

Principles of Banking (E.M) - ICOM Part 2 Principles of Banking Chapter 9 Short Questions Preparation

Q1. What is time bill.

Ans 1: The amount of time bill is paid at the expiry of a fixed future time period as written on the bill

Q2. What is foreign bill

Ans 1: If the bill of exchange is drawn, in one country and accepted in another country of whose drawer and drawee belong to two different countries it is called foreign bill

Q3. What is meant by qualified acceptance.

Ans 1: When a bill is accepted with some qualification to the order of the drawer it is called qualified acceptance.

Q4. What are the main parties of bill of exchange.

Ans 1: 1- Drawer of bill (Seller/ Creditor) 2- Drawee of bill (buyer/debtor)

Ans 2: 3- Payee (The person who receives the amount of bill)

Q5. What is meant by endorsement of a bill.

Ans 1: When the rights of the ownership of the bill are transferred from one person to another person it is called endorsement of a bill. The person who endorses the bill is called endorser and in whose favour the right is transferred is called endorsee.

Q6. What is the meant by the word "Tenor"?

Ans 1: Tenor is the period of time after which a bill becomes payable. Thus where a bill is payable after 90 days from the date of acceptance the tenor of the bill is 90 days.

Q7. Who is Notary public.

Ans 1: An official empowered by government to attest negotiable instruments by his seal to them. When a dishonoured bill has to be noted and or protested attestation by a notary public is required.

Q8. What are the advantages of bills of exchange.

Ans 1: 1- Followig are the advantages of bills of exchange

Ans 2: 2- It is a legal evidence of debt.

Ans 3: 3- It can be cased before due date by discounting.

Ans 4: 4- Debotr enjoys the benefit of tul lperiod of credit.

Ans 5: 5- Easy mean of transmitting money from one place to another.

Q9. What is the meant by days of grace.

Ans 1: In calculating the due date of payment it is customary in business to allow three additional days to the drawee or acceptor to meet the bill

Q10. Define bill of exchange.

Ans 1: It is an unconditional order, signed by the maker to pay on demand or on the expiry of time period, a certain sum of money to the person or bearer of the bill.
