

MCQs on Monitoring Tools

1. Which of the following is correct statement with reference to vetting of loan documents?
- a) Documents in respect of advances above Rs.10 lakh and up to Rs.1 crore are to be vetted by law officer attached to RO/FGMO or by panel advocate
 - b) Documents in respect of advances above Rs.1 crore are to be vetted by panel advocate
 - c) Documents in respect of advances up to Rs.10 lakh are to be vetted by Branch Manager/Advance officer
 - d) All of the above
 - e) No such guidelines

Ans.: All of the above

2. CPA is mandatory for accounts with limits of Rs._____
- a) 50 lakh & above
 - b) 100 lakh & above
 - c) 10 lakh & above
 - d) 25 lakh & above
 - e) 20 lakh & above

Ans.: 100 lakh & above

3. In case the Legal Audit is in QUALIFIED state, it means?
- a) There is/are no deficiency/ies in the said case which is under the exercise of LAC.
 - b) There is/are deficiency/ies in the said case, which is under the exercise of LAC.
 - c) There is/are deficiency/ies in the said case which is under the exercise of LAC and as per the final submission the mentioned deficiency/ies are now in corrected state.
 - d) There is/are no deficiency/ies in the said case which is under the exercise of LAC and now the case is ready to be reported to respective controlling office.
 - e) Has to be decided on merits of the case

Ans.: There is/are deficiency/ies in the said case, which is under the exercise of LAC.

4. What is/are the primary objective/s of legal audit in the Bank?
- a) To ensure that the amount lent is secured
 - b) Not to release the credit facility without compliance of pre-disbursement sanction stipulation
 - c) Interest of the bank is protected all the times
 - d) Option A, B, C are correct
 - e) Option A & C are correct

Ans.: Option A & C are correct

5. MSOD submission is applicable for all credit limits of Rs._____
- a) 500 lakh & above
 - b) Above 200 lakh
 - c) 100 lakh & above
 - d) Above 50 lakh
 - e) 200 lakh & above

Ans.: 500 lakh & above

6. Which of the following options is correct with reference to stock audit of NPAs?
- a) Stock audit to be conducted for NPA having limit of Rs.5 crores for all constitutions
 - b) Stock audit to be conducted for NPA having outstanding of Rs.5 crores for other than proprietary/partnership accounts
 - c) Stock audit to be conducted for NPA having outstanding of Rs.5 crores for proprietary/partnership accounts

- d) Stock audit to be conducted for NPA having outstanding of Rs.5 crores for all constitutions
- e) Stock audit to be conducted for NPA having balance of Rs.3 crores for proprietary/partnership accounts

Ans.: Stock audit to be conducted for NPA having outstanding of Rs.5 crores for all constitutions

7. In which year the concept of LAC came into existence in Banks?

- a) 2013
- b) 2015
- c) 2020
- d) 2009
- e) 2005

Ans.: 2013

8. What is Red Flagging of accounts?

- a) Suspicion of fraudulent activity based on EWS.
- b) Accounts of willful defaulter
- c) Marking of fraud accounts.
- d) Loan sanctioned in restricted areas of lending.
- e) All of the above

Ans.: Suspicion of fraudulent activity based on EWS.

9. Identify the warning signals that could be noticed during visit to the unit/business place.

- a) Installation of sub-standard machinery
- b) Delay in project implementation
- c) Labour problems and frequent interruptions in manufacturing activity
- d) Poor maintenance of plant and machinery
- e) All the above

Ans.: All the above

10. Reasons specific to Project/Term Loans for building up of stress in the accounts are.....

- a) cost/time overruns
- b) Delay in securing various approvals and clearances
- c) Poor Project Planning/execution/monitoring
- d) Lack of skilled staff
- e) All the above

Ans.: All the above

11. What has been stipulated regarding periodicity of inspection of collateral security in the form of fixed assets?

- a) Quarterly
- b) Monthly
- c) Half Yearly
- d) Annually
- e) No guidelines specific for fixed assets

Ans.: Annually

12. CCM web portal hosts data related to

- a) Mock run
- b) SMA
- c) PSA
- d) Only A & B
- e) All A,B,&C

Ans.: All A,B,&C

13. Monitoring action points such as; whether stock/sales/purchases register maintained, whether free access/no lien letter obtained, whether bank's padlock affixed, whether insurance policies are adequate & in force etc. are part of which monitoring tool? (Select the most appropriate)

- a) CIBIL report
- b) M-6/Q-4
- c) MSOD
- d) QPR
- e) MCMR

Ans.: M-6/Q-4

14. Find the appropriate option in connection with stock audit.

- a) Stock Audit is carried by Technical officers
- b) Stock Audit is applicable for fund based limits only
- c) Stock Audit is to be conducted for fixed capital exposure
- d) Stock Audit has to be conducted for a fund/non-fund based working capital limit of Rs.3 crores and above for a partnership accounts
- e) Stock Audit has to be conducted for a fund based fixed capital limit of Rs.5 crores and above for other than proprietary/partnership accounts

Ans.: Stock Audit has to be conducted for a fund/non-fund based working capital limit of Rs.3 crores and above for a partnership accounts

15. What is the periodicity of obtaining certificate in context with the book debts verification by CA?

- a) Monthly
- b) Bi-Monthly
- c) Half Yearly
- d) Quarterly
- e) Annually

Ans.: Quarterly

16. What is the periodicity of review/renewal of proposals under restructuring rated as CR-1?

- a) 18 months
- b) Half yearly
- c) Quarterly
- d) Annually
- e) 3 months more than regular proposal in the same scenario

Ans.: Annually

17. Select the wrong statement from the following.

- a) Excess over the limit is reported through F-1 statement, fortnightly
- b) EOL allowed normally for a period of 30 days
- c) EOL is normally allowed to the extent of 10% of regular sanctioned limit or delegated loaning powers, whichever is lower, subject to the availability of DP
- d) For accounts having rating CR-6 and above, the delegation of allowing excess rests with ZLCC.
- e) Unconfirmed excesses should not be allowed to continue

Ans.: EOL allowed normally for a period of 30 days

18. Early Stress Signals which can be noticed within the Bank/Branch is

- a) Devolvement of Letter of Credit (LC)

- b) Return of cheques for financial reasons
- c) Long outstanding bills in the bills purchased accounts
- d) Constant utilization of working capital limits to the brim
- e) All the above

Ans.: All the above

19. Technical Inspection for credit limits up to Rs. _____ can be waived by RLCC-I & above.

- a) 100 lakh in major A class cities and 50 lakhs in other areas
- b) 200 lakh
- c) 50 lakh
- d) 200 lakh in major A class cities and 100 lakh in other areas
- e) 100 lakh

Ans.: 200 lakh in major A class cities and 100 lakh in other areas

20. Which of the following is not the probable reason for building up of stress in an account?

- a) Not ensuring end use of funds
- b) Steep volatility in exchange rates
- c) Strategically financial planning of promoter
- d) Product is vulnerable to government policies
- e) Lack of capital infusion capacity of promoter

Ans.: Strategically financial planning of promoter

21. Choose the correct statement amongst the given option in context of the eligibility for an retail mortgage-based accounts to have an exercise of LAC ?

- a) Accounts with sanctioned limit of Rs.10 lakh and above, falling under SMA-II category as on 30th April every year.
- b) Accounts with outstanding of Rs.10 lakh and above, falling under SMA-II category as on 30th April every year.
- c) Accounts with outstanding of Rs.100 lakh and above, falling under SMA-II category as on 30th April every year.
- d) Accounts with limit of Rs.100 lakh and above, falling under SMA-II category as on 30th April every year.
- e) No separate guidelines for retail mortgage-based accounts

Ans.: Accounts with outstanding of Rs.10 lakh and above, falling under SMA-II category as on 30th April every year.

22. Which of the following doesn't constitute the part of stock statement?

- a) Nature of stock, Break up of stock
- b) Value of stock, Place of storage
- c) Details of purchases and sales during the month
- d) Insurance Details
- e) All of the above

Ans.: Insurance Details

23. QPR to be submitted by party within _____

- a) 7th from the close of each quarter
- b) 30 days from the close of each quarter
- c) 25 days from the close of each quarter
- d) 4 weeks from the close of each quarter
- e) 15th from the close of each quarter

Ans.: 4 weeks from the close of each quarter

24. Find the incorrect option in context with QPR.

- a) Applicable for merchant exporters

- b) Financing pattern of Current Assets can be derived
- c) Scrutinizes the level of inventory, receivables and sundry creditors
- d) None of the given option
- e) 1 & 2

Ans.: None of the given option

25. Which statement is incorrect related to precautions to be taken during disbursement stage in running accounts?

- a) Compliance of terms and conditions
- b) Adequate Insurance of Prime & Collateral
- c) Inspection of Stocks - Quality/Quantity
- d) Disbursements to un- related accounts, borrowers' own current / savings account, in cash or transfer to sister concern accounts
- e) Verification of major creditors

Ans.: Disbursements to un- related accounts, borrowers' own current / savings account, in cash or transfer to sister concern accounts

26. Defaults in the account having aggregate exposure of _____are to be reported at CRILC platform.

- a) upto Rs.5.00 Crore
- b) Rs.5.00 Crore and above
- c) Rs.10.00 Crore
- d) Rs.50.00 Crore
- e) Rs.100.00 Crore

Ans.: Rs.5.00 Crore and above

27. Out of the options given below, which one/s is/are the monitoring tools available with Branch?

- a) Stock Statements
- b) Stock Audit
- c) Only B
- d) Only A
- e) Both A & B

Ans.: Both A & B

28. Which of the following monitoring tools comments on production capacity, method of valuation, correct DP, acceptability level of inventory & debtors?

- a) M 27
- b) Q 4
- c) M 6
- d) Stock Audit Report
- e) MCMR

Ans.: Stock Audit Report

29. During the conduct of LAC in an account, which is/are the relevant authorities with whom the security interest has been filed/registered needs to be ascertained as per the applicability of the case?

- a) CERSAI
- b) Sub-Registrar
- c) Registrar of Companies
- d) Revenue Authority
- e) All of the above

Ans.: All of the above

30. Find the incorrect option in context with MSOD.

- a) Applicable for borrowers with credit limits of Rs.5 crore and above
- b) Ensures liquidity, healthy turnover & profitability
- c) Threshold limit is Rs.500 lakh & above
- d) Applicable for non-fund based limit
- e) None of the given option

Ans.: Applicable for non-fund based limit