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[4985]-101

**P.G. Diploma in Banking and Finance**  
**EXAMINATION, 2016**  
**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 the role of private sector banks and foreign banks in India.

*Or*

Explain the banking sector reforms in India with reference to :

- (a) Cash-Reserve Ratio  
(b) Statutory Liquidity Ratio  
(c) Provision Norms  
(d) Interest Rate Regulation.
2. (a) What is the difference between Life Insurance and General Insurance ?  
(b) What are the functions of Life Insurance Companies ?

*Or*

- (a) What are the futures of Indian Capital Market ?  
(b) What is money market policy of RBI.
3. Explain the functions of RBI :  
(a) Banker to the Government  
(b) Issue and Management of Currency.

P.T.O.

*Or*

- (a) What is money market ?
- (b) Explain submarkets of money market :
  - (1) Commercial Bill Market
  - (2) Discount Market.

4. What is Mutual Fund ? What are the types and functions of Mutual Funds ?

*Or*

Explain the development of India's Capital Market after 1991.

5. Write short notes on (any *two*) :
- (a) Fee based functions of Commercial Bank
  - (b) Hire purchase companies
  - (c) Shares and Bonds
  - (d) SEBI.

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**P.G. Diploma in Banking and Finance EXAMINATION, 2016**

**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. Spell out and explain the following provisions of the Banking Regulation Act, 1949 :
  - (a) Licensing and Branch Licensing
  - (b) Accounts and Audit.

*Or*

Explain in detail the various forms of business a banking company may engage itself in as per the Banking Regulation Act, 1949.

2. Explain in detail the provisions of the RBI Act, 1934 pertaining to :
  - (a) Penalties
  - (b) Business which the Bank may transact.

P.T.O.

*Or*

Explain in detail the following obligations of a banker :

- (a) Maintaining Secrecy of customers' accounts.
- (b) Honour of cheques.

3. Define Negotiable Instrument. What are the characteristics of Negotiable Instruments ?

*Or*

Spell out and explain the provisions of the Negotiable Instruments Act, 1881 pertaining to liabilities of the following parties to the Negotiable instrument :

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

4. "A collecting banker may not need to be as judicious and cautious as a paying banker needs to be while paying his customers' cheques." Explain with illustrations.

*Or*

Spell out and explain the following definitions of the Foreign Exchange Management Act, 1999 :

- (a) Capital account transactions
- (b) Currency
- (c) Current account transactions
- (d) Person.

5. Write notes on any *two* :

- (a) Procedure for amalgamation of banking companies
- (b) Creditor, Debtor and Debtor-Creditor relationship between banker and customer
- (c) Difference between cheque and promissory note
- (d) Power of the RBI to inspect authorized person under FEMA.

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**P.G. DIPLOMA IN BANKING AND FINANCE EXAMINATION, 2016**  
**BANK LENDING**  
**Paper III**

**Time : Three Hours**

**Maximum Marks : 80**

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

(ii) All questions carry equal marks.

1. “If the criteria for assessing borrowers are followed seriously all the principles of bank lending would be complied with.” Do you agree?

*Or*

Explain in detail mortgage and different types of mortgage.

2. “Every stage in analysis of a new lending proposition is equally important.” Explain the reasons with illustration.

*Or*

Explain in detail the precautions a banker must take while extending advances against :

(a) Supply bills

(b) Documents of title to goods.

3. Define priority sector. Explain in detail the RBI guidelines for loans to priority sector.

*Or*

Explain in detail the various forms of retail lending.

P.T.O.

4. Explain in detail measures of recovery of loans with respect to :
- (a) One time settlement
  - (b) Asset reconstruction company.

*Or*

What is the process of asset securitization ? Explain the securitization and reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 with reference to the following definitions :

- (a) Asset securitization
  - (b) Financial asset
  - (c) Hypothecation
  - (d) Originator
5. Write notes on (any *two*) :
- (a) Tools of loan administration
  - (b) Consortium lending
  - (c) Lien
  - (d) NPA management.

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**P.G. DIPLOMA IN BANKING AND FINANCE**

**EXAMINATION, 2016**

**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 Trial Balance of Bhagvati Bank Ltd. as on 31st March, 2016  
is as follows : [16]

<b>Dr.</b>		<b>Cr.</b>
<b>Particulars</b>	<b>Debit Particulars</b>	<b>Credit</b>
	(Rs.)	(Rs.)
Investment in shares	37,50,000	Share Capital
Loans and Advances	67,80,000	15,000 Equity Shares
Premises	12,00,000	of Rs. 100 each
Cash in hand	50,000	Rs. 50 paid
Cash with RBI	14,00,000	Deposits—Current
		85,00,000

P.T.O.

Money at Call &		—Savings	15,00,000
Short Notice	3,00,000	—Recurring	10,00,000
General Expenses	5,000	—Fixed	8,00,000
Audit Fees	5,000	Statutory Reserve Fund	3,00,000
Rent, Rates & Taxes	20,000	P&L A/c (1-4-2014)	2,00,000
Interest paid	2,00,000	Borrowings from	
Salaries	1,00,000	Shree Bank	7,00,000
Dividend (for 2013-14)	50,000	Sundry Creditors	30,000
Bills Discounted &		Bills Payable	10,00,000
Purchased	6,00,000	Unclaimed Dividend	30,000
Balance with other		Interest received	5,00,000
Banks	11,00,000	Discount received	2,00,000
		Commission received	50,000
	<u>1,55,60,000</u>		<u>1,55,60,000</u>

The additional information is as follows :

- (1) Rebate on Bills Discounted Rs. 10,000
- (2) Acceptances on behalf of Customers Rs. 1,50,000
- (3) Endorsement on behalf of Customers Rs. 2,50,000

- (4) Provide Rs. 30,000 for Taxation
- (5) Create a Reserve for Bad & Doubtful Debts Rs. 30,000
- (6) Depreciate premises at 5%.

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

- 2.** Enter the following transactions in the three columnar cash book of Shri Gulabchand and balance the same. [16]

2015

- Dec. 1 Cash in hand Rs. 6,000. Opened a Current A/c with this amount with Bank of Maharashtra.
- 2 Sold goods to Nandan of Rs. 60,000 at 10% Trade discount and 5% Cash discount. Received half amount in cash and half amount by cheque which was deposited into the Bank on the same day.
- 3 Paid Banarasi by cheque Rs. 1,000 in full settlement of Rs. 1,200
- 5 Paid rent of office to Ramlal Rs. 1,500 by cheque.
- 11 Purchased goods from Babanrao for a cheque of Rs. 3,600

- 20 Paid for stationery Rs. 1,500 and Advertisement Rs. 3,500 in cash.
- 22 Withdrawn from Bank Rs. 5,000 for office use and Rs. 2,000 for personal use.
- 25 Received on account a cheque from Madhav of Rs. 7,800 in full settlement of Rs. 8,000. The cheque was not deposited into the Bank but kept in the Cash Box.
- 26 The cheque received from Madhav deposited into our Bank A/c.
- 29 Received Money Order from Hari Rs. 5,000 in full settlement of Rs. 5,200.

3. The following is the Profit & Loss A/c and Balance Sheet of Ashiyana Co. Ltd. : [16]

**Trading and Profit & Loss A/c**

**For the Year Ended 31st March, 2012**

Particulars	Amount	Particulars	Amount
	(Rs.)		(Rs.)
To Opening Stock	2,50,000	By Sales	18,00,000
To Purchases	10,50,000	By Closing Stock	1,50,000
To Gross Profit c/d	6,50,000		
	19,50,000		19,50,000

To Administrative Expenses	2,30,000	By Gross Profit b/d	6,50,000
To Finance Expenses	20,000	By Sundry Income	50,000
To Selling & Distribution Expenses	1,00,000		
To Net Profit Transferred to B/S	3,50,000		
	<u>7,00,000</u>		<u>7,00,000</u>

### Balance Sheet

**As on 31st March, 2012**

<b>Liabilities</b>	<b>Amount</b>	<b>Assets</b>	<b>Amount</b>
	(Rs.)		(Rs.)
Share Capital	5,00,000	Land & Building	5,00,000
Reserves	4,00,000	Plant & Machinery	2,00,000
Profit & Loss A/c	1,50,000	Sundry Debtors	2,50,000
Sundry Creditors	2,00,000	Stock in Trade	1,50,000
		Cash at Bank	1,50,000
	<u>12,50,000</u>		<u>12,50,000</u>

Calculate the following Ratios :

- (1) Current Ratio
- (2) Acid Test Ratio

- (3) Gross Profit Ratio
- (4) Net Profit Ratio
- (5) Operating Ratio
- (6) Stock Turnover Ratio
- (7) Debtors Turnover Ratio
- (8) Return on Proprietors Funds Ratio.

4. Journalise the following transactions of M/s Lokmanya Stores, Kalvan for the month of March, 2015. The store is owned by Shri Rasiklal. [16]

2015

March 1 Shri Rasiklal brought his personal assets in the business as the capital, Furniture Rs. 25,000, Goods worth Rs. 85,000 and cash Rs. 48,000.

March 2 Purchased goods from Tusharmal worth Rs. 30,000 less 10% Trade Discount on Credit.

March 3 Paid freight Rs. 1,300 on goods purchased.

March 4 Sold half the goods purchased from Tusharmal at a profit of 20% on invoice to Gangadhar on credit.

March 5 Paid freight Rs. 600 on goods sold to Gangadhar not recoverable from him.

March 8 Received Rs. 15,000 from Gangadhar in full settlement of his account, allowing the balance as discount.

March 10 Paid to Tusharmal Rs. 24,000 in full settlement of his account.

March 12 Rasiklal purchased one cycle for office peon for Rs. 3,500.

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

- (1) Dishonour of Bill of Exchange
- (2) Ratio Analysis
- (3) Outstanding Expenses and Prepaid Expenses
- (4) Final Accounts
- (5) Profit and Loss Appropriation A/c
- (6) Bank Reconciliation Statement.