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

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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.

What’s the matter?

Raju eagerly waited for Gopi Chacha’s visit.

Thank God, you have come! I was anxiously waiting for you.

Why can’t we have a sky ladder like that leading to success and prosperity?

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

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

Gopi Chacha was amazed at Raju’s imagination.

Here goes Raju with one more of his dreams.

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

How and where shall we start, Gopi Chacha?
Meanwhile, Raju started visiting the bank and discussing with the bank manager. He gathered a lot of information.

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

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.
Tara, what's that paper you are holding in your hand?

Raju took the cheque and examined it closely.

My school has given me a scholarship of Rs. 1000 per month and this is the first time I have ever seen a cheque.

Raju: Simple.

Open a bank account. Once the money gets deposited in your bank account.

And we don't know what to do with it.

...You can withdraw the money from your account as and when you need it.
But I have heard that anyone can directly give the cheque to a bank and exchange it for cash?

Yes, but you can’t do that with this cheque.

Why not?

Well, see this cheque? It is an account payee cheque. Do you see the two diagonal lines at the top left hand side corner?

This is called the ‘crossing’ of the cheque. When the cheque is crossed and made account payee, you can not directly receive the payment in cash at the bank counter.
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.

Had the cheque been a bearer cheque meaning if it had not been crossed at the top, anyone could have exchanged it for cash by producing it at the bank counter. It’s not very safe.

This ensures that your money reaches only you and no one else.
The main advantage of such an account is that you can easily deposit and withdraw your money from the bank and you also earn interest on the money lying in your account.

There are different kinds of bank accounts. The Savings Bank (S/B) account is the most popular.

The main advantage of such an account is that you can easily deposit and withdraw your money from the bank and you also earn interest on the money lying in your account.
What are the other types of bank accounts?

Well, the other types of accounts are Current Account and Fixed Deposit Account.

And what about the Fixed Deposit accounts?

The Fixed Deposit or Term Deposit Accounts are deposits accepted by a bank for a fixed period.

Current Accounts are mainly used by business people who need to frequently deposit and make payments from their accounts. You can withdraw money from your current account any number of times during a month but you don’t earn interest.

You can issue cheques against the amount in your account.

You can withdraw money from this account for a fixed number of times during a month.
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.

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

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.

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!
All leave for the bank.

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.

We will need to give these to the bank along with 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.

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...

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

My skyladder and star bridge!!
Hello! Can I help you?

We all have come to open a bank account.

This is the account opening form. Please fill up all the details in the form like your name, address, operational instructions, nominee, etc.

After filling up the form give it to me along with a copy of the documents of proof of your identity and address that you have brought.

In case you have any problem in filling up the forms, I will help you.

What is the meaning of operational instructions?

Your bank must know how you would operate your account.
You can either operate your account by yourself or with someone like your mother, father, brother…that is, in single name or in joint names with somebody else.

Joint names?

Yes. A joint account is an account in the names of two or more persons.

Two or more persons? You mean Tara and I can open an account jointly?

Can Shamu withdraw the money lying in my account without my knowledge?

That you will have to choose and indicate in this form. If you choose to operate singly, you can indicate that. If you want to operate the account jointly with your brother then both of you will have to sign. You can also choose for either one of you to operate the account at a time.
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.

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

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

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

This is also useful for groups and organisations who maintain accounts which are required to be operated by two or more officials together.
There is still one more option - 'former or survivor'. When you choose this option, only the person whose name appears first can operate the account. The other account holder can operate the account only after the death of the 'former' person.

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

Hello, Raju. I am happy to see that today you have brought your friends to the bank for opening accounts.

You have to make this choice at the time of opening the account. You can change the choice later if you want to. But you must give clear instructions to your bank.

You can always choose to operate your account. You can always choose to operate your account.
Yes Sir. We know that our money will be safe in the bank and will also earn interest.

Will you please help us?

A few minutes later.....

Congratulations. We have opened an account in your name.

Can I deposit my cheque now?

Oh sure, Raju. Please give me a few minutes to verify the documents.

Yes, you can.

And the money will actually get deposited in my account?

Yes, it will. Only since you are depositing a cheque, the money will show up in your account after a couple of days.

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.
Here is your passbook.

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

We will record all the transactions you have done in your bank account in any given period of time in the passbook.
It also tells you at any point of time how much money you have in your account. See the cash that Shamu has deposited in his account is already shown in the pass book.

Suppose I find a mistake and tell you about it, will you correct it immediately?

Yes, and if you find any mistake in it, you must tell us immediately.

Although, some times, we may take some days to correct it, if we need to check something. And in case we do not correct our mistake in reasonable time, you must bring it to my notice.

You should get your passbook updated regularly.

Bring the passbook to the branch day after tomorrow for updating and you will see the amount of the cheque credited in your account.

Yes. Of course.

Yes. Of course.
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.

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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.

Banking Ombudsman. There is one Banking Ombudsman for each State who is located in the Office of the Reserve Bank of India.
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.
Raju, this is the real skyladder - the ladder of knowledge. This is just the beginning, Raju. As the knowledge spreads, every person in the village will prosper and the whole village will have wealth. And that will be the skyladder to success and prosperity!
Yes Gopi Chacha! Knowledge is the real skyladder and a starbridge. There is no end to what we can learn in life.
1. Which is the deposit account most suited for individuals or households?
   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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