

(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?