

# BANKING THEORY LAW AND PRACTICE

SUBCODE: 16CCCCM4

## 2 Mark Question and Answer.

### UNIT-1

1. Definition of the banker and customer:

#### Definition of Banker:

According to Sir John Paget "No person or body corporate or otherwise can be banker who does not

- (1) accepts deposits account
- (2) accepts current account
- (3) issues and pay cheque.
- (4) collect cheque crossed or uncrossed for his customer.

#### Definition of customer:

According to Sir John Paget "to constitute a customer there must be some recognisable course or habit of dealing in the nature banking business

2) Relationship between Banker and customer:

- ⊙ Debtor - Creditor.
- ⊙ Trustee - Beneficiary.
- ⊙ Agent - Principal.
- ⊙ Bailor - Bailee.
- ⊙ Assignor - Assignee.

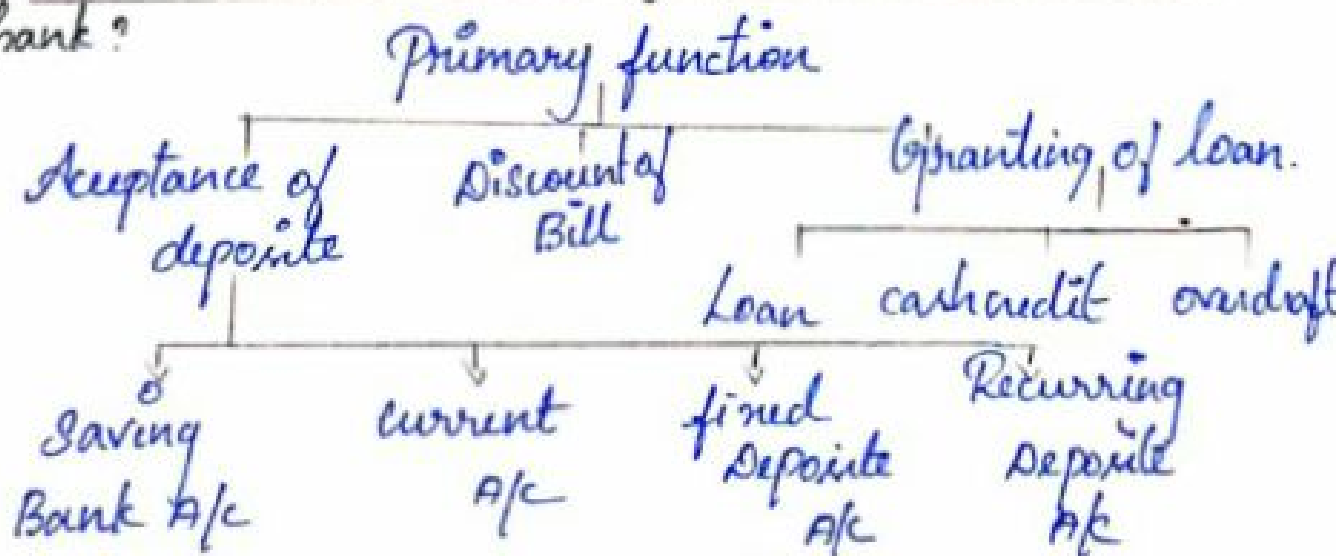
3) What is Banking Lien?

Lien is a right of a banker by which he return any security coming to his possession for the purpose of any loan due by the customer. Here is a right of return any security by the bank is called a lien and the banker lien is not only a general lien but it also implied pledge.

4) What is Saving account?

In Saving account the credit balance of the customer must be sufficient enough, so that cheque issued by the customer could be honoured. If a customer issues a cheque will be honour or will dishonoured. A saving account can be opened without cheque book facility.

5) What are the Primary function of commercial bank?



## Unit-2

1. What is new deposit Scheme?

Apart from the traditional scheme offered by bank such as saving, current and fixed deposit account, now-a-days, banks offer a variety attract customer. These special scheme are brought under different name according region purpose of business of banks.

2. What is cash certificate?

Cash certificate are the type of deposit that is purchase for a certain amount. The account holder purchase the cash certificate for a certain amount need the make payment amount only as certificate lasts. Account holder make payment once every quarter.

3. What is Annuity Deposit?

This is a deposit made for a year and the interest is payable along with the deposit at the end of the year. The customer has the option the either. The deposit renewed for the period.

4) What is Reinvestment plan?

When a customer is willing to renew the deposit, along with the interest due on it for a further period on the date of maturity, it is called reinvestment plan.

5. What is fixed deposit receipt?

The fixed deposit receipt will be given to the customer which contains details of amount, date of deposit, the rate, person in favour, mode of payment such as monthly, quarterly, half-yearly or annual.

### Unit - 3.

1. What are the procedures of closing an account?

When a customer wants to close his account by giving a written declaration, the bank will close the account. The banker will close the account after it will be paid to the customer.

2) Who is a minor?

A minor who cannot complete 18 years of age. While opening an account for a minor, the name of the guardian also has to be included.

3. What is non-trading association?

A business concern is an organisation involved in activities of buying or selling goods and convert view of making a profit. These are association or societies which are not profit. These are called non-trading organisation.

4. What is Gharishee order?

If a debtor fails to pay debt to his creditor the creditor may apply to the court for issuing gharishee order can be banker debtor. This is issued under order 21, rule of 46 of the code of civil procedure 1986.

5) What are charitable institutions?

The legal definition of a charitable organisation varies between countries and in some instances regions of the country. The regulation, the tax way in which charity charitable organization also very charitable organisation way can be any funds to profit person or entities.

## Unit-4.

1. What is a collecting banker?

A collecting banker is one who undertakes to collect cheque, draft, bill, pay order, traveller cheque, letter of credit document such as dividend cheque, dividend warrant, debenture interest etc. for. undertaking this collection will be charging commission.

2. Define cheque:

According to section of the Negotiable Instruments Act on cheque is "a Bill of exchange drawn on a specific banker and not expressed to be payable otherwise than on demand.

3. What is paying banker?

A paying banker is one who is a drawee of a cheque the true owner cheque and also the drawee of the cheque.

4) What are the right of banker?

- ⊙ Right of set off
- ⊙ Right of lien
- ⊙ Right of appropriation.

- ① Right to change interest, commission and broking.
- ② Right to close the account of undesirable

customer.

5 What is payment in due course?

Section 10 defines, "payment in accordance with the apparent tenor of the instrument in good faith and without negligence to any person which do not offer reasonable ground therein mentioned."

### Unit - 5

1) What is pass book?

As the pass book is the conclusive evidence of transaction between a banker and customer, it needs utmost perfection.

2) Define E-banking?

e-banking is nothing but electronic banking wherein all the operations of the bank are carried out through the electronic media functions like deposits and granting of loans are done through the electronic media.



3. Define MICR?

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The modern bank use MICR cheque, called magnetic Ink character Recognition. These cheque contain a white patch at the bottom in which you have various numbers.

4. What is stale cheque?

Cheque presented at the paying banker after a certain period (typically 6 months) of the payment date is a stale cheque bill of exchange. A bank either recognizes it as payment or issues a new cheque.

5) What is EFT? (Electronic fund transfer)

EFT are electronic transfer of money from one bank account to another either via computer based system without the physical information of bank staff.