



SNS COLLEGE OF ENGINEERING

Kurumbapalayam (Po), Coimbatore – 641 107

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DEPARTMENT OF MANAGEMENT STUDIES

SUBJECT NAME & CODE : 23BAT308 - MERCHANT BANK

YEAR/ SEMESTER : II MBA / III SEMSTER

UNIT 1 : MERCHANT BANKING

Topic : Overview of the Banking System in India



Overview of the Banking System in India



- Banking refers to the system of financial institutions, such as banks and credit unions, that provide various financial services to individuals, businesses, and governments.
- Banking services mainly include accepting deposits, lending money, facilitating transactions, and offering various financial products like savings accounts, loans, and credit cards.
- Banking plays a crucial role in the economy by facilitating the flow of money and enabling economic activities.



Meaning Of Banks



Bank is such a financial institution which collects money in current, savings or fixed deposit account; collects cheques as deposits and pays money from the depositors' account through cheques."-Sir John Pagette.

- The Reserve Bank of India (RBI) is India's central bank.
- It controls the monetary policy concerning the national currency, the Indian rupee.
- The basic functions of RBI are the issuance of currency, sustaining monetary stability in India, operating the currency, and maintaining the country's credit system



- The concept of the Reserve Bank of India was based on the strategies formulated by Dr. Ambedkar in his book named “The Problem of the Rupee – Its Origin and Its Solution”.
- This central banking institution was established based on the suggestions of the “Royal Commission on Indian Currency & Finance” in 1926. This commission was also known as the Hilton Young Commission.



RBI

- In 1949, the Reserve Bank of India was nationalized and became a member bank of the Asian Clearing Union.
- RBI regulates the credit and currency system in India.
- The chief objectives of the RBI are to sustain the confidence of the public in the system, protect the interests of the depositors, and offer cost-effective banking services like cooperative banking and commercial banking to the people.





RBI



Year	Event
1934	The British enacted the Reserve Bank of India Act
1935	Reserve Bank of India was established on 1st of April in Calcutta
1937	Reserve Bank of India was permanently moved to Mumbai
1949	It was nationalized after independence. The bank was held by private stakeholders before this.



RBI



- The Reserve Bank of India is controlled by a central board of directors. The directors are appointed for a 4-year term by the Government of India in keeping with the Reserve Bank of India Act.

The Central Board consists of:

- Governor
- 4 Deputy Governors
- 2 Finance Ministry representatives
- 4 directors to represent local boards headquartered in Mumbai, Kolkata, Chennai, and New Delhi



RBI



- The executive head of RBI is the Governor.
- The Governor is accompanied by 4 deputy governors.
- The First Governor of RBI was Sir Osborne Smith and the First Indian Governor of RBI was C D Deshmukh.
- The First woman Deputy Governor of RBI was K J Udeshi.
- The only Prime Minister who had been the Governor of RBI was Manmohan Singh.

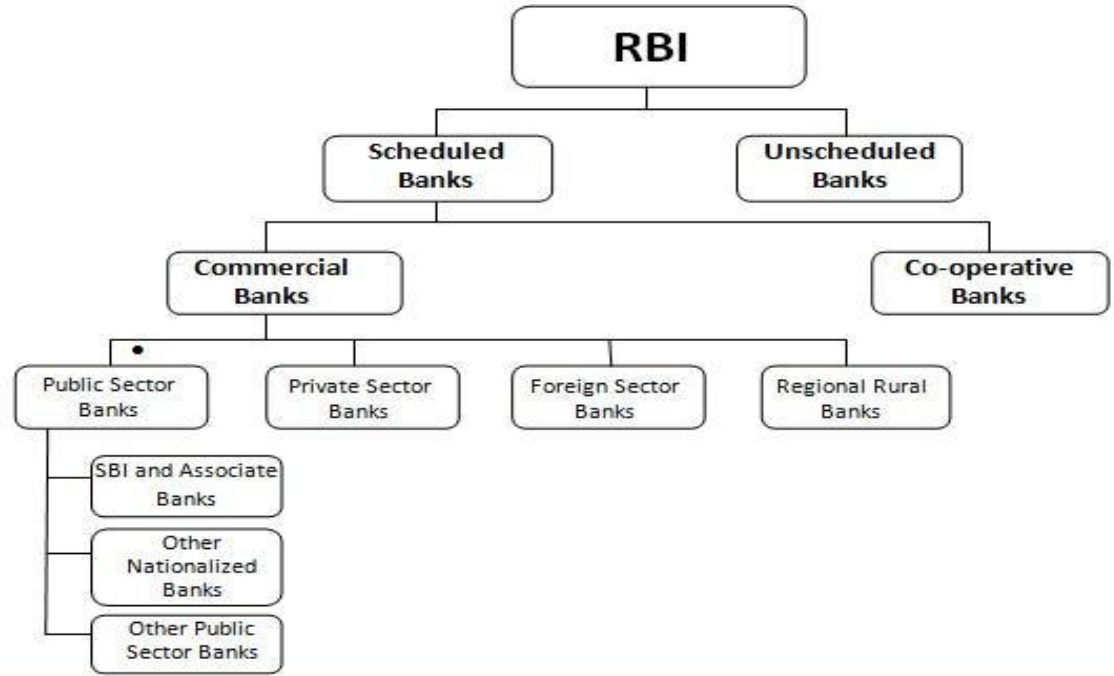


Functions of RBI

- Monetary Authority
- Regulator and Administrator of the Financial System
- Managing Foreign Exchange
- Issuer of currency

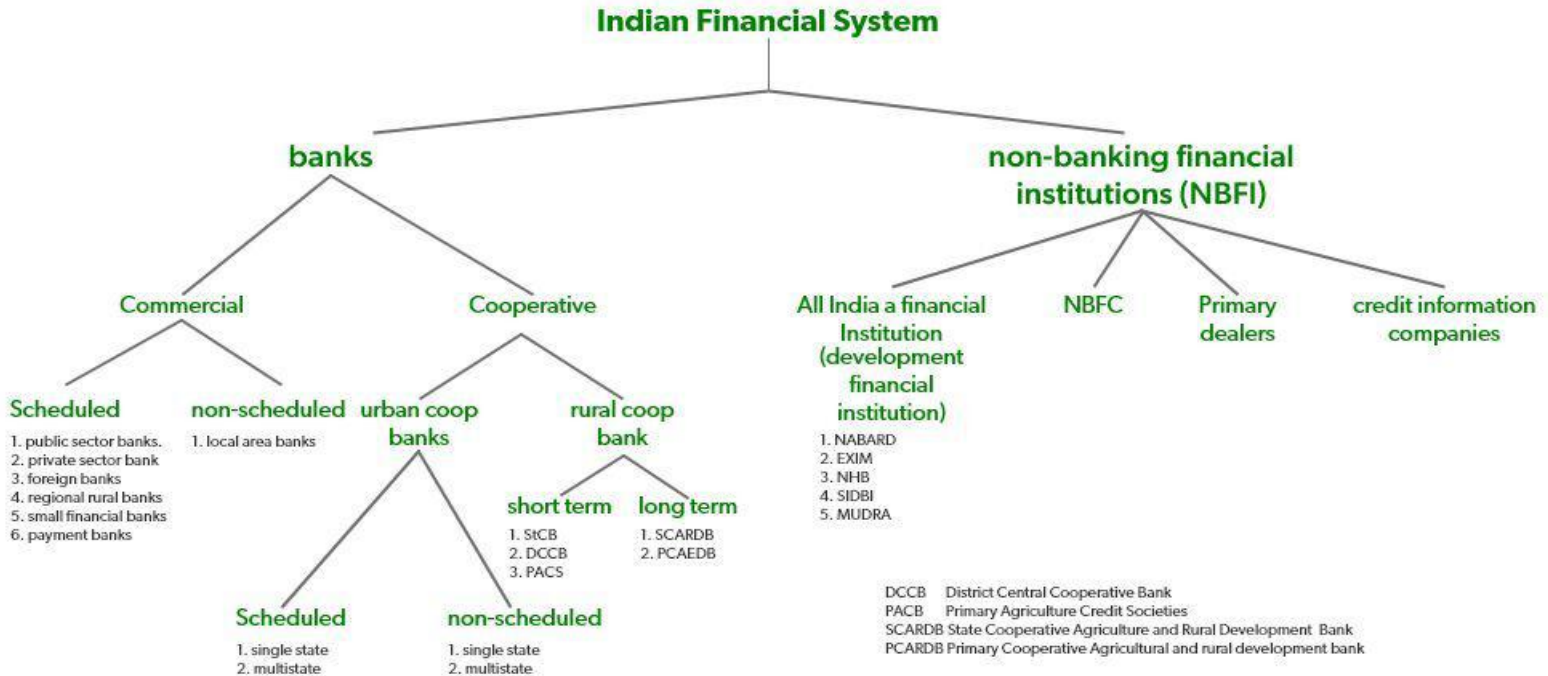


RBI Structure





Indian Financial System





Indian Financial System



- The Indian financial system comprises multiple components and the structure that clarifies the involvement of the rules and policies to keep up with the investment and the savings.
- India is among the largest economies and in the 5th position based on its nominal GDP.
- The independent pillars of the financial context in India comprise ‘insurance’, ‘liabilities’, ‘banking’, ‘transactions’, ‘capital and stock markets’, ‘claims’, and ‘investments’



Indian Financial System



- The financial system of India comprises production, capital collection, mobilization, allocation, and encouragement of savings.
- The financial system of India is formative but ideal for managing the whole structure of the overall economy.



RECAP

QUESTIONS???

THANK YOU