

Banking Awareness Class-1

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Reserve Bank of India (RBI)

History of RBI

- The Reserve Bank of India was established following the **Reserve Bank of India Act of 1934**.
- Though privately owned initially, it was nationalised in **1949** and since then fully owned by **Government of India (GoI)**.
- It commenced its operations on **1 April 1935** in accordance with the **Reserve Bank of India Act, 1934**.
- The **Hilton-Young Commission**, therefore ended by setting-up of a central bank — called the Reserve Bank of India

Management

- One Governor (**5years Term**)
- Four Deputy Governors (**5years Term**)
- Fifteen Directors



Branches and support bodies

- RBI Headquarters in Mumbai
- The RBI has four zonal offices at **Chennai, Delhi, Kolkata and Mumbai.**
- It has 21 regional offices and 11 sub-offices throughout India.

Functions of RBI

- The central bank of any country executes many functions such as overseeing monetary policy, issuing currency, managing foreign exchange, working as a bank for government and as a banker of scheduled commercial banks. It also works for overall economic growth of the country.

Subsidiaries of RBI



Fully owned:

- Deposit Insurance and Credit Guarantee Corporation of India (DICGC),
- Bharatiya Reserve Bank Note Mudran Private Limited (BRBNMPL)
- Reserve Bank Information Technology Private Limited (ReBIT)
- Indian Financial Technology and Allied Services (IFTAS)

Note: NABARD and NHB further. Both were the subsidiaries of RBI before 26 Feb 2019.



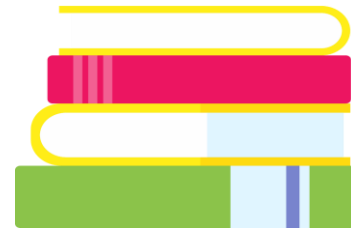
About BRBNMPL

- Bharatiya Reserve Bank Note Mudran Private Limited
 - Prints banknotes for Reserve Bank of India (RBI)
 - Established in **1995** to address the demand for banknotes
 - It has two presses in **Mysore and Salboni**
- ❖ **Mysore** -The machinery at Mysore Site has been supplied by Switzerland.
 - ❖ **Salboni**.- The machinery at Salboni has been supplied by Japan.



About DICGC

- DICGC (Deposit Insurance And Credit Guarantee Corporation)
- Established under the DICGC act **1961, on 15th July 1978**
- All commercial bank including branches of a foreign bank in India, local area bank and RRB are insured by DICGC
- NBFC and primary cooperative society are not insured by RBI
- DICGC insures all types of account i.e. (Current, fixed, saving, recurring)
- The maximum amount insured by DICGC is **5 lakh**



National Bank for Agriculture and Rural Development (NABARD)

- NABARD is a development bank focussing primarily on the rural sector of the country. It is the apex banking institution to provide finance for Agriculture and rural development.
- headquartered- Mumbai
- Chairman: **Govinda Rajulu Chintala**
- NABARD was established on the recommendations of **B.Sivaraman Committee**, (by **Act 61, 1981 of Parliament**) on **12 July 1982** to implement the **National Bank for Agriculture and Rural Development Act 1981**.
- The initial corpus of NABARD was Rs.100 crores. Consequent to the revision in the composition of share capital between Government of India and RBI, the paid up capital as on 31 May 2017, stood at Rs.6,700 crore with Government of India holding Rs.6,700 crore (100% share). The authorized share capital is Rs.30,000 crore

Function

- Serves as an apex financing agency for the institutions providing investment and production credit for promoting the various developmental activities in rural areas
- Takes measures towards institution building for improving absorptive capacity of the credit delivery system, including monitoring, formulation of rehabilitation schemes, restructuring of credit institutions, training of personnel, etc.
- NABARD refines the financial institutions which finance the rural sector.
- NABARD partakes in development of institutions which help the rural economy.

Note: NABARD supervises State Cooperative Banks (StCBs), District Cooperative Central Banks (DCCBs), and Regional Rural Banks (RRBs) and conducts statutory inspections of these banks

National Housing Bank (NHB)



A Government of India owned entity

Founded: 9 July 1988 (under the National Housing Bank Act, 1987)

Headquarters: New Delhi, India

Aims

- To promote a sound, healthy, viable and cost effective housing finance system to cater to all segments of the population and to integrate the housing finance system with the overall financial system.
- To promote a network of dedicated housing finance institutions to adequately serve various regions and different income groups.
- To augment resources for the sector and channelise them for housing.
- To make housing credit more affordable.

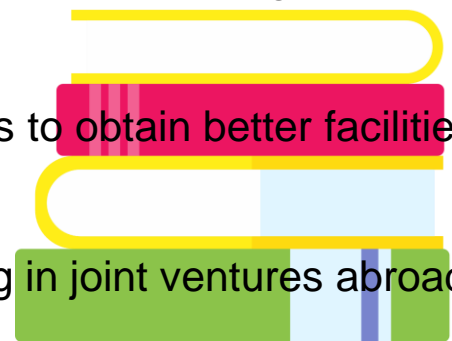


ECGC (Export Credit Guarantee Corporation of India)

- **Type:** State-owned enterprise Public
- **Industry:** Insurance
- **Founded:** 30 July 1957
- **Headquarters:** Mumbai, Maharashtra
- It was transformed into Export Credit and Guarantee Corporation Limited (ECGC) in 1964 and to Export Credit Guarantee Corporation of India in 1983.

❖ Functions

- ❑ Provides a range of credit risk insurance covers to exporters against loss in export of goods and services as well.
- ❑ Offers guarantees to banks and financial institutions to enable exporters to obtain better facilities from them.
- ❑ Provides Overseas Investment Insurance to Indian companies investing in joint ventures abroad in the form of equity or loan and advances.



Facilities by ECGC

- Offers insurance protection to exporters against payment risks
- Provides guidance in export-related activities
- Makes available information on different countries with its own credit ratings
- Makes it easy to obtain export finance from banks/financial institutions
- Assists exporters in recovering bad debt
- Provides information on credit-worthiness of overseas buyers

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