


Roll No.		
SAP ID		

UNIVERSITY OF PETROLEUM AND ENERGY STUDIES
End Semester Examination, July 2020
Open Book – Through Blackboard Learning Management System

Course: Banking & Negotiable Instruments Law
Programme: B.B.A., LL.B. (Corporate Laws)
Time: 03 hrs.

Semester: VI
Course Code: CLCC 5002
Max. Marks: 100

Instructions:

As this examination is in open-book format, the students are expected to demonstrate a very high degree of Academic Integrity and not copy contents from resources referred. Instructors would look for understanding of the concept by the students and any similarity found from resources online/ offline shall be penalized in terms of deduction of marks and even cancellation of paper in requisite cases. The online examination committee of the School would also look for similarity of two answer scripts and if answer scripts of two or more students are found similar, both the answer scripts shall be treated as copied and lead to cancellation of the paper. In view of the aforesaid points, the students are warned that they should desist from using any unfair means.

All Questions are Compulsory
Answer each question in not more than 500 words

S. No.		Marks	CO
1	<p>On the basis of an assessment of the current and evolving macroeconomic situation, the RBI's Monetary Policy Committee (MPC) at its meeting dated May 22, 2020 decided to:</p> <ul style="list-style-type: none"> • reduce the policy repo rate under the liquidity adjustment facility (LAF) by 40 bps to 4.0 per cent from 4.40 per cent with immediate effect; • accordingly, the marginal standing facility (MSF) rate and the Bank Rate stand reduced to 4.25 per cent from 4.65 per cent; and <p>The MPC also decided to continue with the accommodative stance as long as it is necessary to revive growth and mitigate the impact of COVID-19 on the economy, while ensuring that inflation remains within the target.</p> <p>Based on the above statements, answer the following questions:</p>	20	CO1, CO2

	<ol style="list-style-type: none"> 1. What is repo rate and bank rate? What is the impact of changing these rates on liquidity? (10 marks) 2. What is meant by the statement “The MPC also decided to continue with the accommodative stance”? Explain the statutory mandate, composition, and functions of Monetary Policy Committee. (10 marks) 		
Ans.			
2	<p>ABC Ltd. is a private company registered in India, which wants to carry the business of banking in India.</p> <p>It has made following statements in objective clause of its memorandum of association:</p> <ol style="list-style-type: none"> 1. Accept for the purpose of lending or investment of deposits of money from the public, repayable on demand or otherwise and withdrawable by cheque, draft, order or otherwise, in India and outside India. 2. Establish an Infrastructure debt fund and carry on the business of mutual funds and hire purchase in India. 3. Transact the business of guarantee and indemnity. 4. Create a trust for benefit of its current and ex-employees. 5. Carry on all such other things as are incidental or conducive to the promotion or advancement of the business of the company. <p>Test the legitimacy of each of the above-stated objectives one by one with the respective provisions of the Banking Regulation Act, 1949.</p>	20	CO3
Ans.			
3	<p>ABC Bank has got loans worth rupees three crores as NPA in its books of accounts.</p> <ol style="list-style-type: none"> 1. What are the possible legal options with ABC Ltd. to recover these loans? (10 marks) 2. Critically evaluate the RBI’s power to issue directions to any banking company or banking companies to initiate insolvency resolution process in 	20	CO4

	respect of a default, under the provisions of the Insolvency and Bankruptcy Code, 2016. (10 marks)		
Ans.			
4	<p>The RBI issued following Minimum capital requirement for wholly owned subsidiary (WOS) of a foreign bank in India:</p> <p>a) The initial minimum paid-up voting equity capital for a WOS shall be 5 billion.</p> <p>b) The newly set up WOS of the foreign bank would be required to bring in the entire amount of initial capital upfront, which should be funded by free foreign exchange remittance from its parent.</p> <p>c) In the case of an existing foreign bank having branch presence in India, which desires or is required to convert into a WOS.</p> <p>d) The WOS shall meet the Basel III requirements on a continuous basis from the time of its entry / conversion. WOS shall, however, maintain a minimum capital adequacy ratio, on a continuous basis for an initial period of 3 years from the commencement of its operations, at 10 per cent i.e. 1 per cent higher than that required under the phased implementation of Basel III. In addition, WOS shall also maintain capital conservation buffer and other buffers as applicable under extant capital adequacy framework.</p> <ol style="list-style-type: none"> 1. Explain the rule of 'national treatment' as stated in the Indian banking laws. (10 marks) 2. Can RBI issue a differential qualifying requirement for different types of banks functioning in India? (10 marks) 	20	CO5
Ans.			
5	Ansh has drawn a bill of exchange on Sumit to make a payment to Tanya after three months of the date of its drawing.	20	CO6

	<p>After acceptance by Sumit, Tanya endorsed the bill of exchange to Suman. Suman endorsed the bill of exchange in favour of Pooja.</p> <p>Pooja's agent Anand endorsed the bill of exchange in the name of Pooja to himself by forging Pooja's signature.</p> <p>Anand later endorsed the same bill to a seller named Prakash to meet his personal liability, despite instructions by Pooja to present it to the acceptor for payment.</p> <p>Discuss rights of Prakash with respect to the bill of exchange under following two circumstances.</p> <ol style="list-style-type: none"> 1. Prakash has accepted the bill of exchange knowing that Anand has put signature of Pooja. (10 Marks) 2. Prakash has accepted the bill of exchange fairly believing that the signature is of Pooja. (10 Marks) 		
Ans.			

I,, understand that submitting work that isn't my own may result in failure in this paper and I may also be subject to Disciplinary Proceedings as per the Academic Integrity policy of the University.