

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

Q1. What are the advantages of bills of exchange.

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

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

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

Ans 4: 4- Debtor enjoys the benefit of full period of credit.

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

Q2. Who is Notary public.

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

Q3. What are the kinds of foreign trade.

Ans 1: 1- Import 2- export 3- Inter port

Q4. 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

Q5. What are the two kinds of acceptance of bill.

Ans 1: 1- General acceptance 2- Qualified acceptance

Q6. 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.

Q7. What is inland bill.

Ans 1: If the bill of exchange is drawn, accepted and paid in the same country it is called inland bill.

Q8. What is meant by retirement of a bill

Ans 1: Retiring the bill means making payment of the bill before the due date under some rebate.

Q9. 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.

Q10. What is the meant by renewal of bill

Ans 1: If the drawee is not able to meet the bill on the due date, he may request the drawer of the bill to cancel the original bill and draw on him a new bill for an extended period. The new bill includes not only the amount of original bill but also interest.
