

# CLAT 2020

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# Law Mixed Questions for IBPS SO Law

## IBPS SO LAW MIXED QUIZ 6

Direction: Study the following question carefully and choose the right answer carefully.

### 1. Which section of SARFAESI act defines “asset reconstruction company”?

- A. Section 2(1)(b)                      B. Section 2(1)(ba)                      C. Section 2(1)(a)  
D. Section 2(1)(ab)                      E. None of the above

### 2. Which of the following are included in the definition of ‘bank’ under SARFAESI Act 2002?

- A. Banking company                      B. Corresponding new bank                      C. Subsidiary bank  
D. Multi state cooperative bank  
E. All of the above

### 3. Borrower is defined under which section of SARFAESI Act 2002

- A. Section 2(1)(e)                      B. Section 2(1)(f)                      C. Section 2(1)(g)  
D. Section 2(1)(h)                      E. None of the above

### 4. Which of the following is ‘debt’ under SARFAESI Act 2002

- A. Debt as defined in section 2(1)(g) of RDDBFI Act 1993.  
B. Unpaid portion of the purchase price of any tangible assets given on hire or financial lease or conditional sale or any contract.  
C. Any right title or interest on any intangible asset which secures the obligation to pay any unpaid portion of purchase price of such intangible asset.  
D. a and c                                      E. a, b and c

### 5. Which section of SARFAESI act 2002 defines ‘debt’?

- A. section 2(1)(h)                      B. section 2(1)(ha)                      C. section 2(1)(i)  
D. section 2(1)(ia)                      E. none of the above

**6. Which section of SARFAESI act 2002 defines “debt securities”?**

- A. Section 2(1)(h)                      B. Section 2(1)(ha)                      C. Section 2(1)(i)  
D. Section 2(1)(ia)                      E. None of the above

**7. Complete the sentence written under SARFAESI Act 2002 “debt securities means debt securities listed in accordance with the regulations made by the board under .....”**

- A. Securities and Exchange Board of India Act, 1992  
B. Recovery of Debt Due to Banks and Financial Institutions Act 1993  
C. Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002  
D. Insolvency and Bankruptcy code, 2016  
E. None of the above

**8. Which of the following is financial assistance according to SARFAESI Act 2002**

- A. Loan or advance granted  
B. Debenture or bonds subscribed  
C. Funds provided for the purpose of acquisition of any tangible asset on hire or financial lease or conditional sale or under any other contract  
D. Credit facility extended by any bank or financial institution  
E. All of the above

**9. Which of the following are financial assets according to SARFAESI Act 2002?**

- A. Public financial institution within the meaning of section 4A of the Companies Act, 1956  
B. Institution specified by central government under RDDBFI Act 1993  
C. International Finance Corporation established under the International Finance Corporation Act, 1958  
D. Asset reconstruction company  
E. All of the above

**10. Lease agreement of which of the following is financial lease under SARFAESI Act 2002?**

A. Tangible asset

B. Intangible asset

C. Negotiable instrument

D. Negotiable document

E. None of the above



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**Correct answers:**

1	2	3	4	5	6	7	8	9	10
B	E	B	E	B	D	A	E	E	A

**Explanations:**

1. Section 2(1)(ba) of SARFAESI act states that “asset reconstruction company” means a company registered with Reserve Bank under section 3 of SARFAESI Act 2002 for the purposes of carrying on the business of asset reconstruction or securitisation, or both.

Hence, option B is correct.

2. Section 2(1)(c) of SARFAESI Act 2002 states that “bank” means—

a banking company; or

a corresponding new bank; or

the State Bank of India; or

a subsidiary bank; or

(iva) a multi-State co-operative bank; or

such other bank which the Central Government may, by notification, specify for the purposes of this Act.

Hence, option E is correct.

3. Section 2(1)(f) of SARFAESI act 2002 states that “borrower” means any person who has been granted financial assistance by any bank or financial institution or who has given any guarantee or created any mortgage or pledge as security for the financial assistance granted by any bank or financial institution and includes a person who becomes borrower of an asset reconstruction company consequent upon acquisition by it of any rights or interest of any bank or

financial institution in relation to such financial assistance or who has raised funds through issue of debt securities.

Hence, option B is correct.

4. Section 2(1)(ha) of SARFAESI act 2002 states that “debt” shall have the meaning assigned to it in clause (g) of section 2 of the Recovery of Debts Due to Banks and Financial Institutions Act, 1993 (51 of 1993) and includes—

unpaid portion of the purchase price of any tangible asset given on hire or financial lease or conditional sale or under any other contract;

any right, title or interest on any intangible asset or licence or assignment of such intangible asset, which secures the obligation to pay any unpaid portion of the purchase price of such intangible asset or an obligation incurred or credit otherwise extended to enable any borrower to acquire the intangible asset or obtain licence of such asset.

Hence, option E is correct.

5. Section 2(1)(ha) of SARFAESI Act 2002 states that “debt” shall have the meaning assigned to it in clause (g) of section 2 of the Recovery of Debts Due to Banks and Financial Institutions Act, 1993 (51 of 1993) and includes—

unpaid portion of the purchase price of any tangible asset given on hire or financial lease or conditional sale or under any other contract;

any right, title or interest on any intangible asset or licence or assignment of such intangible asset, which secures the obligation to pay any unpaid portion of the purchase price of such intangible asset or an obligation incurred or credit otherwise extended to enable any borrower to acquire the intangible asset or obtain licence of such asset.

Hence, option B is correct.

6. Section 2(1)(ia) of SARFAESI Act 2002 states that “debt securities” means debt securities listed in accordance with the regulations made by the Board under the Securities and Exchange Board of India Act,1992 (15 of 1992).

Hence, option D is correct.

7. Section 2(1)(ia) of SARFAESI Act 2002 states that “debt securities” means debt securities listed in accordance with the regulations made by the Board under the Securities and Exchange Board of India Act, 1992 (15 of 1992).

Hence, option A is correct.

8. Section 2(1)(k) of SARFAESI act 2002 states that “financial assistance” means any loan or advance granted or any debentures or bonds subscribed or any guarantees given or letters of credit established or any other credit facility extended by any bank or financial institution including funds provided for the purpose of acquisition of any tangible asset on hire or financial lease or conditional sale or under any other contract or obtaining assignment or licence of any intangible asset or purchase of debt securities.

Hence, option E is correct.

9. Section 2(1)(m) of SARFAESI Act 2002 states that “financial institution” means –

a public financial institution within the meaning of section 4A of the Companies Act, 1956 (1 of 1956);

any institution specified by the Central Government under sub-clause (ii) of clause (h) of section 2 of the Recovery of Debts Due to Banks and Financial Institutions Act, 1993 (51 of 1993);

the International Finance Corporation established under the International Finance Corporation (Status, Immunities and Privileges ) Act, 1958 (42 of 1958);

(iiia) a debenture trustee registered with the Board and appointed for secured debt securities;

(iiib) asset reconstruction company, whether acting as such or managing a trust created for the purpose of securitisation or asset reconstruction, as the case may be;

(iv) any other institution or non-banking financial company as defined in clause (f) of section 45-I of the Reserve Bank of India Act, 1934 (2 of 1934), which the Central Government may, by notification, specify as financial institution for the purposes of this Act.

Hence, option E is correct.

- 10.** Section 2(1) (ma) of SARFAESI Act 2002 states that “financial lease” means a lease under any lease agreement of tangible asset, other than negotiable instrument or negotiable document, for transfer of lessor's right therein to the lessee for a certain time in consideration of payment of agreed amount periodically and where the lessee becomes the owner of the such assets at the expiry of the term of lease or on payment of the agreed residual amount, as the case may be.

Hence, option A is correct.



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