20 True or False

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

Question 1

RBI Act 1934 Section 22 grants RBI the exclusive right to issue banknotes in India.

TRUE

Section 22 gives RBI the sole right to issue currency, except the one-rupee note.

Question 2

The Banking Regulation Act 1949 requires at least 51% of a bank's board to have specialised knowledge.

TRUE

This board composition rule ensures professional competence on banking company boards.

Question 3

SIDBI is the apex Development Financial Institution for micro, small and medium enterprises.

TRUE

SIDBI provides direct, indirect and refinance support to the MSME sector.

Question 4

NABARD is the apex institution for refinancing agriculture and rural credit.

TRUE

NABARD supports rural infrastructure, cooperative banks and regional rural banks.

Question 5

IFCI, established in 1948, was India's first Development Financial Institution.

TRUE

IFCI was created for long-term industrial credit soon after independence.

Question 6

NaBFID was established in 2021 to address India's infrastructure financing gap.

TRUE

NaBFID is the newest DFI, set up specifically to fund infrastructure projects.

Question 7

Development Financial Institutions primarily aim at economic development rather than maximum profit.

TRUE

DFIs seek viability but their core motive is public interest and national growth.

Question 8

RBI Act 1934 Section 26 makes every RBI-issued banknote legal tender.

TRUE

Section 26 declares RBI notes legal tender for the amount stated.

Question 9

National Housing Bank (NHB) promotes and refinances housing finance companies in India.

TRUE

NHB was set up specifically to strengthen the housing finance sector.

Question 10

EXIM Bank provides refinance to banks that support export-oriented units.

TRUE

This refinance function is one of EXIM Bank's core activities for exporters.

Question 11

The Banking Regulation Act 1949 requires at least 60% of a bank's board to have specialised knowledge.

FALSE

The correct requirement is at least 51%, not 60%.

Question 12

The one-rupee note in India is issued by the Reserve Bank of India.

FALSE

The one-rupee note is issued by the Government of India, the sole exception under Section 22.

Question 13

IDBI, established in 1964, remains a pure Development Financial Institution with no commercial banking operations today.

FALSE

IDBI later converted into a commercial bank after economic reforms.

Question 14

SIDBI's primary focus sector is housing finance.

FALSE

SIDBI's primary focus is micro, small and medium enterprises, not housing.

Question 15

NaBFID was established in 1990 to finance agricultural projects.

FALSE

NaBFID was established in 2021 to finance infrastructure, not agriculture.

Question 16

The Banking Regulation Act 1949 establishes and empowers the Reserve Bank of India itself.

FALSE

It is the RBI Act 1934, not the Banking Regulation Act, that establishes and empowers the RBI.

Question 17

NABARD's primary focus sector is exports and overseas project finance.

FALSE

NABARD's primary focus is agriculture and rural development, while EXIM Bank handles exports.

Question 18

RBI Act 1934 Section 33 deals with the legal tender status of banknotes.

FALSE

Legal tender is covered by Section 26; Section 33 deals with asset backing for currency.

Question 19

A banking company can declare dividends without making provisions for bad and doubtful debts.

FALSE

The Banking Regulation Act requires such provisions to be made before any dividend is declared.

Question 20

Development Financial Institutions are purely profit-driven commercial lenders with no development mandate.

FALSE

DFIs exist mainly for public interest and long-term development finance, not pure profit.