

PGDM / PGDM(IB) 2018-20  
Banking Law & Operations  
DM-411/ IB 408

Trimester – IV, End-Term Examination: September 2019

Time allowed: 2 Hrs 30 Min  
Max Marks: 50

Roll No: \_\_\_\_\_

**Instruction:** Students are required to write Roll No on every page of the question paper, writing anything except the Roll No will be treated as **Unfair Means**. All other instructions on the reverse of Admit Card should be followed meticulously.

Sections	No. of Questions to attempt	Marks	Total Marks
A	Minimum 3 question with internal choices and CILO (Course Intended Learning Outcome) covered Or Maximum 6 questions with internal choices and CILO covered (as an example)	3*10  Or 6*5	30
B	Compulsory Case Study with minimum of 2 questions	20	20
			50

**Section A**

1.a) What are types of bank accounts ? What do you understand by KYC & Anti Money Laundering? (CILO-1)

OR

1b) How is the EMI of a housing loan calculated and what are the income-tax exemptions for interest and principal repayment (CILO-1)

2a) What is the difference between primary and collateral security and difference between hypothecation & pledge? (CILO-2)

OR

2b) Describe the credit card cycle from its issuance to its use in shopping. Also explain the payment processes involved. What are the measures in place to prevent frauds and what more needs to be done for better security? (CILO-2)

3a) What is the difference between an LC and a bank guarantee ? (CILO-3)

OR

3b) What are the different methods used by Banks in recovery of NPAs? How will Insolvency & Bankruptcy Code help in recoveries ? (CILO- 3)

## Section B

1. Your customer Smt. Patel asks you to stop payment of the cheque of Rs.2500 which she has issued to a salesman as deposit for a washing machine which he promised to deliver the next day. The machine has not arrived and the firm, whom the salesman claimed to represent, has no knowledge of him, has received no order through him and states he has no authority to act on its behalf. The cheque which is crossed 'Not Negotiable' is paid in at your branch by another customer of yours, a local cloth merchant, who has paid cash against it to the salesman.
  - a) Can the cloth merchant set up a valid claim to recover the value of the cheque? What is his position vis-à-vis Smt. Patel?
  - b) Had you paid the cheque after notice of a stop order from Smt. Patel what would be your position vis-à-vis Smt. Patel? Give reasons stating what rights a bank may have against a customer whose cheque it pays despite the stop payment instruction.

(7+3) (CILO-2)

2. X is the MD of a limited company in which he singly operates company's bank account in Y Bank in Kolkata. X's personal account is with Z bank in Kolkata where he maintains an average credit balance of Rs.5000. X draws a cheque on company account payable to himself for Rs.85,000 which he pays in at Z bank for credit of his personal account. The cheque is collected by Z bank and proceeds credited to his account. Subsequently the company goes into liquidation and liquidator files suit against Z bank for recovery of the money on the ground of fraudulent conversion. What is the position of Z bank? Give reasons for your answer.

(10) (CILO 2)