

CONTENTS

CHAPTER 1: INTRODUCTION TO COMMERCIAL BANKING

Origin and Growth of Banking - The development of British Banking - Growth of joint stock banks in India : Presidency banks – Indian Joint stock banks – Foreign Banks - Causes of Crisis in Indian Banking System - Banking developments in India (After independence) – Meaning and Primary functions of Commercial Bank : Meaning of Banking company and commercial banks - Types of Deposits: Savings bank account – Current deposit account – Recurring deposit account- Term deposit or fixed deposit accounts – Home safe account - Types of Loans: Cash Credit – Overdraft – Demand loan – Hire purchase – Secured loan – Mortgage loan – Unsecured loan – Commercial Banks in India – General functions of India - List of Commercial Banks in India - Role of Commercial Banks in India - Types of Banks : Commercial banks – Industrial and investment banks – Agricultural development banks – Exchange banks – International banks – Central banks – Scheduled and Non Scheduled banks – Land mortgage banks – Co operative banks – Public Sector banks – Private Sector banks – Domestic banks – Foreign banks - Banking System -Branch Banking System - Merits of Branch Banking System - Demerits Of Branch Banking System - Unit Banking System - Merits of Unit Banking System - Demerits of Unit Banking System – Group banking system – Chain banking system – mixed banking system - Balance Sheet of Commercial Banks – liabilities – Assets - Credit Creation - Control of Banks over Deposits -Techniques of Credit Creation - Credit Contraction - Limitations on Credit Creation - Signification of Credit Creation and Contraction - Review Questions.

CHAPTER 2 : FUNCTIONS OF RESERVE BANK OF INDIA

Introduction - Important Operations of RBI from 1935 to 2010 - Management and Organizational Structure of RBI - Departments in RBI - Functions of RBI : Issuers of currency notes – Bankers to the Government – Debt Manager to the Government – Banker to Banks – Regulator of banking system – Monetary Authority – Manager of foreign exchange – Regulator, Supervisor of Payment & Settlement System – Developmental role – Communication with the public - Current and Future challenges of RBI - Customer Service Vs RBI - Review Questions.

CHAPTER 3 : THE BANKING REGULATION ACT, 1949

Introduction - Scheme of the Banking Regulation Act - Preliminary Section - Business of Banking - Control over management - Prohibition of Certain activities in Banking Companies - Acquisition of the undertaking of Banking Companies - Suspension and Winding up of Banking Companies - Provisions for speedy disposal of Winding up proceedings - Provisions relating to Certain Operations of Banking Companies – Review Questions.

CHAPTER 4 : CLASSIFICATIONS OF BANK CUSTOMERS

Types of bank customers : Pardhanashin Women – Trustees - Joint Account - Executors and Administrators – Lunatic - Illiterate or Un educated people - Married Women - Hindu Undivided family – Agent - Partnership firm - Non Trading Organizations - Drunkard person - Review Questions.

CHAPTER 5 : RELATIONSHIP BETWEEN BANKER AND CUSTOMER

Definition of Banker - Definition of Customer – General Relationship between customer and banker - Trustee function - Agency function - Rights of a Banker - Duties of a Banker - Garnishee Order - Order Nisi - Order absolute - Causes of wrongful dishonor - Right of Lien - Particular Lien - General Lien - Features of General Lien - Right to set off - Need of Customer Relationship Management in Banks - Benefits of Customer Relationship Management in Banks - Need for measurement of Customer Satisfaction in Banks - Principles of Customer Grievances Redressal Policy - Banking Ombudsman - Meaning of Banking Ombudsman Scheme - Who can file complaint under Banking Ombudsman - Review Questions.

CHAPTER 6 : TYPES OF CUSTOMER SERVICES

Introduction - Remittances / Transfer of funds - Telegraphic Transfer (TT) - Travelers Cheques (TCs) - Bankers Draft - Mail Transfer (MT) - Letter of Credit (LCs) - Type of Letter of Credits - Safe Deposit Lockers - Merchant Banking Services - Clearing House System - Electronic Clearing System (ECS) - Electronic Fund Transfer (EFT) - Gift Cheques - Investment Guidance - Extension Counter Service - Teller System - ATM Card – Functions of ATM Card- Debit Card - Credit Card - Procedures to get Credit Card - Differences between Debit Card and Credit Card - Functions of Credit Card - Types of Credit Card - Smart Card - Mobile Banking - Lock Box and Night Safe Service - Online Banking Services – Advantages and disadvantages of Online banking - Core Banking Services - Advantages of Core Banking Services - Components of Core banking System - Services related to Security Precautions - RTGS–DEMAT Account-Review Questions

CHAPTER 7 : INTRODUCTION TO NEGOTIABLE INSTRUMENTS

Introductions - Meaning of Negotiation – Negotiable Instruments - Meaning of Negotiable Instruments - Definition of Negotiable Instruments - Types of Negotiable Instruments - Essential Characteristics of Negotiable Instruments - Presumptions as to Negotiable Instruments - Parties to Negotiable Instruments - Capacities of Parties to Negotiable Instruments - Liabilities of Parties to Negotiable Instruments –Promissory Note - Meaning of Promissory Note - Definition of Promissory Note - Parties to Promissory Note - Essential features of Promissory Note - Specimen of Promissory Note – Bill of Exchange - Meaning of Bill of Exchange - Definition of Bill of Exchange - Parties to Bill of Exchange - Essential features of Bills of Exchange - Specimen of Bill of Exchange - Bill in Sets - Differences between a Promissory Note and Bill of Exchange – Cheques - Meaning of Cheque - Definition of Bill of Exchange - Essential Characteristics of Cheque - Specimen of Cheque -Types of Cheque - Open Cross Cheque - Crossed Cheques - Bearer Cheque - Order Cheque - Ante-dated Cheque -Stale Cheque - Mutilated Cheque - Post dated Cheque - Differences between a Cheque and a Bill of Exchange – Hundis – Indorsement - Presentment of Negotiable Instruments - Presentment for Payment and Interest - Review Questions.

CHAPTER 8: CROSSING OF CHEQUES AND ENDORSEMENT

Definition of Crossing - Types of Crossing - General Crossing - Special Crossing - Who is authorised to Cross a Cheque - Not Negotiable Crossing -Account Payee or Restrictive Crossing - Double Crossing - Obliterating a Crossing - Opening of Crossing - Magnetic Ink Character Recognition (MICR) Cheque / Drafts – Endorsement - Definition of Endorsement - Requisites of a Valid Endorsement - Rules regarding Endorsements - Legal Effects of an Endorsement - Kinds of Indorsement : Blank or general Indorsement, Full or Special Indorsement, Restrictive Indorsement, Partial Indorsement, Conditional Indorsement, Facultative Indorsement, San recourse Indorsement, Sans frais Indorsement, Negotiation Back - Review Questions

CHAPTER 9 : LIABILITIES OF PAYING AND COLLECTING BANKER

Paying Banker - Meaning of Paying Banker - When Banker Must Refuse payment of his Customer's Cheques - Precautions to be taken by the Paying Banker - Material alteration in Cheque - Legal Protection to the Paying Banker - Collection Banker - Usual Procedures for Collection of Cheques - Need for Statutory Protection to the Collection Banker - Statutory Protection to the Collection Banker - Negligence of the Collection Banker - Duties of the Collection Banker - Review Questions.

CHAPTER 10 : PRINCIPLES OF LOANS AND ADVANCES

Principles of lending : Safety – Liquidity – Profitability - - Project Appraisal - Elements of Project Appraisal - Loan System -Advantages of Loan System - Limitations of Loan System - Types of Advances - Cash Credit – Hypothecation - Precautions to be taken by the banker in case of Hypothecation -Differences between Hypothecation and Pledge - Meaning of Lien - Differences between Lien and Hypothecation – Overdraft - Discounting of Bills - Secured and Unsecured Loans - Factors limiting Advances - Recalling of Advances - Consortium Advances – Mortgage -Types of Mortgage - Features of Mortgage - Review Questions.

Appendix-I

- Model Question Papers

Appendix-II

- List of Abbreviations