



Banking and Finance Paper I
Indian Banking System
[Discipline Specific Course]

Semester: III

*Credits: 4

Subject Code: C32107

Lectures: 48

Course Outcomes:

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

- Describe the structure of the Indian Banking system
- Explain and analyze the changes in the Indian Banking system from Privatization to Nationalization to Privatization once again
- Describe and analyze the reforms in the Indian Banking system
- Explain and analyze the structural changes in the Indian Banking system in the post-1991 period

Unit 1: Banking in India - Introduction

10

- Structure of Banking in India
- Pre- and Post-Independence Development in Indian Banking System
- Wave of Nationalization in Indian Banking System (Post Independence): Need and Objectives
- Wave of Privatization in Indian Banking System(Post 1991): Need and Objectives

Unit 2: Progress of Banking (1947-1990)

14

- Role, Progress and Challenges to Developments in Indian Banking
- Reserve Bank of India
- State Bank of India
- Public Sector Banks
- Regional Rural Banks

Unit 3: Progress of Banking (1991 onwards)

10

- Committee on Indian Financial System (Narasimham Committee): Objectives
- Recommendations and Reforms-
 - On Directed Investment
 - On Directed Credit;
 - On Interest Rate Policy
 - On Organization of Banks

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Unit 4: Structural Change in Indian Banking System Post-1991

14

- Capital
 - Changing Capital Requirements, Emergence of New Private Banks, Payment Banks, Small Banks
- Capital Adequacy
 - Meaning & Composition, Requirements
- Non-Performing Assets
 - Classification of NPAs
 - Reasons for Non-Performing Assets and
 - RBI Initiatives to tackle NPAs
- Banking Regulation & Supervision
 - Supervision of Banks-Onsite and Off-site Supervision
 - Basel Accord (Basel I, Basel II & Basel III) – Implementation, Progress and Evaluation

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

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

Recommended Basic Reading:

- Bhasin, Niti. *Indian Financial System: Evolution and Present Structure*. New Century Publications: 2014.
- Bhole, L.M. *Financial Institutions and Markets*. Tata McGraw Hill: 2017.
- Pathak, Bharati. *The Indian Financial System*. Pearson Education: 2018.
- Tannan, M.L. *Banking Law and Practice in India*. Lexis-Nexis India: 2017.

Recommended Reference Books:

- Bhasin, Niti. *Banking Developments in India 1947 to 2007*. New Century Publications: 2006
- Chawla O. P. *Evolution of Banking in India since 1900*. Sage Publication: 2019.
- Das S. C. *The Indian Financial System: Markets, Instruments, Institutions, Services and Regulations*. PHI Learning: 2015.
- Gordon E. and Natarajan K. *Banking Theory, Law & Practice*. HPH: 2018.
- Rangarajan C. *Financial Sector Reforms*. RBI Bulletin: 1997.
- Saha Siddhartha. *Indian Financial Systems and Markets*. McGraw Hill Education: 2017.
- Shekhar KC, Lekshmy Shekhar. *Banking Theory and Practice*. Vikas Publication: 2013.
- Sharma, K.C. *Modern Banking in India*. Deep and Deep Publications: New Delhi; 2007.

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Journals:

- Bose Sukanya "Regional Rural Banks: The Past and the Present Debate." www.macroscan.com/fet/jul05/pdf/RRB_Debate.pdf
- Misra Biswa Swarup (2006) "The Performance of Regional Rural Banks in India: Has past anything to suggest for the future?" Reserve Bank of India, Occasional Papers, Vol. 27, No. 1 & 2, Summer & Monsoon

Reports and Bulletins:

- Report of the Committee on the Financial System- 1991 & 1998
- RBI Annual Reports
- Report on Currency and Finance

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Banking and Finance Paper I
Indian Banking System
[Discipline Specific Course]

Semester: IV

***Credits: 4**

Subject Code: C42107

Lectures: 48

Course Outcomes:

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

- Examine the changes in mechanism in Customer Service of Banks in India
- Explain and analyze the changes in the Role of Reserve Bank of India and its functions
- Describe and analyze the challenges to the Indian banking system with reference to Bank Failures and Bank Mergers
- Explain and analyze the importance of Financial Inclusion and Financial Education

Unit 1: Customer Services and Grievance Redressal in Banks

12

- Customer Service in Banks
 - Policy on Customer Service
 - Customer Service and Grievances
 - Grievance Redressal Mechanism in Banks
- Banking Ombudsman
 - Concept and Definition
 - RBI Banking Ombudsman Scheme, 1995
 - Pre-requisites for Complaining to a Banking Ombudsman
 - Complaints Accepted and Not-Accepted by Banking Ombudsman

Unit 2: Changing Role of Reserve Bank of India

12

- Currency Management
 - Clean Note Policy
 - Problem of Fake Currency
- Central Bank Independence
 - Meaning of Central Bank Independence
 - Arguments for and against
 - Central Bank Independence & Reserve Bank of India
- Liquidity Management
 - Liquidity Adjustment Facility (LAF)- Concept
 - Purpose and Benefits
- Exchange Management
 - Management of Foreign Exchange Reserves in the Post-1991 period
 - India as an Emerging Donor Country

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Unit 3: Challenges to Banking Sector in India

12

- Acquisitions and Mergers, Policy on Weak Banks
- Changing Regulatory framework and International Standards
- Growing Competition and Need to Right-Size/ Down Size
- Liberalization and Deregulation of Business Environment
- Changing Technology in Banking System
- Bank Failure and Moral Hazards

Unit 4: Financial Inclusion and Micro Finance

12

- Financial Education- Importance and Role of Banking System
- Financial Inclusion- Barriers to Financial Inclusion
- RBI Initiatives for Financial Inclusion
- Business Correspondent and Business Facilitator Model:
 - Concept, Eligibility and Scope of Activities
- Micro Finance- Concept and Objectives
- Micro Finance Institutions (MFIs):
 - Role and Formation, Micro-Finance Models
 - RBI Regulation for MFIs
- Challenges to Micro Finance

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- Bhole, L.M. *Financial Institutions and Markets*. Tata McGraw Hill: 2017.
- Pathak, Bharati. *The Indian Financial System*. Pearson Education: 2018.
- Tannan, M.L. *Banking Law and Practice in India*. Lexis-Nexis India: 2017.

Recommended Reference Books:

- Bandopadhyay Tamal. *Bandhan: The making of a Bank*. Random Business: 2016.
- Gordon E. and Natarajan K. *Banking Theory, Law & Practice*. HPH: 2018.
- Joshi V.C. and Joshi V.V. *Managing Indian Banks: The Challenges Ahead*. Response Books: 2009.
- Mani N. *Financial Inclusion in India*. New Century Publications: 2015.
- Indian Institute of Banking and Finance. *Inclusive Banking*. Taxmann Pub: 2018.
- Indian Institute of Banking and Finance. *Microfinance-Perspectives and Operations*. Macmillan: 2008.
- Indian Institute of Banking and Finance. *Information Systems for Banks*.

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Taxmann: 2017.

- Rakesh Mohan. *Growth with Financial Stability: Central Banking in an Emerging Market*. OUP: 2011.
- Watkins Todd A. *Introduction to Microfinance*. World Scientific Pub. Co. Ltd.: 2020.

Journals:

- Bishnoi T. R., Sofia Devi (2015) "Mergers and Acquisitions of Banks in post-Reform India, EPW, Vol. L No. 37, September 12
- S. L. Shetty, Bipin K Deokar (2014) 'Financial Inclusion-Differences between Government and RBI?' Vol XLIX no 35, August 30
- Sriram M. S. (2014) "Identity for Inclusion-Moving Beyond Aadhar" EPW, XLIX No 28, July 12.

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