20 One-Liners to Remember

Quick-fire facts for last-minute revision.

1. **IIBF CCP recollected questions are memory-based questions candidates recall after the exam, not the official paper.**
   They act as a crowd-sourced revision guide showing which topics the Certified Credit Professional exam repeats most often.

2. **The CCP exam blends short theory questions, direct numericals, and multi-mark case studies.**
   This mix tests both quick recall on small concepts and depth on applied credit-decision problems.

3. **NPV and IRR are often tested together as a single high-mark numerical in CCP recollected papers.**
   Net Present Value and Internal Rate of Return are core project-appraisal tools examined jointly to assess project viability.

4. **Payback period numericals typically carry fewer marks than NPV, IRR or DSCR questions in CCP.**
   Payback period is a simpler measure of how long a project takes to recover its initial investment.

5 **DSCR, the Debt-Service Coverage Ratio, is a recurring high-mark numerical in CCP recollected papers.**
DSCR shows whether a borrower's cash accruals are sufficient to service both interest and principal repayments.

6 **The Interest Coverage Ratio measures a borrower's ability to pay interest out of its earnings.**
A higher Interest Coverage Ratio signals more comfortable debt-servicing capacity for the lender.

7 **The Debt-Equity Ratio measures a firm's leverage, that is, debt compared to owner funds.**
A higher Debt-Equity Ratio generally indicates greater financial risk because the firm relies more on borrowed funds.

8 **The Quick or Acid-Test Ratio measures immediate liquidity by excluding inventory from current assets.**
Excluding inventory gives a stricter view of short-term solvency than the ordinary current ratio.

9 **The Nayak Committee turnover method is used to assess working capital limits for small borrowers.**
It simplifies working capital assessment for small units by basing the limit on projected turnover rather than detailed MPBF workings.

10 **MPBF stands for Maximum Permissible Bank Finance, a method banks use to cap working capital limits.**
MPBF has more than one calculation method and is generally applied to larger borrowers than the turnover method.

11 **SMA-1 classification applies to loan accounts where dues remain overdue between 31 and 60 days.**
Special Mention Account classification flags early stress in a loan before it can slip into NPA status.

12 **SMA-2 classification applies to loan accounts where dues remain overdue between 61 and 90 days.**
SMA-2 is the final early-warning stage before an account can be classified as a non-performing asset.

13 **The SARFAESI Act lets secured creditors enforce security interest to recover dues from defaulting borrowers.**
It allows banks to seize and sell secured collateral without first approaching a civil court, subject to procedural safeguards.

14 **The Insolvency and Bankruptcy Code, enacted in 2016, sets a time-bound process for resolving corporate insolvency.**
IBC aims to resolve stressed companies through a structured resolution plan within defined timelines.

15 **NCLT and DRT are tribunals that handle insolvency proceedings and debt-recovery suits respectively.**
The National Company Law Tribunal deals with corporate insolvency while Debt Recovery Tribunals handle bank recovery suits.

16 **CERSAI maintains a central registry of security interests created by lenders over borrower assets.**

It helps prevent fraudulent multiple financing where the same asset is pledged as security to more than one lender.

17 **CRILC is RBI's Central Repository of Information on Large Credits, used to monitor large borrower exposures.**

Banks report large credit exposures to CRILC, helping RBI and lenders spot early signs of stress across the banking system.

18 **A Letter of Credit is a bank's undertaking to pay a seller on behalf of a buyer under agreed conditions.**

It substitutes the buyer's credit risk with the issuing bank's payment guarantee once the seller meets the stated terms.

19 **Factoring and forfaiting are trade-finance tools where a business sells its receivables to a financier.**

Factoring commonly covers domestic receivables while forfaiting is typically used for export receivables sold without recourse.

20 **TReDS, the Trade Receivables Discounting System, helps MSMEs get early payment on their trade receivables.**

It is an electronic platform where MSME invoices are auctioned to financiers for quicker access to working capital.

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