

BANKING LAW

Multiple Choice Questions & Answers

1. The primary relationship between a banker and customer starts from the time
 - A. when customer visits that bank
 - B. when customer opens account
 - C. when customer visits that bank to made queries
 - D. All of the above**ANSWER: B**
2. The primary relationship between banker and customer is a ----- relationship
 - A. Mutual
 - B. Contractual
 - C. Personal
 - D. None of the above**ANSWER: B**
3. Which one of the following is the most important relationship between banker and customer
 - A. Debtor and Creditor
 - B. Bailee and Bailor
 - C. Agency and Principal
 - D. Trustee and Beneficiary**ANSWER: A**
4. Which bank have given the instructions to the commercial banks regarding the immediate credit of outstation cheques?
 - A. Reserve Bank of India
 - B. Central Bank
 - C. World Bank
 - D. All of the above**ANSWER: A**
5. Dishonour of cheque by a banker without any justifiable reason is called
 - A. Valid dishonour of cheques
 - B. Unmindful dishonour of cheques
 - C. Negligence dishonour of cheques
 - D. Wrongful dishonour of cheques**ANSWER: D**
6. Special damages refers to damages payable by a banker to his customer for the actual -----
----- loss suffered by customer
 - A. Financial
 - B. Special
 - C. Unpecuniary
 - D. Unfinancial**ANSWER: A**
7. MICR technology used for clearance of cheques by banks refers to
 - A. Magnetic Ink Character Recognition
 - B. Magnetic Ink Company Recognition
 - C. Magnetic Ink Cross Recognition
 - D. Magnetic Ink Community Recognition**ANSWER: A**
8. In India, the law regulating the Negotiable instruments are
 - A. Banking Regulation Act 1949
 - B. Reserve Bank of India Act 1934
 - C. Negotiable Instruments Act 1881
 - D. Companies Act 1956

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ANSWER: C

9. Which banks which accept deposits from the public and lend them mainly to commerce for short periods?
- A. Commercial Bank
 - B. . Industrial Bank
 - C. Agricultural Bank
 - D. Central Bank

ANSWER: A

10. Fixed Deposits is otherwise called as
- A. Accrued Deposits
 - B. Time deposits
 - C. . Recurring Deposits
 - D. Demand Deposits

ANSWER: B

11. In which type of deposit, the high rate of interest is provided by the Bank?
- A. Current Account
 - B. Recurring Deposit Account
 - C. Fixed Deposit Account
 - D. Savings Account

ANSWER: C

12. The rate of interest charged for the loan by the banker compared to overdraft and cash credit is generally
- A. High
 - B. Low
 - C. Same
 - D. Based on the amount

ANSWER: B