

2019 III 18

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Seat No.

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Time : 2½ Hours

BANKING

Subject Code

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Total No. of Questions : 22 (Printed Pages : 5)

Maximum Marks : 55

INSTRUCTIONS : (i) The question paper consists of **22** questions.

(ii) Marks for each question are indicated against it.

(iii) Answer each "Part" on a fresh page.

(iv) All questions are compulsory.

(v) Part-A are very short answer type questions.

Part-B questions should be answered in about **30** words each.

Part-C questions should be answered in about **60** words each.

Part-D questions should be answered in about **100** words each.

(vi) There is no overall choice for the questions. However, there is internal choice for Question No. **22**.

PART-A

1. Name the authority that supervises the operations of Banking Companies in India. 1
2. What is the minimum percentage of profits that need to be transferred to the Reserve Fund by Banking Companies at the end of the financial year ? 1

3. Which Right of the Banker entitles him to retain and sell the property belonging to the borrower for non-payment of advances ? 1
4. A Banker executes certain transactions as per the instructions given by his customer. What are such instructions termed as ? 1
5. Name the type of shares bought by cautious investors who desire to earn a stable and regular income on their investment. 1

PART-B

6. Draw a neat Pro forma of Profit and Loss Account of a Banking Company as required under the Banking Regulation Act, 1949. 2
7. 'A number of documents hold importance in the conduct of International Trade.' In this context, highlight the factors the Banker needs to consider while examining the correctness of the following documents with respect to a Letter of Credit : 2
 - (a) Bill of Lading
 - (b) Marine Insurance Policy.
8. How does the Banker's Right of General Lien differ from his Right of Set-off? 2
9. 'The Bankers obligation to honour his customer's cheques is subject to the fulfilment of certain conditions.' Briefly explain any *two* of such conditions. 2
10. Failure in maintaining sufficient margin while advancing money against tangible securities may result in losses for the Bank. In this regard, which factors are to be considered by the Banker while determining the Margin to be maintained on advances ? 2
11. How do the Development Loans help in the growth of the Agricultural Sector of the economy ? 2

PART-C

12. Provide details of the following schedules appearing in the Final Accounts of the Banking Company : 3
- (a) Borrowings
 - (b) Interest earned
 - (c) Cash and Balance with R.B.I.
13. Obtaining a license from the R.B.I. is mandatory for every Banking Company operating in India. With reference to this statement, what aspects does the R.B.I. consider before issuing a license to the concerned Bank. 3
14. Explain the following types of Letters of Credit used in the conduct of International Trade : 3
- (a) Documentary Letter of Credit
 - (b) Confirmed Letter of Credit
 - (c) Revocable Letter of Credit.
15. Distinguish between Debit Cards and Credit Cards. 3
16. 'A Banker has to carefully assess the creditworthiness of the borrower before lending funds.' As a Banker, what factors will you consider while assessing the eligibility of the borrower for a bank advance ? 3
17. Mr. Neol Fernandes, a B.C.A. graduate, approaches your Bank for a loan of Rs. 3 lakhs, as he intends to start his own cyber cafe in the city of Vasco. How would you, as the Bank Manager proceed to finance this business proposal ? 3

PART-D

18. What provisions have been laid down under the Banking Regulation Act with respect to the Winding Up of Banking Companies? 4
19. 'Though Foreign Trade helps in nation building, yet it poses certain challenges.' Justify this statement by bringing out any *four* points. 4
20. Bright Lights Ltd., intends to export electrical products to Sweden. With reference to the statement, highlight the importance of the following export documents : 4
- (a) Packing List
 - (b) Commercial Invoice
 - (c) Certificate of Origin
 - (d) Consular Invoice.
21. Identify the nature of relationship between the Banker and his Customer in the following situations and state one precaution to be taken by the Banker in each situation : 4
- (a) Mr. Aaron Rodrigues opens a Saving Bank Deposit Account.
 - (b) Ms. Viciya Vaz has deposited her gold ornaments with the Bank for safe-keeping.
 - (c) Mr. Yanni Goes have instructed the Bank to collect dividend on his behalf.
 - (d) Mr. Shiva Patil instructs his Banker to use the funds deposited in his account for the purpose of funding a scholarship for needy students.

22. Ms. Kanak Indoria wants to expand her business of Interior Designing, and therefore, has approached your Bank for a Loan and is willing to offer the following as a security : 4

* Stock of Goods

* Debentures

As a Banker, which of the security will you accept and why ? Also highlight the reasons for not approving the other security.

Or

Assess the suitability of the following as Securities offered by a customer to obtain a Bank Loan : 4

* Life Insurance Policy

* Land and Building.