



Banking and Finance
Fundamentals of Banking
[General Elective]

Semester: I	Credits: 3	Subject Code: AC12007	Lectures: 48
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Course Outcomes:

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

- Compare and contrast the different types of banks on the basis of their roles and their significance in capital formation
- Recognize the rationale for different operational policies like KYC, nomination, introduction guidelines while opening bank accounts
- Evaluate estate planning in the context of provisions relating to Nomination of bank deposits
- Apply the formulae for calculating interest on different types of earning deposits and on loans, essential for budgeting, investment planning and debt management
- Outline the product expansion strategies of the banking industry aimed at consumer orientation

Unit 1: Structure of Banking

08

- Banking Structure in India
 - RBI – Central Bank (establishment and nationalization)
 - Organized and Unorganized Sector
 - Organized Sector – Commercial Banks and Co-operative Banks
 - Commercial Banks – (a) Public Sector (State Bank of India with Associates, Nationalized Banks, RRB and Local Area Banks (b) Private Sector (Indian Banks, Foreign Banks)
 - Differentiated Banks – Payment Banks and Small Finance Banks
 - Co-operative Banks – Rural Co-operatives and Urban Co-operatives
 - Unorganized Sector – Money Lenders and Indigenous Bankers
- Functional Classification of Banks
 - Universal Banks
 - Islamic Banks

Unit 2: Functions of Commercial Banks

12

- Primary Functions
 - Acceptance of Deposits
 - Lending and Investments
 - Priority and Non-Priority based Lending – RBI policy guidelines
- Credit Creation by Commercial Banks – Procedure, Assumptions and Limitations
- Secondary Functions
 - Agency Functions
 - General Utility Functions

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Unit 3: Opening and Operating of Bank Accounts

10

- Types of Bank Accounts
 - Demand Deposit Accounts – Advantages and Disadvantages
 - Time Deposit Accounts – Advantages and Disadvantages
- Procedure for Opening Accounts – Savings and Fixed Deposit Account
- KYC (Know Your Customer)
 - Meaning and Importance
 - Basic Savings Bank Deposit Account (BSBDA)
- Nomination
 - Meaning
 - Legal Provisions for Appointment of a Nominee
 - Death Claim Settlement
 - Legal Status of Nominee in Bank Accounts – Case Laws
- Closure of Bank Account
 - Meaning
 - Reasons for Closure

Unit 4: Calculation of Rate of Interest on Deposits and Loans

08

- Calculation of Interest on Deposits
 - Fixed Deposit Account – Formula and Numericals
 - Recurring Deposit Account – Formula and Numericals
- Calculation of EMI on Loans
 - Meaning and Importance of EMI
 - Formula and Numericals

Unit 5: Retail Banking

10

- Retail Banking
 - Meaning and Importance
 - Retail vs Corporate Banking
- Retail Products
 - Loans – Home Loans, Vehicle Loans and Education Loans (Procedure)
 - Services – ATM-Cum-Debit Cards, Credit Cards and Smart Cards
 - New Areas in Banking – Wealth Management, Asset Management and Insurance

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

Recommended Basic Reading:

- Dr. Mukund Mahajan. *Fundamentals of Banking*. Nirali Prakashan: Pune; 2018.
- Gopinath, M. N. *Banking Principles and Operations*. Snow White Publications Pvt. Ltd.; Mumbai; 2017.

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- Gordon, E. and Natarajan, K. *Banking Theory, Law and Practice*. Himalaya Publishing House: Mumbai; 2019.
- Joshi Vasant and Joshi Vinay. *Managing Indian Banks*. Sage Publication: New Delhi; 2002.
- Majumdar, N. C. *Fundamentals of Modern Banking*. New Central Book Agency (P) Ltd.: New Delhi; 2015.

Recommended Reference Books:

- CAIIB. *Principles and Practices of Banking*. Macmillan Publishers India Pvt. Ltd.: Chennai; 2015.
- Dr. Archana Awasthi. *Impact of Technology in Banking Sector*. Shroff Publishers and Distributors Pvt. Ltd.: Mumbai; 2015.
- Sarkar, A. N. *Green Banking*, Atlantic Publisher and Distributors: Delhi; 2014.
- Shekhar, K. C. and Shekhar, L. *Banking Theory and Practice*. Vikas Publishing House: New Delhi; 1999.
- Tannan, M. L. *Banking Law and Practice in India*. India Law House: New Delhi; 2002.
- Uppal, R. K. *Banking with Technology: A New Vision – 2020*. Bharti Publications: New Delhi; 2020.

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Banking and Finance
Fundamentals of Banking
[General Elective]

Semester: II Credits: 3 Subject Code: AC22007 Lectures: 48

Course Outcomes:

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

- Recognise the significance of Balance Sheet of a Bank to distinct stakeholders in inferring its financial position through different principles of lending and investments
- Evaluate the legal position of different types of bank customers for effective banking operations
- Compare and contrast the distinct negotiable instruments in commercial transactions
- Identify the import of technology in banking for speedy remittances essential for reducing float and enhancing liquidity
- Appreciate sustainability, healthy lending, customer retention and customer safety practices followed by banks

Unit 1: Lending and Investment Functions of a Bank

06

- Principles of Lending and Investment
 - Principle of Liquidity
 - Principle of Profitability
 - Principle of Safety
 - Principle of Diversification of Risks
- Balance Sheet of a Bank
 - Liability side
 - Asset side
 - Importance of Balance Sheet of a Bank

Unit 2: Types of Customers of a Bank

10

- Meaning and Definition of a Customer
- Individual Customers
 - Minor
 - Married Woman (Pardanashin Woman)
 - Joint Account
 - Illiterate Person
 - Executors and Administrators
 - Non Resident Indians (NRIs)
- Institutional Customers
 - Partnership Firm
 - Joint Stock Company
 - Trusts
 - Societies
 - Self Help Groups (SHGs)

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**Unit 3: Negotiable Instruments****10**

- Negotiable Instruments
 - Meaning and Definition
 - Features
- Types of Negotiable Instruments
 - Classification of Negotiable Instruments – By Custom and Statute
 - Promissory Note – Features and Parties
 - Bills of Exchange – Features and Parties
 - Cheque – Features and Parties, Types of Cheques, Crossing of a Cheque and Types of Crossings of a Cheque, E-Cheque

Unit 4: Technology Trends in Banking**10**

- Meaning and Importance of Technology in Banking
- E-Banking
 - Meaning, Advantages and Disadvantages
 - Types of E-Banking Services – Mobile Banking, ECS, NEFT and RTGS - Advantages and Disadvantages
 - Digital Wallets – Meaning, Importance and Types
 - Unified Payments Interface (UPI) – Meaning, Features and Importance
- Core Banking
 - Meaning, Advantages and Disadvantages

Unit 5: Standard Practices in Banking Sector**12**

- Green Banking
 - Meaning, Advantages and Disadvantages
- Loan Approval and CIBIL
 - Meaning and Importance
 - Factors affecting CIBIL Score
- Grievance Redressal Mechanism in Banks
 - Meaning of Grievances related to Banking Services
 - Types of Grievances related to Banking Services
 - Internal Grievance Redressal Mechanism and Banking Ombudsman
 - Case Laws
- Bank Frauds Prevention and Control
 - Meaning of Bank Frauds
 - Types of Bank Frauds
 - Bank Frauds Detection and Prevention
 - RBI Policy Guidelines - Measures
 - Precautions to be taken by Bank Customers
 - Case Laws

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- Joshi Vasant and Joshi Vinay. *Managing Indian Banks*. Sage Publication: New Delhi; 2002.
- Kothari, V. *Tannan's Banking Law & Practice in India*. Lexis Nexis Publication: Haryana; 2017.
- Majumdar, N. C. *Fundamentals of Modern Banking*, New Central Book Agency (P) Ltd.: New Delhi; 2015.

Recommended Reference Books:

- Dr. Joshi, V. N. *E-Banking in India*. Garima Prakashan: Kanpur; 2013.
- Gordon, E. and Natarajan, K. *Banking Theory Law and Practice*. Himalaya Publishing House: Mumbai; 2008.
- Shah, M. R. *Net Banking*. Book Enclave: Jaipur; 2012.
- Shekhar, K. C. and Shekhar, L. *Banking Theory and Practice*. Vikas Publishing House: New Delhi; 1999.
- Singh Abha. *E-Banking*. ABD Publishers: Delhi; 2012.
- Tannan, M L. *Banking Law and Practice in India*. India Law House: New Delhi; 2002.

Websites:

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- <https://fbiindia.gov.in>
- <http://www.legalserviceindia.com/article/1325-E-Cheque-System-in-India.html>
- <https://www.transunioncibil.com/>
- www.bankingombudsman.rbi.org.in
- <https://pib.gov.in>

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