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**P.G. DIPLOMA IN BANKING AND FINANCE
EXAMINATION, 2018
BANKS, FINANCIAL INSTITUTIONS AND
FINANCIAL MARKETS**

Paper – I

Time : Three Hours

Maximum Marks : 80

N.B. :— (i) All questions are compulsory.
(ii) All questions carry equal marks.

1. Explain structure and role of co-operative banks in India. [16]

Or

Explain in detail the following function of R.B.I :

- (a) Issue and management of currency
- (b) Banker to government.

2. Explain the fund based and fee based function of commercial banks. [16]

Or

- (a) Discuss the operations of foreign banks in India.
- (b) Explain the role of private sector banks in India.

3. What is money market ? Explain participants in money market. [16]

Or

- (a) What are the functions of mutual fund ?
- (b) Explain the role of discount and finance house of India (DFHI).

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4. Explain organisation, objectives and functions of SEBI. [16]

Or

Explain the development of Indian Capital Market after 1991.

5. Write short notes on any *two* : [16]

(a) Liquidity adjustment facility by RBI

(b) Provident fund and pension fund

(c) Open market operation

(d) Hire purchase companies.

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**P.G. DIPLOMA IN BANKING AND FINANCE
EXAMINATION, 2018**

LAW AND PRACTICE OF BANKING

Paper – II

Time : Three Hours

Maximum Marks : 80

N.B. :— (i) *All questions are compulsory.*

(ii) *All questions carry equal marks.*

1. Explain in detail the inspection caused by the RBI under Section 35 of the Banking Regulation Act, 1949.

Or

Explain in detail the procedure of winding up of a banking company by the high court as under Section 38 and Suspension of Business under Section 37 of the Banking Regulation Act, 1949.

2. Explain in detail the penalties levied by the Reserve Bank of India as under Section 58 B of the RBI Act, 1934.

Or

Define an authorized person as under Foreign Exchange Management Act, 1999. Explain in detail the power of the RBI to issue directions to and inspect the authorized person. Your answer must be in conformity with Chapter III of the Foreign Exchange Management Act, 1999.

3. State and explain in detail all the provisions of the Reserve Bank of India Act, 1934 pertaining to note issue in India. State the provisions

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of the RBI Act, 1934 that allowed the Government of India to introduce the Rs. 2000 currency note in India and demonetize the Rs. 500 and Rs. 1000 notes.

Or

Define a bill of exchange as per the Negotiable Instruments Act, 1881. Explain in detail its features. Explain the provisions relating to presentment in case of a bill of exchange.

4. Explain in detail the conditions under which a banker customer relationship can come to an end.

Or

Explain in detail the precautions taken by a banker in payment and collection of customers' cheques.

5. Write notes on (any *two*) :
- (a) Features of promissory note
 - (b) Banker as an agent
 - (c) Lein and its types
 - (d) Negotiable Instruments.

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P.G. DIPLOMA IN BANKING AND FINANCE

EXAMINATION, 2018

BANK LENDING

(Paper – III)

Time : Three Hours

Maximum Marks : 80

- N.B. :—** (i) All questions are compulsory.
(ii) All questions carry equal marks.
(iii) Answers must be to the point.

1. What is the main source of lending for a bank ? Do you think the principles of lending are at conflict with each other ? Explain.

Or

“The general principles of lending are complied with when a borrower is assessed on different Cs”. Do you agree with ? Explain your answer.

2. Do you think every stage of analyzing a new loan proposal carries equal importance ? Record your answer with real life examples.

Or

What are common precautions taken by a banker while advancing against different classes of securities ? How does it help a banker to take such precautions ?

3. Classify the priority sector as done by the RBI and also mention the targets for each of the sub categories under the priority sector.

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Or

What does loan administration stand for ? What are the objectives of loan administration ? 'Loan administration is an indispensable part of bank lending.' Do you agree ?

4. "Disciplined repayment on the part of bank borrowers and recovery of loans by bankers, in case of default by the borrowers, would lead to low or no NPAs." Do you agree ? Explain your answer.

Or

Explain in detail the following modes of recovery of loans used by bankers :

- (a) Debt Recovery Tribunals
 - (b) Asset reconstruction companies.
5. Write short notes on (any *two*) :
- (1) Safety and security as principles of sound bank lending
 - (2) Overdraft
 - (3) Hypothecation
 - (4) Precautions to be taken while lending against shares and debentures.

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**P.G. DIPLOMA IN BANKING AND FINANCE
EXAMINATION, 2018**

Paper IV

ACCOUNTING SYSTEM AND FINANCIAL ANALYSIS

Time : Three Hours

Maximum Marks : 80

N.B. :— (i) *All* questions are compulsory.

(ii) *All* questions carry equal marks.

1. The following is the Trial Balance of Shri Sharada Sahakari Bank Ltd., Thane as on 31st March, 2015 :

Particulars	Amount	Particulars	Amount
	(Rs.)		(Rs.)
Dr		Cr	
Payment of Salaries	63,000	Equity Share Capital	
Miscellaneous Expenses	60,750	(11,250 Shares of	
Rent, Rates and Taxes	6,750	Rs. 100 each fully paid)	11,25,000
Allowances to Directors	4,500	General Reserve	5,62,500
Stationery Stock	18,000	Current Deposits	2,25,000
Bills Purchased and		Savings Bank	
Discounted	1,03,500	Deposits	1,72,500
Investment in Shares		Fixed Deposits	2,81,250
of A Ltd.	1,12,500	Interest and Discount	
		Received	2,81,250

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Cash in hand	27,500	Profit & Loss A/c balance on	
Cash with R.B.I.	4,00,000	1st April, 2014	40,500
Money at Call and			
Short Notice	1,80,000		
Interest paid	1,12,500		
Interim Dividend Paid	38,250		
Government Bonds	9,00,000		
Building	1,72,500		
Cash Credit and			
Overdraft	88,250		
Loans	4,00,000		
	26,88,000		26,88,000

Additional Information :

- (1) Authorized Share Capital of the Bank was 25,000 Equity Shares of Rs. 100 each.
- (2) Reserve for Bad and Doubtful Debts is to be provided at Rs. 6,750.
- (3) Provide Rs. 18,000 for Taxation Reserve.
- (4) Rebate on Bills discounted Rs. 2,250 to be provided.

You are required to prepare Profit & Loss A/c for the year ended 31st March, 2015 and the Balance Sheet as on that date as per the Banking Regulation Act with necessary schedules.

2. Prepare a Three Column Cash Book of M/s Sudeep Bhandari from the following transactions related to the month ended 31st December, 2014. [16]

2014

- Dec. 1 Sudeep started his business with cash Rs. 40,000 out of which he deposited Rs. 38,000 into his bank to open current account in the name of the firm.
- Dec. 2 Received a cheque of Rs. 1,200 from Ravikumar on account.
- Dec. 3 Banked the cheque received from Ravikumar.
- Dec. 8 Paid Rs. 8,800 by cheque to Chhaganlal in full settlement of his account Rs. 9,000.
- Dec. 13 M/s Subhan & Sons directly deposited Rs. 5,700 in our Bank Account.
- Dec. 21 Received Rs. 6,900 from Raman in cash after allowing him discount of Rs. 300.
- Dec. 22 Received on account of cash sales Rs. 5,000 by cheque and Rs. 330 in cash. The cheque deposited into the bank.
- Dec. 25 Deposited Rs. 2,500 into the Bank.
- Dec. 27 Spot purchase made and paid Rs. 300 by cheque.
- Dec. 29 Withdrew by cheque Rs. 500 for personal use.
- Dec. 30 Withdrew from bank Rs. 3,000 for office purpose.
3. (A) Ajay drew a bill of Rs. 18,000 on Vijay on 1st April, 2013 for 5 months. Vijay accepted the bill and returned to Ajay who endorsed it in favour of Sanjay on 5th April, 2013.
- On 1st August, 2013, Vijay approached to Ajay and requested

to renew the bill for a further period of 3 months with the interest at 15% p.a. Ajay agreed the settlement and paid necessary amount to Sanjay.

Vijay retired his acceptance before one month of the due date at the rebate of 10%. Give necessary Journal Entries in the Books of Vijay. [8]

- (B) Journalise the following transactions in the Books of Panditrao, Pune for the month of May, 2010. [8]

2010

- May 1 Paid to Pradeep Rs. 30,240 for the goods purchased from him, after deducting 10% discount.
- May 3 Paid Electricity Bill of the residential building of Panditrao Rs. 600.
- May 5 Paid for Travelling Rs. 2,000.
- May 7 Sold goods for cash Rs. 54,000.
- May 9 Goods costing Rs. 4,100 were stolen and were not traced.
- May 11 Invoiced goods worth Rs. 40,000 to Sangeeta on 10% Trade discount and 5% Cash discount terms. Half of the amount received on spot.
- May 14 Paid Salary Rs. 4,000 and Rent Rs. 3,000.
- May 15 Panditrao drew goods worth Rs. 1,500 for his personal use.

4. Zenia Ltd. has submitted the following figures extracted from the Books of Accounts for the year ended 31st March, 2017 :

Particulars	Amount (Rs.)
Share Capital (Paid up)	2,50,000
Debentures	1,25,000
Current Liabilities	1,00,000
Current Assets	3,00,000
Trade Debtors	50,000
Stock	1,00,000
Net Sales	15,00,000
Cost of Goods sold	10,00,000
Net Profit	1,50,000

You are requested to calculate the following ratios : [16]

- (1) Current Ratio
- (2) Liquid Ratio
- (3) Gross Profit Ratio
- (4) Net Profit Ratio
- (5) Debt-Equity Ratio
- (6) Working Capital Turnover Ratio

5. Write short notes on the following (any *four*) : [16]

- (a) Classification and Golden Rules of Accounts
- (b) Outstanding Expenses and Prepaid Expenses
- (c) Rectification of Errors
- (d) Cash Flow Statement
- (e) Parties to the Bill of Exchange
- (f) Difference between Journal and Ledger.