1. INTRODUCTION

Banks have been an indispensable part of our life. The banking industry, as it is today, is not a sudden development. It emerged out of a gradual process of evolution. To begin with, banking was neither an industry nor a trade. Its evolution shows much resemblance with the stages in evolution of money. Banking system remains focal point in the financial setup of any developing country. Banks are regarded as special, in view of their specialized functions in the financial intermediation and payment system. Banking plays an increasingly important role in nation’s economy. Undoubtedly, the evolution of banking started only after the evolution of money had reached advanced stages. The contingent and auxiliary functions of money gave rise to the business of banking. Several institutions involved in this business began to use the word ‘bank’. There is no unanimity among scholars about the derivation of the same. Occupying a pivotal position in the organized money market, it has acquired a special place with its large network of branches, with its huge deposits and advances. The long process of expansion, regulation and reorganization of banking can be dealt with the gradual change in the very concept of banking and with the entry of state in its administration; banking has assumed enormous importance as a subject of analysis and research.

In the modern money using economy, finance is the life blood of any industry. The ambitious plans of any organization would remain mere dreams unless adequate financial resources are available to convert them into a reality. In the early stages of industrial development, capital was not of much consequence and the financial requirements of an industry were limited. As industries grew, the methods of production became increasingly complex and round about, the tools and equipments became more expensive and the financial requirements of industries also grew. All these developments made industry “capital intensive” and capital became the most important factor of production. The banking system which constitutes the core of the financial sector plays a critical role in transmitting monetary policy impulses to the entire economic system. Money and finance is an important and necessary factor for economic development. Though finance is no means a substitute for real resources, it
has a crucial role in the economic development of the country. The financial system is concerned with money, credit and finance. Money is used as a medium of exchange and as a standard of value.

Modern age is the age of money. Any economic activity is not possible without money. In the words of Prof. Crowther, “Every branch of knowledge has its fundamental discovery. In Mechanics, it is the wheel, in science the fire, in politics the vote. Similarly in Economics, in the whole commercial side of man’s social existence, money is the essential invention on which all the rest is based.” Money plays magic on the people. And they work hard to earn money. They are prepared to do anything for money and money will do almost everything for them. It has now been recognized beyond doubt that money plays a significant role in the organization and growth of every type of economy. The economic development became possible with the help of money. Finance is the basic foundation to all kinds of economic activities. Finance is the provision of money at the time it is needed. Banks, now-a-days, are no more a mere lending and depositing institutions, they have become more than a financial intermediary by which it undertakes every activity of its varied customers in order to show how useful are the banks in every walk of life. In order to meet the challenges of the emerging competitive environment, the banks reoriented their strategies to bring innovation in their products and diversify their activities. This time these institutions operated primarily as term lending institutions confining themselves to few developed regions of the country. They used to perform the role of a channeliser rather than a financial intermediary. However, on sensing the ferocity of competition, the banks ushered in by change in government policy surpassed their traditional role to assume the role of a full fledged financial institution to render financial services to the needy customers and entrepreneurs.

Its importance lies in the fact that it places at the command of those who have the technical skill and entrepreneurial talent but lack in other means to acquire the capacity missing factors necessary for development. In a modern economy which in the process of changing or which has transformed its set-up to speed up the pace of development, these earlier arrangements for the provision of funds and for the payments with the transactions fall short, giving place to a much broader network,
acting as the bridge between the savers and investors and providing mechanisms for transfer of funds. Those who save do so out of the surplus of their incomes over what they spend. Those who invest for undertaking production, particularly on a larger scale, are likely to incur more by drawing upon the surplus available with others. An effective relationship between the two – the savers and investors in the form of mechanism for extending credit and the arrangements for transfer of funds is essential to the modern economy so as to facilitate mobilization and allocation of financial resources in the socially desirable and productive channels.

The financial system of any country consists of specialized and non-specialized financial institutions of organized and unorganized financial instruments and services which facilitate transfer of funds. Procedures and practices adopted in the markets and financial relationships are also parts of the system. The system has its relevance in any modern economy as it helps in the production and distribution of goods to achieve acceleration in economic development and enhancement of social welfare. A financial system serves as a link between savers and investors which helps in utilizing the mobilized savings of the scattered savers in more efficient and effective manner. It channelises flow of savings into productive investment. It helps in the selection of the projects to be financed and also reviews the performance of such projects periodically. It provides a mechanism for the transfer of resources across geographic boundaries and assists in managing and controlling the risk involved in mobilizing savings and allocating credit. The Indian financial system comprises the financial institutions which act as the intermediaries and facilitate smooth functioning by making investors and borrowers meet. They mobilize savings of the surplus units and allocate them in productive activities promising a better rate of return. Banks also act as intermediaries because they accept deposits from a set of customers and lend these funds to another set of customers i.e. borrowers.

Banks occupies a unique position among the financial institutions. This uniqueness of banking arises on account of the fact that among the various financial institutions banks alone have the ability to create money in the form of credit and thereby provide the economy with additional purchasing power and liquid invisible resources. Commercial banks act as financial intermediaries, i.e. intermediaries of saving and
investment. Traditionally a bank has been considered basically a business unit that aims at maximizing its own profit while undertaking its activities, its services to society being incidental to the basic objective of maximizing the profits. This orthodox view on the nature of a bank has undergone a change in recent years and the banking of a country is now being considered as constituting essentially and fundamentally the financial infrastructure of the economy rather than as a mere agglomeration of profit seeking business institutions.

The importance of commercial banks in the process of economic development has been recognized by all. The commercial banks play an important role in all economies. The role becomes more important in planned economies like India. It has a positive role to play in the economic development of the country as repositories of people’s savings and purveyors of credit, especially as the success of economic development on the mobilization of the resources and their investment in an appropriate manner.

A well developed commercial banking system is, therefore, one of the basic requirements of the rapid economic development of an underdeveloped country. In the beginning, Indian banking business functioned on small scale and with the objective of profit maximization. Hence, they provided credit facilities to the major and well established industrial and credit concerns. Their branches had also been located in the urban and metropolitan centres where these industrial houses were established. In a country like India, constitutionally committed to socialistic pattern of society, banks have an important role to play i.e. in the reduction of regional disparities. The introduction of social contract in the banking business envisaged new dimensions like involvement of commercial banks credit flow to the priority sectors namely agriculture, small scale industry, retail traders, small businessmen, professionals, self employed people and education. To extend banking facilities in unbanked and under banked centres especially in rural areas and to ensure an increased inflow of assistance to neglected sectors, the Government of India nationalized the four major banks in July 1969 and six banks in October 1980.
1.1 ROLE OF BANKS IN ECONOMIC DEVELOPMENT

Modern commercial banks had their origin in England. But the development of commercial banks in India and in other similar developing countries is different from the origin and growth of commercial banks in England in one significant respect. England had a well developed business system and trading industrial community before the modern trading institutions emerged from their ancestors like the merchant bankers, so the banking development in the country succeeded business and commercial development. The role of banks was limited to the provision of the short term working capital requirements for trade and industry and the banks had a little promotional role in banking system promoting new industries and manufacturing industries. However, the Indian commercial banks have been more dynamic during the period with the advent of planned economic development era, in as much as they have brought about change in their asset portfolio in the purpose wise distribution of bank credit and their operational techniques so as to adjust to the needs of the changing economy. The growth of banks in a developing economy has preceded industrial and business development in the country. Hence the banks have to play a more promotional role in a developing economy. Apart from their own banking network in the country and promoting the banking habits among the people, banks have to play a dynamic role in encouraging the development of productive activities in regions where they do not exist and which are conducive to such development. The commercial banks in the developing countries have much to learn from commercial banking practices of Germany which made the rapid industrial development during late half of the 19th and 20th century which was made possible by the vigorous role played by the banks in promoting new industries. As was observed by Dr. Jacob Goldschmidt, a German banker in his evidence before the Macmillan Committee in June 1930, “scarcely a single important company in Germany has been funded without the collaboration of a bank. Whether it is a case of converting a private firm into a limited company or exploiting a new invention by establishing a new enterprise, the assistance of a bank is always needed”. The banks play a significant role in the economic development of a country in the form of financial intermediaries, generation of savings, credit creation, and promotion of liquidity, interregional mobilization of
resources and by providing various subsidiary services. Savings and investment processes influence the economic development. The financial system has the scale and structure effect on savings. Economic development is an important aspect to the nation. The economic performance is reflected in the growth of income. Growth leads to rise in output and incomes. If the economy develops, the production of goods and services may increase. This situation may lead to a rise in consumption and the standard of living of people. Development means a rise in more income levels and qualitative improvement in the standard of living of the people. The development of any nation will depend on the financial architecture. The role of the financial system is to promote savings and investment in the economy. It has a vital role to play in the productive process and in the mobilization of savings and their distribution among the various productive activities. The banking system in India has come a long way during the last two centuries.

It has to be realized that financial scenario is undergoing a drastic metamorphosis, in view of the increasing deregulation and liberalization of economic policies of the government coupled with expanding technology and fierce competition, both domestic and international capital market has heightened, financing options have widened and above all dependence on capital market has increased. As a result no participant can be inward looking. The multinational entry and the foreign capital inflow into Indian corporate sector have changed the scenario. The financial system is regulated and supervised by two government agencies under Ministry of Finance viz; Reserve Bank of India and SEBI. The financial system refers to the whole gamut of institutional arrangements which help to mobilize financial surpluses of an economy and transfer them to areas of deficit. The financial system is the linchpin of a modern industrial economy. The financial system promotes savings by providing a wide variety of financial assets to the general public. Savings collected from the household sector are pooled together for raising production levels. If the allocation is socially equitable, it can help the uplift of weaker sections of the society and contribute to the speedy development of the backward regions of the country.
The process of economic liberalization in India, initiated in 1991, has impacted on the banking industry of the country significantly. Economic reforms over the last one and a half decades have radically transformed the operational environment of the banking sector. The nationalized banks, with their social obligations, were having a large number of branches operating manually and a huge customer base. However, with the coming of new private /foreign banks with their attractive products and services packages, the customers now have several options. The new services are fast luring the customers away from the nationalized banks which are slow to adjust to new environment. The banking sector is undergoing a sea change. It has to begin functioning increasingly under greater competitive conditions and face competition from private banks, foreign banks, capital market institutions and other non-banking financial institutions and adjust their programmes, policies and operations to the changing environment so as to ensure sustainability of operations. The nationalized banks continue to dominate the Indian banking arena, in terms of the extent of money transactions, spread of branches and serve as a useful institution for revenue generation. Importance of the banks in accelerating the economic growth of the country has been increasingly recognized. The growing competition among the banks is forcing the nationalized banks to provide prompt and reliable customer service and offer a variety of hi-tech banking products and services.

From the above said role and growth of banking industry one should not lead to the conclusion that all is well within this industry. The present study is an attempt to fulfill the critical gap in the “Indian Banking System – Managing New challenges”.

1.2 OBJECTIVES OF THE STUDY

Before we formulate a strategy, it is essential that we know about the objectives. We can not ignore the fact that the process of setting the objectives enables an organization to answer the key question-Where do they want to go? The existence of clear objectives improves coordination. Critical success factors for Indian Banking Sector today revolve around being more competitive in their chosen markets, delivering products and services to their customers “anytime/anywhere”, effective enterprise information management and optimized use of their technology and people resources.
The task before this sector is to transform our banking system from being a largely domestic one to truly international one. We have made tremendous strides in extending the reach of our banking system domestically but internationally the banking system is conspicuous by its absence. It has very few branches in other parts of the world and even these are mainly confined to India related business. It can not claim to have any significance in international banking.

Banking is a service oriented business requiring high levels of professional and personal skills and national boundaries are no longer very relevant in mobilization and allocation of resources and capital. Under the changing circumstances, there is no reason why India should not emerge as a major international banking centre, just as it has emerged as an important location in the field of information technology and software. The present study entitled, “The Indian Banking System - Managing New Challenges” has been undertaken to examine and analyze the problems and challenges faced by this sector. In the light of this, the study aims at fulfilling the following objectives:

1. To trace out the pattern of development of banking Sector in India through the years;
2. To study and analyze the reforms in Banking Sector after the recommendations of Narasimham Committee in 1991 & 1998;
3. To evaluate the developments in banking sector after liberalization,
4. To examine the extent of the performance of major banks in public sector and private sector;
5. To study the main problems and challenges faced by the banking sector,
6. To find out areas which require specific attention for the growth of banking industry, future opportunities and to give suitable suggestions for overcoming the problems faced in the management of Indian Banking System.
1.3 REVIEW OF LITERATURE

There has been a great deal of interest in the banking sector as a result of emerging trends and huge potential of this sector. Some research studies have been carried out on various changes and prospects of this sector. During the period of research libraries, banks and various institutions were visited. The research material and literature available there was studied which proved to be very useful in getting an insight into the main objectives of the study and in finalizing the methodology. Literature on and allied to the subject is scanned to appreciate the studies already undertaken by various scholars in the past so that one understands that this study is not a repetitive exercise on the same problem but is an endeavor to deal with the problem not attended to by anyone earlier. The review of literature is relevant for determining the objectives, hypothesis, importance and relevance of the study. One can gauge the necessity and object of the study by scrutinizing the literature already available on the subject. Such review justifies the study, checks the repetitive researches on the same subject matter. The researcher endeavored to study and appreciate the relevant literature on the topic from journals, books, newspapers and other available sources. The researcher went through the reports of the RBI, reports of development banking in India, Economic Surveys and Economic and political weeklies and noticed a number of allied and collateral studies already carried out on the subject at hand. As these studies related only to one or the other aspect of the problem, the totality of the same remained untouched. For this very reason, the results of these studies remained to the same segments and were too simplistic to take any follow up action. Some of the studies are more akin to the text-books than the research references. Some relevant abstracts from these studies are briefly discussed below:

In 1967, Sinha studied financial institutions with a view to evaluate their performance and concluded that the development financial institutions performed less and satisfactorily due to certain limitations of beneficiaries and lack of resources at their disposal\(^1\).
In 1969, Ghosh concluded that the financial institutions should play developmental role through socio-political framework and the banking system be made more development oriented. Central Banking in a planned economy – The Indian Experiment 1970 was the subject matter of research of Dr. C.R.Basu of Calcutta. Trends and progress of Indian Banking was scrutinized by Dr. (Mrs.) Manjula Bose of Jadhavpur (Calcutta), where as the nature and changes of the capital structure of Central Government companies from 1960-61 to 1969-70 was conducted in1980 by Dr. J.B. Sarkar of Burdwan².

Dr. S.P. Gupta of Bareily, in 1970, studied sources and uses of funds of Indian Scheduled Banks from 1968-73³.

In 1978, Belshaw and Gadgil analyzed the institutional and non-institutional credit and concluded that the lack of credit over the end use of credit resulted in misuse of credit and non-performing assets. Dr. B.K. Aggarwal of Agra in 1979 appraised the flow of capital in corporate enterprises (Private Sector) in India since 1956. It studied statutory financial corporations like IDBI, IFCI, ICICI, nationalized and non-nationalized banks⁴.

In 1979, Aggarwal conducted a study on nationalized banks and made recommendations for providing more branch offices to the public particularly in the semi-urban and rural areas and providing greater credit facilities to the public as well as to the priority and neglected sectors, which can help in generation and maintenance of employment opportunities⁵.

In 1981, Birla Institute of Scientific Research conducted a research on ‘Banks since Nationalization’ to evaluate the performance of nationalized banks in comparison with the banks in private sector. The study reveals that the growth and development in banking after nationalization was not just because of transfer of ownership, it was rather because various incentives and punitive measures were implemented with more vigilance and care after 1969 by the government and the Reserve Bank of India to make banks fulfill their social responsibilities. The performance of private sector banks in the post- nationalization period was note-worthy, especially because of the
odds they faced in securing the growth of the business. The achievement of significant high growth in deposits, advances, and branches etc. clearly showed the high quality of entrepreneurship and management of these banks⁶.

In 1982, Bilgarni, S.A.R. in ‘Growth of Public Sector – A Regional Growth Analysis’ concluded in his study on banking growth imbalances over a decade since nationalization in branch expansion, deposit mobilization, credit disbursement and priority sector lending that although regional and state-wise disparities in terms of banking services still exists, some healthy trends were developed significantly and if continued in future would further help in minimizing the widening gaps. It is only because of the sustained efforts to reform Indian Banking System, that it is much better equipped today to face the future with confidence⁷.

In 1983, Dr. B. Yerran Raju, Manager, SBI, Hyderabad studied impact of lead bank scheme of area development (A case study of Medak district). He covered in his study implementational aspect, resource mobilization, credit deployment potential of bankable areas⁸.

In 1983, Amandeep studied various factors which affect the profitability of commercial banks with the help of multiple regression analysis. She tried to determine the share of each of factor which determines the profitability of commercial banks. The trend analysis, ratio analysis and multiple regression analysis was effectively used to know the profitability of commercial banks⁹.

In 1983, Angadi and Devraj made a study based on financial statements. These authors found that besides the social responsibilities discharged by the public banks, deficiencies, ineffective mobilization of funds at lower costs, attractive retail banking, augmenting earnings from other sources etc. have contributed to decease in productivity and profitability in banks¹⁰.

In 1984, Dr. K Nayam studied the financial institutions including banks and concluded that the beneficiaries faced problems of dealings by the employees of the banks in respect of credits and deposits¹¹.
In 1984, P.N. Mishra undertook a research in the area of “The Development Banks and the new Entrepreneurship in India”. His sample included the specialized financial institutions (IDBI, IFCI, and ICICI) and state level institutions. He studied their performance over a period of two decades i.e. 1961-80. His conclusions regarding the role and contribution of these institutions in the development of entrepreneurship in India were not very encouraging and pleasing\textsuperscript{12}.

In 1994 Johri and Jauhari in his book on the ‘Role of Computers in Banking Operation Systems’ has analyzed the importance of computers in the banking industry. He also analyzed various issues related to computerization in banks in India. The advancement in computing has revolutionized the financial industry and the banking on the net is fast catching on. It has transformed the repetitive and overlapping systems and procedures into single key pressing technology resulting in speed, accuracy, and efficiency in the banking business. The information technology in banks has provided a major push for enabling them to enter into the newer activities. While the new generation private banks have taken an early initiative in these innovative areas, other banks are gradually catching up\textsuperscript{13}.

Bimal Jalan in his book ‘Indian Economy in the New Millennium’ 2001 has opined that there has been progressive intensification of banking sector reforms, and the banking sector as a whole is more sensitized than before to the need of internal strength and effective management as well as to the overall concerns for financial stability. He further points out that in view of greater disclosure and tougher prudential norms, the weaknesses in our banking system are more apparent than before\textsuperscript{14}.

K.P. Padamkumar in his book ‘Old PSBs in the New Millennium’ 2001 stays positive that even with the presence of new generation banks and large public sector banks, the old public sector banks have a significant role to play especially in their geographical areas of operation. He suggests that they need to concentrate on serving their niche areas and segments well. Such banks will have to think global and act local so as to stay relevant in the market at all times\textsuperscript{15}.
Avasthi G.P. and Sharma M. (2002-2003) in “Information Technology in Banking: Challenges for Regulators” points out that advances in technology are set to change the face of banking business and have emphasized the importance of computerization of the banking sector. They opine that a holistic approach to computerization will give banks an edge in customer services, better housekeeping and optimal use of funds. This will result in the state of art payment and settlement systems that make for efficient housekeeping in banks, better customer service and overall systematic efficiency-all based on information technology. Technology has transformed both the delivery channels used by banks in retail banking\textsuperscript{16}.

P.S. Shenoy, in his paper, ‘Remarkable Turnaround of Public Sector Banks’ 2007 has described that the real impetus to banking reforms has come from the forces of liberalization, privatization, and globalization of the economy. He further points out that these reforms have brought a paradigm shift in the profile of Public Sector Banks. Despite the many constraints still hampering their operations, the banks are still successfully steering through the choppy waters of change\textsuperscript{17}.

V. Raghunathan in his research paper’ Universal Banking- possibilities and pitfalls’ (2006) describes that convergence in the banking sector assumes significance because banks today no longer compete merely with other banks. They in fact compete with altogether different sectors. According to him the only problem that banking sector is likely to face in the process of integration is the relative lack of service costing culture in the country\textsuperscript{18}.

G. Sreekumar in the paper ‘The New Basel Accord’ 2007 opines that Basel-II may set in process of “re-intermediation” where the better borrowers thanks to the lower risk weights, will rather go to their bankers than access the capital market for their funding requirements\textsuperscript{19}.

After liberalization, there have been tremendous changes in this sector of the Indian economy but no comprehensive study has been done to observe the changes and suggest the improvements as a whole. Therefore, this study is an attempt to analyse
the changes, expectations and experiences of customers as well as banks in the public and private sector.

1.4 RESEARCH METHODOLOGY

Research methodology is the blue print of the research work. It is essential to anticipate all points which should be undertaken for the completion of research work. These steps are often referred to collectively as the research methodology. The Indian banking system can be broadly categorized into nationalized banks, private banks, cooperative banks and specialized financial institutions. The Reserve Bank of India acts as a centralized body monitoring any discrepancies and shortcomings in the system. Since the nationalization of banks in 1969, the public sector banks have acquired a place of prominence and have seen tremendous progress.

But after liberalization, private sector and foreign banks have started giving competition to public sector banks. The major differentiating parameter that distinguished these banks from all other banks in public sector was the level of service that was offered to customers. Increased competition compelled the public sector banks to wake up to the demand of the customer and this particular fact revolutionized the banking sector in India. A brief description of the sample design and methods of data collection adopted for the present study consisted of the following steps:-

I. **Data collection**

The present analysis is based on the primary and secondary data collected from Reserve Bank of India, SEBI and from various banks. The researcher, for obtaining general information and data relevant to study made visits to various Banks, Financial Institutions, Libraries, and ICSSR Documentation Centre, New Delhi. For collecting secondary data various sources like government gazettes, government publications, recent notifications, websites of concerned departments and ministries were used.
II. Survey Methods

For the purpose of this study the banking sector has been divided into two segments viz. Public sector banks and Private sector banks. The study of trends in ‘The Indian Banking System - Managing New Challenges’ is based on the data collected from the public as well as from private banks. The survey has been conducted through extensive personal interview method. It was deemed essential to pay personal visits to banks to collect such information which could not have been obtained otherwise. Personal visits helped in collecting first hand information regarding functioning of the banks and their specific problems. It also provided an opportunity to the researcher to have detailed discussion with the people working in the field and with the customers.

III. The Questionnaire

For the purpose of collecting facts and figures related to banking detailed questionnaire, separately for customers and banks covering different aspects of the study were prepared. In order to maintain uniformity, interviews were conducted on the basis of this structured questionnaire. It covered important aspects like customer satisfaction, their experience with the changes in technology i.e. Internet Banking, ATMs, Debit and Credit Cards etc. and the problems resulting from it, trustworthiness of private banks, difference in rates of interest of public and private banks, and changed scenario of loaning.

The questionnaire was prepared for public/private sector banks, which helped in analyzing the aspects like customer satisfaction, deceasing profitability, risk management, sharpening technological and human resources, innovating customized products, responsibilities towards corporate governance, meeting international standards, and feeling of competitiveness towards each other.

The secondary data of the public and private banks were collected from the Reserve Bank of India. Published reports and documents have also been used for the research work. Report of Reserve Bank of India on the trends and progress of banking in India,
Central Office Building, Shahid Bhagat Singh Marg, Mumbai for the period 2004-05 was also consulted.

IV. **Techniques of Analysis**

The information collected from both primary as well secondary sources was analyzed and interpreted with the help of various statistical tools using SPSS in order to arrive at meaningful conclusions. Statistical tools like Sampling Technique, Analysis of Variance, chi-square test were applied to the collected data to determine its significance and to analyse what significant changes and challenges have been brought by the emerging trends in this sector and how the customers are reacting to them and how banks are planning to manage them.

1.5 **LIMITATIONS OF THE STUDY**

During the field investigation some officials refused to give information out of the fear that the researcher might not cause any harm afterwards. This prevented the collection of data in an orderly and sequential manner. At the same time there were executives and officials who were ever willing and enthusiastic about explaining various problems being faced in the banking sector. They thought that by explaining their difficulties to the researcher the authorities may take corrective measures. But it is satisfying that all the necessary data and relevant information could be collected with the cooperation of a good majority.

1. 6 **ORGANIZATION OF THE STUDY**

The thesis has been divided into seven chapters dealing with different aspects of “The Indian Banking System – Managing New Challenges”.

Chapter I is an introductory chapter, which highlights the role of banks in economic development, objectives, scope, methodology and limitations of the study.
Chapter II presents a review of history and development of banking sector in India. It gives a brief account of origin of banking in India and the recent trends in the banking industry.

Chapter III deals with the need for reforms and institutional aspects of reforms with special reference to Narasimham Committee Report on banking sector reforms.

Chapter IV reviews the developments in the banking sector in India post liberalization and also looks at classifications of banks in various categories.

Chapter V gives an account of comparison of public and private banks. It also examines the role of Information Technology and Computerization as a business enabler for the banks in the current scenario with special emphasis on Electronic banking, Internet Banking, Plastic cards, Automatic Teller Machines, and Electronic transfer of funds.

Chapter VI deals with the problems and challenges faced by the Indian banks.

Chapter VII reviews the possible measures to face the challenges described in chapter VI.

Chapter VIII discusses the future opportunities in the banking sector including those arising out of changing regulatory scenario and technological changes.

Chapter IX is the concluding chapter and provides a brief summary of the present research and contains some important recommendations and suggestions for the betterment of the Indian Banking System.

These chapters are then followed by a summary highlighting the important findings of the research and the challenges and opportunities prevalent in the Indian Banking System.