

(FOR THE CANDIDATES ADMITTED

SUB CODE **23UIB409**

DURING THE ACADEMIC YEAR 2023 ONLY)

REG.NO. :

**N.G.M. COLLEGE (AUTONOMOUS) : POLLACHI**

**END-OF-SEMESTER EXAMINATIONS: MAY-2025**

**B.COM-IB(SF)**

**MAXIMUM MARKS: 75**

**SEMESTER-IV**

**TIME: 3 HOURS**

**PART-III**

**23UIB409-BANKING LAW & FOREIGN EXCHANGE**

**SECTION – A**

**(10 X 1 = 10 MARKS)**

**ANSWER THE FOLLOWING QUESTIONS.**

**(K1)**

1. Executing the standing instructions, there exists a relationship of \_\_\_\_\_.  
(a) Debtor and Creditor (b) Trustee and beneficiary (c) Bailee and bailor (d) Agent and principal
2. The most undesirable customer is \_\_\_\_\_.  
(a) A minor (b) A married women (c) An unregistered firm (d) An undercharged bankrupt
3. A document which can be used only for making local payment is: \_\_\_\_\_.  
(a) A cheque (b) A bill of exchange (c) A banker's cheque (d) A draft
4. A foreign currency account maintained by a bank abroad is its \_\_\_\_\_.  
(a) Nostro account (b) Vostro account (c) Loro account (d) Foreign bank account
5. The maxim 'buy low; sell high' is applicable for \_\_\_\_\_.  
(a) Quotation of pound – sterling (b) Indirect rates (c) Direct rates (d) US dollars

**ANSWER THE FOLLOWING IN ONE (OR) TWO SENTENCES**

**(K2)**

6. What is banker's lien?
7. What do you mean by Letter of Credit?
8. Define stale cheque.
9. Write a short note on 'nostro account'.
10. What is swap deal?

Ethical paper

**(CONT...2)**

**SECTION – B****(5 X 5 = 25 MARKS)****ANSWER EITHER (a) OR (b) IN EACH OF THE FOLLOWING QUESTIONS. (K3)**

11. a) Can a money lender be called a banker? **(OR)**  
b) State the advantages of branch banking system.
12. a) Explain why business people prefer a current account. **(OR)**  
b) Mention the procedure to disclose the accounts.
13. a) Explain the different kinds of Negotiable Instruments. **(OR)**  
b) Distinguish between general crossing and special crossing.
14. a) State the objectives of Foreign Exchange Management Act. **(OR)**  
b) Differentiate between hedging and speculation.
15. a) How is trading in foreign exchange beneficial to a bank? **(OR)**  
b) State the major factors that influence the exchange rate of a country.

**SECTION – C (5 X 8 = 40 MARKS)****ANSWER EITHER (a) OR (b) IN EACH OF THE FOLLOWING QUESTIONS. (K4 (Or) K5)**

16. a) Explain the role of commercial banks in the economic development of a country. **(OR)**  
b) Explain general relationship between a banker and a customer.
17. a) Draw a fixed deposit and discuss its main features. **(OR)**  
b) Point out the precautions a banker should generally take while opening account for partnership firm.
18. a) Give a specimen of a cheque and discuss its features. **(OR)**  
b) Discuss the legal implications of marking of a post dated cheque.
19. a) Trace the history of foreign exchange regulations in India. **(OR)**  
b) Mention the open position risk to dealer in foreign exchange.
20. a) Examine the possibility of interest rate arbitrage. **(OR)**  
b) How is exchange profit computed by banks?

Ethical paper

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