

**F 4544**

(Pages : 3)

Reg. No.....

Name.....

**FIVE YEAR B.A., LL.B./B.B.A., LL.B./B.Com., LL.B. (HONS.) DEGREE  
EXAMINATION, DECEMBER 2023**

**Seventh Semester**

**F.L. 22—BANKING LAW**

(2019 Admissions—Regular/2018 Admissions—Supplementary)

Time : Three Hours

Maximum : 75 Marks

**Part A**

*Write short notes on any five of the following.*

*Each question carries 3 marks.*

1. Banker's right to set-off.
2. Merchant banking.
3. Garnishee order.
4. Statutory Liquidity Ratio (SLR).
5. SARFAESI Act.
6. Liability of Endorser of a Negotiable Instrument.

(5 × 3 = 15 marks)

**Part B**

*Answer any three of the following problems.*

*Each question carries 10 marks.*

7. Savings bank account of Mr. 'A' had been showing a credit balance of more than Rs. 10 lakhs, when he expired suddenly last month. Incidentally the account was having a nomination in favour of his son, Mr. 'B', who obtains the payment after completion of all the formalities. He withdraws the amount and places the same in his SB account with the same bank. The other legal heirs, A's mother and his daughter, come to the bank and inform that Mr. 'B' is not sharing the funds with them and says that due to nomination, he has become the owner of the money and they ask bank to freeze the account of Mr. 'B' and help them to get their share. What should the bank do in such a situation?

**Turn over**

8. Working capital limits of Rs.25 lakhs sanctioned by a bank are independently guaranteed by Mr. 'X' and Mr. 'Y' Due to adverse change in economic conditions, the account became a doubtful advance, with outstanding balance of Rs. 37 lakhs, and the bank served a notice for recovery both on the borrower and the guarantors. Mr. 'X', who is more than 75 years old, comes forward to partly settle the account by paying Rs. 12 lakhs. Looking into his financial status and age, bank agrees to his request and after accepting Rs. 12 lakhs from him, discharges him from his liability. When bank files a suit before the Debt recovery Tribunal for the remaining amount, the other guarantor Mr. 'Y' takes the plea that by releasing one guarantor from liability, the bank has lost its right to recover from the other guarantor also. Decide.
9. A savings bank customer issues an order cheque for Rs. 25,000 payable to 'X', which is then presented by an individual across the counter for payment. Upon examination, it is discovered that the cheque has been endorsed twice, with the final signature appeared to be as that of 'Y'. When informed that the payment can only be made to the designated payee 'X', the presenter, 'A', inscribes the words "pay to A" above signature of 'X' on the back of the cheque and demands payment. How should the bank handle this situation ?
10. 'A' draws a cheque for Rs. 10,000 and hands it over to 'B' by way of gift. Examine whether 'B' is considered as a holder-in-due course in light of the differences between holder and holder-in-due course under provisions of the Negotiable Instruments Act, 1881. What is the nature of B's title, interest and rights to receive the proceeds of the cheque ?

(3 × 10 = 30 marks)

### Part C

*Answer any two of the following questions.*

*Each question carries 15 marks.*

11. Examine whether it is accurate to define a banking company as "a company which transacts the business of banking in India". Discuss the exception to the above statement, if any. What are the characteristics of banking business ? What are the functions performed by commercial banks ? What is the nature of the general relationship between a bank and its customer ?

12. "Reserve Bank of India is not only a controller of credit but also a promoter of credit." In the light of the above statement, discuss the objectives, organizational structure and powers of the Reserve Bank of India.
13. Explain, with the help of judicial decisions, the conditions to be satisfied in order to invoke criminal liability in case of dishonour of a cheque for insufficiency of funds in the account of the drawer.

(2 × 15 = 30 marks)