



[4390] – 101

Seat No.	
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P.G. Diploma in Banking and Finance Examination, 2013
BANKS, FINANCIAL INSTITUTIONS AND FINANCIAL MARKETS
(Paper – I) (New)

Time : 3 Hours

Max. Marks : 80

Instructions : i) **All questions are compulsory.**
ii) **All questions carry equal marks.**

1. i) What are Non-Banking Financial Intermediaries (NBFIs) ?
ii) Describe the structure of banking system in India.

OR

- i) What is a financial system ?
ii) Explain the role of banks in Indian economy.

2. i) What are private sector banks ?
ii) Discuss the operations of foreign banks in India.

OR

- i) What is monetary policy ?
ii) Explain the following functions of the Reserve Bank of India :
1) Credit control
2) Regulation and supervision over banks.

3. i) What is the difference between life insurance and general insurance ?
ii) What are the functions of insurance companies ?

OR

Discuss the functions of :

- 1) Pension Funds
2) Mutual Funds

P.T.O.



4. i) What is a money market ?
ii) Explain the features of Indian money market.

OR

- i) Explain the nature and composition of Indian capital market.
ii) What is the role of Securities And Exchange Board of India (SEBI) ?

5. Write notes on **(any two)** :

- a) Treasury Bills
b) Shares and bonds
c) Merchant banking
d) Cash reserve ratio.



[4390] – 102

Seat No.	
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Post Graduate Diploma in Banking and Finance Examination, 2013
LAW AND PRACTICE OF BANKING (Paper – II)

Time : 3 Hours

Max. Marks : 80

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

1. State and explain Section 5(b) & (c) of the Banking Regulation Act, 1949. Explain the provision of Reserve Fund as per the Banking Regulation Act.

OR

Explain all the provisions of the Reserve Bank of India Act, 1934 pertaining to its currency functions.

2. Explain in short banker-customer relationship. Describe the conditions under which banker customer relationship can come to an end.

OR

Who is a customer of a bank ? Explain the conditions under which the disclosure about a customer's account is permissible.

3. Define a promissory note as per the Negotiable Instruments Act, 1881. Explain in detail its features.

OR

Define a Bill of Exchange. Explain in detail the features of a bill of exchange.

P.T.O.



4. Who is a collecting banker ? Spell out in detail the rights and duties of a collecting banker.

OR

Define Foreign Exchange as per Foreign Exchange Management Act, 1999. Explain the provisions of Foreign Exchange Management Act, 1999 for obtaining license for dealing in foreign exchange.

5. Write notes on (**any two**) :
- a) Parties to cheque
 - b) Statutory protection to paying banker
 - c) Noting and protest
 - d) Role of enforcement directorate.



[4390] – 103

Seat No.	
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Post Graduate Diploma In Banking and Finance Examination, 2013
BANK LENDING (Paper – III)

Time : 3 Hours

Max. Marks : 80

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

1. What do you understand by diversification of risk ? Describe the conflicting principles of liquidity and profitability.

OR

“Character, capacity and collateral are the essential conditions for evaluating the credibility of the borrower”. Explain.

2. Describe the precautions that a banker should take while lending against real estate and shares.

OR

Explain pledge and mortgage as modes of creating charge by a banker on the security offered by a borrower.

3. Write a detailed note on priority sector lending.

OR

Describe various types of retail loans given by a bank.

4. What are the objectives of loan administration ? Describe various tools of loan administration.

OR

Describe various provisions of the Securitisation Act.

5. Write notes on **any two** of the following.

- Consortium Lending
- Lok Adalat
- Asset Reconstruction Companies
- Working Capital Finance.



[4390] – 104

Seat No.	
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P.G. Diploma in Banking and Finance Examination, 2013
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.

1. The following is the trial Balance of Vijaya Bank Ltd. as at 31st March 2008.

Trial Balance as on 31st March 2008

Particulars	Debit	Credit
	Rs.	Rs.
Subscribed Capital (56250 equity shares of Rs. 10 each fully paid)	–	5,62,500
Reserve fund	–	2,81,250
Loans, cash credit and overdraft	2,44,125	–
Premises	56,250	–
Indian Government Securities	4,50,000	–
Current Deposits	–	1,12,500
Fixed Deposits	–	1,40,625
Savings Bank Deposits	–	56,250
Salaries	31,500	–
General Expenses	30,375	–
Rent and Taxes	3,375	–
Directors fees	2,250	–

P.T.O.



Profit & Loss Account (1-4-2007)	–	20,250
Interest and Discount received	–	1,40,625
Stock of stationery	9,000	–
Bills purchased and discounted	51,750	–
Interim dividend paid	19,125	–
Shares of company	56,250	–
Cash in hand and with Reserve Bank of India	2,13,750	–
Money at call and short notice	90,000	–
Interest paid	56,250	–
	13,14,000	13,14,000

Adjustments :

- 1) Provide Rebate on Bills discounted Rs. 1,125.
- 2) Provide Rs. 3,375 for doubtful debts.
- 3) Authorised capital was 1,20,000 equity shares of Rs. 10 each.
- 4) Provide Rs. 9,000 for taxation reserve.

You are required to prepare Profit and Loss Account for the year ended 31st March 2008 and the Balance sheet as on that date with necessary workings in the prescribed schedules.

2. From the following Profit and Loss Account and Balance Sheet of a company, calculate following ratios.
 - 1) Current ratio
 - 2) Operating Ratio
 - 3) Stock Turnover ratio
 - 4) Liquidity Ratio
 - 5) Gross Profit ratio
 - 6) Net profit Ratio
 - 7) Total assets turnover ratio
 - 8) Fixed Assets turnover ratio.

**Profit and Loss Account for the year ended 31st March 2008**

Particulars	Rs.	Particulars	Rs.
To opening stock	1,00,000	By sales	9,00,000
To purchases	6,00,000	By closing stock	1,20,000
To carriage inwards	20,000		
To Gross profit	3,00,000		
	10,20,000		10,20,000
To Administrative expenses	1,40,000	By Gross profit b/d	3,00,000
To Selling and Distribution Expenses	25,000	By Sundry Income	10,000
To Non operating Expenses	5,000		
To Net profit	1,40,000		
	3,10,000		3,10,000

Balance Sheet as on 31st March 2008

Liabilities	Rs.	Assets	Rs.
Capital	2,00,000	Land and Building	1,00,000
Reserves & surplus	1,70,000	Plant & Machinery	1,20,000
Sundry creditors	1,00,000	Stock	1,20,000
Provision for tax	20,000	Debtors	1,20,000
Bills payable	30,000	Cash at Bank	60,000
	5,20,000		5,20,000

3. On 31st January, 2008, the cash Book of Mr. Sane showed a Bank overdraft balance of Rs. 13,000. The Pass Book showed a different balance. On investigation the following discrepancies were found.

- 1) Cheques of Rs. 2,500 were issued on 25th January to the creditors, out of which one cheque of Rs. 1,500 was presented to the bank for payment on 1st February and the other cheques of Rs. 1,000/- was presented on 6th February 2008.
- 2) Cheques amounting to Rs. 1,800 were deposited in to the Bank, out of which one cheque of Rs. 400 was collected on 27th January, 2008.



- 3) Dividend collected by the Bank and credited in the pass book Rs. 90 was not recorded in the cash book.
- 4) Mr. Shekhar directly deposited in our Bank account Rs. 350. The intimation of the same was received on 3rd February, 2008.
- 5) Interest on overdraft debited in the pass book Rs. 150 but it was not recorded in the cash book.
- 6) Pass book showed a debit of Rs. 200 for dishonoured of a Bill Receivable formerly discounted.

Prepare a Bank Reconciliation statement as on 31st January, 2008.

OR

3. Mahendra sold goods to Ravindra for Rs. 6,000. Ravindra accepted Mahendra's bill for Rs. 6,000 payable after three months. After a month Mahendra discounted the bill with his bank at 10% per annum.

On due date Ravindra dishonoured his acceptance. Ravindra paid Rs. 3,000 to Mahendra and accepted a fresh bill for three months for the balance including interest at 8% per annum. Before the maturity of the bill Ravindra became insolvent and 50 paise in a Rupee were received from Ravindra as First and Final dividend from his estate.

Pass Journal Entries in the books of Mahendra.

4. The following Trial Balance for the year ended 31st March 2008 is extracted from the books of B Ltd.

Prepare Profit and Loss account, Profit and Loss Appropriation Account for the year ended 31st March 2008 and Balance Sheet as on that date.

Trial Balance as on 31-3-2008

Particulars	Debit Rs.	Credit Rs.
Furniture and fittings	8,000	
Plant and Machinery	1,50,000	
Land and Buildings	40,000	
Stock as on 31-3-2008	1,40,000	
Salaries	11,000	



Printing and stationery	2,000	
Share capital (2,000 shares of Rs. 100 each Rs. 50 per share paid up)		1,00,000
General Reserve		28,000
7% Debentures		1,00,000
Sundry creditors		30,000
Bank overdraft (unsecured)		25,000
Trade investment (Market value Rs. 7,000)	6,000	
Cash in hand	2,000	
Preliminary Expenses	4,000	
Debenture Interest	3,500	
Debenture Redemption Fund		35,000
Directors fees	4,500	
Profit and Loss Appropriation Account		20,000
Gross profit		1,32,000
Bills payable		10,000
Rent, Rates and Insurance	3,000	
Bad debts	4,000	
Audit fees	3,000	
Depreciation	20,000	
General Expenses	7,000	
Debtors	72,000	
	4,80,000	4,80,000

The following adjustments should be made :

- 1) Salary unpaid Rs. 1,000
- 2) Insurance premium prepaid amounted to Rs. 400
- 3) Further bad debts to be written off Rs. 2,000
- 4) Create Reserve for Doubtful debts at 5% on sundry debtors.
- 5) Interest on Debentures for six months is outstanding.



- 6) The Board of Directors have decided to make the following appropriations.
- a) Transfer Rs. 10,000 to debenture redemption fund.
 - b) Transfer Rs. 5,000 to General Reserve.
 - c) Equity dividend at 8% should be provided for
 - d) Provision for taxation to be made at Rs. 40,000/-.
- 7) The authorised share capital of the company is Rs. 5,00,000 divided in to 5,000 equity shares of Rs. 100 each.

OR

4. Prepare cash book for the month of January 2009 from the following transactions. (Cashbook with cash, bank and discount columns) in the books of Mr. Ashok.

- 2009 Jan 1 : Cash in hand Rs. 20,000 and at Bank Rs. 60,000
- 2009 Jan 2 : Paid to Shah by cheque Rs. 3,800 in full settlement of his Account for Rs. 4,000
- 2009 Jan 5 : Bought goods for cash Rs. 4,000 and for cheque Rs. 5,000
- 2009 Jan 6 : Drew from bank for office use Rs. 6,000
- 2009 Jan 8 : Received Rs. 8,000 for sale of old furniture
- 2009 Jan 10 : Deposited into Bank Rs. 10,000
- 2009 Jan 15 : Received a cheque of Rs 20,000 from Keshav in full settlement of Rs. 20,500 and paid it into Bank
- 2009 Jan 18 : Cash withdrawn for personal use Rs. 3,000
- 2009 Jan 20 : Cheque received from Keshav is returned dishonoured
- 2009 Jan 22 : Bought goods from Ajay for cash Rs. 20,000
- 2009 Jan 24 : Amit deposited directly into Bank Account Rs. 20,000
- 2009 Jan 26 : Sold for cash goods worth Rs. 30,000 less 5% cash discount.
- 2009 Jan 30 : Bank charges Rs.500 and Bank interest Rs. 5,000 entered by Bank in Pass Book
- 2009 Jan 31 : Cash balance in excess of Rs. 5,000 deposited into Bank.



5. Following is the Trial Balance of Mr. Desai as on 31-3-08. Prepare Trading and Profit and Loss Account and Balance Sheet

Trial Balance as on 31st March 2008

Particulars	Debit	Credit
	Rs.	Rs.
Wages and salaries	6,000	—
Sales		33,000
Capital Account		34,000
Drawings	2,000	—
Purchases	20,000	
Sales returns	300	
Office furniture	4,000	
Buildings	12,000	
Office expenses	1,150	
Advertisement	500	
Discount earned		340
Opening stock	10,000	
Rent rates and taxes	400	
Commission	200	
Purchase returns		460
Bills Receivable	800	
Travelling Expenses	250	
Bad debts	190	
Provision for doubtful debts		1,500
Sundry creditors		2,800
Sundry debtors	11,000	



Cash in hand	1,800	
Bank overdraft		1,300
Postage	100	
Freight on purchases	210	
Investments	2,000	
Interest on investments		250
Fuel and power (factory)	750	
	73,650	73,650

Adjustments :

- 1) Depreciation to be provided on building and furniture at 10% p.a.
- 2) Rent outstanding was Rs. 150
- 3) Provision for doubtful debts to be maintained at 5%
- 4) Interest accrued but not received was Rs. 100/-
- 5) Closing stock was valued at Rs. 15,000/-.

OR

5. Write short notes on (**any four**) :

- a) Bank Reconciliation Statement.
- b) What do you mean by Analysis of Financial Statements ?
- c) Importance of cash flow statements.
- d) Fund flow analysis.
- e) Renewal and retirement of bill.
- f) Liquid Ratio.
- g) Double Entry Book keeping.
- h) What are the advantages of subsidiary books of accounts ?