20 True or False

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

Question 1

The overall priority sector lending target for domestic scheduled commercial banks is 40% of ANBC.

TRUE

RBI mandates a minimum of 40% of ANBC, or the off-balance-sheet credit equivalent if higher, to the priority sector.

Question 2

The priority sector lending target is based on total assets rather than Adjusted Net Bank Credit.

FALSE

The target is based on ANBC, not on total assets or gross advances.

Question 3

Agriculture has an 18% of ANBC sub-target within the priority sector framework.

TRUE

The agriculture sub-target under priority sector lending is 18% of ANBC.

Question 4

The weaker sections sub-target under priority sector lending is 20% of ANBC.

FALSE

The weaker sections sub-target is 12% of ANBC, not 20%.

Question 5

Micro enterprises carry a 7.5% of ANBC sub-target under priority sector lending.

TRUE

The micro enterprises sub-target is fixed at 7.5% of ANBC.

Question 6

Priority Sector Lending Certificates transfer the underlying loan and its credit risk to the buyer.

FALSE

PSLCs transfer only the compliance credit; the loan and its risk remain with the selling bank.

Question 7

A bank that falls short of its priority sector target must contribute the deficit to the Rural Infrastructure Development Fund maintained with NABARD.

TRUE

Shortfalls are parked in the RIDF rather than being waived.

Question 8

Priority Sector Lending Certificates are traded on stock exchanges like the NSE.

FALSE

PSLCs are traded on the RBI's e-Kuber platform, not on stock exchanges.

Question 9

There are four categories of Priority Sector Lending Certificates, including Agriculture and General.

TRUE

The four PSLC categories are Agriculture, Small and Marginal Farmers, Micro Enterprises and General.

Question 10

Hitting the overall 40% priority sector target automatically means a bank has met every sub-target.

FALSE

A bank can meet the headline 40% figure and still breach an individual sub-target.

Question 11

Small and marginal farmers have a dedicated, phased sub-target within the agriculture allocation.

TRUE

RBI has raised the small and marginal farmer sub-target in phases to widen credit access.

Question 12

Foreign banks, Regional Rural Banks and Small Finance Banks all follow identical priority sector obligations as domestic scheduled commercial banks.

FALSE

Priority sector obligations differ by institution type.

Question 13

Priority sector lending compliance is monitored using quarterly average figures.

TRUE

Compliance is assessed on quarterly averages rather than only at year-end.

Question 14

Education loans are always excluded from priority sector lending regardless of amount.

FALSE

Education loans up to a prescribed ceiling for studies in India and abroad do qualify.

Question 15

Housing loans within RBI-specified limits, including loans for repairs, can qualify as priority sector lending.

TRUE

Housing is a recognised priority sector category subject to defined loan ceilings.

Question 16

RIDF deposits typically earn higher returns than a bank's normal lending activities.

FALSE

RIDF deposits typically earn lower returns, making a shortfall financially penalising.

Question 17

Weaker sections under priority sector lending include SC/ST borrowers, self-help groups, minorities and persons with disabilities.

TRUE

These groups are explicitly covered under the weaker sections head.

Question 18

RBI priority sector percentages have remained permanently unchanged since the framework was introduced.

FALSE

Sub-targets have been revised in phases, so candidates must verify current figures against the latest master directions.

Question 19

Renewable energy projects such as solar installations can qualify as priority sector lending within specified limits.

TRUE

Renewable energy is a listed priority sector category alongside social infrastructure.

Question 20

Priority sector lending is considered a low-weightage topic that is rarely tested in the CAIIB Rural Banking exam.

FALSE

It is described as a consistently high-yield, must-master topic in the RB elective.