

**STELLA MARIS COLLEGE (AUTONOMOUS) CHENNAI – 600 086.**  
**(For candidates admitted during the academic year 2019-2020 and thereafter)**

**COURSE CODE: 19VB/VM/LB26**

**B.VOC DEGREE EXAMINATION – APRIL 2022**  
**BANKING, FINANCIAL SERVICES AND INSURANCE**  
**SECOND SEMESTER**

**COURSE : MAJOR – CORE**  
**PAPER : LEGAL & REGULATORY FRAMEWORK OF**  
**BANKS & NON-BANKING FINANCIAL CORPORATIONS**  
**TIME : 3 HOURS** **MAX. MARKS: 100**

**SECTION – A**

**Answer ALL questions:** **(10 x 2 = 20)**

1. Define banking.
2. What are counterfeit notes?
3. What is currency management?
4. Write a note on local area banks.
5. Define cheque.
6. Who is a holder in due course?
7. List out any two instances of material alteration.
8. Who is a collecting banker?
9. Write a note on NBFC?
10. What is money laundering?

**SECTION – B**

**Answer any FIVE questions:** **(5 x 4 = 20)**

11. Explain the steps involved in the process of money laundering.
12. What are the objectives of RBI?
13. What is the procedure for opening a bank account?
14. How is currency management carried on in India?
15. Give the features of negotiable instrument.
16. What are the characteristics of a cheque?
17. Explain the different types of NBFC's.

**SECTION – C**

**Answer any TWO questions:** **(2 x 15 = 30)**

18. What is the procedure for licensing of Banks? Explain the recent RBI guidelines on new bank license.
19. Elucidate the different functions of banking. What are the major objectives of banking?
20. What is endorsement? Explain the different kinds of endorsement in detail.

**SECTION-D****CASE STUDY ANALYSIS****(30 marks)**

21. Infrastructure Leasing & Financial Services Limited (IL&FS) is a systemically important Core Investment Company with the Reserve Bank of India and is engaged in the business of giving loans and advances to its group companies (and holding an investment in such companies). IL&FS has a large number of group companies across various sectors such as Energy, Transportation, Financial Services. IL&FS Group, which had approximately over Rs. 91,000 crores in debt, was facing a severe liquidity crisis. Between July 2018 and September 2018, two of the subsidiaries of IL&FS Group reported having trouble in paying back loans and inter-corporate deposits to banks/lenders. In July 2018, the road arm of IL&FS was facing difficulty in making repayments due on its bonds. Further, in early September 2018, one of the subsidiaries of IL&FS Group was unable to repay a short-term loan of Rs. 1,000 crore taken from Small Industries Development Bank of India (SIDBI). Also, certain group companies defaulted in repayments of various short and long-term deposits, inter-corporate deposits, and commercial papers. IL&FS failed continuously to service its debt. The National Company Law Tribunal (NCLT) suspended IL&FS board members and management and restrained the suspended members from alienating their personal assets. A forensic report looked into the alleged irregularities into the affairs of IL&FS Transportation Networks India Limited (ITNL) has found money laundering of over Rs 6,500 crore by the accused erstwhile management of its parent, Infrastructure Leasing & Financial Services (IL&FS). Identifying its former chairman Ravi Parthasarathy as the 'prime mover'. the report also indicates that in at least 14 special purpose vehicles (SPVs) entered into by ITNL, there were deliberate cost overruns using a maze of shell and dummy companies to make them eventually untenable.

**Questions:**

- (i) How will this case affect the company's reputation? (10 marks)
- (ii) What type of impact it had created with regard to the financial aspect? (10 marks)
- (iii) As an officer of Anti-money laundering board what type of actions will you take against the management? (10 marks)

\*\*\*\*\*