



**JAIPURIA INSTITUTE OF MANAGEMENT, NOIDA
PGDM (2020-22) BATCH; TRIMESTER V; ACADEMIC YEAR 2021-22**

Course Code and title	G/FIN501 Banking Operations and Credit Analysis
Credits	3
Term and Year	V Term
Course Pre-requisite(s)	Student must have successfully completed Advanced Corporate Finance
Course Schedule (day and time of class)	As per time table
Classroom # (Location)	Audi 2
Course Instructor	Dr A K Puri
Email	ak.puri@jaipuria.ac.in
Telephone Number (for office appointments)	Extension 334, Mobile: 9810194352
Student Consultation Hours	Tuesdays and Thursdays
Office location	Faculty Cabin FFC12, 1 st floor

1. Course Overview

Banking Industry in India has travelled a long path to assume its present status. It has undergone a major structural transformation after banking sector reforms post 1991 and opening of banking for private sector and foreign banks. However, state owned banks still command large market share and are playing a major role in social banking and financial inclusion initiatives of the government.

Lending is basic business function of banks. Lending involves the process of granting, monitoring and recovery of loans and advances. The bank is always concerned with the money lent. It has to be ensured that money lent is paid back as per agreed tenor of the loan. For any reason if money is not repaid by the borrower, there has to be a valid recourse on assets of the borrower and guarantor, if any. To ensure minimal default and a fool proof mechanism to eliminate possibility of bad loans, also known as Non- Performing assets(NPA's), banks lay down a rigorous credit appraisal process. It entails rational assessment of funds required, financial viability of productive utilisation of borrowed funds and necessary security considerations to protect bank's ability to recover loan and interest, in case of default. Each loan request is treated as a project, to be analysed and assessed for acceptance or rejection of the loan applied for.

Banking offers a very lucrative career with variety of profiles suitable to management graduates. The program has been designed to give overview of structure and working of commercial banks, understand various products and services being offered by them and detailing banking operations. It also deals with all aspects of loans appraisal by banks.

Students looking for a career in banking will find the course useful.

2. Course Learning Outcomes (CLO)

After successful completion of this course, the students will be able to:

CLO1. Describe structure and working of commercial banks

CLO2. Understand features of various deposits, loans and payment schemes as products and services of banks

CLO3. Apply knowledge of process of banking operations

3. Mapping of CLOs with PLO

	PLO 1: Communicate effectively	PLO2 : Demonstrate the Ability to Work in Teams to Achieve Desired Goals	PLO 3: Reflect on business situations applying relevant conceptual frameworks	PLO 4: : Evaluate different ethical perspectives	PLO5 : Comprehend sustainability issues	PLO6 : Exhibit innovative and creative thinking
CLO1	X(I)					
CLO2	X(I)					
CLO3			X(R)			

***CLO 3 mapped with PLO 3 will be assessed for preparing AOL report**

4. Text Book

Shekhar KC: Sekhar Lekshemy. Banking Theory and Practice, 21st Edition ,Vikas Publishing House **Additional Reference books**

1. Management of Banks: Dr. Deepak Tandon and Dr. Neelam Tandon, Taxmann's
2. Basics of Banking ,2005 , IIBF , Taxmann Publishing Private Ltd
3. New dimensions of Bank Management, Shyam Ji Mehrotra & Dr. V. S. Kaveri, Skylark Publication, New Delhi.

4. Commercial Bank Management, Kanhaiya Singh, Vinay Dutta, McGraw Hill Education, 2013
5. Projects- Planning, Analysis, Selection, Financing, Implementation and Review by Dr. Prasanna Chandra –Tata McGraw Hill Education Private Ltd. New Delhi- 7th Edition Third reprint 2011
6. Bankers’ handbook on Credit Management published TaxMann Publication Pvt Ltd. on behalf of Indian Institute of Banking and Finance- Edition July 2014
7. Project appraisal and financing by Dr. Ambrish Gupta, PHI Learning Pvt Ltd. Delhi edition 2017

Useful Web Sites

- www.rbi.org,
- websites of various banks
- www.hbs.edu/projfinportal

5. Course Module

Module	Contents
Module 1	Commercial Banking : An overview
Module 2	Product and Services offered by commercial banks
Module 3	Banking operations
Module 4	Loan appraisal process
Module 5	Assessment of Working capital and term loan
Module 6	Due diligence of credit proposal

8. Assessment Tasks

Assessment Item	Description	Weightage	CLO
Quiz	Two quizzes	20 %	CLO1, CLO2, CLO3
Banking product, service and operations project	A group of 5-6 students will be assigned a bank to submit a report/ make presentation on detailed features of deposit and advances schemes, operational aspects and competitive/ bank financial statement analysis.	20%	CLO 2, CLO 3

Working Capital Analysis and appraisal Assignment	A working capital finance project shall be analyzed as an assignment by each student	20%	CLO3
End-Term Examination		40%	CLO1, CLO2, CLO3
Total:		100%	

Assessment Task Description

Quiz

Weightage: 20% (refer Rubric of evaluation at the end)

Description: There will be two quizzes administered through Moodle with multi option question and individual performance will be assessed. Question bank of minimum 30 questions to be created for a quiz of 10 questions. The format of the quiz would be **20% basic, 50% intermediate and 30% advanced level.**

Pre/In/beyond class: Outside class

Banking Product and Services and Operations project

Weightage: 20%

Description: A group of 5-6 students will be assigned a bank to submit a report/ make presentation on detailed features of deposit and advances schemes, operational aspects and competitive/ bank financial statement analysis.

Expectation from students: Ability to collect information, apply the conceptual framework of banking on deposit and advances and operations and develop ability to analyse bank's financial data for performance.

Working Capital Analysis and Appraisal Assignment

Weightage: 20%

Description: Each student will be assigned a working capital finance requirement to analyse and appraise bank finance as an assignment.

Expectation from students: Ability to collect information, apply the conceptual framework of working capital finance as learnt in the course and develop analytical ability to make decision.

End Term Examination

Weightage: 40%

The paper would comprise questions which are: 20% basic, 50% intermediate and 30% advanced level.

Description: Will be based on full course. This will consist of application of banking concepts, formulate and communicate decisions on practical situations and analyse data for rational managerial decisions.

Expectation from the students: Student to be able to attempt practical and conceptual questions, apply concepts to situation based questions with analysis.

Submission details: End Term Examination (Scheduled by Exam Office)

6. Session Plan

Session	Topic	Requirements: Reading/cases	Pedag ogy	SLO	CLO
Module I: Commercial Banking : An overview					
1	Introduction to Commercial Banking	Text book Page 7 to 31	Class discussion	At the end of the session, students will be able explain evolution of banking, its function and technological developments	1
2	Issues and challenges of banking	Text book Page 69-118, 472-491 /Chapter 2 page 34-47 Tandon Taxman	Class discussions	At the end of the session, students will be able to explain current issues and	1

				challenges of banking industry	
3	Regulatory and Supervisory Framework of Banking	Text book page 184-247, 329 – 448	Class discussions	At the end of the session, students will be able to demonstrate understanding of regulatory and supervisory framework	1
Module II: Product and Services offered by commercial banks					
4	Deposit products	Handout	Class discussion Videos	At the end of the session, the students will be able to explain various products offered by banks	2
5	Third party Products – insurance, mutual funds, gold bonds	Handout	Class discussion Videos	At the end of the session, the student will be able to explain various third party products sold by the banks	2
6	Loan products, Lending policies, method of granting loans and charging of securities	Handout Text book 834-912	Class discussions	At the end of session, the students will be able to explain various loan products	2
7	Non-fund business – Letter of credit, Guarantees, Safe Deposit Lockers, Safe custody of documents, Estate agent/ Trustees	Handout	Class Discussions	At the end of the session, the student will be able to explain various non-fund based products of banks	2
8	Retail Banking including technology based products	Handout /Chapter 7 page 117 to 152	Class discussions	At the end of the session, the students will be able to explain retail banking	2

Module III: Banking operations					
9	Opening of accounts & Money transfer services	Text book 768-780 Text book 781-791	Class discussion Case exercise	Understanding of opening various type of accounts and legal provision for cheque and its implications in banking operations	3
10	Ethics, Values and corporate governance in banks	Handout Nirav Modi case or any other fraud case	Case Class discussion	At the end of the session the students will be able to demonstrate understanding of ethics and values in banking business	3
Module 4: Loan appraisal process					
11	Concepts and Principles of lending	Unit 1 Page 3 to 10	Class discussion	At the end of the course, students will be able to demonstrate understanding of art and science of credit granting decisions	1
12	RBI Norms and lending policy of Banks	Unit 2 Page 11 to 46	Class discussion Website of SIDBI/MU DRA/banks regarding loan policy documents	At the end of the course , students will be able to explain RBI norms and lending policy of banks	1
13	Type of borrowers and credit facilities	Unit 3 Page 47 to 80	Class discussion	At the end of the course, the students will be able to explain difference between various	1

				type of borrowers and credit facilities they may require	
14	Credit appraisal process & Credit Rating	Unit 5 & 6 Page 95 to 117 Page 118 to 151	Class discussions	At the end of the session, the students will be to explain process of credit appraisal and learn importance of credit rating in credit appraisal process	1
Module 5: Assessment of Working capital and term loan					
15	Analysis of financial statements- Balance sheet and P & L	Unit 7 Page 155 to 170	Class discussions Case exercise	At the end of the session, students will be analyse financial statement from lender's perspective	2
16	Project appraisal process & Assessment of Term loan, Use of Capital budgeting, Break even analysis , DSCR, DER etc.,	Unit 8 Page 205 to 218 Page 219 to 249 Case let on BEP and NVP/IRR	Class discussion Case on various aspects of project appraisal Case exercise on excel	After the end of the session, students will be able to demonstrate understanding of project appraisal process	2
17	Working capital assessment – concepts and various methods	Unit 9 Page 253 to 330	Class discussions	After the end of the session, the student will demonstrate understanding of various methods of assessing working capital loan	2

18	Working capital assessment – Turnover method, Cash budget method	Case exercise on assessment of working capital under turnover and Cash Budget method	Class discussions Case exercise on excel	After the end of the session, the student will assess working capital finance under turnover method	2
19	Working capital assessment- MPBF Method	Case exercise on assessment of working capital under MPBF method	Case exercise on excel	After the end of the session, the student will assess working capital finance under MPBF method	2
Module 6: Due diligence of credit proposal					
20	Due diligence of credit proposal - examination of credential of loan proponent pre sanction and post sanction	Handout	Class discussion	After the end of the session, students will be able to apply due diligence in credit appraisal	3

Time budgeting in course planning:

Please note that while assigning activities and planning teaching schedules following table may be of help. The weightage of items in the table is prescriptive and may vary according to course requirement. Yet it is indicative of how student time per course can be budgeted:

Activity	Description	Time Budgeted
Classes	2-3 hours per week for 12 weeks(as per schedule of programme office)	30 hours
Reading	Prescribed readings and making notes	15 hours

Preparation of set questions, exercises and problems	Including shared and group exercises	30 hours
Preparation of assignment	Reading and writing	15 hours
Study and revision for test and end of Trimester examination	Self-preparations	15 hours
TOTAL		105 hours

Instructions:

Students will be expected to maintain a daily log of their learning and make an action plan. The continuous evaluation tools would be implemented as per schedule and collected for evaluation. Students are encouraged to visit videos available on Impartus, You Tube on TED talks, and readings available at websites like course era, etc.

Rubrics for CLO 1 & PLO 1 (Evaluation Component: Quiz 20% marks)

Criterion	Below Expectations (Less than 7)	Meets Expectations (8-15)	Exceeds Expectation >16
Clarity	Not able to explain points clearly. Lacks focus and points put forth do not relate to the overall/main argument or idea.	Explains points clearly; points relate to overall argument.	Explains points explicitly with specific explanatory detail backed up with relevant research/information/examples; points relate and support the overall argument.
Organization	Presents information in a cluttered manner with no logical sequencing or progression of ideas. The main point is obscured and not visible from the report.	Presents information in a logical sequence. The final point is quite clearly brought out.	Presents information in a clear and logical order supported by relevant illustrations and examples. The final point/conclusion is well supported through a well-structured set of arguments.
Content	Poor command over subject matter. Provides irrelevant and inadequate information to support arguments.	Good command over subject matter. Is able substantiate the arguments with relevant and adequate information reasonably well.	Excellent command over subject matter. Covers every dimension of the subject matter and uses relevant and comprehensive information to back up the arguments.

Rubrics for CLO 2 and PLO 1 (Evaluation Component: Group Project 20% marks)

PLO1: Communicate effectively and display good inter-personal skills.	
Competency	Traits/Performance Indicators (PI)
Be able to produce written documents and oral presentations that communicate ideas and information effectively for the intended audience and purpose.	1.1 Clarity: Explains points explicitly with specific explanatory detail; points relate to overall argument. 1.2 Organization: Presents information in a logical progression of ideas so that the main point is clear. 1.3 Content: Good command of subject matter. Provides relevant and important information and supporting arguments relating to the main claim.

Criterion	Below Expectations (Less than 7)	Meets Expectations (8-15)	Exceeds Expectation >16
Clarity	Not able to explain points clearly. Lacks focus and points put forth do not relate to the overall/main argument or idea.	Explains points clearly; points relate to overall argument.	Explains points explicitly with specific explanatory detail backed up with relevant research/information/examples; points relate and support the overall argument.
Organization	Presents information in a cluttered manner with	Presents information in a logical sequence.	Presents information in a clear and logical order

Rubrics for CLO 3 and PLO 3 (Evaluation Component: Individual Project 20% marks)

Criterion	Below Expectations (Less than 7)	Meets Expectations (8-15)	Exceeds Expectation >16
Gather Relevant Information and reflect on the business situation	Struggles to pinpoint the information needed. Gathers information from one source. Minimal evidence of search/selection criteria. Unable to reflect and comprehend the business situation due to poor understanding of required information	Clearly identifies the information required. Gathers information from multiple valid and reliable sources. Evidence of search/selection criteria. Able to reflect and understand the business situation because of the quality of information gathered and synthesized.	Demonstrates a sophisticated understanding of what information is needed. Gathers extensive information from a variety of valid and reliable sources including journals, texts, etc., specific to the subject. Clear evidence of search/selection criteria. Able to reflect and have a holistic view of the the business situation based on extensive information gathered from a variety of sources

Select and Use Relevant Concepts and Frameworks	Has limited knowledge on selecting and using relevant concepts and frameworks. Requires extensive assistance in selecting relevant concepts and frameworks.	Selects and uses relevant concepts and frameworks. Requires minimal assistance in choosing relevant concepts and frameworks.	Selects and uses relevant concepts and frameworks. Needs no assistance in selecting relevant concepts and frameworks.
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Institute’s Policy Statements

It is the responsibility of every student to be aware of the requirements for this course, and understand the specific details included in this document. It is emphasized that this course requires a significant commitment outside of formal class contact. The learning tasks in this course may include classes (lectures or seminars), required reading, the preparation of answers to set questions, exercises and problems, and self-study. In addition, students may be required to complete an assignment, test or examination.

LMS-Moodle/Impartus:

LMS-Moodle/Impartus is used to host course resources for all courses. Students can download lecture, additional reading materials, and tutorial notes to support class participation.

Late Submission

Assessment tasks submitted after the due date, without prior approval/arrangement, will be not be accepted. Requests for extension of time must be made with the faculty member concerned and based on Special Consideration guidelines.

Plagiarism:

Plagiarism is looked at as the presentation of the expressed thought or work of another person as though it is one's own without properly acknowledging that person. Cases of plagiarism will be dealt with according to Plagiarism Policy of the institute. It is advisable that students should read Student Handbook for detailed guidelines. It is also advisable that students must not allow other students to copy their work and must take care to safeguard against this happening. In cases of copying, normally all students involved will be penalized equally; an exception will be if the student can demonstrate the work is their own and they took reasonable care to safeguard against copying.