

F.Y. B.Com.
Optional Paper
Subject Name :- Banking and Finance
[Fundamentals of Banking]
Course Code :- 105 – b.

Objective:

1. To acquaint the students with the fundamentals of banking.
2. To develop the capability of students for knowing banking concepts and operations.
3. To make the students aware of banking business and practices.
4. To give thorough knowledge of banking operations.
5. To enlighten the students regarding the new concepts introduced in the banking system.

Term I

Unit No.	Topic	No. of Lectures
1.	Evolution of banking 1.1 Origin, Meaning and Definition of 'Bank' 1.2 Evolution of banking- Europe, USA & Asia 1.3 Evolution of banking in India. 1.4 Structure of Indian Banking System	06
2.	Functions of Bank 2.1 Primary functions: A) Accepting deposits: Demand deposits: Current and Savings; No Frills Account, Time deposits-Recurring and Fixed deposits, Flexi Deposits (Auto Sweep) B) Granting Loans and Advances- Term Loan, Short term credit, Overdraft, Cash Credit, Purchasing, Discounting of bills, 2.2 Secondary functions: A) Agency Functions- Payment and Collection of Cheques, Bills and Promissory notes, Execution of standing instructions, Acting as a Trustee, Executor. B) General Utility Functions: Safe Custody, Safe deposit vaults, Remittances of funds, Pension Payments, Acting as a dealer in foreign exchange.	14
3.	Procedure for opening and operating of deposit account 3.1 Procedure for Opening of Deposit Account: Know Your Customer- Needs and Norms (KYC Norms), Application form, Introduction, Proof of residence, Specimen signature and Nomination: Their Importance 3.2 Procedure for Operating Deposit Account: Pay-in-slips, Withdrawal slips, Issue of pass book, (Current Savings or Recurring deposits), Issue of Cheque book, Issue of fixed deposit receipt, Premature encashment of fixed deposits and loan against fixed deposit. Recurring deposits: Premature encashment and loan against recurring deposit. 3.3 a) Closure of accounts b) Transfer of accounts to other branches/Banks 3.4 Types of account holders a) Individual account holders- Single or joint, Illiterate, Minor, Married	14

	woman, Pardahnashin woman, Non resident accounts b) Institutional account holders- Sole proprietorship, Partnership firm, Joint stock company, Hindu undivided family, Clubs, Associations and Societies and Trusts.	
4.	Methods of Remittances 4.1 Demand drafts, bankers' Cheques and Truncated Cheques 4.2 Mail transfer, Telegraphic transfer, 4.3 Electronic Funds Transfer- RTGS, NEFT and SWIFT	14
Total		48

Term II

Unit No.	Topic	No. of Lectures
5.	Lending principles, Credit Creation and Balance Sheet of a bank 5.1 Safety, Liquidity, Profitability, Diversification of risks Conflict between liquidity and profitability 5.2 Multiple Credit Creation: Process and Limitations 5.3 Balance sheet of a commercial bank.	16
6.	Negotiable Instruments 6.1 Definition, meaning and characteristics of Promissory note, Bill of Exchange and Cheque 6.2 Types of Cheques- Bearer, Order and Crossed 6.3 Types of Crossing- General and Special.	16
7.	Endorsement 7.1 Definition and meaning of endorsement 7.2 Types of endorsement- Blank, Full or Special, Restrictive, Partial, Conditional, Sans Recourse, Facultative.	08
8	Technology in Banking 8.1 Need and importance of technology in banking 8.2 E-Banking: ATM, Credit card, Debit card, Tele Banking, Mobile Banking, Net Banking, SWIFT (Society for Worldwide Inter-bank Financial Telecommunication) 8.3 Concept and benefits of Core Banking Solution.	08
Total		48

Recommended Books

1. Practice and Law of Banking- G.S.Gill
2. Banking: Law and Practice- P.N. Varshney
3. Banking: Theory and practice- E.Gordon, K. Talraj
4. Banking: Law and practice in India- Tannan
5. Banking: Law and practice in India- Maheshwari
6. Fundamentals of Banking- Dr. G.V.Kayandepatil, Prof. B.R.Sangle, Dr. G.T.Sangle, Prof. N.C.Pawar
7. Banking: Law and Practice- Prof. Mogle
8. Banking and financial system - Vasant Desai
9. Banking theory and practice- K.C.Shekhar
10. Fundamentals of banking'- Dr. R.S.S.Swami
11. Annual Report on trends and progress of banking in India- R.B.I.
12. Toor N. S., Handbook of Banking Information