

Corrigendum SFG FRC 2026 Test 55

Number of items taken for scoring: 59

There is 1 change in today's paper.

1. Number of items dropped: 01 (Question no. 25)

Q.25) In the context of the Indian banking sector, the Supervisory Action Framework (SAF) is a dedicated corrective mechanism specifically designed by the RBI for the timely revitalization of:

- (a) Public Sector Banks facing high levels of Non-Performing Assets (NPAs).
- (b) Urban Co-operative Banks (UCBs) exhibiting signs of financial stress or governance issues.
- (c) Foreign Banks failing to meet their Priority Sector Lending (PSL) targets.
- (d) Regional Rural Banks (RRBs) struggling with low Credit-to-Deposit ratios.

Explanation: Earlier UCBs were covered under RBI's Supervisory Action Framework. However, under the PCA Framework for UCBs (2025), they have been brought under PCA from April 1, 2025. Since none of the options available are strictly applicable, the question shall be dropped from evaluation.

Additionally, students have raised doubts over Q45.

Clarification on Question 45: **Statement II is correct**

No change in the answer.

Q.45) With reference to the Banking Laws (Amendment) Act, 2025, consider the following statements:

- I. The maximum continuous tenure for a cooperative bank director is increased from 8 to 10 years.
- II. A director of a District Central Cooperative Bank is now permitted to also serve as a director of a State Cooperative Bank.

Which of the statements given above is/are correct?

- (a) I only
- (b) II only
- (c) Both I and II
- (d) Neither I nor II

Ans) c

Exp) Option c is the correct answer.

Statement I is correct: To ensure leadership continuity and align with the 97th Constitutional Amendment, the 2025 Act extended the maximum consecutive tenure for directors from **8 years to 10 years**.

Statement II is correct: The amendment removed the common director restriction for this specific case, allowing a director from a **District Central Cooperative Bank (DCCB)** to sit on the board of a **State Cooperative Bank** to foster better coordination.

For further reference:

Section 5 of the Amendment Act: Director of Central Cooperative Bank allowed as Director of corresponding State Cooperative Bank

- **Change:** Director of a Central Co-operative Bank allowed also to be elected as a Director of corresponding State co-operative bank, hence to be a Director of more than one bank simultaneously as an exception to the general restriction.
- **Object/ Reason:** To allow a director of a central co-operative bank to serve on the board of a state co-operative bank simultaneously.
- **Advantage to State Co-operative Banks:** Presence of Directors of district central co-operative banks (DCCBs) on their Boards enables more effective co-ordination with the constituent DCCBs.