

ADC/B.Com-II

PAPER – VI

Banking and Finance

Objectives

The objectives of the course are to enable the participants:

- to acquire knowledge about the different kinds of bank their functions and importance.
- to understand the Islamic modes of financing
- to analyze the different sources of business funds and their advantages and disadvantages

Contents

1. Banking:

Definitions and kinds of Bank. Importance and functions of a commercial Bank, sources of Funds, Features of current, Saving and Fixed accounts credit instruments.

2. Bank loans advances:

Loans, cash credit, overdraft, discounting of Bills. Loans at call and short notice Letter of credit, mortgage, principles of lending.

3. Islamic banking:

Nature of Riba, usury and interest, prohibition of Riba, rationale of current Saving and investment accounts, Distinction between Islamic and international based Banks.

4. Central banking:

Nature objects and functions of a central Bank. The constitutions and functions of STATE BANK OF PAKISTAN as Government Banking Agent and Controller of Credit.

5. Finance:

Definition, kind and importance of Finance, sources of business funds creditor's funds and owner's funds, their characteristics, advantages and disadvantages, Short, Intermediate and Long term finance and specialized financial institutions (PICIC, ICP, NIT, ADBP).

6. Islamic modes of financing:

Consumer finance: Qarz-e-Hasna, trade Finance, Markup, Musharika, Purchase of Trade Bills, Bal Salam, Leasing, Hire purchases, investment Finance, Masharika, Mudaraba and Rent Sharing.

7. WORKING CAPITAL:

Definition, importance, kinds, factors governing the working capital and sources of working capital.

Recommended Books

1. Israr H. Siddiqi *Practice and Law of Banking in Pakistan*, Royal Book Co. Karachi.
2. Samuelson P.A. *Economics*, Mc-Graw Hill 16th Ed. N.Y. 1998.
3. Saeed Nasir *Money Banking and Credit*, Imtiaz Publishers Lahore. (Latest year)
4. Khurshid H. Siddiqi, *An Introduction to Banking and Finance*, Ghazanfar Academy Karachi.
5. Roger LeRoy Miller *Modern Money and Banking* (Relevant Part) Mc David D. Vanhoose Graw Hill.
6. Ziauddin Ahmed *Money and Banking in Islam*, International Centre for Research in Islamic Economics, King 53 Abdul Aziz University, Jeddah. (Latest year)
7. Muhammad Amin Khalid, *Banking and Finance*, K-Be Book Bank Karachi.
8. Research reports and research articles will also be recommended during the lectures.

Note: 1. Latest edition of books are recommended.
2. Duration of course will be 20 weeks.
3. Total 20 lectures of two hours duration will be delivered.