20 One-Liners to Remember

Quick-fire facts for last-minute revision.

1. **Lien in banking law is the legal right to retain goods or securities until a lawful debt is cleared.**
   Lien allows holding possession but does not by itself allow sale of the goods.

2. **Lien flows from the bailor-bailee relationship under the Indian Contract Act, 1872.**
   When goods are handed over for a lawful purpose, the receiver becomes a bailee with a right of retention.

3. **Possession is essential for lien; there is no lien without possession.**
   If the holder does not physically hold the goods, no lien can arise.

4. **Ownership of goods under lien stays with the original owner throughout.**
   Lien only gives a right of retention, not a transfer of ownership.

5. **A particular lien exists when goods are retained only for dues arising from the same transaction.**
   It is tightly limited to one specific transaction and cannot cover unrelated debts.

6 **A general lien allows retention of goods for any general balance due, not just one transaction.**
It is broader than particular lien but reserved for certain categories of professionals.

7 **Bankers, factors, wharfingers, policy brokers and High Court attorneys are entitled to general lien.**
These categories of professionals are specifically recognised as holders of general lien.

8 **General lien does not include the right to sell goods.**
Even though its coverage is wider, the holder can only retain possession, not sell.

9 **The banker's lien is treated by courts as an implied pledge.**
This special status gives banks a right to sell securities that an ordinary lien holder does not have.

10 **Under banker's lien, the bank can sell securities to recover its dues after reasonable notice.**
This right to sell distinguishes banker's lien from particular and general lien.

11 **As long as securities remain physically with the bank, banker's lien has no limitation period.**
This differs from a normal loan recovery claim, which generally carries a three-year limitation period.

12 **Banker's lien does not apply to safe custody articles kept only for safekeeping.**
Items deposited purely for safekeeping fall outside the scope of banker's lien.

13 **Banker's lien does not attach to securities deposited for a specific fixed purpose.**
If the purpose of deposit is fixed, the general right of lien does not apply.

14 **Banker's lien cannot arise on stolen goods or securities.**
No valid lien can be created on property that is stolen.

15 **The same-capacity rule requires the debtor and the owner of the goods to be the same person in the same capacity.**
A bank cannot use one person's security to recover another person's debt.

16 **Negative lien has no statutory definition and is purely a banking practice.**
It exists only as a written undertaking given by the borrower to the bank.

17 **Under negative lien, the borrower undertakes not to sell the asset or create a charge over it without the lender's consent.**
This undertaking is a personal promise, not a transfer of possession or security.

18 **Negative lien gives the bank no possession and no enforceable security interest over the asset.**
It is a restriction on the borrower's actions, not a security in favour of the bank.

19 **A pledge involves delivery of goods as security with an inherent right to sell on default.**
This distinguishes a pledge from an ordinary lien, which only permits retention.

20 **Lien in banking law is tested across JAIIB Legal and Regulatory Aspects of Banking and CAIIB.**
It frequently appears as case-based questions rather than simple one-line definitions.