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CAIIB ABM Practice Questions

Q1. Statement 1: Manpower Planning involves forecasting the future human resource requirements of an organization.

Statement 2: Recruitment and Selection are considered as sub-functions of Human Resource Management.

Statement 3: Human Resource Planning ensures that the right number of people are NOT available at the right time.

- a) Statements 1 and 2 are correct
- b) Statements 2 and 3 are correct
- c) All three statements are correct
- d) Only Statement 1 is correct

Answer: a) Statements 1 and 2 are correct

Explanation: Statement 1: TRUE – Manpower Planning forecasts future HR needs.

Statement 2: TRUE – Recruitment and Selection are core HRM sub-functions.

Statement 3: FALSE – HRP ensures right number of people ARE available at the right time and place.

Q2. Which of the following is NOT a method of On-the-Job Training?

- a) Job Rotation
 - b) Vestibule Training
 - c) Coaching
 - d) Understudy Method
- a) Job Rotation
 - b) Vestibule Training
 - c) Coaching
 - d) Understudy Method

Answer: b) Vestibule Training

Explanation: Vestibule Training is an Off-the-Job training method where employees are trained in a simulated environment away from the actual workplace. Job Rotation, Coaching, and Understudy Method are all On-the-Job training methods.

Q3. According to Maslow's Hierarchy of Needs, which need comes immediately after Safety Needs are fulfilled?

- a) Physiological Needs
 - b) Esteem Needs
 - c) Social/Belongingness Needs
 - d) Self-Actualization Needs
- a) Physiological Needs
 - b) Esteem Needs
 - c) Social/Belongingness Needs
 - d) Self-Actualization Needs

Answer: c) Social/Belongingness Needs

Explanation: Maslow's Hierarchy from bottom to top: Physiological → Safety → Social/Belongingness → Esteem → Self-Actualization. After Safety needs are met, Social/Belongingness needs become the motivating factor.

Q4. Scenario: A junior employee says to her manager, 'I am really confused about this new process. Could you please guide me?' The manager responds warmly, 'Of course! Let me explain step by step.'

Which type of transaction is this?

- a) Crossed Transaction
 - b) Complementary Transaction
 - c) Covert Transaction
 - d) Ulterior Transaction
- a) Crossed Transaction
 - b) Complementary Transaction
 - c) Covert Transaction
 - d) Ulterior Transaction

Answer: b) Complementary Transaction

Explanation: A Complementary Transaction occurs when the response matches the expectation of the initiator. Here, the junior (Child ego state) seeks help, and the manager responds from Parent ego state — communication flows smoothly without disruption.

Q5. Statement 1: The 360-Degree Appraisal system collects feedback from subordinates, peers, supervisors, and sometimes customers.

Statement 2: Halo Effect in performance appraisal occurs when a rater allows one outstanding trait to influence the overall rating.

Statement 3: The Forced Ranking Method guarantees that all employees will be rated above average.

- a) Statements 1 and 2 are correct
- b) Statements 2 and 3 are correct
- c) All three statements are correct
- d) Only Statement 3 is correct

Answer: a) Statements 1 and 2 are correct

Explanation: Statement 1: TRUE – 360-Degree appraisal is multi-source feedback. Statement 2: TRUE – Halo Effect is a common rater bias. Statement 3: FALSE – Forced Ranking/Distribution actually forces a bell curve, meaning a fixed percentage MUST be rated below average.

Q6. Scenario: A bank promotes a teller to the role of 'Senior Teller' where he now handles cash, resolves customer complaints, trains new staff, and authorizes transactions up to ₹50,000 — all without a change in his pay grade.

Which job design technique is being applied?

- a) Job Rotation
- b) Job Enlargement
- c) Job Enrichment
- d) Job Simplification

- a) Job Rotation
- b) Job Enlargement
- c) Job Enrichment
- d) Job Simplification

Answer: c) Job Enrichment

Explanation: Job Enrichment is vertical expansion — adding responsibility, authority, and growth opportunities to the existing role. Training new staff and authorizing transactions indicates increased authority and accountability, which are hallmarks of Job Enrichment.

Q7. Priya is a newly promoted Branch Manager. She is unaware that her micromanagement style is causing stress among her team, though her team and regional head have noticed this pattern clearly.

Which Johari Window quadrant does this represent?

- a) Open/Arena
- b) Hidden/Facade
- c) Blind Spot
- d) Unknown
 - a) Open/Arena
 - b) Hidden/Facade
 - c) Blind Spot
 - d) Unknown

Answer: c) Blind Spot

Explanation: Blind Spot is the quadrant where information is UNKNOWN to self but KNOWN to others. Priya is unaware of her micromanagement tendency while others can clearly observe it — a classic Blind Spot situation.

Q8. Statement 1: Functional conflict can be beneficial as it stimulates innovation and healthy competition.

Statement 2: Dysfunctional conflict always improves organizational performance.

Statement 3: Intergroup conflict arises between two or more groups within the same organization.

- a) Statements 1 and 3 are correct
- b) Statements 2 and 3 are correct
- c) All three statements are correct
- d) Only Statement 1 is correct
 - a) Statements 1 and 3 are correct
 - b) Statements 2 and 3 are correct
 - c) All three statements are correct
 - d) Only Statement 1 is correct

Answer: a) Statements 1 and 3 are correct

Explanation: Statement 1: TRUE – Functional/constructive conflict fosters creativity. Statement 2: FALSE – Dysfunctional conflict HARMS performance. Statement 3: TRUE – Intergroup conflict occurs between departments/groups within the organization.

Q9. Assertion (A): Transformational leadership focuses on inspiring followers to exceed their own self-interest for the good of the organization.

Reasoning (R): Transactional leadership is based on the exchange principle — reward for performance and punishment for failure.

- a) Both A and R are true, and R is the correct explanation of A
 - b) Both A and R are true, but R is NOT the correct explanation of A
 - c) A is true, but R is false
 - d) A is false, but R is true
- a) Both A and R are true, and R is the correct explanation of A
 - b) Both A and R are true, but R is NOT the correct explanation of A
 - c) A is true, but R is false
 - d) A is false, but R is true

Answer: b) Both A and R are true, but R is NOT the correct explanation of A

Explanation: Both statements are independently true. However, R describes Transactional leadership, which is a separate concept from Transformational leadership (described in A). R explains Transactional, not Transformational leadership, so it is NOT the correct explanation of A.

Q10. A bank employee works hard, gets promoted regularly within the same department, and aims to reach the position of General Manager over the next 20 years. He never plans to change his profession or industry.

Which career concept does this best represent?

- a) Spiral Career
 - b) Transitory Career
 - c) Steady State Career
 - d) Linear Career
- a) Spiral Career
 - b) Transitory Career
 - c) Steady State Career
 - d) Linear Career

Answer: d) Linear Career

Explanation: Linear Career involves upward movement within the same profession using the organizational hierarchy. Staying in the same organization/industry and climbing the ladder steadily to reach GM is a textbook Linear Career path.

Q11. Statement 1: An account is classified as Doubtful if it has remained in the Sub-Standard category for more than 12 months.

Statement 2: A Loss Asset is one where loss has been identified but the amount has not been written off.

Statement 3: Provision requirement for Sub-Standard assets (secured) is 15% of the outstanding balance.

- a) Statements 1 and 2 are correct
- b) Statements 2 and 3 are correct
- c) All three statements are correct
- d) Statements 1 and 3 are correct

- a) Statements 1 and 2 are correct
- b) Statements 2 and 3 are correct
- c) All three statements are correct
- d) Statements 1 and 3 are correct

Answer: c) All three statements are correct

Explanation: Statement 1: TRUE – Sub-Standard > 12 months → Doubtful.
Statement 2: TRUE – Loss Assets have identified loss but amount may still be on books. Statement 3: TRUE – RBI mandates 15% provision for secured Sub-Standard assets.

Q12. A company has the following financials: PAT = ₹40 lakh, Depreciation = ₹10 lakh, Interest = ₹15 lakh, Principal repayment = ₹25 lakh.

What is the DSCR?

- a) 1.50
 - b) 1.625
 - c) 1.75
 - d) 2.00
- a) 1.50
 - b) 1.625
 - c) 1.75
 - d) 2.00

Answer: b) 1.625

Explanation: $DSCR = (PAT + Depreciation + Interest) / (Interest + Principal Repayment) = (40 + 10 + 15) / (15 + 25) = 65 / 40 = 1.625$

Q13. Which of the following items is EXCLUDED from Current Assets while assessing Maximum Permissible Bank Finance (MPBF) under the Tandon Committee norms?

- a) Raw Materials
 - b) Book Debts
 - c) Intangible Assets
 - d) Finished Goods
- a) Raw Materials
 - b) Book Debts
 - c) Intangible Assets
 - d) Finished Goods

Answer: c) Intangible Assets

Explanation: Under Tandon Committee methodology, Current Assets include raw materials, WIP, finished goods, book debts, and other liquid assets. Intangible assets (like goodwill, patents) are not current assets and are excluded from working capital assessment.

Q14. Statement 1: Under the revised MSME definition (2020), a Medium Manufacturing Enterprise can have investment up to ₹50 crore and turnover up to ₹250 crore.

Statement 2: Services sector MSMEs are now classified using the same

investment and turnover criteria as Manufacturing MSMEs.

Statement 3: Exports are INCLUDED in the calculation of turnover for MSME classification.

- a) Statements 1 and 2 are correct
 - b) Statements 2 and 3 are correct
 - c) Only Statement 1 is correct
 - d) All three statements are correct
- a) Statements 1 and 2 are correct
 - b) Statements 2 and 3 are correct
 - c) Only Statement 1 is correct
 - d) All three statements are correct

Answer: a) Statements 1 and 2 are correct

Explanation: Statement 1: TRUE – Medium Enterprise: Investment \leq ₹50 crore, Turnover \leq ₹250 crore. Statement 2: TRUE – Post-2020, same criteria apply to both manufacturing and service enterprises. Statement 3: FALSE – Exports are EXCLUDED from turnover calculation for MSME classification.

Q15. Assertion (A): External Benchmark-based Lending Rate (EBLR) is mandatory for all floating rate loans to retail and MSME borrowers sanctioned on or after October 1, 2019.

Reasoning (R): Under EBLR, banks must reset interest rates at least once every three months.

- a) Both A and R are true, and R is the correct explanation of A
 - b) Both A and R are true, but R is NOT the correct explanation of A
 - c) A is true, but R is false
 - d) A is false, but R is true
- a) Both A and R are true, and R is the correct explanation of A
 - b) Both A and R are true, but R is NOT the correct explanation of A
 - c) A is true, but R is false
 - d) A is false, but R is true

Answer: b) Both A and R are true, but R is NOT the correct explanation of A

Explanation: Both A and R are independently correct — EBLR is mandatory for floating rate retail/MSME loans from Oct 1, 2019, and interest rate reset must happen at least every three months. However, R (the reset periodicity) does not explain WHY EBLR was made mandatory (A), so R is not the correct explanation of A.

Q16. Case Study: Greenfield Solar Ltd. is setting up a 100 MW solar plant with Project Cost: ₹400 crore, Debt:Equity = 3:1, Interest Rate = 9% p.a., Moratorium: 2 years, Repayment Period: 8 years.

Q16: What is the debt component?

- a) ₹300 crore
- b) ₹350 crore
- c) ₹280 crore
- d) ₹320 crore

- a) ₹300 crore
- b) ₹350 crore
- c) ₹280 crore
- d) ₹320 crore

Answer: a) ₹300 crore

Explanation: Debt:Equity = 3:1, so Debt = $\frac{3}{4} \times 400 = ₹300$ crore; Equity = $\frac{1}{4} \times 400 = ₹100$ crore.

Q17. (Continuing the Greenfield Solar Case Study)

Q17: What is the Annual Principal Repayment per year during the repayment period?

- a) ₹37.5 crore
 - b) ₹30 crore
 - c) ₹35 crore
 - d) ₹25 crore
- a) ₹37.5 crore
 - b) ₹30 crore
 - c) ₹35 crore
 - d) ₹25 crore

Answer: a) ₹37.5 crore

Explanation: Principal = ₹300 crore, Repayment period = 8 years. Annual Principal Repayment = $300/8 = ₹37.5$ crore.

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Q18. (Continuing the Greenfield Solar Case Study)

Q18: What is the Interest payable in Year 3 (first year of repayment)?

- a) ₹27 crore
 - b) ₹29 crore
 - c) ₹25 crore
 - d) ₹30 crore
- a) ₹27 crore
 - b) ₹29 crore
 - c) ₹25 crore
 - d) ₹30 crore

Answer: a) ₹27 crore

Explanation: At the start of repayment (Year 3), entire debt of ₹300 crore is outstanding. Interest = $9\% \times 300 = ₹27$ crore.

Q19. Statement 1: Concentration risk arises when a large portion of a bank's lending is directed to a single borrower, sector, or geography.

Statement 2: Credit Default Swap (CDS) is a tool used for credit risk transfer where the protection buyer pays periodic premiums.

Statement 3: In securitization, the originating bank retains credit risk on the securitized assets on its balance sheet.

- a) Statements 1 and 2 are correct
 - b) Statements 2 and 3 are correct
 - c) All three statements are correct
 - d) Only Statement 1 is correct
- a) Statements 1 and 2 are correct
 - b) Statements 2 and 3 are correct
 - c) All three statements are correct
 - d) Only Statement 1 is correct

Answer: a) Statements 1 and 2 are correct

Explanation: Statement 1: TRUE – Concentration in a single sector/borrower amplifies risk. Statement 2: TRUE – In CDS, protection buyer pays premium to protection seller. Statement 3: FALSE – In securitization, assets are moved OFF the balance sheet, transferring credit risk to investors.

Q20. Which of the following actions would constitute wilful default as per RBI guidelines?

- a) A borrower who genuinely fails to repay due to economic slowdown in the sector
 - b) A borrower who uses loan funds for business expansion instead of the sanctioned purpose of working capital
 - c) A borrower who delays repayment due to temporary liquidity issues but has adequate net worth
 - d) A borrower who restructures loans with bank's consent after genuine difficulty
- a) A borrower who genuinely fails due to economic slowdown
 - b) A borrower who uses loan funds for business expansion instead of sanctioned purpose

- c) A borrower who delays due to temporary liquidity but has adequate net worth
- d) A borrower who restructures loans with bank's consent

Answer: b) A borrower who uses loan funds for business expansion instead of the sanctioned purpose of working capital

Explanation: Wilful default includes: deliberate non-payment despite ability, fund diversion for purposes other than sanctioned, siphoning of funds, and disposal of collateral without bank's knowledge. Using sanctioned working capital funds for business expansion without approval is fund diversion — a clear wilful default.

Q21. Statement 1: The minimum default amount for initiating CIRP against a corporate debtor (other than MSME) is ₹1 crore.

Statement 2: The Pre-Packaged Insolvency Resolution Process (PIRP) is available only for MSMEs with defaults up to ₹1 crore.

Statement 3: The maximum period for completing the CIRP including all extensions is 270 days.

- a) Statements 1 and 2 are correct
- b) Statements 2 and 3 are correct
- c) All three statements are correct
- d) Statements 1 and 3 are correct
 - a) Statements 1 and 2 are correct
 - b) Statements 2 and 3 are correct
 - c) All three statements are correct
 - d) Statements 1 and 3 are correct

Answer: c) All three statements are correct

Explanation: Statement 1: TRUE – Minimum default for CIRP = ₹1 crore (raised from ₹1 lakh in COVID period). Statement 2: TRUE – PIRP is exclusively for MSMEs with default threshold of ₹1 crore. Statement 3: TRUE – Maximum CIRP period = 180 days + 90 days extension = 270 days.

Q22. A company's Annual Sales = ₹360 crore. Raw Material Holding = 30 days, WIP = 15 days, Finished Goods = 20 days, Debtors = 45 days, Creditors = 30 days.

What is the Operating Cycle (Working Capital Cycle) in days?

- a) 80 days
- b) 110 days
- c) 90 days
- d) 80 days
 - a) 80 days
 - b) 110 days
 - c) 90 days
 - d) 75 days

Answer: a) 80 days

Explanation: Operating Cycle = RM Holding + WIP + FG Holding + Debtors – Creditors = 30 + 15 + 20 + 45 – 30 = 80 days.

Q23. Assertion (A): A Confirmed Letter of Credit provides an additional

guarantee of payment by a bank in the exporter's country, independent of the issuing bank.

Reasoning (R): This protects the exporter from the risk of the issuing bank or the importer's country defaulting.

- a) Both A and R are true, and R is the correct explanation of A
 - b) Both A and R are true, but R is NOT the correct explanation of A
 - c) A is true, but R is false
 - d) A is false, but R is true
- a) Both A and R are true, and R is the correct explanation of A
 - b) Both A and R are true, but R is NOT the correct explanation of A
 - c) A is true, but R is false
 - d) A is false, but R is true

Answer: a) Both A and R are true, and R is the correct explanation of A

Explanation: A Confirmed LC adds the confirming bank's guarantee to the issuing bank's guarantee, protecting exporters from country risk and issuing bank risk. R correctly explains the rationale behind using a Confirmed LC.

Q24. PQR Ltd. financial data: Total Debt = ₹120 crore, Total Equity = ₹80 crore, EBIT = ₹50 crore, Interest Expense = ₹12 crore, Depreciation = ₹8 crore.

What is the Debt Service Coverage Ratio if Annual Principal = ₹20 crore?

- a) 1.81
 - b) 2.08
 - c) 1.56
 - d) 2.5
- a) 1.81
 - b) 2.08
 - c) 1.56
 - d) 2.5

Answer: a) 1.81

Explanation: DSCR = (EBIT – Tax + Depreciation) / (Interest + Principal).

Assuming no tax for simplicity: Numerator = EBIT + Depreciation = 50 + 8 = 58 (treating EBIT as PAT+Interest, so PAT = 50-12 = 38; PAT+Dep+Int = 38+8+12 = 58). Denominator = Interest + Principal = 12 + 20 = 32. DSCR = 58/32 = 1.81.

Q25. Statement 1: Domestic commercial banks (excluding Small Finance Banks) are required to lend 40% of Adjusted Net Bank Credit (ANBC) to Priority Sector.

Statement 2: The sub-target for agriculture within priority sector is 18% of ANBC.

Statement 3: Loans to Renewable Energy sector are NOT included under Priority Sector Lending.

- a) Statements 1 and 2 are correct
 - b) All three statements are correct
 - c) Only Statement 2 is correct
 - d) Statements 1 and 3 are correct
- a) Statements 1 and 2 are correct
 - b) All three statements are correct

- c) Only Statement 2 is correct
- d) Statements 1 and 3 are correct

Answer: a) Statements 1 and 2 are correct

Explanation: Statement 1: TRUE – PSL target = 40% of ANBC for domestic commercial banks. Statement 2: TRUE – Agriculture sub-target = 18% (of which 10% for small/marginal farmers). Statement 3: FALSE – Renewable Energy loans are included under Priority Sector (Social Infrastructure/Renewable Energy category).

Q26. Which of the following best describes the 'Current Ratio' and its significance?

- a) Total Debt / Total Equity — measures financial leverage
- b) Current Assets / Current Liabilities — measures short-term liquidity
- c) Net Profit / Net Sales — measures profitability
- d) Operating Cash Flow / Total Debt — measures debt repayment capacity

Answer: b) Current Assets / Current Liabilities — measures short-term liquidity

Explanation: Current Ratio = Current Assets / Current Liabilities. It measures a firm's ability to meet short-term obligations using short-term assets. A ratio above 1.33 is generally considered acceptable by Indian banks under Tandon Committee norms.

Q27. LMN Enterprises Ltd. reports: Net Sales = ₹500 crore, COGS = ₹350 crore, Operating Expenses = ₹80 crore, Interest = ₹20 crore, Tax = 30%.

Calculate Net Profit Margin.

- a) 7%
- b) 9.8%
- c) 14%
- d) 6%

Answer: a) 7%

Explanation: Gross Profit = 500-350 = 150. EBIT = 150-80 = 70. EBT = 70-20 = 50. PAT = 50 × (1-0.30) = 35. Net Profit Margin = (35/500) × 100 = 7%.

Q28. Which of the following is NOT considered an Early Warning Signal (EWS) for credit deterioration?

- a) Frequent return of cheques from the account
- b) Delay in submission of stock and book debt statements
- c) Increase in Net Worth of the borrower company

- d) Diversion of funds to sister concerns
 - a) Frequent return of cheques from the account
 - b) Delay in submission of stock and book debt statements
 - c) Increase in Net Worth of the borrower company
 - d) Diversion of funds to sister concerns

Answer: c) Increase in Net Worth of the borrower company

Explanation: An increase in Net Worth indicates improving financial health — it is a positive sign, not a warning signal. The other three (cheque returns, delayed statements, fund diversion) are all classic Early Warning Signals of credit stress.

Q29. Statement 1: MCLR has four key components: Marginal Cost of Funds, Negative Carry on CRR, Operating Cost, and Tenor Premium.

Statement 2: Banks are required to publish their MCLR for at least five maturities ranging from overnight to one year.

Statement 3: MCLR-linked loans automatically reset on a daily basis whenever RBI changes the repo rate.

- a) Statements 1 and 2 are correct
- b) Statements 2 and 3 are correct
- c) Only Statement 1 is correct
- d) All three statements are correct
 - a) Statements 1 and 2 are correct
 - b) Statements 2 and 3 are correct
 - c) Only Statement 1 is correct
 - d) All three statements are correct

Answer: a) Statements 1 and 2 are correct

Explanation: Statement 1: TRUE – MCLR = Marginal Cost of Funds + Negative CRR Carry + Operating Cost + Tenor Premium. Statement 2: TRUE – Banks publish MCLR for overnight, 1M, 3M, 6M, and 1Y. Statement 3: FALSE – MCLR loans reset based on reset clause (typically 1 year), NOT daily. MCLR is reviewed monthly but loan rates reset as per reset clause.

Q30. Assertion (A): Banks are required to report all borrowers with aggregate credit exposure of ₹5 crore and above to CRILC (Central Repository of Information on Large Credits).

Reasoning (R): CRILC reporting enables banks to identify Special Mention Accounts (SMA) at early stages and prevent them from becoming NPAs.

- a) Both A and R are true, and R is the correct explanation of A
- b) Both A and R are true, but R is NOT the correct explanation of A
- c) A is true, but R is false
- d) A is false, but R is true
 - a) Both A and R are true, and R is the correct explanation of A
 - b) Both A and R are true, but R is NOT the correct explanation of A
 - c) A is true, but R is false
 - d) A is false, but R is true

Answer: b) Both A and R are true, but R is NOT the correct explanation of A

Explanation: Both are true as per RBI guidelines. However, R mentions early NPA detection which, while a benefit, is not the primary reason CRILC was set up — its main purpose is information sharing across lenders for large credit exposures. Hence R is not the correct explanation of A.

Q31. Statement 1: Under RBI's Scale-Based Regulation (SBR) framework, NBFCs are classified into Base Layer, Middle Layer, Upper Layer, and Top Layer.

Statement 2: NBFCs in the Top Layer are subject to bank-like regulations and the highest intensity of supervision.

Statement 3: All Peer-to-Peer (P2P) lending platforms are placed in the Middle Layer irrespective of their asset size.

- a) Statements 1 and 2 are correct
- b) Statements 2 and 3 are correct
- c) All three statements are correct
- d) Only Statement 1 is correct
 - a) Statements 1 and 2 are correct
 - b) Statements 2 and 3 are correct
 - c) All three statements are correct
 - d) Only Statement 1 is correct

Answer: a) Statements 1 and 2 are correct

Explanation: Statement 1: TRUE – SBR has 4 layers: BL, ML, UL, TL. Statement 2: TRUE – Top Layer faces maximum regulatory scrutiny, similar to banks. Statement 3: FALSE – P2P Lending Platforms are placed in the BASE LAYER, not Middle Layer, irrespective of asset size.

Q32. Which of the following statements is CORRECT regarding NPA classification norms for NBFCs under RBI's Scale-Based Regulation?

- a) Base Layer NBFCs can use 180 days overdue norm until March 2026
- b) All layers of NBFCs must follow the 90-day NPA norm from April 2022
- c) Upper Layer NBFCs are given a glide path of 5 years to comply with 90-day norm
- d) Middle Layer NBFCs are exempt from NPA classification norms
 - a) Base Layer NBFCs can use 180 days overdue norm until March 2026
 - b) All layers of NBFCs must follow the 90-day NPA norm from April 2022
 - c) Upper Layer NBFCs are given a glide path of 5 years to comply
 - d) Middle Layer NBFCs are exempt from NPA norms

Answer: a) Base Layer NBFCs can use 180 days overdue norm until March 2026

Explanation: Under SBR, Base Layer NBFCs (other than NBFC-MFIs) were given a glide path: 150 days NPA norm by March 2024, then 90 days by March 2026. Upper and Middle Layer NBFCs had to comply with 90 days by April 2022. Hence Base Layer NBFCs had a relaxed transition timeline.

Q33. Statement 1: The Chief Compliance Officer (CCO) should not be given charge of business operations to avoid conflict of interest.

Statement 2: The CCO can simultaneously hold the position of Chief Risk Officer (CRO) in banks.

Statement 3: The CCO must be appointed for a minimum fixed tenure of 3 years and can be removed before tenure only in exceptional circumstances with Board approval.

- a) Statements 1 and 3 are correct
 - b) Statements 2 and 3 are correct
 - c) All three statements are correct
 - d) Only Statement 1 is correct
- a) Statements 1 and 3 are correct
 - b) Statements 2 and 3 are correct
 - c) All three statements are correct
 - d) Only Statement 1 is correct

Answer: a) Statements 1 and 3 are correct

Explanation: Statement 1: TRUE – CCO must be free from conflict of interest; no business operations role. Statement 2: FALSE – CCO cannot simultaneously hold roles like CRO or head of Internal Audit as these roles can create conflict. Statement 3: TRUE – 3-year minimum tenure with Board approval required for premature removal.

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Q34. Assertion (A): Phishing attacks involve fraudsters sending deceptive emails mimicking legitimate institutions to steal user credentials.

Reasoning (R): Banks can completely eliminate phishing risk by implementing multi-factor authentication (MFA) alone.

- a) Both A and R are true, and R is the correct explanation of A
 - b) Both A and R are true, but R is NOT the correct explanation of A
 - c) A is true, but R is false
 - d) A is false, but R is true
- a) Both A and R are true, and R is the correct explanation of A
 - b) Both A and R are true, but R is NOT the correct explanation of A
 - c) A is true, but R is false
 - d) A is false, but R is true

Answer: c) A is true, but R is false

Explanation: Statement A is TRUE – Phishing uses deceptive emails to steal credentials. Statement R is FALSE – MFA significantly reduces (but cannot 'completely eliminate') phishing risk. Sophisticated phishing attacks can bypass MFA through real-time credential relay attacks. Hence R is false.

Q35. Which of the following statements about the Trade Receivables Discounting System (TReDS) is INCORRECT?

- a) TReDS enables MSMEs to discount their invoices raised on large corporates/PSUs through a competitive bidding process
 - b) Transactions on TReDS are 'with recourse' to the MSME in case the buyer defaults
 - c) Multiple financiers including banks and NBFCs can participate on TReDS
 - d) TReDS operates on a fintech-based platform regulated by RBI
- a) TReDS enables MSMEs to discount invoices through competitive bidding
 - b) Transactions on TReDS are 'with recourse' to the MSME if buyer defaults
 - c) Multiple financiers including banks and NBFCs can participate on TReDS
 - d) TReDS operates on a fintech-based platform regulated by RBI

Answer: b) Transactions on TReDS are 'with recourse' to the MSME in case the buyer defaults

Explanation: TReDS transactions are 'WITHOUT recourse' to the MSME seller. Once the invoice is discounted on TReDS, if the buyer (large corporate/PSU) fails to pay, the risk is borne by the financier – NOT the MSME. This is a key feature that protects MSMEs on the platform.

Q36. Case Study: XYZ Steel Ltd. is undergoing CIRP. The Committee of Creditors (CoC) has the following composition: Bank A (₹400 crore), Bank B (₹250 crore), Bank C (₹200 crore), NBFC D (₹100 crore), Bond Holder E (₹50 crore). Total = ₹1,000 crore. A meeting is called. Banks A, B and C attend and vote on a resolution plan.

Q36: What is the minimum voting share required to approve the resolution plan?

- a) 51%
- b) 60%
- c) 66%

- d) 75%
- a) 51%
 - b) 60%
 - c) 66%
 - d) 75%

Answer: c) 66%

Explanation: As per IBC Section 30(4), a Resolution Plan must be approved by creditors holding not less than 66% of voting share of the financial creditors present and voting at the CoC meeting.

Q37. (Continuing XYZ Steel Case Study)

Q37: Banks A (₹400 crore), B (₹250 crore), and C (₹200 crore) attend the meeting. Total debt present = ₹850 crore. Bank A votes in favor of the plan, Banks B and C vote against. Is the resolution plan approved?

- a) Yes, Bank A alone controls 47% and has majority vote
- b) No, Bank A controls only 40% of total CoC — quorum not met
- c) No, Bank A's vote represents ~47% of votes cast (400/850), which is below the 66% threshold
- d) Yes, as more than 33% quorum is met, any majority vote suffices
 - a) Yes, Bank A alone controls 47% and has majority vote
 - b) No, Bank A controls only 40% of total CoC — quorum not met
 - c) No, Bank A's vote (400/850 ≈ 47%) is below the 66% threshold
 - d) Yes, as more than 33% quorum is met, any majority vote suffices

Answer: c) No, Bank A's vote represents ~47% of votes cast (400/850), which is below the 66% threshold

Explanation: Voting percentage = share of those PRESENT AND VOTING. Total votes present = 850 crore. Bank A = 400/850 = 47.06%. Resolution plan requires 66%. Hence the plan is NOT approved despite Bank A being the largest creditor.

Q38. Statement 1: Internal credit rating models are used for risk-based pricing of loans — higher-risk borrowers are charged higher interest rates.

Statement 2: A credit rating of 'AAA' represents the highest creditworthiness and lowest probability of default.

Statement 3: RBI mandates that all borrowers above ₹25 crore must obtain credit rating from an External Credit Rating Agency (ECRA).

- a) Statements 1 and 2 are correct
- b) Statements 2 and 3 are correct
- c) All three statements are correct
- d) Only Statement 2 is correct
 - a) Statements 1 and 2 are correct
 - b) Statements 2 and 3 are correct
 - c) All three statements are correct
 - d) Only Statement 2 is correct

Answer: a) Statements 1 and 2 are correct

Explanation: Statement 1: TRUE – Risk-based pricing is a core purpose of internal credit ratings. Statement 2: TRUE – AAA is the highest rating with least default risk.

Statement 3: FALSE – RBI mandates external rating for borrowers above ₹5 crore (not ₹25 crore) for capital market instruments; the threshold and applicability vary. General statement as given is not fully accurate.

Q39. Assertion (A): The Audit Committee of the Board (ACB) must meet the Chief Compliance Officer (CCO) at least once a quarter.

Reasoning (R): This ensures that compliance risks are independently reported to the Board without filtration through the management chain.

- a) Both A and R are true, and R is the correct explanation of A
- b) Both A and R are true, but R is NOT the correct explanation of A
- c) A is true, but R is false
- d) A is false, but R is true
 - a) Both A and R are true, and R is the correct explanation of A
 - b) Both A and R are true, but R is NOT the correct explanation of A
 - c) A is true, but R is false
 - d) A is false, but R is true

Answer: a) Both A and R are true, and R is the correct explanation of A

Explanation: RBI mandates that ACB must meet CCO at least quarterly (when CCO reports to MD & CEO). R correctly explains the purpose — ensuring direct, unfiltered compliance reporting to the Board, maintaining independence of compliance function.

Q40. Which of the following statements about Credit Appraisal are correct?

- i) Technical Appraisal assesses the technical feasibility, location, plant & machinery, and technology used.
 - ii) Economic Appraisal assesses macroeconomic factors, industry outlook, and demand-supply analysis.
 - iii) Break-Even Analysis is part of Technical Appraisal.
 - iv) Management Appraisal includes assessment of promoter track record and credentials.
- a) (i), (ii) and (iv) only
 - b) (i), (iii) and (iv) only
 - c) (ii), (iii) and (iv) only
 - d) All four
 - a) (i), (ii) and (iv) only
 - b) (i), (iii) and (iv) only
 - c) (ii), (iii) and (iv) only
 - d) All four

Answer: a) (i), (ii) and (iv) only

Explanation: Statements (i), (ii), and (iv) are correct. Statement (iii) is INCORRECT — Break-Even Analysis is part of COMMERCIAL Appraisal (not Technical Appraisal). Technical Appraisal covers technology, machinery, and production processes.

Q41. ABC Ltd. has Net Sales = ₹600 crore, Gross Profit = ₹180 crore, Net Profit = ₹42 crore, Total Assets = ₹300 crore, Shareholder's Equity = ₹150 crore.

Calculate Return on Assets (RoA).

- a) 14%

- b) 28%
- c) 7%
- d) 30%
- a) 14%
- b) 28%
- c) 7%
- d) 30%

Answer: a) 14%

Explanation: Return on Assets (RoA) = (Net Profit / Total Assets) × 100 = (42 / 300) × 100 = 14%.

Q42. A term loan account has not received the dues for 45 days. Under RBI's Special Mention Account (SMA) framework, which category does this fall under?

- a) SMA-0
- b) SMA-1
- c) SMA-2
- d) NPA
- a) SMA-0
- b) SMA-1
- c) SMA-2
- d) NPA

Answer: b) SMA-1

Explanation: SMA Classification: SMA-0: Principal or interest overdue for 1–30 days. SMA-1: Overdue for 31–60 days. SMA-2: Overdue for 61–90 days. NPA: Overdue more than 90 days. 45 days falls in the SMA-1 category.

Q43. As per RBI guidelines, for borrowers with aggregate fund-based working capital limits of ₹150 crore and above, what is the mandatory minimum 'Loan Component' (Demand Loan) as a proportion of the sanctioned limit?

- a) 40%
- b) 60%
- c) 50%
- d) 80%
- a) 40%
- b) 60%
- c) 50%
- d) 80%

Answer: b) 60%

Explanation: RBI mandates that for borrowers with aggregate fund-based working capital of ₹150 crore and above, at least 60% of the sanctioned limit must be in the form of a Loan Component (WCTL/Demand Loan). The remaining 40% can be in Cash Credit form.

Q44. Statement 1: In securitization, the originating bank (originator) transfers loan assets to a Special Purpose Vehicle (SPV).

Statement 2: Pass-Through Certificates (PTCs) issued by the SPV give investors

a direct claim on the cash flows from the underlying pool of assets.

Statement 3: Minimum Holding Period (MHP) and Minimum Retention Requirement (MRR) norms prevent banks from immediately securitizing newly originated loans.

- a) Statements 1 and 2 are correct
- b) Statements 2 and 3 are correct
- c) All three statements are correct
- d) Only Statement 3 is correct
 - a) Statements 1 and 2 are correct
 - b) Statements 2 and 3 are correct
 - c) All three statements are correct
 - d) Only Statement 3 is correct

Answer: c) All three statements are correct

Explanation: All three statements accurately describe the securitization framework under RBI guidelines. MHP ensures the originator has 'skin in the game' by holding loans for a minimum period before securitizing. MRR requires the originator to retain a minimum portion even after securitization.

Q45. Statement 1: Banks are required to report fraud cases of ₹1 crore and above to RBI within 3 weeks of detection.

Statement 2: The Special Committee of the Board for Monitoring and Follow-up of Frauds (SCBF) monitors fraud cases of ₹1 crore and above.

Statement 3: All fraud cases involving staff, regardless of amount, must be reported to CBI for investigation.

- a) Only Statement 1 is correct
- b) Statements 1 and 2 are correct
- c) None of the statements is fully correct
- d) All three statements are correct
 - a) Only Statement 1 is correct
 - b) Statements 1 and 2 are correct
 - c) None of the statements is fully correct
 - d) All three statements are correct

Answer: c) None of the statements is fully correct

Explanation: Statement 1: INCORRECT — Reporting timeline is 3 weeks for large frauds but the threshold is ₹1 lakh for reporting to RBI; SCBF monitors ₹1 crore and above. Statement 2: INCORRECT — SCBF monitors ₹1 crore (₹10 million) and above. Statement 3: INCORRECT — CBI referral depends on the category of fraud and amount involved (generally ₹3 crore+ for staff frauds through PSBs). All are partially incorrect.

Q46. Case Study: Sunrise Textiles Ltd. Balance Sheet Data: Current Assets = ₹80 crore, Current Liabilities = ₹50 crore, Inventory = ₹30 crore, Total Debt = ₹120 crore, Total Equity = ₹60 crore.

Q46: Calculate the Quick Ratio (Acid Test Ratio).

- a) 1.60
- b) 1.00

- c) 0.67
 d) 2.0
 a) 1.60
 b) 1.00
 c) 0.67
 d) 2.0

Answer: b) 1.00

Explanation: Quick Ratio = (Current Assets – Inventory) / Current Liabilities = (80 – 30) / 50 = 50/50 = 1.00. A Quick Ratio of 1.0 means liquid assets exactly cover current liabilities — acceptable but borderline.

Q47. (Continuing Sunrise Textiles Case Study)

Q47: What is the Debt-to-Equity ratio and how would a banker interpret it?

- a) 2.0 — Very high leverage; likely to be a concern for lenders
 b) 1.5 — Moderate; generally acceptable in capital-intensive sectors
 c) 0.5 — Very conservative; indicates room for additional borrowing
 d) 2.0 — Low leverage; indicates conservative financing
 a) 2.0 — Very high leverage; likely to be a concern for lenders
 b) 1.5 — Moderate; generally acceptable in capital-intensive sectors
 c) 0.5 — Very conservative; indicates room for additional borrowing
 d) 2.0 — Low leverage; indicates conservative financing

Answer: a) 2.0 — Very high leverage; likely to be a concern for lenders

Explanation: Debt-to-Equity = Total Debt / Total Equity = 120 / 60 = 2.0. A D/E of 2.0 indicates high leverage — ₹2 borrowed for every ₹1 of equity. While norms vary by sector, this is generally considered high and may concern bankers regarding repayment capacity.




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Q48. Statement 1: The single borrower exposure limit for banks is 15% of their eligible capital base.

Statement 2: The group borrower exposure limit is 25% of eligible capital base.

Statement 3: With Board approval, the single borrower limit can be extended up to 25% for infrastructure projects.

- a) Statements 1 and 2 are correct
- b) Statements 2 and 3 are correct
- c) All three statements are correct
- d) Only Statement 1 is correct
 - a) Statements 1 and 2 are correct
 - b) Statements 2 and 3 are correct
 - c) All three statements are correct
 - d) Only Statement 1 is correct

Answer: c) All three statements are correct

Explanation: As per RBI Large Exposure Framework: Single Borrower Limit = 15% of eligible capital base. Group Borrower Limit = 25%. With Board approval, single borrower limit can be extended to 20% (or 25% in exceptional infrastructure cases). Statement 3 is broadly correct for infra projects.

Q49. Scenario: Bharat Bank has 50,000 employees across India. The bank wants to enable employees to view their own pay slips, apply for leave online, update personal details, and track their performance goals from any device.

Which HRM technology module BEST supports this requirement?

- a) Human Resource Information System (HRIS) with payroll module
- b) Employee Self Service (ESS) module within HRMS
- c) Workforce Analytics and Planning system
- d) Learning Management System (LMS)
 - a) Human Resource Information System (HRIS) with payroll module
 - b) Employee Self Service (ESS) module within HRMS
 - c) Workforce Analytics and Planning system
 - d) Learning Management System (LMS)

Answer: b) Employee Self Service (ESS) module within HRMS

Explanation: Employee Self Service (ESS) empowers employees to directly access and manage their own HR information — view payslips, apply for leave, update personal data, and track performance goals — without HR department intervention. This is the defining characteristic of the ESS module.

Q50. A bank's credit audit team reviews an account with ₹200 crore exposure. They find: (i) the borrower's latest audited financials are 18 months old; (ii) stock audit not done in 2 years; (iii) drawing power calculated on stale statements; (iv) renewal of loan documents overdue by 8 months.

Which of the following is the MOST accurate conclusion?

- a) These are purely procedural lapses requiring a compliance memo; the account is otherwise standard
- b) The account shows multiple compliance and credit monitoring failures that could mask actual deterioration; intensified review and possible downgrading of internal rating is warranted

- c) Since there is no overdrawing or cheque return, the account should remain Standard with no action required
- d) The bank should immediately classify the account as NPA since documentation is not renewed
- a) Purely procedural lapses; compliance memo sufficient
 - b) Multiple compliance and monitoring failures; intensified review and possible internal rating downgrade warranted
 - c) No cheque returns or overdrawing; account remains Standard with no action
 - d) Immediately classify as NPA since documentation not renewed

Answer: b) Multiple compliance and monitoring failures; intensified review and possible internal rating downgrade warranted

Q51. A car costing Rs. 700000/- was purchased with a vehicle loan to be used as a Taxi. It's estimated salvage value is Rs. 50000/- at the end of 6 years. The depreciation under WDV method is 35.58%

Q51. What will be the amount of depreciation on the car for the 2nd year under the straight- line method?

- a. 103358
- b. 187137
- c. 216666
- d. 579446

Answer: c)

Q52. What will be the amount of depreciation for the 3rd under WDV method?

- a. 103358
- b. 187137
- c. 216666
- d. 579446

Answer: a)

Q53. What will be the accumulated depreciation till the 4th year under WDV method?

- a. 103358
- b. 187137
- c. 216666
- d. 579446

Answer: d)

Q54. What will be the WDV at the end of 3rd year?

- a. 103358
- b. 187137
- c. 216666
- d. 579446

Answer: b)

Q55. The term GNP incorporates economic activity .

- a. taking place within the geographical boundary of the country
- b. of the nationals of the country and their property

- c. of the nationals of the country and their property plus incomes earned by non-nationals working within the country
- d. taking place within the geographical boundary of the country minus incomes earned by non-nationals working within the country

Answer: b)

Q56. The process of identifying human resource needs and formulating plans to meet these needs is

- a. HR Planning
- b. Manpower planning
- c. IT Planning
- d. Production planning

Answer: a)

Q57 Following cost data is given about ABC Company's product

- 1. Selling price per unit - Rs. 200
- 2. Marginal cost per unit - Rs. 150
- 3. Fixed cost per annum - Rs. 1,00,000

Q58. Calculate the following

- 1. P/V Ratio
- a. 20 percent
- b. 23 percent
- c. 25 percent
- d. 28 percent

Answer: c)

Q59. Break even sales

- a. 2,00,000 OR 1000 units
- b. 3,00,000 OR 1500 units
- c. 4,00,000 OR 2000 units
- d. 5,00,000 OR 2500 units

Answer: c)

Q60. Sales to earn a profit of Rs. 25,000

- a. 2,00,000 OR 1000 units
- b. 3,00,000 OR 1500 units
- c. 4,00,000 OR 2000 units
- d. 5,00,000 OR 2500 units

Answer: d)

Q61. Profit at sales of Rs. 8,00,000

- a. 1,00,000
- b. 2,50,000
- c. 6,00,000
- d. 8,50,340

Answer: a)

Q62. New break even sales, if price is increased by 25%

- a. 1,00,000
- b. 2,50,000

- c. 6,00,000
 - d. 8,50,340
- Answer: b)**

- Q63. New break even sales, if price is reduced by 15%
- a. 1,00,000
 - b. 2,50,000
 - c. 6,00,000
 - d. 8,50,340
- Answer: d)**

- Q64. consideration must be balanced against
- a. Facilities and obtainability
 - b. Talents and skills of the people
 - c. Abilities and availability of the people
 - d. None of the above
- Answer: c)**

- Q65. 'Differentiation and integration' is an example of
- a. human process intervention
 - b. techno structural interventions
 - c. strategic intervention
 - d. HRM interventions
- Answer: b)**



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Q66. Stage in which a person focuses on maintaining an established position is called

- a. exploration stage
- b. growth stage
- c. mid career crisis sub stage
- d. maintenance stage

Answer: d)

Q67. People having 'foreign services' as a profession are best classified as

- a. realistic orientation
- b. investigative orientation
- c. social orientation
- d. artistic orientation

Answer: c)

Q68. Which of the following statements is not true with respect to the matching strategy?

- a. All assets should be financed with permanent long term capital
- b. Temporary current assets should be financed with temporary working capital
- c. Permanent current assets should be financed with permanent working capitals
- d. Long term assets should be financed from long term capital

Answer: a)

Q69. Which of the following working capital strategies is the most aggressive?

- a. Making greater use of short term finance and maximizing net short term asset
- b. Making greater use of long term finance and minimizing net short term asset
- c. Making greater use of short term finance and minimizing net short term asset
- d. Making greater use of long term finance and maximizing net short term asset

Answer: c)

Q70. In the terminology of economics and money demand, the terms M3 and M4 are also known as

- a. Short money
- b. Long money
- c. Broad money
- d. Narrow money

Answer: c)

Q71. Net working capital refers to

- a. total assets minus fixed assets
- b. current assets minus current liabilities
- c. current assets minus inventories
- d. current assets

Answer: b)

Q72. Companies may adopt an aggressive or a conservative working capital policy. An aggressive policy means that a company

- a. faces a low level of risk
- b. expects a lower level of profitability
- c. holds high levels of cash and inventories

d. has a low level of flexibility

Answer: d)

Q73. Risk, as it relates to working capital, means that there is jeopardy to the firm for not maintaining sufficient current assets to

- meet its cash obligations as they occur and take advantage of prompt payment discounts
- support the proper level of sales and take prompt payment discounts
- maintain current and acid-test ratios at or above industry norms
- meet its cash obligations as they occur and support the proper level of sales

Answer: d)

Q74. Which of the following statements is correct for an aggressive financing policy for a firm relative to a former conservative policy?

- The firm will use long-term financing to finance all fixed and current assets
- The firm will see an increase in its expected profits
- The firm will see a decline in its risk profile
- The firm will need to issue additional common stock this period to finance the assets

Answer: b)

Q75. Outcomes of competency based pay systems such as fewer bottlenecks, more workforce flexibility and increased effectiveness are classified as

- quartile strategy based outcome
- organization-related outcomes
- employee-related outcomes
- percentiles strategy outcomes

Answer: b)




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Q76. Macroeconomics is a study of economics that deals with 4 major factors

.....

- a. households, firms, government, and demand-supply
- b. households, firms, government and external sector
- c. firms, government, free-market, and regulations
- d. none of the above

Answer: b)

Q77. An increase in taxes is a(n)

- a. expansionary fiscal policy
- b. expansionary monetary policy
- c. contractionary fiscal policy
- d. contractionary monetary policy

Answer: c)

Q78. A boom is a series of

- a. increasing deviations from trend
- b. peaks
- c. above trend values
- d. positive growth rates

Answer: c)

Q79. Income Elasticity established relation between Income and

- a. Price
- b. Supply
- c. Quantity Demanded
- d. Income

Answer: c)

Q80. Who gave the welfare theory of economics?

- a. Alfred Marshall
- b. Lionel Robbins
- c. Adam Smith
- d. None of these

Answer: a)

Q81. Forces behind the demand curve

- a. Expectation about future economic conditions
- b. Average Income
- c. Cost of production
- d. Both a and b

Answer: d)

Q82. Which of the following is consistent with the law of supply?

- a. As the price rises, the quantity supplied also increases
- b. As the price falls, the supply increases
- c. As the price rises, the quantity supplied decreases.
- d. None

Answer: a)

Q83. Risk, as it relates to working capital, means that there is jeopardy to the firm for not maintaining sufficient current assets to

- a. meet its cash obligations as they occur and take advantage of prompt payment discounts
- b. support the proper level of sales and take prompt payment discounts
- c. maintain current and acid-test ratios at or above industry norms
- d. meet its cash obligations as they occur and support the proper level of sales

Which of the following statements is correct for an aggressive financing policy for a firm relative to a

Answer: d)

Q84. former conservative policy?

- a. The firm will use long-term financing to finance all fixed and current assets
- b. The firm will see an increase in its expected profits
- c. The firm will see a decline in its risk profile
- d. The firm will need to issue additional common stock this period to finance the assets

Answer: b)

Q85. Outcomes of competency based pay system such as fewer bottlenecks, more workforce flexibility and increased effectiveness are classified as

- a. quartile strategy based outcome
- b. organization-related outcomes
- c. employee-related outcomes
- d. percentiles strategy outcomes

Answer: b)

Q86. An Inquiry into the Nature and Causes of Wealth of Nations" is the book of economist

.....

- a. Adam Smith
- b. Marshall
- c. Robbins
- d. None of above

Answer: a)

Q87. Macroeconomics is a study of economics that deals with 4 major factors

.....

- a. households, firms, government, and demand-supply
- b. households, firms, government and external sector
- c. firms, government, free-market, and regulations
- d. none of the above

Answer: b)

Q88. An increase in taxes is a(n)

- a. expansionary fiscal policy
- b. expansionary monetary policy
- c. contractionary fiscal policy
- d. contractionary monetary policy

Answer: c)

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 - b. peaks
 - c. above trend values
 - d. positive growth rates

Answer: c)

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 - b. Supply
 - c. Quantity Demanded
 - d. Income

Answer: c)

- Q91. Who gave the welfare theory of economics?
- a. Alfred Marshall
 - b. Lionel Robbins
 - c. Adam Smith
 - d. None of these

Answer: a)

- Q92. Forces behind the demand curve
- a. Expectation about future economic conditions
 - b. Average Income
 - c. Cost of production
 - d. Both a and b

Answer: d)

- Q93. Which of the following is consistent with the law of supply?
- a. As the price rises, the quantity supplied also increases
 - b. As the price falls, the supply increases
 - c. As the price rises, the quantity supplied decreases.
 - d. None

Answer: a)

Q94. Whenever the government spends more than it collects through revenue, the resulting imbalance is known as

- a. Public deficit
- b. Market deficit
- c. Government deficit
- d. Budget deficit

Answer: d)

- Q95. Which of the following does not occur during an expansion?
- a. Consumer purchases increase
 - b. Demand for labor rises
 - c. Business profits increase
 - d. None of the above

Answer: d)

Q96. According to Marshall, the basis of consumer surplus is

- a. Law of diminishing marginal utility
- b. Law of equi-marginal utility
- c. Law of proportions
- d. All of the above

Answer: d)

Q97. By increasing the 'Bank Rate', the RBI can

- a. provide incentives to commercial banks to lend more to public
- b. provide incentives to commercial banks to lend less to public
- c. increase the money supply in the market
- d. none of the above

Answer: b)

Q98. Method of predicting organisation future demand for employees

- a. HR Forecast
- b. Labour Forecast
- c. Manpower Forecast
- d. Job Forecast

Answer: a)

Q99. A lateral movement within the same grade from one job to another

- a. Promotion
- b. Transfer
- c. Recruitment
- d. Retrenchment

Answer: b)

Q100. Your firm has a philosophy that is analogous to the hedging (maturity matching) approach. Which of the Following is the most appropriate form for financing a new capital investment in plant and equipment?

- a. Trade credit
- b. 6-month bank notes
- c. Accounts payable
- d. Common stock equity

Answer: d)

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JAIIB Score: 259



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JAIIB Score: 258



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CAIIB Score: 359



K Hari Prasad
CAIIB Score: 348



Shiv Pratap Singh
CAIIB Score: 333



Mohammad Danish
CAIIB Score: 328



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Their comprehensive study materials, expert video lectures, mock tests, were in helping me clear the JAIIB exam with confidence. Your structured approach made complex topics easy to grasp. Highly recommend Oliveboard for jaiib and caiib aspirants



Sunil Soni

JAIIB 2025



A big thank you to Oliveboard for your immense support throughout my preparation. Your video lectures, PDFs, and test series were incredibly helpful and played a major role in my success. Grateful for the guidance and quality content!



Yagnik Thummar

JAIIB 2025



I just read Oliveboard's class notes of paid course. Nothing more. Thanks a lot



Bhawna Sethia

JAIIB 2025



I did all my revision from oliveboard mcq's video from youtube



Jayanth Parsi

JAIIB 2025



The lectures were really helpful in the exam point. Thanking afreen maadam ,Pradyumna sir and Rajeev sir for guidance..



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