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SEAT No. :

P1312

[Total No. of Pages : 2

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P.G. Diploma in Banking and Finance

**BANKS, FINANCIAL INSTITUTIONS AND FINANCIAL
MARKETS**

(Paper - I) (Revised Course)

Time : 3 Hours]

[Max. Marks : 80

Instructions to the candidates:

- 1) *All questions are compulsory.*
- 2) *All questions carry equal marks.*

- Q1)** i) Describe the structure of Indian Financial System.
ii) Discuss the role of financial system in the economy.

OR

- i) Discuss the operations of Public sector banks in India.
- ii) Explain any three banking sector reforms in India.

Q2) What is a Central Bank? Explain the following functions of Reserve Bank of India:

- i) Issue and management of currency
- ii) Credit control

OR

- i) What is a Monetary Policy?
- ii) Explain the functions of commercial banks.

- Q3)** i) Explain the types of Non-banking Financial Intermediaries.
ii) Explain the types and functions of Mutual Funds.

OR

Discuss the structure and features of Indian capital market.

P.T.O.

Q4) What is money market? Describe the sub-markets of Indian money market.

OR

- i) Explain the functions of Insurance companies.
- ii) Explain the role of Securities and Exchange Board of India (SEBI) as a regulator of capital market.

Q5) Write notes on (any two) :

- a) Co-operative Banks
- b) Provident Funds
- c) Merchant Banking
- d) Cash Reserve Ratio



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P.G. Diploma in Banking & Finance
LAW AND PRACTICE OF BANKING
(Paper - II)

Time : 3 Hours]

[Max. Marks : 80

Instructions to the candidates:

- 1) *All questions are compulsory.*
- 2) *All questions carry equal marks.*

Q1) How are the following defined under section 56 of the Banking Regulation Act, 1949 .

- a) Cooperative Bank
- b) Cooperative Credit Society
- c) Primary cooperative bank
- d) Primary cooperative society

OR

Explain the following provisions of the Banking Regulation Act, 1949 in detail

- a) Accounts and Balance sheet
- b) Audit

Q2) Spell out in detail provisions of the Reserve Bank of India Act, 1934 pertaining to its incorporation, capital management and business.

OR

Explain in detail the business the RBI may transact as per the provisions of the RBI Act, 1934.

Q3) “The principal relationship between banker and his customer is that of a debtor and a creditor and all other relations stem out of this.” Do you agree? Explain.

OR

Explain in detail the cases under which bankers’ obligation of secrecy of account can be waived?

P.T.O.

Q4) Explain in detail the liabilities of the following parties to a negotiable instrument.

- a) Drawer
- b) Drawee of cheque
- c) Endorser
- d) Maker of note and acceptor of bill

OR

“Paying banker gets statutory protection only if the payment is in due course.”
Do you agree with this? Explain your justification in detail.

Q5) Short notes (Any Two) :

- a) Definitions of ‘Resident’ and ‘Non - Resident’ under Foreign Exchange Management Act, 1999.
- b) Penalties under Foreign Exchange Management Act, 1999.
- c) Banker’s Lien
- d) Features of a promissory note



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P1314

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P.G. Diploma in Banking and Finance

BANK LENDING (Paper - III)

Time : 3 Hours]

[Max. Marks : 80

Instructions to the candidates:

- 1) *All questions are compulsory.*
- 2) *All questions carry equal marks.*

Q1) What is bank lending? 'In spite of so many principles of bank lending banks still face the problems of recovery of loans and hence the principles of bank lending are meaningless.' Comment in detail.

OR

Explain in detail the criteria on which the borrowers are assessed by a bank.

Q2) Write an explanatory note on -

- a) Overdraft
- b) Cash credit

OR

Explain lending for a new proposition in the light of following stages —

- a) Introduction of a customer
- b) Application by a customer
- c) Evaluation

Q3) 'Every security is a collateral and hence distinguishing securities as 'Primary' and 'Collateral' is more of a banking practice than banking theory.' Do you agree? Explain your answer in detail.

OR

Explain in detail the precautions a banker needs to take while extending loans and advances against life insurance policy. How do you think do these precautions differ from precautions to be taken while lending against agricultural produce?

P.T.O.

Q4) Compare and contrast the various modes of creating a charge.

OR

Explain in detail the home loan with reference to the following.

- a) Eligibility to borrow
- b) Fixed or floating rate of interest
- c) Term of loan
- d) Prepayment of loan
- e) Death of a borrower before the repayment of loan
- f) Income tax advantage

Q5) Write notes on (Any two) :

- a) Lok Adalat
- b) Objectives of loan administration
- c) Overdraft
- d) Definitions of 'Securitisation' and Financial Asset' as under Securitisation Act, 2002.



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Total No. of Questions : 5]

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P1315

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P.G. D.B.F.

ACCOUNTING SYSTEM AND FINANCIAL ANALYSIS

(Paper - IV)

Time : 3 Hours]

[Max. Marks : 80

Instructions to the candidates:

- 1) *All questions are compulsory.*
- 2) *All questions carry equal marks.*

Q1) Following ledger balances have been extracted from the books of Saraswati Bank Ltd. Prepare Profit and Loss Account and Balance Sheet as on 31st March 2011 in prescribed proforma:

Particulars	Amount (Rs.)
Share Capital 16,000 Equity shares of Rs. 100 each Rs. 50 paid up	8,00,000
Cash with RBI	4,00,000
Gold	78,000
Cash with other banks	2,06,000
Current Deposits	40,40,000
Interest paid	46,000
Money at call and short notice	2,00,000
Reserve Fund	2,00,000
Fixed Deposits	25,60,000
Profit and Loss a/c credit balance as on 1 - 4 - 2010	2,40,000
Savings Deposits	4,00,000

P.T.O.

Cash in hand	70,000
Dividend paid for the year 2009-10	60,000
Bad Debts	16,000
General Expenses	48,000
Interest received	3,20,000
Discount earned	60,000
Commission received	10,000
Loans, cash credits and overdrafts	41,20,000
Investments	18,80,000
Depreciation	54,000
Premises	8,62,000
Bills Discounted	5,26,000
Non Banking Assets	40,000
Silver	64,000
Branch adjustment a/c (credit)	16,000
Bank drafts, T.T. payable	24,000
Bills for Collection, Acceptances and endorsements amounted to Rs. 3,00,000.	

Adjustments :

- 1) Bills for Collection amounted to Rs. 12,000
- 2) Rs. 8,000 amounted as rebate on bills discounted
- 3) Provision for taxation made for Rs. 10,000
- 4) Outstanding interest on Investment is Rs. 15,000
- 5) Provided Rs. 40,000 for Bad and Doubtful Debts.

Q2) From the following Statements of ABC Co. Ltd., calculate the given Ratios:
Trading and Profit & Loss A/c for the year ended 31st March, 2011.

Dr.		Cr.	
Particulars	Amount Rs.	Particulars	Amount Rs.
To Opening Stock	5,00,000	By Sales	36,00,000
To Purchases	21,00,000	By Closing Stock	3,00,000
To Gross Profit c/d	13,00,000		
	<u>39,00,000</u>		<u>39,00,000</u>
To Office Expenses	40,000	By Gross Profit b/d	13,00,000
To Administrative Expenses	4,60,000		
To Marketing Expenses	2,00,000		
To Net Profit c/d	6,00,000		
	<u>13,00,000</u>		<u>13,00,000</u>

Balance Sheet as on 31st March, 2011

Liabilities	Amount Rs.	Assets	Amount Rs.
Equity Share Capital	10,00,000	Fixed Assets	14,00,000
General Reserve	8,00,000	Sundry Debtors	5,00,000
Profit and Loss A/c	3,00,000	Stock	3,00,000
Sundry Creditors	2,00,000	Bank Balance	2,00,000
Bills Payable	2,00,000	Cash in hand	1,00,000
	<u>25,00,000</u>		<u>25,00,000</u>

- | | |
|--------------------------|--|
| (1) Current Ratio | (5) Fixed Assets Turnover Ratio |
| (2) Liquid Ratio | (6) Total Assets Turnover Ratio |
| (3) Operating Ratio | (7) Return on Proprietor's Funds |
| (4) Stock Turnover Ratio | (8) Net Profit to Equity Capital Ratio |

Q3) Prepare a Triple Column Cash Book with Cash, Bank and Discount Columns of M/s Raysing for the month of December, 2012 and balance the Cash Book.

2012.

- Dec. 1 Cash Balance Rs.60,000 and Bank Overdraft Rs. 40,000
- 3 Issued a cheque of Rs. 19,000 to Mr. Milind in full settlement of Rs. 20,000.
- 4 Sold Goods for cash and cheque worth Rs. 10,000 and Rs. 20,000 respectively. The cheque deposited into the Bank.
- 5 Received a cheque from Mr. Sharad for Rs. 4,850 in full settlement of Rs. 5,000 and the cheque deposited into Bank.
- 8 Mr. Jatin deposited directly into Bank A/c Rs. 6,000
- 15 Paid Taxes Rs. 3,000 in cash and Electricity Bill Rs. 500 by cheque.
- 16 The cheque received from Mr. Sharad returned dishonoured.
- 18 Received an advice from the Bank stating that the Bank has paid Rs. 2,500 on account of Insurance Premium.
- 21 Paid Postage Rs.200 in cash.
- 22 Made Cash Purchases Rs. 9,000 and Cash Sales Rs. 18,000.
- 25 Purchased Furniture for Rs. 10,000, the amount being paid by cheque.
- 27 Received a Crossed cheque of Rs. 24,000 in full settlement of Rs. 25,000 from Mr. Ramesh and it was immediately deposited into Bank A/c.
- 29 Paid cash to Petty Cashier Rs. 1,000
- 30 Deposited into Bank all the cash in excess of Rs. 10,000.

OR

Shyam accepted a Bill of Rs. 20,000 drawn on him by Ram for the period of 3 months. Ram discounted the Bill on the same date with his Bank at the rate of 10% p.a.

Shyam dishonoured his acceptance on due date. Shyam paid Rs. 5,000 to Ram and accepted a new Bill for the period of 4 months for the balance amount due including interest of Rs. 100.

Before the maturity of this new Bill, Shyam became insolvent and 50 paise in a rupee were received as the First and Final dividend from his private estate.

Pass Journal Entries in the Books of Ram.

Q4) Journalise the following transactions:

1. Sudha started her business with Cash Rs. 60,000 of which Rs. 40,000 were borrowed from the Bank.
2. Purchased Goods from Aniket for cash Rs. 20,000
3. Goods worth Rs.2,000 were distributed as free sample.
4. Purchased Office Table for Rs. 5,000 and a Chair for Rs.2,000 from Swagat Furnitures.
5. Salaries outstanding amounted to Rs. 5,000
6. Cash withdrawn from Bank for Office use Rs. 4,000
7. Sold good to Nalini worth Rs.20,000 at 20% Trade Discount and 10% Cash Discount. Half of the amount paid in Cash.
8. Purchased Papers, Note Books and Cash Register for Rs. 500.

OR

The Bank Pass Book of Mr. Kailas showed a Balance of Rs. 30,000 on 31st March, 2012 . A scrutiny of his Pass Book and Cash Book revealed the following facts.

1. Cheque issued on 28th March, 2012 for Rs. 6,000 was not presented for payment.
2. Bank wrongly debited the A/c of Mr. Kailas by Rs. 200, but the details are not yet available.
3. The debit side total of the Bank column of Cash Book Rs. 60,000 was wrongly brought forward as Rs. 59,000.
4. Mr. Kailas withdrew Rs. 3,000 from his Bank A/c, but the amount recorded in the Cash Book as Rs. 2,000.

Prepare a Bank Reconciliation Statement.

Q5) Following is the Trial Balance of M/s Sudeep & Sons as on 31st March, 2011. You are required to prepare Trading and Profit & Loss A/c for the year ended 31st March, 2011 and the Balance Sheet as on that date.

TRIAL BALANCE AS ON 31ST MARCH, 2011

Particulars	Debit Amount Rs.	Credit Amount Rs.
Sudeep's Capital A/c		2,20,00
Goodwill	20,000	
Opening Stock	80,000	
Bills Receivable	20,000	
Plant & Machinery	1,00,000	
Purchases	1,70,000	
Sales		2,40,000
Returns Inward	4,000	
Returns Outward		11,000
Investment	32,000	
Furniture & Fixtures	20,000	
Sudeep's Drawings	8,000	
Sundry Debtors	74,000	
Sundry Creditors		1,05,000
Salaries	8,000	
Wages	12,000	
Insurance Premium	10,000	
Sundry Expenses	16,000	
Advertisement (Paid for 3 years)	6,000	
Commission		6,000
Prepaid Expenses	4,000	
Interest Received		2,000
	<u>5,84,000</u>	<u>5,84,000</u>

Additional Information :

1. Closing Stock of goods was of Rs.70,000 at cost while it's market value was Rs .90,000.
2. Depreciate Plant & Machinery and Furniture & Fixtures by 10% and 5% p.a. respectively.
3. It was found that the Credit Sales affected the value of Rs. 10,000 has not been recorded in the Books of Accounts.
4. Provide for Bad Debts Rs.4,000 and Reserve for Doubtful Debts at 5% on Sundry Debtors.
5. Salaries outstanding Rs. 4,000

OR

Write short notes on (Any Four) :

- a) Journal and Ledger
- b) Rebate on Bills Discounted
- c) Contra Entries
- d) Analysis and Interpretation of Financial Statements
- e) Ratio Analysis
- f) Funds Flow Statement

