

B. COM
Semester V
BANKING AND FINANCIAL SERVICES
MAJOR 3

LAW AND PRACTICE OF BANKING – I

(100 Marks – 75 Lectures)

Objective: To introduce the student to the basic principles, practices and procedures of bank lending to acquaint the student with relevant features of the most important banking legislation rules.

Unit I: Principles of Sound Lending (25 marks - 20 Lectures)

Different kinds of borrowing facilities such as loans, cash credit, overdraft, temporary overdraft, clean advances, bridge loans, participation loans, purchase of bills, bill discounting, letters of credit, etc.

Working capital finance and term loan finance – sources, appraisal of proposals for working capital finance and term loan finance consumer finance & calculation on interest on different types of loans (EMI, SI and compound interest)

Margins and Drawing Limits.

Unit II: Types of Securities & Modes of Creating Charge (35 Marks – 25 Lectures)

Types of securities – personal and tangible security, primary and collateral security; suitability and valuation, measures to ensure good title.

Different modes and methods of creating charge – lien, pledge, hypothecation, mortgage, assignment, set-off, guarantees and 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 (25 marks - 20 lectures)

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 (15 Marks – 10 Lectures)

Basic aspects of Banking Regulation Act, 1949 (Main Provisions)

SARFAESI Act 2002, Securitization and Reconstruction of financial Assets & Enforcement of Security Interest Act, FEMA, Need & Role of RBI in Supervision & Control of the commercial Banks in India, Debt Recovery Tribunals.

Books for Study and Reference:

K.P. Kandasami, S. Natarajan, R. Parameshwaran: *Banking Law & Practice*. S.Chand & Co. Ltd, New Delhi.

Sukhavinder Mishra : *Banking Law and Practice*, S.Chand & Co. Ltd, New Delhi.

Bedi H.L. & Hardikar V.K: *Practical Banking Advances*, New Delhi, UBS Publishers, 1993.

Gordon E. Natarajan K: *Banking Theory, Law and Practice*, Mumbai, Himalaya, 1998 Indian Institute of Banking and Finance: *Principles of Banking*, New Delhi, Macmillan, 2005

Indian Institute of Banking and Finance: *Legal Aspects of Banking*, New Delhi, Macmillan, 2005

Khubchandani. B.S.: *Practice and Law of Banking*, New Delhi, Macmillan, 2000 Kumar N. & Mittal R.: *Banking law & Practice*, New Delhi, Anmol, 2002

Reddy P.N. & Appannaiah H.R.: *Banking Theory and Practice*, Mumbai, Himalaya. 4e Shekhar K. C. & Shekhar L: *Banking Theory and Practice*, New Delhi, Vikas, 1998, 18e Varshney P.N.: *Banking Law and Practice*, New Delhi, Sultan Chand & Sons, 2005.

