DAILY QUIZ · C4S COURSES

SIDBI Grade A & B Exam 2026: How to Prepare for Phase II with the Shatsutra Strategy

25 November 2026 · 16 items

SIDBI Grade A & B Exam 2026 · Phase II · Paper III Syllabus

SIDBI Grade A & B Exam 2026: How to Prepare for Phase II with the Shatsutra Strategy

Complete SIDBI Assistant Manager (Grade A) and Manager (Grade B) 2026 preparation: Paper III syllabus, working capital and drawing power numericals, MPBF, Nayak, Chore and Tandon committees, letter of credit, corporatisation of MSMEs, a 36-day plan and a free 75-mark mock test.

Vacancies 2026

68

63 Grade A, 5 Grade B

Phase II

200 marks

180 minutes

Shatsutra method

6 circles

one connected syllabus

Study plan

36 days

with full mocks

SIDBI Grade A & B Exam 2026 Syllabus (Paper III): The Shatsutra Strategy, Six Circles, One Syllabus

Study in this order, because each circle supplies the vocabulary that the next circle uses.

SIDBI 2026 Shatsutra Strategy

Six layers. One connected syllabus. Start from the inner circle and move outward.

6Financial markets and alternative financing
Investment banking, merchant banking, equity, AIFs

5Credit risk and recovery
SMA, NPA, IRAC norms, provisioning, SARFAESI, IBC, ARCs

4MSME financing
Due diligence, KYC, credit appraisal, term loan, working capital, LC, bank guarantee

3Finance and management

Balance sheet, P&L, cash flow, ratios, capital structure, working capital cycle

2SIDBI
SIDBI Act, objectives, functions, direct and indirect financing, refinance, schemes

1MSME ecosystem
Ministry of MSME, MSMED Act, classification, policy, regulatory and legal framework

Join the SIDBI Crash Course 2026 by Clarity 4 Sure

Looking for vacancies, eligibility or dates? See the SIDBI Grade A notification 2026 guide. This page is about **how to prepare Phase II Paper III**: concepts, numericals and answer writing.

This **SIDBI Grade A and B exam 2026** guide is for aspirants of the **SIDBI Assistant Manager (Grade A)** and **Manager (Grade B)** exams. It covers the **MSME policy, regulatory and legal framework**, **finance and management**, **credit appraisal** and **NPA and recovery** topics of Paper III, and shows how to prepare **numericals, conceptual questions and descriptive answer writing**, one by one.

1. MSME ecosystem

Ministry of MSME, classification, MSMED Act 2006, Udyam, government schemes, policy, regulatory and legal framework *(Facts MCQs / Descriptive on policy)*

2. Understanding SIDBI

SIDBI Act, objectives, functions, direct and indirect lending, refinance, schemes, promotion and development of MSMEs *(Facts MCQs / Current affairs)*

3. Understanding an enterprise

Finance and management, balance sheet, P&L, cash flow, financial ratios, capital structure, working capital cycle *(Numericals)*

4. Financing an enterprise

Due diligence, KYC, credit appraisal, term loan assessment, working capital assessment, documentary credit, LC, bank guarantee *(Numericals / Conceptual)*

5. Protecting the lender

Credit risk assessment, monitoring, SMA, NPA, IRAC norms, provisioning, SARFAESI, IBC, recovery mechanisms *(Numericals / Descriptive)*

6. Beyond conventional banking

Investment banking, merchant banking, equity, AIFs, ARCs *(Conceptual / Descriptive)*

Exam pattern to plan against (SIDBI 2026 Phase II)

Paper	Type	Questions	Marks	Time
Paper II: English Language	Online descriptive (typed)	3	75	60 min
Paper III: Stream-specific	Online objective, 1 or 2 marks each	50	75	60 min
Paper III: Stream-specific	Online descriptive, attempt 4 of 10 (2 x 15, 2 x 10 marks)	4 of 10	50	60 min

Each wrong objective answer costs one quarter of its marks. The syllabus is indicative, so watch current developments too. Source: SIDBI Grade A Notification 2026 guide.

SIDBI Grade A 2026 Strategy Videos: New Exam Pattern and Phase I Score Target

Start with the strategy video for the new pattern and the 35-day plan, then watch the short on how much to score in Phase I.

SIDBI Grade A 2026: OLD Strategy Won't Work! New Exam Pattern & 35-Day Plan

SIDBI Grade A 2026: How Much Should You Score in Phase I? Don't Overprepare!

SIDBI Grade A & B 2026 Syllabus: MSME Policy, Regulatory and Legal Framework, MSMED Act, Udyam, Corporatisation

Start here, because every later question assumes you know who an MSME is and which law protects it.

- **MSMED Act 2006** defines micro, small and medium enterprises. Delayed payment is an exam favourite: the buyer must pay within the agreed period, at most 45 days, and interest on delay is three times the bank rate notified by RBI, compounded monthly.
- **Udyam registration:** online and paperless from 1 July 2020, replacing Udyog Aadhaar. **Udyam Assist** brings informal micro enterprises in.
- **Schemes and bodies:** PMEGP, CGTMSE credit guarantee, SFURTI, MSE-CDP, ZED certification, PM Vishwakarma, MSME Samadhaan. Make a one-line card for each: objective, beneficiary, nodal agency.
- **Committees:** the P.R. Nayak Committee (working capital for small units, turnover method) is a repeat topic. See our Nayak Committee explainer video.

Learn both the 2020 and the 2025 classification limits, since questions test the change. Investment is in plant and machinery or equipment.

Category	Investment (2020)	Turnover (2020)	Investment (revised 2025)	Turnover (revised 2025)
Micro	up to ₹1 crore	up to ₹5 crore	up to ₹2.5 crore	up to ₹10 crore
Small	up to ₹10 crore	up to ₹50 crore	up to ₹25 crore	up to ₹100 crore
Medium	up to ₹50 crore	up to ₹250 crore	up to ₹125 crore	up to ₹500 crore

Corporatisation of MSMEs: concept, benefits, challenges, descriptive points

Corporatisation means MSMEs moving from informal or single-owner forms (proprietorship, partnership) to **formal corporate structures**: a company, a One Person Company or a Limited Liability Partnership. It is closely linked to **formalisation** through Udyam registration and GST. SIDBI lists a *Corporatisation of MSMEs* report among its publications, so expect this theme in descriptive and conceptual questions.

Aspect	Points to write
Why it helps	Limited liability, separate legal identity, easier equity and venture capital, better credit rating and bank finance, perpetual succession, easier scaling and exports
Legal routes	Companies Act 2013 (private company, One Person Company), LLP Act 2008
Challenges	Compliance cost (ROC filings, audit, tax), awareness gap, family-run culture, thin financial records, fear of scrutiny
What helps	Udyam and GST formalisation, simpler compliance for small companies, credit linked to formal records, SIDBI and bank support, digital accounting
Link to lending	Audited accounts make appraisal easier (Circle 4) and widen access to AIF and venture funding (Circle 6)

Descriptive structure (15 marks): define corporatisation and formalisation; give 4 benefits and 4 challenges; name the policy tools (Udyam, GST, LLP, small-company relaxations); end with two suggestions such as hand-holding, low-cost compliance and credit incentives for formal firms. Also see the formalisation of MSME descriptive answer video.

How to study: read once for the story (jobs, exports, credit gaps), then build the scheme cards. For the descriptive angle, past topics include formalisation of MSMEs: practise a 200-word answer with the previous year descriptive question and answer video. Verify the latest limits on the official Ministry of MSME notification before the exam.

SIDBI Act 1989, Functions and Schemes for SIDBI Grade A & B Exam 2026

Learn SIDBI as the institution that finances MSMEs directly and through other lenders.

- **Legal base and role:** created under the SIDBI Act, 1989, as the principal financial institution for promotion, financing and development of the MSME sector and coordination of institutions doing similar work. Headquarters: Lucknow.
- **Direct finance:** term loans, working capital and other assistance given by SIDBI itself.
- **Indirect finance:** refinance and lines of credit to banks, State Financial Corporations and NBFCs, who then lend to MSMEs. Examiners love the "direct vs indirect" comparison.
- **Promotion and development:** venture capital and funds, credit guarantee support, entrepreneurship and skill programmes, and the annual SIDBI MSME Outlook Survey.

Stay current with SIDBI news

- Antariksh Venture Capital Fund (News)
- Partnership with Green Climate Fund (News)
- Three new SIDBI initiatives (News)
- Net profit FY25 (News)
- SIDBI Outlook Survey on MSMEs (News)
- Small Industries Development Bank of India (Basics)

How to study: keep one page titled "SIDBI at a glance" with the Act, year, functions, refinance routes, funds and the latest three news items. Revise it every week.

Finance and Management for SIDBI Grade A & B 2026: Ratios, DSCR, WACC, Working Capital Cycle

This circle is where most numericals come from, so master the formulas and the order of working.

- **Statements:** balance sheet (assets = liabilities + equity), profit and loss account, cash flow statement (operating, investing, financing). Cash from operations = PAT + depreciation ± change in working capital.
- **Capital structure:** mix of debt and equity. **WACC** = (equity share x cost of equity) + (debt share x cost of debt x (1 - tax rate)).
- **Working capital cycle:** operating cycle = raw material days + WIP days + finished goods days + debtor days; net cycle = operating cycle - creditor days.

Ratio	Formula	Reading
Current ratio	Current assets / current liabilities	Liquidity; banks look for 1.33 or more
Quick ratio	(Current assets - inventory) / current liabilities	Stricter liquidity
Debt-equity ratio	Total debt / net worth	Leverage
Interest coverage	EBIT / interest	Ability to pay interest
DSCR	(PAT + depreciation + interest on term loan) / (interest + principal repayment)	Ability to repay a term loan; 1.5 to 2 is comfortable
Return on equity	PAT / net worth	Shareholder return

Worked numericals

1. **Net working capital cycle.** Raw material 30 days, WIP 10, finished goods 20, debtors 45, creditors 40. Operating cycle = 30 + 10 + 20 + 45 = 105 days. Net cycle = 105 - 40 = **65 days**. If annual cost of goods

sold is ₹36.5 crore, daily cost is ₹10 lakh, so working capital needed = 65 x ₹10 lakh = **₹6.5 crore**.

2. **DSCR.** PAT ₹40 lakh, depreciation ₹20 lakh, interest ₹15 lakh, principal repayment ₹25 lakh. DSCR = (40 + 20 + 15) / (15 + 25) = 75 / 40 = **1.875, about 1.88**.
3. **WACC.** Equity 60% at 15%, debt 40% at 10% before tax, tax 25%. WACC = 0.6 x 15 + 0.4 x 10 x 0.75 = 9 + 3 = **12%**.

How to study: for each ratio write the formula, one example and what a rising or falling value says about the borrower. Practise 5 numericals a day and always state the formula before substituting. For management (planning, organising, leadership and MSME issues such as credit, technology and markets), keep short definition-plus-example notes.

MSME Financing for SIDBI Exam 2026: Credit Appraisal, Term Loan, Working Capital, LC and Bank Guarantee

Here you act as the loan officer: verify the borrower, size the loan, and choose the right facility and safeguard.

- **KYC and due diligence:** identity and address proof, beneficial owner, source of funds, checks on promoter, unit and bank record.
- **Credit appraisal:** technical, commercial, financial and managerial viability, plus the 5 Cs (character, capacity, capital, collateral, conditions).
- **Term loan assessment:** project cost, means of finance, promoter margin, moratorium, repayment schedule and DSCR.
- **Working capital assessment:** turnover method (Nayak Committee) and the Tandon Committee MPBF methods.
- **Documentary credit:** a letter of credit (LC) is the issuing bank's undertaking to pay the seller on compliant documents. Know the parties (applicant, issuing bank, beneficiary, advising and confirming bank) and types (sight, usance, revolving, standby, back-to-back).
- **Bank guarantee (BG):** the bank pays if the customer defaults; financial guarantee versus performance guarantee. **NBFC financing:** asset finance and hypothecation complement banks.

Worked numericals

1. **Term loan.** Project cost ₹50 lakh, promoter margin 25%. Promoter contribution = ₹12.5 lakh, term loan = **₹37.5 lakh**, debt:equity = 3:1.
2. **Turnover method (Nayak).** Projected turnover ₹4 crore. Requirement = 25% = ₹1 crore; promoter margin = 5% = ₹20 lakh; bank finance = 20% = **₹80 lakh**. The method applies to fund-based limits up to ₹5 crore as recommended.
3. **MPBF (Tandon).** Current assets ₹100 lakh, current liabilities other than bank borrowing ₹40 lakh. Working capital gap = ₹60 lakh. Method I: 75% of gap = **₹45 lakh**. Method II: 75% of current assets - other current liabilities = 75 - 40 = **₹35 lakh**.

How to study: make a process chart (application, KYC, appraisal, sanction, documentation, disbursement, monitoring) and attach one numerical and one document to each step. Draw the LC and BG document flow once and you will answer most MCQs.

SIDBI Grade A & B 2026 Working Capital Numericals: Drawing Power, MPBF, Nayak, Chore and Tandon Committees, Letter of Credit

These are the highest-yield numericals in SIDBI Phase II Paper III. Learn the committee logic first, then practise the sums until the steps are automatic.

1. Working capital basics for SIDBI Phase II

- **Gross working capital** = total current assets. **Net working capital (NWC)** = current assets - current liabilities (excluding bank borrowing in bank assessments).
- **Working capital gap (WCG)** = current assets - current liabilities other than bank borrowing. Banks fund part of this gap; the borrower funds the rest from NWC.
- **Core current assets** = the permanent minimum level of stock and receivables that a unit always holds. Method III treats it as long-term funded.
- **Current ratio** = current assets / current liabilities (including bank borrowing). The bank-friendly benchmark is 1.33:1.

2. Drawing Power (DP): how much of the sanctioned limit can really be used

Drawing power is the amount a borrower can draw in a cash credit or overdraft account today, based on the latest stock and book debt statement. A bank allows the **lower of the sanctioned limit and the drawing power**. Margin is the part of the asset the borrower funds; the bank lends only against the remaining part. Book debts older than 90 days (or the period set in the sanction) are left out.

Asset in the statement	Typical margin	Eligible for DP?
Raw material, WIP, finished goods	25% (varies by sanction)	Yes, on stock at cost or market value, whichever is lower
Book debts up to 90 days	40% (varies)	Yes
Book debts above 90 days	Not applicable	No
Stock bought on credit (creditors)	Depends on bank	Many banks deduct unpaid creditors for stock; follow the facts given in the question

Drawing power numericals

1. **Basic DP.** Stock ₹80 lakh (margin 25%), eligible book debts ₹30 lakh (margin 40%). DP = 80 x 75% + 30 x 60% = 60 + 18 = **₹78 lakh**. Sanctioned limit ₹70 lakh, so the maximum allowed is the lower figure, **₹70 lakh**. If the account stands at ₹72 lakh, it is **₹2 lakh over the limit** and shows as irregular.
2. **Old debtors excluded.** Stock ₹100 lakh (margin 25%); book debts ₹30 lakh, of which ₹6 lakh is over 90 days; debtor margin 40%. Eligible debts = 24 lakh. DP = 75 + 24 x 60% = 75 + 14.4 = **₹89.4 lakh**. Sanctioned limit ₹120 lakh, so drawing is capped at DP, and with ₹85 lakh outstanding the borrower can draw **₹4.4 lakh** more.
3. **Creditors deducted.** Stock ₹60 lakh, debtors ₹40 lakh, creditors for stock ₹15 lakh, margins 25% and 40%. DP = 60 x 75% + 40 x 60% - 15 = 45 + 24 - 15 = **₹54 lakh**.

Exam trap: always take the **lower** of DP and the sanctioned limit, and remove ineligible debtors before applying the margin. A stale stock statement or drawing beyond DP is an early warning signal in credit monitoring (Circle 5).

3. Tandon Committee (1975) and the three methods of lending: MPBF

The Tandon Committee asked banks to lend on a **norm-based** assessment instead of simply financing the stock. **Maximum Permissible Bank Finance (MPBF)** is the ceiling on bank credit, and the borrower must bring in a minimum part of working capital as **net working capital (long-term funds)**.

Method	MPBF formula	Borrower funds	Resulting current ratio
Method I	75% x (CA - OCL) = 75% of the working capital gap	25% of the gap	About 1.17:1
Method II	(75% x CA) - OCL	25% of total current assets	1.33:1

Method	MPBF formula	Borrower funds	Resulting current ratio
Method III	75% x (CA - core CA) - OCL	25% of non-core current assets plus all core current assets	Above 1.33:1

CA = current assets; OCL = other current liabilities, that is, current liabilities excluding bank borrowing. The committee also pushed for a quarterly information system, separate treatment of seasonal and permanent needs, and a move away from the old cash credit system.

MPBF numerical: all three methods

Current assets ₹200 lakh; other current liabilities ₹80 lakh; core current assets ₹40 lakh.

1. **Method I:** WCG = 200 - 80 = 120. MPBF = 75% x 120 = **₹90 lakh**. NWC = 30. Current ratio = 200 / (80 + 90) = **1.18**.
2. **Method II:** MPBF = 0.75 x 200 - 80 = 150 - 80 = **₹70 lakh**. NWC = 200 - 80 - 70 = 50. Current ratio = 200 / 150 = **1.33**.
3. **Method III:** MPBF = 0.75 x (200 - 40) - 80 = 120 - 80 = **₹40 lakh**. NWC = 200 - 80 - 40 = 80. Current ratio = 200 / 120 = **1.67**.
4. **Limit to sanction:** if the borrower asks for ₹100 lakh, Method II caps it at ₹70 lakh; the extra ₹30 lakh is excess borrowing that the borrower must fund from long-term sources.

4. Chore Committee (1979): tightening the Tandon norms

- **Why it was set up:** the RBI working group, chaired by K. B. Chore, reviewed how cash credit was working, since over-reliance on cash credit let borrowers use limits as permanent finance.
- **Method II as the goal:** banks should move towards the second method of lending (current ratio of 1.33:1), so that borrowers keep more of their own long-term funds in working capital.
- **Splitting the limit:** divide cash credit into a **fixed demand loan** for the normal, steady need and a **fluctuating cash credit** part for peaks.
- **Quarterly Information System (QIS):** QIS-I is the budget for the coming quarter, QIS-II is the actual performance of the last quarter, and QIS-III is a half-yearly funds flow. These help banks monitor the borrower.
- **Discipline:** discourage ad hoc and excess drawings above the sanctioned limit, and use bill finance and short-term loans in place of plain cash credit.

Chore-style limit split

Method II MPBF is ₹70 lakh. The unit's normal level of borrowing is ₹45 lakh. The bank can sanction a **working capital demand loan of ₹45 lakh** and a **fluctuating cash credit of ₹25 lakh** for peaks, with quarterly information reports from the borrower.

5. P. R. Nayak Committee (1992): the turnover method for small units

- **Purpose:** a simpler method for small borrowers, because the full MPBF assessment is heavy for small units.
- **The rule:** working capital requirement = **25% of projected annual turnover**. The borrower brings in at least **5% of turnover** as margin (NWC); the bank finances up to **20% of turnover**.
- **Coverage:** the committee first covered limits up to ₹1 crore; RBI later extended the turnover method to fund-based limits of up to ₹5 crore for MSME borrowers. Confirm the current RBI instruction before the exam.
- **If the borrower's actual NWC is more than 5%** of turnover, the bank finance is the requirement minus the actual NWC, so the bank gives less.

Nayak turnover method numericals

1. **Standard case.** Projected turnover ₹6 crore. Requirement = 25% = ₹150 lakh. Promoter margin = 5% = ₹30 lakh. Bank finance = 20% = **₹120 lakh**.
2. **Higher actual NWC.** Same unit, but actual NWC is ₹45 lakh (7.5%). Bank finance = 150 - 45 = **₹105 lakh**.
3. **Compare with Tandon.** Turnover ₹4 crore gives a Nayak requirement of ₹100 lakh and bank finance of ₹80 lakh. With current assets of ₹100 lakh and OCL of ₹40 lakh, Tandon Method II gives MPBF = 75 - 40 = ₹35 lakh. Nayak gives a larger limit because it is built to ease credit for small units.

For a video walkthrough, see our P. R. Nayak Committee explained for SIDBI Grade A and B.

6. Committees at a glance: one-line revision table

Committee	Year	Key idea	Number to remember
Tandon	1975	Norm-based lending, MPBF, three methods	75% / 25% split; current ratio 1.17, 1.33
Chore	1979	Method II, split of cash credit, QIS reporting, curb excess drawings	1.33:1; QIS-I, II, III
Nayak	1992	Turnover method for small borrowers	25% turnover; 5% margin; 20% bank finance
Kannan	1997	Banks free to assess working capital needs; MPBF no longer compulsory	Beginning of flexible lending

7. Letter of Credit (LC) numericals

- **LC basics:** the issuing bank undertakes to pay the seller if documents comply with the LC terms. Parties: applicant (buyer), issuing bank, beneficiary (seller), advising bank, confirming bank. Governed by UCP 600; all credits are irrevocable.
- **Sight LC** is paid on presentation of documents. **Usance LC** is paid on a later due date (for example 90 days). **Back-to-back LC** is a second LC opened on the strength of a master LC, used by intermediaries and traders.
- **LC limit:** the bank sanctions a non-fund-based LC limit, takes a cash margin, and charges commission. Funds flow only if the bank has to pay on behalf of the borrower; the borrower then faces devolvement.

LC numericals

1. **Margin and bank exposure.** Import LC for USD 1,00,000 at ₹85 per USD. INR value = **₹85 lakh**. Cash margin 20% = **₹17 lakh**. Bank exposure = 85 - 17 = **₹68 lakh**.
2. **Commission.** Commission of 0.5% per quarter on ₹85 lakh, for a 90-day LC (one quarter) = 0.5% x 85,00,000 = **₹42,500**.
3. **Exchange-rate risk.** If the rupee weakens to ₹86 when the usance bill falls due and the import is unhedged, payment = ₹86 lakh, so the extra cost is **₹1 lakh**.
4. **LC limit headroom.** LC limit ₹2 crore; LCs already outstanding ₹1.2 crore. A new LC of ₹85 lakh makes the total ₹2.05 crore, which is **₹5 lakh above the limit**. The bank cannot open it without enhancing the limit or waiting for an LC to be retired.
5. **Back-to-back LC.** Master LC USD 2,00,000; supplier LC USD 1,60,000. The intermediary's margin = USD 40,000, which is 20% of the master LC.

Practise these sums on the free 75-mark practice set below, which has passages on MPBF, back-to-back LC and term-loan DSCR.

Order of attack in the exam: (1) identify the method asked, (2) write the formula, (3) substitute with units in lakh, (4) check that bank finance does not exceed the requested limit or drawing power, (5) test the current ratio against 1.33.

Credit Risk and Recovery for SIDBI Grade A & B 2026: SMA, NPA, IRAC Norms, SARFAESI, IBC

Marks here come from precise numbers: days overdue, provisioning percentages and statutory time limits.

- **Credit risk assessment and monitoring:** internal rating, early warning signals (delayed stock statements, cheque returns, falling sales), stock audits, end-use checks.
- **IRAC norms** (income recognition, asset classification, provisioning): after NPA, assets are sub-standard (up to 12 months as NPA), doubtful (beyond that) and loss.
- **SARFAESI Act 2002:** secured creditors enforce security without court after a 60-day demand notice under Section 13(2), then take possession under Section 13(4); ARCs buy NPAs under it.
- **IBC 2016:** time-bound resolution; the corporate process runs 180 days, extendable by 90; default threshold ₹1 crore; Section 29A bars certain bidders; a pre-packaged process exists for MSMEs.
- **Other routes:** Debts Recovery Tribunals (dues of ₹20 lakh and above), Lok Adalats, one-time settlement and compromise.

Stage	Principal or interest overdue
SMA-0	1 to 30 days
SMA-1	31 to 60 days
SMA-2	61 to 90 days
NPA	more than 90 days

Provisioning (typical rates): standard assets 0.40% (0.25% for direct agriculture and SME, 1% for commercial real estate); sub-standard secured 15%, unsecured 25%; doubtful secured portion 25% (up to one year), 40% (one to three years), 100% (beyond three years), with 100% on any unsecured portion; loss assets 100%. Confirm against RBI's latest master circular.

Worked numericals

1. **Days overdue.** An instalment unpaid for 75 days is **SMA-2**; at 91 days it is an **NPA**.
2. **Provisioning.** Sub-standard secured ₹80 lakh x 15% = **₹12 lakh**. Doubtful (up to one year) secured ₹60 lakh x 25% = **₹15 lakh**.

How to study: learn the SMA and provisioning tables as one flash card each, then compare SARFAESI, IBC and DRT in a three-column table (when to use, time limit, who initiates). Practise the descriptive angle, such as why NPAs are high in MSME lending and how recovery can improve.

Investment Banking, Merchant Banking, Equity and AIFs: SIDBI Grade A & B 2026 Syllabus

This outer circle covers funding that does not come from a bank loan. It is mostly conceptual, so it rewards clear definitions.

- **Investment banking:** underwriting of issues, mergers and acquisitions advice, fund-raising and restructuring advice.
- **Merchant banking:** issue management, due diligence of offer documents and portfolio services; merchant bankers are registered with SEBI.
- **Equity routes for MSMEs:** IPO, further public offer, rights issue, private placement and SME listing platforms of the exchanges.
- **ARCs:** buy bad loans under SARFAESI, which links this circle back to Circle 5.

AIF category (SEBI AIF Regulations 2012)	Typical funds	Memory hook
Category I	Venture capital, SME funds, social venture, infrastructure funds	Funds the economy wants to encourage
Category II	Private equity, debt funds	Neither I nor III
Category III	Hedge funds	Trading-oriented; may be open-ended

How to study: build a comparison table of equity, debt, venture capital and AIFs (who invests, risk, return, exit) and link each instrument to an MSME need. Use SIDBI's Antariksh Venture Capital Fund as a live example in answers.

SIDBI Grade A & B 2026: How to Solve Numericals, Conceptual Questions and Descriptive Answers

Practise three separate drills in this order: numericals build accuracy, concepts build speed, answer writing builds structure.

1. Numericals (Circles 3, 4 and 5)

1. Write the formula first, then substitute. You avoid slips and earn step marks in descriptive answers.
2. Convert units early: lakh and crore, days and years, percent and decimals.
3. Check the answer's sense: a DSCR of 12 or a negative working capital cycle means a slip.
4. Keep a formula sheet with one worked example per formula and redo each from memory every third day.
5. In the objective paper, skip a numerical that needs more than two minutes on the first pass, since a wrong answer costs one quarter of its marks.

2. Conceptual questions (Circles 1, 2 and 6, plus the theory of 4 and 5)

1. Learn each concept in three layers: definition, difference from its nearest cousin (NPA vs SMA, LC vs BG, AIF Category I vs II) and one MSME example.
2. Convert every law into a pair of facts: the year and the one thing it does (SARFAESI 2002: enforce security without court).
3. For statement-based MCQs, test each statement separately before looking at the options.
4. Read the SIDBI news section weekly so that current-affairs questions are free marks.

3. Descriptive answer writing (attempt 4 of 10)

Allow about 15 minutes per answer, including 2 minutes of planning.

Part	What to write	Share
Introduction	Define the term or state the issue in two lines, with one fact or figure	10%
Body	4 to 5 headed points: policy, problem, data, example, institution	70%
Way forward and conclusion	Two or three practical suggestions and a one-line close	20%

- **Length guide** (a practice target, not an official limit): about 200 to 250 words for 15 marks and 150 to 180 words for 10 marks.
- **Link the circles:** a good answer on credit gaps in MSMEs touches Circle 1 (definition), Circle 2 (SIDBI refinance), Circle 4 (appraisal hurdles) and Circle 6 (alternative finance).
- **Practise with real papers:**SIDBI previous year question papers and Phase II English descriptive

question and answer 2025. Type your answers, since the paper is typed.

SIDBI Grade A & B 2026 Preparation Strategy: 36-Day Study Plan for Phase II

Give the numerical circles the most days and keep the last six days for full-length mocks and revision.

The SIDBI crash course page lists a 36-day plan from 21 November to 27 December 2026 and shows 27 December 2026 as the tentative exam date. Confirm dates on the official SIDBI notification. For more on the pattern and plan, watch the 35-day plan video above.

Days	Focus	Daily routine
1 to 5	Circle 1: MSME ecosystem	Read, make scheme cards, 20 MCQs
6 to 8	Circle 2: SIDBI	One-page notes, news revision, 20 MCQs
9 to 15	Circle 3: enterprise, ratios, working capital	5 numericals a day, formula sheet
16 to 21	Circle 4: financing, LC, BG	Process chart, 5 numericals, 1 descriptive answer
22 to 27	Circle 5: NPA, IRAC, SARFAESI, IBC	Tables, 5 numericals, 1 descriptive answer
28 to 30	Circle 6: markets and AIFs	Comparison tables, 20 MCQs
31 to 36	Revision and mocks	One full-length test a day, error log, 2 descriptive answers

Mock-test rule: after each test spend twice as long on analysis as on attempting. Log every mistake under its circle number, and go back to that circle's notes before the next test.

SIDBI Grade A & B 2026 Free Mock Test: Phase II Paper III Practice Set (75 Marks)

A draft Paper III objective mock built on the six circles: 50 questions, with an answer key and worked explanations. Attempt it in 60 minutes, the same time as the real objective paper.

Download Sample Mock Objective Test (PDF)

50

questions: Section A 25 x 1 mark, Section B 25 x 2 marks

75

marks in total

8

passages with numerical sets

60

minutes to attempt

What the set covers

Part	Topic	Questions
Section A	MSME ecosystem	Q1 to Q4
Section A	Understanding SIDBI	Q5 to Q7
Section A	Finance and management	Q8 to Q11
Section A	MSME financing	Q12 to Q16
Section A	Credit risk and recovery	Q17 to Q22
Section A	Financial markets and alternative financing	Q23 to Q25

Part	Topic	Questions
Section B	Passage 1: delayed payment and classification; Passage 2: financial statement analysis; Passage 3: term loan appraisal and DSCR	Q26 to Q34
Section B	Passage 4: MPBF (Tandon Method II); Passage 5: back-to-back LC; Passage 6: asset quality and provisioning	Q35 to Q44
Section B	Passage 7: Asset Reconstruction Company; Passage 8: public issue, anchor investors and underwriting	Q45 to Q50

How to attempt it

1. Print pages 1 to 12 and keep pages 13 to 16 (answer key and explanations) closed.
2. Set a 60-minute timer and attempt the paper in one sitting; skip any numerical that needs more than two minutes on the first pass.
3. Score yourself: Section A correct x 1 plus Section B correct x 2, then subtract one quarter of the marks for each wrong answer as in the real exam.
4. Open the explanations, and log each mistake under its circle number (1 to 6) in your error log.

SIDBI Grade A and B Exam 2026 FAQs: Pattern, Vacancies, Syllabus, Negative Marking

What is the SIDBI Phase II pattern in 2026?

Phase II is 200 marks in 180 minutes: Paper II English descriptive (75 marks), Paper III objective (75 marks) and Paper III descriptive (50 marks). Details are in the 2026 notification guide.

Does Phase I count in the final merit?

No. Phase I is a 60-mark screening test; final merit is based on Phase II and the interview. See the short on how much to score in Phase I.

How many vacancies are there in 2026?

68: 63 for Assistant Manager Grade A and 5 for Manager Grade B across the General, Hindi, Legal and Systems/IT streams (General Grade A has 53).

Is there negative marking?

Yes, one quarter of the marks for each wrong answer in the objective parts of Phase I and Phase II.

Is the descriptive paper typed?

Yes, it is online and typed, in English or Hindi for the stream-specific paper.

Where should a beginner start?

Start with Circle 1, then Circle 2, and move to Circles 3, 4 and 5 early, since they carry the numericals and need the most practice.

What does the SIDBI crash course include?

27 full-length tests, mentor-evaluated descriptive tests, three workshops (descriptive writing, numericals, case-study MCQs), mock interviews and live doubt sessions.

Which committees are important for SIDBI Grade A and B numericals?

Tandon Committee (MPBF, three methods), Chore Committee (Method II, QIS), P. R. Nayak Committee (turnover method: 25% requirement, 5% margin, 20% bank finance) and Kannan Committee. See the working capital numericals section.

What is drawing power and how is it calculated?

Drawing power is the amount a borrower can draw from a cash credit account based on eligible stock and book debts after margin. The bank allows the lower of drawing power and the sanctioned limit.

What is corporatisation of MSMEs?

It is the shift of MSMEs from informal or single-owner forms to companies, One Person Companies or LLPs, linked to Udyam and GST formalisation, and it improves access to credit and equity.

Is there a free SIDBI Grade A 2026 mock test?

Yes. Download the free 75-mark Phase II Paper III practice set with answer key and explanations in the practice-set section.

More SIDBI Grade A & B Exam 2026 Resources: Syllabus, Cut Off, Previous Papers, Results

- SIDBI Grade A Notification 2026: 68 Vacancies, Eligibility, Salary, New Exam Pattern and Syllabus (Notification)
- SIDBI Grade A and B Syllabus (Syllabus)
- SIDBI Grade A and B Syllabus 2025 and Exam Pattern (Syllabus)
- SIDBI Grade A & B Preparation Strategy (Strategy)
- SIDBI Grade A 2025: Complete Information (Overview)
- SIDBI Previous Year Question Papers 2022 to 2025 (Previous papers)
- SIDBI Phase II Mains English Descriptive Question and Answer 2025 (Descriptive)
- SIDBI Grade A Cut Off (Official): Phase I, Phase II, Interview and Final Marks (Cut off)
- SIDBI Grade A & B Result 2024 Declared (Result)
- SIDBI Grade A, B 2025 Notification Out: 76 Vacancies (Earlier notification)
- SIDBI 2025 Preparation Roadmap: Strategy, Syllabus, Tips and Mistakes (Video)
- Previous Year Descriptive Question and Answer: Formalisation of MSME (Video)
- P.R. Nayak Committee Explained for Grade A and B (Video)
- SIDBI Grade A and B 2024 Marks, Official Cutoff and Analysis (Video)
- PhonePe, MSME Ministry and SIDBI Udyam drive (News)
- MSME capacity utilisation Q1 FY26: SIDBI Survey (News)
- Challenges Faced by Indian MSMEs: SIDBI Report (News)
- All SIDBI courses (Courses)
- SIDBI Grade A and B Online Coaching (Courses)

SIDBI Grade A & B 2026 Crash Course, Test Series and Telegram Channels

SIDBI Grade A & B 2026 Crash Course cum Mentorship

₹1,999 (down from ₹3,999) as on the course page on 25 November 2026. 27 full-length tests, 10 mentor-evaluated descriptive tests, workshops on descriptive writing, numericals and case-study MCQs, mock interviews and live Q&A.

See the course

Enrol directly

Phase I, Phase II and interview guidance in one course.

Enrol now

SIDBI and exam updates: Telegram, WhatsApp and YouTube

- Main channel: t.me/Clarity4Sure
- SIDBI Grade A & B: t.me/sidbiexam_gradea_b
- English: t.me/English4sure
- Agriculture: t.me/agriforu
- RBI current affairs: t.me/rbi_currentaffairs
- IRDA: t.me/IRDA_2025
- WhatsApp channel
- Clarity 4 Sure on YouTube
- Android app on Google Play
- www.c4scourses.in

THE CLASSROOM BEHIND THIS BOOK

Be next. Be a topper.

Eight of the top 10 ranks in NABARD Grade A 2025 went to students who prepared with us — **32 final selections** from the 2025 batch alone, 12 more at the interview stage. The same mentors write this material every day, and teach the courses below.

8/10	**32**	**12**	**Daily**
of the top 10 ranks	final selections, one batch	reached the interview	current affairs, free

NABARD Grade A 2026	The complete course — c4scourses.in/join/nabard/
RBI Grade B 2026	Phase 1 + Phase 2 with descriptive practice — c4scourses.in/join/rbi/
Free live strategy sessions	Every week on Zoom, with the mentors behind these results — c4scourses.in/webinar/
Daily current affairs	Every morning, free — c4scourses.in/current-affairs/
Daily quiz	Ten questions on each day's news — c4scourses.in/daily-quiz/
WhatsApp channel	Every new PDF, first — whatsapp.com/channel/0029Vao03aUADTO9sOoigE2F
Telegram	t.me/Clarity4Sure
Talk to a mentor	+91 87086 52887 · c4scourses.in/enquiry/



Every selection of the 2025 batch on one poster · c4scourses.in/success-stories/

From c4scourses.in/sidbi/sidbi-phase-2-paper-3-preparation-numericals-shatsutra/ · made 25 November 2026 · © Clarity 4 Sure. Free to share as it is; please do not sell or alter.