

February 2008



Financial Education Series
Basic Banking

Issue-2



Raju and The Skyladder



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA
www.rbi.org.in

In this booklet, through the experiences of Raju, we learn about the importance of banking habits and how our money grows when saved in a bank. The saga of Raju's adventures is also available at www.rbi.org.in/financialeducation



* Published in February 2008 by Reserve Bank of India, New Delhi

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Raju & The skyladder



Raju was living happily with his mother in his village. He had a garden full of trees which bore delicious fruits and he made a good living by selling them at a good price.



Raju used his money wisely. After purchasing the monthly grocery and household goods.....

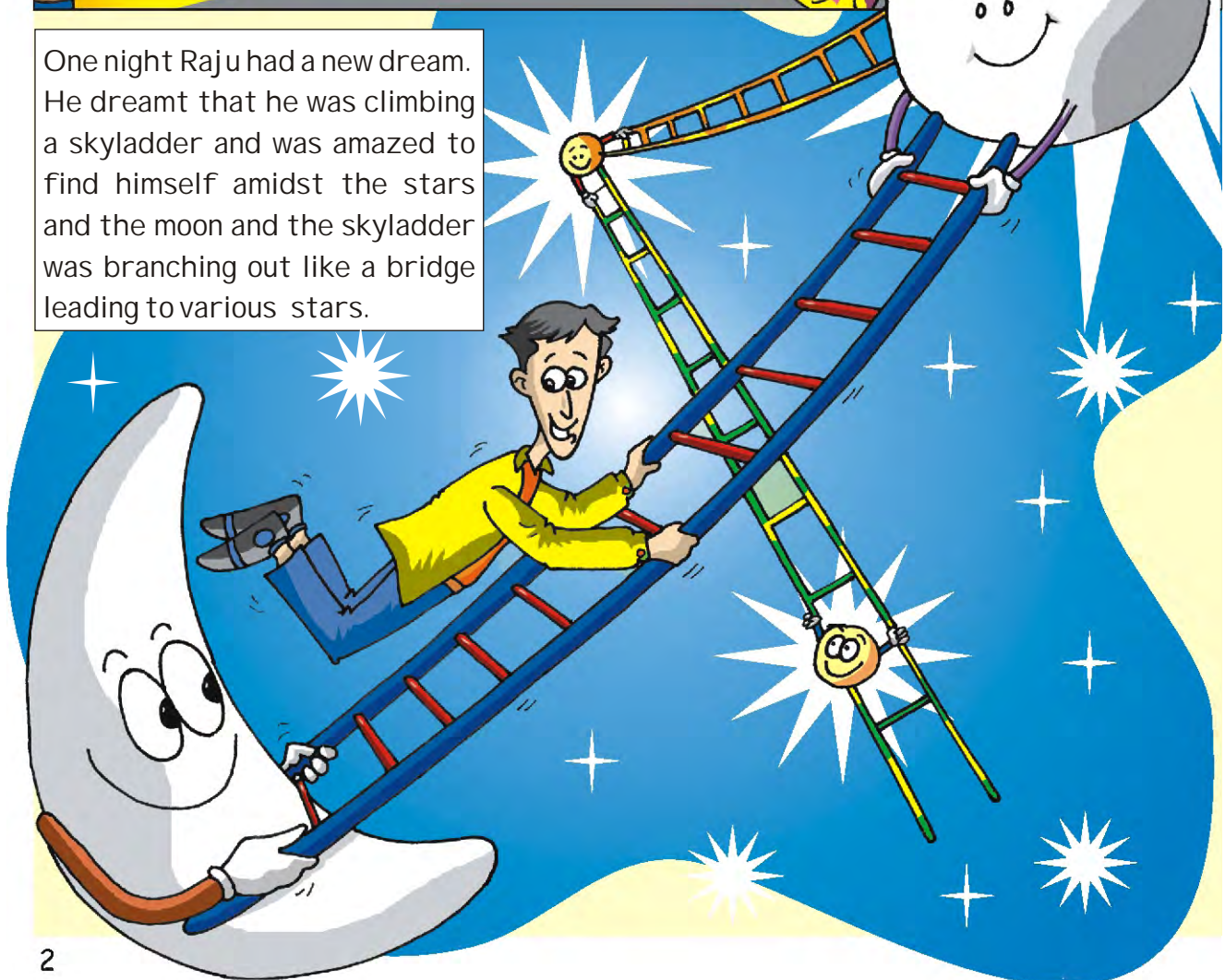


....Raju saved the rest in his bank account.

Time passed smoothly for Raju. Lying on his cot under the star studded sky at night, Raju often dreamt about using some money and his experience to help others prosper in life like Gopi Chacha had helped him.



One night Raju had a new dream. He dreamt that he was climbing a skyladder and was amazed to find himself amidst the stars and the moon and the skyladder was branching out like a bridge leading to various stars.

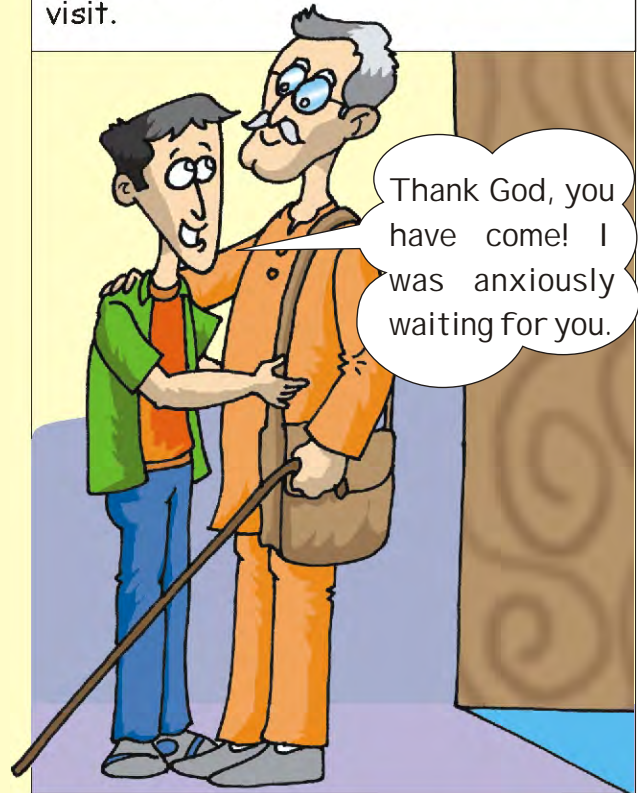




I will ask Gopi Chacha. He will definitely tell me how this can be made possible.



Raju eagerly waited for Gopi Chacha's visit.



Can we get a skyladder which will also act as a bridge to prosperity for all the people in our village?

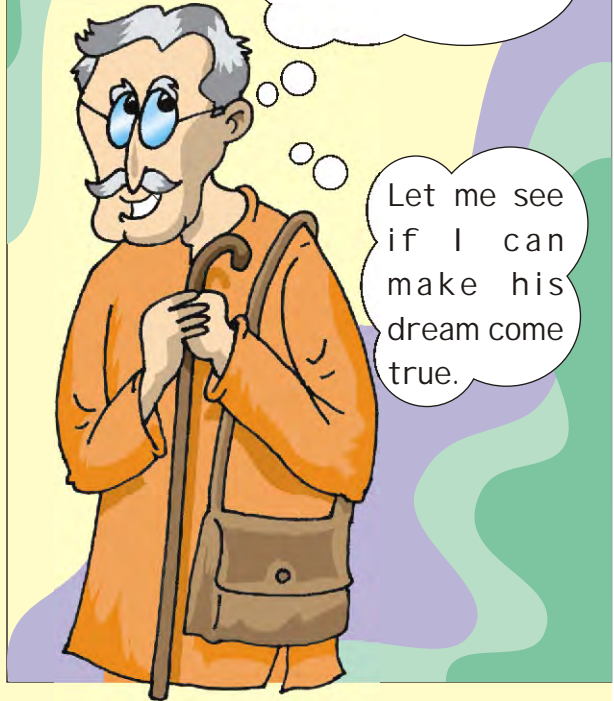


Gopi Chacha was amazed at Raju's imagination.



What? A skyladder? A bridge to prosperity? Hmmm... Yes, I get the idea!

Here goes Raju with one more of his dreams.



Let me see if I can make his dream come true.

Listen Raju, making a skyladder and starbridges requires a great effort. But even the longest journey starts with a small step!



See how you learnt to save money and have come to lead a comfortable life. You can teach your friends also to do that. This is the first step and it will put all of you on the road to prosperity.



How and where shall we start, Gopi Chacha?

On the way to bank....



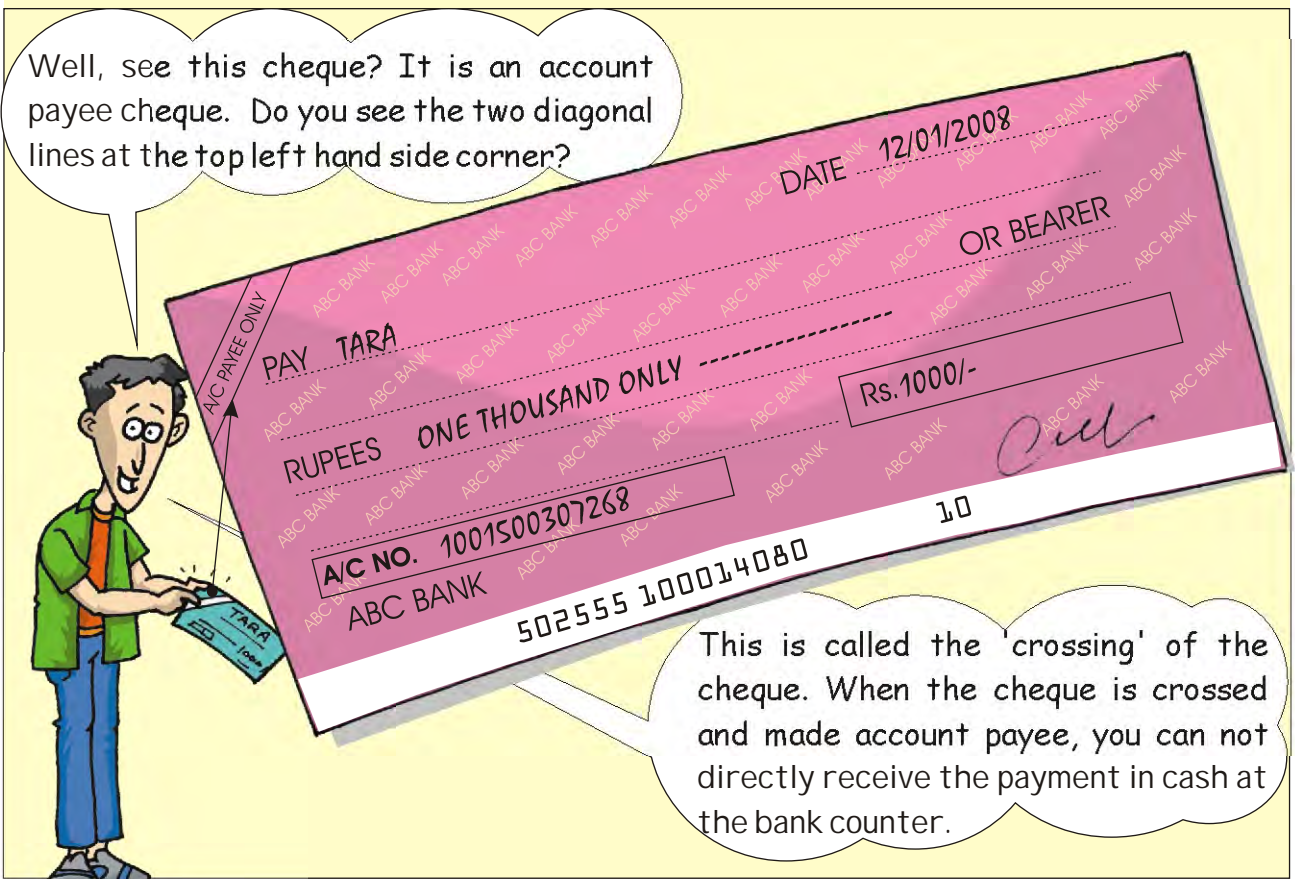
Well, I am sure, a person like you will soon find an opportunity to do this.

Meanwhile, Raju started visiting the bank and discussing with the bank manager. He gathered a lot of information.

One day Raju and Gopi Chacha were passing by Shamu's house. Shamu was sitting with his father Bhola and sister Tara. They were excitedly discussing something. Raju and Gopi Chacha joined them.







The amount mentioned in a crossed or an account payee cheque can only be credited to the bank account of the person whose name is written in the first line of the cheque.



ABC PAYEE ONLY

PAY TARA

DATE 12/01/2008

OR BEARER

RUPEES ONE THOUSAND ONLY

Rs.1000/-

A/C NO. 1001500307268

ABC BANK

502555 100014080

This ensures that your money reaches only you and no one else.

Had the cheque been a bearer cheque meaning if it had not been crossed at the top,



PAY TARA

RUPEES ONE THOUSAND ONLY

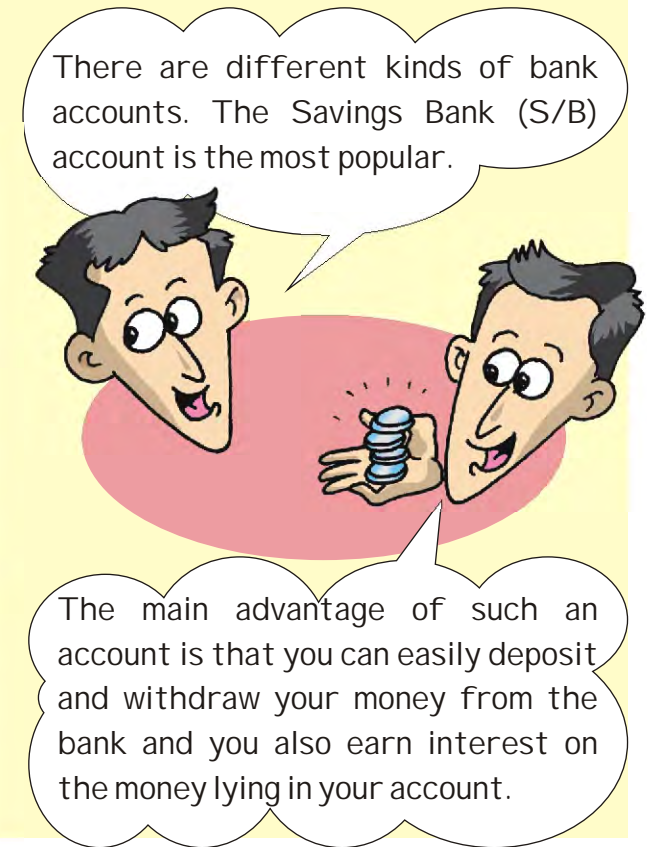
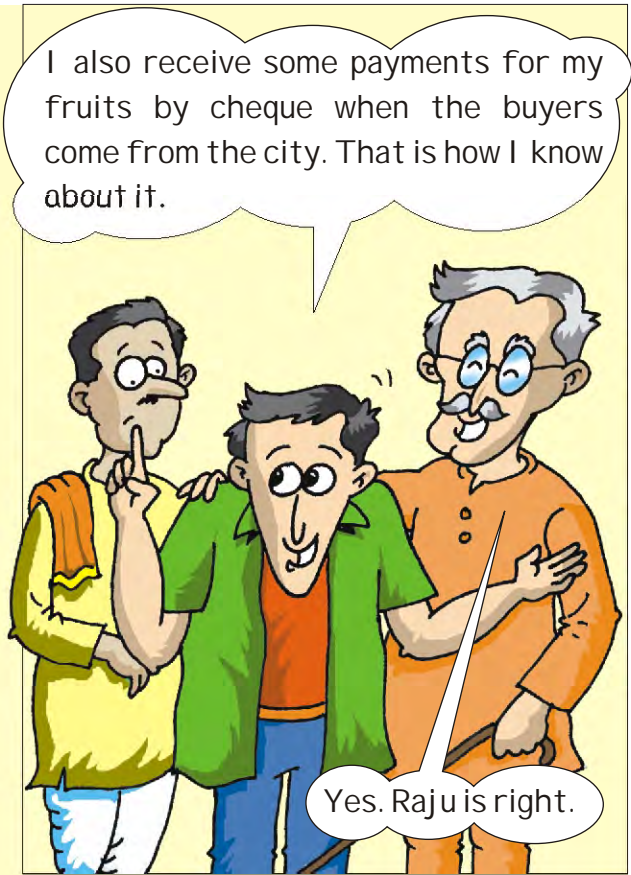
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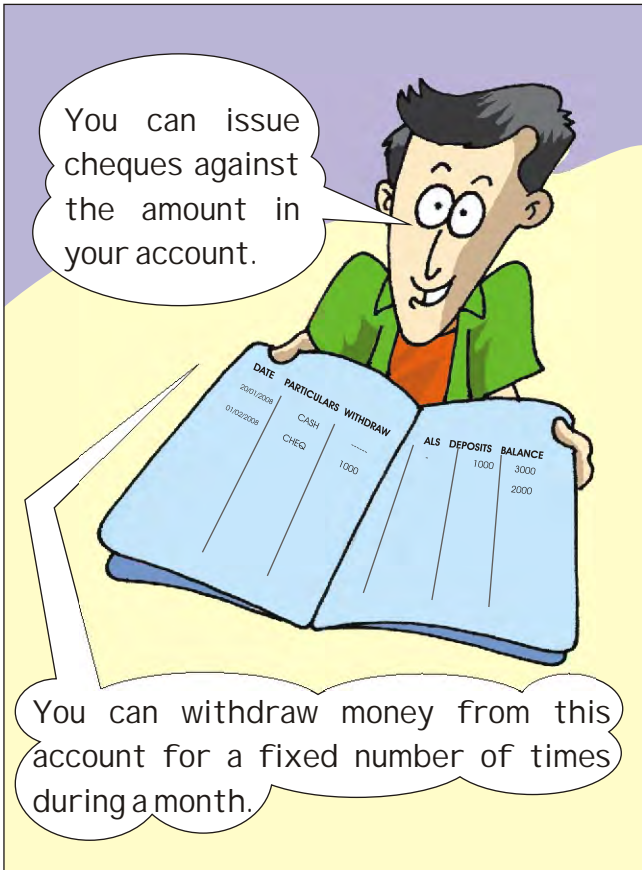
ABC BANK

502555 10001

Anyone could have exchanged it for cash by producing it at the bank counter. It's not very safe.







Such an account earns a higher rate of interest than the savings bank account. Your money however, gets blocked for a fixed period of time.



In case you wish to withdraw the money before the end of the fixed period, you may have to accept a lower rate of interest as a penalty for not having retained the deposit with the bank for the specified period.

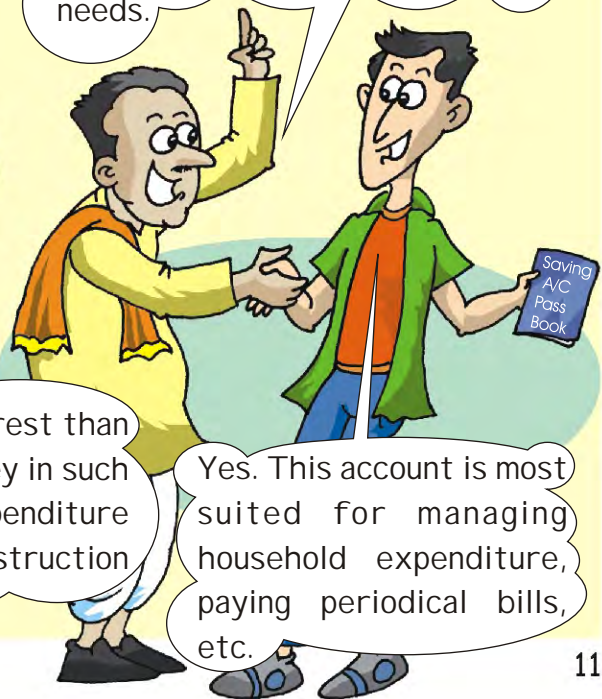
A variation of the Fixed Deposit is the Recurring Deposit Account where you need to deposit a fixed amount of money at fixed intervals (every week/ month) for a particular period of time, say, a year or two as per your convenience.

You cannot withdraw money from this account before the fixed period. You can withdraw the money only at the end of that period.



This account also earns a higher rate of interest than the Savings Bank account. You can keep money in such deposit accounts if you plan to meet large expenditure like marriage, college admission or house construction at some fix time in the future.

Then I think the Savings Bank account is best suited for Tara's needs.



Yes. This account is most suited for managing household expenditure, paying periodical bills, etc.

Yes, I will open a savings account. Every month I can save some money and put it in the recurring deposit account. At the end of two years I have some lumpsum for my college entrance expenditure.



That's a very wise way of saving money, Tara.



You can also instruct your bank to transfer a fixed amount every month from your Savings Bank account to your Recurring Deposit account.

This way you will not have to go to the bank every month just to deposit some money. This is called a standing instruction and it saves you the trouble of going to the bank every month just to withdraw from one account and put it in another.



You can also give standing instruction to your bank to do other routine chores like paying your regular bills, insurance premium, etc.,

I also get my pension payment through my Savings Bank account and have given instruction for payment of my telephone, electricity bills, etc., from the balance in the account.



That's great!

Let us all go to the bank branch so that we can learn about the process while opening the account.



Yes. But do not forget to take your photographs, an identity proof and a proof of your address.



Any document that has your photo and address will be accepted as proof of identity and proof of residence. So you can take documents like voter's identity card, ration card, PAN (permanent account number) card, driving licence, passport, etc..



We will need to give these to the bank alongwith our application for opening the account. And remember to carry the minimum amount of money too to open the account!



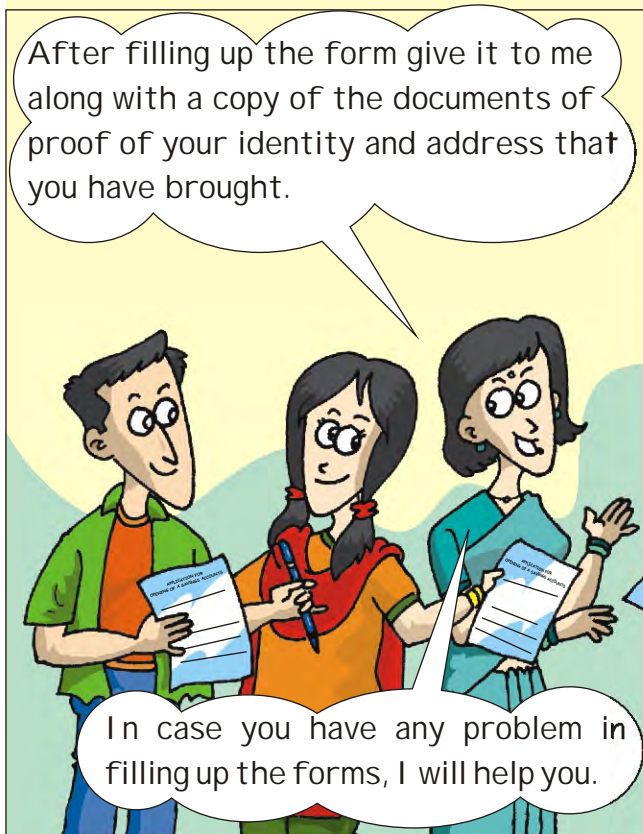
But do not worry too much. If you do not have much money, you can open a 'no-frills' account and still meet your basic banking needs.

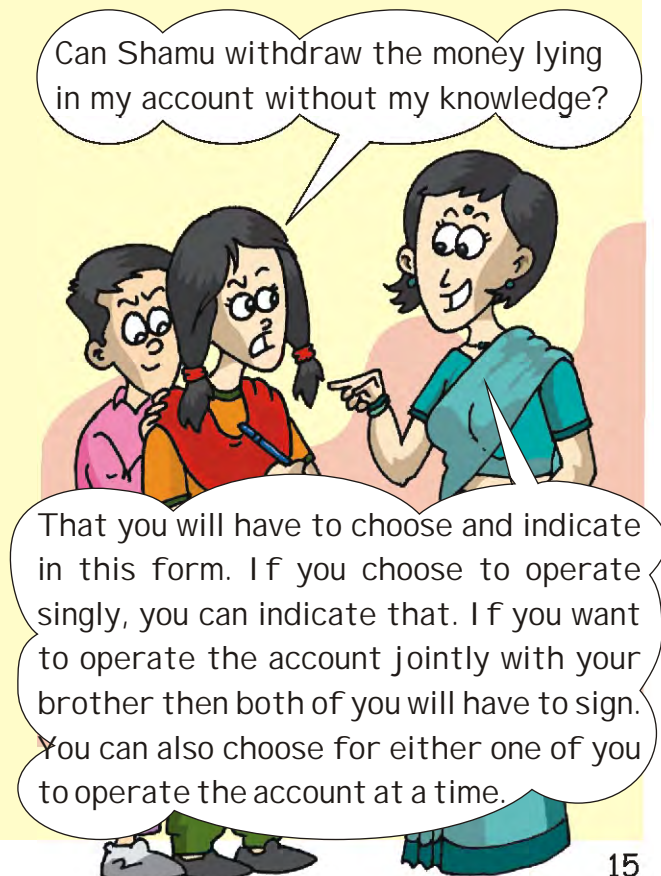
All leave for the bank.

Good, Raju. See how you are setting your friend's feet on the journey to prosperity?



My skyladder and star bridge!!





If you choose 'either or survivor' option, the money can be withdrawn by any of the account holders on their own without taking the signature of the other account holder.

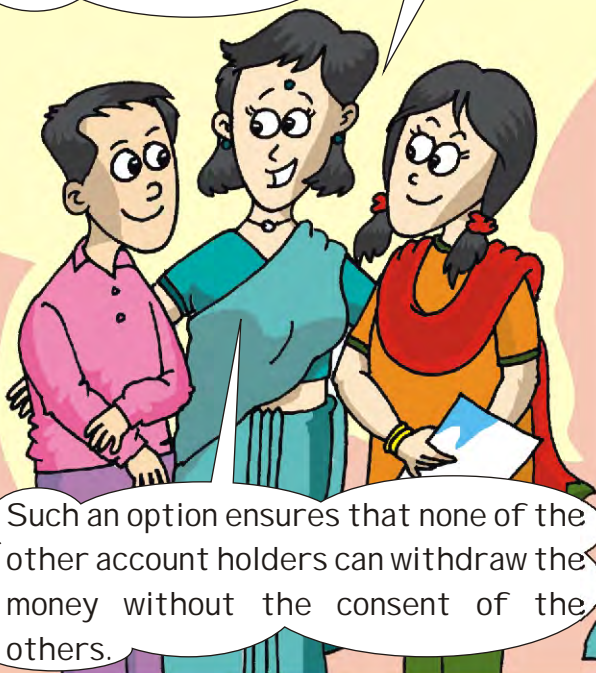


This option is really useful in case one of the account holders dies or cannot operate the account for some reason.

The other holder can continue to operate the account without any difficulty. This is actually very useful for elderly people and for officials who travel a lot as their family members can operate the account for meeting expenses in their absence.



If you opt for joint operation, the money can be withdrawn only when all the account holders sign.

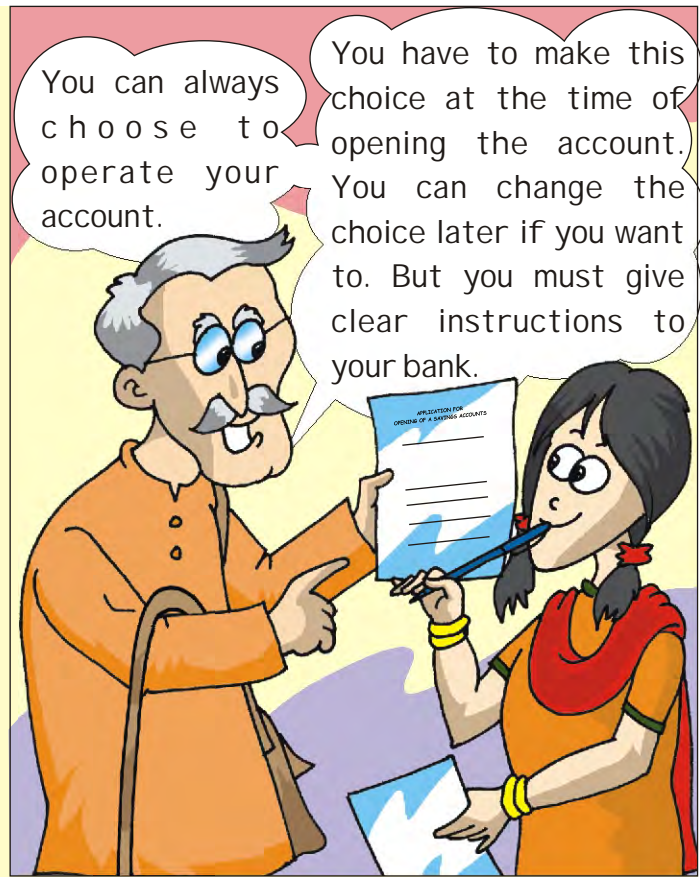


Such an option ensures that none of the other account holders can withdraw the money without the consent of the others.

In other words, if you take this option then Shamu cannot withdraw money from your account without your knowledge!

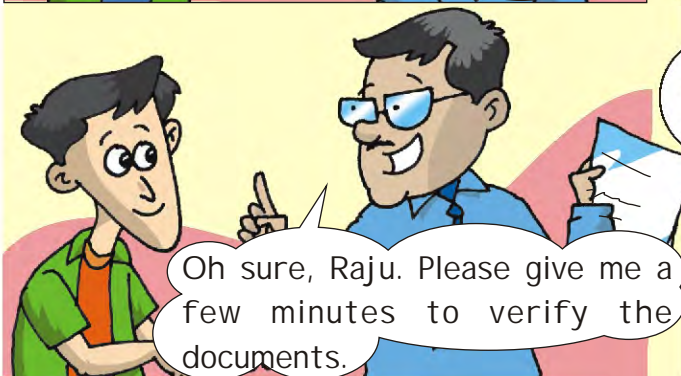


This is also useful for groups and organisations who maintain accounts which are required to be operated by two or more officials together.



Gopi Chacha takes them to the bank manager who is very happy to see new customers.





Tara and Shamu fill up the deposit slips for the money (minimum balance required to be kept) as they were opening a normal Savings Bank account and not a 'no frill' account.



Tara and Shamu fill up their deposit slips with Gopi Chacha's help.

YOUR BANK BRANCH NAME: ABC BANK

YOUR SAVING A/C NO.:

प्रतिफल / COUNTERFOIL 6-5
 कृपया बैंक खाता नं. / S.B. Account Paying-in-slip
 ए बी सी बैंक
ABC BANK

दिनांक / Date: _____
 बैंक खाता नं. / S.B. A/c No. _____
 भुगतान करने के लिये / Paid into the credit of _____
 के धारण में मात्र रुपये / the sum of Rupees _____
 नकद द्वारा/बैंक द्वारा / By Cash/Cheques
 (बैंक कटौती पर ही देय होगा) / (Cheques are subject to Realisation)
 प्राप्तिकर्ता / Receiving Clerk _____
 अधिकृत हस्ताक्षर / Authorised Signature _____

नकद विवरण / CASH PARTICULARS

मूल्य वर्ग / Denomination	सं. / No.	रकम / Amount
1000 x	000	00 000
500 x		
100 x		
50 x		
20 x		
10 x		
5 x		
2 x		
1 x		
कुल / Total		

ए बी सी बैंक / ABC BANK
 बैंक खाता नं. / S.B. A/c No. _____
 भुगतान करने के लिये / Paid into the credit of **TARA**
 रुपये / Rupees **ONE THOUSAND ONLY**
 द्वारा / By _____
 बैंक खाता नं. / A/c No. _____
 लिपिक / Clerk _____
 अधिकारी / Officer _____
 र. /Rs. **1000/-**
 हस्ताक्षर / Signature of Remitter _____



DATE: 12/01/2008

PAY **TARA** OR BEARER

RUPEES **ONE THOUSAND ONLY**

Rs. **1000/-**

A/C NO. **1001500307268**

ABC BANK

502555 100014080 10



The Bank Manager gives them their passbooks.

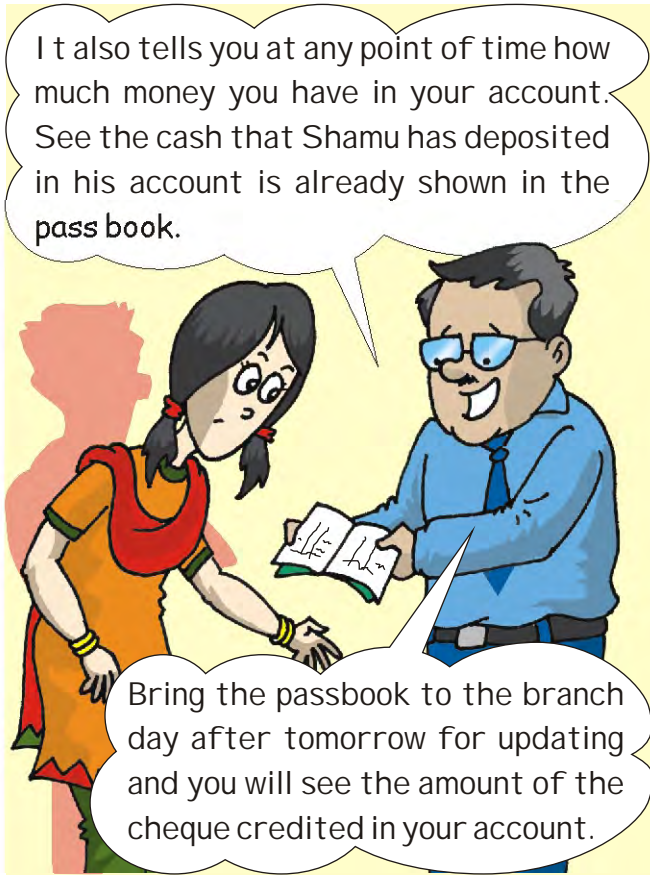
But Sir, how will I know, the money has actually come into my account?

Here is your passbook.

Bank Manager showing the passbook to Tara and Shamu.

DATE	PARTICULARS	WITHDRAWALS	DEPOSIT	BALANCE
20/01/2008	CASH	500		2000
01/02/2008	CHEQ		1000	2500

We will record all the transactions you have done in your bank account in any given period of time in the passbook.



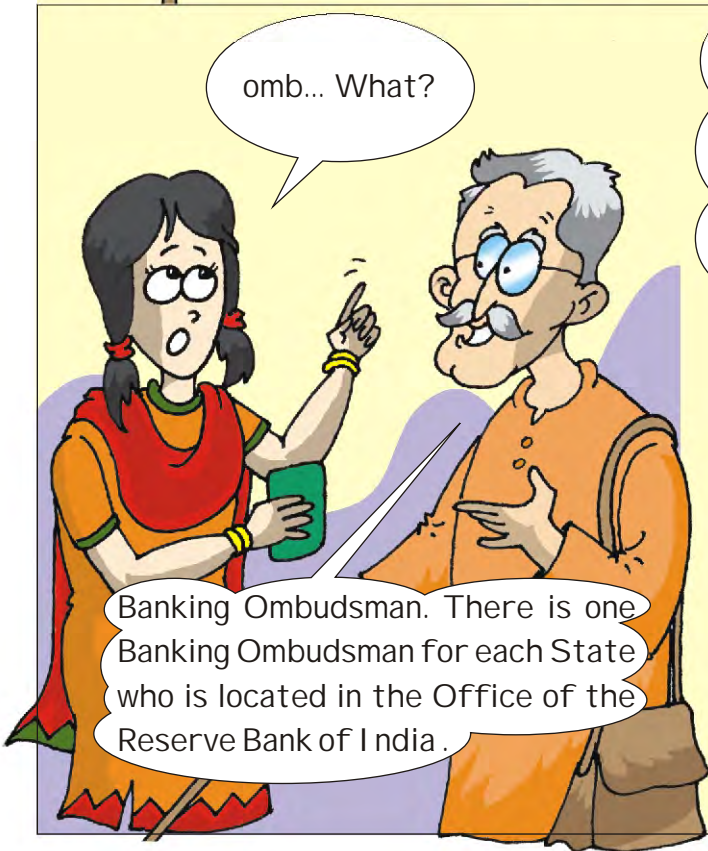


In fact, if you have any complaint with your bank you must first give it in writing to the bank.

If the bank does not resolve it in one month...

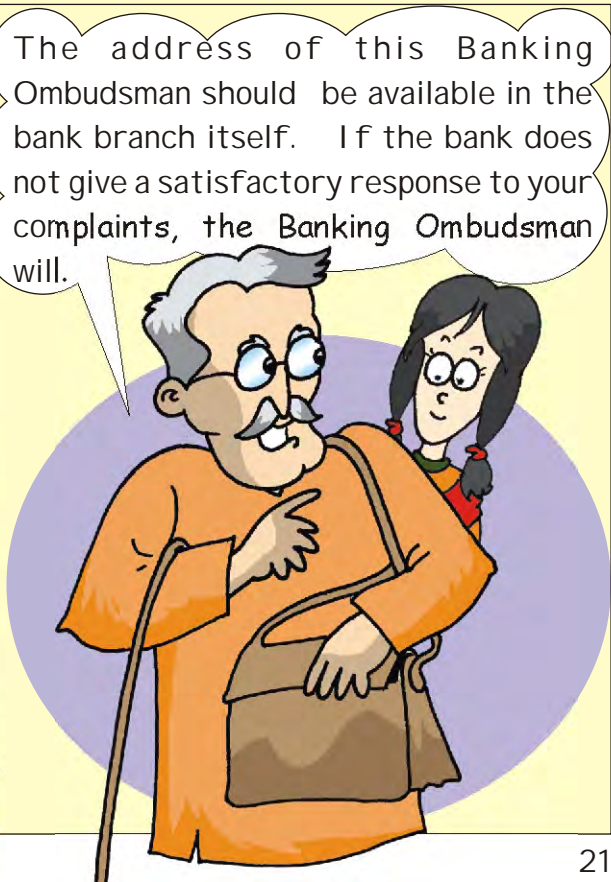


...you can send your complaint to the Banking Ombudsman, who has been appointed by the Reserve Bank of India to take care of such customer complaints.



omb... What?

Banking Ombudsman. There is one Banking Ombudsman for each State who is located in the Office of the Reserve Bank of India.



The address of this Banking Ombudsman should be available in the bank branch itself. If the bank does not give a satisfactory response to your complaints, the Banking Ombudsman will.

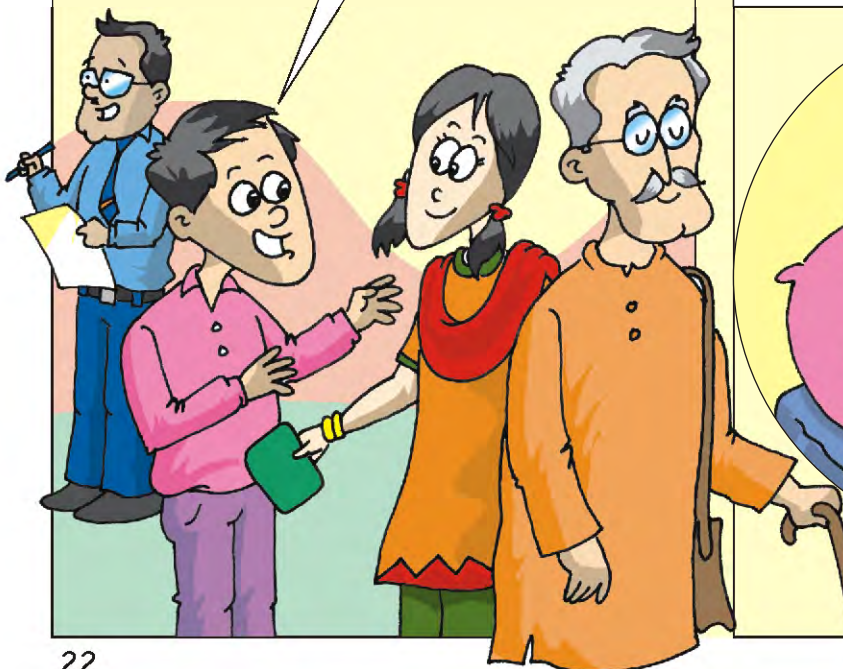
Gopi Chacha, is there a possibility that the bank will close down? And if that happens, will I get my money back?



All individual bank deposits upto Rs 1 lakh are compulsorily insured, which means that if any bank fails, these individual depositors get back their deposits upto Rs. one lakh.

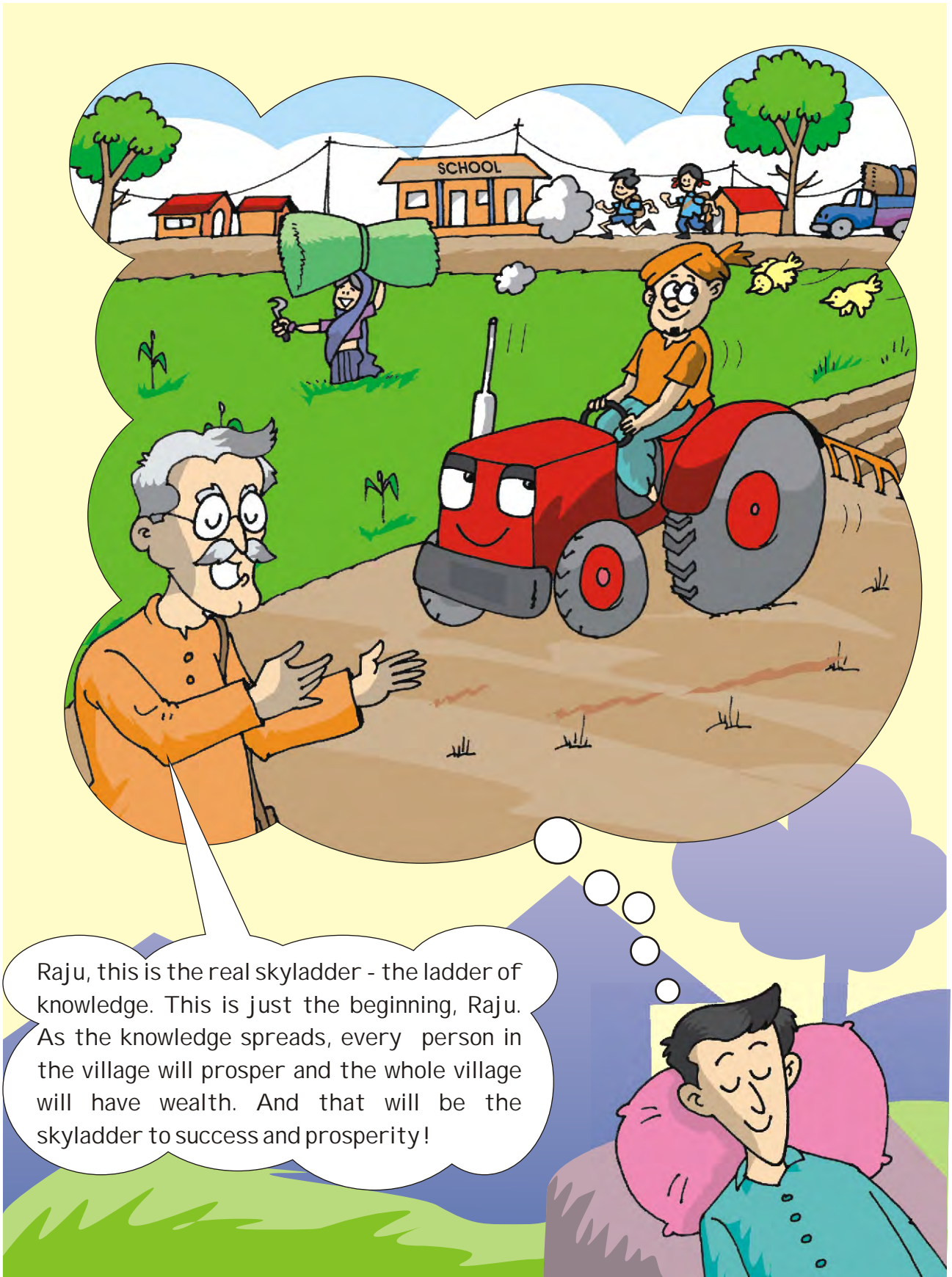


I would really like to know more about this. But I can see the Manager uncle is very busy so may be some other time.

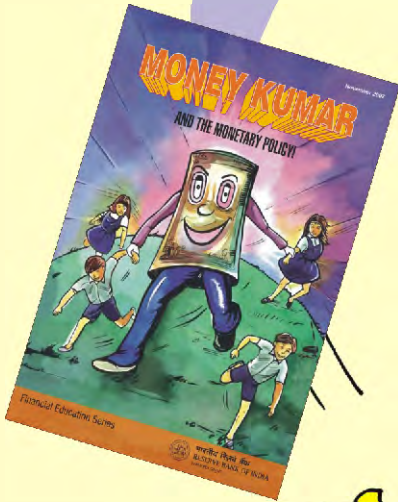


That night, Raju was lying on his bed looking very satisfied and very happy. He went to sleep peacefully and dreamt of Gopi Chacha's words.





Yes Gopi Chacha! Knowledge is the real skyladder and a starbridge.
There is no end to what we can learn in life.



Story by Manoj & Shailaja
Art by Anupam Sharma

So tell me...

1. Which is the deposit account most suited for individuals or house holds?

- a. Savings account
- b. Current account
- c. Fixed deposit

2. Which is the deposit account most suited for a business man?

- a. Savings account
- b. Current account
- c. Fixed deposit

3. Which is the deposit account most suited for large expenditure in the future?

- a. Savings account
- b. Current account
- c. Fixed deposit

4. Which account meets Tara's needs?

- a. Savings account
- b. Current account
- c. Fixed deposit

5. What is the advantage of a crossed cheque?

- a. Immediate cash
- b. Unsecured
- c. Secured

6. Which account earns more interest?

- a. Savings account
- b. Current account
- c. Fixed deposit

7. Which account allows the facilities like payment of electricity, phone bills, etc.?

- a. Savings account
- b. Current account
- c. Savings and Current

8. Which of the following documents is acceptable for opening a bank account?

- a. School leaving certificate
- b. Birth certificate
- c. Ration card

9. You need to keep minimum balance in a 'no frills account'.

- a. Correct
- b. Incorrect

10. In the story 'skyladder' and 'starbridge' stand for

- a. Prosperity through knowledge
- b. Prosperity through sharing
- c. Both



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