



Roll No.

**PRESIDENCY UNIVERSITY
BENGALURU**

SCHOOL OF LAW

MIDTERM EXAMINATION

Even Semester: 2018-19

Course Code: LAW 401

Course Name: Banking and Insurance Law

Programme & Sem: BBA.,LL.B. (Hons.) & VIII Sem

Date: 26 March 2019

Time: 2 Hours

Max Marks: 60

Weightage: 30%

Instructions:

- (i) *All questions are compulsory*
- (ii) *Answer part A questions in not more than 3 sentences.*
- (iii) *Give reasons in support of your answer wherever required*

Part A

Answer **all** the Questions. **Each** question carries **two** marks.

(10Qx2M=20)

1. What is a bill of exchange?
2. Give any two points of difference between bill of exchange and a promissory note?
3. What do you understand by “negotiation” in the context of Negotiable Instruments Act, 1881?
4. Name any two circumstances in which the RBI can give directions to banking companies generally or to a banking company in particular?
5. What do you understand by statutory liquidity ratio?
6. What is a NBFC?
7. In the case of R.C. Cooper v. Union 1970 AIR 564 of India which statute was challenged as being ultra vires the Constitution of India?
8. What is the primary function of Banks?
9. What are cooperative banks?
10. What is protesting?

Part B

Answer **both** the Questions. **Each** question carries **ten** marks.

(2Qx10M=20)

11. Explain the functions of the Reserve Bank of India.
12. RBI exercises complete control over Banking companies in India. Comment.

Part C

Answer **all** the Questions. **Each** question carries **five** marks.

(4Qx5M=20)

13. Identify whether the below mentioned are promissory notes. Give reasons in support of your answer:

a. "I promise to pay to B, Rs. 20,000/- upon his marriage" (2.5 marks)

b. "I promise to pay B a sum of Rs. 1,000/- and three kilograms of grains on demand" (2.5 marks)

14.

a. In the below mentioned figure identify the type of crossing of the cheque? (1 mark)

	Mumbai, April 30, 2017
Pay Rustom Daruwala.....	or bearer / order
Rupees twenty Thousand only	Rs. 20,000
	Sd/- Zubin Patrawala

b. What are the different ways of crossing a cheque? State the implications of the same. (4 marks)

15. Identify the negotiable instrument and state who the parties are thereto. List out the important ingredients of the same.

	Mumbai, June 1, 2017
Rs. 20,000/-	
Three Months after date, pay to Rustom Daruwala or Order, the sum of Rs. 20,000 (Rupees twenty Thousand only)	
	Sd/- Zubin Patrawala
To:	
Homi Patel	
123, M.G road	
Mumbai- 400560	

16. Write a note on holder in due course.



PRESIDENCY UNIVERSITY
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END TERM FINAL EXAMINATION

Even Semester: 2018-19

Course Code: LAW 401

Course Name: Banking & Insurance Law

Program & Sem: BBA.,LLB. (Hons) & VIII Sem

Date: 21 May 2019

Time: 3 Hours

Max Marks: 80

Weightage: 40%

Instructions:

- (i) All questions are compulsory
- (ii) For Part A write the question no. followed by the right option.
- (iii) Answer Part B and Part C concisely

Part A

Answer **all** the Questions. **Each** question carries **two** marks.

(10Qx2M=20M)

1. Select the most suitable option.

- i. For a person to be a holder in due course, he must :
 - a. Have become the possessor of the negotiable instrument for consideration
 - b. Have obtained it before maturity
 - c. Have no notice of any defect in the title
 - d. All the above
 - e. Only a & c
- ii. Which of the following is not an essential of a cheque
 - a. Unconditional order
 - b. Certain amount
 - c. Payable on demand
 - d. Unconditional promise
- iii. Companies that solely engage in the business of lending / financing projects can be said to be Banks
 - a. Yes
 - b. No
 - c. Depends on the license issued by the Reserve Bank of India
 - d. Depends on the Memorandum of Associations of the Company
- iv. Nationalization of life insurance business took place in the year
 - a. 1969
 - b. 1956
 - c. 1972
 - d. None of the above

- v. Which one of the following is not related to e-banking
- Automated Teller Machines
 - Debit Card
 - Demand Draft
 - RTGS
- vi. Which of the following are instrument of credit control in the banking system:
- Statutory Liquidity Ratio
 - Open market operation
 - Cash reserve Ration
 - All the above
 - Only a & b
- vii. Personal accident insurance in India is regarded as product of
- Life insurance
 - General insurance
 - Reinsurance
 - None of the above
- viii. The relationship created between a Banker and Customer by reason of the latter depositing valuables in the safety deposit vaults of the former is that of
- Creditor & debtor
 - Bailor & Bailee
 - Trustee & Beneficiary
 - All the above
- ix. RTGS stands for
- Rupee Transfer Gateway System
 - Rupee Transfer Gross Settlement
 - Real Time Gross Settlement
 - Real Time Gateway System
- x. Can a Bank approach an Ombudsman if its customer refuses to repay the loan advanced by the Bank to him:
- Yes
 - No
 - Yes, if there is an express agreement to that effect between the Banker & Customer
 - Depends on the discretion of the Ombudsman

Part B

Answer **all** the Questions. **Each** question carries **six** marks.

(5Qx6M=30M)

Write short notes on the following:

- Section 138 of the Negotiable Instruments Act, 1881
- Characteristics of Insurance contract
- Marine Insurance
- Powers and duties of IRDA
- Banker's Lien

Part C

Answer **both** the Questions. **Each** question carries **fifteen** marks.

(2Qx15M=30M)

7. United Provident Assurance Company (“UPA”) is a Life Insurance company which provides for various types of life insurance policies. Mr. Rizwik, a healthy 30 year old, is desirous of obtaining a Term insurance policy of assured amount 1 crore, if the death occurs during the policy period of 30 years by any natural causes. He approaches UPA for a policy and fills the proposal form provided by it. In the proposal form various details are sought by UPI including, but not limited to details of occupation, medical history, smoking and drinking habits. Mr. Ruzwik fails to disclose that he is a frequent drinker. Subsequent, to a medical check-up he is issued an insurance policy commencing from 21st February, 2012. In May 2019 he is hospitalized with liver related problems which the doctors attribute to alcohol abuse over prolonged period of time, which ultimately result in his death. His nominee makes a claim upon his death.

Based on the aforesaid, answer the following questions:

- Determine whether UPI must make payment to Mr. Rizwik under the insurance contract. Give reasons to support your answer. (3 marks)
 - Discuss any three principles upon which a contract of insurance is based. (6 marks)
 - Determine whether the aforesaid contract of insurance can be said to be a contract of indemnity. Give reasons in support of your answer. (3 marks)
 - Differentiate between wagering agreements and contracts of insurance. (3 marks)
8. Ms. Neena Raj opened an account with the Residency Bank of Karnataka (“RBK”) by filling the account opening form, complying with all KYC norms and depositing an amount of 1 lakh rupees. She gave standing instructions to RBK that monthly an amount of Rs. 5000/- is to be deposited to the account of her daughter as court ordered maintenance. She later also availed the safety vault facilities provided by RBK and deposited therein certain jewelry.
- Based on the aforesaid, answer the following questions:
- On the basis of the various of services availed by Ms. Neena Raj, state the various types of relationship that she has with the Bank. Give reason in support of your answer. (5 marks)
 - State with reasons if RBK can exercise lien over jewelry that has been deposited with It. (3 marks)
 - Discuss the creditor- debtor relationship between a banker and customer with the help of case laws. (7 marks)