



THE BANKING LAW  
&  
PRACTICES IN INDIA  
DR. ALOK KUMAR

# The Banking law & Practices in India



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# The Banking law & Practices in India

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## **The Banking law & Practices in India**

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## **Dedicated to**

**This book is dedicated to my family and  
parents who always support me and  
inspired me in every stage**

## Preface

The financial landscape of India has undergone a transformational journey over the decades, with the banking sector emerging as one of its strongest pillars. This book, “**The Banking Law & Practices in India**”, is a comprehensive attempt to present the legal framework, regulatory mechanisms, and operational practices that govern the Indian banking system today. It is designed to provide students, professionals, academicians, and aspirants of banking and law-related careers with a clear understanding of the statutory provisions and real-world practices within Indian banking.

The content of this book has been curated keeping in view the syllabi of various universities and professional bodies. It includes discussions on the Banking Regulation Act, Reserve Bank of India’s role, regulatory compliance, customer protection laws, types of banking institutions, digital banking trends, and the legal implications of insolvency and bankruptcy. Each chapter is supplemented with relevant case laws, recent amendments, and practical examples to ensure clarity and contextual understanding.

In the rapidly evolving domain of finance, especially with technological interventions such as fintech, mobile banking, and cybersecurity becoming integral to banking operations, a strong grasp of the legal environment is crucial. This book does not just focus on the historical or legislative perspectives but also emphasizes the contemporary challenges and regulatory responses in the Indian banking industry.

I sincerely hope this book will prove to be a valuable resource and a ready reference for anyone seeking knowledge or pursuing a career in banking, law, or finance. It is also an earnest effort to promote awareness and compliance among banking professionals, which ultimately contributes to strengthening India’s economic system.

## **Acknowledgement**

This book is the result of cumulative support, guidance, and encouragement received from several individuals and institutions, to whom I owe my deepest gratitude.

First and foremost, I extend my heartfelt thanks to the Almighty for giving me the strength and perseverance to complete this work. I am deeply indebted to my mentors and professors who have shaped my understanding of banking law through their teaching and inspiration. Their insights and critical observations have helped refine the content of this book.

My sincere appreciation goes to the library staff and research associates of various institutions who assisted me in accessing reference materials and data. I would also like to thank the editorial team and publishing house for their professional support, patience, and attention to detail throughout the publishing process.

I am extremely grateful to my family for their unwavering support and understanding. Their encouragement has been a constant source of motivation during the long hours of research and writing.

Lastly, I would like to express my thanks to the readers and peers whose feedback will help improve the future editions of this work. Constructive criticism and scholarly discussions are always welcome.

With humility and hope, I present this book to the academic and professional community.

**Dr. Alok Kumar**

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## **LIST OF ABBREVIATIONS**

1. RBI: Reserve Bank of India (India's central bank)
2. SEC: Securities and Exchange Commission (US regulator)
3. FINRA: Financial Industry Regulatory Authority (US regulator)
4. NPA: Non Performing Assets
5. Cash Reserve Ratio
6. BSA: Bank Secrecy Act (US law)
7. AML: Anti-Money Laundering (regulations)
8. KYC: Know Your Customer (regulations)
9. Dodd-Frank Act: Dodd-Frank Wall Street Reform and Consumer Protection Act (US law)
10. ATM: Automated Teller Machine
11. POS: Point of Sale
12. SWIFT: Society for Worldwide Interbank Financial Telecommunication
13. CBN: Central Bank of Nigeria (Nigeria's central bank)
14. FCA: Financial Conduct Authority
15. CRR: Cash Reserve Ratio
16. SLR: Statutory Liquidity Ratio
17. SARFAESI: Securitisation and Financial Assets
18. RBI: Reserve Bank of India
19. PCR: Provision Coveage Ratio
20. Gross NPA: Gross Non-Performing Assets
21. Net NPA: Net Non-Performing Assets
22. CASA: Current Account Savings
23. RD: Recurring Deposit
24. FD: Fixed Deposit

- 25. RTGS: Real-Time Gross Settlement
- 26. IMPS: Immediate Payment Service
- 27. ICICI: Industrial Credit and Investment Corporation of India
- 28. HDFC: Housing Development Finance Corporation
- 29. NEFT: National Electronic Funds Transfer
- 30. PNB: Punjab National Bank
- 31. SBI: State Bank of India
- 32. DD: Demand Draft
- 33. POA: Power of Attorney
- 34. NI Act: Negotiable Instruments Act
- 35. FEMA: Foreign Exchange Management Act
- 36. FCNR: Foreign Currency Non-Resident
- 37. NRE: Non-Resident External
- 38. NRO: Non-Resident Ordinary
- 39. ECB: External Commercial Borrowing
- 40. AML: Anti Money Laundering
- 41. CIF: Customer Information File
- 42. CDD: Customer Due Diligence
- 43. CBS: Core Banking Solution
- 44. IBS: Internet Banking Services

## About the Author



### Dr. Alok Kumar

Assistant Professor & Head, Department of Commerce  
AISECT University, Hazaribag (Jharkhand)

Dr. Alok Kumar is a renowned expert in **banking law**, with over **14 years of teaching experience** and a strong academic background in **Commerce**. He is currently pursuing a **Post-Doctoral Fellowship** and serves as a **Research Supervisor**, guiding scholars in advanced areas of banking and finance.

Dr. Kumar has published over **25 research articles** in national and international journals and has actively participated in numerous **seminars and conferences** across the globe. He has also attended **15 Faculty Development Programs (FDPs)** and **20 workshops**, further strengthening his academic and pedagogical skills. He is also member of Editorial board of "Bihar Research Journal"

With a deep understanding of the complexities of banking law, particularly in areas such as **Non-Performing Assets (NPA)**, his contributions have been instrumental in shaping contemporary discourse. He has published several high-quality papers in the domain of banking law and continues to contribute significantly to legal and financial scholarship.

**Currently serving as the Assistant Professor and Head of the Department of Commerce at AISECT University, Dr. Kumar believes that a strong foundation in banking is crucial for national growth. His upcoming book on banking law is poised to be a milestone resource for students and professionals alike.**

## About the Book

The Banking Law & Practices in India is a comprehensive and insightful guide to understanding the legal and procedural framework that governs the Indian banking system. Designed for students, aspiring professionals, bankers, and individuals preparing for competitive exams, this book offers a well-structured and up-to-date overview of the essential aspects of banking law and its practical applications in the Indian context.

The book begins by tracing the historical evolution of banking in India and the foundational legal principles that underpin it. It explores the regulatory role of the Reserve Bank of India (RBI) and discusses the various classifications of banks, including commercial banks, cooperative banks, regional rural banks, and development banks. Readers are introduced to the legal aspects of banker-customer relationships, duties and obligations of banks, and the rights and liabilities of customers.

A key focus of this book is on negotiable instruments, such as cheques, promissory notes, and bills of exchange, governed by the Negotiable Instruments Act, 1881. The practical procedures related to account operations, payment and collection of instruments, and dishonour and liability are covered in detail. It also delves into the lending practices of banks, types of securities, modes of creating charges, and laws related to recovery and insolvency.

The book includes discussions on recent developments such as digital banking, fintech, cyber laws in banking, the rise of non-banking financial companies (NBFCs), and the impact of global trends on the Indian banking ecosystem. In addition, the book explains key legislations such as the Banking Regulation Act, 1949, and other allied laws impacting the sector.

Presented in a reader-friendly language, with relevant case laws, real-life examples, and flowcharts, this book simplifies complex legal provisions while maintaining legal accuracy. Each chapter includes practical insights, making it equally useful for academic learning and professional reference.

Whether you are a law or commerce student, a banking aspirant, a working professional, or simply someone looking to understand how banking law operates in India, The Banking Law & Practices in India is an essential addition to your bookshelf. It not only equips readers with legal knowledge but also provides a solid foundation for those wishing to pursue a career in banking, finance, or legal services.

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