

DISTANCE EDUCATION

B.B.M. DEGREE EXAMINATION, MAY 2009.

PRACTICE AND LAW OF BANKING — I

Time : Three hours

Maximum : 100 marks

PART A — (5 × 8 = 40 marks)

Answer any FIVE questions.

Each answer not to exceed 1 page.

1. Define the term 'banker' and 'Customer'. When can a person be said to have become a customer of a bank?
2. What is a banker's lien? Explain the distinction between the general lien and particular lien.
3. Distinguish between holder for value and holder in due course.
4. Write a note on MICR cheques.
5. Explain the duties of a paying banker.
6. What are the salient features of a fixed deposit?
7. Write a brief note on 'either or survivor' clause.
8. "The letter of credit is a kind of guarantee to the exporter" - Explain.

PART B — (4 × 15 = 60 marks)

Answer any FOUR questions.

Each answer not to exceed 5 pages.

9. How and when a banker may disclose information regarding the customer's account?
 10. What are negotiable instruments? Explain their characteristics.
 11. Distinguish between 'Forged endorsement' and 'Irregular endorsement'. How will you ascertain whether an endorsement is regular or not?
 12. Discuss in detail the statutory protection granted to a collecting banker under Negotiable Instruments Act.
 13. Explain the position of a paying banker with regard to
 - (a) a cheque crossed generally.
 - (b) a cheque crossed Not -negotiable.
 14. Discuss the legal position of a pass book.
 15. What precautions should a banker generally take while opening an account in the name of
 - (a) a minor, and
 - (b) a trustee.
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