22ECU623N

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)
BA DEGREE EXAMINATION MAY 2026
(Sixth Semester)

Branch - **ECONOMICS**

BANKING LAW: THEORY AND PRACTICE

Time: Three Hours — Maximum: 75 Marks

SECTION-A (10 Marks)

Answer **ALL** questions

ALL questions carry **EQUAL** marks (10 × 1 = 10)

Module No.	Question No.	Question	K Level	CO
1	1	When a customer leaves valuable securities with a bank for "Safe Custody," the banker is the ________ and the customer is the ________. (i) Debtor; Creditor (ii) Bailee; Bailor (iii) Trustee; Beneficiary (iv) Both (ii) and (iii) are legally used	K1	CO1
	2	Trace A banker's lien is an "implied pledge," which gives the banker the right to: (i) Sell the securities only after a court order. (ii) Retain possession of goods/securities until the debt is paid. (iii) Return the securities even if the debt is unpaid. (iv) Use the securities for personal gain	K2	CO1
2	3	What action should a collecting banker take if a cheque is dishonoured? (i) Destroy the cheque immediately. (ii) Pay the amount to the customer from bank funds. (iii) Serve a notice of dishonour to the customer within a reasonable time. (iv) Re-present the cheque automatically without informing the customer.	K1	CO2
	4	Relate a collecting banker is expected to scrutinize instruments for: (i) The customer's credit score (ii) The paying bank's annual profit (iii) Material alterations and regularity of endorsements. (iv) The current market value of the drawer's property	K2	CO2
3	5	What is the primary difference between a "Pledge" and "Hypothecation"? (i) Ownership is transferred in a pledge but not in hypothecation (ii) Possession is transferred to the lender in a pledge, but remains with the borrower in hypothecation. (iii) Pledges are for immovable property while hypothecation is for movable assets. (iv) Hypothecation is a verbal agreement, while a pledge must be in writing.	K1	CO3
	6	Infer Assets which remain NPAs for more than 12 months are classified as (i) Standard Assets (ii) Loss Assets (iii) Doubtful Assets (iv) Current Assets	K2	CO3
4	7	What is the full form of IMPS? (i) Internet Money Payment System (ii) Immediate Payment Service (iii) Immediate Personal System. (iv) Instant Money Processing Service.	K1	CO4
	8	Identify the process of converting electronic holdings back into physical certificates is known as (i) Dematerialisation (ii) Rematerialisation (iii) Re-capitalisation (iv) Physical-transition	K2	CO4

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5	9	What is a common "Muddati Hundi" in indigenous banking? (i) Ahundi payable immediately on demand. (ii) A hundi payable after a specified period of time. (iii) A hundi that can never be encashed. (iv) A hundi used only for international trade	K1	CO5
	10	Identify NABARD was set up on the recommendation of the (i) Narasimham Committee (ii) Rangarajan Committee (iii) Shivaraman Committee (iv) Malhotra Committee	K2	CO5

SECTION - B (35 Marks)

Answer **ALL** questions

ALL questions carry **EQUAL** Marks (5 × 7 = 35)

Module No.	Question No.	Question	K Level	CO
1	11.a.	What are the types of deposits?	K1/K2	CO1
		(OR)		
	11.b.	Explain the modern alternatives to pass books in digital banking.		
2	12.a.	Summarize the Statutory Protection Available to a Paying Banker Under Banking Law.	K1/K2	CO2
		(OR)		
	12.b.	Explain the importance of grievance redressal.		
3	13.a.	Identify the advantages and disadvantages of pledge as a mode of security.	K3	CO3
		(OR)		
	13.b.	Apply Investigate the risks involved in granting advances against goods and How Banks Mitigate them.		
4	14.a.	Examine the role of mobile banking and digital wallets in remittance services.	K4	CO4
		(OR)		
	14.b.	Distinguish between Intra-Branch and Inter-Branch Transactions.		
5	15.a.	Identify the Reasons for the Decline of Indigenous Banking in India.	K5	CO5
		(OR)		
	15.b.	Assess the role of banks in economic development.		

SECTION -C (30 Marks)

Answer **ANY THREE** questions

ALL questions carry **EQUAL** Marks (3 × 10 = 30)

Module No.	Question No.	Question	K Level	CO
1	16	Explain the process of opening a bank account.	K2	CO1
2	17	Summarize the different types of cheques and their characteristics.	K2	CO2
3	18	Identify the powers and functions of the Securities and Exchange Board of India (SEBI) in regulating the Indian capital market.	K3	CO3
4	19	Analyse the different modes of Electronic Fund Transfer available in India and discuss their comparative features and legal implications.	K4	CO4
5	20	Elaborate the tools used by the Reserve Bank of India (RBI) to control credit in the economy.	K6	CO5

Z-Z-Z END