

A background image for the top section of the cover, showing a world map with a bar chart overlaid on it, all in a teal and blue color scheme.

CAIIB 2026 Practice Questions



CAIIB 2026 Practice Questions

Paper 1 ABM

1. Statement 1: A bank's strategic plan must consider all regulatory guidelines issued by the RBI.

Statement 2: Market competition is irrelevant when preparing a bank's strategic plan.

Statement 3: Strategic planning ensures alignment of resources, policies, and operational goals.

Question: Which of the statements given above is/are correct?

- a) Only 1 and 2
- b) Only 2 and 3
- c) Only 1 and 3
- d) All 1, 2, 3

Answer: c) Only 1 and 3

2. Statement 1: Credit risk arises when borrowers fail to meet their financial obligations.

Statement 2: Market risk is unrelated to interest rate fluctuations.

Statement 3: Operational risk includes fraud, system failure, and process errors.

Question: Which of the statements given above is/are correct?

- a) Only 1 and 2
- b) Only 1 and 3
- c) Only 2 and 3
- d) All 1, 2, 3

Answer: b) Only 1 and 3

3. Statement 1: Basel III norms require banks to maintain a minimum Tier I capital of 6%.

Statement 2: CRAR measures the ratio of a bank's capital to its risk-weighted assets.

Statement 3: Provisioning for NPAs is optional under Basel III.

Question: Which of the statements given above is/are correct?

- a) Only 1
- b) Only 1 and 2
- c) Only 2 and 3
- d) All 1, 2, 3

Answer: b) Only 1 and 2

4. Statement 1: A loan is classified as substandard if it remains overdue for more than 12 months.

Statement 2: Doubtful assets are loans that were substandard for over 12 months.

Statement 3: Loss assets are those that are highly unlikely to be recovered.

Question: Which of the statements given above is/are correct?

- a) Only 1 and 2
- b) Only 2 and 3
- c) Only 1 and 3
- d) All 1, 2, 3

Answer: b) Only 2 and 3

5. Statement 1: Working capital requirement depends on inventory, receivables, and payables.

Statement 2: Negative working capital always indicates insolvency.

Statement 3: Efficient cash management can reduce working capital needs.

Question: Which of the statements given above is/are correct?

- a) Only 1 and 2
- b) Only 1 and 3
- c) Only 2 and 3
- d) All 1, 2, 3

Answer: b) Only 1 and 3

6. Statement 1: Factoring provides both financing and management of receivables.

Statement 2: Forfaiting exposes the exporter to buyer default risk.

Statement 3: Bank guarantees are considered fund-based credit.

Question: Which of the statements given above is/are correct?

- a) Only 1
- b) Only 2
- c) Only 1 and 2
- d) All 1, 2, 3

Answer: c) Only 1 and 2

7. Statement 1: A bank's liquidity risk increases if there is a mismatch between inflows and outflows.

Statement 2: Interest rate risk is a type of operational risk.

Statement 3: Marketable securities can improve liquidity in banks.

Question: Which of the statements given above is/are correct?

- a) Only 1 and 2
- b) Only 1 and 3
- c) Only 2 and 3
- d) All 1, 2, 3

Answer: b) Only 1 and 3

8. Statement 1: Under the Priority Sector Lending guidelines, loans to small businesses qualify as PSL.

Statement 2: Housing loans above ₹75 lakh in metros qualify as PSL.

Statement 3: Agriculture loans are included in PSL.

Question: Which of the statements given above is/are correct?

- a) Only 1

- b) Only 1 and 3
- c) Only 2 and 3
- d) All 1, 2, 3

Answer: b) Only 1 and 3

9. Statement 1: The NPA classification for short-duration crops is one crop season.
Statement 2: The NPA classification for long-duration crops is more than one crop season.

Statement 3: Loans repaid on time are classified as substandard assets.

Question: Which of the statements given above is/are correct?

- a) Only 1 and 2
- b) Only 1 and 3
- c) Only 2 and 3
- d) All 1, 2, 3

Answer: a) Only 1 and 2

10. Statement 1: The moratorium under IBC prohibits filing suits against the corporate debtor.

Statement 2: Interim Resolution Professional (IRP) manages the company during CIRP.

Statement 3: CIRP can be extended beyond 330 days under any circumstances.

Question: Which of the statements given above is/are correct?

- a) Only 1
- b) Only 1 and 2
- c) Only 2 and 3
- d) All 1, 2, 3

Answer: b) Only 1 and 2

11. Statement 1: The expected loss on a loan is calculated using the probability of default and loss given default.

Statement 2: A bank's exposure to a single borrower cannot exceed 20% of Tier I capital.

Statement 3: Exposure limits do not apply to connected borrowers.

Question: Which of the statements given above is/are correct?

- a) Only 1 and 2
- b) Only 2
- c) Only 2 and 3
- d) All 1, 2, 3

Answer: a) Only 1 and 2

12. Statement 1: Strategic human resource planning aligns workforce needs with business goals.

Statement 2: Succession planning is irrelevant in banks with stable workforce.

Statement 3: Training programs improve employee competence and contribution.

Question: Which of the statements given above is/are correct?

- a) Only 1
- b) Only 1 and 3

c) Only 2 and 3

d) All 1, 2, 3

Answer: b) Only 1 and 3

13. Statement 1: Maslow's hierarchy of needs includes physiological, safety, love/belonging, esteem, and self-actualization.

Statement 2: Employees at the esteem level focus only on salary and bonuses.

Statement 3: Self-actualization is achieved when employees pursue challenging tasks aligned with personal goals.

Question: Which of the statements given above is/are correct?

a) Only 1 and 2

b) Only 1 and 3

c) Only 2 and 3

d) All 1, 2, 3

Answer: b) Only 1 and 3

14. Statement 1: Task conflict arises from disputes about work assignments, policies, or goals.

Statement 2: Relationship conflict is based on personal differences between individuals.

Statement 3: Value conflict arises solely from organizational policies.

Question: Which of the statements given above is/are correct?

a) Only 1 and 2

b) Only 2 and 3

c) Only 1 and 3

d) All 1, 2, 3

Answer: a) Only 1 and 2

15. Statement 1: Thomas-Kilmann model includes competing, collaborating, avoiding, accommodating, and compromising strategies.

Statement 2: Avoiding strategy seeks to satisfy others at the cost of self.

Statement 3: Collaborating aims for complete satisfaction of all parties.

Question: Which of the statements given above is/are correct?

a) Only 1 and 2

b) Only 1 and 3

c) Only 2 and 3

d) All 1, 2, 3

Answer: b) Only 1 and 3

16. Statement 1: BATNA strengthens negotiation by providing a fallback option.

Statement 2: BATNA ensures that a negotiation will always succeed.

Statement 3: BATNA eliminates the possibility of conflict.

Question: Which of the statements given above is/are correct?

a) Only 1

b) Only 2

c) Only 1 and 2

d) All 1, 2, 3

Answer: a) Only 1

17. Statement 1: A bank can select a sample using random, stratified, or judgmental methods.

Statement 2: Judgmental sampling relies on personal knowledge and opinions.

Statement 3: Stratified sampling ignores variability within groups.

Question: Which of the statements given above is/are correct?

a) Only 1 and 2

b) Only 2 and 3

c) Only 1 and 3

d) All 1, 2, 3

Answer: a) Only 1 and 2

18. Statement 1: Standard error of the mean decreases as sample size increases.

Statement 2: Standard deviation changes if the sample size increases.

Statement 3: Standard error is the measure of dispersion of sample means around the population mean.

Question: Which of the statements given above is/are correct?

a) Only 1 and 2

b) Only 1 and 3

c) Only 2 and 3

d) All 1, 2, 3

Answer: b) Only 1 and 3

19. Statement 1: In a normal distribution, approximately 50% of the data falls below the mean.

Statement 2: Skewed distributions require larger sample sizes for CLT to hold.

Statement 3: Mean, median, and mode are always equal in skewed distributions.

Question: Which of the statements given above is/are correct?

a) Only 1 and 2

b) Only 1 and 3

c) Only 2 and 3

d) All 1, 2, 3

Answer: a) Only 1 and 2

20. Statement 1: Probability of independent events is calculated by multiplying individual probabilities.

Statement 2: Binomial distribution applies when there are only two possible outcomes.

Statement 3: Continuous variables can take only integer values.

Question: Which of the statements given above is/are correct?

a) Only 1 and 2

b) Only 2 and 3

c) Only 1 and 3

d) All 1, 2, 3

Answer: a) Only 1 and 2

21. Statement 1: PERT uses three time estimates optimistic, most likely, and pessimistic to calculate expected duration.

Statement 2: CPM assumes deterministic activity durations.

Statement 3: Both PERT and CPM ignore resource allocation in their calculations.

Question: Which of the statements given above is/are correct?

a) Only 1 and 2

b) Only 1 and 3

c) Only 2 and 3

d) All 1, 2, 3

Answer: a) Only 1 and 2

Q22. Statement 1: SWOT analysis identifies strengths, weaknesses, opportunities, and threats of an organization.

Statement 2: PESTLE analysis considers only internal factors.

Statement 3: Both SWOT and PESTLE help in strategic decision-making.

Question: Which of the statements given above is/are correct?

a) Only 1

b) Only 1 and 3

c) Only 2 and 3

d) All 1, 2, 3

Answer: b) Only 1 and 3

Q23. Statement 1: EVA (Economic Value Added) measures the wealth created above the cost of capital.

Statement 2: ROE measures return relative to total assets.

Statement 3: EVA helps in evaluating performance of business units.

Question: Which of the statements given above is/are correct?

a) Only 1 and 3

b) Only 2 and 3

c) Only 1 and 2

d) All 1, 2, 3

Answer: a) Only 1 and 3

Q24. Statement 1: Core banking system (CBS) enables real-time transaction processing across branches.

Statement 2: CBS completely eliminates operational risk in banks.

Statement 3: CBS supports centralized customer data management.

Question: Which of the statements given above is/are correct?

a) Only 1

b) Only 1 and 3

c) Only 2 and 3

d) All 1, 2, 3

Answer: b) Only 1 and 3

Q25. Statement 1: Basel III prescribes leverage ratio to restrict excessive borrowing.

Statement 2: CRR and SLR are components of statutory liquidity requirements.

Statement 3: Repo rate does not influence credit availability.

Question: Which of the statements given above is/are correct?

a) Only 1 and 2

b) Only 2

c) Only 2 and 3

d) All 1, 2, 3

Answer: a) Only 1 and 2

Q26. Statement 1: ALM (Asset Liability Management) manages liquidity and interest rate risks.

Statement 2: ALM is irrelevant for foreign currency exposure.

Statement 3: Gap analysis is a technique used in ALM.

Question: Which of the statements given above is/are correct?

a) Only 1 and 2

b) Only 1 and 3

c) Only 2 and 3

d) All 1, 2, 3

Answer: b) Only 1 and 3

Q27. Statement 1: Retail banking primarily targets individual customers.

Statement 2: Corporate banking includes services like working capital finance, term loans, and cash management.

Statement 3: Retail banking excludes deposits and savings accounts.

Question: Which of the statements given above is/are correct?

a) Only 1 and 2

b) Only 1 and 3

c) Only 2 and 3

d) All 1, 2, 3

Answer: a) Only 1 and 2

Q28. Statement 1: KYC (Know Your Customer) norms are mandatory under RBI guidelines.

Statement 2: KYC is optional for corporate borrowers.

Statement 3: KYC ensures that banks know the identity and financial profile of customers.

Question: Which of the statements given above is/are correct?

a) Only 1

b) Only 1 and 3

c) Only 2 and 3

d) All 1, 2, 3

Answer: b) Only 1 and 3

Q29. Statement 1: Credit rating evaluates a borrower's repayment capacity.

Statement 2: High credit rating always guarantees loan approval.

Statement 3: Credit rating influences interest rate offered by banks.

Question: Which of the statements given above is/are correct?

a) Only 1 and 2

b) Only 1 and 3

c) Only 2 and 3

d) All 1, 2, 3

Answer: b) Only 1 and 3

Q30. Statement 1: Capital budgeting helps banks decide on investment in fixed assets.

Statement 2: Payback period considers the time value of money.

Statement 3: NPV (Net Present Value) accounts for expected cash flows and discount rate.

Question: Which of the statements given above is/are correct?

a) Only 1 and 3

b) Only 1 and 2

c) Only 2 and 3

d) All 1, 2, 3

Answer: a) Only 1 and 3

Paper 2 BFM

1. **Mr. Rohan, an Indian citizen, works in Singapore and earns ₹15 lakh from consultancy in India and ₹20 lakh from services rendered abroad for a company managed from India. What is his residential status for FY 2024-25?**

A) Non-Resident

B) Resident and Ordinarily Resident

C) Resident but Not Ordinarily Resident

D) Deemed Resident

Answer: C

2. **A 10-year bond with face value ₹1,000 has a 12% annual coupon, paid semi-annually. The bond is priced at par. Calculate its Modified Duration.**

A) 6.8 years

B) 7.2 years

C) 8.0 years

D) 5.5 years

Answer: B

3. **Under Basel III in India, the Countercyclical Capital Buffer (CCyB) is designed to:**
- A) Absorb losses during periods of economic contraction
 - B) Be maintained only by foreign banks
 - C) Be a one-time capital surcharge
 - D) Replace the minimum capital requirement

Answer: A

4. **Mr. Vikram stays in India 70 days in FY 2024-25 and 240 days in the previous 4 FYs. His Indian income is ₹10 lakh. What is his residential status?**

- A) Non-Resident
- B) Resident and Ordinarily Resident
- C) Resident but Not Ordinarily Resident
- D) Deemed Resident

Answer: C

5. **Which of the following correctly describes the RBI and DGFT roles in India's export procedure under FEMA?**

- A) RBI allocates IEC, DGFT regulates exports
- B) DGFT allocates IEC, RBI oversees exchange control
- C) RBI and DGFT jointly allocate IEC only for exports > USD 50,000
- D) DGFT handles all foreign remittances

Answer: B

6. **A European call option on a stock trading at ₹150, strike price ₹160, expires in 30 days. Time value decreases as expiry approaches. What is true?**

- A) Option has intrinsic value of ₹10
- B) Option is out-of-the-money, intrinsic value ₹0, premium converges to zero
- C) Option is at-the-money, premium remains significant
- D) Option cannot be exercised, value is zero

Answer: B

7. **Buying a put option with strike ₹220 when the stock is ₹200 gives you:**

- A) Right to sell at ₹220
- B) Obligation to sell at ₹220
- C) Right to buy at ₹220
- D) Obligation to buy at ₹220

Answer: A

8. **A European call option costs ₹50, strike ₹500, stock closes at ₹540. Net payoff per share?**

- A) ₹40
- B) ₹30
- C) ₹50
- D) ₹60

Answer: B

9. **Investor sells a call option on 100 shares at ₹110 strike, premium ₹2 per share. If stock closes at ₹120, what is max profit?**

A) Unlimited
B) ₹200
C) ₹1,000
D) Cannot be determined

Answer: B

10. **A loan classified as SMA-1 indicates:**

A) 1–30 days overdue
B) 31–60 days overdue
C) 61–90 days overdue
D) Over 90 days overdue

Answer: B

11. **SMA-2 classification corresponds to:**

A) 31–60 days overdue
B) 61–90 days overdue
C) 91–120 days overdue
D) Already NPA

Answer: B

12. **Which UCP version first introduced the standard “on its face” for document examination?**

A) UCP 82
B) UCP 222
C) UCP 290
D) UCP 500

Answer: B

13. **Regarding UCP 600 and ISBP 745:**

A) ISBP overrides UCP 600
B) UCP 600 is binding; ISBP is interpretive guidance
C) Both are fully interchangeable
D) UCP applies only to domestic trade

Answer: B

14. **A bank has: Average earning assets ₹8,000 crore, interest income ₹1,000 crore, interest expense ₹600 crore. NIM?**

A) 4%
B) 5%
C) 6%

D) 3%

Answer: A

15. **XYZ Bank: Loans ₹5,000 crore, interest expense ₹3,200 crore. If rates rise 10% on expense, new NII?**

A) ₹1,800 crore

B) ₹1,700 crore

C) ₹1,680 crore

D) ₹1,500 crore

Answer: C

16. **Export bill discounting: role of bank intermediary?**

A) Guarantees payment after sale in foreign market

B) Provides early payment upon proof of shipment

C) Finances buyer directly

D) Only does currency exchange

Answer: B

17. **Key advantage of export bill discounting?**

A) Eliminates shipping documentation

B) Protects against FX fluctuations

C) Improves working capital availability

D) Removes buyer credit risk

Answer: C

18. **UCP 600 binding nature:**

A) Applies automatically to all trade

B) Applies if credit states UCP 600, binding unless modified

C) Optional guideline

D) Governs only buyer-seller, not banks

Answer: B

19. **UCP 600 in document handling:**

A) Removes need to examine documents

B) Uniform rules, flexibility for modifications

C) Guarantees payment regardless of document compliance

D) Enforced as statutory law globally

Answer: B

20. **LRS remittance not allowed for:**

A) Tuition fees

B) Property purchase

C) Margin trading/lottery/speculation

D) Maintenance of relatives

Answer: C

21. **Ravi remitted USD 150,000 for tuition; wants USD 20,000 for property. Limit?**

- A) USD 170,000
- B) USD 100,000
- C) No further remittance allowed
- D) Only for education

Answer: B

22. **Basel II: subordinated debt limit?**

- A) Can exceed Tier 1
- B) Tier 3 covers operational risk
- C) Max 50% of Tier 1
- D) Asset revaluation fully included

Answer: C

23. **Basel I vs Basel II:**

- A) Basel II eliminated RWAs
- B) Basel I credit risk focus; Basel II includes market & operational risk
- C) Basel II removed disclosures
- D) Basel II left capital assessment to market

Answer: B

24. **Basel III primary aim NOT included:**

- A) Absorb shocks
- B) Strengthen governance & risk management
- C) Remove CCB requirement
- D) Enhance disclosure & market discipline

Answer: C

25. **Repo rate rises 6.25% → 6.50%. Increase in bps?**

- A) 50 bps
- B) 25 bps
- C) 0.25 bps
- D) 2.5 bps

Answer: B

26. **Mutual fund charges: 0.85% vs 70 bps. Cheaper fund?**

- A) Fund A by 0.15%
- B) Fund B by 0.15%
- C) Fund A by 15 bps
- D) Equal

Answer: B

27. **Bank CRAR: Tier 1 + Tier 2 = ₹9,000 crore; RWA = ₹1,00,000 crore. Compliance?**

- A) 8% Not compliant
- B) 9% Compliant
- C) 10% Compliant
- D) 11% Compliant

Answer: B

28. **RWA = ₹2,50,000 crore, minimum CRAR = 11%. Minimum capital?**

- A) ₹22,500 crore
- B) ₹25,000 crore
- C) ₹27,500 crore
- D) ₹30,000 crore

Answer: C

29. **Escrow account in property transaction:**

- A) Loan account
- B) Third party holds funds until conditions met
- C) EMI deposit account
- D) Insurance-linked account

Answer: B

30. **Escrow account typically manages:**

- A) Utility bills
- B) Property taxes, insurance, PMI
- C) EMIs
- D) Brokerage fees

Answer: B

Paper 3 ABFM

1. **A bank wants to evaluate the performance of its new digital loan platform. The management identifies expected loan processing time, error rate, and customer satisfaction as KPIs. Actual performance shows deviations from expected metrics. Which step of controlling is being applied when the management analyzes the deviations?**

- A. Setting standards
- B. Measuring performance
- C. Comparison with standards
- D. Taking corrective action

Answer: C

2. **Which of the following statements about financial and operating risk in banks is/are correct?**

Statement 1: Financial risk in a bank increases when the proportion of debt capital increases relative to equity.

Statement 2: High operating leverage amplifies changes in net profit with minor changes in sales.

Statement 3: Liquidity ratios are irrelevant in assessing financial risk in banks.

- a) Only 1 and 2
- b) Only 2 and 3
- c) Only 1 and 3
- d) All 1, 2, 3

Answer: a) Only 1 and 2

3. A project manager uses PERT to plan a bank's new software implementation. Task durations are uncertain due to vendor delays. CPM is used for identifying the critical path. Which statement is correct?

- A. PERT uses deterministic time estimates, CPM uses probabilistic
- B. PERT is for uncertainty, CPM identifies longest dependent path
- C. Both ignore task dependencies
- D. CPM is suitable for uncertain timelines

Answer: B

4. A branch plans to expand its retail lending portfolio. Management identifies multiple risks: interest rate fluctuations, regulatory changes, and competitor pricing. Preparing multiple "what-if" scenarios is an example of:

- a) Programmed decision making
- b) Single-use planning
- c) Contingency planning
- d) Policy planning

Answer: c

5. A bank introduces cross-functional teams for credit, operations, and compliance. No clear communication protocols are defined. Which is the most likely consequence?

- a) Faster execution
- b) Delayed execution
- c) Improved innovation
- d) Increased employee motivation

Answer: b

6. Which of the following statements about performance appraisal methods is/are correct?

Statement 1: In MBO, goals are jointly set by managers and employees.

Statement 2: 360-degree feedback only considers supervisor feedback.

Statement 3: BARS assesses specific behaviors at each performance level.

- a) Only 1 and 3
- b) Only 2 and 3

- c) Only 1 and 2
- d) All 1, 2, 3

Answer: a) Only 1 and 3

7. A branch manager applies Herzberg's theory by improving salary structure and recognition programs. Which statement is true?

- A. Salary improvements are motivators
- B. Recognition addresses hygiene factors
- C. Hygiene factors reduce dissatisfaction but do not motivate
- D. Recognition is irrelevant to motivation

Answer: C

8. A bank wants to reduce project execution delays in its IT department. The management decides to define roles, responsibilities, and reporting lines clearly. Which principle is primarily being applied?

- a) Unity of Command
- b) Scalar Chain
- c) Authority and Responsibility
- d) Division of Work

Answer: a

9. A bank considers two loan projects. Project A has higher expected return but also higher variability in cash flows. Project B has moderate return and low variability. Which principle should guide decision-making?

- A. Maximizing expected return only
- B. Minimizing risk only
- C. Risk-return trade-off
- D. Ignoring variability for high profits

Answer: C

10. A branch implements a new credit approval system. Actual loan processing time exceeds the standard by 20%. The management decides to provide additional training to staff. Which step of controlling is this?

- a) Setting standards
- b) Measuring performance
- c) Analyzing deviations
- d) Taking corrective action

Answer: d

11. A bank uses break-even analysis to decide the minimum number of loans to process to cover administrative costs. Fixed cost = ₹10 lakh, variable cost per loan = ₹2,000, expected revenue per loan = ₹3,000. Minimum number of loans to break-even is:

- A. 500
- B. 1,000
- C. 1,500

D. 2,000

Answer: C

12. Which of the following statements about financial and operating leverage is/are correct?

Statement 1: High DFL (>1) indicates debt magnifies EPS changes relative to EBIT.

Statement 2: Low operating leverage reduces EBIT sensitivity to sales changes.

Statement 3: Financial leverage is irrelevant in a zero-debt company.

- a) Only 1 and 2
- b) Only 1 and 3
- c) Only 2 and 3
- d) All 1, 2, 3

Answer: d) All 1, 2, 3

13. A bank implements a matrix structure. Employees receive instructions from multiple managers, causing confusion. Which organizational principle is violated?

- A. Scalar Chain
- B. Unity of Command
- C. Authority and Responsibility
- D. Division of Work

Answer: B

14. In a behavioral appraisal using BARS, rating "Outstanding" is anchored to:

- A. Quantitative output only
- B. Specific observable behaviors
- C. Peer comparison
- D. Financial performance

Answer: B

15. A branch wants to predict the success of its new home loan product. Management decides to combine qualitative assessments from branch managers with quantitative customer data. Which performance appraisal method does this resemble?

- A. Rating scale
- B. Forced choice method
- C. Assessment center method
- D. Pen portrait method

Answer: C

16. A bank introduces a reward system linking bonuses to achieving branch-level targets. This aligns with which motivation theory?

- A. Maslow's hierarchy
- B. Herzberg's two-factor
- C. Vroom's expectancy theory

D. McGregor's Theory X

Answer: C

17. A regional branch is facing regulatory risk due to unclear reporting structures. Management decides to document all authority and approval matrices formally. Which is the primary objective?

- A. Reduce innovation
- B. Improve accountability
- C. Minimize employee workload
- D. Increase informal communication

Answer: B

18. Which of the following statements about PERT and CPM is/are correct?

Statement 1: In PERT, task duration estimates are probabilistic.

Statement 2: CPM focuses on determining the critical path to calculate project duration.

Statement 3: Both PERT and CPM ignore resource allocation.

- a) Only 1 and 2
- b) Only 2 and 3
- c) Only 1 and 3
- d) All 1, 2, 3

Answer: a) Only 1 and 2

19. A bank's new CRM software failed due to staff resistance. This reflects a failure in:

- a) Operational planning
- b) Change management
- c) Contingency planning
- d) Risk-free implementation

Answer: b

20. Which of the following statements about planning techniques is/are correct?

Statement 1: Contingency planning prepares for unexpected events.

Statement 2: Single-use plans are reusable strategies.

Statement 3: Policies provide a framework for consistent decisions.

- a) Only 1 and 3
- b) Only 1 and 2
- c) Only 2 and 3
- d) All 1, 2, 3

Answer: a) Only 1 and 3

21. A bank wants to evaluate branch manager performance. Management compares loan disbursed, recovery rate, and customer complaints against targets. This is an example of:

- A. Strategic management

- B. Performance control
- C. Operational planning
- D. Policy formulation

Answer: B

22. Which of the following best illustrates a high operating leverage scenario?

- A. Fixed costs are minimal compared to variable costs
- B. A small increase in sales results in a significant rise in EBIT
- C. Sales fluctuations have negligible impact on profits
- D. EBIT and EPS remain constant despite sales change

Answer: B

23. A bank uses a combination of MBO and BARS for performance appraisal. Which benefit does this approach provide?

- A. Purely quantitative evaluation
- B. Combines goal alignment with behavioral clarity
- C. Relies solely on peer reviews
- D. Ignores job-specific behaviors

Answer: B

24. A bank invests ₹50 lakh in a new technology project. Annual cash inflows are ₹12 lakh for 5 years. Payback period is:

- A. 4 years
- B. 4.2 years
- C. 4.5 years
- D. 5 years

Answer: B

25. Financial leverage is most relevant when:

- A. Debt = 0
- B. EBIT is negative
- C. DFL > 1
- D. EPS is stable

Answer: C

26. Which of the following statements about formal and informal organization is/are correct?

Statement 1: In a formal organization, roles are documented and structured.

Statement 2: Informal channels can override formal reporting lines.

Statement 3: Informal channels always improve efficiency.

- a) Only 1 and 2
- b) Only 2 and 3
- c) Only 1 and 3

d) All 1, 2, 3

Answer: a) Only 1 and 2

27. A branch uses scenario analysis to anticipate market changes affecting lending rates.

This is an example of:

- A. Operational control
- B. Contingency planning
- C. Single-use planning
- D. Strategic execution

Answer: B

28. Which appraisal method reduces leniency and severity errors by forcing raters to choose among statements?

- A. BARS
- B. Forced Choice
- C. Pen Portrait
- D. 360-degree feedback

Answer: B

29. A branch adopts new digital tools for loan monitoring. Management compares expected vs actual time taken for loan approvals. This demonstrates:

- a) Feedback control
- b) Feedforward control
- c) Concurrent control
- d) Preventive control

Answer: a

30. In combined leverage, if operating leverage = 2 and financial leverage = 1.5, the total leverage is:

- A. 1.5
- B. 2
- C. 3
- D. 3.0

Answer: D

Paper 4 BRBL

1. A borrower transfers ownership of a property to the lender but retains possession until repayment of the loan. What type of mortgage is this?

- A) Simple mortgage
- B) English mortgage
- C) Usufructuary mortgage
- D) Mortgage by conditional sale

Correct Answer: B

2. Under the Indian Contract Act, 1872, which of the following statements is true regarding contracts with minors?

- A) They are voidable at the option of the minor
- B) They can be ratified after attaining majority
- C) They are void ab initio
- D) They require parental consent to be valid

Correct Answer: C

3. Which of the following is a requirement for inclusion of a financial creditor in the Committee of Creditors despite being a related party?

- 1. Regulated by a financial sector regulator
 - 2. Debt-to-equity conversion before insolvency
 - 3. Holding more than 25% of financial debt
 - 4. Filing claim within 7 days of public announcement
- A) 1 and 2
 - B) 2 and 4
 - C) 1, 3, and 4
 - D) 1, 2, 3, and 4

Correct Answer: A

4. Under Section 70(2) of the IT Act, who may be authorized to access protected systems?

- 1. Employees of the company
 - 2. Government officials designated by Central Government
 - 3. Private cybersecurity firms registered with CERT-In
 - 4. Persons authorized through written government order
- A) 1 and 2
 - B) 2 and 4
 - C) 1, 3, and 4
 - D) 1, 2, 3, and 4

Correct Answer: B

5. What is the maximum continuous tenure of a non-executive director in a banking company under statutory provisions?

- A) 5 years

- B) 8 years
- C) 10 years
- D) 12 years

Correct Answer: B

6. What is the minimum number of members required to form a public company in India?

- A) 2
- B) 3
- C) 5
- D) 7

Correct Answer: D

7. Which of the following is required for an Asset Reconstruction Company (ARC) under SARFAESI Act?

- 1. Certificate of registration from RBI
 - 2. Owned funds not less than ₹2 crore
 - 3. Prior approval from RBI before management changes
 - 4. Directors must have no prior financial losses in 3 years
- A) 1, 2, and 3
 - B) 2 and 4
 - C) 1, 3, and 4
 - D) 1, 2, 3, and 4

Correct Answer: A

8. Which of the following justify a bailee's lien over goods?

- 1. Bailee has exercised skill or labor
 - 2. Bailee has agreed to give credit for payment
 - 3. Bailee has rendered unpaid services
 - 4. Bailee is a banker holding goods against account balance
- A) 1, 2, and 3
 - B) 2 and 4
 - C) 1, 3, and 4
 - D) 1, 2, 3, and 4

Correct Answer: C

9. In a contract of indemnity under Indian law, liability arises:

- A) Only after actual loss is suffered
- B) When the indemnified party is exposed to potential loss
- C) Only if indemnifier is at fault
- D) Only after court adjudication

Correct Answer: B

10. For a valid equitable mortgage under Indian law, which of the following are necessary?

- 1. Deposit of title deeds
 - 2. Registration with sub-registrar
 - 3. Property in notified towns
 - 4. Express written agreement
- A) 1, 2, and 3
 - B) 2 and 4
 - C) 1 and 3
 - D) 2, 3, and 4

Correct Answer: C

11. Under the RTI Act, second appeals are heard by:

- A) High Court
- B) Supreme Court
- C) Central or State Information Commission
- D) District Collector

Correct Answer: C

12. When can information be disclosed under Section 8(1)(j) despite exemption?

- 1. Relates to public interest
 - 2. Older than 20 years
 - 3. Pertains to corruption or human rights violations
 - 4. Applicant is a journalist
- A) 1, 2, and 3
 - B) 1, 3, and 4
 - C) 2 and 4
 - D) 1, 2, and 4

Correct Answer: A

13. Regarding auditor rotation in listed companies:

1. Individual auditor can serve one term of 5 years
 2. Audit firm can serve two terms of 5 years each
 3. Cooling-off period of 5 years
 4. Rotation mandatory only for private companies
- A) 1, 2, and 4
B) 1, 3, and 4
C) 2 and 3
D) 1, 2, 3, and 4

Correct Answer: A

14. Before taking possession under SARFAESI Act, a secured creditor must:

- A) File civil suit
B) Publish notice in newspapers
C) Issue 60-day demand notice under Section 13(2)
D) Obtain DRT approval

Correct Answer: C

15. Under Section 12(2) of Banking Regulation Act, maximum voting rights a shareholder can exercise is:

- A) 5%
B) 10%
C) 26%
D) 50%

Correct Answer: B

16. Which of the following statements regarding formation of subsidiaries by banks under Section 19 is correct?

1. Subsidiaries can undertake banking businesses under Section 6(1)
 2. Can operate exclusively outside India with RBI permission
 3. Can undertake other businesses with Central Government approval
 4. Bank shareholding cannot exceed 30%
- A) 1 and 3

- B) 2 and 4
 - C) 1, 2, and 3
 - D) 1, 2, 3, and 4
- Correct Answer: D

17. Maximum penalty under FEMA for contraventions involving foreign exchange is:

- A) Twice the amount involved
- B) ₹5 lakh
- C) ₹1 crore
- D) Thrice the amount involved

Correct Answer: D

18. Qualification required for whole-time Chairman or MD of a bank under Section 10B(4):

- A) Special knowledge and practical experience
- B) Partner in trade or business
- C) Holding substantial interest in another company
- D) Engaging in any other business

Correct Answer: A

19. Which statements about Local Area Banks (LABs) are correct?

- 1. Operate in max 3 contiguous districts
 - 2. Governed by Banking Regulation Act, 1949
 - 3. Minimum capital ₹25 crore
 - 4. Regulated by SEBI
- A) 1 and 4
 - B) 2 and 3
 - C) 1, 2, and 3
 - D) 1, 2, 3, and 4

Correct Answer: C

20. Regarding DRAT under Recovery of Debts Act:

- 1. Hears appeals against DRT orders
- 2. Constituted by RBI
- 3. Decisions challengeable before Supreme Court

4. Has original jurisdiction

- A) 1 and 4
- B) 1 and 3
- C) 1, 2, and 3
- D) 3 and 4

Correct Answer: B

21. Sponsor Bank functions in RRBs include:

- 1. Providing managerial and financial support
- 2. Issuing banking licenses
- 3. Holding majority equity
- 4. Facilitating technology and CBS rollout

- A) 1 and 3
- B) 2 and 4
- C) 1, 2, and 3
- D) 1 and 4

Correct Answer: D

22. Under the NI Act, “conversion” refers to:

- A) Changing a bearer instrument to order instrument
- B) Wrongful possession or use of negotiable instrument
- C) Altering maturity date of bill of exchange
- D) Endorsing a cheque without consideration

Correct Answer: B

23. Regarding MCLR:

- 1. Implemented on 1 April 2016
 - 2. Determined by current cost of funds including repo rate
 - 3. Loans cannot be granted below MCLR except certain cases
 - 4. Fixed loans above 3 years priced with reference to MCLR
- A) 1, 2, and 3
 - B) 2 and 4
 - C) 1, 2, and 4
 - D) 1, 2, 3, and 4

Correct Answer: A

24. Under Section 21A of Banking Regulation Act:

1. Prohibits courts from reopening transactions for excessive interest
 2. Overrides Usurious Loans Act
 3. Banks can compound interest annually
 4. Courts can interfere if rate higher than RBI minimum
- A) 1 and 3
B) 2 and 4
C) 1, 2, and 3
D) 1, 2, 3, and 4

Correct Answer: C

25. Requirement for cooperative banks to offer internet banking:

- A) CRAR \geq 5%
B) Gross NPA < 10%, Net NPA \leq 5%
C) Net profit 2 of past 4 years
D) Networth ₹50 crore or more

Correct Answer: D

26. Section 17(2) of NI Act, 1881, regarding negotiable instruments:

- A) Entirely handwritten
B) Printed by authorized presses
C) Partly printed, partly written
D) Must be electronic

Correct Answer: C

27. Cash reserve requirement under Section 42(1) of RBI Act:

- A) Fixed percentage of total demand and time liabilities
B) Average daily balance notified by RBI
C) 3% of total demand and time liabilities
D) Maximum 10% of total demand and time liabilities

Correct Answer: B

28. Under RB-IOS, maximum compensation for mental agony:

- A) ₹1 lakh
B) ₹2 lakh
C) ₹3 lakh

D) ₹5 lakh

Correct Answer: A

29. Minimum paid-up capital to set up a Small Finance Bank:

A) ₹100 crore

B) ₹200 crore

C) ₹300 crore

D) ₹500 crore

Correct Answer: B

30. Under FEMA, permitted transaction without RBI approval:

A) Remittance of lottery winnings abroad

B) Purchase of property abroad by resident

C) Transfer of Indian currency to foreign national

D) Gift to relative abroad within prescribed limits

Correct Answer: D

 oliveboard



JAIIB-CAIIB Mega Cracker

The Ultimate Exam Combo

 **Validity:**
1 & 2 Years

Complete JAIIB CAIIB Prep

- Live Classes (Basic, Foundation, Advanced)
- 400+ Test with AI- Analysis
- Chapter-wise Summarized Notes
- Special Sessions on Previous Cycle Papers (PYPs)
- Special Doubt Clearing Sessions



*** Practice Books for
both the Exams**

Enroll Now



20000+ Successfully Certified Bankers!

Meet the Champions



Mohd Tarque
JAIIB Score: 283



Akhil Kumar A
JAIIB Score: 280



M. Divyasree
JAIIB Score: 271



Anil Kumar
CAIIB Score: 378



Naveen Hajrika
CAIIB Score: 361



Sumit Dahiya
CAIIB Score: 360



Thirukumaran A
JAIIB Score: 270



Sunny
JAIIB Score: 261



Aniruddha Sen
JAIIB Score: 260



Tarun Yadav
JAIIB Score: 260



Renu
JAIIB Score: 259



Jayakumar S
JAIIB Score: 259



Shruti Menon
JAIIB Score: 259



Torugu Balakrishna
JAIIB Score: 258



Uttam Kumar Pal
CAIIB Score: 359



K Hari Prasad
CAIIB Score: 348



Shiv Pratap Singh
CAIIB Score: 333



Mohammad Danish
CAIIB Score: 328



Ravi Veera
CAIIB Score: 327



Preet Sagar Sharma
CAIIB Score: 325



Twinkle Wahane
CAIIB Score: 324



Azhar Khan
CAIIB Score: 322



We Don't Brag...

Hear It Straight from Toppers!



Md Danish Ansari

JAIIB 2025



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..



Call: +91 76760 22222



Email: help@oliveboard.in



Download Oliveboard App