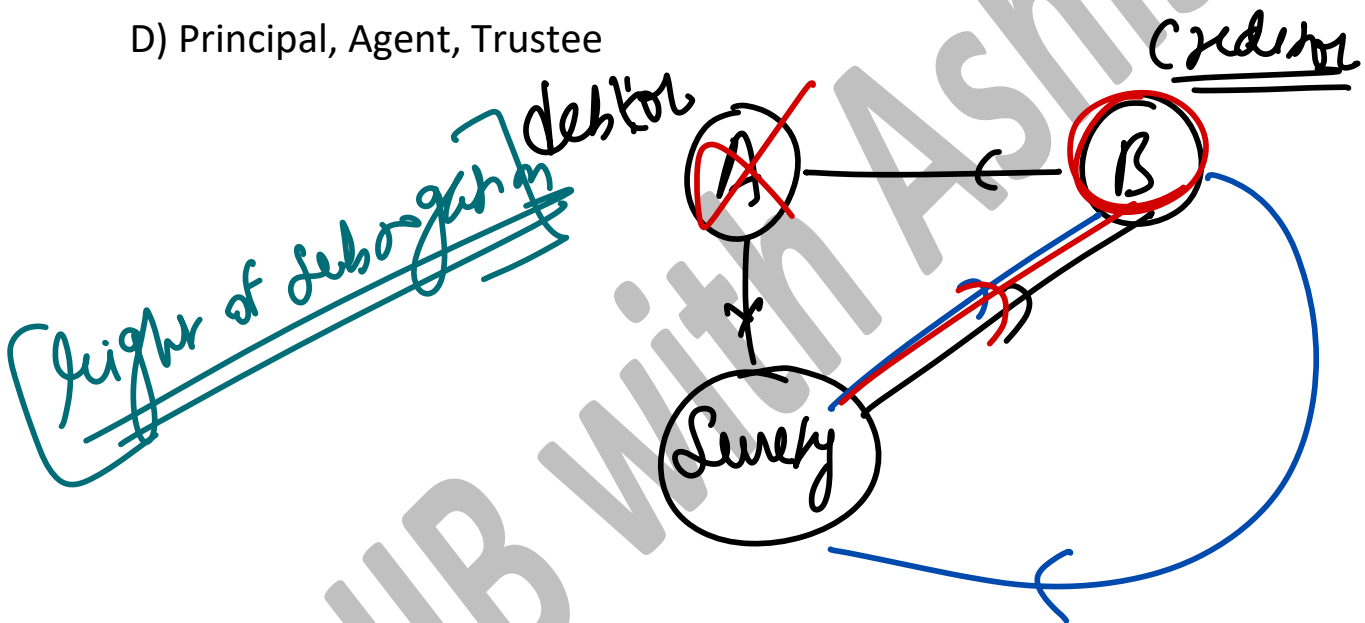


Q1. Chapter: Contract of Guarantee

In a contract of guarantee issued by a bank under Section 126 of the Indian Contract Act, 1872, three distinct parties are involved whose roles interlink to secure the obligation. Which of the following sets correctly identifies these parties?

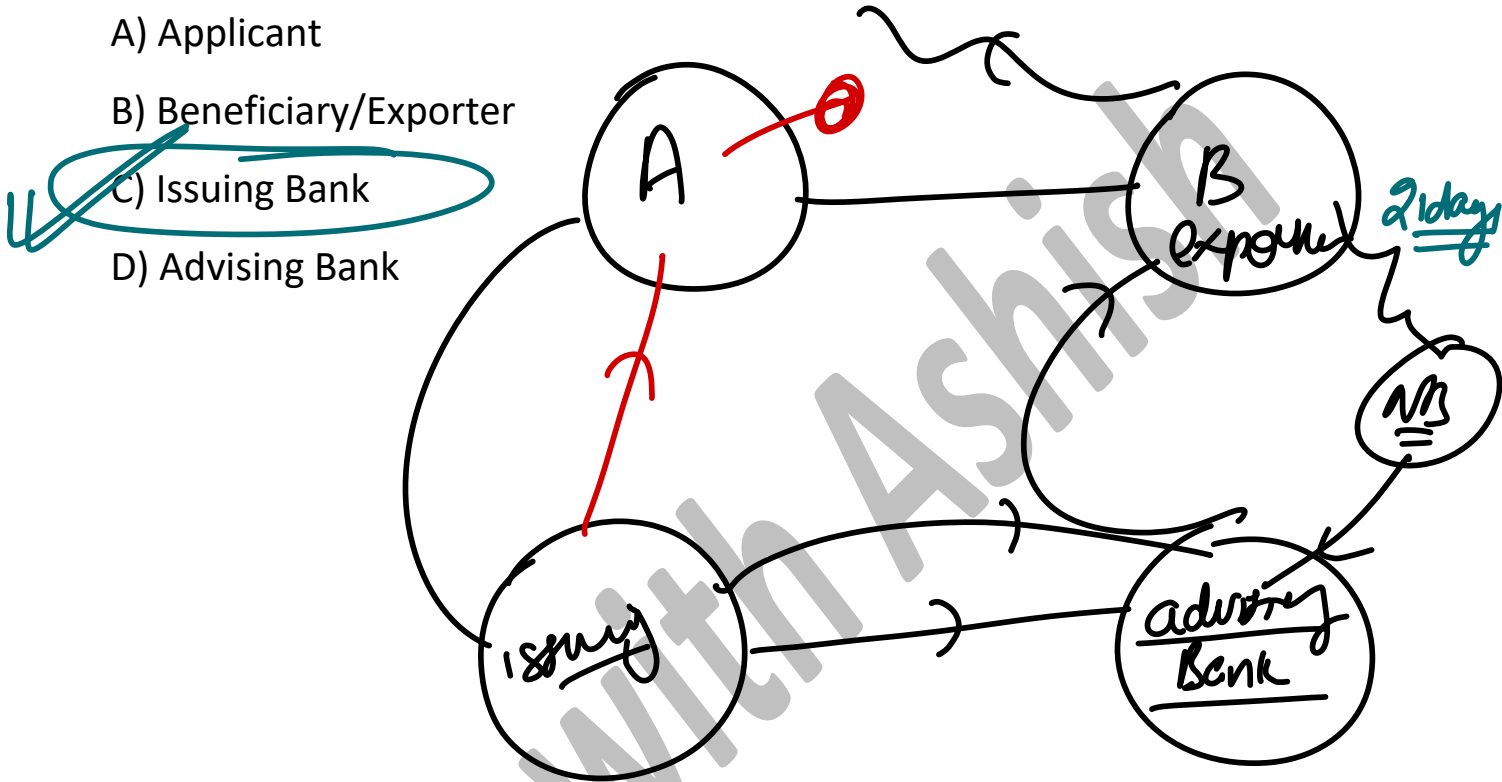
- A) Appellant, Respondent, Guarantor
- B) Debtor, Creditor, Witness
- C) Creditor/Beneficiary, Principal Debtor, Surety (Bank)
- D) Principal, Agent, Trustee



Q2. *Chapter: Letter of Credit*

Under a Letter of Credit arrangement, which party provides an unconditional undertaking to honour payment upon presentation of documents strictly conforming to the terms of the credit?

- A) Applicant
- B) Beneficiary/Exporter
- C) Issuing Bank
- D) Advising Bank



JAIIB WITH Ashish

Q3. *Chapter: Term Loan*

When an enterprise seeks long-term finance for purchasing plant and machinery, which feature is characteristic of a term loan?

A) Revolving credit facility with no fixed tenure

B) Typically disbursed in one lump sum and repayable over 3–10 years in instalments

C) Can be drawn and repaid multiple times within a year

D) Interest only charged at maturity

→ Repayment Capacity → Ratio
[DSCR]

JAIIB With English

$$NWC = \underline{\underline{CA - CL}}$$

$$\underline{\underline{\text{gross working capital}}} = \underline{\underline{\text{Total CA}}}$$

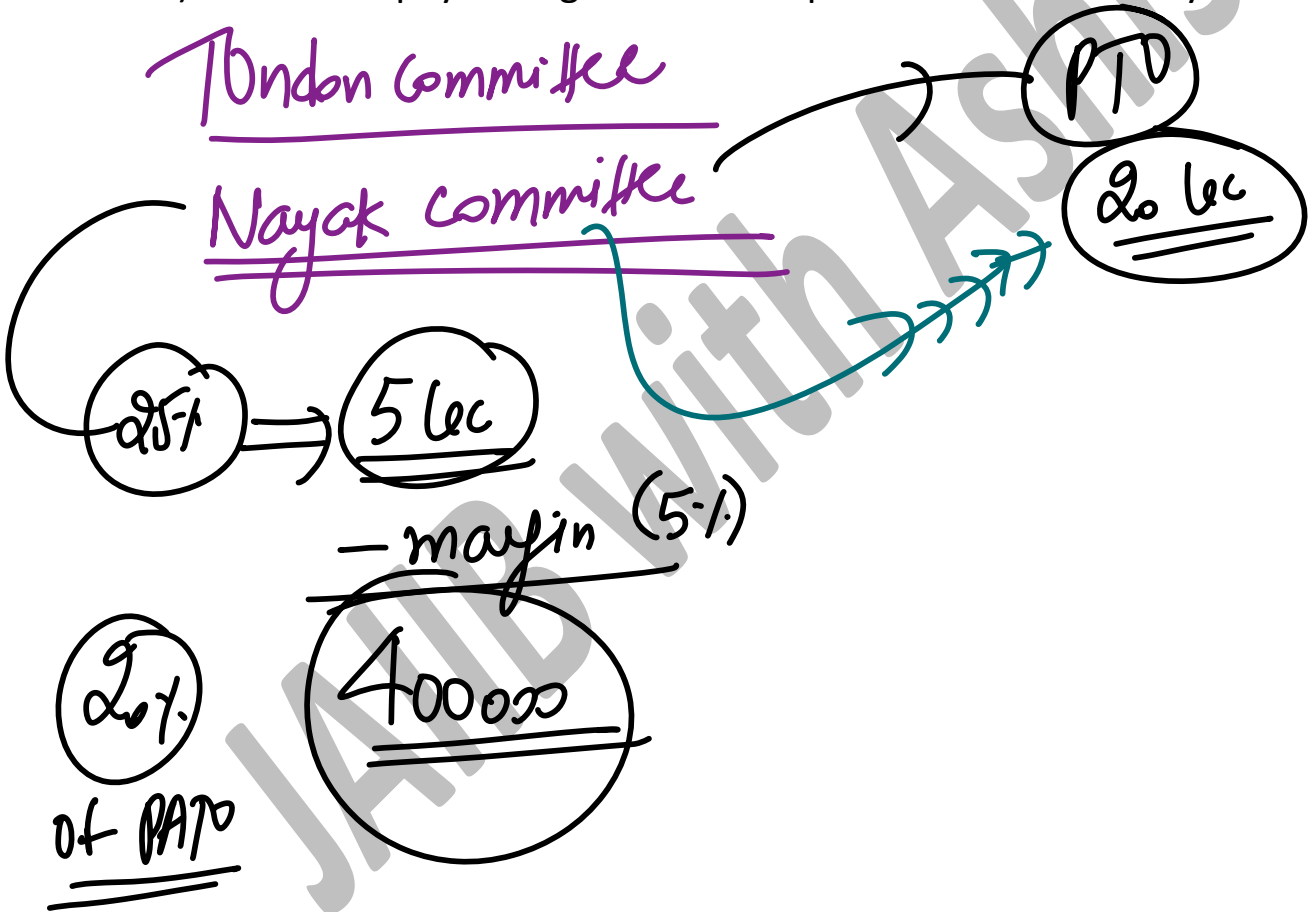
Q4. Chapter: Cash Credit & Working Capital

Which of the following best describes cash credit as a working capital finance facility?

- A) A one-off advance for capital expenditure α
- B) A non-revolving overdraft for long-term projects α
- C) A revolving short-term credit limit to finance current assets and day-to-day operations
- D) A deferred payment guarantee for purchase of machinery

Tandon Committee

Nayak Committee



Q5. Chapter: Gross and Net Working Capital

In working capital assessment, net working capital is defined as:

- A) Total current assets of the firm
- B) Total current liabilities of the firm
- C) Total current assets minus total current liabilities
- D) Total fixed assets minus total long-term liabilities

MPBF-1

margin?

WCG -

25% of WCG

margin

min CA?

1.17:1

MPBF-II →

1.33:1

#1 A → Imp.

[24 - 28 marks]

#2 B Imp

[25 - 30 marks]

C → 15-22

D - 5 (C) ⇒ ~~17-25~~

B 18
A 16
C 6

27 Hours

Jaiib

1499

83609
44207

Q6. Chapter: Tandon Committee Method I

Under the first method recommended by the Tandon Committee and accepted by RBI, the maximum permissible bank finance (MPBF) is computed by requiring the borrower to bring in at least what percentage of the working capital gap?

- A) 10%
- B) 25%
- C) 50%
- D) 75%

margin = borrower contribution

B) 25%

WCG

TCA

TCL

TCL - RB OD/CC

OCL

WCG

TCA - OCL =

Q7. Chapter: Tandon Committee Method II

In the second method of the Tandon Committee, the enterprise must bring in at least 25% of which of the following to determine

MPBF?

- A) Working capital gap
- B) Total current assets
- C) Net fixed assets
- D) Total liabilities

MPBF-II

WCG - margin

[25% of TCA]

min CR = 1.33:1

$\frac{CA}{CL}$

→ more is better

Q8. Chapter: Nayak Committee Recommendations

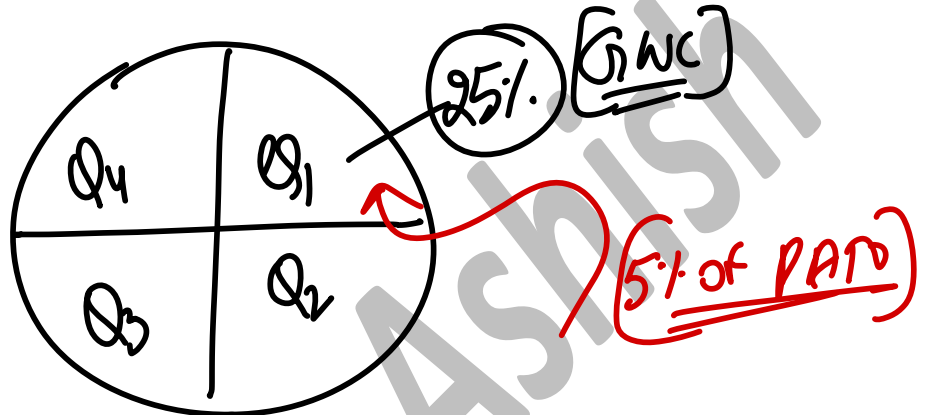
The Nayak Committee (1993) introduced the Projected Turnover Method. Under this method, the working capital requirement is computed as 25% of the annual projected turnover, and the working capital limit sanctioned is 20% of the turnover.

A) 20%, 20%

B) 20%, 25%

C) 25%, 20%

D) 30%, 25%



Ans

JAIIB With ASPI

CBM →

Cash flow deficit

$$C/I - C/O$$

Q9. Chapter: Kannan Committee Recommendation

Which method, recommended by the Kannan Committee, is most suitable for assessing working capital needs of highly seasonal industries like agriculture or film production?

- A) Tandon Method I
- B) Tandon Method II
- C) Annual Projected Turnover Method
- D) Cash Budget Method

JAIIB With Ashish

Q10. Chapter: Types of Loans

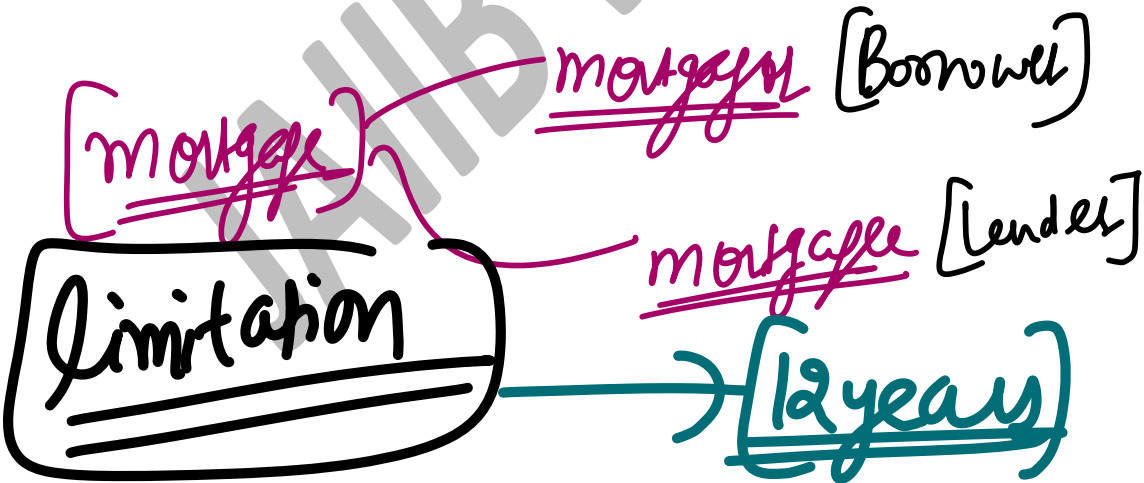
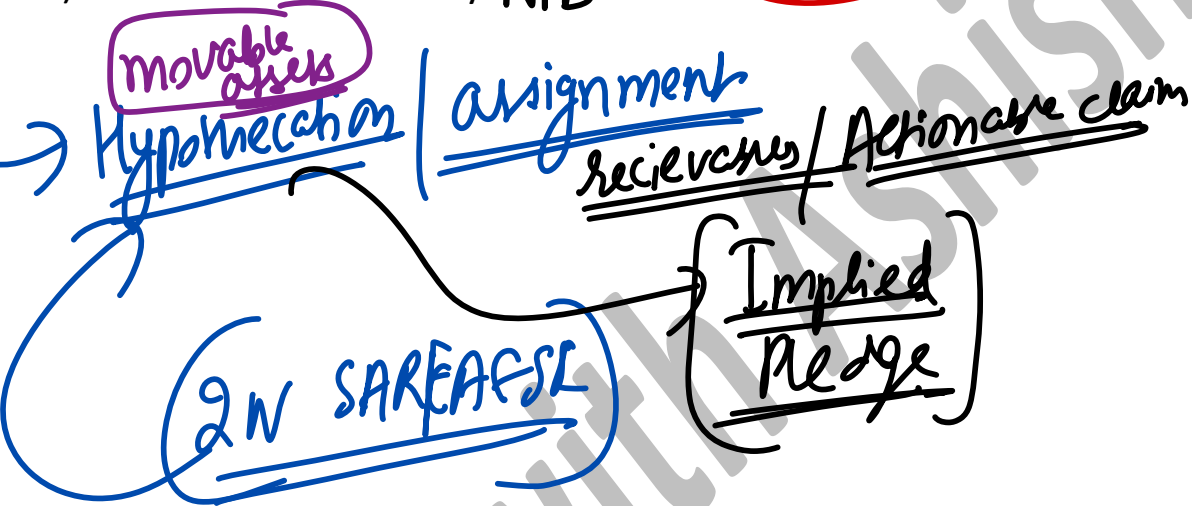
Which of the following is correctly classified as a fund-based facility?

- A) Bank Guarantee NFB
- B) Letter of Credit NFB
- C) Cash Credit FB
- D) Performance Warranty NFB

Direct outlay of fund

Contingent liability

Ans:



Q11. *Chapter: Types of Loans*

Which of these is a non-fund-based facility under bank lending principles?

A) Cash Credit

B) Bank Guarantee

C) Term Loan

D) Overdraft

JAIIB With Ashish

Q12. *Chapter: Fund-Based vs Non-Fund-Based*

In contrast to term loans, cash credit facilities are principally used to finance:

A) Capital expenditure on land and machinery

B) Day-to-day operational expenses and current assets

C) Long-term infrastructure projects

D) Purchase of immovable property

JAIIB With Ashish

Q13. *Chapter: Marginal Cost-Based Lending Rate (MCLR)*

Which component is not part of the Marginal Cost-Based Lending Rate (MCLR) calculation?

A) Marginal cost of funds ✓

B) Negative carry on CRR balances ✓

C) Operating overhead cost ✓

D) Profit margin charged over cost ✗ Ans

JAIIB With Ashish

Q14. *Chapter: MCLR Benchmarks*

Banks are required to publish the following MCLR benchmarks

except:

A) Overnight MCLR

B) One-month MCLR

C) Two-year MCLR

D) One-year MCLR

JAIIB With Ashish

Q15. *Chapter: External Benchmarking of Loans*

Repo

Loans linked to external benchmarks as mandated by RBI must be indexed to all of the following except:

- ✓ A) RBI policy repo rate
- ✓ B) 3-month Government Treasury Bill yield
- ✓ C) 6-month Government Treasury Bill yield
- D) Bank's internal Base Rate

α Ans

JAIIB With Ashish

Q16. *Chapter: Contract of Guarantee*

Consider these statements about a continuing guarantee under the Indian Contract Act:

✓ a) It covers a series of transactions without needing a new guarantee each time.

✓ b) It terminates automatically upon the surety's death for future transactions.

✓ c) Any change in terms without the surety's consent discharges the surety. (Bank)

✗ d) Mere forbearance by the creditor to sue the principal debtor discharges the surety.

Which combination is correct?

A) a, b and c

B) a and d only

C) a to d all

D) b and d only

Q17. *Chapter: Letter of Credit*

Evaluate these statements regarding types of Letters of Credit:

✓ a) An irrevocable LC cannot be amended without the beneficiary's consent. (amended/cancel)

✓ b) A transferable LC allows the beneficiary to transfer credit to another party only once.

✓ c) A confirmed LC adds the confirmation bank's undertaking to pay.

✗ d) A revolver LC restores the full limit automatically after each use without reopening.

Which are correct?

A) a, b and c

Ans

B) a and d only

C) b and c only

D) all of the above

JALIB With Ashish

Q18. Chapter: Working Capital Components

Which of the following are typical components included in gross

working capital? $GWC = TCA$

- ✓ a) Raw material inventory CA
- ✓ b) Work-in-progress CA
- c) Fixed assets such as plant and machinery FA
- ✓ d) Sundry debtors (receivables) CA

Choose the correct combination:

- A) a, b and d
- B) a and c only
- C) b, c and d only
- D) all of the above

Doubtful Asset 2 years

Primary security → 10 Lac

Collateral → 10 Lac

ECGC guarantee → 60%. Provision?

- DF 1 — 12M
- DF 2 — 24M
- DF 3 — 36M

O/S → 40 Lac	
40	
- 10 PS	
- 10 CS	
20	
	→ 60% of ECGC
	20
	- 60%
	<u>8 Lac</u>

RIS

- 25%
- 40% [20]
- 100%

Shutter

- 100%
- 100% [8]
- 100%

8 Lac + 8 Lac = 16 Lac

Q19. *Chapter: Types of Loans*

Which statements correctly distinguish between fund-based and non-fund-based facilities?

✓ a) Fund-based facilities involve actual disbursement of bank funds.

✓ b) Non-fund-based facilities generate contingent liabilities without immediate outlay.

c) Cash credit is a non-fund-based facility. α

✓ d) Bank guarantees are non-fund-based until invoked.

Select the right combination:

A) a, b and d

B) a and c only

C) b and c only

D) all of the above

Ans

JALIB With Ashish

Q20. **Chapter: Marginal Cost-Based Lending Rate (MCLR)**

Assess these statements about the transition and review of benchmark lending rates:

- ✓ a) MCLR became the internal benchmark for new rupee loans and credit limits from April 1, 2016.
- ✓ b) Banks must publish and review their MCLR on a pre-announced monthly date.
- ✗ c) Loans under government refinance schemes are exempt from MCLR linkage. *external*
- ✓ d) Base Rate methodology must not be reviewed for at least three years after its finalisation.

Which combination is correct?

- A) a, b and d
- B) a and c only
- C) b and c only
- D) all of the above

Ans

Jaiib

Jaiib1499

8360944207