

MANGALORE UNIVERSITY
Department of Commerce
M.Com.

CMS509: Optional (BAIM): Trends in Indian Banking

Work load: 3 hours lecture and 2 hours tutorial per week: total 4 credits

Learning Objectives:

- The course aims at providing students with an understanding of structure, organizations, Operation and Current Trends in Indian Banking.

Course Outcomes:

1. Enriches students with the knowledge of functioning of banks and helps them realize the role of banks.

Unit-1: Commercial Banks: Principles of Sound Banking Functions and Services of Indian Banks, Analysis of Balance sheet of Banks, Portfolio Management, Employment of funds in assets, Factors governing Cash Reserves, Earning assets, statutory provisions regarding liquid assets, Term financing by banks, universal banking, Retail Banking and Wholesale Banking, Core Banking Services, Financial Intermediation – Recent trends.

Unit-2: Banking System in India:- Constituents of the Indian Banking System, Commercial banks, Scheduled and Non-scheduled banks, Foreign Banks, Merchant Banks, organisation and structure of Commercial Banks, Public and Private, Institutional Agencies for Rural finance, cooperative Banks, Land Development Banks, Regional Rural banks, Bank Correspondents, NABARD, SIDBI, New generation Banks, Productivity and profitability in Banks-MIS in Banks- Customer Service, Quality circles in Banks, Relationship Banking, Social and Ethical Issues in Banks– Recent Trends.

Unit-3: Risk Management:- Mismatch between Assets and Liabilities- source of risk, credit analysis, overall risk of a bank, Types of Risk, Interest sensitive Assets, credit Risk, Interest Rate Risk, Liquidity risk and operational risk, Derivatives, treasury function, Monitoring risk, RBI Guidelines for Risk Management, Risk Management Systems.

Unit-4 Financial Sector Reforms: Nationalization of Banks, Branch expansion, Deposit mobilisation, credit expansion, Priority sector lending and problems, Globalization and Indian Commercial Banks, Narasimham committee on Financial Sector Reforms 1991, Recommendations of the Committee, BASCL Basal 1, 2 and 3 norms, Prudential Accounting norms, Income Recognition, Asset classification, standard, substandard, Doubtful and Loss making assets, Provisioning requirements, capital adequacy, Non-Performing Assets, (NPAs), public issue of shares, Narasimham committee on Banking Sector Reforms 1998; Weak public Sector Banks, Report of Working Group (1999) (Verma Committee), Problem of Recovery, Debt Recovery Tribunals (DRTs), SARFAESI Act 2002,

Securitization of Assets Reconstruction Corporations (ARCs).

Unit-5: Management of Financial Services of Banks: Diversification in Banking functions, Housing Finance, Mutual Funds- Insurance Business- **Bancassurance** – Investment in commodity exchange – New technology in Banking – Computerization of Banks- **E-Services** – Debit and Credit cards- Internet Banking – ATM – EFT-MICR-RTGS-NEFT-DEMAT Accounts, Mobile Banking and insolvency and bankruptcy code.

References

1. K.C. Shekhar and Lekshmy Shekhar K (2005): *Banking Theory and Practice*, Vikas Publishing House Pvt. Ltd., NewDelhi.
2. H.R. Machiraju (2001), *Modern Commercial Banking*, Vikas Publishing House Pvt. Ltd., New Delhi.
3. H.R. Machiraju (2002), *Indian financial System*, Vikas Publishing House Pvt. Ltd., NewDelhi.
4. Bharath V. Pathak (2003), *Indian Financial System*, PearsonEducation.
5. M.Y. Khan: *Financial Services*, Tata McGrawHill.
6. Report of the committee on *Financial Sector Reforms*1998.
7. Report of the committee on *Banking Sector Reforms*1998.

