Banking & Financial Awareness — Free Study Notes

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RBI and monetary policy, banking history and structure, money and capital markets, government schemes and budget terms — a dedicated section in every bank exam.

Key topics

RBI & Monetary Policy
Repo, reverse repo, CRR, SLR, bank rate, MSF; MPC meets six times a year (bi-monthly).

Banking Structure
Types of banks (PSB, private, RRB, cooperative, small finance, payments), SBI and nationalisation history.

Money & Capital Markets
Primary vs secondary market, T-bills, bonds, stock exchanges SEBI/NSE/BSE roles.

Budget & Economy Terms
Fiscal deficit, revenue deficit, GDP, inflation types, direct vs indirect taxes.

Financial Institutions
NABARD, SIDBI, NHB, EXIM Bank, IRDAI, IMF, World Bank — purpose of each.

Payments & Digital Banking
UPI, NEFT, RTGS, IMPS, BBPS, NBFC rules, banking ombudsman.

Study tips

• Keep a one-page sheet of rates (repo, CRR, SLR) and update it after every MPC meeting.
• Learn each institution by its founding year and purpose.
• Practise 15 banking-awareness questions daily in the last month.

Practice questions with solutions

1. The repo rate is the rate at which:
A) Banks lend to customers B) RBI lends to banks C) Banks lend to RBI D) RBI prints money
Answer: B — Repo rate is the rate at which the RBI lends short-term funds to banks against collateral.

2. Which institution regulates the insurance sector in India?
A) RBI B) SEBI C) IRDAI D) NABARD
Answer: C — The Insurance Regulatory and Development Authority of India (IRDAI) regulates insurance.

3. NABARD was established to:
A) Regulate stock markets B) Support agriculture and rural credit C) Print currency D) Run public-sector banks
Answer: B — NABARD (1982) finances agriculture and rural development.

4. NEFT settles transactions:
A) Instantly, round the clock B) In batches C) Only on bank holidays D) Only for foreign exchange
Answer: B — NEFT settles in batches (half-hourly batches run round the clock); RTGS settles instantly.

5. Treasury bills are issued by:
A) State governments B) The Government of India through RBI C) SEBI D) Commercial banks
Answer: B — T-bills are short-term government securities issued by the Government of India through the RBI.

6. Fiscal deficit means:

A) Exports minus imports B) Total expenditure minus total non-borrowed receipts C) Revenue minus capital D) Inflation minus interest rate

Answer: B — Fiscal deficit = total expenditure − (revenue receipts + non-debt capital receipts), i.e. the government's borrowing need.

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