20 True or False

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

Question 1

The IIBF CCP course syllabus is divided into 5 modules.

TRUE

CCP has five modules, A through E, each split into units.

Question 2

Module A of the CCP syllabus focuses on Working Capital Management.

FALSE

Module A covers Introduction and Overview of Credit; Working Capital Management is Module C.

Question 3

The six principles of lending include Safety, Liquidity, Profitability, Purpose, Risk Diversification and Security.

TRUE

These six principles form the core framework banks use to protect depositor funds.

Question 4

Liquidity as a lending principle means a bank should lock funds away for the longest possible term.

FALSE

Liquidity actually means funds should return per schedule so the bank can meet withdrawal demands.

Question 5

Banks are considered charitable institutions under the profitability principle of lending.

FALSE

Banks are profit-earning bodies that must earn a reasonable margin between deposits and advances.

Question 6

Diversification of risk means concentrating credit exposure in a single large borrower.

FALSE

Diversification means spreading exposure across many borrowers and industries to reduce risk.

Question 7

A bank's Board is generally the apex authority responsible for framing credit policy.

TRUE

Credit policy formulation is typically overseen at the Board level.

Question 8

Credit appraisal standards are broadly classified into Qualitative and Quantitative categories.

TRUE

Qualitative appraisal looks at track record while quantitative appraisal uses financial ratios.

Question 9

A Current Ratio of 1.33 is commonly cited as a benchmark liquidity level in credit appraisal.

TRUE

This is the widely referenced benchmark current ratio used in appraisal standards.

Question 10

A TOL to Adjusted TNW ratio of about 3.0 is generally considered reasonable in appraisal.

TRUE

This ratio benchmark reflects an acceptable level of financial gearing.

Question 11

Promoters are typically expected to contribute at least 50 percent of project cost in term loan appraisal.

FALSE

The generally expected minimum promoter contribution is around 20 percent, not 50 percent.

Question 12

Net DSCR for term loans is generally expected not to fall below 2.

TRUE

A Net DSCR of at least 2 is a standard benchmark in term loan appraisal.

Question 13

Gross DSCR for term loans is generally expected not to fall below 1.75.

TRUE

Gross DSCR of at least 1.75 is a commonly cited term loan benchmark.

Question 14

Technical feasibility of a project is assessed with input from the bank's technical consultancy cell or consultants.

TRUE

Technical appraisal draws on specialised technical opinion before sanction.

Question 15

CCP certified officers handle only savings account operations and no credit functions.

FALSE

CCP builds specialised skills in credit functions like appraisal, monitoring, and working capital management.

Question 16

External credit ratings used in bank appraisal should come from an RBI-approved rating agency.

TRUE

Only ratings from RBI-approved agencies are used alongside the bank's internal assessment.

Question 17

Module E of the CCP syllabus deals with Monitoring, Supervision, Follow-Up and Management of Impaired Assets.

TRUE

Module E is the final module covering post-sanction monitoring and NPA handling.

Question 18

Qualitative appraisal in credit policy relies mainly on the borrower's past track record and confidential opinion reports.

TRUE

Qualitative appraisal draws on the bank's experience and reports on the borrower or promoters.

Question 19

Quantitative appraisal ignores financial soundness and only considers the borrower's personality.

FALSE

Quantitative appraisal is based on numeric benchmarks like ratios, turnover and profitability.

Question 20

Security in lending acts as a fallback safeguard when the primary repayment source fails.

TRUE

Tangible security protects the bank's interest against unforeseen repayment shortfalls.