question 7

The RBI began functioning on 1 April 1935.

TRUE

This is the recorded commencement date of RBI operations.

Question 8

Fiscal policy in India is issued by the Reserve Bank of India.

FALSE

Fiscal policy is issued by the Ministry of Finance, while RBI issues monetary and credit policy.

Question 9

Monetary and credit policy is issued by the Reserve Bank of India.

TRUE

RBI is the designated authority for framing monetary and credit policy in India.

Question 10

Bank Rate is the rate at which the RBI accepts public deposits.

FALSE

Bank Rate is the rate at which RBI rediscounts eligible bills of exchange or commercial paper from banks, not a deposit rate.

Question 11

Open Market Operations involve the sale or purchase of government securities by the RBI.

TRUE

OMOs are a standard monetary tool RBI uses to manage liquidity in the banking system.

Question 12

Retail banking primarily serves large corporates, trading houses and multinationals.

FALSE

That description fits wholesale or corporate banking; retail banking serves individual customers.

Question 13

An ADR (American Depository Receipt) is issued and traded in the United States.

TRUE

ADRs allow foreign company shares to be traded on US stock exchanges.

Question 14

A GDR is issued and traded exclusively within the issuing company's home country.

FALSE

A GDR is issued and traded in markets outside the issuer's home country, often in Europe.

Question 15

FIIs are permitted to issue Participatory Notes directly to Indian nationals.

FALSE

FIIs are not allowed to issue PNs to Indian nationals or NRI-majority-owned overseas corporate bodies.

Question 16

The money market deals in funds with a maturity of less than one year.

TRUE

Instruments such as CDs, CPs, Treasury Bills and call money fall within this short-term bracket.

Question 17

Government securities carry no default risk because of the sovereign guarantee.

TRUE

G-Secs are backed by the government, making them effectively free of default risk.

Question 18

MIBOR was launched in 1998 as an overnight benchmark rate.

TRUE

MIBOR, launched on 15 June 1998, became a key reference for Indian money-market deals.

Question 19

FEMA, 1999 applies only within India and never extends to overseas branches of Indian residents.

FALSE

FEMA also applies to overseas branches, offices or agencies owned or controlled by persons resident in India.

Question 20

Interest on government securities is typically paid half-yearly on face value.

TRUE

G-Secs generally pay coupon interest twice a year based on their face value.