



CAIIB CRASH COURSE

JUNE 2025

ABM



MODULE C SPECIAL MCQS



21 MAY 2025



09:00 PM



KIRTI Ma'am
Coupon Code- **KRT23**

1. Which of the following statements is true for an infrastructure project?

- (a) It has long gestation period
- (b) The debt equity ratio is normally high for an infrastructure project.
- (c) The implementation period is usually long
- (d) All of the above



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2. Which of the following is a source for meeting working capital requirements?

- (a) Suppliers Credit**
- (b) Bank Finance**
- (c) Advance payment to suppliers**
- (d) Both a and b**



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3. The amount of term loan instalment is Rs 10000/- per month, monthly average interest on TL is Rs 6000/-. If the amount of depreciation is Rs 30000/- p.a and PAT (Profit after Tax) is Rs 270000/-. What would be the DSCR?

- (a) 1.93
- (b) 1.91
- (c) 1.99
- (d) 1.95



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4. Purpose of credit monitoring is _____.

- (a) To ensure end use of the funds by the borrower**
- (b) To detect any deterioration in the security charged to the bank**
- (c) To ascertain that the business continues to run on the projected lines**
- (d) All of the above**



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5. Capital is Rs 180, Reserves Rs 20, term loan Rs 300, Bank cash credit Rs 500, trade creditors Rs 50, provisions Rs 50/-net fixed assets Rs 400, inventories Rs 125, cash Rs 50, Receivables Rs 125, goodwill Rs 50. What is current ratio?

- (a) 1
- (b) 1:2
- (c) 2:1
- (d) 3



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6. In balance sheet of M/s Anshu & Co, amount of total assets is Rs 20 lac , current liabilities Rs 8 lac and capital and reserves Rs 4 lac. What is the debt-equity ratio:

- (a) 2:1
- (b) 2:2
- (c) 2:3
- (d) 1:2



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7. A company has net worth of Rs 13 lac, term liabilities are Rs 17 lac. Fixed Assets worth Rs 26 lac and current assets are Rs 24 lac. There are no intangible assets or the noncurrent assets. Calculate its net working capital.

- (a) 3 Lac
- (b) 6 Lac
- (c) 5 Lac
- (d) 4 Lac



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8. _____ statements do not speak appropriate about net working capital.

- (a) The greater the amount of bank borrowing for financing current assets, the more would be the liquidity of the enterprise.
- (b) The greater the amount of net working capital (NWC), the more would be the liquidity of the enterprise
- (c) Both a and b
- (d) None of these



9. What is the value of Current Liabilities, Liquid Assets and Inventory of a company whose Current Assets is ₹ 5,00,000 and its Current Ratio is 2.5 : 1 and Quick Ratio is 1 : 1.

- (a) 150000**
- (b) 500000**
- (c) 200000**
- (d) 300000**



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10. Which of the following statements is correct regarding the regulatory functions of the Insolvency and Bankruptcy Board of India (IBBI)?

- A. IBBI regulates only the process of insolvency and not the professionals involved.
- B. IBBI is the authority for regulating valuers under the Companies Act, 2013.
- C. Insolvency Professionals (IPs) can act as Interim Resolution Professional, Resolution Professional, liquidator, or bankruptcy trustee.
- D. Information Utilities are not under the purview of IBBI.



11. Which of the following statements regarding the Committee of Creditors (CoC) under the Insolvency and Bankruptcy Code is correct?



- A. Operational creditors have equal voting rights as financial creditors in the CoC.**
- B. A resolution to withdraw the insolvency application under Section 12A requires 66% majority in the CoC.**
- C. The CoC is constituted by the Resolution Professional and includes all creditors.**
- D. In the absence of financial creditors, operational creditors can be part of the CoC with voting rights**



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12. Which of the following pairs of adjudicating authority and the type of entity it deals with under the Insolvency and Bankruptcy Code (IBC) is correctly matched?

- A. NCLT – Insolvency of individuals and sole proprietorships**
- B. DRT – Insolvency of Companies and LLPs**
- C. NCLAT – Appellate authority for orders passed by NCLT**
- D. DRAT – Appellate authority for corporate insolvency cases**



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13. Which of the following statements regarding the formation and functioning of the Committee of Creditors (CoC) under the IBC is correct?

- A. CoC must be formed within 7 days of initiation of CIRP by NCLT.
- B. If there are no unrelated financial creditors, CoC consists of top 10 operational creditors only.
- C. Appointment of a Resolution Professional (RP) in place of the Interim RP requires 75% voting in CoC.
- D. Valuation reports by valuers can be shared with CoC members only upon signing a Non-Disclosure Agreement (NDA).



14. What does the Information Memorandum (IM), prepared by the Resolution Professional (RP) during the Corporate Insolvency Resolution Process (CIRP), not typically include?

- A. Audited financial statements of the Corporate Debtor (CD) for the last two financial years
- B. Details of security interest held by creditors on admitted claims
- C. Market valuation report of the CD's brand and goodwill by an independent valuer
- D. Particulars of debt owed to or by related parties of the CD



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15. As per IBC provisions during the liquidation process, how many secured financial creditors (who have relinquished their security interest under Section 52) can be included in the Stakeholders' Consultation Committee, if their admitted claims are at least 50% of the liquidation value?

- A. Maximum of 1 creditor**
- B. Maximum of 2 creditors**
- C. Maximum of 3 creditors**
- D. Maximum of 4 creditors**



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16. Under the Pre-Packaged Insolvency Resolution Process (PIRP), what is the maximum time limit for submitting the resolution plan to the adjudicating authority after commencement, provided it is approved by the CoC?

- A. 60 days**
- B. 90 days**
- C. 120 days**
- D. 180 days**



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17. Which of the following correctly distinguishes PIRP from CIRP under the Insolvency and Bankruptcy Code?

- A. PIRP can be initiated by any financial or operational creditor, while CIRP can only be initiated by the corporate debtor.
- B. CIRP is restricted to MSMEs only, while PIRP is open to all corporate debtors.
- C. PIRP has a maximum resolution period of 120 days with no extension, whereas CIRP allows up to 330 days including extensions.
- D. Both PIRP and CIRP require approval from unrelated financial creditors before initiation.



18. Under the Insolvency and Bankruptcy Code (IBC), which of the following statements is correct regarding termination or withdrawal of insolvency processes?

- A. CIRP can be withdrawn at any time with 66% CoC vote under Section 12A.**
- B. PIRP requires 90% CoC vote to terminate the process.**
- C. PIRP can be terminated with at least 66% vote of the CoC, while CIRP requires 90% CoC vote under Section 12A.**
- D. Both CIRP and PIRP require unanimous CoC consent for termination**



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19. As per RBI norms, which of the following statements regarding asset classification and provisioning by banks is correct?

- A. Doubtful assets are loans that have remained in the sub-standard category for more than 90 days.
- B. Provisioning Coverage Ratio (PCR) is the ratio of net NPAs to gross advances.
- C. Loss assets are those where the bank or RBI has identified the asset as irrecoverable, though it may not be fully written off.
- D. Standard assets require no provisioning at all under RBI norms.



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20. According to RBI and IIBF guidelines, which of the following best defines "siphoning of funds" in a bank lending context?

- A. When a borrower defaults due to business losses despite proper fund utilization.**
- B. When borrowed funds are used for a related party transaction with board approval.**
- C. When borrowed funds are diverted for purposes unrelated to the borrower's business, adversely affecting the entity or the lender.**
- D. When funds are invested in low-yield instruments approved by the company's board.**



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21 As per RBI guidelines, a borrower can be classified as a non-cooperative borrower and reported to CRILC if the aggregate fund-based and non-fund-based credit facilities from a bank/FI amount to:

- A. ₹10 crore or more**
- B. ₹5 crore or more**
- C. ₹2 crore or more**
- D. ₹1 crore or more**



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22. Which of the following actions is mandated for banks/FIs once a borrower is classified as non-cooperative under RBI guidelines?

- A. Banks must stop all further communications with the borrower.
- B. Banks must report the classification to CRILC within 30 days from the end of the financial year.
- C. Banks must make higher provisioning on any fresh exposure to the borrower or related entities.
- D. The borrower must be blacklisted permanently from the banking system.



23. According to IIBF guidelines, which of the following is the most desirable first course of action for a bank when an account begins showing early signs of stress?

- A. File a recovery suit under SARFAESI Act**
- B. Immediately classify the account as NPA**
- C. Persuade the borrower to regularise the account and stay prompt in future repayments**
- D. Reduce the credit limit and initiate legal action**



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24. As per RBI and IIBF guidelines, which of the following best describes a restructured account?

- A. An account where the borrower defaults and the bank initiates legal proceedings immediately.**
- B. An account where the borrower is declared non-cooperative and provisions are increased.**
- C. An account closed permanently after repayment of all dues.**
- D. An account where the bank grants concessions to the borrower due to financial difficulty, which it would not normally offer.**



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25. As per IIBF guidelines, banks may file a suit before a Civil Court for recovery of dues only if the amount involved is:

- A. Less than ₹10 lakh**
- B. ₹20 lakh or more**
- C. ₹1 crore or less**
- D. Less than ₹20 lakh**



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26. Which of the following statements about Debt Recovery Tribunals (DRTs) is correct?

- A. DRTs handle recovery cases only up to ₹20 lakh for banks and NBFCs.
- B. Only public sector banks are allowed to file suits in DRTs.
- C. NBFCs with asset size over ₹100 crore are also eligible to file cases in DRTs.
- D. DRT follows the regular civil procedure of mortgage and money suits.



27. As per RBI guidelines, under which of the following conditions can banks refer recovery cases of any amount to Lok Adalats?

- A. When the borrower has defaulted on agricultural loans only**
- B. When the matter involves NBFCs with less than ₹100 crore in assets**
- C. When Lok Adalats are convened by District Civil Courts**
- D. When Lok Adalats are convened by DRTs/DRATs**



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28. Under the amended SARFAESI Act (2004), which of the following statements is correct?

- A. A borrower must deposit 50% of the debt amount before approaching the Debt Recovery Tribunal (DRT)
- B. A borrower can approach the DRT against creditor action without depositing any part of the due amount
- C. Creditors must obtain court orders before taking possession of the collateral under SARFAESI
- D. Appeals against DRT orders can be filed with the DRAT without any deposit requirement



29. Under the SARFAESI Act, when a secured creditor takes possession of a secured asset after borrower default, which of the following is TRUE?

- A. The creditor must obtain prior approval from the Debt Recovery Tribunal before possession**
- B. The creditor must serve a 30-day notice before taking possession**
- C. The creditor can seek assistance from the District Magistrate or Chief Judicial Magistrate in case of resistance**
- D. Court intervention is mandatory before taking possession of secured assets**



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30. Under the MSME Stressed Assets Resolution Framework for accounts with exposure up to Rs. 25 crores, who heads the resolution committee?

- A. Branch Manager of the convener bank**
- B. Regional or Zonal Head of the convener bank**
- C. An independent expert in MSME**
- D. Representative from the State Government**



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31 In the MSME stressed assets resolution committee, if there is a tie in decision-making, who exercises the casting vote?

- A. The independent expert member**
- B. The representative from the State Government**
- C. The Chairperson of the committee**
- D. The officer-in-charge of MSME**



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32 According to MSME resolution guidelines, within how many working days must the branch or Credit Processing Cell (CPC) forward stressed accounts with loan limits above Rs. 10 lakh to the designated committee?

- A. 3 working days**
- B. 5 working days**
- C. 7 working days**
- D. 10 working days**



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33. Under the MSME stressed asset resolution framework, what is the time period within which the borrower must respond or make a representation after receiving notice of an application filed by a bank and admitted by the Committee?

- A. 5 working days**
- B. 10 working days**
- C. 15 working days**
- D. 30 working days**



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34. If the Resolution Plan (RP) involves recovery measures, by when should the bank initiate these measures?

- A. Within 15 days from the date of decision
- B. Within 30 days from the date of decision
- C. Within 60 days from the date of decision
- D. Within 90 days from the date of decision



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35. As per RBI's February 2018 directive, the exposure of banks and NBFCs to MSME borrowers with aggregate exposure up to Rs. 25 crores will continue to be classified as a standard asset even if overdue exceeds 90 days but is up to 180 days, provided:

- A. The borrower was not registered under GST by January 31, 2018**
- B. The account was sub-standard as on August 31, 2017**
- C. The account was standard as on August 31, 2017 and the borrower was registered under GST by January 31, 2018**
- D. The borrower's exposure is above Rs. 25 crores**



36. According to RBI guidelines, once a borrower is reported in default, lenders must complete the Review Period and implement the Resolution Plan (RP) within what timeframe?

- A. Review Period of 60 days and RP implementation within 120 days from end of Review Period**
- B. Review Period of 30 days and RP implementation within 180 days from end of Review Period**
- C. Review Period of 45 days and RP implementation within 90 days from end of Review Period**
- D. Review Period of 15 days and RP implementation within 60 days from end of Review Period**



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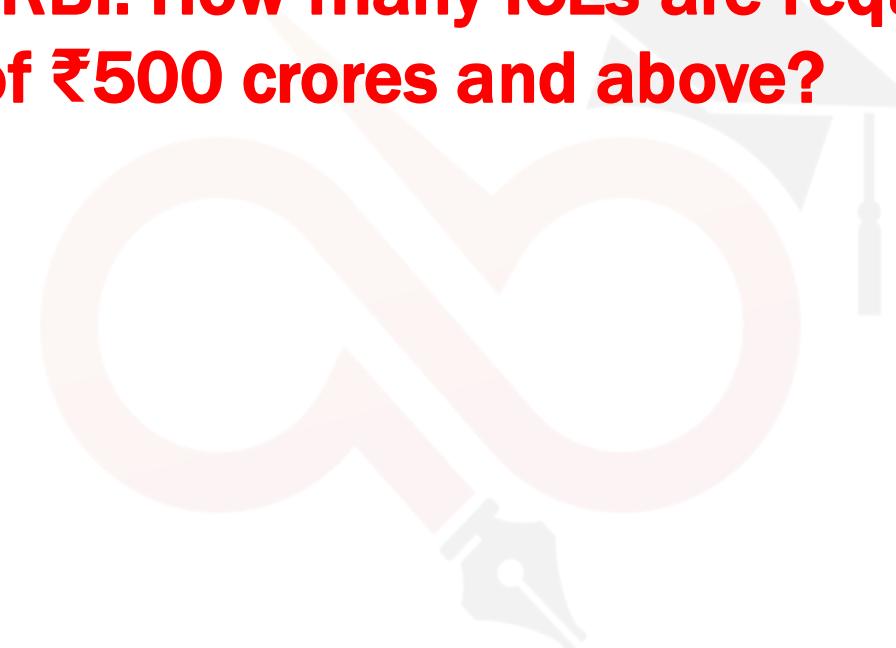
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37 For Resolution Plans (RP) involving restructuring or change in ownership, accounts with aggregate exposure of ₹100 crores and above require Independent Credit Evaluation (ICE) by credit rating agencies (CRAs) authorized by RBI. How many ICEs are required for accounts with aggregate exposure of ₹500 crores and above?

- A. None**
- B. One**
- C. Two**
- D. Three**



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38 Which of the following statements about Credit Default Swaps (CDS) is correct?

- A. CDS covers protection against default on conventional bank loans.
- B. CDS protection covers both principal and interest on the debt instrument.
- C. The protection buyer pays a premium to the protection seller for default protection.
- D. CDS can be issued on any type of debt instrument, including non-negotiable loans.



39. In a Credit Linked Note (CLN), who receives protection against credit risk, and how?

- A. The risk buyer receives protection by paying premiums to the risk seller.
- B. The risk seller receives protection by paying premiums to the risk buyer, typically an SPV issuing notes.
- C. The investors bear the credit risk directly without any protection.
- D. The risk seller bears no risk and gets fixed returns regardless of default.



40. Which of the following statements about Credit Information Companies (CICs) in India is correct?

- A. CIBIL was set up in 2005 after the Credit Information Companies (Regulation) Act was passed.
- B. As per RBI directive from January 2015, all Credit Institutions must become members of all CICs and submit monthly updated data to them.
- C. Credit Information Companies share credit history of borrowers even from non-member credit institutions.
- D. The annual fees charged by CICs to Credit Institutions is capped at Rs. 50,000 per CIC



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41 According to RBI guidelines on working capital limits for banks, which of the following statements is TRUE?

- A) The loan component should be exactly 60% of the working capital limit and cannot be increased beyond this percentage.
- B) The bifurcation of the working capital limit into loan and cash credit components excludes export credit limits and bills limit for inland sales.
- C) Investment by the bank in commercial papers issued by the borrower cannot be included as part of the loan component under any circumstances.
- D) Under Multiple Banking Arrangements (MBAs), adherence to loan and cash credit bifurcation guidelines is only required at the consortium level, not at individual bank level.



42 According to RBI guidelines on review frequency for bank accounts, which of the following is the correct frequency of review based on risk categories?

- A) High risk accounts – 6 months; Average risk accounts – 1 year; Low risk accounts – 3 years**
- B) High risk accounts – 3 months; Average risk accounts – 6 months; Low risk accounts – 1 year**
- C) High risk accounts – 1 year; Average risk accounts – 3 months; Low risk accounts – 6 months**
- D) High risk accounts – 1 month; Average risk accounts – 3 months; Low risk accounts – 6 months**



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43 Which of the following statements about banking arrangements for financing working capital is correct?

- A) Sole banking is always preferred regardless of the size of the working capital requirement.**
- B) In a consortium arrangement, one member bank is appointed as the 'Lead bank' responsible for coordination and monitoring.**
- C) Multiple banking involves a formal agreement among banks to jointly finance the borrower's working capital needs.**
- D) Borrowers never prefer multiple banking as it complicates the financing process.**



44. Which of the following statements about loan syndication is correct?

- A) Syndication refers to a loan shared by two or more banks mainly for short-term working capital financing.
- B) The borrower appoints a 'Lead bank' to arrange the entire loan amount and coordinate with other participating banks.
- C) Each participating bank in a syndication independently decides its own loan terms without consultation.
- D) The lead bank does not charge any fee for arranging the syndicated loan.



45. Which of the following statements about Straight-Through Processing (STP) or Credit Underwriting Engines (CUE) is correct?

- A) STP involves partial automation of the loan sanction process with significant manual intervention at every stage.
- B) The primary advantage of STP is to allow banks to process more loans quickly while freeing human resources for complex cases.
- C) STP started with MSME loans and later expanded to personal loans.
- D) One of the concerns while adopting STP is the inability to customize the system for future regulatory changes.



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46. A company has a fixed cost of ₹5,00,000. The selling price per unit is ₹500, and the variable cost per unit is ₹300. What is the Break-Even Point (BEP) in units?

- A) 1,000 units
- B) 2,000 units
- C) 2,500 units
- D) 2,000 units
- E) 2,500 units



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47. A manufacturing unit operates at 75% of its capacity, and its Break-Even Point (BEP) is calculated at 72% of the capacity. Based on IIBF guidelines, how would the risk level of this BEP be classified?

- A) Low Risk**
- B) Medium Risk**
- C) High Risk**
- D) Very High Risk**
- E) Very Healthy**



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48. Which of the following factors increases the length of the Working Capital Cycle, thereby increasing the working capital requirement?

- A) Reducing credit period given to customers**
- B) Faster conversion of raw materials to finished goods**
- C) Maintaining high stock of finished goods**
- D) Just-in-time inventory system for raw materials**



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49. A company has the following data:

- **Total Current Assets (TCA): ₹1,000 lakh**
- **Current Liabilities (excluding bank borrowings): ₹300 lakh**

According to the Second Method of Lending recommended by the Tandon Committee, what is the Maximum Permissible Bank Finance (MPBF)?

- A) ₹450 lakh**
- B) ₹600 lakh**
- C) ₹700 lakh**
- D) ₹400 lakh**



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50. A company provides the following estimated cash flows for the upcoming quarter:

- **Opening Cash Balance: ₹20 lakh**
- **Total Cash Inflows (for the quarter): ₹180 lakh**
- **Total Cash Outflows (for the quarter): ₹225 lakh**

Based on the Cash Budget Method, what is the working capital finance requirement to be sanctioned by the bank?

- A) ₹25 lakh
- B) ₹45 lakh
- C) ₹50 lakh
- D) ₹35 lakh



52 Which of the following statements regarding the Trade Receivables Discounting System (TReDS) is correct?

- A) TReDS permits only public sector banks to act as financiers
- B) Transactions on TReDS are “with recourse” to MSME sellers
- C) TReDS facilitates discounting of both invoices and bills of exchange
- D) Only MSMEs and banks can participate in TReDS



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