

**ALLAMA IQBAL OPEN UNIVERSITY, ISLAMABAD
(Department of Business Administration)**

BANKING LAW AND PRACTICE (189)

CHECKLIST

SEMESTER: SPRING, 2014

This packet comprises the following material:

1. Text Book (one)
2. Course Outline
3. Assignment No. 1, 2
4. Assignment Forms (2 sets)

In this packet, if you find anything missing out of the above mentioned material, please contact at the address given below:

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(Department of Business Administration)

WARNING

1. **PLAGIARISM OR HIRING OF GHOST WRITER(S) FOR SOLVING THE ASSIGNMENT(S) WILL DEBAR THE STUDENT FROM AWARD OF DEGREE/CERTIFICATE, IF FOUND AT ANY STAGE.**
2. **SUBMITTING ASSIGNMENTS BORROWED OR STOLEN FROM OTHER(S) AS ONE'S OWN WILL BE PENALIZED AS DEFINED IN "AIOU PLAGIARISM POLICY".**

Course: Banking Law and Practice (189)
Level: BBA

Semester: Spring, 2014
Marks: 100

ASSIGNMENT No. 1

- Q. 1 Discuss in detail the history and development of banking in Pakistan. (20)
- Q. 2 Discuss in detail the different practices used in modern banking. (20)
- Q. 3 "Deposits are the life-blood of a bank." Discuss the statement in detail. (20)
- Q. 4 What is a joint stock company? Explain the types and detailed procedure of formation of a joint stock company. (20)
- Q. 5 Describe in detail the difference between bill of exchange (BOE) and promissory note. (20)

ASSIGNMENT No. 2

Total Marks: 100

- Q. 1 What do you mean by Guarantee in banking terms? Discuss the types of guarantees in detail. (20)
- Q. 2 Agricultural finance is having great significance in Pakistan as 70% of Pakistani population is engaged in agricultural profession." Discuss the requirements, procedures and sources through which farmers can get agricultural finance. (20)
- Q. 3 Discuss in detail the efforts made in Pakistan to develop a banking system in consonance with the value system of Islamic Shariah. (20)
- Q. 4 Discuss in detail the significance of foreign exchange system and its control for a country. (20)
- Q. 5 Write note on the following:
- (a) Negotiable Instruments Act, 1881 (10)
 - (b) Banks (Nationalization) Act, 1974 (10)

BANKING LAW AND PRACTICE COURSE OUTLINE (BBA-189)

- UNIT 1 INTRODUCTION TO BANKING IN THE WORLD AND PAKISTAN**
Evolution of Banking, Early Growth, Modern Banking, Development of Modern Banking, Types of banks, Development of Banking in America, Banking during Muslim Rule in India, The Emergence of Public Banks in India, Joint Stock Bank, Exchange Banks, The Imperial Bank of India, The Reserve Bank of India, Post-World War Indian Banking, Banking in Pakistan
- UNIT 2 TYPES OF DEPOSITS/ACCOUNTS AND BANKER-CUSTOMER RELATIONSHIP**
Deposits, Nature of deposits (Accounts) such as Current, Term Deposits, Term Deposits in Joint Names, Saving Deposits, Call, Short Notice Deposits and Pak Rupee Non-Resident Accounts, Foreign Currency Accounts, Importance and Mobilization of Deposits in Banking System
Banker, Functions Of The Banker, Customer, Qualifications of Customer, Rights and Obligations of Customer Towards The Banker, General Relationship, Other Relationships, Special Features of Relationship, Right to Lien, Right of Set off, Banker's Duty of Secrecy, Termination of Relationship
- UNIT 3 ACCOUNTS OF GENERAL AND SPECIAL CUSTOMERS**
Accounts of General Customers: Introduction and Preliminary Investigation, Specimen Signature, Married Women, Pardanashin Women, Minor Accounts, Individual Accounts, Joint Accounts
Accounts of Special Customers: Partnership Firms, Joint Stock Companies, Accounts of Clubs, Societies, and Associations, Agents Accounts, Trust Account, Executor's and Administrators Account, Account of Local Bodies
- UNIT 4 CHEQUES, PROMISSORY NOTE, AND BILL OF EXCHANGE**
Cheques: Definition, Types of Cheques, The Requisites of a Cheque, Parties to a Cheque; Promissory Note; Bill of Exchange: Parties to a Bill of Exchange, Types of Bills; Banker's Draft, Pay Order, Telegraph Transfers, Mail Transfers, Travellers Cheques etc
- UNIT 5 CREDIT OPERATIONS IN BANKS**
Principles and Forms of Lending: Principles of Lending; Forms of Lending-Cash Finance, Overdraft; Loans-Bridge and Participation Loans, Purchase and Discounting of Bills
Securities for Advances: Classification of Securities, Banker's Lien, Charge, Contract of Pledge, Hypothecation, Guarantees, Indemnity
- UNIT 6 CONTROL OF BANK CREDIT IN PAKISTAN**
Bank Rate, Open Market Operation, Variable Reserve Requirements, Selective Credit Control, National Credit Consultative Council, Small Loans Scheme, Agricultural Finance, Industrial Finance, Export Finance, Export Finance Scheme

UNIT 7 DEVELOPMENT OF ISLAMIC BANKING IN PAKISTAN

- Main features of the Islamic Economic system
- System of Interest Free Banking and Implementation in Pakistan
- Modes of Non-Interest Financing
 - (i) Financing by Lending:
 - (a) Qard-e-Hasna
 - (b) Loans with service charges
 - (ii) Trade Related Modes:
 - (a) Purchase of Trade bills
 - (b) Purchase and sale of goods on Mark up basis
 - (c) Financing for the development of a property on the basis of "development charge:
 - (d) Purchase of goods/immovable property under buy-back agreements
 - (e) Hire purchase
 - (f) Leasing
 - (iii) Investment Type modes:
 - (a) Musharika
 - (b) Participating Term and Modaraba certificates
 - (c) Equity participation
 - (d) Rent Sharing

UNIT 8 AN INTRODUCTION TO FOREIGN EXCHANGE

Why Foreign Exchange? Foreign Exchange Control in Pakistan, Mechanism of Foreign Exchange,

Letters of Credit (L/C): Definition, Classes of Letters of Credit- Documentary Letters of Credit, Revocable and Irrevocable Letters of Credit, Revolving Letters of Credit, Red Clause Credit, Green Clause Credit, Transferable and Assignable Credit, Back to Back Credit, Deferred Payment Credit, Acceptance Terms Credit, Advantages of Letter of Credit, Rights and Liabilities of Opening Banker and Negotiating Banker, Negotiation of documents, Remittance Against Imports, Forward Exchange Contract, Forward Cover Against Exports

UNIT 9 AN INTRODUCTION TO BANKING LAWS IN PAKISTAN

- Negotiable Instruments Act, 1881
- State Bank of Pakistan Act, 1956
- Banking Companies Ordinance, 1962
- Banks (Nationalization) Act, 1974
- Foreign Exchange Regulation Act, 1947

BOOK RECOMMENDED:

Practice and Law of Banking in Pakistan, By Dr. Asrar H. Siddiqi

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