

Roll No: -----



UNIVERSITY OF PETROLEUM AND ENERGY STUDIES

End Semester Examination, May 2018

Program/course: B.B.A., LL.B. (Hons.) Corporate Law

Subject: Banking & Insurance Law (Hons.)

Code : LLBL 441

No. of page/s: 3

Semester: VIII

Max. Marks : 100

Duration : 3 Hrs

Section-A

(2 Marks each) (2*5=10 Marks)

Q. 1.

- i. As per Banking Regulation Act, the whole time chairman shall be entrusted with the management of the whole of the affairs of the banking company. True/False
- ii. In which year, General insurance business was nationalized in India?
- iii. In which year, was the Recovery of Debts due to Banking and Financial Institutions Act enacted in India?
- iv. Name the negotiable instruments governed by the Negotiable Instruments Act, 1881.
- v. Property in negotiable instruments is transferable by mere delivery. True/False

Section-B

(5 marks each) (5*4= 20 Marks)

Write notes on the following:

Q. 2. Non-performing Assets

Q. 3. Securitisation

Q. 4. Asset Reconstruction

Q. 5. Insurance ombudsman

Section-C

10 Marks each (10*2=20 Marks)

Q.6. Explain and analyse the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.

Q. 7. Critically analyse the provision of moratorium for banking companies in India.

Section- D

(Total= 50 Marks)

Note: Analyse and answer all questions in the light of present Indian Laws.

Q.8. Problem-I

Reserve Bank has required banking company ABC to call a general meeting of the shareholders of the company within such time, within two months from the date of the order, to elect in fresh directors.

Discuss the legality of this order.

(10 Marks)

Q. 9. Problem-II

Facts:

Sushma runs a one person company named XYZ Pvt. Ltd. incorporated for cloth production. She is also the CEO of XYZ Pvt. Ltd.

On receiving a stock of cotton wool by XYZ Pvt. Ltd. for making cloth, Sushma in her own name took fire insurance.

On the next day, the wool caught fire and on making of claim, the concerned insurance company refused to meet the claim stating that the requirement of insurable interest has not been met.

Based on legislative provisions and judicial precedents, answer the following question:

a) Whether Sushma has an insurable interest in the cotton wool acquired by the XYZ Pvt. Ltd. as the sole stakeholder as well as the CEO of the Company? **(10 marks)**

Q. 10. Problem-III

Facts:

Kavy has a loan of rupees fifteen lakh (Inclusive of the interest) due to ABC Bank but he has not been able to pay it back for more than a year. He had given his house as a security for this loan.

ABC Bank has filed an application before the concerned DRT for recovery of debt. The DRT has ordered Kavy to make payment and issued a recovery certificate.

Answer the following questions:

- a) Does Kavy has a right to appeal against the order of DRT?, if yes, to which appellate authority? **(5 marks)**
- b) What is the prerequisite for making an appeal with respect to deposit of debt due? **(5 marks)**
- c) What are the modes of recovery of debt with the Recovery Officer in this case? **(10 Marks)**
- d) Opine on the propriety of arrest and detention as a mode of recovering debts with the help of legislative provisions and judicial opinions. **(10 Marks)**

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Section-A

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Q. 1.

- i. Cheque is a bill of exchange drawn on a bank. True/False
- ii. Define 'banking' as per Section 5 of the Banking Regulation Act, 1949.
- iii. What is the pecuniary jurisdiction of DRT?
- iv. When was the RBI established?
- v. Which court has jurisdiction to try dishonor of cheque as per Section 138 of the Negotiable Instruments Act, 1881?

Section-B

(5 marks each) (5*4= 20 Marks)

Write notes on the following:

Q. 2. Asset reconstruction

Q. 3. Insurable interest

Q. 4. Enforcement of Security interest

Q. 5. Assignment of life insurance policy

Section-C

10 Marks each (10*2=20 Marks)

Q.6. Explain and analyse the position of holder in due course under the Negotiable Instruments Act, 1881.

Q.7. Critically analyse the origin and growth of insurance as a business in India.

Section- D

(50 Marks)

Note: Analyse and answer all questions in the light of present Indian Laws.

Q.8. Problem-I

Facts:

XYZ Bank is a banking company which has a board of Directors consisting of 6 directors who are all appointed by shareholders based on their experience of running XYZ Bank over a period of ten years.

RBI has directed XYZ Bank to elect fresh directors in accordance with the permissible voting rights to include directors with experience in the field of agriculture and small scale industries.

Test the legality of RBI's direction.

(10 Marks)

Q. 9. Problem-II

Facts:

Samay has drawn a bill of exchange on Taarak to make a payment to Dinesh after two months of the date of its drawing.

After acceptance, Dinesh endorsed the bill of exchange to Pawan. Pawan in turn endorsed the bill of exchange in favour of Dhanjay.

Dhanjay's agent Sunil endorsed the bill of exchange in the name of Dhanjay to himself by copying Dhanjay's signature.

Sunil later endorsed the same bill to a seller named Kavita to meet his personal liability, despite directions by Dhanjay to present it to the acceptor for payment.

Discuss rights of Kavita with respect to the bill of exchange under two circumstances

- A) Kavita has accepted the bill of exchange knowing that Sunil has put signature of Dhanjay **(10 Marks)**
- B) Kavita has accepted the bill of exchange believing that the signature is of Dhanjay. **(10 Marks)**

Q. 10. Problem-III

Facts:

An individual Arpit has his father, mother, wife and two kids in his family. At the time of buying life insurance for himself, Arpit has nominated his wife Parul in his life insurance policy. After a year of creating the policy, he assigned the policy to Pratik in lieu of a loan. Arpit endorsed the policy by stating the fact of assignment at the back of the policy duly attested by a witness and notified the concerned insurance company about the assignment.

On Arpit's death, the insurance company made the payment to Pratik, while Parul made a claim against the insurance company as the nominee as well as the legal heir of Arpit.

Answer the following questions:

- a) Elaborate with the help of relevant provision of Insurance Act, 1938 and judicial pronouncements, the propriety of the action of the insurance company. **(10 Marks)**
- b) Presuming that the assignment had not been made, whether Parul was entitled to the entire amount of policy individually as the nominee of the policy.
If not, under present circumstances what would be capacity of Parul to receive the amount of insurance policy? **(10 Marks)**