



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
<ul style="list-style-type: none">• Banking Structure in India<ul style="list-style-type: none">○ 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<ul style="list-style-type: none">○ Universal Banks○ Islamic Banks	

Unit 2: Functions of Commercial Banks	12
<ul style="list-style-type: none">• Primary Functions<ul style="list-style-type: none">○ 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<ul style="list-style-type: none">○ Agency Functions○ General Utility Functions	

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Unit 3: Opening and Operating of Bank Accounts	10
<ul style="list-style-type: none"> • Types of Bank Accounts <ul style="list-style-type: none"> ○ 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) <ul style="list-style-type: none"> ○ Meaning and Importance ○ Basic Savings Bank Deposit Account (BSBDA) • Nomination <ul style="list-style-type: none"> ○ Meaning ○ Legal Provisions for Appointment of a Nominee ○ Death Claim Settlement ○ Legal Status of Nominee in Bank Accounts – Case Laws • Closure of Bank Account <ul style="list-style-type: none"> ○ Meaning ○ Reasons for Closure 	

Unit 4: Calculation of Rate of Interest on Deposits and Loans	08
<ul style="list-style-type: none"> • Calculation of Interest on Deposits <ul style="list-style-type: none"> ○ Fixed Deposit Account – Formula and Numericals ○ Recurring Deposit Account – Formula and Numericals • Calculation of EMI on Loans <ul style="list-style-type: none"> ○ Meaning and Importance of EMI ○ Formula and Numericals 	

Unit 5: Retail Banking	10
<ul style="list-style-type: none"> • Retail Banking <ul style="list-style-type: none"> ○ Meaning and Importance ○ Retail vs Corporate Banking • Retail Products <ul style="list-style-type: none"> ○ 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:
<ul style="list-style-type: none"> • Dr. Mukund Mahajan. <i>Fundamentals of Banking</i>. Nirali Prakashan: Pune; 2018. • Gopinath, M. N. <i>Banking Principles and Operations</i>. 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
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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
<ul style="list-style-type: none">• Principles of Lending and Investment<ul style="list-style-type: none">○ Principle of Liquidity○ Principle of Profitability○ Principle of Safety○ Principle of Diversification of Risks• Balance Sheet of a Bank<ul style="list-style-type: none">○ Liability side○ Asset side○ Importance of Balance Sheet of a Bank	

Unit 2: Types of Customers of a Bank	10
<ul style="list-style-type: none">• Meaning and Definition of a Customer• Individual Customers<ul style="list-style-type: none">○ Minor○ Married Woman (Pardanashin Woman)○ Joint Account○ Illiterate Person○ Executors and Administrators○ Non Resident Indians (NRIs)• Institutional Customers<ul style="list-style-type: none">○ Partnership Firm○ Joint Stock Company○ Trusts○ Societies○ Self Help Groups (SHGs)	

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Unit 3: Negotiable Instruments	10
<ul style="list-style-type: none"> • Negotiable Instruments <ul style="list-style-type: none"> ○ Meaning and Definition ○ Features • Types of Negotiable Instruments <ul style="list-style-type: none"> ○ 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
<ul style="list-style-type: none"> • Meaning and Importance of Technology in Banking • E-Banking <ul style="list-style-type: none"> ○ 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 <ul style="list-style-type: none"> ○ Meaning, Advantages and Disadvantages 	

Unit 5: Standard Practices in Banking Sector	12
<ul style="list-style-type: none"> • Green Banking <ul style="list-style-type: none"> ○ Meaning, Advantages and Disadvantages • Loan Approval and CIBIL <ul style="list-style-type: none"> ○ Meaning and Importance ○ Factors affecting CIBIL Score • Grievance Redressal Mechanism in Banks <ul style="list-style-type: none"> ○ 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 <ul style="list-style-type: none"> ○ 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 	

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

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Recommended Basic Reading:

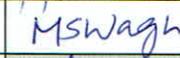
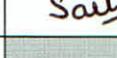
- Dr. Mukund Mahajan. *Fundamentals of Banking*. Nirali Prakashan: Pune; 2018.
- Gopinath, M. N. *Banking Principles and Operations*. Snow White Publications Pvt. Ltd.; Mumbai; 2017.
- Gordon, E. and Natarajan, K. *Banking Theory, Law and Practice*. Himalaya Publishing House: Mumbai; 2019.
- Joshi Vasant and Joshi Vinay. *Managing Indian Banks*. Sage Publication: New Delhi; 2002.
- 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.

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- 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:

- www.rbi.org.in
- <https://fiuindia.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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