

**FOR THE CANDIDATES ADMITTED  
DURING THE ACADEMIC YEAR 2021 ONLY)**

**21UIB306**

**REG.NO**

**NGM COLLEGE (AUTONOMOUS) POLLACHI  
END-OF-SEMESTER EXAMINATIONS: DECEMBER-2022**

**B.Com-International Business**

**MAXIMUM MARKS: 70**

**III SEMESTER**

**TIME: 3 HOURS**

**PART III**

**BANKING LAW & FOREIGN EXCHANGE**

**SECTION – A**

**(10 X1 = 10 MARKS)**

**ANSWER THE FOLLOWING QUESTIONS  
MULTIPLE CHOICE QUESTIONS**

**(K1)**

1. The banker has a statutory obligation to:\_\_\_\_\_  
(a) Honour customers cheque (b) Exercise lien  
(c) Maintain secrecy of his customer's accounts (d) Honour customer's bills
2. The best suited deposit for a trading community is:\_\_\_\_\_  
(a) Savings Deposit (b) Fixed Deposit  
(c) Current Deposit (d) Recurring Deposit
3. The 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 drefit
4. The exchange rate fixed on the basis of demand and supply of currencies is called:\_\_\_\_\_  
(a) Flexible rate (b) Forward rate  
(c) Floating rate (d) Multiple rate
5. A foreign currency account maintained by a bank abroad is its\_\_\_\_\_  
(a) Nostro account (b) Vostro account  
(c) loro account (d) foreign bank account

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

**(K2)**

6. What do you understand by the term 'banker'?
7. Can fixed deposit be claimed before maturity?
8. What is a negotiable instrument?
9. Define 'foreign Exchange'
10. Indicate the Meaning of 'Exchange pegging'?

**(CONTD.....2)**

**SECTION – B****(5 X 4 = 20 MARKS)****ANSWER EITHER (a) OR (b) IN EACH OF THE FOLLOWING QUESTIONS. (K3)**

11. (a) Compare the special relationship between banker and customer?  
(OR)  
(b) Explain the functions of modern commercial banks.
12. (a) List out which is most required documents at the time of opening a new account.  
(OR)  
(b) Assess the legal position of a banker with regard to a fixed deposit.
13. (a) Distinguish between general crossing and special crossing.  
(OR)  
(b) Explain the different kinds of endorsement.
14. (a) State the objectives of Foreign Exchange Management Act.  
(OR)  
(b) Examine the functions of foreign exchange department of an authorized dealer bank.
15. (a) Determine how is exchange profit computed by banks?  
(OR)  
(b) Discover the significance of interest rate risk to a business firm.

**SECTION – C****(4 X 10 = 40 MARKS)****ANSWER ANY FOUR OUT OF SIX QUESTIONS.****(16TH QUESTION IS COMPULSORY AND ANSWER ANY THREE****QUESTIONS FROM Q.NO: 17 TO 21 )****(K4) OR (K5)**

16. Critically examine the Purchasing Power Parity Theory in the determination of exchange rates.
17. Outline few modern services rendered by banks towards better customer relation.
18. Criticize the precautions that a banker should take while opening accounts in favour of Partnership firm?
19. Discuss the position of a banker when a cheque is presented for payment.
20. Evaluate the present functions of Foreign Exchange Dealers' Association in India?
21. Summarize the major factors that influence the exchange rate of a currency.