

(FOR THE CANDIDATES ADMITTED  
DURING THE ACADEMIC YEAR 2025 ONLY)

25UBI204

REG.NO:

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

**END-OF-SEMESTER EXAMINATIONS: APRIL-2026**

**B.COM - BANKING AND INSURANCE**

**MAXIMUM MARKS: 75**

**SEMESTER: II**

**TIME: 3 HOURS**

**PART - III**

**BANKING LAW AND PRACTICE**

**SECTION – A**

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

**ANSWER THE FOLLOWING QUESTIONS.**

**(K1)**

1. KYC norms are primarily introduced to prevent\_\_\_\_\_.  
a) Inflation  
b) Tax evasion  
c) Money laundering and fraud  
d) Interest rate fluctuation
2. Which of these customer can not open a Current Account?  
a) Minor  
b) Partnership Firm  
c) Hindu Undivided Family  
d) Executor
3. A cheque that can only be credited to the account of the payee is called \_\_\_\_\_.  
a) Open Cheque  
b) Crossed Cheque  
c) Bearer Cheque  
d) Stale Cheque
4. A collecting banker acts primarily as \_\_\_\_\_.  
a) Agent of the customer  
b) Agent of the central bank  
c) Agent of the government  
d) Independent holder
5. Secured advances are loans backed by \_\_\_\_\_.  
a) Tangible assets  
b) Personal reputation  
c) Promissory notes  
d) Banker's discretion

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

**(K2)**

6. Define: Banker.
7. Who is an Executor in banking terminology?
8. State any one function of Positive Pay System (PPS).
9. Name one precaution a banker should take before honouring a cheque.
10. State one essential feature of a lien.

**SECTION – B**

**(5 X 5 = 25 MARKS)**

**ANSWER EITHER (a) OR (b) IN EACH OF THE FOLLOWING QUESTIONS. (K3)**

11. a) Describe the general relationship between a banker and a customer with examples.  
**(OR)**  
b) Show the special relationship that exists Banker and Customer.
12. a) List out the various types of Bank accounts.  
**(OR)**  
b) Define a Joint Bank Account. Explain its features. **(CONTD.....2)**

13. a) Show the main features of a negotiable instrument.  
(OR)  
b) Describe the various types of cheque crossing with examples.
14. a) List out duties of a paying banker.  
(OR)  
b) Examine the concept of “payment in due course” and its importance for a banker.
15. a) Elaborate the principles of sound lending followed by banks.  
(OR)  
b) Assess the essential rights and duties of a mortgagor

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

16. a) Outline the insights of Arthashastra and Manusmriti on financial relationships.  
(OR)  
b) Point out the role of KYC norms and their significance.
17. a) Summarise the conditions under which a minor can operate a bank account.  
(OR)  
b) Explain the documents required to open current and savings accounts.
18. a) Explain the differences between a promissory note and a bill of exchange.  
(OR)  
b) Discuss the various types of endorsements and their impact on negotiability.
19. a) State the circumstances under which a cheque can be dishonoured.  
(OR)  
b) Elaborate the banker’s role as an agent in the remittance of funds.
20. a) Outline the differences between secured and unsecured advances.  
(OR)  
b) Evaluate the characteristics of hypothecation as a mode of charging security.

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**ETHICAL PAPER**