

CORPORATE & BANKING LAW - ASSOCIATESHIP
ISQ Examination (Summer-2010)

Q.1 (A) State True or False in the answer column.

Q.1 (B) Please write the alphabet of the selected choice in the answer column:

Q.2 Give brief comments with clear reasoning on the following cases :

- A) 'X' who was badly in need of money offered to sell his car worth Rs. 500,000 to 'Y' for Rs. 100,000. Before the car was delivered, 'X' received an offer for Rs. 200,000 and refused to carry out the contract on the ground of inadequacy of consideration. Is 'X' liable to 'Y' for damages?**
- B) A bank paid a cheque inadvertently which was countermand and was duly acknowledge to the customer. Discuss whether the paying bank seek to recover the money from the recipient once the error was discovered.**
- C) 'X' contracts to pay a sum of money to 'Y' on a day specified. X does not pay the money on that day. 'Y' in consequence of not receiving the money on that day, is unable to pay his debt and suffered heavy losses. Discuss the remedy available to 'Y'.**
- D) A letter of credit specifies 4 shipments on the last day of each month from January onwards. The beneficiary failed to ship the shipment due in the month of March, but submitted documents for the shipment for the month of April. Discuss whether the documents can be negotiated if otherwise in order.**
- E) 'Y' and 'Z' are partners. 'Z' gives notice of retirement to the other partner but does not give public notice of it. 'W' gives credit to the firm without having notice of the change. Can 'W' sue 'Z' if 'Z' was an active partner?**

Q.3 A Private Limited company is increasing its issued capital by issue of Right Shares to its share holders. The Chief Executive of the Company approaches you for finance to enable him to subscribe to his Right Shares and as security he offers to create a mortgage over the Company's factory. Will you grant the finance?

Answer first "Yes" or "No" and then give your reasons for your answer.

Q.4 You are maintaining a sole proprietary account in which there is a credit balance of Rupees five million. A person comes to your branch and tells you that he is the son of the sole proprietor who has died and he wants to know what is the credit balance in the account. Will you disclose the balance to him?

Answer first "Yes" or "No" and then give your reasons for your answer.

Q.5 You are maintaining a partnership account in which two brothers A and B are partners. A is authorized to operate on the account singly. A approaches you for a facility and offers to mortgage the factory belonging to the partnership. He insists on signing himself singly all the documents, including the mortgage, saying that, since he is authorized to operate on the account singly, he can also sign the documents singly. He says B has settled abroad and is not available for signing the documents. Will you agree to his request?

Answer first "Yes" or "No" and then give your reasons for your answer.

Q.6 Is it permissible for a bank to get the Customer's signature on standard printed finance documents without filling in the blanks?

Answer first "Yes" or "No" and then give your reasons for your answer.

Q.7 Is the Limitation Act applicable to recovery of finance provided by a bank to a customer?

Answer first "Yes" or "No" and then give your reasons for your answer.

Q.8 Discuss the circumstances under which a father can mortgage the property of his minor son to secure finance obtained from a bank.

Q.9 You have provided finance to a company against hypothecation of stocks and personal guarantee of its Directors. Only one director is wealthy but he is refusing to pay saying that he is not liable for the Company's debt as he is no longer a director having resigned from the Board.. What are your options for recovery of your dues from that director as there is no prospect of any recovery except from that director?

Q.10 You have given finance to a customer who is running his business as its sole proprietor. He has died leaving behind a widow, one adult son and two minor sons. Discuss what are your options for recovery of your dues in view of death of the sole proprietor?

Q.11 You have provided finance to a customer against pledge of stocks of sugar. What are your rights and obligations as the pledgee.

Q.12 An incorporated Public Limited Company wants to open its account in your branch. What documents you will obtain for opening the account giving reasons for obtaining each document?
