



- **Bank Information**
- **Account opening in Bank and type of Account**
- **Bank draft, Locker**
- **Cheque and type of cheques**
- **Calculation of interest on the entries in the passbook of Saving Account**
- **Withdrawal of currency from ATM**
- **Identification of Notes of different values**

12.1 Introduction

Now-a-days we are passing through developing era. The whole development is being all around. The foundation of these developments are many, one of them is banking. Let's think why the bank was needed.

In society some of them have more money than they needed. When there was a shortage of bank, people were not safe and secure by buying gold and silver by plugging their wealth into the ground hiding in the foundation, but they were not free and confident. With the introduction of banks, this money started to be deposited in bank which started to be spent on the credit of people of the nation in development and loaning to the needful persons. In return of this, depositors gets interest. Summarily the money which was immovable was turned into running.

The utility, importance of the day is increasing every day. Traders deposits a handsome money in the bank, withdraw the money and interest the money in trades. Each customer of the bank full free and safe.

Bank works as a money depositor, loaning institutions. Salary and pension are distributed through bank. Income of educational institutions from fees, old age pension, home loan etc. are distributed through banks.

There are many banks. Some former banks are, State Bank of India, Punjab National Bank, Bank of Baroda, Allahabad Bank, Kendra Bank, Post office bank, Rural Bank, District Cooperative Bank. Money transaction are also takes through Indian Life Insurance Corporation.

Many branches of the banks, exchange letter, saving letter, loan letter, passenger cheques have been considered. We can see in big cities many branches are there for the same bank and different banks are also there.

We understand the utility of the banks. Here we will study the function of the bank. We will get practical knowledge of different accounts, cheques, ATM and online banking.

12.2 Information about the banks

Let us study functioning of the bank.

- For what purpose we go to Bank ?
To deposit money, to get loan, to withdraw money.
- Why do we deposit money in banks ?
To get interest and safety of the money.
- What are the function of bank ?

Bank provides loan, to start business for businessman, small farmers for agriculture and to start business for unemployed.

Bank work for account holders and also Government too as deposit of school fee, deposit of water and electricity bill, collection of taxes, deposit of installment of house loan, payment of salaries etc.

Activity

Teachers must provide activities for different kind of activities of banking through play.

12.2.1 Types of Account

We can open different types of account, some of them are :

- (i) Saving Bank Account
- (ii) Current Account
- (iii) Fixed Deposit Account
- (iv) Recurring Deposit Account
- (v) Minor Account

(i) Saving Bank Account

Aim of this account to encourage the saving for low and average income group. This account can be open by depositing minimum amount directed by bank. We can withdraw the

money either by withdrawal forms or by cheque. Cheque book can be issued to depositor under the condition minimum balance. In such type of account bank gives interest.

(ii) Current Account

Big Businessman, companies, corporate and institution doesn't transact through cash. They transact through cheque. Therefore they open current account. No interest is given but many transaction can be done. In some time bank takes nominal fees to open Current Account.

(iii) Fixed Deposit

Under this scheme money is fixed for a certain period of time. Bank issue a certificate of deposit to the account holder. In this certificate amount, time, rate of interest and term of its payment is printed. Account holder withdraw the money at the end of the time interval. Although it can be breaked before maturity time and take the payment after deduction in interest under conditions decided earlier. Interest rate is high in this account than that in saving bank account.

(iv) Recurring Deposit

In this account a fixed amount (which should be multiple of ₹ 5 and ₹ 10) per month is to be deposited for a fixed time span (minmum 12 month and maximum 10 year). In this account the rate of interest is more than saving account. The plan is usefull for those person whose regularly saving a little amount.

(v) Minor account

A person of age below 18 is called minor. A minor also has right to open a bank account. He is not eligible to open current account. A minor can open account against his name or a joint account as he and parent as a joint account. A minor has a minimum age of 10 years to open account on this name. In case of age below 10 years only parents can open the account.

12.2.2 Bank Draft

In post offices like letter money is also transferred from one place to other through "money order". In the same banks also issue "Demand draft" or "Bank draft" for the transfer of money. Bank draft is an order in which a fixed amount to a particular person is payment to the person in the name of whom it is issued. Person who is delivering the money get draft issued by payment of the fixed amount to the bank. After receiving the money bank issues the draft.

Note that branch issuing the draft, taken commission in accordance of the money to be transferred.

Banks provide security to our valuables, ornaments, documents along with money related facilities. For this purpose banks have a security proof room where lockers are facilitated. By payment of decided rent anybody can be provided a locker or almirah in the strong room as rent basis. Lockers can be opened or closed by two keys only. One of the keys given to the locker holder and other called master key remains with bank. Things inside the lockers are not know to the banks.

12.3. Modes of money withdrawal :

- Withdrawal form is given banks free of cost. Account holder fills the form completely and along with passbook presents to bank. Bank officers tally signature and other facts and if found true they make payment to the account holder.

भारतीय स्टेट बैंक / बैंक State Bank of India बचत बचत	खाता धारक का (के) नाम / Name of the Account Holder(s)	
	बचत खातारूप में से काटकर प्राप्त करने के लिए निम्नलिखित धारक SAVING BANK WITHDRAWAL FORM	
दिनांक / डेटा / DATE	200	
खाता नम्बर / ACCOUNT NUMBER		
चुम्बक बचत / चाली / चुम्बक बचत धारक / इन सभी धारक / Please pay self / current holder only		
रुपये / Rupee		
जमा करने वाले धारक / जमा करने वाले धारक का नाम / जमा करने वाले धारक को मेरे / हमारे धारक के नाम पर / AND DEBIT THE AMOUNT TO MY/OUR SAVINGS BANK ACCOUNT	रु. / Rs.	
चुम्बक का / Token No.	चुम्बक धारक / चुम्बक धारक का नाम / Pay Cash	
चाली का / Chali No.	चाली धारक / चाली धारक का नाम / Paying Office	
चाली का / Chali No.	चाली धारक का (के) हस्ताक्षर / Signature(s) of the Account Holder(s)	

Cheque

Like withdrawal form cheque is also a printed slip provided by banks, cheques are numbered particularly and it is provided to the account holder as booklets of 10, 20, 25, or 100 cheques. Bank takes cash price against cheques issued to account holder and failing to it recover the money from his account in the bank.

भारतीय स्टेट बैंक
State Bank Of India

3 0 0 7 2 0 1 7
O O M M Y Y Y Y

PAY **SELF** को या उनके आदेश पर OR ORDER

₹ 5000/-
अदा करे

₹ 5000/-

VALID FOR Rs. 1000000/- & UNDER

sign here
Please sign above

MULTI-CITY CHEQUE Payable at Par at All Branches of SBI

Bank facilitate with cheques to withdraw money or to make payments to account holder in order to make its proceeding strong. Cheque is a condition free order slip which is used to withdraw money from related bank account.

Type of cheques

Cheques are of three type.

- (i) Bearer cheque
- (ii) Order cheque
- (iii) Cross cheque

Bearer cheque

In this cheque the person to whom cheque is issued or beared can receive the payment of the amount written on it. Signature of account holder is a must.

Ordered Cheque

In this cheque banks pay the amount only to the person to whom it is issued.

Cross cheque

Any cheque is drawn two parallel lines on the upper left corner and write & Co; Not-Negotiable or A/c payee only in between lines such cheque is cross cheque.

Cheque written A/c payee only or Not negotiable will facilitate payment only by representing the cheque against bank account of the person to whom it is issued.

While "& Co." mentioned cheque can be made payment to any other current account.

& Co

Not Negotiable

A/c Payee Only

A.T.M.

Full form of A.T.M. is Automated Teller Machine. It is an automatic computerized machine which provide facilities related to cash transaction to the account holders.

We need a A.T.M. card to activate A.T.M. service. A.T.M. card is provided by banks to its account holders. It has a electronic chip in its front and a special magnetic strip to its back side; in which identity number and other related information about account are printed in codex.

In present time, all govt. or non-govt. banks are providing A.T.M. service to their account holders. Banks take some yearly fee for this service.

All banks provide 24 hours (24×7 hours) cash transfer facility to its account holder.

General information related to cash transaction by A.T.M.

Insert A.T.M. card in the prescribed place in Machine, usually green light blink in present at that place.

Then machine gives option of language. Selection on the screen select language as per your choice.

For next proceeding it asks "PIN". Which is provided by banks to the account holder.

After pin entered you have to select your account type.

After type of account selection. Enter the amount to be withdrawl also note that bank have maximum withdrawal limit.

Enter (O.K.) after entering amount, which can be received through machine. Note you must have higher balance in your account to that you entered for withdrawal. In this way it is clear that use of A.T.M. card is very easy. If use it carefully, then to get many facilities.

Online banking

Online banking called net banking or internet banking is modern form of banking which can provide any traditional banking services to the account holder at any place with the help of internet. Account holder can avail banking services without going to bank like—School fee deposition, mobile bill, electric bill payment, Railway ticket reservation and online purchasing of items.

But due to misuse of technology of internet frauds are there in which account holders suffer. So online banking should be exercised very carefully.

Online banking can be exercised by three ways

- (i) Net-Banking
- (ii) Mobile Banking Application
- (iii) U.P.I

Net banking:

By the use of net banking we can enjoy handling of bank account easily at any place at home or anywhere. This facility of bank is no doubt very much helpful for those customers who are very much busy and cannot go to bank. It also saves time and travel. To activate net banking customer has to apply at his bank's branch, where an user i.d. and password is provided to him by bank. After this we have to login bank's website to enjoy net banking. While exercising net banking be careful and avoid its at any public place or cyber cafe. Change your password time to time. Never share user i.d. and password to anyone.

Nowadays banking frauds are in common, do not share your OTP, password, CVV. No. etc. to anyone to avoid it. In case of any inconvenience contact to your branch.

Mobile Banking:

Nowadays different banks are designing their applications to provide service of banking to its customer. Customer can install these applications and can activate its services by use his account no. and atm card details for this one has not to go to his bank. While exercising mobile banking all precautions of net banking are to be taken care of to avoid fraud.

U.P.I.:

Full form of U.P.I. is Unified Payments Interface. NPCI (National Payment Corporation of India) had started U.P.I.

At present SBI, PNB, ICICI, HDFC all other banks are promoting U.P.I. Along with banks BHIM, Paytm Google Pay, Rupay type payment platforms are also associated to U.P.I.

U.P.I is a modern technology using which one can exercise mobile banking and net banking as well. To use U.P.I. one has not to give his bank name, A/C No. , IFSC code and other such informations. It works 365 day or full year. For all banks only one application of U.P.I. is sufficient and you can enjoy any type of debit or credit of money.

Calculation of Interest in saving bank account by the help of passbook entries

In present time, as per guidelines of Reserve Bank of India interest on saving bank account is calculated as per daily balance of the account.

At present 3.5% per annum interest is provided by the banks but these rate get revised from time to time. Interest is calculated by the formula given below.

$$\text{Interest} = \frac{\text{Principal} \times \text{Rate} \times \text{Time}}{100}$$

Here Principal = Sum of daily balance of the account

$$\text{Time} = \frac{1}{365} \text{ days}$$

Example 1. One page of bank pass book of account holder is given below :

Date	Particulars	Amount withdrawl	Amount deposited	Balance
01-04-2016	Forwarded			10000
07-04-2016	Cash		2000	12000
28-04-2016	Cash		10500	22500
05-05-2016	by Cheque	5000		17500
10-05-2016		400		17100

Account holder closes his account on 15 may 2016. What amount of money he receive as interest while rate of interest 4% yearly.

Solution :

Daily balance from 01-04-2016 to 06-04-2016 (6 days) = $10000 \times 6 = 60,000$
 Daily balance from 07-04-2016 to 27-04-2016 (21 days) = $12000 \times 21 = 252000$
 Daily balance from 28-04-2016 to 04-05-2016 (7 days) = $22500 \times 7 = 157500$
 Daily balance from 05-05-2016 to 09-05-2016 (5 days) = $17500 \times 5 = 87500$
 Daily balance from 10-05-2016 to 14-05-2016 (5 days) = $17100 \times 5 = 85500$

Principal = Total of all daily balance
 $= 60000 + 252000 + 157500 + 87500 + 85500$
 $= 642500$

Rate = 4% yearly

Interest acquired = $\frac{1}{365}$
 $= \frac{\text{Principal} \times \text{Rate} \times \text{Time}}{100}$
 $= \frac{642500 \times 4}{100} \times \frac{1}{365} = \frac{642500 \times 4}{100 \times 365}$
 $= ₹70.41$

Follow some simple rules to identify the original note ?

To identify original notes follow some simple rule given below :

- Place the note fully spread on a plane surface. Touch and feel some parts of note has embossed printing.
- Every note has a stamp of Reserve Bank of India.
- Confirmed by the Government of India "I hereby promote to pay rupees to bearer." (x is the real value of note example 100, 500 etc.)
- Every note has a sign of Governor of Reserve Bank of India.
- Observing the note in front of light source image of Mahatma Gandhi and value of the rupee can be seen in water mark.
- R.B.I and INDIA printed strip can be seen on the front of the note partially visible. In general the strip is green and when tilted it appears blue.
- Year of printing is written on the back of note.
- On every note its value is written in 15 different regional languages on the back of the note.

A neat and clean note is symbol of pride for Indians. So how to make it clean.

Let us Know :

- Do not write anything on notes.
- Do not fold note many times.
- Do not touch notes with dirty hands.
- Do not staple or punch the notes.

Exercise 12

1. Write different types of main account ?
2. What is cheque ? Write its type.
3. Passbook entries of saving bank account of Mr. X are as follows :

If rate of interest 4% per annum, what will be the interest in the end of November.

Date	Particular	Money Withdrawal	Money Deposited	Balance
01-11-2015	Forwarded			90000
10-11-2015	by Cash slip		20000	110000
15-11-2015	by A.T.M.	7000		103000
30-11-2015	Cash		6900	109900

4. Passbook entries of saving bank account of Mr. X are as follows :

Find simple interest as per these entries at end of June 2017, if rate of interest is 3.5% per annum.

Date	Particular	Money Withdrawal	Money Deposited	Balance
06-06-2017	Forwarded			150000
12-06-2017	by Cheque	3000		147000
18-06-2017	Cash		7000	154000
30-06-2017			12000	166000

We have learnt

- Works of banks and different types of Bank accounts
- Ways to withdrawal money
- Types of cheques
- Information of A.T.M. and online banking.
- Calculation of interest on bank account.
- To identity original note.

ANSWER

Exercise

3. ₹ 330.40 4. ₹ 364.00

