MODEL QUESTION – SET 10

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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)* Distinguish between an executor and an administrator. How does each derive authority to deal with a deceased person's estate? **10**

(b) Describe the functions of commercial banks regarding agency services and general utility services. **10**

2. *(a)* What is bailment under the Contract Act, 1872? Discuss the duties of a bailee. **4+6=10**

(b) What formalities and precautions should a bank take when providing safe deposit locker services to customers? **10**

3. *(a)* What is probate? Discuss its significance in the settlement of a deceased customer's bank account. **10**

(b) Define soiled note, mutilated note, and counterfeit note. What measures should a bank take upon detecting a counterfeit note? **4+6=10**

4. *(a)* Discuss the termination of the banker-customer relationship, both by the customer and by the banker. **5+5=10**

(b) What is a Certificate of Deposit? How does it differ from an ordinary Term Deposit Receipt? **10**

Part B—Mathematical Problem

(Answer any one question)

Marks—10×1 = 10

5. A customer approaches a bank to discount a bill of exchange with a face value of BDT 2,75,000 and a remaining maturity of 75 days. The bank's discount rate is 10% per annum, and it charges 0.30% commission on the face value of the bill.

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

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

6. A customer deposits BDT 5,00,000 in a term deposit for 2 years at 8% per annum, compounded annually.

(a) Calculate the maturity value of the deposit.

(b) Calculate the total interest earned over the tenure.

Part C—Problem Solving

(Solve any one case)

Marks—20×1 = 20

7. Case-1: Estate Settlement — Executor vs Administrator

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

Background: Mr. Nazrul Islam passed away, leaving a savings account with a balance of BDT 18,00,000 at your branch. He left a registered will naming his eldest son as executor. However, before the will could be probated, another relative approached the bank claiming to have obtained Letters of Administration from the court, asserting the right to operate and close the account.

(i) Distinguish between an executor and an administrator, and explain how each derives authority to deal with a deceased's estate. **5**

(ii) What is probate, and why is it significant when a will exists? **5**

(iii) Whose claim should the bank recognize in this situation — the named executor or the holder of Letters of Administration? **5**

(iv) What documentation should the bank require before releasing the account balance? **5**

8. Case-2: Alleged Negligence in Locker Content Loss

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

Background: Mrs. Farida Yasmin, a long-standing locker customer, reported that jewellery she claims to have stored in her locker was missing when she opened it after two years. The bank's locker agreement states that the bank is not responsible for the contents of the locker and does not maintain any record of what is stored inside. Mrs. Farida claims the bank was negligent in its overall vault security.

(i) Discuss the legal relationship between a bank and a locker customer — is it one of bailment under the Contract Act, 1872? **5**

(ii) Does a disclaimer clause in the locker agreement fully absolve the bank of liability? **5**

(iii) What would Mrs. Farida need to prove to establish the bank's negligence? **5**

(iv) What precautions and documentation practices should banks adopt regarding locker services to manage this risk? **5**

Part D—Understanding Terminology

(Answer any five questions)

Marks—2×5 = 10

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

(a) Actionable Claim vs Negotiable Instrument **2**

(b) Void Agreement vs Illegal Agreement **2**

(c) School Banking Account vs Student Account **2**

(d) Soiled Note vs Mutilated Note **2**

(e) Counterfeit Note vs Forged Note **2**

(f) Term Deposit Receipt vs Certificate of Deposit **2**

(g) Banker’s Right of Lien vs Right of Sale **2**

(h) Special Crossing vs Account Payee Crossing **2**

Part E—Short Questions

(Answer all the questions)

Marks—2×10 = 20

10. Briefly answer the following:

(a) Who is an executor? **2**

(b) Who is an administrator? **2**

(c) What is probate? **2**

(d) Define Letters of Administration. **2**

(e) What is bailment under the Contract Act, 1872? **2**

(f) What are the duties of a bailee? **2**

(g) Define a soiled note. **2**

(h) What is a counterfeit note? **2**

(i) What is meant by “till money”? **2**

(j) Define vault cash limit. **2**

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