

# CLAT 2019

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# LAW MIXED QUESTIONS FOR IBPS SO LAW

## IBPS SO LAW MIXED QUIZ 3

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

**1. Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 was made effective on \_\_\_\_\_.**

A. 21-06-2002      B. 22-06-2002      C. 23-06-2002      D. 24-06-2002

E. None of these

**2. After amendment in 2016 to Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 “Qualified institutional buyers” are renamed as \_\_\_\_\_.**

A. Qualified buyers      B. Qualified institutions      C. Qualified creditors

D. Has remained same      E. None of these

**3. After amendment in 2016 to Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 terms of “securitisation company and or reconstruction company” have been uniformly changed to \_\_\_\_\_.**

A. Asset Reconstruction Company (ARC)

B. Securitisation company

C. Reconstruction company

D. Asset Reformation Company

E. None of these

**4. Which of the following is not a covered under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002?**

A. Regulation of securitisation and reconstruction of financial assets

- B. Enforcement of Security Interest
- C. Providing central database of security interest created in property rights.
- D. Regulating banking procedure
- E. None of these

**5. Jurisdiction of civil court has been barred by which section of Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002?**

- A. Section 33
- B. Section 34
- C. Section 35
- D. Section 36
- E. None of these

**6. "Asset reconstruction" has been defined under which section of Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002?**

- A. Section 2(1)(a)
- B. Section 2(1)(b)
- C. Section 2(1)(c)
- D. Section 2(1)(d)
- E. None of these

**7. "Default" has been defined under which section of Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002?**

- A. Section 2(1)(j)
- B. Section 2(1)(k)
- C. Section 2(1)(l)
- D. Section 2(1)(m)
- E. None of these

**8. An asset or account of borrower, which has been classified by bank or financial institution as sub-standard, doubtful or loss asset is known as \_\_\_\_\_.**

- A. Non performing account
- B. Non-performing asset
- C. Non performing client
- D. Non performing borrower
- E. None of these

**9. Any person who holds not less than ten percent of the paid up equity capital of an asset reconstruction company is known as \_\_\_\_\_ under Securitisation**

**and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.**

- A. Partner                      B. Shareholder                      C. Borrower                      D. Sponsor
- E. None of these

**10. Every asset reconstruction company has to be registered with \_\_\_\_\_.**

- A. RBI                      B. SBI                      C. SEBI                      D. Ministry of commerce
- E. None of these



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## Correct answers:

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

## Explanations:

1.

The Securitisation and Reconstruction of Financial Assets and Enforcement of Securities Interest Act, 2002 (also known as the SARFAESI Act) is an Indian Banking law. It allows banks and other financial institution to auction residential or commercial properties to recover loans and was passed on 21/06/2002.

Hence, option A is correct.

2.

Section 2(1)(u) defines Qualified buyers.

" qualified institutional buyer" means a financial institution, insurance company, bank, state financial corporation, state industrial development corporation, trustee or any asset management company making investment on behalf of mutual fund or provident fund or gratuity fund or pension fund or a foreign institutional investor registered under the Securities and Exchange Board of India Act, 1992 (15 of 1992 ) or regulations made thereunder, or any other body corporate as may be specified by the Board

Hence, option A is correct.

3.

Section 2 (1) (ba) defines asset reconstruction company - "asset reconstruction" means acquisition by any securitisation company or reconstruction company of any right or interest of any bank or financial institution in any financial assistance for the purpose of realisation of such financial assistance.

Hence, option A is correct.

4.

Section 3 and 13 of Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 are about regulating securitisation and reconstruction of financial assets and enforcement of security interest.

Hence, option D is correct.

5.

Section 34 states that no civil court shall have jurisdiction to entertain any suit or proceeding in respect of any matter which a Debts Recovery Tribunal or the Appellate Tribunal is empowered by or under this Act to determine and no injunction shall be granted by any court or other authority in respect of any action taken or to be taken in pursuance of any power conferred by or under this Act or under the Recovery of Debts Due to Banks and Financial Institutions Act, 1993 (51 of 1993).

Hence, option B is correct.

6.

Section 2(1)(b) states that "asset reconstruction" means acquisition by any securitisation company or reconstruction company of any right or interest of any bank or financial institution in any financial assistance for the purpose of realisation of such financial assistance.

Hence, option B is correct.

7.

Section 2(1)(j) states that "default" means non-payment of any principal debt or interest thereon or any other amount payable by a borrower to any secured creditor consequent upon which the account of such borrower is classified as non-performing asset in the books of account of the secured creditor.

Hence, option A is correct.

8.

Section 2(1)(o) states that "non-performing asset" means an asset or account of a borrower, which has been classified by a bank or financial institution as sub-standard, doubtful or loss asset.

Hence, option B is correct.

**9.**

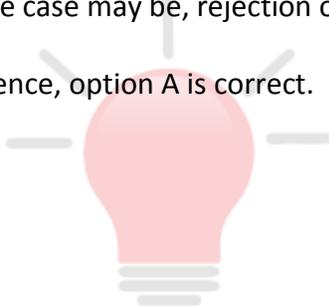
Section 2(1)(o) states that "non-performing asset" means an asset or account of a borrower, which has been classified by a bank or financial institution as sub-standard, doubtful or loss asset.

Hence, option B is correct.

**10.**

See section 3 of Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 which states that a securitisation company or reconstruction company, existing on the commencement of this Act, shall make an application for registration to the Reserve Bank before the expiry of six months from such commencement and notwithstanding anything contained in this sub-section may continue to carry on the business of securitisation or asset reconstruction until a certificate of registration is granted to it or, as the case may be, rejection of application for registration is communicated to it.

Hence, option A is correct.



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