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# CAIIB ABM

# MOCK TEST



**Note:** Though we had taken enough care to go through the questions, we advise everyone to update oneself with the latest information through RBI website and other authenticated sources.



LEARNING  
SESSIONS

**November 2021**

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## CAIIB - ABM MOCK TESTS

Learning sessions down below has provided some questions for you to solve on the CAIIB's subject of ABM i.e Advanced Bank Management.

Try to solve the given mock test of ABM within 10 Minutes & then, can check the answers from the answer key provided at the last of this article!!

Try to complete the test sincerely & do not look up the answers until you have marked your answers!!

### ABM- CAIIB MOCK TEST

No.	QUESTION
1	<p>Which of the following best defines the meaning of price discrimination?</p> <p>a. It means charging different prices on the basis of race of the consumers. b. It means charging different prices for goods having different cost of production c. It means charging different prices that are based on different cost of service d. It means selling a certain product of given quality &amp; cost per unit at different prices to the different buyers.</p>
2	<p>Which of the below statements are right or true about Ratio Analysis?</p> <p>A) Ratio analysis is useful in conducting financial analysis B) Ratio analysis is helpful in communication &amp; coordination C) Ratio Analysis isn't helpful in the identification of weak spots of the business D) Ratio Analysis is helpful in financial planning as well as forecasting</p> <p>a. A, B &amp; D b. A, C &amp; D c. A, B &amp; C d. A, B, C &amp; D</p>

<p><b>3</b></p>	<p>Manager, Krishna, at an electricity power plant wants to get a better idea of how the weather affects the demand for electricity. The data on 102 summer days yielded these sums of squares: The sum of squares for maximum daily temperature is 10,250, sum of squares for the daily kilowatt-hours of electricity is 7,820, sum of squares for temperature times electricity use is 7,370. What is the correlation b/w Total Daily Kilowatt-hours &amp; Maximum Daily Temperature?</p> <p>a. 0.177 b. 0.823 c. 0.749 d. -0.823</p>
<p><b>4</b></p>	<p>What is the decision &amp; conclusion for the test of <math>H_0: \rho = 0</math> in 14 with a 5% significance level?</p> <p>a. Reject <math>H_0</math> as the daily maximum temperature &amp; the no. of kilowatt-hours of electricity used have an inverse linear relationship b. Do not Reject <math>H_0</math> as the daily maximum temperature and the no. of kilowatt-hours of electricity used have a direct linear relationship c. Reject <math>H_A</math> because the daily maximum temperature and the no. of kilowatt-hours of electricity used have a direct linear relationship d. Reject <math>H_0</math> as the daily maximum temperature and the no. of kilowatt-hours of electricity used have a direct linear relationship</p>
<p><b>5</b></p>	<p>What is the meaning of Deficit financing?</p> <p>a. It's the difference in borrowing and internal as well as external resources b. Capital expenditure on items of public construction, public enterprises &amp; public borrowings c. The money that Government spends in excess of revenue &amp; capital receipts so that budget deficit is incurred which is then financed by borrowing from the Reserve Bank of India. d. It's the difference of total expenditure &amp; income by revenue from all sources</p>
<p><b>6</b></p>	<p>If "time" is used as an independent variable in a simple linear regression analysis, then which of the below assumption that has the possibility of being violated?</p> <p>a. There is a linear relationship between the dependent &amp; independent variables</p>

	<p>b. The residual variation is the same for all fitted values of Y</p> <p>c. The residuals are distributed normally</p> <p>d. Successive observations of the dependent variable are not correlated</p>
7	<p>In which sampling method, the population is divided into relatively homogenous groups &amp; in that case, we select either one of the following 2 approaches:</p> <p>i) select at random from each group a specified no. of elements corresponding to the proportion of that group in the population as a whole, or</p> <p>ii) draw an equal no. of elements from the each given group and give weight to the results according to the group's proportion of total population.</p> <p>a. Simple Random Sampling Method</p> <p>b. Systematic Sampling Method</p> <p>c. Stratified Sampling Method</p> <p>d. Cluster Sampling Method</p>
8	<p>Pick the correct statement from the given options:</p> <p>a. The quantity of money demanded increases as the rate of interest falls.</p> <p>b. The quantity of money demanded increases with the decrease in the nominal income level.</p> <p>c. Increase in money supply leads to the rise in the interest rate.</p> <p>d. Demand of money is directly related to the rate of interest.</p>
9	<p>Which among the following assumptions is NOT an assumption of Pareto optimality?</p> <p>a. Every consumer wishes to maximize his or her level of satisfaction.</p> <p>b. All the factors of production are used in the production of every product or commodity.</p> <p>c. Conditions of perfect competition exist which makes all the factors of production perfectly mobile</p> <p>d. The concept of utility is cardinal and the cardinal utility function of every consumer is given.</p>
10	<p>Read the following and then answer the question given down below:</p> <p>A grocery shop sells fresh milk at Rs. 20 per litre at which price 400 litres of milk are sold per month. After some time, the price is raised to Rs. 30 per litre. Following the price rise will result into a situation where:</p> <p>The price elasticity of demand when fresh milk's price increases from 20 per litre to 30 per litre will be equal to _____.</p>

a. 2.5
b. 1.0
c. 1.66
d. 2.66

ANSWER KEY			
1	D	6	D
2	A	7	C
3	B	8	A
4	C	9	D
5	C	10	C

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