BANKING LAW

# 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 IV**

## Legal and regulatory aspects of banking (LRAB) – Part IV

**Q1.** Amount of **TDS** collected should be submitted before how many days?
(a) 7th of the next month
(b) 10th of the next month
(c) 15th of the next month
(d) 30th of the next month
**Ans: (a)**

**Q2.** Which type of LC is not available under UCP 600?
(a) Transferable LC
(b) Confirmed LC
(c) Revocable LC
(d) Stand-by LC
**Ans: (c)**

**Q3.** The mortgage, in which the mortgagor binds himself personally to pay the mortgage money without delivering possession of mortgaged property is known as ......
(a) English mortgage
(b) Usufructuary mortgage
(c) Simple mortgage
(d) Mortgage by deposit of the title deeds
**Ans: (c)**

**Q4.** Maintaining a **foreign currency** account is helpful to ...... (i) Avoid transaction cost, (ii) Avoid exchange risk, (iii) Avoid exchange risk and domestic currency depreciation
(a) Only (i) and (ii)
(b) Only (i) and (iii)
(c) Only (ii) and (iii)
(d) (i), (ii) and (iii)
**Ans: (a)**

**Q5.** **UCP 600** is a set of rules agreed by the International Chamber of Commerce, which apply to finance institutions which issue ......
(a) Bill of exchange
(b) Letters of Credit
(c) Bank Guarantee
(d) All the above
**Ans: (b)**

**Q6.** **SARFAESI Act 2002** is applicable to ......
(a) whole of India
(b) whole of India except J&K
(c) major cities of India
(d) only in notified towns under Transfer of property act
**Ans: (a)**

**Q7.** Under **SARFAESI Act 2002**, a minimum time of ....... days is to be given to the borrower / guarantor after issuing demand notice under Section 13(2)
(a) 30 days
(b) 60 days
(c) 90 days
(d) 180 days
**Ans: (b)**

**Q8.** After the **Mardia chemicals case**, the government brought about an amendment stipulating the deposit amount for making an appeal under SARFAESI Act, 2002. Accordingly the amount to be deposited generally is ......
(a) 10%
(b) 25%
(c) 50%
(d) 75%
**Ans: (c)**

**Q9.** Securitisation or SARFAESI Act is not applicable to assets
(a) in possession of the creditor
(b) charge on which is in favour of the creditor
(c) both
(d) none
**Ans: (b)**

**Q10.** Out of the total number of Directors of a banking company, not less than 2 shall be persons having special knowledge or practical experience in respect of ...... (i) agriculture and rural economy, (ii) co-operation, (iii) small-scale industry
(a) Only (i) and (ii)
(b) Only (i) and (iii)
(c) Only (ii) and (iii)
(d) (i), (ii) and (iii)
**Ans: (d)**

**Q11.** For realization of the acquired financial assets by an asset reconstruction company (ARC), under SARFAESI Act, which of the following option is/are available? (i) to take over the management of the business of the borrower, (ii) to sell or lease the business or enforce security interest as per SARFAESI Act, (iii) rescheduling the payment of debts
(a) Only (i) and (ii)
(b) Only (i) and (iii)
(c) Only (ii) and (iii)
(d) (i), (ii) and (iii)
**Ans: (d)**

**Q12.** The maximum **number of directors** in a private company can be ......
(a) 3
(b) 5
(c) 12
(d) 15
**Ans: (d)**

**Q13.** Monetary limit for filing cases in DRT is ......
(a) 10 Lakhs
(b) 15 Lakhs
(c) 20 Lakhs
(d) 25 Lakhs
**Ans: (c)**

**Q14.** All the offences under the FEMA are considered as which of the following type? (i) Civil Offence, (ii) Criminal Offence
(a) Only (i)
(b) Only (ii)
(c) Either (i) or (ii)
(d) Both (i) and (ii)
**Ans: (a)**

**Q15.** If there is delay in getting the registration with Central Registry, Central Registrar can condone the delay up to ...... after initial period of 30 days and allow the registration, under SARFAESI Act.
(a) 7 days
(b) 15 days
(c) 30 days
(d) 60 days
**Ans: (c)**

**Q16.** A contract of indemnity differs from a contract of guarantee in the following ways ...... (i) there are 2 parties in indemnity and 3 in case of guarantee, (ii) the liability in case of indemnity is contingent and in case of guarantee it is subsisting, (iii) in case of indemnity there is only one contract but in case of guarantee there are three contracts
(a) Only (i) and (ii)
(b) Only (i) and (iii)
(c) Only (ii) and (iii)
(d) (i), (ii) and (iii)
**Ans: (d)**

**Q17.** Which of the following is not correct in case of contract of indemnity and guarantee?
(a) Contract of Indemnity is a contingent contract
(b) In the case of guarantee, the liability of the guarantor is co-extensive with that of the debtor
(c) An indemnity is for the reimbursement of loss
(d) A guarantee is for bearing the loss that is caused to the principal debtor
**Ans: (d)**

**Q18.** Which of the following is incorrect with respect to shares with differential rights? (i) They are a issued as a part of preferential shares, (ii) It cannot exceed 26% of the total post issue paid up capital, (iii) Companies (share capital and debenture) rules 2014, mention the condition for issue of shares with differential voting rights
(a) Only (i) and (ii)
(b) Only (i) and (iii)
(c) Only (ii) and (iii)
(d) (i), (ii) and (iii)
**Ans: (a)**

**Q19.** Which among the following is not correct regarding the penal provisions under FEMA, to an authorised dealer, for the contravention of any condition to which an authorisation is issued by the Reserve Bank?

(a) Penalty up to thrice the sum involved if the amount of the contravention is quantifiable

(b) If the sum is not quantifiable, the penalty will be up to Rs. 2 lakhs

(c) If the contravention is a continuing one, further penalty may extend to Rs.10,000/- for every day after the first day during the period the contravention continues

(d) None of the above

**Ans: (c)**

**Q20.** In case of bill finance the legal effect is that the banker who lends money, becomes a ......

(a) Holder

(b) Holder in due course

(c) Maker

(d) Guarantor

**Ans: (c)**