

# VIDYA BHAWAN BALIKA VIDYA PITH

## शक्ति उत्थान आश्रम लखीसराय बिहार

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### BUSINESS SERVICES

#### Business Services

Today's world is of tough competition, where the survival of the fittest is the rule. There is no room for non-performance, and hence companies tend to stick to what they can do best. In order to be competitive, business enterprises, are becoming more and more dependant on specialised business services. Business enterprises look towards banks for availability of funds; insurance companies for getting their plant, machinery, goods, etc., insured; transport companies for transporting raw material; and finished goods, and telecom and postal services for being in touch with their vendors, suppliers and customers. Today's globalised world has ushered in a rapid change in the service industry in India. India has been gaining a highly competitive edge over other countries when it comes to providing services to the developed economies of the world. Many foreign companies are looking to India for performing a host of business services. They are even transferring a part of their business operations to be performed in India. We will discuss these in detail in the next chapter.

#### BANKING

Commercial banks are an important institution of the economy for providing institutional credit to its customers. A banking company in India is the one which transacts the business of banking which means accepting, for the purpose of lending and investment of deposits of money from the public, repayable on demand or otherwise and withdrawable by cheques, draft, order or otherwise. In simple terms, a bank accepts money on deposits, repayable on demand and also earns a margin of profit by lending money. A bank stimulates economic activity in the market by dealing in money. It mobilises the savings of people and makes funds available to business financing their capital and revenue expenditure. It also deals in financial instruments and provides financial services for a price, i.e., interest, discount, commission, etc.

#### Type of Banks

The focus of banking is varied, the needs diverse and methods different. Thus, we need distinctive kinds of banks to cater to the above mentioned complexities. Banks can be classified into the following:

1. Commercial banks

2. Cooperative banks

3. Specialised banks

4. Central bank

(i) Commercial Banks: Commercial banks are institutions dealing in money. These are governed by Indian Banking Regulation Act 1949 and according to it banking means accepting deposits of money from the public for the purpose of lending or investment. There are two types of commercial banks, public sector and private sector banks. Public sectors banks are those in which the government has a majors take and they usually need to emphasise on social objectives than on profitability. Private sector banks are owned, managed and controlled by private promoters and they are free to operate as per market forces. There are a number of public sector banks like SBI, PNB, IOB etc., and other private sector banks represented by HDFC Bank, ICICI Bank, Kotak Mahindra Bank and Jammu and Kashmir Bank.

(ii) Cooperative Banks: Cooperative Banks are governed by the provisions of State Cooperative Societies Act and meant essentially for providing cheap credit to their members. It is an important source of rural credit, i.e., agricultural financing in India.

(iii) Specialised Banks: Specialised banks are foreign exchange banks, industrial banks, development banks, export-import banks catering to specific needs of these unique activities. These banks provide financial aid to industries, heavy turnkey projects and foreign trade.

(iv) Central Bank: The Central bank of any country supervises, controls and regulates the activities of all the commercial banks of that country. It also acts as a government banker. It controls and coordinates currency and credit policies of any country. The Reserve Bank of India is the central bank of our country.