

# CLASS NOTES

Class: XI

Topic: BUSINESS SERVICES

Subject: BUSINESS STUDIES

## Meaning

Services are separately identifiable, essentially intangible activities that provide satisfaction of wants.

**Features of Services:** There are essentially five "I's" of services

1. **Intangibility:** Services cannot be touched; they are intangible. But it can be experienced.

2. **Inconsistency:** Services are inconsistent i.e. there is no standardization of services. It has to

Be performed according to the demand and expectations of the customer.

3. **Inseparability:** Unlike goods, the production and consumption of services takes place at the same time making it inseparable.

For e.g. Teaching and learning takes place simultaneously.

4. **Inventory:** Services cannot be stored for future use. No inventory or stock can be maintained

for Services.

For e.g. A railway ticket can be stored but the railway journey will be experienced only when the Railways provide it.

5. **Involvement:** There is active participation of the customer in the service delivery process.

The Customer can modify the services as per his requirement.

For e.g. When we go to a restaurant we place the order of food as per our requirement.

## Types of Services

a. **Business Services:** Those services which are used by business enterprises for the conduct of

Their activities. Some commonly used business services are: Banking, Insurance, Transportation and Communication, Warehousing, Advertisement.

b. **Social Services:** Services that are provided voluntarily in pursuit of certain social goals. The goal maybe to provide educational services, to provide health care facilities, to improve the standard of living of the weaker sections of the society etc.

c. **Personal Services:** Customized services provided to individuals as per their needs are personal Services. They are not consistent in nature as they are modified as per the needs of the customer and also depends on the service provider.

## **Types of Business Services**

### **BANKING:**

According to The Indian Banking Regulation Act 1949 " Banking companies are the one which Transacts Business of banking by accepting deposits of money from the public which are repayable on demand, Lending to the public or investing in the public deposits"

## **Types of Banks**

### **1. Commercial Banks:**

- These banks are governed under Indian Banking Regulation Act 1949.
- There are two types of Commercial banks: Public and Private Sector Banks
- Public sector banks are banks in which the government has a major stake. For e.g. SBI, PNB etc.
- Private sector banks are owned, managed and controlled by private promoters. For e.g.

HDFC, ICICI etc.

### **2. Cooperative banks:**

- They are governed by the provisions of the State Cooperative Societies Act.
- It provides credit to its members at a cheaper rate of interest.

### **3. Specialized banks:**

- These banks provide specific services like providing loans for housing projects, aid to Industries, Financial support to farmers etc. For e.g. EXIM bank, SIDBI, IDBI etc.

### **4. Central Bank:**

- This bank controls, supervises and regulates the activities of all commercial banks of the country.

- It is the banker's bank.
- The RBI is the central bank of our country.

### **Functions of Commercial Banks:**

#### 1. Acceptance of deposits:

- Banks accept deposits in the form of savings, current, recurring and fixed deposits account.
- Banks borrow money from the public and pay interest at rates fixed by the RBI.
- These deposits are used by banks for lending purposes.

#### 2. Lending of deposits:

- Banks provide loans and advances in the form of term loans, cash credit, overdraft etc.
- Banks receive interest at a rate fixed by RBI on the loans advanced by them.
- By lending loans for industrial and business activities banks contribute towards the economic development of the country.

#### 3. Cheque facility:

- Cheque is the most developed credit instrument for the withdrawal of deposits.
- It is the most convenient and inexpensive medium of exchange.
- There are mainly two types of cheques: Bearer and Crossed
- Bearer cheques are encashable immediately at bank counters.
- Crossed cheques are deposited in the payees account.

#### 4. Remittance of funds:

- Transfer of funds from one place to another place due to interconnectivity of branches is called Remittance of funds.

- The funds can be transferred through bank draft, pay orders or mail transfers.

#### Allied services:

- Banks also provide other facilities like locker facilities, bill payments, buying and selling of Shares etc.

