



SUY - 17

**B.Com. (Semester – V) Examination, October/November 2016**  
**BANKING AND FINANCIAL SERVICES (New Course)**  
**Major – III : Law and Practice of Banking – I**

Duration : 2 Hours

Total Marks : 80

- Instructions :** 1) Figures to the **right** indicate **full** marks.  
2) Questions 1 and 2 are of 100 words and 3 to 6 of 400 words approximately.  
3) **All questions are compulsory.**

1. Answer briefly **any four** of the following : **(4×4=16)**

- Overdraft facility
- Clean advances
- Power of attorney
- Witnessing of documents
- Letter of guarantee
- Managerial competence – a factor for term loan appraisal.

2. Answer **any four** of the following : **(4×4=16)**

- Characteristics of hypothecation
- Assignment
- Banking Regulation Act
- Foreign Exchange Management Act
- Advantage of goods as security
- Features of a bill of lading.

3. A) i) What is a term loan ? Explain any two aspects used for term loan appraisal.

ii) Briefly explain the principles of sound lending followed by banks. **(6×2=12)**

OR

B) Outline the characteristics of working capital and explain its operating cycle. **12**

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4. A) Outline the features and advantages of guarantee and explain the rights of a guarantor. 12
- OR
- B) Explain the characteristics of a mortgage and discuss the rights of the mortgager and mortgagee. 12
5. A) What is meant by discounting bills of exchange ? Discuss the precautions, a bank must take when discounting bills of exchange. 12
- OR
- B) List the merits of stock market securities as security against loans. Explain the precautions, a bank must take when lending against stock market securities. 12
6. A) Discuss the controls increased by the RBI over commercial bank lending to industry. 12
- OR
- B) Explain the precautions that a bank must take with regard to documentation of bank loans. 12