20 True or False

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

Question 1

When a customer deposits money in a bank, the bank is the debtor and the customer is the creditor.

TRUE

The bank owes the deposited amount back to the customer.

Question 2

When a bank lends money to a customer, the bank becomes the debtor.

FALSE

Lending makes the bank the creditor and the customer the debtor.

Question 3

In safe custody of valuables, the bank acts as bailee and trustee, not owner of the items.

TRUE

The bank safeguards but never owns the deposited valuables.

Question 4

In cheque collection, the bank acts as principal and the customer as agent.

FALSE

It is reversed: the bank is agent and the customer is principal.

Question 5

Safe deposit lockers create a lessor-lessee relationship between bank and customer.

TRUE

The bank leases locker space, making it lessor and the customer lessee.

Question 6

A garnishee order is issued by revenue authorities.

FALSE

A garnishee order is issued by a court; revenue authorities issue attachment orders.

Question 7

An attachment order is issued by revenue authorities.

TRUE

This distinguishes it from a court-issued garnishee order.

Question 8

A mandate is an unstamped document, while a power of attorney is a stamped legal document.

TRUE

Stamping requirement is a key difference between the two instruments.

Question 9

A mandate can be used by non-individuals as well as individuals.

FALSE

Mandates are used by individuals only; non-individuals must use a POA.

Question 10

A power of attorney is executed before a magistrate, notary public, or authorised official.

TRUE

Proper execution before such an official is required for a valid POA.

Question 11

A garnishee order can attach a fixed deposit receipt that is already under the bank's lien in full.

FALSE

Only the amount in excess of the lien can be attached, not the lien portion.

Question 12

A garnishee order does not bind a bank that already has a prior right of set-off.

TRUE

An existing set-off right overrides a subsequently served garnishee order.

Question 13

Credits received in an account after a garnishee order is served can be attached under that same order.

FALSE

Only debts due or accruing at the time the order is accepted are attachable.

Question 14

A trust account cannot be attached by a garnishee order.

TRUE

Trust accounts are exempt from garnishee attachment.

Question 15

A garnishee order against one holder of a joint either-or-survivor account can freeze the entire joint account.

FALSE

Such an order cannot attach a joint account held on an either-or-survivor basis.

Question 16

After a garnishee order, cheques already presented are returned with the remark refer to drawer.

TRUE

The bank cannot honour cheques on a frozen account after the order is served.

Question 17

A bank in India can be structured as a partnership firm with a maximum of 10 partners.

TRUE

This is one legally permitted structure for banking entities in India.

Question 18

Merchant bankers act as financial intermediaries transferring capital from investors to corporates or government.

TRUE

This is their defined role as intermediaries in capital transfer.

Question 19

A special or limited power of attorney is used for more than one transaction.

FALSE

A special POA covers a single transaction; a general POA covers multiple ones.

Question 20

When one account is in credit and another in debit for the same customer, a garnishee order attaches only the net credit balance.

TRUE

Only the net balance in credit across accounts is subject to attachment.