## 20 True or False

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

### Question 1

**IIBF CCP recollected questions are memory-based questions shared by past candidates, not the official exam paper.**

**TRUE**

Recollected questions are a crowd-sourced revision guide, not the actual official CCP question paper distributed by IIBF.

### Question 2

**DSCR is a recurring high-mark numerical topic tested in IIBF CCP recollected papers.**

**TRUE**

The Debt-Service Coverage Ratio checks whether a borrower's earnings can cover both interest and principal repayments.

### Question 3

**The Nayak Committee method assesses working capital needs for small borrowers based on projected turnover.**

**TRUE**

The turnover method simplifies working capital assessment for small units without requiring detailed MPBF-style workings.

## Question 4

**Under SMA classification, SMA-1 covers accounts where dues are overdue between 31 and 60 days.**

**TRUE**

Special Mention Account categories flag stress in a loan before it can be classified as a non-performing asset.

## Question 5

**The SARFAESI Act allows secured creditors to enforce security interest to recover dues from defaulters.**

**TRUE**

SARFAESI lets banks take possession of and sell secured collateral, subject to procedural safeguards, without first filing a civil suit.

## Question 6

**The Insolvency and Bankruptcy Code provides a time-bound framework for resolving corporate insolvency.**

**TRUE**

IBC, enacted in 2016, aims to resolve stressed corporate borrowers through a structured resolution plan within set timelines.

## Question 7

**NCLT adjudicates corporate insolvency and company law matters in India.**

TRUE

The National Company Law Tribunal handles corporate insolvency proceedings, while DRTs handle bank debt-recovery suits.

## Question 8

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

TRUE

An LC shifts payment risk from the buyer to the issuing bank, provided the seller presents compliant documents.

## Question 9

**Factoring and forfaiting both involve a business selling its trade receivables to a financier.**

TRUE

Factoring is generally used for domestic receivables while forfaiting is typically used for export receivables, usually without recourse.

### Question 10

**TReDS is an electronic platform designed to help MSMEs get early payment on trade receivables.**

TRUE

MSME invoices are auctioned to financiers on TReDS, giving small businesses quicker access to working capital.

### Question 11

**IIBF CCP recollected questions are the official question paper released by IIBF after every exam.**

FALSE

Recollected questions are memory-based topics shared by past candidates, not an official paper released by IIBF.

### Question 12

**Payback period numericals are considered the highest-weightage numerical topic in the CCP exam, ahead of NPV and IRR.**

FALSE

NPV and IRR case studies are commonly reported as carrying more marks than the simpler payback period numerical.

## Question 13

**A high Debt-Equity Ratio indicates lower financial risk for a lender.**

**FALSE**

A high Debt-Equity Ratio signals greater reliance on borrowed funds, which means higher financial risk for the lender, not lower.

## Question 14

**The Quick or Acid-Test Ratio includes inventory when measuring a firm's immediate liquidity.**

**FALSE**

The Quick Ratio deliberately excludes inventory from current assets to give a stricter test of short-term liquidity.

## Question 15

**SMA-2 classification applies to accounts where dues have been overdue for less than 30 days.**

**FALSE**

SMA-2 applies to accounts overdue between 61 and 90 days; overdue under 30 days falls under SMA-0.

### Question 16

**MPBF stands for Minimum Permissible Bank Finance.**

**FALSE**

MPBF stands for Maximum Permissible Bank Finance, the ceiling banks fix on working capital lending, not a minimum.

### Question 17

**CERSAI was created to let borrowers pledge the same asset as security to multiple lenders without any central record.**

**FALSE**

CERSAI does the opposite: it maintains a central registry of security interests specifically to prevent such fraudulent multiple financing.

### Question 18

**NCLT primarily handles retail customer complaints against banks rather than corporate insolvency cases.**

**FALSE**

NCLT adjudicates corporate insolvency and company law matters; individual banking complaints are handled through the Banking Ombudsman and consumer forums.

### Question 19

**Forfaiting is typically used for domestic trade receivables and is extended with recourse to the seller.**

**FALSE**

Forfaiting is generally used for export receivables and is usually extended without recourse to the seller.

### Question 20

**TReDS is a scheme meant exclusively for large corporates and plays no role in MSME financing.**

**FALSE**

TReDS was specifically designed to help MSMEs discount their trade receivables and access working capital faster.