

A STUDY OF INDIA'S BANKING INDUSTRY IS WELL FUNDED AND REGULATED IN PUBLIC AND PRIVATE BANKING SECTOR¹Suman Rani, ²Dr. Kabeer Sharma¹Research Scholar, Department of Commerce, Niilm University, Kaithal(Hr.), India²Supervisor,
Department of Commerce, Niilm University, Kaithal(Hr.), IndiaEmail ID: misthisandhu2013@gmail.com**ABSTRACT**

The banking sector manages credit, cash, and other monetary activities. In a broad sense, banking is the industry that deals with taking public deposits of funds in order to lend and make investments. The foundation of the growth of the economy is banking. Banks are organizations that assist the general public in handling their financial affairs. The public places its savings in banks with the guarantee that they can withdraw funds as needed. According to the Indian Banking Companies Act, a "banking company" is defined as an organization that engages in the banking industry, which includes collecting deposits from the general public that are to be repaid on demand or otherwise and withdrawn via check, draft order, or another method. "A bank is an establishment for the deposit, custody, and issuance of money, as well as for making loans, discounts, and facilitating the transmission of remittances from one place to another," according to The Webster's Dictionary. A nation's banking system supports its economic growth. Over the past five centuries, the Indian banking industry has seen significant transformation due to factors such as the country's economic situation, the need for financial services, and technological advancements. The banking system in India is well-regulated and well financed. When compared to numerous other nations across the globe, the financial and economic circumstances are far superior. In certain banks, the Reserve Bank of India or the Government of India owns a majority shareholding. The public sector banks comprise these banks. When it comes to private sector banks, private individuals own the vast bulk of the banks' share capital. These banks are listed as limited liability companies.

KEYWORD: Bank Service, Government, Public, Banking Company, Industries, Capital**INTRODUCTION**

Crude banking is a long-standing activity that dates back to ancient times. A French writer, for example, speaks about banks and banknotes in 600 B.C. in Babylon. Giving credit was a common practice in classical Greece and Rome. Before the Greek and Roman systems reached their full development, Assyria, Phoenicia, and Egypt had evidence of credit through compensation and transfer orders.

Indian banking history dates all the way back to the Indus Valley Civilization. Between 4000 and 2500 BC, the Indus Valley Civilization flourished. Mohars and pots from the Indus Valley Civilization are identical to those found in Egypt and Mesopotamia. The Indus people used donkeys and bullock carts for land trade when dealing with other countries and regions of India via ships and boats. Additionally common in the Indus Valley Civilization was the barter system. Pearls, coral, and other valuable jewels were obtained from various regions of India. The first bank in Italy during the Middle Ages was founded in 1157 and was known as the "bank of Venice." Barcelona's drapers began the banking industry in 1349. In 1401, a public bank was established in Barcelona, Spain, to receive deposits, provide advances, and reduce bills. The Bank of Genoa was founded in 1407. The Bank of Hindustan was the first bank, founded in 1770 and closed in 1829–1832. Founded in 1786, General Bank of India closed its doors in 1991.

RESERVE BANK OF INDIA

In compliance with the regulations outlined in the Reserve Bank of India Act, 1934, the Reserve Bank of India was founded on April 1, 1935. The central office was first founded in Calcutta and relocated to Mumbai in 1937. Since 1949, the Indian government has owned it in its entirety. The RBI is the central bank regulatory organization in India, in charge of overseeing the country's banking industry. The instruments used in monetary policy to guarantee the preservation of economic stability include the CRR, the SLR, the Repo Rate, and the Reverse Repo Rate. These components are adjusted upward or downward by the Reserve Bank of India (RBI) as needed to preserve price stability and fend off inflation and depression. These factors are the main causes of the significant changes. You will stand a greater chance of getting the best interest rates on a fixed deposit or home loan if you have a thorough understanding. Here are a few examples of monetary control methods:

Bank Rate: - This is the rediscount rate that RBI extends to banks against securities such as bill of exchange, commercial papers and any other approved securities. Current rate is 5.15%.

Cash Reserve Ratio: - This is the percentage of bank's total deposit that need to be kept as a cash with RBI. A high percentage indicates less to lend and a low CRR does opposite. Current CRR is 4.50%.

Statutory Liquidity Rate: - This is the percentage of banks' total deposits that they are needed to invest in government approved securities. The lesser the amount of SLR, the more banks have to lend outside. Current

rate is 18%.

Repo Rate and Reverse Repo: - Repo is the transaction wherein securities are sold by RBI and simultaneously repurchased at a fixed price. This fixed price is determined in context to an interest rate called the repo rate. Higher rate indicates more costly fund to banks. The reverse is the Reverse Repo Rate which banks use to park excess money with RBI. Current Repo Rate is 4.90% and Reverse Repo is 3.75%.

FUNCTION OF BANK

1. Accepting Deposits: - Savings, fixed, current, and recurring deposits are among the several forms of deposits that banks take from the general public.
2. Lending and advances: - Banks provide money to people and companies to help them through uncertain times.
3. Fund transfers: Banks move money between locations.
4. Periodic collection and payments: - Collecting pension dividends, salaries, and other comparable periodic payments on behalf of clients, such as rent or utility bills.
5. Check collection: - Clear the checks to obtain the money.
6. Agency functions: On behalf of their clients, banks take on the roles of trustee, administrator, counselor, executor, etc.

TYPES OF LOANS

1. Home Loan
2. personal Loan
3. Vehicle Loan
4. Gold Loan
5. Education Loan
6. Business Loan
7. Other Loan

FACTORS WHICH DEFINE 'SERVICE' IN LOANS

The researchers have talked about an automatic, closed-loop apparatus for processing a loan (Toscano, 2002). It has been argued that the apparatus should include use of a programmed computer interface for transference, underwriting and completion of the entire process in a closed and efficient loop. Despite the problems, the apparatus needs to automate the entire process on obtaining key information, determine whether or not to pay the loan and initiate EFT to make sure that the funds reach the borrower in the minimum possible time and minimum possible cost; it doesn't end here as the apparatus is further expected to arrange automatic timely withdrawals as EMIs back into the system. Here, the terms quality lies with how efficiently the apparatus deals with the time taken, adherence with technology and law, sale of loan, renewal, extension, grant, verification and solicitation. Toscano (2002) argues further that a well thought out processing time conserves the admissibility, evidentiary, utility, legality, integrity, provenance, persistence and legality of the loan. In fact, the speedier the process, higher is the borrowers' notion of the service quality.

Initial processing is where this entire build-up on quality starts to take place. This is what also describes the quality of the lending institution in dealing with the entire process. Especially in the Indian context it gets very difficult to 'corrugate' the right information sequentially and structurally. The experts believe this to be a complicated process on 'quantifying' data on ability to repay the loan periodically, debts, borrower's income and payment history. In the present scenario, only a handful of public or private sector banks have developed a standardized initial processing procedure. Given the complexities of the Indian financial system, the challenges are for the lending institution to 'identify' the strengths of the weaknesses of the borrower; and use this as input of loan approval process. It is in the best interest of both the lending institution and the borrower. This might seem easy, but it is very difficult to complete the loan application process by corrugate key data – information on second-lien home loan, borrower's CIBIL score, mortgage/collateral details, debt-to-income ratios, credit score, borrower's bankruptcy history and occupancy states of the collateral. After the STPL (Short Term Personal Loans) crisis, more and more lending institutions are making sure that they have the more 'current' data on the borrower's outstanding loan balance, defaults, foreclosure, modification or extension. Despite the IT revolution and all that stuff on Big Data, the researchers do still see problems with the documentation process.

LINKING WORKERS AND CUSTOMERS TO INCREASE CUSTOMER SATISFACTION

It has been stated that it is challenging to establish the ideal bank-customer linkage—which has an impact on service quality—without a content and dedicated personnel. Improved employee attitudes have a significant

impact on customer satisfaction, according to research findings; Heskett, Sasser, and Schlesinger (1997). The framework discusses how employee and customer variables relate to one another. The relationship between financial performance and employee and customer pleasure is also discussed in this instance of the service profit chain. It is possible to argue that customer loyalty and happiness are correlated given the studies. It reveals something about the organization's level of service excellence, particularly in the social construct of things. The customer-employee relationship must be examined in relation to service quality, taking into account the business and market prepositions. This is a piece that has recently come under consideration. The importance of service professionals stems from the evolving nature of service delivery. Employees, according to some, are the service. Employees should be viewed as the company's services, according to those who work for and promote it.

THE STUDY'S NECESSITY

The study looks at the lending services that banks in the public and private sectors offer. Given the fierce competition in the banking industry, both sectors strive to give consumers the best possible service when applying for loans. The goal of the current research project is to comprehend how banks handle their lending services.

As the literature is studied, it becomes clear that there has been a lot of study done in the banking industry regarding the lending capabilities of specific public and private sector banks in various regions. However, no research has been done regarding the different loan services offered by public and private sector banks in the Karnal area of Haryana.

METHODOLOGY

The use of the right data collection method makes it easier to reach research goals through the collection of findings and to draw conclusions (Saunders, et al, 2007). Under qualitative research, the two methods for collecting data are the Questionnaire Survey and the Interview method.

It's important to gather data so that you can come up with a flexible plan for evoking a narrative response. It looks forward to "interviews" and "survey questionnaires" as the tools it will use to get data for this study. In the past, researchers have used this method to find out what people thought about their research. The study area of the research is limited to Karnal district.

Sample public-sector banks are STATE BANK OF INDIA, PUNJAB NATIONAL BANK, CANARA BANK and UNION BANK OF INDIA which are all in the same group. The private banks are HDFC, ICICI, AXIS BANK and KOTAK MAHINDRA and they are all private banks. The banks are chosen based on the following factors: 1. There are a lot of branches in Haryana. 2. The balance sheet of last five years of the banks in the study area.

(sample size of customer and employees)

	Sr. No.	Name of sample Banks	Total number of branches	Total Number of sample branches	Sample size of customer	Total number of employees	Sample size of employees
Public Sector Banks	1	<i>State Bank of India</i>	<i>47</i>	<i>15</i>	<i>60</i>	<i>282</i>	<i>14</i>
	2	<i>Punjab National Bank</i>	<i>61</i>	<i>21</i>	<i>70</i>	<i>329</i>	<i>20</i>
	3	<i>Canara Bank</i>	<i>40</i>	<i>17</i>	<i>65</i>	<i>243</i>	<i>16</i>

	4	Union Bank of India	29	15	60	174	14
Private Sector Banks	1	HDFC	20	12	50	202	12
	2	ICICI	14	10	45	251	10
	3	Axis Bank	11	06	30	176	08
	4	Kotak Mahindra	04	04	20	49	06
	Total		226	100	400	1706	100

CONCLUSION

The acquired data will be examined and analysed qualitatively and quantitatively. Thematic analysis would be applied to the interview data, and the survey data of bank customers would be analysed with the "Statistical Package for Social Sciences" (SPSS), and significant conclusions would be reached by producing simple and two-way tables, graphs, and charts. The table will be built in order to analyse the sample's data.

- The demographic and socio-economic profile having variables education, age, gender, education, marital status, income level, occupation, place of residence, culture, peer group, number of family members and value and beliefs of customers have impact on loan borrowing from public and private sector banks. So, the analysis will be done by using percentage.
- The perception, awareness and satisfaction of customers towards loan services will be analysed on the basis of various variables i.e. location of bank, image of bank, documentation process and procedure, security norms, grievances handling, loan recovery methods, politeness in dealing, trust and empathy will be analysed by using mean and Standard Deviation.
- For the comparison of various loan services of public and private sector banks using variables interest rates, processing fees, time period of loan, monthly payments, risk factor and collateral needed, comparing the scheme a two-way table will be built and use of mean and ANOVA for further analysis.

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