



Ch-14 :- Banking
Good Morning Students.

Today we will discuss chapter number 14, titled 'Banking' of your book titled 'Commercial Studies'.

Now students, please open page number 236 of your book and listen to me carefully.

Banking is an important branch of commerce and banks are essential institutions which facilitate trade.

No country can make commercial and industrial progress without a well organised banking system. By providing facilities for deposits, banks encourage the habit of saving among people. They mobilise small savings and channelise them into productive uses. They provide facilities for safe custody, investment and transfer of money. Banks also provide both short-term and long term finance to businessmen.

According to Banking Regulations Act, 1949, "Banking means the accepting, for the purpose of lending or investment, of deposits of money from the public, repayable on demand or otherwise and withdrawal by cheque, draft, order or otherwise."

A bank may be defined as a company which collects money from public in the form of deposits and lends the same to borrowers. It is an institution that provides facilities for safe keeping, lending and transfer of money.

Banks are sometimes described as dealers in money because banks accept deposits from the public and lend money. When a bank accepts deposits, it purchases money at a certain rate of interest. ~~It~~ When it lends money, ~~it~~ it sells money at a higher rate of interest. The difference is the profit of the bank.

Students, now we will discuss Types of Banks:-

1. Central Bank:-

~~The~~ Central bank is a supreme monetary institution at the apex of the monetary and banking structure of a country. It is the leader of money market and as such controls, regulates and supervises the activities of commercial banks. Every country has a central bank which manages the currency and credit policy of the country.

and functions as a banker to the government as well as to the commercial banks.

The Reserve Bank of India is the central bank of our country.

2. Commercial Banks:- These are joint stock banks which receive deposits from the public and business firms. They also provide short term and medium term loans to customers. In India, commercial banks are owned and controlled by the Government, private businessmen and Foreign businessmen. State Bank of India, Punjab National Bank and Bank of Baroda are examples of Public Sector banks. ICICI Bank, HDFC bank, Axis bank are examples of private sector banks. Citi bank, HSBC bank, American Express bank are examples of foreign banks.

3. Industrial Banks:-

These banks provide finance to industrial concerns for medium-term and long-term periods. They also purchase and underwrite shares and debentures of industrial enterprises. They also provide managerial and technical

advice and assistance to industries. These banks are also termed as 'Development Banks' or 'Development Financial Institutions'. Industrial Development Bank of India (IDBI), Industrial Finance Corporation of India (IFCI) are examples of industrial banks in our country.

4. Merchant Banks! -

These banks perform merchant banking functions such as underwriting of shares and debentures. They provide all facilities to the companies relating to issue of shares and debentures.

5. Exchange Banks! -

These banks provide foreign currency and other related facilities to importers and exporters such as collecting and supplying information about foreign customers, remittance of funds from one country to another etc. These banks buy and sell foreign exchange and specialise in financing foreign trade. They are also called 'Foreign Exchange Banks'.

6. Agricultural Banks! -

These banks provide medium-term

Sub!:- Commercial Studies

Class! 10th

Ch : 14

Teacher!:- Gokesh Auro

classmate

Date: 18/11/24

Page 5

and long-term loans to farmers against the security of land. They are also termed as 'Land Development Banks'. Agricultural banks also provide loans for permanent improvement in agricultural land.

7. Co-operative Banks:-

These banks are organised by people with limited funds for their mutual benefit. These are organised and managed on cooperative basis. They accept deposits from members and grant loans to members at concessional rates of interest.

Students, now we will discuss the difference between Central Bank and Commercial Bank.

Please refer to page 207 of your book.

Students, I am ending the topic here. I will give you some questions. All the students are required to answer these questions in their notebooks.

Answer the following questions:-

1. Define Development bank.
2. Give five difference between Central Bank and Commercial Bank.
3. What are Exchange Banks?

last page

(5)