

## Principles of Banking (E.M) - ICOM Part 2 Principles of Banking Chapter 8 Short Questions Preparation

Q1. What is meant by endorsement of a cheque.

**Ans 1:** The word endorsement has been derived from a latin word "Indorsum" in Latin language word "In" Means "On" and dorsum means back.

**Ans 2:** So, indorsum means 'On back' Thus writing on the back of a paper is called

Q2. What is the meant by regular crossing of a cheque.

**Ans 1:** If the two transverse parallel lines are drawn in the upper left of a cheque is called regular crossing of a cheque. There are two types of regular crossing

**Ans 2:** 1- General crossing 2- Special crossing

Q3. What is meant by Crossing of cheque.

**Ans 1:** The drawing of two transverse parallel lines in the upper left of a cheque is called crossing of a cheque.

Q4. Define Non negotiable credit instruments.

**Ans 1:** 1- Postal order 2- Money order 3- I.O.U . 4- Stock certificate.

**Ans 2:** 5- Letter of credit

Q5. What is the meant by word "credit"?

**Ans 1:** The word credit has been derived from a Latin word "Credo". Which means I believe or I trust.

Q6. What are the causes for dishonoring of a cheque.

**Ans 1:** i- Not sufficient funds ii- Outdated cheque iii- Postdated cheque

**Ans 2:** iv- Alteration not signed v- Amount in word and figure differ

**Ans 3:** vi- Use of pencil vii - Writing not clear

---

Q7. What are the important elements of a cheque.

**Ans 1:** i- Name of Bank 2- Account Number 3- Nature of account

**Ans 2:** 4- cheque number 5- Date 6- Word bearer or order

**Ans 3:** 7- Payee 8- Amount in words 9- Amount in figure

**Ans 4:** 10- Signatures of account holder 11- Name of account holder.

---

Q8. What are the kinds of credit instruments.

**Ans 1:** Negotiable credit instruments.

**Ans 2:** Non negotiable credit instruments.

---

Q9. What are the types of crossing.

**Ans 1:** 1- Regular crossing ii- Irregular crossing.

---

Q10. What are the main parties of a cheque.

**Ans 1:** 1- Drawer of cheque ( account holder)

**Ans 2:** 2- Drawee of cheque ( Bank Branch)

**Ans 3:** 3- Payee ( The person who receives the amount of cheque)

---