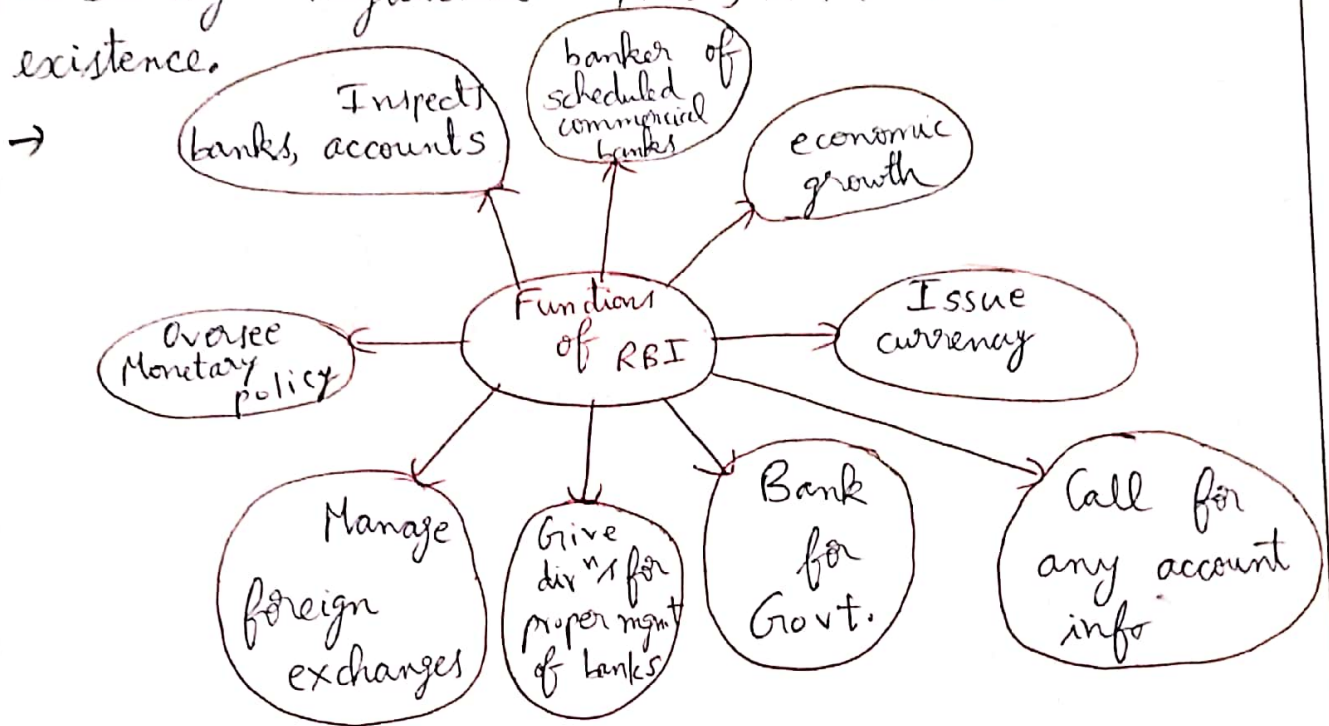


## Central Bank of a country (RBI)

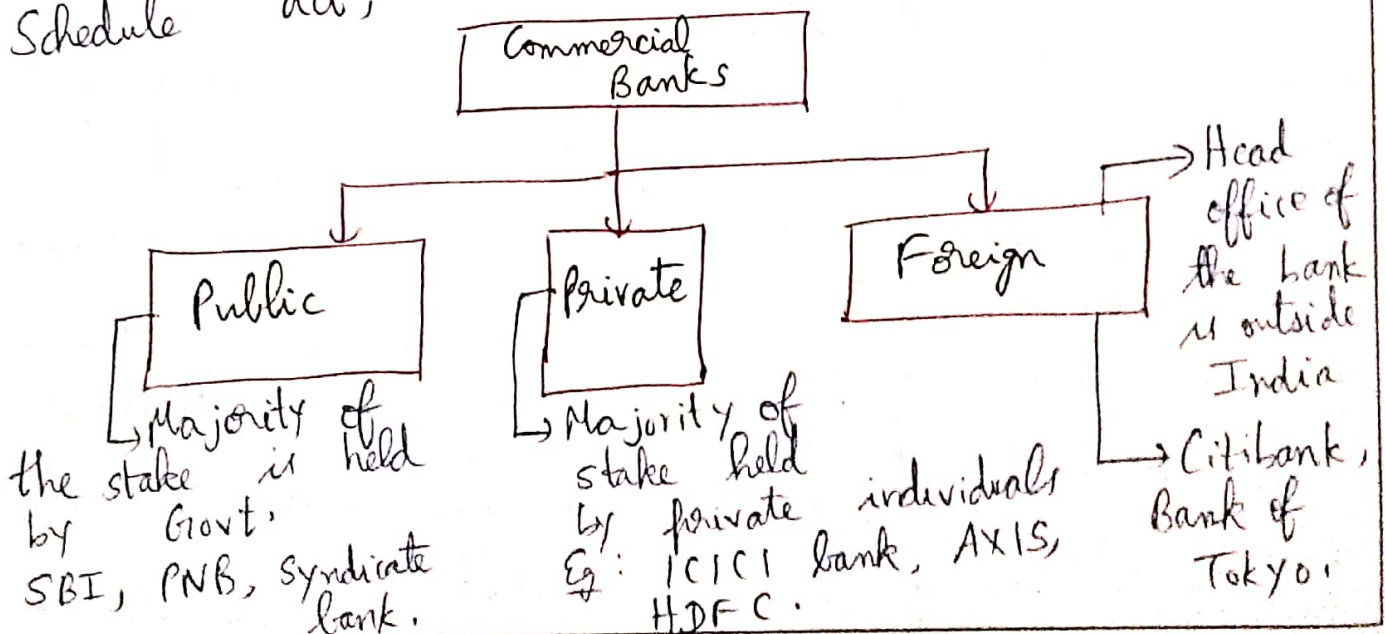
→ Banking Regulation Act, 1949 → RBI came into existence.



## ↳ Commercial banks:

↳ A type of financial institution which accepts deposits, makes loans, savings accounts for individuals and small businesses, produces certificate of deposits (CDs).

↳ Scheduled banks → Banks under Second Schedule act, 1934.



## • Functions of Commercial banks:

(6)

### → Primary:

- Accepts deposits → fixed deposits, savings account deposits, recurring account deposits → all kinds of deposits
- Credit creation → Bank does not give cash to borrowers while sanctioning loan. It creates a deposit account and deposits amt. there so that borrower can withdraw.

### → Secondary:

- Transfer of funds
- Payment of taxes, bills
- General utility services: Locker facility (safety)
- Collection of funds through payment of taxes, cheques.
- Trustee & executor of properties.