

JANBI MODEL QUESTIONS

LEGAL & REGULATORY ASPECTS OF BANKING

1. Licences given by Rastra Bank for setting up of a bank/financial institution are categorised in ----- categories:
 - (a) 5
 - (b) 4
 - (c) 3
 - (d) 2
2. Every licensed institution will maintain a capital fund in the ratio prescribed by Nepal Rastra Bank on the basis of its:
 - (a) total assets or total risk-weighted assets
 - (b) total investments
 - (c) total advances
 - (d) total deposits
3. Every bank or financial institution will set aside at least ----- per cent of its total issued capital for subscription by the general public:
 - (a) 20
 - (b) 25
 - (c) 30
 - (d) 10
4. The bank or financial institution may set aside a maximum of ----- per cent of the shares so set aside for its employees:
 - (a) 1
 - (b) 0.5
 - (c) 2
 - (d) 5
5. The secrecy of accounts will not be deemed to have been violated:
 - (a) If a Police Inspector wants to know the balance of an account of such person who has been caught in connection with a theft
 - (b) If it is provided in the course of exchanging credit between the licensed institutions
 - (c) If it is provided to a court in connection with a unrelated suit
 - (d) If it is provided to a person who has to take money from him
6. The maximum tenure of a Director in a bank/financial institution will be----- :
 - (a) 6 years
 - (b) 5 years
 - (c) 3 years
 - (d) 4 years

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7. The concept of Corporate Governance has evolved since the first major study by the -----in 1992:
- (a) UN Committee
 - (b) World Bank Committee
 - (c) Basle Committee
 - (d) Cadbury Committee
8. The report of the Inspection Team of Rastra Bank will be submitted by it to:
- (a) Govt. of Nepal
 - (b) Statutory Auditor
 - (c) Its Board
 - (d) Its Executive Committee
9. Nepal Rastra Bank can extend credit to Government of Nepal with a condition to repay within -----
- (a) 180 days.
 - (b) 365 days
 - (c) 60 days
 - (d) 30 days
10. The licensed institutions will prepare its balance sheet, profit and loss account, cash flow statement and other financial statements, as well, in such format and in accordance with such procedure as can be prescribed by Nepal Rastra Bank and have them audited, within ----- after the expiry of a financial year
- (a) Two months
 - (b) 45 days
 - (c) 30 days
 - (d) Five months
11. The “A” category licensed institution will appoint an auditor by this
- (a) AGM
 - (b) its own panel
 - (c) the panel prepared by the Chartered Accountant Institute
 - (d) the Govt. Panel
12. Nepal Rastra Bank will publish in a newspaper of national circulation at least once within ----- after the date of decision of the merger of any licensed, for the information of the general public.
- (a) Two months
 - (b) 45 days
 - (c) 30 days
 - (d) Three months
13. Nepal Rastra Bank will apply to the _____for dissolution of any licensed institution if it satisfied that such commercial bank or financial institution is unable to discharge its liabilities or there is no possibility to operate in healthy way:

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- (a) Nepal Bankers Association
 - (b) Government of Nepal
 - (c) Nepal Securities Board and Stock Exchange
 - (d) Appellate Court
14. Banks and Financial Institutions will maintain the records of customer related transactions (including electronic records) up to a period of ----- from the completion of such transaction
- (a) Two years
 - (b) Three years
 - (c) Five years
 - (d) Ten years
15. A person whose age is-----will be competent to contract
- (a) Above 18 years
 - (b) Above 16 years
 - (c) 16 years and above
 - (d) 21 years and above
16. In case any change or amendment is made in the contract:
- (a) the contract will be cancelled for ever
 - (b) a new contract will be deemed to have been signed
 - (c) the contract will be postponed
 - (d) the contract will be a voidable contract
17. The objective is said to be unlawful if
- (a) It is forbidden by law
 - (b) it is fraudulent the Court regards it as immoral,
 - (c) Opposed to public policy.
 - (d) All above
18. Charge in the case of “supply bills “ is created by-----
- (a) Pledge
 - (b) Mortgage
 - (c) Assignment
 - (d) Hypothecation
19. The goods pledged to the bank can sometimes be required by the borrower for undertaking a small process. In such situations the bank can temporarily part with the goods on the borrower signing a -----
- (a) Deed
 - (b) Trust Receipt
 - (c) Undertaking
 - (d) Re-pledge letter
20. A notice will be filed in the Registration Office to mature a security interest. Such notice filed will remain effective for a period of ----- after the date of filing
- (a) Three years

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- (b) Ten Years
 - (c) Five years
 - (d) Ten years
21. Any person, who knowingly making a false statement in a notice submitted to the Registration Office, will be punished with a fine from fifty thousand rupees to five hundred thousand rupees or with imprisonment for a term ----- or with both, depending on the gravity of the offense.
- (a) Not exceeding six months
 - (b) Not exceeding twelve month
 - (c) Not exceeding 18 months
 - (d) Not exceeding 24 months
22. If the deed does not provide for interest, interest-----
- (a) Cannot be collected
 - (b) At the rate of 2% per annum can be collected
 - (c) At the rate of 6% per annum (without compounding) can be collected
 - (d) To be collected will be decided by the competent Court only
23. Where an exchange in the mortgaged property has been made with another person without consent of the principal person, a suit will not be entertained if it is not filed within -----Six months
- (a) 35 days
 - (b) 45 days
 - (c) Six months
 - (d) Three months
24. Parties to the case will have to put signature on the top of the document of statement of the witness. In case any party denies to put his/her signature, the judge -----
- (a) May compel the witness giver to do that
 - (b) will note the same and put his/her signature.
 - (c) will ask the Police to take him/her in judicial custody and record witness
 - (d) May order for punishment as non-compliance of Judge Orders is a criminal offence.
25. Law of subrogation relates to-----
- (a) Guarantee contract only
 - (b) Indemnity contract only
 - (c) Both the Guarantee and Indemnity contracts
 - (d) Lending contract
26. In case, an Agent violates the Agreement (promise) entered into, Government of Nepal may restrict him/her for----- as an Agent or fine Five Hundred Rupees
- (a) Up to a period of one year
 - (b) Up to a period of five years
 - (c) Up to a period of six months

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(d) Up to a period of three years

27. An agent who has been appointed without specifying the period or work -----

- (a) Can stop the work if not satisfied with the behavior of the Principal
- (b) Will not give up that work without informing the principal person in advance
- (c) Will not give up that work without informing the principal person in advance along with the reasons for doing so
- (d) Can stop the work if he considers that the remuneration being paid is not sufficient

28. A sub-agent may be employed -----

- (a) If the workload is more and there is no need to take prior consent of the principal
- (b) If the agent is not finding time to do the work due to his pre-occupation in the business owned by him
- (c) If the sub-agent is his close relative
- (d) If the custom of trade or the nature of agency so requires

29. Members nominated to the Consumer Protection Council will have a term of -----

- (a) Five years
- (b) Three years
- (c) Two years
- (d) One year

30. A Compensation Committee is to be formed in -----

- (a) Each State
- (b) Each District
- (c) Each Block
- (d) Each Division

30. In case any consumer suffers a loss or damage of any kind as a result of the sale of any consumer good or service in a manner opposed to Consumer protection Act, such consumer, or any Consumer Association on his behalf, can file a complaint with the Compensation Committee within ----- from the date of such loss or damage

- (a) Seven days
- (b) Fifteen days
- (c) Thirty days
- (d) Thirty Five days

31. A registered foreign company, will----- within the Nepal.

- (a) Immediately issue shares and debentures
- (b) Issue shares and debentures after one year of registration
- (c) not issue shares or debentures
- (d) Issue shares and debentures after two years of registration

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32. A Single shareholder company is----- call meeting of the board of director and general meeting as stipulated
- (a) Not required to
 - (b) Required to
 - (c) not a company at and ,therefore, will not
 - (d) like a proprietorship concern and, therefore, will not
33. A contract made prior to the incorporation of a company will be a -----contract only
- (a) stale
 - (b) proposed
 - (c) valid
 - (d) invalid
34. Where a public company invites the general public to apply for the subscription of its shares, it will allot the shares and give the shareholders a notice in the format as prescribed, within a maximum period of ----- after the date of closure of share issue.
- (a) One month
 - (b) 45 days
 - (c) Two months
 - (d) Three months.
35. No public company incorporated under Company Act will commence its business -----
- (a) Without the permission of Securities Board
 - (b) Without obtaining the Commencement Certificate from Company Registrar to carry on its business.
 - (c) Without the permission of Nepal Rastra Bank
 - (d) Without the permission of the General Body of Shareholders
36. The tenure of office of a director of a public company will be as specified in its articles of association, which -----:
- (a) Should not exceed four years
 - (b) Should not be less than three years
 - (c) Not exceed five years
 - (d) Not exceed six years
37. A consensus agreement relates to-----
- (a) A Public Limited Company
 - (b) A Private Limited Company
 - (c) A Government Company
 - (d) A Subsidiary/Associate Company

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38. In case the company does not commence business within a year of its registration or discontinues its business for one full year, the company-----

- (a) Directors may be fined appropriately as prescribed by law
- (b) May be merged with another company
- (c) May be wound-up
- (d) Will have to apply to the Company Registrar for extension of time for commencement of business.

39. The Government Liquidator shall submit to the appropriate department accounts of income and expenditure made by him in his capacity of liquidator at least:

- (a) Twice a year
- (b) Thrice a year
- (c) Once in a year
- (d) On monthly basis

40. In case it takes more than one year to complete the liquidation proceedings, the liquidator shall ----- at the end of the first year of the commencement of such work, or within three months after the expiry of every year.

- (a) Put up a progress report to the Company Registrar
- (b) Will call a meeting of all creditors and brief them about the liquidation proceedings
- (c) Inform to the Securities Board, detailing the circumstances of delay.
- (d) Convene a general meeting of the company

41. BFIs must maintain the Capital Adequacy Ratio (CAR) as per NRB specified at....

- (a) Every day /time
- (b) Fortnightly
- (c) Monthly
- (d) Quarterly

42. According to NRB guidelines **Watch-List** loans are

- (a) Pass category loan
- (b) Substandard
- (c) None of the above
- (d) Both a & b

43. Loan deed is a:

- (a) Security document
- (b) Legal document
- (c) None of the above
- (d) Both a & b

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44. The BFIs may set aside a maximum of percent of its shares for its employees
- (a) 4
 - (b) 5
 - (c) 2
 - (d) None of the above
45. Debt Recovery Tribunal stands for:
- (a) All banking related disputes
 - (b) All Negotiable instrument related disputes
 - (c) Recovery of Debts
 - (d) Foreign Exchange related disputes.
46. Bank's change in interest rate is automatically applicable to Customers in the following condition:
- (a) If it is agreed by the Customer
 - (b) If it is informed by the Bank to the Customer
 - (c) If it is decided by the Bank
 - (d) Any of the above, as per the agreed terms and condition
47. The concept of Corporate Governance as introduced since the first major study of thein 1992.
- (a) UN Committee
 - (b) WB Committee
 - (c) Basel Committee
 - (d) Cadbury Committee
48. Blacklisting a borrower is:
- (a) a choice of a Bank
 - (b) regulatory provision
 - (c) based on relationship with the borrower
 - (d) None of above
49. The major functions of NRB, Central bank of Nepal
- (a) Issue bank notes
 - (b) LOLR
 - (c) Act as banker, advisor and financial agent of GON
 - (d) All of above
50. Who can operate an account?
- a) Authorized person
 - b) Nominee
 - c) As per the registered deed at Land Revenue Office
 - d) None of the above