

**B.COM.**  
**SEMESTER V**  
**DISCIPLINE SPECIFIC ELECTIVE**  
**BANKING AND FINANCIAL SERVICES**  
**Law and Practice of Banking –I (DSE 5)**  
**(100 Marks, 60 Lectures)**

**Objectives:** To introduce the student to the basic principles, practices, rules and procedures of bank lending.

**Unit I Principles of Sound Lending Working Capital Assessment and Credit Monitoring**  
**(20 marks –Lectures 12)**

Credit Appraisal Techniques; Working capital finance and term loan finance –sources, appraisal of proposals for working capital finance, Operating Cycle; Projected Net WC; Turnover Method, Cash Budget; ~~Credit Monitoring & Its Management, Base Rate, Term loan finance consumer finance & calculation on interest on different types of loans (EMI, SI and compound interest)~~ Margins and Drawing Limits, procedures and practices of personal loans, housing loans, education loans, vehicle loans.

**Unit II Types of Securities & Modes of Creating Charge (30 marks –Lectures 18)**

Types of securities –personal and tangible security, primary and collateral security; suitability and valuation, measures to ensure good title, Escrow Arrangements, Trust and Retention Arrangements. Different modes and methods of creating charge –1. lien, 2. pledge, 3. Hypothecation, 4. Mortgage:- types of mortgage; enforcement of mortgage, 5. assignment, 6. set-off, 7. Guarantees:- Deferred Payment Guarantees :purpose of DPGs; Methods of Payment, Definition and Types of Bank Guarantees; Banker's Duty to honour Guarantee; Precautions to be taken for Issuance of Bank Guarantee, 8. Indemnities. Advances against documents of title to goods, advances against stock exchange securities, advances against Fixed Deposit receipts, advances against insurance policies, advances against supply bills, land and building.

**Unit III Bank Documentation**

**(20 marks –Lectures 12)**

Need for Documentation, types of documents for loans, other documents and deeds (Mortgage, Pledge, Hypothecation, types of letters (Guarantee, balance confirmation, Letter of undertaking, Stamps (importance & types), legal formalities for documentation, Execution, Attestation, Registration, Effects of Non-registration, precautions to be taken by banks with respect to documentation.

**Unit IV Banking Legislation, Supervision and Control (30 marks –Lectures 18)**

Need & Role of RBI in Supervision & Control of the commercial Banks in India, Project appraisal and recovery measures: Non legal measures- follow up action- onetime settlement, recovery camps. Legal measures- debt recovery tribunal. SARFAESI Act 2002:- Definitions; Regulation & Reconstruction; Enforcement of Security Interest; Offences & Penalties; Miscellaneous Provisions. FEMA (Foreign Exchange Management Act, 1999):- important terms; Powers of RBI,

Regulation and Management; Recovery of Debts due to Banks and Financial Institutions Act, 1993(DRT Act):- Debt Recovery Tribunals Objective of the Act, Constitution of Tribunal, Procedure to be followed Enforcement process. The Legal Services Authorities Act 1987,LokAdalat- Organization; Jurisdiction; Disposal of Cases; Awards.

## References

### Books

1. K.P. Kandasami, S. Natarajan,R. Parameshwaran:Banking Law and Practise, S. Chand & Co. Ltd, New Delhi.
2. Sukhavinder Mishra: Banking Law and Practise, S. Chand & Co. Ltd, New Delhi.
3. Bedi H.L. &HardikarV.K.: Practical Banking Advances, UBS Publishers New Delhi..
4. Gordon E. Natarajan K.: Banking Theory, Law and Practise, Mumbai Himalaya, 1998.
5. Indian Institute of Banking and Finance: Legal Aspects of Banking, New Delhi, Macmillan 2005.
6. KhubchandaniB.s.: practise and law of banking, new delhi, macmillan.2000.
7. Kumar N. & Mittal R.: Banking Law AndPractise, New Delhi Anmol 2002.
8. Reddy P.N. &Appannaiah H.R. : Banking Theory and Practise, Mumbai Himalaya, 4e.
9. Shekhar K.C. &Shekhar L.: Banking Theory and Practise, New Delhi, Vikas Publication.
10. Varshney P.N.: Banking Law and Practise,New Delhi, Sultan Chand & Sons, 2005.
11. Prem Kumar Srivastava, Banking Theory and Practise, Himalaya Publication.
12. Financial Markets & Institutions: Dr. G.V, Kayandepatil, Dr. B.R. Sangale, Dr. G.T. Sangle, Prof. N.C. Pawar.

### Journals:-

1. The Indian Banker, published by Indian Banker Association
2. Bank Quest, published by Indian Institute of Banking and Finance
3. RBI Bulletin (Monthly), published by RBI
4. Trends and Progress of Indian Banking (Annual), published by RBI

### Websites:-

- 1) Reserve Bank of India [www.rbi.com](http://www.rbi.com)
- 2) Indian Institute of Banking and Finance [www.iibf.org.in](http://www.iibf.org.in)
- 3) Indian Bankers Association [www.iba.org.in](http://www.iba.org.in)
- 4) Institute of Banking Personal Selection [www.ibps.com](http://www.ibps.com)
- 5) Institute of Finance, Banking and Insurance [www.ifbi.com](http://www.ifbi.com)