

BANKING AWARENESS

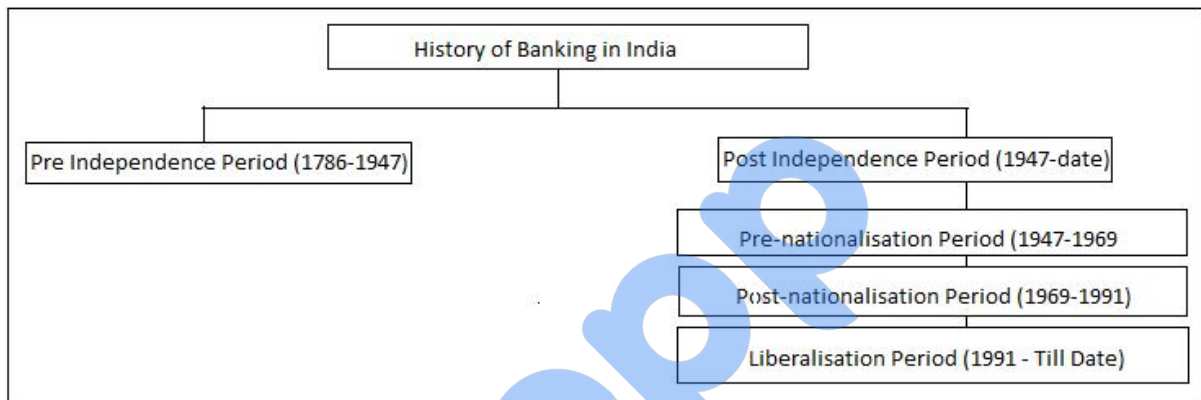
History of Banking in India

The banking sector development can be divided into three phases:

Phase I: The Early Phase which lasted from 1770 to 1969

Phase II: The Nationalisation Phase which lasted from 1969 to 1991

Phase III: The Liberalisation or the Banking Sector Reforms Phase which began in 1991 and continues to flourish till date



Pre Independence Period (1786-1947)

The first bank of India was the “*Bank of Hindustan*”, established in 1770 and located in the then, Indian capital, Calcutta. However, this bank failed to work and ceased operations in 1832.

During the Pre-Independence period over 600 banks had been registered in the country, but only a few managed to survive.

Following the path of Bank of Hindustan, various other banks were established in India. They were:

- The General Bank of India (1786-1791)
- Oudh Commercial Bank (1881-1958)
- Bank of Bengal (1809)
- Bank of Bombay (1840)
- Bank of Madras (1843)

During the British rule in India, The East India Company had established three banks: Bank of Bengal, Bank of Bombay and Bank of Madras and called them the Presidential Banks. These three banks were later merged into one single bank in 1921, which was called the “*Imperial Bank of India.*”

The Imperial Bank of India was later nationalised in 1955 and was named The State Bank of India, which is currently the largest Public sector Bank.

Given below is a list of other banks which were established during the Pre-Independence period:

Pre-Independence Banks in India	
Bank Name	Year of Establishment
Allahabad Bank	1865
Punjab National Bank	1894
Bank of India	1906
Central Bank of India	1911
Canara Bank	1906
Bank of Baroda	1908

Post Independence Period (1947-1991)

At the time, when India got independence, all the major banks of the country were led privately which was a cause of concern as the people belonging to rural areas were still dependent on money lenders for financial assistance.

With an aim to solve this problem, the then Government decided to nationalise the Banks. These banks were nationalised under the Banking Regulation Act, 1949. Whereas, the Reserve Bank of India was nationalised in 1949.

Following it was the formation of State Bank of India in 1955 and other 14 banks were nationalised between the time duration of 1969 to 1991. These were the banks whose national deposits were more than 50 crores.

Given below is the list of these 14 Banks nationalised in 1969:

1. Allahabad Bank
2. Bank of India
3. Bank of Baroda
4. Bank of Maharashtra
5. Central Bank of India
6. Canara Bank
7. Dena Bank
8. Indian Overseas Bank
9. Indian Bank
10. Punjab National Bank
11. Syndicate Bank
12. Union Bank of India
13. United Bank
14. UCO Bank

In the year 1980, another 6 banks were nationalised, taking the number to 20 banks. These banks included:

1. Andhra Bank
2. Corporation Bank
3. New Bank of India

4. Oriental Bank of Comm.
5. Punjab & Sind Bank
6. Vijaya Bank

Apart from the above mentioned 20 banks, there were seven subsidiaries of SBI which were nationalised in 1959:

1. State Bank of Patiala
2. State Bank of Hyderabad
3. State Bank of Bikaner & Jaipur
4. State Bank of Mysore
5. State Bank of Travancore
6. State Bank of Saurashtra
7. State Bank of Indore

All these banks were later merged with the State Bank of India in 2017, except for the State Bank of Saurashtra, which was merged in 2008 and State Bank of Indore, which was merged in 2010.

Impact of Nationalisation

There were various reasons why the Government chose to nationalise the banks. Given below is the impact of Nationalising Banks in India:

- This led to an increase in funds and thereby increasing the economic condition of the country
- Increased Efficiency
- Helped in boosting the rural and agricultural sector of the country
- It opened up a major employment opportunity for the people
- The Government used profit gained by Banks for the betterment of the people
- The competition was decreased, and work efficiency had increased

This post Independence phase was the one that led to major developments in the banking sector of India and also in the evolution of the banking sector.

Liberalisation Period (1991-Till Date)

Once the banks were established in the country, regular monitoring and regulations need to be followed to continue the profits provided by the banking sector. The last phase or the ongoing phase of the banking sector development plays a significant role.

To provide stability and profitability to the Nationalised Public sector Banks, the Government decided to set up a committee under the leadership of Shri. M Narasimham to manage the various reforms in the Indian banking industry.

The biggest development was the introduction of Private sector banks in India. RBI gave license to 10 Private sector banks to establish themselves in the country. These banks included:

1. Global Trust Bank

2. ICICI Bank
3. HDFC Bank
4. Axis Bank
5. Bank of Punjab
6. IndusInd Bank
7. Centurion Bank
8. IDBI Bank
9. Times Bank
10. Development Credit Bank

The other measures taken include:

- Setting up of branches of the various Foreign Banks in India.
- No more nationalisation of Banks could be done.
- The committee announced that RBI and Government would treat both public and private sector banks equally.
- Any Foreign Bank could start joint ventures with Indian Banks.
- Payments banks were introduced with the development in the field of banking and technology.
- Small Finance Banks were allowed to set their branches across India.
- A major part of Indian banking moved online with internet banking and apps available for fund transfer.

Important Functions of Bank

There are two types of functions of banks:

- Primary functions – being primary are also called banking functions.
- Secondary Functions

Primary Functions of Bank

All banks have to perform two major primary functions namely:

1. Accepting of deposits
2. Granting of loans and advances

Accepting of Deposits

A very basic yet important function of all the commercial banks is mobilising public funds, providing safe custody of savings and interest on the savings to depositors. Bank accepts different types of deposits from the public such as:

- **Saving Deposits:** encourages saving habits among the public. It is suitable for salary and wage earners. The rate of interest is low. There is no restriction on the number and amount of withdrawals. The account for saving deposits can be opened in a single name or in joint names. The depositors just need to maintain minimum balance which varies across different

banks. Also, Bank provides ATM cum debit card, cheque book, and Internet banking facility. Candidates can know about the Types of Cheques at the linked page.

- **Fixed Deposits:** Also known as Term Deposits. Money is deposited for a fixed tenure. No withdrawal money during this period allowed. In case depositors withdraw before maturity, banks levy a penalty for premature withdrawal. As a lump-sum amount is paid at one time for a specific period, the rate of interest is high but varies with the period of deposit.
- **Current Deposits:** They are opened by businessmen. The account holders get an overdraft facility on this account. These deposits act as a short term loan to meet urgent needs. Bank charges a high-interest rate along with the charges for overdraft facility in order to maintain a reserve for unknown demands for the overdraft.
- **Recurring Deposits:** A certain sum of money is deposited in the bank at a regular interval. Money can be withdrawn only after the expiry of a certain period. A higher rate of interest is paid on recurring deposits as it provides a benefit of compounded rate of interest and enables depositors to collect a big sum of money. This type of account is operated by salaried persons and petty traders.

Granting of Loans & Advances

The deposits accepted from the public are utilised by the banks to advance loans to the businesses and individuals to meet their uncertainties. Bank charges a higher rate of interest on loans and advances than what it pays on deposits. The difference between the lending interest rate and interest rate for deposits is bank profit.

Bank offers the following types of Loans and Advances:

- **Bank Overdraft:** This facility is for current account holders. It allows holders to withdraw money anytime more than available in bank balance but up to the provided limit. An overdraft facility is granted against collateral security. The interest for overdraft is paid only on the borrowed amount for the period for which the loan is taken.
- **Cash Credits:** a short term loan facility up to a specific limit fixed in advance. Banks allow the customer to take a loan against a mortgage of certain property (tangible assets and / guarantees). Cash credit is given to any type of account holders and also to those who do not have an account with a bank. Interest is charged on the amount withdrawn in excess of the limit. Through cash credit, a larger amount of loan is sanctioned than that of overdraft for a longer period.
- **Loans:** Banks lend money to the customer for short term or medium periods of say 1 to 5 years against tangible assets. Nowadays, banks do lend money for the long term. The borrower repays the money either in a lump-sum amount or in the form of instalments spread over a pre-decided time period. Bank charges interest on the actual amount of loan sanctioned, whether withdrawn or not. The interest rate is lower than overdrafts and cash credits facilities.
- **Discounting the Bill of Exchange:** It is a type of short term loan, where the seller discounts the bill from the bank for some fees. The bank advances money by discounting or purchasing the bills of exchange. It pays the bill amount to the drawer(seller) on behalf of the drawee (buyer) by deducting usual discount charges. On maturity, the bank presents the bill to the drawee or acceptor to collect the bill amount.

Secondary Functions of Bank

Like Primary Functions of Bank, the secondary functions are also classified into two parts:

1. Agency functions
2. Utility Functions

Agency Functions of Bank

Banks are the agents for their customers, hence it has to perform various agency functions as mentioned below:

- **Transfer of Funds:** Transferring of funds from one branch/place to another.
- **Periodic Collections:** Collecting dividend, salary, pension, and similar periodic collections on the clients' behalf.
- **Periodic Payments:** Making periodic payments of rents, electricity bills, etc on behalf of the client.
- **Collection of Cheques:** Like collecting money from the bills of exchanges, the bank collects the money of the cheques through the clearing section of its customers.
- **Portfolio Management:** Banks manage the portfolio of their clients. It undertakes the activity to purchase and sell the shares and debentures of the clients and debits or credits the account.
- **Other Agency Functions:** Under this bank act as a representative of its clients for other institutions. It acts as an executor, trustee, administrators, advisers, etc. of the client.

Utility Functions of Bank

- Issuing letters of credit, traveller's cheque, etc.
- Undertaking safe custody of valuables, important documents, and securities by providing safe deposit vaults or lockers.
- Providing customers with facilities of foreign exchange dealings
- Underwriting of shares and debentures
- Dealing in foreign exchanges
- Social Welfare programmes
- Project reports
- Standing guarantee on behalf of its customers, etc.

Types of Banks

Banks can be classified into various types. Given below is the bank types in India:

- Central Bank
- Cooperative Banks
- Commercial Banks

- Regional Rural Banks (RRB)
- Local Area Banks (LAB)
- Specialized Banks
- Small Finance Banks
- Payments Banks

Central Bank

The Reserve Bank of India is the central bank of our country. Each country has a central bank that regulates all the other banks in that particular country.

The main function of the central bank is to act as the Government's Bank and guide and regulate the other banking institutions in the country. Given below are the functions of the central bank of a country:

- Guiding other banks
- Issuing currency
- Implementing the monetary policies
- Supervisor of the financial system

In other words, the central bank of the country may also be known as the banker's bank as it provides assistance to the other banks of the country and manages the financial system of the country, under the supervision of the Government.

Cooperative Banks

These banks are organised under the state government's act. They give short term loans to the agriculture sector and other allied activities. The main goal of Cooperative Banks is to promote social welfare by providing concessional loans.

They are organised in the 3 tier structure:

- Tier 1 (State Level) – State Cooperative Banks (regulated by RBI, State Govt, NABARD)
 - Funded by RBI, government, NABARD. Money is then distributed to the public
 - Concessional CRR, SLR applies to these banks. (CRR- 3%, SLR- 25%)
 - Owned by the state government and top management is elected by members
- Tier 2 (District Level) – Central/District Cooperative Banks
- Tier 3 (Village Level) – Primary Agriculture Cooperative Banks

Commercial Banks

- Organised under the Banking Companies Act, 1956
- They operate on a commercial basis and its main objective is profit.
- They have a unified structure and are owned by the government, state, or any private entity.
- They tend to all sectors ranging from rural to urban

- These banks do not charge concessional interest rates unless instructed by the RBI
- Public deposits are the main source of funds for these banks

The commercial banks can be further divided into three categories:

1. **Public sector Banks** – A bank where the majority stakes are owned by the Government or the central bank of the country.
2. **Private sector Banks** – A bank where the majority stakes are owned by a private organization or an individual or a group of people
3. **Foreign Banks** – The banks with their headquarters in foreign countries and branches in our country, fall under this type of bank

Given below is the list of commercial banks in our country:

Commercial Banks in India		
Public Sector Banks	Private Sector Banks	Foreign Banks
State Bank of India Allahabad Bank Andhra Bank Bank of Baroda Bank of India Bank of Maharashtra Canara Bank Central Bank of India Corporation Bank Dena Bank Indian Bank Indian Overseas Bank Oriental Bank of Commerce Punjab National Bank Punjab & Sind Bank Union Bank of India United Bank of India UCO Bank Vijaya Bank IDBI Bank Ltd.	Catholic Syrian Bank City Union Bank Dhanlaxmi Bank Federal Bank Jammu and Kashmir Bank Karnataka Bank Karur Vysya Bank Lakshmi Vilas Bank Nainital Bank Ratnakar Bank South Indian Bank Tamilnad Mercantile Bank Axis Bank Development Credit Bank (DCB Bank Ltd) HDFC Bank ICICI Bank IndusInd Bank Kotak Mahindra Bank Yes Bank IDFC Bandhan Bank of Bandhan Financial Services.	Australia and New Zealand Banking Group Ltd. National Australia Bank Westpac Banking Corporation Bank of Bahrain & Kuwait BSC AB Bank Ltd. HSBC CITI Bank Deutsche Bank DBS Bank Ltd. United Overseas Bank Ltd J.P. Morgan Chase Bank Standard Chartered Bank There are over 40 Foreign Banks in India

Regional Rural Banks (RRB)

- These are special types of commercial Banks that provide concessional credit to agriculture and rural sector.
- RRBs were established in 1975 and are registered under a Regional Rural Bank Act, 1976.

- RRBs are joint ventures between the Central government (50%), State government (15%), and a Commercial Bank (35%).
- 196 RRBs have been established from 1987 to 2005.
- From 2005 onwards government started merger of RRBs thus reducing the number of RRBs to 82
- One RRB cannot open its branches in more than 3 geographically connected districts.

Local Area Banks (LAB)

- Introduced in India in the year 1996
- These are organized by the private sector
- Earning profit is the main objective of Local Area Banks
- Local Area Banks are registered under companies Act, 1956
- At present, there are only 4 Local Area Banks all which are located in South India

Specialized Banks

Certain banks are introduced for specific purposes only. Such banks are called specialized banks. These include:

- Small Industries Development Bank of India (SIDBI) – Loan for a small-scale industry or business can be taken from SIDBI. Financing small industries with modern technology and equipments is done with the help of this bank
- EXIM Bank – EXIM Bank stands for Export and Import Bank. To get loans or other financial assistance with exporting or importing goods by foreign countries can be done through this type of bank
- National Bank for Agricultural & Rural Development (NABARD) – To get any kind of financial assistance for rural, handicraft, village, and agricultural development, people can turn to NABARD.

Small Finance Banks

As the name suggests, this type of bank looks after the micro industries, small farmers, and the unorganized sector of the society by providing them loans and financial assistance. These banks are governed by the central bank of the country.

Given below is the list of the Small Finance Banks in our country:

AU Small Finance Bank	Equitas Small Finance Bank	Jana Small Finance Bank	Northeast Small Finance Bank
Capital Small Finance Bank	Fincare Small Finance Bank	Suryoday Small Finance Bank	Ujjivan Small Finance Bank
Esaf Small Finance Bank	Utkarsh Small Finance Bank		

Payments Banks

A newly introduced form of banking, the payments bank have been conceptualized by the Reserve Bank of India. People with an account in the payments bank can only deposit an amount of up to Rs.1,00,000/- and cannot apply for loans or credit cards under this account.

Options for online banking, mobile banking, the issue of ATM, and debit card can be done through payments banks. Given below is a list of the few payments bank in our country:

- Airtel Payments Bank
- India Post Payments Bank
- Fino Payments Bank
- Jio Payments Bank
- Paytm Payments Bank
- NSDL Payments Bank

Banking Sector Reforms and Acts

The introduction of reforms in the banking sector was based on the commendations of different committees. The committees that proposed the Banking sector reforms are as mentioned below:

- The first Narasimhan Committee- 1991
- The Verma Committee – 1996
- The Khan Committee – 1997
- The Second Narasimhan Committee – 1998

The reforms in the Banking Sector were done in two phases.

The first phase of the reform focused on improving the policy framework, institutional framework and financial health.

- Policy Framework improvement – this included deregulation of interest rates, reducing the Cash Reserve Ratio to the initial standard, phasing out Statutory Liquidity Ratio, widening the scope of priority sector lending by linking the lending rates to the size of advances.
- Institutional Framework improvement: this focused on recapitalization, strengthening the supervisory system and creating a competitive environment.
- To Improve the financial soundness of the banking sector certain prudent norms were prescribed and steps were taken to re-duct the proportion of NPAs.

The Second Phase of the banking sector reforms concentrates on reinforcing the very foundation of the banking system by rehabilitating the structure of the banking industry, development of human resources, and technological enhancements.

S.No.	Names of the Banking Acts and Reforms	Years
1.	Societies Registration Act	1860
2.	Negotiable Instrument Act	1881
3.	Indian Trusts Act	1882
4.	The Bankers' Books Evidence Act	1891
5.	Indian Stamp Act	1899
6.	Co-operative Societies Act	1912
7.	Provident Funds Act	1925
8.	Indian Partnership Act	1934
9.	The Reserve Bank of India Act	1934
10.	Insurance Act	1938
11.	Central Excise Act	1944
12.	Public Debt Act	1944
13.	International Monetary Fund and Bank Act	1945
14.	Employees' State Insurance Act	1948
15.	The Industrial Finance Corporation of India Act	1948
16.	The Banking Companies (Legal Practitioner Clients' Accounts) Act	1949
17.	The Industrial Disputes (Banking and Insurance Companies) Act	1949
18.	The Banking Regulation(Companies) Rules	1949
19.	The Banking Regulation Act	1949
20.	Chartered Accountants Act	1949
21.	Contingency Fund of India Act	1950
22.	The State Financial Corporations Act	1951
23.	Employees Provident Fund and Miscellaneous Provisions Act	1952
24.	The Reserve Bank of India (Amendment and Misc. Provisions) Act	1953
25.	The Industrial Disputes (Banking Companies) Decision Act	1955
26.	The State Bank of India Act	1955
27.	Life Insurance Corporation Act	1956
28.	Companies Act	1956
29.	Central Sales Tax Act	1956
30.	The State Bank of India (Subsidiary Banks) Act	1959
31.	The Subsidiary Banks General Regulation	1959
32.	The Deposit Insurance and Credit Guarantee Corporation Act	1961
33.	Customs Act	1962
34.	Unit Trust of India Act	1963
35.	Limitation Act	1963
36.	Nationalization of Banks Act (However, the government decided to nationalize 14 major commercial banks on 19th July 1969)	1964
37.	Banking Laws (Application to Co-operative Societies) Act	1965
38.	Banking Companies (Acquisition and Transfer of Undertaking) Act	1969

39.	The Nationalized Banks (Management and Miscellaneous Provisions) Scheme	1970
40.	The Banking Companies (Acquisition and Transfer of Undertakings) Act	1970
41.	The Regional Rural Banks Act	1976
42.	Foreign Contribution (Regulation) Act	1976
43.	The Banking Companies (Acquisition and Transfer of Undertakings) Act	1980
44.	The Export-Import Bank of India Act	1981
45.	The National Bank for Agriculture and Rural Development Act	1981
46.	Chit Fund Act	1982
47.	Sick Industrial Companies (Special Provisions) Act	1985
48.	Shipping Development Fund Committee (Abolition) Act	1985
49.	Banking Companies (Regulation) Rules	1985
50.	The National Housing Bank Act	1987
51.	SIDBI Act	1989
52.	SIDBI General Regulations	1990
53.	Securities and Exchange Board of India Act	1992
54.	The Special Court (trial of Offences relating to Transactions in Securities) Act	1992
55.	The Industrial Finance Corporation (Transfer of Undertakings and Repeal) Act	1993
56.	Recovery of Debts due to Banks and Financial Institutions Act	1993
57.	Debts Recovery Appellate Tribunal (Procedure) Rules	1994
58.	Industrial Reconstruction Bank (Transfer of Undertaking & Appeal) Act	1997
59.	Foreign Exchange Management Act	1999
60.	Insurance Regulatory and Development Authority Act	1999
61.	Prevention of Money Laundering Act	2002
62.	Fiscal Responsibility and Budget Management Act	2002
63.	The Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act	2002
64.	Industrial Development Bank (Transfer of Undertaking & Repeal) Act	2003
65.	Credit Information Companies (Rules & Regulation) Act	2005
66.	Government Securities Act	2006
67.	The Banking Ombudsman Scheme	2006
68.	Factoring Act Rules	2011
69.	SARFAESI (Central registry) Rules	2011
70.	Securities Law (Amendment) Act	2014
71.	The Regional Rural Banks (Amendment) Act – Diluted the sharing pattern by limiting the composite share of Central Government and sponsor bank to 51%	2014
72.	The Insurance Laws (Amendment) Act- pushed FDI limit to 49%	2015
73.	The Companies Act (Amended) (legislated in 1956)	2015

Indian Financial System

An Overview

The services that are provided to a person by the various Financial Institutions including banks, insurance companies, pensions, funds, etc. constitute the financial system.

Given below are the features of the Indian Financial system:

- It plays a vital role in the economic development of the country as it encourages both savings and investment
- It helps in mobilising and allocating one's savings
- It facilitates the expansion of financial institutions and markets
- Plays a key role in capital formation
- It helps form a link between the investor and the one saving
- It is also concerned with the Provision of funds

Components of Indian Financial System

There are four main components of the Indian Financial System. This includes:

1. Financial Institutions
2. Financial Assets
3. Financial Services
4. Financial Markets

1. Financial Institutions

The Financial Institutions act as a mediator between the investor and the borrower. The investor's savings are mobilised either directly or indirectly via the Financial Markets.

The main functions of the Financial Institutions are as follows:

- A short term liability can be converted into a long term investment.
- It helps in conversion of a risky investment into a risk-free investment.
- Also acts as a medium of convenience denomination, which means, it can match a small deposit with large loans and a large deposit with small loans.

The best example of a Financial Institution is a Bank. People with surplus amounts of money make savings in their accounts, and people in dire need of money take loans. The bank acts as an intermediate between the two.

The financial institutions can further be divided into two types:

- **Banking Institutions or Depository Institutions** – This includes banks and other credit unions which collect money from the public against interest provided on the deposits made and lend that money to the ones in need

- **Non-Banking Institutions or Non-Depository Institutions** – Insurance, mutual funds and brokerage companies fall under this category. They cannot ask for monetary deposits but sell financial products to their customers.

Further, Financial Institutions can be classified into three categories:

- **Regulatory** – Institutes that regulate the financial markets like RBI, IRDA, SEBI, etc.
- **Intermediates** – Commercial banks which provide loans and other financial assistance such as SBI, BOB, PNB, etc.
- **Non Intermediates** – Institutions that provide financial aid to corporate customers. It includes NABARD, SIDBI, etc.

2. Financial Assets

The products which are traded in the Financial Markets are called Financial Assets. Based on the different requirements and needs of the credit seeker, the securities in the market also differ from each other.

Some important Financial Assets have been discussed briefly below:

- **Call Money** – When a loan is granted for one day and is repaid on the second day, it is called call money. No collateral securities are required for this kind of transaction.
- **Notice Money** – When a loan is granted for more than a day and for less than 14 days, it is called notice money. No collateral securities are required for this kind of transaction.
- **Term Money** – When the maturity period of a deposit is beyond 14 days, it is called term money.
- **Treasury Bills** – Also known as T-Bills, these are Government bonds or debt securities with maturity of less than a year. Buying a T-Bill means lending money to the Government.
- **Certificate of Deposits** – It is a dematerialised form (Electronically generated) for funds deposited in the bank for a specific period of time.
- **Commercial Paper** – It is an unsecured short-term debt instrument issued by corporations.

3. Financial Services

Services provided by Asset Management and Liability Management Companies. They help to get the required funds and also make sure that they are efficiently invested.

The financial services in India include:

- **Banking Services** – Any small or big service provided by banks like granting a loan, depositing money, issuing debit/credit cards, opening accounts, etc.
- **Insurance Services** – Services like issuing of insurance, selling policies, insurance undertaking and brokerages, etc. are all a part of the Insurance services
- **Investment Services** – It mostly includes asset management
- **Foreign Exchange Services** – Exchange of currency, foreign exchange, etc. are a part of the Foreign exchange services

The main aim of the financial services is to assist a person with selling, borrowing or purchasing securities, allowing payments and settlements and lending and investing.

4. Financial Markets

The marketplace where buyers and sellers interact with each other and participate in the trading of money, bonds, shares and other assets is called a financial market.

The financial market can be further divided into four types:

- **Capital Market** – Designed to finance the long term investment, the Capital market deals with transactions which are taking place in the market for over a year. The capital market can further be divided into three types:
 - Corporate Securities Market
 - Government Securities Market
 - Long Term Loan Market
- **Money Market** – Mostly dominated by Government, Banks and other Large Institutions, the type of market is authorised for small-term investments only. It is a wholesale debt market which works on low-risk and highly liquid instruments. The money market can further be divided into two types:
 - Organised Money Market
 - Unorganised Money Market
- **Foreign exchange Market** – One of the most developed markets across the world, the Foreign exchange market, deals with the requirements related to multi-currency. The transfer of funds in this market takes place based on the foreign currency rate.
- **Credit Market** – A market where short-term and long-term loans are granted to individuals or Organisations by various banks and Financial and Non-Financial Institutions is called Credit Market