

A stylized illustration of a building facade in light blue. It features a triangular pediment with a central oval window. Below the pediment is a horizontal pink bar containing the title. The main body of the building has four arched openings supported by columns. A thick blue base is at the bottom.

Introduction to Banking

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A stylized blue icon of a classical building with a pediment and four columns. The text "What is Bank?" is centered on the front of the building.

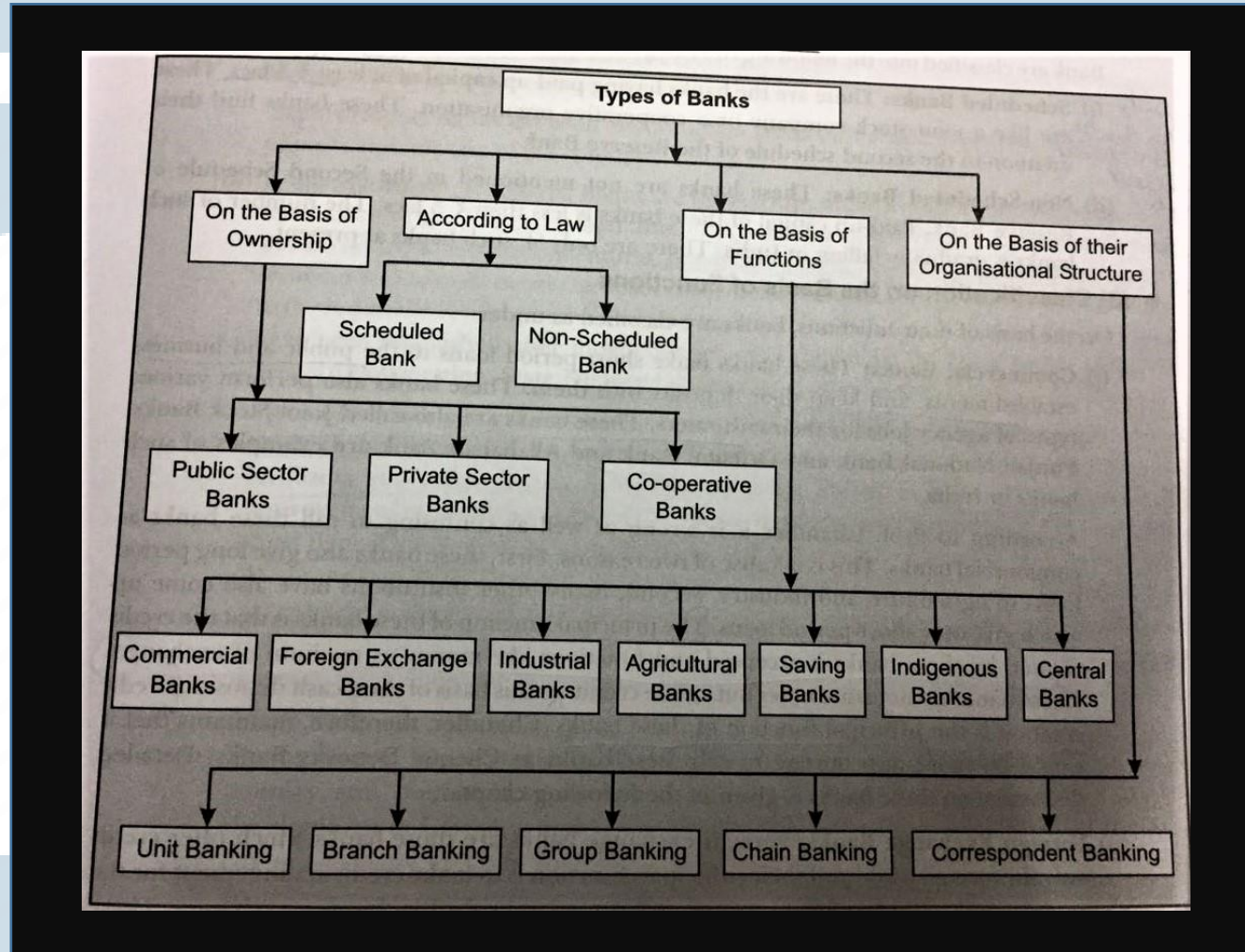
What is Bank?

Bank

- Accepts deposits
- Grants loans
- Encash/honours cheque

According to **Whitehead**, *“A bank is defined as an institution which collects surplus funds from the public, safeguards them and makes them available to the true owner when required but also lends sums to those who are in need of them and can provide security.”*

Types of Banks



1. Classification on the basis of ownership

- **Public sector Banks:**

These are run by the government with an objective of social welfare.



State Bank of India



Relationships beyond banking.



बैंक ऑफ़ बड़ौदा
Bank of Baroda

- **Private sector Banks:**

These are owned and run by the private sector.

An individual has control over these banks in proportion to the shares of the banks held by him



- **Co-operative Banks:**

These are jointly run by a group of individuals. Profits are equally distributed among the shareholders.

Mutual help of the members of co-operative banks is the principal objective.



ABHYUDAYA
CO-OPERATIVE BANK LTD.

(MULTI - STATE SCHEDULED BANK)



KDC BANK

Kozhikode District Co-operative Bank
കോഴിക്കോട് ജില്ലാ സഹകരണ ബാങ്ക്

2. According to Law

- **Scheduled Banks**

These are mentioned in the second schedule of RBI, having paid up capital of at least 5 lakhs.



- **Non-scheduled Banks**

These are not mentioned in the second schedule of the RBI, having paid up capital of less than 5 lakhs



3. Classification on the basis of functions

• Central Bank

It is the apex bank of the banking system of the country.

It performs the following functions:-

- Currency authority
- Banker to the government
- Bankers bank and supervisor
- Controller of money supply and credit



- **Commercial Banks**

These banks make short period loans to the public and business establishments, and keep their deposits with them.

Its principal function is credit creation.

These are also termed as **joint stock banks**.

- **Foreign Exchange Banks**

Foreign exchange banks are those banks which offer credit only for foreign trade.

Its principal function is to make credit arrangement for the exports and imports of the country and these banks deal in foreign exchange

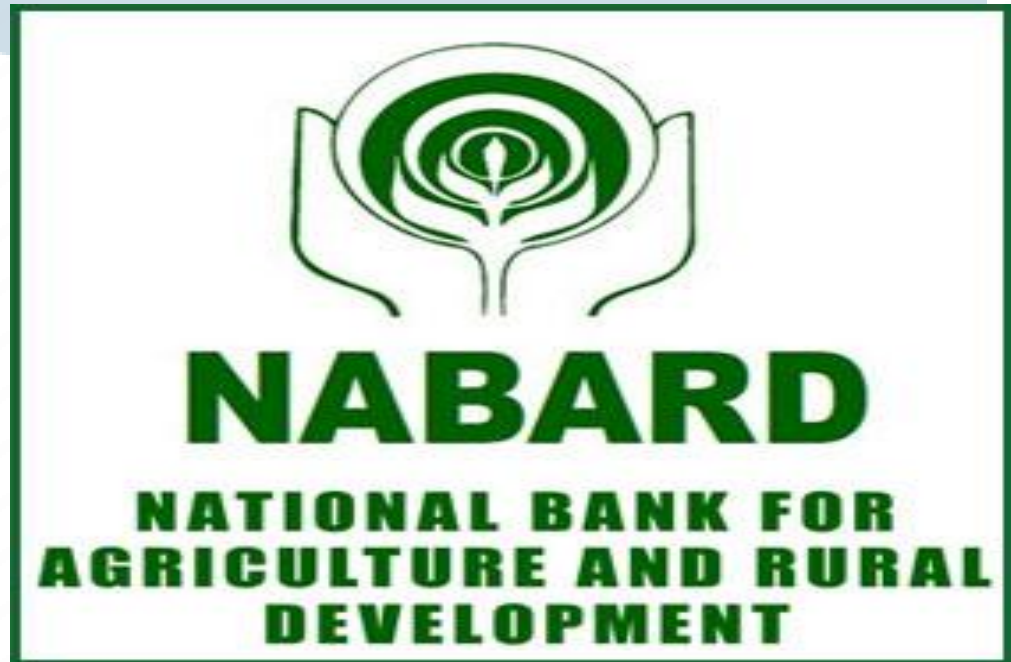


- **Industrial Banks**

These banks offer long term and medium term loans to the industries and also work for their development.

- **Agricultural Banks**

These banks give credit to agricultural sector of the economy.



- **Saving Banks**

The principal function of these banks is to collect small savings across the country and put them to the productive use.

- **Indigenous Banks**

These banks found their origin in India and they made significant contribution to the development of agriculture and industry before independence.





THANK YOU