20 True or False

Decide, then check the answer and reason below each statement.

Question 1

DSCR stands for Debt Service Coverage Ratio, which measures a borrower's ability to service debt from operating income.

TRUE

DSCR is calculated as Net Operating Income divided by Total Debt Service.

Question 2

A DSCR of less than 1 always indicates a highly viable project with surplus repayment capacity.

FALSE

A DSCR below 1 means the borrower's operating income is not sufficient to cover debt obligations.

Question 3

IIBF does not officially publish previous-year question papers for the CAIIB examination.

TRUE

This is exactly why crowd-sourced recollected questions are the main window into the exam's pattern.

Question 4

Recollected questions guarantee that the exact same questions will repeat verbatim in the next CAIIB ABM exam.

FALSE

Recollected questions show repeating concepts, not exact wording that reappears verbatim.

Question 5

The CAIIB ABM paper is divided into four modules covering economic analysis, business mathematics, HRM and credit management.

TRUE

These four modules match the IIBF-prescribed structure of the Advanced Bank Management syllabus.

Question 6

NPV ignores the time value of money while the Payback Period fully accounts for it.

FALSE

It is the reverse: NPV factors in the time value of money through discounting, while Payback Period does not.

Question 7

A positive Net Present Value generally indicates that a project is expected to be financially viable.

TRUE

NPV compares discounted future cash inflows against the initial investment to judge project viability.

Question 8

CRR and SLR are ratios used exclusively to calculate a country's Human Development Index.

FALSE

CRR and SLR are RBI monetary policy tools for regulating bank liquidity, unrelated to the HDI calculation.

Question 9

M1, M2 and M3 are commonly used measures of money supply in the Indian economy.

TRUE

These aggregates classify money supply by liquidity and are standard economic analysis concepts.

Question 10

Under RBI norms, an account is classified as a Loss Asset the moment a single loan installment is missed.

FALSE

NPA classification moves through defined time-based stages before an account is finally termed a Loss Asset.

Question 11

Substandard assets are non-performing assets that have remained in default for up to twelve months.

TRUE

Beyond this period an account can be reclassified as a doubtful asset under RBI's NPA norms.

Question 12

The Acid Test Ratio includes inventory as part of current assets when assessing a firm's liquidity.

FALSE

The Acid Test or Quick Ratio specifically excludes inventory from current assets.

Question 13

MCLR is a benchmark rate used by Indian banks to price floating-rate loans.

TRUE

MCLR, the Marginal Cost of Funds based Lending Rate, links loan pricing to a bank's funding cost.

Question 14

A willful defaulter is defined as a borrower who is financially incapable of repaying any part of a loan.

FALSE

A willful defaulter has the capacity to repay but deliberately chooses not to honour the obligation.

Question 15

The business cycle is typically described through phases such as expansion, peak, contraction and trough.

TRUE

This sequence and its associated economic indicators are a standard recollected exam topic.

Question 16

Fiscal deficit refers only to the interest payments a government makes on its outstanding debt.

FALSE

Fiscal deficit is the excess of total government expenditure over total receipts excluding borrowings.

Question 17

Priority Sector Lending targets in India are commonly benchmarked against Adjusted Net Bank Credit.

TRUE

ANBC is a standard reference figure used to compute priority sector lending obligations.

Question 18

Drawing Power for a cash credit account is fixed permanently at sanction and never recalculated.

FALSE

Drawing Power is recalculated periodically based on updated stock and book-debt statements.

Question 19

CAIIB ABM recollected questions are considered a study aid and should be paired with textbook preparation.

TRUE

Recollected questions help prioritise topics but are not a complete substitute for verified textbook study.

Question 20

The Payback Period is regarded as more rigorous than NPV because it accounts for the time value of money.

FALSE

NPV is considered the superior method precisely because it accounts for the time value of money, unlike Payback Period.