



20 Recollected Questions in Legal & Regulatory Aspects of Banking (LRB) For JAIIB 2022 Examination

KEY HIGHLIGHTS

- Most likely to be Asked Questions
- Recollected from the Previous 5 Years
- Thoroughly Curated by Industry Experts
- 20+ Questions with Solutions
- Based on the Latest Pattern for 2022 Exam

PART-II

Legal and regulatory aspects of banking (LRAB) - Part II

Q1. DRAT is headed by

- (a) Secretary
- (b) Registrar
- (c) Principal Officer
- (d) Chairperson

Ans: (d)

Q2. ABC Co-operative Union maintains a current account with X branch. The account is to be operated jointly by the Joint secretary and the treasurer. On 26.03.2021, your branch had paid a cheque for Rs. 25000, Which was a loose leaf and not from the cheque book issued to the Union. Though two signatures appeared on the cheque, The signature of the Joint Secretary on it was forged. The Union has claimed from your branch, refund of the amount paid. What would be the legal position of the branch in this case?

- (a) Branch can refuse the union's claim on the ground of negligence on the part of the Union
- (b) Since the signature of the treasurer of the joint authorised signatory, on the cheque was genuine, the union 's claim can't be declined
- (c) Since the signature of one of the joint authorised signature was forged, there was no valid mandate in favour of the bank and the bank is liable to pay the amount to the union
- (d) bank can decline the claim as the payment was made against a loose leaf cheque

Ans: (c)

Q3. Which of the following alterations of share capital requires the approval of NCLT (National Company Law Tribunal)?

- (a) Increase of authorized share capital
- (b) Consolidation and division all or any share capital which results in increase in voting percentage of shareholders
- (c) Conversion of all or any of the fully paid-up shares into stock
- (d) Cancellation of shares

Ans: (b)

- Q4.** Places where the **mortgage by Deposit of title deeds** can be created are generally notified by the
- (a) Registrar of companies
 - (b) State Government
 - (c) Registrar of Assurances
 - (d) Competent Legal Authority

Ans: (b)

- Q5.** Absolute possession of property is not given to the **mortgage** in case of

- (i) Simple Mortgage
 - (ii) Mortgage by Deposit of title Deeds
 - (iii) English Mortgage
- (a) (i) and (ii)Only
 - (b) (ii) and (iii)Only
 - (c) (i) and (iii)Only
 - (d) (i), (ii) and (iii)Only

Ans: (a)

- Q6.** A banking company, not being a scheduled bank, is also required to furnish a return to Reserve Bank of India relating to cash reserve. This based on the provision of Sec 18(1) of the

- (a) Indian companies Act, 1956
- (b) Banking Regulation Act, 1949
- (c) Reserve Bank of India Act, 1934
- (d) Banking companies (Acquisition & transfer of under takings) Act

Ans: (b)

- Q7.** For which of the following reasons, pledge is advantageous over **Hypothecation**?

- (i) The good are in the custody of the pledgee and therefore it can be easily enforced
- (ii) The good are in the custody of the pledged and therefore it can be easily enforced
- (iii) The pledged cannot manipulate the goods
- (iv) If the goods are lost due to flood or fire, insurance cover can be availed

- (a) (i) and (ii) Only
- (b) (i),(ii) and (iii) Only
- (c) (i),(ii) and (vi)Only
- (d) (i), (iii) and (iv)Only

Ans: (a)



- Q8.** The right to receive copies of annual accounts of the company by the member is called
- (a) Statutory right
 - (b) Documentary right
 - (c) Proprietary right
 - (d) Absolute right
- Ans: (a)**
- Q9.** Which one of the following statements is correct with reference to **FEMA** in India?
- (a) Enforcement Directorate have the power to arrest persons for violation of foreign exchange rules
 - (b) Under FEMA, violation of foreign exchange rules has ceased to be a criminal offence
 - (c) FERA was replaced by FEMA on 01.06.2010
 - (d) None of the above
- Ans: (b)**
- Q30.** **SARFAESI Act**, 2002 is not applicable in the cases? (i) Any security interest not exceeding 1 lac rupees, (ii) Any security interest in agriculture land, (iii) Pledge of movable as per Section 172 of Contract Act
- (a) Only (i) and (ii)
 - (b) Only (i) and (iii)
 - (c) Only (ii) and (iii)
 - (d) (i), (ii) and (iii)
- Ans: (d)**
- Q11.** In civil suit to which bank is not a party, one of the parties has produced the **certified copy of the books** of account. One party to the suit wants to call the bank officer as a witness, to prove the contents of copy. Can it be done in the normal Course?
- (a) Yes, as if it is right of the party to get it re-affirmed in evidence
 - (b) No, As the certified copy as prima facie document that is admissible as evidence
 - (c) No, Unless the bank voluntary to do so
 - (d) Yes, if the party obtain consent of the bank
- Ans: (b)**
- Q12.** The minimum number of **directors** required in a public & Private companies are
- (a) 3 & 1
 - (b) 7 & 2
 - (c) 3 & 2
 - (d) 5 & 2
- Ans: (c)**

Q13. Bonus shares shall be issued from which of the following reserves? (i) Capitalizing reserves created by revaluation of assets, (ii) Capital Redemption Reserve Account, (iii) Free Reserves

- (a) Only (i) and (ii)
- (b) Only (i) and (iii)
- (c) Only (ii) and (iii)
- (d) (i3), (ii) and (iii)

Ans: (c)

Q14. The practical procedure followed for mortgage of lease hold right include

- (a) Xerox copy of the lease agreement can constitute the title deeds
- (b) The unexpired lease period may be shorter than the period of the banks advance
- (c) A tripartite agreement may be entered into among the lender bank, the lessor and the lessee(borrower)
- (d) The consent of lessor would not be necessary, if original lease deed is available

Ans: (c)

Q15. The rate at Which Reserve Bank of India is prepared to buy or rediscount bills of exchange other commercial paper eligible for purchase under the RBI Act is known as

- (a) Yield to Maturity
- (b) Prime Lending Rate (PLR)
- (c) Base Rate
- (d) Bank Rate

Ans: (d)

Q16. In regard to the **Bills of Exchange**, which of the following statement is correct

- (a) Ownership of goods can be transferred by endorsement and delivery of goods
- (b) Bill of Exchange means a conditional direction to the drawer to pay the money
- (c) In case of Bills co-acceptance facility, the banker undertakes a joint liability along with the borrower and enters into an agreement with borrower for reimbursement
- (d) Bills purchase facility is granted in case of Usance bills only

Ans: (c)

Q17. In case of letter of credit, the beneficiary cannot be sued for payment

- (a) Revocable
- (b) Irrevocable
- (c) With recourse
- (d) Without recourse

Ans: (d)

Q18. Every Chairman of the Board of Directors and Managing Director of a banking company shall be in the whole-time employment and shall hold office for maximum period of not exceeding

- (a) 3 years
- (b) 5 years
- (c) 7 years
- (d) 9 years

Ans: (b)

Q19. The right of a transferee of a partner's interest in a firm include

- (i) To receive the share of profit of the transferring partner
- (ii) To interfere in the conduct of the business
- (iii) Entitled to a share in the Assets of the firm on dissolution of firm or cessation of the partner
- (iv) Right to verify the annual accounts of the partnership firm

- (a) (i) and (iv) Only
- (b) (i) and (ii) Only
- (c) (ii) and (iii) Only
- (d) (i) and (iii) Only

Ans: (b)

Q20. Which of the following statements correct regarding the **Jurisdiction and power of Debt Recovery Tribunal?**

- (i) A decree passed by the civil court can be executed by the tribunal
- (ii) A person heading of the office of the Appellate Tribunal can transfer any case from one Tribunal to other Tribunal within his Jurisdiction
- (iii) For the matter for which Tribunals are empowered, the civil Courts have no jurisdiction
- (iv) There is remedy available against the order passed by the Appellate Tribunal

- (a) (i) and (ii) only
- (b) (i), (iii) and (iv) only
- (c) (ii) and (iii) only
- (d) (i), (ii)and(iii) only

Ans: (a)

