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Time : 2½ Hours

**BANKING**

Subject Code

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Total No. of Questions : 5

(Printed Pages : 5)

Maximum Marks : 55

**INSTRUCTIONS :**

- (i) All questions are compulsory.
- (ii) Answer each question on a fresh page and write the number of question and sub-question clearly.
- (iii) There is no overall choice for the questions. However, there is internal choice for Question No. 5.
- (iv) Figures to the right indicate the marks allotted to each question.
- (v) Give illustrations wherever required.

1. (A) Name the type of certificate issued by the Reserve Bank of India allowing a Bank to wind-up its affairs in India. 1
- (B) Draw a neat proforma of the Profit and Loss Account of a Banking company as required under the Banking Regulation Act, of 1949. 2
- (C) Provide details on each of the following schedules as appearing in the Final Accounts of Banking Companies :
- (i) Borrowings

- (ii) Investments
- (iii) Interest Expended. 3
- (D) Discuss the provisions of the Banking Regulation Act with respect to :
- (i) Licensing of the Banks
- (ii) Inspection of the Banking Companies. 4
2. (A) Name the authority that is empowered to Control Loans and Advances in the interest of the general public. 1
- (B) How is a Consular Invoice different from a Commercial Invoice ? 2
- (C) All the Banking Companies in India are required to submit to the RBI a number of Returns in the prescribed form and manner. With reference to this statement explain the relevance of the following returns :
- (i) Return of Unclaimed Deposits
- (ii) Monthly Returns
- (iii) Return of Annual Accounts. 3
- (D) The EXIM Bank provides financial assistance to the Exporters and Importers of goods and services and thereby promotes the Country's International Trade. Discuss. 4

3. (A) What type of relationship exists between the Banker and the Customer when the customer avails of over-draft and cash-credit facilities ? 1
- (B) The Banker enjoys the "Right of Set-off and not "Lien" on the money deposited by his Customer." Comment. 2
- (C) A valued customer of your Bank presents for negotiation the following documents drawn under a letter of credit covering a shipment of goods made by him :
- (i) Bill of Exchange
  - (ii) Marine Insurance Policy
  - (iii) Bill of Lading.

As a Negotiating Banker, what factors will you consider while examining these documents ? 3

- (D) Letters of Credit have assumed great importance in International Trade. Elucidate this statement by highlighting the benefits of a Letter of Credit to the exporter as well as the importer. 4
4. (A) What is the legal position of the Banker when he collects cheques, drafts, dividend warrants on behalf of his Customer ? 1
- (B) You have received an order from the Court attaching the Savings Account of Mr. Ashwin Pinto, one of your valued Customer. As a Banker, what conditions are required to be fulfilled for the enforcement of this order ? 2

- (C) Miss Renita Monteiro, a customer of your Bank has given you standing instructions to buy and sell shares and other securities on her behalf. As a Banker, what precautions will you take to safeguard your interest ? 3
- (D) Thought it is the Statutory Obligation of the Banker to honour cheques of a customer in the usual course of business, yet this obligation is subject to a number of conditions. Explain this statement by bringing out any *four* points. 4
5. (A) What type of Lien is usually exercised by the Banker ? 1
- (B) Justify the popularity of Gold Loans in modern times. 2
- (C) "CAKES AND BAKES", a Small Scale Industrial Unit Manufacturing Cakes and Pastries has approached you for a loan. As a Branch Manager, what safeguards would you take before the disbursement of the loan ? 2
- (D) NPA'S have affected the profitability, liquidity, and competitive functioning of Banks in India. As a Banker what measures would you adopt to reduce this problem ? 3
- (E) An Orthopaedic Surgeon has approached your Bank for a loan to set up his own clinic. As a Banker, what criteria would you adopt before financing his project ? 3

(F) Amit, a Partner of Auto-Traders Ltd. has approached you for a loan and is willing to submit the following securities :

(i) Shares of a private limited company

(ii) Debentures.

As a Banker, which of these securities would you accept and why ?

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*Or*

Discuss the suitability of the following types of securities as a cover for granting advances :

(i) Immovable Properties

(ii) Documents of title to the goods.

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