

Subject : Money and Banking
B.com : Part II
Topic : Development Banks
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DEVELOPMENT BANKS

The concept of Development Bank is the western countries and however development banking had along period of evolution. The origin of development banking may be Traced to the establishment of Society General Pour (i.k.s.j) c.j.l.u.k Favoriser

- 1) Industries National in Belgium in 1822. But the notable institution was the credit mobilize of France established in 1852. Which act as industrial Financer 1920, Japan established the industrial Bank of Japan to cater izcU/d Financial needs of her industrial development. In the postwar era, she industrial Development Bank of Canada 1944. The Finance corporation for industry Ltd. (FCI) and the industrial and commercial finance corporation Ltd. (I.C.F.C) of England (1945) etc. and were established as modern Development Banks to Provide term Loans to industry. In 1966 the U.K. Government setup the Industrial Reorganization corporation (I.R.C). In India the first development bank called the Industrial finance corporation of India was established in 1948.

Definition of Development Bank

There are no precise definition of Development Bank. William Diamond and Shirley Bosky consider industrial finance and Development corporation Development Bank, Fundamentally, a Development Bank is a term lending institution and essentially a Multi-Purpose Financial institution with a broad Development outlook. The Development Bank is defined as a Financial institution concerned with providing all types of financial in assistance to business unit in the form of loans. Under writing Investment and guarantee operation's and promotional activities economic Development in general and Industrial Development in particular.

Features of a Development Bank

- 1) It is a specialized financial institution.
- 2) It provides medium and long term finance to business units.
- 3) Unlike commercial banks, it does not accept deposits from the public
- 4) It is not just a term-lending institution it is a multi-purpose financial
- 5) It provides financial assistance not only to the private sector but also to the public sector undertakings.
- 6) The main aims at promoting saving and investment habit in the community
- 7) The main motive is to serve public interest rate than to make profits. It works in the general interest of the nation.