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UNIVERSITY OF PETROLEUM AND ENERGY STUDIES

End Semester Examination, May 2018

Program: BA. LLB Energy Laws, INT-BCOM LLB-TL

Semester – VIII

Subject (Course): Banking and Insurance Laws

Max. Marks : 100

Course Code : LLBL 441

Duration : 3 Hrs

No. of page/s: 2

SECTION A: OBJECTIVE TYPE QUESTIONS

(5*2 marks)

1. Principle of subrogation is applicable in case of which type of insurance?
2. Define IRDA.
3. Who are Qualified Institutional Buyers as give under SARFESI Act?
4. Who appoints Banking Ombudsman?
5. Who is a presiding officer in a Debt Recovery Tribunal?

SECTION B: SHORT NOTE TYPE

(4* 5 marks)

1. Differentiate between insurance and assurance.
2. Discuss the constitutional validity of SARFAESI Act in the light of Mardia Chemicals vs Union of India?
3. Define Non Performing Asset.
4. Discuss the organizational structure of RBI.

SECTION C: ANALYTICAL TYPE QUESTION

(2*10 marks)

1. A made a promissory note in a stamp paper sufficient for Rs. 10000 but without stipulating the amount and the date of making the note. The holder of the note, H presented the note as it was and on refusal brought an action putting the note as it was as evidence.

Keeping in mind the above given facts answer the following question,

- A. What are the essentials of a promissory note? (5 marks)
- B. Is A bound to make payment to H or not? (5 marks)

2. Reserve Bank of India is the apex bank of the country which regulates the banking system of our country. Analyse the various powers of RBI as mentioned under Banking Regulation Act. **(10 marks)**

SECTION D: SITUATION BASED QUESTION

(25*2 marks)

1. Ramesh took an overdraft facility from United Bank of Dehradun for an amount Rs 1 crore for the day to day working of his tyre manufacturing business. The overdraft facility document mentioned that the repayment of the credit facility will become due in January 2016 and the same has to be repaid in instalments starting from January 2016 itself. A continuously defaults in the payment of the due for a period of 9 months. He does not receive any notice in this regard but on November 15th 2016 his factory located at Kanpur was seized and sealed by the bank authorities.

What are the various resorts available with Ramesh? Explain the step by step procedure that a bank has to follow in order to enforce the security interest under SARFESI Act.

(25 marks)

2. Raj, 45 years old man takes a life insurance policy. He submits all the required documents including the medical certificate which shows him to be a fit man without any ailment. Thus after following procedures the policy is issued to him. Within 6 months from the date of issuance the beneficiary applies to the insurance company as A expires due to Tuberculosis.

What is meant by principle of utmost good faith? Explain its relevance in case of insurance policy. Discuss the various case laws and the stance taken by the judiciary on this question.

(25 marks)

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SECTION A: OBJECTIVE TYPES QUESTION

(5*2 marks)

Explain the following terms:

1. Non-performing assets
2. Debt Recovery Tribunal
3. Qualified Institutional Buyers
4. IRDA
5. Asset Reconstruction Companies

SECTION B: SHORT NOTE TYPE

(2* 5 marks)

Attempt any 2.

1. Discuss the constitutional validity of SARFAESI Act in the light of Mardia Chemicals vs Union of India?
2. Define “Banking Company”. Outline the steps taken for commencing a Banking company.
3. Explain the concept of dishonor of cheque.

SECTION C: ANALYTICAL TYPE QUESTION

(2*10 marks)

1. A gave a cheque to B for Rs. 1, 00,000/- drawn on PNB Bank. When the cheque was presented for payment, it was returned with an endorsement by the bank” insufficient funds”. As a matter of fact, the bank official did not see the account of A correctly and committed a mistake. The Bank official wrongly dishonored the cheque.
 - A. What are the various remedies available to ‘A’ against the bank Punjab National Bank? Is A, a Consumer, as per Consumer Protection Act.,1986
 - B. Who is a Banking Ombudsman? Discuss the banking ombudsman scheme.

SECTION D: SITUATION BASED QUESTION

(25*2 marks)

A. Suresh took a loan of Rs.20, 00,000 from United Bank of Dehradun for expanding his business. He mortgaged his house to the bank as a security against the Loan.

The loan document mentioned that the repayment of principal and interest would become due in January 2016. Suresh continuously defaults in the repayment and United Bank declares his account as a non-performing asset.

The market value of house kept as security turns out to be Rs. 15, 00,000

What is the most appropriate resort available to United Bank of Dehradun for recovery of Debt? Discuss in the light of various provisions of SARFAESI Act 2002 and RDBFI Act, 1993.

(25 marks)

B. Mr. Rajesh had 90% shares in a timber company named Canadian Sawmills ltd. He had a majority stake in the company. Mr. Rajesh was also the unsecured creditor of the company as he had advanced Rs. 19, 00,000 to the company. Mr. Rajesh took a fire policy in his own name regarding the timber of the company. Subsequently a great part of the timber was destroyed by fire. He thus sued the insurance companies to recover the loss.

A. Explain the Principle of Insurable interest with relevant case laws? **(10 marks)**

B. Discuss the liability of Insurance Company. Support your answer with relevant contentions. **(15 marks)**