



## **A SUMMARIZATION OF BANKING SCENARIO AT GLOBAL AND ALL INDIA LEVEL**

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### **ABSTRACT**

*The social wealth is a key indicator of the nation creating the dominance in the international market. The financial stability and strong banking systems are the measures of performance defining the developing, developed or under-developed economy. A country's growth is largely dependent on its financial infrastructure, and almost all transactions end into financial transactions. The efficiency of the financial sector of a country has a direct relation with the utilization and mobilization of financial resources. The borrowing and lending cycle of a country, which involves these financial resources, leads to factors like employment and income generation and thus essentially leads to a stable economy.*

**Key words:** - Banking Scenario, Global Banking, National Banking

### **1 INTRODUCTION**

Banking as a sector plays a crucial role in the financial scenario of the country's economy. Banks channelize the facilitation of payments and credit to not only businesses but also households of the country. Banking is one sector, which touches and benefits a large chunk of the population of any country. When a bank provides a loan or lends money, it is not only debt generation; in fact it is a financial service where a continuous relationship of extending

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credit is being formed which ultimately creates a trust for people to approach when in need. On the other hand, it also works constantly to provide satisfactory returns to people investing in the bank or simply put, the banking system works tirelessly to protect and increase the savings of people keeping their surplus with the bank. This also requires the bank to expertly maneuver funds diversely through different kinds of borrowers thus ensuring that cost of providing credit reduces and the return on investment increases for the lenders.

## 1. Research Methodology:

### 1.1. Objectives: -

- To study the global banking scenario.
- To have an overview of India banking sector.

### 1.2. Research Methodology:

- Type of research- Descriptive
- Research Design- Qualitative

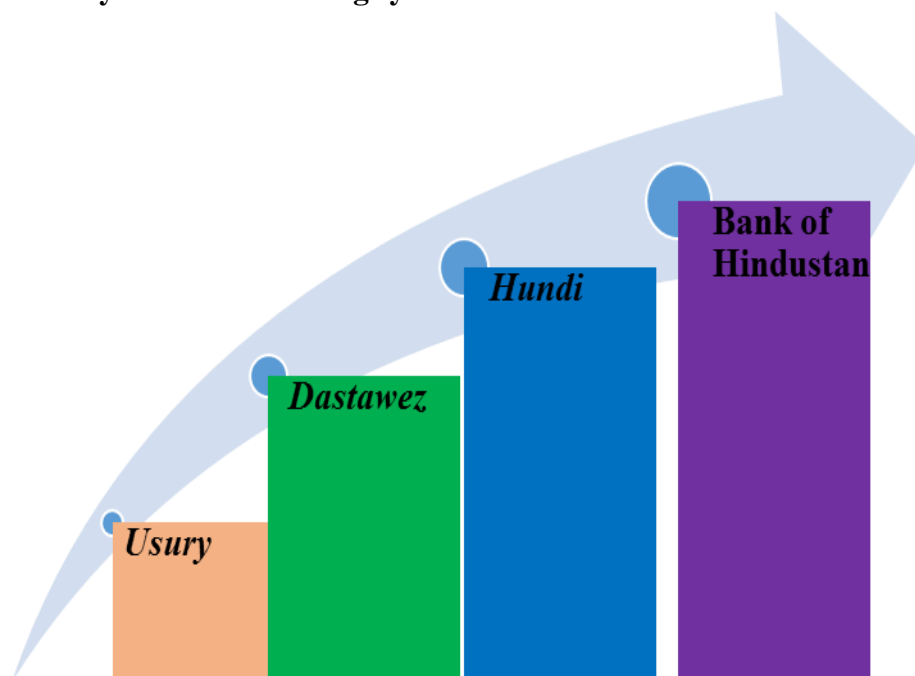
## 2. Discussion:

The birth of informal banking took place in India as mentioned in Vedas when Guru (Sage) Vashishta asks the Brahmin and Kshatriya communities not to be part of 'Usury' which means transaction system. The reference is found in the Mughal Empire wherein the concept of 'Dastawez' is mentioned. It means the promissory notes in today's modern banking language. This era also has a record of two types of promissory notes – Dastawez -E- Indultalab which was payable on demand and Dastawez - E- Miadi which was payable after a particular period. These transactions have happened not only for domestic regions but for foreign trade too. Further, the concept of 'Hundi' was introduced which was considered as a kind of credit instrument. It was the Bank of Hindustan, which was incepted in 1770, which is considered to be the India's first formal bank. It was liquidated in 1832. Then came into existence Allahabad bank. It continues to operate even today. There were few banks that opened their branches but closed the operations due to unknown reasons. They could exist for the period of 10 to 20 years before pre-independence era. It is also observed that few foreign banks were then entered India and actively managed the financial activities during various decades. Grindlays Bank was actively handling operations in Calcutta, Madras and Mumbai province in the contemporary era. HSBC started its banking operations first in Bengal province in 1869. When India was on the verge of getting independence, the banking system was also revolutionized under the name of 'Swadeshi movement.' The then filthy rich Indians

supported Indian banks which gave rise to Catholic Bank, Indian Bank, Bank of India, Central Bank and so on (Aswathappa, 2002).

The Nationalization of selected Indian banks is considered the major reform in the Indian banking system. It took place in different phases under the succession of banking reforms and amalgamation of small banks to increase the operational efficiency. The notable reform is supposed to be the initiative taken by then prime minister and iron woman of India Smt. Indira Gandhi who took the decision of nationalization of 19 banks altogether. The history of Indian banking system can be presented in the chart in brief in the following manner:

### 2.1. The history of Indian banking system



In the phase of post-liberalization, the banks the Oriental Bank of Commerce, UTI Bank, HDFC Bank and ICICI Bank have emerged as the leading player in the Indian banking system.

### 2.2. Notable Reforms in the Indian Banking Sector

The banking sector in India has undergone various noteworthy reforms that have been initiated by the Reserve Bank of India and the Government of India through various committees formed from time to time. A few notable committees, which find special mention in the history of banking, are as follows:

### The Indian Banking Sector and Reforms Stages

Sr. No	Name of the Committee	Year of Constitution
1.	Luther Committee	1977
2.	Sukhmoy Chakravarty Committee	1985
3.	Pendekhar Working Groups	1982 – 83
4.	Ahluwalia Committee	1985
5.	Padmanabhan Working Group	1991
6.	Narasimhan Committee	1991 and 1998
7.	Verma Committee	1999

(Source: RBI report, 2002)

### 2.3. The Global Scenario of Banking System:

The Deloitte Centre for Financial Services is a major arm of reputed international research organization Deloitte. It published a report on “2019 Banking and Capital Markets Outlook: Reimagining Transformation.” The report throws light on the emerging trends and future perspective of banking system across the globe. The various glimpses of banking systems such as corporate banking, retail banking, investment banking are discussed in this regard. The disruptive changes, risks associated, regulatory reforms, operational excellence, product rationalization have remained the focal points of the survey. The overall banking system is expected to be transformed more often and with robust transitions in future due to cut-throat competition and global market dynamics. Only the two factors can make the banks stable and support in their sustainable development. They are technology and data-driven decision support system.

It is observed that the banking system has significant relationship with the capital markets across the globe. They are interdependent on each other. The changes in one field are reflected in other soon or later. The management and technology experts assert that the bank may appear as a ‘symphonic enterprise’ due to the hi-end use of technology sooner or later. The robotic process automation (RPA) is the best example in this regard. The below mentioned diagram indicate the association and overall transformation which is likely to reshape the banking world.

### Relating the banking system with the capital markets



(Source: Deloitte Center for Financial Services analysis)

The above diagram shows how the overall structure would be redefined with collaboration, integration of people, product, processes and physical evidences like infrastructure. The banks have many more opportunities right from core banking to wealth management services leveraging the scope altogether. The technology, talent and taxes would be unified for better integration. Linking Aadhar with Bank accounts has brought lakhs of transaction and thousands of accounts on record enabling the government to know the real status of Indian economy. It helps to take various strategic decisions and their impact on the common people of India. The domestic consumption, per capita income, income sources, total turnover, purchasing capacity, tax reforms, inflation, unemployment ratio etc. can be linked with each other. It is feasible to track the real-time data and manage the operations centrally. The benefits can reach to the end-users without any human interference. It can restrict the scope of malpractices to the great extent. A developing economy like India needs such reforms consistently to cope up with the global markets (Bhatia & Valecha, 2002).



### 3. Conclusion:

From the research it can be concluded that global banking scenario is highly diverse and dynamic. The two main factors can make the banks stable and support in their sustainable development. The overall banking system is expected to be transformed more often and with robust transitions in future due to cut-throat competition and global market dynamics.

In India, informal banking took place is mentioned in Vedas and has long history. The paper discusses a brief of the developments in India banking sector. It is evident that India banking sector is expanding over time and has vast scope in near future.

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