

Corrigendum/Explanation SFG 2026 Level 1 Test 12

There are no changes to the solutions/answers. Explanations have been provided for the students who have raised doubts.

In Q.28) There was a doubt raised with respect to Statement II of the question that Reserves maintained by banks under both CRR and SLR do not earn any interest from the Reserve Bank of India.

Explanation-Statement II is incorrect. The reserves maintained by the banks with respect to CRR are kept with the Reserve Bank of India in the form of cash and do not earn any interest. On the other hand the SLR is kept with banks in the form of cash, gold or a specific amount in government securities as approved by RBI.

The banks earn interest on the Government Securities kept with them as part of their SLR requirements. The interest is paid to the banks on these securities by RBI on behalf of the respective government as RBI acts as the public debt manager of the Central and State Governments. Although RBI does not pay this interest from its own pocket but pays it on behalf of the governments, whose securities are kept by banks as part of SLR.