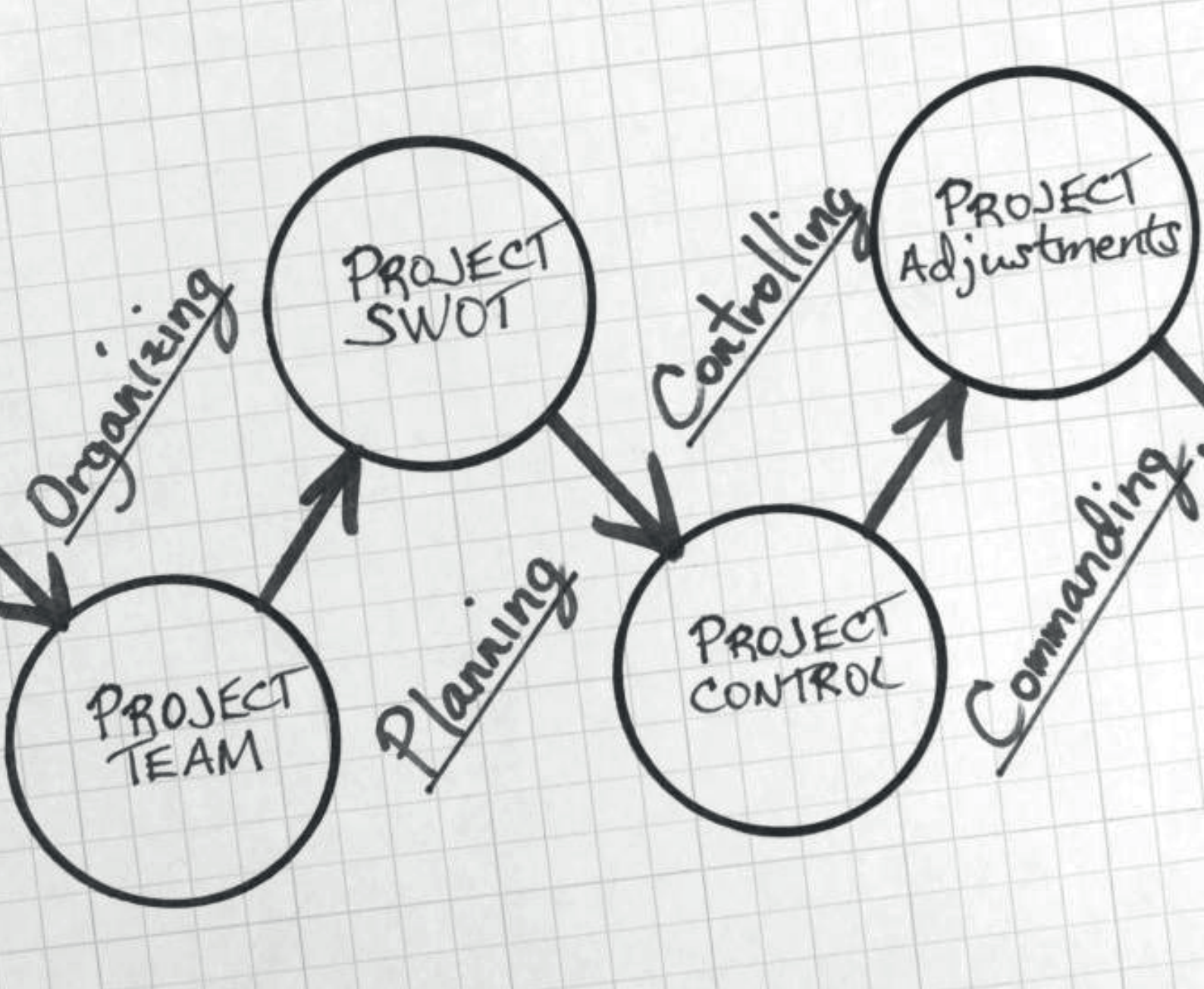




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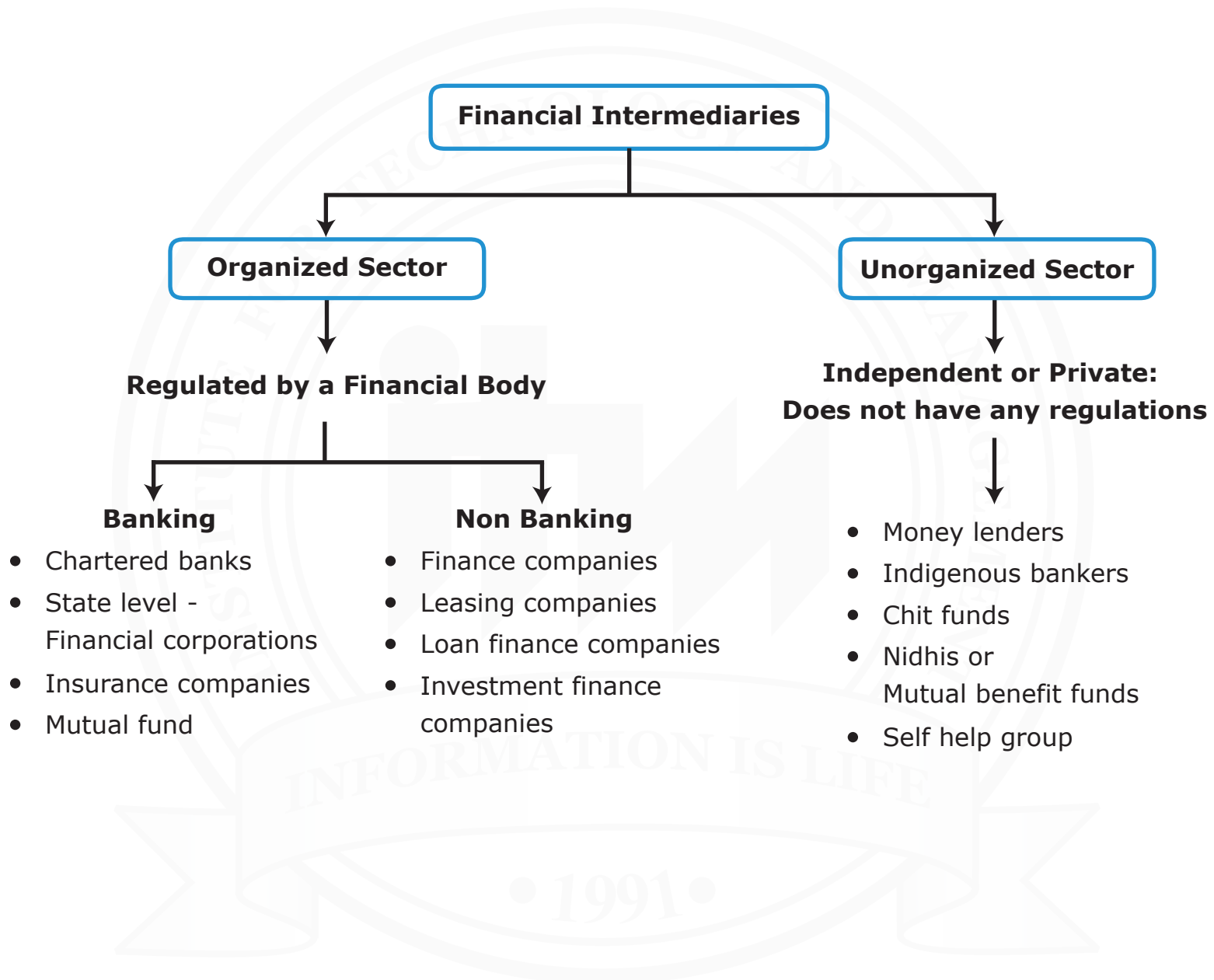
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Macroeconomics



Financial Intermediaries



Types of Deposits and Loans

Deposits	Loans
<ul style="list-style-type: none"> • Savings Account – Limitations on the number of withdrawals Earns interest. 	<ul style="list-style-type: none"> • Secured Loans – Granted against security
<ul style="list-style-type: none"> • Current Account – No limitations on withdrawals Does not earn interest. 	<ul style="list-style-type: none"> • Cash Credit – Issue a short term cash loan to a business.
<ul style="list-style-type: none"> • Fixed Deposit – Certain sum of money is deposited with the bank for a specific duration. Interest rate is higher than normal interest rates. There is penalty for pre-closing such deposits. 	<ul style="list-style-type: none"> • Overdraft - An overdraft occurs when money is withdrawn from a bank account and the available balance goes below zero. In this situation the account is said to be overdrawn.
<ul style="list-style-type: none"> • Recurring Deposits – Small amount of money is deposited every month for a specific duration. Bank will compound the interest every month and pay in lumpsum at the end of the tenure. 	<ul style="list-style-type: none"> • Line of Credit - Similar to a credit card you are given a maximum allowable balance, and each month you can borrow as much as you wish from the line of credit up to the maximum.