20 One-Liners to Remember

Quick-fire facts for last-minute revision.

1. **RBI Act 1934 Section 22 gives RBI the exclusive right to issue banknotes in India.**
   Section 22 grants the Reserve Bank of India the sole authority to issue currency notes.

2. **The one-rupee note in India is issued by the Government of India, not the RBI.**
   This is the sole exception carved out under Section 22 of the RBI Act 1934.

3. **RBI Act 1934 Section 26 declares every RBI-issued banknote to be legal tender.**
   Section 26 makes RBI notes legal tender for the amount stated on them.

4. **RBI Act 1934 Section 33 specifies the asset backing required for currency issued by RBI.**
   Section 33 lists the assets that must back the currency the Issue Department puts into circulation.

5. **Banking Regulation Act 1949 defines banking as accepting deposits for lending or investment, repayable on demand.**
   This definition forms the legal foundation of the entire Banking Regulation Act.

6. **At least 51% of a banking company's board must have specialised professional knowledge.**
The Banking Regulation Act 1949 requires this share of directors to have expertise in fields like banking, law or finance.

7. **A banking company can declare a dividend only after making provisions for bad and doubtful debts.**
The Banking Regulation Act ties dividend declaration to prudential provisioning and capital-adequacy compliance.

8. **Development Financial Institutions (DFIs) provide long-term credit to industry, exports, housing and agriculture.**
DFIs fund capital-heavy, slow-return sectors that ordinary commercial banks often avoid.

9. **DFIs are driven primarily by public interest and economic development, not maximum profit.**
Unlike commercial banks, a DFI's core mission is national development rather than pure profitability.

10. **IFCI, set up in 1948, was India's first Development Financial Institution.**
IFCI was created to provide long-term finance to industrial projects after independence.

11. **IDBI was set up in 1964 as an apex DFI and later converted into a commercial bank.**
IDBI is a textbook example of a DFI that transitioned into full-fledged banking.

12 **SIDBI is the apex institution for financing micro, small and medium enterprises in India.**
SIDBI provides direct, indirect and refinance support to the MSME ecosystem.

13 **SIDBI's SMILE scheme offers soft loans for machinery purchase and modernisation.**
SMILE and SMILE Equipment Finance help small units upgrade plant and machinery.

14 **EXIM Bank finances export-oriented projects and overseas joint ventures for Indian companies.**
EXIM Bank supports Indian exports through credit, refinance and advisory services.

15 **National Housing Bank (NHB) was set up to promote and refinance housing finance institutions.**
NHB also oversees the soundness of housing finance companies in India.

16 **NABARD is the apex Development Financial Institution for agriculture and rural development.**
NABARD refinances rural credit and supports cooperative and regional rural banks.

17 **NaBFID was established in 2021 to finance India's infrastructure development.**
NaBFID is the newest DFI, created to close India's long-term infrastructure-financing gap.

18 **NaBFID funds greenfield and brownfield infrastructure projects such as roads and energy.**
Its mandate covers new and existing infrastructure across logistics and urban development too.

19 **The RBI Act 1934 establishes and empowers the Reserve Bank of India as India's central bank.**
It governs currency issue and monetary management, distinct from bank regulation.

20 **The Banking Regulation Act 1949 governs how banking companies must be governed and run.**
It sets prudential norms, board composition rules and dividend conditions for banks.