



**PRESIDENCY UNIVERSITY
BENGALURU**

SCHOOL OF LAW

MID TERM EXAMINATIONS

Roll No.

Sem & AY : Odd 2019-20

Course Code: BCL 104

Course Name: BANKING AND INSURANCE

Program & Sem: B.Com.,LL.B. (Hons.) & V

Date: 16.10.2019

Time: 9.30 AM to 11.30 AM

Max Marks: 60

Weightage: 30%

Instructions:

- (i) Give suitable examples if necessary.*
-

Part A [Memory Recall Questions]

Answer all the Questions. Each Question carries two marks.

(10Qx2M=20M)

1. The primary relationship between a banker and customer starts from the time
 - a. when customer visits that bank
 - b. When customer opens account.
 - c. when customer visits that bank to made queries
 - d. All of the above
2. Which one of the following is the most important relationship between banker and customer
 - a. Debtor and Creditor.
 - b. Bailee and Bailor
 - c. Agency and Principal
 - d. Trustee and Beneficiary
3. Which bank have given the instructions to the commercial banks regarding the immediate credit of outstation cheques?
 - a. Reserve Bank of India.
 - b. Central Bank
 - c. World Bank
 - d. All of the above
4. Dishonour of cheque by a banker without any justifiable reason is called
 - a. Valid dishonour of cheques
 - b. Unmindful dishonour of cheques
 - c. Negligence dishonour of cheques
 - d. Wrongful dishonour of cheques.

5. _____ is the right of a person to retain the property of another person in his possession until the debt from that owner of that property is repaid
 - a. Lien.
 - b. Retainment
 - c. Retrenchment
 - d. Libel
6. The idea behind the bankers right to set-off is to enable the banker to reduce the _____ amount due to him from a customer
 - a. Gross
 - b. Net.
 - c. Partial
 - d. None of the above
7. The _____ rule is followed in appropriation of accounts if neither debtor nor creditors does not makes any specific appropriation.
 - a. Pagets
 - b. Kinlay
 - c. Sheldon
 - d. Claytons.
8. The right of set-off customers account can be exercised only by a A. Creditors
 - a. Creditors
 - b. Debtors
 - c. Banker.
 - d. Customer
9. MICR technology used for clearance of cheques by banks refers to
 - a. Magnetic Ink Character Recognition.
 - b. Magnetic Ink Company Recognition
 - c. Magnetic Ink Cross Recognition
 - d. Magnetic Ink Community Recognition
10. Which banks which accept deposits from the public and lend them mainly to commerce for short periods?
 - a. Commercial Bank.
 - b. Industrial Bank
 - c. Agricultural Bank
 - d. Central Bank

(Q.NO.1 to 10)(C.O.NO.1)]Knowledge]

Part B [Thought Provoking Questions]

Answer both the Questions. Each Question carries ten marks. (2Qx10M=20M)

11. Explain banking regulation act 1949. (C.O.NO.2)[Comprehension]
12. Explain functions and roles of RBI. (C.O.NO.2)[Comprehension]

Part C [Problem Solving Questions]

Answer the Question. The Question carries twenty marks. (1Qx20M=20M)

13. Explain PMC Bank scam in recent banking system of India. (C.O.NO.2)[Comprehension]



SCHOOL OF LAW

Semester: V

Course Code: BCL104

Course Name: Banking and Finance

Date: 16.10.2019

Time: 9.30 o 11.30 am

Max Marks: 60

Weightage: 30%

Extract of question distribution [outcome wise & level wise]

Q.NO	C.O.NO	Unit/Module Number/Unit /Module Title	Memory recall type [Marks allotted] Bloom's Levels			Thought provoking type [Marks allotted] Bloom's Levels			Problem Solving type [Marks allotted]		Total Marks
			K	2	1	C	10	2	A		
1	1	1	K	2	1						2
2	1	1	K	2	1						2
3	1	1	K	2	1						2
4	1	1	K	2	1						2
5	1	1	K	2	1						2
6	1	1	K	2	1						2
7	1	1	K	2	1						2
8	1	1	K	2	1						2
9	1	1	K	2	1						2
10	1	1	K	2	1						2
11	1	2				C	10	2			10

12	2	3				C	10	2				10
13	2	2							C	20	2	20
	Total Marks											60

K = Knowledge Level C = Comprehension Level, A = Application Level

Note: While setting all types of questions the general guideline is that about 60%

Of the questions must be such that even a below average students must be able to attempt, About 20% of the questions must be such that only above average students must be able to attempt and finally 20% of the questions must be such that only the bright students must be able to attempt.

Annexure- II: Format of Answer Scheme



SCHOOL OF LAW

SOLUTION

Semester: V

Course Code: BCL104

Course Name: Banking and Financial

Branch & Sem: B. Com, LLB (Hon.) & V

Date: 16.10.2019

Time: 9.30 am – 11.30 am

Max Marks: 60

Weightage: 30%

Part A

(10Q x 2M = 20Marks)

Q No	Solution	Scheme of Marking	Max. Time required for each Question
1	a. Net.	2 marks	2 minutes
2	d. Claytons.	2 marks	2 minutes
3	b. Banker.	2 marks	2 minutes
4	a. Magnetic Ink Character Recognition.	2 marks	2 minutes
5	a. Commercial Bank.	2 marks	2 minutes
6	c. When customer opens account.	2 marks	2 minutes
7	a. Debtor and Creditor.	2 marks	2 minutes

12	<p>Functions of RBI:</p> <ul style="list-style-type: none"> • The issuer of Currency: The RBI is the only authorized body that can issue currency in the country. So they print, distribute and regulate the flow of currency in the economy. • Banker to the Government: Even the Central and State government need basic banking functions. The RBI provides them with these facilities like depositing monies, remittances etc. It can also make advances and provide loans to the government whenever necessary. • Banker to other Banks: The Reserve Bank of India also supervises all other commercial banks in the country. It provides financial assistance to these banks like short-term loans and advances. The RBI also will dictate interest rates and the CRR limits to the commercial banks. • Regulator of Foreign Exchange: It is the function of the RBI to maintain the value of the rupee in the global economy. It does so by acting as the custodian of foreign exchange reserves in the country. It maintains enough reserves to battle against fluctuations. • Controls Credit in the Economy: This can be said to be the primary function of the Reserve Bank of India, the control of credit and money in the market. It uses qualitative and quantitative methods to either expand or contract the available credit in the economy according to circumstances. <p>Role:</p> <ol style="list-style-type: none"> 1. Credit policy 2. Currency policy 	10	20 minutes
----	--	----	------------

Part C

(1Q x20 M = 20 Marks)

Q No	Solution	Scheme of Marking	Max. Time required for each Question
---------	----------	----------------------	---

8	a. Reserve Bank of India.	2 marks	2 minutes
9	d. Wrongful dishonour of cheques.	2 marks	2 minutes
10	b. Lien.	2 marks	2 minutes

Part B

(2Q x 10M = 20 Marks)

Q No	Solution	Scheme of Marking	Max. Time required for each Question
11	<p>The Banking Regulation Act, 1949 is a legislation in India that regulates all banking firms in India. Passed as the Banking Companies Act 1949, it came into force from 16 March 1949 and changed to Banking Regulation Act 1949 from 1 March 1966. It is applicable in Jammu and Kashmir from 1956. Initially, the law was applicable only to banking companies. But, 1965 it was amended to make it applicable to cooperative banks and to introduce other changes.</p> <p>The Act provides a framework under which commercial banking in India is supervised and regulated. The Act supplements the Companies Act, 1956. Primary Agricultural Credit Society and cooperative land mortgage banks are excluded from the Act.</p> <p>The Act gives the Reserve Bank of India (RBI) the power to license banks, have regulation over shareholding and voting rights of shareholders; supervise the appointment of the boards and management; regulate the operations of banks; lay down instructions for audits; control moratorium, mergers and liquidation; issue directives in the interests of public good and on banking policy, and impose penalties.</p> <p>In 1965, the Act was amended to include cooperative banks under its purview by adding the Section 56. Cooperative banks, which operate only in one state, are formed and run by the state government. But, RBI controls the licensing and regulates the business operations. The Banking Act was a supplement to the previous acts related to banking.</p>	10	20 minutes

13	<p>The beginning of financial fraud at the Punjab and Maharashtra Cooperative (PMC) Bank could date as far back as 2008, with officials at the lender allegedly creating several accounts to help fund the distressed property company HDIL over the past decade, two people familiar.</p> <p>It has now come to the knowledge of the Reserve Bank of India (RBI) that a group of management executives, which included the now suspended managing director (MD) Joy Thomas, allegedly helped lend about Rs 6,226 crore, or 73% of total loans of the bank, to just HDIL. The developer has filed for bankruptcy recently.</p>	20	30 minutes
----	--	----	------------



Roll No

**PRESIDENCY UNIVERSITY
BENGALURU**

SCHOOL OF LAW

END TERM FINAL EXAMINATION

Semester: Odd Semester: 2019 - 20

Date: 23 December 2019

Course Code: BCL 104

Time: 1:00 PM to 4:00 PM

Course Name: BANKING AND INSURANCE

Max Marks: 80

Program & Sem: B.Com., LL.B. (Hons.) & V

Weightage: 40%

Instructions:

- (i) Read the all questions carefully and answer accordingly.
- (ii) Give examples if necessary.

Part A [Memory Recall Questions]

Answer all the Questions. Each Question carries 4 marks.

(5Qx4M=20M)

1. Define Bank. Explain types of banks in India. (C.O.No.1) [Knowledge]
2. Define leasing and explain types of leasing. (C.O.No.2) [Knowledge]
3. Define merchant Banking? Explain his role in Indian Stock Market. (C.O.No.3) [Knowledge]
4. Explain functions of commercial banks. (C.O.No.4) [Knowledge]
5. What is insurance? Mention types of Insurance. (C.O.No.5) [Knowledge]

Part B [Thought Provoking Questions]

Answer all the Questions. Each Question carries 10 marks.

(3Qx10M=30M)

6. Distinguish between leasing and hire purchase. (C.O.No.2) [Comprehension]
7. Explain negotiable instrument act 1881. (C.O.No.4) [Comprehension]
8. Explain lending principles of banking. (C.O.No.5) [Comprehension]

Part C [Problem Solving Questions]

Answer both the Questions. Each Question carries 15 marks.

(2Qx15M=30M)

9. Explain role and functions of RBI. (C.O.No.1) [Knowledge]
10. Explain powers of SEBI. (C.O.No.4) [Comprehension]



END TERM FINAL EXAMINATION

Extract of question distribution [outcome wise & level wise]

Q.NO	C.O.NO (% age of CO)	Unit/Module Number/Unit /Module Title	Memory recall type [Marks allotted]	Thought provoking type [Marks allotted]	Problem Solving type [Marks allotted]	Total Marks
			Bloom's Levels	Bloom's Levels		
			K	C	A	
1	1	1	K			4
2	2	2	K			4
3	3	3	K			4
4	4	4	K			4
5	5	5	K			4
6	2	1		C		10
7	4			C		10
8	5			C		10
9	1		K			15
10	4			C		15
	Total Marks					80

K = Knowledge Level C = Comprehension Level, A = Application Level

Note: While setting all types of questions the general guideline is that about 60%

Of the questions must be such that even a below average students must be able to attempt, About 20% of the questions must be such that only above average students must be able to attempt and finally 20% of the questions must be such that only the bright students must be able to attempt.

I hereby certify that all the questions are set as per the above guidelines.

Faculty Signature:

Reviewer Comment:



SCHOOL OF ENGINEERING

SOLUTION

Semester: Odd Sem. 2019-20
Course Code: BCL104
Course Name: Banking and Insurance
Program & Sem: B. Com., LLB (Hons.) & V

Date: 23.12.2019
Time: 3 HRS
Max Marks: 80
Weightage: 40%

Part A

(4Q x 5M = 20 Marks)

Q No	Solution	Scheme of Marking	Max. Time required for each Question
1	<p>Bank is a place where ever customer can deposit and withdraw the currency.</p> <p>Types of Banks:</p> <ol style="list-style-type: none">1. Central bank2. Retail bank3. Investment bank4. Cooperative bank5. Commercial bank	4	10
2	<p>A lease is a contract outlining the terms under which one party agrees to rent property owned by another party. It guarantees the lessee, also known as the tenant, use of an asset and guarantees the lessor, the property owner or landlord, regular payments for a specified period in exchange. Both the lessee and the lessor face consequences if they fail to uphold the terms of the contract. It is a form of incorporeal right.</p> <p>types of Leasing:</p> <ol style="list-style-type: none">1. Financial lease2. Operating lease3. Cross border lease4. Sale and lease back5. Leverage lease	4	10
3	<p>Merchant Banking is a combination of Banking and consultancy services. It provides consultancy to its clients for financial, marketing, managerial and legal matters. Consultancy means to provide advice, guidance and service for a fee.</p> <p>Role of Merchant Banker:</p> <ol style="list-style-type: none">1. Assisting he client o raise he fund.2. Acing as stock exchange broker.3. Helps in the management of a project.4. Handing companies public issues.5. Helps sick companies for their revival.6. Managing portfolio of is clients.	4	10

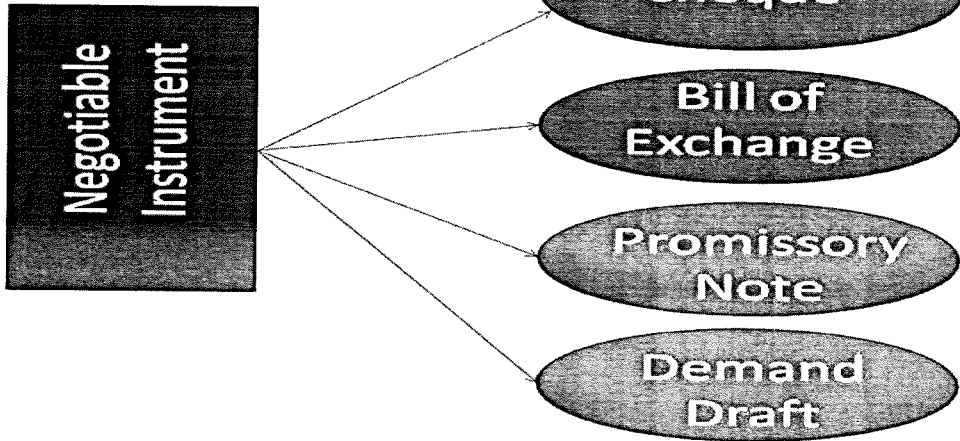
Functions of Commercial Banks

	<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;"> <p>Primary Functions</p> <ol style="list-style-type: none"> 1. Accepting Deposits 2. Making Advances 3. Credit Creation </div> <div style="text-align: center;"> <p>Secondary Functions</p> <ol style="list-style-type: none"> 1. Clearance of Cheque 2. Sale / Purchase of Shares / Bonds 3. Transfer of Money 4. To work as Trusty 5. To work as a representative 6. To give / accept money 7. To provide letter of credit </div> </div>		
5	<ol style="list-style-type: none"> 1. General Insurance 2. Life insurance 		

Part B

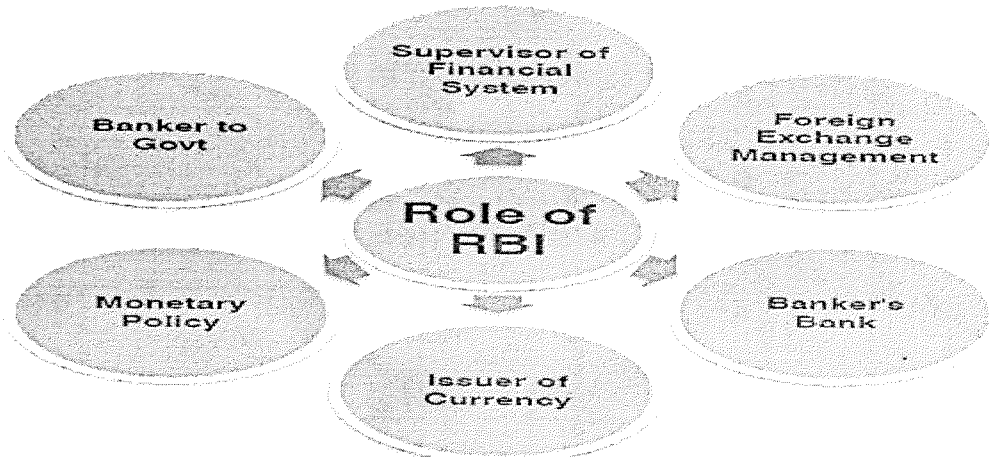
(3Q x 10M = 30 Marks)

Q No	Solution	Scheme of Marking	Max. Time required for each Question															
6	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;">BASIS</th> <th style="width: 35%;">LEASE FINANCING</th> <th style="width: 35%;">HIRE PURCHASE</th> </tr> </thead> <tbody> <tr> <td>Meaning</td> <td>A lease transaction is a commercial arrangement, whereby an equipment owner or manufacturer conveys to the equipment user the right to use the equipment in return for a rental.</td> <td>Hire purchase is a type of instalment credit under which the hire purchaser agrees to take the goods on hire at a stated rental, which is inclusive of the repayment of principal as well as interest, with an option to purchase.</td> </tr> <tr> <td>Option to user</td> <td>No option is provided to the lessee (user) to purchase the goods.</td> <td>Option is provided to the hirer (user).</td> </tr> <tr> <td>Nature of expenditure</td> <td>Lease rentals paid by the lessee are entirely revenue expenditure of the lessee.</td> <td>Only interest element included in the HP instalments is revenue expenditure by nature.</td> </tr> <tr> <td>Components</td> <td>Lease rentals comprise of 2 elements (1) finance charge and (2) capital recovery.</td> <td>HP instalments comprise of 3 elements (1) normal trading profit (2) finance charge and (3) recovery of cost of goods/assets.</td> </tr> </tbody> </table>	BASIS	LEASE FINANCING	HIRE PURCHASE	Meaning	A lease transaction is a commercial arrangement, whereby an equipment owner or manufacturer conveys to the equipment user the right to use the equipment in return for a rental.	Hire purchase is a type of instalment credit under which the hire purchaser agrees to take the goods on hire at a stated rental, which is inclusive of the repayment of principal as well as interest, with an option to purchase.	Option to user	No option is provided to the lessee (user) to purchase the goods.	Option is provided to the hirer (user).	Nature of expenditure	Lease rentals paid by the lessee are entirely revenue expenditure of the lessee.	Only interest element included in the HP instalments is revenue expenditure by nature.	Components	Lease rentals comprise of 2 elements (1) finance charge and (2) capital recovery.	HP instalments comprise of 3 elements (1) normal trading profit (2) finance charge and (3) recovery of cost of goods/assets.	10	20
BASIS	LEASE FINANCING	HIRE PURCHASE																
Meaning	A lease transaction is a commercial arrangement, whereby an equipment owner or manufacturer conveys to the equipment user the right to use the equipment in return for a rental.	Hire purchase is a type of instalment credit under which the hire purchaser agrees to take the goods on hire at a stated rental, which is inclusive of the repayment of principal as well as interest, with an option to purchase.																
Option to user	No option is provided to the lessee (user) to purchase the goods.	Option is provided to the hirer (user).																
Nature of expenditure	Lease rentals paid by the lessee are entirely revenue expenditure of the lessee.	Only interest element included in the HP instalments is revenue expenditure by nature.																
Components	Lease rentals comprise of 2 elements (1) finance charge and (2) capital recovery.	HP instalments comprise of 3 elements (1) normal trading profit (2) finance charge and (3) recovery of cost of goods/assets.																

7			
8	<p>PRINCIPLES OF SOUND LENDING</p> <ul style="list-style-type: none"> ⊙ Safety ⊙ Liquidity ⊙ Profitability ⊙ Security ⊙ Purpose of the loan ⊙ Diversification of risks ⊙ Assured repayment ⊙ Social objectives ⊙ The law of limitation act. 	10	20

Part C

(2Q x 15M = 30Marks)

Q No	Solution	Scheme of Marking	Max. Time required for each Question
9		15	30

POWERS OF SEBI

- 1) Power to call periodical returns from recognized stock exchange.
- 2) Power to control and regulate stock exchange.
- 3) Power to levy fees or other charges for carrying out the purpose of regulation.
- 4) Power to direct enquiries to be made in relation to affairs of stock exchanges or their members.
- 5) Power to make or amend bye-laws of recognized stock exchanges.
- 6) Power to grant registration to market intermediaries.
- 7) Power to declare applicability of section 17 of the Securities Contract (Regulation) Act 1956 in any state or area to grant licenses to dealers.
- 8) Power to compel listing of securities by public companies.

