



BRAINWARE UNIVERSITY

Course – B.Com.

**Principles and Practices of Banking – Functions of Banks (Deposits) (BCMC 103)
(Semester – 1)**

Time allotted: 3 Hours

Full Marks : 70

[The figure in the margin indicates full marks. Candidates are required to give their answers in their own words as far as practicable.]

**Group-A
(Multiple Choice Questions)**

Choose the correct answer from the given alternatives of the following: 10x1=10

1. Your branch receives a cheque of Rs.500 written in figure and Rs.5 Lac in words. Under section 18 of N.I.Act, the bank
 - a) Is required to return the cheque, as the mandate is not clear.
 - b) Is required to pay the cheque in words.
 - c) Is required to pay the amount in figures
 - d) Is required to the lower of the amount written in words or figure

2. A endorsed a cheque in favour of B and B endorsed it to C who just signs the cheque. The cheque is stolen by D, who endorsed the cheque in favour of Ashok (an old creditor of D) for valid consideration. Ashok took the payment of the cheque. In this case Ashok is liable to whom
 - a). liable to the bank
 - b) liable to the drawer
 - c) liable to all the parties
 - d) not liable to any one since he is holder in due course.

3. Which of the following crossings are not defined in N.I.Act
 - a) Account Payee
 - b) General Crossing
 - c) Special Crossing
 - d) All the Crossings

4. A minor can be allowed to open a Savings Bank Account, where he
 - a) Could sign and his age is at least 12 years
 - b) His age is above 10 years 16171
 - c) Could sign in English and age is 16 years
 - d) Could sign and his age is 10 years and above

5. Who among the following will sign the account opening form for opening a current account of a Partnership Firm where a minor aged 17 years has been admitted into the firm for benefits ?

- a) All the three and father of the minor
- b) All the three and natural guardian of the minor
- c) All the three and minor himself
- d) All the three partners only.

6. Principle functions of banks are.....

- a) accepting deposits
- b) lending and investment
- c) non-fund business and remittance services
- d) all of the above.

7. In deposit account the main relationship between bank and customer is

- a) creditor- Bank & debtor- customer
- b) debtor- Bank & creditor- Customer
- c) agent – principal
- d) servant – owner

8. When a bank lends money to a corporate customer the relationship is

- a) borrower and lender
- b) creditor and debtor
- c) debtor and creditor
- d) customer and client.

9. A NRE account can be opened by

- a) Foreign Nationals only
- b) Foreign Institutional Investors only
- c) It can be opened by both NRI as well as foreign national
- d) It can be opened jointly by NRI with a close relative.

10. Delegation of powers under a Trust is

- a) Possible
- b) Not possible
- c) Beneficiary's permission required
- d) Charity commissioner's permission required

Group – B
(Short Answer Type Question)
Answer any three questions

3 x 5 = 15

1. Distinguish Holder and holder in due course.
2. Write short note on Trust.
3. Write short note on RTGS.
4. Distinguish demand deposits and time deposits.
5. What is Public Limited Company?

Group – C
(Long Answer Type Question)
Answer any three questions

3 x 15 = 45

1. What are different types of companies? Whether a Company can be considered as a legal person? What are the essential documents to be obtained by a bank while opening account of a company? 3+3+9
2. Define Partnership Firm as per Indian Partnership Act,1932. Whether registration of a partnership firm is compulsory? Which document is essential for opening account of an account of a Partnership Firm? Is it necessary to open a new account in case there is addition into the Partnership? 3+3+7+2
3. What is 'collection of a cheque'? What is conversion? What statutory protection available to a collecting banker as per N.I.Act? 2+2+11
4. What is 'Negotiability'? What are negotiable instruments as per N.I.Act? Who are the different parties in a cheque? What is the validity period of a cheque? What is revalidation of a cheque? 2+3+2+8
5. What is ATM? Who recommended establishment of ATM in India? State operations of ATM. 2+5+8