MODEL QUESTION – SET 3

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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)* Explain how a creditor can file a suit under the Bankruptcy Act, 1997. What legal measures are available if a debtor conceals or fraudulently transfers property before a declaration of bankruptcy? **10**

(b) What is a dormant account? What precautions should a bank take in dealing with a dormant account? **3+7=10**

2. *(a)* Discuss the main provisions of Artha Rin Adalat Ain, 2003, with its latest amendments. **10**

(b) Briefly discuss the functions of commercial banks regarding: (i) General Banking (ii) Credit/Advance (iii) International Trade. **10**

3. *(a)* What formalities and precautions should a banker take before opening the account of a Joint Stock Company and a Co-operative Society? **6+6=12**

(b) In what situations does the office of a director fall vacant under the Bank Company Act, 1991? **8**

4. *(a)* Define the term “registration” under the Registration Act, 1908. What are the legal consequences if a document compulsorily registrable under the Act is not registered? **10**

(b) What is meant by KYC (Know Your Customer)? Discuss its importance in preventing money laundering, and the documents required to verify KYC requirements. **4+6=10**

Part B—Mathematical Problem

(Answer any one question)

Marks—10×1 = 10

5. Mrs. Nasrin obtained a term loan of BDT 6,00,000 from a commercial bank at an interest rate of 13% per annum, repayable in Equal Monthly Instalments (EMI) over 3 years. Calculate:

(a) The EMI amount payable.

(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 2,50,000 and a remaining maturity of 60 days. The bank's discount rate is 11% per annum, and it also charges 0.20% commission on the face value of the bill.

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

(b) Determine the net payable amount.

Part C—Problem Solving

(Solve any one case)

Marks—20×1 = 20

7. Case-1: Loan Recovery and Mortgaged Security

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

Background: Mr. Kamrul Hasan owes BDT 5.50 crore to LMN Bank PLC, marked as a "defaulted loan." Collateral security amounting to BDT 4.20 crore had been mortgaged against the loan through a registered mortgage deed. Despite repeated reminders and a legal notice, Mr. Hasan has failed to regularize the account. The bank now intends to initiate recovery proceedings.

(i) What procedure will the bank adopt to recover the loan under the Artha Rin Adalat Ain, 2003? **5**

(ii) Can the bank sell the mortgaged property without filing a suit? Discuss the relevant provisions. **5**

(iii) What options does the bank have if the sale proceeds of the mortgaged property are insufficient to cover the outstanding dues? **5**

(iv) Discuss whether the bank can simultaneously proceed against Mr. Hasan under the Bankruptcy Act, 1997. **5**

8. Case-2: Cheque Dishonor Under the Negotiable Instrument Act, 1881

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

Background: Rahim Enterprise, a distributor, sold goods worth BDT 4,50,000 to Mr. Jashim on credit. To settle the dues, Mr. Jashim issued a cheque dated 5th February 2026, drawn on STU Bank, payable to Rahim Enterprise. Rahim Enterprise presented the cheque on 6th February 2026, but it was returned unpaid on 8th February 2026 with the remark "Insufficient Funds." A legal notice demanding payment within 15 days was sent on 12th February 2026 as per section 138 of the NI Act, 1881. Mr. Jashim failed to pay within the stipulated period, and Rahim Enterprise filed a criminal complaint under section 138 on 2nd March 2026.

(i) Explain the essential conditions to constitute an offence under section 138. Do the facts of this case satisfy all the conditions? **5**

(ii) Evaluate whether Rahim Enterprise followed the legal procedure and timeline under section 138. Support your answer with time calculations. **5**

(iii) What legal consequences apply to Mr. Jashim for failing to pay after the legal notice? What defences, if any, can he raise? **5**

(iv) If the criminal complaint fails, what alternative legal options are available to Rahim Enterprise for recovering the debt? **5**

Part D—Understanding Terminology

(Answer any five questions)

Marks—2×5 = 10

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

(a) Demand Liabilities vs Time Liabilities **2**

(b) General Power of Attorney vs Irrevocable Power of Attorney **2**

(c) Pledge vs Hypothecation **2**

(d) Memorandum of Association vs Articles of Association **2**

(e) Holder in Due Course vs Holder for Value **2**

(f) Bid Bond vs Performance Guarantee **2**

(g) Bankers' Lien vs Bankers' Right of Set-off **2**

(h) Bill of Lading vs Bill of Entry **2**

Part E—Short Questions

(Answer all the questions)

Marks—2×10 = 20

10. Briefly answer the following:

(a) What is meant by insolvency? **2**

(b) Define "sound mind" for the purpose of entering into a contract. **2**

(c) What is the minimum monetary value of a suit that can be filed in the Artha Rin Adalat? **2**

(d) What rights and privileges is a bankrupt deprived of? **2**

(e) What is a garnishee order? **2**

(f) Define willful defaulter. **2**

(g) What is a Treasury Bond? **2**

(h) What is Alternative Dispute Resolution (ADR) in the banking context? **2**

(i) What is meant by “unclaimed deposit” under the Bank Company Act, 1991? **2**

(j) What is standing instruction? **2**

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