20 True or False

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

Question 1

CAIIB ABM is conducted as an objective, multiple-choice examination by IIBF.

TRUE

CAIIB ABM tests candidates through objective MCQ-based questions rather than descriptive answers.

Question 2

Module B of CAIIB ABM primarily covers Human Resource Management topics such as motivation and performance appraisal.

TRUE

Module B focuses on HRM concepts like motivation theories, performance management and organisational behaviour.

Question 3

IRAC norms classify bank assets into categories such as standard, sub-standard, doubtful and loss.

TRUE

IRAC norms are the RBI-guided framework banks use for income recognition and asset classification.

Question 4

The Debt Service Coverage Ratio (DSCR) is used in term loan and project appraisal to judge repayment capacity.

TRUE

DSCR compares available cash flow to debt obligations and is a standard credit appraisal metric.

Question 5

Gap analysis in Asset-Liability Management measures mismatches between the repricing of assets and liabilities.

TRUE

This mismatch measurement helps banks assess interest rate risk exposure over different time buckets.

Question 6

The SARFAESI Act allows secured creditors to enforce security interest without court intervention in eligible cases.

TRUE

SARFAESI gives banks a faster, largely court-free mechanism to recover dues from defaulting secured borrowers.

Question 7

Standard deviation is a statistical measure of how dispersed data values are from their mean.

TRUE

It is one of the measures of dispersion covered in CAIIB ABM's statistics topics, alongside range and variance.

Question 8

Both MCLR-based and external benchmark-based rates are used for loan pricing by Indian banks.

TRUE

Indian banks have transitioned many loan categories to external benchmark-linked pricing alongside MCLR-based loans.

Question 9

Maslow's hierarchy of needs is a motivation theory studied under CAIIB ABM's HRM module.

TRUE

Maslow's theory is a standard HRM topic explaining how human needs progress from basic to higher-order.

Question 10

Mock tests help candidates identify weak topics and improve exam-time speed before the actual CAIIB ABM exam.

TRUE

Timed mock tests simulate exam pressure and reveal which topics need more revision.

Question 11

CAIIB ABM is a purely descriptive, essay-based examination with no objective questions.

FALSE

CAIIB ABM is actually an objective, multiple-choice examination, not a descriptive one.

Question 12

Module B of CAIIB ABM deals exclusively with international trade finance regulations.

FALSE

Module B actually covers Human Resource Management topics, not international trade finance.

Question 13

IRAC norms classify loan assets only as either performing or non-performing, with no further sub-categories.

FALSE

IRAC norms actually break assets into standard, sub-standard, doubtful and loss categories, not just two.

Question 14

SMA stands for Stressed Mortgage Account in RBI's asset-quality framework.

FALSE

SMA actually stands for Special Mention Account, an early-warning classification before an account becomes an NPA.

Question 15

A negative interest-rate-sensitivity gap means rising interest rates will always increase a bank's net interest margin.

FALSE

With a negative gap, rising rates typically squeeze net interest margin since liabilities reprice faster than assets.

Question 16

The correlation coefficient in statistics directly proves that one variable causes changes in another.

FALSE

Correlation measures association between variables, not causation, a key distinction taught in ABM statistics.

Question 17

Working capital assessment has no relevance to credit appraisal decisions made by banks.

FALSE

Working capital assessment is actually a core part of credit appraisal, evaluating short-term financing needs.

Question 18

Theory X assumes that employees are naturally self-motivated and need little supervision.

FALSE

Theory X actually assumes employees dislike work and need close supervision; Theory Y assumes self-motivation.

Question 19

The Insolvency and Bankruptcy Code (IBC) has no defined timelines for resolving stressed corporate accounts.

FALSE

IBC actually prescribes a time-bound resolution process to protect asset value during insolvency proceedings.

Question 20

Present value and future value calculations are not part of the CAIIB ABM syllabus.

FALSE

Time value of money, including present and future value, is actually a core Module A topic in CAIIB ABM.