

**GUJARAT NATIONAL LAW UNIVERSITY  
GANDHINAGAR**

Course: Law of Banking and Insurance  
Semester-I (Batch: 2017-18)

LL.M. End Semester Examination: November-2017

Date: 10<sup>th</sup> November, 2017

Duration: 3 hours

Max. Marks: 70

**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 any thing on the question paper.
- Indicate correct question numbers in front of the answers.
- No questions or clarifications can be sought during the exam period, answer as it is, giving reason, if any.

**Part-A**

Answer all questions:

**Marks**

- Q.1 Discuss in detail various rights and duties of a banker towards its customer. Substantiate your answer with the help of leading case laws and relevant provisions of the applicable laws. (10)
- Q.2 Answer **any one** of the following: (1x5=05)
- (a) Briefly discuss the significance of the recommendations of the Narasimham Committee in the growth and development of the Indian banking sector.
  - (b) Critically analyse the impact of Insolvency and Bankruptcy Code, 2016 on the Indian banking sector.
- Q.3 Critically analyse the significance of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 as stood amended in 2016, in recovery of debts by banks and financial institutions in India. Substantiate your answer with the help of leading case laws and relevant provisions. (10)
- Q.4 Answer **any two** of the following: (2x5=10)
- (a) Whether the wrath of Section 138 of the Negotiable Instruments Act, 1881, would be attracted in a case where the cheque is issued as a security towards a financial transaction for availing loan?
  - (b) What would be the nature of liability as per the Negotiable Instruments Act, 1881, if the part of the cheque amount was paid by the drawer before presenting the cheque?
  - (c) When a cheque is repeatedly presented and dishonored within the period prescribed in Section 138 of the Negotiable Instruments Act, 1881, does a cause of action arise against the drawer on each and every dishonor?

**Part-B**

Answer all questions:

- Q.5 A Royal Express bus used to travel regularly from Gandhinagar to Shirdi according to the route permit granted by the Regional Transport Authority (RTO), Gandhinagar. On 01-04-2017, the bus was overloaded by 54 passengers though the carrying capacity was (10)



48 passengers. While the bus was going at a speed of 80 kms/hour in a rash and negligent manner, Raman bhai, driver of the bus lost his balance near Narmada River Bridge, Baruch and finally the bus fell down into river resulting death of 38 passengers and remaining were severely injured in the accident. Pawan Sai, aged about 26, devotee of Saibaba and a Software Engineer at Tata Consultancy Services (TCS) also died in the accident. He was drawing gross salary of Rs.50000/- a month at the time of an accident and his family members i.e., parents and two unmarried sisters were dependent on him for the livelihood. The bus was insured with Oriental Insurance Co. Ltd. covering third party liability. Legal heirs of 30 deceased persons filed their claim applications under section 163A of the Motor Vehicle Act, 1988 and remaining 8 persons under section 166 of the Act before MACT, Ahmadabad. All the claimants also filed an application under section 140 of the Act for interim compensation. The Insurance Company has raised an objection that firstly, at the time of an accident, driver was holding light motor vehicle license (LMV) and secondly, the owner had committed breach of policy condition as the vehicle was overloaded by exceeding the number of passengers. Based on the above facts and objections raised by the insurance Company, answer the following questions with the help of the provisions of the Motor Vehicles Act and decided cases:

- (a) Whether the insurance Company be absolved from its liability to pay compensation on the ground of driving license issue? Discuss the liability of insurance Company in the above case with the help of the provisions of the Motor Vehicles Act, 1988.
  - (b) Discuss the computation of compensation for Pawan Sai based on the settled principles of law laid down by the Supreme Court by applying structured formula/multiplier method.
- Q.6 Explain the concept of warranty in marine insurance contracts and the consequences of its breach in the light of the provisions of the Marine Insurance Act, 1963 and decided cases. (10)
- Q.7 Whether the insurance contracts are indemnity contracts in true sense, and is there any exceptions to the general rule? Discuss with practical examples and decided cases as to how the corollary principles such as insurable interest, subrogation, and utmost good faith enforce the rule of indemnity. (10)
- Q.8 Answer **any one** of the following: (1x5= 05)
- (a) Agricultural insurance
  - (b) Nuclear liability insurance

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