20 One-Liners to Remember

Quick-fire facts for last-minute revision.

1. **On a deposit, the customer is the creditor and the bank is the debtor.**
   The bank owes the deposited money back to the customer, making the bank the debtor.

2. **When a bank lends money, the bank becomes the creditor and the customer the debtor.**
   Lending reverses the roles seen in a deposit transaction.

3. **Safe custody of valuables creates a bailor-bailee and trustee relationship between customer and bank.**
   The bank safeguards items handed over for custody without owning them.

4. **In cheque and bill collection, the bank acts as agent and the customer as principal.**
   The bank performs collection services on the customer's behalf as its agent.

5. **Safe deposit lockers create a lessor (bank) and lessee (customer) relationship.**
   The bank leases locker space to the customer under this arrangement.

6 **In an indemnity arrangement, the indemnifier bears the loss and the indemnified is protected.**
The indemnifier promises to cover loss caused by the promisor's conduct.

7 **Merchant bankers act as financial intermediaries transferring capital from investors to corporates or government.**
They channel funds from subscribers to entities needing capital.

8 **A bank in India can be structured as a partnership firm with a maximum of 10 partners.**
This is one of the permitted legal structures for a bank under Indian law.

9 **A bank can also be a company incorporated under the Companies Act 1956 or 2013.**
Incorporation under either Companies Act is a valid banking structure.

10 **A mandate is an unstamped authorisation letting a third person operate an account on the holder's behalf.**
It is a simple authorisation typically used by individual account holders.

11 **A power of attorney is a stamped legal document executed before a magistrate, notary, or authorised official.**
Proper execution and stamping distinguish a POA from a mandate.

12 **Non-individuals cannot issue a mandate and must use a power of attorney instead.**
Mandates are limited to individual account holders.

13 **In a POA, the donor is the principal and the donee is the agent who acts on the donor's behalf.**
These are the two defined parties in a power of attorney arrangement.

14 **A general or universal POA covers more than one transaction, while a special POA covers a single transaction.**
The scope of authority differs between general and special POAs.

15 **A garnishee order is a court order directing a bank not to release a judgment debtor's funds until permitted.**
It effectively freezes the debtor's account pending court permission.

16 **After a garnishee order is served, cheques presented are returned marked refer to drawer.**
The bank cannot honour cheques once the account is frozen by the order.

17 **A garnishee order does not bind the bank if the bank already has a prior right of set-off.**
An existing set-off right takes precedence over a later garnishee order.

18 **A fixed deposit under lien cannot be attached by a garnishee order, only the excess over the lien can be.**
The lien protects the secured portion of the FDR from attachment.

19 **A garnishee order against one joint account holder cannot attach an either-or-survivor joint account.**
The order must be against all joint holders to attach such an account.

20 **An attachment order is issued by revenue authorities, while a garnishee order is issued by a court.**
This distinguishes the two order types by their issuing authority.