

Reg. No. :

Name :

**Eighth Semester B.A. LL.B/B.Com.LL.B/B.B.A. LL.B (FIVE YEAR
INTEGRATED) Degree Examination, July 2024**

**Paper I/Paper II : LAW OF BANKING AND NEGOTIABLE INSTRUMENTS
(OPTIONAL I)**

**(PAPER I OF B.A. LL.B AND PAPER II OF BBA LL.B & B.Com. LL.B)
(2020 Admission)**

Time : 3 Hours

Max. Marks : 80

PART – A

- I. Answer any **six** questions not exceeding **50** words. Each question carries **2** marks.
1. Differentiate between commercial banks, cooperative banks, and development banks.
 2. Explain the concept of 'lender of last resort' and its relevance to the RBI.
 3. Explain the concept of exchange control and its objectives.
 4. Discuss the role of banking institutions in fostering socio-economic development in India.
 5. How does the Banking Regulation Act of 1949 regulate institutions like the State Bank of India, UTI and IDBI?
 6. Define the Banker's Book Evidence Act and its purpose in legal proceedings.

P.T.O.

7. Describe the precautions required when opening accounts for illiterate persons, lunatics and minors.
8. Discuss the role of the banking ombudsman in addressing grievances related to e-banking services and ensuring consumer protection in the digital era.

(6 × 2 = 12 Marks)

PART – B

II. Answer any **four** questions in not exceeding 150 words each. Each question carries **5** marks.

1. Explain the functions of banking institutions in India, focusing on their role in economic development and financial intermediation.
2. Discuss the major functions of the RBI.
3. Define social control of banks and its significance in the Indian context.
4. Explain the purpose and features of traveler's cheques and bank orders.
5. Discuss the procedures and documentation required for opening various types of accounts such as joint accounts, partnership accounts, and company accounts.
6. Evaluate the importance of taking precautions when opening accounts for special categories of customers like minors, married women and trustees.

(4 × 5 = 20 Marks)

PART – C

III. Answer any **four** questions. Each question carries **6** marks.

1. Thomas issued a post-dated cheque to Chacko as payment for the goods purchased. However, before the due date, Chacko transferred the cheque to Somy in exchange for a loan. When Somy presented the cheque to the bank on the due date, it was dishonoured due to insufficient funds. Discuss the position of Somy under the Negotiable Instruments Act and explain the liability of Thomas and Chacko towards Somy.
2. Raju, the payee of a bill of exchange, endorsed the bill in blank and handed it over to Shameer as security for a loan. Subsequently, Shameer lost possession of the bill, and it came into the hands of Rony, who endorsed it in his own favour. Rony then presented the bill for payment to the drawee, Mathew, who refused to accept it. Discuss the validity of Raju's endorsement and its implications. Also, discuss Mathew's liability towards Mr. Rony.

3. Madhu issued a promissory note to Sabu for a Loan of Rs.50,000, payable in three months. However, without Madhu's consent, Sabu altered the amount to Rs.1,50,000 before the maturity date. Sabu presented the promissory note to Madhu on the maturity date for payment. Madhu refused to pay the altered amount. Discuss whether the alteration made by Sabu is a material alteration and the consequences of such an alteration under the Negotiable Instruments Act, 1881. Also, discuss Madhu's liability towards Sabu.
4. Aneesha, a creditor of Devan, obtained a decree against him for Rs. 2,00,000. To enforce the decree, Aneesha obtained a garnishee order against PQR Bank, where Devan held a current account with a balance of Rs. 150,000. Meanwhile, Devan deposited Rs. 50,000 into his savings account with PQR Bank. Discuss the legal implications of the garnishee order on Devan's accounts with PQR Bank. Also, discuss whether PQR Bank can appropriate the Rs. 50,000 deposited by Devan towards the decree amount.
5. Rameez, a customer of XYZ Bank, obtained a loan of Rs.5,00,000 from the bank and pledged his fixed deposit of Rs.3,00,000 as collateral. However, Rameez defaulted on the loan repayment, and XYZ Bank exercised its right of set-off by debiting Rameez's savings account, which had a balance of Rs.2,00,000. Explain the validity of XYZ Bank's right of set-off against Mr. Rameez's savings account. Also discuss whether XYZ Bank can exercise its lien over Mr. Rameez's fixed deposit.

(4 × 6 = 24 Marks)

PART – D

IV. Answer any **two** questions. Each question carries **12** marks.

1. Trace the evolution of banking institutions in India from ancient times to the modern era, highlighting key milestones and influences.
2. Trace the evolution of banking reforms in the 21st century and their impact on the banking industry.
3. Describe the process of noting and protest as prescribed by the Negotiable Instruments Act, 1881, and their relevance in cases of dishonor.

(2 × 12 = 24 Marks)