



## EMERGING TRENDS IN THE INDIAN BANKING SECTOR- CHALLENGES & OPPORTUNITIES

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### ABSTRACT

*The Financial sector, of which Banking sector is the largest player, plays a dominant role in building the economy of an individual as well as a nation. Banks have control over a large part of the supply of money in circulation. They are the main stimulus for the economic progress of a country. A strong banking and finance sector is, therefore, necessary for a country to emerge as a developed one. It is vital for growth, creation of jobs, generation of wealth, eradication of poverty, encouraging entrepreneurial activity and increasing the gross domestic product. Today banking is known as innovative banking. Information technology has given rise to new innovations in the product designing and their delivery in the banking and finance industries. Customer services and customer satisfaction are their prime work. One of the most significant areas where IT has had a positive impact is on substitutes for traditional funds movement services. With the advent of electronic banking, electronic funds transfer and other similar products, funds transfer within time frames which would have appeared impossible a few years ago has made it reality. With networking and internet connection new challenges are arising related to security privacy and confidentiality to transactions. Finally the banking sector will need to master a new business model by building management and customer services with a variety of products and controlled cost to stay in the long run and services. The paper attempts to present the emerging trends and its challenges that recently emerged in the banking sector. It will be useful to the academicians, banking and insurance personnel, financial advisors, professionals, students and researchers. Common readers will also find it informative and inculcating.*

#### Introduction

The customary elements of managing an account are restricted to acknowledge stores and to give credits and advances. Today keeping money is known as creative saving money. Data innovation has offered ascend to new developments in the item outlining and their

conveyance in the managing an account and fund commercial enterprises. Current managing an account division has thought of a great deal of activities that arranged to give a superior client administration with the assistance of new advancements. Indian keeping money part today has the same feeling of energy and opportunity that is confirmation in the Indian Economy. The going improvements in the worldwide markets offer such a large number of chances to the managing an account segment. In the aggressive managing an account world, change step by step in client administrations is the most valuable instrument for their better development. Bank offers such a large number of changes to get to their managing an account and different administrations.

### Literature Review

Garg (1994) considered that Indian planned business banks have accomplished amazing advancement in most recent two decades under concentrate, especially in branch extension in rustic territories, stores activation and credit sending to need segment and little borrowers. Saving money area changes is an essential part of the monetary change bundle. The change included the liberalization of loan costs, advancement of business sector based arrangement of credit designation, improving rivalry, and productivity of the administrative and supervisory structure (Jegade et al. 2004). Monetary changes were intended to empower the saving money industry build up the obliged flexibility to bolster the monetary improvement of a country by capably playing out its capacity of budgetary intermediation (Lemo, 2005). Bires et al (2011) analyzed the execution of banks in India in post move period and presumed that the positive pattern of the change procedure is noticeable through the expansion in specialized productivity throughout the years of the post move period

### Objectives of the study

1. To study the emerging trends of Indian banking sector
2. To study its Challenges & Opportunities.

### Present scenario

#### COMMERCIAL BANKS AT A GLANCE

| S. N | Indicators  | 2006         | 2007         | 2008        | 2009        | 2010         | 2011         | 2012         | 2013         |
|------|---|--------------|--------------|-------------|-------------|--------------|--------------|--------------|--------------|
| 1    | Number of Commercial Banks  | 222          | 182          | 173         | 170         | 167          | 167          | 173          | 155          |
|      | (a) Scheduled Commercial Banks  | 218          | 178          | 169         | 166         | 163          | 163          | 169          | 151          |
| 2    | Aggregate deposits of Scheduled Commercial Banks in India (Rs. billion) | 2109<br>0.49 | 2611<br>9.34 | 3196<br>9.4 | 3834<br>1.1 | 4492<br>8.26 | 5207<br>9.69 | 5909<br>0.82 | 6750<br>4.54 |

|   |  |       |       |       |       |       |       |       |       |
|---|--|-------|-------|-------|-------|-------|-------|-------|-------|
|   |  | 3646. | 4297. | 5243. | 5230. | 6456. | 6417. | 6253. | 6622. |
|   | (a) Demand deposits  | 4     | 31    | 1     | 85    | 1     | 05    | 3     | 99    |
|   |  | 1744  | 2182  | 2672  | 3311  | 3847  | 4566  | 5283  | 6088  |
|   | (b) Time deposits  | 4.09  | 2.03  | 6.3   | 0.25  | 2.16  | 2.64  | 7.52  | 1.55  |
|   | Bank credit of Scheduled Commercial Banks in India (Rs. billion) | 1507  | 1931  | 2361  | 2775  | 3244  | 3942  | 4611  | 5260  |
| 3 |  | 0.77  | 1.9   | 9.13  | 5.49  | 7.88  | 0.83  | 8.52  | 4.59  |
| 4 | Credit-Deposit Ratio (per cent)                                  | 70.1  | 73.5  | 74.6  | 73.8  | 73.7  | 76.5  | 78.6  | 79.1  |
| 5 | Investment-Deposit Ratio (per cent)                              | 40    | 35.3  | 35.5  | 35.7  | 36.4  | 34.3  | 34.6  | 35.2  |
| 6 | Cash-Deposit Ratio (per cent)                                    | 6.7   | 7.2   | 9.7   | 7.3   | 7.7   | 8.2   | 5.8   | 5.1   |

## Emerging Trends

### 1) Financial Reforms:-

A change is not a static word but rather shows an adventure of Banking division. The real managing an account area changes known as Narasimham Committee-I (1991) report and the Narasimham Committee-II (1998) report in India achieved significant changes in Indian keeping money segment. The changes were gone for to make the saving money division more aggressive, flexible, effective, beneficial to take after global began and to free from the headings and control of Government. Loan costs have been deregulated and new contestants permitted in the managing an account and the securities business. The Indian value market has ended up world-class. New private banks have developed that are more client situated.

These suggestions not just unleashed the capability of managing an account in India, they are additionally perceived as an element towards minimizing the effect of worldwide monetary emergency beginning in 2007. Dissimilar to the communist law based period of the 1960s to 1980s, India is no more protected from the worldwide economy but then its banks survived the 2008 money related emergency moderately unscathed, an accomplishment due to some extent to these Narasimham Committees.

FINANCIAL REFORMS: some measures

- i) Reduction of SLR from 35.8% to 25%
- ii) Reduction of CRR from 15% to 3-5%

- iii) Interest Rate Determination.
- iv) Establishment of ARF: to get rid of bad debts.
- v) Removal of Dual control.
- vi) Banking Autonomy.
- vii) Narrow banking.

## **2) Financial Crisis:**

Monetary emergency, the second pattern recorded in the developing patterns of managing an account segment. The emergency has influenced the genuine economy. Development prospects of rising economies have been influenced by the money related emergency. Outside Inflow has demonstrated a subtraction of 61.4% in the FY 2008-09 from the last time frame. Indeed, even the store has been diminished by 1 % in the year 2008-09 and money store proportion turn around a development of 24.7%. Bank credits have been decrease by 9.5% in the year 2008-09. Store have likewise influenced with 7% diminished in the same year..Import Substitution came about as the result of the changes build up the conviction that India need to depend on inside business sectors for advancement and not the universal exchange. The part of rustic markets, their rising spending power and the utilization patterns took after by the provincial Indians are thought to be the driver of future development of organizations. What's more, this pattern of tapping provincial markets is obvious over all segments now, be it FMCG, IT, Banking, instruction and so on. For instance, today, India is in preferred state over China in light of the fact that our GDP is less reliant on fares when contrasted with them, where greatest incomes originate from sending out to the European and US markets. In this manner, tapping the country markets is most vital for us to be a self managing economy.

## **3) Financial Convergence:**

Under fiscal meeting, general dealing with a record stands a key part whereby each and every cash related organization is made open to customers under one housetop. For example, a bank, beside its standard business of enduring stores and crediting money, may similarly offer theory sparing cash, charge card organizations, or offer insurance approaches. Business banks in India also showcase the common resource arranges. India Post offers a whole extent of saving arrangements, gold coins, et cetera despite its postal organizations. The essential favored point of view of Universal Banking is that it results in more huge money related adequacy as lower cost, higher yield and better things. Various Committees and reports by Reserve Bank of India are pleasant to Universal sparing cash as it enables banks to explicit economies of scale and augmentation.

i). Administration Performance:-

The credit store proportion mirrors the administration execution of the banks. It can be seen after budgetary liberalization, a large portion of the banks reported higher C-D proportion. Total stores of all Scheduled Commercial Banks (SCBs), as a rate of GDP expanded from 61% in FY07 to 67% in FY13, driven by expanding request from retail clients. Credit to GDP expanded from 45% in FY07 to 53% in FY13 demonstrating the enhanced loaning of SCBs to different commercial enterprises, which has improved exchange and monetary advancement. Stores expanded at a CAGR of 11.4% amid FY09–FY13 to achieve USD 1, 360 billion in FY13. □Growth in stores was fundamentally because of solid development in current record bank account (CASA) (33% development in FY13). CASA development was solid for new private division banks, because of their higher funds store rates. (IBS Report 2014)

ii). Extension of Banking business:

India's part saving money is presently esteemed at Rs. 81 trillion (US\$ 1.31 trillion). It can possibly turn into the fifth biggest saving money industry on the planet by 2020 and the third biggest by 2025, as indicated by KPMG-CII report. ATMs in India have expanded to 1, 45,858 in January 2014. Bank stores have developed at a compound yearly development rate (CAGR) of 21.2 for every penny over FY06–13. All out stores in FY13 were US\$ 1,274.3 billion. Complete managing an account segment credit is foreseen to develop at a CAGR of 18.1 for each penny (as far as INR) to achieve US\$ 2.4 trillion by 2017. Complete Earnings development is 16% esteemed at 8614 bn (2012) when contrasted with 7416 bn for the year 2011. Net Profit has likewise contributed with a development of 12.6% and esteemed at 912 bn in the year 2012.

( [www.ibef.org](http://www.ibef.org)).

4) Financial Engineering:

Financial engineering,' the next trend, is about technology for solving financial problems, exploiting financial opportunities, and for otherwise adding value. Some of trends and examples are E-Banking, Internet Banking, Mobile & Sms Banking, ATM expansion, volumes of Debit & Credit Card, RTGS and NEFT.

i). Data Technology-Modern Banking Services

Under the administration of keeping money area changes, IT gave new measurements to the Indian saving money part. IT has made change in keeping money structure, business process, work society and human asset improvement. The new advancement in same field

is E-Banking i.e. despite the fact that Electronic stations, for example, the phone, the web, the PDA, and so on. The idea and extent of E-keeping money is as yet developing. It encourages a viable installment and bookkeeping framework in this manner upgrading the rate of conveyance of managing an account benefits significantly.

ii). Versatile Banking:

As of late, the portable managing an account has been mirroring a developing pattern with the volume and quality expanding by 108.5% (53.30 million in FY13 versus 25.56 million in FY12) and 228.9% (USD1.1 billion in FY13 opposite USD0.2 billion in FY12), individually. (IBS Report 2014)

iii). Patterns in Non-Cash Payments framework:

In 2013, credit, charge, and other electronic installments developed at a rate of 35 for each penny from the earlier year as far as installment exchanges. POS terminals shipment volumes in the nation are foreseen to develop from 0.8 million units in 2013 to 1.1 million units by 2015 developing at a CAGR of

17.2 for each penny. As indicated by Niju V, Director, A right now the thirteenth biggest non-trade installment market out the world with a high potential to become essentially as more vendors introduce POS terminals and acknowledge card payments"(Frost and Sullivan).

5). Financial Inclusion:

Financial inclusion is the process of ensuring access to financial services and timely and adequate credit where needed by vulnerable groups such as weaker sections and low-income groups at an affordable cost. As per PMJDY Brouchure- Census 2011 estimated that out of 24.67 crore households in the country, 14.48 crore (58.7%) households had access to banking services. Of the 16.78 crore rural households, 9.14 crore (54.46%) were availing banking services. Of the 7.89 crore urban households, 5.34 crore (67.68%) households were availing banking services.

**Methodology**

The present study is descriptive in nature. The study is undertaken at a stretch of five (5) emerging trends of financial services in India. The paper examines the trends of 6 years from 2007-2012 comprising of some analysis with limited coverage of years. The data used for the study is secondary in nature and has been collected from RBI (Reserve Bank of India) bulletin, annual reports of RBI and, Report on trend and progress of banking in

India, various reputed journals, newspapers, white papers and websites of RBI & World Bank.

## Analysis and Results

### I. Growth of Banking Investment:

| % Share of Investment                    | FY 2011 | FY 2012 |
|--|---------|---------|
| Central Government Securities            | 61.2    | 62.7    |
| State Government Securities              | 16.2    | 16.8    |
| Other Trustee Securities                 | 0.3     | 0.2     |
| Shares and Debentures of Joint Stock Co. | 7.5     | 7.8     |
| Other Investments                        | 14.8    | 12.5    |
| Total Volumes (Rs in Bn)                 | 3043.2  | 3776.8  |

Source: Basic Statistical Return-5, RBI.

### II. Trends of Impact of Global Financial Crisis:

| Indicators                      | FY      | FY2008 | Source |
|---------------------------------|---------|--------|--------|
|                                 | 2007-08 | 09     |        |
| Foreign Investment (Rs in bn)   | \$18.90 | \$7.30 | S1     |
| Credit-Deposit Ratio (per cent) | 74.6    | 73.8   | S2     |
| Cash-Deposit Ratio (per cent)   | 9.7     | 7.3    | S2     |
| Deposit (Rs in bn)              | 822     | 763    | S2     |
| Credit (Rs in bn)               | 610     | 552    | S2     |

S1. N.A. Mujumdar 2014:” Global Financial Crisis

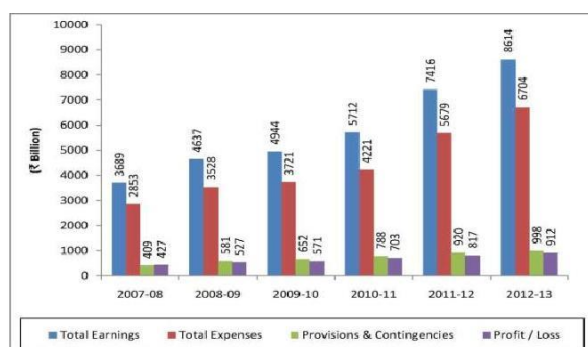
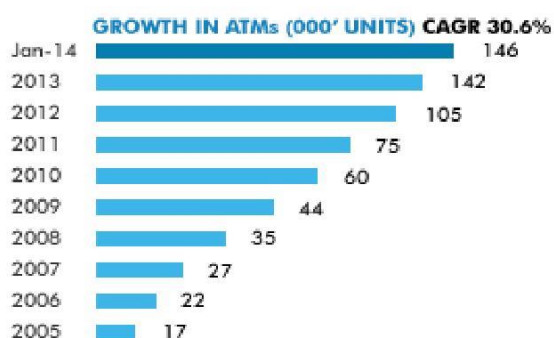
S2.RBI Report.

**III. Management Performance (Das 2010):**



(Source:www.ibef.org)

**IV. Banking Business:**



(Source:www.ibef.org)

(Source:www.ibef.org)

**V. Mobile Banking:**

| Indicators                         | 2007 | 2008 | 2009 | 2010 | 2011 | 201  |
|------------------------------------|------|------|------|------|------|------|
| Mobile users (per 100 pop)         | 20.2 | 29.5 | 44.1 | 62.4 | 73.1 | 69.9 |
| Internet Users (per 100 pop)       | 3.95 | 4.38 | 5.12 | 7.5  | 10   | 12.6 |
| Gross capital formation (% of GDP) | 38   | 35.5 | 36.3 | 36.5 | 36.4 | 34.7 |
| GDP growth (%)                     | 9.8  | 3.9  | 8.5  | 10.3 | 6.6  | 4.7  |

Source :Basic Statistical Return-5,  
**RBI.**



**VI. IT & Modern Banking:**

| Year | Deposit<br>Rs<br>in<br>Bn | Growth<br>% | Credit<br>Rs<br>in<br>Bn | Growth<br>% |
|------|---------------------------|-------------|--------------------------|-------------|
| 2007 | 665                       | 35.99       | 495                      | 40.63       |
| 2008 | 822                       | 23.61       | 610                      | 23.23       |
| 2009 | 763                       | 7.18        | 552                      | 9.51        |
| 2010 | 1030                      | 34.99       | 742                      | 34.42       |
| 2011 | 1182                      | 14.76       | 896                      | 20.75       |
| 2012 | 1170                      | 1.02        | 916                      | 2.23        |

**VII. Non-Cash Payments Trends:**

| Trends in Payments Systems (Rs bn) |                   |                |  |                                      |
|------------------------------------|-------------------|----------------|--|--------------------------------------|
| Year                               | cash<br>payments* | Non-<br>retail | Non-cash<br>retail<br>payments to<br>GDP ratio | Currency in<br>circulation(GDP<br>%) |
| FY07                               |                   | 1,94,459       | 4.53   | 11.77                                |
| FY08                               |                   | 3,05,382       | 6.12   | 11.85                                |
| FY09                               |                   | 3,29,736       | 5.91   | 12.38                                |
| FY10                               |                   | 4,06,116       | 6.29   | 12.38                                |
| FY11                               |                   | 4,76,291       | 6.21   | 12.36                                |
| FY12                               |                   | 5,16,332       | 5.83   | 12.04                                |

Source: RBI, D&B Research

| Progress in RTGS  |       |       |       |       |       |
|-------------------|-------|-------|-------|-------|-------|
| Year              | FY08  | FY09  | FY10  | FY11  | FY12  |
| Volume mn         | 6     | 13    | 33.2  | 49.3  | 55    |
| Value Rs trillion | 273.2 | 322.8 | 394.5 | 484.9 | 539.3 |

Source: RBI, D&B  
 Research

| Progress in NEFT  |      |      |      |      |      |
|-------------------|------|------|------|------|------|
| Year              | FY08 | FY09 | FY10 | FY11 | FY12 |
| Volume mn         | 13   | 32   | 66.3 | 132  | 226  |
| Value Rs trillion | 1.4  | 2.5  | 4.1  | 9    | 18   |

Source: RBI, D&B  
 Research

| FY 2013       |           |                     |
|---------------|-----------|---------------------|
| Type          | Bank base | Transaction volumes |
| Credit Card : | 18 Mn     | 396 Mn              |
| Debit Card :  | 327 Mn    | 466 Mn              |

**VIII. Composition of Capital Formation:**

| % OWNERSHIP OF BANK DEPOSITS WITH SCHEDULED COMMERCIAL BANKS (Rs in Bn) |         |         |                   |         |      |      |      |       |      |
|---|---------|---------|-------------------|---------|------|------|------|-------|------|
| Sl<br>No.   | Sectors | CURRENT |                   | SAVINGS |      | TERM |      | TOTAL |      |
|   |         | 2010    | 2012              | 2010    | 2012 | 2010 | 2012 | 2010  | 2012 |
|   |         | 1       | Government Sector | 15.9    | 16.2 | 8.6  | 10.7 | 15.1  | 15.9 |

|   |                                |         |         |         |          |         |         |         |         |
|---|--------------------------------|---------|---------|---------|----------|---------|---------|---------|---------|
| 2 | Pvt. Corporate (Non Financial) | 33      | 29.7    | 0.6     | 1.7      | 17      | 17.3    | 14.8    | 14.6    |
| 3 | Financial sector               | 8       | 10.7    | 0.4     | 0.5      | 14.2    | 12.7    | 1       | 9.4     |
| 4 | Household sector               | 41      | 41.5    | 85.2    | 82.8     | 50.2    | 51      | 5       | 58.1    |
| 5 | Foreign sector                 | 2       | 1.9     | 5.3     | 4.2      | 3.4     | 3.1     | 3       | 3.3     |
|   | <b>TOTAL DEPOSITS</b>          | 5788.48 | 6950.39 | 12311.8 | 16355.97 | 30263.3 | 40803.3 | 48363.6 | 64109.7 |

Source: RBI report.

| Sl<br>No | % OWNERSHIP OF BANK DEPOSITS WITH SCHEDULED COMMERCIAL BANKS (Rs in Bn) |         |      |         |      |      |      |       |      |
|----------|---|---------|------|---------|------|------|------|-------|------|
|          | Sectors   | CURRENT |      | SAVINGS |      | TERM |      | TOTAL |      |
|          |   | 2010    | 2012 | 2010    | 2012 | 2010 | 2012 | 2010  | 2012 |
|          | <b>Household Sector Breakup</b>   |         |      |         |      |      |      |       |      |
| 1        | Individual  | 18.3    | 16.2 | 74.2    | 72.7 | 38.5 | 38.3 | 45.2  | 44.7 |
| 2        | Farmer  | 0.7     | 0.9  | 8.3     | 5.5  | 3.5  | 5    | 4.4   | 3.1  |
| 3        | Wage / Salary earner  | 1.1     | 0.7  | 16.9    | 8.2  | 7.1  | 2    | 8.9   | 4.2  |
| 4        | Proprietor / Partnership  | 14      | 14.8 | 0.6     | 0.3  | 2.3  | 2    | 3.2   | 3    |
| 5        | Other Individual  | 7.5     | 10.9 | 38.8    | 54.5 | 21.5 | 29.2 | 24.2  | 33.7 |

Source: RBI report

| Outstanding Credit of SCBs FY2012 |         |
|-----------------------------------|---------|
| Occupations                       | % share |
| Personal loan                     | 15.6    |
| Agriculture                       | 11.7    |
| Other                             | 3.9     |
| Trade                             | 9.8     |
| Industry                          | 40.4    |
| Professional & Other services     | 7.6     |
| Transport                         | 2.5     |
| Finance                           | 8.5     |

Source: World Development Indicators

## Challenges

1) Customer Satisfaction / Loyalty:- choices in it. Hence, each and every bank has satisfaction.

### 2) To provide several personnel services:-

The present times requested that banks are to give a few administrations to which they need to field in administration, social managing an account with money related conceivable outcomes, particular up degree, computerization what's more, imaginative automation, better client administrations, viable administrative society, inward supervision and control, sufficient benefit, solid association society and so on. Thus banks must have the capacity to give complete individual support of the clients who accompany desires. Movement in interest rates, restrictions on collection practices and soaring real estate prices. Therefore, every bank has to take care about regular repayment of loans.

### 3) Nonperforming assets (N.P.A):-

Nonperforming assets are another challenge to the banking sector. Vehicle loans and unsecured loans increases N.P.A. which terms 50% of banks retail portfolio was also hit due to upward movement in interest rates, restrictions on collection practices and soaring real estate prices. Therefore, every bank has to take care about regular repayment of loans.

### 4) Competition:-

The nationalize banks and business banks have the opposition from outside and new private division banks. Rivalry in keeping money division brings different difficulties before the banks, for example, item situating, inventive thoughts and change administrative and authoritative part this framework should be oversee, resources and contain hazard. Banks are confining their managerial folio by changing over labor into machine power i.e. banks are diminishing manual powers and completing greatest work through machine power. Talented and specific labor is to be used and come about arranged focused on staff will be delegated.

### 5) Managing Technology:-

Creating or securing the right innovation, conveying it ideally and after that utilizing it to the most extreme degree is vital to accomplish and keep up high administration and productivity measures while remaining financially savvy and conveying reasonable come back to shareholders. Early adopters of innovation obtain noteworthy aggressive advances. Managing innovation is accordingly, a key test for the Indian keeping money part.

### 6) Deteriorating Asset Quality of PSU banks

The significant issue for PSU banks is falling apart resource quality as reflected in expanding NPA and rebuilt propels. Likewise, representative costs, one of the key cost components, have been going up because of intermittent compensation arrangements and expanding retirement advantages. Top administration coherence has been another key test as the greater part of the administrators and official executives resign less than 2-3 years into the part. Aggressive power from private banks has expanded much more as they are attempting to develop in the semi-urban and rustic zones, a home turf for PSU banks till as of late. PSU Banks charge pay is poorer than private banks furthermore are generally connected to monetary record (advances and ensure related) while private banks have a more grounded expense salary business originating from enhanced sources. ( **BNPP IP report**)

### 7) Government Ownership:

At present, the Government is the proprietor of around three-fourths of the aggregate resources in the managing an account framework. On the proprietorship issues, defenders of private division banks advocate that Government ought to decrease its possession stake in general society area banks as private segment banks score over open part banks in benefit and effectiveness. Notwithstanding, extensively throughout the years, the execution of open segment banks has merged with that of new private division banks and outside banks. On one hand, the transcendence of government possessed banks in India has added to money related soundness, on the other, meeting their developing capital needs throws a substantial weight on the Government. What is, subsequently, required is an ideal proprietorship blend to advance a harmony between proficiency, value and money related security ( **RBI Paper**).

### 8) Gaps in the Flow of Credit

A high proportion of socially and economically underprivileged sections of society in India

is concentrated in the informal economic activities lives in rural areas. This sector holds importance due to growing interlinkages between informal and

formal economic activities. Available data indicate that the cooperatives, commercial banks, and other formal financial sector programmes in rural areas have not displaced informal sources of credit altogether as 43 per cent of rural households continue to rely on informal finance in 2002, when the last All India Debt and Investment Survey was undertaken. (*RBI Discussion paper 2013*)

### Flow of Bank Credit

| Population Group | Mar-09      | Mar-10      | Mar-11      | Mar-12      | Mar-13      |
|------------------|-------------|-------------|-------------|-------------|-------------|
|                  | Credit      | Credit      | Credit      | Credit      | Credit      |
|                  | 1           | 2           | 3           | 4           | 5           |
| Rural            | 2086.9      | 2498        | 2941        | 3796.1      | 4561.9      |
| 16 %             | <b>7.3</b>  | <b>7.5</b>  | <b>7.2</b>  | <b>7.9</b>  | <b>8.3</b>  |
| Semi-urban       | 2667.4      | 3203.7      | 3830.7      | 4569.3      | 5542        |
| %                | <b>9.3</b>  | <b>9.6</b>  | <b>9.4</b>  | <b>9.6</b>  | <b>10.1</b> |
| Urban            | 4618.7      | 5593.3      | 6849.8      | 7809.3      | 9030.9      |
|                  | <b>16.2</b> | <b>16.7</b> | <b>16.8</b> | <b>16.3</b> | <b>16.4</b> |
| Metropolitan     | 19202       | 22161       | 27147       | 31653       | 35930       |
| %                | <b>67.2</b> | <b>66.2</b> | <b>66.6</b> | <b>66.2</b> | <b>65.3</b> |
| All India        | 28575       | 33456       | 40769       | 47828       | 55065       |
| %                | 100         | 100         | 100         | 100         | 100         |

### 9) Other Challenges:-

- a) Coping with regulatory reforms
- b) Development of skill of bank personnel

- c) Customer awareness and satisfaction
- d) Corporate governance
- e) Changing needs of customers
- f) Keeping space with technology up gradation
- g) Lack of common technology standards for mobile banking
- h) Sustaining healthy bottom lines and increasing shareholders value
- i) Man power planning

### **Opportunities**

Where there are difficulties, there must be open doors. Taking after are the open doors for the Indian Banking part.

#### **1) Rural zone clients:-**

With more than 60% of India's populace in rura power, country market as a noteworthy player with the utilization patterns took after by the rustic Indians are thought to be the driver of future development of organizations and the monetary improvement. Along these lines, tapping the country markets is most essential for us to be a self-managing economy (GBDI).

#### **2) Offering different Channels:-**

Banks can offer such a variety of stations to get to their keeping money and different administrations, for example, ATM, Local offices, Telephone/versatile managing an account, video saving money and so on to expand the saving money business.

#### **3) Good Customer Services:-**

Great client administrations are the best brand diplomat for any bank for developing its business. Each engagement with client is a chance to build up a client confidence in the bank. While expanding rivalry client administrations has turned into the spine for judging the execution of banks.

#### **4) Internet Banking:-**



Plainly online fund will pick up and there will expand meeting as far as item offerings keeping money administrations, offer exchanging, protection, credits, in light of the information warehousing and information mining advancements. Whenever anyplace managing an account will get to be normal and will need to upscale, such up scaling could incorporate banks dispatching separate web keeping money benefits separated from conventional saving money administrations.

### **5) Retail Lending:-**

As of late banks have embraced client division which has helped in altering their item folios well. Consequently retail loaning has turned into a center range especially in admiration of financing of purchaser durables, lodging, cars and so forth., Retail loaning has likewise helped in dangers dispersal and in upgrading the profit of manages an account with better recuperation rates.

### **6) Indian Customers:-**

The developing Indian saving money division with its solid home nation linkages look for an extraordinary mix of Indian ethnicity and worldwide benchmarks that offers a profitable decent open doors for Indian banks. The greatest open door for the Indian keeping money area today is the Indian costumers. Demographic movements as far as salary level and social movements as far as way of life desires are changing the profile of the Indian client. This is and will be a key driver of monetary development going ahead. The Indian clients now look to satisfy his way of life goals at a more youthful age with an ideal mix of value and obligation to fund utilization and resource creation. The shopper speaks to a business opportunity for an extensive variety of items and administrations he require a home loan to back his home, a vehicle advance for his auto, a Visa for continuous buys, a financial balance, a long haul venture plan to his youngster's advanced education strategy the conceivable outcomes are inestimable and this can speaks to crosswise over urban communities, towns and towns i.e. in provincial zones. Shopper merchandise organizations are as of now tapping this potential it is for the banks to benefit as much as possible from the chance to convey answers for this business sector.

### **7) Prospects**

A consistent annual equity infusion of Rs 160-180 bn is expected to flow from government over the next 5 years. As per the FY13 budget, the government of India had allocated Rs 127 bn for capitalization of PSU banks and plans to invest Rs 140 bn in FY14. **(Banking sector analysis report)**

### Suggestions

1. Recognition to the concerned agribusiness office. iii). Acknowledgment to the concerned rancher. Creative Rural business sector technique regarding Innovative managing account administrations is required so as to concentrate on the undiscovered populace in the rustic territories.
2. Since Indian Banking division have experienced another face in the Indian economy with its creative administrations, procurement of better Telecommunications system offices are of prime significance.
3. Wide scope of Financial Literacy taking the attitude of the rustic Indians into contemplation sought to be usually defined.
4. Financial Inclusion ought to be executed at the undiscovered regions so as to expand the Bank accounts and the volume of Bank stores.
5. In request to expanded the bank credit in the agribusiness segment, appropriate mindfulness program about the managing an account credit offices ought to be figured in view of the need of the specific provincial district.
6. Relaxation of material security/contract for benefiting different credits to good security by entirely focusing on the capacity and value of the underwriter being assurance given to acquire the bank advances relying upon the possibility of its motivation.
7. Although Agriculture is the foundation of the Indian economy it has accomplished just 11.7% offer of aggregate banks credit for FY 2012. Therefore, going for broke with it, an aggregate obligation among the banks, concerned agrarian division and the rancher may unite and set certain measures and evaluation to accomplish the fruitful motivation behind the endorsed advance.

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