



UNIVERSITY OF KELANIYA – SRI LANKA

Centre for Distance and Continuing Education

FACULTY OF COMMERCE & MANAGEMENT STUDIES

Bachelor of Commerce (Special) Degree First Year Examination (External) – 2012

February 2015

Year IV

BCOM E4564 – Banking Law & Practice

No. of questions: Eight (08)

Time: 03 hours

Answer any five (05) questions only.

(01) Explain the following in relation to negotiable instruments.

- (i) Examples of negotiable instruments
- (ii) Common features of negotiable instruments
- (iii) Negotiation of Bills of exchange
- (iv) Principle of negotiability

(Total 20 marks)

(02) Discuss the application of statute law as a source of Banking Law in Sri Lanka.

(Total 20 Marks)

(03)

i). Describe the matters, the paying banker is required to take into account in the payment of a cheque.

(12 marks)

ii). Describe the statutory safeguards available to the paying banker and the circumstances in which such safeguards are lost to the paying banker.

(08 marks)

(Total 20 Marks)

(04) A cheque for Rs. 10,000/= bearing 'not negotiable' crossing was issued by 'X' to 'Y'. Sunil having stolen this cheque from Y transacted it to Upali, a businessman for value and obtained goods. Upali was not aware of this theft. Upali forwarded this cheque to the counter of the bank and received money for the cheque.

Discuss the legal position of the above parties in regard to this cheque.

(20 Marks)

(05) "The relationship between the banker and the customer is a contractual relationship. Several other related relationships have emerged between these two parties. Moreover, this relationship has given rise to special rights and obligations between the parties". Discuss.

(20 Marks)

(06) Define the term 'Banker' in Banking law and describe the traditional banking activities and in addition, other activities at present undertaken by commercial banks in Sri Lanka.

(20 Marks)

(07) (a) Sirimal Transport Company drew a cheque in favour of H.M. Sarath for a sum of Rs. 25,000/= for the goods supplied by him. Sarath endorsed the cheque as 'Sarath' and gave that cheque to Prabath for valuable consideration.

(i) Is there a valid endorsement? Give reasons.

(02 marks)

(ii) What is the legal position of Prabath?

(03 marks)

(iii) Define the term "cheque"?

(05 marks)

(b) Specifying the advantages of crossing a cheque, describe the types of crossings and rules governing such crossings.

(10 marks)

(Total 20 Marks)

(08) Write notes on any two of the followings:

(i) Holder in due course

(ii) Co-operative Movement in Sri Lanka.

(iii) The role of the Central Bank of Sri Lanka relating to banking activities.

(10 marks each)

(Total 20 Marks)