JAIIB Indian Economy & Indian Financial System

Most Important & Frequently Asked Topics

Based on memory-based recalls from 7 exam cycles: May 2023 to May 2026

45	15	593
topics ranked	Must-do topics	recalled questions analysed

How to use this guide
1. Start with the topic heat map to see what IIBF asks again and again.
2. Cover every **Must-do** topic first, then **High**, then **Medium**.
3. Each topic card gives the key facts, formulas, how it was actually asked, and the common exam trap.
4. Use the last-day revision table on the day before the exam.

Updated to the position as on 30 June 2026 - IIBF's cut-off for exams held August 2026 to January 2027 (guidelines issued up to 30 June apply to August-January exams; up to 31 December for February-July exams). Where a rule changed during 2023-26 the card says so.

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Paper pattern - what the last 7 exams tell us

- No open recall exists for May-2023, so rankings rest on the 6 cycles from Oct-2023 to May-2026 - and 43 of 45 topics still appeared in 4 or more of them: IE&IFS repeats its syllabus very evenly, so skipping whole units is risky.
- Module D (Financial Products & Services) is the heaviest: about 40-48% of recalled items in Jun-2024, May-2025, Nov-2025 and May-2026 - merchant banking, factoring/TReDS, money market, mutual funds, derivatives and PMJJBY/PMSBY/APY recur every cycle.
- Module C swings between cycles (14-31% of items) but NaBFID, RBI/BR Act sections, NBFCs/SBR, microfinance/SHG and Narasimham/EASE/NARCL come back almost every time, mostly as one-line facts or 'which statement is true'.
- Numericals are a steady 8-12 marks: national income (NNP/NDP at factor cost, GVA, GDP deflator), fiscal/primary deficit, money supply (M1/M3, multiplier), MF NAV and insurance claim (average clause), with CAGR/future value added in Nov-2025.
- Recent cycles favour current affairs-type facts: revised MSME limits, PM Vishwakarma, Viksit Bharat, FX-Retail, OSOWOG, NARCL, ombudsman limits - learn the latest figures (repo 5.25%, CRR 3%, SFB PSL 60%, GDP base 2022-23, CPI base 2024) rather than older keys.

Modules

- **A. Indian Economic Architecture** - 10 topics
- **B. Economic Concepts in Banking** - 9 topics
- **C. Indian Financial Architecture** - 11 topics
- **D. Financial Products & Services** - 15 topics

Topic heat map - which topics appeared in which exam

Topic	Mod	May 23	Oct 23	Jun 24	Oct-Nov 24	May 25	Nov 25	May 26	Total	Priority
Monetary policy tools, MPC and LAF corridor	B	·	●	●	●	●	●	●	6/7	Must-do
Social security schemes: PMJJBY, PMSBY, APY, NPS, PPF, PMJDY	D	·	●	●	●	●	●	●	6/7	Must-do
Merchant banking and IPO process	D	·	●	●	●	●	●	●	6/7	Must-do
National income: GDP, NNP, NDP, GVA and GDP deflator	B	·	●	●	●	●	●	●	6/7	Must-do
Mutual funds: structure, categories, NAV, risk-o-meter	D	·	●	●	●	●	●	●	6/7	Must-do
FDI, FPI/FII, greenfield vs brownfield and JVs	A	·	●	●	●	●	●	●	6/7	Must-do
Factoring, forfaiting, TReDS and bill rediscounting	D	·	●	●	●	●	●	●	6/7	Must-do
Derivatives: forwards, futures, options, FRA, CDS	D	·	●	●	●	●	●	●	6/7	Must-do
Financial markets overview, capital market and para banking	D	·	●	●	●	●	●	●	6/7	Must-do
NITI Aayog, economic planning and Viksit Bharat	A	·	●	●	●	●	●	●	6/7	Must-do
International organisations: IMF, World Bank, BRICS, ACU	A	·	●	●	●	●	●	●	6/7	Must-do
Demand and supply, Giffen goods and utility	B	·	●	●	●	●	●	●	6/7	Must-do
Theories of interest, liquidity preference and IS-LM	B	·	●	●	●	●	●	●	6/7	Must-do
NaBFID (infrastructure DFI)	C	·	●	●	●	●	●	●	6/7	Must-do
Business cycles - phases and features	B	·	●	●	●	●	●	●	6/7	Must-do
Banking Regulation Act 1949 - key sections	C	·	●	●	●	●	●	●	6/7	High
Money market instruments: call/notice money, T-Bills, CP, CD, TREPS	D	·	●	●	·	●	●	●	5/7	High
Banking sector reforms and committees (Narasimham, EASE, NARCL)	C	·	●	●	●	·	●	●	5/7	High
Microfinance, NBFC-MFIs and SHGs	C	·	●	●	●	·	●	●	5/7	High
Money supply (M0-M4), money multiplier and velocity	B	·	●	·	●	●	●	●	5/7	High
RBI Act 1934 - establishment, capital and key sections	C	·	●	●	●	·	●	●	5/7	High
NBFCs and the Scale-Based Regulation framework	C	·	●	·	●	●	●	●	5/7	High
Debt market: G-secs, primary dealers, bond theorems, green bonds	D	·	·	●	●	●	●	●	5/7	High
Fiscal policy, deficits, FRBM and Union Budget	B	·	●	●	●	●	●	·	5/7	High
Leasing and hire purchase	D	·	●	●	·	●	●	●	5/7	High
Economic reforms (LPG 1991) and growth phases	A	·	●	●	●	●	·	●	5/7	High
Regulators (SEBI, IRDAI, PFRDA, FEMA) and ombudsman schemes	C	·	●	·	●	●	●	●	5/7	High
Priority sector lending (targets, SFB/RRB targets, PSLC)	A	·	●	●	●	·	●	●	5/7	High
Indian banking structure: RRBs, UCBs, SFBs, LABs, neo banks	C	·	●	●	●	●	●	·	5/7	High
Sectors of the economy and sunrise sector	A	·	●	●	●	●	●	·	5/7	High
Infrastructure: hard/soft infra, Gati Shakti and financing	A	·	●	●	●	·	●	●	5/7	Medium

Topic	Mod	May 23	Oct 23	Jun 24	Oct-Nov 24	May 25	Nov 25	May 26	Total	Priority
Credit rating agencies and credit information companies	D	·	●	●	●	●	●	·	**5/7**	Medium
SDGs, climate change, ESG and OSOWOG	A	·	●	·	●	●	●	·	**4/7**	Medium
MSME classification and MSME schemes	A	·	·	●	●	·	●	●	**4/7**	Medium
Insurance: principles, types, intermediaries and claims	D	·	●	●	·	●	●	·	**4/7**	Medium
Development Financial Institutions (IFCI, ICICI, IDBI, SIDBI, EXIM)	C	·	·	●	●	●	●	·	**4/7**	Medium
Forex market, FX-Retail and alternative reference rates	D	·	·	●	·	●	●	●	**4/7**	Medium
Economics basics: definitions, micro vs macro, factors	B	·	●	●	·	●	●	·	**4/7**	Medium
Inflation and price indices (CPI, WPI)	B	·	·	·	●	●	●	●	**4/7**	Medium
REITs and InvITs	D	·	●	●	·	·	●	●	**4/7**	Medium
Venture capital	D	·	●	●	●	·	●	·	**4/7**	Medium
Foreign trade policy, BoP and GIFT City	A	·	●	●	●	·	●	·	**4/7**	Medium
Bank nationalisation and mergers	C	·	●	·	●	●	·	●	**4/7**	Medium
Companies Act 2013 - CSR and LLP	C	·	·	·	●	·	●	·	**2/7**	Medium
Financial maths: CAGR and future value	D	·	·	·	·	·	●	·	**1/7**	Medium

Must-do topics

The 15 most frequently asked topics across the last 7 exams · 15 topics

Monetary policy tools, MPC and LAF corridor

Must-do

B. Economic Concepts in Banking Asked in 6/7 exams: Oct 23, Jun 24, Oct-Nov 24, May 25, Nov 25, May 26

- CRR 3% of NDTL (cut from 4% in four steps, Sep-Nov 2025; RBI Act s.42); SLR 18% (BR Act s.24).
- LAF corridor: SDF (floor) = repo - 25 bps; MSF (ceiling) = repo + 25 bps = Bank Rate. SDF replaced fixed reverse repo as floor in Apr 2022. Position on 30 Jun 2026: repo 5.25% (cut 125 bps during 2025 from 6.50%; held in Feb, Apr and Jun 2026), SDF 5.00%, MSF = Bank Rate 5.50%; stance neutral.
- MPC (RBI Act s.45ZB): 6 members - 3 RBI (Governor as chair with casting vote, DG, one officer) + 3 external members nominated by GoI for 4 years; quorum 4; meets at least 4 times a year.
- Other tools: OMO (buy/sell G-secs), MSS (sterilisation, 2004), VRR/VRRR auctions, LTRO (1-3 years at repo, minimum bid Rs 1 crore).
- Hawkish stance = inclined to tighten to control inflation; dovish = inclined to ease. MCLR (2016) and EBLR (Oct 2019) govern loan pricing.

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MSF = Bank Rate = Repo + 0.25% ; SDF = Repo - 0.25%
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How it was asked: *MSF and SDF / LAF corridor (Jun-2024, Nov-2025) | MPC ex-officio member (Nov-2025); SLR and CRR matching (Oct/Nov-2024)*

Exam trap: CRR is under RBI Act s.42; SLR under BR Act s.24 - a favourite matching trap.

Social security schemes: PMJJBY, PMSBY, APY, NPS, PPF, PMJDY

Must-do

D. Financial Products & Services Asked in 6/7 exams: Oct 23, Jun 24, Oct-Nov 24, May 25, Nov 25, May 26

- PMJJBY: age 18-50, life cover Rs 2 lakh (any cause), premium Rs 436 p.a. PMSBY: age 18-70, accidental death/total disability Rs 2 lakh (partial Rs 1 lakh), premium Rs 20 p.a.
- APY: entry age 18-40, guaranteed pension Rs 1,000-5,000 per month from 60; regulated by PFRDA; income-tax payers barred since Oct 2022.
- NPS: regulated by PFRDA; NRIs can join; PRAN and EPFO's UAN are 12 digits.
- PPF: 15-year maturity (extendable in 5-year blocks), Rs 500 - Rs 1.5 lakh per year, partial withdrawal from 7th financial year.
- PMJDY: zero-balance account, RuPay accident cover Rs 2 lakh (accounts opened after 28.8.2018), OD up to Rs 10,000. Ayushman Bharat PM-JAY: Rs 5 lakh per family per year; all citizens 70+ covered since 2024.

How it was asked: *PMJJBY age limit and cover; PMSBY age limit (May-2026) | APY entry age 18-40 (May-2025); PPF lock-in 15 years (Oct-2023, Jun-2024, Oct/Nov-2024)*

Exam trap: PMJJBY 18-50 (life, any cause) vs PMSBY 18-70 (accident only) - ages are the trap.

Merchant banking and IPO process

Must-do

D. Financial Products & Services Asked in 6/7 exams: Oct 23, Jun 24, Oct-Nov 24, May 25, Nov 25, May 26

- Merchant bankers are registered with and regulated by SEBI (Merchant Bankers Regulations 1992); fee-based, they do not accept deposits - unlike commercial banks (fund-based).
- Current categories (SEBI amendment, Dec 2024): Category 1 - net worth Rs 50 crore, all permitted activities; Category 2 - net worth Rs 10 crore, all except managing main-board equity issues. Older texts list Categories I-IV (IV = adviser/consultant only) - answer in the frame the question uses.
- Red herring prospectus = offer document without final price/quantity (book building). ASBA = application money stays blocked in the investor's account until allotment.
- Anchor investor: QIB applying for Rs 10 crore or more, up to 60% of the QIB portion. Green shoe option = over-allotment of up to 15% for price stabilisation.
- Hard underwriting = underwriter commits upfront to take up unsubscribed shares; soft underwriting = commitment only after pricing. Rights issue = offer to existing holders at a price; bonus = free shares from reserves.

How it was asked: *Merchant banking vs commercial banking (May-2025, Nov-2025) | Category I / Category IV merchant banker (Jun-2024, Nov-2025); green shoe, anchor investor (Nov-2025)*

Exam trap: New Category 2 cannot manage main-board equity issues; old Category IV = only adviser/consultant.

National income: GDP, NNP, NDP, GVA and GDP deflator

Must-do

B. Economic Concepts in Banking Asked in 6/7 exams: Oct 23, Jun 24, Oct-Nov 24, May 25, Nov 25, May 26

- GDP at market prices = C + I + G + (X - M). GNP = GDP + net factor income from abroad (NFIA).
- NDP = GDP - depreciation; NNP = GNP - depreciation.
- Factor cost = market price - net indirect taxes (indirect taxes - subsidies). NNP at factor cost = National Income.
- GVA at basic prices = GDP - product taxes + product subsidies. Base year of GDP series: 2022-23 (new series released 27 Feb 2026; earlier 2011-12).
- GDP deflator = nominal GDP / real GDP x 100 - covers all goods and services (broader than CPI/WPI).

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NNP(FC) = GDP(MP) + NFIA - Depreciation - (Indirect taxes - Subsidies) ; Deflator =
Nominal/Real x 100
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How it was asked: *Calculate NNP / NDP at factor cost from given data (Oct-2023, May-2025, Nov-2025) | GDP deflator formula (Nov-2025)*

Exam trap: Check whether the data starts from GDP or GNP and whether it is at market price or factor cost.

Mutual funds: structure, categories, NAV, risk-o-meter

Must-do

D. Financial Products & Services Asked in 6/7 exams: Oct 23, Jun 24, Oct-Nov 24, May 25, Nov 25, May 26

- Regulator: SEBI (MF Regulations 1996). Structure: sponsor -> trust/trustees -> AMC -> custodian. UTI (1963) was the first MF.
- SEBI categories: large cap = top 100 stocks by market cap (min 80% in large caps); mid cap = 101-250; small cap = 251 onward; multi-cap = min 25% each in large, mid and small.
- Multi-asset allocation fund: at least 3 asset classes, min 10% in each. Fund of funds invests in other MF schemes. ELSS lock-in 3 years.
- Risk-o-meter (SEBI): 6 levels - Low, Low to Moderate, Moderate, Moderately High, High, Very High.
- NAV is calculated per unit after deducting liabilities and expenses.
- SEBI recategorisation circular (26 Feb 2026): the solution-oriented category (children's and retirement funds) is discontinued; AMCs get 6 months to align existing schemes.

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NAV = (Market value of investments + Receivables + Accrued income - Liabilities - Accrued expenses) / Units outstanding
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How it was asked: *Mutual fund NAV numerical (Oct/Nov-2024, Nov-2025) | Mutual fund regulator - SEBI (Jun-2024, May-2026); large cap is which scheme (Nov-2025)*

FDI, FPI/FII, greenfield vs brownfield and JVs

Must-do

A. Indian Economic Architecture Asked in 6/7 exams: Oct 23, Jun 24, Oct-Nov 24, May 25, Nov 25, May 26

- Greenfield = new project built from scratch; brownfield = acquiring/leasing existing facilities.
- Automatic route = no prior government approval; government route = approval needed. Some sectors are prohibited (e.g. lottery, gambling, atomic energy, real estate business).
- FDI cap: private sector banks 74% (49% automatic, beyond via government route); PSBs 20%.
- Insurance FDI: 100% under the automatic route after the Sabka Bima Sabki Raksha (Amendment of Insurance Laws) Act, Dec 2025 (FDI policy notified 2026); LIC stays capped at 20%. Earlier 74% (2021).
- FDI = long-term, controlling stake (10% or more); FPI/FII = portfolio, below 10%, volatile ('hot money').

How it was asked: *FDI limit in private sector banks (Jun-2024, Nov-2025) | Greenfield investment definition (May-2026); which is NOT eligible for automatic route (Nov-2025)*

Exam trap: Hot money = short-term portfolio flows, not FDI.

Factoring, forfaiting, TReDS and bill rediscounting

Must-do

D. Financial Products & Services Asked in 6/7 exams: Oct 23, Jun 24, Oct-Nov 24, May 25, Nov 25, May 26

- Factoring: short-term (usually up to 180 days) purchase of trade receivables; with or without recourse; advance typically 75-90% of invoice; governed by Factoring Regulation Act 2011, factors registered with RBI.
- Types: recourse/non-recourse, disclosed/undisclosed, domestic/export; two-factor = export factor + import factor.
- Forfaiting: export receivables, medium term, always without recourse, 100% of value, usually backed by an aval/bank guarantee.
- TReDS (RBI 2014): online platform to discount MSME receivables from corporates/PSUs/government, without recourse to MSMEs; minimum paid-up capital Rs 25 crore. Platforms include RXIL, A.TReDS (Invoicemart), M1xchange.
- Bills rediscounting = a bank rediscounts already-discounted bills with another bank/FI to raise short-term funds.

How it was asked: *Factoring vs forfaiting / factoring NOT correct statement (Nov-2025) | TReDS minimum paid-up capital Rs 25 crore (May-2026)*

Exam trap: Forfaiting is always without recourse and for exports; factoring can be with recourse and domestic.

Derivatives: forwards, futures, options, FRA, CDS

Must-do

D. Financial Products & Services Asked in 6/7 exams: Oct 23, Jun 24, Oct-Nov 24, May 25, Nov 25, May 26

- Derivative = contract whose value depends on an underlying (stock, index, rate, currency, commodity). Participants: hedgers, speculators, arbitrageurs.
- Forward: OTC, customised, counterparty risk, settled at maturity. Future: exchange-traded, standardised, daily mark-to-market, clearing corporation guarantee.
- Option: buyer pays a premium for the right (not obligation) - call = right to buy, put = right to sell. European: exercise only on expiry; American: any time up to expiry.
- FRA: OTC contract locking an interest rate for a future period, cash-settled on the difference. CDS: protection buyer pays a premium; seller compensates on a credit event.
- Earliest organised futures market usually cited: Dojima Rice Exchange, Japan (1730); index futures began in India in June 2000.

How it was asked: *Futures vs forward contracts (Nov-2025) | European vs American option; call option (Jun-2024)*

Exam trap: Futures are standardised and exchange-traded; forwards are customised OTC contracts.

Financial markets overview, capital market and para banking

Must-do

D. Financial Products & Services Asked in 6/7 exams: Oct 23, Jun 24, Oct-Nov 24, May 25, Nov 25, May 26

- Money market = up to 1 year; capital market = long-term (equity, bonds). Primary market = new issues; secondary market = trading of existing securities (stock exchanges).
- Auction market: buyers and sellers bid competitively (e.g. stock exchange); dealer/OTC market: trades via dealers.
- Markets are interconnected: repo changes pass to call money, T-Bill and bond yields, then to lending/deposit rates; forex intervention changes rupee liquidity.
- Para banking (through department or subsidiary): leasing, hire purchase, factoring, primary dealership, underwriting, MF, insurance broking/corporate agency, pension fund management, PMS, referral services.
- BSE (1875) is Asia's oldest exchange; NSE (1992) introduced screen-based trading; equity settlement is T+1.

How it was asked: *Financial market types / auction market (Jun-2024) | Para banking services (Nov-2025); interconnectedness of markets (Jun-2024, May-2025)*

NITI Aayog, economic planning and Viksit Bharat

Must-do

A. Indian Economic Architecture Asked in 6/7 exams: Oct 23, Jun 24, Oct-Nov 24, May 25, Nov 25, May 26

- NITI Aayog = National Institution for Transforming India; set up 1 Jan 2015, replacing the Planning Commission (1950).
- Chairperson: Prime Minister; Governing Council includes all CMs and LGs of UTs; works as a policy think tank on cooperative federalism (bottom-up approach).
- Five Year Plans: 1st plan 1951-56 (Harrod-Domar model, agriculture); 12th plan (2012-17) was the last.
- Viksit Bharat @2047: goal of a developed India by the 100th year of independence. Make in India launched Sep 2014 (manufacturing).
- Pre-independence plans: Visvesvaraya (1934), Bombay Plan (1944), Gandhian Plan, People's Plan.

How it was asked: *NITI Aayog full form / functions (May-2025, Oct/Nov-2024) | NITI Aayog vs Planning Commission; Viksit Bharat 2047 (Nov-2025, May-2026)*

International organisations: IMF, World Bank, BRICS, ACU

Must-do

A. Indian Economic Architecture Asked in 6/7 exams: Oct 23, Jun 24, Oct-Nov 24, May 25, Nov 25, May 26

- IMF and World Bank: Bretton Woods conference 1944; HQ Washington DC. IMF does surveillance, BoP lending and capacity building; quota-based voting.
- SDR = IMF reserve asset; basket of 5 currencies: USD, EUR, CNY, JPY, GBP.
- World Bank Group = 5 institutions: IBRD, IDA, IFC, MIGA, ICSID. Countries classified by GNI per capita (Atlas method) - low, lower-middle, upper-middle, high; India is lower-middle income.
- BRICS: Brazil, Russia, India, China + South Africa (2010); expanded from 2024 (Egypt, Ethiopia, Iran, UAE; Indonesia 2025). New Development Bank HQ Shanghai.
- Asian Clearing Union (1974, HQ Tehran): India, Bangladesh, Bhutan, Iran, Maldives, Myanmar, Nepal, Pakistan, Sri Lanka.

How it was asked: *Function of IMF (Nov-2025); IMF structure (May-2026) | World Bank Group institutions - 5 (Oct/Nov-2024); ACU member country (Oct-2023, May-2025)*

Demand and supply, Giffen goods and utility

Must-do

B. Economic Concepts in Banking Asked in 6/7 exams: Oct 23, Jun 24, Oct-Nov 24, May 25, Nov 25, May 26

- Law of demand: price and quantity demanded are inversely related (other things equal). Demand curve: price on Y-axis, quantity on X-axis.
- Exceptions: Giffen goods (inferior staples), Veblen/prestige goods, expectation of further price rise, necessities.
- Supply curve slopes upward; market equilibrium where demand = supply (equilibrium price and quantity).
- Movement along the curve = change in own price; shift of the curve = change in income, tastes, prices of related goods etc.
- Law of Diminishing Marginal Utility: each additional unit consumed gives less additional satisfaction.

How it was asked: *Giffen goods - exception to law of demand (Jun-2024, May-2026) | Demand curve - X and Y axis (Oct-2023); 4-5 demand-supply questions (Oct/Nov-2024)*

Theories of interest, liquidity preference and IS-LM

Must-do

B. Economic Concepts in Banking Asked in 6/7 exams: Oct 23, Jun 24, Oct-Nov 24, May 25, Nov 25, May 26

- Classical theory: interest set by saving (supply) and investment (demand) - real factors. Loanable funds (neo-classical) theory: Wicksell, Ohlin, Robertson.
- Keynes - Liquidity Preference theory (General Theory of Employment, Interest and Money, 1936): interest is the reward for parting with liquidity; motives - transactions, precautionary, speculative.
- Liquidity trap: at very low rates, extra money is simply held; monetary policy becomes ineffective.
- IS-LM (Hicks-Hansen) synthesises both: IS = goods-market equilibrium (downward sloping), LM = money-market equilibrium (upward sloping); intersection gives equilibrium income and interest rate.
- Fiscal expansion shifts IS right; monetary expansion shifts LM right.

How it was asked: *Liquidity preference theory given by (Oct-2023, Jun-2024, May-2026) | LP and classical theories merged by - Hicks-Hansen (Oct-2023); IS-LM curve (May-2025, Nov-2025)*

NaBFID (infrastructure DFI)

Must-do

C. Indian Financial Architecture Asked in 6/7 exams: Oct 23, Jun 24, Oct-Nov 24, May 25, Nov 25, May 26

- Set up under the NaBFID Act 2021 as a DFI for long-term infrastructure financing; HQ Mumbai.
- Authorised capital Rs 1 lakh crore; initial paid-up capital Rs 20,000 crore, 100% GoI-owned initially (government stake may be reduced to 26%).
- Regulated by RBI as an All India Financial Institution (with NABARD, SIDBI, EXIM Bank, NHB).
- Has both developmental and financial objectives; can raise funds via bonds, loans and from multilateral institutions.

How it was asked: *NaBFID - which statement is true (Oct-2023; asked in every cycle with recall) | NaBFID authorised capital (Oct/Nov-2024)*

Exam trap: Authorised Rs 1 lakh crore vs paid-up Rs 20,000 crore.

Business cycles - phases and features

Must-do

B. Economic Concepts in Banking Asked in 6/7 exams: Oct 23, Jun 24, Oct-Nov 24, May 25, Nov 25, May 26

- Phases: expansion/boom -> peak -> recession (contraction) -> depression (trough) -> recovery.
- Boom: high output, employment, demand and rising prices/interest rates.
- Recession: falling output, investment and employment (technical recession = two consecutive quarters of negative GDP growth).
- Depression: prolonged, severe fall - very low demand, high unemployment, falling prices.
- Recovery: demand, investment and employment start rising again.

How it was asked: *Characteristics of a boom economy (Oct-2023) | Sequence of phases / recovery (Jun-2024); recession vs depression features (Oct/Nov-2024)*

High topics

The next 15 most frequently asked topics · 15 topics

Banking Regulation Act 1949 - key sections

High

C. Indian Financial Architecture Asked in 6/7 exams: Oct 23, Jun 24, Oct-Nov 24, May 25, Nov 25, May 26

- Section 22: licensing of banking companies by RBI; Section 24: SLR (up to 40% of NDTL).
- Section 19(2): a bank cannot hold shares in a company beyond 30% of that company's paid-up capital or 30% of its own paid-up capital + reserves, whichever is less.
- Section 5(b) defines banking; s.6 lists permitted businesses; s.35A - RBI power to issue directions.
- Not applicable to primary agricultural credit societies and cooperative land development banks (s.3). 2020 amendment strengthened RBI control over cooperative banks.
- Originally the Banking Companies Act 1949, renamed Banking Regulation Act in 1966.

How it was asked: *SLR under which section of BR Act (Jun-2024, Nov-2025, May-2026) | Section 22 of BR Act - licensing (May-2025)*

Money market instruments: call/notice money, T-Bills, CP, CD, TREPS

High

D. Financial Products & Services Asked in 5/7 exams: Oct 23, Jun 24, May 25, Nov 25, May 26

- Call money: 1 day (overnight); notice money: 2-14 days; term money: 15 days to 1 year. Only banks and PDs can borrow/lend in call money.
- T-Bills: 91, 182 and 364 days; issued at a discount by RBI for GoI; minimum Rs 25,000 and multiples.
- Commercial Paper: issued by companies, NBFCs and AIFIs; 7 days to 1 year; minimum Rs 5 lakh and multiples.
- Certificate of Deposit: issued by banks (7 days-1 year) and AIFIs (1-3 years); minimum Rs 5 lakh and multiples.
- Tri-party repo: a third party (CCIL - TREPS) handles collateral; replaced CBLO in Nov 2018. ICD = unsecured short-term lending between companies.

How it was asked: *CP and CD minimum amount Rs 5 lakh (May-2025, May-2026) | Call money 1 day, notice money 2-14 days; T-Bill tenures (Oct-2023, May-2026)*

Exam trap: Notice money is 2-14 days (not 1-14).

Banking sector reforms and committees (Narasimham, EASE, NARCL)

High

C. Indian Financial Architecture Asked in 5/7 exams: Oct 23, Jun 24, Oct-Nov 24, Nov 25, May 26

- Narasimham Committee I (1991) - financial system reforms (lower CRR/SLR, deregulate rates, ARCs); Committee II (1998) - banking sector reforms (capital adequacy, NPA norms, mergers).
- EASE = Enhanced Access and Service Excellence - PSB reform agenda from 2018 (EASE 1.0 to 5.0 and beyond).
- NARCL (bad bank, 2021): PSBs hold 51%; buys stressed assets paying 15% cash and 85% security receipts (GoI-guaranteed).
- CAMELS rating: Capital adequacy, Asset quality, Management, Earnings, Liquidity, Sensitivity to market risk. Prudential norms: 90-day NPA rule, income recognition, provisioning.
- Committees: Malhotra - insurance reforms; A.C. Shah - NBFCs; Malegam - microfinance; Aditya Puri - credit information data format; Bhatt (1972) - venture capital.

How it was asked: *Narasimham Committee I and II years (Oct/Nov-2024, Nov-2025) | EASE full form / NARCL PSB stake 51% (May-2026)*

Microfinance, NBFC-MFIs and SHGs

High

C. Indian Financial Architecture Asked in 5/7 exams: Oct 23, Jun 24, Oct-Nov 24, Nov 25, May 26

- RBI microfinance directions (Apr 2022): microfinance loan = collateral-free loan to a household with annual income up to Rs 3 lakh (rural and urban).
- Loan repayment obligations of a household capped at 50% of monthly household income; same rules apply to all lenders (banks, NBFC-MFIs, other NBFCs).
- SHG: 10-20 members (minimum 5 in hilly, tribal and difficult areas); SHG-Bank Linkage started by NABARD in 1992. JLG: 4-10 members.
- Panchasutra of SHGs: regular meetings, regular savings, internal lending, timely repayment, up-to-date books.
- Malegam Committee (2010-11) - microfinance sector; Muhammad Yunus (Grameen Bank) - father of microfinance.

How it was asked: *Microfinance loan - household income limit Rs 3 lakh (Oct-2023, Nov-2025) | SHG minimum members in hilly/tribal areas - 5 (Oct/Nov-2024, Nov-2025)*

Money supply (M0-M4), money multiplier and velocity

High

B. Economic Concepts in Banking Asked in 5/7 exams: Oct 23, Oct-Nov 24, May 25, Nov 25, May 26

- M0 (reserve/base money) = currency in circulation + bankers' deposits with RBI + other deposits with RBI.
- M1 (narrow money) = currency with public + demand deposits with banks + other deposits with RBI. M2 = M1 + post office savings deposits.
- M3 (broad money) = M1 + time deposits with banks. M4 = M3 + total post office deposits (excluding NSC).
- Money multiplier = M3 / M0; it falls when CRR or currency-deposit ratio rises.
- Velocity of money = nominal GDP / money supply (Fisher: MV = PT).

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M1 = C + DD + OD ; M3 = M1 + TD ; Multiplier = M3/M0 = (1 + c)/(c + r) ; Velocity = Nominal GDP / M
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How it was asked: *Calculate M1/M3 from given components (Oct/Nov-2024, May-2025) | Base money is - M0 (May-2025); M4 = M3 + post office deposits (Nov-2025)*

Exam trap: 'Other deposits with RBI' are in M0 and M1, but bankers' deposits with RBI are only in M0.

RBI Act 1934 - establishment, capital and key sections

High

C. Indian Financial Architecture Asked in 5/7 exams: Oct 23, Jun 24, Oct-Nov 24, Nov 25, May 26

- Recommended by Hilton Young Commission (1926); RBI Act 1934; RBI established 1 Apr 1935; nationalised 1 Jan 1949.
- Capital Rs 5 crore, fully held by the Government of India.
- Key sections: s.17 - business RBI may transact; s.22 - sole right to issue bank notes; s.24 - denominations (up to Rs 10,000); s.42 - CRR; s.45ZB - MPC.
- Assets of Issue Department: gold coin and bullion, foreign securities, rupee coin, GoI rupee securities (minimum reserve system since 1956).
- Current Governor: Sanjay Malhotra (26th Governor, from Dec 2024).

How it was asked: *Paid-up capital of RBI (Oct-2023); maximum denomination RBI can issue (Oct/Nov-2024) | Section 22 of RBI Act (Nov-2025); Hilton Young Commission (Jun-2024)*

Exam trap: RBI Act s.22 = note issue; BR Act s.22 = licensing of banks.

NBFCs and the Scale-Based Regulation framework

High

C. Indian Financial Architecture Asked in 5/7 exams: Oct 23, Oct-Nov 24, May 25, Nov 25, May 26

- SBR (effective Oct 2022): Base layer (non-deposit taking NBFCs below Rs 1,000 cr assets), Middle layer (all deposit-taking NBFCs, non-deposit >= Rs 1,000 cr, HFCs, IFCs, CICs etc.), Upper layer (identified by RBI), Top layer (ideally empty).
- Old classification: NBFC-ND-SI = asset size Rs 500 crore and above (now merged into Middle layer).
- Minimum NOF raised from Rs 2 cr to Rs 10 cr in phases (Rs 5 cr by Mar 2025, Rs 10 cr by Mar 2027).
- NBFCs cannot accept demand deposits or issue cheques; deposits (only by deposit-taking NBFCs) for 12-60 months and are not insured by DICGC.
- A.C. Shah Committee (1992) - NBFCs; chit funds are regulated by state governments (Chit Funds Act 1982); 'shadow banking' = credit intermediation outside regular banks.

How it was asked: *NBFC-ND-SI asset size / NBFC deposit maximum tenure (Nov-2025) | Types of NBFCs - match with capital/layer (Nov-2025, May-2026)*

Exam trap: NBFC deposits are NOT covered by DICGC (only bank deposits, up to Rs 5 lakh).

Debt market: G-secs, primary dealers, bond theorems, green bonds

High

D. Financial Products & Services Asked in 5/7 exams: Jun 24, Oct-Nov 24, May 25, Nov 25, May 26

- G-secs: T-Bills (short term) and dated securities (long term, fixed/floating coupon) of GoI, plus State Development Loans; issued by RBI through auctions.
- Primary dealers (registered with RBI): underwrite and bid in G-sec auctions and make markets in government securities.
- Bond theorems: price and yield move inversely; longer maturity -> larger price change; a fall in yield raises price more than an equal rise lowers it (convexity); lower coupon -> more price-sensitive.
- Green bonds: proceeds only for environmentally sustainable projects; GoI issued its first Sovereign Green Bonds in Jan 2023.
- RBI Retail Direct (2021) lets individuals hold G-secs directly.

How it was asked: *Bond theorems - 4 questions (Oct/Nov-2024) | Primary dealers' functions; whether PDs can invest in corporate bonds (Oct/Nov-2024, Nov-2025)*

Exam trap: Yield up -> price down; the effect is bigger for long-dated, low-coupon bonds.

Fiscal policy, deficits, FRBM and Union Budget

High

B. Economic Concepts in Banking Asked in 5/7 exams: Oct 23, Jun 24, Oct-Nov 24, May 25, Nov 25

- Fiscal deficit = total expenditure - (revenue receipts + non-debt capital receipts) = total borrowing.
- Primary deficit = fiscal deficit - interest payments.
- Revenue deficit = revenue expenditure - revenue receipts; effective revenue deficit = revenue deficit - grants for creation of capital assets.
- FRBM Act 2003 (in force July 2004). Union Budget (Annual Financial Statement, Art. 112) presented on 1 February (since 2017).
- Budget 2025: no income tax up to Rs 12 lakh income under the new regime (rebate).

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FD = Total exp - (Rev receipts + Non-debt cap receipts) ; PD = FD - Interest ; ERD = RD - Grants for capital assets
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How it was asked: *Fiscal deficit numerical (Nov-2025) | Primary deficit / effective revenue deficit formula (May-2025)*

Exam trap: Borrowings are NOT part of non-debt capital receipts.

Leasing and hire purchase

High

D. Financial Products & Services Asked in 5/7 exams: Oct 23, Jun 24, May 25, Nov 25, May 26

- Lessor owns the asset; lessee uses it for rentals. In a lease the lessor claims depreciation; in hire purchase the hirer claims depreciation.
- Finance lease: non-cancellable, covers most of the asset's life, risks and rewards pass to lessee, lessee bears maintenance.
- Operating lease: short-term, cancellable, lessor bears maintenance and obsolescence risk.
- Leveraged lease: lessor funds part of the cost with a loan (lessor, lessee, lender); sale and lease-back: owner sells asset and leases it back.
- Hire purchase: hirer gets possession immediately; ownership passes on paying the last instalment (option to purchase).

How it was asked: *Operating lease characteristics / case study (May-2025, May-2026) | Hirer in hire purchase; leveraged lease (Oct-2023, Jun-2024)*

Exam trap: In HP, ownership passes only after the final instalment; in a lease, ownership never passes automatically.

Economic reforms (LPG 1991) and growth phases

High

A. Indian Economic Architecture Asked in 5/7 exams: Oct 23, Jun 24, Oct-Nov 24, May 25, May 26

- 1991 reforms = LPG (Liberalisation, Privatisation, Globalisation), triggered by the BoP crisis; New Industrial Policy July 1991.
- LERMS (dual exchange rate) 1992 -> unified market-determined rate in March 1993; current account convertibility Aug 1994.
- 1997: system of ad hoc Treasury Bills ended (from 1 Apr 1997) and replaced by Ways and Means Advances (WMA).
- 'Hindu rate of growth' (about 3.5%) - term coined by Prof. Raj Krishna.
- Jobless growth = GDP grows without matching employment growth; V-shaped recovery = sharp fall followed by sharp rebound.

How it was asked: *Reforms of 1992 and 1997 (Oct-2023) | Reasons for LPG policy (Jun-2024); V-type recovery and jobless growth (May-2025)*

Regulators (SEBI, IRDAI, PFRDA, FEMA) and ombudsman schemes

High

C. Indian Financial Architecture Asked in 5/7 exams: Oct 23, Oct-Nov 24, May 25, Nov 25, May 26

- SEBI (1988, statutory 1992) - securities market, MFs, merchant bankers, CRAs. IRDAI (Act 1999, HQ Hyderabad) - insurance. PFRDA (Act 2013) - NPS and APY. IFSCA - GIFT IFSC.
- FEMA 1999 (replaced FERA, in force June 2000) is administered by RBI; ED enforces contraventions.
- IRDAI: Chairperson + up to 5 whole-time + up to 4 part-time members.
- RB-IOS 2021: one integrated ombudsman for banks, NBFCs and payment system operators; award up to Rs 20 lakh for consequential loss + Rs 1 lakh for harassment; approach if RE does not reply in 30 days or rejects. RB-IOS 2026 (notified Jan 2026, in force from 1 Jul 2026 - after the 30 Jun 2026 cut-off) raises the awards to Rs 30 lakh + Rs 3 lakh and requires the complaint within 90 days; learn the 2021 figures first, and know the 2026 figures as a 'recent change'.
- Insurance Ombudsman: award limit Rs 50 lakh (raised from Rs 30 lakh in 2023); complain to insurer first, approach ombudsman within 1 year.

How it was asked: *FEMA regulated by - RBI (Oct-2023, May-2026) | RB-IOS Rs 20 lakh vs Insurance Ombudsman Rs 50 lakh (May-2026); IRDAI board members (Oct/Nov-2024, Nov-2025)*

Priority sector lending (targets, SFB/RRB targets, PSLC)

High

A. Indian Economic Architecture | Asked in 5/7 exams: Oct 23, Jun 24, Oct-Nov 24, Nov 25, May 26

- Domestic SCBs and foreign banks with 20+ branches: overall PSL target 40% of ANBC or CEOBE, whichever is higher.
- Sub-targets (ANBC/CEOBE): agriculture 18% (small & marginal farmers 10%), micro enterprises 7.5%, weaker sections 12%.
- RRBs: 75% of ANBC. Small Finance Banks: 60% of ANBC from FY2025-26 (was 75% - older keys still show 75%).
- PSLCs (Priority Sector Lending Certificates) are traded on RBI's e-Kuber; 4 types - Agriculture, Small & Marginal Farmers, Micro Enterprises, General.
- Shortfall in PSL is deposited in RIDF (NABARD) and other funds (SIDBI, NHB, MUDRA) at low interest.
- Loans to SHGs/JLGs count as PSL (weaker sections).

How it was asked: *SFB priority sector target as % of ANBC (Oct-2023, Oct/Nov-2024, May-2026) | Priority sector lending - 3-5 questions incl. PSLC (Oct-2023)*

Exam trap: SFB target: 60% (from FY2025-26) - do not mark the old 75% unless the question is clearly about the earlier period.

Indian banking structure: RRBs, UCBs, SFBs, LABs, neo banks

High

C. Indian Financial Architecture | Asked in 5/7 exams: Oct 23, Jun 24, Oct-Nov 24, May 25, Nov 25

- RRB capital: Central Govt 50%, sponsor bank 35%, State Govt 15% (RRB Act 1976). 'One State One RRB' amalgamation (1 May 2025) cut the number of RRBs from 43 to 28.
- Minimum paid-up capital: universal bank Rs 1,000 cr; SFB Rs 200 cr; payments bank Rs 100 cr; Local Area Bank Rs 5 cr.
- SFB: PSL 60% of ANBC (from FY2025-26), at least 50% of loans of up to Rs 25 lakh. Payments banks: deposits up to Rs 2 lakh per customer, no lending.
- UCBs are regulated by RBI (BR Act as applicable to cooperative societies, strengthened in 2020) and registered with the state/central registrar of cooperatives.
- Neo banks are digital-only platforms without their own banking licence - they partner with licensed banks.

How it was asked: *Sponsor bank share in RRB capital - 35% (Oct-2023, May-2025) | Local Area Bank / SFB / bank minimum paid-up capital (Nov-2025)*

Sectors of the economy and sunrise sector

High

A. Indian Economic Architecture | Asked in 5/7 exams: Oct 23, Jun 24, Oct-Nov 24, May 25, Nov 25

- Primary: agriculture, mining, fishing; Secondary: manufacturing, construction; Tertiary: services - banking is tertiary.
- Quaternary = knowledge sector (IT, R&D); Quinary = top-level decision makers (government, senior executives, heads of NGOs).
- Sunrise sector = new, fast-growing sector with high future potential (e.g. renewables, EVs, electronics, AI).
- Services (tertiary) contribute the largest share of India's GVA (over half).
- Revolutions: Green - foodgrains; White - milk; Blue - fish; Yellow - oilseeds; Pink - meat/poultry (some sources: onion/prawn).

How it was asked: *Meaning of sunrise sector (Oct-2023, Oct/Nov-2024, Nov-2025) | Banking belongs to which sector (Oct-2023); quinary sector (Jun-2024)*

Medium topics

Asked less often - revise after the above · 15 topics

Infrastructure: hard/soft infra, Gati Shakti and financing

Medium

A. Indian Economic Architecture Asked in 5/7 exams: Oct 23, Jun 24, Oct-Nov 24, Nov 25, May 26

- Hard infrastructure = physical (roads, rail, power, ports, telecom); soft = institutions/services (education, health, financial and legal systems).
- PM Gati Shakti National Master Plan (Oct 2021): multimodal connectivity; 7 engines - roads, railways, airports, ports, mass transport, waterways, logistics infrastructure.
- Bharatmala = highways/roads programme; Parvatmala = ropeways in hilly areas; AMRUT = urban water supply and sewerage.
- Infra financing channels: budget, banks, NaBFID/IIFCL, bonds, InvITs, PPP, ECB/FDI.

How it was asked: *Hard vs soft infrastructure (Jun-2024, Nov-2025) | PM Gati Shakti / multimodal connectivity plan (Oct-2023, May-2026)*

Credit rating agencies and credit information companies

Medium

D. Financial Products & Services Asked in 5/7 exams: Oct 23, Jun 24, Oct-Nov 24, May 25, Nov 25

- CRAs are registered with SEBI (CRA Regulations 1999): CRISIL (1987, first), ICRA, CARE, India Ratings, Acuite, Infomerics.
- Ratings reflect business risk, financial risk, management and industry factors; AAA highest, BBB- lowest investment grade, D = default.
- Credit information companies (CICs) are regulated by RBI under CICRA 2005: TransUnion CIBIL, Equifax, Experian, CRIF High Mark.
- CIBIL/credit score range: 300-900 (higher is better).
- Credit rating = opinion on an instrument/entity; credit scoring = statistical score of an individual borrower.

How it was asked: *CIBIL score range 300-900 (Jun-2024, May-2025) | Which is NOT a credit rating agency / credit information company (May-2025, Nov-2025)*

Exam trap: CIBIL is a CIC (RBI), not a credit rating agency (SEBI).

SDGs, climate change, ESG and OSOWOG

Medium

A. Indian Economic Architecture Asked in 4/7 exams: Oct 23, Oct-Nov 24, May 25, Nov 25

- SDGs adopted by the UN in Sep 2015 (Agenda 2030): 17 goals, 169 targets, period 2016-2030. SDG 13 = Climate Action.
- MDGs (predecessor): 8 goals, 2000-2015. SDG India Index is published by NITI Aayog.
- COP26 Glasgow (2021) - India's 'Panchamrit': net zero by 2070, 500 GW non-fossil capacity by 2030, 50% energy needs from renewables by 2030, cut 1 billion tonnes emissions and 45% emission intensity by 2030.
- OSOWOG (One Sun One World One Grid) - India's idea of an interconnected global solar grid, taken forward via the International Solar Alliance (Green Grids Initiative).
- ESG = Environmental, Social, Governance - the modern dimension of corporate/ESR responsibility used by investors and lenders.

How it was asked: *SDGs given by / number of goals and targets (Oct-2023, Oct/Nov-2024, Nov-2025) | SDG 13 relates to (May-2025)*

Exam trap: 17 goals vs 169 targets vs 8 MDGs - number swaps are the usual trap.

MSME classification and MSME schemes

Medium

A. Indian Economic Architecture Asked in 4/7 exams: Jun 24, Oct-Nov 24, Nov 25, May 26

- Composite criteria (investment in plant & machinery/equipment AND turnover); export turnover is excluded from turnover.
- Revised limits from 1 Apr 2025: Micro inv Rs 2.5 cr / turnover Rs 10 cr; Small Rs 25 cr / Rs 100 cr; Medium Rs 125 cr / Rs 500 cr.
- Earlier (2020) limits: Micro Rs 1 cr / Rs 5 cr; Small Rs 10 cr / Rs 50 cr; Medium Rs 50 cr / Rs 250 cr. Registration on Udyam portal.
- PM Vishwakarma (Sep 2023): collateral-free loan up to Rs 3 lakh in two tranches (Rs 1 lakh + Rs 2 lakh) at 5% concessional rate for traditional artisans.
- Udyami Mitra = SIDBI portal for MSME credit/handholding; ECLGS (2020) = 100% NCGTC-guaranteed emergency credit for COVID-hit businesses.

How it was asked: *Turnover limit of micro and small enterprises (Nov-2024 classification; Nov-2025 old vs revised) | PM Vishwakarma loan amount (Nov-2025, May-2026)*

Exam trap: Use the April 2025 limits; questions comparing 'old and revised' need both sets.

Insurance: principles, types, intermediaries and claims

Medium

D. Financial Products & Services Asked in 4/7 exams: Oct 23, Jun 24, May 25, Nov 25

- Principles: utmost good faith, insurable interest, indemnity, contribution, subrogation, proximate cause, loss minimisation. Life insurance is not a contract of indemnity.
- Under-insurance: average clause applies - claim = (sum insured / actual value) x loss.
- Intermediaries: agents, corporate agents (banks under bancassurance, up to 9 insurers per line), brokers, web aggregators, TPAs, surveyors. Insurer is the principal, agent acts on its behalf.
- Group insurance: one master policy for a group (e.g. employees). e-Insurance Account = holding policies in electronic form via insurance repositories.
- Reinsurance = insurance for insurers; GIC Re is the national reinsurer.

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Claim = (Sum insured / Value of property at time of loss) x Actual loss (capped at sum insured)
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How it was asked: *Insurance claim amount calculation (Nov-2025) | 8-9 insurance questions incl. re-insurance (May-2025); group health insurance case (Nov-2025)*

Exam trap: Apply the average clause only when sum insured < actual value.

Development Financial Institutions (IFCI, ICICI, IDBI, SIDBI, EXIM)

Medium

C. Indian Financial Architecture Asked in 4/7 exams: Jun 24, Oct-Nov 24, May 25, Nov 25

- First DFI: IFCI (1948). ICICI (1955); IDBI (1964, apex DFI, became a bank in 2004).
- ICICI Bank became India's first universal bank (2002 reverse merger of ICICI Ltd).
- NABARD (1982) - agriculture/rural refinance; EXIM Bank (1982) - foreign trade; NHB (1988) - housing; SIDBI (1990) - MSMEs.
- Refinance = DFI lends to banks/FIs against loans they have made (e.g. NABARD to RRBs/cooperatives, SIDBI to banks for MSME loans).
- AIFIs regulated by RBI: EXIM Bank, NABARD, NHB, SIDBI and NaBFID.

How it was asked: *First DFI in India - IFCI (Jun-2024) | Functions of SIDBI / EXIM Bank / IDBI (Oct/Nov-2024, Nov-2025)*

Forex market, FX-Retail and alternative reference rates

Medium

D. Financial Products & Services Asked in 4/7 exams: Jun 24, May 25, Nov 25, May 26

- FX-Retail: RBI platform (2019, run by CCIL) letting individuals and MSMEs buy/sell foreign exchange from banks at transparent market rates.
- FEDAI (1958): self-regulatory body of authorised dealers - sets rules for interbank forex dealing.
- LERMS (1992) dual exchange rate -> market-based unified rate (1993).
- LIBOR replaced by alternative reference rates (ARRs): SOFR (USD), SONIA - Sterling Overnight Index Average (GBP), ESTR (EUR), TONA (JPY), SARON (CHF).
- e-Kuber = RBI's core banking solution (accounts of banks/governments, auctions); NACH (NPCI) = bulk recurring payments and mandates.

How it was asked: *FX-Retail platform - correct statement (Jun-2024, Nov-2025, May-2026) | SONIA full form / purpose of ARR (May-2025)*

Economics basics: definitions, micro vs macro, factors

Medium

B. Economic Concepts in Banking Asked in 4/7 exams: Oct 23, Jun 24, May 25, Nov 25

- Lionel Robbins (scarcity definition): economics studies human behaviour as a relationship between ends and scarce means having alternative uses.
- Other definitions: Adam Smith - wealth; Marshall - welfare; Samuelson - growth.
- Factors of production and rewards: land -> rent, labour -> wages, capital -> interest, entrepreneur -> profit.
- Microeconomics = individual units (consumer, firm, price theory); macroeconomics = aggregates (national income, employment, inflation) - Keynes.
- Market economy = price mechanism/private ownership; command economy = state planning; India = mixed economy.

How it was asked: *Robbins' definition / scarcity (Oct-2023, Jun-2024) | Limitation of microeconomics; market economy (Nov-2025)*

Inflation and price indices (CPI, WPI)

Medium

B. Economic Concepts in Banking Asked in 4/7 exams: Oct-Nov 24, May 25, Nov 25, May 26

- Demand-pull = excess demand; cost-push = rise in input costs (wages, oil). Mild inflation can encourage investment and ease real debt burden.
- CPI (Combined) is compiled by NSO (MoSPI) monthly; RBI's inflation target is CPI 4% +/- 2%.
- WPI is released monthly by the Office of Economic Adviser (DPIIT); base 2022-23 (new series from June 2026; earlier 2011-12).
- Base years: CPI-Combined 2024 (new series released 12 Feb 2026; earlier 2012); CPI-IW (Labour Bureau) 2016.
- PPP = Purchasing Power Parity (exchange rates adjust to equalise purchasing power).

How it was asked: *Demand-pull inflation (May-2025) | CPI base year / WPI & CPI frequency (Oct/Nov-2024); CPI by NSO (Nov-2025)*

Exam trap: 'CPI base 2016' is true only for CPI-IW; CPI-Combined base is now 2024 (2012 in older keys).

REITs and InvITs

Medium

D. Financial Products & Services Asked in 4/7 exams: Oct 23, Jun 24, Nov 25, May 26

- SEBI (REIT) and (InvIT) Regulations 2014; trusts that pool investor money into income-generating real estate / infrastructure assets.
- REIT: at least 80% of value in completed, revenue-generating properties; distribute at least 90% of net distributable cash flows.
- Sponsor stake (as commonly asked): REIT 25%, InvIT 15%.
- REIT types: equity, mortgage, hybrid. InvIT types: public (listed) and private (listed or unlisted); objective - monetise infrastructure assets (roads, power transmission, pipelines).

How it was asked: *REIT sponsor stake 25% / InvIT 15% (May-2026) | Types of REIT - odd man out (Oct-2023); InvIT objective and types (Nov-2025)*

Venture capital

Medium

D. Financial Products & Services Asked in 4/7 exams: Oct 23, Jun 24, Oct-Nov 24, Nov 25

- VC = equity/quasi-equity funding of early-stage, high-risk, high-growth (often tech) ventures, with active participation of the investor.
- Long-term, illiquid; exit via IPO, strategic sale or buy-back. Stages: seed, start-up, early, expansion, mezzanine/bridge.
- Bhatt Committee (1972) first recommended VC in India; early VC funds by IDBI (1986) and ICICI (TDICI, 1988).
- VC funds are now regulated by SEBI as Category I AIFs (AIF Regulations 2012, replacing VCF Regulations 1996).

How it was asked: *Venture capital - which statement is NOT true (Nov-2025) | Bhatt Committee related to venture capital (Oct/Nov-2024)*

Foreign trade policy, BoP and GIFT City

Medium

A. Indian Economic Architecture Asked in 4/7 exams: Oct 23, Jun 24, Oct-Nov 24, Nov 25

- Foreign Trade Policy is framed by the Ministry of Commerce & Industry and administered by DGFT; FTP 2023 has no end date, export target USD 2 trillion by 2030.
- Niryat Bandhu = DGFT mentoring scheme for new/potential exporters.
- High Level Committee on Balance of Payments (1991-93) was headed by C. Rangarajan.
- GIFT City (Gandhinagar) houses India's first IFSC; unified regulator IFSCA (2020).
- Protectionism tools: tariffs, import quotas, subsidies, anti-dumping duties.

How it was asked: *Foreign Trade Policy - ministry/agency (Oct/Nov-2024) | BoP committee headed by (Oct-2023); GIFT City (Jun-2024)*

Bank nationalisation and mergers

Medium

C. Indian Financial Architecture Asked in 4/7 exams: Oct 23, Oct-Nov 24, May 25, May 26

- 19 July 1969: 14 banks with deposits of Rs 50 crore and above nationalised; 15 April 1980: 6 more banks (deposits Rs 200 crore and above).
- First merger of nationalised banks: New Bank of India with PNB (1993).
- Dena Bank and Vijaya Bank merged into Bank of Baroda (1 Apr 2019).
- 1 Apr 2020 mega-merger: OBC + United Bank -> PNB; Syndicate -> Canara; Andhra + Corporation -> Union Bank; Allahabad -> Indian Bank (12 PSBs now).
- SBI's associate banks and Bharatiya Mahila Bank merged into SBI on 1 Apr 2017.

How it was asked: *1969 nationalisation - deposit threshold Rs 50 crore (Oct-2023, May-2025) | Dena & Vijaya Bank merged into (May-2025, May-2026)*

Companies Act 2013 - CSR and LLP

Medium

C. Indian Financial Architecture Asked in 2/7 exams: Oct-Nov 24, Nov 25

- CSR (s.135) applies if net worth >= Rs 500 cr OR turnover >= Rs 1,000 cr OR net profit >= Rs 5 cr in the preceding financial year.
- Spend at least 2% of average net profit of the immediately preceding 3 financial years.
- Penalty for not transferring unspent CSR: company - twice the unspent amount or Rs 1 crore, whichever is less; each officer in default - 1/10th of unspent amount or Rs 2 lakh, whichever is less.
- LLP (LLP Act 2008): separate legal entity with limited liability of partners; minimum 2 partners and 2 designated partners.

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CSR spend = 2% x (sum of net profits of last 3 years / 3)
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How it was asked: *CSR numerical - 2% of average net profit (Oct/Nov-2024) | CSR penalties; LLP (Nov-2025)*

Financial maths: CAGR and future value

Medium

D. Financial Products & Services Asked in 1/7 exams: Nov 25

- CAGR = (Ending value / Beginning value)^(1/n) - 1.
- Future value = Present value x (1 + r)^n; present value = FV / (1 + r)^n.
- Real return approx = nominal return - inflation (exact: (1 + nominal)/(1 + inflation) - 1).
- To find the corpus needed to keep purchasing power, inflate today's cost at the inflation rate for n years.

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CAGR = (EV/BV)^(1/n) - 1 ; FV = PV x (1 + r)^n
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How it was asked: *Calculate CAGR / compound growth of share value (Nov-2025) | Future value of money given inflation, expense and years (Nov-2025)*

Last-day revision table

PSL target - domestic SCBs	40% of ANBC/CEOBE (agri 18%, SMF 10%, micro 7.5%, weaker 12%)
PSL target - SFBs / RRBs	SFB 60% (from FY2025-26, earlier 75%) / RRB 75%
MSME limits (from 1 Apr 2025) inv/turnover	Micro 2.5/10 cr; Small 25/100 cr; Medium 125/500 cr
PM Vishwakarma loan	Up to Rs 3 lakh (Rs 1 lakh + Rs 2 lakh) at 5%
SDGs	17 goals, 169 targets, 2015 (UN), period 2016-2030; SDG 13 = Climate Action
MDGs	8 goals, 2000-2015
NITI Aayog	1 Jan 2015, replaced Planning Commission; chair = PM
FDI cap - private banks / PSBs	74% (49% automatic) / 20%
FDI cap - insurance	100% automatic (Dec 2025 amendment; earlier 74%); LIC 20%
CRR / SLR	3% of NDTL (from Nov 2025, RBI Act s.42) / 18% (BR Act s.24)
LAF corridor	SDF = repo - 0.25%; MSF = Bank Rate = repo + 0.25%. On 30 Jun 2026: repo 5.25%, SDF 5.00%, MSF 5.50%
MPC	6 members (3 RBI + 3 GoI nominees), quorum 4, Governor casting vote; CPI target 4% +/- 2%
LTRO minimum bid	Rs 1 crore
M0 / M1 / M3 / M4	Base money / narrow money / broad money / M3 + all post office deposits
Money multiplier	M3 / M0
GDP base year / CPI-C base / CPI-IW base / WPI base	2022-23 / 2024 / 2016 / 2022-23 (old keys: 2011-12 / 2012 / 2016 / 2011-12)
Primary deficit	Fiscal deficit - interest payments
FRBM Act / Budget date	2003 / 1 February
Liquidity preference theory	J.M. Keynes, General Theory (1936)
RBI	Hilton Young (1926) -> Act 1934 -> est. 1 Apr 1935 -> nationalised 1 Jan 1949; capital Rs 5 crore
RBI Act s.22 / s.24 / s.17	Note issue / denominations (max Rs 10,000) / business of RBI
BR Act s.22 / s.24 / s.19(2)	Licensing / SLR / 30% shareholding limit
NaBFID	NaBFID Act 2021; authorised capital Rs 1 lakh cr; paid-up Rs 20,000 cr
First DFI / first universal bank	IFCI 1948 / ICICI Bank 2002
RRB shareholding	GoI 50 : Sponsor bank 35 : State 15
Number of RRBs	28 after 'One State One RRB' (1 May 2025; earlier 43)
Microfinance household income limit	Rs 3 lakh per year; repayment cap 50% of monthly income

SHG size	10-20 members (5 in hilly/tribal/difficult areas)
NBFC-ND-SI (old) / NBFC deposit tenure	Assets >= Rs 500 cr / 12-60 months
1969 / 1980 nationalisation	14 banks (deposits >= Rs 50 cr) / 6 banks (>= Rs 200 cr)
Narasimham Committees	I - 1991; II - 1998
NARCL	PSBs 51%; 15% cash + 85% security receipts
RB-IOS / Insurance Ombudsman award	Rs 20 lakh (+ Rs 1 lakh harassment) / Rs 50 lakh; RB-IOS 2026 from 1 Jul 2026: Rs 30 lakh + Rs 3 lakh
DICGC cover	Rs 5 lakh per depositor per bank
Call / notice / term money	1 day / 2-14 days / 15 days to 1 year
T-Bills	91/182/364 days; min Rs 25,000
CP / CD minimum	Rs 5 lakh and multiples (CP 7 days-1 yr; bank CD 7 days-1 yr)
TReDS minimum paid-up capital	Rs 25 crore
REIT / InvIT sponsor stake	25% / 15%
PMJJBY / PMSBY	18-50, Rs 2 lakh life, Rs 436 / 18-70, Rs 2 lakh accident, Rs 20
APY / PPF	Entry 18-40, pension Rs 1,000-5,000 / 15 years, Rs 500-1.5 lakh p.a.
CIBIL score	300-900

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