

CCP IMPORTANT QUESTIONS

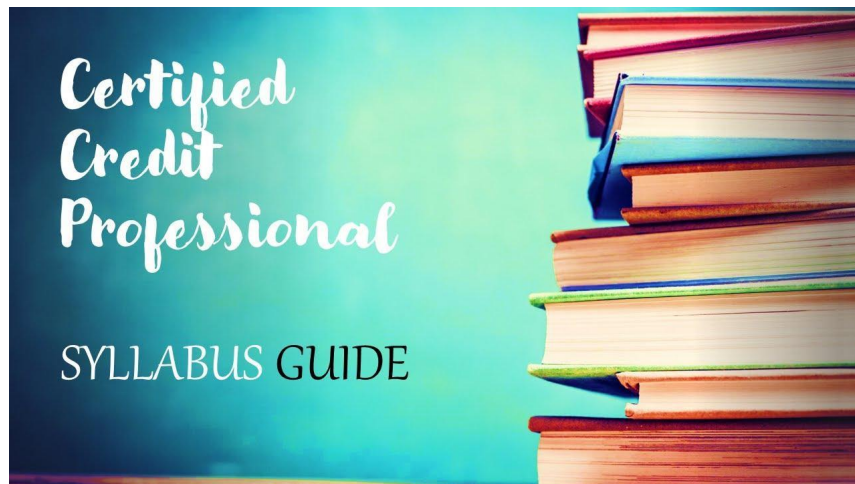
Q1: M/s Priya Textiles, a wholesale-cum-retail Trader in Denim Fabrics, is maintaining satisfactory conducted current account with ABC Bank for last 2 years. (Since 01/01/2015) Firm has approached for working capital finance and submitted audited Balance Sheet as at 31/03/2016, 31/03/2017 along with estimates for 31/03/2017. The financial indicators culled out from final account/estimates are as under : (Rs. in lakh). Particulars : 31.03.2016 : 31.03.2017 ; capital : 21.94 : 46.60 ; Long Term Liabilities : 45.62 : 11.50 ; sales : 246.26 : 573.8 ; Net profit : 8.73 : 26.98 ; Depreciation : 0.00 : 0.00 ; Interest : 1.46 : 6.43 ; Current assets : 110.65 : 73.70 ; Current liabilities : 49.11 : 27.47 . What is the growth of sales in 2017 and 2018 ?

- A.) 133% and 31%
 - B.) 125% and 40%
 - C.) 100% and 75%
 - D.) 128.50% and 38.13%
- A

Q2: Identify the incorrect statement:

- A.) A debit entry is one which result in increases in assets or expenses or liability or equity or income
- B.) A debit entry is one which result in increases in assets or expenses or decrease in liability, equity or income
- C.) A credit entry is one which result in decrease in assets or expenses or increase in liability, equity or income
- D.) Any increase in expenses in expenses will be offset by a decrease in asset or increase in liability

A



<https://youtu.be/eJJXFbvHjFk>

Q3: The maintain objectives of a Credit Policy include maintenance of _____.

- A.) Healthy Balance between Credit Volumes only
 - B.) Earning & Asset Quality only
 - C.) Corporate Goals and Social responsibilities only
 - D.) All of the above
- D

Q4: Pricing of loans should be related to _____

- A.) Inter bank borrowing rate
 - B.) RBI reference rate
 - C.) Risk rating and credit quality of the borrower
 - D.) None of the above
- C

Q5: Which one of the following statements is incorrect in regard to issuance of Bank Guarantee ?

- A.) All bank guarantees should have an expiry period and an expiry date, after which the rights of the beneficiary are extinguished.
- B.) Banks are required to maintain certain capital for non fund based limits.
- C.) The Banks are precluded from issuance of guarantees favouring other banks/FIs/other lending agencies for the loans extended by the latter.
- D.) Banks should ensure compliance with the Ghosh Committee recommendations relating to issue of guarantees.

C

Q6: Which of the following is incorrect statement in regard to objectives of code of banks commitment to MSE formulated by BCSBI?

- A.) To give a positive thrust to the MSE sector by providing easy access to efficient banking services.
- B.) To promote good and fair banking practices by setting minimum standards in dealing with MSE.
- C.) To promote a fair and cordial relationship between MSE and Banks and also ensure timely and quick response to banking needs.
- D.) To replace or supersede regulatory or supervisory instructions issued by regulator.

D

Q7: State which of the following statement is correct: Statement 1 : Any accounting policy framed by a company shall be in line with the accounting standards. Statement 2 : The management may change accounting policy from one period to another, if it facilitates better presentation of the financial statement

- A.) Statement 1
- B.) Statement 2

- C.) Both the statement
 - D.) None of the statement
- C

Q8: How should the mobilization advances of a construction company be treated :

- A.) Depending on average tenure of contract, a portion as current liability and a portion as non-current liability
 - B.) Current liability
 - C.) Non current liability
 - D.) Cannot be determined
- A

Q9: Systematic risk is:

- A.) A risk of disruption to financial services
 - B.) Caused by an impairment of all or parts of the financial system
 - C.) Has the potential to adversely affect the economy
 - D.) All of the above
- D

Q10: When a Bond trades between coupon dates, Accrued interest in an amount that is payable by the _____ to the _____.

- A.) Buyer/Seller
 - B.) Seller/Buyer
 - C.) Issuer/Seller
 - D.) Issuer/Buyer
- C

Q11: Banks are advised to build up Investment Fluctuation Reserve (IFR) of a minimum per cent of the investment portfolio within a period of 5 years.

- A.) 5
 - B.) 40
 - C.) 7
 - D.) 15
- A

Q12: Master M along with his father Mr N approached to ABC Bank for an Educational Loan of Rs. 14 lakh for undertaking PGDM in a reputed Institute to Ahmedabad. He has cleared competitive entrance test and secured 99% marks and figured in merit list. He is qualified in merit quota. ABC bank has implemented IBA's Model Educational Loan Scheme. The particulars of the educational loan requirement of Mr. M are given below : University : Amount in RS./Lakh ; Course Duration(Two years) : ; Break up of Total Cost : ; Tution Fee : 6 ; Hostel Fees incl. Mess charges : 2 ; Library and Laboratory fee : 0.6 ; Caution deposit/Retention deposit : 0.1 ; Books : 0.5 ; Computer & accessories : 0.5 ; Other expenses : 0.2 ; To & fro Air fare : 0.1 ; Total : 10. Date of sanction of loan 01/04/2016 and disbursement started from 30/04/2016. Duration of PGDM course was 2 years from 01/05/2016 to 30/04/2018. Find out total eligible expenses for consideration of educational loan under IBA's Scheme.

- A.) Rs.14.00 lakh
 - B.) Rs.9.90 lakh
 - C.) Rs.13.80 lakh
 - D.) Rs.12.00 lakh
- B

Q13: Which one of the following need not be scrutinized and commented upon in a periodic post-sanction inspection report ?

- A.) Advantages of chosen location to the unit.
 - B.) Unduly slow movement of part of finished goods.
 - C.) Internal Control measures existing at the unit.
 - D.) Frequent break down of machinery and disruption of production.
- A

Q14: Which of the following market particulars face the least credit risk ?

- A.) A debt Fund Manager investing in AAA/AA rated corporate debt securities
 - B.) A Derivatives Trader, trading exclusively in the Over-The-Counter market
 - C.) A Derivatives Trader, trading exclusively in Exchanged traded derivatives
 - D.) A debt Fund Manager investing in primarily in US Treasury securities
- D

Q15: Calculate the EBIDTA for Y+3 by using simple forecasting method. Sales Y0- 100 ; EBITDA Y0- 20 ; Sales growth Y1- 10%

- A.) 22
 - B.) 24.2
 - C.) 26.6
 - D.) 29.3
- C

Q16: Repayment period and instalments in the case of salaried class hinges on_____.

- A.) The gross salary and incentive of the borrower
 - B.) The total income of both the borrower and the guarantor
 - C.) Minimum net take home pay after all the deductions including the loan
 - D.) None of the above
- D

Q17: If the value of sales and transfer of securities to/from HTM category exceeds _____ per cent of the book value of investments held in HTM category at the beginning of the year, bank should disclose the market value of the investment held in the HTM category and indicate the excess of book value over market value for which provision is not made.

- A.) 5
 - B.) 10
 - C.) 15
 - D.) 20
- A

Q18: The increasing stressed assets in the banking sector have been causing concern for the bankers, regulators and public authority. Considering the alarming growth of stressed assets, RBI published a draft paper on 'Early Recognition of Financial Distress and Prompt Steps for Resolution of Distressed Assets'. Based on the comments received on a discussion paper RBI has issued fresh guidelines viz "Early Recognition of Financial Distress, Prompt Steps for

Resolution and Fair Recovery for Lenders: Framework for Revitalising Distressed Assets in the Economy" with effect from 1.4.2018 outlining a corrective action plan (CAP) that will incentivize early identification of problem account, timely restructuring of accounts, which are considered to be viable, and taking prompt steps by lenders for recovery or sale of unviable accounts. RBI has set-up CRILC to collect, store and disseminate credit data to lenders. Accordingly banks will be required to report credit information, including classification of an account as SMA to CRILC on all their borrowers having aggregate fund-based and non-fund based exposure of Rs.50 million and above with them (Rs.5 crores). The decision on invoking the SDR by converting the whole or part of the loan into equity shares should be taken by the JLF as early as possible but within ----- from the review of the account.

- A.) 30 days
 - B.) 40 days
 - C.) 60 days
 - D.) Reasonable period
- A

Q19: Production efficiency is the ability to product goods using the _____ resource possible.

- A.) Cheapest
 - B.) Highest
 - C.) Fewest
 - D.) Costliest
- C

Q20: Off balance sheet exposure of a bank includes

- A.) Travelling expenses of senior executives
- B.) Standby letters of credit, money guarantees, bid bonds, letters of credit, indemnities and warranties, forex forward contracts, swaps, options, etc.
- C.) LCs accepted and / or negotiated by the bank
- D.) None of the above

B

Answer Keys

1	A	9	D	17	A
2	A	10	C	18	A
3	D	11	A	19	C
4	C	12	B	20	B
5	C	13	A		
6	D	14	D		
7	C	15	C		
8	A	16	D		