

And also congrates to students above this

#466



Keshav Kumar  
51.4 marks • 44m : 54s

#467



Prabhat Kumar  
51.38 marks • 24m : 42s

#468



SHYAM ADHE  
50.74 marks • 13m : 45s

#469



Shalini Sharma  
50.74 marks • 28m : 42s

#470



Venkat S  
50.74 marks • 16m : 51s

#471



Pooja Kumari  
50.74 marks • 28m : 58s

#472



Rajeev Kumar Ranjan  
50.74 marks • 27m : 34s

#473



Deepika Jain  
50.74 marks • 30m : 25s

#474



Sushmita  
50.74 marks • 23m : 45s

#475



Kalpit Me  
50.74 marks • 36m

#476



Manu K  
50.74 marks • 37m : 41s

#477



Kana  
50.74 marks • 44m : 50s

#478



Tanuja Gangwar  
50.7 marks • 36m : 23s

#479



Vaibhav  
50.68 marks • 14m : 20s

#480



Omkar Babar  
50.06 marks • 16m : 22s

#481



Husseni D  
50.06 marks • 42m : 59s

#482



Rajanya Mukherjee  
50.06 marks • 44m : 23s

#483



SARGAM  
50.06 marks • 4

Audio/Video  
Problem?



Edu Doubt?  
Ask through



Less than  
50/80  
= revise more.

Your Time Taken: 3s

Avg Time Taken By Others: 1m 52s

Attempt Accuracy: 59%

Which of the following statements are correct about the policy corridor of the RBI? (नीति गलियारे के बारे में निम्न में से कौन से विधान सही हैं?)

1. It is also known as Liquidity Adjustment Facility (LAF) corridor (इस गलियारे को तरलता सुविधा गलियारा भी कहा जाता है)
2. Standing Deposit Facility (SDF) acts the ceiling of this corridor. (SDF इस गलियारे की छत है।)
3. Marginal standing facility (MSF) acts as the floor of this corridor. (एमएसएफ इस गलियारे की फ़र्श है।)
4. Total width of this corridor is 0.50% as of May-2022. (इस गलियारे की कुल चौड़ाई 0.50% है)

1 and 2 only

1 and 4 only

**CORRECT ANSWER**

1, 2 and 3 only

4 only

 [Solution](#) [Hide](#)

**Statement#1 is right.** policy corridor and Liquidity Adjustment Facility (LAF) corridor are synonyms.

**Statement#2 is wrong.** SDF is the floor. It is NOT the ceiling of Policy Corridor.

**Statement#3 is wrong.** MSF is the ceiling. It is NOT the floor of Policy Corridor.

**Statement#4 is right.**  $MSF = Repo + 0.25\%$ .  $SDF = Repo - 0.25\%$ . So total width  $0.25 + 0.25 = 0.5\%$

Thus, only 1 and 4 statements are correct.

Therefore, Correct Answer is b) 1 and 4 only

Explanations given at  
bottom so read peacefully  
where u made mistake.  
Revise handout again.

**BOOKMARK THIS LINK:** <https://unacademy.com/course/mrunals-economy-course-for-upsc-prelims-2023-754/6ZPQTB60>



### Mrunal's Economy Course for UPSC Prelims & Mains 2022

Mrunal Patel

Renowned UPSC Faculty  
theory, Contemporary  
Economic Survey  
[View course](#)

1) Click on  
this button

Those who joined late.  
Please start from lecture 1.  
What we are going to study,  
Booklist, strategy etc.

Updates      About

Economy: Introduction & FAQ about Course & UPSC Prep  
Lesson 1 • Oct 28 • 2h 15m

Economy Pillar#1A1: Money-1: Fiat Money, Legal Tender, Cheque, NEFT-RTGS  
Lesson 2 • Oct 29 • 2h 13m

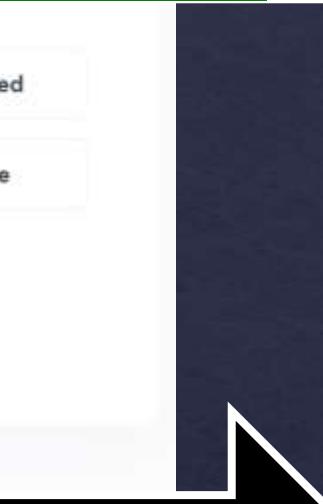
Economy Pillar#1A1: Money-2: Digital- UPI, BHIM, Rupay, NPCI etc  
Lesson 3 • Oct 30 • 2h 9m

Doubt Clearing Session & Econo  
Intro2Ans-Writing  
Lesson 4 • Oct 31 • 2h 6m

Enrolled

Share

2) Handout



### Updates

All updates



Mrunal Patel

Nov 18, 5:15 PM

[Download] Handout: EF1B1\_HDT\_Bank\_Classification\_PCB5 Yes Mitron; here is the handout for upcoming classes this week. - No need to take its printout. It depends on your requirement. - If unable to download PDF file, then use desktop based latest google chrome browser with addons/extensions disabled. - If technical problems then help@unacademy.com - If educational queries, post them at following google form after class:  
[https://docs.google.com/forms/d/e/1FAIpQLSfEEggPvj6RS4lCAAcFYvWuko2Z\\_O\\_SBrzhhwKrq\\_lCRmpIgQ/viewform?usp=sf\\_link](https://docs.google.com/forms/d/e/1FAIpQLSfEEggPvj6RS4lCAAcFYvWuko2Z_O_SBrzhhwKrq_lCRmpIgQ/viewform?usp=sf_link) Updates after PCB4 Batch: Minor updates about RBI governor Shaktikanta's reappointment, CRED Mint P2P lending, removed faded/redundant topics to make it more revision friendly. Added 2021 Prelim MCQs



EF1B1\_HDT\_Bank\_Classification\_PCB5.pdf

4

Comment



Mrunal Patel

Nov 17, 9:09 PM

[Doubts] Reply to educational questions received through google form upto 15/11/2023, 6PM - Yes Mitron, Here are my replies to the educational queries received last week through google form last week upto Monday 6PM - You can search the question term in the attached pdf file, and know my reply to your question. - If technical problems then help@unacademy.com - If educational queries, post them at following google form after class:  
[https://docs.google.com/forms/d/e/1FAIpQLSfEEggPvj6RS4lCAAcFYvWuko2Z\\_O\\_SBrzhhwKrq\\_lCRmpIgQ/viewform?usp=sf\\_link](https://docs.google.com/forms/d/e/1FAIpQLSfEEggPvj6RS4lCAAcFYvWuko2Z_O_SBrzhhwKrq_lCRmpIgQ/viewform?usp=sf_link)



Week03\_Nov8toNov15\_6PM\_PCB5\_Doubts.pdf

4

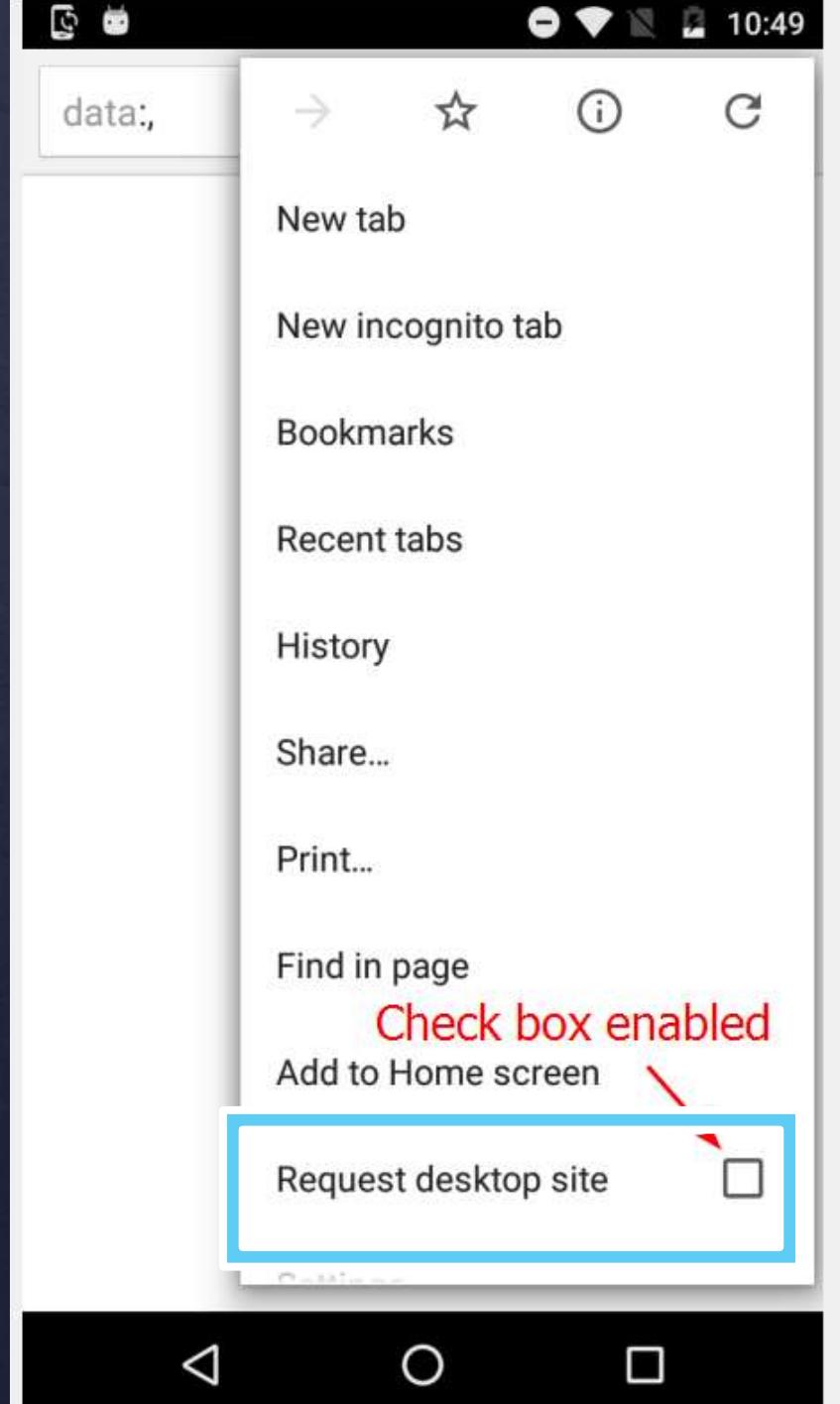
2) Weekly doubts ke jawaab upto Monday 6PM

1

If using mobile browser then goto CHROME  
App → Menu → REQUEST Desktop SITE

BOOKMARK THIS LINK: <https://unacademy.com/course/mrunals-economy-course-for-upsc-prelims-mains-2022-52/I10WWV6Y>

The screenshot shows a mobile browser displaying a course page. At the top, there is a green banner with the link. Below it, there is a profile picture of Mrunal Patel and course details. A large black arrow points from the text "1) Click on this button" to a "Share" button. Another large black arrow points from the text "2) Handout" to a PDF file titled "SF181\_HD1\_Bank\_Classification\_PDF.pdf". A third large black arrow points from the text "2) Weekly doubts ke jawaab upto Monday 6PM" to a Google Form titled "MeetDD\_NowtoNext\_SPM\_Doubts". On the left side of the screen, there is a vertical text overlay: "Those who joined late. Please start from lecture 1. What we are going to study, Booklist, strategy etc."



5:29



- **\* \*Experimental**
- **New Feature in App**
- **I upload handouts there but not weekly**
- **FAQ & Weekly PPTs**
- **because then it'll become khichdi...among other announcements related to quiz / free classes.**

# Teaching speed is fast. YES I accept.

आप बहुत तेजी से पढ़ा देते हैं - मैं उसका स्वीकार करता हूँ

```

graph TD
    A[RBI allows retail investors to directly buy & sell] --> B[Draft stage]
    A --> C[NOT IMPORTANT for Exam]
    A --> D[Prepare One liner]
    B --> E[BSEI proposal, Drafted board market]
    B --> F[Draft proposal]
    E --> G[Implementation phase]
    E --> H[Implementation phase]
    E --> I[Implementation phase]
    F --> J[Implementation phase]
    F --> K[Implementation phase]
    F --> L[Implementation phase]
    G --> M[Implementation phase]
    G --> N[Implementation phase]
    G --> O[Implementation phase]
    H --> P[Implementation phase]
    H --> Q[Implementation phase]
    H --> R[Implementation phase]
    I --> S[Implementation phase]
    I --> T[Implementation phase]
    I --> U[Implementation phase]
    J --> V[Implementation phase]
    J --> W[Implementation phase]
    J --> X[Implementation phase]
    K --> Y[Implementation phase]
    K --> Z[Implementation phase]
    K --> AA[Implementation phase]
    L --> BB[Implementation phase]
    M --> CC[Implementation phase]
    N --> DD[Implementation phase]
    O --> EE[Implementation phase]
    P --> FF[Implementation phase]
    Q --> GG[Implementation phase]
    R --> HH[Implementation phase]
    S --> II[Implementation phase]
    T --> JJ[Implementation phase]
    U --> KK[Implementation phase]
    V --> LL[Implementation phase]
    W --> MM[Implementation phase]
    X --> NN[Implementation phase]
    Y --> OO[Implementation phase]
    Z --> PP[Implementation phase]
    AA --> QQ[Implementation phase]
    BB --> RR[Implementation phase]
    CC --> SS[Implementation phase]
    DD --> TT[Implementation phase]
    EE --> UU[Implementation phase]
    FF --> VV[Implementation phase]
    GG --> WW[Implementation phase]
    HH --> XX[Implementation phase]
    II --> YY[Implementation phase]
    JJ --> ZZ[Implementation phase]
    KK --> AA[Implementation phase]
    LL --> BB[Implementation phase]
    MM --> CC[Implementation phase]
    NN --> DD[Implementation phase]
    OO --> EE[Implementation phase]
    PP --> FF[Implementation phase]
    QQ --> GG[Implementation phase]
    RR --> HH[Implementation phase]
    SS --> II[Implementation phase]
    TT --> JJ[Implementation phase]
    UU --> KK[Implementation phase]
    VV --> LL[Implementation phase]
    WW --> MM[Implementation phase]
    XX --> NN[Implementation phase]
    YY --> OO[Implementation phase]
    ZZ --> PP[Implementation phase]

```

**How are these similar or different?**  
compare and contrast these suggestions for reforms?



38

**NDS-OM: Negotiated Dealing System-Order Matching system**

**OMO -> GSAP  
REF: 1A2**

**RBI**

**G-Sec**

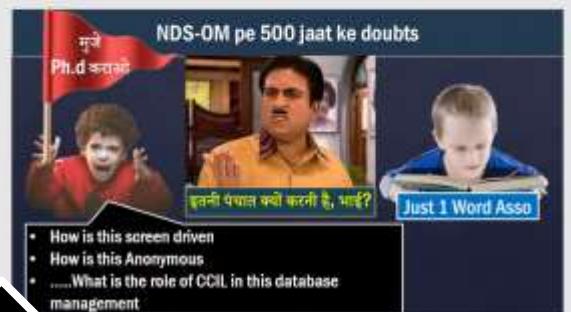
**G-Sec**

मैं प्राइवेट नेटवर्क से खरीद एवं बिका करना। यह अपने दूसरों की तरफ से बढ़ावा देता है।

**BUYERS**

**SELLERS**

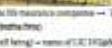
Price	Buyer ID	Buyer Name	Seller ID	Seller Name	Quantity	Time
100.00	B1	John Doe	S1	Mike Johnson	100	10:00 AM
100.00	B2	Jane Smith	S2	Sarah Williams	100	10:00 AM
100.00	B3	David Lee	S3	David Lee	100	10:00 AM
100.00	B4	Emily Davis	S4	Emily Davis	100	10:00 AM
100.00	B5	Alex Johnson	S5	Alex Johnson	100	10:00 AM
100.00	B6	Samuel Williams	S6	Samuel Williams	100	10:00 AM
100.00	B7	Olivia Lee	S7	Olivia Lee	100	10:00 AM
100.00	B8	Isabella Davis	S8	Isabella Davis	100	10:00 AM
100.00	B9	Matthew Johnson	S9	Matthew Johnson	100	10:00 AM
100.00	B10	Charlotte Williams	S10	Charlotte Williams	100	10:00 AM



41

# **Powerpoint is only for brief overview.**

उसमें हर चीज़ के नीचे लाइन खींचकर दो बार में  
झाने बैठूँ और हम 12 months तक ये लेके बैठ कर  
सिलेबस खत्म होगा नहीं।

Classification	Year	Key Events	Outcome
Insurance	1950	LIC Act took over LIC (private sector) Life insurance companies.	Initially worked as postal life insurance for postal employees (LIC), later extended to rural people as well.
1960	Nationalisation of 16 Private Banks	—	Presently, it achieves for great employees and a scheme for rural areas (mainly with prefix of "GRAM", e.g. Gram Jyoti / Gram Vikas).
1973	—	LIC Act & LIC and its 14 subsidiaries introduced — 100% government-owned Central Insurance company.	16.1.1.3.  LIC Insurance Corporation of India (GOI)
1990	Nationalisation of 9 Private Banks	—	—
Reforms (1991-2000)	1991-92	Madrasa Committee (1992) – Private Life insurance companies were allowed, 1993 was liberalised.	Towards commercialise the private life insurance companies → LIC Act, 1994. So, LIC is a wholly government-controlled company (GOI 100%).
Reforms (1991-2000)	1992, 1993, 2000	Insurance Policy Reforms: Mistry Report: E.g. "They must have minimum 'x%' of premium in life policies, they can't have more than 'y%' of premiums in life policies (therefore maximum 'z%', they are not forced to compete having less than 'x%', could buy up 'y%' of premiums).	Reported: "Reforms" (Implementation and being) = name of LIC Act 1994 liberalized & its corporate regulator: GOI - "LIC Life report" (Implementation: Value creation, increase safety and well-being by risk diversification - LIC norms).
Financial Inclusion, Welfareism	1994 onwards	Rural Social Security Scheme, every year 'x' million of policies must be sold in rural areas. Bank Nationalisation. Further insurance companies required to follow minimum "x%" of affordable housing projects. State Govt's responsibility etc. (See LIC's approach towards rural welfare office areas).	16.1.2.1.  LIC's Disbursement (2000, 2004)
Delivery Channel	1994	Bank Agents, Correspondence Agents (BankMoms).	Government / Government Banking (Governmental bank) providing services to a Government company but govt keeps ownership by establishing with itself. E.g. Banks acting as agents of LIC. From 1994 to 1998, LIC's 100% of PPOs Moved to BankMoms.
	1994	Brokers selling insurance (Brokerage)	Penetration / Penetration Strategy (Penetration): Governmental bank providing services to a Government company to a private sector (e.g. Aditya Birla 40% govt share + 50% BPL 100% of PPOs Moved to BankMoms).
	1994	Superagent (SAP) (BankMoms)	—
	1994	Third Party Administrators (TPA) (e.g. Hospital where treatment happens for health insurance) (2001 to 2012)	—
16.1.1.3.  LIFE INSURANCE (1991-2000)	1991-2000	—	16.1.1.3.  LIC Doing business (GOI, 2002)
Life Insurance Type	— Money returned?	Yes/No	LIC Insurance products come with a one-time guarantee (1991) by the Govt. So people prefer to buy their private sector insurance policies. This happens perfect competition (1991-2000).
Whole Life (longer policy) (e.g. 30-40 yrs)	Yes, savings returned with interest	Yes	16.1.1.3.  LIC Accounting becomes independent → no financial representation of household (e.g. how LIC bought long-term TDR under Government's pressure, Ref 16.1.1.5 - Bank's classification, remit 16.1.1.6, 16.1.1.7 and 16.1.1.8, BankMoms at 1998 end).
Term Life (shorter policy, low Premium) (e.g. PMI, Term Life, etc.)	No	Yes	16.1.1.3.  No more International Monetary Fund (IMF) and India's 1991-92 Economic & Financial Sector Legislative Committee (EFLC, 1991-92) had also advised the same to Government of India. (Imposes no term deposit cap with a 10% interest rate at 20).
Plan Type	(e.g. 10 yrs or less than one year)	—	16.1.1.3.  Disbursement → Government will earn more by selling to others → welfare schemes, 16.1.1.3.  LIC's 100% of PPOs Moved to BankMoms.
ULIP (Unit Linked Insurance Plan) Part of money goes to investment, part to fixed bond	Yes, savings returned with some profit	Yes	16.1.1.3.  ULIPs → 16.1.1.3.  LIC Doing business (GOI, 2002)
16.1.1.3.  Life Insurance → suitable sections in public sector (multiple life insurance companies)	—	16.1.1.3.  Disbursement → Government will earn more by selling to others → welfare schemes, 16.1.1.3.  LIC's 100% of PPOs Moved to BankMoms.	
16.1.1.3.  Post Office Life Insurance (1991-2000)	—	16.1.1.3.  LIC Doing business (GOI, 2002)	
		16.1.1.3.  LIC Doing business (GOI, 2002)	
		16.1.1.3.  LIC Doing business (GOI, 2002)	

# **Memorize the handout next morning.**

**रटना तो सिर्फ आपको हैंडआउट है**

# Pillars of Economy

A-1

- Money: barter to Bitcoin

A-2

- RBI's monetary policy
- CRR, SLR, Repo etc

B-1

- Classification of Banks-NBFC

B-2

- Burning issues in Banking sector
- NPA, IBC, BASEL...

C

- SEBI Sharemarket

D

- Insurance, Pension, Fin. Inclusion

We spend 5 lectures here  
because required conceptual  
understanding.

This is mostly factual history. I'll  
try to finish in 1.5 lectures.

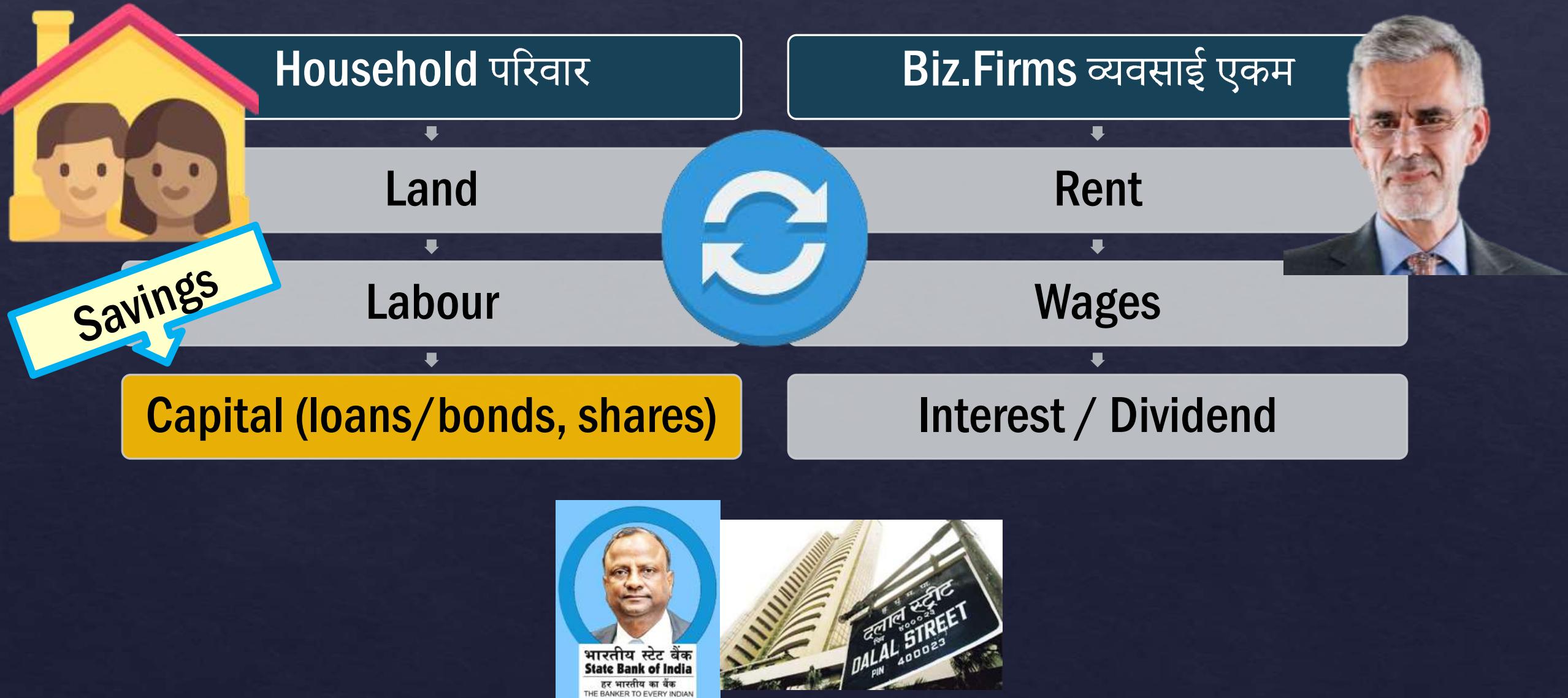


4) Sectors of Economy



# Circular flow of income & Financial Intermediaries

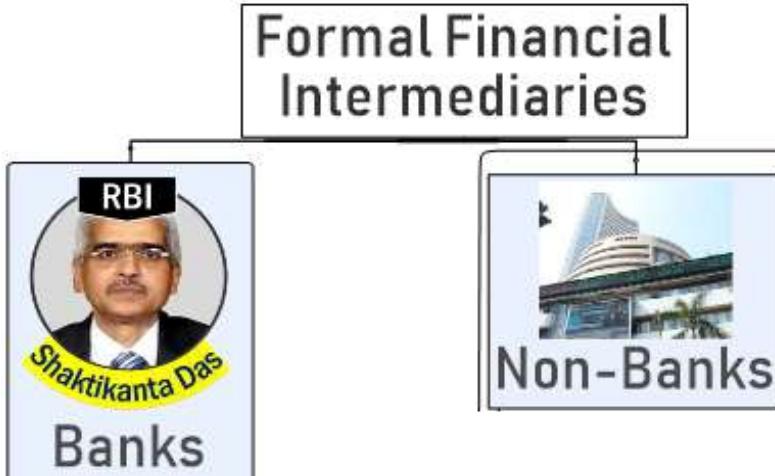
आय का चक्रीय प्रवाह और वित्तीय मध्यस्थ की भूमिका



# Financial intermediaries...(1) formal (2) informal (shahukar, moneylenders)

यह वित्तीय मध्यस्थ दो किस्म के होते हैं औपचारिक और अनौपचारिक

We'll start from this side...

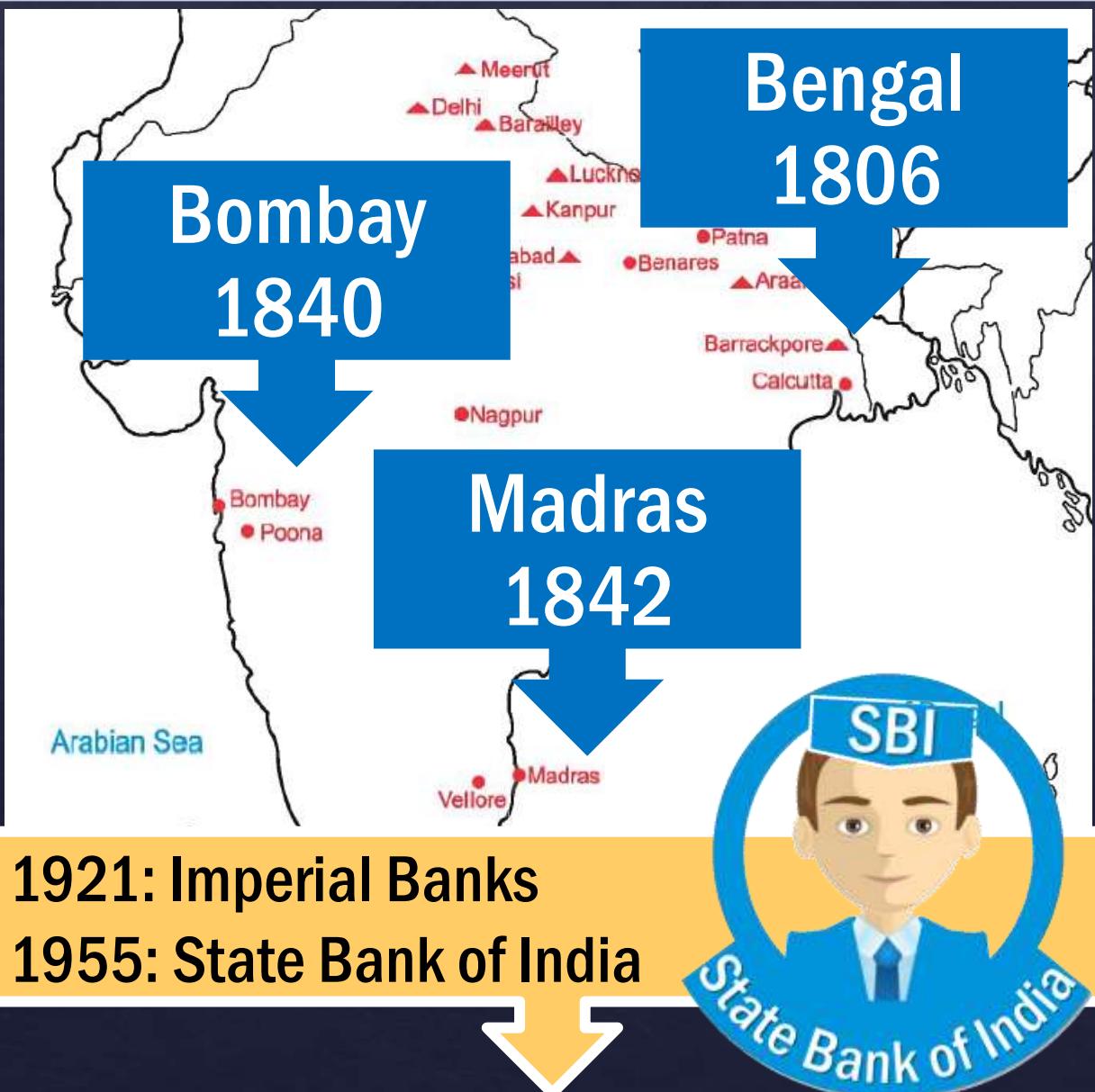


कर्जा चाहिए तो  
हम भी देंगे  
36% चक्रवृद्धि ब्याज पर



# Banking Sector- Before independence → Presidency Banks

आजादी से पहले तीन प्रांतों में



# Commercial Banks in British India

शुरुआती वाणिज्य बैंक यूरोपियन व्यक्तियों द्वारा शुरू हुई थी- भारतीयों का कल्याण उनका मकसद नहीं था

1770

- Thugs Bank of Hindustan, Calcutta but Europeans owned.

1865  ALLAHABAD BANK  
*A tradition of trust*

- Allahabad Bank
- GROUP OF EUROPEANS

1894

- PNB- Lajpat helped in foundation by asking friends to invest et al.

1908

- BoB

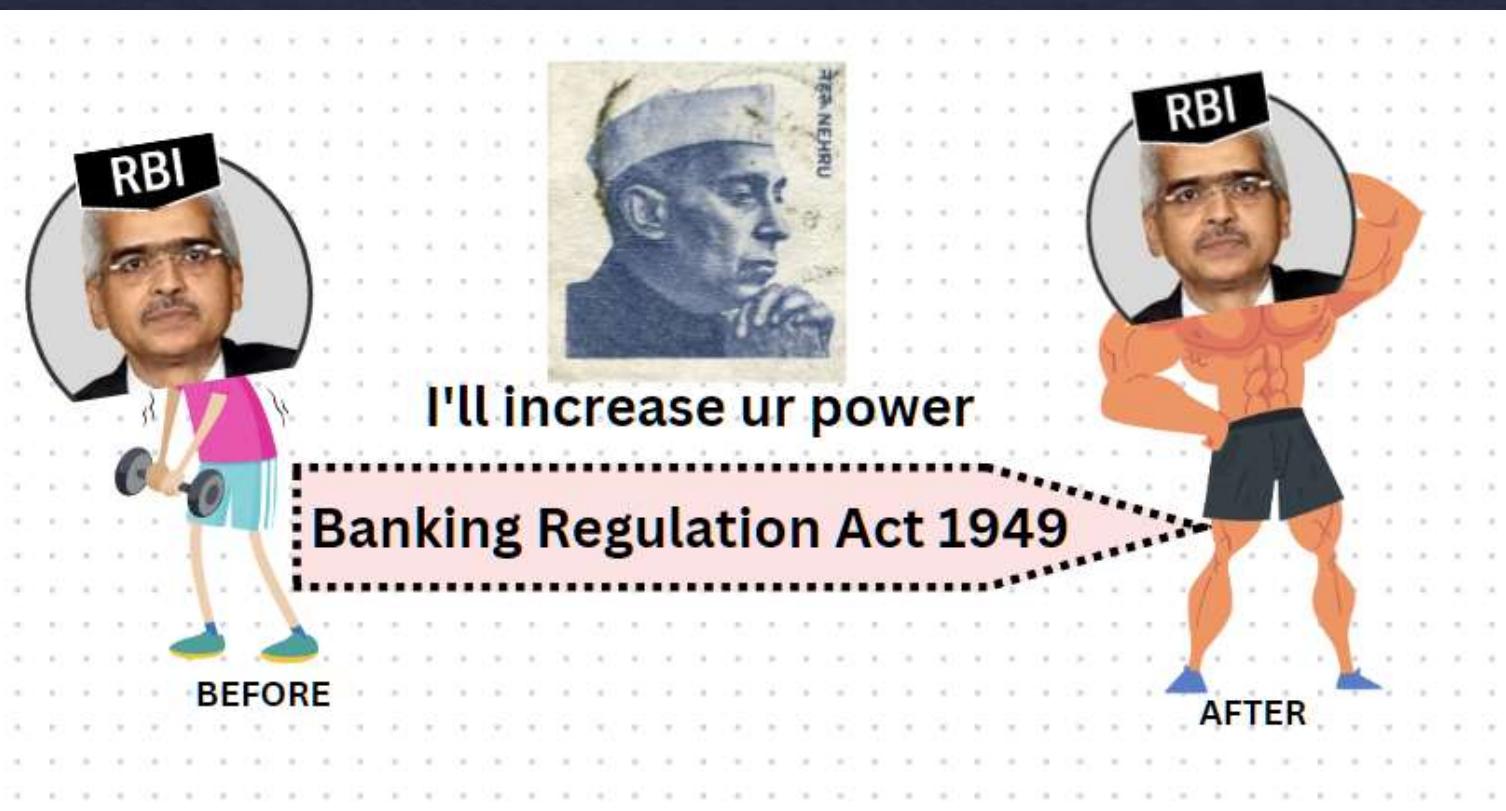
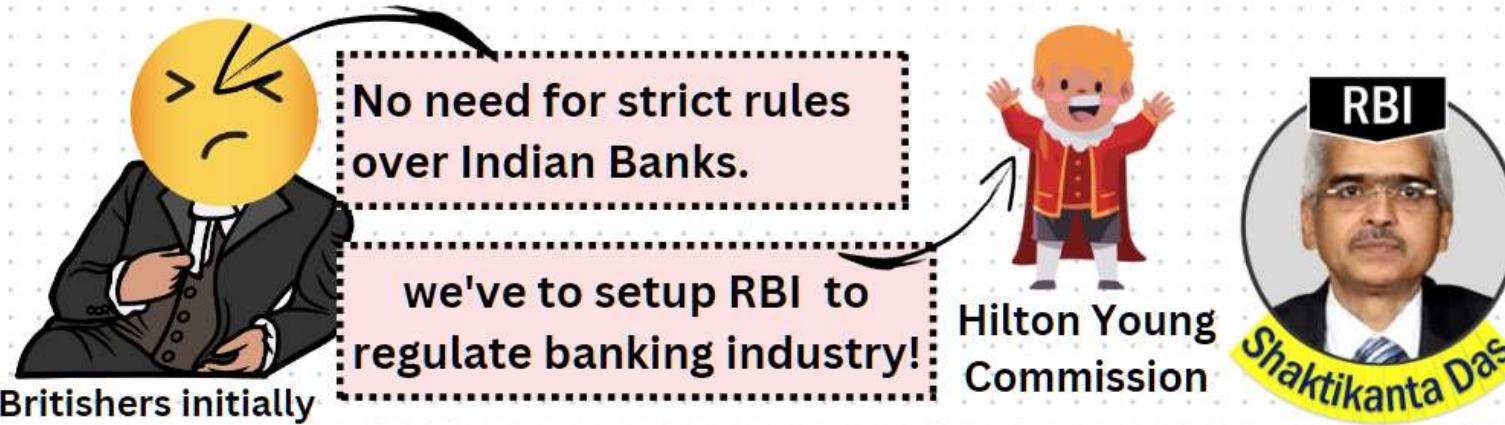


1913 onwards..

- State Bank by various princely states...

British Banks: Judges, Civil Servants, Army Personnel → Remittance @UK

“SWADESHI” Bank: merchants, Indian civil servants, elites. Financial Inclusion





Banks & Insurance  
Companies

mid-50s: SBI, LIC

doing NEPOTISM, Scams  
not helping poor/farmers

we'll takeover your  
ownership

69: Bank Nationalization  
Round#1



80: Bank  
Nationalization  
Round#2



## 80-90s: Minister-bizman loan Scams, inefficacy, Badloans Hartal, Losses in Sarkari Banks

80s ke Crony Bizman



M Narasimham

@Govt: allow pvt sector banks &  
foreign banks,  
reduce govt control over PSBs



PM Rao

## 1) 1913: Anyone could open Bank in India after registering in Companies Act

शुरुआती समय में कोई भी छुटभैया बैंक खोल सकता था. उस पर कोई सख्त नियंत्रण नहीं थी

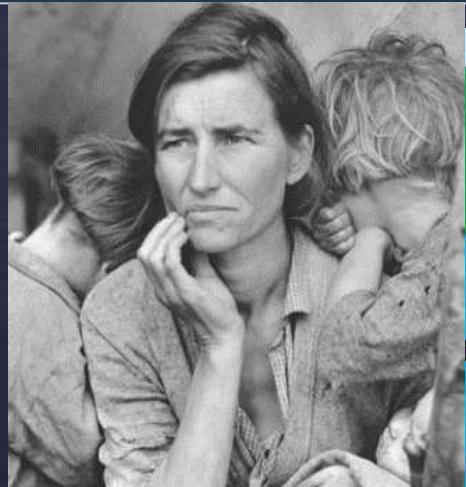


- 2) No CRR, No SLR,  
**NO RBI,**
  - No BASEL-III capital  
Norms. (will study in  
1B1-NPA).

3) 1926: Hilton Young Royal Commission on Indian Currency – setup a central bank and regulate the banking sector. निगरानी के लिए एक संस्था बनानी चाहिए

# 1913: Anyone could open Bank in India after registering in Companies Act

अमेरिका में घोर मंदी के चलते कई भारतीय व्यापारियों के निर्यात के पैसे अटक गए



Share market collapse  
Great Depression  
1929- late 30s



- 1926: Hilton Young Royal Commission on Indian Currency – setup a central bank.
- 1934: Viceroy Willingdon: ok, we'll do like that.



No CRR, No SLR, NO RBI,  
No BASEL-III capital  
Norms. (will study in  
NPA)...450+ banks  
collapsed by bad  
loans 😢.

# British India: RBI Act 1934

Viceroy  
Willingdon



RBI's Central Board



Government shareholding: 4.4%

Rs. 5 cr capital

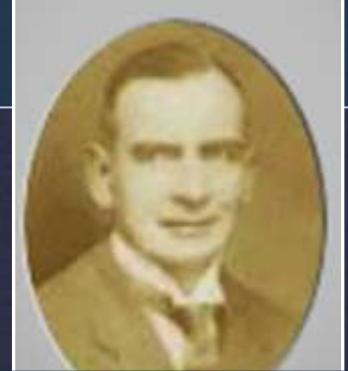
- रिजर्व बैंक शुरू करने के लिए जो पूँजी चाहिए थी
- उसके लिए ₹100 का एक
- ऐसे 5,00,000 शेयर छापे गए
- जिसमें से करीब 4% शेयर ब्रिटिश हुकूमत के पास थे
- बाकी सब शेयर मालिक निजी निवेशकों के पास

# British India: RBI Act 1934

Viceroy  
Willingdon



RBI starts functioning



Sir Osborne Smith  
1<sup>st</sup> April 1935

RBI's Central Board



Sir C.D. Deshmukh  
1943: 1<sup>st</sup> Indian  
governor of RBI

## British India: RBI Act 1934



RBI starts functioning



Sir Osborne Smith  
1<sup>st</sup> April 1935



Rs. 100 (face Value) x 5 lakh shares = Rs. 5 cr capital



Viceroy Willingdon



1943

अगर कानून '34 में बना तो शुरू '35 में क्यों हुई?

Because it takes time to find office building,  
staff recruitment .



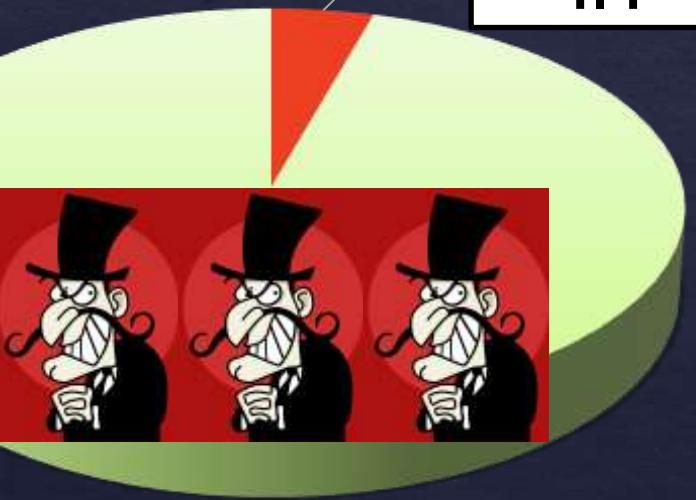
Day1 se Mains Answer Writing नहीं कर सकता वो



# Who owned RBI? शुरुआत में मालिकी निजी निवेशक को के हाथ में थी.

1) Before independence

British  
Indian  
Govt,  
4.4



private  
Investors,  
95.6

We are not majority shareholders  
we are minority shareholders

रिजर्व बैंक के हम बहुमति शेर धारक नहीं है  
अल्पसंख्यक शेर धारक है

Who owned RBI? शुरूआत में मालिकी निजी निवेशक को के हाथ में थी.

आजादी के बाद भारत सरकार ने अपने हाथोंमें में ले लिया

1) Before independence



British  
Indian  
Govt,  
4.4

3) After independence



private  
Investors,  
95.6

2) RBI transfer of ownership act 1948

RBI All private shares transferred to GoI  
under from 1<sup>st</sup> January 1949

Govt of  
India,  
100

Who owned RBI? शुरूआत में मालिकी निजी निवेशक को के हाथ में थी.

आजादी के बाद भारत सरकार ने अपने हाथोंमें में ले लिया

### 1) Before independence



British  
Indian  
Govt,  
4.4



private  
Investors,  
95.6

### 3) After independence



Govt of  
India,  
100

### 4) Implications

- RBI governor answerable to Parliament & RTI** गवर्नर ने संसद में जवाब देना होगा सूचना अधिकार की अर्जियों में जवाब देना होगा
- RBI has to pay dividend to Government from its profits** मुनाफे में से मालिक (सरकार) को लाभांश देना होगा

### 2) RBI transfer of ownership act 1948

RBI All private shares transferred to GoI under from 1<sup>st</sup> January 1949

# 1948 → RBI was Nationalized → 1949 Banking Regulation Act

Now RBI has powers to

पहले मेरी शक्तियां बहुत कम थीं।  
मैं बाहुबली नहीं, मैं बाबू-शोना था।

Before



- ◆ Give license to companies to open banks. बैंक खोलने का लाइसेंस
- ◆ Give permission banks to open new branches. नई शाखा खोलने की अनुमति
- ◆ Prescribe auditing and liquidity norms for Banks such as SLR.
- ◆ Protect interest of depositors. ग्राहकों को हितों की रक्षा
- ◆ Force elimination / merger of weak banks. कमजोर बैंकों का विलीनीकरण

After 1949  
Banking Regulation Act



# RBI: functions of (रिजर्व बैंक के प्रमुख कार्य)

Controller of two things



RBI Act: Controller of Money Supply & Inflation [MPC]

Controller of Foreign Exchange (FERA, FEMA)  
More under 3<sup>rd</sup> Pillar



Banker to two things



Banker to Gov, Public Debt Mgmt



All banks have "Current Account" With RBI,  
E-Kuber CBS

Banker's Bank, Advisor, Lender of Last resort

Regulator of two things



Regulator of all "BANKS" (BR Act'49), Payment Systems'07..

Regulator of "AIFI", selected NBFCs



Customer protection, Fin.Inclusion  
"Promotional Roles"



Data, Publication , Intl. Coop (BASEL, IMF, G20's FSB)

# Structure of a company



Shareholder

100

Board of  
Directors

₹90

₹10



Chairman

Managing  
Director & CEO

Company



Refinery, Jio mobile

# Structure of a RBI



100

Shareholder



Central  
Board



# RBI Central Board to provide vision and direction to the organization



(Non-Official Directors) = 16\*

- 2 Government officials
- 10 directors nominated by Government.
- 4 directors from RBI's local boards

@West, East, North, South

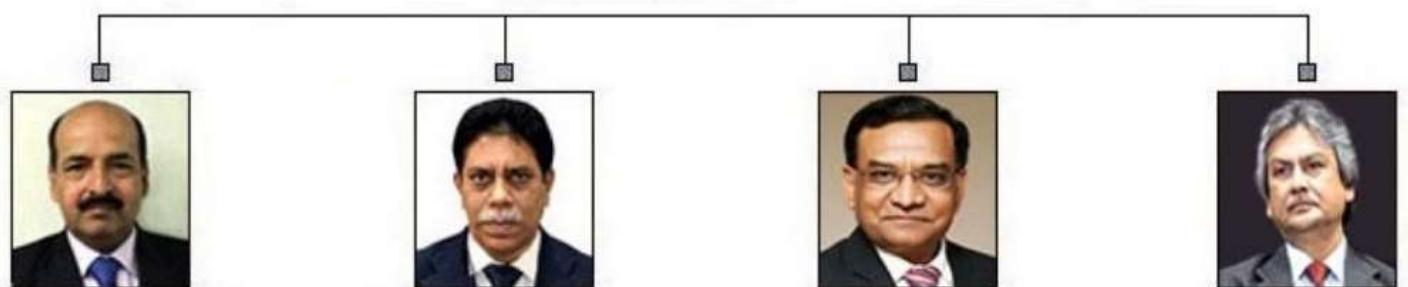


(Official Directors) = 5

Why Urjit Patel resigned,  
What is sec-7 controversy  
= will see in  
1B2:NPA lecture.



GOVERNOR  
Shri Shaktikanta Das  
DEPUTY  
GOVERNORS



## 4 Regions

1. Northern: Delhi
2. Eastern: Calcutta
3. Southern: Madras
4. Western: Bombay



GOVERNOR  
Shri Shaktikanta Das

Gov & Dy Gov selected by a Committee headed by Cabinet Secretary (IAS) कैबिनेट सचिव की एक समिति इन लोगों को चयनित करती है

**RBI act section 8: provides for “NOT MORE than 4” Dy. Gov**



**Informal convention: 2 of these DyGov from RBI's officers cadre.**

4 में से 2 डिप्टी गवर्नर रिजर्व बैंक की अपनी ऑफिसर केडर आते हैं और दो बाहर वाले होते हैं

## Central Board Of Directors

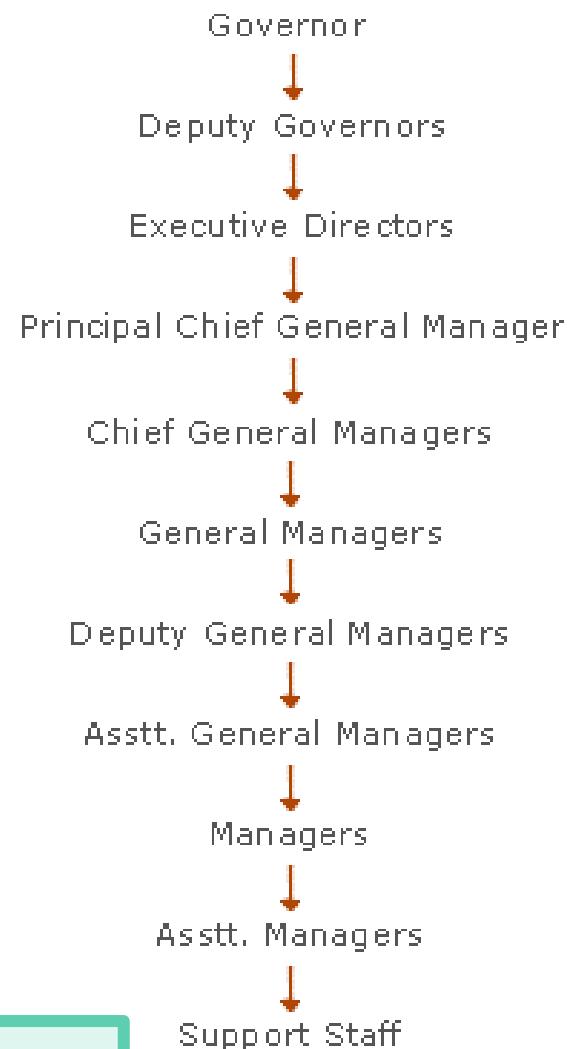


Table 1: RBI Central Board Composition

(Non-Official Directors)	(Official Directors)
- 2 Government officials	- RBI Governor
- 10 directors nominated by Government.	- 4 Dy. Governors
- 4 directors from RBI's local boards @West, East, North, South	

### 13.11.1 🏛 ₹ 📄 RBI Governor & Dy Governor

- ⇒ 25<sup>th</sup> Governor: Shaktikanta Das (Retd. IAS, Former finance secretary, Member of 15<sup>th</sup> Finance Commission). He replaced Urjit Patel (2018-Dec).
- ⇒ RBI Act (Section 8) provides for “NOT MORE than 4” Dy. Governors.
- ⇒ They’re selected by Financial sector regulatory appointment search committee (FSRASC) headed by the Cabinet Secretary (IAS) → successful candidates’ names sent to Appointments Committee of the Cabinet headed by the Prime Minister for final approval.
- ⇒ Governor and Dy.Govs’ tenure *usually* (not always) 3 years. Re-appointment is possible. कार्यकाल
- ⇒ 2018-Dec: Shaktikanta Das appointed as Governor for 3 years. 2021: Modi Govt renewed his tenure for three years till Dec- 2024, thus giving him a total tenure of six years (रिजर्व बैंक के गवर्नर के रूप में पुनः नियुक्ति)

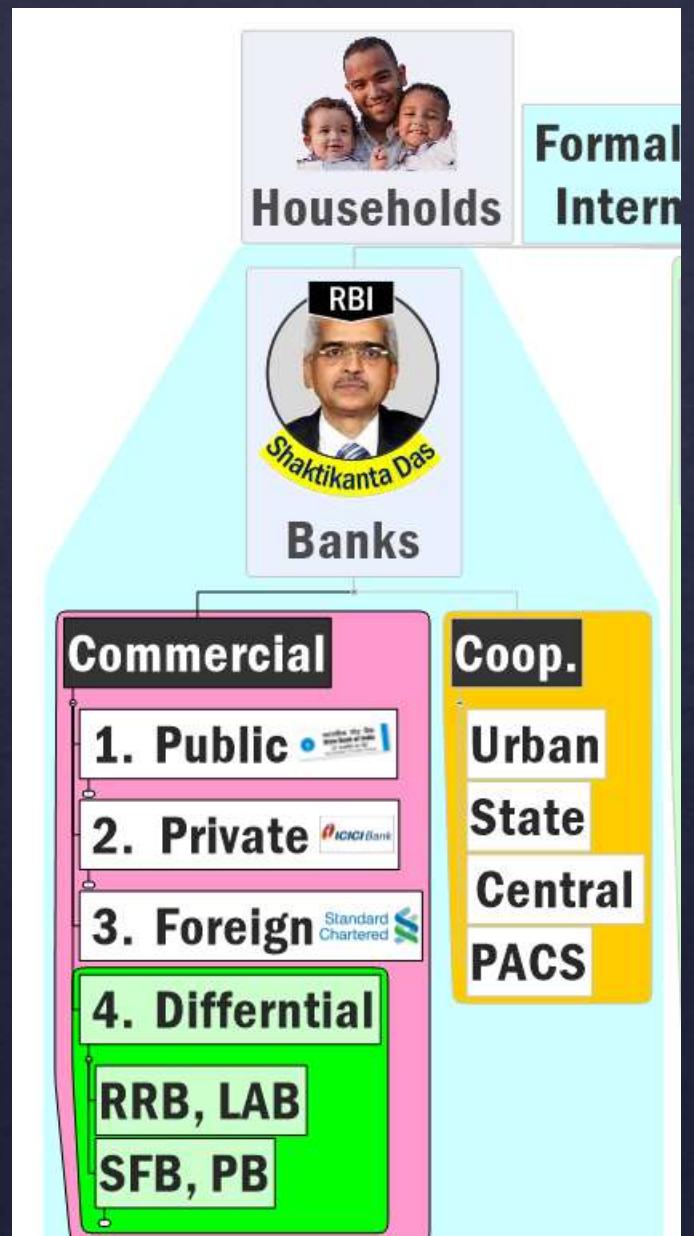
☞ Related Topics: RBI Autonomy, Dividend Controversy, Section 7, PCA/BASEL: [Handout 1B2 → Burning Issues in Banking Sector]

### 13.11.2 🏛 ₹ 📄 RBI Offices & Departments

- RBI 4 regions: Northern: Delhi, Eastern: Kolkata, Southern: Chennai, Western: Mumbai
- RBI has various dept after Banks, NBFCs, Payment Systems, Foreign Exchange Management etc.

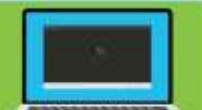
### 13.11.3 🏛 ₹ 📄 RBI: Functions of

- 1) Controller of Money Supply: Issues M0 under RBI Act, Makes Monetary Policy. (मुद्रा आपूर्ति नियंत्रक)
- 2) Controller of Foreign Exchange: through FEMA Act. (विदेशी मुद्रा का नियंत्रक, ☞ more in Pillar#3)
- 3) Banker to Governments & Public Debt Manager (सर्वजनिक ऋण प्रबंधक).
- 4) Banker’s Bank: Lender of Last resort, Advises in monetary matters.
- 5) Regulator of all “BANKS”: through BR Act’49, Payment Systems’07 (नियामक)
- 6) Regulator of AIFI, NBFC-D & others.



# Pillar1B1: Classification of Banks → Commercial Banks (SCB)

Audio/Video  
Problem?



CTRL R

Edu Doubt?  
Ask through



## Scheduled Banks?



## Why Nationalization?



## Merger / privatization of Public Sector Banks



## Entry Of Private Banks



## Allowing Adani Ambani Tata To Open Private Banks?

Handout uploaded



Households



Banks

Commercial

1. Public
2. Private
3. Foreign
4. Differential  
RRB, LAB  
SFB, PB

Coop.

Urban  
State  
Central  
PACS

Formal Financial  
Intermediaries

Business Firms



Non-Banks

1. EXIM
2. NABARD
3. NHB
4. SIDBI

1. AIFI

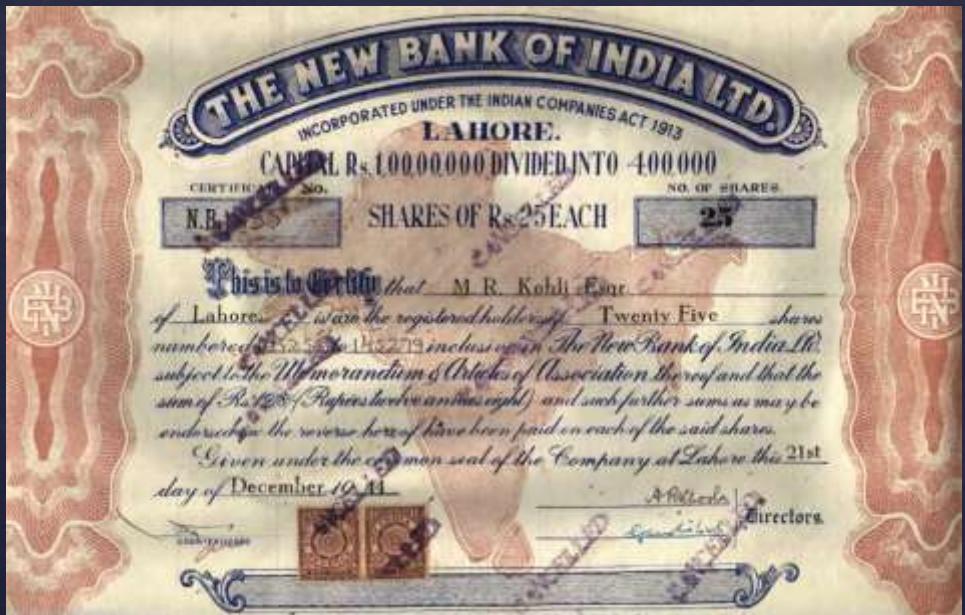
2. Primary Dealers

3. NBFCs

# When a banking company is started for the first time..

आप एक कंपनी बनाएंगे → बाजार में शेयर जारी कर कर पूँजी हासिल करेंगे → bank license

Register a Company under  
Companies Act.



issue shares to arrange money  
(Capital) from investors

Get license from RBI to start a  
bank

Then use capital to open offices,  
hire staff →

start collecting deposits/savings

# Company is started → document created: Memorandum of association

जब भी कोई कंपनी की स्थापना करनी हो → तो एक दस्तावेज बनाया जाता है

- Name of Contact persons
- Address of company
- Our company's Authorized Capital
  - E.g. Rs. 5 lakhs or 500 cr.
  - That is the max. amount of shares we'll issue.
- यानी कि महत्तम हम कितने लाख या करोड़ रुपए के शेयर की जारी करेंगे e.g Rs. 5 lakhs or 500 cr



# More in Pillar#1C: Sebi Sharemarket



- Ye lo **Initial Public Offer (IPO)**
- We are issuing **₹5 lakh shares.**
- If u buy → u become shareholder → we give u dividend from profit



**Authorized capital = ₹5 lakh**  
(पूँजी जो, वो अपने ख्वाबो में चाहते हैं)

# what if investors do not buy all the shares offered

## लेकिन हो सकता है निवेशक आईपीओ में सारे शेयर से न खरीदें



1) Authorized capital = ₹5 lakh  
(पूँजी जो, वो अपने ख्वाबो में चाहते हैं)



- 2) But investors bought only ₹3 lakh ke shares.
- =Company has only got
- ₹3 lakh “PAID UP” capital

3) Paid up capital = ₹3 lakh  
(पूँजी जो वास्तव में मिली)

# When a banking company is started for the first time..

आप एक कंपनी बनाएंगे → बाजार में शेयर जारी कर कर पूजी हासिल करेंगे → bank license

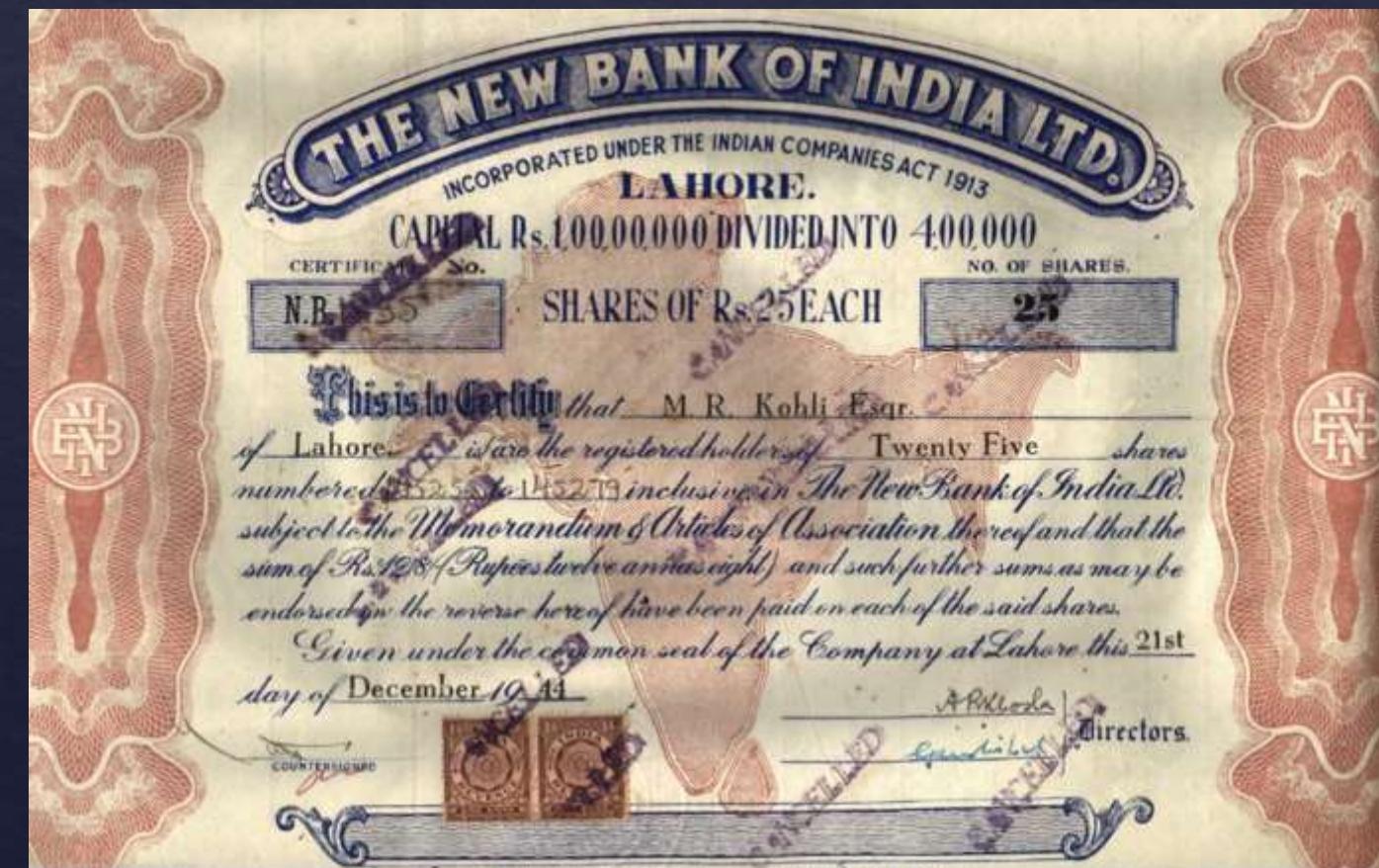
Register a Company under Companies Act.

issue shares to arrange money (Capital) from investors

Get license from RBI to start a bank

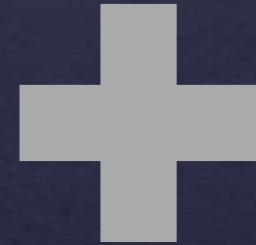
Then use capital to open offices, hire staff →

start collecting deposits/savings



# Bank's Accounting Equation (B.Com/PHD)

Liabilities



(+)Profit  
or  
(-)LOSS



Assets

- Share liability
- Bond liability
- Deposit Liability
- ....many things

# Bank's Accounting Equation (B.Com/PHD)

What are bonds= Pillar1c  
For the time being just accept these are instruments to mobilize money for a company

## Liabilities



(Paid up)  
Share  
Capital



Bonds



Deposits



NET  
PROFIT



Assets  
(CRR, SLR,  
Loans)

पहले तो इनकी मदद से पेसा जमा करेंगे,  
'दुकान' खरीदेंगे, फिर लोगों से डिपॉजिट लेंगे

# Bank's Accounting Equation (B.Com/PHD)

- ₹Don't overthink.
- No need to memorize this equation.
- On Day#1= there could be 0 profit, 0 deposit.  
These figures depend on when PHOTO TAKEN.



(Paid up)  
Share  
Capital



Bonds



Deposits



NET Profit



Assets  
(CRR, SLR,  
Loans)

**WHEN TWO conditions met → RBI adds them in 2<sup>nd</sup> Sch of RBI Act → Scheduled Bank**

जब इन दोनों शर्तों का एक साथ पालन होगा तब उसे अनुसूचित बैंक घोषित किया जाए

- 1) If a Bank's paid up capital + reserves = **minimum ₹ 5 lakh or more.** (कम से कम इतना पैसा है)
- 2) If RBI is satisfied that bank doing biz. **not detrimental to its depositors.** (जमाकर्ताओं के हितों की रक्षा)



(Paid up)  
Share  
Capital



Bonds



Deposits



NET Profit



Assets  
(CRR, SLR,  
Loans)

- Access to RBI Windows
- More Trusted by Govt/Pvt Cos
- Deliver Govt Schemes e.g. PMJDY



Scheduled

Commercial

Cooperative

Non-Scheduled

Commercial

Cooperative

E.g. Akhand Anand Co-  
Operative Bank Ltd.,  
Surat

Sch. Bank = Min.5 lakh (paid up capital & reserves)+not detri.to depositors =



Scheduled Bank	Non-Scheduled Bank
Required to deposit CRR money to RBI's office/vault	Keep CRR money in their own office/vault



Where do they keep the  
CRR Money?

सीआरआर का पैसा किधर रखते हैं

Sch. Bank = Min.5 lakh (paid up capital & reserves)+not detri.to depositors =



Scheduled Bank	Non-Scheduled Bank
Required to deposit CRR money to RBI's office/vault	Keep CRR money in their own office/vault
Eligible to borrow / deposit funds in RBI's window operations (MSF, LAF).	Depends on RBI's discretion. रिजर्व बैंक के विवेकाधीन है



Can they borrow money from RBI?

क्या रिजर्व बैंक से रेपो वगैरह कर्ज ले सकते हैं?

## Moral outrage: नैतिक आक्रोशः ऐसा क्यों है? जवाबः ऐसा ही है

- ❖ Why is this Sch. Bank requirement so low only
- ❖ ₹5 lakhs??!!!! सिर्फ ₹500000 ही क्यों

❖ Ans. It is from RBI Act of 1934 → it was a big amount in that British era. अंग्रेजों के जमाने में वह बड़ी रकम थी

❖ If you're unhappy with it then write letter to govt to amend RBI Act सरकार को पत्र लिखिए की इस कानून में सुधार करके रकम बढ़ा दे

❖ (just like writing letter about who should issue Rs.1 note)

❖ But, Until your suggestion implemented, remember the present thing to pass the MCQs.



We are not here to change the world, we are here to pass an exam! हर मुद्दे पर झंडा उठाना जरूरी है क्या?

i scored  
more than  
CDS cutoff



Training & character  
observation



Finally becomes a  
'commissioned officer'



i scored  
more than  
CDS cutoff



Training & character  
observation



Finally becomes a  
'commissioned officer'



I got 500  
cr capital



Protecting  
depositors?  
RBI to observe  
for "x"  
months/years



Finally becomes a  
'scheduled bank'



# Now let's start with ... Commercial Banks

**Audio/Video Problem?**



CTRL R

**Edu Doubt? Ask through Google Forms**



and abide to RBI norms. (जमाकर्ता आ कहता का रक्षा करना होगा, और रिजर्व बैंक के नियमों का पालन करना होगा)	them down under Banking Regulation Act.
Can be subdivided into two parts	Hundreds of cooperative banks are non-Schedule. But we need not see their list at <a href="http://Rbi.org.in/CommonPerson/English/scripts/banksinindia.aspx">Rbi.org.in/CommonPerson/English/scripts/banksinindia.aspx</a>
1) Scheduled Commercial Banks (SCB) e.g. SBI, Axis, ICICI 2) Schedule Cooperative Banks like Haryana Rajya Sahakari Bank, Tamil Nadu State Apex Cooperative Bank	

☞ moral outrage not required "Why it is only 5 lakh!!!!". Send your suggestion to PM Modi to amend the RBI Act, until it's implemented remember the figure. # योड़ा-पढ़ो-आगे-बढ़ो

13.13 FI → COMMERCIAL BANKS → PRE-INDEPENDENCE

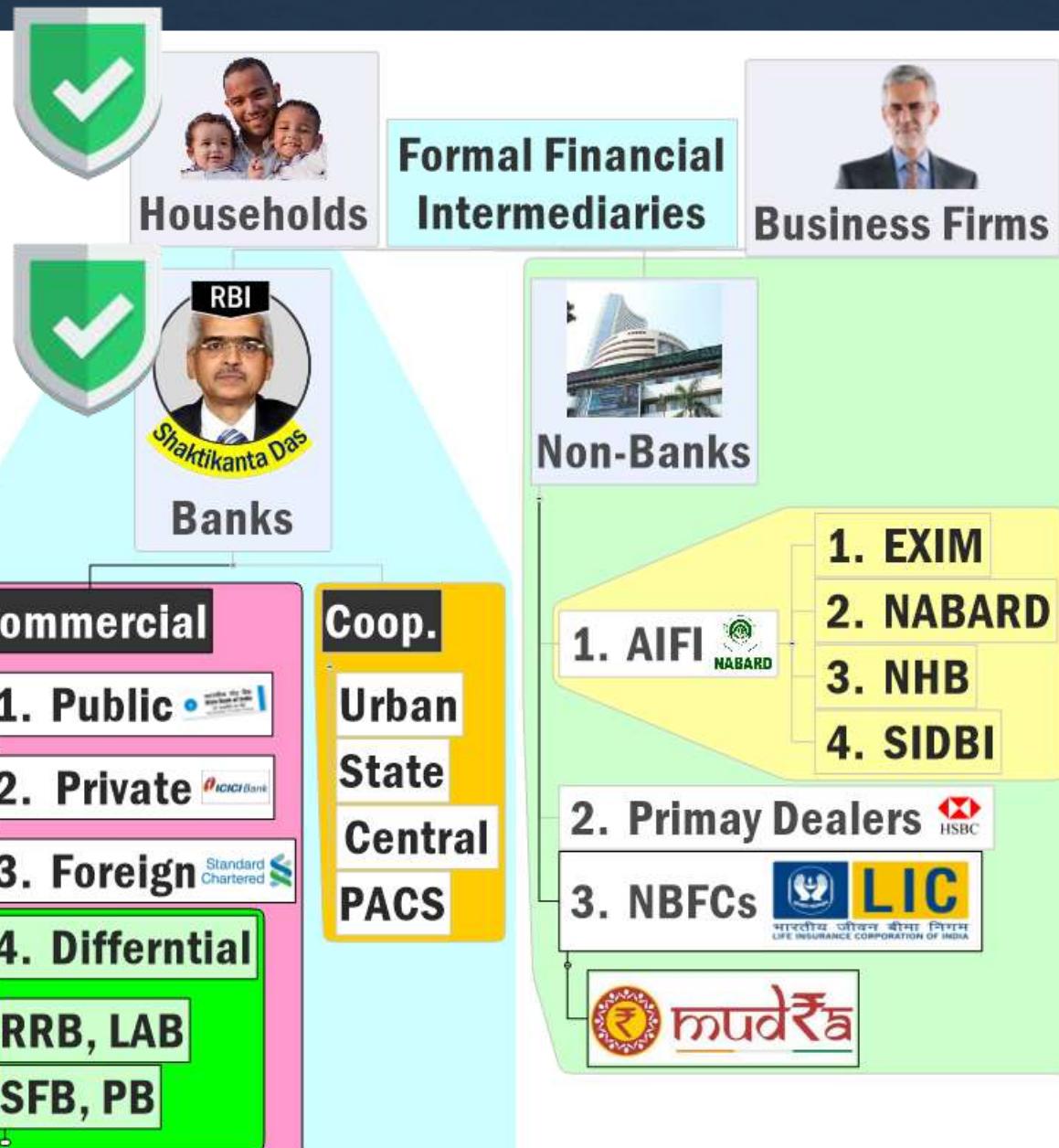


Table 2: Before Independence (Exact Years Not-IMP.)

1770	Bank of Hindustan, Calcutta (Europeans owned)
1806-42	- Three Presidency Banks at Bengal then Bombay then Madras. - 1861: all three were given the right to issue currency. - 1921: They were combined into Imperial Bank of India ⇒ SBI (1955)
1865	A
1894	T
1905	R
1913	S
1940s	U

मैं अभी नहीं पढ़ाई करूंगा

Because my brain is fixated over ₹5 lakh limit



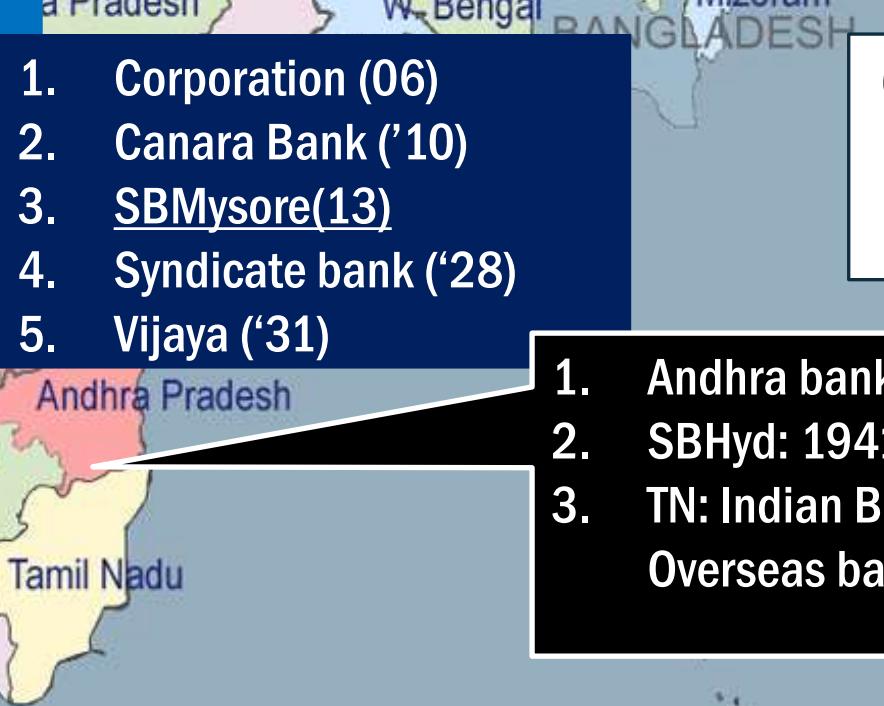
# India around independence

1. PNB: 1894
2. Punjab-Sind (1908)
3. SB Patiyala (1917)
4. OBC (1943)
5. SB Bik&Jai (40s-63)

1. Bank of India ('06)
2. Central Bank of India ('11)
3. Union Bank ('19)
4. RBI ('34-35)
5. Bank of Maharashtra ('35)
6. Dena Bank ('38)



1. Corporation (06)
2. Canara Bank ('10)
3. SB Mysore (13)
4. Syndicate bank ('28)
5. Vijaya ('31)



SB Travancore '45

⌚ Years,  
locations  
not imp.

1. UCO-United Commercial '43
2. United Bank of India '50

**GSM1:** Banking industry is  
usually concentrated at  
Costal Trading centres

1. Andhra bank: 1923;
2. SB Hyd: 1941
3. TN: Indian Bank ('23); Indian  
Overseas bank ('37)

# Nationalization of Private Banks owned by princes and industrialists

## रजवाड़ी और उद्योगपतियों के मालीकी की निजी बैंकों को सरकार ने अपने कब्जे में ले लिया



1948



1955



55-56

- RBI Transfer of Ownership Act
- 1949: Banking Reg. Act
- Imperial Bank → SBI
- LIC Act took over private life insurance cos.  
जीवन बीमा कंपनियों  
का राष्ट्रीयकरण



1969: Nationalization  
of bank Round#1

**YES**



Punjab  
National  
Bank

**Has public deposited total**

**Rs.50cr / >**

**NO**

Catholic Syrian Bank

Ratnakar Bank



**nationalized  
public sector bank**

**old private banks**

= not nationalized

# Nationalization of Private Banks owned by princes and industrialists

राजवाड़ी और उद्योगपतियों के मालीकी की निजी बैंकों को सरकार ने अपने कब्जे में ले लिया



1948



1955



55-56



1969

72-73

- RBI Transfer of Ownership Act
- 1949: Banking Reg. Act
- Imperial Bank → SBI
- LIC Act took over private life insurance cos. जीवन बीमा कंपनियों का राष्ट्रीयकरण
- Bank Nationalization Round#1
- General Insurance Companies (=non-life insurance cos) nationalization  
Pillar#1D

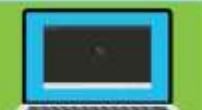
Then 1980: Bank Nationalization Round#2

6 banks with 200 cr/> deposits: Corporation Bank, Vijaya Bank, Oriental bank of Commerce etc. nationalized

Years not imp. chronology is.

# Pillar1B1: Classification of Banks → Commercial Banks (SCB)

Audio/Video  
Problem?



CTRL R

Edu Doubt?  
Ask through



## Scheduled Banks?



## Why Nationalization?



## Merger / privatization of Public Sector Banks



## Entry Of Private Banks



## Allowing Adani Ambani Tata To Open Private Banks?

Handout uploaded



Households



Banks

Commercial

1. Public
2. Private
3. Foreign
4. Differential  
RRB, LAB  
SFB, PB

Coop.

Urban  
State  
Central  
PACS

Formal Financial  
Intermediaries

Business Firms



Non-Banks

1. EXIM
2. NABARD
3. NHB
4. SIDBI

AIFI

HSBC

Primary Dealers

LIC  
भारतीय जीवन बीमा नियम  
LIFE INSURANCE CORPORATION OF INDIA

mudrak

# be careful in your choice of words

◆ for easier explanation I simply use the term

◆ **government banks**- सरकारी बैंक

◆ but in the mains answer writing, essay answer writing, interview speaking → you should be using the **proper term**

◆ **public sector bank (PSB)** सार्वजनिक क्षेत्र के बैंक



आसानी से समझ में आए इसलिए मैं सरकारी बैंक बोलता हूं बाकी आपने लिखना है सार्वजनिक क्षेत्र के बैंक

# Pillar1B1: Classification of Banks → Commercial Banks (SCB)

Audio/Video  
Problem?



CTRL

R

Edu Doubt?  
Ask through

Google  
Forms



## Why Nationalization?



### Merger / privatization of Public Sector Banks



### Entry Of Private Banks



### Allowing Adani Ambani Tata To Open Private Banks?

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Households



Banks

Commercial

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Formal Financial  
Intermediaries



Business Firms



Non-Banks

1. EXIM

2. NABARD

3. NHB

4. SIDBI

2. Primary Dealers

3. NBFCs

भारतीय जीवन सेवा नियम  
LIFE INSURANCE CORPORATION OF INDIA



# 1B1: classification → Banks → Public Sector Banks

## Consolidation of PSB [एकलीकरण]

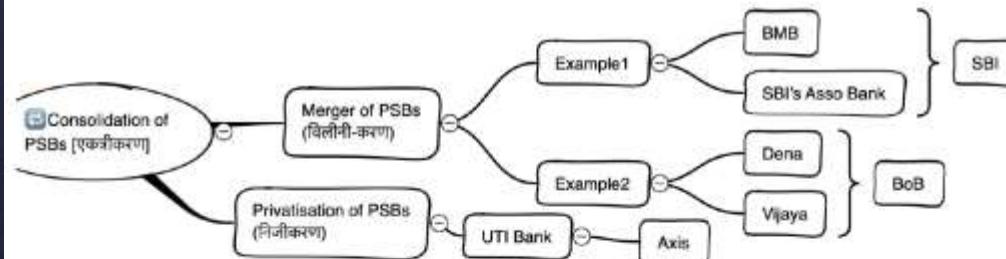
Merger  
(विलीनीकरण)

Privatization  
(निजीकरण)

Further, Since the government is the majority shareholder in PSBs, (सरकार बहुमती शेयर धारक है इसलिए)

- Usually the persons favored by the present-day ruling party become the Board of directors, irrespective of merit or qualification. Thus, political considerations have significant control/influence over bank's business operations. (बोर्ड में राजनीतिक तत्व - जिनमें वैकों का सही प्रबोधन करने का अनुभव या कौशल्य नहीं है)
- PSBs are subjected to Right to Information (RTI) act, Central Vigilance Commission (CVC), Comptroller Auditor General (CAG), Central Bureau of Investigation (CBI), Courts and media in a more stringent manner. (वैकर खोफ में रहते हैं कि ईमानदार निर्णय की भी शक की निगाहों से जाच होगी, और उनकी पदोन्नति रोक दी जाएगी)
- Consequently, PSB officials fear harassment under the veil of vigilance investigations & media trials. They prefer safety and conservatism over risk-taking and innovation. (सुविाद पस्त, नवाचार नापसंद)

### 13.15 CONSOLIDATION OF PSBs [एकलीकरण]



PSB consolidation = made up of two types of reforms: A) Merger B) Privatization

#### 13.1.1 Consolidation of PSBs → A) Merger (विलीनीकरण)

Table 4: Notable PSB Mergers before 2019, April. You need not memorize exact years/ HQ for IAS Exam

2008-10	State Bank of Saurashtra and State Bank of Indore merged into SBI.
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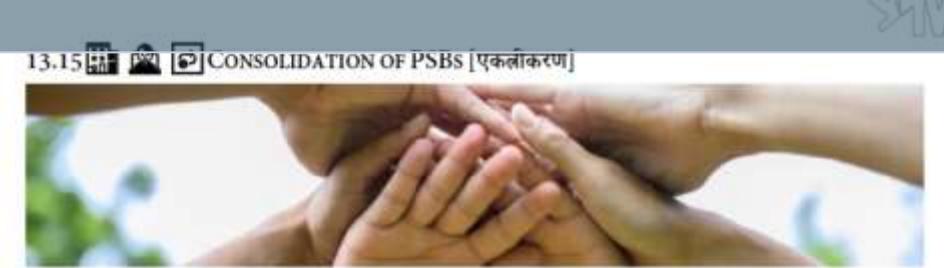
# 1B1: classification → Banks → Public Sector Banks

## Consolidation of PSB [एकत्रीकरण]

Merger  
(विलीनीकरण)

Privatization  
(निजीकरण)

Raftaar Speed



13.15 CONSOLIDATION OF PSBs [एकत्रीकरण]

Consists of two types of reforms: A) Merger B) Privatization

### 13.15.1 Consolidation of PSBs → A) Merger (विलीनीकरण)

Table 4: Notable PSB Mergers before 2019, April. You need not memorize exact years/ HQ for IAS Exam

2008-10	State Bank of Saurashtra and State Bank of Indore merged into SBI.
2013	<ul style="list-style-type: none"><li>Bharatiya Mahila Bank setup as PSB, HQ Delhi, 100% ownership by Union Government.</li><li>BMB's Board of Directors: All women. Staff &amp; Deposit Holders: both men and women. Loans given predominantly to women- and that too without collaterals upto Rs.1 crore.</li></ul>
2017, 1 <sup>st</sup> April	BMB & 5 Associated Banks of SBI viz. State Bank of Bikaner and Jaipur (SBB), State Bank of Hyderabad (SBH), State Bank of Mysore (SBM), State Bank of Patiala (SPB) and State Bank of Travancore (SBT), merged with SBI from 1 <sup>st</sup> April by swapping of shares.
2017, Nov	<ul style="list-style-type: none"><li>Alternative Mechanism Panel setup under the Finance Minister's chairmanship.</li><li>This panel examine the proposals for merger/consolidation of the Public Sector Banks (PSBs) and forward to Cabnet for approval.</li><li>Department of Financial Services coordinates the filework.</li></ul>
2019, 1 <sup>st</sup> April	Vijaya & Dena to be merged into Bank of Baroda, by swapping of shares (सेवार्यों की अदलत-बदलती). <ul style="list-style-type: none"><li>Among these three oldest: BoB (1908) &gt; Vijaya (1931)&gt; Dena (1938)</li><li>BoB &amp; Dena nationalized in 1969, HQ: Mumbai</li><li>Vijaya: nationalized in 1980, HQ: Bengaluru</li></ul>

Table 5: 2019-Aug FM Nirmala S announced merger of 10 banks into 4 anchor banks

Amalgamating Banks (एकीकृत / विलीन होनेवाली)	Anchor Bank (महारा बनेवाली)
<ul style="list-style-type: none"><li>Oriental Bank of Commerce (1943, HQ: Gurugram, Haryana),</li><li>United Bank of Ind'a (1950, Kolkata)</li><li>Syndicate Bank (19</li></ul>	1) PNB. (1984, HQ: Delhi, It'll become the 2nd largest bank after SBI, in terms of business size and branch network)
	2) Canara Bank (1906, HQ: Bengaluru, Karnataka)
	3) Union Bank of India (1919, Mumbai)
	4) Indian Bank (1907, Chennai)

After this process is over, we'll be left with only 12 PSBs (+1 India Post Payment Bank).



बैंक ऑफ बड़ोदा  
Bank of Baroda

After Merger: Close down duplicate  
branches/ATM/Servers etc. = Cost Savings/profitability

What abt our  
seniority, promotion,  
transfer?



we'll give  
u VRS!

STAFF OF PREVIOUS BANK

# Voluntary Retirement Scheme (VRS)

बैंक कर्मियों के लिए स्वैच्छिक निवृत्ति योजना

- ◆ suppose retirement age 60
- ◆ but when multiple banks are merged → you don't need large staff. बैंकों का विलीनीकरण में कुछ अतिरिक्त/फिजूल स्टाफ को नौकरी से हटाना जरूरी
- ◆ Then bank offer VRS to ↑ the efficiency,
- ◆ E.g staff aged 55 years → take VRS we give you ₹30 lakh rupees. वैसे तो उम्र के हिसाब से आपने 5 साल बाद सेवानिवृत्त होना था लेकिन आप अभी खुद से इस्तीफा दे दो हम आपको ₹3000000 देते हैं



इसकी पूरी डिटेल में PHD पंचात करने बैठे  
Imp4 Public Administration Optional but  
👉 NOT for GS. इसलिए मैं उसकी पंचात करने नहीं  
बैठूँगा



# 1B1: classification → Banks → Public Sector Banks



## Consolidation of PSB [एकत्रीकरण]

Merger  
(विलीनीकरण)

Privatization  
(निजीकरण)

Raftaar Speed



2013	<ul style="list-style-type: none"><li>- Bharatiya Mahila Bank was setup as PSB, HQ Delhi, 100% ownership by Union Government.</li><li>- BMF's Board of Directors: All women. Staff &amp; Deposit Holders: both men and women, Loans given predominantly to women- and that too without collaterals upto Rs.1 crore.</li><li>- 5 Associated Banks of SBI viz. State Bank of Bikaner and Jaipur (SBBJ), State Bank of Baroda (SBH), State Bank of Mysore (SBM), State Bank of Patiala (SPB) and State Bank of Agra (SBT), merged with SBI from 1<sup>st</sup> April by swapping of shares.</li></ul>
	<p>Alternative Mechanism Panel setup under the FM Jaitley's chairmanship (other members: Piyush Goyal, Nirmala Sitharaman). They examine the proposals for merger/consolidation of the Public Sector Banks (PSBs) and forward to Cabinet for approval.</p>

e.g. Government sold its UTI bank to private investors-> Axis Bank

Example #2: IDBI

bank: SBI  
rank#55). विश्व की 100 सबसे बड़ी बैंकों में भारत का सिर्फ एक ही बैंक है Singapore have more global banks than India, even though these countries' size of  
(नुस्खा)

# PSB consolidation: Who is processing such proposals? (2017)

यह सब प्रक्रिया असल में कौन करता है?

- ◆ Alternative Mechanism Panel setup under the Finance Minister. समिति सिफारिश करेगी किन सरकारी बैंकों के साथ यह करना है



- ◆ They examined the proposals for merger/consolidation → forward to Cabinet for final approval. कैबिनेट अंतिम मंजूरी देगा



- ◆ FinMin → Department of Financial Services coordinates the file work & shares sale. वित्तीय सेवा विभाग अमल करेगा



# PSB consolidation: Who is processing such proposals? (2017)

यह सब प्रक्रिया असल में कौन करता है?



मैं बहुत भावुक हो गया हूँ  
आक्रोश में भी आ गया हूँ

- But u said RBI can order merger **under Banking regulation Act!**
- So **how can Government order merger?**

- Because **Government is majority shareholding in PSBs**
- So 'owner' can merge two of his shops.

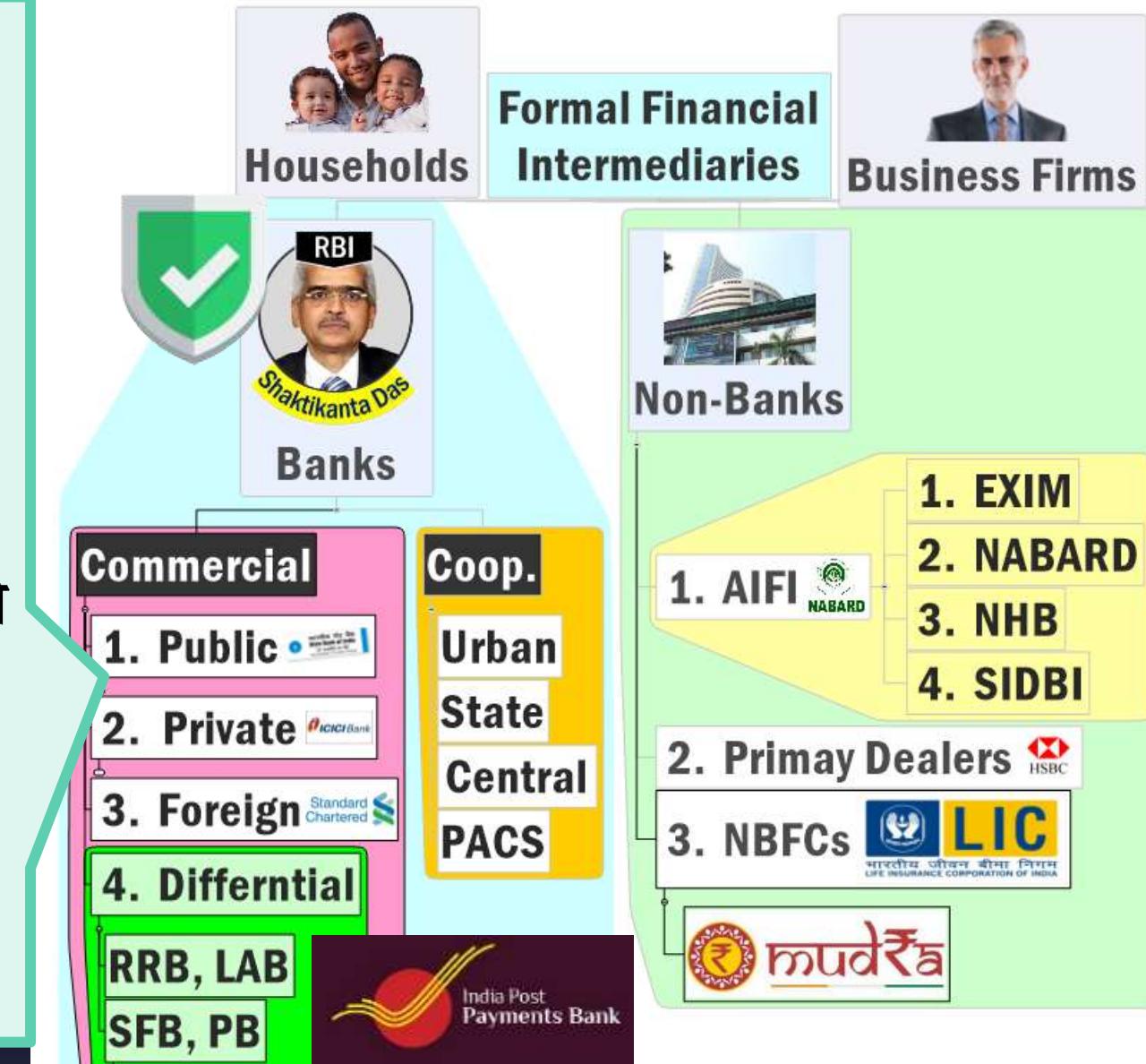


- **RBI can also force merger of weak banks under banking regulation act.**
- But here **Govt doing that for ↑ efficiency of PSB banks through merger.** And since **Govt is the majority shareholder so they can decide as well.**

# How many Public Sector Banks? Ans. Not very IMP.

## भारत में एकजैकटली कितने सरकारी बैंक हैं?

- some PSB → privatized (UTI: axis)
- some PSB merged with bigger banks. (BMB)
- At present ~13 Public Sector (incl.  Post Payment Bank & excluding I  DBI)
- लेकिन यह आंकड़े तो कल सुबह बदल भी सकते हैं अगर सरकार अन्य सरकारी बैंकों का एकलीकरण करें. तो Anskey गलत नहीं हो जाए इसलिए UPSC सामान्य रूप से ऐसे प्रश्न पूछती नहीं #Dynamic-factoids



# why allowed private sector banks in India?

जब इतने सारे सरकारी बैंक हैं तो निजी क्षेत्र के बैंकों को क्यों अनुमति दी गई??

Audio/Video  
Problem?



CTRL R

Edu Doubt?  
Ask through



- Private sector banks are no saints. There have been instances of private sector banks engaging in money laundering activities, taking bribes to pass loans to unworthy borrowers- which ultimately harm depositors (निजी क्षेत्र के बैंक जले थे पैप बनाना, रिस्क लेकर गलत सोरों के लोन पास करना, और तुरंत वित्तीय धाराघातों में शामिल है। इसलिए निजीकरण को सुमारी समस्याओं का रामबाण इसाज माना गया है।)

13.16 COMMERCIAL BANKS ⇒ PVT. SECTOR BANKS (PvB) निजी-क्षेत्र के बैंक



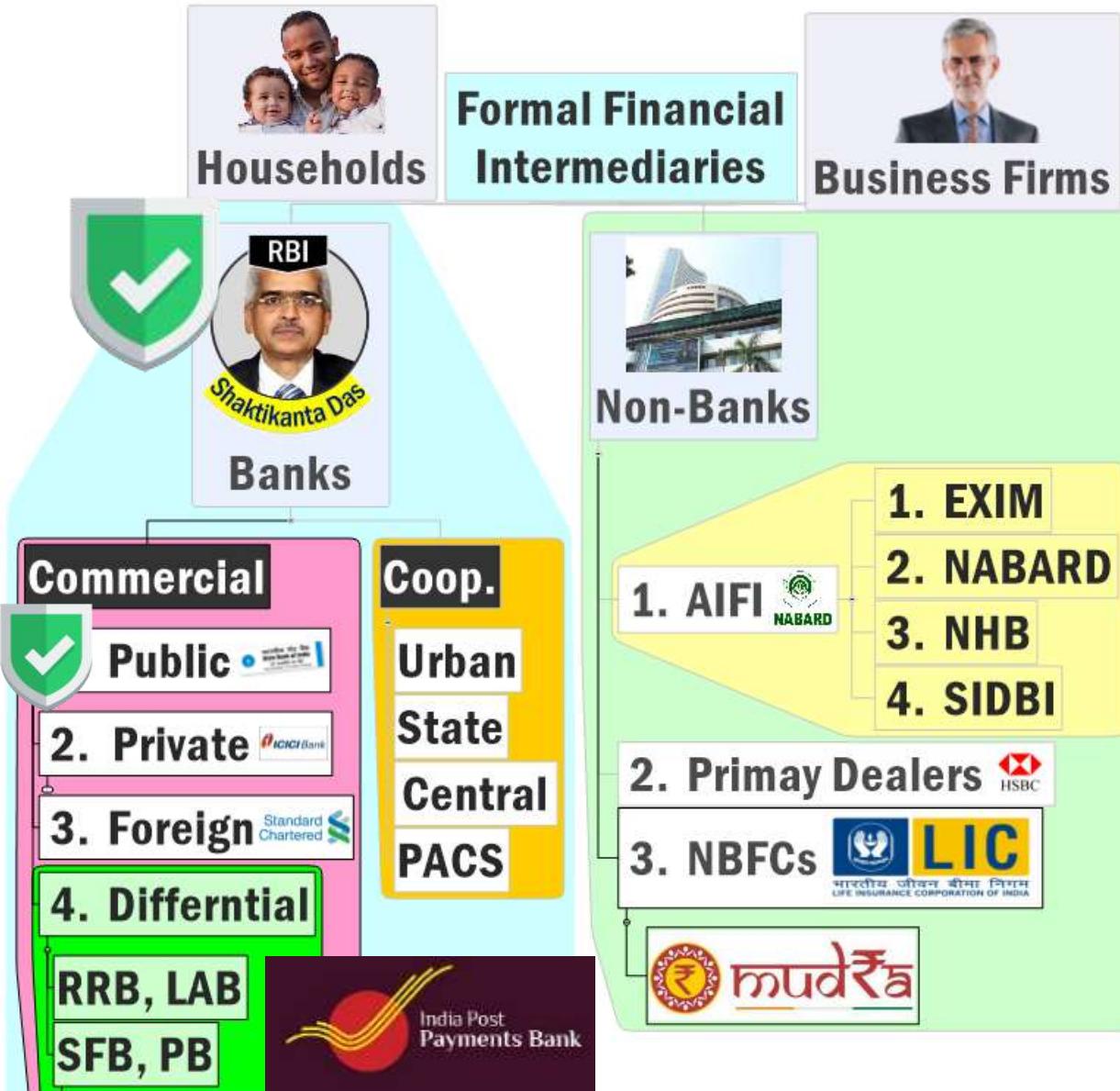
While the nationalization of banks was done with the lofty objectives, but politicization in Public Sector Banks (PSBs) created new set of problems:

- Government administered loan interest rates for populism= Low profitability for PSBs. (भूगाप कम)
- Low recovery from NPA due to political interference, and legal loopholes. (यानीनिक हस्तक्षेप के चलते देवग करों से कान वसूले भूलिए)
- Employees unions hampering any innovation or customer responsiveness. (नवाचार, याहुक सुविधा कम)
- 1991: Balance of Payment crisis (BoP: भूगाप संतुलन, More in Pill#3) finally forced Govt. to set up a committee for Banking Sector Reforms under The former RBI Governor M.Narasimham. He suggested:
  - o Government should ↓ its shareholding in Public Sector Banks. (सरकार अपनी शेयर हिस्सेदारी कम करें)
  - o RBI should ↓ CRR and SLR (सीआरआर, एसएलआर में कटौती करें)
  - o Govt should not dictate interest rates to Banks. Liberalize the branch expansion policy (बैंकों को लोनदर, आज्ञा वित्तीय राय करने में सरकार दबाव न दें।)
  - o Allow entry of New Private Banks and New Foreign Banks. (अनुमति दें)

Table 6: Three rounds of bank licensing in India

Round-1 (1993-95)	Round-2 (2001-04)	Round 3 (2013-16)
1) ICICI	1) Kotak Mahindra	Rajan invited applications, Bimal Jalan Committee made selections
2) HDFC	2) Yes Bank (Founder Rana Kapoor). Related Topic: Yes bank scam/Crisis	1. Bandhan (A Microfinance company based in W.Bengal) 2. IDFC (An infra finance NBFC based in Maharashtra). Later on, another NBFC "Capital First" merged so renamed into IDFC-First
3) IndusInd		
4) DCB		
5) UTI-> later Axis bank		
6) IDBI->now owned by LIC		
7) Global Trust Bank-> Merged with Oriental Bank		
#8-9-10: Bank of Punjab, Centurian Bank, Times Bank were merged into HDFC		

Above banks are also known as *new-generation private banks* in India. (नयी पीढ़ी के)



# Pillar1B1: Classification of Banks → Commercial Banks (SCB)

Audio/Video  
Problem?



CTRL

R

Edu Doubt?  
Ask through



Why Nationalization?



Merger / privatization of  
Public Sector Banks, BIC



Entry Of Private Banks



Allowing Adani Ambani Tata  
To Open Private Banks?

Handout uploaded



Households



RBI  
Shaktikanta Das  
Banks

Commercial

1. Public
2. Private
3. Foreign
4. Differential  
RRB, LAB  
SFB, PB

Coop.

Urban  
State  
Central  
PACS



Formal Financial  
Intermediaries



Non-Banks

1. EXIM
2. NABARD
3. NHB
4. SIDBI

2. Primary Dealers

3. NBFCs   
भारतीय जीवन बीमा नियम  
LIFE INSURANCE CORPORATION OF INDIA



Nationalization= Sarkari Banks PSB= new set of problems



राष्ट्रीयकरण के चलते नए किस्म की समस्याएं खड़ी होती है



Plus financial  
scams due to  
minister-bizmen  
nexus.



काम कम और हड़ताल ज्यादा.

# Govt's M.Narsimham Committee for Banking reforms (1991, 1997)

## बैंकिंग क्षेत्र में सुधार के लिए



### Reduce Govt Ctrl

- ☒ shareholding in PSB
- Privatization: Axis, IDBI

सरकार की मालिक की कम करो ताकि निजी क्षेत्र के निवेशक → बोर्ड ऑफ डायरेक्टर में बैठे और कंपनी को सही से चलाएं



### Branch expansion: make it liberal

- RBI: 25% rural mandate.
- Beyond that, bank free to open branches anywhere

सारी ब्रांच अमेठी और रायबरेली में नहीं होने चाहिए



### Allow New private banks

- 1993, 2001
- 2013 (2) Bandhan, IDFC

निजी क्षेत्र के बैंकों को भारत में अनुमति दो



### Allow New foreign banks

- “on tap” i.e. whenever apply- allow
- But ‘reciprocal bases’.

अमेरिका वाले भारतीय बैंक को शाखा खोलने दे तो भारत ने भी अमेरिकी बैंक को शाखा खोलने देना चाहिए

Other Committees but not as 'Historic'

Dr.  
Raghuram  
Rajan  
(2007)

P J Nayak  
Committee  
(2014)

# (new) Private Banks: Three Rounds of License

1993-95 (6+4=10)

1. ICICI
2. UTI=>Axis (2007)
3. IDBI ('64 DFI)=> IDBI Bank=> 2018\* <50%
4. HDFC
5. Indus
6. DCB

अभी मुद्दा पुराना हो चुका है इसलिए हर छोटी चीज याद रखना जरूरी नहीं.

2001-04 (2)

- Kotak Mahindra
- Yes Bank



2013-16 (2)

- 1) **Bandhan Microfin (W.Bengal )**
- 2) **IDFC (Mumbai power-infra-NBFC)**

BMB was 'outside' rounds, got license directly 2013.

3<sup>rd</sup> round: Rajan invited application Bimal Jalan Committee shortlisted Then license under Banking Regulation Act, 1949 [Sec.22(1)]



# “On tap license” for private Commercial Banks

Till now:  
“Start & Stop”

- 3<sup>rd</sup> round: last date to apply was **July 1, 2013**...Bandhan, IDFC won license.
- If you want to open bank, you've to wait for ‘RBI Notification’

यानि की एक नियत तारीख पर अर्जी डालने का इंतजार करना पड़ता था.

## (new) Private Banks: Three Rounds of License

1993-95 (6+4=10)

- 1.ICICI
- 2.UTI=>Axis (2007)
- 3.IDBI ('64 DFI)=> IDBI Bank=> 2018\* <50%
- 4.HDFC
- 5.Indus
- 6.DCB

2001-04 (2)

- Kotak Mahindra
- Yes Bank

2013-16 (2)

- Bandhan
- Microfin (W.Bengal)
- IDFC (Mumbai power-infra-NBFC)

BMB was  
'outside'  
rounds, got  
license  
directly  
2013.



3<sup>rd</sup> round: Rajan invited application Bimal Jalan Committee shortlisted  
Then license under Banking Regulation Act, 1949 [Sec.22(1)]

# “On tap license” for private Commercial Banks

## Before 2016: “Start & Stop”

- Round3: last date to apply was July 1, 2013...Bandhan, IDFC won license.
- If you want to open bank, you've to wait for ‘RBI Notification’

## From 2016 onwards: “On tap”

- No “deadline for application”
- Just like driving license, come to RBI when you're ready
- No need to wait for notification unlike UPSC.
- Min. 500 cr capital required.

कभी भी मुंह उठा के अर्जी कर सकते हो.



i scored  
more than  
CDS cutoff



Training & character  
observation



Finally becomes a  
'commissioned officer'  
After "X" years of training



I got **500 cr**  
capital **which is**  
**higher than 5 lakh**



Yes but u can't be  
SCB from day1

Protecting  
depositors?  
**RBI to observe for**  
**"x" months/years**



Finally becomes a  
'scheduled bank'



# Pillar1B1: Classification of Banks → Commercial Banks (SCB)

Audio/Video  
Problem?



CTRL

R

Edu Doubt?  
Ask through



## Why Nationalization?



### Merger / privatization of Public Sector Banks



### Entry Of Private Banks



### Allowing Adani Ambani Tata To Open Private Banks?

Handout uploaded



Households



RBI

Formal Financial  
Intermediaries



Business Firms



Non-Banks

1. EXIM
2. NABARD
3. NHB
4. SIDBI



pop.  
Urban  
State  
Central  
PACS

1. Primary Dealers HSBC
2. NBFCs LIC



## Shifted to Mains

3. Foreign Standard Chartered
4. Differential RRB, LAB
- SFB, PB

# Pillar1B1: Classification of Banks → Commercial Banks (SCB)

Audio/Video  
Problem?



CTRL

R

Edu Doubt?  
Ask through



## Why Nationalization?



## Merger / privatization of Public Sector Banks



## Entry Of Private Banks



## Allowing Adani Ambani Tata To Open Private Banks?



Raftaar for Prelims



Households



Banks

Formal Financial  
Intermediaries



Business Firms



Non-Banks

- 1. EXIM
- 2. NABARD
- 3. NHB
- 4. SIDBI



Commercial

- 1. Public
- 2. Private

- 3. Foreign
- 4. Differential

- RRB, LAB
- SFB, PB

Coop.

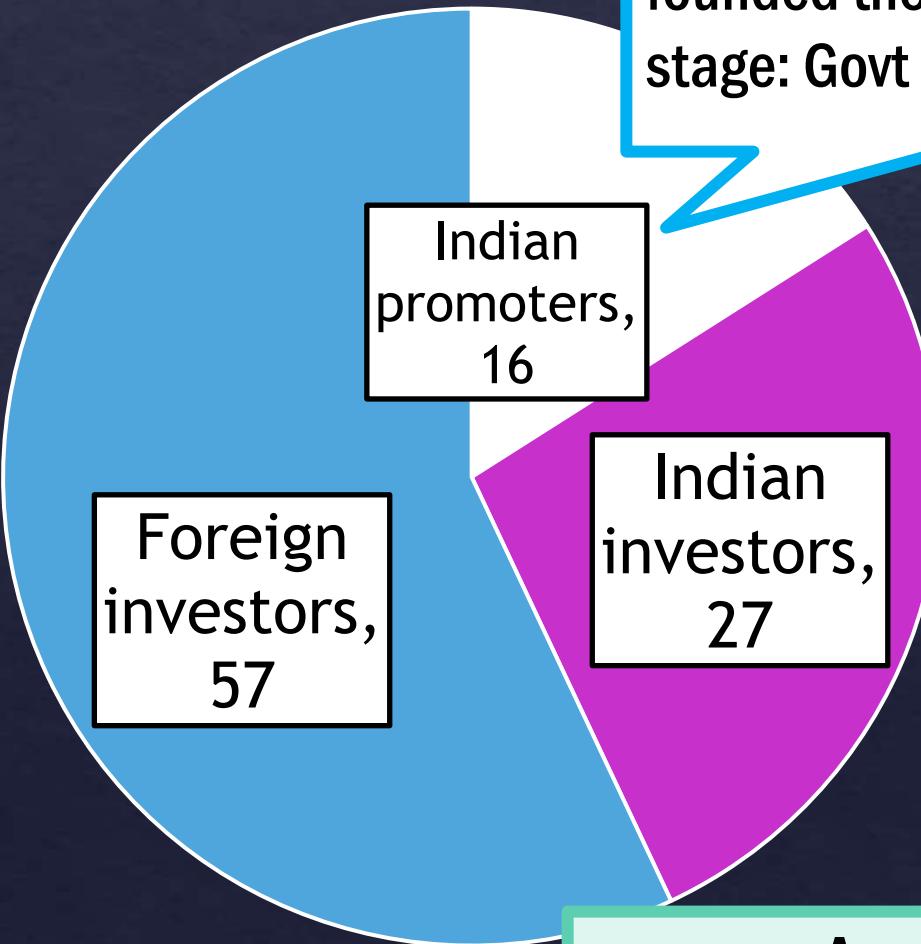
Urban  
State  
Central

PACS

Next time  
Foreign banks

# What is an Indian bank? Ans= originally founded in India

भारतीय बैंक मतलब जिसका जन्म/स्थापना पंजीकरण भारत में हुआ



1) Promoter = those who founded the company in initial stage: Govt (UTI), LIC etc.



As of 2020

# What is an Indian bank? Ans= originally founded in India

भारतीय बैंक मतलब जिसका जन्म/स्थापना पंजीकरण भारत में हुआ

2) Yes, Foreigner can buy Indian banks' shares:

क्या विदेशी लोग भारतीय बैंक के शेयर खरीद सकते हैं?

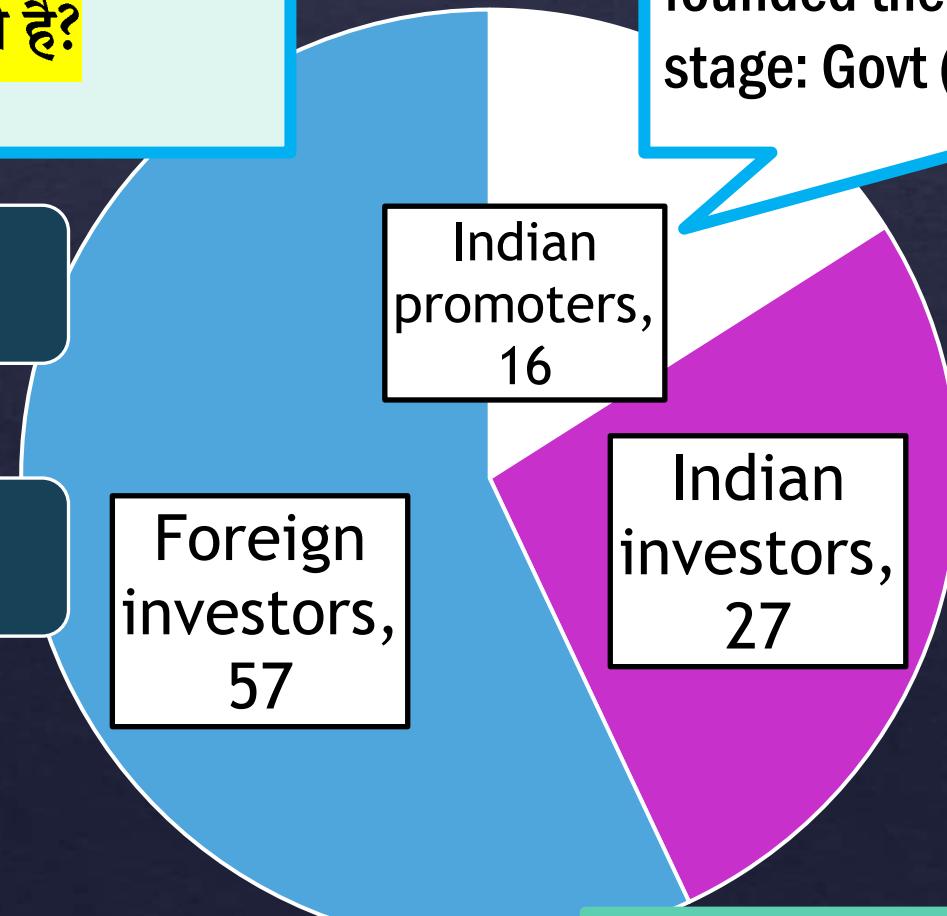
1) Promoter = those who founded the company in initial stage: Govt (UTI), LIC etc.

## Public Sector Banks

- Foreigners can upto 20% shareholding

## Private Sector Bank

- upto 49% (automatic=without Government permission),
- upto 74% with Govt approval.
- (More in  Pillar#3A: FDI)



As of 2020

# Understand the difference- भारतीय बैंक और विदेशी बैंक के भेद को समझिए



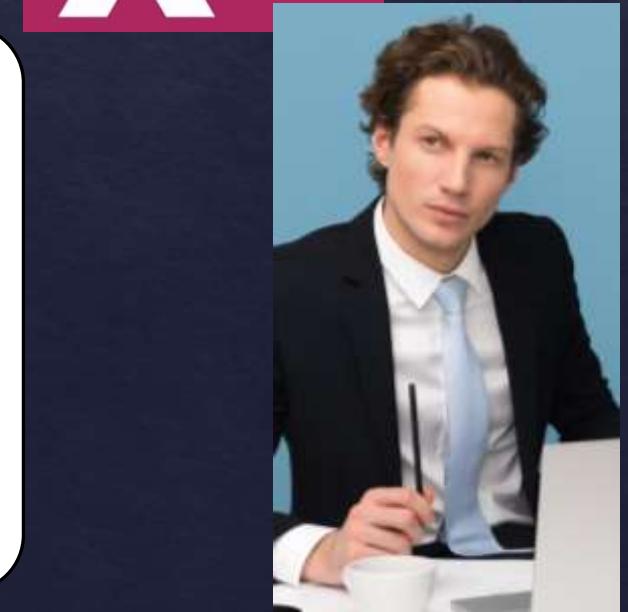
## Indian bank (public or private)

- Bank originally founded by registering in India's Companies Act.
- उसका जन्म/पंजीकरण भारत में हुआ था. बाद में विदेशी लोग धीरे-धीरे करके उसमें बहुमति शेयर होल्डर हो जाए तो भी इसे भारतीय बैंक ही माना जाएगा.



## Foreign Bank in India (Presently >40)

- They're Incorporated abroad (e.g registered under the Singapore' Companies Act, US-Texas State Companies Act)
- then opening branch / subsidiary Company in India
- e.g. Citibank, Bank of America, HSBC. उसका जन्म/पंजीकरण विदेश में हुआ था और भारत में उन्होंने शाखा खोली है



# COMMERCIAL BANKS ⇒ CAN THEY OPEN BRANCHES ANYWHERE?

क्या वह भारत के किसी भी जिले में शाखाएं खोल सकते हैं?



Purvanchal Bank  
Head Office - Gorakhpur

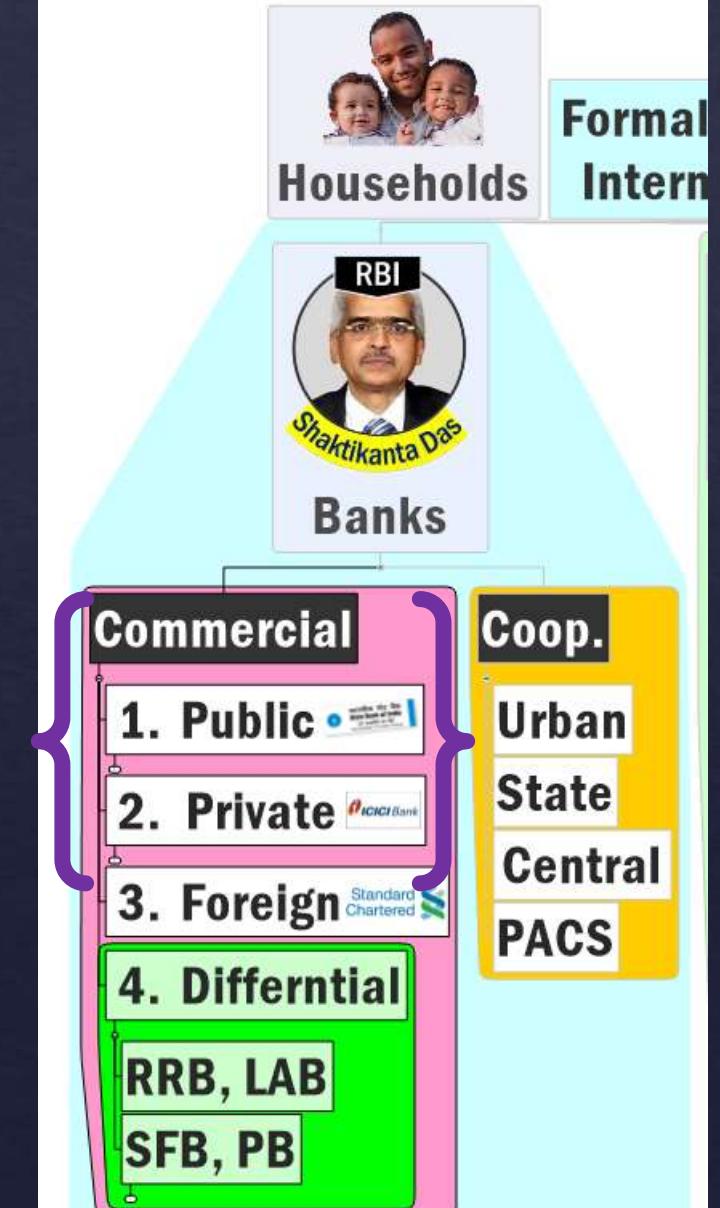
## Universal Bank

Anywhere: example SBI,  
ICICI [\*After opening  
25% of branches in  
unbanked rural areas]

## Differential Bank

Geographical Restrictions  
on branch opening for

1. Local Area Bank (LAB),
2. Regional Rural Banks (RRB)



# COMMERCIAL BANKS ⇒ CAN THEY OPEN BRANCHES ANYWHERE?

क्या वह किसी भी आदमी से किसी भी माला में डिपॉजिट ले सकते हैं?

हाँ हम ले सकते हैं



500 करोड़ लेकर आओ तो भी  
डिपॉजिट में लेंगे



## Universal Bank

Accept both Time &  
Demand Deposits of any  
amount.

नहीं एक आदमी

से 2 lakh से ज्यादा  
डिपॉजिट नहीं दे सकते



## Differential Bank

Payment Bank – Accept  
Max. 2 lakh balance per  
customer per year only.



Households

Formal  
Intern



Banks

## Commercial

1. Public

2. Private

3. Foreign

4. Differential

RRB, LAB

SFB, PB

## Coop.

Urban

State

Central

PACS

# COMMERCIAL BANKS ⇒ CAN THEY OPEN BRANCHES ANYWHERE?

## क्या आप किसी को भी लोन दे सकते हैं?

हां हम दे सकते हैं\* 



 नहीं हमें तो लोन

देने की ही मनाई है। डिपॉजिट का सारा पैसा G-sec  
या किसी बड़ी बैंक के अंदर रखना होगा



### Universal Bank

Loan Anyone  
[After 40% PSL]

### Differential Bank

- SFB, RRB: 75% to PSL
-  Payment Bank can't give loans;



Households

Formal  
Intern



Banks

### Commercial

1. Public 
2. Private 
3. Foreign 

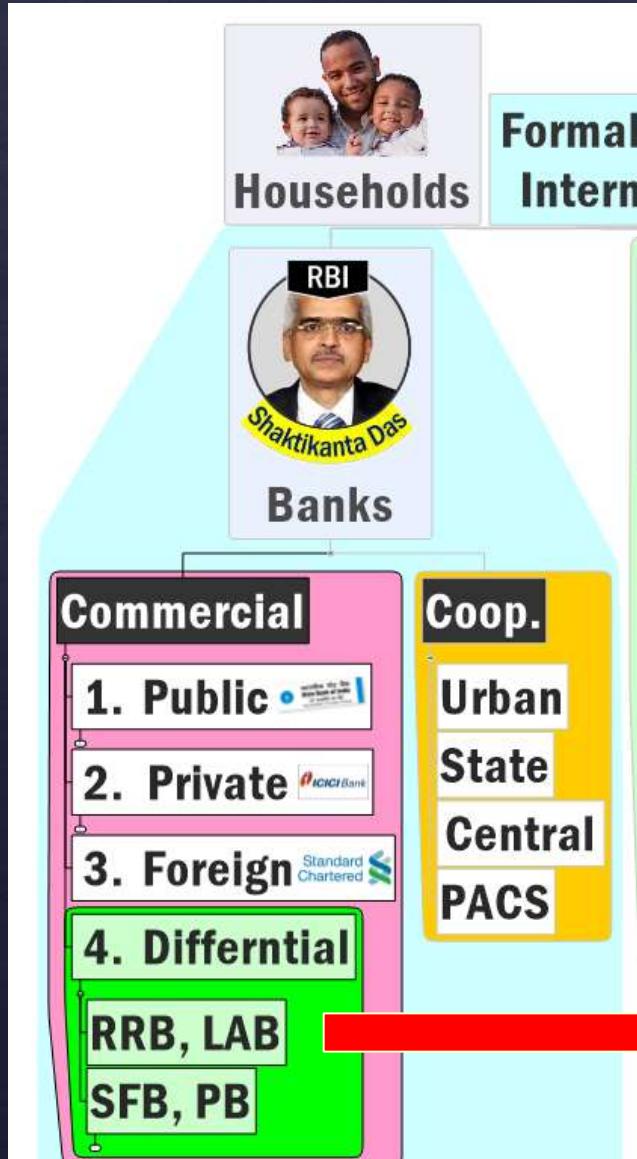
### 4. Differential

- RRB, LAB  
SFB, PB

### Coop.

Urban  
State  
Central  
PACS

# Commercial Banks → Differential Banks (Chronological order)



Restricted: सीमाएं/बंधन/मर्यादा

1. Geographical expansion,
2. deposits
3. lending ops.



Wholesale Bank  
(Proposed)



Small Finance Banks  
Payment Banks [2015]



CLAB [1996]



RB [1976] क्षेत्रीय ग्रामीण बैंक

# M.Narsimham was chairman of

1970s

- Committee on **Financial inclusion** (वित्तीय समावेशन)
- → Regional Rural Banks (RRB)

1991

- Committee on **Banking Sector Reforms-i** (बैंकिंग सुधार)
- → entry of private and foreign banks

1997-98

- Committee on **Banking Sector Reforms-ii**
- → payment and settlement system Act
- → Sarfaesi Act for loan recovery

Died in  
2021





Regulator RBI +NABARD

Purvanchal Bank  
Head Office - Gorakhpur

Type

Universal Commercial

RRB

Banking Reg. Act

Yes

Yes + RRB Act ' 76

CRR, SLR

Yes

Yes\*\*

PSL

Yes (40%)

(75%) & lending rate not  
more than avg. coop banks  
loan rates in area

RRB, उस इलाके के सहकारी बैंकों से ज्यादा मैं के व्याज पर  
लोन नहीं दे सकते

# 1976: RRB Act on Narsimham Committee on Fin Inclusion



Regulator RBI +NABARD

Purvanchal Bank  
Head Office – Gorakhpur

Type

Commercial

RRB

Presence

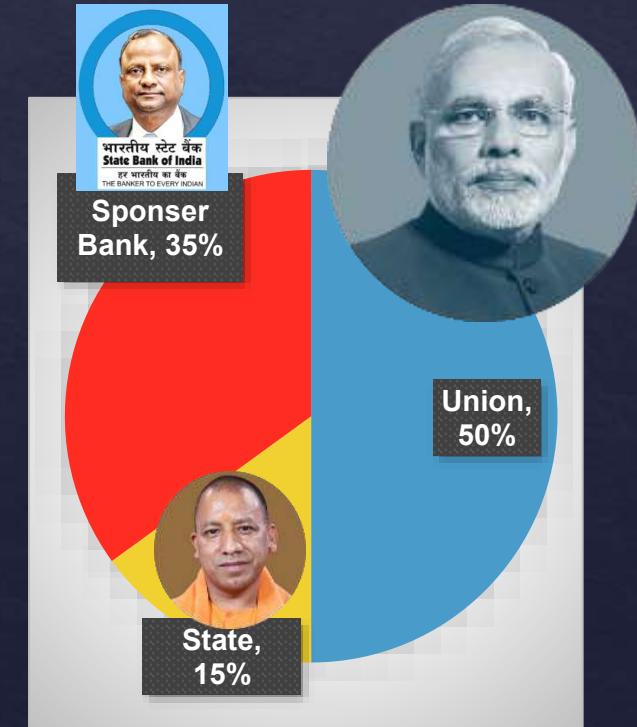
All India, Abroad

Few Districts

Vote power

Shareholding

Pie chart → →





## Challenges faced by RRBs 😟

Payment Gateway

- 1) villagers deposit ₹ in commercial banks for better interest rate & ATM facilities
- 2) RRBs more dependent on NABARD and sponsor bank loans for running their operations. As their own deposit growth is low.
- 3) villagers take loans from RRB as they're cheaper. But many villagers don't return the loans promptly.

# RRB problems → deposit growth very low 😠 😠

Purvanchal Bank  
Head Office - Gorakhpur

- क्योंकि गांव वाले डिपॉजिट में तो ज्यादा पैसा दे नहीं रहे
- तो **RRB** बैंक को ढंग से चलानी है
- तो बाजार में **shares** जारी करके ऐसा उठाना होगा



(Paid up)  
Share  
Capital



Bonds



Deposits

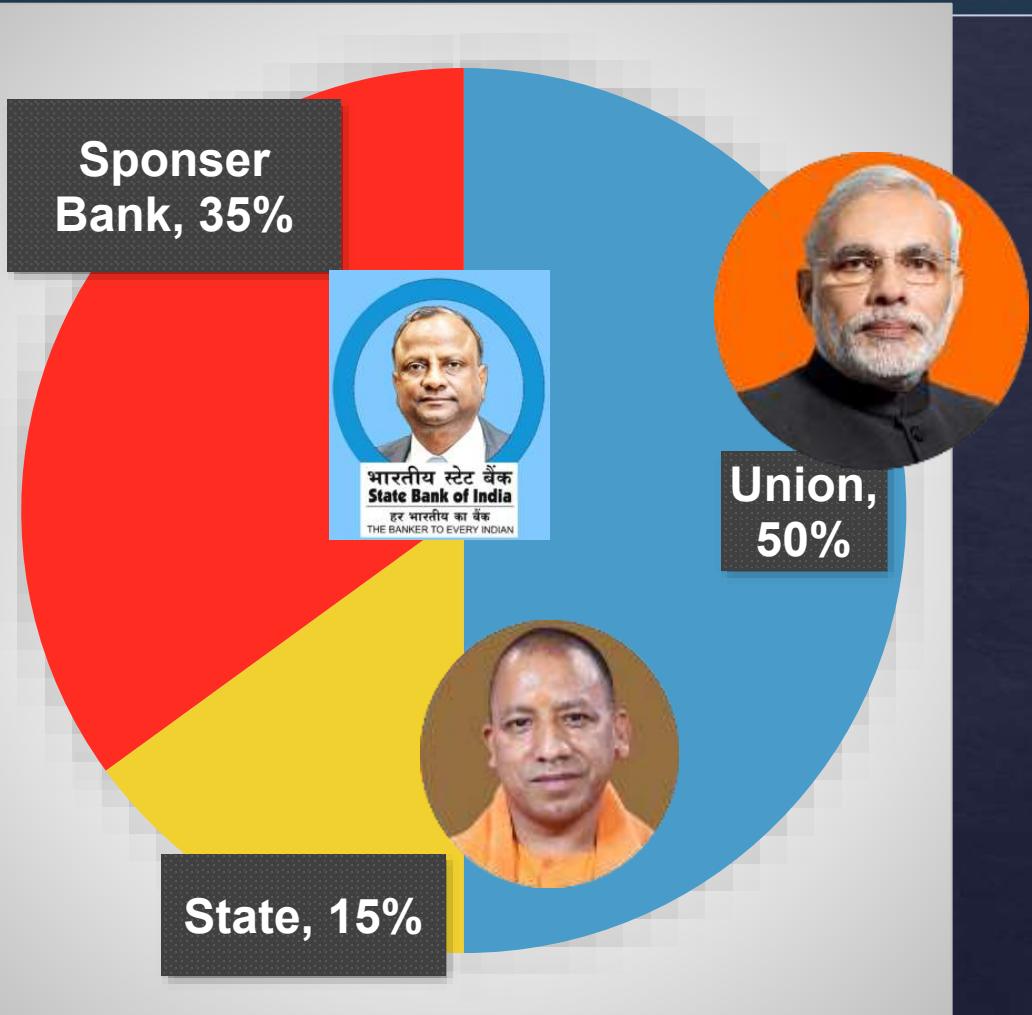


NET Profit



Assets  
(CRR, SLR,  
Loans)

# RRB Act '76 → amendment act 2015



Purvanchal Bank  
Head Office - Gorakhpur

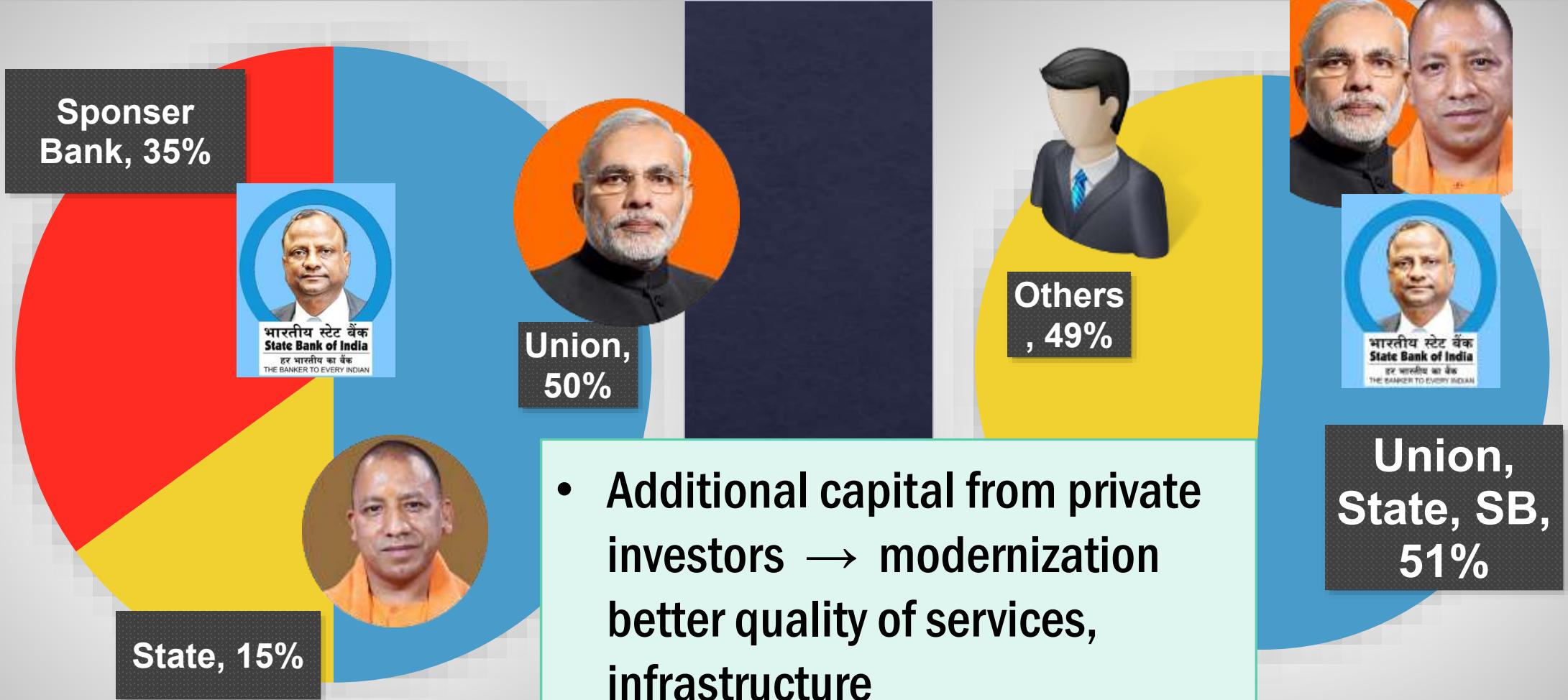
**How can I invest?**

लेकिन पुराने कानून में तो शेयर होल्डिंग  
इस तरह से बनाई है

कोई निजी निवेशक पैसा डाल भी कैसे सकता है? 😠

# RRB Act '76 → amendment act 2015

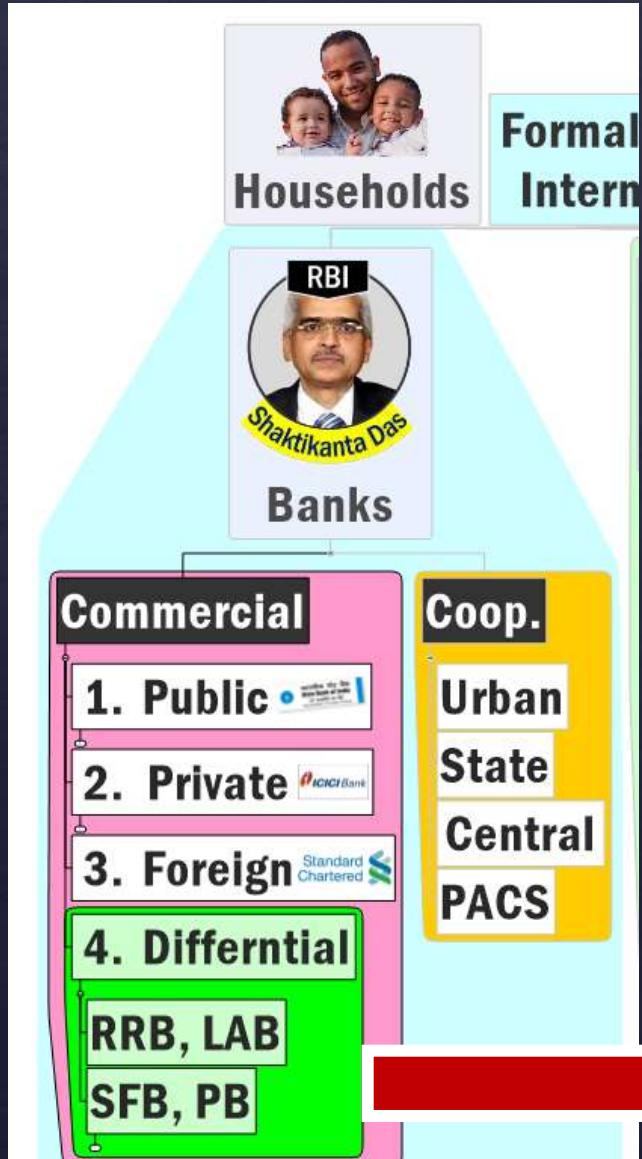
निजी निवेशकों की शेर भागीदारी को प्रोत्साहन देने के लिए कानून में कुछ सुधार



- Additional capital from private investors → modernization better quality of services, infrastructure
- Encourages mergers among RRBs

Union,  
State, SB,  
51%

# Commercial Banks → Differential Banks (Chronological order)



LAB is a faded obscure topic.

Don't lose sleep over it. फालतू किस्म का छोटा सा टॉपिक है बहुत नींद करने की जरूरत नहीं है  
⌚ #⌚ थोड़ा-पढ़ो-आगे-बढ़ो



Wholesale Bank (Proposed)



Small Finance Banks  
Payment Banks [2015]

Capital Local  
Area Bank

LAB [1996]



RRB

RRB [1976]



- Only rural and semi-urban areas
- Max. 3 geographically contiguous districts. **जिनकी भौगोलिक सीमा एक दूसरे से जुड़ी हुई हो ऐसे महत्तम 3 जिलों में ही शाखाएं खोल सकते हैं**
- only 1 urban centre/per District

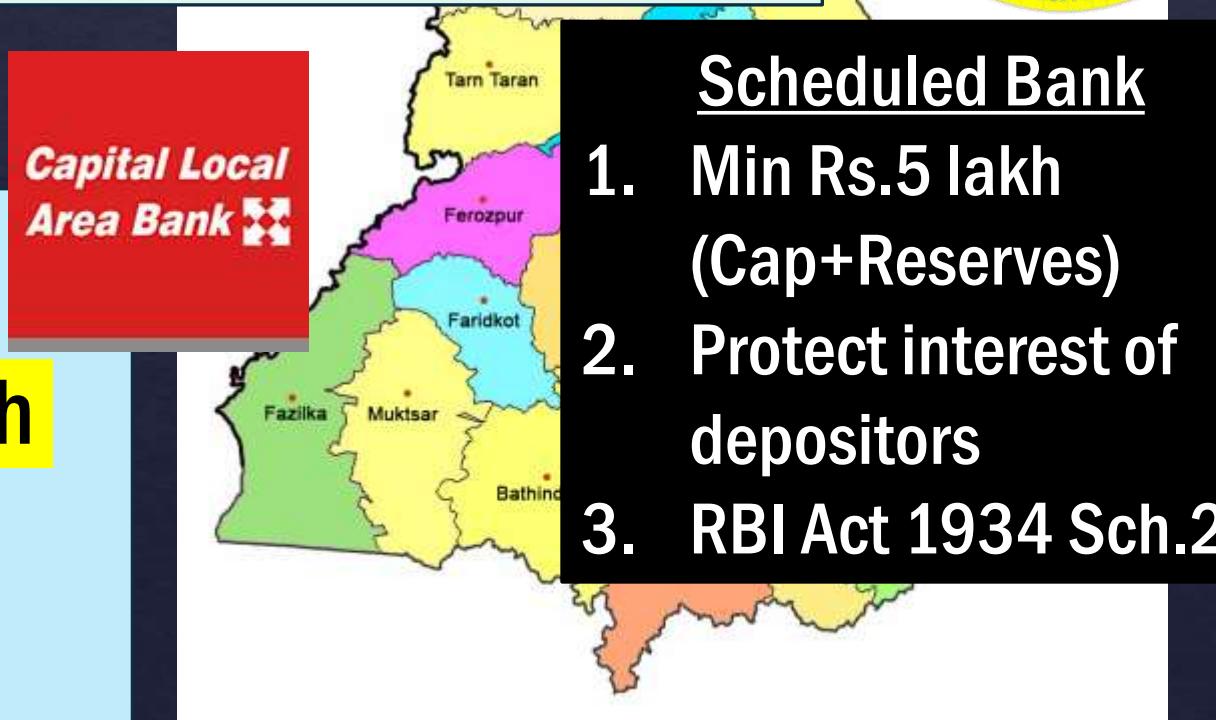
यह लोग अनुसूचित बैंकों की सूची में नहीं आते हैं



## Budget 1996

- Only rural and semi-urban areas
- Max. 3 districts sharing border with each other.
- only 1 urban centre/District

- Licensed under Banking Regulation Act 1949. [SLR]
- ✋ But not in 2nd Schedule of RBI Act 1934 = non-scheduled commercial bank.
- have to give 40% PSL, as per RBI order



### Scheduled Bank

1. Min Rs.5 lakh (Cap+Reserves)
2. Protect interest of depositors
3. RBI Act 1934 Sch.2

# Originally 10 → 4 → 3 after “EXIT” of Capital LAB

पहले ऐसे चार बैंक थे अब तो सिर्फ तीन ही बचे हैं

4  
LAB

Coastal Bank  
Andhra Pradesh  
(first '99)

Subhadra Local  
Area Bank,  
Kolhapur

Krishna Bhima  
Samruddhi (Andhra  
& Karnataka)

Capital Local Area  
Bank: Punjab  
(Largest)

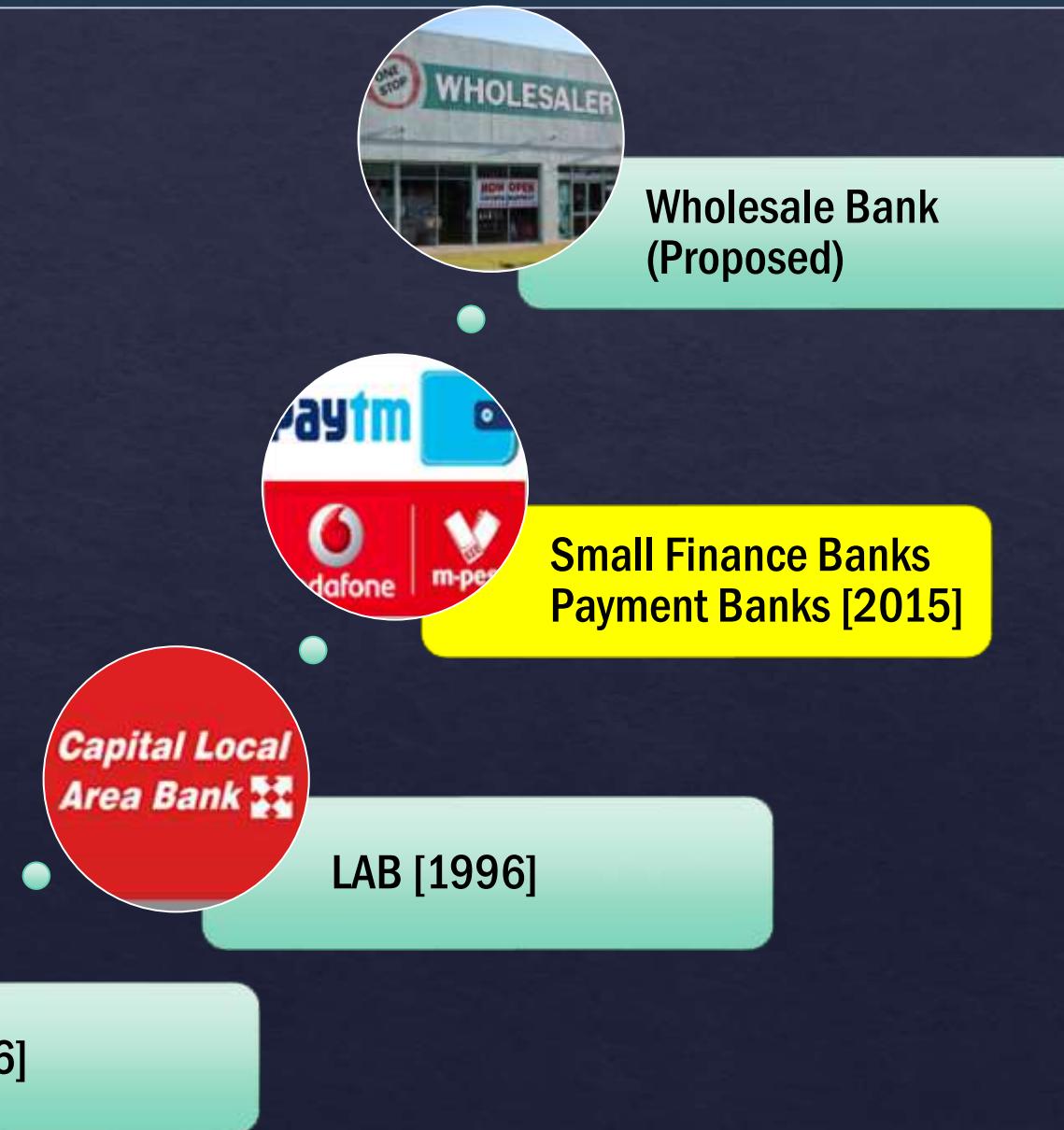
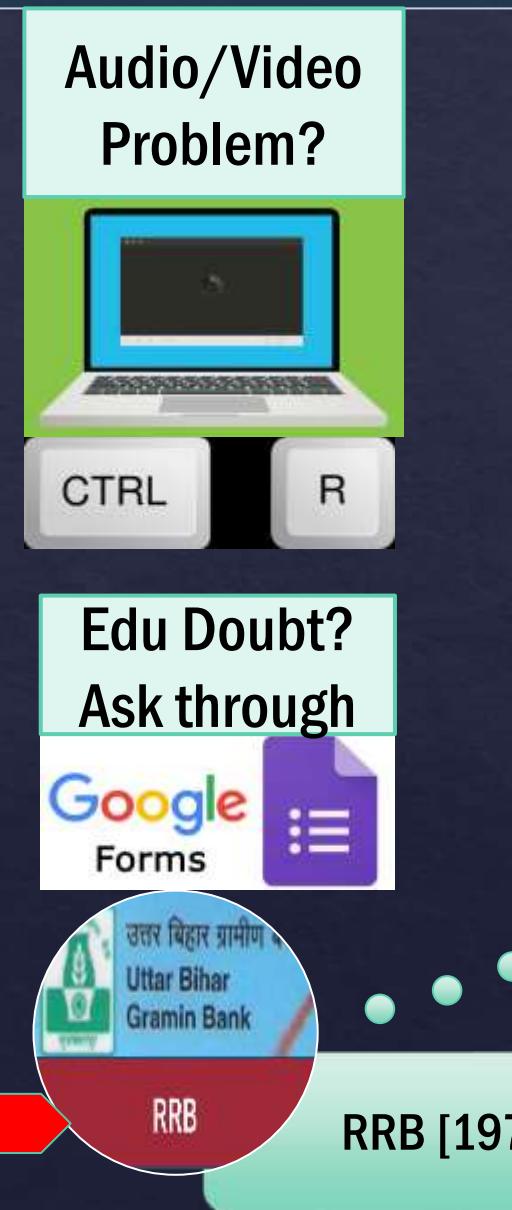
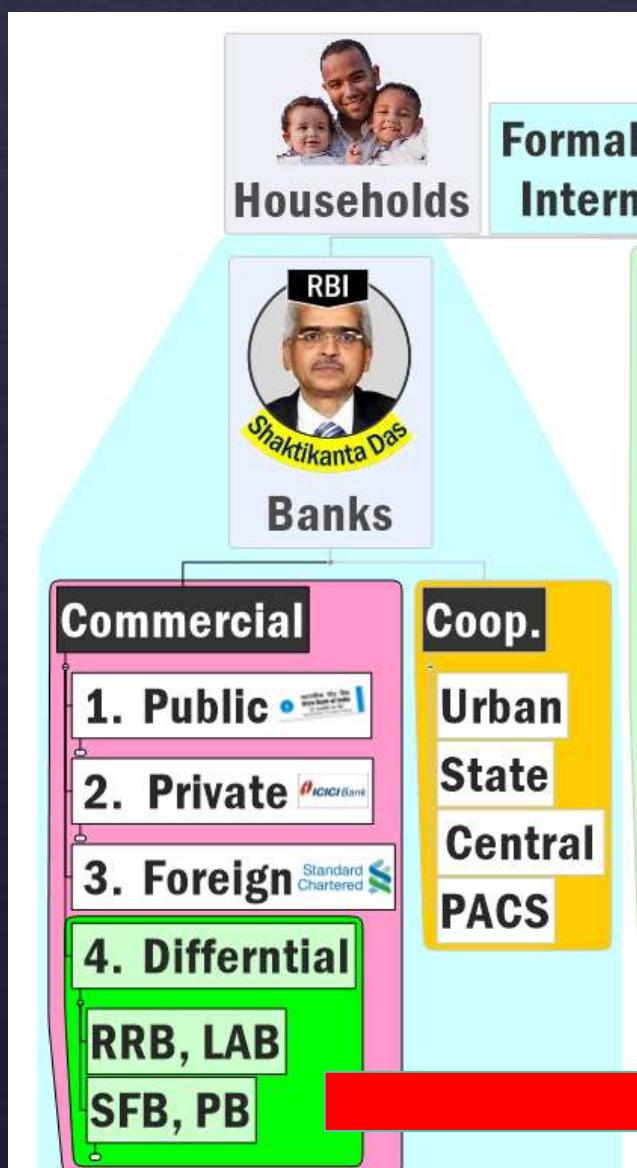


LAB is a faded obscure topic.  
Don't lose sleep over it. फालतू किस्म का  
छोटा सा टॉपिक है बहुत नींद करने की जरूरत  
नहीं है ⏳ #⌚ थोड़ा-पढ़ो-आगे-बढ़ो



Converted to Small Finance Bank (SFB: 2016)  
यह तो लघु वित्त बैंक बन गया

# Commercial Banks → Differential Banks (Chronological order)



## Small finance banks

- 40% strictly categorywise as SCB-PSL
- ++ addl. 35% to any PSL category as per their wish.
- =**Total 75% PSL**
- 50% of loan account should be upto 25 Lakhs' loans

So that only few people don't corner all the loans. छोटी छोटी माला में ज्यादा लोगों को लोन मिल सके ऐसा उद्देश्य.



हाँ यह लोन दे सकते हैं लेकिन ज्यादातर छोटी छोटी माला में प्राथमिक क्षेत्र में



👉 इनको तो कर्ज देने की ही मनाई है! 😢

## Payment Banks

- Can't loan, So no PSL
- Can't issue credit card
- **What to do with deposits?**
- Ans. →
- Invest it into (Gsec,T-Bill),
- deposit in other SCB as per RBI norms

Ofcourse, this is not a very profitable enterprise so they're facing problems 😢 धंधे में खास मुनाफा नहीं है

## Does Paytm Payments Bank offer Loans /Credits?

As per the Licensing guidelines for Payments Bank, Paytm Payments Bank Limited cannot offer loans / credits.

**Borrower**

May act as 'Agent' /Dalaal to connect the parties.

Gives loans, Credit Card

**Commercial bank**

# Different Norms: Deposits ग्राहक से डिपाजिट में कितना पैसा ले सकते हैं



Small finance banks

- No such limits



Payment Banks

- No NRI deposits
- Time deposits? NO
- Demand Deposit? Yes
- Max. balance Rs.2 lakh per year per customer
- YES to ATM/DEBIT
- NO to CREDIT CARD.

Paytm Payment bank offering 'FD' but its simply working as 'agent' of IndusInd Bank.

# Different Norms: Future growth & evolution

## Small finance banks



SFB

Universal  
Bank like  
SBI / Axis

- Can evolve into Universal commercial Bank (UCB) after 5 years, on RBI discretion.
- 2019-Jun: '**Op-tap**' license for new players wanting to open SFB. मन चाहे तब मुंह उठा के लाइसेंस लेने आ जाना

## Payment Banks



Payment  
Bank

SFB

??Universal  
Bank like  
SBI / Axis

- **Can convert to SFB?** Yes after 5 years of operation
- **Can convert to UCB?** Not explicitly mentioned.
- **On-tap** for new players to setup Payment Bank? RBI not yet approved.

# When a banking company is started for the first time..

आप एक कंपनी बनाएंगे → बाजार में शेयर जारी कर कर पूजी हासिल करेंगे → bank license

Commercial Bank = Min “X” cr  
SFB = Min “Y” cr

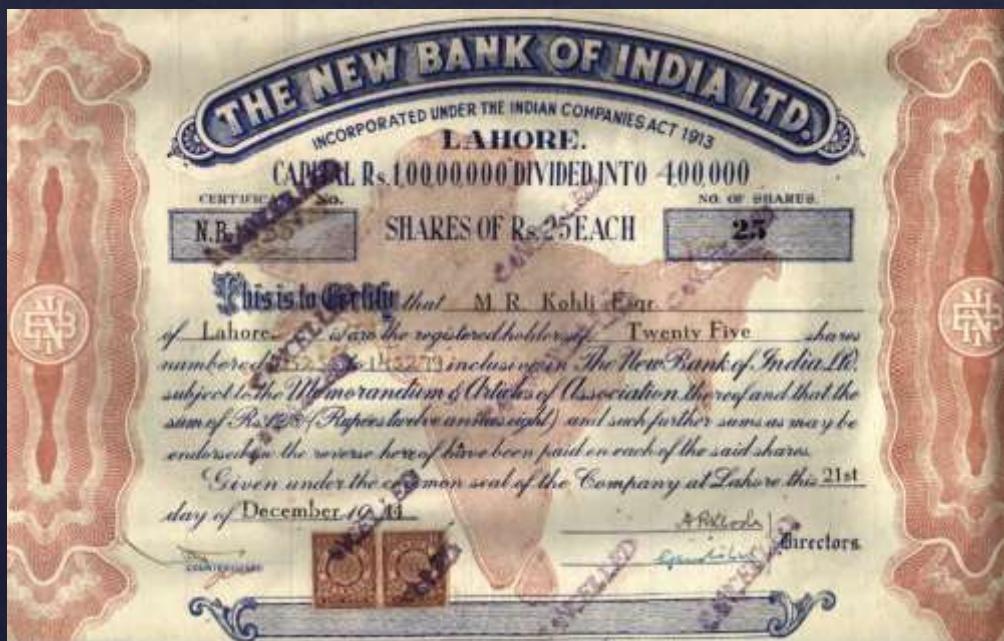
Register a Company under Companies Act.

issue shares to arrange money (Capital) from investors

Get license from RBI to start a bank

Then use capital to open offices, hire staff →

start collecting deposits/savings



# On-Tap License: Faaltu mein don't raise blood –pressure about it

पता नहीं क्यों इतने भावुक होके इस टोपिकमें phd करने बेठ जाते हैं

Usual FAQ in google form

1. Why conditions are like this?
2. Compare-Contrast eligibility conditions of Commercial Banks vs Small Finance Banks पर  
PHD



## SFB On Tap License conditions

ns to start SFB license ‘On Tap’:

imum “X” years experience payments banks may apply convert into SFB but capital into SFB, after 5 years of

 Basic idea is required  
PHD is not required

हर शब्द याद करना नहीं है। सामान्य  
समज काफी है।

- Examples of On-Tap SFB Applicants in 2020-21: VSoft Technologies, Kshetriya Gramin Financial Services, Centrum etc.
- RBI's Shyamala Gopinath committee examines/reviews/pass-rejects the applications.



# SFB: “On-Tap” License system: Centrum group got approval-2021

**RBI grants 'In-principle' nod to Centrum Financial Services to set up a Small Finance Bank**



The Reserve Bank of India

# Banks → Payment Bank → India Post Payment Bank (IPPB)

13.18.4

## India Post Payment Bank (IPPB)

- Registered as a Company under Companies Act, 100% owned by Department of Posts (Ministry of Communications & Information Technology.) → Obtained RBI's License under Banking Regulation Act to operate as a Payment Bank.
- Airtel Payments Bank was the first to launch operations in 2017- Jan. Later, IPPB launched pilot branches at Raipur (Chhattisgarh) and Ranchi (Jharkhand). Then IPPB launched full-fledged operations in 2018. In between, Bharti Airtel and Jio launched their Ops. *In short IPPB not the first to launch full fledged operations.*
- Has the largest customer reach with 1.55 lakh Post offices across India.
- ATM withdrawal charges (out fees applicable).
- ATM withdrawal charges (out fees applicable).
- Banks are separate (internal differences about ATM withdrawal limits etc. not important for UPSC).



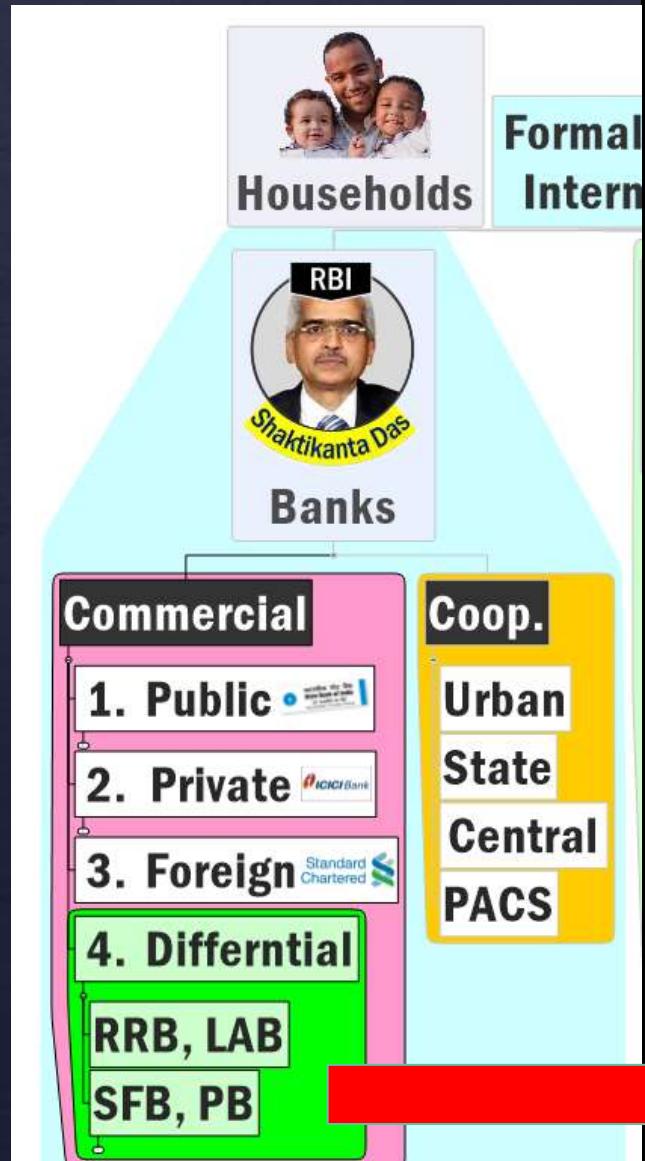
**20 min reading**



**40 min video**



# Commercial Banks → Differential Banks = completed



- Not yet made
- Not in news
- Removed from handout.



Wholesale Bank  
(Proposed)



Small Finance Banks  
Payment Banks [2015]



CLAB [1996]



RRB [1976]

# Budget-2022: → 75-Digital Banking Unit (DBU) to be setup by Banks

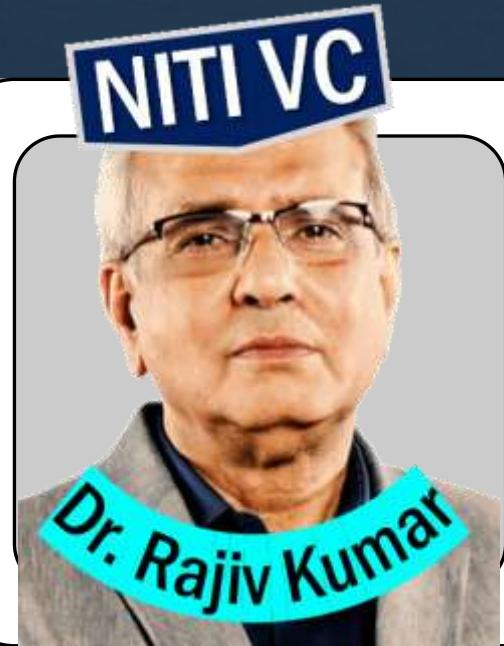


↑  
 Pen-Paper form nahi



↑  
 Digital Kiosks

# Digital payment: new organizations



## 'full-stack digital banks'- proposal by NITI

- be new type of banks under Banking Regulation Act, 1949
- ⇒ Digital Banks will not have physical branches.
- They will rely on internet for delivering banking services.



## NeoBanks

- Fancy term for Financial technology (FinTech) related startups & Non-Banking Financial
- Companies (NBFC) that are helping banking connectivity using digital channels

I'll not loose sleep over it.

Tell me great compare-contrast difference between

NITI's  
Digital  
Bank

NeoBanks

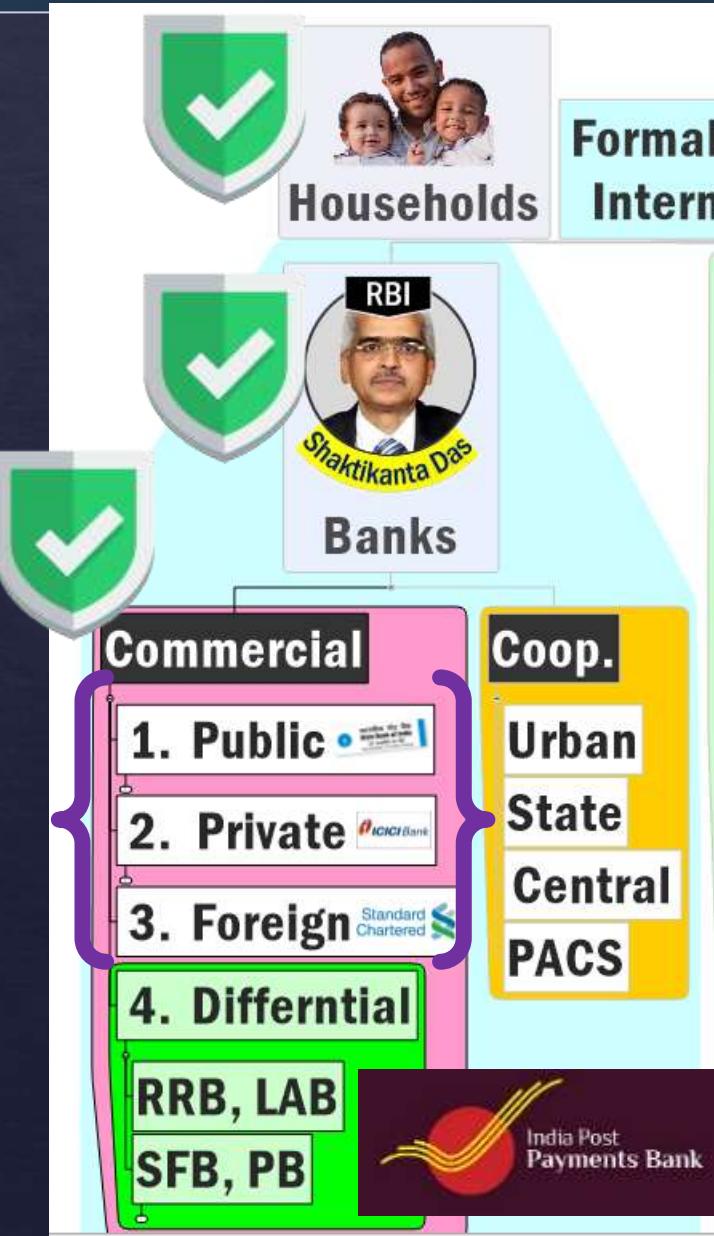
Digital  
Banking  
Unit

Just One-liners.

ज्यादा दिमाग खर्च करने से परीक्षा में कोई बड़ा प्रश्न आने की संभावना नहीं



FI → BANKS → COOPERATIVE BANKS (सहकारी बैंक)



## Meaning

Scams,  
Legal Reform

Classification

Audio/Video  
Problem?

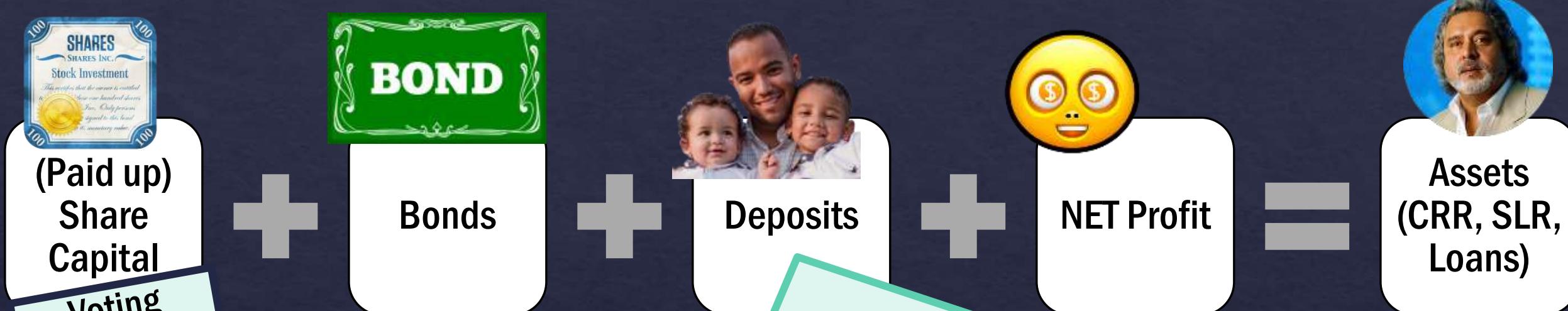


CTRL R

Edu Doubt?  
Ask through



# Recall Banking Equation



Others,  
6



2020

LIC, 49

Governm  
ent, 45

- EVEN If u deposit ₹500cr even then
- it'll not make you 'OWNER' of the bank.
- Because ownership depends on shareholding.

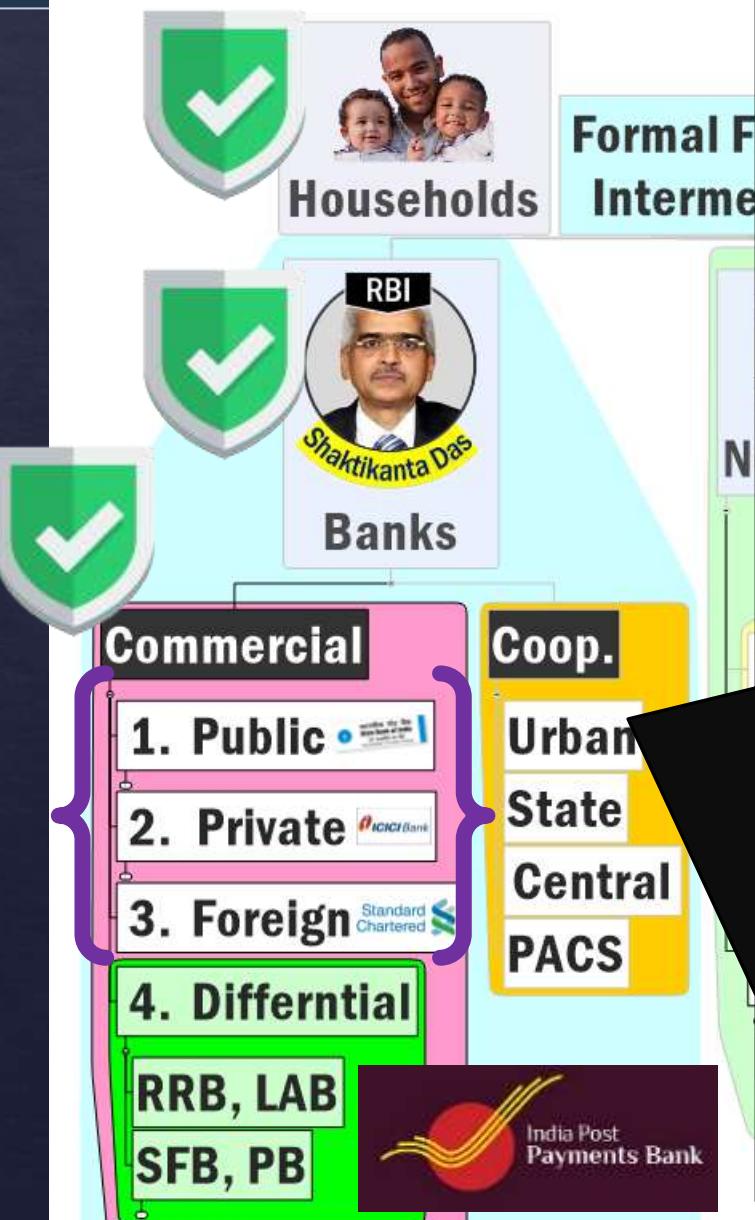
जिसके पास ज्यादा शेयर्स होंगे  
बैंक में उसका वोटिंग पावर ज्यादा होगा Pillar#1C

# FI → BANKS → COOPERATIVE BANKS (सहकारी बैंक)



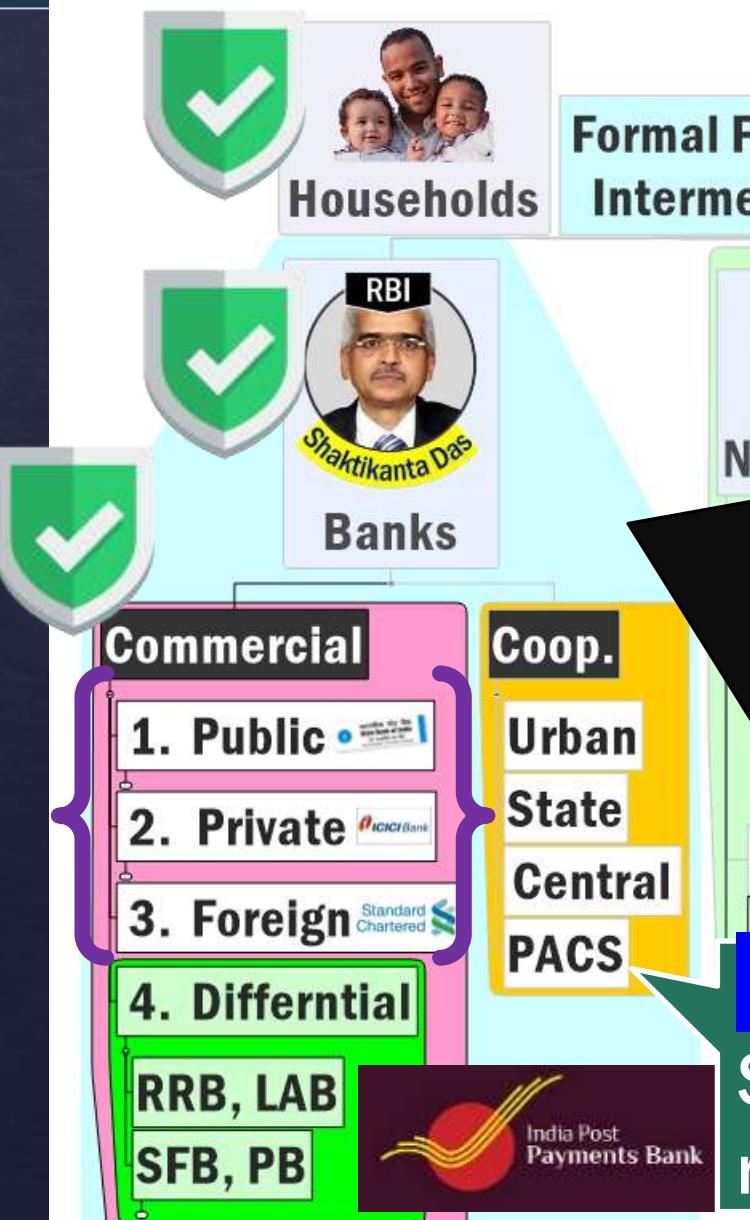
- Members' voting power based on Cooperative Society norms: **1 shareholder/member= 1 vote**, irrespective of whether ₹1 capital given or ₹100 contributed.
- **Community spirit** → Cheaper lending rates than Commercial Banks. वाणिज्य बैंकों से उनका लोन थोड़े सस्ते होते हैं
- Mainly in Guj, MH, Andhra, TN

# FI → BANKS → COOPERATIVE BANKS (सहकारी बैंक)



- Banking Regulation Act applicable
- Regulators: RBI, NABARD, Registrar of Cooperatives @Union & State <After some slide>.
- CRR-SLR, BASEL-III applies to these banks, but slabs may be different. (वाणिज्य बैंकों से नियम अलग)
- Only some of these banks eligible for Repo, MSF ops.
- PSL not required, except for Urban Cooperatives Banks (UCB)

# FI → BANKS → COOPERATIVE BANKS (सहकारी बैंक)

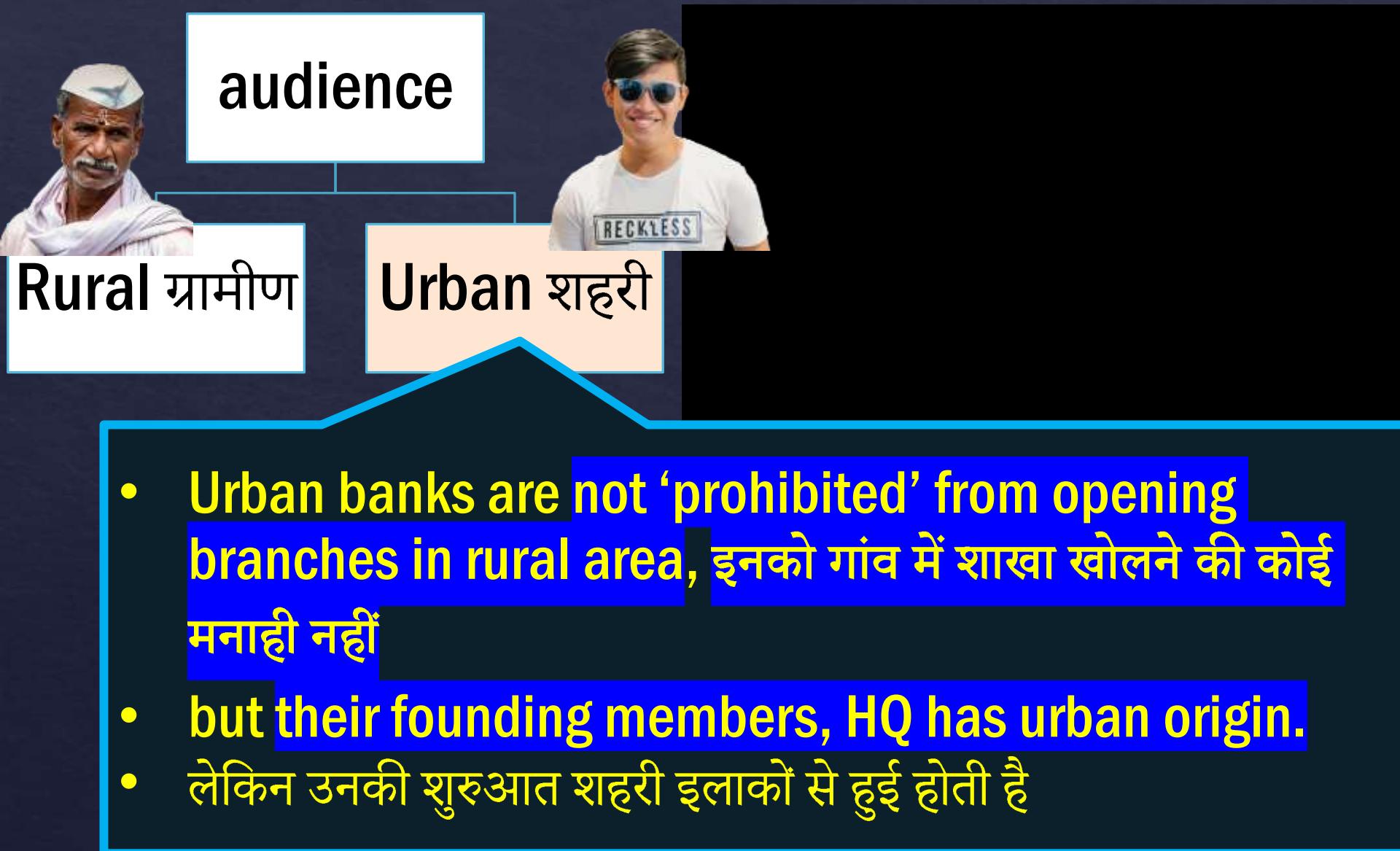


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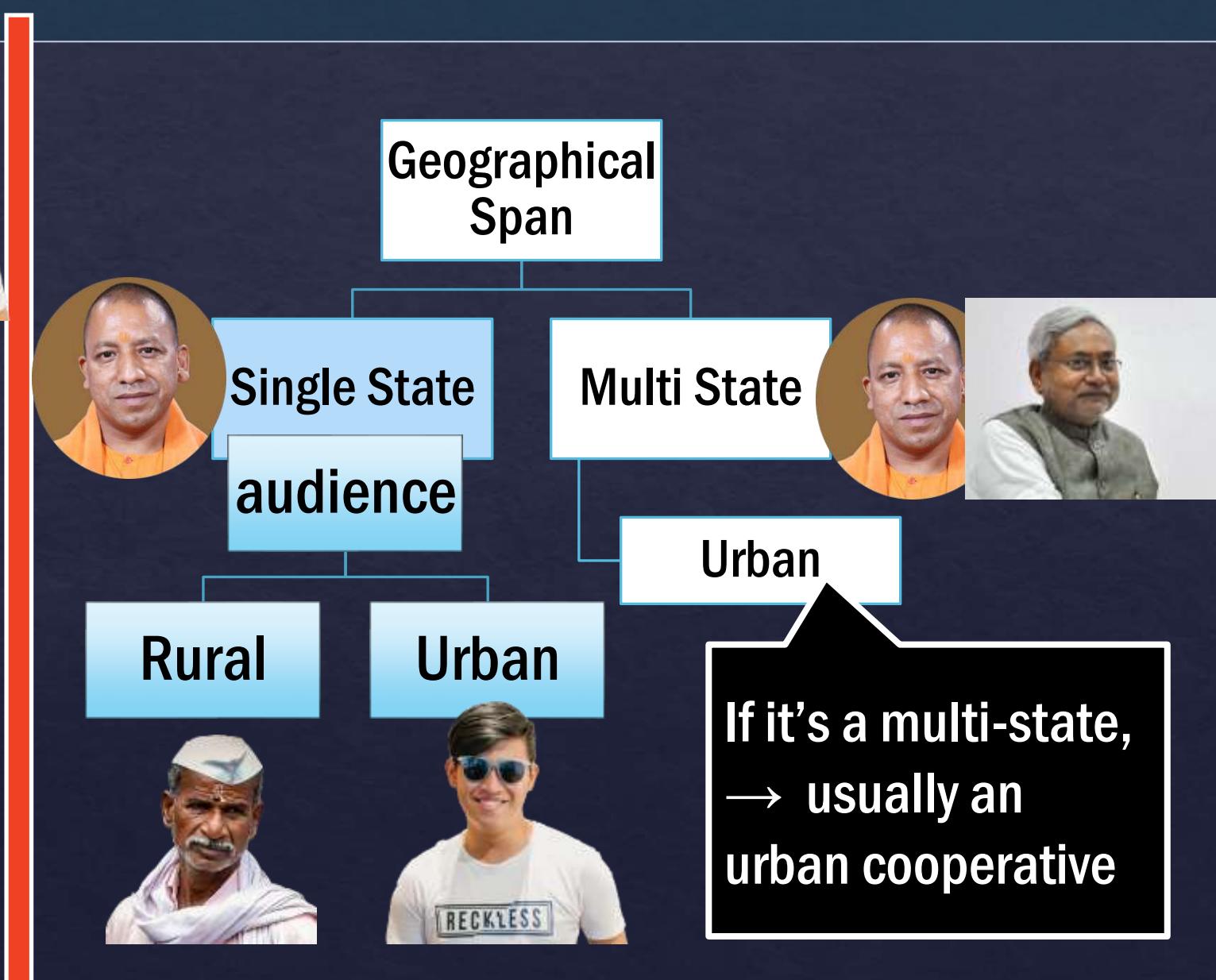
☞ Primary agri credit society =NOT bank.

So no CRR, SLR, BASEL. I've written here because RBI annual reports present classification like this.

# Types of cooperative banks: सहकारी बैंकों के प्रकार



# Types of cooperative banks: सहकारी बैंकों के प्रकार

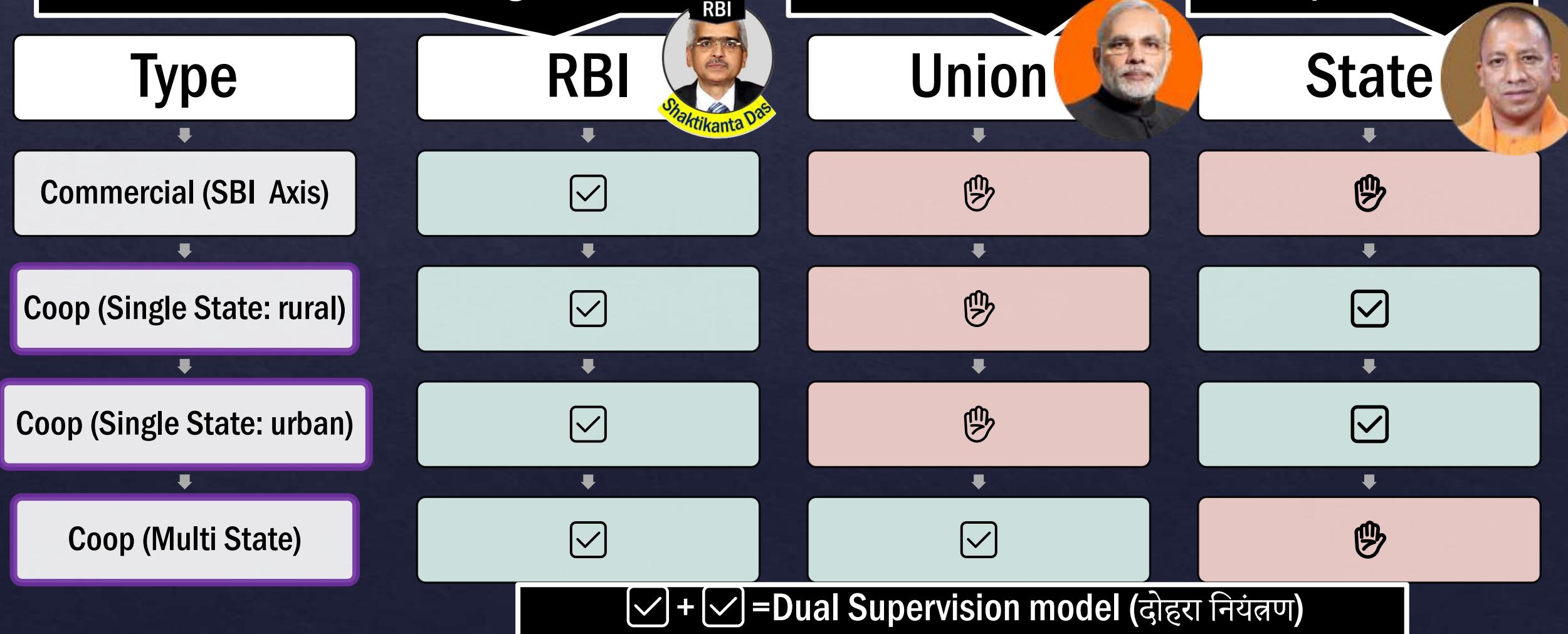


# Who WAS the regulator for cooperative banks? पहले नियंत्रण इस तरह से होता था

- If Coop Bank → RBI delegated day-to-day supervision to NABARD.
- But, RBI remains ultimate regulator

Agro Min → Registrar  
Multi-State Coop  
Societies

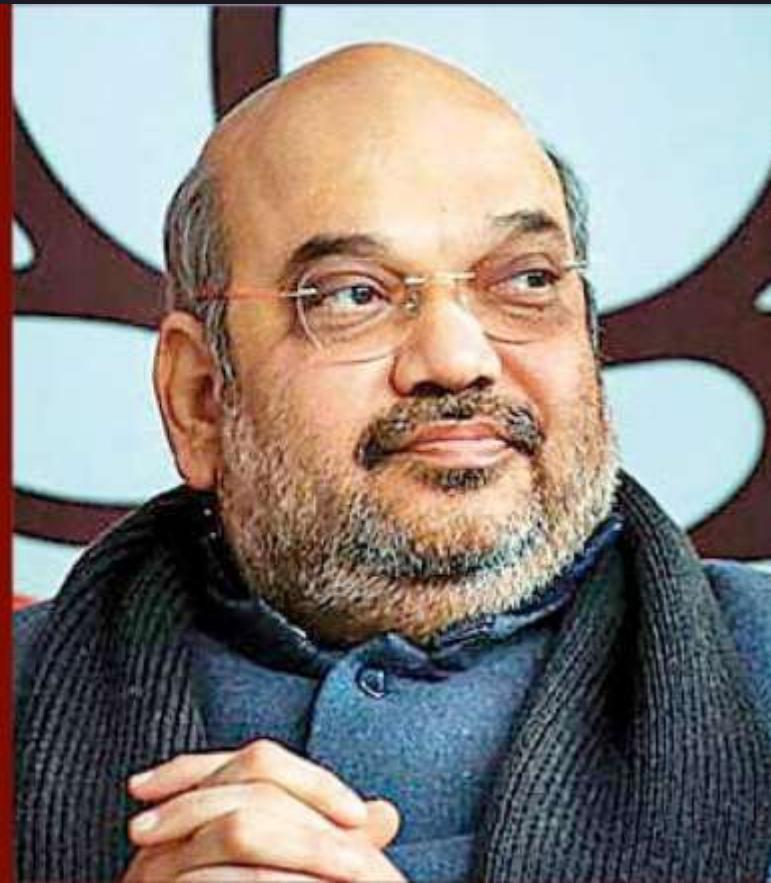
Given state Govt's  
Registrar for  
Coop Societies



# New Co-op Ministry might boost growth of multi-state co-op societies



**MINISTRY OF  
COOPERATION**  
**AMIT  
SHAH TAKES  
CHARGE**



We'll see more of  
this in  
Pillar 4A

# Cooperative banks = Dual Supervision model = problems

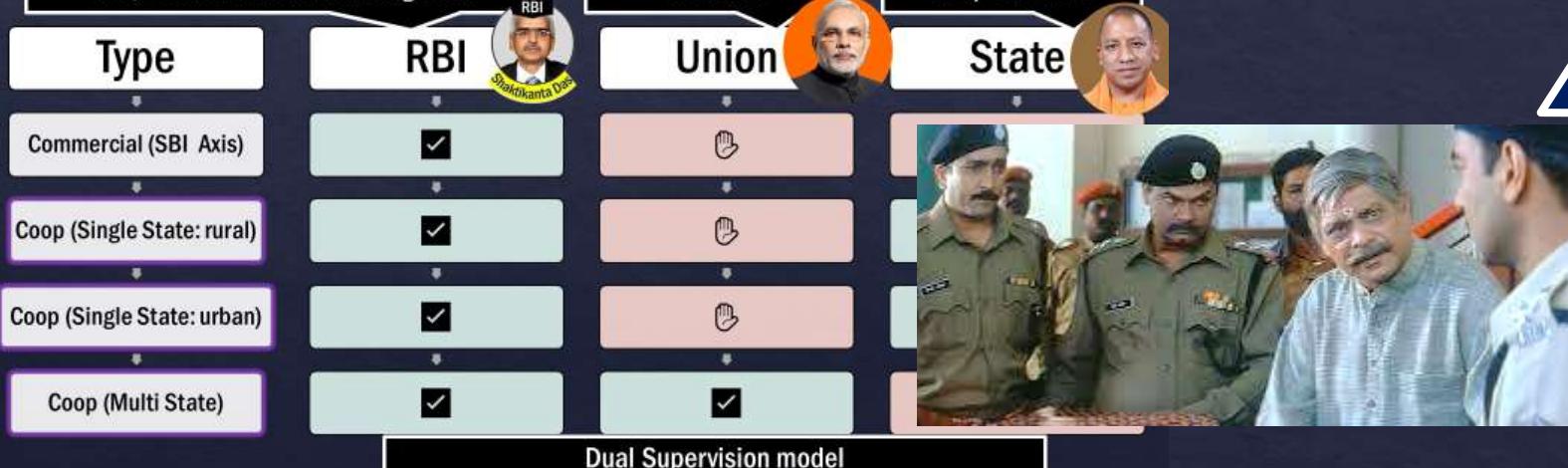
सरकारी बैंकों में दोहरे नियंत्रण के चलते काफी समस्याएं

Who WAS the regulator for cooperative banks?

If Coop Bank → RBI delegated day-to-day supervision to NABARD.  
But, RBI remains ultimate regulator

Agro Min → Registrar Multi-State Coop Societies

Given state Govt's Registrar for Coop Societies



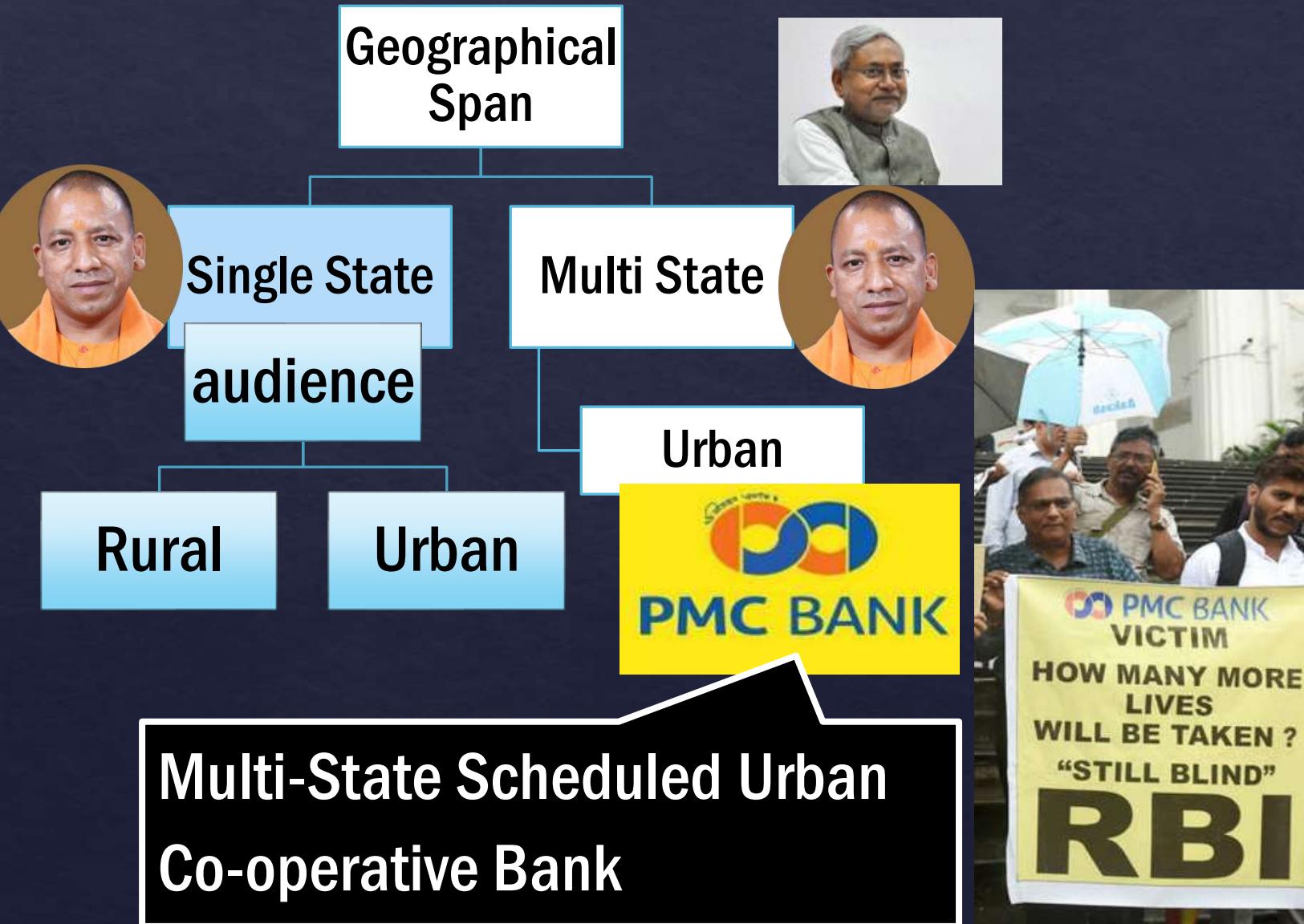
बेताज बादशाह हैं हम तेजपुर के  
हमने कांड भी किया तो रिजर्व बैंक हमारा  
कुछ उखाड़ नहीं सकती. क्योंकि दोहरे  
नियंत्रण के चलते गवर्नर ने केंद्र या राज्य  
सरकार के (भ्रष्ट) रजिस्ट्रार से भी  
फाइल में दस्तखत करवाने होंगे!!

RBI



- If a scam in cooperative bank
- 😠 RBI can impose limits on cash withdrawal / suspend its license etc
- But, to merge/shutdown- liquidate such bank → additional permission req. from Union/State's registrar. = delays, corruption

# 2019: Punjab and Maharashtra Cooperative (PMC) बैंक



# 2019: Punjab and Maharashtra Cooperative (PMC) बैंक



रिश्वत लेकर बदमाश कंपनियों को कर्जा दे,  
दिया जो पैसा वापस नहीं कर रहे 😢

Outgoing

CRR, SLR

Loans

Incoming

Deposits



Bank Run due to panic: 😥

- But losses so big, even **CRR-SLR** can't cover up.
- So, RBI imposed **withdrawal limits** on the depositors ₹1000 → 10,000 → 40,000\*\*\*\*

# June-2020: Banking Regulation (Amendment) Ordinance → Act, 2020



Multi-state & urban coop brought under sole regulation of RBI. Registrar of Union/State kept out.

# FI → BANKS → COOPERATIVE BANKS (सहकारी बैंक)



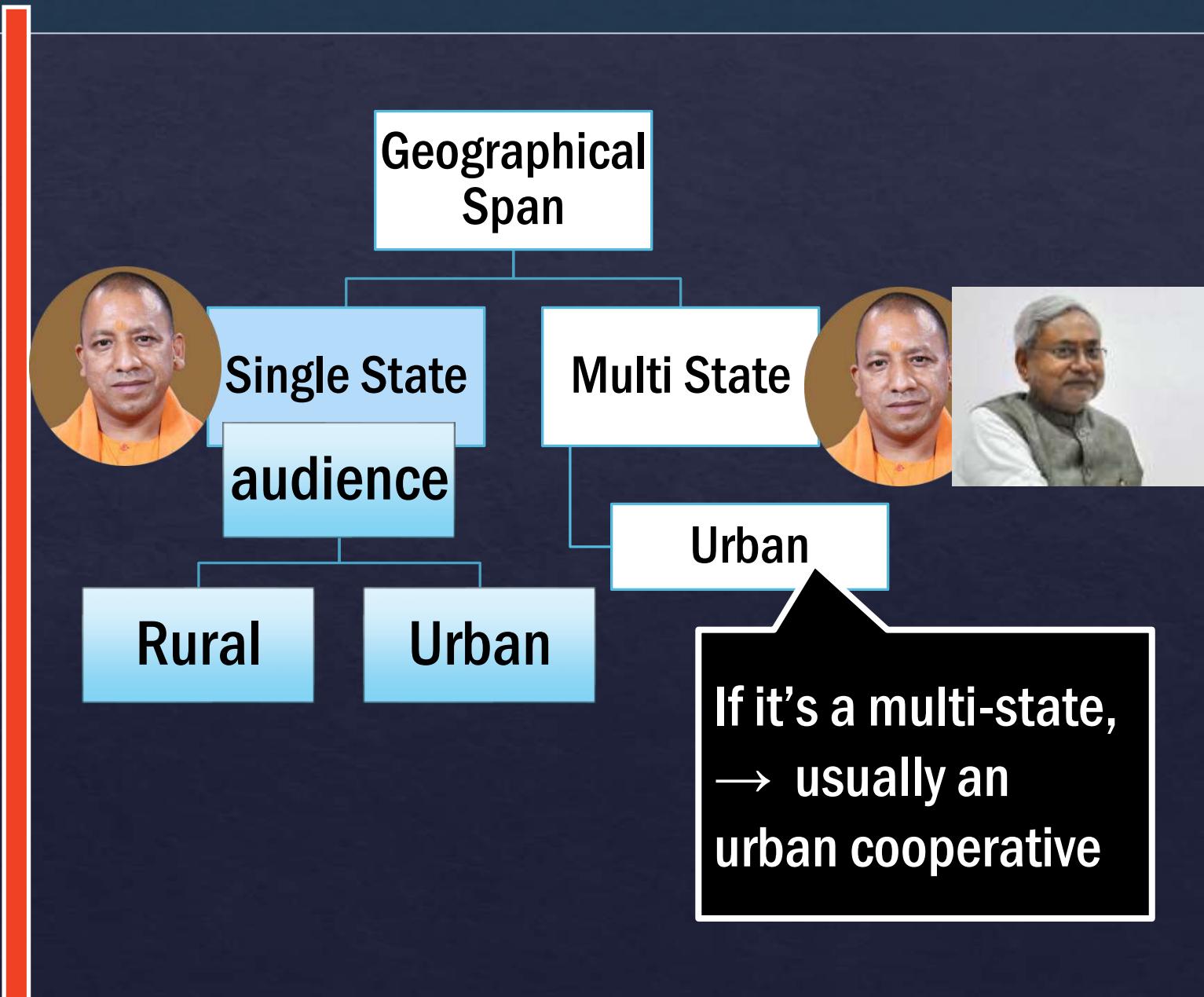
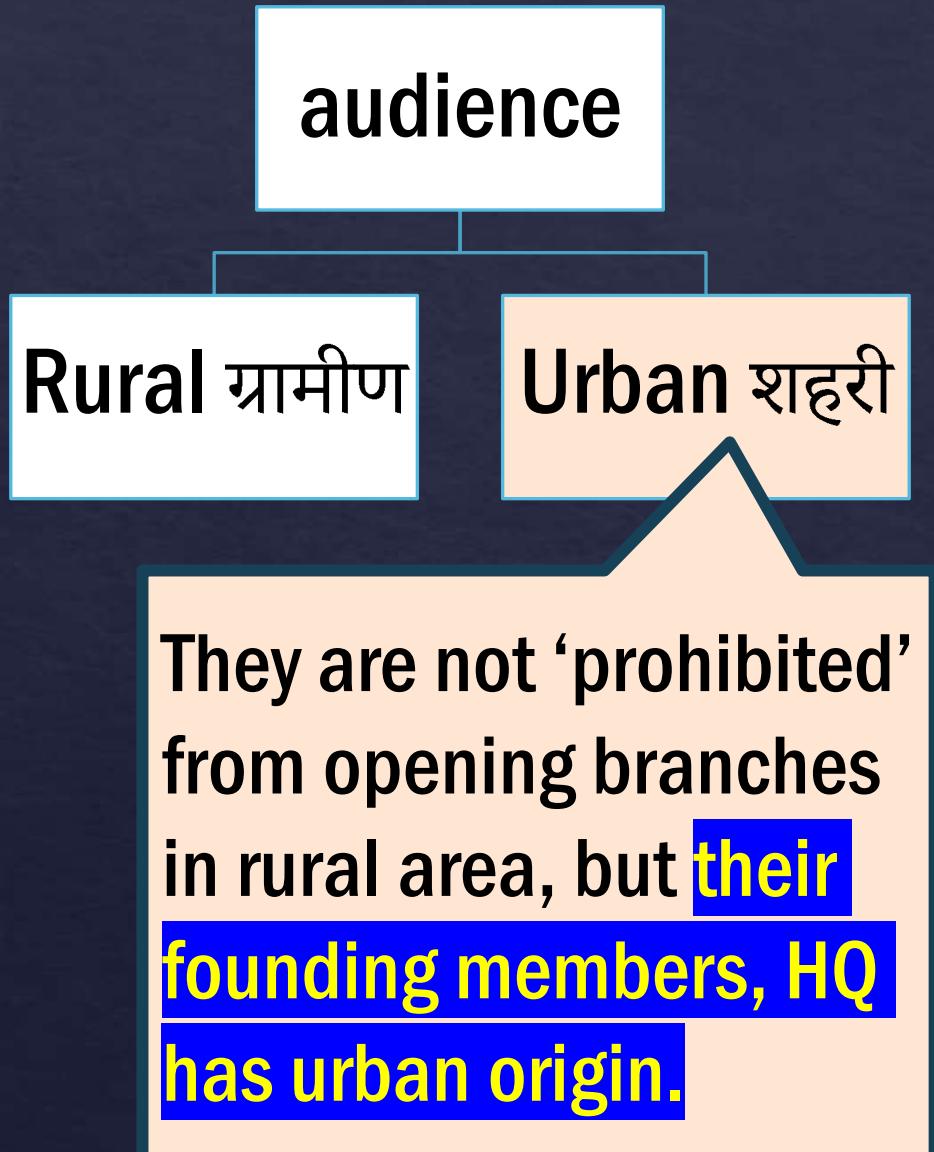
Before 📈 📉	After this Ordinance/Act/Amendment 📈 📉
⇒ Then RBI will begin the process of fixing the bank. → This disrupted the normal business of the bank and created panic among investors. (निवेशकों में दहशत फैलती थी)	
It was difficult for a coop bank to raise capital/money by issuing IPO/Shares/Debentures. (Ref #1C)	Technical norms relaxed, to make it Easier.
Provisions were vague / weak. (कानून में स्पष्टता नहीं थी / कानूनी प्रावधान कमज़ोर थे)	Bank chairman must not be insolvent or a convicted person etc., else RBI can remove him/her. (दिवालिया या अपराधी नहीं होना चाहिए)
Provisions were vague / weak.	Coop Bank's Board of directors must have at least 51% of members with knowledge or experience in accountancy, banking, economics or law. ELSE RBI can replace board members (इर स्थानिक छूटभैये नेता को अब बोर्ड-सदस्य नहीं बना सकते)
Provisions were vague / weak.	However, if scam in a cooperative bank → RBI can takeover/supersede its board of directors for upto 5 years, subject to some technical conditions. (धोटाला हुआ तो सहकारी बैंक के बोर्ड का अधियहण कर, रिजर्व बैंक वहाँ अपने लोगों/अफसरों को 5 सालों तक वहाँ बैठा सकता है- हालाकि कुछ तकनीकी शर्तों के अधीन)

Related topics:	Refer to
DICGC, UCB's Supervisory Action Framework (SAF) → refer to	Pillar#1B2: Bad loans & other burning issues in Banking Sector
Jan Dhan Yojana, Lead Bank Scheme etc →	Pillar#1D: Financial Inclusion

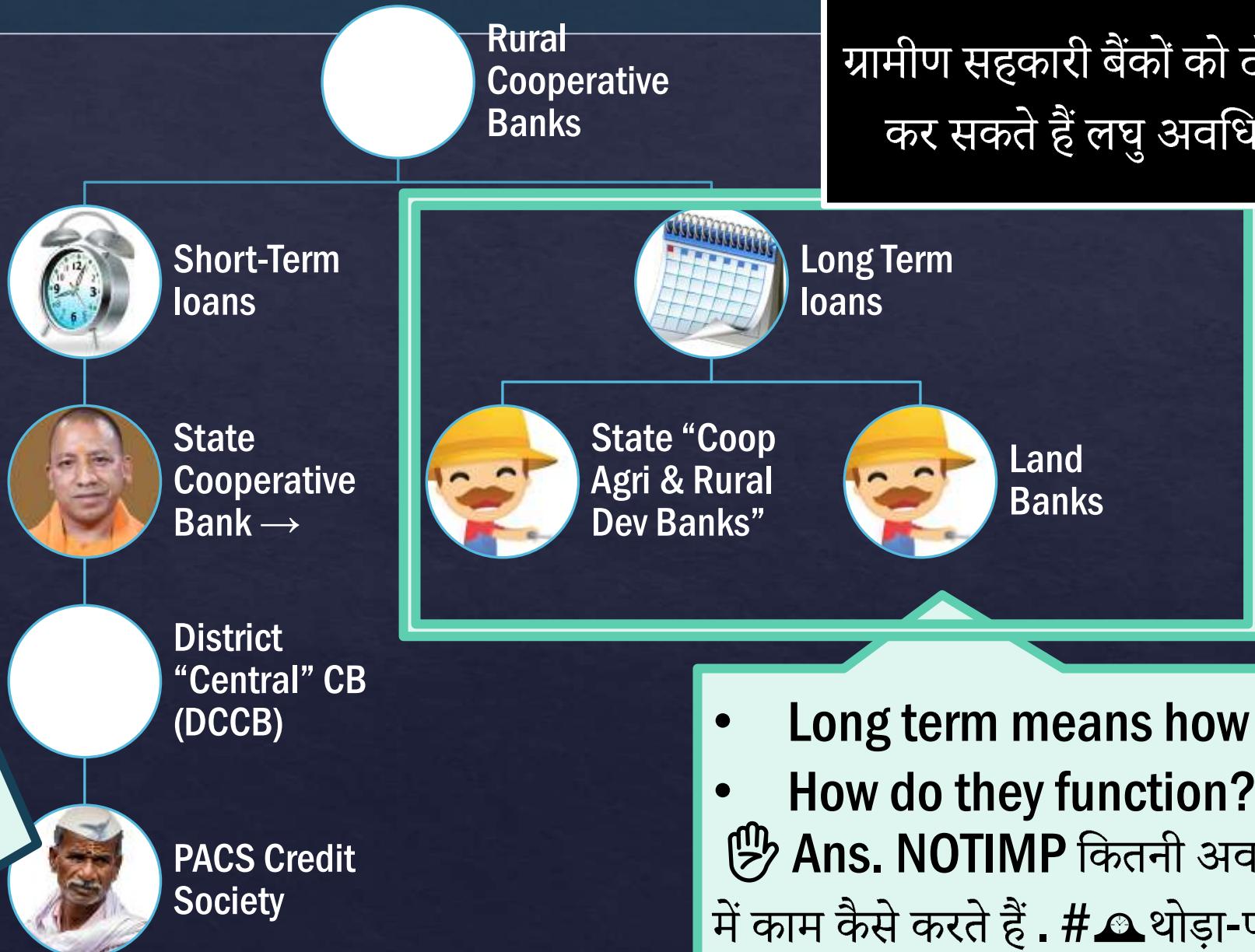
## 13.20.3 Cooperative Banks: Kerala Bank (2019)

RBI permitted Kerala's all 13 district co-operative banks (DCBs) to be merged with Kerala State Co-operative Bank. The combined entity will be called "Kerala Bank". It will be a 'State Cooperative Bank.'

# Types of cooperative banks: सहकारी बैंकों के प्रकार

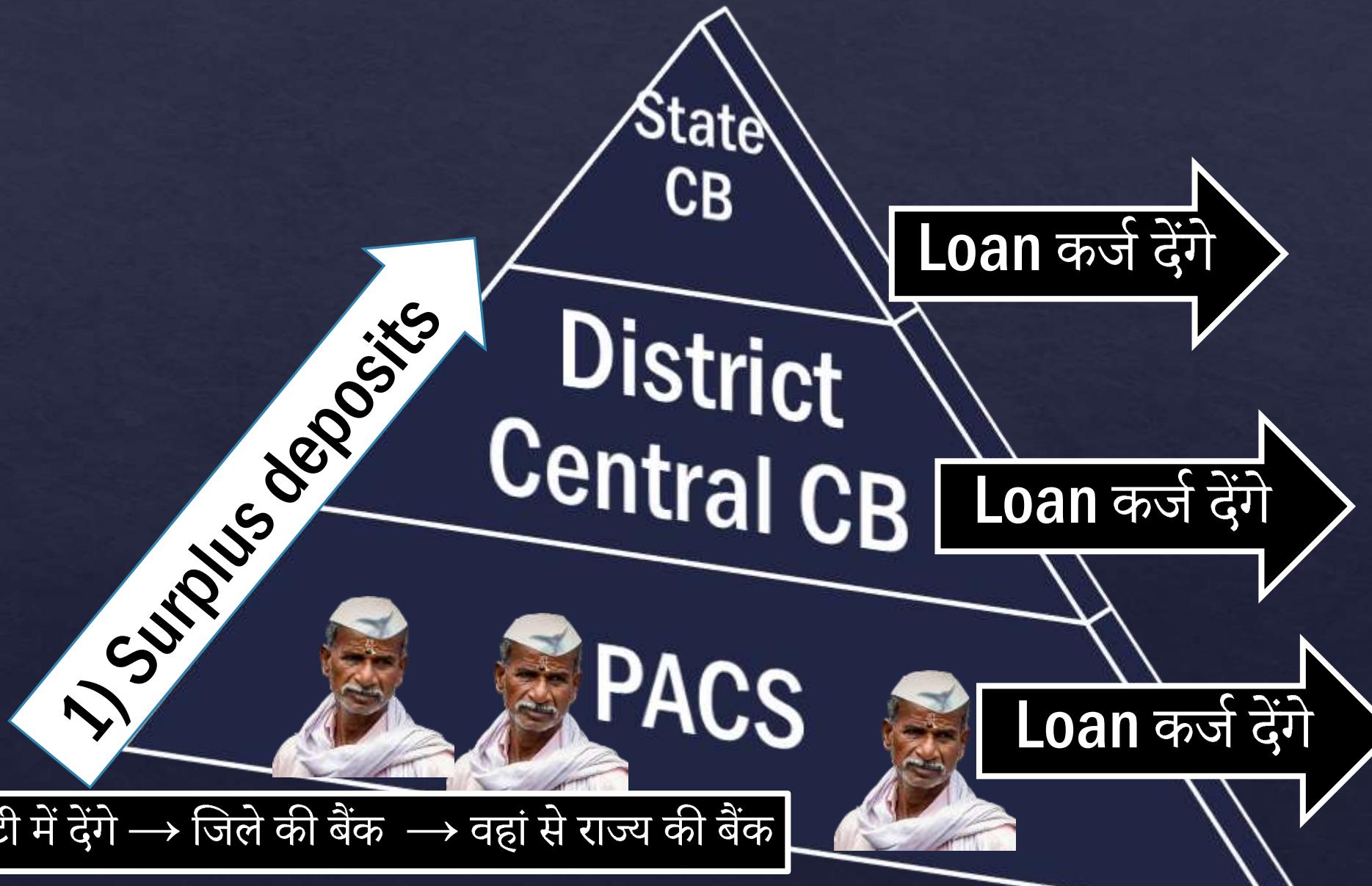


# Cooperative Banks → Rural → Classification methods

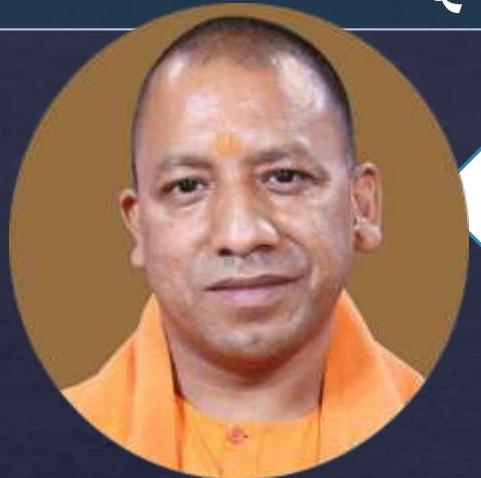


- Long term means how much?
  - How do they function?
- Ans.** NOTIMP कितनी अवधि का लोन असल में काम कैसे करते हैं . # थोड़ा-पढ़ो-आगे-बढ़ो

# “RURAL” Cooperative Banks Hierarchy



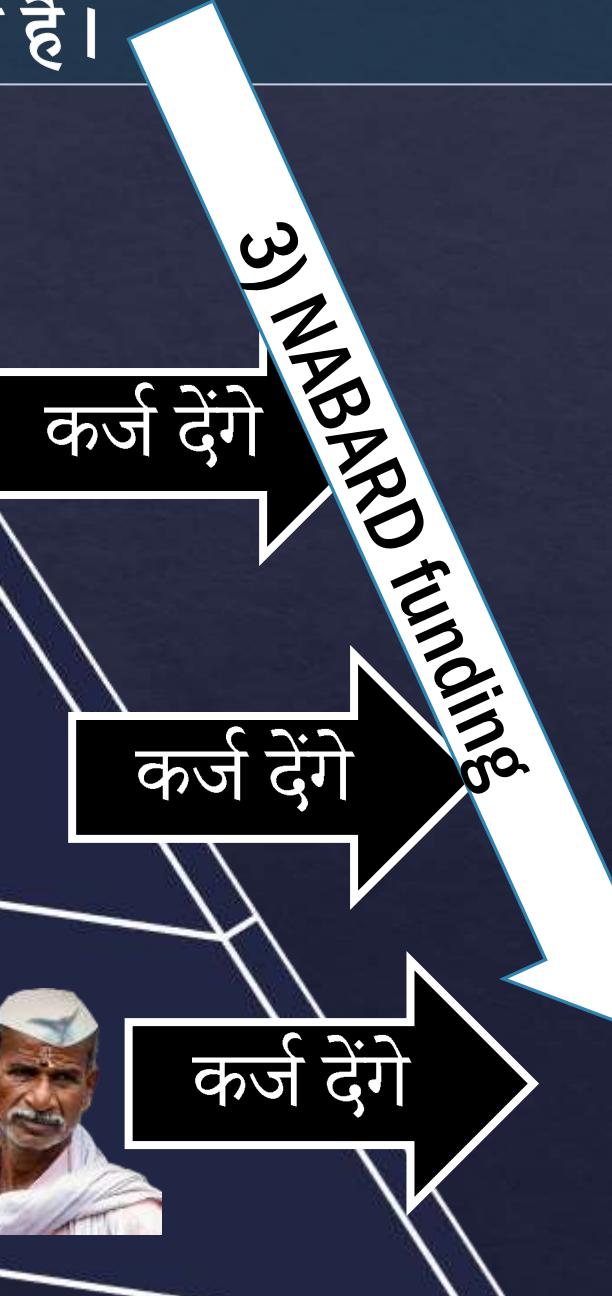
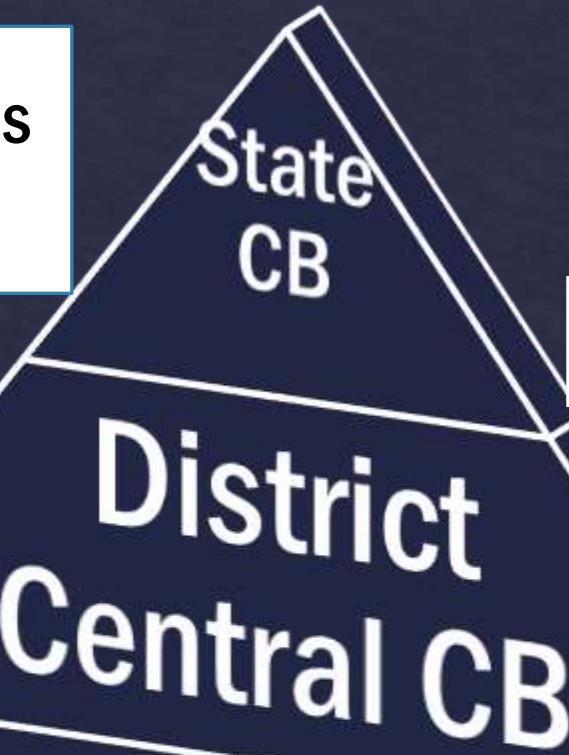
हालांकि गांव वालों की बचत में बहुत कम पैसा आता है,  
इसलिए ऊपर नाबार्ड के कर्ज लेकर लोन में नीचे भेजते हैं।



⌚ problems:  
Frauds, casteism,  
politicization,  
poor loan  
recovery.

2) Parked in State Bonds  
(SLR/ above)

1) Surplus deposits



# Unacademy Store is now in Ahmedabad

Interact with India's Top Educator at the launch



Mrunal Patel



Pratik Nayak

March 4 | 11 AM onwards



Audio/Video Problem?

Edu Doubt?  
Ask through



CTRL

R

If anyone in Ahmedabad wants to meet me for asking any doubts....

Then tomorrow from 11AM to Noon

Otherwise google form for doubt resolution toh hai hi

March 4 | 11 AM onwards

Scan to Locate



85 85 85 85 85

G.F-3, North View, Opp. L.D. College of Engineering, University Road

Around 10 PYQs from what we studied last night.

But we'll not solve it today. reason

◆ 10 MCQ x 1 minute timer + 2 minutes

explanation = 30 minute = half hr in just PYQ. =

NOT RAFTAAR. I need to cover more 'topics' in teaching.

◆ I'm shifting them to Wednesday Quiz.

◆ I'll only cherry pick 3 MCQs here in live class.

▣ ? RBI acts as a bankers' bank. What does it mean? (UPSC-Pre-2012)

- 1) Other banks retain their deposits with the RBI.
- 2) The RBI lends funds to the commercial banks in times of need.
- 3) The RBI advises the commercial banks on monetary matters.

Answer codes: (a) 2 & 3 only (b) 1 and 2 only (c) 1 and 3 only (d) 1, 2 and 3

▣ ? RBI regulates the commercial banks in matters of (Asked in UPSC-Pre-2013)

- 1) Liquidity of assets 2) Branch expansion 3) Merger of banks 4) Winding-up of banks

Answer Codes: (a) 1 & 4 only (b) 2, 3 & 4 only (c) 1, 2 & 3 only (d) 1, 2, 3 & 4

▣ ? In India, the central bank's function as the 'lender of last resort' means what? (केंद्रीय बैंक को अंतिम उपाय का ऋणदाता कहा जाता है इस शब्द का मतलब क्या है) (Prelims-2021)

1. Lending to trade and industry bodies when they fail to borrow from other sources. [व्यापार और उद्योगिक संस्थाओं को जब कहीं और से कर्ज नहीं मिले तो केंद्रीय बैंक कर्ज देता है]
2. Providing liquidity to the banks having a temporary crisis. [अस्थाई संकट के दौरान बैंकों को तरलता देता है]
3. Lending to governments to finance budgetary deficits [बजट घाटा पूरा करने के लिए सरकार को कर्ज देता है]

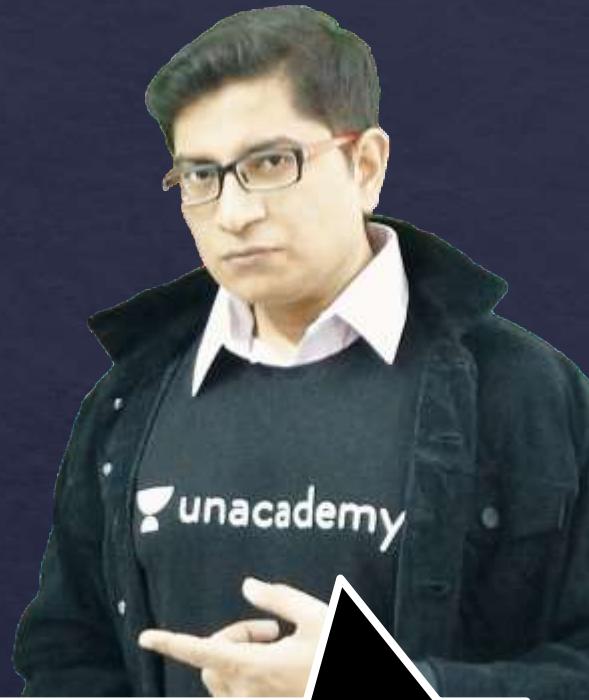
Codes: a) 1 and 2 b) 2 Only c) 2 and 3 d) 3 Only

Q. What is the purpose of Small Finance Banks (SFBs) in India?

1. To supply credit to small business units. छोटे उद्योगों को कर्ज
2. To supply credit to small and marginal farmers. छोटे और सीमांत किसानों को कर्ज
3. To encourage young entrepreneurs to set up business particularly in rural areas. नौजवान उद्यमियों को गांव में व्यापार शुरू करने के लिए प्रोत्साहन

Codes:

- (a) 1 and 2 only      (b) 2 and 3 only  
(c) 1 and 3 only      (d) 1, 2 and 3



लघु वित्त बैंक बनाने का  
उद्देश्य क्या है

100% Surety

50:50

Skip

Atte

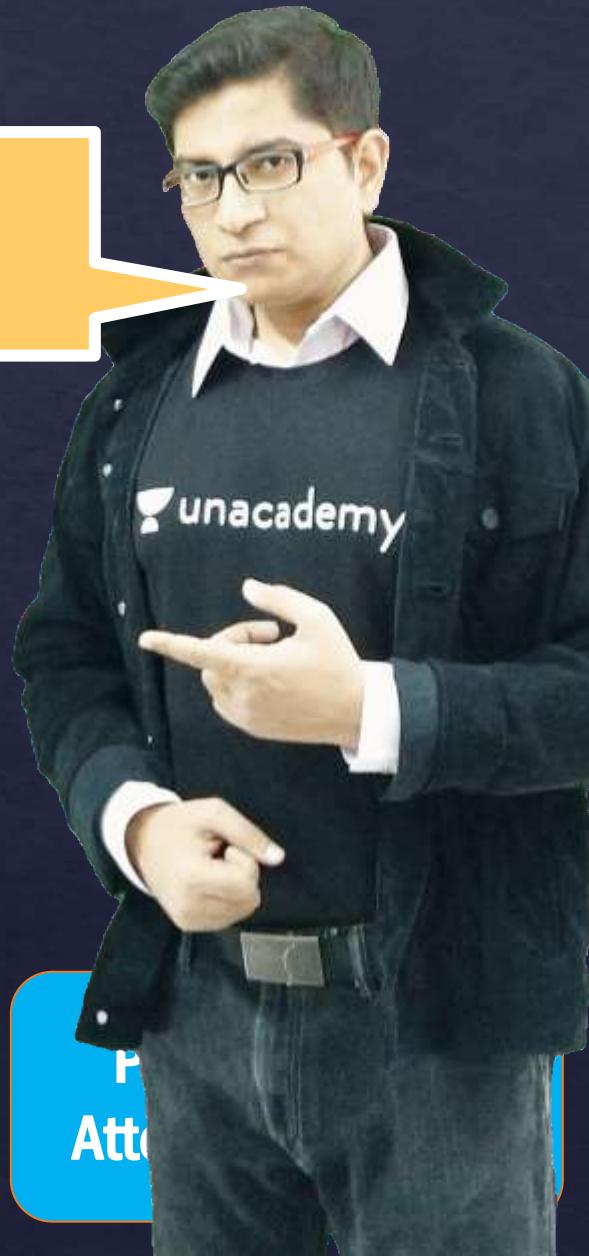
Q. What is the purpose of setting up of Small Finance Banks (SFBs) in India?

1.  To supply credit to small business units
2.  To supply credit to small and marginal farmers
3. To encourage young entrepreneurs to set up business particularly in rural areas.

Boils down to whether #3 is right or not?

Codes:

- (a) 1 and 2 only      (b) 2 and 3 only  
(c) 1 and 3 only      (d) 1, 2 and 3



100% Surety

50:50

Skip

P  
Atte

Q. What is the purpose of setting up of Small Finance Banks (SFBs) in India?

1. To supply credit to small business units
2. To supply credit to small and marginal farmers
3. To encourage young entrepreneurs to set up business particularly in rural areas.

Codes:

- (a) 1 and 2 only      (b) 2 and 3 only  
(c) 1 and 3 only      (d) 1, 2 and 3

Boils down to whether #3 is right or not?

100% Surety

50:50

नौजवान उद्यमियों को गांव में व्यापार शुरू करने के लिए प्रोत्साहन?

क्या उन्हें सस्ते में लोन देने का या फिर उनकी अर्जी जल्दी से पास करने का कोई प्रावधान है?

Birbal ki Khichdi- it may attract indirectly but, SFB not offering age specific cheap loans, special subsidies or additional allocation in Government Schemes? Ans. NO



# What is UPSC without some online forum fights over answerkey!

## लोगों ने इस पर बहुत लड़ाई की थी

राष्ट्रीय सेवा (प्र.) परीक्षा-2017  
Civil Services (Prelim) Exam-2017

क्षण पुस्तिका खोलने को न कहा जाए तब तक न खोलें

परीक्षण पुस्तिका अनुक्रम  
परीक्षण पुस्तिका  
सामान्य अध्ययन  
प्रश्न-पत्र - I

A



No answer must be  
“c” because Birbal  
ki Khichdi

40. What is the purpose of setting up of Small Finance Banks (SFBs) in India ?

1. To supply credit to small business units
2. To supply credit to small and marginal farmers
3. To encourage young entrepreneurs to set up business particularly in rural areas.

Select the correct answer using the code given below :

- (a) 1 and 2 only
- (b) 2 and 3 only
- (c) 1 and 3 only
- (d) 1, 2 and 3

	Examination:		CS(P) EXAM- 2017			
	Series: A				Subject	
	Max. marks		200		No. of Items drop	
	Items to be taken for scoring:		100			
1	D	16	B	31	C	46 C
2	C	17	D	32	A	47 A
3	A	18	C	33	C	48 A
4	A	19	C	34	C	49 B
5	A	20	B	35	D	50 D
6	B	21	C	36	D	51 B
7	B	22	B	37	B	52 A
8	C	23	A	38	B	53 B
9	A	24	B			54 C
10	B	25	D			55 D
				40	A	
				11		

A  
B  
C  
D

? Find correct statement(s)

1. In terms of short-term credit delivery to the agriculture sector, District Central Cooperative Banks (DCCBs) deliver more credit in comparison to Scheduled Commercial Banks and Regional Rural Banks. अनुसूचित वाणिज्य बैंक और क्षेत्रीय ग्रामीण बैंकों की तुलना में जिले के सहकारी बैंक ज्यादा मात्रा में कर्जा देते हैं
2. One of the most important functions of DCCBs is to provide funds to the Primary Agricultural Credit Societies. जिले के सरकारी बैंकों का एक प्रमुख काम है प्राथमिक कृषि ऋण सोसाइटीओं को पेसा देना

Answer Codes:

- [a] 1 only                    [b] 2 only  
[c] Both 1 and 2            [d] Neither It nor 2



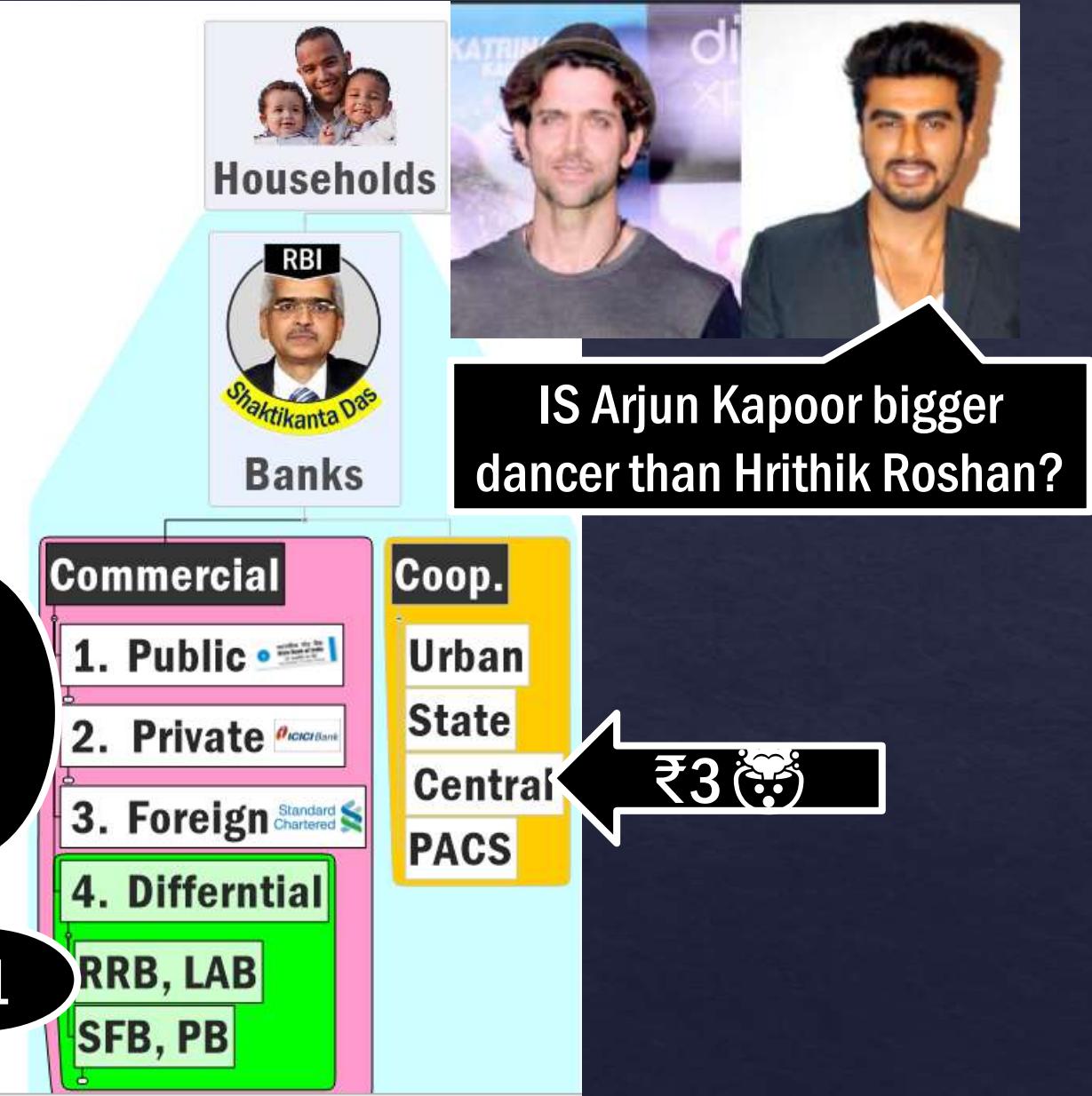
जिला स्तर की सहकारी बैंकों के बारे में सही वाक्य ढूँढिए

100% Surety

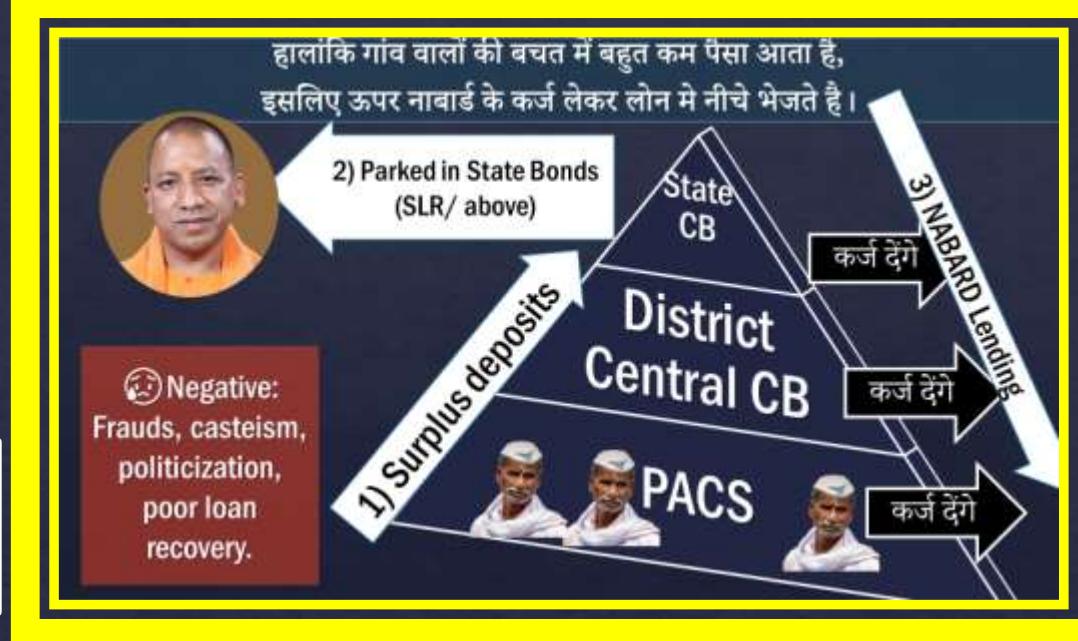
50:50

Skip

Atto



IS Arjun Kapoor bigger  
dancer than Hrithik Roshan?



जिला स्तर के सहकारी बैंक  
दूसरों की अपेक्षा ज्यादा पैसा लोन में घुमा सके  
उतनी उनकी **strength** ही नहीं है

It is unlikely that district central  
banks have that much funds to give  
larger quantity of loans  
than other banks!!



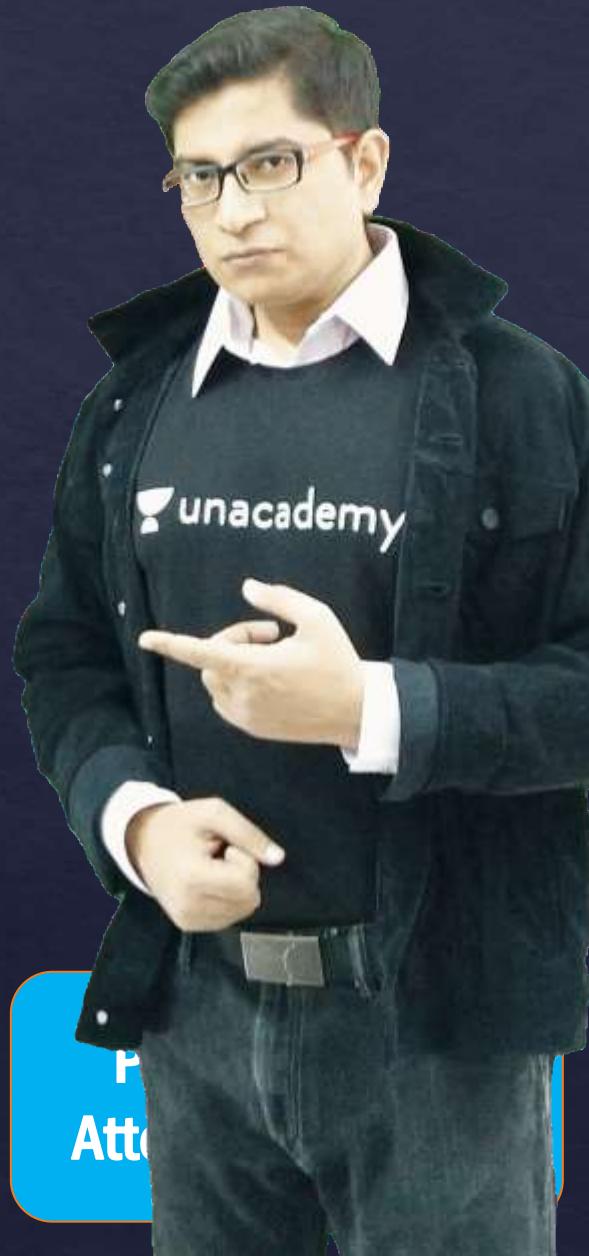
AB  
CD

? Find **correct** statement(s)

1.  In terms of short-term credit delivery to the agriculture sector, District Central Cooperative Banks (DCCBs) deliver more credit in comparison to Scheduled Commercial Banks and Regional Rural Banks. अनुसूचित वाणिज्य बैंक और क्षेत्रीय ग्रामीण बैंकों की तुलना में जिले के सहकारी बैंक ज्यादा मात्रा में कर्जा देते हैं.
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Answer Codes:

- [a] 1 only                            [b] 2 only  
[c] Both 1 and 2                    [d] Neither 1 nor 2



100% Surety

50:50

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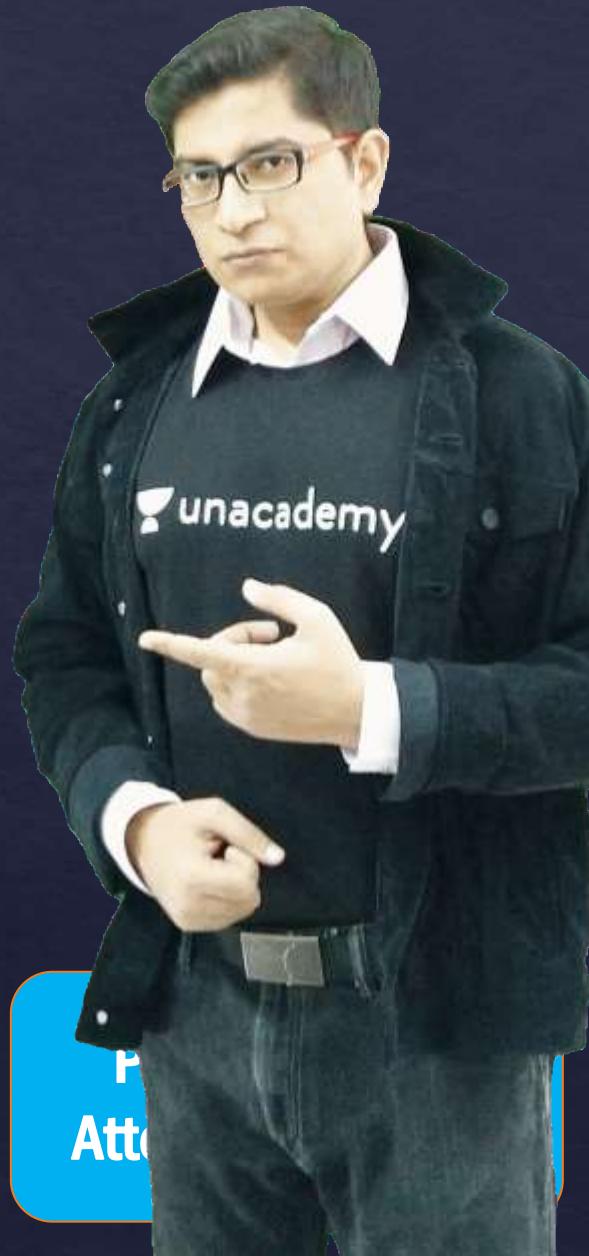
P  
Atte

With reference to 'Urban Cooperative Banks' in India, consider the following statements: [शहरी सहकारी बैंकों के बारे में सही विधान ढूँढिए]

1. They are supervised and regulated by local boards set up by the State Governments. [राज्य सरकार उनकी निगरानी और नियंत्रण करता है]
2. They can issue equity shares and preference shares. [वे इक्विटी शेयर और वरीयता शेयर जारी कर सकते हैं।]
3. They were brought under the purview of the Banking Regulation Act, 1949 through an Amendment in 1966. [उन्हें 1966 में एक संशोधन के माध्यम से बैंकिंग विनियमन अधिनियम, 1949 के द्वायरे में लाया गया था।]

Which of the above statements given above is/are correct?

- a) 1 only   b) 2 and 3 only   c) 1 and 3 only   d) 1, 2 and 3



100% Surety

50:50

Skip

P  
Atte

### June-2020: Banking Regulation (Amendment) Ordinance → Act, 2020

If Coop Bank → RBI delegated day-to-day supervision to NABARD.  
But, RBI remains ultimate regulator

Agro Min → Registrar  
Multi-State Coop Societies

Given state Govt's  
Registrar for  
Coop Societies

Type	RBI	Union	State
Commercial (SBI Axis)	✓	✋	✋
Coop (Single State: rural)	✓	✋	✓
Coop (Single State: urban)	✓	✋	✋

13.20 FI ⇒ BANKS ⇒ COOPERATIVE BANKS (सहकारी बैंक)

Type	Commercial Banks	Cooperative Banks
Banking Reg. Act	Applicable since 1949	Applicable since 1966.
Regulator	RBI	Under RBI's supervision:



### PROOF Screenshot

Mrunal's  
Unacademy Lecture  
And its HANDOUT  
conducted  
 31 BEFORE  
Prelims-2021

[Prelims2021SET-C] Q.95) With reference to 'Urban Cooperative Banks' in India, consider the following statements:

- They are supervised and regulated by local boards set up by the State Governments.
- They can issue equity shares and preference shares.
- They were brought under the purview of the Banking Regulation Act, 1949 through an Amendment in 1966.

Which of the above statements given above is/are correct?

- a) 1 only      b) 2 and 3 only      c) 1 and 3 only      d) 1, 2 and 3

With reference to 'Urban Cooperative Banks' in India, consider the following statements: [शहरी सहकारी बैंकों के बारे में सही विधान ढूँढिए]

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Which of the above statements given above is/are correct?

- a) 1 only
- b) 2 and 3 only
- c) 1 and 3 only
- d) 1, 2 and 3

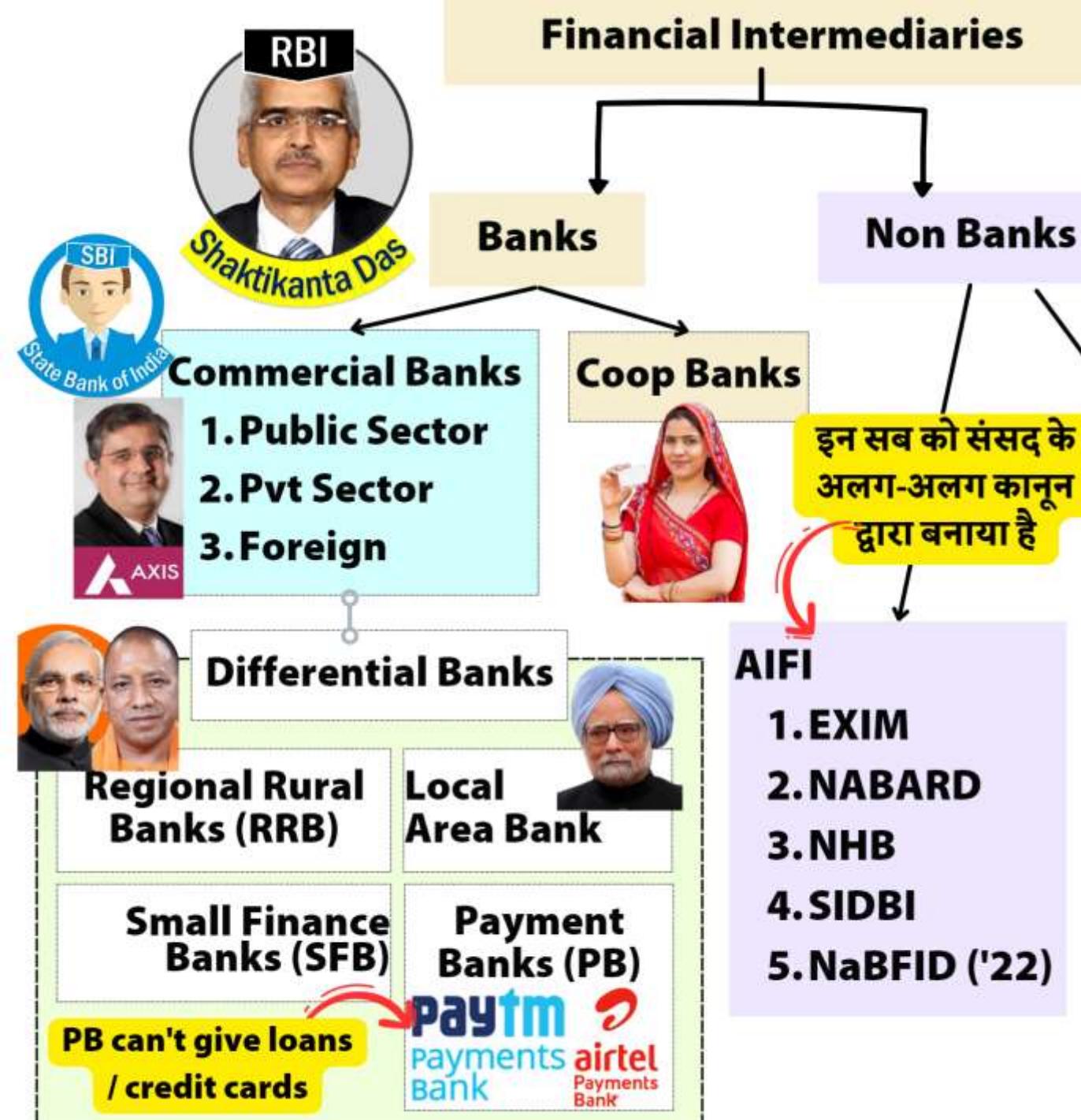


- By elimination the Answer is “B”.
- What is preferential shares? = Pillar1C.

100% Surety

50:50

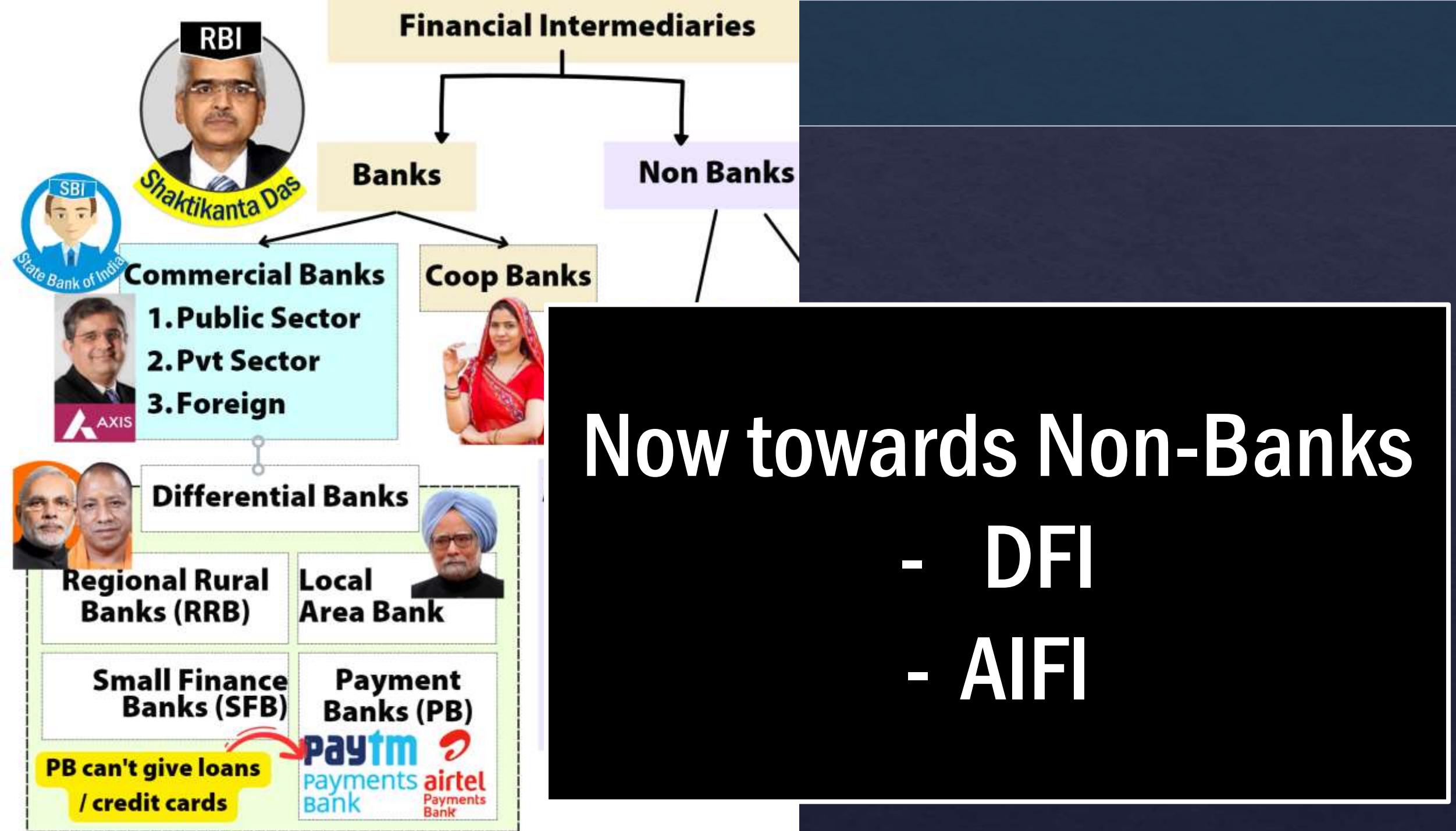
Skip



**NABARD regulates**

- RRBs and**
- Coop.Banks**

(RBI ultimate regulator for all of them)



- But after **bank nationalization** →
- Banks reluctant to give large loans to industrialist.
- **PSB: first priority** to open branches in rural area and **give loans to poor people**

👉 आप गरीब नहीं है इसलिए आपको लोन देना हमारी प्राथमिकता नहीं है 👈



# Post-Independent India- after nationalization



3) Then where can I get large funds to start business? कर्ज में मोटी रकम चाहिए लाऊं किधर से? 😔

1) PSB Banks: हम तो गरीबों को लोन देंगे

- We'll focus on farmers and villagers.
- If corporate asks for big loan- we may not even have that much money.



SHARE



# Post-Independent India- after nationalization



3) Then where can I get large funds to start business? कर्ज में मोटी रकम चाहिए लाऊं किधर से? 😔



SHARE

1) PSB Banks: हम तो गरीबों को लोन देंगे

- We'll focus on farmers and villagers.
- If corporate asks for big loan- we may not even have that much money.

2) Capital market (share/bond) underdeveloped 😔

- Very few investors participated.
- So difficult to arrange ₹₹ by issuing share/bonds. आजादी के शुरुआती वर्षों में शेयर बाजार अभी विकसित नहीं हुआ था तो उद्योगपति के लिए शेयर बांड जारी करके पूँजी हासिल करना मुश्किल



# Solution: Development Finance Institutions (DFI)

इसलिए बड़े उद्योगपतियों को कर्ज दिलवाने के लिए कुछ नए किस्म के संस्थान बनाए गए

IFCI'48  
ACT

- Industrial finance corporation of India Ltd.

ICICI'55

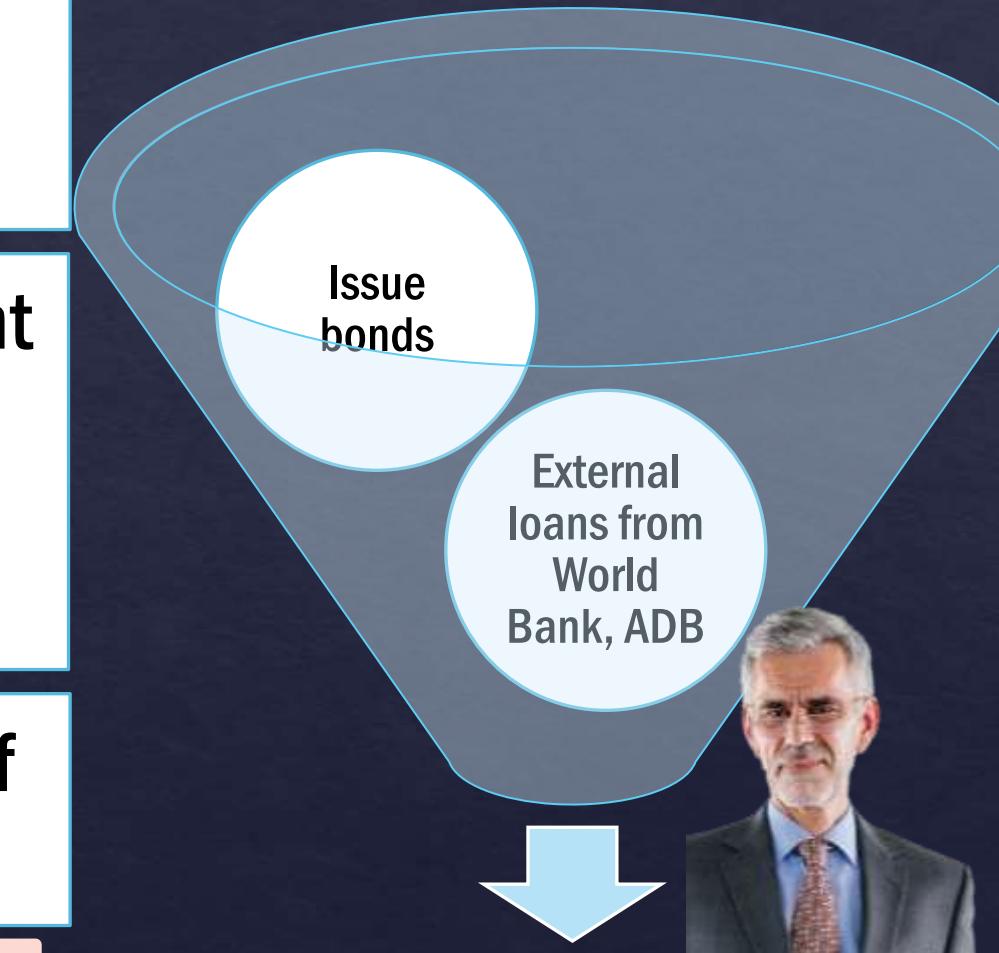
- Industrial credit and investment Corporation of India Ltd
- By GOI, World Bank, and other Financial intermediaries

IDBI'64  
Act

- Industrial development bank of India( IDBI)'

 Don't worry about years and fullform.

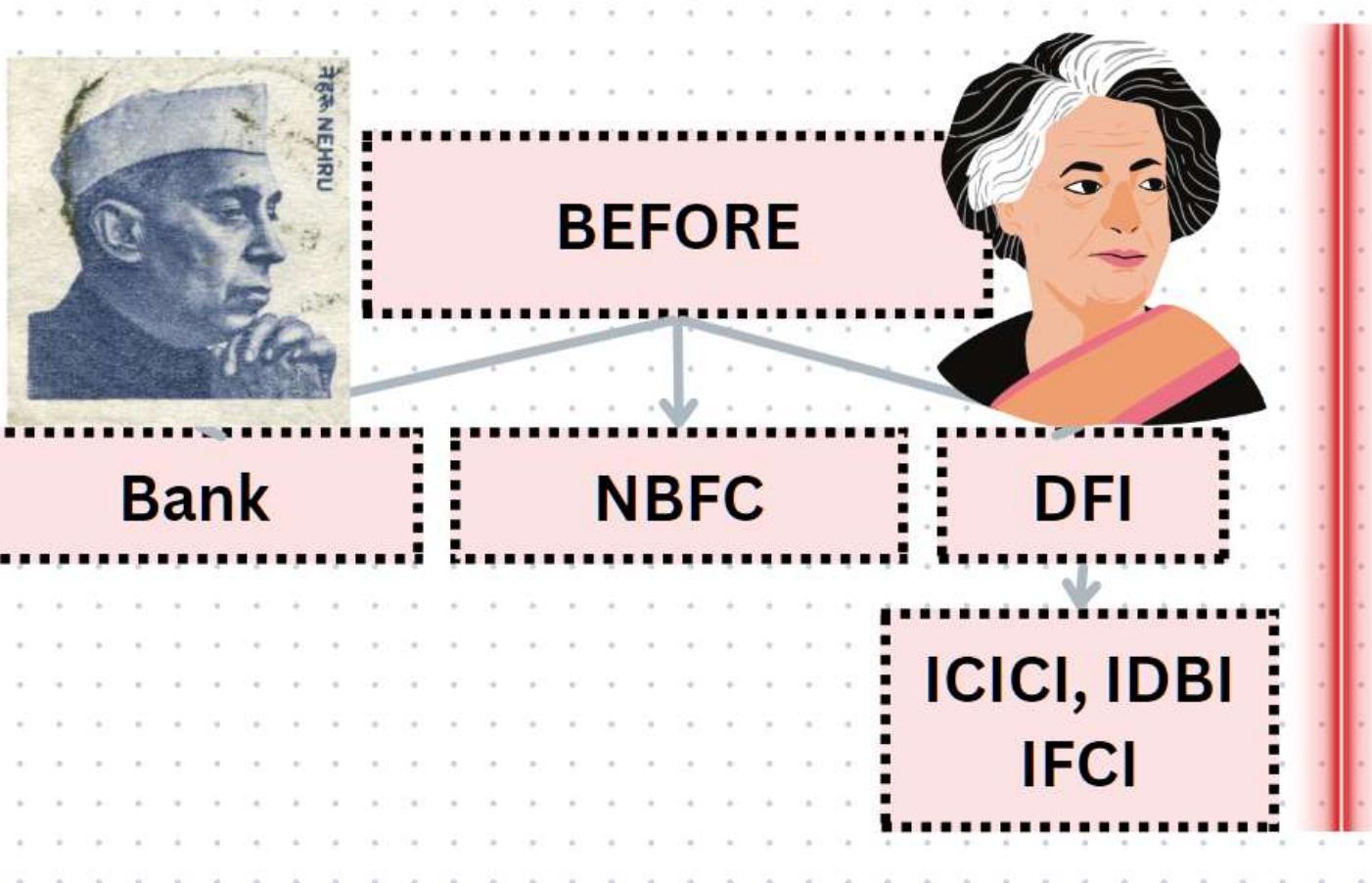
There were many such institutes @union and state level.



DFI → help Corporate

# Development Finance Institutions (DFI)

## earlier it was a separate category



# Development Finance Institutions (DFI) earlier it was a separate category



BEFORE



Bank

NBFC

DFI

ICICI, IDBI  
IFCI

AFTER

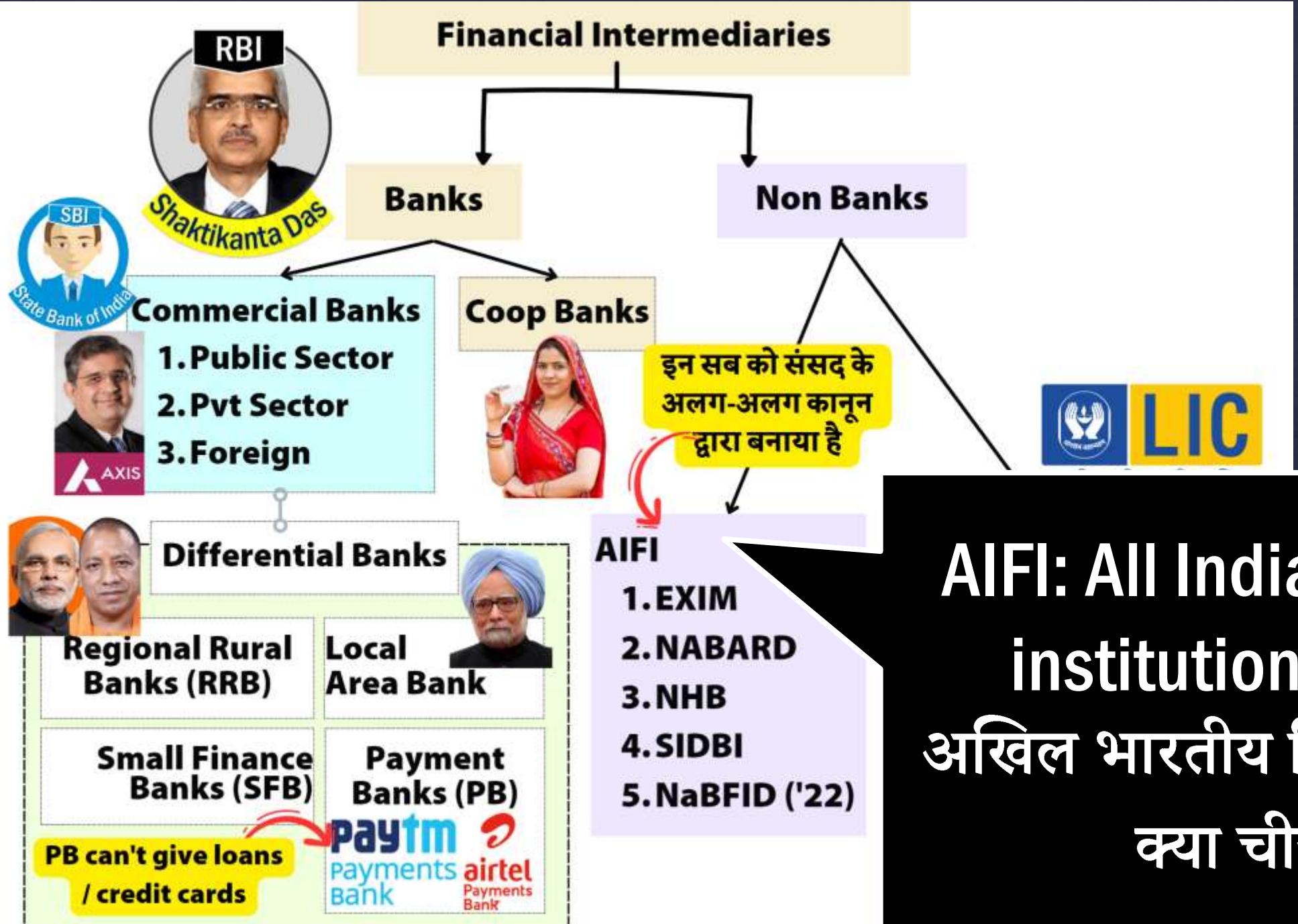


Bank

NBFC

ICICI  
IDBI

IFCI



# AIFI: All India financial institutions (AIFI):

## अखिल भारतीय वित्तीय संस्थान

## क्या चीज है



## Sch. Commercial Banks



NABARD



AIFI



**Accept Deposit from Public**



**CRR, SLR, PSL,**



**BASEL (Ref: Pill-1B2)**



# NABARD, SIDBI, EXIM, NHB: how do they function?

यह संस्थाएं काम करती कैसे हैं?



Indirect loans to end users

Indirect loans to end users

## ASSETS

पैसा देते किसको है?

Loans to Banks

Loans to NBFCs

Direct Investment in large companies\*\*

## Liabilities

पैसा लाते किधर से हैं?

Bonds in market

Loans from RBI, Govt, World Bank etc

👉 Public Deposit = No!



आम लोगों से ना तो यह डिपाजिट लेते हैं



न ही आम लोगों को सीधे रूप से कर्ज देते हैं



## Four All India financial institutions (AIFI): Chronology wise

आयात कर्ता और निर्यात कर्ता को कर्जे में पैसा देते हैं सरकार मालिक है इस संस्था का



### 1) EXIM: 1 / Jan / 1982 ACT

- Export-Import Bank of India
- loan/credit/finance to exporters and importers.
- promotes cross border trade and investment
- **Boss: Government of India (100%)**

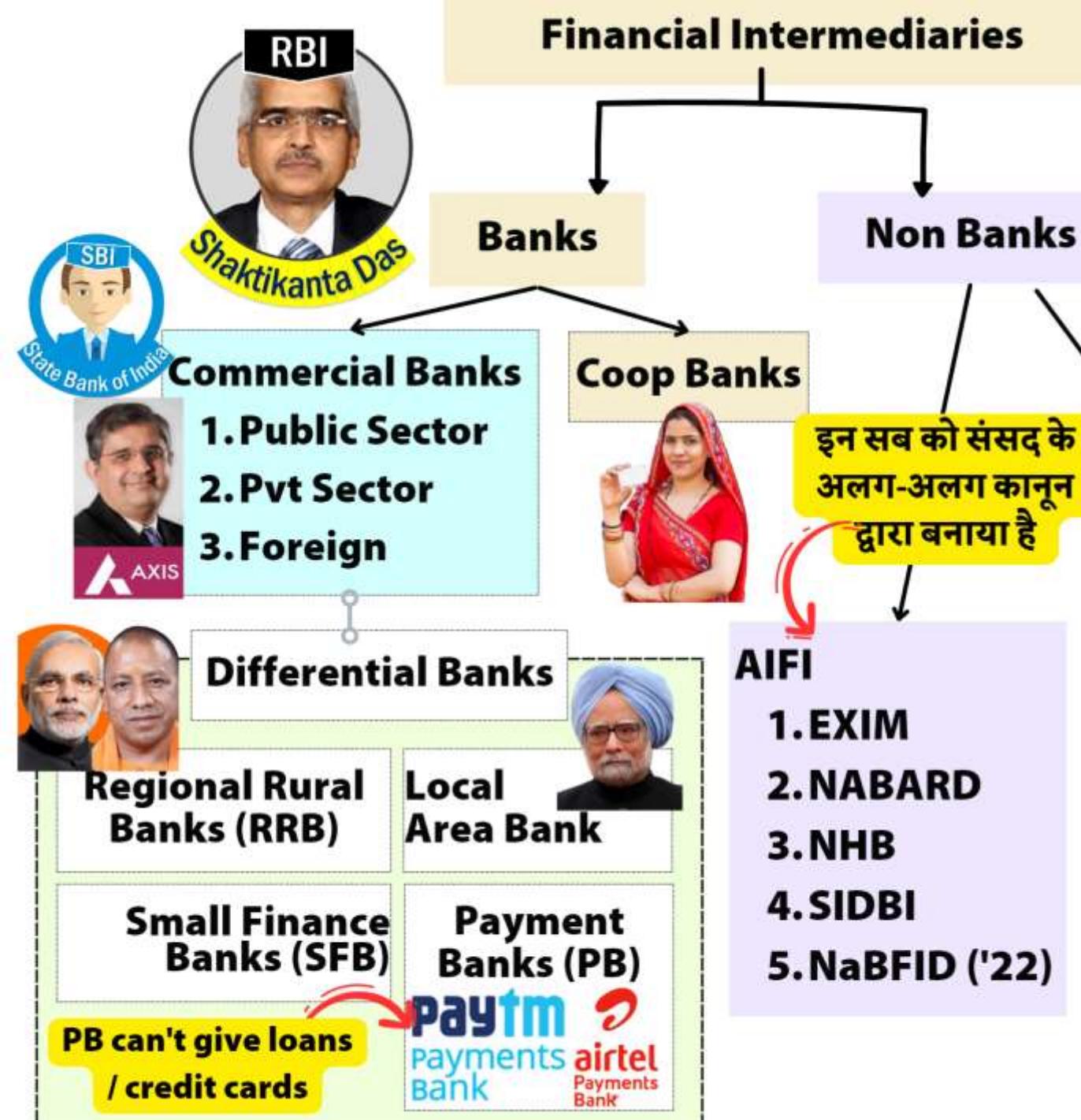
## Four All India financial institutions (AIFI): Chronology wise

### 2) NABARD: 12 / July / 1982 ACT



- National Bank for Agriculture and Rural Development इस का फुल फॉर्म याद रखना है
- ~~BOSS: Govt (99.3%) + RBI (0.7%)~~ Government = 100% सरकार मालिक है इस संस्था की
- Rural infra. Development fund (RIFD) if PSL not met
- Indirect lending to farmers, artisans, rural MSME.
- It's also the immediate regulator of: Coop Banks & RRBs. (RBI is the ultimate regulator)

गांव और कृषि क्षेत्र की मदद के लिए नाबार्ड

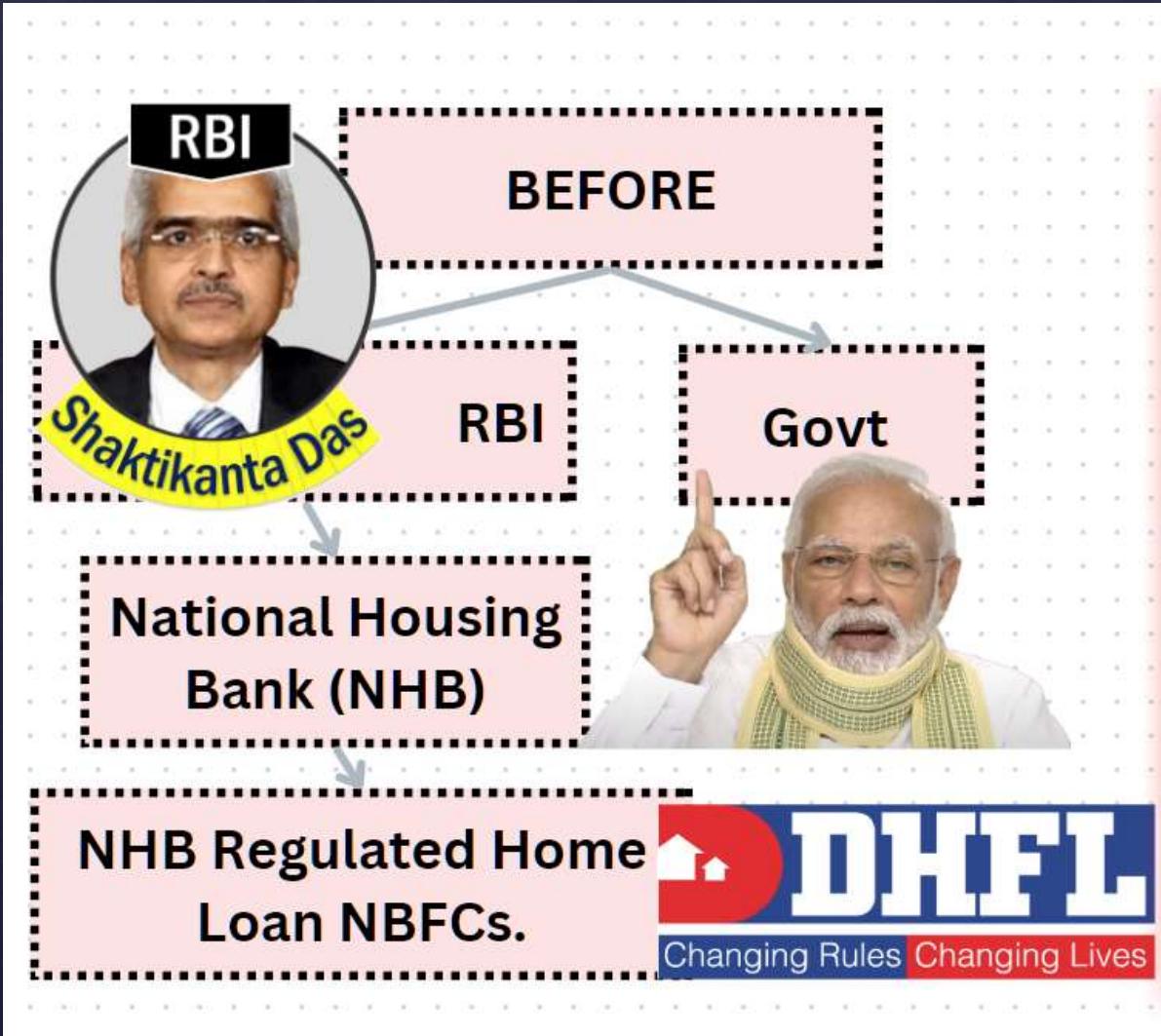


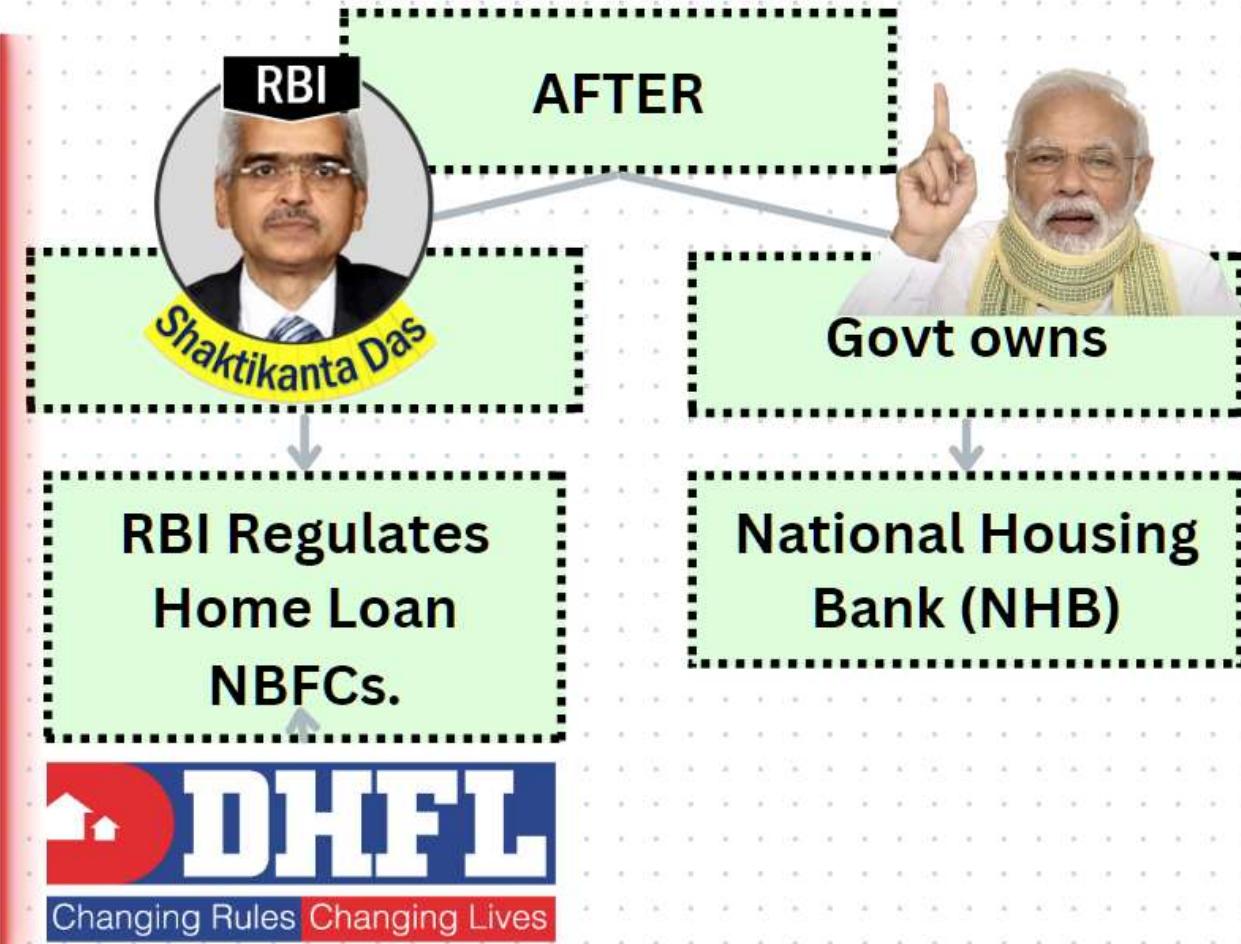
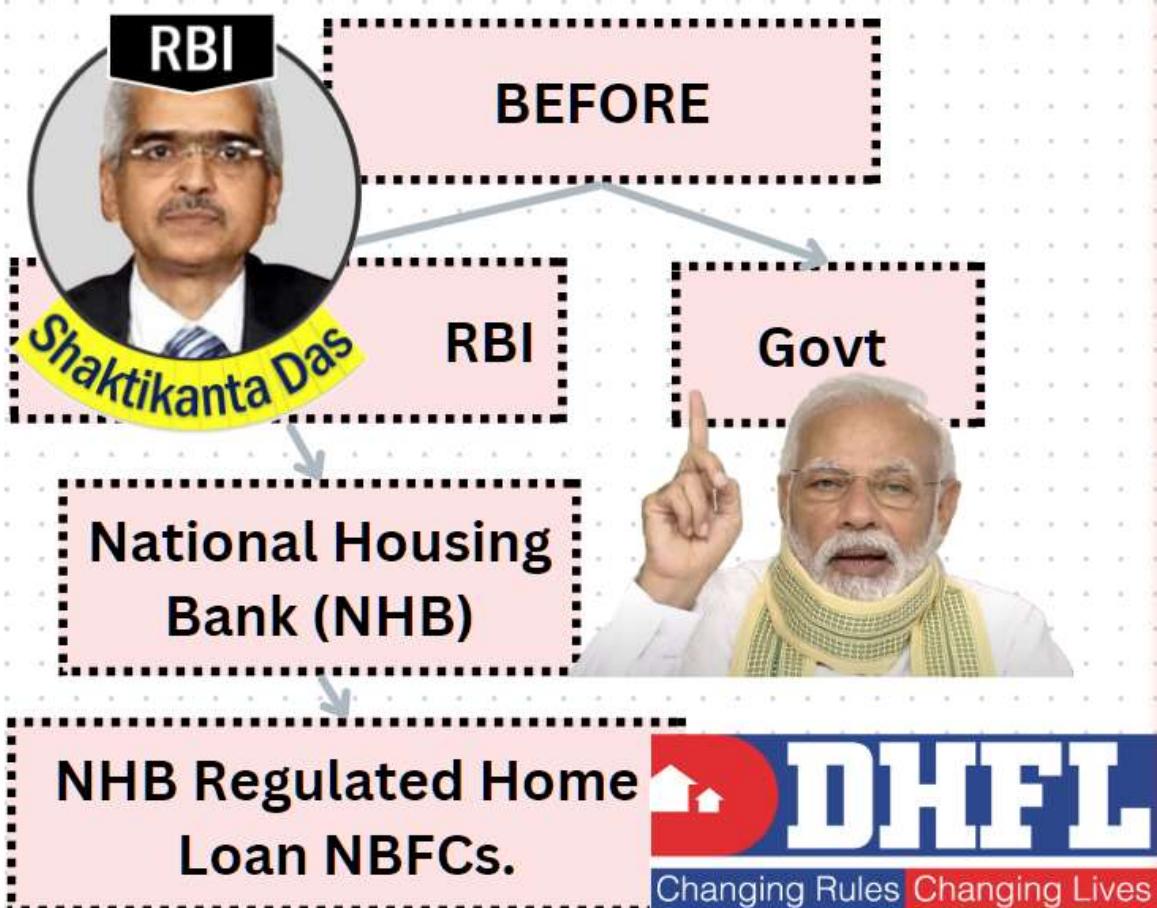
# NABARD regulates

1. RRBs and
2. Coop.Banks

(RBI ultimate regulator for all of them)

# AIFI#3: National Housing Bank





Four AIFI: Chronology wise 1) EXIM done 2) NABARD 3) NHB done  
छोटे उद्योगों की मदद करने के लिए संस्था



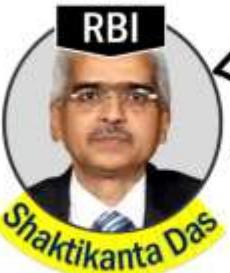
## #4: SIDBI ACT [1990, April]

- Small industries development bank of India
- Originally 100% owned by IDBI
- Presently, IDBI, SBI, LIC, other public sector banks, insurance companies etc.
- SIDBI's helps MSME borrowers with indirect lending. छोटे उद्योगों को परोक्ष रूप से कर्जा देता है
- **Udyamimitra.in** portal for loans to MSME.

5<sup>th</sup> Industrial Investment Bank of India (IIBI)...closed in 2012

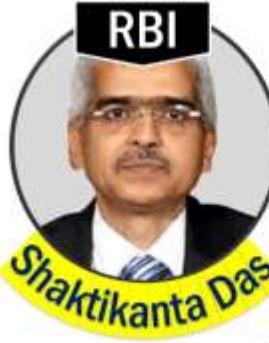
North Eastern....X (AIFI not in annual reports of RBI)

**NaBFID= fifth AIFI after EXIM  
, NABARD, NHB, SIDBI.  
RBI will regulate this.**



## Financial Intermediaries

RBI



Shaktikanta Das

Banks

Non Banks



Commercial Banks

1. Public Sector
2. Pvt Sector
3. Foreign

Coop Banks



इन सब को संसद के  
अलग-अलग कानून  
द्वारा बनाया है



Differential Banks

Regional Rural Banks (RRB)

Local Area Bank

Small Finance Banks (SFB)

Payment Banks (PB)

PB can't give loans  
/ credit cards



AIFI

1. EXIM
2. NABARD
3. NHB
4. SIDBI
5. NaBFID ('22)



NBFCs

1. Primary Dealers
2. Mutual fund
3. Insurance fund
4. Pension fund
5. Microfinance
6. Mudra Ltd.
7. etc.



NBFC?

# Define “Bank”?

प्रमुख कार्य/ व्याख्या: जनता से डिपाजिट में पैसा ले और जनता को कर्जे में पैसा दे.

**Bank is a financial intermediary that provides  
Deposit and lending services to “Public AT LARGE”.**

## Deposit services

- Deposit Money.  
[goods/documents/jewelry assets in Safe Deposit vault is “auxiliary service”]
- Accepts from public @large. [not just shareholders or selected “subscribers”, “policy holders”]
- Deposits are Repayable @Time (FDRD) and @Demand.(CASA)

## Lending Services

- Direct lending: to Public at large.
- Indirect lending: NABARD/SIDBI Mudra/ funds when fail to meet PSL targets.

### Auxiliary services: गौण /आनुषंगिक कार्य

1. Safe deposit vault,
2. foreign exchange conversion,
3. tax payment,
4. sale of mutual fund, pension, insurance policies (Bancassurance),
5. Investment advice, underwriting.





भारतीय स्टेट बैंक  
State Bank of India  
हर भारतीय का बैंक  
THE BANKER TO EVERY INDIAN



Parameter	Commercial Banks	Non-Banking Financial Companies (NBFCs)
Registration	Banking Regulation Act	Companies Act
Supervision	RBI	Varies: Mutual funds-SEBI, Insurance Company: IRDAI etc.
Entry Capital	500 Cr. For Universal Commercial Bank	5cr for MicroFin, 200 cr. For reinsurance company etc. [figures not imp]

# Who regulates you?



भारतीय स्टेट बैंक  
State Bank of India

हर भारतीय का बैंक  
THE BANKER TO EVERY INDIAN





भारतीय स्टेट बैंक  
State Bank of India  
हर भारतीय का बैंक  
THE BANKER TO EVERY INDIAN

Can u  
accept  
deposits?

YES both  
time deposits  
Demand deposit



Only Time  
deposit (long  
term FD jaisaa)





भारतीय स्टेट बैंक  
State Bank of India

हर भारतीय का बैंक  
THE BANKER TO EVERY INDIAN

YES

CRR  
applicable



NO



SLR  
applicable





**BASEL  
applicable  
(More in  
Pill 1B2)**

**YES**



**On some NBFC  
but % different**



Can u give  
cheque  
book?



भारतीय स्टेट बैंक  
State Bank of India

हर भारतीय का बैंक  
THE BANKER TO EVERY INDIAN

YES



No

Can u give  
credit  
card?



भारतीय स्टेट बैंक  
State Bank of India

हर भारतीय का बैंक  
THE BANKER TO EVERY INDIAN



YES



No





यूपीएससी के  
बाबू शोने

Bajaj FinServe (NBFC) doing it  
an 'agent' of **RBL BANK**



U said NBFC can't issue Credit Card  
But Bajaj FinServe (NBFC) is doing?



भारतीय स्टेट बैंक  
State Bank of India  
हर भारतीय का बैंक  
THE BANKER TO EVERY INDIAN



MANAPPURAM  
FINANCE LIMITED  
**Gold Loan**

Parameter	Commercial Banks	(NBFCs)
Investment ग्राहक का पैसा किधर निवेश करेंगे	<ul style="list-style-type: none"><li>They can keep depositor's money in RBI approved securities.</li><li>But can't invest in share market per se.</li></ul>	<ul style="list-style-type: none"><li>Can invest clients' money in share market. E.g. SBI Mutual Funds</li><li>(but that's separate entity from SBI Bank)</li></ul>

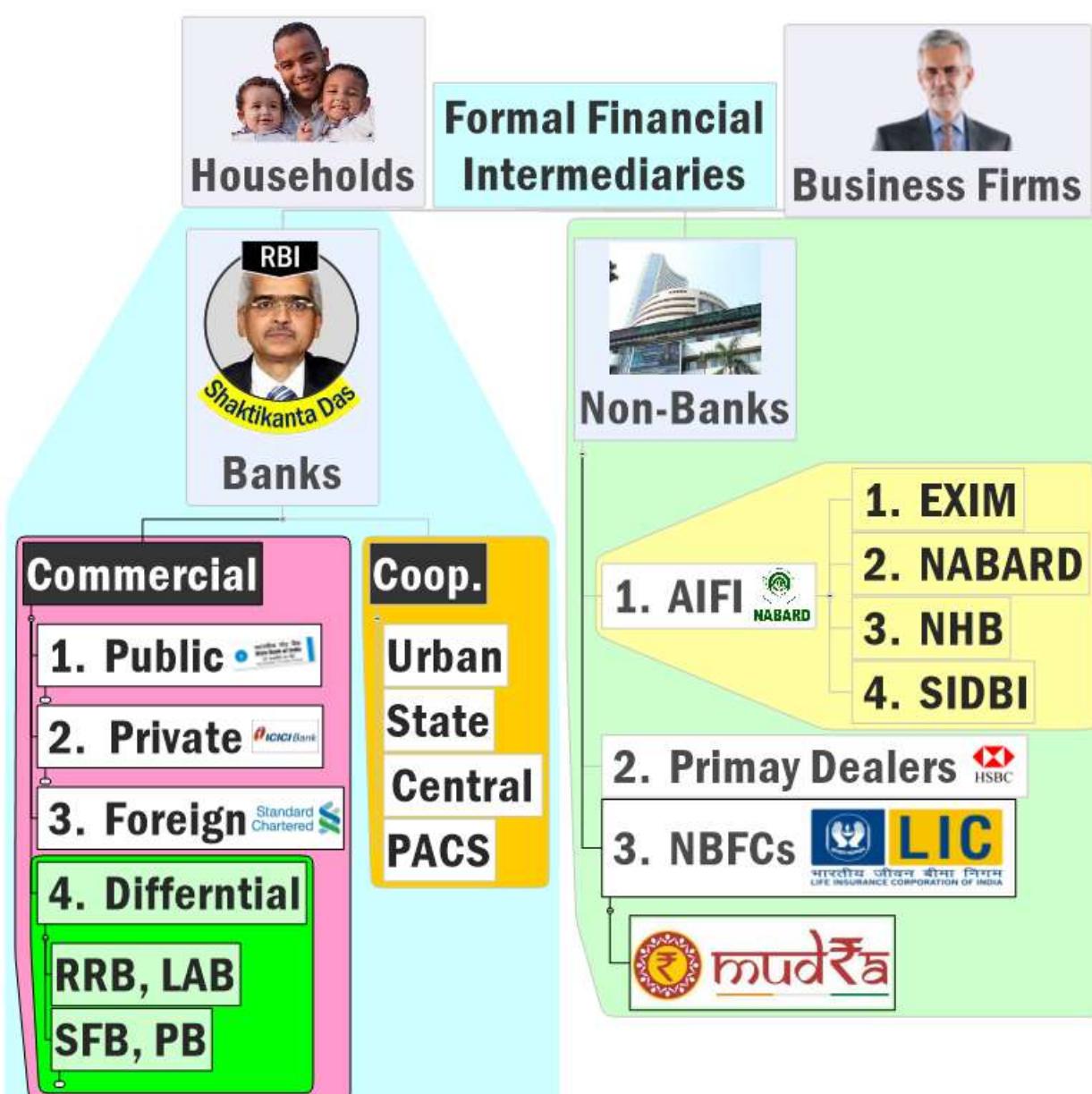


भारतीय स्टेट बैंक  
State Bank of India  
हर भारतीय का बैंक  
THE BANKER TO EVERY INDIAN



MANAPPURAM  
FINANCE LIMITED  
**Gold Loan**

Parameter	Commercial Banks	(NBFCs)
<b>Loan Rate</b> ब्याज दर क्या होगी	Decided as per RBI's methodology (external benchmark etc.)	Varies & depends on nature of biz. e.g. urgent gold loan x%, otherwise y%
<b>Recovery</b> कर्जा वापस नहीं किया तो	Loan recovery powers under SARFAESI Act- कर्जा वापस नहीं किया तो संपत्ति जप्त करने का कानून (in 1B2: NPA lecture)	- Not all NBFCs have this SARFAESI power for all types of loans (more in 1B2: NPA lecture)



## By Sunday Pillar1B2: NPA

# Shadow Banking

## ILFS & NBFC crisis (2019)

CEA

K. Subramanian

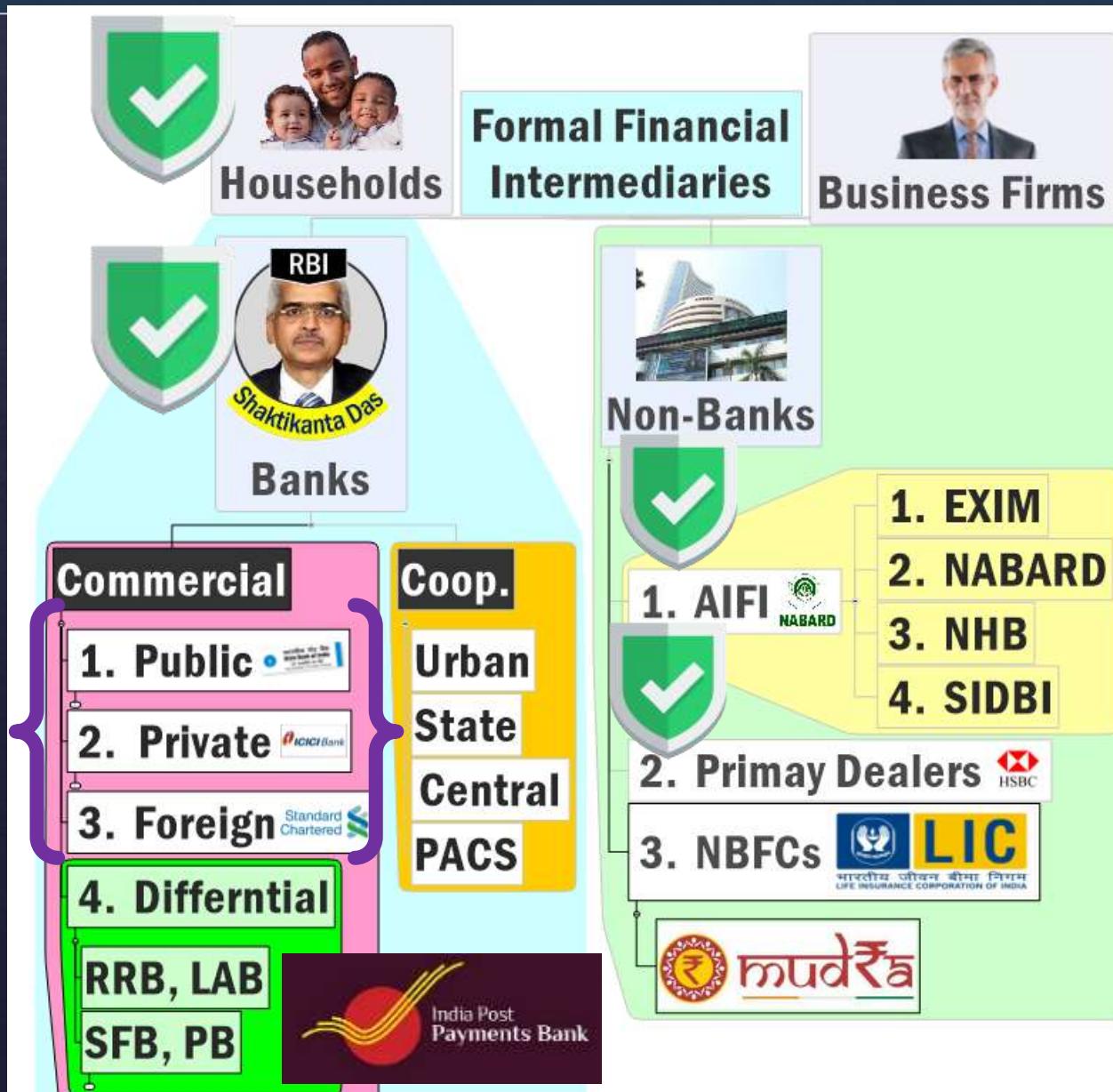
08

CHAPTER

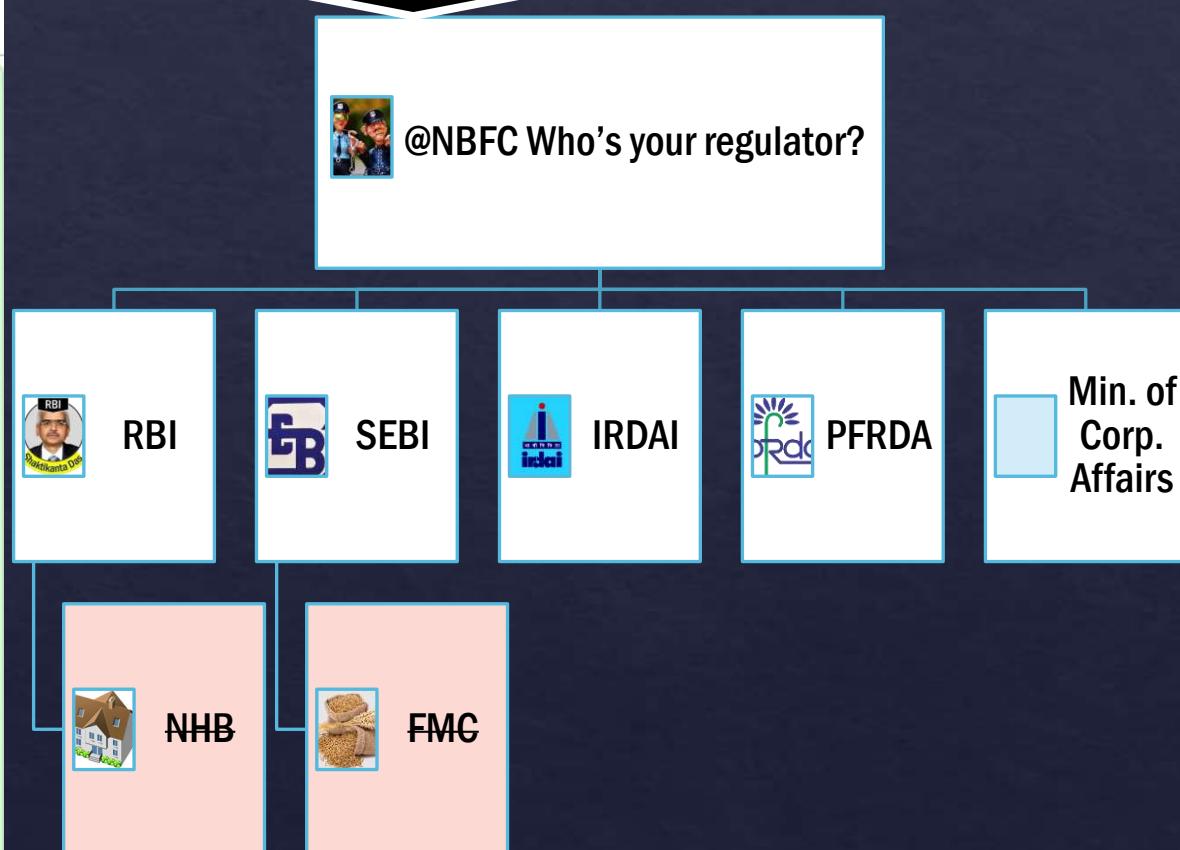
### Financial Fragility in the NBFC Sector

एनबीएफसी सेक्टर में वित्तीय भंगुरता

# Pillar#1B-1: classification of NBFC



इन्हें वर्गीकृत करने का एक तरीका है  
कि इनका नियंत्रक कौन है



# NBFC classification: based on Regulator

सबसे पहले ऐसे NBFC देखते हैं कि  
जिनका नियंत्रक रिजर्व बैंक खुद है!



@NBFC  
Who's your  
regulator?



RBI



SEBI



IRDA



PFRDA



Min. of  
Corp.  
Affairs

NBFC->  
Primary Dealers

वित्तीय बाजार के दो प्रकार होते हैं



## Financial Market

लघु अवधि के लिए  
1 साल से कम अवधि के  
लिए आपको कर्ज लेना हो



### Money Market (<1 yr)



### Capital Market (1yr/>)

Primary dealers operate here.

Fresh securities:  
shares/bonds

प्रतिभूतियां सबसे पहली बार  
जारी की जाती है

### Primary Market



### Primary Market



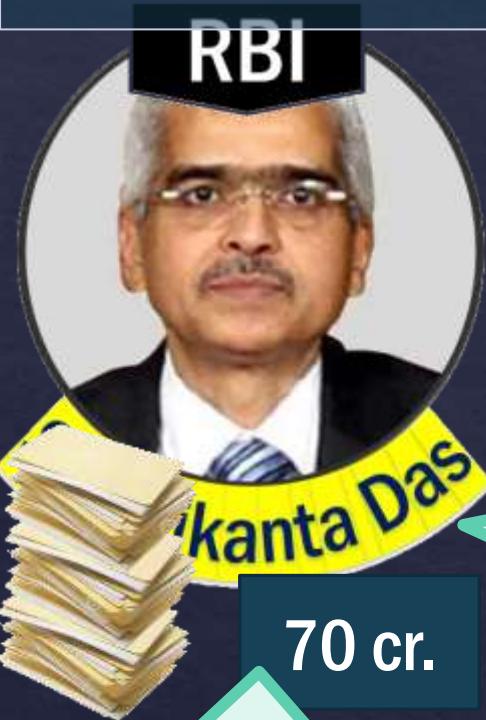
### Secondary Market



### Secondary Market

Re-sold. वही चीज  
निवेशक यहां दूसरे  
निवेशकों को बेचते हैं

# RBI: public debt manager: सरकार को कर्ज लेना है तो रिजर्व बैंक उसका व्यवस्थापन करती है- प्राथमिक विक्रेता उस खेल में मदद करते हैं



70 cr.

Unsold G-sec are bought by RBI.  
If RBI doesn't have cash, it'll print new cash

Sold through  
RBI's e-kuber  
platform

10 cr.

Primary dealers & Banks will buy



भारतीय स्टेट बैंक  
State Bank of India  
हर भारतीय का बैंक  
THE BANKER TO EVERY INDIAN

Tax collection & income is always lower than cost of welfare programs. So have to borrow



G-Sec: 100 Cr. @8% for 1 year



20 cr.

# Non Banks ⇒ Primary dealers (प्राथमिक विक्रेता)

- ◆ deal in "primary" market. directly buy G-sec at RBI's E-Kuber platform, and sell it in the secondary market. (when yields are favorable to them)
- ◆ Can Participate in OMO
- ◆ Must get license from RBI.
- ◆ Goldman Sachs, JP Morgan Chase, Standard Chartered Bank, HSBC (Hongkong and Shanghai Banking Corp. Ltd)
- ◆ Even: SBI, BoB, Kotak Mahindra etc.
- ◆ 21 PD: 14 Banks + 7 Non-Banks



# NBFCs ⇒ RBI Controlled

## “Investment and Credit Company”

. E.g. SREI Equipment Finance  
for tractor, rickshaw loans

आपको ट्रेक्टर वगेरे खरीदने  
के लिए लोन में पेसा देती है



👉 इसमें से हर एक संस्था असल में  
कैसे काम करती है ?  
हमको तैयार करने की जरूरत नहीं

Bank loans

Bonds

NBFC



# NBFCs ⇒ RBI Controlled

1. Asset Finance Companies,
2. Loan Companies,
3. Investment Companies. E.g. SREI Equipment Finance for tractor, rickshaw loans

आपको ट्रैक्टर वगेरे खरीदने के लिए लोन में पेसा देती है



2019: RBI merged them into single category  
**“Investment and Credit Company”**

👉 इसमें से हर एक संस्था असल में  
कैसे काम करती है ?  
हमको तैयार करने की जरूरत नहीं

Bank loans

Bonds

NBFC



NBFCs  $\Rightarrow$  RBI Controlled  $\rightarrow$  long term loans to big projects

यह संस्थाएं असल में कैसे काम करती है हमें जाने की ज़रूरत नहीं है

Core investment Companies (CIC)	They do long term investment in Companies. E.g. Tata / Birla / Reliance Capital, IL&FS
Infrastructure Finance Company (IFC)	Gives loan for infra. projects. E.g. Rural Electrification Company Ltd. (REC)
Infrastructure Debt Fund (IDF)	Long term loans to highway / port developers etc. e.g. L&T IDF, Kotak IDF, IDFC IDF (“IDFC First” has separate license for Bank).



बड़े प्रोजेक्ट के लिए दीर्घ अवधि के लोन देते हैं  
Names, objectives , examples not imp. But need vague idea to eliminate wrong options.

# NBFCs $\Rightarrow$ RBI Controlled

RBI

यह संस्थाएं असल में कैसे काम करती है हमें जाने की ज़रूरत नहीं है



## Asset Reconstruction Companies (ARC)

They **buy bad loans / NPA from Banks & other NBFCs**, and try to salvage value from the underlying assets. E.g Anil Ambani's Reliance ARC.

More in Pillar1B2: Bad Loans

## Factoring Companies

They **lend short term money** to client against his invoices / accounts receivable. E.g. IFCI Factors, Siemens Factoring.

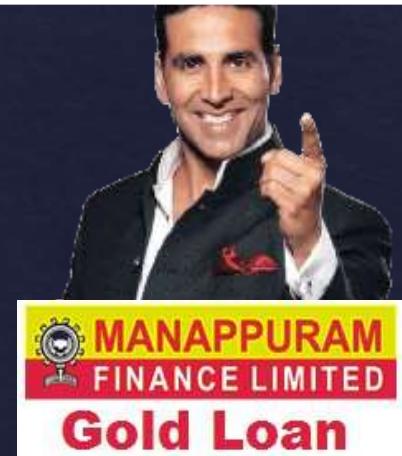
More in Pillar1C.

## Gold Loan Companies

e.g. Muthoot gold loan, Mannapuram Gold. RBI decides their Loan to Value ratios.

## Micro Finance Institutions (MFI)

<NEXT SLIDE>



गरीबों को छोटे-छोटे लोन देने के लिए

## Who regulates them?

- RBI + Ministry of Corporate Affairs

## Who can borrow from MFI?

- Ans. Household whose annual income is not more than ₹ 1.25 lakh (rural) or ₹ 2 lakhs (urban).



एक व्यक्ति को सवा लाख से ज्यादा कर्ज नहीं देंगे

गरीबों को छोटे-छोटे लोन देने के लिए

How much can one person borrow from an MFI?

- Ans. Not More than ₹ 1.25 lakh.

Example

- Bandhan (W.Bengal, separately got PvB license),
- Disha (A'Bad: separately got SFB license),



एक व्यक्ति को सवा लाख से ज्यादा कर्ज नहीं देंगे

# 1. All-in-One Messenger

Settings



Your Messenger



Add Messenger



Settings



About

Add Messenger

search



Facebook  
Messenger



WhatsApp



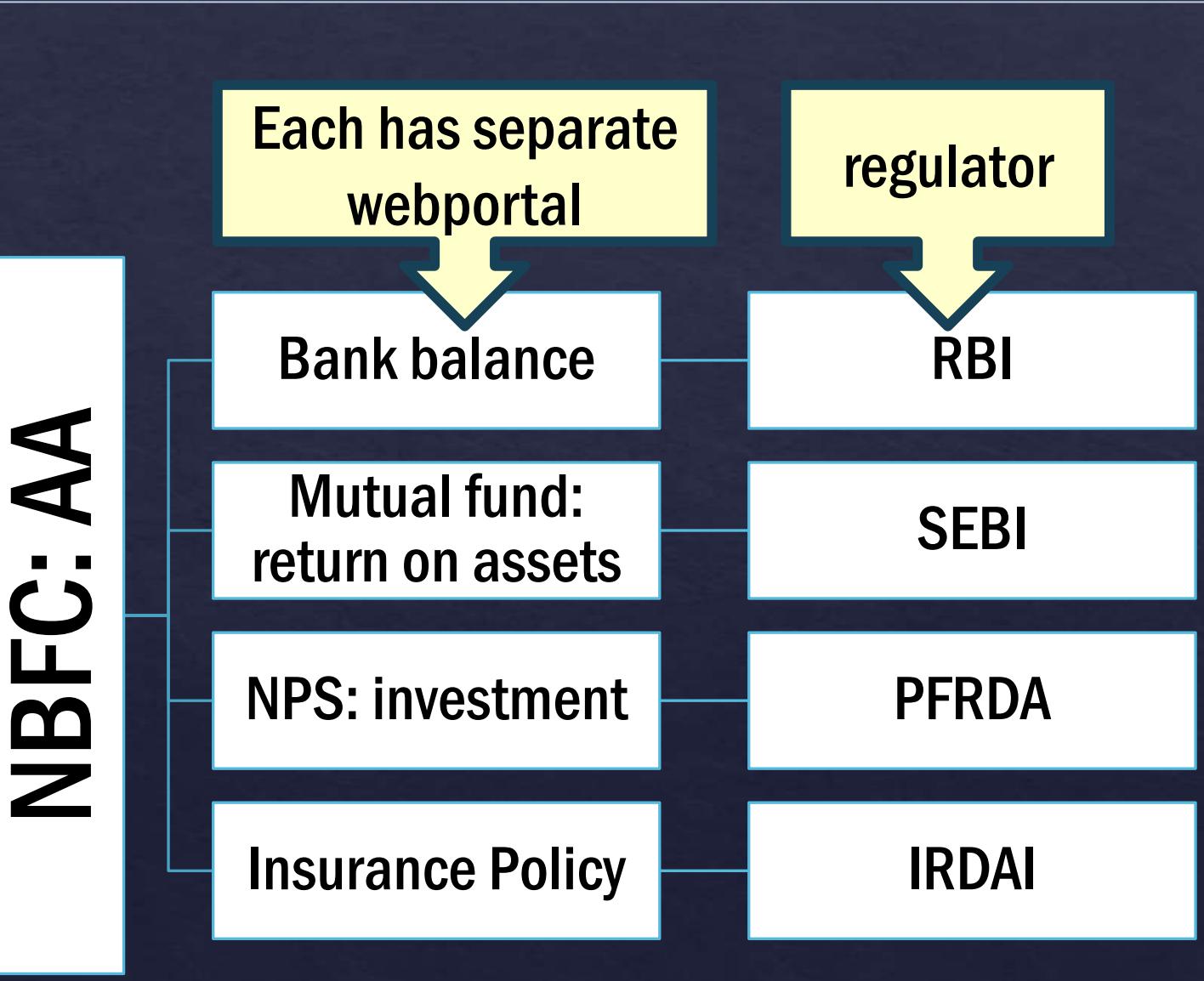
Google Mail



Instagram  
Messenger

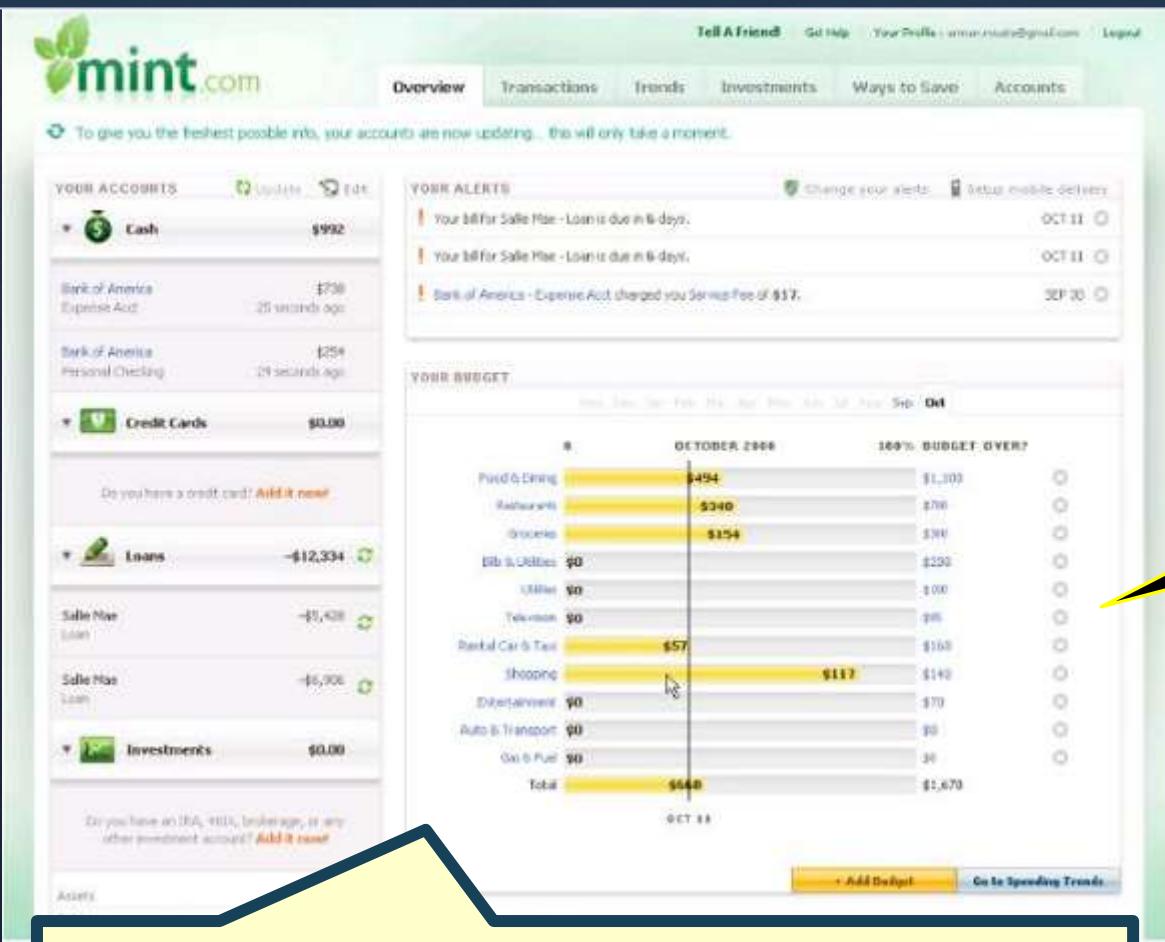
# RBI controlled NBFC $\Rightarrow$ NBFC Account aggregator

वैसे तो हर खाते की जानकारी के लिए इनकी अलग वेबसाइट होगी



# RBI controlled NBFCs Fintech cos⇒ Account aggregator

अलग-अलग वेबसाइट से आपकी जानकारी बैलेंस निकाल कर आपको दिखाएगा



2018-Nov: RBI said it'll give license to 5 companies. List not imp. Term imp because ecosurvey 2019 mentioned.

1. Show to client
2. Show to loan giver
3. Show to app like BHIM, Google Pay→ further transactions like repay credit card dues or insurance premium

NBFC: AA

Bank balance

RBI

MF: return on assets

SEBI

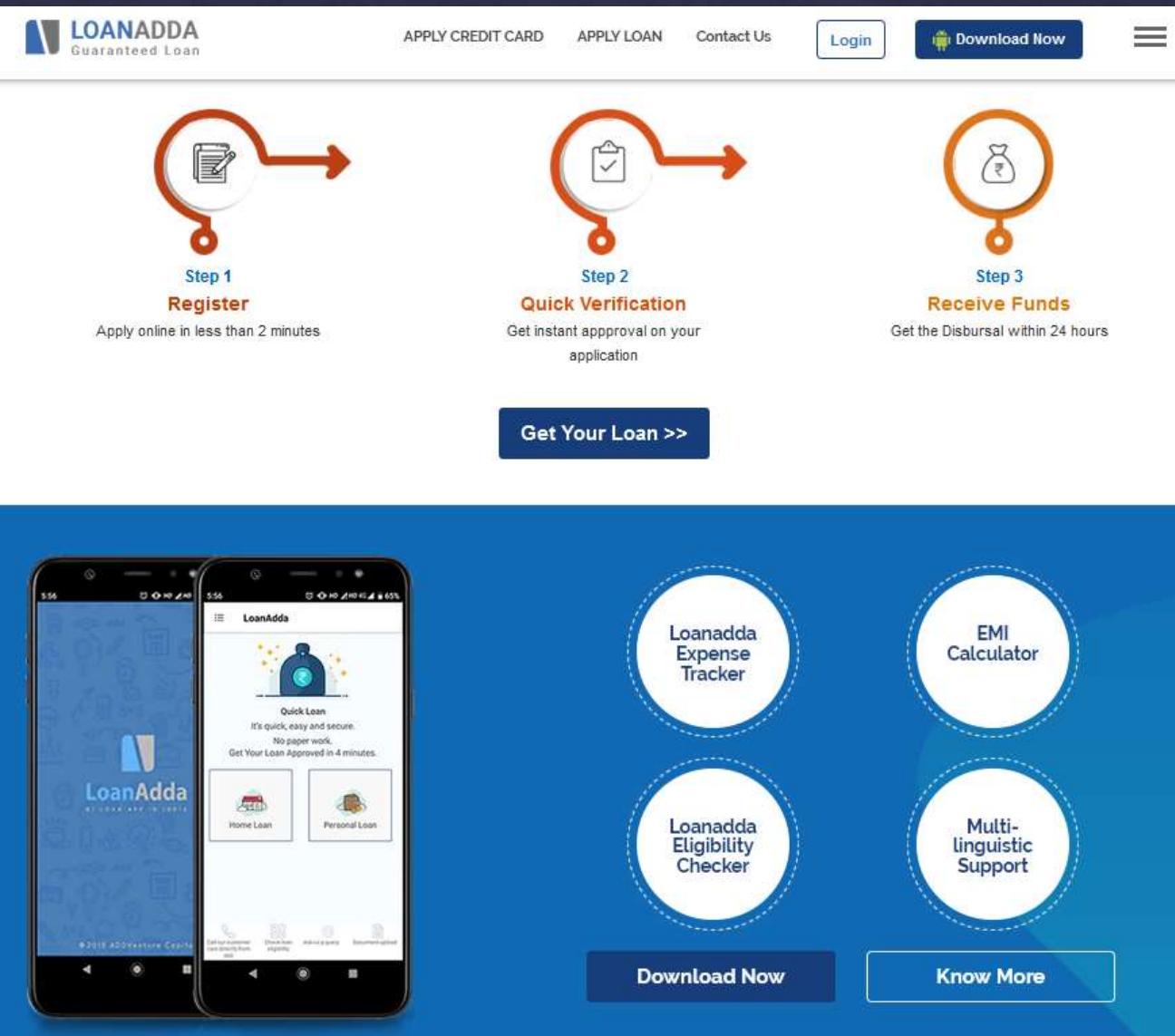
NPS: investment

PFRDA

Insurance Policy

IRDAI

# RBI controlled NBFCs Fintech cos⇒ Loan aggregator

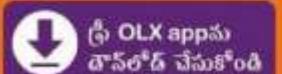


- E.g. **Loanadda.com, Moneytap.com, Loantap.com, Loanbazaar, Paisabazaar etc.**
- They **connect customer with bank/NBFC for loans.**
- Sometimes they act as **outsourced agents** of banks/NBFCs to sell loans.
- But, **customers face difficulty in complaint/grievance redressal.**
- **RBI working on rules to fix responsibilities**



## పాత వస్తువులను అమ్మేయండి. Upgrade అవ్వండి.

కొత్త వస్తువులు కొని upgrade అమ్మే ముందు, భారతదేశంలో No.1 మార్కెట్‌ప్లాట్ బ్రాండ్ లో పాత వస్తువులను అమ్మేయండి.



ట్రీ బ్రాండ్ లో డాయాల్ చేయండి



వస్తువుల ఫోటోలు upload చేయండి



పూర్తి వివరాలు క్రాయిండి



పోస్ట్ చేయండి



# RBI controlled NBFCs: Fintech cos⇒ Peer to Peer Lending(P2P)

The image shows the homepage of Faircent, a peer-to-peer lending platform. At the top, there are two main buttons: 'Lender' (blue) and 'Borrower' (green). Below each button is a statement: 'Get returns up to 25%' for Lenders and 'Get rates as low as 12%' for Borrowers. In the center, the 'FAIRCENT' logo is displayed above the tagline 'Like Olx & quikr for “LOANS”'. To the left, a box shows 'Lenders Committed to Lend ₹377,120,000'. To the right, a box shows a man's portrait with the text 'Seeking to borrow ₹280,596,046'. The background features a large image of a smiling man holding two young children.

Lender

Borrower

Get returns up to 25%

Get rates as low as 12%

FAIRCENT

Like Olx & quikr for “LOANS”

Lenders  
Committed to Lend  
₹377,120,000

Seeking to borrow  
₹280,596,046

A horizontal bar chart comparing risk levels (Low, Medium, High, Very High, Unrated) against net returns. The chart shows that as risk increases, net return also increases. A callout box highlights the 'Low' risk category with a green border and the text 'Minimal Risk'.

Risk Level	Net Return
Low	Net Return: 13.5% (0.5%)
Medium	Net Return: 14.5% (3.1%)
High	Net Return: 15.8% (5.1%)
Very High	Net Return: 16.4% (7.2%)
Unrated	Net Return: 20.9% (8%)
Unrated	Net Return: 26.8% (9%)

Great Returns

Low

Medium

High

Very High

Unrated

Net Return: 13.5% (0.5%)

Net Return: 14.5% (3.1%)

Net Return: 15.8% (5.1%)

Net Return: 16.4% (7.2%)

Net Return: 20.9% (8%)

Net Return: 26.8% (9%)

Minimal Risk

Similar borrowers >

I want to directly loan to a borrower without using a ‘bank’ as middleman. बीच में बैंक की जरूरत नहीं

जो पैसा उधारी में देना चाहता है और जो पैसा उधारी में लेना चाहता है उन दोनों को यह प्लेटफार्म मिलवाता है



CRED



CRED mint

9% Earning 😍

Launched 🔥

you'll be able to fast-track your wealth soon

✓ you will be notified

Powered by CRED - ₹50 required PPF 80PC

## Online lenders



# Online lenders

RBI regulated

Other regulators  
e.g. SEBI

Youtubers &  
CA-PDF walla

illegal

BANK

e.g. Venture Capital  
Fund giving loan to  
Startup

Mafia/Don Android  
Apps

DO U HAVE CAPACITY TO REPAY LOAN?



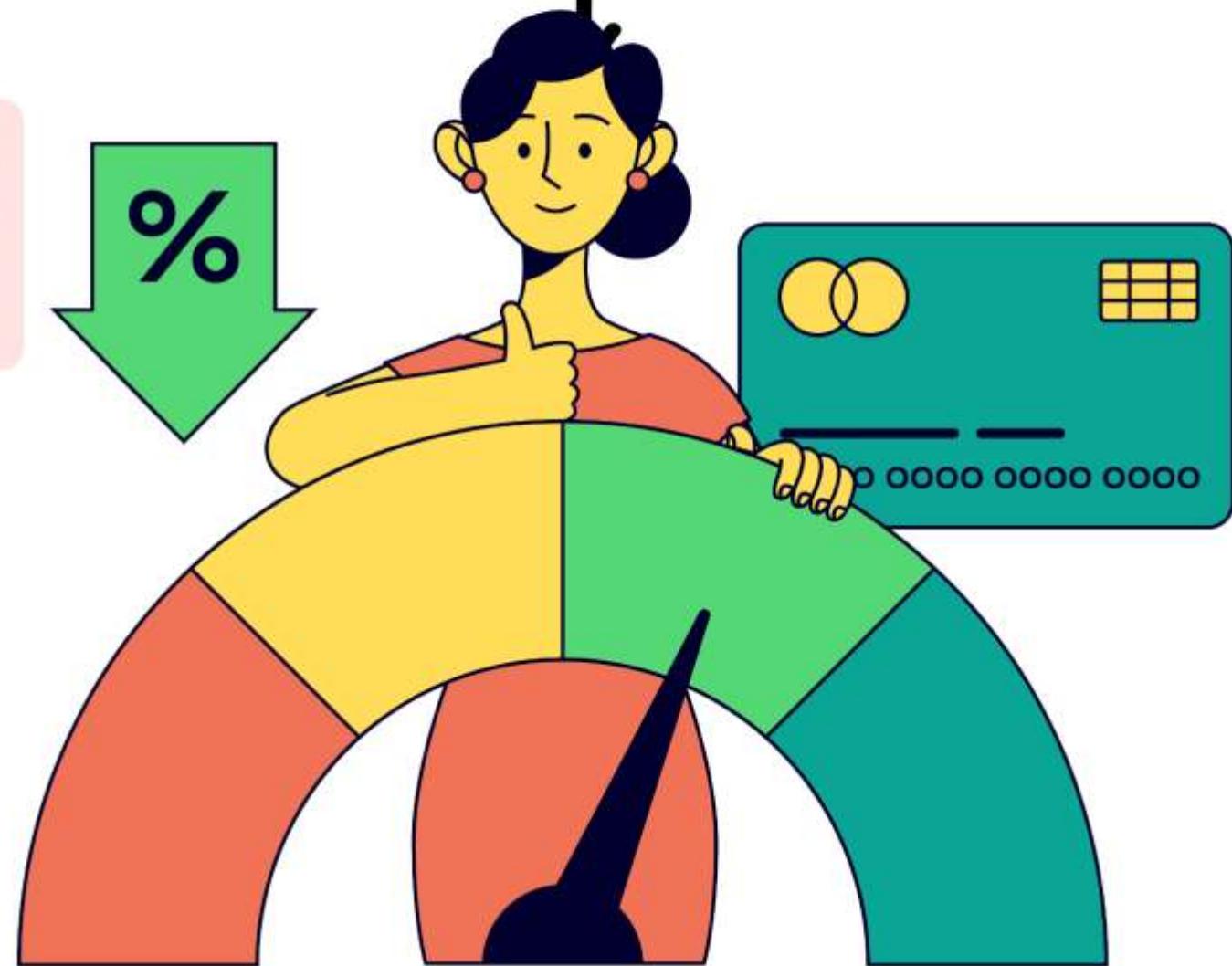
Individual  
Borrower



Shaktikanta Das

CIBIL

**CIC** Credit  
Information  
Companies



# DO U HAVE CAPACITY TO REPAY LOAN?



Individual  
Borrower



# Who will make law on a subject?

Union List



Citizenship

State List



Agriculture

Concurrent List



Bankruptcy and insolvency.

Residuary subject



On subjects which are not mentioned anywhere

ऐसा विषय जिसका कहीं पर भी जिक्र नहीं है  
उस पर कानून केंद्र की संसद बनाएगी

# NBFC classification: residuary powers with RBI (अवशिष्ट सत्ताएँ)

ऐसी कोई भी NBFC जिसे अन्य कोई नियंत्रक निगरानी नहीं कर रहा है उस पर रिजर्व बैंक की निगरानी होगी

- If new type of NBFC is born,
- not regulated by anyone,
- then RBI to regulate it.
- E.g. NBFC Account aggregator or P2P lenders



@NBFC  
Who's your  
regulator?



RBI



SEBI



IRDAI



PFRDA



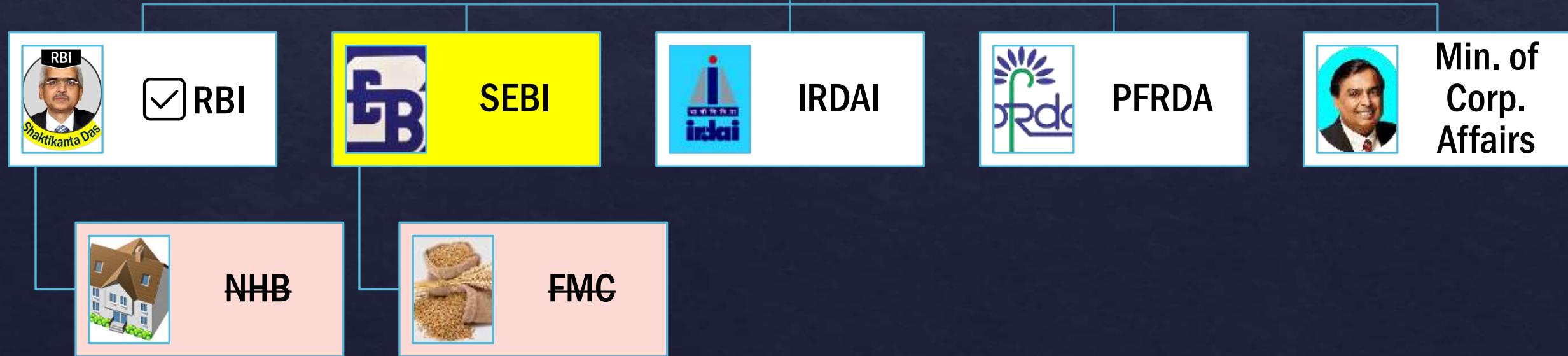
Min. of  
Corp.  
Affairs

# NBFC classification: based on Regulator

अब तक हमने ऐसी संस्थाएं देखी जिन पर  
रिजर्व बैंक की निगरानी होती है  
अब हम देखते हैं ऐसी संस्थाएं  
जहां पर सेबी की निगरानी है



@NBFC  
Who's your  
regulator?



- Help individual client invest in Sharemarket
- ग्राहक का पैसा शेयर बाजार में लगाता है

Sharebrokers



- Underwriting : help companies issue shares/IPOs
- Wealth Management for rich people

Investment Banks (USA), Merchant Banks (UK)



- Pool people's money to invest in asset: G-sec, Bonds, Shares, real estate properties

• बहुत सारे ग्राहकों का पैसा बाजार में लगाता है

Mutual Funds,  
REITs, InviTs



- Help startup companies with funding
- स्टार्टअप कंपनियों को पूँजी हासिल करने में मदद करती है

Venture Capital Funds



NBFCs → SEBI controlled

More in  
Pillar#1C



भारतीय प्रतिभूति और विनियम बोर्ड  
Securities and Exchange Board of India



# NBFC classification: based on Regulator



What happened to Forward market commission- it got merged with SEBI. Why? Ans. In Pillar#1C: SEBI lecture.

# NBFCs



## Regulator: IRDAI: बीमा कंपनियों पर

- Insurance companies like LIC, Oriental Insurance, Reinsu., Policybazaar.com
- Premium → invest → Protect against uncertainties. (more in Pillar#1D: lecture)



## Regulator: PFRDA Act 2013 - पेंशन कंपनियों पर

- Regulator for all pension funds except EPFO and a few others\*\*
- (more in Pillar#1D: lecture)



## Regulator: RBI – Home loan NBFC companies

- DHFL, Muthoot Housing finance etc.



Read the PPT Slide @home

NBFC classification → Supervised by Ministry Of Corporate Affairs (MCA)

कॉर्पोरेट मामलों का मंत्रालय भी इन पर कुछ निगरानी रखता है



Nidhi - सदस्यों की बचत से सदस्यों को लोन देता है

- Mutual benefit club, only members can borrow.
- SOUTH MADRAS BENEFIT FUND Ltd.
- Maben Nidhi Ltd (Mannapuram group)

How is this similar /  
different than Chit  
fund / Coop Banks  
= ✌ NOT IMP



MicroFin गरीबों को छोटी लोन देने के लिए

- Learned few slides back.
- RBI regulates lending and interest activities
- Corporate Affairs ministry has some Administrative powers.



# Micro Finance Companies – Who regulates them?

NBFC classification → Supervised by Ministry Of Corporate Affairs (MCA)

कॉरपोरेट मामलों का मंत्रालय भी इन पर कुछ नियरानी रखता है



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MicroFin गरीबों को छोटी लोन देने के लिए



- Learned few slides back.
- RBI regulates lending and interest activities
- MCA has some Administrative powers.

✓ Some of its  
regulation by RBI



✓ Some of its  
regulation by Corporate  
Affairs Ministry AND

RBI regulated NBFC → Micro Finance Institutes (MFI: सूक्ष्म वित्त संस्थान)

गरीबों को छोटे-छोटे लोन देने के लिए



Who regulates them?

- RBI + Ministry of Corporate Affairs

Who can borrow from MFI?

- Ans. Household whose annual income is not more than ₹ 1.25 lakh (rural) or ₹ 2 lakhs (urban).

How much can one person borrow from an MFI?

- Ans. Not More than ₹ 1.25 lakh.

Example

- Bandhan (W.Bengal, separately got PvB license),
- Disha (A'Bad: separately got SFB license),

एक व्यक्ति को सवा लाख  
से ज्यादा कर्ज नहीं देंगे

NBFCs => Regulated by State Registrar of Chit Funds → Chit Funds

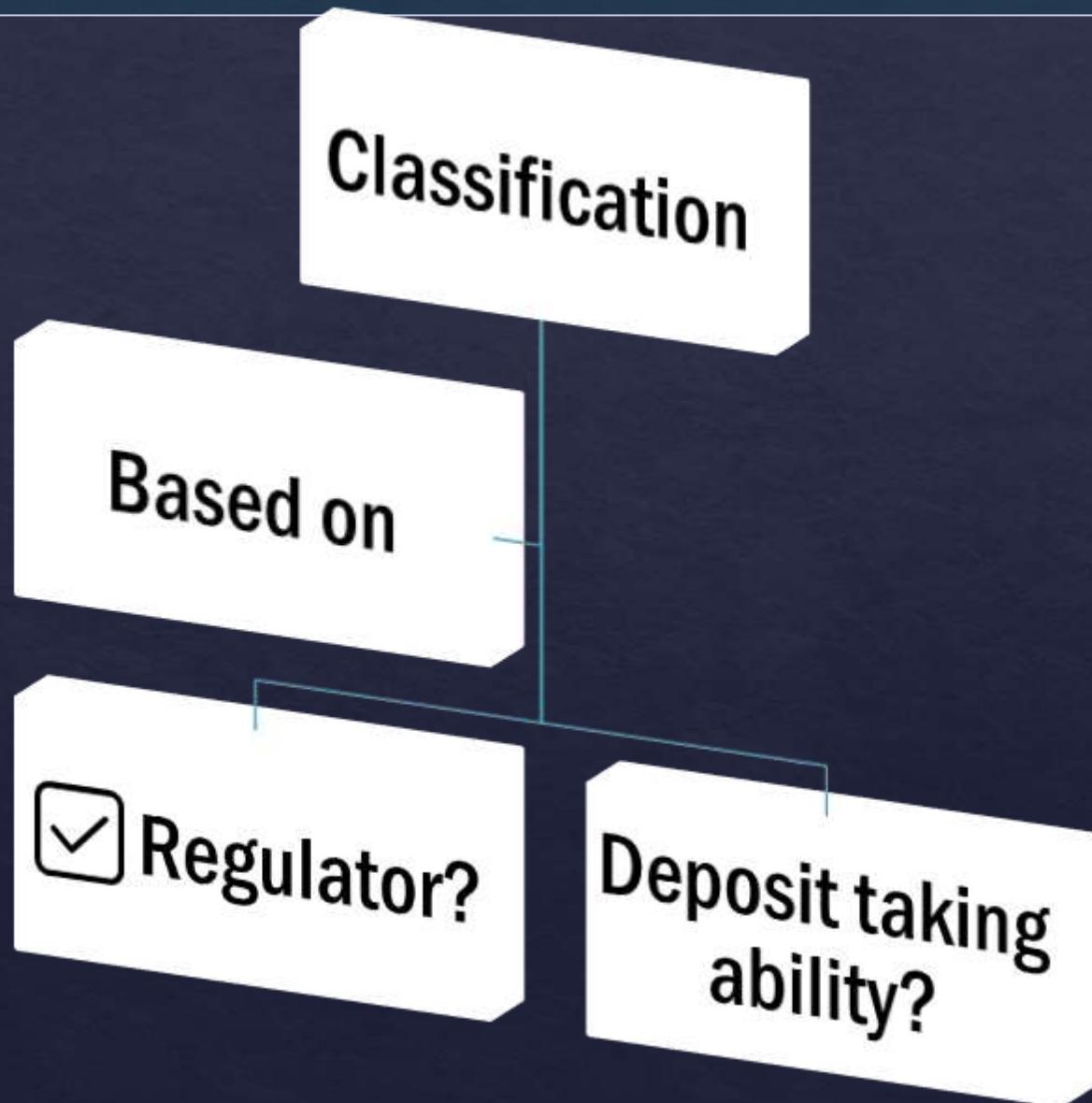
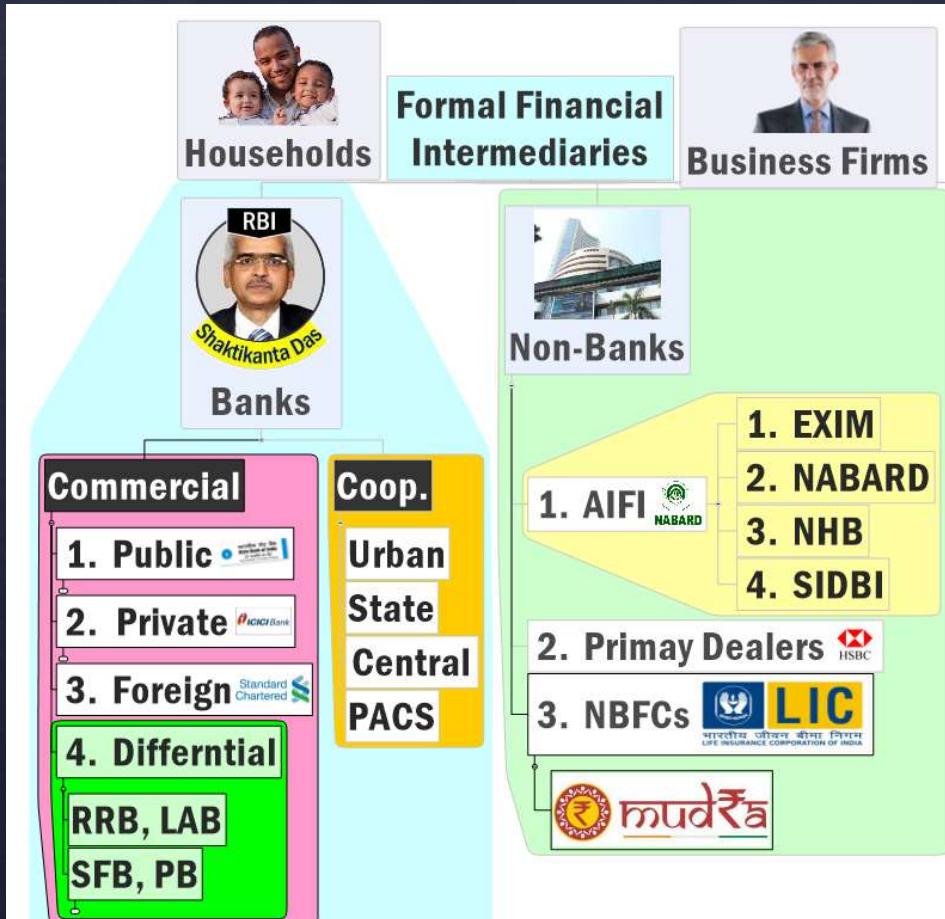
गरीबों से हर महीने थोड़ी-थोड़ी रकम निकल पाता है और उसमें से किसी को लोन में मदद करता है

- ◆ Chit fund is a type of **collective investment scheme** with **monthly contributions & borrowing** by contributing members e.g. Shriram Chits.
- ◆ More in Pillar#1D: Financial Inclusion

The screenshot shows the Shriram Chits website. On the left, there's a close-up photo of a hand pressing a blue 'pay' button on a white keyboard. Overlaid on this image is the text 'Online Payment'. On the right, there's a yellow call-to-action box with the text: 'Pay your monthly Subscription through Debit Card, Credit Card, Net Banking quick,easy and only one click away...'. At the bottom of the page, there's a navigation menu with links like Home, About Us, Chit Act, Services, Payments, Agent, General Info, Branches, Chit Groups, and Shriram Chits.

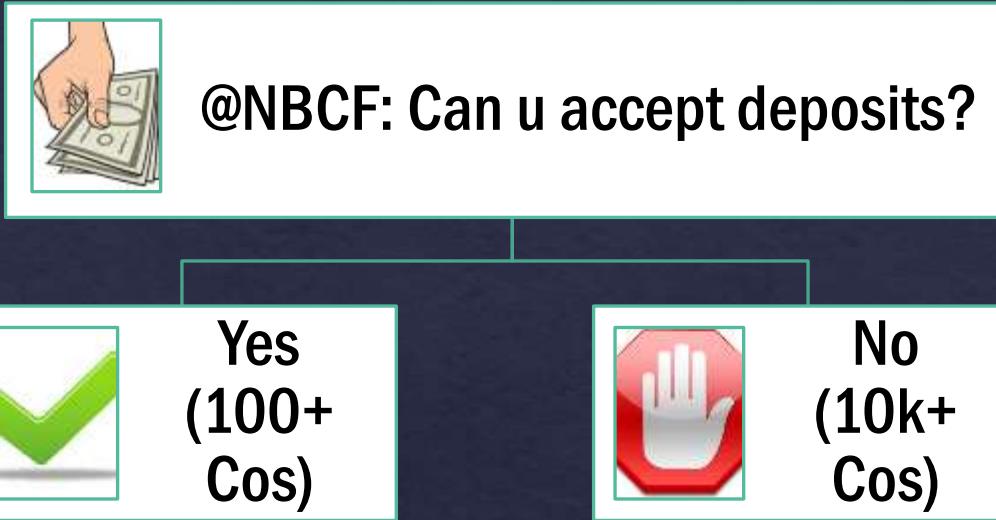


# NBFC classification-



# NBFC Classification Method#2: Based on deposit taking ability ?

वर्गीकरण का एक दूसरा तरीका= क्या आप की जनता से डिपाजिट ले सकती है कि नहीं?



- Only "**TIME DEPOSIT**".
- **SLR** applicable
- Bajaj FinServ  
Mahindra fin,  
Muthoot capital  
service,



NBFC-D

# NBFC Classification Method#2: Based on Deposit Taking Ability ?

वर्गीकरण का एक दूसरा तरीका= क्या आप की जनता से डिपाजिट ले सकती है कि नहीं?



@NBFC: Can  
u accept  
deposits?



Yes (100+  
Cos)



No  
(10k+ Cos)



NBFC-D



NBFC-ND



NBFC-ND-S

- IF Asset size above 500 cr.
- Non-deposit Taking-systematically Important. (tougher norms on them)
- L&T finance, IL&FS

अगर जनता से डिपाजिट नहीं लेते तो  
पैसा लाते किधर से हैं?

How do they arrange money?

Ans. They issue

- shares, bonds in market,
- borrow from other banks
- Borrow from external sources.

# Some more type of organizations

13.10.8 NBFC: Shadow Banking (आभासी / प्रतिछाया बैंकिंग प्रणाली)

ES20 Vo1 Chapter 08 on 'NBFC's Financial Fragility' (वित्तीय भंगुरता) observed

- ⇒ Shadow banking is a set of activities and institutions. They operate partially (or fully) outside the traditional commercial banking sector. They are not fully regulated by the RBI. ये संस्थाए पारंपरिक बैंकिंग नियमो के दायरे से बाहर काम करती हैं.
- ⇒ A shadow banking system can be composed of a single institution or multiple entities forming a chain. They mobilize funds by borrowing from banks, issuing Commercial Papers (CP) and Bonds (=Non-convertible debentures)

Table 9: Three important segments of the shadow banking system in India

HFCs	Housing Finance Companies. E.g. Dewan Housing Finance Limited (DHFL)
LDMFs	<ul style="list-style-type: none"><li>- Liquid Debt Mutual Funds invest clients money into short term debt instruments such as T-bill (of Govt) and Commercial Papers (of companies).</li><li>- e.g. certain schemes by UTI, Kotak, L&amp;T, Tata mutual funds</li></ul>
Retail-NBFCs	Retail Non-Banking Financial Companies such As Gold Loan Companies, Asset Finance Companies etc.

Shadow banking system's assets are risky. Sometimes they can't honour their obligations/bond repayments. It results into severe crisis, as seen in the IL

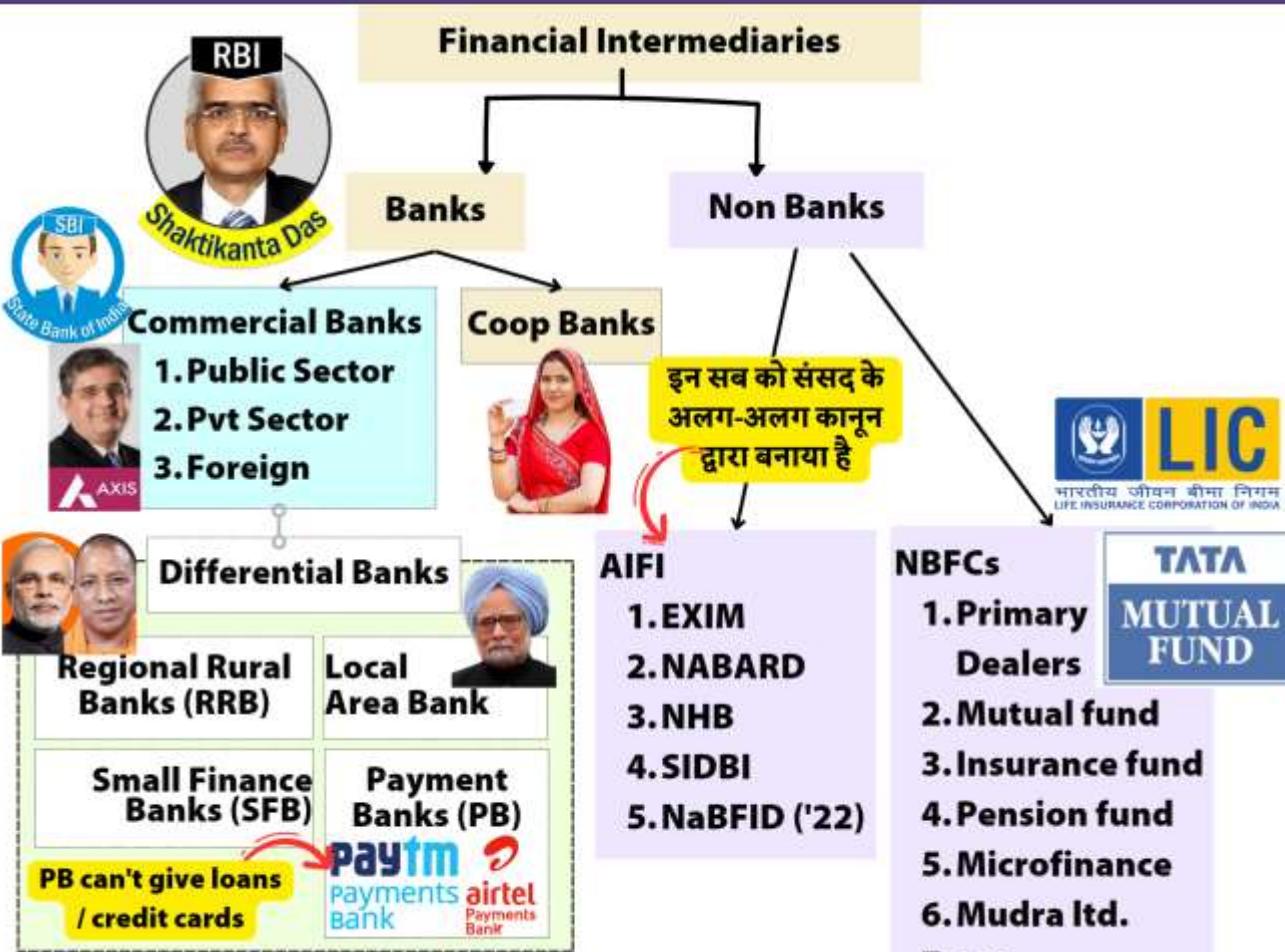
More on Shadow banks in Pillar1B2: → ILFS crisis

Shadow  
banks in  
#1B2



Mudra in  
Pillar#1D

# NBFC → Islamic Banking (not yet given permission)



**ISLAMIC BANKING**

According to Islam / Shariya law Muslim can't

- invest money in speculative trading, gambling, **सट्टेबाजी में पैसा नहीं लगा सकते**
- Alcohol or pork or similar “Haram” biz.
- Pay or receive interest. **ना तो ब्याज दे सकते ना तो ब्याज ले सकते हैं**

# Traditional Auto Loan



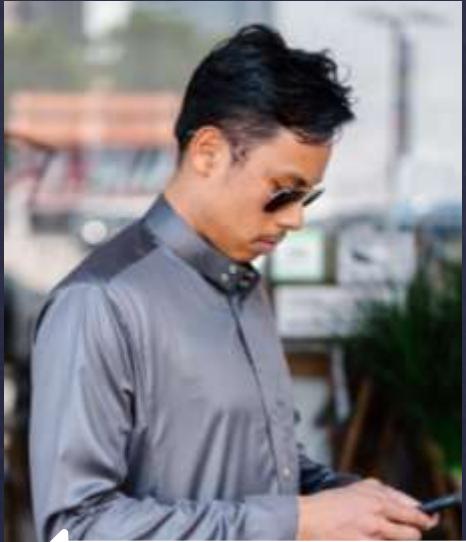
₹1 lakh Loan

₹1 lakh Deposit

Principal  
+ Loan Interest

Principal  
+ Savings Interest

# Islamic Banking: Interest is prohibited



Sell at “marked up”  
price ₹1.20 lakh



Banker buys  
car for ₹1 lakh



₹1 lakh Deposit

# Islamic Banking: Interest is prohibited



Sell at “marked up”  
price ₹1.20 lakh



Banker buys  
car for ₹1 lakh

Return ₹1.20 lakh in  
installments

₹20,000  
PROFIT  
NOT Interest



₹1 lakh Deposit

Principal  
+ “Profit” share

जैसे कि बैंक, डिपॉजिट के पैसे से खुद ही  
मकान खरीदने और किसी को किराए पर दे दे

# ISLAMIC BANKING

ग्राहक से डिपॉजिट में पैसा लेते हैं  
लेकिन लोन के स्वरूप में किसी को  
नहीं देते। तरीका थोड़ा अलग होता

## Borrowers (Assets)

iJARA (Home rent)

Murbaha (sell at  
@marked up price)

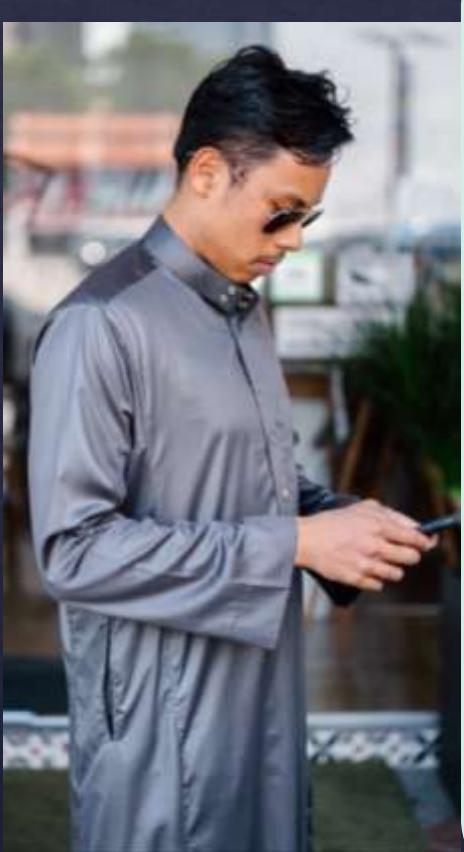
Musharaka (Jt.  
Investment)

## Depositors

RENT “not interest”

PROFIT, not interest

Share in profit



we need not bother with internal meaning. Because not permitted in India.

Pro-anti arguments given in handout. but faded topic

# Kerala HC adjourns petition against Islamic banking

George Joseph |  
Last Updated at Jan 10, 2018, 02.05 PM IST

2013



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₹ ज्यादा दिमाग खर्च करने का फायदा नहीं इतना जानना पर्याप्त है कि रिजर्व बैंक इसका विरोध कर रहा है. **Sufficient to know that RBI is opposed to this idea**

ALSO READ

Federal may give nod for

## Not to pursue Islamic banking in India, says RBI

2017

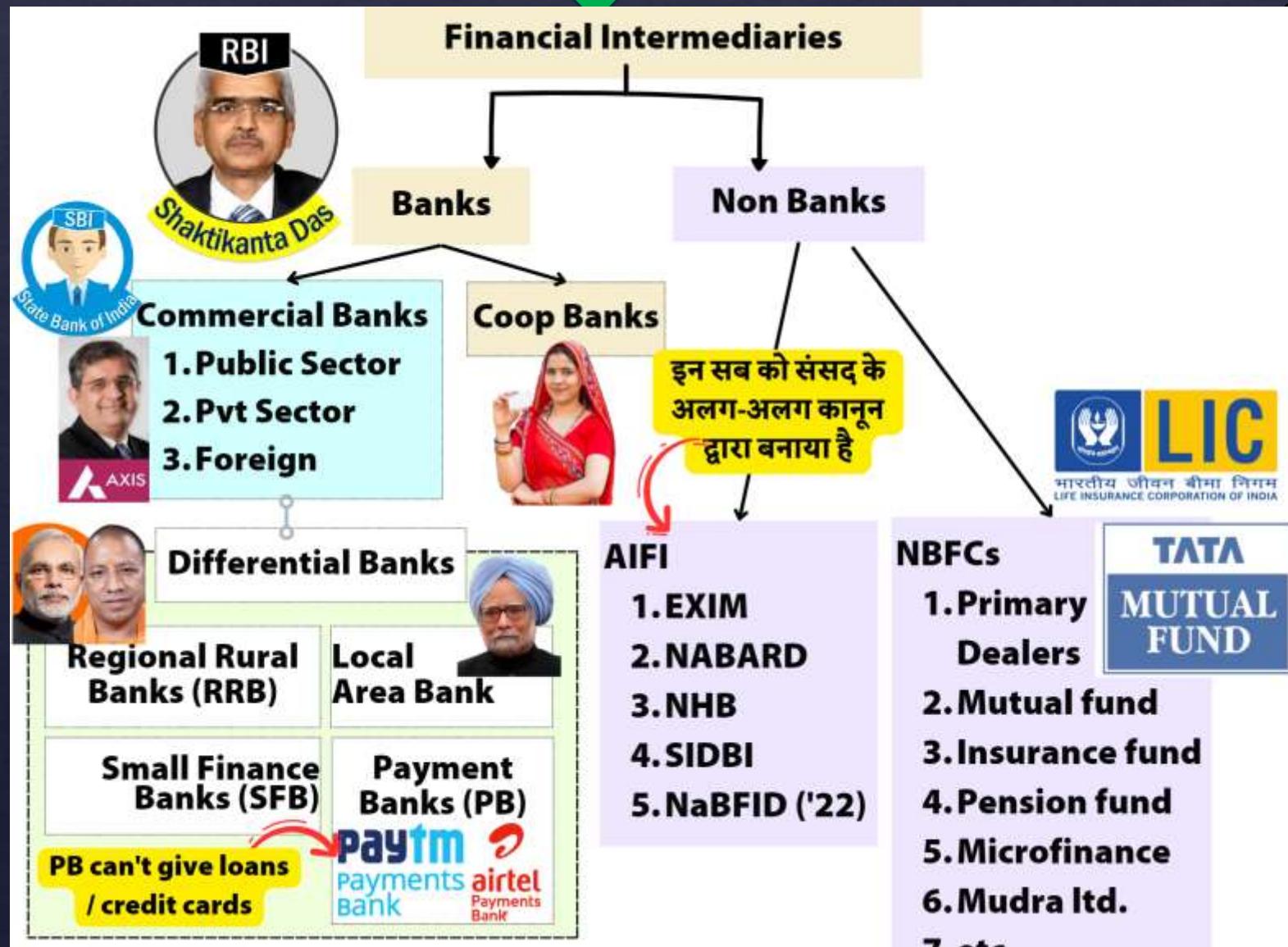
PTI | Nov 12, 2017, 02.05 PM IST

by Subramanian Swamy, a former Union minister,  
against the proposed commencement of an Islamic



# Financial Intermediaries

## Regulated, Formal



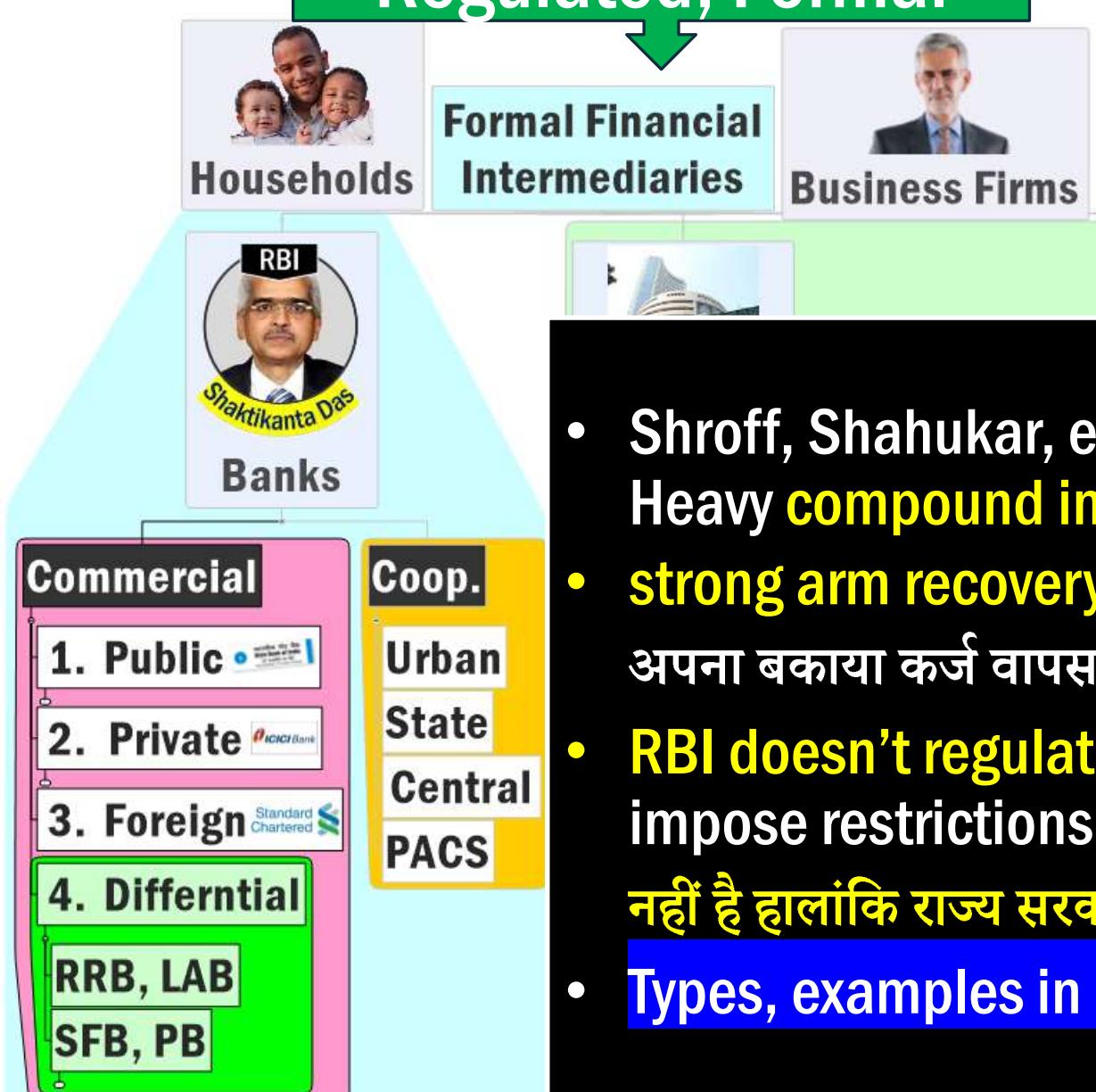
Unregulated, informal  
गैर नियंत्रित / अनौपचारिक  
वित्तीय मध्यस्थ



# Financial Intermediaries

## Regulated, Formal

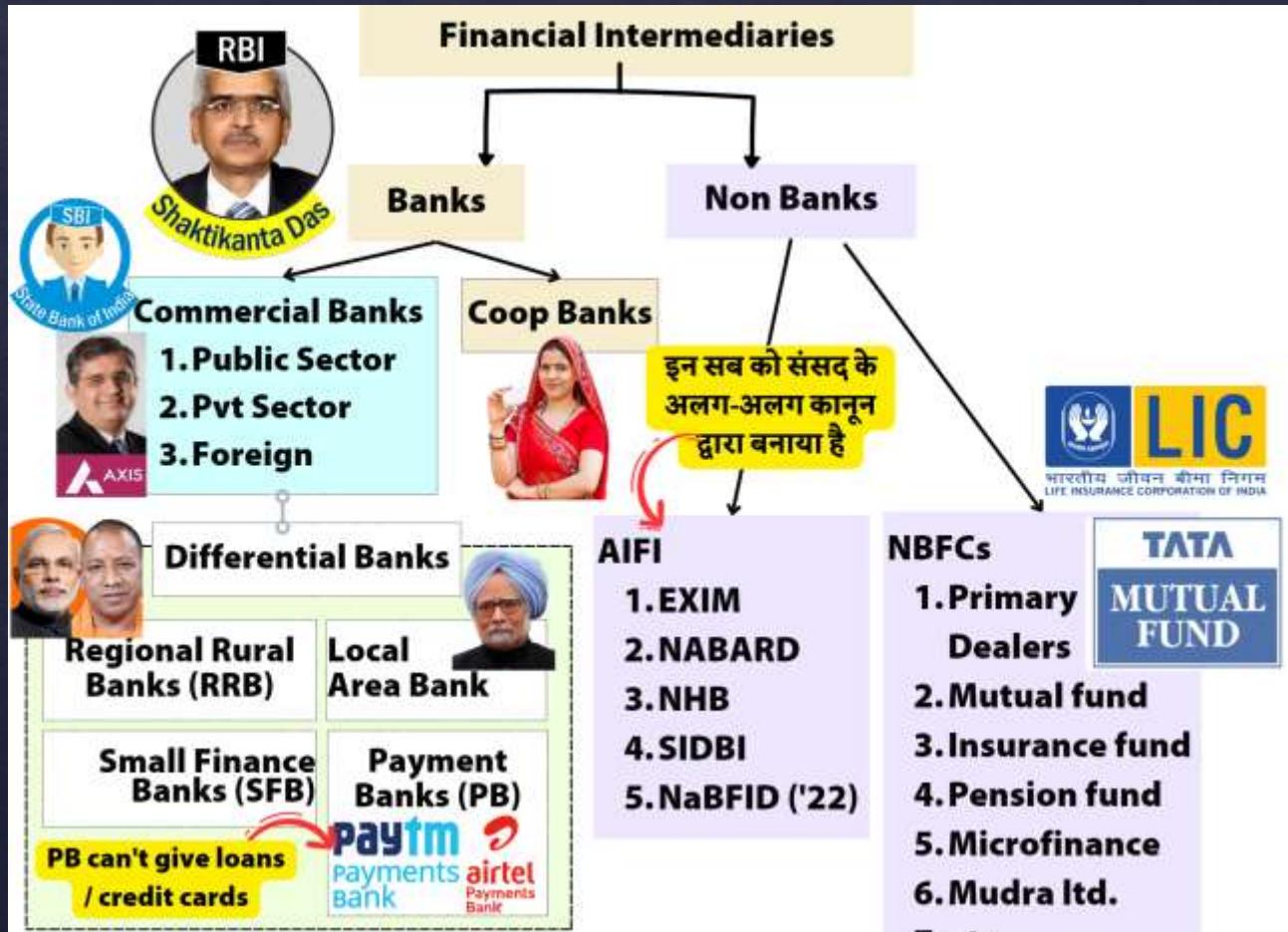
## Unregulated, informal



- Shroff, Shahukar, etc- Instant cash loans without Documents, Heavy compound interest rate,
- strong arm recovery tactics so low NPA. मारपीट और जबरन वसूली से अपना बकाया कर्ज वापस ले लेते हैं
- RBI doesn't regulate but States have laws to register them, impose restrictions on their interest rates. आरबीआई इनका नियंत्रिक नहीं है हालांकि राज्य सरकारों ने इनके पंजीकरण के लिए कुछ कानून बनाए हैं
- Types, examples in handout but ⚡ not-very-imp except IBPS

# Finished. next lecture Burning issues in Banking Sector

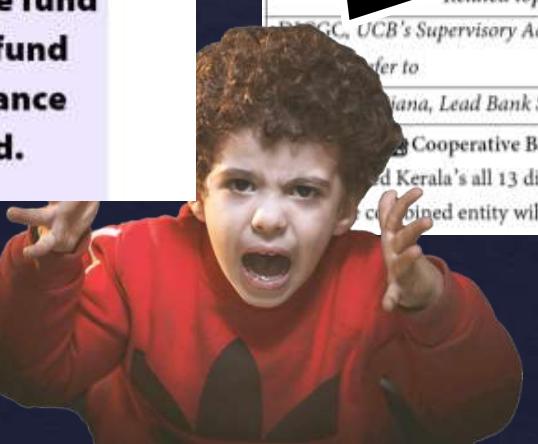
इसको रट लेना भाई। यहां से भी prelims- में प्रश्न आए हैं



Before	After this Ordinance/Act/Amendment
⇒ Then RBI will begin the process of fixing the bank. → This disrupted the normal business of the bank and created panic among investors. (निवेशकों में दहशत फैलती थी)	
It was difficult for a coop bank to raise capital/money by issuing IPO/Shares/Debentures. (Ref #1C)	Technical norms relaxed, to

**Handout खेल**  
**खत्म**

मेरा शेड्यूल बहुत बिजी होता है  
मेरे को पढ़ने का टाइम ही नहीं  
मिलता

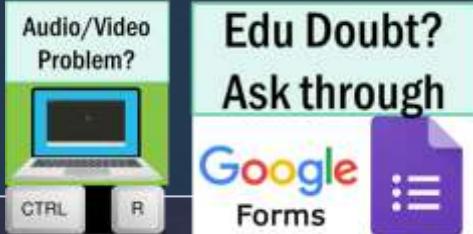


Related topics:	Refer to
PGC, UCB's Supervisory Action Framework	Pillar##B2: Bad loans & other burning issues in Banking Sector
Refer to	
Karnataka, Lead Bank Scheme etc →	Pillar##D: Financial Inclusion

Then don't waste ₹100 in UPSC application form!  
Swiggy App pe dominos pizza मंगवा लो ₹100 का



# Pillars of Economy



A-1

- Money: barter to Bitcoin

A-2

- RBI's monetary policy
- CRR, SLR, Repo etc

B-1

- Classification of Banks-NBFC

B-2

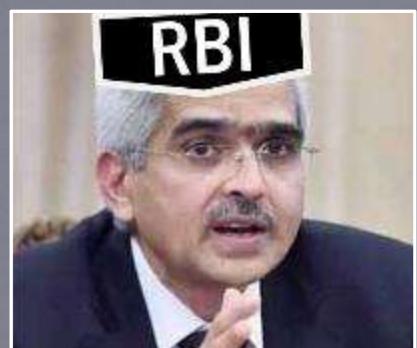
- Burning issues in Banking sector
- NPA, IBC, BASEL...

C

- SEBI Sharemarket

D

- Insurance, Pension, Fin. Inclusion



1) MBFI



2) Budget



3) Intl. Trade

• Handout#4 uploaded



4) Sectors of Economy



5) Infrastructure



6) HRD