

VEER NARMAD SOUTH GUJARAT UNIVERSITY

S.Y. B.Com.

Banking-I (Law and Practice)

Principal & Subsidiary Paper-I

Syllabus (In Force from June-2011)

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

Note:

1. The topics are to be studied with special reference to the legal principles and current practice prevailing in the country.
2. Detailed knowledge of various forms are not expected.

1. Banker and customer: Definition of 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 as a trustee, an agent and a bailee. Banker's lien – when the banker can not exercise his right of lien- Banker's lien is an implied pledge – Appropriation of payment – Banker's right to setoff. Banker's right to charge interest and commission. Banker's obligation to maintain secrecy of the customer's accounts – Duty not absolute – exceptions – Banker's duty to carry out the instructions of the customers – Garnishee order – where funds are not attached by Garnishee order.

Termination of relation between banker and customer. 15%

2. Negotiable Instruments :

Meaning and Definition – Promissory Note – Bill of Exchange and Cheque – Parties of instruments – Holder and Holder in due course 5%

3. Payments of customers cheques – precaution – payments in due course – marking of cheque when a banker is justified in refusing payment, wrongful dishonor of cheque, forgery of customer's signature – material alteration – countermanding payments of cheques and drafts, legal significance of notice- return of cheques under objections money paid by mistake – protection given to a paying banker.

15%

4. Collection of customer cheques: The banker as a holder for value - conversion – collecting banker and his customer – precautions – duties of collecting banker – Recovery of money paid by mistake – protection given to a collecting banker.

15%

5. Internal organization of bank: receiving department, clearing and collecting department, book-keeping department, loan department, bills discount department, trustee and executors department, securities department, foreign exchange department, commercial credit department, traveler's cheques department – merchant banking department, housing finance department. Concept of Core banking. 10%
6. Employments of bank's funds: loan and advances – general principles of sound lending – liquidity vs. profitability – forms of advances: loan, cash credit and 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 problems on any above topics 10%

Reference books:

1. Banking Law and Practice in India M.L. Tannan
2. Law and Practice of Banking S.R.Dave
3. Banking Law and Practice in India V.N. Mugali
4. Practice and Law of Banking H.P.Sheldon
5. Banking Law and Practice P.N. Vesnneya
6. બેંકિંગ કાનૂન અને વ્યવહાર ધીરુભાઈ વેલવન

VEER NARMAD SOUTH GUJARAT UNIVERSITY

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Banking- (Law and Practice)

Paper-II

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

1. Employment of bank's fund: Principles of lending, factors affecting to employments of bank's funds, forms of advances, importance of margin in advances. 15%
2. Creation of charges – lien, pledge, hypothecation, mortgage, reverse mortgage, rights of pledgor and pledge. 10%
3. Secured and unsecured advances: meaning, risk factors of unsecured advances. Types of securities: Life Insurance Policy, Security of real estate, bank deposit receipts, book debts, supply of bills, treasury and godown receipts, warehouse receipts. Precaution against lending of securities. 15%
4. Guarantees – Definition – Its importance in banking business – Rights of surety – Banker's duties and precaution, Ends of guarantee. 10%
5. Importance of customer's balance sheet to lending bankers – Analysis of assets and liabilities. Banker's evaluation of balance sheet. 15%
6. Advance to priority sectors – Rationale of lending to the priority sector – differential rates – Exports finance – Export credits and guarantee corporation. 10%
7. Development banking and industrial finance: Meaning of development banking, origin of development banking, IDBI, IRDBI, SIDBI, SFC, SIDC. 15%
8. Sample of Forms: Application forms for loan, Confidential Report for customer reputation, Answer of confidential inquiry, 10%