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Time : 2½ Hours

**BANKING****Subject Code**

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**Total No. of Questions : 22 (Printed Pages : 3)****Maximum Marks : 55**

- INSTRUCTIONS :**
- (1) The question paper consists of **22** questions.
  - (2) Marks for each question are indicated against it.
  - (3) Answer each "Part" on a fresh page.
  - (4) *All* questions are compulsory.
  - (5) 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.
  - (6) There is no overall choice for the questions. However, there is internal choice for Question No. **22**.

**PART – A**

1. What is the maximum number of directorships that a person can hold at a given time in Banking Companies in India ? **[1]**
2. Name the document that a Banking Company needs to obtain from the R.B.I. when it decides to voluntarily shut down its business. **[1]**
3. What is the nature of relationship between a banker and his customer who has instructed the bank that the interest earned on the money deposited into his account is to be used to fund an Annual Scholarship for needy students ? **[1]**
4. What is the legal position of the banker when he is appointed under a court order to manage the assets of a deceased customer ? **[1]**
5. What is the banker referred to as when charge is created on securities in the form of 'Assignment' ? **[1]**

## PART – B

6. Draft a neat proforma of the Profit and Loss Account of a Banking Company as required under the provisions of the Banking Regulation Act, 1949. [2]
7. 'A number of exporters prefer a Red Clause Letter of credit over other types of documentary credit'. Justify this statement by giving reasons to support your answer. [2]
8. A Garnishee order served on a banker becomes operational on the fulfilment of certain conditions. Highlight any four of such conditions. [2]
9. What are the circumstances under which a banker is justified in dishonouring his customer's cheques ? [2]
10. Distinguish between pledge and hypothecation as modes of creating charge on securities offered for a bank advance. [2]
11. Kishan Patil, a marginal farmer, has approached your bank for a loan to purchase a tractor. As the manager, what precautions will you take while sanctioning the loan ? [2]

## PART – C

12. Provide details on each of the following schedules as appearing in the Final Accounts of Banking Companies :
  - a) Capital
  - b) Fixed Assets
  - c) Contingent Liabilities. [3]
13. The Banking Regulation Act has laid down a number of provisions for the Constitution of the Board of Directors of a Banking Company. Explain any three of such provisions. [3]
14. Describe the working of a Revolving Letter of credit with the help of a suitable example. [3]

15. Demonetization has accelerated the use of plastic money and electronic banking in India. In the light of this statement, bring out the advantages of using credit cards. [3]
16. 'Though disbursement of loans and advances is the most profitable means of employing bank funds, yet banks need to have sufficient cash in hand'. Suggest different ways in which bankers can strike a sound balance between profitability and liquidity of funds. [3]
17. The owner of 'Cotton Candy Industries' Verna, has approached your bank for a loan to finance the purchase of industrial equipment. As a Banker, what factors will you bear in mind while considering this loan proposal ? [3]

PART – D

18. The Banking Regulation Act empowers the RBI to exercise overall control over the functioning of banking companies. In this regard how does the regular filing of returns help the RBI in ensuring the orderly functioning of banks in India ? [4]
19. A customer who intends to import heavy machinery from a supplier in China approaches your bank for opening a letter of credit on his behalf. As the branch manager, what procedure will you adopt in this regard ? [4]
20. "The EXIM Bank has been both, a catalyst as well as a key player in the promotion of India's foreign trade". Elucidate. [4]
21. 'The relationship between a banker and his customer is confidential and private' in nature. Under what circumstances is the banker released from this obligation of secrecy ? [4]
22. Mr. Honey Makheeja has approached your bank for a loan of Rs. 10 lakhs to be invested in his business. He has offered a) A stock of goods and b) Real estate as security. As the branch manager, compare the relative suitability of these assets as security against the loan. [4]

OR

22. Mrs. Anuja Desai has approached your Bank for a loan. As the Branch Manager, which of the following securities will you consider and why ?
- (a) Fixed Deposits Certificate
- (b) Stock Exchange Securities. [4]



















