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P. G. D. B. F. Examination - 2012

PAPER - I

BANKS, FINANCIAL INSTITUTIONS AND FINANCIAL MARKETS

Time : 3 Hours]

[Max. Marks : 80

Instructions :

- (1) *All questions are compulsory.*
 - (2) *All questions carry equal marks.*
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Q.1) Explain structure and role of Co-operative Banks in India.

OR

Q.1) Discuss Monetary Policy of Reserve Bank of India.

Q.2) Explain role and progress of Private Sector Banks and Foreign Banks in India since 1991.

OR

Q.2) Explain functions of (i) Insurance Companies and (ii) Hire-purchase Finance Companies in India.

Q.3) (A) What is the nature of Indian Money Market ?

(B) What are the Sub-markets of Indian Money Market ?

OR

Q.3) Discuss structure and composition of Indian Capital Market.

Q.4) Discuss reforms in the Banking Sector in India with regard to :

- (a) Capital Adequacy
- (b) Interest Rates
- (c) Asset Classification and Provisioning

OR

Q.4) What is a Mutual Fund ? What are the functions of Mutual Funds ?

Q.5) Write notes : **(Any Two)**

- (a) Issue and Management of Currency by Reserve Bank of India
- (b) Housing Finance Companies
- (c) Fee-based Functions of Commercial Banks
- (d) Securities and Exchange Board of India (SEBI)

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P. G. D. B. F. Examination - 2012

PAPER - II

LAW AND PRACTICE OF BANKING

Time : 3 Hours]

[Max. Marks : 80

Instructions :

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

Q.1) Detail out the restrictions put on the Business of Banking by the Banking Regulation Act, 1949.

OR

Q.1) Explain in detail the Banking Regulation Act, 1949 with reference to the following :

- (a) Maintenance of a Percentage of Assets
- (b) Cash Reserve and Reserve Fund

Q.2) Explain in detail all the provisions of the Reserve Bank of India Act, 1934 with reference to :

- (a) Collection and Furnishing of Credit Information
- (b) Cash Reserves of Scheduled Banks to be kept with the Bank

OR

Q.2) Explain in detail the Central and the Local Boards of the RBI with reference to the following as spelt out in the RBI Act, 1934 :

- (a) Composition
- (b) Term and Removal of the Members

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Q.3) Explain Negotiable Instruments Act, 1881 with reference to the following :

- (a) Drawer, Drawee, Payee
- (b) Negotiable Instrument
- (c) Endorsement
- (d) Endorsement 'in blank' and 'in full'

OR

Q.3) What are the different conditions under which the Banker-Customer Relationship can come to an end ?

Q.4) State and explain the following definitions from the Foreign Exchange Management Act, 1999 :

- (a) Person Resident in India
- (b) Foreign Exchange and Foreign Security
- (c) Capital Account Transaction
- (d) Import and Export

OR

Q.4) Explain in detail all the precautions a Banker needs to take while Paying and Collecting Customers' Cheques.

Q.5) Write notes : **(Any Two)**

- (a) Cases where a Banker cannot use his Right of Set Off
- (b) Parties to Garnishee Order and its Stages
- (c) Bankers' Obligation of Secrecy of Accounts
- (d) Similarities between Cheque and Bill of Exchange

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P. G. D. B. F. Examination - 2012

PAPER - III

BANK LENDING

Time : 3 Hours]

[Max. Marks : 80

Instructions :

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

Q.1) “It is generally observed that the principles of liquidity and profitability do not go in conformity with each other.” Do you agree or not ? Justify your answer with suitable examples.

OR

Q.1) Explain in detail the criteria for assessing a new Lending Proposal.

Q.2) What is a Secured Loan ? Discuss different securities against which a bank could lend to a customer. How would you as a banker rank these securities from the best to good for the purpose of lending ?

OR

Q.2) State and explain common precautions a banker needs to take while extending loans against different securities. Support your answer with suitable examples.

Q.3) Do you think the definition of Priority Sector is changing as per the needs of the economy ? Justify your say. Also spell out in detail the RBI Guidelines pertaining to Priority Sector Lending.

OR

Q.3) Explain Working Capital Finance with respect to :

- (a) Syndicated Loans
- (b) Consortium Lending

Q.4) Spell out and explain the following definitions from the Securitisation Act, 2002 :

- (a) Securitisation
- (b) Borrower
- (c) Financial Institution
- (d) Security Interest

OR

Q.4) Explain in detail the provisions of 'Enforcement of Security Interest' as spelt out in Securitization Act, 2002.

Q.5) Write notes : **(Any Two)**

- (a) Diversification of Risk as a Principle of Bank Lending
- (b) Tools of Loan Administration
- (c) Primary and Collateral Security
- (d) Corporate Lending

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P. G. D. B. F. Examination - 2012

PAPER - IV

ACCOUNTING SYSTEM AND FINANCIAL ANALYSIS

Time : 3 Hours]

[Max. Marks : 80

Instructions :

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

Q.1) The following is the Trial Balance of the Laxmi Bank as on 31st March, 2012. You are required to prepare Balance Sheet and Profit and Loss A/c. in the prescribed proforma :

Trial Balance as on 31st March, 2012

Particulars	Debit Rs.	Credit Rs.
Share Capital : Shares of Rs. 100 each	–	5,00,000
Reserve Fund	–	32,500
Premises	4,00,000	–
Fixed Deposits	–	4,50,000
Saving Bank Deposits	–	8,50,000
Current Deposits	–	4,00,000
Interest and Discount	–	3,01,500
Salaries	54,000	–
Investments	1,20,000	–
Shares of F Ltd	30,000	–

Particulars	Debit Rs.	Credit Rs.
Cash in Hand and Balance with RBI	4,00,000	—
Balance with State Bank	1,50,000	—
Money at Call	50,000	—
Furniture	2,00,000	—
Printing and Stationery	6,000	—
General Expenses	20,000	—
Bills Discounted and Purchased	80,000	—
Loans, Cash Credit and Overdraft	16,20,000	
Sundry Creditors	—	45,000
Borrowings	—	4,00,000
Commission and Exchange	—	5,000
Interest Expended	1,00,000	—
Unclaimed Dividend	—	5,000
Director's Fees	40,000	—
Non-banking Assets	50,000	—
Audit Fees	10,000	—
Rent and Taxes	8,500	—
Profit and Loss A/c. Balance (31st March, 2011)		11,500
Total	33,38,500	33,38,500

The following additional information may be considered :

- (1) The Authorised Capital consisted of 8,000 shares of Rs. 100 each.
- (2) The depreciation @ 10% on premises and @ 5% on Furniture is to be charged.
- (3) Provide Rs. 2,000 for Doubtful Debt.
- (4) Provide Rs. 10,000 for Taxation.
- (5) Rebate on Bills Discounted Amounted to Rs. 1,500.
- (6) Acceptances and Endorsement totalled to Rs. 52,000.

Q.2) From the following Balance Sheet as on 31st March, 2012 and Income Statement for the year ended 31st March, 2012, calculate given ratios :

Balance Sheet as on 31st March, 2012

Liabilities	Rs.	Assets	Rs.
Equity Share Capital (Shares of Rs. 10 each)	10,00,000	Plant and Machinery	6,40,000
Profit and Loss A/c.	3,68,000	Land and Building	80,000
Creditors	1,04,000	Debtors	3,60,000
Bills Payable	2,00,000	(-) RDD	40,000
Other Current Liabilities	20,000	Stock	4,80,000
		Cash	1,60,000
		Prepaid Insurance	12,000
	16,92,000		16,92,000

Income Statement for the year ended 31st March, 2012

	Rs.
Sales	40,00,000
(-) Cost of Goods Sold	30,80,000
	9,20,000
(-) Operating Expenses	6,80,000
Net Profit	2,40,000
(-) Income Tax 5%	1,20,000
Net Profit after Tax	1,20,000

Balances at the beginning of the year :

Debtors – Rs. 3,00,000

Stock – Rs. 4,00,000

- (1) Current Ratio
- (2) Quick Ratio
- (3) Stock Turnover Ratio
- (4) Operating Ratio
- (5) Rate of Return on Equity Capital

Q.3) On 3rd January, 2012 Ramesh accepted a bill for Rs. 50,000 drawn on him by Suresh payable after 3 months. Suresh discounted bill with bank for Rs. 49,400.

At maturity the bill was dishonoured, noting charges paid by the Bank Rs. 500.

On 15th March, 2012 Ramesh paid Rs. 20,000 in cash and accepted a new bill for the remaining amount.

Pass Journal Entries in the books of Ramesh and Suresh.

OR

Q.3) Enter the following transactions in Cash Book with Cash, Bank and Discount Columns of Mr. Ashih for the month of April, 2012 and Balance the Cash Book :

- April, 1 Cash in hand Rs. 200, Bank Overdraft Rs. 3,000.
- 3 Issued a cheque in favour of Mr. Ravi for Rs. 2,500 in full settlement of Rs. 2,600.
- 5 Received a cheque from Mr. Suresh for Rs. 3,250 in full settlement of Rs. 3,300 and deposited into Bank.
- 7 Received an advance from the Bank stating that the Bank has paid Rs. 250 on account of Insurance Premium.
- 9 Paid to Petty Cashier Rs. 100.
- 11 Made Cash Sales Rs. 3,500 and Cash Purchases Rs. 900.
- 15 Purchased Machinery for Rs. 7,000, the amount being paid by cheque.
- 19 Directly deposited by Mr. Jadhav Rs. 4,800.
- 26 Received a crossed cheque from Mr. Parikh for Rs. 2,000 in full settlement of Rs. 2,200.
- 28 Paid Office Expenses Rs. 300.
- 30 Paid Rent by Cheque Rs. 350.

Q.4) On 31st March, 2012, Cash Book of Mr. Patil showed a balance of Rs. 8,000. On comparing his Cash Book and Pass Book, you find the following :

- (1) Cheques issued on 28th March for Rs. 5,000 was not presented for payment.
- (2) Cheque of Rs. 2,800 deposited into Bank was collected and credited by the Bank was entered in Cash Book as Rs. 8,200.
- (3) An ECS for repayment of Loan Rs. 3,200 and Bank Charges Rs. 600 were not recorded in Cash Book.
- (4) Cheques deposited but not cleared amounted to Rs. 2,500.

Prepare Bank Reconciliation Statement.

OR

Q.4) Journalise the following transactions :

- (1) Mr. Joshi started business with cash Rs. 50,000, machinery Rs. 20,000.
- (2) Cash purchases from Mr. Jadhav Rs. 5,000.
- (3) Sold his private Scooter for Rs. 2,500 and the proceeds were brought into business.
- (4) Purchased goods worth Rs. 10,000 from Mr. Ravi. He allowed 10% Trade Discount.
- (5) Sold goods to Mr. Bhave for Rs. 5,000. Trade Discount allowed 5%.
- (6) Goods worth Rs. 500 were consumed for personal use.
- (7) Paid Rs. 1,500 as Rent to Mr. Yadav and Rs. 2,000 to Mr. Yogesh as Salary.
- (8) Goods worth Rs. 500 were distributed as free samples.

Q.5) From the following Trial Balance, prepare Trading and Profit and Loss A/c. for the year ended 31st March, 2012 and prepare Balance Sheet as on that date for M/s. Asha Firm :

Trial Balance as on 31st March, 2012

Particulars	Dedit (Rs.)	Credit (Rs.)
Capital	–	80,000
Machinery	78,800	–
Sales	–	1,25,000
Loose Tools	7,000	–
Purchases	50,000	–
Returns	1,000	750
Fixtures	2,000	–
Opening Stock	28,000	–
Bills of Exchange	5,000	15,000
Carriage Inward	2,000	–
Installation Charges for Machinery	1,200	–
Discount	425	800
Debtors and Creditors	40,000	10,000
Commission	1,000	1,000
Additional Capital (30 September, 11)	–	20,000
Salaries	7,000	–
Prepaid Salaries	550	–
Wages	10,000	–
Carriage on Sales	1,000	–
Outstanding Wages	–	1,000
Bad Debts	200	–
Provision for Bad Debts	–	525
Rent for Residence	5,000	–
Rent for Office	5,000	–
Advertisement	2,000	–
Cash in Hand	6,600	–
Petty Cash	300	–
	2,54,075	2,54,075

The following additional information may be of use :

- (1) Closing Stock was valued at Rs. 34,220.
- (2) Allow Interest on Capital at 10% p.a.
- (3) Depreciate Machinery at 10% p.a.
- (4) Provision for Bad Debts is to be provided at 5% on debtors.
- (5) The proprietor has taken goods worth Rs. 5,000 for personal use and distributed goods worth Rs. 1,000 as free samples.

OR

Q.5) Write short notes : (Any Four)

- (a) Non-performing Assets (NPA)
 - (b) Advantages of Funds Flow Statement
 - (c) Proforma of a Company Balance Sheet as per the Companies Act, 1956
 - (d) Limitations of Financial Statement
 - (e) Importance and Limitations of Ratio Analysis
 - (f) Reasons for Discrepancies in Pass Book and Cash Book Balances
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