

2025 II 13

0930

Seat No.

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Time : 3 Hours

BANKING

Subject Code

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Total No. Of Questions : 32

(Printed Pages : 8)

Maximum Marks : 70

- INSTRUCTIONS :**
- (i) The question paper consists of **32** questions.
 - (ii) All questions are compulsory.
 - (iii) There is no overall choice for questions. However, there is an internal choice for Question No. **32**.
 - (iv) Marks for each question are indicated against it.
 - (v) Questions **1** to **13** are multiple choice questions. Every question/incomplete statement has four choices and only one of them is the correct answer. Choose the correct answer and rewrite.
 - (vi) Questions **14** to **19** should be answered in about **30** words each.
 - (vii) Questions **20** to **26** should be answered in about **60** words each.
 - (viii) Questions **27** to **32** should be answered in about **100** words each.
 - (ix) Use only blue ball point pen for answering on the answer-book

1. Which of the following is an objective of the Balance Regulation Act of 1949 ? 1
- To allow banks to carry on all forms of business
 - To facilitate inefficient administration of banks
 - To provide license to the banking companies operating in India.
 - To carry on banking business against the interest of the Indian depositor

2. The collection of interest and dividend on behalf of their customers is an example of 1
- Primary function of banks
 - Agency function of banks
 - Investment function of banks
 - General utility service of banks
3. Under which schedule does the item 'Legal charges' appear in the Final Accounts of a banking company operating in India ? 1
- Other Income
 - Reserves and Surplus
 - Operating Expenses
 - Deposits
4. Which of the following is recorded in the schedule 'Fixed Assets' of the Balance Sheet of a banking company operating in India ? 1
- Premises
 - Share Premium Fund
 - Inter office adjustments
 - Cash in Hand
5. MS Handloom & Textiles Pvt. Ltd. India, supplies its products to a client in Japan. Identify the position of MS Handloom & Textiles Pvt. Ltd. in this case : 1
- Import Trader
 - Buyer
 - Export Trader
 - Agent

6. What is the full form of 'EXIM Bank' a financial institution in India ? 1
- Export – Investment Bank of India
 - Expert – Institution Bank of India
 - Export – Institution Bank of India
 - Export – Import Bank of India
7. An exporter from Ludhiana has obtained a written confirmation from the Indian Chamber of Commerce stating that the consignment kept ready for shipment has been manufactured in his own country. Identify the document which provides such a confirmation. 1
- Bill of Lading
 - Consular Invoice
 - Certificate of Origin
 - Bill of Exchange
8. OOL Inc., an American export company requires an advance payment from the importer to manufacture copper bottles. Identify the most suitable type of Letter of Credit which will allow such an advance payment. 1
- Transferable Letter of Credit
 - Red Clause Letter of Credit
 - Confirmed Letter of Credit
 - Back to back Letter of Credit

9. A consignment is subject to a number of risks while in transit to foreign countries. In this context, identify the type of policy through which an exporter can claim for his losses. 1

- Life Insurance Policy
- Health Insurance Policy
- Accident Insurance Policy
- Marine Insurance Policy

10. Which of the following activity is included under 'Priority Sector Lending' by banks ? 1

- Purchase of Gold Jewellery
- Real Estate Development
- Agriculture
- Purchase of a car for personal use

11. SDD Co. Ltd. has applied for a loan at QS Bank Ltd. in order to purchase a delivery van. Which method of creating a charge on securities will be suitable in this case ? 1

- Hypothecation
- Assignment
- Pledge
- Mortgage

12. Which of the following factors does a banker need to consider while verifying the creditworthiness of a borrower ? 1
- Character, Conditions, Credit
 - Character, Capacity, Capital
 - Character, Contributions, Conditions
 - Character, Capital, Circumstances
13. Which of the following is an investment scheme offered by the Indian Postal Department ? 1
- National Savings Certificate
 - New Saving Certificate
 - New Source Certificate
 - National Source Certificate
14. Why does the Banking Regulation Act of 1949 enforce upon banking companies in India, the maintenance of sufficient 'liquid assets' ? (*two points*) 2
15. LEM Bank Ltd. has received an order from the High Court instructing it to close its business of banking in India. What could be the possible reasons for the passing of such an order ? (*two points*) 2
16. Provide details of the schedule 'Deposits' as appearing in the Final Accounts of a Banking Company in India. 2
17. Provide details of the schedule 'Interest Earned', as appearing in the Final Accounts of a Banking Company in India. 2

18. An exporter has submitted a 'Bill of Exchange' under a Letter of Credit arrangement. As the manager in the Negotiating Bank, what aspects will you consider while scrutinizing the said document ? (*two* points). 2
19. 'Liquidity and Profitability are inversely related to each other'. Justify the statement by giving *two* reasons. 2
20. 'International Commercial Terms provide a common language for the exporter and importer to understand one another for their business arrangements'. In view of this, highlight the importance of each of the following : 3
- LOCO Price Quotation
 - FAS Price Quotation
 - Franco Price Quotation
21. 'The Debtor–Creditor relationship between the banker and his customer differs from the debtor–creditor relationship in ordinary commercial debts'. Explain this statement by providing *three* suitable reasons. 3
22. With the help of suitable examples, explain *three* circumstances under which the banker is permitted to disclose the details of his customers account. 3
23. 'Mr. B has instructed his banker to provide specific information to Mr. I, a businessman from Ponda, with whom he wishes to enter into a business deal'. In context to this statement, mention any *three* duties of a banker while acting as a referee. 3
24. Why do customers often consider Debit Cards to be advantageous as compared to Credit Cards ? (*three* Points) 3

25. 'In order to overcome the risk of decrease in market value of securities covering a loan, bankers maintain a certain percentage of margin'. With respect to this statement, explain each of the following factors determining the margin to be maintained on securities. 3
- Degree of saleability of securities
 - Fluctuation in prices of securities
 - Interest and other charges
26. A transport operator has approached NTR Bank Valpoi, for a loan of Rs. 22,00,000/- to purchase a mini truck for business purpose. As the manager of the Valpoi branch, what precautions will you take before sanctioning the loan ? (three points) 3
27. What factors must a banking company consider while appointing a full-time Chairman ? (four points) 4
28. Draft a neat specimen of the Balance Sheet of a Banking Company as required under the Banking Regulation Act of 1949. 4
29. 'International Trade opens new markets and provides goods and services to nations, which are unavailable in their domestic economies'? In context to this, explain *four* advantages of International Trade. 4
30. 'WIN Bank Ltd. Usgao Branch, has received the following cheques for clearance'. As a banker, will you honour the given cheques ? Justify your answer with suitable reasons : 4
- The bank has received an order from the court attaching the accounts of Miss A and at the same time the banker also receives a cheque of Rs. 25,000/- issued by Miss A, for payment.
 - Mr. D, a member of a Trust has issued a cheque in favour of a builder from whom he has purchased a flat in his own name. The said cheque is drawn against a trust account maintained by the bank.

31. Miss C, a fashion designer has approached your bank for a loan of Rs. 25,00,000/- in order to set up her own boutique in Mapusa. As the branch manager, what factors will you consider while assessing the eligibility of Miss C for the loan ? (*four points*)

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32. A customer approaches you with a proposal for an advance against the following securities :

- Shares of a public company (*two points*)
- Shares of a private company (*two points*)

As a Bank branch manager, which of the security will you accept and why ? Also justify the reasons for not accepting the other security. 4

Or

M/s. SSS & Daughters have applied for a loan and are willing to submit the following as collateral securities :

- Gold ornaments (*two points*)
- Goods & commodities (*two points*)

As a Bank branch manager, which of the security will you accept and why ? Also justify the reasons for not accepting the other security.