



St. Mira's College for Girls, Pune
TYBCom 2022-2025

Banking and Finance - III
Banking Law and Practice in India
[Discipline Specific Course]

Semester: V

*Credits: 4

Subject Code: C52207

Lectures: 48

Course Outcomes:

At the end of this course, the learner will be able to:

- Explain and illustrate the concept, types and parties of Negotiable Instruments and analyze the effect of the process of Negotiation on various parties
- Interpret the provisions of the Banking Regulation Act, its amendments and examine the effect of the provisions on the banking system
- Interpret and examine the duties and responsibilities of the Bank in the roles of Paying Banker and Collecting Banker
- Examine the relation between the Banker and its Customer and its implications
- Describe the concept of Digital Currencies and Blockchain and examine the development of digital currency with respect to India

Unit 1: Negotiable Instrument Act 1881

14

- Definition, Characteristics and Presumptions, Types
- Parties to Negotiable Instrument
- Negotiation, Presentment
- Dishonour, Noting and Protesting
- Illustrations and Case studies

Unit 2: Banking Regulation Act, 1949

8

- Definition, Functions-Main and Subsidiary
- Restrictions on Business of Banks
- Capital & Reserve Fund, Cash Reserve and Liquid Assets
- Licensing and Branch Licensing
- Definition, Characteristics and Presumptions, Types
- Management
- Part II – P&L A/c and Balance Sheet [Sec 10, 29 & 30]
- Powers of RBI [Sec 35 & 36]
- Voluntary Amalgamation [Sec 44A]; Liquidation [Sec 45R]
- Recent Amendments: Capital, Voting Rights, Issue of Shares

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Chairperson (HoD)	Dr. Shalini Iyer	<i>Shalini Iyer</i>



Unit 3: Paying and Collecting Banker

14

- Paying Banker
 - Meaning of Paying Banker
 - Duties of Paying Banker
 - Material Alteration and Forgery of Signature
 - Payment in Due Course
 - Statutory Protection to Paying Banker
 - Case Studies
- Collecting Banker
 - Meaning of Collecting Banker
 - Collecting Banker as Holder for Value and As an Agent
 - Duties & Rights of Collecting Banker
 - Statutory Protection to Collecting Banker
 - Case Studies
- Relationship between Banker and Customer
 - Definition, General and Special Features
 - Relation of Banker and Customer
 - Rights and Obligations of a Banker

Unit 4: The Blockchain Economy and Banking Law

12

- BlockChain- Concept and Meaning
- BlockChain Technology, Block Chain Economy
- Crypto Currencies – Concept and Meaning
- Central Bank Digital Currencies – Concept and Meaning
- Development in the Regulatory Framework – India and the World

#12 contact hours for Assignments, Visits, Research, Field Studies, etc.

***01 credit to be evaluated as a Skill-based Component**

Bare Acts:

- Banking Regulation Act, 1949

Basic Reading:

- Albuquerque Daniel. *Legal Aspects of Business- Texts, Jurisprudence and Cases* Oxford University Press: 2013
- Davar S R. *Law and Practice of Banking*. Progressive Corporation: 1979

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- Paul Vigna, Michael J Casey. *Cryptocurrency: How Bitcoin and Digital Money are Challenging the Global Economic Order*. Vintage: 2016.
- Radhaswamy M, *Practical Banking* S. Chand and Co. 1979.
- Shekhar K C and Shekhar L, *Banking Theory and Practice*, Vikas Publishing House: New Delhi; 1999
- Brian Patrick Eha. *How Money Got Free: Bitcoin and the Fight for the Future of Finance*. Oneworld Publication: 2017.
- Tannan M L. *Banking Law and Practice in India*. Lexis-Nexis India: 2017.
- Tulsian PC. *Business Laws* McGraw Hill Education: 1998.

Reference Books:

- Ellinger, Lomnicka & Hooley. *Ellinger's Modern Banking Law* OUP: India; 2007.
- Gordon E & Natarajan K. *Banking Law and Practice in India*; HPH: India; 2018.
- Gupta H. P. *Banking Law*. Central Law Agency: 2016.
- Maheswari S.K and Maheswari S.N. *Banking Law and Practice in India*. Kalyani Publishers: India; 2014.
- Shekhar K.C. and Lekshmy Shekhar. *Banking Theory and Practice* Vikas Publication: India; 2014.
- Sheth Tejpal. *Business Law*. Pearson Education: India; 2011. (Chapter 14)
- Ravinder Kumar. *Legal Aspects of Business*. Cengage Learning: India; 2009. (Part V)
- Varshney P N. *Banking Law and Practice*. Jain Book Depot: India; 2017.
- Tapscott Don, Alex Tapscott. *Blockchain Revolution*. Penguin: 2016.
- Tulsian PC, Bharat Tulsian. *Business Laws* McGraw Hill Education: India; 2017.

Journal Articles/Discussion Papers:

- IMF Discussion Paper (2018), 'Casting Light on Central bank Digital Currency'
<https://www.imf.org/en/Publications/Staff-Discussion-Notes/Issues/2018/11/13/Casting-Light-on-Central-Bank-Digital-Currencies-46233>
- Lagarde Christine (2018) 'Winds of Change: The Case for New Digital Currency'
<https://www.imf.org/en/News/Articles/2018/11/13/sp111418-winds-of-change-the-case-for-new-digital-currency>
- RBI Bulletin (2020) 'Distributed Ledger Technologies, Blockchain & Central Banks' February https://m.rbi.org.in/Scripts/BS_ViewBulletin.aspx?Id=18766

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Semester: VI

*Credits: 4

Subject Code: C52207

Lectures: 48

Course Outcomes:

At the end of this course, the learner will be able to:

- Describe and analyze the Principles of Lending and the technical aspects of the modes of creating Charge
- Examine the recent developments in loan recovery measures and its implication on the Banking system in particular and the economy in general
- Explain and analyze the provisions of the Prevention of Money Laundering Act, 2002 and its impact on the Banking system in particular and the economy in general
- Explain and analyze the provisions of the Foreign Exchange Management Act, 1999 and its impact on the Banking system in particular and the economy in general
- Describe the characteristics and the classification of International Banks and relate to the technological developments in International Banking

Unit 1: Lending and Recovery Measures

14

- Principles of Lending
 - Principles of Secured Advances,
 - Types of Securities,
 - Precautions to be taken while accepting securities against advances;
- Modes of Creating Charge against advances –
 - Lien- Meaning, Features
 - Pledge- Meaning & Features,
 - Hypothecation- Meaning & Features,
 - Assignment- Meaning & Features,
 - Mortgage- Meaning & Features, Types
- Recovery Measures
 - Non-legal Measures: Compromise and One-time Settlement
 - Legal Measures- Lok Adalats and Debt Recovery Tribunals
- Guidelines on Willful Defaulters, 2014
 - Definition of Willful Default
 - Meaning of Diversion and Siphoning of Funds
 - Reporting & Penalties
 - Case Studies
- Insolvency and Bankruptcy Code, 2016
 - Definition of Insolvency and Bankruptcy
 - Salient Features and Benefits

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- Recent Developments to the Insolvency and Bankruptcy Code
- Case Studies
- The Fugitive Economic Offenders Act, 2018
 - Meaning of Fugitive Economic Offender
 - Salient Features and Benefits
 - Case Studies

Unit 2: Prevention of Money Laundering Act (PMLA), 2002

12

- Concept of Money Laundering,
- Offence of Money Laundering,
- Obligation to Maintain Records-Banks, Financial Institutions & Intermediaries of Securities Market-Nature of records, Maintenance of records, Information on identity of clients.
- Obligation to Access Information
- Powers of the Director, Financial Intelligence Unit, India
- Punishment for Money Laundering

Unit 3: Foreign Exchange Management Act, 1999

12

- Review of FERA and FEMA; Definitions under FEMA
- Regulation & Management of Foreign Exchange- Powers of RBI
 - Concept of Authorized Person - Meaning, Functions, Duties;
 - Powers of RBI with reference to Authorized Person;
- The Enforcement Directorate
- Penalties for Violation

Unit 4: International Banking

10

- International Banking – Features: Legal and Regulatory Aspects, No Geographical boundaries, Cost of Capital, Current Account and Capital Account Transactions and Risks
- Classification of International Banks – Correspondent banks, Foreign Branches, Foreign Subsidiaries & Affiliates and Off shore Banking Units
- International Banking Laws- Choice of Law, Proper Law, Use of Language and Nature of Legal Issues/Disputes
- Technology and International Banking –
 - CHIPS (Clearing House Interbank Payment System),
 - CHAPS (Clearing House Automated Payment System),

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- CHATS (Clearing House Automated Transfer System),
- SWIFT (Society for Worldwide Interbank Financial Telecommunication),
- Globalization and International Banking
 - Integration of Global Economies and Importance of Bank for International Settlements in Financial Discipline

Bare Acts:

- The RBI Guidelines on Willful Defaulters, 2014
- The Insolvency and Bankruptcy Code, 2016
- The Fugitive Economic Offenders Act, 2018
- The Foreign Exchange Management Act (FEMA), 1999
- The Prevention of Money Laundering Act (PMLA), 2002

#12 contact hours for Assignments, Visits, Research, Field Studies, etc.

***01 credit to be evaluated as a Skill-based Component**

Basic Reading:

- Albuquerque Daniel. *Legal Aspects of Business- Texts, Jurisprudence and Cases*. Oxford University Press: India 2013
- Bhatia Nik. *Layered Money: From Gold and Dollars to Bitcoin and Central Bank Digital Currencies*. Bhatia Nik 2020
- Indian Institute of Banking & Finance. *International Banking*. Taxmann 2011
- Sheth Tejpal. *Business Law*. Pearson Education: India, 2011, Chapter 16
- Sarvaria S.K. *Commentary on the Prevention of Money Laundering Act* Universal Law Publishing - An imprint of Lexis Nexis, 2017 Second Edition
- Tannan M L *Banking Law and Practice in India*. Lexis-Nexis India, 2017

Reference Books:

- Babel Rajiv. *Prevention of Money Laundering- India and International Perspective*. Bloomsbury, 2019
- Gordon E, Natarajan K. *Banking Law and Practice in India*. HPH: India, 2018
- Gupta H. P 'Banking Law" Central Law Agency: India, 2016
- Indian Institute of Banking & Finance. *International Banking Operations* Taxmann Publications, 2007
- Indian Institute of Banking & Finance. *International Banking Legal & Regulatory Aspects* Taxmann Publications, 2017

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- Maheswari SK and Maheswari SN. *Banking Law and Practice in India*. Kalyani Publishers: India, 2014
- Skinner Chris. *Digital Bank: Strategies to launch or become a Digital Bank*. Marshall Cavendish International (Asia) Pte Ltd. 2015
- Srivastava O. P. *Banking on Technology: The Changing Face of Indian Banking*. Reelism films, 2020
- Varshney P N. *Banking Law and Practice*. Jain Book Depot, 2017

Reports and Bulletins:

- Report on Trends and Progress of Banking-RBI Annual Reports
- Report on Currency and Finance-RBI Publication
- Reports on Money Laundering
- Reserve Bank Guidelines on Foreign Exchange Management

Journal Articles/Discussion Papers:

- Abhiman Das et al. (2020) 'Insolvency and Bankruptcy Reforms: The Way Forward' *Vikalpa-The Journal of Decision Makers*, 45(2)- 115-131, <https://journals.sagepub.com/doi/pdf/10.1177/0256090920953988>

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Faculty	Dr. Arwah Madan	14/8/21
Faculty	Dr. Meenakshi Wagh	Meenakshi Wagh 14/8/21
Faculty	Mrs. Amruta Basu	14/8/21 Amruta Basu
Subject Expert (Outside SPPU)	Dr. Ishita Dutt	Ishita Dutt 14/8/21
Subject Expert (Outside SPPU)	Dr. Subhash Patil	14/8/21 Subhash Patil
VC Nominee	Dr. Sailee Belsare	14/8/21 Sailee Belsare
Industry Expert	Dr. Nishant Upadhyay	
Alumni	Ms. Asha Panicker	Asha Panicker 14/8/21

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