

VEER NARMAD SOUTH GUJARAT UNIVERSITY

S.Y.B.COM.

Banking - I (Law and practice of Banking)

PRINCIPAL PAPER - I, & SUBSIDIARY : PAPER - I

SYLLABUS (In force from June - 2007)

The objective of the paper is to give a broad idea of the law and practice of Banking with special reference to India.

Note :

The topics are to be studied with special reference to the legal principles and the current practice prevailing in the country.

Detailed Knowledge of various forms is not expected.

1. Banker and customer : Definition of a banker – what constitutes a customer - general relation - Legal relation of Banker and customer - special features of the relationship - Duration aspect - Banker as a borrower - A debt by a banker vs. an ordinary commercial debt - Law of limitation and deposits - cases and position of a banker where the banker is a trustee, an agent and a bailee. Banker's lien - when the banker cannot exercise his right of lien Banker's lien is an implied pledge - Appropriation of payment - Banker's right to set off - Banker's right to charge interest and commission. Banker's obligation to honour the customer cheques - Banker's duty to maintain secrecy of the customer's Accounts - Duty not absolute - exceptions - Bankers duty to carry out the instructions of the customers - Garnishee order - where funds are not attached by Garnishee order. Termination of relationship between banker and customer. 15%
2. Negotiable Instruments :
Meaning and Definition - promissory note, Bill of Exchange and cheque - Parties of the instruments - Holder and holder in due course. 5%
3. Payment of customers cheques - precautions payments in due course - marking of a - cheques when a banker is justified in refusing payment wrongful dishonor of a cheque forgery of customer signature - material alteration - countermanding payments of - cheques and drafts legal

significance of notice - return of cheques under objections money paid
mistake - protection given to a paying banker. 15%

4. Collection for customer's cheques : The Banker as - a holder for value - conversion - collecting banker and his customer - precautions - duties of a collecting banker - Recovery of money paid by mistake - protection given to a collecting banker. 15%
5. Internal organisation of a Bank receiving department, clearing and collecting department, book-keeping dept. loan Dept. Bill discount department Trustee and executors dept. securities department - foreign exchange department - commercial credit department - traveller's cheques department - Merchant banking department Housing finance department. Concept of Core banking. 10%
6. Employment of bank funds : loans and advances - General principles of sound lending - liquidity vs. profitability - forms of advances : Loans, cash credits & overdraft - commitment charges - secured and unsecured Loan - modes of creating charge : Mortgage, hypothecation, pledge, Lien - Difference between pledge and lien, pledge and bailment, pledge and hypothecation, Mortgage and hypothecation, mortgage and pledge. Recovery of loan - legal steps. 20%
7. Banking Regulation Act of 1949 - Important - provisions of the Act - Banking ombudsman (Lokpal) - Appointment and powers. 10%
8. Practical Problem - on above mentioned any topics. 10%

PRINCIPAL PAPER - I

SUBSIDIARY PAPER - I

Sr. No.	Name of the Book	Name of the Author
1.	Banking Law and Practice in India	M.L.Tanna
2.	Law and Practice of Banking	S.R.Dave
3.	Law and Practice of Banking in India	V.N.Mugali
4.	Practice and Law of Banking	H.P.Sheldon
5.	Banking Law and Practice	P.N.Versnneya
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વીર નર્મદ દક્ષિણ ગુજરાત યુનિવર્સિટી, સુરત.

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Banking - I (Law and practice of Banking)
BANKING PRINCIPAL PAPER – II

SYLLABUS (In force from June - 2007)

Objective of the paper is to give a broad idea of the bank advance and industrial finance with special reference to India.

1. Employment of bank's fund :
Principles of liquidity - its significance in the banking business - liquid and quasi - liquid assets Investments and loans. 10%
2. Loans and advances - general principles of lending - Importance of margin - factors governing margin. Forms of advances. Collection of credit -Information of a customer factors governing the levels of bank advances. 10%
3. Creation of Charges - lien pledge - Hypothecation - Mortgage - Assignment 10%

4. Secured advances - Margin and its significance in secured advances - Goods and documents of title to goods - stock exchange security - Life Insurance. Security of Real estate - bank deposit receipts - book debts - Supply of bills - treasury and godown receipts - warehouse receipts. 10%
5. Bill of exchange as a self liquidating assets - purchase and discounting of bills refinance facilities - bill market scheme and bills discounting scheme of 1970. 10%
6. Letter of credits - different types of letter of commercial credit - 10%
7. Guarantees - Definition - its importance in banking business - salient features of a contract of guarantee Liability and rights of a surety - Regulations pertaining to Guarantees by the Reserve bank of India. 10%
8. Importance of a customer's balance sheet to a lending bankers - Analysis of Assets and liabilities. Banker's evaluation of balance sheet.
Term lending - distinguishing features of a term loan -how to appraise a proposal for a term loan - Importance of cash flow Statement. 10%
9. Advance to priority sectors - Rationale of lending to the priority sector differential rates.
Financing Exports - facilities for refinance of export - bills by the reserve bank of India - export credit and guarantee corporation. 10%
10. Development banking and industrial finance Need for development banking - functions of development banks. Geperiments in development banking in India - IFCI, ICICI, IDBI 10%

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