

ALL THE VERY BEST FOR YOUR EXAMS

SAMPLE QUESTIONS FOR CAIIB RURAL BANKING

Though we had taken enough care to go through the questions, we shall not be responsible for any loss or damage, resulting from any action taken on the basis of the contents. We advise everyone to update yourself with the latest information through RBI website and other authenticated sources. In case you find any incorrect/doubtful information, kindly update us also (along with the source link/reference for the correct information) as lot of questions were shared by many people.

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CAIIB – GENERAL INFORMATION

Consists of 5 papers :

I. Compulsory Paper

1. Advanced Bank Management
2. Bank Financial Management
3. Advanced Business & Financial Management
4. Banking Regulations and Business Laws

II. Elective Papers (Candidates to choose any one of their Choice)

1. Rural Banking
2. Human Resources Management
3. Information Technology & Digital Banking
4. Risk Management
5. Central Banking

- Only existing employees of banks who had cleared JAIIB can appear for CAIIB Exam.
- CAIIB exams are conducted in on-line mode only.
- The examination will be conducted normally twice a year in May / June and November / December on Sundays.
- The duration of the examination will be of 2 hours.
- **Examination Pattern :**
 - (i) Question Paper will contain 100 objective type multiple choice questions for 100 marks including questions based on case studies/ case lets. The Institute may however vary the number of questions to be asked for a subject.
 - (ii) There may be some numerical questions in some of the CAIIB subjects where, no options will be provided. These questions will not be in the MCQ pattern and the answer has to be keyed in by the candidate.
 - (iii) The examination will be held in Online Mode only.
 - (iv) There will be no negative marking for wrong answers.
 - (v) Questions for the examination will be asked for:
 - a. Knowledge testing
 - b. Conceptual grasp
 - c. Analytical/ logical exposition
 - d. Problem solving
 - e. Case analysis

➤ **Passing Criteria :**

1. Minimum marks for pass in the subject is 50 out of 100.
2. Candidates securing at least 45 marks in each subject with an aggregate of 50% marks in all subjects of examination in a single attempt will also be declared as having completed the Examination.
3. Candidates will be allowed to retain credits for the subject they have passed in an attempt till the expiry of the time limit for passing the examination.

Note : A candidate will be given 5 attempts for completion of exam (CAIIB) but, within a maximum period of three years, whichever is earlier, from the time he/she registers for the exam. These 5 attempts need not be consecutive.

➤ **“Class of Pass” Criteria :**

- ❖ **First Class** : 60% or more marks in aggregate and pass in all the subjects in the FIRST PHYSICAL ATTEMPT.
- ❖ **First Class with Distinction** : 70% or more marks in aggregate and 60% or more marks in each subject in the FIRST PHYSICAL ATTEMPT.
- ❖ Candidates who have been granted exemption in the subject/s will be given **"Pass Class"** only.

➤ **Cut-off Date of Guidelines /Important Developments for Examinations :**

- ❖ In respect of the exams to be conducted by the Institute for the Period from February to July of a calendar year, instructions/guidelines issued by the regulator(s) and important developments in banking and finance up to 31st December will only be considered for the purpose of inclusion in the question papers.
- ❖ In respect of the exams to be conducted by the Institute for the period from August to January of a calendar year, instructions/guidelines issued by the regulator(s) and important developments in banking and finance up to 30th June will only be considered for the purpose of inclusion in the question papers.

➤ **Exam Fees**

Description	Fees*
First attempt fee	5,000
Second attempt fee	1,300
Third attempt fee	1,300
Fourth attempt fee	1,300
Fifth attempt fee	1,300

* Plus Convenience charges and Taxes as applicable.

Please Note: Candidates are required to Register for every attempt separately

Rural Banking

Which of the following is correct regarding training of beneficiaries under PMEGP? (i) First instalment of loan will be released only after completion of EDP training of at least 2 weeks, (ii) If beneficiary has undergone training from the recognized institution, no further EDP training is required.

- a. Only (i)
- b. Only (ii)
- c. Either (i) or (ii)
- d. Both (i) and (ii)

Ans - b

Which of the following is/are correct regarding project cost in case of PMEGP scheme? (i) Project cost will include Capital Expenditure and one cycle of Working Capital, (ii) Projects without Capital Expenditure are not eligible for financing under the Scheme, (iii) Projects costing more than Rs.5 lakh, not requiring working capital, need clearance from RO

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

Under which situations, proportionate or entire subsidy for working capital component has to be returned? (i) When utilization of limit does not touch 100% limit of CC on any day within three years of lock in period, (ii) When average utilization of the sanctioned limit is less than 75%

- a. Only (i)
- b. Only (ii)
- c. Either (i) or (ii)
- d. Both (i) and (ii)

Ans - c

Which of the following is/are eligible for loans under the scheme? (i) Self Help Groups, (ii) Institutions registered under Societies Registration Act, 1860, (iii) Production Co-operative Societies

- a. Only (i) and (ii)
- b. Only (i) and (iii)

- c. Only (ii) and (iii)
d. (i), (ii) and (iii)

Ans - d

As per revised guidelines, Net bank credit for priority sector is calculated as bank credit in India minus (1) bills rediscounted with RBI or other approved FIs (2) Net NPA provisions (3) Interest receivable on loans

- a. 1 to 3 all
b. 1 & 2 only
c. 2 only
d. 1 only

Ans - d

The Prime Minister's Employment Generation Programme (PMEGP) (i) has been designed to generate employment opportunities in Rural & Urban areas, (ii) relates to the setting up of new self-employment ventures for industries, services and business, (iii) has replaced PMRY & KVIC-REGP scheme

- a. Only (i) and (ii)
b. Only (i) and (iii)
c. Only (ii) and (iii)
d. (i), (ii) and (iii)

Ans - e

Maximum Project cost in the case of single borrower for business & service category under PMEGP is

- a. Rs. 10 lakhs
b. Rs. 25 lakh
c. Rs. 5 lakhs
d. Rs. 2 lakh

Ans - a

Banks will not insist on collateral security from beneficiaries under PMEGP for loans up to

- a. Rs. 10 lakh

- b. Rs. 5 lakh
c. Rs. 1 lakh
d. Rs. 50,000

Ans - a

As per revised guidelines, loans to individuals other than farmers can be sanctioned upto Rs. to prepay their debt to non institutional lenders

- a. 25,000
b. 50,000
c. 1 lac
d. no limit

Ans - c

Which of the following is not correct regarding margin money (subsidy) under PMEGP?

- a. Subsidy should be kept in the TermDeposit Receipt of three years
b. No interest will be paid on the TDR & no interest to be charged on loan on corresponding amount of TDR
c. Subsidy will be credited to the Borrowers loan account after three years from the date of first disbursement to the borrower
d. If loan goes bad before 3 year period, due to reasons, beyond the control of the beneficiary, subsidy can be credited to loan account before 3 years

Ans - d

Under which situations, proportionate or entire subsidy for working capital component has to be returned? (i) When utilization of limit does not touch 100% limit of CC on any day within three years of lock in period, (ii) When utilization of the sanctioned limit is less than 75%

- a. Only (i)
b. Only (ii)
c. Either (i) or (ii)
d. Both (i) and (ii)

Ans - c

Small (Manufacturing) Enterprises are those engaged in the manufacture, processing or preservation of goods and whose investment in plant and machinery [original cost excluding land and building] does not exceed

- a. Rs. 1 crore
- b. Rs. 2 crore
- c. Rs. 2.5 crore
- d. Rs. 5 crore

Ans - d

Under PMEGP scheme, rural area means place notified as rural area in revenue records and with population

- a. up to 10,000
- b. less than 10,000
- c. up to 50,000
- d. up to 20,000

Ans - d

Banks should lend at least % of advances under PMEGP to SC/ST

- a. 10%
- b. 22.5%
- c. 35%
- d. None of these

Ans - d

Which of the following is not true about PMEGP scheme?

- a. There is no condition for education for project up to Rs 10 lac for industry and Rs 5 lac for service
- b. There is no limit on Family income
- c. It is not applicable in J&K
- d. It covers both the rural as well as urban centres

Ans - c

Maximum Project cost in the case of single borrower for business & service category under PMEGP is

- a. Rs. 10 lakhs
- b. Rs. 25 lakh
- c. Rs. 5 lakhs
- d. Rs. 2 lakh

Ans - a

For the purpose of PMEGP scheme, which of the following is/are included in special category? (i) SC / ST, OBC, (ii) Minorities, Women, (iii) Ex servicemen & Physically handicapped, North East, Hill and Border areas

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

Micro (Service) Enterprises are those enterprises engaged in providing / rendering of services and whose investment in equipment (original cost excluding land and building and furniture, fittings) does not exceed

- a. Rs. 10 lacs
- b. Rs. 20 lacs
- c. Rs. 30 lacs
- d. Rs. 40 lacs

Ans - a

Bank loans to Housing Finance Companies (HFCs), approved by NHB for their refinance, for on lending for the purpose of purchase / construction / reconstruction of individual dwelling units or for slum clearance and rehabilitation of slum dwellers, will be classified as priority sector provided (i) Maximum loan per borrower does not exceed Rs.10 lac, (ii) Maximum loan per borrower does not exceed Rs.20 lac, (iii) The overall eligibility under PS loans to HFC is restricted to 5% of the individual banks total PS lending on an ongoing basis

- a. Only (i) and (ii)
- b. Only (i) and (iii)

- c. Only (ii) and (iii)
d. (i), (ii) and (iii)

Ans - b

Small (Service) Enterprises are enterprises engaged in providing / rendering of services and whose investment in equipment (original cost excluding Land and Building and furniture, fittings and other items not directly related to the service rendered. does not exceed

- a. Rs. 1 crore
b. Rs. 2 crore
c. Rs. 2.5 crore
d. Rs. 5 crore

Ans - b

Which of the following is/are part of agriculture infrastructure as per PS guidelines? (i) Loans for construction of storage facilities to store agriculture produce/products, (ii) Soil conservation and watershed development, (iii) Plant tissue culture and agri-biotechnology, seed production, production of biopesticides, bio-fertilizer, and vermi composting

- a. Only (i) and (ii)
b. Only (i) and (iii)
c. Only (ii) and (iii)
d. (i), (ii) and (iii)

Ans - d

Which of the following is not part of agricultural advance?

- a. Loans for setting up of Agriclincs and Agribusiness Centres
b. Bank loans to Primary Agricultural Credit Societies (PACS), Farmers' Service Societies (FSS) and Large-sized Adivasi Multi-Purpose Societies (LAMPS) for on-lending to agriculture
c. Loans sanctioned by banks to MFIs for on-lending to agriculture sector
d. Outstanding deposits under SEDF and other eligible funds with SIDBI on account of priority sector shortfall

Ans - d

Loans to co-operative societies of farmers for disposing of the produce of members will be part of agriculture provided loan is up to Rs.

- a. Rs 1 crore
- b. Rs 2 crore
- c. Rs 5 crore
- d. Rs 10 crore

Ans - c

Loan for Food and Agro-processing will be part of Agricultural advance provided sanctioned limit from the banking system is up to per borrower

- a. Rs 10 crore
- b. Rs 20 crore
- c. Rs 50 crore
- d. Rs 100 crore

Ans - d

Farmers with landholding of up to are considered as Marginal Farmers and farmers with a landholding upto are considered as Small Farmers

- a. 1 hectare, 2 hectares
- b. 2.5 hectare, 5 hectare
- c. 1 hectare, 2.5 hectare
- d. 5 hectare, 10 hectare

Ans - a

Loans to farmers' producer companies of individual farmers, and co-operatives of farmers directly engaged in Agriculture and Allied Activities, is classified as Small and Marginal farmer where the membership of Small and Marginal Farmers is not less than by number and whose land-holding share is also not less than of the total land-holding

- a. 50% ; 50%
- b. 50% ; 75%
- c. 75% ; 75%
- d. 75% ; 50%

Ans - c

For which of the following category of beneficiaries, targets have been set up under PMEGP?

- a. SC/ST
- b. Women
- c. physically handicapped
- d. None of these

Ans - d

Identification of beneficiaries under PMEGP will be done at the district level by a Task Force consisting of representatives from (i) KVIC/State KVIB, (ii) State DICs, (iii) Banks

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - a

Loans for housing projects exclusively for the purpose of construction of houses for economically weaker sections and low income groups, will be part of priority sector provide the total cost of the house does not exceed per dwelling unit

- a. Rs 1 lakh
- b. Rs 2 lakh
- c. Rs 5 lakh
- d. Rs 10 lakh

Ans - d

Loans for housing projects exclusively for the purpose of construction of houses for economically weaker sections and low income groups, the total cost of which does not exceed Rs 10 lakh per dwelling unit for the purpose of identifying the economically weaker sections and low income groups, the annual family income should not be more than

- a. Rs 50,000 in rural areas and Rs 100,000 in other areas
- b. Rs 100,000 in rural area and Rs 200,000 in other areas
- c. Rs 160,000 irrespective of location
- d. Rs 200,000 irrespective of location

Ans - d

Bank loans for building social infrastructure for activities namely schools, health care facilities, drinking water facilities and sanitation facilities in Tier II to Tier VI centres will be part of priority sector provided loan is up to per borrower

- a. Rs 5 crore
- b. Rs 1 crore
- c. Rs 2 crore
- d. Rs 10 crore

Ans - a

Bank loans to borrowers for purposes like solar based power generators, biomass based power generators, wind mills, micro-hydel plants and for non-conventional energy based public utilities viz. street lighting systems, and remote village electrification will be part of priority sector provided loan amount is up to

- a. Rs 5 crore
- b. Rs 10 crore
- c. Rs 15 crore
- d. Rs 20 crore

Ans - c

Loans to distressed persons other than farmers to prepay their debt to non-institutional lenders will be treated as other priority sector provided loan per borrower is limited up to

- a. Rs 25000
- b. Rs 50,000
- c. Rs 100,000
- d. Rs 200,000

Ans - c

Bank loan to Medium service Enterprises will be part of priority sector provided the loan is up to

- a. Rs 2 crore
- b. Rs 5 crore
- c. Rs 10 crore
- d. Rs 20 crore

Ans - c

Overdrafts upto Rs 5,000/- under Pradhan Mantri JanDhanYojana (PMJDY) accounts will be classified as other priority sector provided the borrowers household annual income does not exceed for rural areas and for non-rural areas

- a. Rs 60,000; Rs 120,000
- b. Rs 80,000; Rs 160,000
- c. Rs 100,000; Rs 1,60,000
- d. Rs 100,000; Rs 200,000

Ans - c

Credit outstanding under General Credit Cards (including Artisan Credit Card, Laghu Udyami Card, Swaroggar Credit Card, and Weaver's Card etc. catering to the non-farm entrepreneurial credit needs of individuals) will be part of advance to Micro and Small enterprises provided the loan is up to

- a. Rs 50,000
- b. Rs 500,000
- c. Rs 10,00,000
- d. None of these

Ans - d

Bank loans to Micro and Small Enterprises (MSE) engaged in providing or rendering of services will be eligible for classification as direct finance to MSE Sector under priority sector up to an aggregate loan limit of Rs. cr per borrower / unit provided they satisfy the investment criteria for equipment as defined underMSMED Act, 2006

- a. 2
- b. 5
- c. 7.5
- d. 10

Ans - b

Bank loans to any Governmental agency for construction of dwelling units or for slum clearance and rehabilitation of slum dwellers will be treated as priority sector provided the amount of loan does not exceed per dwelling unit

- a. Rs. 5 lac
- b. Rs. 10 lac
- c. Rs. 15 lac

d. Rs. 20 lac

Ans - b

As per the revised guidelines, bank loans up to a limit of Rs. cr per borrower for building social infrastructure for activities namely schools, health care facilities, drinking water and sanitation facilities in Tier II to Tier VI centres

- a. 3
- b. 5
- c. 8
- d. 10

Ans - b

Bank loans up to a limit of Rs. crore to borrowers for purposes like solar based power generators, biomass based power generators, wind mills, micro-hydel plants and for non-conventional energy based public utilities viz. street lighting systems, and remote village electrification. For individual households, the loan limit will be Rs. lakh per borrower

- a. 10 ; 5
- b. 15 ; 10
- c. 20 ; 15
- d. 25 ; 15

Ans - b

As per the revised guidelines, loans to Corporate farmers, farmers' producer organizations / companies of individual farmers, partnership firms and co-operatives of farmers directly engaged in Agriculture and Allied Activities, viz., dairy, fishery, animal husbandry, poultry, bee-keeping, sericulture upto an aggregate limit of Rs. cr per borrower

- a. 2
- b. 3
- c. 5
- d. 10

Ans - a

The Reserve Bank has revised Priority Sector lending guidelines w.e.f. 23-4-2015, on the basis of Internal Working Group headed by

- a. Mr. Lily Vadera
- b. Mr. M.V. Nair
- c. Dr. Urjit Patel
- d. Mr. C.S. Murthy committee

Ans - a

As per the revised guidelines, the distinction between direct and indirect agriculture has been dispensed with. Instead, the lending to agriculture sector has been redefined to include three categories. Which of the following is not part of the categories?

- a. Farm Credit (which will include short-term crop loans and medium / long-term credit to farmers)
- b. Agriculture Infrastructure
- c. Ancillary Activities
- d. Non Farm Credit

Ans - d

As per the revised guidelines, the Export target for foreign banks with 20 branches and above, would be classified as priority sector to the extent of incremental export credit over corresponding date of the preceding year, up to percent of ANBC or CEOBE, whichever is higher, effective from April 1,

- a. 2; 2016
- b. 2; 2017
- c. 5; 2016
- d. 5; 2017

Ans - b

To be eligible for loan under PMEGP, minimum qualification required is class pass in case project cost is above Rs 10 lakh in the manufacturing sector and above Rs. 5 lakh in the business or service sector

- a. 8 th
- b. 9 th
- c. 5 th
- d. 7 th

Ans - a

Village Industry under PMEGP, means a unit located in the rural area which produces any goods or renders any service with or without the use of power and in which the fixed capital investment per head of a full time artisan or worker does not exceed (i) Rs. 1 lakh in plain areas, (ii) Rs.1.50 lakh in hilly areas, (iii) Rs 2 lac in North East

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - a

As per the revised guidelines, the Export target for foreign banks with less than 20 branches will be allowed up to % of ANBC or CEOBE whichever is higher

- a. 12
- b. 20
- c. 32
- d. 40

Ans - c

As per the revised guidelines, loans to individuals for educational purposes including vocational courses upto Rs. lakh irrespective of the sanctioned amount will be considered as eligible for priority sector

- a. 10
- b. 15
- c. 20
- d. 25

Ans - a

Artisans, village and cottage industries are classified as weaker section provided individual credit limits do not exceed

- a. Rs. 50,000
- b. Rs. 1.00 lac
- c. Rs. 2.00 lacs
- d. Rs. 5.00 lacs

Ans – b

Bank loan to Micro, Small and Medium manufacturing Enterprises will be part of priority sector provided the loan is up to

- a. Rs 5 crore
- b. Rs 10 crore
- c. Rs 20 crore
- d. Irrespective of amount of loan

Ans - d

Bank loan to Micro and Small service Enterprises will be part of priority sector provided the loan is up to

- a. Rs 2 crore
- b. Rs 5 crore
- c. Rs 10 crore
- d. Rs 20 crore

Ans - b

As per the revised guidelines issued by RBI which are operational w.e.f April 23, 2015, there are 8 categories under Priority Sector. Which of the following pair is not part of the category?

- a. Agriculture; Micro, Small and Medium Entt
- b. Export Credit; Education; Housing
- c. Social Infrastructure; Renewable Energy; Others.
- d. Agriculture Infrastructure; Retail trade; Financial inclusion.

Ans - d

As housing loans which are backed by long term bonds are exempted from ANBC, banks should either include such housing loans to individuals up to Rs. lakh in metropolitan centres and Rs. lakh in other centres under priority sector or take benefit of exemption from ANBC, but not both

- a. 30; 20
- b. 25; 30
- c. 28; 20
- d. 28; 25

Ans - c

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PMEGP is applicable in which of the following areas?

- a. Rural only
- b. urban areas only
- c. Both Rural and urban areas
- d. None of these

Ans - c

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Bank credit to MFIs extended for on-lending to individuals and also to members of SHGs / JLGs will be eligible for categorisation as priority sector advance under respective categories viz., Agriculture, Micro, Small and Medium Enterprises, and 'Others', as indirect finance, provided not less than percent of total assets of MFI (other than cash, balances with banks and financial institutions, government securities and money market instruments) are in the nature of "qualifying assets". In addition, aggregate amount of loan, extended for income generating activity, should be not less than percent of the total loans given by MFIs

- a. 75 ; 50
- b. 80 ; 50
- c. 85 ; 50
- d. 90 ; 60

Ans - c

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As per the revised guidelines, under Agriculture Infrastructure, loans for construction of storage facilities (warehouses, market yards, godowns and silos) including cold storage units / cold storage chains designed to store agriculture produce / products, irrespective of their location, Soil conservation and watershed development; Plant tissue culture and agri-biotechnology, seed production, production of biopesticides, bio-fertilizer, and vermi composting - an aggregate sanctioned limit of Rs. crore per borrower from the banking system, will apply.

- a. 100
- b. 70
- c. 50
- d. 25

Ans - a

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Under PMEGP, the borrower is required to contribute % of project cost as margin money

- a. 5% for special category and 10% for general category
-

- b. 10% for special category and 5% for general category
c. 5% for special category as well as general category
d. 10% for special category as well as general category

Ans - a

Loans for repairs to damaged dwelling units of families up to Rs. lakh in metropolitan centres and up to Rs. lakh in other centres are eligible to be covered under priority sector

- a. 3; 1
b. 5; 2
c. 5; 3
d. 7.5; 5

Ans - b

All loans to units in the Khadi and Village Industries Sector (KVI) will be eligible for classification under the sub-target of percent / percent prescribed for Micro Enterprises under priority sector

- a. 5 ; 7
b. 5 ; 10
c. 7 ; 7.5
d. 7.5 ; 10

Ans - c

As per the revised guidelines, the Export target for domestic banks, would be classified as priority sector to the extent of incremental export credit over corresponding date of the preceding year, up to % of ANBC or CEOBE, whichever is higher, effective from April 1, 2015 subject to a sanctioned limit of Rs. crore per borrower to units having turnover of up to Rs. crore

- a. 2;50;75
b. 2;25;100
c. 2;50;105
d. 5;50;100

Ans - b

A "qualifying asset" shall mean a loan disbursed by MFI, which satisfies the stipulated criteria. Which of the following is/are part of the criteria? (i) The loan is to be extended to a borrower whose household

annual income in rural areas does not exceed Rs.1,00,000/ while for nonrural areas it should not exceed Rs.1,60,000/-, (ii) Loan does not exceed Rs.60,000/- in the first cycle and Rs. 100,000/- in the subsequent cycles, (iii) Total indebtedness of the borrower does not exceed Rs. 1,00,000/-

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

For bank credit to Micro Finance Institutions, interest cap on individual loans will be the average Base Rate of five largest commercial banks by assets multiplied by per annum or cost of funds plus margin cap, whichever is less. The average of the Base Rate shall be advised by RBI. Further, only three components are to be included in pricing of loans viz., namely a processing fee not exceeding 1 percent of the gross loan amount; the interest charge and the insurance premium

- a. 2.50
- b. 2.75
- c. 3.0
- d. 3.5

Ans - b

For bank credit to Micro Finance Institutions the margin cap should not exceed % for MFIs having loan portfolio exceeding Rs. crore and percent for others

- a. 10;50;10
- b. 10;100;12
- c. 10;100;15
- d. 15;100;20

Ans - b

Loans upto Rs. crore to Producer Companies set up exclusively by only small and marginal farmers under Part IXA of Companies Act, 1956 for agricultural and allied activities is covered under Indirect finance to agriculture

- a. 2
- b. 5
- c. 7.5

d. 10

Ans - b

Which of the following is not correct regarding PMEGP scheme?

- a. Both existing and new projects are eligible
- b. Only one person from one family is eligible
- c. Family includes beneficiary and spouse
- d. No concession in interest rate

Ans - a

Under revised Priority sector guidelines, loans up to Rs. crore can be sanctioned to Co-operative societies of farmers for disposing of the produce of members

- a. 2
- b. 5
- c. 7.5
- d. 10

Ans - b

As per revised Priority sector guidelines, loans to individuals can be sanctioned up to Rs. lakh in metropolitan centres with population above ten lakh and Rs. lakh in other centres for purchase / construction of a dwelling unit per family excluding loans sanctioned to bank's own employees

- a. 25;10
- b. 28;35
- c. 28;10
- d. 28;20

Ans - d

RBI has issued guidelines as per which loans for repairs to the damaged dwelling units of families can be sanctioned up to Rs. lakh in rural and semi-urban areas and up to Rs. lakh in urban and metropolitan areas

- a. 1;3
- b. 2;3

- c. 2;5
d. 3;5

Ans - c

Micro (Manufacturing) Enterprises are those having original investment in plant and machinery up to

- a. Rs. 25 lakh
b. Rs. 30 lakh
c. Rs. 35 lacs
d. Rs. 40 lacs

Ans - a

Under Priority sector, the loans can sanctioned by banks up to Rs. for solar based power generators, biomass based power generators, wind mills, micro-hydel plants and for non-conventional energy based public utilizes viz. street lighting systems, and remote village electrification

- a. Rs. 1 cr
b. Rs. 5 cr
c. Rs. 15 cr
d. Rs. 20 cr

Ans - c

Loans for Food and Agro-processing up to an aggregate sanctioned limit of Rs. crore per borrower from the banking system

- a. 25
b. 50
c. 75
d. 100

Ans - d

Individual Women beneficiary up to per borrower is covered under weaker section

- a. Rs. 1 lakh
b. Rs. 2 lakh

- c. Rs. 3 lakh
d. Rs. 5 lakh

Ans - a

The loans sanctioned by banks for housing projects exclusively for the purpose of construction of houses for economically weaker sections and low income groups, the total cost of which does not exceed Rs. lakh per dwelling unit. For the purpose of identifying the economically weaker sections and low income groups, the family income limit of Rs. lakh per annum, irrespective of the location, is prescribed

- a. 5 ; 1
b. 10 ; 2
c. 15 ; 5
d. 20 ; 10

Ans - b

The eligibility under priority sector loans to HFCs is restricted to percent of the individual bank's total priority sector lending, on an ongoing basis. The maturity of bank loans should be co-terminus with average maturity of loans extended by HFCs. Banks should maintain necessary borrower-wise details of the underlying portfolio

- a. Five
b. Ten
c. Fifteen
d. Twenty

Ans - a

Loans to distressed persons other than farmers already included not exceeding per borrower to repay their debt to non institutional lenders

- a. Rs.100,000
b. Rs.200,000
c. Rs.300,000
d. Rs.400,000

Ans - a

Foreign Banks with less than 20 Branches to achieve percent of ANBC or Credit Equivalent Amount of Off-Balance Sheet Exposure, whichever is higher to be achieved in a phased manner by

- a. 40 ; 2020
- b. 32 ; 2020
- c. 40 ; 2022
- d. 32 ; 2022

Ans - a

As per the revised guidelines Agriculture target for Scheduled Commercial Banks is % of ANBC or CEBOE whichever is higher.

- a. 12
- b. 15
- c. 18
- d. 20

Ans - c

Rate of subsidy available under PMEGP is (i) General category borrowers: 15% of project cost in urban areas and 25% in rural areas, (ii) Special category borrowers: 25% of project cost in urban areas and 35% in rural areas, (iii) 15% in rural areas and 25% in urban areas for general category borrowers,

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - a

The Total Priority Sector target of 40% for foreign banks with less than branches has to be achieved in a phased manner as under 2015-16 -32%; 2016-17 -34%; 2017 18 -36%; 2018-19 -38%; 2019-20 - 40%

- a. 15
- b. 18
- c. 20
- d. 22

Ans - c

As per revised Priority sector guidelines, loans, not exceeding Rs. per borrower can be sanctioned directly by banks to individuals and their SHG/JLG, provided the borrower's household annual income in rural areas does not exceed Rs. and for non-rural areas it should not exceed Rs.

- a. 50,000; 1,00,000; 1,60,000
- b. 1 lac; 1,00,000; 1,60,000
- c. 2 lac; 60,000; 1,00,000
- d. 2 lac; 1,00,000; 1,60,000

Ans - a

The amount of education loan that can be classified as priority sector is restricted to

- a. Education in India Rs.10 and education abroad Rs. 10 lac
- b. Education in India Rs.20 and education abroad Rs. 10 lac
- c. Education in India Rs.10 and education abroad Rs. 20 lac
- d. Education in India Rs.20 and education abroad Rs. 20 lac

Ans - a

Loans to distressed persons can be granted for amount not exceeding Rs. per borrower to prepay their debt to non institutional lenders

- a. 50,000
- b. 75,000
- c. 1 lac
- d. 2 lac

Ans - c

Farmers with landholding of up to 1 hectare is considered as Farmers with a landholding of more than 1 hectare but less than 2 hectares are considered as

- a. Ultra Small Farmers; Micro Farmers
- b. Oral Lessees; Ultra Small Farmers
- c. Micro Farmers; Share croppers
- d. Marginal Farmers; Small Farmers

Ans - d

As per RBI guidelines, the banks should not insist for collateral security from Micro & Small (Mfg) with good track record units upto Rs. lacs

- a. Two
- b. Five
- c. Ten
- d. Twenty five

Ans - d

Priority Sector targets are linked to a. adjusted net bank credit b. credit equivalent of off-balance sheet exposure c. whichever is lower d. whichever is higher.

- a. Only a
- b. a and b both
- c. a, b and c together
- d. a, b and d together

Ans - d

Inter Bank Participation Certificates (IBPCs) bought by banks, on a are eligible for classification under respective categories of priority sector, provided the underlying assets are eligible to be categorized under the respective categories of priority sector and the banks fulfil the Reserve Bank of India guidelines on IBPCs

- a. Risk sharing basis
- b. Credit basis
- c. Profit sharing basis
- d. None of these

Ans - a

Priority sector loans to Artisans, village and cottage industries where individual credit limits do not exceed Rs. are covered under weaker section

- a. 50,000
- b. 1 lac
- c. 1.25 lac
- d. 1.50 lac

Ans - b

Under PMEGP, the repayment period can be after moratorium period as per bank discretion

- a. 3 to 5 year
- b. 3 to 7 year
- c. 5 to 7 year
- d. 5 to 9 year

Ans - b

Overdrafts upto Rs. under Pradhan Mantri JanDhan Yojana (PMJDY) accounts, provided the borrowers' household annual income does not exceed Rs. for rural areas and Rs. for non-rural areas

- a. 5,000/-; 100,000/-; 1,60,000
- b. 10,000/-; 100,000/-; 1,60,000
- c. 5,000/-; 100,000/-; 1,80,000
- d. 5,000/-; 100,000/-; 1,80,000

Ans - a

You have sanctioned CC (Hyp) limit of Rs.3 lac to a Private Retail trader. The same to be classified under

- a. Private retail trade under non priority sector
- b. Private retail trade under priority sector
- c. mall and Micro services under priority sector
- d. Discretion of the bank

Ans - c

With respect to Joint Liability Group (JLG), which of the following is correct? (i) The group size is 4-10 people, (ii) The members may be availing loan singly/jointly, (iii) The maximum credit facility to a member is Rs.50,000/- and to the Group is Rs.5,00,000/-

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

As per Weaver Card Scheme, what is the maximum amount of loan that can be granted to a beneficiary?

- a. Rs.50,000
- b. Rs.1,00,000
- c. Rs.2,00,000
- d. Rs.5,00,000

Ans - c

Under PMEGP Scheme what is margin requirement for General and Special category beneficiaries?

- a. Gen - 15%, Spl - 5%
- b. Gen - 5%, Spl - 5%
- c. Gen - 10%, Spl - 5%
- d. Gen - 10%, Spl - 10%

Ans - c

As per revised guidelines, loans to individual women beneficiaries upto Rs. per borrower is covered under weaker section

- a. 25,000
- b. 50,000
- c. 1,00,000
- d. 2,00,000

Ans - c

Swarnjayanti Gram Swarozgar Yojana (SGSY), has been renamed as

- a. National Gram Swarozgar Yojana (NGSY)
- b. Swarnjayanti Rural Livelihood Mission (SRLM)
- c. National Rural Livelihood Mission (NRLM)
- d. National Rural Mission Yojana (NRM)

Ans - c

When Business Correspondent has to update Current Account, Saving Fund account?

- a. Next working day

- b. Within 2 days
c. Within 5 days
d. Within 7 days

Ans - a

.....

Under NRLM scheme, the second dose of loan will be repaid in months

- a. 6-12
b. 12-24
c. 12-36
d. 24-36

Ans - b

.....

Pursuant to the Government of India extending the scheme of 1% interest subvention to housing loans up to Rs. lakh where the cost of the house does not exceed Rs. lakh

- a. 5 ; 15
b. 10 ; 15
c. 15 ; 25
d. 20 ; 30

Ans - c

.....

To be eligible for assistance under PMEGP, family income of the applicant should not exceed

- a. Rs. 24,000 p.a.
b. Rs. 30,000 p.a.
c. Rs. 40,000 p.a.
d. No limit

Ans - d

.....

Under NRLM scheme, the second dose covers times of existing corpus and proposed saving during the next twelve months or Rs. whichever is higher

- a. 1-5, 50,000
b. 2-10, 1 lac
c. 5-10, 1 lac

d. 10-20, 5 lac

Ans - c

Under National Rural Livelihood Mission (NRLM) scheme a women's self help group consisting of members, coming together on the basis of mutual affinity is the primary building block of the NRLM community institutional design. In case of special SHGs i.e. groups in the difficult areas, groups with disabled persons, and groups formed in remote tribal areas, this number may be a minimum of persons. The mission will provide a continuous hand-holding support to the institutions of poor for a period ofyears till they come out of abject poverty

- a. 5-10; 3; 5-5
- b. 7-10; 5; 3-8
- c. 10-15; 5; 5-7
- d. 15-20; 10; 7-10

Ans - c

NRLM would provide a Revolving Fund (RF) support to SHGs in existence for a minimum period of months. Only such SHGs that have not received any RF earlier will be provided with RF, as corpus, with a minimum of Rs. and up to a maximum of Rs. per SHG

- a. 1 to 5; 5,000; 10,000
- b. 3 to 6; 10,000; 15,000
- c. 5 to 7; 12,000; 20,000
- d. 7 to 10; 15,000; 25,000

Ans - b

Under Janashree Bima Yojana, in addition to the insurance cover, a scholarship of Rs. per quarter per child for the education of two children from 9th to 12th Standard is also provided under the Shiksha Sahyog Yojana

- a. 200
- b. 300
- c. 500
- d. 600

Ans - b

State level bankers' committees (SLBCs) mandated to prepare a roadmap covering all unbanked villages of population less than and notionally allot these villages to banks for providing banking services, in a time-bound manner. While preparing the roadmap for providing banking services in all unbanked villages with population of less than 2000 through a combination of banking correspondent (Bc. and branches, it should be ensured that there is a brick and mortar branch to provide support to a cluster of BC units, i.e., about 8-10 BC units, at a reasonable distance of 3-4 kilometres

- a. 1000
- b. 1500
- c. 2000
- d. 2500

Ans - c

Adjusted net bank credit (ANBc. is calculated as

- a. Bank credit in India - Bills rediscounted with RBI or other approved FIs + investment in non-SLR bonds in HTM categories - investments eligible to be treated as priority sector
- b. Bank credit in India minus bills rediscounted with RBI and other approved financial institutions = net bank credit + bonds / debentures in HTM categories + other Investments eligible to be treated as priority sector + Outstanding Deposits under RIDF and other eligible funds with NABARD, NHB and SIDBI on account of priority sector shortfall + outstanding PSLCs (-) issuance of long-term bonds for infrastructure and affordable housing (-) eligible advances in India against the incremental FCNR b. / NRE deposits, qualifying for exemption from CRR / SLR requirements
- c. Bank Credit in India minus bills rediscounted with RBI or other approved FIs + Investment in non-SLR bonds in HTM categories minus investments eligible to be treated as Priority Sector (-) eligible advances in India against the incremental FCNR b. / NRE deposits, qualifying for exemption from CRR / SLR requirements
- d. Bank credit in India minus bills rediscounted with RBI or other approved FIs minus investment in non-SLR bonds in HTM categories + investments eligible to be treated as priority sector + Outstanding Deposits under RIDF and other eligible funds with NABARD, NHB and SIDBI on account of priority sector shortfall + outstanding PSLCs

Ans - b

Which of the following statement is correct?

- a. Bank loans to only Micro and Small Enterprises, for both manufacturing and service sectors are eligible to be classified under the priority sector
- b. Bank loans to Micro, Small and Medium Enterprises, for both manufacturing and service sectors are eligible to be classified under the priority sector

-
- c. Bank loans to Micro, Small & Medium Enterprises, for only manufacturing sector is eligible to be classified under the PS
 - d. Bank loans to Micro and Small Enterprises, for manufacturing sector only is eligible to be classified under the priority sector

Ans - b

.....

Which of the following has/have been included as part of priority sector? (i) Medium enterprises, (ii) Social Infrastructure, (iii) Renewable Energy

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

.....

Under PMEGP, % of the margin money (subsidy) should go to projects in rural areas

- a. 25%
- b. 40%
- c. 30%
- d. 50%

Ans - d

.....

As per the revised guidelines, Bank loans up to Rs. crore per unit to Micro and Small Services Enterprises and Rs. crore to Medium Service Enterprises engaged in providing or rendering of services and defined in terms of investment in equipment under MSMED Act, 2006

- a. 3 ; 5
- b. 5 ; 10
- c. 7.5 ; 15
- d. 10 ; 20

Ans - b

.....

Micro (Service) Enterprises is defined as enterprise having investment in equipment up to

- a. Rs. 10 lakh

.....

- b. Rs 5 lakh
c. Rs 3 lakh
d. Rs 2 lacs

Ans - a

Which of the following statement regarding Rural Infrastructure Development Fund (RIDF) is not correct?

- a. Domestic banks deposit short fall in priority sector lending targets, or weaker section lending or agriculture lending in RIDF
b. RIDF corpus is estimated annually
c. Interest is Bank Rate less 2% to 4% and period of deposit for RDIF is determined by RBI
d. Amount deposited in RIDF by banks is not eligible investment for priority sector classification

Ans - d

Domestic SCBs having shortfall in lending to Priority sector and / or Agriculture sector target will be allocated amounts for contribution to established with NABARD

- a. RIDF
b. SEDF
c. NEF
d. Any of the above

Ans - a

Bank loans up to Rs. per unit to Micro and Small Enterprises engaged in providing or rendering of services and defined in terms of investment in equipment under MSMED Act, 2006

- a. 150 lac
b. 200 lac
c. 250 lac
d. 500 lac

Ans - d

Priority Sector loan application should be disposed off in the following time schedule

- a. 2 weeks for loan up to Rs.25000 and 5 weeks for loan above Rs.25,000

-
- b. 2 weeks for loan up to Rs.25,000 and 4 weeks for loan above Rs.25,000
 - c. 2 weeks for loan upto Rs.25000 and 8 to 9 weeks for loan above Rs.25000
 - d. At discretion of banks

Ans - d

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Loans for Food and Agro Processing Units are to be classified as

- a. Direct MSE advance
- b. Direct agriculture advance
- c. Agriculture advance
- d. Indirect agriculture advance

Ans - c

.....

To be eligible under PMEGP, the applicant's age should be

- a. not-more than 40 years
- b. not less than 18 years
- c. between 25 to 40 years
- d. abovel 8 years

Ans - d

.....

As per April 15 guidelines on Priority Sector, which of the following distinctions have been dispensed with?

- a. Micro and Small Enterprises
- b. Marginal and Small farmers
- c. Direct and indirect agricultural advances
- d. Self Help Group and Joint Liability Group

Ans - c

.....

The target for lending to Micro enterprises has been prescribed as % of ANBC or CEOBE whichever is higher.

- a. 5
- b. 6
- c. 7.5

d. 8

Ans - c

Foreign Banks with less than 20 branches in India are required to achieve priority sector targets and sub-targets for Agriculture and Weaker Sections by

- a. 2018-19
- b. 2019-20
- c. 2020-21
- d. 2015-16

Ans - b

Bank loans to food and agro processing units will form part of

- a. Agriculture
- b. Small Enterprises
- c. Indirect agriculture
- d. Medium enterprises

Ans - a

For domestic commercial banks and foreign banks with 20 or more branches in India, the incremental export credit over corresponding date of the preceding year will be reckoned as priority sector upto % of ANBC or CEOBE, whichever is higher

- a. 1
- b. 2
- c. 5
- d. 10

Ans - b

The priority sector non-achievement will be assessed on average basis at the end of the respective year from 2016-17 onwards

- a. fortnightly
- b. monthly
- c. quarterly

d. half yearly

Ans - c

Which of the following is/are part of Micro, Small and Medium enterprises under priority sector advance? (i) Loans to entities involved in assisting the decentralized sector in the supply of inputs to and marketing of outputs of artisans, village and cottage industries, (ii) Loans to co-operatives of producers in the decentralized sector viz. artisans, village and cottage industries, (iii) Loans sanctioned by banks to MFIs for on-lending to MSME sector

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

Which of the following is not part of agricultural advance?

- a. Crop loans to farmers, which will include traditional/non-traditional plantations and horticulture, and, loans for allied activities
- b. Housing Loan to farmers for their own residence
- c. Medium and long-term loans to farmers for agriculture and allied activities
- d. Loans to farmers for pre and post-harvest activities, viz., spraying, weeding, harvesting, sorting, grading and transporting of their own farm produce

Ans - c

Loans to corporate farmers, farmers' producer organizations/companies of individual farmers, partnership firms and co-operatives of farmers directly engaged in Agriculture and Allied Activities, viz., dairy, fishery, animal husbandry, poultry, bee-keeping and sericulture will be part of priority sector provided loan is up to per borrower

- a. Rs 2 crore
- b. Rs 5 crore
- c. Rs 10 crore
- d. None of these

Ans - a

Lending to agriculture sector has been re-defined to include which of the following? (i) Farm Credit, (ii) Agriculture Infrastructure, (iii) Ancillary activities

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

As per revised guidelines on PS (April 15), loans to farmers up to against pledge/hypothecation of agricultural produce (including warehouse receipts) for a period not exceeding 12 months

- a. Rs 10 lakh
- b. Rs 20 lakh
- c. Rs 50 lakh
- d. Rs 100 lakh

Ans - c

As per revised PS guidelines banks are required to lend 40% of advance to Micro and Small enterprises to units with investment in plant and machinery up to

- a. Rs 2 lakh
- b. Rs 4 lakh
- c. Rs 10 lakh
- d. No such target

Ans - d

The MSME units will continue to enjoy the priority sector lending status up to years after they grow out of the MSME category concerned

- a. one
- b. two
- c. three
- d. four

Ans - c

Loans to individuals for educational purposes including vocational courses in India will be part of Priority sector provided loan is up to

- a. Rs 5 lakh
- b. Rs 10 lakh
- c. Rs 20 lakh
- d. Rs 25 lakh

Ans - b

Loans to individuals for educational purposes for studies abroad will be part of Priority sector provided loan is up to

- a. Rs 5 lakh
- b. Rs 10 lakh
- c. Rs 20 lakh
- d. Rs 25 lakh

Ans - b

A loan of Rs 20 lakh has been sanctioned to an individual for studies in India. How much of it will be part of priority sector?

- a. Rs 5 lakh
- b. Rs 10 lakh
- c. Rs 20 lakh
- d. Rs 25 lakh

Ans - b

Loans for repairs to damaged dwelling units will be part of priority sector provided loan is up to in metropolitan centres and up to in other centres

- a. Rs 2 lakh, Rs 1 lakh
- b. Rs 5 lakh, Rs 2 lakh
- c. Rs 4 lakh; Rs 2 lakh
- d. Rs 10 lakh; Rs 5 lakh

Ans - b

Bank loans to any governmental agency for construction of dwelling units or for slum clearance and rehabilitation of slum dwellers will be part of priority sector provide loan is up to per dwelling unit.

- a. Rs 2 lakh
- b. Rs 5 lakh
- c. Rs 10 lakh
- d. Rs 20 lakh

Ans - c

Loans for construction of storage facilities (warehouses, market yards, godowns and silos including cold storage units/ cold storage chains designed to store agriculture produce/products, irrespective of their location will be part of priority sector provided aggregate sanctioned limit from the banking system is up to Rs. per borrower

- a. Rs 10 crore
- b. Rs 20 crore
- c. Rs 50 crore
- d. Rs 100 crore

Ans - d

ALL THE VERY BEST FOR YOUR EXAMS

SAMPLE QUESTIONS FOR CAIIB RURAL BANKING

Though we had taken enough care to go through the questions, we shall not be responsible for any loss or damage, resulting from any action taken on the basis of the contents. We advise everyone to update yourself with the latest information through RBI website and other authenticated sources. In case you find any incorrect/doubtful information, kindly update us also (along with the source link/reference for the correct information) as lot of questions were shared by many people.

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