



## Present Scenario of Banking Culture in Akola

### KEYWORDS

Banking Culture, Deposit, Loans & Advances

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**ABSTRACT** Today the banking culture is totally changed. And all these changes & challenges call for a new more dynamic, progressive innovative & challenging bank culture to meet the growth rate of deposits rate of banking loans & advances. Nature of the loans & advances from the point of view of economic growth of the area & changes taken place in the last five years

On the basis of this study it can be ascertained that the main opportunity in the region for banking development is advancement in information & communication technology have virtually replaced manual banking by electronic banking. So the Banking Sector's proactive role in promoting the economic development of a region.

### 1) INTRODUCTION:

In the Present Scenario Banks are among the main participants of the financial system in India. Since Independence, India has achieved remarkable progress in banking sector, After Liberalization, Globalization & Privatization, India has witness to a sea change in the way banking is done in the past more than two decades since 1991, the Reserve Bank of India [RBI] took steps to reform the Indian banking system at a measured pace so that growth could be achieved without exposure to any macro-environment & systemic risks. Some of these initiatives were deregulation of interest rates, dilution of the government stake in public sector banks (PSBs), guidelines being issued for risk management, asset classification and provisioning. Technology has made tremendous impact in banking due to ATM we get "Anywhere banking & Anytime banking" have become a reality, even the core banking changed the complete picture of bank transaction. Within a fraction of minute we get money from one corner to another corner in country & update information.

### RESEARCH METHODOLOGY

**RESEARCH METHODS:-** The present study therefore aims to author the changes adopted by banking culture. Therefore researcher proposed to undertake a study of banking culture in Akola with special reference to Public, Private, Co-operative & Credit Co-operative society's etc. Two important techniques of research methodology have been adopted namely the interview technique & questionnaire method.

**DATA COLLECTION:-** As per the questionnaire method researcher has used three distinct sets of respondents [public banks, private banks & co-operative banks] and keeping in view the technique of interview, researcher met various prominent bank managers of public, private & co-operative banks & have conducted detailed interviews with them & they have analytically filled in the questionnaire reports.

**SCOPE & LIMITATION:-** This study will suggest strengths & weaknesses of financial in the region. On the basis of this study it can be ascertained the opportunities in the region for banking development which can be used for the development of the region.

### OBJECTIVES

- 1) To study growth rate of deposits since last five years.
- 2) To study rate of banking loans & advances during last five years.
- 3) To study nature of loans & advances
- 4) To evaluate and ascertain the proactive role of banking in development of the region.

### ANALYSIS & INTERPRETATION OF DATA

#### 1) DEPOSITS

A study of banking system of different countries of the world shows that along with the process of economic development the banking system adapts the technological changes as per the structure and needs of the particular economy. The acceptance of deposits and maintenance of these deposits is the core activity of a bank. The functions of a modern bank essentially consist in "changing cash for bank deposits and bank deposits for cash". This implies that there is a transfer of bank deposits from one person or corporation to another, giving bank deposits in exchange for bills of exchange, government bonds, and the secured promises of businessmen to repay & so forth. In India, banks generally accept deposits in four types of accounts namely:-

1. Fixed Deposit Accounts
2. Saving Deposits Accounts.
3. Recurring Deposit Accounts or cumulative deposit accounts and
4. Current Deposit Accounts.

In recent years a few types of accounts have also been introduced i.e. student deposit accounts, Multipurpose deposit scheme, super saving scheme, Janta deposit scheme reinvestment plan & Piggy deposit scheme etc.

1. A study highlighted that the trend of deposits continuously grown up during the period of 2007-08 to 2011-12 in Public, Private & Co-operative banks in Akola. It is shown in the following

**Table No:- 1  
Deposits:-**

Year	Total Deposits of Banks in Akola [Rs in crores]	Growth Rate %
2007-08	1817.87	
2008-09	2481.11	36.48
2009-10	2789.70	12.44
2010-11	3227.94	15.71
2011-12	4008.93	24.19

[ Source:- Annual Credit Plan, Central Bank of India 2010-11, 2011-12 and 2012-13]

The above table indicates that, as compared to 2007-08 in 2008-09 the deposit increased by 36.48 %, 2008-09 in 2009-

10 the deposit increased by 12.44 %, 2009-10 in 2010-11 the deposit increased by 15.71% & 2010-11 in 2011-12 the deposit increased by 24.19%. In 2009-10 the growth rate decreased but again in 2010-11 & 2011-12 it is increased by 3.27% & 8.48%.

In the last decade, the extent to which the banking system has been able to spread banking culture to the rural areas is evident from the fact that growth of deposits in rural area has been much faster than that of the total deposits. The rapid developments of banking habits are also evident by the considerable increase in the use of cheques in recent years. In this regard in the specific study of my region there are 184 branches of public, Private & co-operative sector of banks. In last five years there has been a significant increase in the deposits of banks.

## 2. LOANS & ADVANCES

Another fundamental function of a bank is to provide loans & advances. Out of the deposits collected from the public banks earn mark certain portion as "cash reserves". The balance of cash available with them is lent out to the needy customers.

In the study area banks provided many types of loans & advances to their customers. There have been marked increases in the volume of credit provided by the banks to different sectors of the economy in recent years.

In Akola district the banks has provided loans & advances in the following

**Table No :-2  
Loans and Advances:**

Year	Total Loans and Advances of Banks in Akola [Rs in crores]	Growth Rate %
2007-08	1243.50	
2008-09	1416.73	15.42
2009-10	1635.13	11.53
2010-11	1824.05	13.93
2011-12	2224.88	21.97

**[ Source:- Annual Credit Plan, Central Bank of India 2010-11,2011-12and 2012-13]**

The above table shows that, in 2007-08 to 2011-12 loans & advances of banks amount is continuously increased. But rate of percent represented 2009-10 compared to 2008-09 rate is decreased but in 2010-11 & 2011-12 rate is improved in 2.40 % & 8.04%. During the last five years, the loans & advances of public, private & co-operative banks increased but the percentage rate is low.

## 3. The study highlighted that nature of loans & advances in following forms:

Mainly divided into two categories, priority sector and non-priority sector

### A). In Priority Sector:-

The priority sector has been classified in to three main groups

- I. Primary Sector- Agriculture and allied activities e.g. dairy, poultry farming, goat rearing, pisciculture, irrigation, crop loans etc.
- II. Secondary Sector- SSI, Ancillary industries, Village and cottage industries, Tiny Industries, Business Enterprises etc.
- III. Tertiary Sector-Small road and water transport operators, professional and self employed, retail trade, small business, education, housing, consumption and state sponsored corporation for SC/ST development etc.

### B) Non Priority Sector:-

Personal loans, Housing loans, Educational loans, Loans against shares/securities, Loans against saving certificates, Consumer loans and advances, Securitization of loans, Venture capital loans, Gold loans, Vehicle loans etc.

It refers to both demand & term loans, direct loans & advances which are given to all type of customers. Primarily to businessmen & investors against personal security or goods movable or immovable in nature earlier interest on loans were also regulated by RBI. At present, banks determine the rate themselves. But each bank is required to fix a minimum rate called as Prime Lending Rate. [PLR]

The study represented that banks have expanded their activities in multifarious ways i.e. amount of loans & advances types of loans & advances facilities and to different new types of customers. Hence analyzed that the quantitatively as well as qualitatively these banking institutions have increased their loans & advance services totally in recent years. Therefore the economic growth of the region goes up.

### The achievement/ performance under ACP:

The position of overall achievements vis-à-vis targets of priority sector leading under Annual Credit Plan were as under.

**Table No :- 3**

Annual Credit Plan	Targets	Achievements	Achievements via Targets as %
2007-08	455.23	342.42	75.00
2008-09	456.85	216.95	47.49
2009-10	468.88	428.20	91.32
2010-11	703.33	695.93	98.94
2011-12	912.12	840.25	92.12

**[ Source:- Annual Credit Plan, Central Bank of India 2010-11and 2011-12]**

The above table Indicates that, Targets is continuously increased, as compared to 2007-2008 in 2008-09 the achievements is decline, but 2008-09 to 2011-12 achievements is also continuously increased.

2007-08 in 2008-09 the achievements vis targets in percentage is decreased, but compared to 2008-09 the percentage is continuously high. The financial position of the banks in Akola region is sound.

By this way it is proved that banks are playing a very proactive role in the development of the region.

## SUGGESTION

This study suggested that the banking system is at present undergoing a significant change from the traditional banking to a modern multifaced banking system in line with the need to achieve rapid economic progress. Some of the noticeable strengths of financing in the region They are credit planning, Development of banking, Deposit Mobilization, rise in the volume of credit, rise in advances to priority sector & weaker sector, Housing finance, banks & lease finance, Innovation risk & venture capital financing credit card, Technology power for financial products etc.

Banking system has achieved a remarkable all round growth during the last few year but some inherent weaknesses are discussed below:-

- I) Poor capital base II) Institutional III) Over lapping poor declining customer service IV) Declining profitability V) Recovery of advances etc.

**CONCLUSION**

India is a developing country. Banking has played a very important role in the economic development of all the nations of the world. In fact, banking is the life blood of modern commerce. It may truly be said that modern commerce is dependent upon banking that any cessation of banking activity, even for a day or two, would completely paralyze the economic life of the nation. Without a sound and effective banking system in India, it cannot have a healthy economy, the banking system of India should not only be hassle free

but it should be able to meet new challenges posed by the technology and any other external & internal factors.

The impact of modern banking finance culture has been developed in Akola district due to the fast economic growth of the region. Even Urbanization is taking place and Akola's 'town-cum-village' is rapidly changing into city. The growth in all the walks of life is due to ready availability of finance given by the banking culture servicing the residents of Akola district with devotion.

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