

Topic- Recovery Policy

Ques 1. Which of the following is not a method of recovery?

- (a) Legal Action
- (b) Persuasion and Personal Contacts
- (c) Seizure and Disposal of Securities
- (d) Loan origination
- (e) Initiation of action under SARFEASI Act

Correct Answer: Loan origination

Ques 2. In cases where an NPA credit card holder also holds other NPA accounts with our Bank, how will settlements be considered?

- (a) Independently for each account
- (b) Only for credit card dues
- (c) Together for all facilities, including Credit Cards
- (d) According to the borrower's employment status
- (e) Ignoring other NPA accounts

Correct Answer: Together for all facilities, including Credit Cards

Ques 3. When entering into a one-time settlement with borrowers, what should banks ensure regarding the settlement amount?

- (a) It should be higher than the NPV of available securities
- (b) It should cover only the principal amount owed
- (c) It should be lower than the contractual rate of interest
- (d) It should not exceed the NPV of available securities
- (e) It should be more than the total dues adjusted for inflation

Correct Answer: It should not exceed the NPV of available securities

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Ques 4. In exceptional cases, when can settlements with write-off be considered for credit card NPAs?

- (a) After 1 year of NPA status
- (b) After 2 year of NPA status
- (c) After 3 year of NPA status
- (d) Only if the borrower requests it
- (e) Only if the settlement amount is less than the total dues

Correct Answer: After 3 year of NPA status

Ques 5. In calculating the Net Present Value (NPV), which interest rate should be used according to the conventional practice?

- (a) Prime lending rate (PLR) of the Bank
- (b) Fixed deposit interest rate
- (c) 1-year MCLR of the Bank
- (d) Average savings account interest rate
- (e) Government bond yield

Correct Answer: 1-year MCLR of the Bank

Ques 6. In financial negotiations, what is the term used to describe the difference between crystallized dues and the settlement amount offered by the party?

- (a) Interest differential
- (b) Settlement gap

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- (c) Sacrifice
- (d) Default margin
- (e) Reconciliation fee

Correct Answer: Sacrifice

Ques 7. The difference between contractual dues and the settlement amount is called_____.

- (a) Total Relief
- (b) Debt forgiveness
- (c) Transaction fee deduction
- (d) Interest rate adjustment
- (e) Bad debt provision

Correct Answer: Total Relief

Ques 8. For effective asset tracing of borrowers/guarantors, financial institutions should primarily utilize which of the following?

- (a) Internal audit teams
- (b) Legal advisors
- (c) Debt collection agencies
- (d) Asset investigation Agencies
- (e) Credit rating agencies

Correct Answer: Asset investigation Agencies

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Ques 9. When a CGFMU claim is received in NPA accounts where the portfolio has completed 7 years, what is the basis for settlement after adjusting the claim received?

- (a) Initial loan amount
- (b) Running ledger outstanding
- (c) Collateral value
- (d) Future projected earnings
- (e) Administrative fees

Correct Answer: Running ledger outstanding

Ques 10. When receiving a debt waiver from the government, how should the appropriation of the waiver amount be prioritized in the absence of a specific government mandate?

- (a) Interest payments
- (b) Administrative expenses
- (c) Principal repayment
- (d) Legal fees
- (e) Insurance premiums

Correct Answer: Principal repayment

Ques 11. Under what conditions are NPA accounts typically considered eligible for Technical/Prudential write-off?

- (a) Accounts with expectations of partial recovery
- (b) Accounts with extended repayment plans
- (c) Accounts with high interest accruals

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- (d) Accounts with full provisioning coverage
- (e) Accounts involved in legal disputes

Correct Answer: Accounts with full provisioning coverage

Ques 12. Regarding proposals for Compromise/Relief/Write-off, which reporting system is mandated for cases disposed of by a delegatee to the next higher authority?

- (a) Fortnightly Reporting
- (b) Bi-annual reporting
- (c) Quarterly reporting
- (d) Monthly reporting
- (e) Bi-monthly reporting

Correct Answer: Quarterly reporting

Ques 13. Who is responsible for initiating any proposal for OTS/Release of Security/Condonation of Delay, according to the policy?

- (a) Regional Head
- (b) Legal Department
- (c) Central Audit Team
- (d) Branch/ARB/SAMB where the NPA account is maintained
- (e) Credit Analysis Team

Correct Answer: Branch/ARB/SAMB where the NPA account is maintained

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Ques 14. When claims are received from credit guarantee schemes such as CGTMSE/NCGTC/CGFMU, how should the claim amount typically be appropriated?

- (a) Administrative expenses
- (b) Legal fees
- (c) Interest payments
- (d) Principal repayment
- (e) Insurance premiums

Correct Answer: Principal repayment

Ques 15. When an amount is received as interest subvention, how should the appropriation typically be prioritized?

- (a) Principal repayment first
- (b) Administrative expenses
- (c) Interest payments first
- (d) Legal fees
- (e) Insurance premiums

Correct Answer: Interest payments first

Ques 16. When amounts are received through the sale of NPA accounts to ARC/NARCL, how should the adjustment typically be prioritized?

- (a) Administrative expenses
- (b) Legal fees
- (c) Interest payments

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- (d) Principal repayment first
- (e) Insurance premiums

Correct Answer: Principal repayment first

Ques 17. In cases of Willful Default/Fraud (as reported to RBI), where recovery of the full amount is not feasible and the borrower proposes a settlement, how should such proposals typically be handled?

- (a) Immediate rejection of all settlement offers
- (b) Approval of settlement without further investigation
- (c) Consideration on a case to case basis as a commercial decision
- (d) Approval of settlement only after criminal charges are dropped
- (e) Automatic approval of settlement for all reported cases

Correct Answer: Consideration on a case to case basis as a commercial decision

Ques 18. How are OTS proposals in cases filed under Section 138 of the Negotiable Instrument Act typically handled?

- (a) They are automatically rejected
- (b) They are processed with higher priority
- (c) They are exempt from all guidelines
- (d) They are dealt with in normal course as per vested powers
- (e) They require approval from RBI

Correct Answer: They are dealt with in normal course as per vested powers

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Ques 19. In cases of fraud/wilful default where O/S/release of security is considered, who has the exclusive authority to approve the settlement, regardless of whether it is a CBI case or police case?

- (a) Head of Compliance
- (b) Regional Head
- (c) Branch Head
- (d) Management Committee of the Board
- (e) ZLCC

Correct Answer: Management Committee of the Board

Ques 20. According to the policy, where will Technical/Prudential write-off be authorized for domestic and overseas NPA accounts, respectively?

- (a) Branch level for domestic accounts, Head Office level for overseas accounts
- (b) Head Office level for domestic accounts, Branch level for overseas accounts
- (c) Internal Audit for domestic accounts, Compliance Department for overseas accounts
- (d) Credit Risk Management for domestic accounts, Legal Department for overseas accounts
- (e) CEO's Office for domestic accounts, CFO's Office for overseas accounts

Correct Answer: Head Office level for domestic accounts, Branch level for overseas accounts

Ques 21. According to the policy, how does the concept of group applicability apply to settlement proposals within the powers of CAC – I / CAC – II / Management Committee of Board?

- (a) Group concept is universally enforced
- (b) Group concept is selectively applied
- (c) Group concept is not applicable
- (d) Group concept applies only with special conditions
- (e) Group concept is applied after initial approval

Correct Answer: Group concept is not applicable

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Ques 22. According to the policy, where should proposals for the release of security, involving recovery of entire dues through issuance of NOC for sale, be submitted?

- (a) To the Branch Manager
- (b) To the Compliance Officer
- (c) To the Credit Risk Officer
- (d) To the Head Office
- (e) ZLCC for SAMB and RLCC 1 for others

Correct Answer: ZLCC for SAMB and RLCC 1 for others

Ques 23. If the value of security in a financial asset is Rs.5.00 Crore and above, which of the following is correct?

- (a) Three valuations shall be obtained
- (b) Two valuations shall be obtained, and an average shall be considered
- (c) Two valuation shall be obtained, and the higher of two shall be considered
- (d) Two valuations shall be obtained, and the lower of them shall be considered
- (e) Valuation is not required for assets worth Rs.5.00 Crore and above

Correct Answer: Two valuation shall be obtained, and the higher of two shall be considered

Ques 24. Under the SARFAESI Act, who is authorized to initiate actions, including issuance of Demand Notice under Sec.13 (2)?

- (a) Officers in Scale V & above
- (b) Branch Managers

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- (c) Officers from Regional Office
- (d) Chief Financial Officer
- (e) Officers in Scale IV & above

Correct Answer: Officers in Scale IV & above

Ques 25. What priority do bank dues receive upon registration of creation, modification, and satisfaction of security interest with CERSAI under the SARFAESI Act?

- (a) Priority over all other financial institutions
- (b) Priority over all personal loans
- (c) Priority over all statutory dues, taxes, and other debts payable to the government
- (d) Priority over all operational expenses
- (e) Priority over all international loans

Correct Answer: Priority over all statutory dues, taxes, and other debts payable to the government

Ques 26. According to the prevailing guidelines, when is the mega filing day earmarked for filing applications before CMM/DM/CJM?

- (a) First Thursday of each month
- (b) Last Thursday of each month
- (c) Second Thursday of each month
- (d) Second Monday of each month
- (e) First Monday of each month

Correct Answer: Second Thursday of each month

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Ques 27. According to the delegation of power, who has the authority for vetting and approval of any appeal before NCLAT/other appellate Tribunals /High Court and Supreme Court?

- (a) Branch Manager
- (b) Chief Financial Officer
- (c) Chief Manager, Operations
- (d) Chief Manager, Law
- (e) Risk Officer

Correct Answer: Chief Manager, Law

Ques 28. Apart from regular e-auctions and mega e-auctions, how often should ROs/Branches conduct a separate auction to dispose of vehicles under possession?

- (a) Once a month
- (b) Twice a month
- (c) Quarterly
- (d) Bi Monthly
- (e) Fortnightly

Correct Answer: Twice a month

Ques 29. According to the modular approach/structured settlement scheme, loans purchased from NBFCs/HFCs/MFIs/others under pool buy out/co-lending policy are eligible for_____.

- (a) No settlement
- (b) Settlement with higher interest
- (c) Conditional settlement

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- (d) One-time settlement
- (e) Settlement with legal fees

Correct Answer: One-time settlement

Ques 30. Before initiating negotiations or considering any proposal for settlement received from the borrower, what initial step should be taken under the module approach?

- (a) Conduct a credit check
- (b) Verify employment status
- (c) Calculate the minimum settlement amount
- (d) Perform a market analysis
- (e) Review legal documentation

Correct Answer: Calculate the minimum settlement amount