

MCQs on IRACP/NPA Classification

1. 'Specified Period' is defined as the period from the date of implementation of resolution plan (RP) up to the date by which at least _____ % of the _____ as per the RP and interest capitalization sanctioned as part of the restructuring, if any, is repaid. Provided that the 'Specified Period' will be reckoned as one year from the commencement of the first payment of interest or principal (whichever is later) in the credit facility with the longest moratorium period under the terms of RP.
- a) 10% ; outstanding principal debt
 - b) 20% ; outstanding principal debt
 - c) 25% ; outstanding interest portion debt
 - d) 50% ; outstanding interest portion debt
 - e) 15% ; outstanding interest portion debt

Ans.: 20% ; outstanding principal debt

2. _____ is the reason of NPA on technical ground.
- a) Limit not renewed for more than 180 days of due date
 - b) Drawings allowed against stock/BD statement older than 180 days
 - c) Overdue in loan account
 - d) Both a & b
 - e) All A, B & C

Ans.: Both a & b

3. _____% provision is made on standard Agriculture and MSE loan accounts.
- a) 1%
 - b) 2%
 - c) 5%
 - d) 15%
 - e) None of these

Ans.: None of these

4. 'Specified Period' in case of restructured advances will be reckoned as minimum period _____ from the commencement of the first payment of interest or principal (whichever is later) in the credit facility with the longest moratorium period under the terms of Resolution Plan.
- a) Not less than 6 Months
 - b) Not less than 1 year
 - c) Not less than 2 years
 - d) Not less than 3 years
 - e) None of the above

Ans.: Not less than 1 year

5. A credit card account will be treated as NPA, if _____ due is not paid fully within 90 days from _____ mentioned in the statement.
- a) the total amount, the payment due date
 - b) the minimum amount, the payment due date
 - c) the minimum amount, the statement date
 - d) the total amount, the statement date
 - e) No separate guidelines

Ans.: the minimum amount, the payment due date

6. An account can be classified directly under loss category from Standard Category, _____
- a) Depending upon availability of Security

- b) If the borrower is a willful defaulter.
- c) After 3 years of sanction and the repayment is irregular
- d) After 4 years of sanction and the repayment is irregular
- e) 90 Days of sanction

Ans.: Depending upon availability of Security

7. An account should be treated as 'out of order' if
- a) outstanding balance remains continuously in excess of the sanctioned limit/drawing power for 90 days
 - b) no credits continuously for 90 days
 - c) credits are not enough to cover the interest debited during the 90 days' period
 - d) Only B & C
 - e) All A,B,&C

Ans.: All A,B,&C

8. An account, on slippage to NPA category, may be classified as_____
- a) Only Sub-standard
 - b) Only Sub-standard or Doubtful
 - c) Sub-standard, Doubtful or Loss
 - d) Only Doubtful
 - e) Only Loss

Ans.: Sub-standard, Doubtful or Loss

9. Doubtful asset is the category of NPA where_____
- a) NPA exceeds 12 months of age
 - b) NPA exceeds 24 months of age
 - c) NPA exceeds 36 months of age
 - d) NPA exceeds 48 months of age
 - e) Account is classified as Loss Asset

Ans.: NPA exceeds 12 months of age

10. Find the correct statement with respect to Special Mention Account in Running account.

- a) SMA0 -1 to 30 days
- b) SMA1 - 31 to 60 days
- c) SM2 - 61 to 90 days
- d) Both B & C
- e) All A,B,&C

Ans.: Both B & C

11. Find the odd one out with reference to "Out of Order"

- a) Cash Credit only
- b) Term Loan and Cash Credit
- c) OD only
- d) Term Loan only
- e) Cash Credit and OD

Ans.: Cash Credit and OD

12. For implementing "Change in ownership" under Resolution Plan, which of the following is a precondition for the Banks/Lenders ?

- a) The new promoter should acquire at least 26% of paid up equity capital of borrower entity
- b) Should get a specific written commitment from the Existing Promoters of the borrower entity confirming that they are agreeable to the "Change in ownership"

- c) The new promoter shall be the single largest shareholder of the borrowal entity
- d) Both A&C
- e) All A, B & C

Ans.: All A, B & C

13. If installment of principal or interest remains overdue for _____ for long duration crops, then account will turn into NPA.

- a) 90 days
- b) 180 days
- c) 1 crop season
- d) 2 crop seasons
- e) 360 days

Ans.: 1 crop season

14. If installment of principal or interest remains overdue for _____ for short duration crops, then account will turn into NPA.

- a) 90 days
- b) 180 days
- c) 1 crop season
- d) 2 crop seasons
- e) 360 days

Ans.: 2 crop seasons

15. If renewal of running account is not done within _____ from the due date of renewal, then account turns into NPA.

- a) 90
- b) 3 months
- c) 6 months
- d) 180
- e) None of these

Ans.: 180

16. In case of TOD, if the amount remains outstanding for more than, then it will be classified as overdue.

- a) 25 days
- b) 10 days
- c) 15 days
- d) 90 days
- e) 7 days

Ans.: 15 days

17. In context of general restructuring, satisfactory performance means?

- a) Borrower account is not in default at any point of time during monitoring period
- b) Borrower account is in default for not more than 30 days at any point of time during Monitoring period
- c) Borrower account is in default for not more than 40 days at any point of time during Monitoring period
- d) Borrower account is in default for not more than 60 days at any point of time during Monitoring period
- e) None of these

Ans.: Borrower account is not in default at any point of time during monitoring period

18. In SMA classification, which type of default is considered?

- a) Only financial default

- b) Only Non-financial default
- c) Both financial and Non-financial default
- d) Stock statement not submitted upto 180 day
- e) None of the above

Ans.: Only financial default

19. IRAC stands for _____

- a) Income realisation and asset classification
- b) Income Recognition and Asset Classification
- c) Internal Rating and Account Correctness
- d) Internal Reasons and Audit Checking
- e) International Race against corruption

Ans.: Income Recognition and Asset Classification

20. On Loss Assets, Bank has to make provision of _____

- a) 10%
- b) 15%
- c) 25%
- d) 40%
- e) 100%

Ans.: 100%

21. On secured sub-standard assets, bank has to make provision of _____

- a) 10%
- b) 15%
- c) 25%
- d) 40%
- e) 100%

Ans.: 15%

22. On unsecured sub-standard assets, bank has to make provision of _____

- a) 10%
- b) 15%
- c) 25%
- d) 40%
- e) 100%

Ans.: 25%

23. Provision of Secured Doubtful Accounts, which is more than 3 years in doubtful category, is _____

- a) 25%
- b) 30%
- c) 40%
- d) 15%
- e) 100%

Ans.: 100%

24. Roll over of Short Term loans upto _____ times based on the actual requirement of the borrower is not considered as restructuring.

- a) Any number of times
- b) Any number of times upto to a total period of 12 months
- c) Upto 2 times
- d) Upto 3 times
- e) Upto 4 times

Ans.: Upto 2 times

25. Special Mention Account-1 means.....

- a) Default from 0 to 30 days
- b) Default from 31 to 60 days
- c) Default from 61 to 90 days
- d) Default from 90 to 120 days
- e) Default from 121 to 180 days

Ans.: Default from 31 to 60 days

26. What would be the asset classification of assets which are restructured for the second time or more on account of natural calamity?

- a) Will retain in same asset classification
- b) Will be downgraded
- c) Will be downgraded, but will be upgraded after one year
- d) Second restructuring will not be done
- e) None of these

Ans.: Will retain in same asset classification

27. Which of the following actions can be considered under restructuring of a business loan?

- a) Modification of terms and conditions
- b) Roll over of credit facilities
- c) Sanction of additional credit facility
- d) Enhancement of existing credit limits
- e) All of the above

Ans.: All of the above

28. Which of the following can be the reason/s for turning an account to NPA category?

- a) Financial default
- b) Poor monitoring
- c) No follow-up
- d) Technical reasons
- e) Any or all of the above

Ans.: Any or all of the above

29. Which of the following is a correct statement with regard to Asset Classification?

- a) Asset classification is done facility wise
- b) Asset classification is done both on the basis of facility and borrower wise
- c) Asset classification is done borrower wise not facility wise
- d) Asset classification is done branch wise
- e) It is done as per advice of auditors

Ans.: Asset classification is done borrower wise not facility wise

30. Which of the following statements is correct in respect of CGTMSE covered accounts?

- a) The amount outstanding, in excess of the unsecured portion, should be provided for as per the extant guidelines on provisioning for NPAs.
- b) The amount outstanding, in excess of the secured portion, should be provided for as per the extant guidelines on provisioning for NPAs.
- c) The amount outstanding, in excess of the guaranteed portion, should be provided for as per the extant guidelines on provisioning for NPAs.
- d) The entire amount outstanding should be provided for as per the extant guidelines on provisioning for NPAs.
- e) No separate guidelines

Ans.: The amount outstanding, in excess of the guaranteed portion, should be provided for as per the extant guidelines on provisioning for NPAs.