

1. Public Private Partnership

Public-private partnership describes a government service or private business venture, which is funded and operated through a partnership of government and one or more private sector companies. These schemes are sometimes referred to as PPP, P3 or P¹.

A typical PPP example would be a hospital building financed and constructed by a private developer and then leased to the hospital authority. The private developer then acts as landlord, providing housekeeping and other non-medical services, while the hospital itself provides medical services.

Features

- PPP involves a contract between a public sector authority and a private party, in which the private party provides a public service or project and assumes substantial financial, technical and operational risk in the project.
- In some types of PPP, the cost of using the service is borne exclusively by the users of the service and not by the taxpayer. In other types, capital investment is made by the private sector on the strength of a contract with government to provide agreed services and the cost of providing the service is borne wholly or in part by the government.
- In projects that are aimed at creating public goods like in the infrastructure sector, the government may provide a capital subsidy in the form of a one-time grant, so as to make it more attractive to the private investors. In some other cases, the government may support the project by providing revenue subsidies, including tax breaks or by providing guaranteed annual revenues for a fixed period.
- A common problem with PPP projects is that private investors obtained a rate of return that was higher than the government's bond rate, even though most or all of the income risk associated with the project was borne by the public sector.

2. Types of Bank Accounts

(i) **Saving Deposit Account:** This type of bank account encourages the small savings of households. The deposits in this account are made by the persons who wish to save a little out of their incomes; interest is paid at nominal rate, which at present is 3 per cent per annum. The rate of interest is less than that of fixed deposit account.

(ii) **Current Deposit Account:** These deposit accounts are most suitable for business organisation. In this account, a depositor can deposit money any number of time and can withdraw it as and when he/she requires it. No interest is paid on these Account, rather, the bank can charge some service charges. Money can be withdrawn from this account by cheque.

(iii) **Recurring Deposit Account:** In this type of account, a depositor

deposits a fixed amount of money on an annuity basis (say on monthly basis) for a fixed period. This money cannot be withdrawn before the expiry of that fixed term except in special circumstances. Rate of interest on RD account is generally higher than that of Saving Account deposits.

(iv) **Fixed Deposit Account:** Money is deposited in fixed deposit account for a fixed period, say 1 year, 2 years, 3 years or 5 years. The rate of interest is higher than that of saving deposits account. The longer the period of deposit, the higher will be the rate of interest. This is so because banks can use the money for a longer period.

The amount of deposits is repayable by the bank after the expiry of the fixed term. If the depositor needs this money before the specified fixed period, then banks can refund the money deposited after charging some discount.

(v) **Multiple Option Deposit Account:** It is a type of Saving Deposit Account in which amount of deposit in excess of a particular limit gets automatically transferred into Fixed Deposit. And, in case sufficient funds are not available in Saving Deposit Account to honour a cheque issued, the required amount gets automatically transferred from Fixed Deposit Account to the Saving Deposit Account. The account holder has two benefits from this account — *he/she can earn more interest and it lowers the risk of dishonouring a cheque.*

3. Banking Services

(i) **Bank Draft:** A Bank Draft is a financial instrument through which money can be remitted from one person to another or from one place to another. A bank draft can be obtained from a bank after depositing the required amount in the bank. The bank also charges some commission in lieu of issuing the bank draft.

The payee can present the bank draft on the drawee bank at his/her place and collect the money.

It is less risky for the creditor as it has no risk of being dishonoured.

(ii) **Banker's Cheque (Pay Order):** A banker's cheque or pay order refers to a bank draft which is payable within the town. So, it is termed as *local bank draft*. Thus, *banks issue banker's cheque or pay order for local purpose and issue bank draft for outstations*. The commission charged on pay orders is less than that on a bank draft. Like a bank draft it will be honoured by the drawee bank and has no risk of being dishonoured.

(iii) **Real Time Gross Settlement (RTGS):** Real time gross settlement systems (RTGS) are funds transfer systems where transfer of money takes place from one bank (say, Bank A) to another (Bank B) on a "real time" and on "gross" basis.

—Settlement in "real time" means payment transaction is not subjected to any waiting period. The transactions are settled as soon as they are processed. This is the fastest possible money transfer system through the banking channel.

—"Gross settlement" means the transaction is settled on one to one basis without bunching or netting with any other transaction. Once processed, payments are final and irrevocable.

- This "electronic" payment system is normally maintained or controlled by the Central Bank (the Reserve Bank of India). There is no physical exchange of money; the Central Bank makes adjustments in the electronic accounts of Bank A and Bank B, reducing the amount in Bank A's account and increasing the amount of Bank B's account by the same.
- The RTGS system is suited for low-volume, high-value transactions (minimum value of transaction should be ₹ 2,00,000 lakh).
- Considering that money transfer takes place in the books of the Reserve Bank of India, the payment is taken as final and irrevocable. Credit risks due to settlement lags are eliminated.
- Fees for RTGS vary from bank to bank. RBI has prescribed upper limit for the fees which can be charged by all banks for RTGS.
- Customers can access the RTGS facility between 9 am to 4:30 pm on week days and 9 am to 1:30 pm on Saturday.
- Both the remitting and receiving must have Core banking in place to enter into RTGS transactions. Core Banking enabled banks and branches are assigned an Indian Financial System Code (IFSC) for RTGS purposes. This is an eleven digit alphanumeric code and unique to each branch of bank. The first four alphabets indicate the identity of the bank and remaining seven numerals indicate a single branch. This code is provided on the cheque books, which are required for transactions along with recipient's account number.

(iv) **National Electronic Funds Transfer (NEFT):** National Electronic Fund Transfer (NEFT) is an online system for transferring funds of Indian financial institution (especially banks). There is no minimum limit for fund transfer in NEFT system. This system facilitates individuals, firms and companies to electronically transfer funds from one bank branch to any individual, firm or company having an account with any other bank branch in the country.

The key difference between RTGS and NEFT is that while RTGS is on gross settlement basis, NEFT is on net settlement basis. Besides, RTGS facilitates real-time ("push") transfer, while NEFT involves eleven settlements from 9 am to 8 pm on week days and five settlements from 9 am to 1 pm on Saturdays.

RTGS facility is available in over 72000 branches, while NEFT is available in little over 75000 branches of 100 banks.

The minimum transaction value for RTGS is ₹ 2,00,000, whereas there is no minimum value for NEFT.

(v) **Cash Credits:** A cash credit is a short-term cash loan to a company. A bank provides this type of funding, but only after the required security is given to secure the loan. Once a security for repayment has been given, the business that receives the loan can continuously draw from the bank up to a certain specified amount.

4. Postal and Telecom Services

1. **Under Postal Certificate (UPC):** It refers to the postal certificate issued by the post office as an evidence of posting the letter. When ordinary

letters are posted, generally the post office does not issue any receipt. However, if the sender wants to have a proof for the same, he/she can obtain a certificate from the post office on payment of a prescribed fee.

2. Registered Post: It refers to the postal facility where it is ensured that the mail is delivered to the addressee; otherwise it should come back to the sender. Registered post mails are handed over to the post office after affixing additional postage as registration charges. On receiving the mail, the post office issues a receipt to the sender as a proof. To distinguish them from the ordinary post, all registered mails are super-scribed as 'Registered Post' on their face.

3. Parcel Post: Parcel post is a service of a postal administration for sending parcels (e.g., books, garments, cell phones etc.) through the post across the country as well as outside the country. It is generally one of the less expensive ways to ship packages that are too heavy to be sent by regular letter post.

4. Speed Post: It refers to the postal facility where the mail reaches the addressee as fast as possible. Under this facility, post offices provide time-bound and guaranteed mail delivery of letters, important documents etc. The post office charges more postage for speed post than ordinary mail. The postal charges varies according to distance.

5. Courier Services: Courier service is provided by private post offices for sending and receiving letters, documents, parcels, etc. This service is comparatively cheaper than the services provided by the post offices.

5. Knowledge Process Outsourcing (KPO)

Knowledge process outsourcing (KPO) is a form of outsourcing, in which knowledge-related and information-related work is carried out by workers in a different company or by a subsidiary company to save cost. Unlike the outsourcing of manufacturing, this typically involves high-value work carried out by highly skilled staff. KPO firms, in addition to providing expertise in the processes themselves, often make many low level business decisions.

Types of KPO services

KPO services include the following:

- (i) Investment research services (equity, fixed income and credit, and quantitative research)
- (ii) Business research services
- (iii) Data analytics
- (iv) Market research services
- (v) Valuation and fairness opinions
- (vi) Legal process outsourcing
- (vii) Patent research services
- (viii) Business operations support, analytics & management
- (ix) Editorial process outsourcing

• KPO is merely a continuation of BPO, though with rather more