DSE (Stream)- Banking and Insurance

Introduction to Banking and Insurance

Course title & Code	Credits	Credit distribution of the course			Eligibility criteria	Pre-requisite of the course (if any)
		Lecture	Tutorial	Practical/ Practice		
Introduction to Banking and Insurance	4	3	1	0	Pass in Class XII	NIL

Learning Objectives
The basic objective of this paper is to develop an understanding of the structure, functions and operations of the banking and insurance sectors among the learners so as to appreciate their role and importance in the financial system, and to make students aware of the regulatory framework, practices, and emerging trends in the banking and insurance industry in India.

Learning Outcomes
After completion of the course, learners will be able to:
1. Explain the structure and evolution of the Indian banking and insurance system
2. Analyze different types of banking institutions
3. Evaluate lending practices and risk management in banks
4. Interpret the legal and contractual framework of insurance
5. Assess emerging trends and reforms in the banking and insurance sectors

Course Contents:
Unit 1: Introduction to Banking and Insurance (9 hours)
Evolution of banking in India; Various types of bank - customer relationships; Types of customer accounts - Time and Term deposit accounts including Non-Resident Individual accounts; Functions of Banks - Traditional and Modern. Insurance – Growth, Origin and History of Insurance, Purpose and Need, Meaning and Definition of Insurance, Characteristics of Insurance, Benefits of insurance, Functions of Insurance.

Unit 2:
(A) Structure of Commercial Banks and Apex Banking Institution (7 hours)
Structure and Composition of Commercial Banks; Types of Banks - Public, Private, Cooperative, Regional Rural Banks (RRBs), Foreign, National Housing Bank, Small Industries Development Bank of India (SIDBI), Export-Import Bank of India (EXIM); Comparison between public and private banks; comparison between Cooperative and Regional Rural Banks.

(B) Loans and Advances (6 hours)
Principles of sound lending; Methods of granting advances; Priority Sector Lending; Introduction to the Balance Sheet of a Commercial Bank, Concept of Non-Performing Assets (NPAs)-Reasons for Non Performing Assets and Measures to check Non-Performing Assets. Anti-Money Laundering (AML), CIBIL.

Unit 3:
(A) Nature of Insurance Contract (6 hours)
Salient features of a contract of insurance under Section 10 of Indian Contract Act 1872, Types of insurance contract – Personal, Property, Liability, and Guarantee Insurance, Insurance contract vs Wagering agreement, Assurance vs Insurance, Gambling vs Insurance.
(B) Documentation and Claim Settlement in Insurance (6 hours)
Proposal Forms, Policy Bonus, Cover Note, Certificate of Insurance, Nomination and assignment comparison. Claim settlement procedure - Death claim and Maturity claim, documents required for claim settlement.

Unit 4: Emerging Trends in Banking and Insurance Industry (11 hours)
Emerging role of Reserve Bank of India in Indian Banking System, Banking Sector Reforms - Narasimham Committee -l, Narasimham Committee- II; Introduction to various forms of Banking - Corporate Banking, Retail Banking, International Banking, Investment Banking, Development Banking, Virtual Banking, Non-Banking Financial Intermediaries.
Reforms in Indian Insurance Sector, Malhotra Committee, Liberation and Globalisation of Insurance Sector: Future Trends, Opportunities ahead, Macro Insurance, Major Players in Indian Insurance Industry, Bancassurance

Exercises:
The learners are required to:
1. Visit the website of two banks (one public and one private) and compare savings accounts, term deposits, and NRI accounts in terms of interest rates, charges, and eligibility.
2. Examine the latest annual report of a commercial bank and identify key components such as deposits, loans, investments, and NPAs.
3. Evaluate a hypothetical loan application and apply principles of sound lending (creditworthiness, collateral, repayment capacity).
4. Analyze sample insurance documents (proposal form, policy bond, cover note) and identify the purpose of each document in the insurance process.
5. Prepare a short report on the impact of banking and insurance reforms in India and discuss developments such as digital banking, bancassurance, and regulatory changes.

Suggested Readings

- Chaturvedi, D. D. & Mittal, A. (2021). Banking and Insurance, New Delhi: Scholar Tech Press.
- Chaturvedi, D. D., & Mittal, A. (2021). Banking and Insurance, Scholar Tech Press, New Delhi.
- Gupta, A. (2021). Banking and Insurance, New Delhi: A.K. Publications.
- Kumar, S. (2019). Fundamentals of Insurance & Risk Management, JSR Publications, New Delhi.
- Paul, R. R. & Mansuri, B. B. (2020). Banking and Financial Systems, New Delhi: Kalyani Publications.
- Sethi, J. & Bhatia, N. (2012). Elements of Banking and Insurance, New Delhi: PHI Learning Pvt. Ltd.

Additional Resources

- Banking and Insurance- Law & Practice, The Institute of Company Secretaries of India, New Delhi
- Imam, A. (2011). Principles and Practice of Life Insurance in India. Anmol Publications Pvt. Ltd., New Delhi
- Loomba, J. (2014). Risk Management and Insurance Planning. PHI Learning Private Limited, New Delhi.
- Singh, I., & Katyal, R. (2014). Insurance Principles and Practice. Kalyani Publishers, New Delhi
- Tandon, D. & Tandon, N. (2022). Management of Banks- Text and Cases, New Delhi: Taxmann Publications Pvt. Ltd.
- Varshney, P. N. (2018). Banking Vidhi evam Vyavahar, New Delhi: S.Chand.

Note: Suggested readings will be updated by the Department of Commerce and uploaded on the Department's website.