

# BANKING SYSTEM WORKING ON RURAL DEVELOPMENT IN GAYA(BIHAR)

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## INTRODUCTION

In the branch banking system, which is followed by our commercial banks, a single banking company conducted banking operation at various places. The branches, located at different corners, are controlled from one location, which is usually referred to as head office. In fact, the branches may be located in the city, state, country and if permitted, overseas. The head office and all the branches, in principle, are controlled by a board of directors. The affairs of the branches are directed by their managers in accordance with the regulations and policies of the head office. Although some banking services are basic, the extent and the variety performed, at the branch level, vary.

## Functions

The traditional functions performed by the commercial banks in our country are mainly related to

The acceptance of deposits in various forms and grant of advances through cash credit, overdraft and loan account and also through purchase and discounting of demand and promissory bill. However, the other related functions of a commercial bank, as set out in clause (a) of sub-section (1) of section 6 of banking regulation act, 1949 are:

1. Granting and issuing of letters of credit, travelers cheques and circular notes.
2. Buying, selling and dealing in bullion and species.
3. Buying and selling of foreign exchange including foreign bank-notes.
4. The acquiring, holding, issuing on commission, under-writing and dealing in stocks, funds, shares, debenture, debenture stock, bonds, obligations, securities and investment of all kinds.
5. Purchasing and selling of bond script of other forms of securities on behalf of constituents or other, the negotiating of loans and advances.
6. The receiving of all kinds of bonds or valuables, on deposit or for safe custody or otherwise, the providing of safe deposit vaults.
7. The collecting and transmitting of money and securities.
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## Organizational structure

The very nature of commercial banking ,with its great reliance on public confidence on the nations economic life make it mandatory that the organizational structure of the commercial banks be efficient , effective and capable of attaining maximum operational efficiency and profitable . In the past ,the small size and limited services offered by the banks and in some instances, the shortage of executive talent ,have contributed to the lack of scientific organization and departmentalization their organization on scientific patterns.

The form of organization employed in the Indian commercial bank most closely resembles to a combination of line and staff and function types of organization , which is evident from the organization structure shown in fig 2.1. This organizational structure differs from the conventional line and staff form only to the extent that all the authority may not flow through the chairman and managing director to the various supervisory officers at the bottom .it may ,instead ,pass directly from one of the executive director exercise managerial control and their actions are binding upon the management. under this structure the officers located at the central and head office perform a staff function and their advice usually flow through the regular chain of command to the various branches. If a problem arise at the branch level ,personnel can turn to the specialist At the head office for advise and counsel. For , example branch manager have a certain amount of authority ,but if a problem arise that require any thing in excess to this predetermined authority ,the head office is contacted . thus ,there exist limited delegation of authority and the skilled people at the top ,in every phase of the banking operation stand ready to lend assistance to all the functionaries, down the level of the organizational structure.

This hypothetical organizational structure is a standard one and it is being followed by our banking institution ,generally with minor adjustment here and there . evidently ,the board of director of the bank is headed by the custodian of the bank known as chairman and managing director. under him there are various executive director or deputy director. they looking corporate operation ,management audit and inspection ,vigilance, commercial banking, development and planning .

Fig. 1

