

Learning Sessions

20 True / False | Rights and Duties of DRA: Complete IIBF Debt Recovery Agent Guide 2026

IIBF - Revision - Rights and Duties of DRA: Complete IIBF Debt Recovery Agent Guide 2026

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20 True or False

Decide, then check the answer and reason below each statement.

Question 1

A Debt Recovery Agent (DRA) is legally an agent acting on behalf of a bank or financial institution.

TRUE

The DRA-bank relationship is a classic principal-agent relationship recognised under contract law.

Question 2

The rights of a DRA are governed by principles under the Indian Contract Act, 1872.

TRUE

The Indian Contract Act, 1872 supplies the general legal framework for agency, including recovery agents.

Question 3

Section 217 of the Indian Contract Act provides for the agent's right of retainer.

TRUE

Section 217 lets an agent retain amounts for agency expenses and remuneration before remitting the balance.

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Question 4

Section 222 of the Indian Contract Act obliges the principal to indemnify the agent for lawful acts done within authority.

TRUE

Section 222 makes the principal liable to indemnify the agent for lawful acts within the scope of authority.

Question 5

A DRA is not entitled to indemnity for criminal or wrongful acts.

TRUE

Indemnity is expressly excluded for criminal or wrongful acts even if done during the agency.

Question 6

Section 212 of the Indian Contract Act requires an agent to conduct business with reasonable skill and diligence.

TRUE

Section 212 sets the standard of care and skill an agent must apply while conducting the principal's business.

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Question 7

Section 218 of the Indian Contract Act requires an agent to pay over sums received on behalf of the principal.

TRUE

Section 218 obliges the agent to remit collected sums to the principal periodically.

Question 8

The duty not to delegate is based on the maxim delegatus non potest delegare.

TRUE

This Latin maxim means what has been delegated to the agent cannot be further sub-delegated.

Question 9

The rights and duties of a DRA can be modified by a specific agreement between the bank and the agent.

TRUE

Contract-based rights and duties can be varied by mutual agreement between bank and agent.

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Question 10

A DRA owes a duty of confidentiality similar to the bank's own duty of customer secrecy.

TRUE

Just as banks protect customer secrecy, their recovery agents must also maintain confidentiality.

Question 11

A DRA has an automatic, mandatory right to remuneration regardless of the agency agreement.

FALSE

Remuneration is not automatic; it depends on an express or implied term of the agency agreement.

Question 12

Section 218 of the Indian Contract Act deals with the agent's right of retainer, not Section 217.

FALSE

Section 217 covers the right of retainer while Section 218 covers remitting money to the principal.

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Question 13

A DRA is fully entitled to indemnity even for criminal acts committed during recovery work.

FALSE

The right to indemnity explicitly excludes injury arising from criminal or wrongful acts.

Question 14

The duty to follow instructions allows a DRA to carry out any order from the principal, even if unlawful.

FALSE

An agent must only follow instructions that are lawful; unlawful orders need not be obeyed.

Question 15

A DRA is legally the principal of the bank rather than its agent.

FALSE

A DRA is the agent, and the bank or financial institution is the principal in this relationship.

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Question 16

If the agency agreement is silent on conduct, RBI and IBA guidelines have no relevance to a DRA.

FALSE

When the agreement is silent on conduct, RBI and IBA guidelines on recovery practice apply instead.

Question 17

A DRA is permitted to freely delegate its authority to any sub-agent without the principal's permission.

FALSE

An agent may delegate only if the principal permits it or established trade practice allows it.

Question 18

The right of retainer allows a DRA to keep money against dues for services rendered long before the current agency.

FALSE

The retainer right covers expenses of the current agency, not unrelated dues from past services.

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Question 19

The rights and duties of a DRA are fixed by law and can never be varied by agreement.

FALSE

A specific agreement between the bank and agent can lawfully modify these default rights and duties.

Question 20

A DRA has no duty to keep the principal's money separate from personal funds.

FALSE

An agent must render accounts and keep the principal's money separate from personal funds.

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