

RECENT VOGUE AND PROGRESS OF INDIAN PSB'S

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ABSTRACT

Presently, the Indian banking industry is mostly used the innovative and emerging Information Technology in working and transferring balances one account to other account. This technology is very chipset for use and quick response for any type of query and problem. As per (M, Nov, & P, 2017)¹, "In currently Indian banking industry is Rs. 81 trillion. Nowadays banks are working using of technology like Internet device and mobile Phones devices to carry out transactions and to communicate with customer directly". The public sector banks are faithful industry for customer because the public sector banks under the control and more than and equal to 51 per cent shareholding and ownership of central as well as states governments. The macro aim of this paper is to observe the recent changes public sector banks. This research paper is divided into five groups. Firstly, we study the recent vogue of PSB's. Secondly, observe the recent changes in PSBs. In third part, identify the progress of PSB's on the bases of Deposits, advances, NPA'S, Advances, and Income. In the fourth part, we find out the performance of public sector banks last decade. In the Fifth and last part, I conclude the study and find out results of recent vogue and progress of public sector banks. This research article attempts to the emerging vogue and its progress that recently emerged in the public sector banks. It will be useful to the research scholars, academicians, banking and financial advisors, professionals, students; common readers will also find it informative and inculcating.

KEYWORDS: NPA's, FinTech, EASE, MUDRA, e-RUPI.

Introduction

The Indian public sector banks playing crucial rule for development of economy and growth of the country cannot achieve the GDP growth of without the help of PSB's the economy is paralyses and can't survive in the competitive market. A public sector banks means this banks control and, management is under the government supervision and more the 51 per cent share is the government hands. All the top level executives and managing post is filling by the government. It is oldest institutions having wide network of branches, commanding at most public confidence. The banking industry in India has a huge canvas of history, which covers the traditional banking practices form the time of British's to the reforms period². The presently Indian PSB's are 12 and 25 Private Sector Banks, 15 Payments banks and small finance banks, 46 Foreign Sector banks, and 42 Cooperative Sector banks. The public sector banks control more than 70 per cent of the banking system assets³. In addition, banking sector has the potential to account for over 7.7 of GDP over 7,500 billion in market cap and to provide over 1.5 million

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¹ (M, Nov, & P, 2017)

² (George, 2015)

³ (Mutharasi, Rozario, & T, 2019)

jobs¹. Under the financial sector we are here buzz word such as Financial Technology or very common word used for financial service is Fintech. This word is the combination of two words such as Financial and Technology then called financial technology. Now, I describe financial services which are predominantly technology driven or applying technology to improve financial services. The Government of India will invest Rs. 48,000 crore in 12 Public sector banks (PSBs) in FY 2020, to help and maintain regulatory capital requirements and financial growth in India².

Objectives of the Study

- To study the recent vogue of PSB's
- To observe the recent changes in PSB's
- To identify the progress of PSB'
- To find out the performance of PSB's

Research Methodology

This study is based on secondary data. The sources of secondary data include banking books, annual reports of RBI, Internet (website) and research papers of eminent scholars and professors of this field. Limitation of my study is depends only PSB's and period of the study is 2010 to 2019.

The Recent Vogue of Public Sector Banks

Public sector banks quickly braced to adopt nuances of technology and improve the working style as well as service to the customer. Public sector banks are participating in government sponsored lending schemes and routing government subsidies. Also added new feature of service along with value added services for retain the customer and satisfied the customer. To improve profitability and changed their approach to business. According to the (Rao, 2019), As a result during the previous decade of the post-reform period, business equations resulted in more NPAs with PSBs. Now, 90 % of NPAs are with PSBs. The low propensity to extend credit reduced the income sources while more NPAs needed additional loan provisions putting pressure on revenues³. The Indian government is taking decision time to time in fever of PSBs such as Indradhanush, the reforms initiated in 2014 after deliberations at 'GyanSangam' the mind meet of the government and banks. PSBs have undergone a rapid transformation in the midst of banking sector restructuring and ongoing technological innovation. The PSBs are wearing new look to meet the challenges and customer aspirations are changing very fast. If public sector banks are not change his working style as well as product and services them impossible to survival for Indian financial and banking sector. So, PSBs are fast moving from expanding physical infrastructure to digital infrastructure and also product innovation and digitization is increasing risk sensitizing in the financial sector. The only strong and financial as well as better product and value added services of PSBs can serve the socio – economic needs of masses. As per (Rao, 2019), "Thus the foundation of PSBs has been built around the belief that the commercial viability of banking was definitely important but not beyond the common interest of the society⁴.

- **Credit Cards or Life Style Cards:** No man's credit is as good as his cash, goes an old saying. Yet credit cards have found significant real estate in our wallets today. Should you get a credit card, isn't the question anyone is asking anymore. The questions now are how many cards? Now, millennial who are new to credit should get one cards. Use it wisely, pay on time, and build a good credit history and score to be able to get future loans on better terms. If you are new to credit, it's better to learn the ropes with a single card. The credit card has to be used for discretionary spends and daily spends. Dues need to be paid off in full each month to avoid an expensive interest rate of around 40 per cent a year. Don't use a credit card as loan. You may get an EMI on cards, but it will still be expensive compared to consumer loans or personal loans at 12-18 per cent.

People living in non-metro cities, millennial and women borrowing more for satisfying her/his life style inspections, mostly women of age group is 25 years are more used the credit cards for living stylized life for more used technology. Women are the front runners when it comes to the demand for life style credit cards. These types of cards are used for the appraisal shopping, dining and entertainment

¹ (M, Nov, & P, 2017)

² ((IBEF), 2019)

³ (Rao, 2019)

⁴ (Rao, 2019)

related expenses. According to the report, there has been an annual increase of 64.5% in the number of applicants for life styles credit cards from –non metros. This has been a 53.67 percent spike in demand for such cards from those under the age of 25¹. Life style cards are a big draw among both men and women though the growth rates are higher among women due to lower penetration and as large number of women are entering the workforce. This life style is day by day increased acceptability of cards in rural India. The Indian retail markets opening entertainment hubs for driving credit cards and life style cards trend.

- **Fuel Cards:** In Credit card segments the fuel cards are covered the market are for utilized this card for fuel by the women. The 89% in fuel cards application by women beats life style cards, which grew at 10.49% and travel cards which grow by 73%.
- **Travel Cards:** Indian seem to have mastered the art of using travel credit cards that provide accelerated air miles, travel rewards, insurance and air lounge access. There's been an annual rise of 309% in the number of application from non-metros for travel credit cards, according to the report. The travel credit cards offer safety in addition to convenience.
- **Voice Bots:-Indian PSB's** and other service providers have had to quickly deeply voice bots to deal with increased transaction volumes². Recently used voice bots for banking system for credit and debit funds form the accounts.
- **Electronic Payment Services – e – Cheques:** In the recent time mostly things are used as a digital or electronic payment system in the banking industry. For example e-commerce, e-tail, e-governance, e-mail. The India banking industry is adapted to the e-cheque and Truncated cheque (a substitute electronic form for paper cheque) and E-cheque instruments.
- **Real Time Gross Settlement (RTGS):** Real Time Gross Settlement system, introduced in India since March 2004, is a system through which helps to the internet instructions can be given by banks for transfer and amount from one person bank account to the another person bank account . This system operated by the RBI. It is provides the detail guidelines regarding payments through RTGS and its system for betterment of transactions and speedily and safely methods used for the banking system. Today the RTGS quickly response and instantly message to the receiver and givers accounts. Both sides aware the amount debit and credit form the accounts.
- **Electronic Funds Transfer (EFT):** Under this system the funds are transfer form one account to other accounts by electronic device. Account to the bank account of the receiver/beneficiary. Full details are required for transferring the amount or balance from one person account to other person accounts. As such the receiver's name, bank account number, saving account or current account, bank name, city, branch name for transferring the balance from one account to other account with the help of EFT.
- **Electronic Clearing Service (ECS):** It is a retail payment system of banking sector. It is used for making the bulk payments and receipts of similar nature. This service is useful for the repetitive transactions. It is mostly useful for government departments for transfer the bulk payments of funds for the utilisation and for funds transfers by individuals.
- **Automatic Teller Machine (ATM):** It is very simple and popular methods of payments and withdrawals of amount from the account. Anytime and anywhere in the India availing the service of ATM's it is open for 24*7 hours. It is required the ATM Card for availing the services. It is also used for the utility bills, funds transfer between the accounts, deposits cheques and deposits cash into accounts and enquiry of balance.
- **Point of Sale Terminal:** Under this payments system the required a computer machine or terminal that is linked online to the computerized customer information. It is magnetically encoded plastic transaction card that identifies the customer to the computer. During the time of using and availing that service the amount debit from the customers' accounts and credit from the retailers accounts for the amount of purchase.

¹ (January 29, 2019; Mint; New Delhi; p.p. 13)

² (The Economic Times, New Delhi, 23.08.2021; p.p. 8)

- **Tele - Banking:** It facilitates the customer to do entire non-cash related banking on telephone. Under this device Automatic Voice Recorder is used for simpler queries and transactions.
- **Net Banking:** It is done through internet by individuals and firms for transfer of funds, booking rail tickets, shopping, purchasing cinema tickets, purchasing shares etc.
- **Mobile Banking:** Mobile banking is a service provided by a bank or other financial institution that allows its customers to conduct a range of financial transactions remotely using a mobile device such as a mobile phone or tablet, and using software, usually called an app, provided by the financial institution for the purpose.
- **Amalgamation of Banks:** The consolidation of banks is known as amalgamation of banks. Recently the Union Cabinet on 15-02-2017 approved the merger of State Bank of India with five of its associate banks for efficient enhanced operational efficiency and reduced cost of funds.

Implications

The Recent Changes in Public Sector Banks

The India government's boost the banking sector, especially Public Sector Banks provide the help and fund to development and adaptation of advance technology in banking sector for better services provide to the customer. The changing face of banking is a reality. They are a shift in demand for talents from traditional banking to digital banking. This change is evident even in the attire of the bankers and young bankers are ambitious for change.

- To obtain integrated solutions specific to their needs.
- Take personalized financial advice.
- Evaluating the adequacy of talent resources at key positions through professional competency assessment.
- For appointment new employees partnering with universities to explore and furnish e banking talents at early stage.
- The branch not only does banking but also selling of insurance products, mutual funds etc.
- Branch banking has the highest cost per transaction, so the branch has to look at value added services, advisory services, where they can reduce cost of branch banking.
- Now, the customer is the king and it is their choice what channel they want to use. A few decisions are taking by GOI in last decade such as:
 - **EASE(Enhanced Access of Service Excellence)**
 - It is introduced in 2017 after the massive capitalization of PSBs enable them to comply with Basel- III framework.
 - Prime Minister Jan Dhan Yozana (PMJDY): the involvement of PSBs in implementing Prime Minister's Jan Dhan Yozana and other government sponsor scheme can affirm the trend.
 - Mudra: This is the most popular plan of loan segments in the Indian banking sector. it is given to micro and small units. It has three segments- Shishu (up to Rs. 50,000), Kishore (Between Rs. 50,001 and Rs. 5 lakh) and Tarun (beyond Rs. 5 lakh and up to Rs. 10 lakh). As on March 2019, 16.2% of the Shishu loans have turned bad (for Bank of Maharashtra, it's 48 per cent and for BOI and Punjab National Bank and a couple of there at least 25 per cent); the loans in the Kishore scheme are 13.22 per cent (four banks, including SBI, have more than 20 per cent bad loans) and Tarun scheme, 9.61 per cent. We are yet to know the state of affairs at the 59- minute loans (Rs. 1 lakh to Rs. 5 crore), as loans disbursed on the fast lane are not a year old as yet.
 - National Electronic Fund Transfer (NEFT): it is introduced in the year 2005 and is also used for the same purpose under RTGS, individual large value transactions are processed independently whereas under NEFT transactions are processed in batches. For remittances within the bank, core banking allows the facility instantly.
 - Electronic Clearing Services: In 2008, RBI also pushed electronic clearing services- credit and debits. Electronic clearing of debits and credits are for the purpose of instant bulk payments and receipts. This change reduces the work and time particularly for dividend and interest payments by corporates. It also facilitates collection of payments by utility service providers like telephones, electricity etc.

- Real Time Gross Settlement (RTGS): RBI has introduced, RTGS in 2004 and funds can be transferee from an account with a bank to an account with any other bank with in the country.
- Kishan Credit Card (KCC):- Kishan credit card scheme, crop loans given to the farmers in the form of cash credit and term credit have continuously been rolled over to present millions of such accounts from turning bad.

Progress of Public Sector Banks

Today, Public sector banks are also offering payment services on behalf of their customers who shop in different e-shops, e-malls etc. So that, the financial services industry is increasingly focused on providing technology based financial services solutions directly to customers in order to help build and retain customer bases.

Table 1: Progress of PSBs (During 2010 to 2019, Rs. in Crore)

| Years | Deposits | Investments |
|-------|----------|-------------|
| 2010 | 36920194 | 12155981 |
| 2011 | 43724487 | 13360764 |
| 2012 | 50020134 | 15072700 |
| 2013 | 57456972 | 17591058 |
| 2016 | 74862 | 22481 |
| 2017 | 80793 | 25547 |
| 2018 | 8262322 | 2791858 |
| 2019 | 8486215 | 27,02,033 |

(Data Compile from RBI website from 2010 to 2019)

The table 1 showing the progress of the PSB's during the period of 2010 to 2019 on the basis of total deposits and total Investments of the Public sector banks. in the year 2010 the total deposits is Rs. 3,69,20,194 crore it is raised up to the year 2013 it is highest in this year about Rs. 5,74,56,972 crore but after this year this deposits are decline and in year 2016 it is Rs. 74,862 crore very less. It again rise in year 2017, year 2018 and year 2019 is respectively Rs. 80,793 crore; Rs. 82,62, 322 Crore and Rs. 84, 86, 215 Crore.

The Investments of the PSBs in year 2010 is Rs. 1, 21, 55, 981 crore. It is raise in the year 2013 Rs. 1,75,91,058 Crore after this year it is decline and minimum in the year 2016 Rs. 22, 481 Crore. Afterward this year it is raised respectively years of 2017, year 2018 and year 2019 is Rs. 27,02, 033 crore. The table no. 1 showing the progress of the PSBs

Performance of PSB's

State Bank of India is largest lenders of Indian banking sector. It is the strong improvement in earnings, and led by normalization in credit cost. The SBI focus on the balance sheet and sharply decline the Gross NPA's to Rs. 1.3 trillion in FY 21 from Rs. 2.2 trillion in FY 18. Gross NPA's declined by around 43 per cent over the past three years, while provision coverage ratio increased to 68 per cent at present from 40 per cent four years ago¹ said a report by Motilal Oswal on 20 August. The bank has cumulatively written off Rs. 1.5 trillion since FY 18 and the improvement in asset quality has been sharper than most peers, including private sector banks. PSBs have put up a better show than private banks when it comes to operating profit, too. It has risen over 15 per cent; almost double that of private banks. Indian Overseas Bank and Bank of Maharashtra have at least 90 per cent provisioning coverage ratio, while all other PSBs have more than 80 per cent, displaying strength of balance sheets.

Conclusion

The PSB's are the more progress and results showing the soundness of the bank. Recent vogue of PSB's is credit cards or life style cards, fuel cards, travel cards, voice bots, electronic payment services, RTGS, NEFT, EFT, ECS, ATM and Net banking as well as mobile banking are the some trends are used in the banking industry in India. The recently changes of PSB's are the reduced the number of PSB's only remaining 12 PSB's in India. The progress of the PSBs is very crucial for development of the country and individual developments. The performance of the PSB's is better and improved this decade. The branch banking of the PSBs is sharing but online and digital business more improved. The customers of the branch are converted into the customer of banks. Technology helps the soundness of the banking sector.

¹ Mint, New Delhi; August 23, 2021.

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