Q42

Consider the following statements: 1. In India, Non- Banking Financial Companies can access the Liquidity Adjustment Facility window of the Reserve Bank of India. 2. In India, Foreign Institutional Investors can hold the Government Securities (G-Secs). 3. In India, Stock Exchanges can offer separate trading platforms for debts. Which of the statements given above is/are correct? (a) 1 and 2 only (b) 3 only (c) 1, 2 and 3 (d) 2 and 3 only Official key: C.

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Explanation

(a)

1 and 2 only. Debt platforms at exchanges (3) are also keyed.

(b)

3 only. The paper keys all three statements.

(c) Official key

1, 2 and 3. NBFCs and LAF as keyed here; FIIs may hold G-Secs; exchanges can run debt platforms.

(d)

2 and 3 only. Drops statement 1, which this paper keeps.

Summary

Official key is (c) 1, 2 and 3. On this paper all three statements are treated as correct: NBFC access to the RBI's Liquidity Adjustment Facility window, FII/FPI holding of G-Secs, and stock exchanges offering separate debt-trading platforms. Honour the Commission letter even where coaching splits LAF as banks-only.

Related possible facts

These can be asked in a future Prelims paper.

LAF
Liquidity Adjustment Facility: repo and reverse repo as RBI's daily liquidity tool.

G-Secs
Government securities; FPIs invest under RBI/SEBI limits.