



NEW ASPECTS OF COMMERCIAL BANKS IN INDIA

Dr. M.P.Morghade ¹, Dr. S.B.Borkar²

¹Asst. Prof, Dept. of Commerce, Yashwantrao Chawhan Arts, Commerce and
Science College Lakhandur Dist- Bhandara.M.S.

email- mp_manapur@rediffmail.com

²Asst. Prof, Dept. of Commerce, Shivprasad Sadanand Jaiswal Arts, Commerce
and Science College Arjuni/Mor, Dist- Gondia. M.S.

email- sborkar832@gmail.com

Abstract:

The Banking Business is considered to be an important business in the economy of each country. Banks have an important role to play in the economy, both in developed and underdeveloped countries. Citizens of the country get into the habit of saving for the sake of banking. Banks provide loans to needy merchants and individuals to meet their financial needs. Banks create credit in the country by accepting deposits and lending. Looking back at the history, it is seen that in the ancient times, interest was obtained by mortgaging goods with gold and the goldsmith was lending money to us. But since goldsmith alone could not sustain the growing trade, a collective capital bank was set up by raising more capital collectively. Thus the modern commercial bank was established and the modern banking system was started. Currently, going to crowded places in the Corona epidemic situation has become a tension. That is why digital services are so important. This study examines the various digital functions of a commercial bank for the purpose of increasing the value of commercial banks in society.

Keywords: Indian Economy, Bank Transaction, Digital Functions and SD

Introduction:

Banks are important for the development of any economy. After independence, the importance of commercial banks was increased. There is a big difference between the functioning of commercial banks established in India before independence and the functioning of post-independence banks as well as after the nationalization of banks. Commercial banks in India used to perform traditional functions before independence. Now, at the same time, these banks have to carry out development work. In every part of the 21st century, the term economic development has become important in the economy. Economic growth

<http://www.ijaar.co.in/>

has found a lion's share in commercial banks. After 1991, when India adopted the policy of privatization, liberalization and globalization, while some banks have been hit hard by the recession, Indian commercial banks have emerged unscathed from the recession. The performance of the commercial bank was found to have increased significantly.

At present, commercial banks, agriculture, industry, services, education, trade and tourism in India are playing an important role in various fields. State Bank of India, Bank of Maharashtra, Panjab National Bank, Central Bank of India, Bank of India, Canara Bank, Bank of Baroda, Union Bank, IDBI, Syndicate Bank, Indian Overseas Bank, YES Bank, ICICI Bank, Inducind Bank, HDFC Bank are some top commercial banks in India. Digital banking serves customers anywhere and anytime. That is why it is so popular. In commercial banking, the importance of digital banking has increased tremendously. Digital banking saves money and time as well as gives environmental protection.

Objectives: - To study the functions of Banking and To Study the Impact of Digital Banking on Environment

Classification of Commercial Banks:-

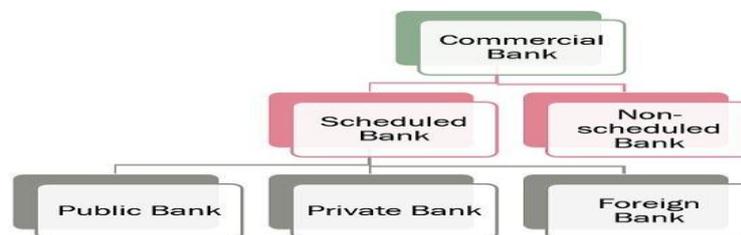


Table No.1 Differences between Scheduled and Non-Scheduled Bank

Difference	Scheduled Bank	Non -Scheduled bank
Share Capital	The share capital of this bank is more than Rs. 25 lakhs	These banks are not included in Schedule 2 as they are not regulated by the Reserve Bank
Ratio	The cash provision ratio is maintained by the Reserve Bank	The cash provision manages the ratio itself
Borrow Money	There is a facility to borrow money from the Reserve Bank for certain banking needs.	Non-scheduled banks cannot borrow money from the Reserve Bank.
Time Bonding	Scheduled banks are bound to provide information to the Reserve Bank from time to time.	There is no such restriction. Thus reducing reliability.
Membership	Become a member of the Clearing House.	Cannot become a member of the Clearing House.

Scheduled Bank: Scheduled Bank is the second scheduled inclusive bank under the Reserve Bank Act, 1934. The scheduled bank has to report its transactions to the Reserve Bank on a weekly basis. The Reserve Bank is keeping a close watch on the scheduled banks to protect the depositors. **Non -Scheduled bank:** Non-Scheduled Bank are not adhere under RBI Regulation Act 1934.

Function of Commercial Banks: A bank is a person who, in his day-to-day transactions, accepts money from a customer on a current account and pays for the orders he has issued. It is a bank that works to complete mutual transactions. There are three main types of commercial banks. At present in India commercial banks are doing important work in various fields like agriculture, industry, services, education, trade and tourism.

Primary function: This includes accepting deposits from its members, lending money, generating money and providing banking services.

Accepting Deposits- The most important function of this bank is to accept deposits from the members and from the account holders and to pay interest on these deposits at a low rate.

1. Current Account - The current account is very important for business people to complete banking transactions at all times.
2. Saving Account- The account is operated to collect small savings of low and middle income customers. Interest is usually paid to the member account holders at the rate of three to five per cent on the balance on the account.
3. Fixed Deposit Account- These accounts are generally accepted for a term of three months to five years or ten years at an interest rate of seven to ten per cent. If you want to repay the deposit before the due date, the interest rate is reduced.
4. Recurring deposit- Normally this type of account is useful for salaried retailers, mobile vendors, hired artisans, etc. The account can be started in a specific period of 3,5,7 ten years for help.
5. Other deposit accounts- Commercial banks offer various types of deposits to inculcate the habit of saving for the poor and people below the poverty line in the society. It offers attractive interest rates on deposits such as Pygmy Deposit, Good Luck Deposit, Educational Deposit, Lakhpati Deposit, etc.

Lending money advance. Commercial banks are money received from their area of work. They are small scale entrepreneurs in the area. They will be industrialists.

Loans: Commercial banks in India lend shares of various companies, government bonds, development of Sir OK, movable property, etc., and lend a certain amount for a certain period of time to the right person in the name. Loans are generally approved for 70 to 80 percent of the collateral.

1. Cash loan- To meet the working capital requirement of general farmer members, traders, entrepreneurs, etc., 50 to 75 per cent of the youth's loan amount is given as collateral on the mortgaged goods.
2. Overdraft facility- Eligible and eligible account holders who have a current account with a commercial bank can avail of higher cost concessions. Eligible and eligible account holders can avail higher cost concessions. Shares and Debt Insurance Policy Development and Debt Approval on Bonds or Individual Spouses is a short term loan on which interest is charged.
3. Accepting and deducting bills expecting and discounting bills and exchange- Merchant banks accept this type of loan for a short period of 90 days by accepting a bill from their members. Many trades are run on credit and trust.
4. Other loans- Commercial banks are currently offering loans to their account holders for the purchase of housing vehicles, purchase of plots for tourism for educational reasons, attractive interest rates on these loans.
5. Creation of credit money- At present, money laundering is considered to be the major function of a commercial bank.

Secondary functions- Nowadays, individuals carry out tasks in the social economy and capital markets.

Agency Services- Commercial banks have to act as the account holder's representative for example- To recover money by check drops, bill, promissory note etc., Do regular research, Deposit on behalf of the customer etc.

Suitable functions Service functions- In modern times, productive consumers, entrepreneurs, consumers, merchants and businesses that are provided with a variety of services are called useful petitions. Like Keeping

valuables safe, providing passenger check facility, Issuance of guarantee letter, working as a part insurer etc.

Social functions- following to see what kind of work the commercial bank does to the growth agent to bring about economic and social change.

1. Acting as an agent of economic growth
2. Accelerate capital formation
3. Promoting international trade
4. To help the economically weaker sections of the society.
5. Promote self-employment growth.
6. To help social and educational institutions.

Commercial banks operate as above. Following the adoption of a new economic policy by India after 1991, following the recommendations of the Narasimha Committee, new opportunities in knitting in the 21st century have emerged locally and internationally.

Table 2.Regional Wise Data of Deposits in Scheduled Commercial Banks in India

(At the end of the march 2021)(Rs. in Crore)

Year	Northern Region (Rs.)	North-Eastern Region (Rs.)	Eastern Region (Rs.)	Central Region (Rs.)	Western Region (Rs.)	Southern Region (Rs.)	All India (Rs.)
2011	11,56,600	93,000	6,16,800	6,15,100	17,47,300	11,60,800	53,89,600
2021	32,15,617	2,83,662	19,22,787	20,69,799	40,90,626	38,61,018	1,54,43,510

(Source - India Reserve Bank Statistics -link 7)

There is a total deposits in 2011 are Rs. 53, 89,600 and in 2021, it is 154, 43,510. So there is an increasing rate in region wise rate of deposits in India. There is growth in deposits by 34.90% in 2021 as compare to 2011.

Digital Banking- The term digital banking and online banking have the same meaning as internet banking. Internet banking is also known as net banking. Digital banking is an electronic payment system that is offered by banks and financial institutions to the customer for financial transactions through the financial institution's website. That is, digital banking helps the customer to make financial and other financial transactions from the bank account. The Internet is a medium that makes technology possible. Due to Corona, banks are getting banking facility sitting at home. You can withdraw money from ATM

machine even without ATM (Cardless Transaction), Used by Internet banking browsers and applications with digital banking, you can do recharging, electricity bill payment, etc. from home. The usual old account holders have to fill up the online form and attend the bank in person to start net banking. Some banks offer you digital banking only when you create a new account.

Types of Digital Banking-

NEFT (National Electronics Fund Transfer)- NEFT is a form of transaction. In this mode, the survey transaction is completed in batch wise processing. Due to that, this process works slowly. When you make a transaction through NEFT, it is added to Batch. The transaction is completed when your batch number arrives.

RTGS (Real Time Gross Settlement)- Transactions made in RTGS are done in real-time. If you report a transaction to someone, they will be notified immediately by the bank. And the transaction is completed.

IMPS (Immediate Payment Service)- Transactions made in IMPS are immediately credited to the account of the person in front. All transactions are completed in realtime. E.g. If you send money to someone, the transaction is immediately handled independently and immediately appears in the person's account. This is how the transaction is completed. Time to do IMPS: 24 * 7 (day and night). We can transact anytime in 24 hours and seven days a week. Limit for IMPS: Rs. 2 lakhs Per day.

Platforms of Digital Banking- There are many platforms in India which are used by people in banking systems. So, regular transactions are become very effective and it's directly impact on our environment. This is paperless transactions, so there is savings about many trees. ATM, Internet and Mobile Banking, Tab Banking, Phone Banking, e-Corner, Pos Machine, KIOS, Cash Recycler these are some Banking Digital Platforms available in India.

Digital Banking and Sustainable Development- Banking Sector is very important sector in our economy. Come to Gandhi's Village is a concept that is very close to sustainable development. Today, the reverse would be more feasible, as technology has brought the world closer together; so many things are

not limited to cities. Environmental problems are on the rise and it is imperative to create a plastic free and paper free world. In some cases, man himself must be careful not to waste his natural resources. Digital innovation and digital banking have made a significant contribution to sustainable development. Everyone must use digital platforms to save our environment. The online banking system seems to have expanded from 2007 to 2020. By 2020, 4 out of 5 Brits online banking services are expected to be in use.

The Asian market currently has over 800 million online banking users. Again, this is likely to increase. In 2022, that number is 398 million. By 2024, that number could reach 435 million. The following table shows some data:-

Table No. 3 the total number of active online service users in the world.

Year	East and Chine (Million)	North America (Million)	Europe (Million)	Latin America (Million)	Rest of World (Million)
2020	805.1	240.1	361.7	109	387.3
2021	844.4	250.5	379.9	126.4	441.8
2022	885.6	261.4	398.1	146.7	504.9

(Source link no.5)

From above table, it shows that 2022 highest number of internet users is 885.6 million. That is east and china is taken place at first point and that of least is Latin America.

Conclusions: -

The role of commercial banks has always been remarkable in India. The commercial bank is the backbone of the Indian economy. The bank has gained popularity from rural to urban areas by providing financial assistance to Indians. After independence, the Indian economy was strengthened by the Commercial Bank. Due to the various functions of the bank, many functions of the public could be accomplished such as providing loans, accepting deposits. There are scheduled and non- scheduled banks which are very helpful to customer for maintain their balance by economically. There are 34.90% deposits

in Commercial Banks in India in 2022. The highest number of internet users is 885.6 million in 2022. Digital Banking is one more new application of commercial banks which is helpful in saving time and money. The paperless transaction is helpful to control environmental issues.

References:-

1. http://www.ijar.in/journal/journal_file/journal_pdf/14-358-14982087631-4.pdf
2. <https://www.virtanews.in/2021/12/commercial-bank-information-in-marathi.html>
3. <https://www.virtanews.in/2021/12/commercial-bank-information-in-marathi.html>
4. <https://marathitkahitri.com/digital-banking-in-marathi/>
5. <https://bankexamportal.com/article/the-importance-of-digital-banking-in-the-changing-financial-environment>
6. <https://www.finder.com/uk/digital-banking-statistics>
7. <https://m.rbi.org.in/scripts/PublicationsView.aspx?id=20797>
8. Dr.Kodak .V.B., 2013, “Recent Trends in Commerce and Management”-Recent Trends in Commerce and Education, ABS Publication Varanasi. pg.no.79.
9. Dr.Mithani, D.M. 2015, “Principles of Economics”-Consumer’s Behaviour, Himalaya Publishing House, pg.no.47-80
10. Dr Durge.Asavari and Bele Akash, 2018, “Marketing Management”-Consumer, Industrial and Market, Sai Jyoti Publication, Nagpur pg.no.62-86.
11. Dr Durge.Asavari and Bele Akash,, “Marketing Management”-Consumer Behaviour, Sai Jyoti Publication, Nagpur, pg.no.198-218
12. Dr Durge.Asavari and Bele Akash,, “Marketing Management”-E-Marketing, Sai Jyoti Publication, Nagpur pg.no.303-304.
13. The Hitwada, Nagpur, Business, Sat, 6th November 2021, pg.no.7.
14. The Hitwada, Nagpur, “Amazon India to empower women entrepreneurs”, on Business, Sat, 20th November 2021, pg.no.7.
15. Business Ethics And Corporate Governanace,-Social Sustainability and Business., MBA 201. Yashwantrao Chavhan Maha. Open University. Book Code **MBA 201**, pg.no.77 -78.

16. Marketing Management,-Rural Marketing., MBA 204. Yahswantrao Chavhan Maha. Open University. Book Code **MBA 204**, pg.no.163-170.
17. Patel Bimal N (2018), “Sustainable Development and India”, OXFORD University Press Publication.pg.no.11 and 29.
18. Ossewaarde Martin J. (2018), “Introduction to Sustainable Development”, SAGE Publication Indian pvt.ltd.pg.no. 251
19. MED-008(2018), “Globalisation and Environment”, Gullybaba Publishing House (P)ltd.pg.no.183.
20. O Level Module 4, module M4:R5(Jan 2020), “Internet of Things(IoT) and its Applications, T Balaji Publication,Uttar Pradesh. pg.no.1