

Arts and Science

Department of Commerce

Subject: Banking Theory Law and Practice

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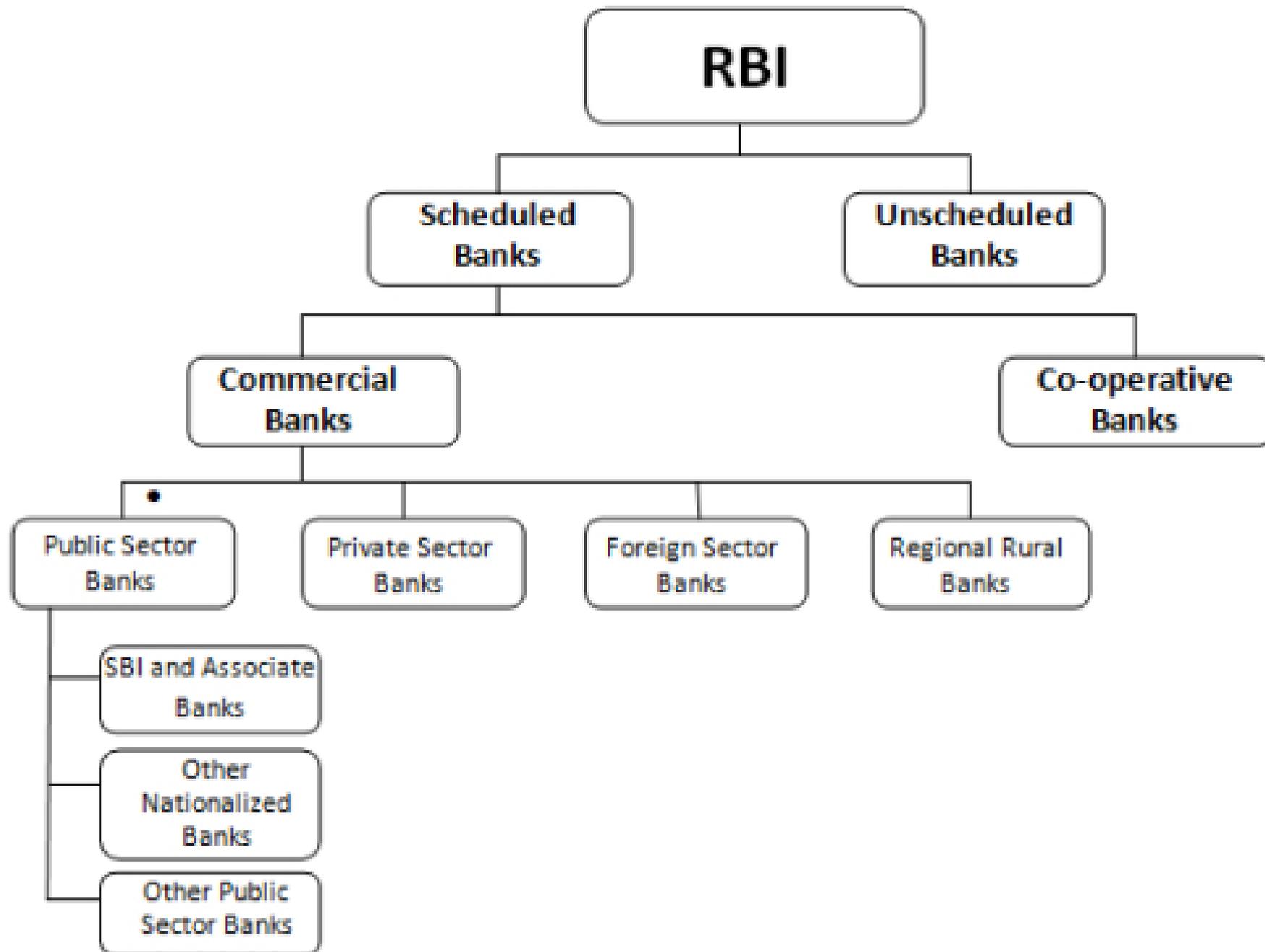
Odd Semester : Third Semester

Presented By

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Structure of Indian banking system



Reserve bank of India

- RBI regulates commercial banks and non-banking finance companies working in India. It serves as the leader of the banking system and the money market.
- It regulates money supply and credit in the country. The RBI carries out India's monetary policy and exercises supervision and control over banks and non-banking finance companies in India.
- RBI was set up in 1935 under the Reserve Bank of India Act, 1934.

Schedule bank

- Banks implies the financial institution that takes public deposits and extends credit to those who need it.
- They are a substantial part of the financial system, which assists in the overall economic development.
- These are broadly classified as scheduled and non-scheduled banks in India regulated under the Banking Regulation Act, 1949, wherein **scheduled banks** include all the commercial banks like nationalised, foreign, development, cooperative and regional rural banks.

Non schedule bank

- Non-scheduled banks by definition are those which are not listed in the 2nd schedule of the RBI act, 1934.
- Banks with a reserve capital of less than 5 lakh rupees qualify as non-scheduled banks. Unlike scheduled banks, they are not entitled to borrow from the RBI for normal banking purposes, except, in emergency or “abnormal circumstances.” Jammu & Kashmir Bank is an example of a non-scheduled commercial bank.

Commercial bank

- According to the RBI, “Commercial Banks refer to both scheduled and non-scheduled commercial banks which are regulated under Banking Regulation Act, 1949.”
- Commercial banks operate on a ‘for-profit’ basis. They primarily engage in the acceptance of deposit and extend loans to the general public, businesses and the government.

Bank under commercial bank

- Public sector bank
- Private sector bank
- Foreign sector bank
- Regional rural sector bank

Bank under public sector bank

- SBI and associate banks
- Other nationalized banks
- Other public sector banks

Co-operative bank

- Co-operative banks operate in both urban and non-urban areas. All banks registered under the Cooperative Societies Act, 1912 are considered co-operative banks. These are banks run by an elected managing committee with provisions of members' rights and a set of "communally developed and approved bylaws and amendments." Unlike commercial banks, who are driven by profit, co-operative banks work on a "no profit, no loss" basis.

Thanking you

