DEPARTMENT OF B.COM – BANKING AND INSURANCE

18UBI204 & BANKING LAW AND PRACTICE

K1 LEVEL

Unit - I

1. The relationship between a banker and a customer is _____.

a. that of a debtor and creditor

b. that of a creditor and debtor

c. primarily that of a debtor and creditor

d. Secondary that of a debtor and creditor

2. The banker has a lien on ______.

a. bonds given for collection

b. bonds given for safe custody

c. bonds left by mistake

d. None of these

3. In executing the standing instructions, there exists a relationship of ______.

a. debtor and creditor

b. trustee and beneficiary

c. bailee and bailor

d. agent and principal

4. To constitute a person as a customer ______.

a. there must be frequency of transactions

b. there must be a dealing of a banking nature

c. **there must be some sort of an account**

d**.** there must be a single transaction of any nature

5. The banker has a statutory obligation to ______.

a. honour customers cheques

b**.** exercise lien

c. maintains secrecy of his customer accounts

d. honour customers bills

6. A banker's lien is always a ______ lien.

a. special

b. particular

c. negative

d. general

7. Accepting a bill and making it payable at the bank is called _______.

a. domiciliation of a B/S

b. domiciliation of a B/N

c. domiciliation of a B/E

d. domiciliation of a B/Q

8. _____ is necessary to exercise a lien.

a. Agreement

b. Oral or writing

c. No agreement

d. None of these

9.To claim a banking debt ____ in writing is necessary.

a. An express demand

b. An express profit

c. An express income

d. An express sale

10. Honouring of cheque is a _______ obligation.

a. statutory

b. agreement

c. contractual

d. none of these

11. A _____ lien does not give any right of possession to the creditor.

a. Positive

b. Negative

c. General

d. Bankers

12. When the funds are deposited for a specific purpose, the banker becomes a ______.

a. agent

b. owner

c. creditor

d. trustee

13. A banker can exercise his ______ lien on the safe custody articles.

a. special

b. particular

c. negative

d. general

14. Banking Regulation Act _____.

a. 1950

b. 1957

c. 1949

d. 2000

15. KYC Norms stands for ______.

a. Know Your Customer

b. Know Your Credit

c. Know Your Current

d. None of these

16. A banker is expected to maintain secrecy of his ______ account.

a. personal

b. profit and loss

c. nominal

d. customer

17. The word ‘bank’ is said to have derived French word ______.

a. Banco

b. Benca

c. Benco

d. Banca

18. A banker, as a debtor is not same as an ordinary commercial ______.

a. creditor

b. agent

c. debtor

d. trustee

19. A _____is always liable to pay damages for wrongful dishonor of cheques.

a. Customer

b. **Banker**

c. Agent

d. None of the above

20. Banks cater to the need of agriculturist, industrialists _______ and to all the other sections of the society.

a. traders

b. finance company

c. mutual fund

d. none of the above

Unit - II

21. Contracts by lunatics in India are ______.

a. always voids

b. always valid

c. **always voidable**

d. at time voidable

22. The best procedure for opening an account in the name of a minor X and the guardian Y would

be under the style ____.

a. X Account

b. X Account – Minor

c. **Y in trust for X**

d. Y Account

23. The most undesirable customer is ______.

a. A minor

b. A married woman

c. An unregistered firm

d. An undischarged bankrupt

25. A customer's letter of instructions, without any stamp, in connection with the operations

of his account is known as ______.

a. Mandate

b. Power of attorney

c. Authority letter

d. Probate

26. In the case of, a charge created must be registered within ______ days of its creation

with the Registrar of companies.

a. 30

b. 20

c. 10

d. 25

27. A _____ can be opened in the name of a minor.

a. Personal account

b. Current account

c. Fixed account

d. None of theses

28. A ________ is an artificial person created by law.

a. Partnership

b. **Joint stock company**

c. Sole trading

d. None of the above

29. Indian Majority Act, _______.

a. 1876

b. 1987

c. **1875**

d. 1990

30. Indian Partnership Act, _______.

a. **1932**

b. 1945

c. 1965

d. 1984

31. Hindu Marriage Act, ________.

a. 1965

b. 1988

c. 1974

d. **1956**

32. The Indian Succession Act, ______.

a. **1925**

b. 1988

c. 1930

d. 1936

33. Married women's Property Act, _____.

a. 1865

b. 1893

c. **1874**

d. 1975

34. Indian Contract Act, ______.

a. 1875

b. 1869

c. 1968

d. **1872**

35. A ______ is an association of two or more persons called partners who undertake a venture.

for a mutual benefit.

a. Partnership

b. Sole trading

c. Bankers

d. None of the above

36. The _____ should get a copy of the duly stamped all the partners and their powers.

a. Customer

b. **Banker**

c. Agent

d. None of the above

37. The __________ of a company may impose some internal procedures to be carried out before

obtaining a loan.

a.AOA

b. MOA

c. Companies Act

d. None of these

38. An _____ is a person to whom the execution of a will entrusted by the testator.

a. Agent

b. Executors

c. Brokers

d. All of these

39. The mandate should also deal with the problems of ______.

a. **Survivorship**

b. Mandate

c. Power to overdraw

d. Drawing of cheques

40. A _____ will have to obtain yet another certificate, namely certificate of commencement of business.

a. **Public limited company**

b. Private limited company

c. Foreign company

d. None of the above

<u>Unit - III</u>

41. In --------- year, the Negotiable Instrument Act was established.

a. 1881

b. 1891

c. 1981

d.1871

42. Transfer free from defects confers _____ title.

a. **absolute and good**

b. absolute and bad

c. good

d. bad

43. Bill of exchange is an -------- instrument.

a. negotiable

b. non-negotiable

c. liquid

d. non-liquid

44. --------- is not a negotiable instrument.

a. cheque

b. bill of exchange

c. promissory note

d. document of title

45. ----------- is free from stamp duty.

a. bill of exchange

b. promissory note

c. Cheque

d. registration

46. ---------- can be countermanded.

a. bill of exchange

b. promissory note

c. Cheque

d. bill of lading

47. ----------------- can be crossed to ensure safety.

a. bill of exchange

b. promissory note

c. bill of lading

d. **Cheque**

48. --------- is advisable to fill up the cheque.

a. Pen

b. pencil

c. nib

d. color pencil

49. A -------- is valid for three months.

a. bill of exchange

b. promissory note

c. bill of lading

d. cheque

50. ------ denotes the person to whom the amount of the cheque is payable.

a. Payee

b. payer

c. drawer

d. endorser

51. An alteration which affects the fundamental character of the instrument is called --------- alteration.

a. material

b. immaterial

c. significant

d. notable

52. The word “And Company” between two parallel transverse line forms --------- crossing.

a. general

b. special

c. account payee

d. not negotiable

53. Cancellation of crossing constitutes ---------.

a. open ended crossing

b. closed ended crossing

c. opening of crossing

d. closing of crossing

54. --------- is the process of signing one's name on the back of the cheque for the purpose of transfer.

a. Crossing

b. Protesting

c. Noting

d. Endorsement

55. Blank endorsement is otherwise called as --------- endorsement.

a. specific

b. restrictive

c. general

d. partial

56. An endorser adds a direction to pay the amount of the cheque to the order of a certain person and then the endorsement is called -----.

a. special

b. partial

c. facultative

d. per pro

57. --------- endorsement limits the liability of the endorser.

a. Sans Recourse

b. Sans Frais

c. Facultative

d. Partial

58. ------------- endorsement made by an authorized agent.

a. Full

b. Blank

c. Sans Recourse

d. Per pro

59. A bearer cheque can be transferred by ---------------.

a. mere delivery

b. endorsement plus delivery

c. virtual delivery

d. delivery by banker

60. A piece of paper attached to the back of the cheque and the subsequent endorsements is made on that paper called ------.

a. codicil

b. allonge

c. post script

d. appendix

UNIT - IV

61. A banker on whom a cheque is drawn should pay the cheque when it is presented for payment called ---------- banker.

a. agent

b. paying

c. collecting

d. banker to

62. For --------- cheque, the payment is made at the bank counter.

a. open

b. crossed

c. payee

d. bankers

63. If the cheque is drawn on another branch where the account is not kept then the banker should ------- the cheque.

a. honour

b. return

c. note

d. countermand

64. For a ------- cheque the paying banker should made payment through only to his fellow banker.

a. crossed

b. open

c. bearer

d. payee

65. A cheque torn into two or more pieces is generally returned with a remark ---------- by the banker.

a. cancelled

b. mutilated

c. toned

d. abandon

66. The cheque should be ----------- one.

a. a conditional

b. an unconditional

c. an arbitrary

d. revocable

67. --------- is the instruction given by the customer requesting his bank not to honor a particular cheque.

a. Stopping

b. Countermanding

c. Impeding

d. revoking

68. Countermanding should be in --------.

a. oral

b. writing

c. indirect

d. vocal

69. Garnishee order refers to the order issued by a court attaching the funds of the judgment ----------.

a. debtor

b. creditor

c. banker

d. agent

70. N.S stands for ---------.

a. Not Sufficient

b. No Safety

c. Not Safety

d. Not Suitable

71. N.F stands for ---------.

a. No Face value

b. No Funds

c. Not Feasible

d. No Fees

72. E.I refers to ---------.

a. Easy Investment

b. Endorsement Isolated

c. Endorsement Irregular

d. Enough Investment

73. E.N.C stands for ---------.

a. Effects Not Correlated

b. Effects Not Cash

c. Easily Not Cleared

d. Effects Not Cleared

74. D.D refers to -----------.

a. Drawer Deceased

b. Drawer Dead

c. Drawee Deceased

d. Drawee Dead

75. Money received under Malafide is ---------.

a. irrecoverable

b. recoverable

c. recoupable

d. restorable

76. Money paid under a mistake of law is ----------.

a. not cashable

b. not recoupable

c. not restorable

d. not recoverable

77. ---------- banker is one who undertakes to collect the amount of the cheque on behalf of his customer.

a. Foreign

b. Agent

c. Collecting

d. Paying

78. ----------- is a wrongful interference with the goods of another.

a. Exchange

b. Modification

c. Alteration

d. Conversion

79. If a banker is completely careless in collecting a cheque, then it is come under -------- negligence.

a. gross

b. partial

c. remote

d. contributory

80. The banker fails to obtain a letter of introduction from the customer constitute negligence under -----.

a. remote grounds

b. contributory

c. gross

d. partial

UNIT - V

81. The three principles of sound learning are -------------.

a. Safety, Liquidity and Profitability

b. Safety, Lease and Punctuality

c. Soft, Liquidity and Profitability

d. Safety, Less risky and Profitability

82. Loans and advances may be made on the personal security of the borrower and then it is called ----- advances.

a. Secured

b. Unsecured

c. Clean

d. impersonal

83. The three C's in lending advances are --------.

a. Character, Consideration, Capital

b. Character, Capacity, Cash

c. Character, Compassion, Capital

d. Character, Capacity, Capital

84. Character + Capacity + Capital = ------------.

a. Fair Credit Risk

b. Dangerous Risk

c. Safe Credit

d. Limited Success

85. Secured advances are made on the security of --------- assets.

a. tangible

b. intangible

c. liquid

d. virtual

86. The security deposited by the borrower himself as cover for the loan is called the ------- security.

a. primary

b. secondary

c. collateral

d. guarantee

87. ---------- is an arrangements by which the customer is allowed to borrow money up to a certain limit.

a. Loan

b. Bills discounting

c. Cash credit

d. Jewel loan

88. Businessmen prefer ---------.

a. overdraft

b. cash credit

c. long term loan

d. medium term loan

89. ---------- is the most liquid assets.

a. Cash

b. Debenture

c. Land

d. Share

90. Discounting of bills of exchange is --------- advance.

a. secured

b. impersonal

c. prior

d. clean

91. Neither possession nor ownership is transferred in ________.

a. Pledge

b. Mortgage

c. Hypothecation

d. Assignment

92. A mortgage can neither sue for foreclosure nor for sale of the property in ______.

a. English mortgage

b. Usufructuary mortgage

c. Mortgage by conditional sale

d Mortgage by conditional purchase

93. A banker's lien is _______.

a. General lien

b. Particular lien

c. Negative lien

d. Positive lien

94. A pledge can be made in respect of __________.

a. Shares

b. Building

c. Book debts.

d. Goodwill

95. ________ facility is as risky as clean advances.

a. Pledge

b. Mortgage

c. Hypothecation

d. Assignment

96. Section _____ of Transfer of Property Act defines a mortgage.

a. 58

b. 69

c.25

d. 80

97. Transfer of Property Act ________.

a. 1885

b. 1896

c. 1968

d. 1882

98. The ________ is authorized to retain the possession until the debt is repaid.

a. Pledge

b. Mortgagee

c. Hypothecation

d. Assignment

99. Transfer of Property Act enumerates _______ kinds of mortgages.

a. 8

b. 9

c. 6

d. 10

100. Delivery of goods is essential to complete a ________.

a. Pledge

b. Mortgagee

c. Hypothecation

d. Assignment

K2 LEVEL

UNIT - I

1. What is a Banker?

A banker is an employee of a bank or financial institution who services the financial needs of clients. These clients can be individuals or institutions, both with different needs. A banker tries to maximize the profit of a bank while maintaining appropriate risk levels.

2. .Banker Definition

An individual who is engaged in the business of banking.

3. Who is a customer of a bank?
   - The account owners, who put their money in the bank's accounts
   - The borrowers, who companies and individuals who borrow money from the bank
4. Who is a banker and customer?

Banker & customer. 'The term banking' has been defined as 'accepting' for the purpose of lending or investment of deposit of money from the public repayable on demand or withdraw able by cheque, draft or order. Customer is a person who has some sort of account, either deposit or current account, with the banker.

5. What are the relationship between Banker and Customer?

There are various forms of Banker Customer relationship depending upon the services availed by the customer from bank. Like Debtor-Creditor, Agent-Principal, Licensor(Lessor)-Licensee (Lessee), Bailor-Bailee, Trustee-Beneficiary, Pledger-Pledgee, Assignor-Assignee, Hypothecation-Hypothecate are various forms of relationships between banker and customer.

6. What is a Customer?

A customer is a person who has some kind of account, such as deposit or current with a bank and from this it follows that any person may become a customer by opening a deposit or current account or having some similar relation with a bank."

7. What are the Special Relationship between the Banker and Customer?

Bellow given are the general relationship between a banker and customer

- Debtor – Creditor
- Creditor – Debtor
- Principal – Agent

- Bailor – Bailee
- Trustor – Trustee
- Pledger – Pledgee
- Mortgagor – Mortgagee

8. What are the obligations of a banker?

Obligations of Bankers towards Customers

- Obligation to Pay Cheques. It is a statutory obligation of the bank, having sufficient funds of the customer to pay cheques duly drawn and presented.
- Secrecy.
- Banker 's Lien.
- Mandate.
- Power of Attorney.
- Circumstances Leading to Closure of Accounts.
- Loans and Advances.

9. What are the limited obligation to honour cheques

It is also important that if you are a partner or director of the entity, one is careful that sufficient fund arrangements are made before cheques are issued or the ECS mandate is given. The obligation under law will transverse both on the entity and the person who has signed the cheque.

10. What is banker's lien?

A banker's lien is a legal right arise in many common law jurisdictions of a bank to exercise a lien over any property in the custody of the bank as security for the indebtedness of the customer to the bank

11. What are the types of lien?

General Lien

Particular Lien

12. What is General Lien

A general lien is a right of one person to retain any property or goods which are in his possession belonging to another person until the promise or liability is discharged.

It is a right to retain the property belonging to another for a general balance of the account.

13. What is Particular Lien

A particular lien is available only against the particular property in respect of which the bailee has expended labor and skill. A bailee is entitled to a particular lien only.

14. What is bankers right of general lien?

Bankers have general lien on all securities left with them by their customers.

15. What is the meaning of general lien?

Tax lien or judgment lien that attaches to all personal and real property of a person or firm (the lienee). It covers not only the goods or property that gives rise to the debt, but all the goods or property of the lienee. In the US, a general lien applies only to personal property.

16. What is general and particular lien?

Difference between General Lien and Particular Lien. When one party is entitled to retain the goods belonging to another party, until all the dues are discharged, is called general lien. In contrast, particular lien implies the right of retention of specific goods, until the claims related to those goods are realized.

17. What is general lien in banking?

A lien is the right of a creditor in possession of goods, securities or any other assets belonging to the debtor to retain them until the debt is repaid, provided that there is no contract express or implied, to the contrary.

18. What is an example of a general lien?

A general lien is against all the property owned by a debtor. A typical car loan or home mortgage is an example of a specific lien. In a specific lien, the specific piece of property alone satisfies the debt; the lien does not attach to other property owned by the debtor.

19. What is Bailee's particular lien?

Particular lien is one in which the person has a right to retain the possession of goods for which the charges are due.

20. What is meant by negative lien?

Negative Lien is used in banking parlance for a borrower to undertake not to create any charge on his property without the consent. of the lender.

UNIT - II

21. What is bankers right of general lien?

Bankers have general lien on all securities left with them by their customers. Lien is the right to retain property belonging to another until a debt due from the latter is paid. A banker's lien is a special form of general lien, for it includes a right of sale after reasonable notice.

22. Who is a Minor?

A person who does not have the legal rights of an adult. A minor is usually defined as someone who has not yet reached the age of majority. In most states, a person reaches majority and acquires all of the rights and responsibilities of an adult when he or she turns 18.

One under the age of majority, usually 21 or 18 years of age, while in a state of infancy; one who has not attained the age of a major. The terms major and minor, are more particularly used in the civil law. The common law terms are adult and infant.

23. What are the duties of banker?

A banker is an individual who advises their clients with regard to financial matters. Duties concerning savings, loans, taxes, investments, and securities are all within the job realm of a banker

24. What is Married Women's Property Act India?

The Married Women's Property Act, 1874 ("MWPA") was created to secure the assets owned by a woman against her husband, his creditors and relatives. Section 6 of the MWPA covers any insurance policy taken out by a man on his own life in favour of his wife and children.

25. What is the full form of MWP?

Married Women's Property are you aware of the Married Women's Property Act 1874 (MWP Act)? MWP Act was created to protect the properties owned by women from relatives, creditors and even from their own husbands.

26. Lunatic Definition:

An individual who, though once of sound mind, can no longer manage his person or his affairs.

27. What are the bankers duty of lunatic?

An account in the name of a person who is a Lunatic should not be opened by the bank. As soon as he receives the information of his lunacy the banker should suspend all operations on the account of a customer till bank gets the proof of his sanity or court order is served.

28. What are the 4 types of partnership?

Below are basic summaries of the main types of business partnerships.

- General Partnerships. A general partnership involves two or more owners carrying out a business purpose.
- Limited Partnerships.
- Limited Liability Partnerships (LLP) .
- Get Legal Help Before Setting Up Your Partnership.

29. What is basic partnership firm?

Persons who have entered into partnership with one another to carry on a business are individually called “Partners“; collectively called as a “Partnership Firm”; and the name under which their business is carried on is called the “Firm Name” A partnership firm is not a separate legal entity distinct from its members.

30. What is Partnership Deed?

The document which contains terms and conditions of partnership is known as Partnership Deed. In the absence of an agreement, the partnership Act is applied, However, act leaves it to the discretion of partners. Written agreement between partners will be helpful in case of disputes between the partners.

31. What is the importance of partnership deed?

Partnership Deed, its Importance and Rights of Partners- Accounting & Finance. Partnership is the outcome of an agreement, it is essential that there must be some terms and conditions agreed upon by all the partners. Such terms and conditions may be either oral or written.

32. What is a Joint-Stock Company?

The modern corporation has its origins in the joint-stock company. A joint-stock company is a business owned by its investors, with each investor owning a share based on the amount of stock purchased.

Joint-stock companies are created in order to finance endeavors that are too expensive for an individual or even a government to fund. The owners of a joint-stock company expect to share in its profits.

33. How many sections are there in Indian Partnership Act?

The Indian Partnership Act' 1932 Section.4 of the Indian Partnership Act, 1932 defines Partnership in the following terms: “ Partnership is the relation between persons who have agreed to share the profits of a business carried on by all or any of them acting for all.”

34. Who can enter into partnership?

Individual: An individual, who is competent to contract, can become a partner in the partnership firm.

Firm: A partnership firm is not a person and therefore a firm can not enter into partnership with any firm or individual.

35. How many partners are allowed in a partnership business?

The new Companies Act 2013 has prescribed the maximum number of members in case of a partnership firm should not be more than 100 in case of partnerships. As per the previous Companies Act 1956, the maximum limit in case of partnerships was 10 and 20 for banking business and other businesses respectively.

36. What is a Private Company? Definition and Meaning.

A private company, also known as a privately held company or close corporation, is a business whose shares are not traded in a stock market, as opposed to a public company.

A private company's shares are offered, owned and traded/exchanged privately. Some people refer to them as unlisted companies or unquoted companies.

37. What is a non trading company?

A dormant (inactive) company. A dormant company is one which is registered with Companies House, although is not performing any kind of business activity or receiving any form of earnings. As a result, such a company is considered dormant (or inactive) by HMRC for corporation tax reasons

38. What is non trading income?

Non-operating income can include such items as dividend income, capital gains and losses from investments, gains or losses incurred by foreign exchange, asset write-downs, and other non-operating revenues and expenses

39. What is a personal account?

A personal account is an account for use by an individual for that person's own needs. It is a relative term to differentiate them from those accounts for business or corporate use.

40. What is joint account?

A joint account is a bank account shared by two or more individuals. Any individual who is a member of the joint account can withdraw from the accountant deposit to it. Usually, joint accounts are shared between close relatives or business partner.

UNIT - III

41. Define negotiable instrument.

Sec. 13 of Negotiable Instruments Act 1881 defines that, 'negotiable instrument means promissory note, bill of exchange or cheque payable either to order or to bearer.

42. What is promissory note?

A promissory note contains a promise by the debtor to the creditor to pay certain sum of money after a certain date.

43. What is bill of exchange?

The bill of exchange contains an order from the creditor to the debtor, to pay a certain sum, to a certain person, after a certain period.

44. Who is payee in bill of exchange?

The person to whom the amount is payable is called the payee.

45. Define – Cheque.

Sec. 6 of the Negotiable Instruments Act defines a cheque as ‘A bill of exchange drawn on a specified banker and not expressed to be payable otherwise than on demand’.

46. What is stale cheque?

A cheque which is more than three months old is considered to be stale with effect from April, 2012 and the time period is vary from country to country.

47. What is banker’s cheque?

A banker’s cheque is one which is drawn by a banker upon himself.

48. What is meant by material alteration?

Material alteration refers to change introduced on a cheque, which affects its fundamental character.

49. List any two types of material alteration.

i) Alteration of date

ii) Alteration of crossing

50. What is immaterial alteration?

If an alteration does not, in any way, affect the fundamental character of the instrument, then it is called an immaterial alteration.

51. List out types of crossing?

i) General crossing

ii) Special crossing

52. What is general crossing?

The two parallel lines with the words ‘And Company’ or its abbreviation constitute a general grossing.

53. Define special crossing?

Sec. 124 of the Negotiable Instruments Act 1881defines a special crossing as “Where a cheque bears across its face, an addition of the name of a banker, with or without the words

‘Not Negotiable’, that addition shall be deemed a crossing, and the cheque shall be deemed to be crossed specially, and to be crossed to that banker’.

54. What is A/C Payee crossing?

The words ‘A/C Payee’ are added to a crossing, then it becomes an A/C Payee crossing.

55. Who can cross a cheque?

i) Drawer of a cheque

ii) Holder of a cheque

iii) Banker acting as an agent

56. What is opening of crossing?

The cancellation of crossing is usually called as opening of crossing.

57. What is an endorsement?

Signing on the back of the instrument i.e cheque is called an endorsement.

58. What is allonge?

After the completion of space on the back of the instrument a piece of paper is attached to it and subsequent endorsements made on that paper. The paper attached to the instrument is called allonge.

59. What is meant by blank endorsement?

The endorser signs only his name in the back of the instrument and this endorsement is said to be blank endorsement.

60. What is Sans recourse endorsement?

This is an endorsement which limits the liability of the endorser and he is free from all liability against all subsequent holders.

Unit - IV

61. Who is paying banker?

A banker on whom a cheque is drawn should pay the cheque when it is presented for payment.

62. List two types of cheque.

i) Open cheque

ii) Crossed cheque

63. How the open cheque is paid by a paying banker?

The paying banker is make payment at the counter for an open cheque.

64. How the amount should be given to the payee if the cheque is crossed?

The payment must be made only to a fellow banker for the crossed cheque.

65. Can a cheque contain any condition?

No, the cheque should not contain any condition. If it contain any condition the paying banker may not honour it.

66. List out any two precautions should a banker take while honouring a cheque.

i) The paying banker should see whether the cheque is drawn on the branch where the account is kept.

ii) The cheque should not contain any condition.

67. What is the position of the paying banker with regard to payment in case of insufficient balance in customer's account?

The paying banker should not honour the cheque.

68. Bring out any two circumstances for dishonouring a cheque by paying banker.

i) The instruction given by the customer to stop payment for a particular cheque.

ii) Upon the receipt of notice of death.

69. What is W.F.D?

W.D.F refers to Words and Figures Differ.

70. Can a banker recover money paid under mistake of law?

No, the paying banker could not recover the money from the payee under the ignorance of law.

71. Who is collecting banker?

A collecting banker is one who undertakes to collect the amount of a cheque for his customer from the paying banker.

72. List two capacities of collecting banker in collecting a cheque.

The paying banker will act as

i) Holder for value

ii) Agent for collection

73. What is conversion?

Conversion is a wrongful interference or meddling with the goods of another.

74. List any two cases when the collecting banker avail statutory protection.

i) Collecting for crossed cheque

ii) Collecting for his customer as an agent

75. List out the types of negligence by a collecting banker.

i) Gross negligence

ii) Negligence connected with the immediate collection of cheque

iii) Negligence under remote grounds

iv) Contributory negligence

76. What is gross negligence?

The collecting banker is completely careless in collecting a cheque, then he will be held liable and the negligence is called gross negligence.

77. Give two examples for gross negligence.

i) Failure to verify the correctness of endorsement

ii) Failure to verify the existence of authority in the case of per pro signature

78. Give two examples for negligence connected with immediate collection.

i) Collecting a cheque drawn against the Principal's A/C to the Private A/c of the agent without enquiry

ii) Collecting a cheque payable to the firm to the private account of a partner without enquiry

79. Give two examples for negligence under remote grounds.

i) Failure to ascertain the name of the employer of a new customer

ii) Failure to obtain a letter of introduction from a new customer

80. List out any two duties of a collecting banker.

The collecting banker

i) Exercise reasonable care and diligence

ii) Present the cheque for collection without any delay

Unit - V

81. List out any three principles of sound lending.

i) Safety

ii) Liquidity

iii) Profitability

82. What is secured advances?

The loans made on the security of tangible assets like land, building, machinery are called secured advances.

83. What is unsecured advances?

The unsecured advances are made on the personal security of the borrower. Here, there is no tangible security is offered.

84. What are the other names of unsecured advances?

Personal loans or clean loans are the other names of unsecured advances.

85. What are the three C's in unsecured advances?

i) Character

ii) Capacity

iii) Capital

86. List any three tangible assets offered to secured advances.

Land, building and machinery

87. What is primary security?

The security deposited by the borrower himself as cover for the loan is called the primary security.

88. What is collateral security?

It refers to the securities deposited by the third party to secure advance for the borrower.

89. List out various forms of advances.

- Loans
- Cash credit

- Overdraft
- Bills purchased and discounted

90. What is cash credit?

A cash credit is an arrangement by which the customer is allowed to borrow money up to a certain limit.

91. What are the modes of charging security?

a.Assignment
b.Lien
c.Set-off
dHypothecation
e.Pledge
f. Mortgage

92. What is a lien?

A lien is a legal right granted by the owner of property, by a law or otherwise acquired by a creditor. A lien serves to guarantee an underlying obligation, such as the repayment of a loan. If the underlying obligation is not satisfied, the creditor may be able to seize the asset that is the subject of the lien.

93. What is pledge example?

An example of a pledge is a cash down payment on a car. An example of a pledge is a promise that you'll buy a person's car.

94. Who can pledge?

A pledge is a bailment that conveys possessory title to property owned by a debtor (the pledgor) to a creditor (the pledgee) to secure repayment for some debt or obligation and to the mutual benefit of both parties. The term is also used to denote the property which constitutes the security.

95. What is a Mortgage?

A mortgage is a debt instrument, secured by the collateral of specified real estate property, that the borrower is obliged to pay back with a predetermined set of payments.

96. What are the types of mortgage?

- Fixed Rate Mortgage. Fixed rate mortgages are the most popular option.
- Adjustable Rate (ARM) Mortgage.
- Balloon Mortgage.
- Interest-Only Mortgage.
- Reverse Mortgage.
- Combination Mortgage.
- Government-Backed Mortgage.
- Second Mortgage.

97. What is equitable mortgage ?

An equitable mortgage in which the lender is secured by taking possession of all the original title documents of the property that serves as security for the mortgage.

98. What is the difference between legal mortgage and equitable mortgage?

An equitable mortgage arises where the formalities to create a legal mortgage have not been completed or where the asset being mortgaged is only an equitable interest. An equitable mortgage only transfers a beneficial interest in the asset to the mortgagee with legal title remaining with the mortgagor

99. What is Hypothecation

Hypothecation occurs when an asset is pledged as collateral to secure a loan, without giving up title, possession or ownership rights, such as income generated by the asset. However, the lender can seize the asset if the terms of the agreement are not met.

100. What is the difference between pledge and hypothecation?

Difference Between Pledge and Hypothecation. Charge means the asset is given as security, against a debt. The value of the security offered as collateral is either equivalent to or greater than the loan amount. It can be in the form of a pledge, hypothecation, mortgage, lien and assignment.

K3 LEVEL

Unit - I

1. Explain origin of banking.
2. Analyze the banker as a privileged debtor.
3. Explain the General relationship.
4. Distinguish between a banking debt and a commercial debt.
5. What is banker ‘s lien? When can he exercise such a lien?
6. Explain the partnership firm.
7. Analyze the right to claim incidental charges.
8. Explain what are the Exemption from the law of limitation Act
9. Discover the Banker duty to maintain secrecy of customer’s accounts.
10. Explain KYC Norms.

Unit - II

11. What precautions should a banker generally take while opening an account in the name of(i) a minor and (ii) a married woman.
12. What risk does should a banker pay attention while opening an account in the name of a partnership firm.
13. Explain types of accounts.
14. Analyze the privileges of a minor guaranteed by law.
15. Explain the note on (i) Trustees and (ii) Executors.
16. Explain about the insanity of an existing customer becomes insane?
17. Examine the various types of customer.
18. Analyze the procedures relating to an account opening of a joint stock company.
19. Explain partnership deed.
20. Discover the Non – trading companies and private companies.

Unit - III

21. Explain the features of negotiable instrument.
22. List out the advantages of printed form of cheque.
23. Explain about the proper drawing of a cheque.
24. Discuss the position of the paying banker at the times of receiving a post-dated cheque
25. Write a note on material alteration
26. List out the four examples of material alteration.
27. Elucidate the essentials of general crossing.
28. Discuss the significance of special crossing.

29. Portray the significance of endorsement.
30. Distinguish between assignment and endorsement.

Unit - IV

31. Discuss the position of a paying banker at the times of presentation of the cheque.
32. What precautions the paying banker should concentrate at the times of accepting form of the cheque. Explain it.
33. Describe the usual answers given by the paying banker when the cheque is dishonoured?
34. Explain the statutory protection available to a paying banker.
35. Analyse the payment in due course.
36. Write a note on holder in due course.
37. Explain the rights and privileges of a holder in due course.
38. Examine the circumstances for paying banker to recover money paid by mistake.
39. Discuss the circumstances when the paying banker could not recover the money.
40. Classify the statutory protection available to a collecting banker.

Unit – V

41. Write a short note on loans and advances of a banker.
42. Explain the basic principles in unsecured advances.
43. Explain the security offered by a customer at the time of getting secured advances.
44. Explain the difference between cash credit and over draft.
45. Write a note on bills purchasing and discounting.
46. Explain the various kinds of mortgage.
47. Discover the characteristics of a mortgage.
48. Explain the significance of lien to a banker.
49. Analyze the characteristics of a hypothecation.
50. Explain the essentials of pledge.

K4 AND K5 LEVEL

Unit - I

1. Define the terms 'banker' and 'customer' and bring out the relationship that exists between them.
2. Explain the various kinds of lien
3. .Is a banker obliged to maintain the secrecy of his customer's account? Under what circumstances can he disclose the account and what precautions should he taken in such cases?
4. State and explain the banker's obligation to honour the cheques. What risks do he have to face in the case of wrongful dishonour of a cheque?
5. Explain the elements of KYC Norms.

Unit - II

6. To which points should a banker pay attention while opening an account in the name of a partnership firm.
7. What risk does a banker incur in opening an account with opening an account in the name of a partnership firm?
8. A well established company of your area approach you for the purpose of opening an account . What precautions will you take, as a banker in such a case?
9. Explain the step should a banker take on receiving information regarding the death of a partner in a partnership firm.
10. Discuss in brief the practice governing the opening of a joint account.

UNIT – III

11. Explain the types of negotiable instrument.
12. Describe the salient features of a cheqe.
13. Elucidate the various types of crossing.
14. Explain the kinds of endorsement.
15. Discuss the regularity of endorsement.

Unit – IV

16. Explain the various precautions a paying banker should pay attention before honouring a cheque.
17. Explain the circumstances before dishonouring a cheque.
18. Explain the recovery of money paid by mistake by paying banker.
19. Explain the various types of negligences.

20. Explain the duties of a collecting banker.

Unit – V

21. Explain the principles of sound lending.
22. Describe the forms of advances.
23. Explain the main difference between pledge and hypothecation.
24. Analyze the relative advantages and disadvantages of legal and equitable mortgages.
25. Distinguish between a lien, a pledge, a mortgages and hypothecation.

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PREPARED BY

MS. M. JEEVA – UNIT –III, UNIT – IV AND UNIT – V (FIRST HALF)

MS. M. SHANMUGAPRIYA – UNIT – I, UNIT – II AND UNIT – V (SECOND HALF)