

Mid Term Examination: August, 2017

Law of Banking and Negotiable Instruments

**GUJARAT NATIONAL LAW UNIVERSITY  
GANDHINAGAR**  
Course: Law of Banking and Negotiable Instruments  
Semester-V (Batch: 2015-20)

**Mid- Term Examination: August, 2016**

Date: 21<sup>st</sup> August, 2017

Duration: 2 hours

Max. Marks: 30

**Instructions:**

- Read the questions properly and write the answers in the given answer book.
- The respective marks for each question are indicated in-line.
- Do not write anything on the question paper.
- Indicate correct question numbers in front of the answers.
- No clarifications can be sought during the exam period, answer as it is, giving reason, if any.

Answer all Questions	Marks
Q.1 Critically analyse the politics of bank nationalization in India. Explain in detail why bank nationalization was challenged before the Hon'ble Supreme Court of India?	(10)
Q.2 Mr. Anil had availed an advance of Rs. 3, 50,000 from CREZ Bank Ltd. For some reasons he failed to repay Rs. 3, 00,000. When he failed to respond to the bank's notice to repay, bank decided to take recourse against the other accounts for recovery of the outstanding amount. The bank found that there was a credit balance of Rs.50, 000 in his wife's account, Rs. 1, 20,000 in his personal saving account, also a credit balance of Rs. 40, 000 in the joint fixed deposit account with his wife. Mr. Anil was a partner of MPL Partnership firm. Firm also had the deposit account with the bank with Rs. 1, 20,000. Mr. Anil had safe deposit locker with the bank in the joint names of himself and his wife. He also had a fixed deposit of Rs. 50,000 (maturity after 4 months). He had also left some shares with the bank, of the approximate value of Rs. 30, 000 with an instruction to sell them at or above a fixed price. The shares were still lying unsold. Whether the bank has any right with respect to the abovementioned accounts, safe deposit locker, fixed deposit and the shares? Decide with the help of leading case laws.	(10)
Q.3 (a) Ajay opened an account with IBI bank in order to avail a safe deposit locker facility. The account was not operated at all though, the safe deposit locker was operated at various occasions. IBI announced a Diwali bonanza gifts for its customers. Ajay claimed the gift but IBI refused on the ground that the account was not operated and therefore, Ajay is not a customer of IBI bank. Decide with the help of leading case laws whether Ajay can be considered as a customer of IBI bank or not?	(5x2 =10)
(b) Mr. Jayesh had availed 3 loans from CMS Bank Ltd. amounting to 2 lakh, 3 lakh and 5 lakh carrying interest of 12%, 13% and 15% respectively. Further, the loan of 2 lakh has become time barred. Jayesh paid 5 lakh without indicating the loan for which he had made payment. The bank appropriates the amount towards the first two loans. Jayesh disputes this and explains that the amount was meant to pay-off the third loan for which interest rate was highest. Decide.	

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