



Banking Regulation Act Questions and Answers - Download PDF!

In competitive exams, questions regarding Banking Regulation Act are consistently asked. These questions are not tough to answer and are also highly rewarding. You must have an understanding of the Banking system in India in order to answer these questions. You can begin to answer once you have learned about it.

With a little practice, you'll be able to answer these General Awareness questions with ease. So we've included ten questions about Banking Regulation Act for you to practice with. Each of these questions should be answered in less than a minute.

Questions on Banking Regulation Act

You can also download the questions and answers pdf. Just click on the **Download PDF** button. So let's start with the first question.

Q:1 Which Section of the Banking Regulation Act, 1949 deals with the Banking Ombudsman Scheme?

1. Section 51C
2. Section 21C
3. Section 82A
4. Section 35A

(Difficulty: 1, Estimated Time: 10 Seconds) Let's begin with something basic.

Q:2 Which Section of the Banking Regulation Act 1949 empowers the merging of two banking companies?

1. Section 22
2. Section 23
3. Section 47A
4. Section 44A

(Difficulty: 2, Estimated Time: 15 Seconds) You can do this if you know about amalgamation.

Q:3 The Report on Trend and Progress of Banking in India is a statutory publication in compliance with Section _____ of the Banking Regulation Act, 1949.

1. 41 (2)
2. 54 (2)



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3. 36 (2)

4. 19 (2)

(Difficulty: 3, Estimated Time: 25 Seconds) This is a bit difficult. Did you get it right?

Q:4 What does Section 24 of the Banking Regulation Act of 1949 talk about?

1. Maintenance of Statutory Liquidity Ratio
2. Power of RBI to give direction to Banks
3. Maintenance of Cash Reserve Ratio
4. Increased Bank Rate

(Difficulty: 2, Estimated Time: 15 Seconds) This is simple too.

Q:5 The scheme for these banks was introduced in August 1996. The bank is registered as a public limited company under the Companies Act, 1956 and it is licensed under the Banking Regulation Act, 1949. The Department of Banking Supervision (DBS) deals with the task of supervision of LABs. Identify the type of Bank that is being talked about.

1. Local Area Banks
2. Private Institutional Banks
3. Small Finance Bank
4. Payment Banks

(Difficulty: 2, Estimated Time: 15 Seconds) You can do this one. Think attentively.

Q:6 Which section of the Banking Regulation Act of 1949 requires banks to keep a reserve fund of 20% of their yearly net profit?

1. Section 17
2. Section 23
3. Section 22
4. Section 27

(Difficulty: 3, Estimated Time: 20 Seconds) Do you know about reserve fund? Then, you must have got it right.

Q:7 What is the total number of Sections in the Banking Regulation Act?

1. 52



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2. 56

3. 54

4. 58

(Difficulty: 3, Estimated Time: 20 Seconds) It is a bit tricky. Try to answer it correctly.

Q:8 By which Banking Regulation Amendment act, Cooperative Banks are also included in Banking regulation operations?

1. 1956

2. 1960

3. 1965

4. 1968

(Difficulty: 4, Estimated Time: 25 Seconds) What about this one? Do you know it?

Q:9 Under which section of the Banking Regulation Act, 1949, the Ministry of Finance has imposed a moratorium on Yes Bank (March 5, 2020, till April 3, 2020)?

1. Section 47

2. Section 35

3. Section 49

4. Section 45

(Difficulty: 2, Estimated Time: 20 Seconds) We are almost done. Hurry up.

Q:10 Identify amongst the following the features of Local Area banks?

A.The LABs are included in the Second Schedule of the Reserve Bank of India Act, 1934 subject to the fulfillment of the eligibility criteria laid down in Section 42(6).

B.The LABs are restricted to an area of operation of three geographically contiguous districts at maximum.

C.The bank is registered as a public limited company under the Companies Act, 1956 and it is licensed under the Banking Regulation Act, 1949.

1. A only

2. A and B

3. B only

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4. A, B and C

(Difficulty: 3, Estimated Time: 20 Seconds) The clock is ticking. Let's wrap it up.



[Image Source: Bank of India]

Answer Key

Let's have a look at your score.

1. (4)	2. (4)	3. (3)	4. (1)	5. (1)
6. (1)	7. (2)	8. (3)	9. (4)	10. (4)

Comment below your score, considering each question has 1 mark only. If you scored 8 to 10, congratulations! You are one step closer to selection. If you have scored 5 to 8 marks, then you are doing well, keep it up. If you have scored less than 5 marks then you need to work a little harder on this subject. But don't worry, we are here to help you master the subject.

Let's check the answers and solutions and try to find out what went wrong.

Answers and Solutions

Q:1 The correct answer is **Option 4** i.e. **Section 35A**

The Banking Ombudsman Scheme is introduced under Section 35 A of the Banking Regulation Act, 1949 by RBI with effect from 1995.

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It is a forum for bank customers for resolution of complaints related to certain services rendered by banks.

The Banking Ombudsman Scheme was first introduced in 2006.

The banking ombudsman is a quasi-judicial authority appointed by RBI to redress customer complaints against deficiencies in certain banking services.

Q:2 The correct answer is **Option 4** i.e. **Section 44A**

Section 44A of the Banking Regulation Act 1949 empowers the merging of two banking companies.

More Info:- Section 22 - Licensing of banking companies.

Section 23 - Prohibits banks from opening a new place of business in India or abroad.

Section 47A - Power of RBI to impose penalties.

Section 29 - Accounts and balance sheet

Q:3 The correct answer is **Option 3** i.e. **36 (2)**

The Reserve Bank of India releases the Report on Trend and Progress of Banking in India which is a statutory publication in compliance with Section 36 (2) of the Banking Regulation Act, 1949.

The report was last released in December 2021.

This Report presents the performance of the banking sector, including co-operative banks, and non-banking financial institutions during 2020-21 and 2021-22.

Q:4 The correct answer is **Option 1** i.e. **Maintenance of Statutory Liquidity Ratio**

Banking Regulation Act: This act was previously known as the Banking Regulation act 1949 at the time of its inception. Later it was renamed to Banking Regulation Act 1949 in 1966.

Section 24 of this act talks about the maintenance of the Statutory Liquidity ratio for commercial banks. It was further amended to include the Schedule commercial and cooperative banks.

SLR (Statutory Liquidity Ratio) is decided by RBI and agreed upon by all commercial, scheduled commercial, and urban cooperative banks according to the which such banks are required to keep some money in reserve with them in form of cash, government bonds, and gold.

Shaktikanta Das is the 25th Governor of RBI.

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Q:5 The correct answer is **Option 1** i.e **Local Area Banks**

The Local Area Bank Scheme was introduced in August 1996 pursuant to the announcement of the then Finance Minister. In the budget speech, there was an announcement to set up new private local banks that will have jurisdiction over two or three contiguous districts.

The bank is registered as a public limited company under the Companies Act, 1956 and it is licensed under the Banking Regulation Act, 1949.

Q:6 The correct answer is **Option 1** i.e. **Section 17**

The Banking Regulation Act of 1949, Section 17, requires all Indian banks to maintain a Reserve Fund/Statutory Reserve equal to 20% of their yearly net earnings.

Q:7 The correct answer is **Option 2** i.e. **56**

The Banking Regulation Act 1949 is a legislation in India that regulates all banking firms in India.

Initially, the law was applicable only to banking companies.

But, in 1965 it was amended to make it applicable to cooperative banks and to introduce other changes.

There are a total of 56 Sections in the Banking Regulation Act, of 1949.

Q:8 The correct answer is **Option 3** i.e. **1965**

Banking Regulation Amendment Act, 1965:

The banking regulation act, of 1949 was applicable only to banking companies.

Banking regulation amendment act, 1965, was amended to make cooperative Banks operative with Banking companies.

Cooperative Banks are ownership of the state.

Q:9 The correct answer is **Option 4** i.e **Section 45**

The decision has been taken on the recommendations of the Reserve Bank of India (RBI) under sub-section (1) of section 45.



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In exercise of the powers conferred by sub-section (2) of section 45 of the Banking Regulation Act, 1949 (10 of 1949), the Central Government, through the Ministry of Finance has imposed a moratorium on Yes Bank Limited w.e.f. 6 PM of March 5, 2020, till April 3, 2020.

Q:10 The correct answer is **Option 4** i.e. **A , B and C**

Some of the significant features of Local Area Banks are as follows:-

The minimum start-up capital of a LAB was fixed at Rs.5 crore. The promoters of these banks were required to bring in the entire minimum share capital up-front. It was also decided that a family among the promoter group could hold equity not exceeding 40% of the capital.

The LABs are included in the Second Schedule of the Reserve Bank of India Act, 1934 subject to the fulfillment of the eligibility criteria laid down in Section 42(6).

So that's it for today. Banking related matters are generally important. We'll go over another aspect of General Awareness later. Until then, you can practice the questions by downloading the Banking Regulation Act PDF.