

**CAIIB**

**Banking Regulations & Business Laws (BRBL)**

**Banking Regulation Act, 1949**

# Banking Regulation Act, 1949

- **Applicable to**

- Banking Companies
- Primary co-operative banks
- State co-operative banks
- Central co-operative banks

- **Not applicable**

- a primary agricultural credit society
- a Co-operative society whose principal business is providing of long-term finance for agricultural development

if such society does not use as part of its name, or in connection with its business, the words bank, banker or banking and does not act as drawee of cheques



# Banking Regulation Act, 1949



भारतीय रिज़र्व बैंक  
RESERVE BANK OF INDIA



- Issue directions to initiate insolvency resolution
- **Annual Financial Inspection (AFI)** of banking companies under Section 35 of the BR Act
- SPARC or Supervisory Programme for Assessment of Risk and Capital is a risk based supervisory mechanism developed by the RBI.
- Depositor Education and Awareness Fund (DEAF)
- Powers to license banks, regulate shareholding and voting rights of shareholders
- Supervise the appointment of the boards and management
- Regulate the operations of banks, Lay down instructions for audits
- Control moratorium, mergers and liquidation





# Banking Regulation Act, 1949

- Provide specific legislation to the business of banking in India
- Prevent bank failures by prescribing minimum capital requirements
- Ensure balanced development and growth of banking companies
- Give specific powers to RBI
- Safeguard the interest of Depositor

# BRBL – CAIIB 2024

## Q. 1

**Which regulatory body is empowered by the Banking Regulation Act to supervise and regulate commercial banks in India?**

- A. Securities and Exchange Board of India (SEBI)
- B. Reserve Bank of India (RBI)
- C. Insurance Regulatory and Development Authority of India (IRDAI)
- D. Ministry of Finance

Answer: Option B



# BRBL – CAIIB 2024

## Q. 2

**Which of the following is not within the powers of the Reserve Bank of India (RBI) under the Banking Regulation Act?**

- A. Issuing licenses for new banks
- B. Monitoring the financial health of banks
- C. Approving mergers and acquisitions of banks
- D. None of the above

Answer: Option D



# BRBL – CAIIB 2024

## Q. 3

**Which of the following is not an objective of Banking Regulation Act?**

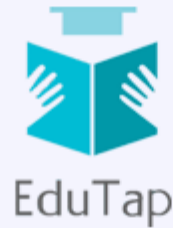
- A. Provide specific legislation to the business of banking in India
- B. Prevent bank failures by prescribing minimum capital requirements
- C. Ensure balanced development and growth of banking companies
- D. Give specific powers to SEBI

Answer: Option D



*Thank  
You!*

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