

BoM Generalist Officer Latest Professional Knowledge Questions

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Ques 1. As per RBI, what is the latest short-term investment limit by Foreign Portfolio Investors ?

- a) 20% of total investment
- b) 30% of total investment
- c) 40% of total investment
- d) 50% of total investment

FPI short-term investment limits

- The Reserve Bank of India on Thursday raised the investment limit for FPIs in government and corporate bonds to bring in more foreign funds into the market.
- Currently, short-term investments by a foreign portfolio investors (FPI) should not exceed 20 per cent of the total investment of that FPI in either **central government securities (including treasury bills) or state development loans or corporate bonds**.
- **The short-term investment limit has now been increased from 20 per cent to 30 per cent in both cases, the RBI said in a circular.**

Ques 2. Recently RBI has increased the investment cap for foreign portfolio investors (FPI) under the 'voluntary retention route'. What is the new investment cap ?

- a) Rs.1.5-lakh crore
- b) Rs.1 lakh crore
- c) Rs.2.5-lakh crore
- d) Rs.4-lakh crore

Introduction

- In a bid to attract more investment in government and corporate debt, the Reserve Bank of India (RBI), in consultation with the Centre, has doubled the investment cap for foreign portfolio investors (FPI) under the 'voluntary retention route' (VRR) to Rs.1.5-lakh crore. These limits will be available 'on tap' and allotted on 'first come, first served' basis.

'Voluntary Retention Route' (VRR) for Foreign Portfolio Investors

RBI had introduced VRR in March 2019, to enable FPIs to invest in debt markets in India. Broadly, investments through the route will be free of the macro-prudential and other regulatory norms applicable to FPI investments in debt markets with the following conditions :

- The minimum retention period shall be three years. During this period, FPIs shall maintain a minimum of 75% of the allocated amount in India.
- Investment limits shall be available on tap for investments and shall be allotted by Clearing Corporation of India Ltd. (CCIL) on 'first come first served' basis.

Question 3: In the set of rules/directives given by RBI to banks in India, out of the following which option/options comes under priority sector?

- a) Renewable energy
- b) Housing
- c) Export Credit
- d) Social infrastructure
- e) a & b
- f) a, b, c & d

All of them

Explanation: Priority Sector includes the following categories:

- (i) Agriculture
- (ii) Micro, Small and Medium Enterprises
- (iii) **Export Credit**
- (iv) Education
- (v) **Housing**
- (vi) **Social Infrastructure**
- (vii) **Renewable Energy**
- (viii) Others

Question4 : What is the applicable limit for bank loans for building social infrastructure under priority sector?

- a) up to a limit of Rs.5 million per borrower
- b) up to a limit of Rs.50 million per borrower
- c) up to a limit of Rs.10 million per borrower
- d) No limit is applied for bank loans for building social infrastructure

- **Explanation:** Bank loans up to a limit of **Rs.50 million per borrower** has been put for classification under priority sector for building social infrastructure

Question5: What is the applicable limit for bank loans for education under priority sector?

- a) up to a limit of Rs.0.5 million per borrower
- b) up to a limit of Rs.1 million per borrower**
- c) up to a limit of Rs.2 million per borrower
- d) No limit is applied for bank loans for education

Explanation: Loans to individuals for educational purposes including vocational courses **upto Rs. 1 million** irrespective of the sanctioned amount are eligible for classification under priority sector.

Question 6 : What is the prescribed limit for bank loans sanctioned to exports under priority sector?

- a) upto Rs. 400 million**
- b) upto Rs. 500 million
- c) upto Rs. 600 million
- d) upto Rs. 800 million

Question 7: What is the Target set for Domestic scheduled commercial banks (excluding Regional Rural Banks and Small Finance Banks) under priority sector?

- a) 20 per cent of Adjusted Net Bank Credit or Credit Equivalent Amount of Off-Balance Sheet Exposure, whichever is higher
- b) 60 per cent of Adjusted Net Bank Credit or Credit Equivalent Amount of Off-Balance Sheet Exposure, whichever is higher
- c) 35 per cent of Adjusted Net Bank Credit or Credit Equivalent Amount of Off-Balance Sheet Exposure, whichever is higher
- d) 40 per cent of Adjusted Net Bank Credit or Credit Equivalent Amount of Off-Balance Sheet Exposure, whichever is higher

Explanation:

Categories	Domestic scheduled commercial banks (excluding Regional Rural Banks and Small Finance Banks) and Foreign banks with 20 branches and above	Foreign banks with less than 20 branches
Total Priority Sector	40 per cent of Adjusted Net Bank Credit or Credit Equivalent Amount of Off-Balance Sheet Exposure, whichever is higher.	40 per cent of Adjusted Net Bank Credit or Credit Equivalent Amount of Off-Balance Sheet Exposure, whichever is higher, to be achieved in a phased manner by 2020.

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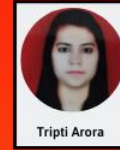
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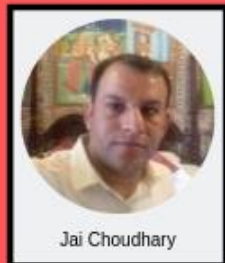
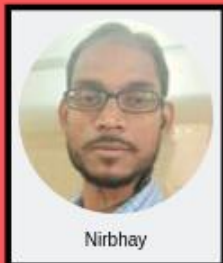
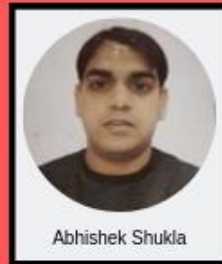
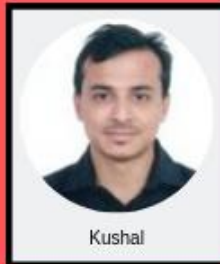
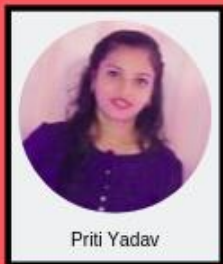
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