

UNIT- I

OVERVIEW OF INDIAN BANKING SECTOR

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OVERVIEW OF INDIAN BANKING SECTOR

- ❖ HISTORY AND DEVELOPMENT OF BANKS IN INDIA
- ❖ MEANING OF BANK
- ❖ REFORMS IN INDIAN BANKING
- ❖ STRUCTURE OF INDIAN BANKING SECTOR
- ❖ TYPES OF BANK
- ❖ BANKING SYSTEMS
- ❖ UNIT BANK
- ❖ BRANCH BANK



BANK, BANKER AND BANKING



BANK

The word “Bank” is derived from

French Word → Bancus → A Bench

German Word → Back → Joint Stock Fund

Italian Word → Banco → Desk/Bench



Meaning of Bank

Bank is an institution, which receives funds from the public and gives loans and advances to those who need them.

Definition of Bank

R.S.Sayer defines bank as, “ A bank is an institution whose debts (deposits) are widely accepted in settlement of other people’s debts to each other.”



BANKER

A person who is doing banking business is called a banker.

It is not easy to define the term 'banker' precisely because a banker performs multifarious functions.

(Cont..)



Banker

- ❖ be a man of wisdom
- ❖ not only acting as a depository agent but also as a repository or financial agents.



Definition of the term Banker

Earlier views

The Bill of Exchange Act, 1882 defines “banker includes a body of persons whether incorporated or not who carry on the business of banking.”

Sec. 3 of Negotiable Instruments Act states that “the term banker includes a person or corporation or a company acting as a banker.”



Experts' Views

Macleod's View:

According to Macleod, "The essential business of a banker to buy money and debts by creating other debts. A banker is essentially a dealer in debts or credit."

Dr. Hart's View:

Dr. Hart's in his book 'Law of Banking, that "A banker is one who in the ordinary course of his business honours cheques drawn upon him by persons from and for whom he receives money on current accounts."

(Cont..)



Sir John Paget's View:

According to Sir John Paget, “ no person or body corporate or otherwise can be a banker who does not

1. Take deposits accounts
2. Take current accounts
3. Issue and pay cheques, and
4. Collect cheques crossed and uncrossed, for his customers.”



Banking Company

Sec 5(b) of Banking Regulation Act, 1949
'banking company' means, "a company which
transacts the business of banking in India."



Banking

Sec 5(b) of Banking Regulation Act, 1949
'banking' means, "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."



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IMAGE REFERENCE

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