MODEL QUESTION – SET 1

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JAIBB

Laws and Practice of General Banking (LPGB)

Subject Code : 1 0 4

Time—3 hours

Full marks—100

Pass marks—45

[N.B. The figures in the right margin indicate full marks. Answer the questions as mentioned in different parts.]

Part A—Broad Questions

(Answer any two questions)

Marks—20×2 = 40

1. *(a)* Describe the composition of the Board of Directors of Bangladesh Bank and its main functions under the Bangladesh Bank Order, 1972. **10**

(b) What are the different types of deposit accounts offered by commercial banks? Briefly explain the features of a Short Term Deposit (STD) account. **5+5=10**

2. *(a)* What is Customer Due Diligence (CDD)? What documents are required to verify CDD requirements while opening an account? **4+6=10**

(b) Define crossing of a cheque. What are the types of crossing recognized under the Negotiable Instrument Act, 1881, and what is their legal effect? **4+6=10**

3. *(a)* Discuss the restrictions on loans and advances to directors and related parties under the Bank Company Act, 1991. **10**

(b) What procedure and precautions should a banker follow while opening and operating a minor’s account? **10**

4. *(a)* What is MICR? Explain the settlement process of payments under BACH and the duties of the paying bank. **3+7=10**

(b) Define endorsement. Explain the types of endorsement and the general principles governing endorsement. **2+4+4=10**

Part B—Mathematical Problem

(Answer any one question)

Marks—10×1 = 10

5. Mr. Salam obtained a term loan of BDT 8,00,000 from a commercial bank at an interest rate of 11% per annum, repayable in Equal Monthly Instalments (EMI) over 4 years. Calculate:

(a) The EMI amount payable by Mr. Salam.

(b) The total interest payable over the loan tenure.

6. A customer approaches a bank to discount a bill of exchange with a face value of BDT 1,50,000 and a remaining maturity of 90 days. The bank's discount rate is 12% per annum, and it also charges 0.30% commission on the face value of the bill.

(a) Calculate the amount of discount and commission charged by the bank.

(b) Determine the net payable amount against the bill.

Part C—Problem Solving

(Solve any one case)

Marks—20×1 = 20

7. Case-1: Alteration of Cheque and Liability of the Drawer

Review the following case study and answer the questions that follow.

Background: Mr. Selim Reza, a small trader, issued an open bearer cheque of BDT 40,000 in favour of Mr. Bashir Ahmed to settle a supply bill. The cheque was drawn on his account with DEF Bank PLC and clearly bore the word "Bearer" at the time of issuance. After receiving the cheque, Mr. Bashir Ahmed struck out the word "Bearer" and added a general crossing without the knowledge or consent of Mr. Selim Reza. The cheque was then successively negotiated to Mr. Habib and finally to Mr. Munir, each receiving it in good faith and for value. When Mr. Munir deposited the cheque for collection, it was returned unpaid with the remark "Payment stopped by drawer." Mr. Munir served a legal notice on Mr. Selim Reza demanding payment. In reply, Mr. Selim Reza denied liability, claiming: (i) the cheque had been issued under undue influence and therefore lacked free consent, and (ii) the cheque had been materially altered after issuance by striking out "Bearer" and adding a crossing.

(i) Discuss the legal effect of converting an open bearer cheque into a crossed cheque. Does this amount to material alteration under the Negotiable Instrument Act, 1881? **5**

(ii) Examine whether Mr. Habib and Mr. Munir can claim the status of holder in due course. What legal protections are available to them? **5**

(iii) Evaluate the validity of Mr. Selim Reza's plea of undue influence. Can this defence be raised against a holder in due course? **5**

(iv) Advise whether Mr. Munir is legally entitled to recover the cheque amount from Mr. Selim Reza despite the stop-payment instruction and alleged alteration. **5**

8. Case-2: Settlement of a Dormant Account and Locker in the Absence of the Account Holder

Review the following case study and answer the questions that follow.

Background: Mr. Jahangir Alam and Mrs. Rehana Alam jointly opened a savings account at your branch, designated "either or survivor." The account has remained inactive since 2017. In February 2026, Mr. Farhan Alam, aged 26, visits the branch claiming to be the

only son of Mr. Jahangir Alam. He submits the following: he holds an old statement of the account; his mother Rehana Alam passed away in 2019; his father Jahangir Alam left home in 2013 and has been missing since then; and he has heard there is also a safe deposit locker in their name, but the locker key cannot be found. Mr. Farhan requests the bank to release the account balance and hand over the locker contents.

(i) Identify the main issues and risks involved in this case regarding payment of the account balance and delivery of the locker contents. **5**

(ii) Discuss the legal and regulatory requirements the bank must consider before making any payment to Mr. Farhan Alam. **5**

(iii) Outline the steps you would take to verify the claimant's identity, relationship with the account holders, and right to claim the locker contents. **5**

(iv) Suggest an appropriate course of action for the bank to resolve this case while minimizing potential liability. **5**

Part D—Understanding Terminology

(Answer any five questions)

Marks—2×5 = 10

9. Compare and contrast between any five of the following:

(a) Cheque vs Bill of Exchange **2**

(b) Holder vs Holder in due course **2**

(c) General Crossing vs Special Crossing **2**

(d) Blocked Account vs Special Account **2**

(e) MICR vs BACH **2**

(f) Contract vs Agreement **2**

(g) Public Limited Company vs Private Limited Company **2**

(h) Current Deposit Account vs Savings Account **2**

Part E—Short Questions

(Answer all the questions)

Marks—2×10 = 20

10. Briefly answer the following:

(a) Define a mutilated note. **2**

(b) What is a contract of indemnity? **2**

(c) Who is competent to transfer property? **2**

(d) What is meant by a banker's right of lien? **2**

(e) What do you mean by a collecting banker? **2**

(f) Define bankruptcy under the Bankruptcy Act, 1997. **2**

(g) What is the limitation period for filing a suit for breach of contract? **2**

(h) Which entities are designated as reporting organizations under the Money Laundering Prevention Act, 2012? **2**

(i) What is a dormant account? **2**

(j) Define endorsement in blank. **2**

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