

## **COURSE-III: OPTIONAL-II: BANKING LAW**

### **UNIT-I**

NATURE AND DEVELOPMENT OF BANKING - History of banking in India and elsewhere- indigenous banking-evolution of banking in India - different kinds of banks and their functions.- Multi-functional banks- growth and legal issues.

LAW RELATING TO BANKING COMPANIES IN INDIA: Controls by government and its agencies: On management-On accounts and audit-Lending-Credit policy-Reconstruction and reorganization-Suspension and winding up.

### **UNIT-II**

BANKING REGULATION ACT, 1949: Evolution of Central Bank, Characteristics and functions, Economic and social objectives, The Central bank and the State- as banker's bank, The Reserve Bank of India as the Central Bank.

ORGANISATIONAL STRUCTURE - Functions of the RBI- Regulation of monetary mechanism of the economy - Credit control - Exchange control-Monopoly of currency issue - Bank rate policy formation. Control of RBI over non- banking companies, Financial companies, Non financial companies.

THE DEPOSIT INSURANCE CORPORATION ACT, 1961: Objects and reasons-Establishment of Capital of DIC, Registration of banking companies insured banks, liability of DIC to

of In

India. depositors. Relations between insured banks, DIC and Reserve Bank

### **UNIT-III**

RELATIONSHIP OF BANKER AND CUSTOMER: Legal character, Control between banker and customer, Banker's lien, Protection of bankers, Customers - Nature and type of accounts- Special classes of customers- lunatics, minor, partnership, corporations, local authorities, Right and duties of Banker & customer. Consumer protection-banking as service.

### **UNIT-IV**

LAW RELATING TO NEGOTIABLE INSTRUMENTS, 1881 ACT (read with the amended act of 2002) Negotiable Instrument - Kinds- Holders and holder in due course - Parties - Negotiable Assignment - Presentment - Endorsement - Liability of parties - Payment in due course - Paying banker and Special rules of evidence - material alteration - Noting and protest collecting banker - Bills in sets - Penal provisions under NI Act- banker's book evidence Act

### **UNIT-V**

LENDING BY BANKS: Good lending principles- Lending to poor masses- Securities for advances- Kinds and their merits and demerits - Repayment of loans: rate of interest, protection against penalty- Default and recovery - debt recovery tribunal.

RECENT TRENDS OF BANKING SYSTEM IN INDIA: New technology, Information technology, Automation and legal aspects, Automatic teller machine and use of internet, Smart card, Use of expert system, Credit cards.

**Prescribed Books:**

- Tannan,M.L., Banking Law and Practice, (Lexis Nexis,2014).
- M. S. Parthasarathy (Ed.), Khergamvala, Negotiable Instruments Act (Bombay: N.M.Tripathi Pvt Ltd, 1955)
- Justice Bhaghabati Prasad Banerjee, Guide to Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.

**Reference Books:**

- Singh, Avtar, Laws of Banking and Negotiable Instruments, (Eastern Book Co., 2007)
- Basu, Saroj Kumar and Alak Ghosh, A Review of Current Banking Theory and Practice, ( Mc Millan, 1974)
- Paget, Law of Banking. 13th Edition, (UK: Lexis Nexis, 2007)
- Goyle, L.C., The Law of Banking and Bankers, (Eastern Law House, 1995)
- Relevant provisions of Information Technology Act, 2000