



P.N. Varshney

# Banking Law & Practice

25th Edition with June, 2023 Supplement




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# Banking Law and Practice

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25th Edition with June, 2023 Supplement



**SULTAN CHAND & SONS**

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## Preface

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The present edition of Banking Law and Practice is an updated version incorporating the latest developments in Indian banking. A supplement has been inserted at the end of the book containing the additional study material. Readers are advised to read relevant portions of the Supplement together with the main text of the chapters.

Banking structure in India has undergone significant changes in recent years. Two new types of banks — Small Finance Banks and Payment Banks — have been set up primarily to boost financial inclusion. Consolidation in State Bank of India group has enhanced the status of the State Bank of India as one amongst the top 50 banks globally. *Pradhan Mantri Jan Dhan Yojana* and *Mudra Yojana* are new initiatives to extent banking facilities to the unbanked people.

Significant legislative initiatives have also been undertaken. New Insolvency and Bankruptcy Code 2016, has been enacted to modify the rights of the banker as a secured creditor. Securitisation Act has been amended to ensure speedy recovery of debts by banks. Banking Regulation Act undergone an amendment in 2017 to confer wider powers on the Reserve Bank of India to deal with the problem of stressed assets of the banks.

On the lending side of banking operations, Statutory Liquidity Ratio has been reduced to enhance lendable funds of banks. Policy Rates have been slashed to make credit flow cheaper. Marginal Cost Lending Rate has been introduced to which the Base Rates of banks will be linked. To boost priority sector advances definition, constituents and targets of priority sector have been revised. Many other directives have been issued by Reserve Bank to ensure customer-friendly operations of banks.

All these and many other developments have been duly included in the Supplement 2023.

We hope the present edition will prove useful to the students and the banking community alike.

New Delhi

18th February 2018

P. N. VARSHNEY

### To the Twenty Fifth Edition

We have great pleasure and privilege in presenting to our readers 25th thoroughly revised, enlarged and updated edition of *Banking Law and Practice* in the 44th year of its publication. Banking in India has grown phenomenally and transformed substantially – structurally, functionally and technologically – during these eventful four decades, keeping pace with global trends and developments. *Banking Law and Practice* has constantly kept pace with the changing scenario in Indian Banking. It has been our sincere endeavour to provide to our readers a comprehensive and authentic book on the subject. We have served the cause of our readers community for four decades. It is a matter of great satisfaction to us.

The present edition is thoroughly revised, up-dated and enlarged one. Relevant provisions of all relevant recent enactments have been incorporated at appropriate places. For example, Banking Laws (Amendment) Act, 2012, Credit Information Companies (Regulation) Act, Consumer Protection Act, Limited Liability Partnership Act, Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, Right to Information Act, Micro, Small and Medium Enterprises Development Act have been duly dealt with.

Numerous directives issued by Reserve Bank of India and important relevant judgements of the Supreme Court and High Courts have been appropriately cited. Innovative instruments for raising bank capital and new schemes like Reverse Mortgage Scheme, Credit Guarantee Scheme for Small Enterprises, Banking Ombudsman Scheme, Agricultural Loans Waiver and Debt Relief Scheme have been duly explained. We have endeavoured our best to update the subject matter to the utmost.

We hope the readers will find the book more useful in achieving their goals.

New Delhi

P. N. VARSHNEY

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K.P.M. Sundharam • P.N. Varshney

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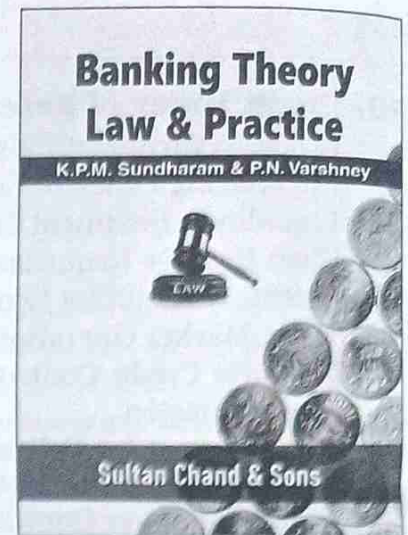
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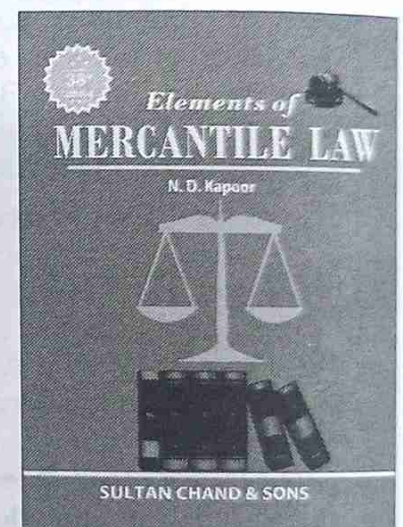
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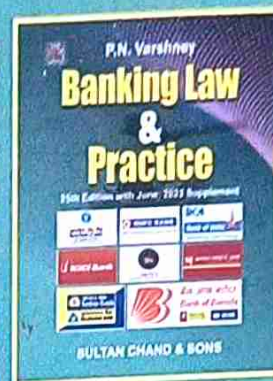
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## About the Author

**Prof. P.N. Varshney** retired as Professor from the Department of Business Economics, University of Delhi in 2000. He has served as the Head of Department, Department of Business Economics, University of Delhi (1992-95), Dean, Faculty of Applied Social Sciences, University of Delhi (1992-93) besides being the University representative on the Governing Bodies of several colleges of University of Delhi. He has authored/co-authored several books on Banking and Finance, prominent being 'Banking Law and Practice', first published in 1971, and Indian Financial System. He was the recipient of Gold medal for standing first in the order of merit in M.Com., University of Lucknow (1957). Prof Varshney did his PhD in Applied Economics from University of Lucknow (1963) on the thesis entitled "Indian Banking Structure and Credit Policy".



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