



**Banking and Finance**  
**Fundamentals of Banking**  
**[General Elective]**

<b>Semester: I</b>	<b>Credits: 3</b>	<b>Subject Code: AC12007</b>	<b>Lectures: 48</b>
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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

<b>Unit 1: Structure of Banking</b>	<b>08</b>
<ul style="list-style-type: none"> <li>• Banking Structure in India <ul style="list-style-type: none"> <li>○ RBI – Central Bank (establishment and nationalization)</li> <li>○ Organized and Unorganized Sector</li> <li>○ Organized Sector – Commercial Banks and Co-operative Banks</li> <li>○ 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)</li> <li>○ Differentiated Banks – Payment Banks and Small Finance Banks</li> <li>○ Co-operative Banks – - Rural Co-operatives and Urban Co-operatives</li> <li>○ Unorganized Sector – Money Lenders and Indigenous Bankers</li> </ul> </li> <li>• Functional Classification of Banks <ul style="list-style-type: none"> <li>○ Universal Banks</li> <li>○ Islamic Banks</li> </ul> </li> </ul>	

<b>Unit 2: Functions of Commercial Banks</b>	<b>12</b>
<ul style="list-style-type: none"> <li>• Primary Functions <ul style="list-style-type: none"> <li>○ Acceptance of Deposits</li> <li>○ Lending and Investments</li> <li>○ Priority and Non-Priority based Lending – RBI policy guidelines</li> </ul> </li> <li>• Credit Creation by Commercial Banks – Procedure, Assumptions and Limitations</li> <li>• Secondary Functions <ul style="list-style-type: none"> <li>○ Agency Functions</li> <li>○ General Utility Functions</li> </ul> </li> </ul>	

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<b>Unit 3: Opening and Operating of Bank Accounts</b>	<b>10</b>
<ul style="list-style-type: none"> <li>Types of Bank Accounts <ul style="list-style-type: none"> <li>Demand Deposit Accounts – Advantages and Disadvantages</li> <li>Time Deposit Accounts – Advantages and Disadvantages</li> </ul> </li> <li>Procedure for Opening Accounts – Savings and Fixed Deposit Account</li> <li>KYC (Know Your Customer) <ul style="list-style-type: none"> <li>Meaning and Importance</li> <li>Basic Savings Bank Deposit Account (BSBDA)</li> </ul> </li> <li>Nomination <ul style="list-style-type: none"> <li>Meaning</li> <li>Legal Provisions for Appointment of a Nominee</li> <li>Death Claim Settlement</li> <li>Legal Status of Nominee in Bank Accounts – Case Laws</li> </ul> </li> <li>Closure of Bank Account <ul style="list-style-type: none"> <li>Meaning</li> <li>Reasons for Closure</li> </ul> </li> </ul>	

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

<b>Unit 5: Retail Banking</b>	<b>10</b>
<ul style="list-style-type: none"> <li>Retail Banking <ul style="list-style-type: none"> <li>Meaning and Importance</li> <li>Retail vs Corporate Banking</li> </ul> </li> <li>Retail Products <ul style="list-style-type: none"> <li>Loans – Home Loans, Vehicle Loans and Education Loans (Procedure)</li> <li>Services – ATM-Cum-Debit Cards, Credit Cards and Smart Cards</li> <li>New Areas in Banking – Wealth Management, Asset Management and Insurance</li> </ul> </li> </ul>	

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

<b>Recommended Basic Reading:</b>
<ul style="list-style-type: none"> <li>Dr. Mukund Mahajan. <i>Fundamentals of Banking</i>. Nirali Prakashan: Pune; 2018.</li> <li>Gopinath, M. N. <i>Banking Principles and Operations</i>. Snow White Publications Pvt. Ltd.; Mumbai; 2017.</li> </ul>

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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**  
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<b>Semester: II</b>	<b>Credits: 3</b>	<b>Subject Code: AC22007</b>	<b>Lectures: 48</b>
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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

<b>Unit 1: Lending and Investment Functions of a Bank</b>	<b>06</b>
<ul style="list-style-type: none"> <li>• Principles of Lending and Investment <ul style="list-style-type: none"> <li>○ Principle of Liquidity</li> <li>○ Principle of Profitability</li> <li>○ Principle of Safety</li> <li>○ Principle of Diversification of Risks</li> </ul> </li> <li>• Balance Sheet of a Bank <ul style="list-style-type: none"> <li>○ Liability side</li> <li>○ Asset side</li> <li>○ Importance of Balance Sheet of a Bank</li> </ul> </li> </ul>	

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

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<b>Unit 3: Negotiable Instruments</b>	<b>10</b>
<ul style="list-style-type: none"> <li>Negotiable Instruments <ul style="list-style-type: none"> <li>Meaning and Definition</li> <li>Features</li> </ul> </li> <li>Types of Negotiable Instruments <ul style="list-style-type: none"> <li>Classification of Negotiable Instruments – By Custom and Statute</li> <li>Promissory Note – Features and Parties</li> <li>Bills of Exchange – Features and Parties</li> <li>Cheque – Features and Parties, Types of Cheques, Crossing of a Cheque and Types of Crossings of a Cheque, E-Cheque</li> </ul> </li> </ul>	

<b>Unit 4: Technology Trends in Banking</b>	<b>10</b>
<ul style="list-style-type: none"> <li>Meaning and Importance of Technology in Banking</li> <li>E-Banking <ul style="list-style-type: none"> <li>Meaning, Advantages and Disadvantages</li> <li>Types of E-Banking Services – Mobile Banking, ECS, NEFT and RTGS - Advantages and Disadvantages</li> <li>Digital Wallets – Meaning, Importance and Types</li> <li>Unified Payments Interface (UPI) – Meaning, Features and Importance</li> </ul> </li> <li>Core Banking <ul style="list-style-type: none"> <li>Meaning, Advantages and Disadvantages</li> </ul> </li> </ul>	

<b>Unit 5: Standard Practices in Banking Sector</b>	<b>12</b>
<ul style="list-style-type: none"> <li>Green Banking <ul style="list-style-type: none"> <li>Meaning, Advantages and Disadvantages</li> </ul> </li> <li>Loan Approval and CIBIL <ul style="list-style-type: none"> <li>Meaning and Importance</li> <li>Factors affecting CIBIL Score</li> </ul> </li> <li>Grievance Redressal Mechanism in Banks <ul style="list-style-type: none"> <li>Meaning of Grievances related to Banking Services</li> <li>Types of Grievances related to Banking Services</li> <li>Internal Grievance Redressal Mechanism and Banking Ombudsman</li> <li>Case Laws</li> </ul> </li> <li>Bank Frauds Prevention and Control <ul style="list-style-type: none"> <li>Meaning of Bank Frauds</li> <li>Types of Bank Frauds</li> <li>Bank Frauds Detection and Prevention</li> <li>RBI Policy Guidelines - Measures</li> <li>Precautions to be taken by Bank Customers</li> <li>Case Laws</li> </ul> </li> </ul>	

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

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- Kothari, V. *Tannan's Banking Law & Practice in India*. Lexis Nexis Publication: Haryana; 2017.
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### Recommended Reference Books:

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- 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](http://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](http://www.bankingombudsman.rbi.org.in)
- <https://pib.gov.in>

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