

Banking & Finance I
Indian Banking System (History & Development upto 1991)

Semester: III	Subject Code: C 31607	Lectures: 60
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Objectives:

At the end of the Semester, a student opting for specialization in the subject Banking & Finance should be equipped to understand –

- The structure of the Indian Banking system.
- Be aware of the developments in the Indian Banking system in the pre and post independence period.
- Be aware of the changes and reforms taking place in the Indian Banking system.
- Be aware of the latest trends and developments in the Indian Banking system.

Unit 1: Banking in India – Introduction

12

- Structure of Banking in India
- Pre Independence Developments;
- Post-Independence Developments in Indian Banking system;
- Nationalization of RBI, SBI & Commercial Banks- Need & Objectives
- New Private Sector Banks in India- Entry Norms & Guidelines
- Introduction of Small Banks and Payment Banks –Features and Functions



Unit 2: Progress of Banking in Post Independence Period	14
<ul style="list-style-type: none"> ▪ Role of Reserve Bank of India; ▪ Role of State Bank of India; ▪ Role of Public Sector Banks in India [Progress in Indian Banking Post-nationalization (1969)]; ▪ Role of Private Sector Banks in India- Merits, Demerits & Challenges <ul style="list-style-type: none"> • Old Private Banks • New Private Banks • Foreign Banks 	
Unit 3: Regional Rural Banks (RRBs)	10
<ul style="list-style-type: none"> ▪ Performance & Problems; ▪ Narasimham Committee Recommendations on RRBs. ▪ Changing Role of RRBs in Post reform period (1991) ▪ Introduction of Local Area Banks- Policy and Progress 	
Unit 4: Cooperative Banking in India	12
<ul style="list-style-type: none"> ▪ Structure of Cooperative Banking; ▪ Problems of Cooperative Banking; ▪ Narasimham Committee Recommendations on Cooperative Banks; ▪ Urban Cooperative Banks – Emergence & Role; Licensing Policy of New Urban Cooperative Banks 	

***Assignments and library hours – 12 hours**

Basic Reading:

Tannan, M.L. “*Banking Law and Practice in India*” Indian Law House, New Delhi (Latest Edition).

Bhasin, Niti (2006) “*Banking Developments in India 1947 to 2007*” New Century Publications.

Bhole, L.M. (2004) “*Financial Institutions and Markets*” Tata McGraw Hill, Delhi.



Reference Books:

Bhattacharyya P.C. (1971) "*Central Banking in a Developing Economy*" Vora Publications

Bose Sukanya "*Regional Rural Banks: The Past and the Present Debate.*"
www.macrosan.com/fet/jul05/pdf/RRB_Debate.pdf

† Desai Vasant "*The Indian Financial System*" Himalaya Publishing House"

Desai Vasant "*Central Banking & Economic Development*" 9

Chandavarkar Anand (1996) "*Central Banking in Developing Countries*" St. Martin's Press, USA

† Gordon E. & Natarajan K. "*Banking Theory, Law & Practice*" Himalaya Publishing House

Gupta S. B. "*Monetary Economics*" S. Chand and Co., New Delhi

Joshi V.C. & Joshi V.V (1998) "*Managing Indian Banks: The Challenges Ahead*" Response Books Ch. 3

Kapila Raj & Kapila Uma "*Banking & Financial Sector Reforms in India*" Academic Foundation, New Delhi

Khan, M. Y. (2007) "*Indian Financial System*" Tata McGraw Hill.

Kohn Meir "*Financial Institutions & Markets*" Tata McGraw Hill

Machiraju M.R. (1999) "*Indian Financial System*" Vikas Publications

Mani N (2015) 'Financial Inclusion in India' New Century Publications

Misra Biswa Swarup (2006) "*The Performance of Regional Rural Banks in India: Has past anything to suggest for the future?*" Reserve Bank of India, Occasional Papers, Vol. 27, No. 1 & 2, Summer & Monsoon

Pathak Bharati (2014) "*Indian Financial System*" Pearson India, 4th edition

Rangarajan C. "*Financial Sector Reforms*" RBI Bulletin July 1997

Sundharam & Varshney "*Banking Theory, Law & Practice*" Sultan Chand & Co.

Vasudevan A "*Central Banking in Emerging Economies*" Academic Found.

Vaidyanathan K. (2013) "*Credit Risk Management for Indian Banks*" Sage Response Business Books



Banking & Finance I
Indian Banking System (Developments in the Liberalization Period-Post 1991)

Semester: IV	Subject Code: C 41607	Lectures: 60
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Objectives:

At the end of the Semester, a student opting for specialization in the subject Banking & Finance should be equipped to understand –

- The changing structure of the Indian Banking system, post reform (1991)
- The changing role of RBI in the post reform period
- The technological change in the Indian Banking system
- The challenges to the Indian Banking system.

Unit 1: Reforms in the Indian Banking System Post 1991

14

- Committee on Indian Financial System (Narasimham Committee) Objectives
- **Recommendations and Reforms-**
 - On Directed Investment,
 - On Directed Credit;
 - On Interest Rate Policy,
 - On Organization of Banks
- Reforms in Indian Banking System
 - Capital Adequacy- Meaning & Composition, Requirements
 - Prudential Norms- Income Recognition, Asset Classification & Provisioning- Meaning & Requirements
 - Policy on Recovery of Debts/Non-Performing Assets- Reasons for Non Performing Assets and Measures to tackle NPAs
 - New Sources and Access to Funds for Banks- Access to Capital Market, Issue of Instruments to raise Capital
 - Technology in Banking- Computerization in Banks, ATM Network, Paper-based Trading System, Payment and Settlement System
 - Customer Service in Banks- Reforms w.r.t Customer Service, Banking Ombudsman, Customer Satisfaction Survey (RBI), Bankers Code of Conduct



Unit 2: Objectives & Role of RBI-Post Reform

12

- **Currency Management**
 - Clean Note Policy
 - Currency Minting, Design & Management- Objectives and Measures
- **Banking Regulation & Supervision**
 - Supervision of Banks-Onsite and Off-site Supervision
 - Basel Accord (Basel I & Basel II), Basel III-An Introduction
 - Implementation of Basel Norms in India by RBI
- **Central Bank Independence**
 - Meaning of Central Bank Independence,
 - Arguments for & against Central Bank Independence,
 - Central Bank Independence & Reserve Bank of India
- **Liquidity Management and Reserve Management**
 - Liquidity Adjustment Facility (LAF)- An Introduction
 - Maintenance of Foreign Exchange Reserves in Post 1990 period

Unit 3: Challenges to Banking Sector in India

12

- **Bank Mergers in India**
 - Changing Structure of Indian Banking System
 - Acquisitions and Mergers in India Post 1991;
 - Policy on Weak Banks
 - Case Studies
 - Merits and Demerits of Bank Mergers
 - Role of RBI in Bank Mergers
- **Bank Failures in India**
 - Reasons for Bank Failures –
 - Changing Regulatory framework & Need to Meet International Standards
 - Competition, Need to Right-Size or Down Size
 - Liberalization and Deregulation of Business Environment-



Interest Rate Structure

- Role of Technology and Banking Services
- Moral Hazards
- Case Studies

Unit 4: Micro Finance in India

10

- Concept of Micro Finance- Meaning and Objectives
- Role of Micro Finance Institutions
- Problems of Micro Finance
- Self-Help Groups (SHGs)- Meaning & Definition, Benefits,
- SHG-Bank Linkage Programme
- Problems of SHGs
- Financial Inclusion-Concept and Objectives
- Barriers to Financial Inclusion
- Policy of Financial Inclusion in India- Measures towards Financial Inclusion

***Assignments and library hours – 12 hours**

Basic Reading:

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Bhasin, Niti (2006) "*Banking Developments in India 1947 to 2007*" New Century Publications.

Bhole, L.M. (2004) "*Financial Institutions and Markets*" Tata McGraw Hill. Delhi, (TMH)

Pathak Bharati () "*Indian Financial System*"

Reference Books:

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Bose Sukanya "*Regional Rural Banks: The Past and the Present Debate.*"

www.macroscan.com/fet/jul05/pdf/RRB_Debate.pdf

Desai Vasant "*The Indian Financial System*" Himalaya Publishing House"



- Desai Vasant "*Central Banking & Economic Development*" 7. Pub-
Chandavarkar Anand (1996) "*Central Banking in Developing Countries*" St. Martin's Press,
USA
- Gordon E. & Natarajan K. "*Banking Theory, Law & Practice*" Himalaya Publishing House
Gupta S. B. "*Monetary Economics*" S. Chand and Co., New Delhi
Joshi V.C. & Joshi V.V (1998) "*Managing Indian Banks: The Challenges Ahead*" Response
Books Ch. 3
Kapila Raj & Kapila Uma "*Banking & Financial Sector Reforms in India*" Academic
Foundation, New Delhi
Khan, M. Y. (2007) "*Indian Financial System*" Tata McGraw Hill.
Kohn Meir "*Financial Institutions & Markets*" Tata McGraw Hill
Machiraju M.R. (1999) "*Indian Financial System*" Vikas Publications
Mani N (2015) 'Financial Inclusion in India' New Century Publications
Misra Biswa Swarup (2006) "*The Performance of Regional Rural Banks in India: Has past
anything to suggest for the future?*" Reserve Bank of India, Occasional Papers, Vol. 27, No. 1
& 2, Summer & Monsoon
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Rangarajan C. "*Financial Sector Reforms*" RBI Bulletin July 1997
Sundharam & Varshney "*Banking Theory, Law & Practice*" Sultan Chand & Co.
Vasudevan A "*Central Banking in Emerging Economies*"
Vaidyanathan K. (2013) "*Credit Risk Management for Indian Banks*" Sage Response Business
Books

Reports & Bulletins:

Report of the Committee on the Financial System- 1991 & 1998

Report of the Committee on Financial Inclusion, 2008

Reserve Bank of India: Functions and Working-RBI Publication

Report of the Committee on Financial Sector Reforms [Raghuram Rajan Committee Report]
(2009) (A Hundred Small Steps by Sage Publications)

RBI Monthly Review

RBI Annual Reports

Report on Currency and Finance



Websites:

www.rbi.org.in

www.macroscan.com

www.statebankofindia.com

