

## Major Paper II Banking Theory, Law and Practice

## Banking Theory

- UNIT I. : Structure of Banking institution of India - Banks and Economic Development Functions of Commercial banks - Balance Sheet of a commercial Bank - Structure of Assets - Liquidity of Banking assets.
- UNIT II. : Credit creation - Techniques of credit creation - Limitation of credit creation Important provisions of Banking Companies Act regarding the opening of a new bank of branch - Reserve Bank licensing policy.
- UNIT III. : Nationalised Commercial Banks - Functions their role in the Indian Money Market - its relation to Co-operative Banks and credit institutions - Financing to agriculture and Small scale Reserve Bank of India as a Central Bank - constitution Management - Functions - Instrument of credit control operation, Moral suasion - selective credit control.

## LAW &amp; PRACTICE

- UNIT IV. : Banker and Customer.  
Definition of Banker - what constitutes a customer - General relationship - Bankers's Lion - Secretary of the customer's account Banker as Borrowers.

Bank Deposits - Opening of a new account special types of customers - Minor - Lunatic - drunkard - married women - trustee - partnership - firms - joint stock companies - losing of account - circumstances under which a banker can close the account of a customer.

- UNIT V. : Cheque - Requisites of a cheque - Order Cheque and bearer cheques - crossing of cheques - different kinds of crossing and their significance. Position of paying banker - Duties and responsibilities of the paying banker precautions to be taken while making payments - Endorsements - Kinds of endorsement - Statutory protection to the paying banker - payment in due course.

Collection of cheques - duties and responsibilities of collection banker - precautions, Statutory protection to the collecting banker - pass book - effect of entries in the pass book. Loans and advances - forms of advance cash credit - over draft - principles of lending - modes of creating charge, pledge, hypothication, mortgage - Types of securities - stock exchange securities, life insurance policies, fixed deposit receipts.

## BOOKS FOR REFERENCE :

1. Sundharam & Varshney : Banking Theory, Law & Practice.
2. Devar.S.R : Law and Practice of Banking.
3. Radhaswamy.M : Practice Banking.
4. RBI : Functions and Working.
5. The Indian Inst.banker : Commerical Banknig. Vol II.
6. Sayers.R.S : Modern Banking.