403- Financial Laws

1. What does SARFAESI stand for?

a) Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest

b) Securities and Assets Reconstruction Finance and Enforcement of Security Interest

c) Special Assets Recovery and Financial Enforcement Security Interest

d) Securities Reconstruction and Financial Assets Enforcement Act

Answer: a) Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest

2. Which year was the SARFAESI Act enacted in India?

a) 2000

b) 2002

c) 2005

d) 2010

Answer: b) 2002

3. What is the primary objective of the SARFAESI Act?

a) To promote securitization and reconstruction of financial assets

b) To streamline the process of enforcing security interest

c) To address the issue of non-performing assets in the banking sector

d) All of the above

Answer: d) All of the above

4. Which authority is responsible for the establishment of a Central Registry under SARFAESI Act?

a) Reserve Bank of India (RBI)

b) Securities and Exchange Board of India (SEBI)

c) Ministry of Finance

d) Indian Banks' Association (IBA)

Answer: a) Reserve Bank of India (RBI)

5. What is the penalty for offenses under the SARFAESI Act?

a) Fine up to Rs. 1 lakh

b) Imprisonment up to 1 year

c) Fine up to Rs. 10 lakhs and/or imprisonment up to 7 years

d) Fine up to Rs. 5 crores and/or imprisonment up to 10 years

Answer: c) Fine up to Rs. 10 lakhs and/or imprisonment up to 7 years

6. What is the main difference between Corporate Debt Restructuring (CDR) and Strategic Debt Restructuring (SDR)?

a) CDR is initiated by creditors, while SDR is initiated by debtors.

b) CDR involves restructuring of debt, while SDR involves equity conversion.

c) CDR is a voluntary process, while SDR is a mandatory process.

d) There is no difference between CDR and SDR.

Answer: b) CDR involves restructuring of debt, while SDR involves equity conversion.

7. What does FERA stand for in the context of India's laws governing international business transactions?

a) Foreign Exchange Regulatory Act

b) Foreign Employment Regulation Act

c) Foreign Exchange Regulation Act

d) Foreign Equity Restriction Act

Answer: c) Foreign Exchange Regulation Act

8. Which act replaced FERA (Foreign Exchange Regulation Act)?

a) FDI (Foreign Direct Investment) Act

b) FEMA (Foreign Exchange Management Act)

c) RBI (Reserve Bank of India) Act

d) SEBI (Securities and Exchange Board of India) Act

Answer: b) FEMA (Foreign Exchange Management Act)

9. What is the primary purpose of the Insolvency and Bankruptcy Code?

a) To regulate banking transactions

b) To facilitate ease of doing business

c) To consolidate and amend laws relating to reorganization and insolvency resolution of corporate persons, partnership firms, and individuals in a time-bound manner

d) To promote foreign investment in India

Answer: c) To consolidate and amend laws relating to reorganization and insolvency resolution of corporate persons, partnership firms, and individuals in a time-bound manner

10. Who is the adjudicating authority under the Insolvency and Bankruptcy Code?

a) National Company Law Tribunal (NCLT)

b) Reserve Bank of India (RBI)

c) Securities and Exchange Board of India (SEBI)

d) High Court of the respective state

Answer: a) National Company Law Tribunal (NCLT)