



Date : 23rd Nov 2023

General Knowledge - NBFCs

English

**Q:1** The Reserve Bank of India introduced a comprehensive regulatory framework for NBFC-MFI on \_\_\_\_\_.

1. 10 December 2015
2. 2 December 2011
3. 8 December 2013
4. 5 December 2012

**Q:2** Capital adequacy ratio for a NBFC – MFI is \_\_\_\_\_.

1. 15% of the aggregate deposits
2. 8% of the aggregate deposits
3. 15% of the aggregate risk weighted assets
4. 11% of the aggregate risk weighted assets

**Q:3** Who is the first woman to lead India's largest NBFC?

1. Pragma Yadav
2. Vanshita Goel
3. Manisha Tanwar
4. Parminder Chopra

**Q:4** Which of the following statement/statements is/are true for NBFC?

1. It is a Non-Banking Financial Company which is registered under the Companies Act, 1956.
2. Deposit Insurance and Credit Guarantee Corporation is not available to depositors of NBFCs, unlike in case of banks.
3. They accept demand deposits and can issue cheques drawn on itself.
4. Both 1, 2 are true

**Q:5** Which type of ATMs are set up and owned by NBFCs?

1. Black Label ATMs
2. Red Label ATMs
3. White Label ATMs
4. Orange Label ATMs

**Q:6** In which of the following act is NBFC registered?

1. RBI Act 1934
2. Banking Regulation Act 1949
3. Negotiable Instrument Act 1881
4. Companies Act 1956

**Q:7** Based on activities, how many categories of Non-Banking Financial Companies (NBFCs) are there?

1. 9
2. 10
3. 11
4. 12

**Q:8** The NBFCs are allowed to accept and renew public deposits for a minimum period of 12 months and a maximum period of \_\_\_\_\_ months.

1. 12 months
2. 40 months
3. 70 months
4. 60 months

**Q:9** What is the main difference between NBFCs and Banks?

1. NBFC cannot issue self-drawn cheques and demand drafts but banks can
2. NBFC can issue self-drawn cheques and demand drafts but banks cannot
3. NBFC provides loan but banks cannot
4. Banks providing bonds but NBFC can't

**Q:10** \_\_\_\_\_ NBFCs are those which have assets of less than INR 500 crore.

1. Deposit taking Non-Banking Financial Companies
2. Infrastructure Finance Company
3. Housing Finance Company
4. Non-systematically Important NBFCs

## Answer Key

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

## Answers and Solutions

**Q:1** The correct answer is **Option 1** i.e. **10 December 2015**

The Reserve Bank of India introduced a comprehensive regulatory framework for Non-Banking Financial Companies - Micro Finance Institutions (NBFC-MFIs) on December 10, 2015. This framework aimed to regulate and oversee microfinance activities provided by NBFCs in order to protect the interests of small borrowers. It introduced guidelines related to interest rates, margins, and other aspects of microfinance lending.

**Q:2** The correct answer is **option 3** i.e. **15% of the aggregate risk weighted assets**

NBFC-MFI is defined as a non-deposit taking NBFC (other than a company licensed under Section 25 of the Indian Companies Act, 1956).

All new NBFC-MFIs shall maintain a capital adequacy ratio consisting of Tier I and Tier II Capital which shall not be less than **15 % of its aggregate risk weighted assets**.

The total of Tier II Capital at any point of time, shall not exceed 100 percent of Tier I Capital.

**Q:3** The correct answer is **option 4** i.e. **Parminder Chopra**.

Parminder Chopra is the first woman to lead India's largest NBFC.

A) The Public Enterprise Selection Board (PESB) has recommended the name of Parminder Chopra to succeed as the next CMD of India's largest NBFC by networth (all reserves), Power Finance Corporation (PFC).

B) Chopra will be the first woman to be appointed as the Chairman and Managing Director (CMD) of the Maharatna company.

**Q:4** The correct answer is **Option 4** i.e. **Both 1, 2 are true**

NBFC cannot accept demand deposits and cannot issue cheques drawn on itself.

**Q:5** The correct answer is **Option 3** i.e. **White Label ATMs**

Automated Teller Machines (ATMs) set up, owned, and operated by non-bank entities are called 'White Label ATMs'.

White Label ATMs are like normal ATMs but the cash deposit or cash acceptance facility is not permitted at the WLA.

**Q:6** The correct answer is **Option 4** i.e. **Companies Act 1956**

Non-Banking Financial Company (NBFC) is a company registered under the Companies Act, 1956 engaged in the business of loans and advances, acquisition of shares/stocks/bonds/debentures/securities issued by Government or local authority or other marketable securities.

**Q:7** The correct answer is **Option 3** i.e. **11**

Types of NBFC based on activities are:

1. Investment and Credit Company (ICC)
2. NBFC-Infrastructure Finance Company (NBFC-IFC)
3. Core Investment Company (CIC)
4. NBFC-Infrastructure Debt Fund (NBFC-IDF)
5. NBFC-Micro Finance Institution (NBFC-MFI)
6. NBFC-Factor
7. NBFC-Non-Operative Financial Holding Company (NBFC-NOFHC)
8. Mortgage Guarantee Company (MGC)
9. NBFC-Account Aggregator (NBFC-AA)
10. NBFC-Peer to Peer Lending Platform (NBFC-P2P)
11. Housing Finance Company (HFC)

**Q:8** The correct answer is **Option 4** i.e. **60 months**

The NBFCs are allowed to accept and renew public deposits for a minimum period of 12 months and a maximum period of 60 months.

**Q:9** The correct answer is **Option 1** i.e. **NBFC cannot issue self-drawn cheques and demand drafts but banks can**

NBFC-Provides Banking Services without holding a Banking License

The bank-Financial institution which provides



Date : 23rd Nov 2023

General Knowledge - NBFCs

English

banking services has a license which is authorized by RBI

All Banking Saving Accounts in all scheduled commercial banks are insured under DICGC.

Reserve Bank of India has been empowered under Banking Regulation Act, 1949 to conduct the inspection of banks and regulate them in the interest of the banking system, banking policy and depositors/public.

Features of NBFCs:

Cannot accept demand deposits.

Not a part of the payment and settlement system

Cannot issue cheques drawn on itself.

NBFC Accounts are not insured under DICGC.

**Q:10** The correct answer is **Option 4** i.e. **Non-systematically Important NBFCs**

Non-systematically Important NBFCs are those which have assets of less than INR 500 crore as of the most recent audited balance sheet.

Systemically important NBFCs are those which have assets worth 500 crores or more as of the most recent audited balance sheet.

NBFCs are governed by RBI and the Ministry of Corporate affairs.

It is incorporated under the Companies Act, 2013.

NBFCs to carry out financial activities after incorporation have to obtain a certificate of registration from RBI.