CHAPTER-III
PROFILE OF INDIAN BANKING INDUSTRY

3.1. BANKING IN INDIA

Banking in India originated in the first decade of 18th century with The General Bank of India coming into existence in 1786. This was followed by Bank of Hindustan. Both these banks are now defunct. The oldest bank in existence in India is the State Bank of India being established as "The Bank of Bengal" in Calcutta in June 1806. A couple of decades later, foreign banks like Credit Lyonnais started their Calcutta operations in the 1850s. At that point of time, Calcutta was the most active trading port, mainly due to the trade of the British Empire, and due to which banking activity took roots there and prospered. The first fully Indian owned bank was the Allahabad Bank, which was established in 1865.

By the 1900s, the market expanded with the establishment of banks such as Punjab National Bank, in 1895 in Lahore and Bank of India, in 1906, in Mumbai - both of which were founded under private ownership. The Reserve Bank of India formally took on the responsibility of regulating the Indian banking sector from 1935. After India's independence in 1947, the Reserve Bank was nationalized and given broader powers.

3.2. EARLY HISTORY

At the end of late-18th century, there were hardly any bank in India in the modern sense of the term. At the time of the American Civil War, a void was created as the supply of cotton to Lancashire stopped from the Americas. Some banks were opened at that time which functioned as entities to finance industry, including speculative trades in cotton. With large exposure to speculative ventures, most of the banks opened in India during that period could not survive and failed. The depositors lost money and lost interest in keeping deposits with banks. Subsequently, banking in India remained the exclusive domain of Europeans for next several decades until the beginning of

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73 Dr. Sobi, Banking and Financial Services in India, New Century Publications, New delhi, Ed. 2003
the 20th century. The Bank of Bengal, which later became the State Bank of India.

At the beginning of the 20th century, Indian economy was passing through a relative period of stability. Around five decades have elapsed since India's First war of Independence, and the social, industrial and other infrastructure have developed. At that time there were very small banks operated by Indians, and most of them were owned and operated by particular communities. The banking in India was controlled and dominated by the presidency banks, namely, the Bank of Bombay, the Bank of Bengal, and the Bank of Madras - which later on merged to form the Imperial Bank of India, and Imperial Bank of India, upon India's independence, was renamed the State Bank of India. There were also some exchange banks, as also a number of Indian joint stock banks. All these banks operated in different segments of the economy. The presidency banks were like the central banks and discharged most of the functions of central banks. They were established under charters from the British East India Company. The exchange banks, mostly owned by the Europeans, concentrated on financing of foreign trade. Indian joint stock banks were generally undercapitalized and lacked the experience and maturity to compete with the presidency banks, and the exchange banks. There was potential for many new banks as the economy was growing. Lord Curzon had observed then in the context of Indian banking: "In respect of banking it seems we are behind the times. We are like some old fashioned sailing ship, divided by solid wooden bulkheads into separate and cumbersome compartments." Under these circumstances, many Indians came forward to set up banks, and many banks were set up at that time, a number of which have survived to the present such as Bank of India and Corporation Bank, Indian Bank, Bank of Baroda, and Canara Bank.
3.3. DURING THE WAR

The period during the First World War (1914-1918) through the end of the Second World War (1939-1945), and two years thereafter until the independence of India were challenging for the Indian banking. The years of the First World War were turbulent, and it took toll on many banks which simply collapsed despite the Indian economy gaining indirect boost due to war-related economic activities. At least 94 banks in India failed during the years 1913 to 1918.

3.4. STRUCTURE AND EVOLUTION OF THE INDIAN BANKING SECTOR

An attempt has been made here to understand the nature of the banking industry by analyzing the history of Indian banking. This section periodizes the development of banking in India into different phases by describing the characteristic features of each stage. It describes briefly the chequered history of banking in India—dominated by bank failures and mergers and the disappearance of small private banks—and also examines other developmental aspects. It also looks at the impact of RBI on industrial growth. The chapter also examines the industrial growth and consequently its impact on banking instability. The historical trends in banking instability are also discussed. Lessons are drawn from the history of banking deregulation.

3.4.1. Development of Banking in India: Distinct Phases

There are two major phases in the history of banking in India, the early phase and the historical phase. The early historical phase covers the period until independence. The first part of the historical phase stops short of the current period of deregulation, and the second part consist of current developments arising out of deregulation. Four broad phases have been described,

• Early historical and formative period: 1770–1905
• Pre-independence period: 1906–1946
• Post-independence regulated period: 1947–1993
• Post-independence deregulated period from 1993 onwards.

3.5. SERVICE

Service is an activity or benefit that one party offers to another. It is about people thinking about taking care of people. It is an ongoing process of commitment in action and selling of satisfaction. It is a feeling, which a person gets while dealing with an organization. It is experiencing the experience.

Services are people based, therefore they are highly variable and inseparable from the source i.e., employees. Service is essentially intangible and does not result in the ownership of anything. In economics and marketing, a service is the nonmaterial equivalent of goods.

3.6. CUSTOMER SERVICE

Customer service is the set of behaviors that a business undertakes during its interaction with its customers. It is the degree of assistance and courtesy granted to those who patronize the organization. It is anticipation and identification of customers’ needs and expectations and taking action for positive customer satisfaction. It consist codes of ethics, etiquette, behavior courtesy and so on.

3.7. CUSTOMER SERVICES: PRESENT SCENARIO AND FUTURE SCOPE

In these days of fierce competition, in order to survive, commercial banks have to seek business by aggressively marketing their products. Product differentiation is often employed as a major technique to service in competitive market. Since product differentiation on the interest front and service charges is ruled out for Indian banks, it appears that banks have to bank their hopes on the improvement of customer services. Therefore, in order to mobilize there deposits and attract customers to use the services of a particular bank, a particular bank has to necessarily differentiate its customer services from other
banks and to offer better customer services to survive in the competitive market.

Customer services in banks mean satisfying the needs of customers, at the right time, and in a right manner. It is necessary that bankers tailor their services to the needs of customers and not vice versa. A large portion of customer’s complaints arises because of the disparity between customer expectations and bank services.

Products offered by banks have been changing over years, particularly in recent years. These products are getting refined and revised in the light of customer needs, but not promptly enough or adequately and hence dissatisfaction arises. Very often, there are abnormal delays in receiving/making payments and customers have to wait indefinitely without anybody attending to them properly at the counter. This leads to mounting frustration among customers. The procedures laid down at the banks are lengthy and cumbersome. Even the issue of cheque book takes twenty to thirty minutes because the officer is always busy with cheques/vouchers and registers. Updating of pass book also takes a long time.

The Working Group on Customer Service is banks set up by Government under the Chairmanship of Mr. R.K. Talwar in 1975, has listed the following factors for customer dissatisfaction:

(i) Delay and inaccuracy in putting through transactions;
(ii) Delay and inadequacies in correspondence;
(iii) Delayed, faulty and unhelpful decision-making;
(iv) Absence of elementary discipline;
(v) Undue emphasis of staff on observance of rules and produces;
(vi) Inconvenience associated with credit apprehension;
(vii) Lack of uniformity in bank charges;
(viii) Customers being viewed as a faceless unit; and
(ix) General attitude of unconcern and apathy for clients.

Delivery system for customer services comprise five elements; speeds, timeliness, accuracy, courtesy and concern. The present Customer Service
System lacks motivation and initiative, thus adversely affects the services offered. Neither the branch manager nor his staffs take initiative in advising customers on the choice of deposit plan, mode of operating an account, choice of credit facility or how to draw the best possible benefit from the banking schemes and services. They are generally left to themselves, their friends and common sense, to take such decision\(^74\).

Thus, it is widely held that the bank services are deteriorating day by day. Various reasons can be attributed to the deterioration in customer services.

Firstly, since nationalization of fourteen major scheduled commercial banks, commercial banks have not only extended their branch network to hitherto unbanked areas but also expanded and diversified their business at a dramatic speed by covering a huge number of people even in the remote comers of this vast country. All this has caused an enormous strain on banks in terms of manpower facilities, system and procedures, and management capabilities leading to customer services falling behind customer expectations.

Secondly, customer expectations which is the most important factor in customer services, have increased enormously and in a variety of ways in recent times because of growing awareness among the bank customers, and social responsibilities cast on the banks.

Thirdly, attitudes of staff impinge most significantly on the services rendered, but, bank employees are not oriented to the desired extent to be helpful to the customers.

Fourthly, management deficiencies have also contributed to unhelpful employee attitudes and ignored systematic efforts for improvement in customer services through expansion of training and implementation of latest concepts in bank management.

The bank, the Government and the public have been concerned at the deteriorating conditions in the industry. The Working Group on Customer Services in Banks, headed by Mr. R.K. Talwar, made a full scale review of the whole gamut of the issues involved and made wide ranging

recommendations to improve customers services. It was stated in the report that banks must continuously assess and reassess how customers perceive their services, what are the new and emerging customer expectations and how these can be satisfied on an on-going basis. It has also been emphasized that customer service is an extremely dynamic concept. What is considered to be good customer service may be indifferent service tomorrow and bad one the day after.

3.8. NECESSITY FOR GOOD SERVICE

Banking, a service industry is facing fierce competition. Competition is not only in price of the products but also in the service. Banks are practically coming out daily with new products to suit various segments of society and to have a hold both in the existing and virgin market for keeping competitors at a bay. Good customer service does not need publicity. The praise coming from the mouth of a satisfied customer has lasting effect on those who come in touch with him. Excellent customer service is one of the few ways to achieve a sustainable competitive advantage. A customer does not mind paying higher price provided the product is good and is backed by excellent pre and post sales service. It is the quality of service that matters. Customer service has direct impact on the working of bank and on its profitability.

3.9. PECULIARITY OF SERVICE

Services are highly variable as they depend on the service provider. We can see the service provider but not the service. We can see him attending to the customer. We can see the product but not the service. Service cannot be seen, tested, felt, heard or smelled before they are bought. It cannot be stored. Services are intangible, inseparable and perishable, with the passage of time. The quality of service deteriorates as it has human element.
3.10. DATA BASED CUSTOMER SERVICE

Requirements of customer service differ from person to person, which is governed by age, educational background, profession, vocation and environment. Service requirements of businessmen are different from that of pensioners, medical practitioners, office goers, and householders, those who have college-going children or those who have recently started their married life.

Customer satisfaction enhances when bank tailors services on the basis of data. It also helps in building cordial relationship with customers. Data based strategy is the intellectual approach which helps banks in identifying and customizing service requirements of various groups and sub groups of customers. It also helps banks in chalking out strategies for serving customers in a professional manner and capturing larger market share.

“Customer focused thinking” enables bank in building rapport which brings customers closer to the bank. Building relationships makes most sense for customers whose lifetime value to the bank is the highest. It also creates opportunities for cross-selling of products that makes the overall relationship profitable.

3.11. TECHNOLOGY AND SERVICE

Technology is rapidly changing the face of banking industry and enhancing the demand for better than the best services. It is helping banks in breaking the bottlenecks in superior customer experience. Technology has made the world a global economic village. Banking services are no more confined in brick and mortar environment. Technology has made it possible to transact business any time, anywhere and from any branch office of a bank.

Transactions can be done through automated teller machines or even from a remote area through Internet, a virtual environment created at "World Wide Web": where human interface is not required in attending to customers and in providing service. The days are not far when robots may be available in providing services in banks.
Customers appreciate not only consistencies in services but also hassle free interface with the technology. The level of frustration and dissatisfaction escalates when customer encounters problems due to technology either while transacting business on site or off site. In the event of his facing problems while transacting business off site through ATMs, Internet, he broods, as there is no one to appreciate and solve his problems and mechanical devises are insensitive to his feelings.

While dealing at the branch level i.e. on site, a customer gets bad impression about the services when he comes to know that either the server is not responding or there is no network connection or transaction has not been uploaded or the pass book printer is out of order and so on. Under such situation positive and helpful attitude of bank personnel acts as antidote for frustration and dissatisfaction and gives healing touch to customers.

Banks can find out level of popularity of its services from the number of hits on its site. It can also find out preferences for its products and services, and can design state of art services. It can maintain contacts by enquiring from the person visiting the site whether he is interested in any particular product or would like to be informed of bank's products at regular intervals. By obtaining clients' preferences, personal details, and e-mail address, bank can build lasting relationship with him. Sending greetings on festive and special occasions will give soothing feeling to both existing and prospective customers.

3.12. SERVICES (NEW BANKING OPTIONS)

3.12.1. Automated Teller Machines (ATMs)

ATM is an electronic machine, which is operated by the customer himself to make deposits, withdrawals and other financial transactions. ATM is a step in improvement in customer Value-added service. ATM facility is available to the customer 24 hours a day.

ATMs, along with EFTPOS and home banking, is considered to be 'product' development or, perhaps more appropriately, as innovation in the delivery of financial services. ATMs have progressed from being merely cash
dispensers to provide facilities for deposits, balance reporting and inter-account transactions. The most advantageous, features of ATMs are the twenty-four hours availability, time saving/convenience aspects, avoidance of queues and the perception that bank staffs have more time to deal with counter customers. The features which attract criticism are computer breakdown; lack of cash, lack of certain facilities, personal safety when withdrawing cash, the possibility/liability of unauthorized use, mistakes, lack of privacy, in personal nature (i.e., prefer counter service) and queues. Some of these criticisms are real and others merely perceived deficiencies. Either way, they are of concern to the banks and in the long term will be reduced through further technological developments, improved security and advertising and promotion.

The concept of consumer financial services delivery has changed. Besides quick and better service, the customer now demands the facility to withdraw the money all the twenty four hours. The trends of automatic consumer self-service terminals and the heightened public away of automated transactions have initiated a new era in banking. As a result, Automated Teller Machines (ATMs) are set to play an important role in banking. ATM is a terminal of the bank's computer which can be operated by customer himself to deposit, withdraw cash and to know the balance in the account. The ATM offers many benefits to the customer as well as the bankers. Benefits to customers include easy access to cash - day and night, weekends or holidays, fast service and convenience of location, benefits to banks include - improved customer service, larger penetration, alternative to extended hours service, less crowding at the bank counters.

3.12.2. Electronic Funds Transfer-Point of Sales Terminals

Electronic funds Transfer - Point of Sales Terminals can be installed at Airlines, Hotels, Railways, Super Bazaars and other commercial centers. Customer will get rid of the botheration of carrying cash, as the payments made through cards backed by the security features of Personal Identification Numbers (PIN) or password at selected installations where POS terminals are installed. Point Sales Terminals can be linked to the bank's host computer.
3.12.3. Electronics Funds Transfer System

To transfer funds instantly among various branches at locations in the
country; by connecting these branches through a network using the latest
communication technology which includes satellite, leased lines, and dial-up
lines.

3.12.4. Electronic Clearing Service (ECS)

In April 1995, the RBI introduced electronic clearing service between
selected metro centres in the country under which transfer of funds from one
centre to another could be done quickly. ECS is essentially a more effective
method of handling bulk payment transactions and inward remittances, like
pension, interest, dividend, salary or commission cheques. It adds three
benefits to customer’s inward remittances: Speed, safety and Convenience. As
a subscriber to ECS, customer's bank account would be directly credited on
every due date.

3.12.5. Credit Cards/Debit Cards

The business demands high level of automation even in initial stages.
Computerization of operations is a must, as one of the main determinants of
success in this business is need of processing transactions and billing customers
in time.

Having a proper ATM network is a forerunner to a good debit card
growth. A debit card differs from the conventional credit card in the sense that
the cardholder's account gets instantaneously debited unlike in case of credit
cards where the cardholders is given a credit for a fixed period. Consumer
studies have shown that spending is much higher with debit cards than with
credit cards.


An electronic passbook adapted to Indian conditions has been
introduced as part of the “Anywhere banking” programme in Dena Bank and
some premium savings bank schemes of the postal department. The passbook
developed by Elcom Fiscal Services (EFSL.) Kolkatta would provide several
benefits including easy accessibility to one's money, portability and
convenience. For the issuer, the system provided low cost, security and easy adaptation to the existing operations. EFSL has validated the existing system through two real-life systems which were operating in the country. The anywhere saving in both Dena Bank and the postal department made use of "smart card" as an electronic passbook.

3.12.7. Home Banking

The first commercial in-home banking system in the UK was launched by a building society in 1983. Offering a two-way communication system to any subscriber. Two-thirds of European banks now offer home banking systems which provide account interrogation, payment of bills, inter-account transaction, loan generation and other banking facilities.

3.12.8. Internet Banking

Internet banking enables a customer to do banking of accessing accounts and general information on bank products and services through a computer while sitting in his office or home. This is also called virtual banking. It is more or less bringing the bank to your computer. In traditional banking one has to approach the branch in person, to withdraw cash or deposit a cheque or request a statement of accounts etc. but internet banking has changed the way of banking. Now one can operate all these types of transaction on his computer through website of bank. All such transactions are encrypted: using sophisticated multi-layered security architecture, including firewalls and filters. One can be rest assured that ones transactions are secure and confidential.

3.12.9. Corporate Electronic Banking

Banks have established electronic based products for their corporate customers. For example, Hong Kong and Shanghai Banking Corporation developed its Hexagon corporate electronic banking system in 1982 releasing it to selected customers in 1985, enabling it to deliver banking products to its corporate customers worldwide. By 1994 the system had 5000 corporate customers including one-third of the world's 200 largest corporations.

The system provides customers with control over their finances twenty-four hours a day as well as a diverse range of market information and reporting.
Corporate customers can dial into Local access points in the data network through personal computers and modems. They are thus connected instantly to the group’s mainframe system. Hexagon has two main product categories—banking products and management products.

Three types of service are available. First the user can undertake a corporate accounts information inquiry, enabling it to retrieve information relating to its global portfolio with the group. Second, a market information inquiry can be undertaken to obtain real-time market information on a wide range of subjects about local and global security and commodity markets. Third, transactions can be initiated to transfer funds, apply for letters of credit etc., directly from the remote terminal.

3.12.10. Anywhere Banking

"Anywhere banking" is done by linking of metro branches through satellite linked communication network using VSATs and on-line computer network. Inter-connectivity through satellite-based communication channels is far more reliable and efficient than the ground based leased lines. Complete networking of all branches on all India basis has been introduced for the first time in the country by Centurion Bank Ltd. Hong Kong bank has also set up similar facilities. By offering these services, customer becomes customer of the entire bank, rather than a branch, as all the branches are connected via-satellite. A marriage between computers and modern communications systems has thrown open the gate to the technological super highway.

3.12.11. Telebanking

Telebanking is another innovation which provided the facility of 24 hour banking to the customer. Tele-banking is based on the voice processing facility available on bank computers. Telebanking i.e., the round-the-clock, 'bank-on-phone' service to allow customer to inter phase via telephones. It results in improved customer satisfaction within available infrastructure facilities. Customer calls up his bank, utter his password and effect the transfer. NRIs can also make queries and issue instructions at convenient time in their respective countries.
Facilities Offered by Telebanking are information on balance, getting the statement of account on any fax machine of his choice directly from bank's Computer which may also feature the last three transactions of his accounts, cheque book requisition, money transfer branch to branch, request for drafts, stop-payment instructions, queries on new schemes, rates, general details of interest rates and information on customers deposit maturities.

3.12.12. Extension Counter (NRI Services)

This has basically been done to attract foreign exchange deposits through NRI specialised revenue like portfolio management and custodian services. Technology adopted includes additional 4 terminals with NRI Software/Self Service Terminals. If banks are to provide the quality of service their customers are increasingly demanding, they have to know them better. Customer Information Systems can provide this ability and help banks focus their marketing campaigns. The technology to do this is already available.

3.13. PROFILE OF THE SAMPLE BANKS SELECTED FOR THE STUDY

3.13.1 State Bank of India

State Bank of India (SBI) is India's largest commercial bank. SBI has a vast domestic network of over 10000 branches and commands one-fifth of deposits and loans of all scheduled commercial banks in India. The State Bank Group includes a network of eight banking subsidiaries and several non-banking subsidiaries offering merchant banking services, fund management, factoring services, primary dealership in government securities, credit cards and insurance. The eight banking subsidiaries are:

1. State Bank of Bikaner and Jaipur (SBBJ)

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1. State Bank of Hyderabad (SBH)
2. State Bank of India (SBI)
3. State Bank of Indore (SBIR)
4. State Bank of Mysore (SBM)
5. State Bank of Patiala (SBP)
6. State Bank of Saurashtra (SBS)
7. State Bank of Travancore (SBT)

The origin of State Bank of India date back to 1806 when the Bank of Calcutta (later called the Bank of Bengal) was established. In 1921, the Bank of Bengal and two other Presidency banks (Bank of Madras and Bank of Bombay) were amalgamated to form the Imperial Bank of India. In 1955, the controlling interest in the Imperial Bank of India was acquired by the Reserve Bank of India and the State Bank of India (SBI) came into existence by an act of Parliament as successor to the Imperial Bank of India. Today, State Bank of India (SBI) has spread its arms around the world and has a network of branches spanning all time zones. SBI's International Banking Group delivers the full range of cross-border finance solutions through its four wings - the Domestic division, the Foreign Offices division, the Foreign Department and the International Services division.

3.13.2. Bank of India

Bank of India was founded on September 7, 1906 by a group of eminent businessmen from Mumbai. In July 1969 Bank of India was nationalized along with 13 other banks. Beginning with a paid-up capital of Rs.50 lakh and 50 employees, the Bank has made a rapid growth over the years. It has evolved into a mighty institution with a strong national presence and sizable international operations. In business volume, Bank of India occupies a premier position among the nationalized banks. Presently, Bank of India has 2609 branches in India spread over all states/ union territories including 93 specialized branches. These branches are
controlled through 48 Zonal Offices. Bank of India has several firsts to its credit. The Bank has been the first among the nationalized banks to establish a fully computerized branch and ATM facility at the Mahalaxmi Branch at Mumbai way back in 1989. It pioneered the introduction of the Health Code System in 1982, for evaluating/rating its credit portfolio. Bank of India was the first Indian Bank to open a branch outside the country, at London, in 1946, and also the first to open a branch in Europe, Paris in 1974. The Bank has sizable presence abroad, with a network of 23 branches (including three representative offices) at key banking and financial centres viz. London, New York, Paris, Tokyo, Hong-Kong, and Singapore.

- Crossed 1000, and its global customer base 29 million people.

### 3.13.3. CANARA BANK

Canara Bank was founded in 1906 by late Sri. AmmembalSubbaRaoPai. The Bank was initially named as 'Canara Bank Hindu Permanent Fund'. It blossomed into a limited company in 1910 and was renamed as 'Canara Bank Ltd'. In 1969 the Bank was nationalized and thereafter came to be known as Canara Bank. Today, Canara Bank is one of the premier banks in the country with a network of 2513 branches spread all over the country. The Bank has many distinctions to its name. It was the first bank to be conferred the FICCI award for contribution to rural development. Canara Bank was the first among banks to launch networked ATMs and obtain ISO Certification. Canara Bank has carved a niche for itself in providing IT-based services. With 100% computerization of the branches, the bank provides a wide array of services, such as, Networked ATMs, Anywhere Banking, Telebanking, Remote Access Terminals Internet & Mobile Banking, Debit Card and so on.
3.13 4. Indian Bank

Indian Bank was established on August 15, 1907 as part of the Swadeshi movement. In 1969, the Bank was nationalized along with 13 other banks. Today, Indian Bank has a network of 1385 branches spread all over India. Indian Bank has an impressive international presence. The Bank has overseas branches in Singapore and Colombo including a Foreign Currency banking unit at Colombo. Indian Bank has 229 overseas correspondent banks in 69 countries. Indian Bank is engaged in diversified banking activities and has 3 subsidiary companies to look after them. These are: Indbank Merchant Banking Services Ltd, IndBank Housing Ltd., IndFund Management Ltd. Indian Bank is a front runner in specialized banking. The bank has 88 Forex authorized branches inclusive of 3 Specialized Overseas Branches at Chennai, Bangalore and Mumbai exclusively for handling Forex transactions arising out of Export, Import, Remittances and Non Resident Indian business. The bank also has 5 specialized NRI branches exclusively for servicing Non-Resident Indians and one Small Scale Industries Branch, extending finance exclusively to SSI units.

Indian Bank is a pioneer in rural development. It has launched several innovative loan products like Artisan Card, Kisan Card, Kisan Bike Scheme, and YuvaKisanVidyaNidhiYojana to meet diverse credit needs of farmers.

3.13.5. Indian Overseas Bank

Indian Overseas Bank (IOB) was founded on February 10, 1937 by Shri.M.Ct.M. Chidambaram Chettyar. IOB had the unique distinction of commencing business on the inaugural day itself in three branches simultaneously - at Karaikudi and Chennai in India and Rangoon in Burma (presently Myanmar) followed by a branch in Penang. Indian Overseas Bank was the first Bank to venture into consumer credit. It introduced the popular
Personal Loan scheme. In 1964, the Bank made a beginning in computerization in the areas of inter-branch reconciliation and provident fund accounts. IOB was one of the 14 major banks that was nationalized in 1969. On the eve of Nationalization in 1969, IOB had 195 branches in India with aggregate deposits of Rs.67.70 crores and Advances of Rs 44.90 crores. In 1977, IOB opened its branch in Seoul and the Bank opened a Foreign Currency Banking Unit in the free trade zone in Colombo in 1979. As of March 2003, IOB had 1427 branches in India and 6 branches overseas. Besides the Bank has a network of over 240 ATMs and 243 Extension Counters. IOB has specialized branches to cater to the exclusive needs of Commercial & Industrial credit, Industrial finance, Small Scale industries, hi-tech agriculture and foreign exchange.

3.13.6. Axis Bank Ltd.,

Axis Bank was the first of the new private banks to have begun Operations in 1994, after the Government of India allowed New private banks to be established. The Bank was promoted jointly by the Administrator of the specified undertaking of the Unit Trust of India (UTI - I), Life Insurance Corporation of India (LIC) and General Insurance Corporation of India (GIC) and other four PSU insurance companies, i.e. National Insurance Company Ltd., The New India Assurance Company Ltd., The Oriental Insurance Company Ltd. and United India Insurance Company Ltd. The Bank today is capitalized to the extent of Rs. 357.71 crore with the public holding (other than promoters) at 57.49%. The Bank's Registered Office is at Ahmadabad and its Central Office is located at Mumbai. Presently, the Bank has a very wide network of more than 827 branch offices and extension Counters. The Bank has a network of over 3595 ATMs providing 24 hrs a day banking convenience to its customers.
This is one of the largest ATM networks in the country. The Bank has strengths in both retail and corporate banking and is committed to adopting the best industry practices internationally in order to achieve excellence.

3.13.7. The KarurVysya Bank Ltd.,

The KarurVysya Bank Limited popularly known as KVB was set up in 1916 by the Late Shri M.A. VenkataramaChettiar and the Late ShriAthi Krishna Chettiar to inculcate savings habit and to provide financial assistance to traders and small agriculturists in and around Karur, a textile town in TN. KarurVysya Bank has a network of 234 branches and 5 extension counters spread over 11 States and 2 Union Territories. KarurVysya Bank is one of the early banks to adhere to the norm of Capital Adequacy Ratio stipulated by RBI right from its introduction. The Bank has been maintaining a healthy Capital Adequacy Ratio of over 16% as against the mandatory norm of 9% prescribed by the RBI.

3.13.8. Tamil Nadu Mercantile Bank,

The Tamilnad Mercantile Bank dates back to 1921. The idea to establish a bank for theNadar business community was first proposed at the annual meeting of the NadarMahajanaSangam held at Tuticorin in 1920. The bank was originally registered on 11 May 1921 as Nadar Bank Limited under the Indian Companies Act, 1913. M.V.ShanmugavelNadar was elected as the first chairman on 4 November 1921. The bank was opened to the public by T.V.BalagurusamyNadar on 11 November 1921 in Ana Mavanna Building at South Raja Street, Tuticorin. The bank was registered on 11 May 1921 as "The Nadar Bank Ltd". In 1937 Nadar Bank opened a branch in Ceylon, but by 1939 it had closed it. By 1947 the bank had only
four branches: Tuticorin, Virudhunagar, Madurai and Sivakasi. The bank opened its first Indian branch outside the state of Tamil Nadu in 1976 at Bangalore. The first new fully computerised branch opened at WGC Road, Tuticorin on 9 December 1984. The bank had established TMB.
The Bank has launched its ATM Card on 11 November 2003.

3.13.9. The South Indian Bank Ltd.,

The South Indian Bank Ltd was established by a band of enterprising men at a time when Swadeshi movement was gathering momentum. The Bank was established in Thrissur a major town in the erstwhile State of Cochin. The objective behind establishment of the Bank was to provide for the people a safe, efficient and service oriented repository of savings of the community on one hand and to free the business community from the clutches of greedy moneylenders on the other by providing need based credit at reasonable rates of interest. ICICI Bank Ltd, is the biggest shareholder of the South Indian Bank holding 11.25% of the bank's equity. Presently, South Indian Bank has a network of 450 branches and 45 Extension Counters spread over 19 States/UT.

South Indian Bank has

Several firsts to its credit

- FIRST among the private sector banks in Kerala to become a scheduled bank in 1946 under the RBI Act.
- FIRST bank in the private sector in India to open a Currency Chest on behalf of the RBI in April 1992.
- FIRST private sector bank to open a NRI branch in November 1992.
- FIRST among the Kerala based banks to offer a Credit Card to customers in November 1992.
- FIRST bank in the private sector to start an Industrial Finance Branch in March 1993.
• FIRST among the private sector banks in Kerala to open an "Overseas Branch" to cater exclusively to the export and import business in June 1993.
• FIRST bank in Kerala to develop in-house, fully integrated branch automation software in addition to the in-house partial automation solution operational since 1992.

3.13.10. The Lakshmi Vilas Bank Ltd.,

The Lakshmi Vilas Bank Limited (LVB) was founded eight decades ago (in 1926) by seven people of Karur under the leadership of Shri V.S.N. RamalingaChettiar, mainly to cater to the financial needs of varied customer segments. The bank was incorporated on November 03, 1926 under the Indian Companies Act, 1913 and obtained the certificate to commence business on November 10, 1926, The Bank obtained its license from RBI in June 1958 and in August 1958 it became a Scheduled Commercial Bank.

During 1961-65 LVB took over nine Banks and raised its branch network considerably. To meet the emerging challenges in the competitive business world, the bank started expanding its boundaries beyond Tamil Nadu from 1974 by opening branches in the neighboring states of Andhra Pradesh, Karnataka, Kerala, Maharashtra, Madhya Pradesh, Gujarat, West Bengal, Uttar Pradesh, Delhi and Pondicherry. Mechanization was introduced in the Head office of the Bank as early as 1977. At present, with a network of 246 branches, 5 satellite branches and 5 extension counters, spread over 14 states and the union territory of Pondicherry, the Bank's focus is on customer delight, by maintaining high standards of customer service and amidst all these new challenges, the bank is progressing admirably. LVB has a strong and wide base in the state of Tamil Nadu, one of the progressive states in the country, which is politically stable and has a vibrant industrial environment. LVB has been focusing on retail banking, corporate banking and banc assurance. The Bank's
business crossed Rs. 9,477 Crores as on March 31, 2008. The Bank earned a Net profit of Rs. 25.27 Crores. The Net owned Funds of the Bank reaches Rs. 417.68 Crores. With a fairly good quality of loan assets the Net NPA of the bank was pegged at 1.55 % as on March 31, 2008 down from 4.98% as on March 31, 2005