

## **A STUDY ON OPPORTUNITIES & CHALLENGES FOR INTERNET BANKING IN INDIA**

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### **ABSTRACT**

*The study empirically examines the origin, history, structure, progress and future challenges faced by Indian banking sector are studied. In India the banking sector consists of public sector banks, private sector banks, foreign banks, co-operative banks and local area banks. But the scheduled commercial banks performance is notable. Therefore the study is concentrated towards the performance of scheduled commercial banks is undertaken which includes –public sector banks, private sector banks and foreign banks. The data collected for the study mainly comprises of books, news papers, magazines, RBI Bulletins and various web sites and the balance-sheet of various banks are considered. The main information for the study is the performance of scheduled commercial banks at the end of 31<sup>st</sup> March 2019. The performance is studied like-number branches, number ATMs, amount of deposits, advances, percentage of NPA, profitability and future challenges faced by Indian banking system are studied. The present study is confined to the scheduled commercial banks in India, there were 20 nationalized banks, 21 private sector banks and 36 foreign banks are operating in India as at 31<sup>st</sup> march, 2019. The analysis is carried with the help of tables, charts, diagrams etc. The Hindustan Bank was the first bank to be established in 1779, thereafter number of banks established in private sector as well as in co-operative sector. And these banks are played vital role upto 1965, the dominance of Nationalized banks started from 1970 onwards after nationalization of 14 largest banks in 1969 and 6 more banks in 1980. All these developments took place as the internet played a major role in connecting all branches of the bank by giving net banking services.*

**KEYWORDS:** *Scheduled Commercial Banks, RBI, Foreign Banks, Non-Performance Assets (NPA).*

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### **Introduction**

The banking system of India is playing very important role for the rapid development of our country. The economic development depends upon development of industrial sector, agricultural sector and service sector, the development of these sectors depends upon optimum utilization of available resources like men, material, machinery, and money. In India money is a scarce resource available. As India is a second largest populated country in the world and agriculture is dominating. Therefore the income of people in India is low as a result low savings, low investment which leads to low capital formation. The capital formation also depends upon the development financial system. The Indian financial system consists of financial institution, financial markets, financial instruments and financial services, the banking sector playing vital role in India for increasing savings, investments and capital formation. The banking sector in India has changed drastically. The banking system in India consists of public sector banks, nationalized banks, scheduled commercial banks, private sector banks and foreign banks apart from small and medium size cooperative banks and indigenous bankers. The present study is helpful to the government, society, banks, and students at large. To know the origin of banking in India, history of banking in India and performance of Scheduled Commercial Banks. As at end of March 2019. The study focuses on the performance of SCBs which include public sector banks, private sector banks and foreign banks. The study also made the future challenges of Scheduled Commercial Banks in India.

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**Objectives of the Study**

- To study the origin and history of banking in India.
- To study the structure of Indian banking system.
- To study the growth and development of banking in India with respect to use of internet.
- To study the challenges of banking in India.

**Sample Design and Methodology**

The present study is confined to know the origin, history, growth and development of banking in India and challenges faced by them. The study is related to schedule commercial banks in India. The scheduled commercial banks consist of 20 public sector banks, including nationalized banks and state Bank of India group. 21 private sector banks it includes old private sector banks and new private sector banks and 36 foreign banks the growth and development of scheduled commercial banks were scheduled as at 1<sup>st</sup> march 2019.

For the study data collected mainly from primary data and secondary data. The data collected from various books, journals, RBI web site and other sources.

**Area of Study**

This study is conducted of relating to the scheduled commercial banks in India.

**Data Collection**

The study is conducted by using both primary data and secondary data. The primary data was collected from the Balance Sheets and Profit and Loss Account of various scheduled commercial banks in India. The secondary data was collected the form of questionnaire.

**Origin of Banking**

For the centuries banks have played an important role in the financial system of any economy. That vital role continues even today although the forms of banking have changed with changing needs of the economies. Banking in its curedformsandage oldphenomena and its intention preceded that of coinage. A new and more sophisticated instrument o f currency evolved, so did banking. It evolved as business expanded and barter system gave way to money, which needed safe deposit. In its simple form it originated from temples and royal places around 1000 BC. The first bank in Italy established In 1157 it is called Bank of Venice.

**Origin of Banking in India**

A money economy exists in India since the days of Buddha, but banking in India flourished in the ancient Vedic times. Even in the Rig Veda, there was a mention about indebtedness and earliest dharma Shasta's lay down states of interest and regulations governing debts and mortgages. References to money lending business one fond in the Manu smriti too. The literature of the Buddhist period, the Jatakas and archeological discoveries contain evidence of existence of sresthis or bankers. There ever existencive reference in the lows of Manu to money lending and other problems. Generally traders were acting as bankers; the largest temples are also serving as bankers. The emergence of vaishyas as indigenious bankers and hundi as the earliest form of Indian bill of exchange where the two important land markets in the history of Indian banking.Indigenious bankers played a very important role in lending money for trade and commerce. Every town had a Seth, a shah, or Shraff or a Chettiar, who performed a number of baking function with the expansion of trade and commerce, the concept of banking gained importance, with the industrialrevolution in the 18<sup>th</sup> and 19<sup>th</sup>centuries, it attained a more significant place in the once of lending during the mogul period. The indigenious banker'splayed a very important role in lending money and financing foreign trade and commerce. During British rule, the agency houses carried the banking business.

**History of Banking in India**

The Hindustan bank was the first bank to be established in 1779 and later the general bank of India in the year 1786. In the first half of the 19<sup>th</sup> century the East India company established three banks, the bank of Bengal in 1809, the bank of Bombay in 1840 and the bank of madras in 1843, which were known as "Presidency banks". These three banks over amalgamated in 1920 and a new bank, the Imperial Bank of India was established on 27<sup>th</sup> January, 1921. With the passing of the state bank of India act was taken over by the newly constitute state Bank of India. In the year 1839 the Indian merchants in Calcutta established the union bank but it failed in 1848 as a consequence of the economic crisis of

1848-49. The Allahabad Bank established in 1865 and still functioning today is the oldest Joint stock bank in India. It was not the first though. That honor belongs to the bank of upper India, which was established in 1863, and which survived until 1913 when it failed, some of the Alliance bank of Simla. The American civil war stopped the supply of cotton to Lancashire from the confederate states. The promoters open bank to finance, trading in India a large number of banks opened in India during that period and also failed. Due to this foreign banks too started to arrive in India in 1860 the *comptoire d'Escompte de Paris* opened its branch in Calcutta and another branch in Bombay in 1862 and branches in madras and Pondicherry. In 1869 HSBC established its branch in Bengal. Calcutta was the most active trading place in India so became a banking center. The first Indian joint stock bank was established in 1881 by name Oudh commercial bank in Faizabad. It failed in 1958. In 1895 the Punjab national bank established in Lahore and now it is one of the largest banks in India. In the beginning of the 20<sup>th</sup> century, the Indian economy was passing through a relative period of stability. In these period Indians established small banks. The period between 1906 to 1911, saw the establishment of banks inspired by the swadeshi movement. A large number of banks established then have survived to the present such as Bank of India, Corporation Bank, Indian Bank, Bank of Baroda, Canara Bank and Central Bank of India. The swadeshi movement led to establishing many private banks in Dakshina Kannada and Udupi district which were unified earlier and known by the name south canara district. Four nationalized banks started in this district and also a leading private sector bank. Hence undivided Dakashina Kannada District is known as "Cradle of Indian Banking". During the period of First World War (1914 to 1918) and Second World War (1939 to 1945) the period was challenging for Indian banking. A more number of banks failed during this period.

#### **Post-Independence Period**

During 1947 India was got Independence and the problem to portion of India adversely impacted on the economy. The Government of India initiated the measures to play an active role in the economy; the Industrial policy resolution adopted by the government in 1948 and envisaged a mixed economy. The government wants to regulate and control the Indian banking system.

- The Reserve Bank of India was established in April 1934 and Nationalized on 1st January 1949 as the central bank of India.
- In 1949 Banking Regulation Act was enacted which provides the RBI "to regulate control and inspect the banks in India.
- With the passing of the state bank of India act in 1955, the undertaking of the Imperial Bank of India was taken out by the newly constituted state bank of India.

#### **Nationalization**

The banks in India except RBI and SBI are to be owned and operated by private persons. By the 1960's the Indian Banking industry had become an important tool to facilitate the development of the Indian economy, At the same time, it had emerged the nationalization of the banking Industry Indira Gandhi the them prime Minister of India issued an ordinance and nationalized the 14 largest commercial banks with effect from the midnight of July 19,1969 and the parliament passed the Banking companies (Acquisition and transfer of undertaking) bill and received the presidential approval on 9<sup>th</sup> August 1969 and in the year 1980. 6 more commercial banks were nationalized. The reasons for nationalization were to give the government more control of credit delivery. And the government of India controlled around 91% of the banking business of India. In the year 1995 the government merged means bank of India with Punjab national bank. It was the only merger between nationalized banks. Until the 1990s the nationalized banks grows at a pace of around 4% which was very closer to the average growth rate of the Indian economy.

#### **Liberalization**

In the early 1990s the Hon. Narasimha Rao government embarked on the policy of liberalization licensing a number of private and foreign banks established. At the end of 31<sup>st</sup> march 2019 there were 19 nationalized banks (include IDBI) and state Bank of India its subsidiaries (7) they are called as Public sector banks. There were 21 private sector banks of these 14 are old private sector banks and 7 are new private sector banks. There were 36 foreign banks were operating in India from 24 different countries. Apart from these 80 regional rural banks, 31 state co-operative banks, 4 local area banks, 53 scheduled co-operative banks and other medium and small size co-operative banks.

### Analysis and Interpretation of Data

The analysis of performance of Scheduled Commercial Banks are considered as at 31<sup>st</sup> March, 2019. The scheduled commercial banks consist of 20 public sector banks, including nationalized banks and state Bank of India group. 21 private sector banks it includes old private sector banks and new private sector banks and 36 foreign banks the growth and development of scheduled commercial banks were scheduled as at 31<sup>st</sup> March 2019.

**Table 1: Branches of Scheduled Commercial Banks (as at End of March 2019)**

Bank Group	No. of Branches	%
Public sector Banks	62211	83.92
Private Sectors banks	11602	15.65
Foreign Banks	317	0.43
<b>Total</b>	<b>74130</b>	<b>100</b>

The public sector banks are having 83% of the total branches of all scheduled commercial banks, followed by private sector banks 16% and less than 1% by foreign banks.

**Table 2: Branches of Rural, Semi Urban & Urban & Metro POLITIAN (end of March-11)**

Name of the Banks	Rural		semi- Urban		Urban		Metropolitan	
		%		%		%		%
Public sector Banks	20387	32.77	15978	25.68	13569	21.81	12277	19.74
Private Sectors banks	1311	11.30	3814	32.87	3315	28.57	3162	17.26
Foreign Banks	7	2.21	8	2.52	61	19.24	241	76.03
<b>Total</b>	<b>21705</b>		<b>19800</b>		<b>16945</b>		<b>15680</b>	

From the total number of branches of SCBs more no. of branches were situated in rural, followed by semi-urban area, urban area and in metropolitan area. Nearly 33% of total branches of Public sector branches were situated in rural area 11% of branches of Private sector banks and merely 2% of branches of foreign banks are situated in rural area. Almost 26% of total Public sector banks branches were situated in semi – urban area as only 32% of private sector banks was situated in semi – urban and only 2% of foreign banks, branches. As the urban area is concerned 22% of public sector banks branch, 29% of private sector bank broadly and around 19% of foreign bank branch situated. The foreign bank having nearly 76% of their bank branches in Metropolitan area as against 20% of public sector bank branches and 27% bank branches of private sector banks. 33% of branches of public sector banks were situated in rural area, 33% of private sector branches were situated in Semi – urban area, 29% of branches of private sector banks in urban area and merely 76% of branches of foreign banks were situated on Metropolitan area.

**Table 3: ATM'S of Scheduled Commercial Banks (As at End of March 2019)**

Name of the Banks	on site	Off site	Total	%	% off site	% ATMs To Branches
Public sector Banks	29795	9692	49487	60.42	39.80	79.50
Private Sectors banks	10648	13003	23651	31.74	55.00	203.90
Foreign Banks	286	1081	1367	1.84	79.10	431.20
<b>Total</b>	<b>40729</b>	<b>33776</b>	<b>74505</b>		<b>45.30</b>	

The Public sector banks are having highest number of ATMs nearly 66% of the total ATMs and private banks are having nearly 32% of total ATMs and foreign banks are nearly only 2% of total ATMs. Public sectors banks are having more ATMs on – site ATMs and private bank and foreign banks are having more ATM's on off – site ATMs. The foreign banks are having newly more than 4 ATMs to one branch, against private banks have Two ATM's for one has and nearly less than one branch by private sector banks.

**Table 4: Important Liabilities of SCBs (Rs. In Cr. as at 31<sup>st</sup> March 2019)**

Particular	Public Sector Banks		Private Sector Banks		Foreign Banks		Total
		%		%		%	
Capital	19055	32.16	4805	8.11	35383	59.73	59243
Reserve & Surplus	271196	60.18	133784	29.69	45668	10.13	450648
Deposit	4372985	78	1002759	17.85	240689	4.29	5616432
Borrowings	395144	58.63	185984	27.60	92797	13.77	673925

The capitals of foreign banks were very higher compared to the public sector banks and private sector banks. Nearly 60% of the total capitals of SCB are come from foreign banks, 32% from public sector banks and merely 8% from private sector banks. As reserve and surplus are concerned the domination is from public sector banks then private banks and foreign sector banks. Nearly 60% of the total reserve and surplus are having by public sector banks as against only 30% by private sector banks and 10% by foreign banks. The public sector banks are having nearly 78% of the total deposits of SCB are 18% by private sector banks and merely 4% by foreign banks. The borrowings of public sector banks are more nearly 59% of the total borrowings of SCB, 28% of borrowings by private sector banks and only 13% of total borrowings by foreign banks.

**Table 5: Details of Deposits of SCBs (Rs. In Cr. as at 31<sup>st</sup> March 2019)**

Particular	Public Sector Banks		Private Sector Banks		Foreign Banks		Total
		%		%		%	
Demand Deposits	410109	63.88	158929	24.76	72900	11.36	641939
Saving Bank Deposit	1083001	80.12	229130	16.95	39650	2.93	1351782
Term Deposits	2879874	80.00	614699	16.97	128138	3.53	3622712
<b>Total</b>	<b>4372985</b>		<b>1002759</b>		<b>240689</b>		<b>5616432</b>

It is observed from the above table that the public sector banks and private sector banks are having more term deposits then savings banks deposits then demand deposits bank. The foreign banks are more term deposit than demand deposit and last saving bank deposits. From the total demand deposit from all SCB's nearly 64% of demands are held by public sectors banks, nearly 25% of demand deposits are held deposits are held by foreign banks. One of total saving bank deposits nearly term deposits 80% of the total saving bank deposit of all SCB 's near held by public sector banks, early 17% of by private sector banks even only 3% by foreign banks.

**Table 6: Important Assets of SCBs. (Rs. In Cr. as at 31<sup>st</sup> March 2019)**

Particular	Public Sector Banks		Private Sector Banks		Foreign Banks		Total
		%		%		%	
Bills Purchase & Discounted	183405	75.92	33013	13.66	25182	10.42	241600
Cash Credits & Overdraft	1397114	82.57	203756	12.04	91172	5.39	1692042
Term Loans	1725113	73.00	560765	23.71	79185	3.35	2365063
<b>Total</b>	<b>3505632</b>		<b>797534</b>		<b>195539</b>		<b>4298704</b>

The investment are concerned nearly 69% of the total investment of all SCB are made by public sector banks, there after nearly 22% by Private sector banks and only 9% by foreign banks. The Loans & Advances are concerned nearly 77% of the total loans and advances of all SCB's are concerned 67% of fixed Assets are held by public sector banks then 24% by private sector banks and only 9% by foreign banks. The other assets are concerned nearly 52% of the total other assets of all SCB's are held by Public sector banks, nearly 30% are held by foreign banks and nearly 18% by private sector banks.

**Table 7: Details of Loans and Advances SCBs (Rs. In Cr. 31.03.2019)**

Particular	Public Sector Banks		Private Sector Banks		Foreign Banks		Total
		%		%		%	
Investment	1328534	69.34	422020	22.03	165499	8.63	1916053
Loans & Advances	3305632	76.90	797534	18.55	195539	4.55	4298704
Fixed Assets	36154	67.00	12980	24.00	4958	9.16	54093
Other Assets	138892	52.48	47915	18.10	77874	29.42	264681

This is observed from the above table that of the total loans and advances of all SCB's. The public sector banks and private sectors are providing more of term loans. Followed by cash credit and overdraft etc and Bills purchased and discounted but foreign banks are providing more loans to cash credits, overdraft etc follow by term loan and bills purchased and discounted. From the total bills purchase discount of all the scheduled commercial banks, about 76% are held by public sector banks followed by private sector bank by 14% and remaining 10% by foreign banks. As the cash credit and overdraft are concerned again the public sector banks are dominating they are providing around 83% followed by private sector banks by 12% and remaining 5% by foreign banks. The term loans are concerned nearly 73% of total term loans of all SCBI given by public sector banks followed by private sector banks 24% and 3% by foreign banks.

**Table 8: Growth in Deposits SCBs (In Percentage as at 31<sup>st</sup> March 2019)**

Particular	Public Sector Banks		Private Sector Banks		Foreign Banks		Total	
	2017 To 2018	2018 To 2019	2017 To 2018	2018 To 2019	2017 To 2018	2018 To 2019	2017 To 2018	2018 To 2019
Deposit	18.6	18.4	11.7	21.9	8.4	3.7	16.8	18.3
Demand Deposits	18.4	11.3	33.5	18.1	12.7	6.8	20.9	12.4
Saving Bank Deposit	25.8	22.1	32.8	23	26.5	8.8	26.9	21.8
Term Deposits	16.2	18.2	1.3	22.5	2.2	0.6	12.9	18.2

The above table shows that the growth of total deposits is 18.3% which are more than the previous year. The performance of public sector banks good banks was best. The growth by 21.9% and the performance of foreign banks were very poor. Only 3.7% as against 18.3% of all SCB's.

**Table 9: Growth in Loans and Advances of SCBs (In Percentage as at 31<sup>st</sup> March 2019)**

Particular	Public Sector Banks		Private Sector Banks		Foreign Banks		Total	
	2017 - 10	2018 - 11	2017 - 10	2018 - 11	2017 - 10	2018 - 11	2017 - 10	2018 - 11
Loans & Advances	19.6	22.4	9.9	26.1	-1.3	19.8	16.6	22.9
Bills Purchase & Discounted	10.4	30.3	30.7	20.2	46.9	18.2	16.3	27.5
Cash Credits & Overdraft	22.9	26.9	9.6	28.4	2.5	24.8	19.9	27
Term Loans	18.1	18.2	9	25.7	-13.4	14.9	14.4	19.8

The above table explains the total loans and advances by all SCBI's were increased from 16.60% to 22.90% at the end of 31<sup>st</sup> March 2019. The performances of all the SCBI's are better as compared to previous years. But the performances of foreign banks are very good followed by private sector banks and lastly public sector banks.

**Table 10: Income & Expenditure of SCBs (In Percentage as at 31<sup>st</sup> March 2019)**

Particulars	2017 To 2018		2018 To 2019	
	Amount	% Variation	Amount	% Variation
Income	4,94,446	6.63	5,71,230	15.53
Interest Income	4,15,179	6.37	4,91,667	18.42
Other Income	79,267	5.38	79,564	0.37
Expenditure	4,37,337	6.42	5,00,899	14.53
Interest Expended	2,72,083	3.37	2,98,891	9.85
Operating Expenses	55,248	15.16	71,950	30.23
Provision & Contiguous	65,226	12.17	78,879	20.93
Operating Profit	1,22,335	10.31	1,49,210	21.97
Net Profit For The Year	57,109	8.26	70,331	23.15
Net Interest Income	1,43,096	14.24	1,92,776	34.72
Net Interest Margin		2.17		2.92

In the above table explains, the financial performance of SCBI's improved in 2018 – 2019 as compared with previous year. The growth of interest income and even though the low growth of other income. The operation expenses increased.

**Table 11: Return on Assets and Return on Equity of SCBs**

Sr. No.	Bank Group	Return on Assets		Return on Equity	
		2017 - 2018	2018 - 2019	2017 - 2018	2018 - 2019
1	Public Sector Banks	0.97%	0.96%	17.47%	16.90%
2	Private Sector Banks	1.28%	1.43%	11.94%	13.70%
3	Foreign Banks	1.26%	1.74%	7.34%	10.28%
	<b>All SCBI's</b>	<b>1.05%</b>	<b>1.10%</b>	<b>14.31%</b>	<b>14.96%</b>

The return on assets of SCBI's marginally increased to 1.10% in 2018-19 from 1.05% in 2017-2018. The highest return on assets increased in 2018-19 by foreign banks from 1.26% to 1.74%, followed by private banks from 1.28% to 1.43% and the public sector banks decreased from 0.97% to 0.96%. The return on equity of SCBI's marginally increased from 14.31% in 2017-18 to 14.96% in 2018-19. The return on equity by private sector banks from 11.94%, 13.70% but return on equity of public sector banks decreased from 17.47% in 2017-18 to 16.90% in 2018-2019.

**Table 12: Non – Performing Assets (In Percentage)**

Bank Group	GNPA %		NNPA %	
	2017 - 2018	2018 – 2019	2017 - 2018	2018 - 2019
Public sector Banks	2.19	2.23	1.09	1.09
Private Sectors banks	2.74	2.25	1.01	0.56
Foreign Banks	4.26	2.54	1.82	0.67 m /p
<b>Total</b>	<b>2.39</b>	<b>2.25</b>	<b>1.11</b>	<b>0.97</b>

Gross Non – Performing Assets to Gross Advances Ratio Improved The asset quality of the banking sector improved in 2018-19 over the previous year. The gross NPA's to gross advances ratio declined to 2.25% in 2018-19 from 2.39% in the previous year. The improvement in asset quality was visible in both private sector banks and foreign banks, but public sector banks, however witnessed deterioration in asset quality in 2018-19 over the previous year. Banking sector has written off 10% of the previous year outstanding GNPA's – during the year 2018-19. The banking sector has written off almost 10% of the outstanding gross non-performing loan, which helps in limiting the growth of gross non-performing loans. Net NPA's registered lower growth – Net NPA's registered a lower growth of 8% in 2018-19 as compared with previous year's growth of 23%, reflecting increase in provisioning for NPA's to net advances ratio declined in 2018-19, over 2017-18. The Net NPA of foreign banks and private sector banks decreased by 0.67% and 0.56% from 1.82% & 1.01% respectively from previous years. But Net NPA of public sector banks will remain same 1.09%

**Table 13: Debit Cards Issued by SCBs (Number in Millions as at 31<sup>st</sup> March 2019)**

Sr. No.	Bank Group	Outstanding No. of Debit Cards		
		2014 - 2015	2017 - 2018	2018 - 2019
1	Public Sector Banks	44.09	129.69	170.34
2	Private Sector Banks	27.19	47.85	53.58
3	Foreign Banks	3.7	4.43	3.92
	<b>All SCBI's</b>	<b>74.98</b>	<b>181.97</b>	<b>227.84</b>

During the year 2018-19, the number of debit cards grows at the rate of 25% over the previous year. Nearly  $\frac{3}{4}$  of the total debit cards were issued by public sector banks. Private sector banks witnessed small growth but foreign banks witnessed a decline over the same period.

**Table 14: Credit cards issued by SCBs (Number in Millions as at 31<sup>st</sup> March 2019)**

Sr. No.	Bank Group	Outstanding No. of Credit Cards		
		2014 - 2015	2017 – 2018	2018 – 2019
1	Public Sector Banks	4.14	3.26	3.08
2	Private Sector Banks	10.68	9.5	9.32
3	Foreign Banks	8.31	5.57	5.64
	<b>All SCBI's</b>	<b>23.12</b>	<b>18.33</b>	<b>18.04</b>

In spite of decline in the number of outstanding number of credit cards, the volume and value of transactions with credit card recorded a growth of 13% and 22% respectively in 2018-19. The private sector banks and foreign banks were having more than 80% total outstanding credit cards at the end March 2019.

### Findings

The following were the major findings of the study:

- **Branches:** The public sector banks are having 84% of the total branches of all scheduled commercial banks, these banks are having 33% of their branches in rural area and 26% in semi urban area, and foreign banks are having 76% of their branches in metropolitan area.
- **Number of ATMs :** The public sector banks are having 67% of the total ATMs of all scheduled commercial banks and 60% of on-site ATMs But foreign banks are having more 79% off-site ATMs. The foreign banks are having more than four ATMs per branch followed by two ATMs by private banks and less than one ATMs by public sector banks.
- **Capital and reserve and surplus:** The foreign banks are having more 60% of the total capital of all scheduled commercial banks, followed by 32% by public sector banks and only 8% by private sector banks. The Reserves and Surplus are concerned the public sector banks having 60% of the total reserves and surplus of all scheduled commercial banks followed by 30% by private sector banks and only 10% by foreign banks.

- **Deposits:** 78% of the total deposits of all scheduled commercial banks are held by public sector banks followed by 18% by private sector banks and only 4% by foreign banks. The foreign banks are having more Demand Deposits savings deposits but public sector banks and private sector banks are having saving deposits more than Demand Deposits.
- **Loans and Advances:** 77% of the total loans and advances of all scheduled commercial banks are lend by public sector banks followed by 19% by private sector banks and only 4% by foreign banks.
- **Profitability:** The net profit of all scheduled commercial banks is showing increasing trend, it is 23.15% in 2018-19, as against 80.26% in the previous year. The Return on Assets and Return on Equity of public sector banks are showing decreasing as compared to the previous year as against the performance of foreign banks and private sector banks showing increasing.
- **Non-Performing Assets:** The total gross NPA to advances showing decreasing trend to 2.25% in the year 2018-11 as compared previous year 2.39%. The net NPA of foreign banks and private sector banks showing decreasing trend but the performance of public sector banks remained constant as compare to previous year.
- **Challenges:** The all scheduled commercial banks in India are facing the future challenges like-inclusive growth, lack of awareness about new products ,existence of too many laws, high employee turnover etc.

### Suggestions

The following are the some important suggestions are recommended-

- The Reserve Bank of India can force the foreign and private sector banks to open their branches in rural as well as semi urban area so balanced economic growth is possible.
- The public sector banks have to open more number of off-site ATMs.
- The public sector banks take more efforts to increase current deposits and foreign banks take more efforts to increase savings deposits.
- The public sector banks have make more efforts to reduce NPA by taking more efforts on recovery of loans.
- The Reserve Bank of India and Government of India take efforts to implementation of single law applicable to all scheduled commercial banks in India.
- All scheduled commercial banks have to take necessary policies to face the future challenges successfully.

### Conclusion

The all Scheduled Commercial Banks were playing vital role for rapid economic development in India. At the end of 31<sup>st</sup> March 2019 public sector banks were playing dominating role in terms of number of branches, number of ATMs, amount of deposits, reserve and surplus and loans and advances. The private sector banks and foreign banks were playing dominating role by issue of debit cards, credit cards, recovery of note. All this is facilitated because of increase in use of internet by the customers of the bank. This helps in developing the economy of India.

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