

B.A.LL.B (Hons.) 5 YEARS INTEGRATED COURSE

SEMESTER-VIII

Course Code	BAL806B
Course Title	Banking Law
Type of Course	Core
L T P	5 1 0
Credits	6
Course Prerequisites	12 th
Course Objectives (CO)	A vitally important economic institution the banking system is deeply influenced by socio-political and economic changes. The emerging changes in India, particularly after the initiation of the planning process as an instrument of rapid economic development had moulded and affected the banking structure, policies, patterns and practices. A significant development in the banking system is diversification in banks financing. The commercial banks entered 'into the field of wide ranging financial assistance to industry, both large and small scale, requiring the need for social control of the banking system eventually leading to the nationalization of banks. This course is designed to acquaint the students with the conceptual and operational parameters of banking law, the judicial interpretation and the new and emerging dimensions of the banking system.

UNIT-I

Introduction

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.

On accounts and audit.

Credit policy.

Reconstruction and reorganization.

Suspension and winding up.

Contract between banker and customer : their rights and duties.

UNIT –II

Social Control over Banking.

Nationalization.

Evaluation : private ownership, nationalization and

Disinvestment.

Protection of depositors.

Priority lending.

Promotion of underprivileged classes

Deposit Insurance.

The Deposit Insurance Corporation Act 1961 :

objects and reasons.

Establishment of Capital of DIC.

Registration of banking companies insured banks,
liability of DIC to depositors.

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

UNIT –III

The Central Bank.

Evolution of Central Bank.

Characteristics and functions.

Economic and social objectives.

The Central Bank and the State – as bankers“ 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 formulation.

Control of RBI over non-banking companies.

Financial companies.

Non-financial companies.

Relationship of Banker and Customer.

Legal character.

Contract between banker and customer.

Bankers's lien.

Protection of bankers.

Customers.

Nature and type of accounts.

Special classes of customers – lunatics, minor, partnership, corporations, local authorities.

Banking duty to customers.

Consumer protection : banking as service.

UNIT –IV

Recent trends of Banking System in India.

New technology.

Information technology.

Automation and legal aspects.

Automatic teller machine and use of internet.

Use of expert system.

Smart Card.

Credit cards.

Reforms in Indian Banking Law.

Recommendations of committees a review.

Suggested Readings:

L.C. Goyle, The Law of Banking and Bankers (1995) Eastern.

M.L. Tannan, Tannan's Banking Law and Practice in India (1997)

India Law House, New Delhi, 2. Volumes.