ANNEXURES
SALIENT FEATURES OF BANKING OMBUDSMAN SCHEME 2006

The Banking Ombudsman Scheme, 2006 enables resolution of complaints of bank customers relating to certain services rendered by banks. It has been formulated by the Reserve Bank of India to provide an expeditious grievance redressal mechanism. It provides for an institutional and legal framework for resolution of complaints relating to banking services and other matters as specified under the Scheme. The Scheme has been brought into force by way of direction issued by the Reserve Bank in terms of Section 35A of the Banking Regulation Act, 1949. The Reserve Bank will also appoint its serving senior officials as the Banking Ombudsman and will also fully fund it for better effectiveness. The Scheme has come into force from January 1, 2006.

The Banking Ombudsman is a quasi judicial authority. It has power to summon both the parties – bank and its customer, to facilitate resolution of complaint through mediation.

Fifteen Banking Ombudsmen have been appointed so far with their offices located mostly in the state capitals. All Scheduled Commercial Banks, Regional Rural Banks and Scheduled Primary Co-operative Banks are covered under the Scheme.

The extent and scope of the new Scheme is wider than the earlier Scheme of 2002. The new scheme also provides for online submission of complaints. The new scheme additionally provides for the institution of an “appellate authority” for providing scope for appeal against an award passed by the Ombudsman both by the bank as well as the complainant.

Grounds for complaints

The Banking Ombudsman can receive and consider any complaint relating to the following deficiency in banking services:

- Non-payment of inordinate delay in the payment or collection of cheques, drafts, bills etc.
-Non-acceptance, without sufficient cause, of small denomination notes tendered for any purpose, and for charging of commission for this service;

-Non-acceptance, without sufficient cause, of coins tendered and for charging of commission for this service;

-Non-payment or delay in payment of inward remittances;

-Failure to issue or delay in issue, of drafts, pay-orders or bankers' cheques;

-Non-adherence to prescribed working hours;

-Failure to honour guarantee for letter of credit commitments;

-Failure to provide or delay in providing a banking facility (other than loans and advances) promised in writing by a bank or its direct selling agents;

-Delays, non-credit of proceeds to parties' account, non-payment of deposit or non-observance of the Reserve Bank directives, if any, applicable to rate of interest on deposits in any savings, current or other account maintained with a bank.

-Delays in receipt of export proceeds, handling of export bills, collection of bills etc. for exporters provided the said complaints pertain to the bank's operations in India;

-Refusal to open deposit accounts without any valid reason for refusal;

-Levying of charges without adequate prior notice to the customer;

-Non-adherence by the bank or its subsidiaries to the instructions of Reserve Bank on ATM/Debit Card operations or Credit Card operations;

-Non-disbursement or delay in disbursement of pension to the extent the grievance can be attributed to the action on the part of the bank concerned, (but not with regard to its employees).

-Refusal to accept or delay in accepting payment towards taxes, as required by Reserve Bank/Government.
- Refusal to issue or delay in issuing, or failure to service or delay in servicing or redemption of Government securities;

- Forced closure of deposit accounts without due notice or without sufficient reason.

- Refusal to close or delay in closing the accounts;

- Non-adherence to the fair practices code as adopted by the bank; and

- Any other matter relating to the violation of the directives issued by the Reserve bank in relation to banking or other services.

- Complaints from Non-Residential Indians having accounts in India in relation to their remittance from abroad, deposits and other bank-related matters.

Method for preferring complaint

For filing a complaint before the Banking Ombudsman, it is essential for a complainant to first attempt to find a satisfactory solution directly with the concerned bank by making a written representation. The complaint should, however, be made before expiry of period of one year after the cause of action has arisen. The complaint should not be for the same subject matter that was settled through the office of the Banking Ombudsman in any previous proceedings.

A complaint cannot be made before a Banking Ombudsman on the same subject matter for which any proceedings before any court, tribunal or arbitrator or any other forum is pending or a decree or award or a final order, has already been passed by any such competent court, tribunal arbitrator or forum.

The aggrieved person can file his complaint before the Banking Ombudsman if the reply is not received from the bank within a period of one month, after the bank concerned has received his representation, or the bank rejects the complaint, or the complainant is not satisfied with the reply given to him by the bank.
A complainant can file a complaint with the Banking Ombudsman simply by writing on a plain paper. He can also file it online (at www.bankingombudsman.rbi.org.in or by sending an email to the Banking Ombudsman. There is also a prescribed form for filing a complaint, which is available with all the branches of the banks. However, it is not necessary to use this format. The complainant should, however, incorporate all the required information. The complaint can be filed by an authorized representative (other than an advocate) of the complainant. The Banking Ombudsman does not charge any fee for resolving customers’ complaints.

The complaint should have the name and address of the complainant, the name and address of the branch or office of the bank against which the complaint is made, facts giving rise to the complaint supported by documents, if any, the nature and extent of the loss caused to the complainant, the relief sought from the Banking Ombudsman and a declaration about the compliance of conditions which are required to be complied with by the complainant.

**Settlement of the complaint**

The Banking Ombudsman endeavours to promote, through conciliation or mediation, a settlement of the complaint by an agreement between the complainant and the bank named in the complaint.

If the terms of settlement (offered by the bank) are acceptable to the complainant in full and final settlement of his complaint, the Banking Ombudsman will pass an order as per the terms of settlement which becomes binding on the bank and the complainant.

If a complaint is not settled by an agreement within a period of one month, the Banking Ombudsman proceeds further to pass an award. Before passing an award, the Banking Ombudsman provides reasonable opportunity to the complainant and the bank, to present their case.

For passing an award, the Banking Ombudsman is guided by the documentary evidence placed before him by the parties, the principles of banking law and practice, directions, instructions and guidelines issued by the Reserve Bank of India and such other factors,
which in his opinion are necessary in the interest of justice. However, the power to give an award directing payment is restricted to Rs. 10.00 lacs only.

Acceptance of an award

After an aware is passed, its copy is sent to the complainant and the bank. It is open to the complainant to accept the award in full and final settlement of his complaint or to reject it.

If the award is acceptable to the complainant, he is required to send to the bank, a letter of acceptance of the award in full and final settlement of his complaint, within a period of 15 days from the date of receipt of the copy of the award by him. A complainant can also make a written request to the Banking Ombudsman, for extension of time with the reasons for seeking such extension. If the Banking Ombudsman is satisfied with the reasons stated by the complainant in his letter of request for extension of time (for sending his letter of acceptance of the award), he may grant extension of time up to further period of 15 days for such compliance.

If the bank is satisfied with the award, within a period of one month (from the date of receipt of letter of acceptance from the complainant of the award in full and final settlement of his claim in the matter), the bank is required to comply with the award and intimate the compliance to the Banking Ombudsman.

Appeal against the award

If the complainant is not satisfied with the award passed by the Banking Ombudsman, he can approach the appellate authority (The Deputy Governor, Reserve Bank of India) against the Banking Ombudsman’s’ decision. The rejection of an award by the complainant, however, does not affect any other recourse and/or remedies available to him as per the law.

Similarly, the bank also has the option to file an appeal before the appellate authority under the scheme.
Either party aggrieved by the award may, within 45 days of the date of receipt of the award, appeal against the award before the appellate authority. The appellate authority may, if he is satisfied that the applicant had sufficient cause for not making an application for appeal within time, also allow a further period not exceeding 30 days.

The bank can appeal only with the prior sanction of Chairman and Managing Director or Executive Director of the Bank.

Disposal by the appellate authority:

The appellate authority may

i. dismiss the appeal or

ii. allow the appeal and set aside the award or

iii. send the matter to the Banking Ombudsman for fresh disposal in accordance with such directions as the appellate authority may consider necessary or proper or

iv. modify the award and pass such directions as may be necessary to give effect to the modified award or

v. pass any other order as it may deem fit.

Other features

The Banking Ombudsman may reject a complaint at any stage if it appears to him that a complaint made to him is:

- frivolous, vexatious, malafide or without any sufficient cause or
- that it is not pursued by the complainant with reasonable diligence or
- in the opinion of Banking Ombudsman there is no loss or damage or inconvenience caused to the complainant or
- beyond the pecuniary jurisdiction of Banking Ombudsman or
- in the opinion of the Banking Ombudsman the complicated nature of the complaint requires consideration of elaborate documentary and oral evidence and the proceedings before him are not appropriate for adjudication of such complaint.

The adjudication of pending complaints and execution of the awards (already passed before coming into operation of the Banking Ombudsman Scheme 2006), will continue to be governed by the provisions of the earlier Banking Ombudsman Schemes, 1995 and 2002.
ANNEXURE-2
GOIPORIA COMMITTEE RECOMMENDATIONS:
CUSTOMER CHARTER / CUSTOMER SERVICE AUDIT
(List of 25 important recommendations accepted by RBI/Banks for implementation)

<table>
<thead>
<tr>
<th>Recommendation No.</th>
<th>Particulars</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.1</td>
<td>Fixing the working hours of the staff 15 minutes before the start of business hour</td>
</tr>
<tr>
<td>3.2</td>
<td>Attending of all customers who enter the banking hall before the close of business hours</td>
</tr>
<tr>
<td>3.3</td>
<td>Extension of business hours up till an hour before the closing of working hours for non cash transactions</td>
</tr>
<tr>
<td>3.4</td>
<td>Devising appropriate procedure for ensuring that no counter remains unattended during business hours</td>
</tr>
<tr>
<td>3.5</td>
<td>'Enquiry' or 'May I help You' counters near the entry point</td>
</tr>
<tr>
<td>3.7</td>
<td>Acceptance of small denomination notes</td>
</tr>
<tr>
<td>3.10</td>
<td>Exchange of soil and mutilated notes</td>
</tr>
<tr>
<td>3.12</td>
<td>Improvement in stitching of note packets</td>
</tr>
<tr>
<td>3.13</td>
<td>Amendment to the account opening forms to incorporate the name and address of the nominee</td>
</tr>
<tr>
<td>3.14</td>
<td>Banks should endeavour to cover nomination of all accounts</td>
</tr>
<tr>
<td>3.17</td>
<td>Devising controls to ensure that passbook are updated on an ongoing basis and complete and correct particulars are written in legible hand</td>
</tr>
<tr>
<td>3.18</td>
<td>Need to educate customers to submit passbooks regularly for updating</td>
</tr>
<tr>
<td>3.19</td>
<td>Timely dispatch of statement of accounts- pre demarcated folds/flaps to obviate the need for envelopes</td>
</tr>
<tr>
<td>3.20</td>
<td>Proper publicity to make the public aware of various deposit schemes and specifically about availability of monthly interest on term deposits at a discounted rate.</td>
</tr>
<tr>
<td>3.24</td>
<td>Term Deposits: prompt communication by the banks to their branches of notification by Reserve bank of India. Making changes in interest rates on deposits and acceptance of deposits quoting provisional rate of interest.</td>
</tr>
<tr>
<td>3.25</td>
<td>Deposit schemes: providing advisory services</td>
</tr>
</tbody>
</table>
3.26 Guidance to customers: brochures/pamphlets giving details of various schemes and terms and conditions there of

3.33 Cheques/Drafts: delay in collection payment of interest at 2% above SB interest

3.34 Delay in collection of bills: where delay in crediting bill proceeds can be attributed to the bank, it should pay interest to the lodger for the delayed period at the rate of 2% above savings bank interest rate

3.35 Delay in collection of exports proceeds: payment of interest

3.36 Dishonoured instruments may be returned/dispatched to the customer within 24 hours

3.37 Recovering overdue interest on instruments including bills purchased/discounted by banks after excluding postal delays beyond seven days

3.38 Delay in collection Reimbursement of interest to the collecting bank by the paying bank when such delays can be attributed to the paying bank

3.39 Telegraphic Transfers (TTs) issued and payable at Area I centers including state capitals may be value dated on third day, other remittances may be credited on receipt of telegram or confirmation thereof whichever is received earlier

3.40 Delay beyond eighth day in crediting mail transfers (MTs) may be compensated by paying interest at 2% p.a. above savings bank rate and paying such interest if it is Rs.5/- or more

3.42 Simultaneous appraisal of the loan proposals with a view to reduce the delays in sanctioning

3.43 Loan proposal: deputing of processing officers to visit branches

3.44 Loan proposals: simultaneous appraisal

3.46 Loan proposals: summarization of the norms relating to various loan schemes

3.47 Consortium loan: conveying the sanction to the consortium borrowers within a period 45 days

3.52 Identity badges

3.53 Job enrichment: periodic change of departments and allocation of job carrying higher responsibilities

3.54 Devising training programme suited to various areas

3.55 Induction training to new recruits
3.56 Training programmes conducive to employees aptitude and also in the areas of international banking, industrial finance, merchant banking etc.

3.57 Training programmes conducted by NIBM

3.58 Greater attention to process of selection of training faculty

3.60 Reward and recognition

3.62 Workers participation in management

3.64 Effective use of communication network by the banks

3.65 Systems and procedure

3.67 Complaint book with perforated copies in each set may be introduced, so designed as to instantly provide an acknowledgement to the customer and an intimation to the controlling office

3.68 Branch level Customer Service Committees should be rejuvenated

3.69 Periodical meetings should be held with customers and their representative bodies

3.70 Customer relation programme

3.71 Inspection/audit reports

3.80 Infrastructure facilities at branches should be upgraded by bestowing particular attention to providing adequate space, proper furniture, dining, water facilities, etc.

3.81 Opening of specialised branches for SSI, small business, large industry, govt. business etc.

3.86 Customer education both in regard to rights and responsibilities in dealing with banks. Involvement of employees in all customer education programme

3.88 Security arrangements

3.91 Answering routine customer queries over telephones by introducing a password

3.93 Introduction of annual award and/or running shield for branches showing best management of customers' complaints

3.95 Non banking services

3.96 Time norms for specialised business transactions should be displayed predominantly in the banking hall

* Immediate Credit for Outstation and Local Cheques - Enhancement of Ceiling amount to Rs.15,000/-
** Revision of guidelines - For delay in crediting the proceeds of outstation instruments

a. To pay interest at rate as applicable for appropriate tenor of FIXED DEPOSIT for delay beyond 10/14 days

b. To pay penal interest at the rate of 2 percent above FIXED DEPOSIT for abnormal delay

X
ANNEXURE-3

KALDATE PANEL ON CUSTOMER SERVICE IN BANKS

Some of the important recommendations are as under:

1. RBI had not developed any mechanism to receive any feedback on implementation of the Goiporia committee recommendations. The government should issue directions to get a report from all banks on the above half yearly basis.

2. Banks were yet to devise a satisfactory training programme to bring about positive attitudinal changes compatible with customer orientation.

3. The panel added that the Goiporia committee recommendations on proper training of bank employees be fully implemented without further delay to improve customer service.

4. Banks evolve a suitable system of reward and recognition so that the employees with a casual and indifferent approach towards their customers were put into a disadvantageous position.

The employees of the bank be rated on the basis of customer satisfaction due to their prompt and efficient work and that such employees be rewarded through various incentives.

5. The induction of a single-window concept in the banks for issuance of drafts and bankers cheque or pay orders was one of the most important aspect of customer service.

6. Extending password facility to customers.

7. Bank to encourage 'think-tanks' at the higher levels to evolve innovative schemes to attract more deposits and upgrade customer service.

8. Customer oriented training programme be organized by the banks for employees to create awareness on customer service.
Preamble
Improving customer service in banks has been receiving serious attention of Reserve Bank of India for the last few decades. In the recent period the Reserve Bank of India has taken various steps to ensure that services rendered by bank, to customers in general and to "common man" in particular meet the genuine requirements. In this direction, Reserve Bank of India constituted the Committee on Procedures and Performance Audit of Public Services, under the Chairmanship of Shri S.S.Tarapore to study the customer service prevailing in banks with the primary objective of providing hassle free service to the common man. It went into all aspects of banking service and made a number of recommendations, to ensure continuous upgradation in the packages of services against the benchmark, reflecting the best practices. One of the recommendations of the committee, in this direction, is for setting up Banking Codes and Standards Board of India, on lines with similar bodies functioning in other countries.

Reserve Bank of India, since January 2006, is administering the revamped Banking Ombudsman Scheme, as a mechanism for redressal of individual grievance. However, it does not address to the systemic deficiencies existing in banking sector. Therefore, BCSBI was promoted by Reserve Bank and eleven public sector banks, private sector banks and foreign banks. It is not a Department under the control of RBI, but "An independent and autonomous watch dog to monitor and ensure that the Banking Codes and Standards adopted by the banks are adhered to in true spirit while delivering their services".

Constitution
BCSBI has been registered as a separate Society under the Societies Registration Act 1860. The membership is restricted to scheduled commercial banks. Presently 67 banks have registered their intention to become members. It is said that these 67 banks cover almost 98% of the total domestic assets of scheduled commercial banks as well as 98% of the total number bank branches and 98% of the total number of savings bank accounts.
BCSBI, in a sense, is a true independent body providing RBI "necessary supervisory comfort".

**Code of commitment**

BCSBI, together with Indian Banks Association has brought out a Code of Bank’s commitment to customers, which each member bank will make available free of cost to each individual customer. It has come into effect from 1st July 2006. While releasing the code of commitment, RBI Governor remarked that "The code signifies the first formal collaborative effort by RBI, the banks and the newly set up BCSBI to provide a framework for a minimum standard of banking services which individual customers can legitimately expect". It is a voluntary code which sets minimum standards of banking practices for banks to follow when they are dealing with individual customers. It provides protection to customers and explains how banks are expected to deal with customers in their day to day operations.

**Objectives of the code**

The objectives of the code are spelt out by BCSBI as follows:

1. To promote good and fair banking practices by setting minimum standards in dealing with customers
2. To increase transparency so that customers have a better understanding of what they can reasonably expect of the services
3. To encourage market forces through competition to achieve higher operating standards
4. To promote a fair and cordial relationship between the customers and the Bank
5. To foster confidence in the banking system.

**Application of code**

The code will apply to all products and services of the bank. An illustrative list is given below:

1. Current Accounts, Savings Accounts, Term Deposit Accounts, Recurring Deposit Accounts, PPF accounts and all other Deposit Accounts
2. Payment services such as Pensions, Payment Orders, remittances by way of Demand Drafts, wire transfers and ABB transactions.

3. Services related to Government transactions

4. Demat accounts, equity, Government Bonds

5. Indian Currency Note exchange facility

6. Collection of cheques, safe custody services, safe deposit locker facility

7. Loans, Advances and Overdrafts.

8. Foreign Exchange services including money changing

9. Third party insurance and investment products sold through our branches

10. Card products including credit cards, debit cards, ATM cards

11. Settlement of claims of deceased constituents’ accounts.

12. Letters of Guarantees and Letters of credit

13. Internet Banking

In the areas mentioned above, the Code dwells upon interest rates, tariff schedule, terms and conditions governing relationship between the bank and the customer, compensation of loss, privacy and confidentiality of the information relating to the customer, norms governing advertisements, marketing and sales by banks. Under each area, finer aspects such as KYC guidelines, switching from one type of account to another type (e.g. SB To CA), Minimum balance stipulations, statement of accounts, premature withdrawal of TD, Special types of accounts, Operation in dormant accounts, closing of accounts, cash transactions, standing instructions, stop payment facility etc are covered under the Code. It is obligatory on our part to strictly adhere to the laid down systems and procedure, and any deviation to the detriment to the interest of the customer will attract the penal provisions of the Code.

**Key Commitments**

All member banks, as a sequel to the strict compliance of the Code, are required to expressly declare their commitments to their customers, as indicated below:

1. To act fairly and reasonably in all our dealings with the customers

2. To help the customer to understand how our financial products and services work.
3. To help our customers to use their accounts by keeping them appraised of changes etc.

4. To deal quickly and sympathetically with things that go wrong

5. To adopt and practice non-discrimination policy

**BCSBI and individual grievance redressal**

As already stated, BCSBI primarily addresses to the systemic deficiencies leaving the redressal of individual grievances for other channels. The Board, therefore, requires Banks to benchmark Grievance Redressal Mechanism by properly laid down internal procedures. Details such as where to lodge complaint, before which it should be lodged, normal period for redressal etc should be spelt out in no uncertain terms by each Bank.

**Code compliance officer**

The General Manager, Customer Service Department is designated as the Code Compliance Officer for the Bank. In addition, Field General Managers and the Regional Heads are also designated as Code Compliance Officers for the respective areas of operation of these officials.

**Obligations of the member banks**

1. Member bank shall provide BCSBI with such information as BCSBI may require from it from time to time to discharge its function of monitoring compliance with the Code.

2. Authorised representatives of BCSBI shall be entitled to visit the premises of any member bank to verify and gather such information deemed necessary for monitoring compliance with the Code.

3. Incognito visits may also be undertaken to the branch/office premises of the member banks

4. Member banks shall make public in its Annual Report
Breach of the code

Failure to comply with or fulfill any commitment or any obligation in full or in part thereof, under the code shall constitute a breach. Disciplinary action will be initiated against the non-compliant bank by the board, by seeking clarifications, if necessary, from the Code compliance officer. The Breach by a member bank, if established, shall render it liable to sanction. No sanction shall be imposed on any member without giving it an opportunity of hearing by the BCSBI.

Sanctions

Considering all aspects of the breach and its actual and potential harm to customer and damage to the reputation of the banking industry, the Board may impose any one or more of the following sanctions:

1. The publication of the member bank’s name and details on the breach in the annual report of the Board
2. To issue directions as to future conduct of the member bank
3. The issue of a warning or reprimand to the member bank
4. Cancellation or suspension of membership for a limited period
5. Public censure of the member bank by notifying the media of the finds in respect of the breach and posting the press release on Board’s website.

Board will inform RBI the details of the breach and the sanctions imposed.

Therefore, the breach of the Code may cause damage to the reputation of the Bank, even though no monetary penalty is prescribed.

Operational Instructions

Eventhough the activities envisaged by the Board is in nascent stage, Board requires banks to get geared up in this regard. In this direction, following measures are to be ensured by Code compliance officers and the branches / offices of the banks.
1. Name, addresses and contact details of Code compliance officers shall be notified to the BCSBI and shall be displayed at the branches falling under his jurisdiction.

2. The Code compliance officer shall maintain a register to keep record of all breaches within his jurisdiction of which he becomes aware and also the details of the remedial action taken.

3 The Code compliance officer shall inform the Board of every breach within 7 days and the remedial action taken therein, within 15 days of the breach being brought to his notice.

4 It is to be brought to the notice of the customers that customer should first approach the help desk of the branch. In case the issue is not resolved, the Code compliance officer of the bank may be approached by the customer In case the issue is still not resolved within 30 days to the satisfaction of the customer, he/she should take up the matter with Banking Ombudsman.
SOCIAL BANKING

Growth and social justice has been the avowed goal of social banking. It’s mission is to improve the living standards of the poorest groups in the society and to work for reduction of inequalities in asset distribution as envisaged in the national plans.

Evolution of social banking

The concept of social banking is mainly concerned with social lending. The nationalization of bank in India in 1969 has brought about sea-changes in the functioning of banks. The social control on banks has changed the commercial banks from class banking to mass banking.

The banking and social lending were more concerned with the economic parameters such as employment, income generation etc. Banks use to keep in view the actual benefits that would accrue too the society as a whole.

The greater thrust in social banking is to have more at concessional rates of interest and imparting benefit to the needy weaker sections, who constitute larger proportion in our society. This is called “social lending”.

In the post nationalization era of banking till the globalisation era, banks are identified as agencies for lending more to the weaker sections of society whether in the rural or otherwise.

Main objectives of social banking

The objective of nationalization of banks was to actively foster the growth of new and progressive enterprises and to create fresh opportunities for hitherto neglected and backward areas in different parts of the country. The sole objective was to accelerate development and thus make a significant impact on the problems such as poverty and unemployment.

- To bring about progressive reduction of disparities between the rich and the poorer sections of our people.

- Reduction in disparity between advanced and backward areas of the country.
• Emphasis on the rural development of the country since the poverty is presumed to be predominant in rural areas.

Social banking concept consists of expansions of banking activities in unbanked areas particularly in semi-urban and rural areas. The activity includes both inviting deposits and lending as done in normal banking activity. The nationalization of banks has changed this normal objective of banks and concentrated on lending activities as a developmental approach. In this context, the very meaning of social banking has changed to social lending.

As a part of social banking, the nationalized banks were entrusted with the task of actively fostering the growth of new and progressive enterprises with a view to create opportunities on increasing scale in the so far neglected and backward sectors in various parts of the country.

It is analysed that poverty is prevalent in rural India and the main emphasis was laid on rural development to accelerate growth. In this task of rural development, commercial banks have been identified with their vast resources and strong organizational backing as best suited for implementation of various poverty alleviation programmes enunciated by the government.

It was the beginning of the era of social banking process after post nationalization in 1969. The Government policy with regard to Banks has been to ensure penetration of banking activities into rural areas.

Commercial banks did not extend their activities to rural areas due to historical reasons. Bank credit was made available to few leaders in commerce and industry. This has resulted in lopsided development in banking. Social banking gave a thought for credit deployment and spread of activities in rural areas.

Social banking began extending credit to hitherto neglected sectors, providing filling to new entrepreneurs and help remove regional disparities and promotion of rural development. DRI scheme was introduced to help the poorest to lend at lowest rate of interest to improve economic conditions of low income groups.
Banks, development agencies felt that there is a need for Integrated Rural Development Programmes as a part of social banking. As a result of which, the IRDP, SFDA, DPAP and CAD programmes were launched to increase social lending activity.

There was a direction from the government to ensure bank advances are given increasingly to the weaker and privileged sectors. Anti poverty programmes and 20 point programmes were introduced. These programmes were implemented in their lending process by commercial banks, RBI and cooperative banks as a part of a social lending. Social banking is thus aimed at growth, resulting in expansion of employment opportunities and removal of poverty in the country.

**Why banks have aversion to social banking?**

Banks were averse to social banking, since the rural branches usually takes 4-5 years to break-even. As a result of which rural branches incurred losses. Since the ascent of branch expansion has been in rural areas, the number of loss making branches substantially increased. It has become a drag on the profitability. Revenue yields from the new rural branches were not commensurate with the cost of operating the new branches. Large portion of bank finances were locked up in sick industrial units, which has adversely affected bank’s profitability. This trend has become a constraint for recycling of funds and accelerates the turnover of investment. Ultimately banks suffered losses due to very thin margin of interest earned on rural lending.

Due to granting of various concessions, writing off bad and doubtful debts (NPAs), non recycling of funds due to blockage in sick units, managerial and administrative expenses to monitor the funds, badly affected the credit portfolio of banks.

One of the biggest problems in the social lending by banks is in the area of recovery. Apart from the natural calamities, willful defaults by the borrowers have badly affected the recovery position. Political interference and relief announced by the governments also have an impact in banks profitability. It is necessary both in the interest of the beneficiaries as well as the banks, are that timely recoveries are affected. The number of willful defaulters is more in the segment of large borrowers who are influential in the village. These defaulters seriously impair the ability of the banks to recycle the funds.
Due to all these reasons, there is a greater feeling that social lending would erode the profitability of the banks as the social lending are generally at confessional rates.

Banks showed least interest in social lending, in schemes like DRI loans, PMRY scheme, IRDP, Rural Landless Employment Guarantee Scheme (RLEGPS), Training of Rural Youth for Self-Employment (TRYSEM) etc. because of political interference and pressure exerted on the bank managers by leaders. These loans were not repaid by the beneficiaries rendering those NPAs. Banks lost huge chunk of funds in write-offs, one time settlements. Profitability reduced due to lesser margins of interest income, huge legal expenses for process etc. Poor recovery and mounting overdues in loans given under social lending schemes encourage inhibition in banks and financing agencies to lend further.

"Bank nationalization was intended to allow the state to target financial backwardness as a means of promoting social objectives. The main aim was to reduce and equalize the average population per bank branch across Indian states."

Though the banks are averse to social banking for various factors as cited, banks should keep in view the real benefits that would accrue to the society as a whole.

**Problems in social lending as a part of social banking**

There are several problems encountered in implementing social banking programmes concerned by the planners of the nation. The problems may retard the desired results; ultimately the programmes become a failure.

- Shortage of resources is the basic problem in social lending. To combat this constraint banks have to group themselves to mobilize community’s savings in sizeable quantity. Besides, banks have to make suitable adjustments in deployment of credit keeping in view the available resources.

- Lack of co-ordination between banks and different government agencies like DRDA, solicited by the banks from these agencies for successful implementation of social lending schemes.
• In this direction consultative committees at various levels i.e. state, districts, blocks etc. should work for mutual co-ordination.

• Lack of understanding in the credit administration, improper identification of beneficiaries under various programmes has rendered the loans going out of order and banks had to invoke guarantee.

• Misuse of loans by the borrowers for the purpose other than the purpose lent defeating the very objective of social lending.

• Recovery of loans is one of the biggest problems. All priority sector loans should be brought under the scope of the legislative provision of recovery as suggested by Talwar Committee.

Problems in recovery may be summed up as under:

• Willful default on the part of the beneficiary/borrower.

• Misutilization of the loan proceeds

• Diversion of Income earned out of the investment for other purposes.

• Enormous delay in completion of investments, abandonment or neglect of investment.

• Implementation of scheme envisaged is not in order.

• Disposal of assets without the knowledge of the Financial Institution.

In order to avoid these problems in social lending, the planners should have a fresh thinking and formulate solutions for alleviating the poor from the poverty trap. Permanent income generating, profitable and viable schemes should be offered to enable banks to repose confidence in social lending activity through social banking.

The schemes formulated should consider the forward and backward linkages, required for proper implementation of the schemes. The programmes envisaged should be considered with consultation but never in isolation.
How to improve profitability despite losses in social lending

In the task of emancipation of poverty, concessional finance is provided to the target groups of borrowers, commercial banks cannot give up the profit motto. On the other hand banks have priority for social responsibility of their business, involvement of banks in realizing the social objectives. Social lending and profitability are not compatible. Banks have to strive hard in other areas of Banking and improve their efficiency of operations to earn profits and become viable institutions to sacrifice for social banking. In order to balance the losses that may occur in the social lending, Banks have to build up adequate reserves to cover risks inherent in the system and quality of operations should be improved. In this context, RBI and Government have initiated measures and extended relief as well as relaxations under provisions of Income Tax Act. Like Interest tax was abolished in 1985; interest earned by banks on government securities held by them is exempted from tax.

Banks are in the business to earn profits. Proper planning for higher profits is the important role play of individual bank managements. Banks should be financially sound to gain confidence from the public. Without adequate profits, banks cannot fulfill their social banking obligation for a long time. There is a need for improving the performance as well as operational efficiency, without overlooking the social objectives. An adequate spread between income and expense is the main essence of profit planning. Branch expansion, resources mobilization, proper credit deployment, fund management, systems and procedures, organization and personnel, technology implementation training, house keeping, customer service, productivity are the essential elements of profit planning.

Efficiency of operations, expansion of business operations to new areas and activities, will improve profitability, at the same time help banks to continue with the objective of social lending.

Present trends in social banking: impact of globalisation

Commercial Banks have not been successful in servicing the development needs of the poor, given their profit orientation and style of operations. The transaction cost of servicing the poor has proved too high for commercial banks.
After the globalisation of the economy, the India political scenario has realized that country cannot shine without a glitter in rural India. The present trend is that development is the priority over rhetoric. Government is chasing for Foreign Direct Investment (FDI) into village development. Electricity, drinking water and roads development are the priority of rural development in India. In the post nationalization era, till globalisation, banks found India as a credit trap. Now the attitude is changed and they found a large business potential. Bankers began blending the social lending and development ;with business to make the rural mass to accept the concept.

Farmers clubs as envisaged in Indira Gandhi and Vikas Volunteer Vahini will play a vital role in exploiting rural banking potential in a healthy environment.

In the globalisation environment, bankers learnt to adapt social banking to activate the credit cycle, though it is still a challenging task, since the credit cycle is not understood by the village beneficiaries.

Branch licensing policy succeeded in forcing commercial banks to open branches in backward rural location. Without government coercion, it is unlikely that the large majority of India’s rural poor would have been reached by banking services.

In the past, due to politics, waiver of loans, frequent loan melas, bankers were not enthusiastic to accelerate lending.

There has been a revolutionary shift of focus from the metropolitan and cities to rural India as the villages are formed to be potential money spinners. The food processing and export of agricultural products are gaining momentum due to entry of several Indian companies and MNCs into rural India market. Banks are keen to tap this credit deployment potential. There are more than 60,000 branches of commercial banks in rural India. They are activating their credit cycle to extend lending to rural industries. They began thinking that credit should go and must flow back for recycling.

“Development through Credit” to villages is the motto of banks now. Banks are aimed to weed out NPAs and become operationally fit to cater to the needs of rural industries.

NABARD guides banks in formation of Vikas Volunteer Vahini Clubs to spread the message of social banking.
The clubs are self help groups in helping banks to identify the borrower, recovery of loans, preparing plans, identifying potential business activities etc. The clubs work as intelligence network between various agencies and NGOs. The clubs will also take up various social service activities.

The focus of commercial banks has shifted to rural India and social lending has gained priority due to globalisation and entry of MNCs and FDI.

How to implement Social Banking effectively?

In order to implement social banking effectively, innovative schemes are to be introduced by the Government and allocate the budget in plans, but at cost, not sacrificing the profitability of banks. Banks should extensively finance the technological farming in villages to enable farmers to earn a higher rate of return.

Effective credit administration is an important aspect, through the help of NABARD, special self help groups, farmers clubs, agricultural universities, Krishi Vigyan Kendras etc.

The Technology transfer clubs launched by NABARD on a pilot basis will help farmers to face global competition and make the farm lands technologically savvy.

Government should create rural environment suitable for banks to activate the credit cycle and create a healthy progress in rural India. The ultimate social objective is to improve the quality of life in rural India.

“Janashakthi banking societies in the southern Sri Lankan district are the live example of an innovative alternative banking practice of social banking process that caters to the development needs of the poor in sharp contrast with conventional commercial banking.

Basic infrastructure is another aspect for a healthy implementation of social banking schemes in rural areas. Farmers should be nurtured about the importance of credit cycle and the impact of possible NPAs due to overdues in loans.

Banks should be awakened to realize the importance of social lending’s, of course keeping in view the economic viability of each schemes and the speedy results. These factors will enable social banking more meaningful and help effective implementation.
Conclusion

Finally, one can say that Indian economy was successful in upliftment of village economy through the social control of banks and social banking. Banks are involved not only in rendering financial help but also in technical assistance. If the government provides the infrastructural facilities, banks certainly step in and catalyze development process. In this direction the role of nationalized banks and SBI and its subsidiaries is laudable.

The policy driven nature of rural branch expansion programme in India has significantly reduced rural poverty, while leaving urban poverty unaffected. Access to finance is to be provided to each individual, otherwise poor will remain as poor and the very objective of social banking is defeated.

The micro finance programs have been successful in reaching the backward areas and rural banks managed to reach the rural poor.

Commercial Banks offered opportunities for rural households to save and use the accumulated capital in various productive activities.

Ultimately, the globalisation era has given scope for an opinion, that expanding access to finance in poor, rural setting can generate significant social returns. There is need for identifying interventions which facilitate adoption of new innovative production activities and lead to structural change, growth and activity.

However, banking system alone cannot deliver the goods. It is important that supportive measures in the form of various infrastructural facilities, extension services are required. Vitally important is the administration, if the banks are to concentrate on rural poverty.

The Age old saying “India Lives in Villages”; appears to be gaining momentum, since it is realized that rural India has a vast business potential.

Days are not far away to prove that ‘Social Banking’ is the backbone of rural development.
RETAIL BANKING

Retail Banking is about providing banking services to individuals and joint individual as opposed to wholesale banking which focuses on industry and institutional clients. The concept of retail banking is not new to the Banks. Retail banking is now being viewed as an attractive market segment, which offers opportunities for growth with profits. It is only the recent times, when it has attracted special attention of the Banks, as a solution to some of their immediate concerns. The essence of retail banking lies in individual customers. While retail banking and retail lending are often used synonymously, but as a matter of fact, later is just one side of the retail banking. In retail banking, all the Banking needs of the individual customers are taken care of in an integrated manner. Though retail banking encompasses all types of individual customers, often Bank tend to focus on high net worth individuals. Retail banking portfolio encompasses deposit and asset linked products as well as other financial services offered to individuals for personal consumption.

Retail banking products and services

Though wide range of retail banking products and services are being offered by banks, which cover both the deposits and the advances, major products offered under retail lending to suit various segment of customers like salaried persons, businessmen, traders, professionals, technocrats, pensioners, labourers etc. are housing loans: personal loans; educational loans; vehicle loans; loan from consumer goods; credit and debit cards – global and international cards; loans for holidays; insurance products; gold loans and even loans etc. Thus, the banks are offering all the life cycle products, to take care of all the credit needs of individuals.

Retail banking products for depositors in various segments like children, housewives, salaried class professionals, technologists, pensioners etc. include; Flexi Deposit Account, Savings Bank Accounts Recurring Deposit Accounts, Other Short Term Deposits.

Retail Banking has a lot of spice in the rapidly growing business and Indian customers are always known to have a yen for spicy cuisines.
Most of the innovation is taking place in saving bank accounts to make the paltry 4% interest they earn more attractive. Most of the banks are offering 2 in 1 accounts or sweep in and sweep out accounts, called value added accounts. This offers twin benefits to customers by way of liquidity, while earning higher rate of interest. Savings Bank (SB) account is linked to Fixed Deposit (FD) account. Any balance in excess of minimum balance is automatically transferred to FD account. If the minimum balance falls below the stipulated limit, funds are swept back to the savings bank account by discounting the Fixed Deposits Receipts (FDRs). Banks either follow pre-agreed LIFO (Last in First Out) or FIFO (First in First Out) practice for transferring requisite funds to the Saving Bank Accounts.

**Value added services**

Banks are coming out with more and more features to add value to retail banking products and services. Few value added services being offered by Banks are:

- Free collection of specified number of outstation instruments per month.
- Instant credit of outstation cheques
- Concession in Commission/Exchange for issuance of payorders or demand drafts.
- Issuance of free cheque books
- Issuance of free ATM cards
- Waiver of Credit Card issuance fees
- Issuance of free Ad on Cards to members of the cardholder’s family
- Accident insurance cover
- Free execution of standing instructions of customers
- Free Investment Advisory Services

While offering these value added services, banks take into account the concept of TRV (Total Relationship Value) of the Customer to the Bank through his/her various Savings Bank Account. Current Account, Fixed Deposits Accounts or other services being availed by him/her.
Other Retail Banking services offered by banks include-

- Payment of utility bills like electricity, telephone and water bill etc. On due dates.
- Payment of month/quality education fee of children
- Payment of insurance premium on due dates
- Demating of shares, debentures and bonds.

Selling of insurance products is another retail banking activity which has caught up recently. Some banks have tie dup with foreign multi-national insurance companies for launching insurance products. Few banks have started marketing the products of other banks financial institutions as sub agents. This field, however, requires total professionalism. Some banks are also selling group insurance products.

Banks have made major headway in Housing Finance, where the competition is the severest. The main reason for this is, that, this product offers maximum security, fixed yield, long repayment period and opportunities to the banks to cross sell other products. Due to income tax exemption for interest and repayment and eligibility for coverage under priority sector advances, the share of housing finance in retail banking operations is the highest.

Impact of retail banking

a) Customer has become the fulcrum of all banking activities, both on the asset and the liability side of their balance sheet.

b) Retail forays are transforming Indian banks into one-stop super financial markets.

c) By entering retail business, banks are dislodging Non Banking Finance Companies which have been thriving on high return and high risk retail business

d) The share of retail loans is growing up fast in the total loan portfolio of Banks.

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A word of caution

Banks require some fundamental capabilities, while entering into retail field. Sheer branch network is not enough at least on the asset side. They got to be very cautious, while entering this high risk retail banking activity.

Retail banking requires tremendous commitment, expertise, understanding and above all discipline. Banks should adopt a careful and methodical approach to enter/expand Retail banking. Retail loans have as much risks as other bank loans. Banks must undertake their SWOT analysis before entering Retail Market. Everybody cannot survive in this business, as Retail Assets do not make money in early stages. Banks got to invest huge amount in initial phase and it takes time to build client base. Technology is the key factor, as without technology, banks won’t be able to give options to customers. Banks also need to build up a good Risk Assessment Mechanism for analyzing the behaviour of customers as a group and spruce up their appraisal system. For the success of retail banking, banks must have an efficient network of new delivery channels like ATMs, Telebanking and Internet for adding comfort to customers by providing anywhere, anytime and anyhow banking facilities to them round the clock for 24 hours and 7 days a week. Banks will be required to open specialized banking branches like banking boutiques for rendering doorstep, personalized and professional services to customers.

To avoid further de-gradation of asset quality and increasing loss loans banks must put in place a strong system and technological support to monitor large number of small value transactions. Unbridled expansion into this segment without fully integrated financial automation system will land them in trouble. This is indeed a high risk business. Banks must move cautiously. In the process, it is possible to reduce transaction costs and enhance customer service Banks must identify the market segments they can best serve and accordingly evolve products and services. They can not be jack of all trades.

The mantra for success

Only mantra for success of retail banking is to remember the retail in retail banking. Banks must think of their branches, as retail stores, rather than as secure and convenient place for carrying out financial transactions. Banks should learn from successful retailers for deepening their understanding of customers and for building lasting relationships with XXX
them.. They got to steer the customer to next purchase (i.e. from saving banks account to retail loan and retirement plans, insurance etc.), they should explicitly reward loyalty to procure all the business of the customer and not a part of it. Finally, they should organize information for a reliable customer database, so that it is easily accessible by using technology for pro-action. Banks customer service must be impeccable for not only attracting new customers, but also for retaining the existing ones. Customer service has always been and will always be the only differentiator for success in retail banking.

**Conclusion**

Banking is undergoing rapid changes world-wide and India is not exception. The financial sector reforms aimed at de-regulation, liberalization and globalisation of Indian banking has changed the entire scenario of Indian banking. Complacency banking has given way to innovative banking. Customers are being turned into clients. Erstwhile relationship banking has got a new meaning. The concept of customer relationship management is being adopted by banks. Customer profiles are changing. New delivery channels like ATMs. Tele banking and internet banking are making anywhere, anytime and anyhow banking: corporate dependence on banks has reduced substantially. It is reducing further, fast, as they can raise funds from the market at low costs through commercial papers, bonds, debentures etc. It is said some U turns move upwards having found themselves at the road end in corporate lending, Banks, irrespective of their size. have now turned to retail banking, both for resource mobilization and lending, as a new found solution to their various immediate concerns, realizing the importance as well as the necessity of retail banking. Banks are evolving new strategies to tap this emerging banking super market. They are innovating new products and services, adding new delivery channels like ATMs, Tele banking and Internet Banking through strategic use of new technology to woo the customers. Banks are viewing this change in the market place as an opportunity to create sustained profitability, which has hitherto eluded in retail banking operations. Retail banking has all its attendant risks. It is highly sensitive. Banks got to move cautiously. It is easy to enter, but difficult to get out. A systematic and a calculated approach is the pre-requisite for success in the long run. Only those banks, which will put in place right architecture with right mindset, will be the sure winners.
UNIVERSAL BANKING

(Trend towards universal banking with strategic alliances)

Universal bank is a financial super market offering multifarious products under one roof. It is one stop – shopping for a customer, who is willing to deal in several financial products. Universal bank apart from doing the traditional banking of accepting deposits and providing loans, will also offer, Insurance products, Mutual Funds, Advisory services and many a number of investment banking products. Universal banking is not new to countries like Switzerland, France, Italy, Germany and USA. During 1930, US banned Universal banking activities with an idea to mitigate risky behavior of commercial banks in forgetting the main business of deposits and lending.

The globalization and opening up of the economy in India, several foreign players in insurance and investment banking activities have entered the Indian financial and banking sectors. This has given scope for all commercial banks in India marching towards Universal banking., particularly the new private sector Banks. The commercial banks selling Insurance products are popularly known as bank assurance has became highly beneficial in earning revenues to the banks without much risk. Banks began earning a huge fees based income by way of commission as corporate distributor. The number of private sector banks and foreign banks opening branches in India has made it inevitable for them to expand their activities other than traditional banking. Hence the trend is towards universal banking activities.

The recommendations of Narasimham Committee and Khan Committee for consolidation of banking through mergers and amalgamations, has brought about a change in commercial banks and marching them towards Universal banking.

It is evident form the experiences of banks in West Germany that rapid development of banking industry is on account of Universal banking, adopted by commercial banks. Infact, the countries, which were averse to Universal banking relationships, suffered for not adopting the system. The severe competition among the banks for business has made it inevitable for expanding their activities by offering different products.
Universal banking is thus, nothing but embracing a whole new objective through transformation. It is the new way of thinking, changing attitudes and functioning to the expectations of tomorrow world of banking. Universal banking foresees the opportunities that lie beyond.

Activities of Universal banks

Universal banking adapts, adopts and achieves the basic objectives of business through technology. In this process, the ultimate beneficiary is the customer, who reaps the benefits of world class banking products and financial services.

As all the banking organizations are marching towards Universal banking, the distinction in the operations of co-operative banks, development banks and non-banking financial companies is gradually blurring.

The main objective of universalisation of banking is to earn as much as profit way of interest, fees based income and commission through various diversified activities.

Among the new private sector banks, ICICI Bank, Kotak Mahindra Bank Ltd, HDFC Bank Ltd, and Development Credit Bank Ltd; have become very aggressive in marching towards universal banking. These banks have made strategies alliances with several foreign insurance companies for selling the insurance products both in life and general branches. ICICI Bank has itself started selling insurance with direct strategic alliance with Lombard and Prudential Life of United Kingdom for non-life and life insurance respectively. DCB Ltd on the other hand made strategic alliances for insurance selling with Indian insurance companies who have tie up with foreign insurance companies.

For example: Birla Sun life Insurance Company Ltd. with foreign partner i.e. Sunlife Insurance of Canada is having strategic alliance with DCB. The products are sold through bank assurance. Citi Bank sells life insurance products of Birla Sunlife Insurance Co. Ltd.

ING Vysya Bank Ltd is another old private sector bank in India, is selling both general and life insurance of their foreign counterpart. ICICI Bank has become a global player in universal banking Activities among new private sector banks, with large presence in Indian markets. DCB is marching fast towards this trend by increasing presence in various state capitals in India.
HDFC Bank, as a universal bank, having its activities in insurance and investment services, has strategic alliance with “Standard Life” of USA for life insurance. It has recently made an alliance with Chubb of USA for selling general insurance products. HDFC Bank is also a global player in financial market as an universal bank.

Among the public sector banks, SBI has started in own insurance company in life insurance and penetrating into market. State Bank and its subsidiary SBI Life has strategic alliance for selling their products. These banks have also hired the expertise of various outsourcing agencies in promoting the universal banking products. SBI has got its own mutual funds and so also ICICI Bank. These banks have strategic alliance with several agencies for technology, financial services, advertising and selling. The main objective is to make their presence as globally recognized universal banks. The main objective of commercial banks marching towards universal banking activities is to make huge revenue earning by way of commission in selling the insurance products, mutual funds, bonds and other investment services. This diversification enables banks to use its existing expertise to provide various financial services. It entails banks incurring less cost in performing various functions and avoiding setting up of separate subsidiaries and specialized branches. In universal banking, banks can sell various financial products to one client. It saves valuable time of the customer as well as saving costs of the bank to pursue the other activities with the same client. The existing network of branches of banks can sell various insurance products to clients. This will enable the banks to reach the remotest client. This will eliminate the help of an agent in between bank and client. In universal banking many financial services are inter linked.

For example: A borrowal client can avail insurance services for the stocks and machinery with the same bank. This way the universal banks will be able to generate additional revenues apart from the income earned on traditional banking.

**Trend in the Indian Context**

The banks in India are, strictly maintaining the distinction between commercial banking activity and investment banking activity. The old private sector banks are still following the traditional commercial banking, which is a conservative phenomenon, despite an abundant freedom is given by the apex bank and the Government through financial sector
reforms. Narasimham Committee Report (1998) recommends for conversion of development financial institutions to engage themselves into commercial banking activities. In such case the main distinction in banks, is banking companies and NBFCs.

For example: ICICI is becoming a universal bank by merger with its bank. The latest merger is IDBI with IDBI Bank Ltd.

In this process, the activities of the development financial institutions like investment banking, advisory services, merchant banking services are extended by the new entities making them universal banks. Keeping in view, the vast potential available for insurance business, banks are changing their trend and marching towards universal banking system in India.

Banks in India, both public sector and private sector banks permitted to take part in insurance business. Some of the banks directly entered the business with their own products. Most of the banks have become either corporate agents or sub-agents to sell the insurance products. The bank assurance has become a main source of acquiring business for insurance companies. So also it has become a best source of earning revenue for the bank in the form of commission. In some banks, the products are known as third party products which are producing revenue without much risk and continuous income for future years. Particularly in the case of life insurance, the income flow to the bank will continue for a long period say 5 to 20 years i.e. the policy period.

Besides insurance business, the banks are engaged in investment, merchant banking and advisory and consultancy services to earn revenue. The latest trend in banks is to have their own call centers to save costs of outsourcing their activities.

Owing to all these advantages banks in India are marching their activities towards universal banking. In India, banks and financial institutions have lot of Interest in universal banking, because of the vast opportunities available for exploiting market potential in insurance and other allied activities. Indian banks are planning to expand their activities in various financial disciplines. Keeping the long run prospects in view, commercial banks in India are diversifying activities to turn into universal banks.

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It is evident from the above trend that banks in India are stepping towards culmination of financial intermediation into universal banking.

Benefits of universal banking

- One stop-shopping saves a lot of transaction costs and increase of the speed of economic activity.
- Emerging as global players in the market.
- Earning revenue with less risk
- Continuity of income from the business sourced in Insurance.
- Less regulatory restrictions from Government.
- Reduces corporate Financing costs.
- Exploitation of technology in full.
- Acquiring expertise in diversified activities in financial services.
- Expansion of client base.
- Gearing up marketing and selling activities with lesser costs under one stop-shop
- Reaching the remotest clients
- Using the instrument in one activity to exploit the other.

Marketing and selling under universal banking environment

Marketing and selling of various financial products in the universal banking environment is a tough proposition, as a corporate agent for others and as a principal company selling insurance products. Banks have to face a severe competition from the direct channels, since these companies offering the products, will be aggressive in selling directly to the customers apart from various other channels like insurance advisor/ broking house and company personnel.

However, the companies are able to source 30% to 40% of their business through bancassurance. In the Indian context, bancassurance has assumed greater importance. Banks have become aggressive players in the competitive environment to sell insurance
to their existing clients/customers. Banks are allocating targets for the staff and also for the sales personnel working in the bank. There is hectic competition in the insurance market, since there are more than a dozen players in private sector, besides LIC which has been a monopoly in India in selling insurance.

With the trend changing towards universal banking, private players have grabbed a substantial market share in India.

As per reports, the Insurance market potential is still untapped to the extent of 60% in the country.

**Bancassurance an important facet of universal banking**

Bancassurance is one of the important channels for mobilizing business for insurance companies and it is one of the income sourcing activities of universal banks. Bancassurance is the linkage of insurance and bank as product and distribution channel. It has achieved a degree of success in most of the South Asian countries. India is marching towards the same trend. Banks in India are currently obtaining productivity of three to four times of an average agent, with higher average premiums and persistency, through bancassurance. Bancassurance creates competitive advantages through cross selling synergy. This will nurture the relationship with the customer for a long term and enhanced over a period. Bancassurance not only generates greater fees income, but also helps in retention of customers for a long period.

Bancassurance contribute significantly to profit performance of both banks and Insurance companies. Regarding the marketing and selling of other investment products other than insurance, banks are becoming distributors for various mutual funds for their IPO issues and continuous investment opportunities. Banks are engaged in various activities like collection agents for public issues, bankers, registrars etc. These merchant banking activities provide substantial income by way of fees charged for the services rendered.

Universal banks are also promoting the business for Government of India by marketing and selling government bonds, infrastructure bonds etc.

Besides these activities, banks are also providing services like tax advisory services, filing of returns on behalf of clients etc. at nominal charges.

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When, we analyse the activities of the banks in the present banking environment, it is clearly evident that banks are moving towards universal banking.

In India, there is no clear-cut evidence as to the effects of universal banking and the there are no arguments in favour or against the same.

As the global banking is moving towards universal banking for better results, Indian banking system should also move in the same direction.

Strategic alliances

Universal banking for carrying out its activities should have strategic alliances with either a foreign counterpart or an Indian company for insurance business both in life and non-life. Otherwise, the bank should have licence to carry an insurance business on its own.

To have a strategic alliance and to sell insurance products bank should fulfill the requirements of IRDA and other regularity agencies like RBI, SEBI and Government of India.

Strategic alliances in the context of universal banking are agreements between banks and insurance companies in which each commit to achieve a common set of objectives, to improve competitive positioning, gain entry to new markets, supplement critical skills, and share the risk or cost.

Before a strategic alliance is entered into, the banks should define their business vision and understand how it fits their objectives. They should evaluate the potential of the strategic partner, taking into consideration the level of synergy and ability of the partner to work together.
CUSTOMER RELATIONSHIP MANAGEMENT (CRM)

Introduction

CRM is neither a product nor a service, but a business strategy to learn more and more about the customer’s behaviour and requirements, in order to create a long-term relationship with them. In other words, CRM is a comprehensive approach that provides seamless integration of every aspect of bank’s business that comes in contact with the customer at various stages such as marketing, service delivery, after sales service etc. through the integration of people, process and technology. It is a comprehensive strategy and process of acquiring, retaining and partnering with selective customers to create superior value for the bank and its customers.

Implementing CRM in banks

A bank’s success in the field of CRM fully depends on its ability to achieve ‘customer intimacy’. And customer intimacy can be achieved by understanding and influencing a customer’s behaviour through relevant, uninterrupted and personalized communication. CRM’s very motto is not only to attract new clients/customers or hold valuable ones, but also to boost the profitability of every individual client/customer and, hence, the bank as a whole. In other words, the major goal of CRM is to build a single, integrated, organization-wide view of the customer, enabling the bank to maximize customer’s experience. By integrating front-and back-office systems to include reports of all customer contact, purchase of services/products, requests for information and technical support, the bank can present a single face to the customer and offer better services. Such an interface enables banks to access the potential of customer from time to time and offer him the customized products to augment profits.

Suffice to say, getting the CRM philosophy work in a bank is quite complex as well as a challenging task for the strategies for its demands them to master some key principles of CRM such as:
Offerings vs. customer classification

To start with, banks must realize that all customers are not equal. Customer profitability varies from person to person/context to context and not all customers are evenly desirable for the banks. Banks must differentiate their customers based on the ‘value criteria’ i.e. how valuable the customer is? Value is nothing but the profit the customer adds to the bank’s account. Put simply, a more profitable customer is a high value customer and a less profitable customer is a low value customer. A bank’s CRM system must also capture customers’ taste, preference, behaviour, living style, age, education, cultural background and physical and psychological characteristics, sensitivity etc. while differentiating them by the value criteria into low and high value customers. By combining the profitability potential of a given customer and his/her personality profile including their expectations, customers can be grouped into four categories as follows:

- Low value/less profitable customer desiring high-grade service.
- Low value/less profitable customer with potential to become high value in coming days.
- High value/more profitable customer desiring high-grade service
- High value/more profitable customer requiring low grade service.

Once the banks differentiate their customers vis-à-vis the profitability and their other traits, it becomes easy for banks to customize their services and offerings to maximize the overall value of their customer portfolio.

How to retain a customer

A customer can be retained by boosting loyalty. Loyalty can be defined as “making a customer bank again and again with the same bank”. Banks must keep their customers serviced and happy so that they keep transacting with them. Customer loyalty can be differentiated into two categories loyalty can be differentiated into two categories: active loyalty and passive loyalty. Active loyalty means “repeat purchases and contracts made within an appropriate time period may be indicative of an actively loyal customer”.

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Similarly, passive loyalty is a term used to describe customers who have not transacted with the bank for a long time, or those who stick with the bank in the absence of a better alternative. Unfortunately most of the Indian banks fail to distinguish between active loyalty and passive loyalty. They make the mistake of assuming customer satisfaction is present in case of passive loyalty and in the process fail to retain their customers. To boost customer loyalty, banks must have a clear understanding of their customers’ unfulfilled needs and must come out with products/services that will satisfy those needs. Banks must have the ability to promote an individual from being a ‘suspect’ to become an ‘advertiser’. They have to innovate to meet every need of their customers so that they become their active advertisers while remaining on the loyalty. Turning a suspect into an active advertiser will definitely boost the referral sales that are otherwise known as low cost plus high margin sales.

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With the opening of economy, and the consequent onset of fierce competition, customers have started wielding enormous power to dictate the terms of the market and the shift from sellers’ market to buyers’ market has become quite palpable. As a marketing strategy the seller, in the revised scenario, has to imbibe a change in outlook in regard to his relation with his customers to ensure his loyalty. Perhaps, this new outlook has triggered the concept of Customer Relationship Management (CRM), which warrants the following steps:

- To look at customer as a separate entity and not as an object
- A shift in emphasis from accounts orientation to customer orientation.
- To sensitize service providers i.e. staff members about the unique need of each customer.
- To understand the need of every customer with the help of technology.

Customer Relationship Management is a comprehensive strategy and process of acquiring, retaining and partnering and selective customers to create superior value for the company and the customer.
CRM process involves the following steps:

- Proactive customer business development
- Building partnering relationship with most important customers.

**Proactive customer business development**

In a fiercely competitive market environment a marketer can hardly afford the luxury to wait for walk-in business and as such he has to be aggressive in making a foray in the crowded corridor of teeming sellers. The marketer has to rise to the ever expanding demand and expectation of the customer not only for fulfillment of his stated needs but also his implied needs, thereby attaining customers delight. To achieve this task successfully, CRM functions need to be geared up so that information in detail can be had in the custody of the marketer that will help him forge a definite bond as a precursor of long lasting relationship.

**Building partnering relationship with most important customers**

Several studies have indicated retaining customers is less expensive and perhaps a more sustainable competitive advantage than acquiring new ones. Certain surveys have revealed that in Banking Industry the average product per customer is 1.8 in India as against the global standard of 4.5. In certain banks the ratio is as low as 1.16. With the help of CRM Mechanism each bank should make a positive endeavour to ensure enhancement in this ratio by selling a few more products to the existing customer. A satisfied customer brings in a stream of new customers and he himself becomes as repeat customer. Thus business volume steadily increases through a continuous process of cross, selling and up selling.

**Factors leading to development of CRM**

- Growing disintermediation process
- Search for alternative
- Need for a greater emotional bond between the service provider and service user.
- The impact of deregulation, globalisation.
Search for alternatives

With the advent of new private generation banks and foreign banks monopoly enjoyed by the nationalized banks had to be given a go by. The availability of many players in the market has empowered the customers with myriad choice and option for selecting the best. Thus the expertise to prescribe the perfect solution becomes the hallmark for a banker of first order. This can only be possible if a well-wrought CRM system is put in place.

Need for a greater emotional bond between the service provider and service user.

A sale does not end in a single transaction, nor it is desired to be so; rather it should be extended through a series of transactions which will pave the way for a long term relationship in ultimate analysis the banker is not a seller of product and services but a solution provider. When a customer faces a problem in connection with financial matter, he comes to his banker. Now it is the duty of the banker to provide him with the best solution. How he will solve the problem of his customer squarely depends on the innovativeness and creativity coupled with a strong base of CRM. This will ensure customer loyalty and a strong bonding between the service provider and service user.

The impact of globalisation

CRM has assumed a special significance in the wake of globalisation because of great increase in competitive pressures in the banking industry. Financial reform has given a great degree of freedom to banks in determining their interest rate structure of deposit and advances as well as their product range. Bank customers started enjoying a new freedom of choice, not available earlier as products were standardized and interest rates were regimented.

Steps taken by the banks to improve the CRM

Various steps taken by the banks to improve the CRM are enumerated below:

- Management of Demand & Supply
- Management of customer complaints

XLIII
• Customer retention
• Products and services
• Relationship pricing
• Customising the relationship
• Customer selection
• Expectation of today’s customer

Management of Demand & Supply

Most of the banks have gradually initiated multiple delivery channels like ATM, Phone Banking, Net banking to shift the customers away from the traditional brick and mortar banking. However in Indian situation branch banking cannot be totally relegated to the back seat since customer preference for such system has not waned as yet. Of late, some of the banks like State Bank of India, Bank of Baroda and ICICI Bank have resorted to extended banking hours from 8 a.m. to 8 p.m in select branches and also 24 hours branch banking is being contemplated.

Management of customer complaints

Banks have been taking serious note of customer complaints. Reply within 24 hours is ensured informing the status of complaint. Even the highest authority i.e CMD personally monitors the progress regarding customers complaint in certain banks.

Customer retention

Banks are keeping regular track of number of accounts closed and the accounts where form heavy withdrawal is taking place. Reasons for closure of accounts are also ascertained to arrest customer attrition.

Products and service

As most of the banks are concentrating on their retail portfolio and in the process of aligning their products in line with specific customer needs. Product innovation and modification of existing products are undertaken on an ongoing basis to suit the changing needs of the customer. Delivery of service ultimately determines the quality which creates the moments of truth for the customer.
Relationship pricing

Relationship pricing strategies encourage customer to have multiple facilities and services with the bank. Many banks have introduced various schemes with freebies to attract new customers on the one hand and to establish a long standing relationship through a spectrum of products.

Customizing the relationship

Most banks have redesigned their account opening forms with plethora of information which will serve the twin purpose of establishing an abiding relationship with the customer e.g. anniversary dates, children’s birthday and also cross selling of bank’s various products. Certain information is, however, optional.

Customer selection

CRM suggests that the level of customer service should be aligned with the status of the customer. A high net worth customer deserves. VIP treatment, 20% of such customers contribute to 90% of the Bank’s profit. A survey in a nationalized bank has revealed that 67% of its Saving Bank customers maintain an average balance of less than Rs. 1,000/- and Rs. 10,000 and only 8% maintains balance over Rs. 10,000/-. The customers belonging to the last category is profit customers. The objective of the bank is not to banish these loss customers but to convert most of them into profit customers as the fact remains that they may be profit customers of other banks.

Expectations of today’s customers

With the technological intervention is service delivery mechanism the customers have also become tech-savvy and like to enjoy the comfort and convenience of any time, anywhere banking through ATM, internet, kiosks etc. But it is also to be remembered that technology alone is not the panacea for customer service. A service industry like banking needs human touch, warmth in dealings. The customer should feel that he is the most wanted person in a branch.

The pleasant ambience of the branch with a welcome note replete with dedicated, knowledgeable and helpful staff goes a long way to attract new customers. Operational efficiency and quick decision leading to ‘service at low cost with speedy response’; is the essence of demands of today’s customers.

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Implementation of CRM

To implement CRM in a full fledged manner a thrust on training and technology is indispensable and which obviously involves substantial cost. It is therefore imperative for banks to undertake an analysis of Return on Investment (ROI) in this area. Such an analysis should make a reference to the expected increase in business to sustain the additional cost in this area. As it has already been mentioned, the remunerative customers should be brought under the purview of CRM process and cost-benefit analysis need to be assessed from that perspective.

List of major CRM parameters

- Holistic business vision: The comprehensive idea as to the trajectory of business path is essential to implement CRM.
- Increase in Stakeholders’ value: Augmentation of the stakeholders’ value should be the prime concern of the management.
- Uniqueness: Customers’ desire to have certain unique experience.
- Select Customers: How they contribute to the enrichment of the business.
- Service with a smile, in a comfortable atmosphere ensuring speed and accuracy.
- To provide something extra than what is expected by the customers thereby enlisting customer’s delight.
- 4Ps – Product, Price, Place & Promotion
- 4Cs – Customer’s needs and wants, Cost to Customers, Convenience and Communication.

Generation of Market information i.e. who is the buyer, time of his purchase and the quantity of his purchase.

Conclusion

CRM is a holistic concept that envisages a long term relationship with a particular cross-section of customers whose contribution to the organization really matters. It is supported by versatile database software relating to the customer profile that helps in servicing the
customer more proactively. The relationship management extends beyond the set periphery punctuated by legal/commercial framework and embraces a profound humane approach based on deep rooted empathy which makes sure the existence of customer loyalty from foreign banks, a massive effort must be made by nationalized banks and co-op banks to transform all branch managers into the leadership mode. This is needed for their survival. Earlier is the better.
RELATIONSHIP BANKING

Relationship banking holds the key to beat competition in the emerging banking scenario.

Relationship banking refers to striking a mutually beneficial and long term relationship not only with the existing customers but also with the potential ones. In the former case, it helps in retention of the customers (retention marketing) whereas in the latter case it helps in bringing new customers to the folds of the bank.

Shrewd businessmen, the world over, have the practice of cultivating relationship with their customers for the promotion of their business. Relationship building leads to customer loyalty, which in turn, helps in retention of customers. Many bankers have resorted to this technique to attract and retain customers. In India too, many bankers, had successfully practiced this technique especially during the pre-nationalisation of banks. However, relationship banking, as it is known today, developed as a novel concept of marketing of financial services in India in the early 90s to beat competition in the emerging banking scenario.

How does relationship-banking help in countering competition. Before answering this, let us examine first, the factors that fuelled competition in the banking scenario. The banking scenario in India started changing in the early 90s, with the onset of the process of liberalization. The entry of new private sector banks and more number of foreign banks was an important development that fuelled competition during this period. These banks equipped with new technology and blessed with less social banking constraints could redefine banking in India. The conventional products/services like saving a/c, current a/c, term deposits, working capital loans, term loans etc. were more customized and augmented by these banks. The range of products / services in the shelves of these banks are manifold viz. ATM, credit card, debit card, home banking internet banking differential lending rates, cash management products, custodial services, depository services, derivatives, demat service etc..
Another important development that contributed to competition was the pressure to maintain the bottomline. The thinning spread on account of the deregulation of interest rates in the 90s affected many banks. For a long time interest rates for deposits and advance were under the tight leash of Reserve Bank of India and banks were also comfortable with the 3-6-3 concept i.e. accepting deposit at 3%, lending at 6% and be home by 3.00 p.m. with spread 3%. This comfort was punctured when the onus of quoting interest rate on facilities was dropped on the shoulders of banks. As a result banks started vying with one another to quote competitive rates to attract customers. Needless to mention, the more the competition, the lesser is the spread.

The progressive tightening of prudential norms viz. capital adequacy, NPA levels etc. the process of disintermediation (the corporate approaching the investing public directly without the mediation of banks) and the advent of NBFCs and mutual funds started putting brutal pressure on the bottomline of banks during this period.

Many banks found themselves driven to wall. The only way to counter competition was to widen customer base and increase income.

The more customers, more is the business. But the average customer of yesteryears was no longer existent. He has been replaced by a more aware, ever demanding and fastidious new customer who (s) hops around for the type of service he desires. He does not have to request, he can command; he does not have to stand in queue, he can relax at home. He is the typical “Indian bridegroom”. He must be attracted, satisfied, pleased and made happy. Then only he is loyal. How to achieve this? Relationship banking holds the key.

How does relationship banking get started? It just does not get triggered off all of a sudden. Conscious and continuous efforts on the part of the banker is a must for cultivating relationship banking with a customer, whether an individual or a corporate entity. The process of relationship banking follows five major steps:
i) **Knowing thyself:** This is an important prerequisite for relationship banking. The banker should have a thorough knowledge about his products and services. This helps the customer to develop confidence in his banker.

While knowing about one’s products, it is desirable to know about the products of one’s competitors as well. This would enable the banker to plan his sales strategy more effectively.

ii) **Presenting thyself:** Presenting thyself is as important as knowing thyself. Banking is a service industry and service is identified with the person who meets it out. It is here, the customer first comes into contact. Not only his appearance, but also his attitude should be appealing to the customer. Proper dress code, immaculate surroundings, attractive interior decorations, ambience and courteous staff at the workstations are ways of presenting oneself to attract customers.

“A thing of beauty is joy for ever (Keats), so is a smiling face. The approach with a smile is the starting point of relationship. If the man behind the counter is able to create, cultivate, satisfy and continue a relationship with the customer, the latter becomes loyal to the service providing bank and will continue to patronize the bank.

iii) **Understanding the customer:** This is the most important part of relationship banking. Customer is the pivotal point around whom the entire gamut of banking revolves. He always deserves a patient listening. No matter how he reacts, the banker should remain calm, composed and pleasant. Every customer deserves to be treated with respect. The best way to show respect (especially in India) is to stand up and greet a customer.

“One man’s meat is another man’s poison, the adage goes. Each customer is different from another. Each has his own likes and dislikes. So there cannot be a universal approach that suits all individuals and all occasions. Customers, personal as well as commercial, seek to be treated not as targets but as individuals so that perception of the ‘the treatment I receive’, is as important as ‘the goods I buy’. Services are relationship and successful services are successful relationship. The building of relationship is the only way to increase business by retaining the existing and attracting new ones in this era of mounting competition.
Some customers may have some ideas, concepts, principles, hobbies or something very dear to them. If the banker is able to understand and appreciate the same, relationship building is an easy task. If not able to appreciate, care should be taken, at least not to criticize, ridicule or depreciate what is dear to the customer.

For instance, if the customer is a defence service personnel, say, a brigadier, address him by his rank. The individual would feel inflated. But a word of caution! Instead of addressing him ‘Brigadier’, if he is addressed ‘Colonel’, it is the banker’s funeral. Similarly, NRIs the world over, especially, those in Middle East, nurse a very strong bond with their motherland. If the banker is successful in tickling his ego and make him feel important in his homeland, it can be rest assured that the customer is loyal.

iv) Understanding and meeting the needs: Understanding the needs of the customer is an integral part of relationship building. The need of the customer gets revealed through conversation. Identification of common area of interest may help the banker to indulge the customer in conversation. This conversation would help the banker to understand the needs of the customer.

The bankers’ duty is not to display what he has. This is equivalent to ‘tell selling’. What is required is ‘ask selling’. Tell selling is similar to order taking in a restaurant. There is a lot of difference between a bearer of a restaurant and a banker. The latter is expected to be more articulate and educated. He is expected to give expert advice to the customer.

Once relationship is cultivated and the needs of the customer are ascertained, the banker can slowly start making suggestions regarding his products/services that can meet the needs of the customer. The banker should be very honest and sincere in his approach. Then only he can win the trust of the customer.

Product development and technological adoption and upgradation are a must for meting out quality customer service. Banking has undergone a complete metamorphosis in the recent past due to technological innovation. The range of products/services in the shelves of technology driven banks is unbelievably large now.

v) Follow up: Lastly, any amount of effort, canvassing a customer, would be set at naught if proper follow up is not done. Perhaps, this can be considered to be the single
major reason for the nationalized banks, especially SBI, losing customers. Correct name, full address, telephone number and other details viz. date of birth, names and details of family members etc. may be kept in the dossier for further follow up. Sending greeting cards on birthdays, festive occasions, calling on customers at frequent intervals, wishing them success or congratulating them etc. are techniques in cementing the relationship.

No human being is infallible, and a banker is a human being. But what is required is the mind to realize the mistake and relent. Never indulge in augment with a customer even if the latter is at fault. If the banker has committed a mistake, admit it and apologise for it. Mostly this would salvage the situation. In worst cases, this approach can at least assuage the feelings of customer, if not undo the damage.

Some highly successful bankers go a step further in relationship building. They use the already existing strong relationship to cultivate and strengthen new ones. For example, these bankers would already be having strong relationships with bureaucrats in customs, police, judiciary, education dept., hospitals, schools etc. These bonds are used to help other customers like arranging for speedy customs clearance at airport/seaport, getting admission in good schools for children, getting preferential treatment in hospitals and so on. Needless to say that such help from bankers can prove stronger and lasting relationship.

The advantages of relationship banking are manifold in the emerging banking scenario in India. Against the mounting competition, it works as a highly effective tool to widen the business opportunities through existing and potential clientele.

The major advantage of relationship banking is that it helps in retention marketing i.e. retention of existing customers by multiplying business relationships with them. Cross selling of products is the best and easiest way for multiplying business relationships. For e.g. a bank can multiply its relationship with a savings bank account holder by cross selling products like ATM, Credit Card and overdraft, ATM and Credit Card, 24 hrs. banking ;whereas overdraft is a standby arrangement.

Secondly, relationship banking helps in attracting new customers also. Generally new customers approach banks through three routes. Those brought in by existing satisfied customers, those walk in and those brought in by staff through concerted efforts. Each
type of customer needs deft handling. In all the above three cases, the aim should be to cultivate relationship, not to conclude sale of one product / service. It is here the concept of ‘soft selling’ becomes more relevant. The idea is to slowly suggest to the customer the products / service of the bank after understanding his requirements. The approach should; be soft as distinguished from hard selling, normally resorted to by salesman of consumer goods. In the latter case the aim is to just conclude one sale and move on to the next customer. It is totally product oriented. As opposed to this, the focus of soft selling is not on what the seller can give the customer, but on what the customer needs. Soft selling takes care of not only the present but the future also. This helps in relationship building.

Thirdly, the concept of relationship banking envisages better relationship between employees leading to team spirit and a tension free atmosphere within the organisation. Needless to say, this contributes to better productivity.

Relationship banking as a novel marketing technique has not yet been fully assimilated in the Indian banking system. Barring the new private sector and foreign banks, majority of the banks, especially public sector banks (PSU Banks), have not yet started practicing this consciously.

The success of foreign banks and new private sector banks should encourage the PSU Banks to introduce this technique in their branches. However, there are certain major issues that need to be addressed before this.

Firstly, the deployment of manpower in PSU banks requires improvement. The edifice of relationship banking rests on the mindset and attitude of the person who metes out the service. Relationship building is an art and only talented and motivated people should be deployed for this. However, the often repeated complaints is that postings in PSU Banks are just a slot filling exercise resulting in a square peg sitting in a round hole. A detail profit of the personnel should be maintained and updated. This should be referred to whenever key postings are made.

PSU banks require a jolt. Apart from testing candidates for their IQ (Intelligence Quotient), they must be tested for their EQ (Emotional Intelligence Quotient) as well. In a service industry where relationship building is very important, EQ has equal or even more relevance than IQ.

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Training in PSU banks has been more of a skill imparting exercise. This should change. Participants should be given more training in relationship banking concepts. Techniques viz. ask selling, soft selling; cross selling should be taught with the help of case studies.

PSU banks should evolve a system of rewarding monetarily and otherwise those who excel in the field of relationship banking. This would also plug the drainage of talented people from PSU banks. It is a known fact that majority of foreign and new private sector banks could thrive by poaching on PSU bank’s human talent. Some of the best talents that left PSU banks carried along with them some of the best customers also. Thus they lost on two fronts.

Lack of coordination between different entities within each group is another impediment in successfully practicing relationship banking. For example a PSU bank will have different banking divisions or subsidiaries focusing on different target groups of customers. Cross-selling of products to these customers becomes easier and cost effective if there is fine co-ordination between the divisions/subsidiaries of the bank.

All said and done, it must also be noted that all customers cannot get carried away by relationship cultivation by banks. Many customers look at relationship building on a deal to deal basis. Benefit from each deal is what they look for, while cultivating relationship. Such customers are highly demanding and fickle. Winning their loyalty is an uphill task. However, many banks especially the new generation banks, have been successful in wooing these customers not only through both product enhancement and making their products very competitive as well. Offers like gift vouchers, waiver of fee, home delivery, add on benefits etc. are introduced as product enhancements while offering various products at market competitive rates. Once a customer is brought to the fold of the bank, the focus is on him and the banks try to cross sell as many products as possible to him. Thus, we see a savings account customer (of a new generation bank) getting offers of insurance, mutual funds, credit cards, home loans, auto loans etc. in no time.

Lastly, a word of caution: Cultivation of relationship to serve organizational purpose is welcome. But relationship building cannot be pursued too far. The employee should know where to draw the line. In his over enthusiasm to cultivate relationship, he should not overdo it. In such cases, the organization’s interest take a back eat.
ANNEXURE-10

KYC- “KNOW YOUR CUSTOMER”

In 2002, banks were advised by Reserve Bank to follow certain ‘KYC’ norms while opening accounts, with specific focus on verification and identity. These norms were also required to be applied to the existing accounts in a given time frame. With a view to adopting a risk-based approach and to mitigate the inconvenience to the common man, banks were initially advised to apply the new KYC norms only to those accounts where the annual credit or debit summation were Rs.10 lakhs or more or where the transactions in the account was of a suspicious nature. In a phased manner, all accounts (deposits, loans, lockers etc) are to be brought under ‘KYC’ norms. Compliance of KYC norms, will not only prevent unscrupulous persons to take the benefits of banking; but also the system will help bank to have a elaborate data base for customers and this will help bank make effective marketing strategy to increase customer satisfaction.
ANNEXURE-11

SURVEY ON CUSTOMER SATISFACTION LEVEL IN BANKS

Customer Questionnaire (CVEQ-A)

1. Name of the Customer (optional)
   Village/Street..........................Block.............................Dist..............
   Age:
   a) Less than 25 years
   b) 26-30 years
   c) 31-40 years
   d) 41-50 year
   e) 51-60 years
   f) Above 60 years

3. Sex: a) Male
   b) Female

4. Educational qualification
   a) Below secondary school level
   b) Secondary school level
   c) Graduate
   d) Post Graduate
   e) Professional

5. Occupation
   a) Agriculture
   b) Business
   c) Govt. service
   d) Private Sector Employee
   e) Public Sector Employee
   f) Self- Employed
   g) Pensioner
   h) Others (Student, Priest etc.)
6. Status  
   a) Resident  
   b) Non-Resident  

7. Total Family Income per month  
   a) Less than Rs.3000  
   b) Rs.3001-Rs 5000  
   c) Rs.5001-Rs10000  
   d) Rs10001-Rs.25000  
   e) Above Rs. 25000  

8. Total Annual Sales turnover of the concern/firm/company  
   a) Not Applicable  
   b) Less than Rs.2 lacs  
   c) Rs.2 lacs to Rs.10 lacs  
   d) Rs.10 lacs to Rs.25 lacs  
   e) Rs.25 lacs to Rs.100 lacs  
   f) Above Rs.100 lacs  

9. Marital Status:  
   a) Single  
   b) Married  

10. If Married:  
    Spouse Occupation:  
    a) Employed  
    b) Not Employed  

11. Started Banking since (in any Bank)  
    a) Less than one year  
    b) 1 years – 3 years  
    c) 3 years – 5 years  
    d) 5 years-10 years  
    e) Above 10 years.  

12. Name of the Bank(s), where you are banking  

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### Types of Banking Products/Services availed

<table>
<thead>
<tr>
<th>Deposits</th>
<th>Services</th>
<th>Advances/Loans</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Saving Bank</td>
<td>a) Locker/Safe Custody</td>
<td>a) Agricultural Loan</td>
</tr>
<tr>
<td>b) Current Account</td>
<td>b) Remittance (BC/MT/TT)</td>
<td>b) Term Loan</td>
</tr>
<tr>
<td>c) Term Deposit</td>
<td>c) Collection of bills</td>
<td>c) CC/OD/TOD</td>
</tr>
<tr>
<td>d) Flexi deposit</td>
<td>d) Credit card</td>
<td>d) Consumption Loan</td>
</tr>
<tr>
<td>e) Pension</td>
<td>e) Clean Loan</td>
<td></td>
</tr>
<tr>
<td>f) ATM/ABB</td>
<td>f) Home loan</td>
<td></td>
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<tr>
<td>g) Standing instructions</td>
<td></td>
<td>g) Auto loan</td>
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<tr>
<td>h) E-Banking</td>
<td></td>
<td>h) Study loan</td>
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<tr>
<td>i) Customer terminal</td>
<td></td>
<td>i) Foreign Currency Loan</td>
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<tr>
<td>j) Others (specify)*</td>
<td></td>
<td>j) LG/LC/DPG</td>
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<td></td>
<td></td>
<td>k) Exports/Imports</td>
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<td></td>
<td></td>
<td>l) Others (Specify)</td>
</tr>
</tbody>
</table>

* Insurance, Mutual Fund, Gold, Depository etc.

### Deposits

14. Introduced by

- a) Staff
- b) Relatives
- c) Friends
- d) Documentary evidence
- e) Government agency

* (PAN, Election I-Card, Driving licence)
15
Reason for opening account

a) Savings
b) Encashment of cheque/draft
c) Collection of cheque / Remittances
d) To avail loan/ other facility
e) Pension
f) Para-banking Services**

** (LIC, Mutual fund, Gold coin, Health Insurance etc)

16
Experience at the time of Opening of account

a) Smooth
b) Slightly delay
c) Cumbersome

17. The needed/required stationery viz. Account Opening

Forms, Pay in slips, Chalans etc are available

a) Easily
b) Delayed

18
On maturity of fixed (term) deposits, renewal notice received

a) Promptly
b) After due date of maturity
c) Not received.

d) After much delay

19
Renewal of matured fixed (term) deposits done

b) Automatically
c) Promptly at my request
d) After much delay
20 To be administered to NRI Customer only.
Branch response to your requirements, queries:-

a) Highly satisfied
b) Satisfied
c) Dissatisfied

21. The level of Satisfaction while transacting (with reference to deposits)

a) Excellent
b) Good
c) Poor

22 If the answer is ‘c’ for the above question, the reason is:-

a) Counter Service
b) Branch Management
c) Branch overcrowded
d) Others (specify)

Services

23 Aware of the facilities through

a) Staff
b) Friends / Relatives
c) Existing customer
d) Advertisement & Publicity
e) Others (specify)

24 Reason for choosing the Bank

a) Speedy disposal
b) Large Network
c) Charges (rent, exchange, commission etc.)
d) Proximity
e) Existing customer
25. Charges levied by the Bank for offering services
   a) Normal
   b) Slightly Higher
   c) Higher

26. The overall level of Satisfaction, while transacting with reference to services
   a) Excellent
   b) Good
   c) Poor

27. If the answer for the above is 'c', the reason is
   a) Counter Service
   b) Branch Management
   c) Branch overcrowded

**Loans**

28. Aware of the various loan schemes through
   a) Bank staff
   b) Friends and relatives
   c) Existing customers
   d) Advertisement and publicity
   e) Govt. Machinery

29. Reason for choosing the Bank
   a) Easy procedure/formalities
   b) Proximity
   c) Existing customer
   d) Sponsorship

30. The loan /request processed /sanctioned
   a) Quickly
   b) Slightly Delay
   c) Inordinate Delay
31. If the answer to the above is c or d reason:
   a) Non submission of required information
   b) Seeking piece meal Information by the Branch
   c) Indecisiveness on the part of the Branch
   d) Delay in Sanction by higher offices

32. Request for loan/credit facility fully met
   a) As per my expectations
   b) Less than my expectations
   c) Far below my expectations.

33. Interest rate charged by the bank
   a) Normal
   b) Slightly high
   c) Very High

34. The Procedure for availing the loan
   a) Simple
   b) Time consuming
   c) Cumbersome

35. Will you continue to avail loan facility from the existing Bank
   a) Yes
   b) No

36. If “No.” Reason:
   a) Other banks are offering better terms/rates
   c) Cumbersome procedure
   c) Indifferent attitude of staff

37. Level of Satisfaction while transacting with the Bank with reference to loans/advance
   a) Excellent
   b) Good
   c) Poor

LXII
38. If the answer is 'c' for the above question, the reason
   a) Interest rate
   b) Branch overcrowded
   c) Undue delay
   d) Cumbersome formalities

General
39 Level of computerization
   a) TBA/CBS
   b) ALPM
   c) Non-computerized

40 Able to avail all the services at a single Counter,
   a) Yes
   b) NO

41 Using ABB/ATM Services?
   a) Yes
   b) NO

42 If 'yes', the ABB/ATM Services offered by the bank
   a) Excellent
   b) Good
   c) Average
   d) Poor

43 On account of Computerization, the level of Customer satisfaction derived:
   a) Excellent
   b) Good
   c) Manual operation was better
   d) Does not make any difference
44 Location and suitability of Branch.
   a) Good
   b) Not easily accessible
   c) Unsecured location
   d) Lack of parking facility

45 Upkeep and Ambience of branch premises:
   a) Excellent
   b) Good
   c) Average
   d) Below average

46 Suitability of Banking Hours
   a) Convenient
   b) Inconvenient

47. Complaint Book/Suggestion Box
   a) Aware
   b) Unaware

48. Are you aware of Bank conducting customers' meet periodically
   a) Aware
   b) Unaware

49. If "yes" to above, are you attending
   a) Regularly
   b) Occasionally
   c) Never

50. Whether the suggestions given in the 'customers meet' are implemented:–
   a) Fully
   b) Partly
   c) Never
   d) Cannot say
51 Availability of amenities like drinking water, resting chairs, and writing table facility etc.
   a) Excellent
   b) Good
   c) Average
   d) Not available

52 The number of Banking Holidays
   a) Too many
   b) Reasonable

53 Suggestion for improvement/introduction of any product/services that can be introduced by Bank(s)

54 **STAFF ABILITY AND ATTITUDE**

   **SUPERVISORY**

<table>
<thead>
<tr>
<th></th>
<th>Excellent</th>
<th>Good</th>
<th>Poor</th>
</tr>
</thead>
</table>
   a) | Approachable |
   b) | Understanding 
       customer needs |
   c) | Willingness to listen |
   d) | Willingness to help |
   e) | Prompt service |

   **CLERICAL**

<table>
<thead>
<tr>
<th></th>
<th>Excellent</th>
<th>Good</th>
<th>Poor</th>
</tr>
</thead>
</table>
   a) | Approachable |
   b) | Understanding 
       customer needs |
   c) | Willingness to listen |
   d) | Willingness to help |
   e) | Prompt Service |
Your overall rating of Customer service in bank.

a) Excellent
b) Good
c) Poor

Any other suggestion for improvement of Customer Service in general or with specific Bank

Signature of the Respondent (optional)
ANNEXURE-12

SURVEY ON CUSTOMER SATISFACTION LEVEL IN BANKS

Staff Questionnaire (SVEQ-B)

1. Name (optional)
2. Category of staff
   a) Branch Manager
   b) Officer
   c) Clerk
3. Name of the Bank & Branch
4(a) Size of Branch
   a) Exceptionally large
   b) Very Large
   c) Large
   d) Medium
   e) Small
4(b) Classification of the Branch
   a) Rural
   b) Semi Urban
   c) Urban
5. Total number of years of service in the Bank
   a) Less than 5 years
   b) 6-10 years
   c) 10-20 years
   d) More than 20 years
6. What are the popular schemes/products in your branch?

<table>
<thead>
<tr>
<th>Deposit</th>
<th>Services</th>
<th>Advance</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Saving</td>
<td>a) Locker/Safe Custody</td>
<td>a) Agriculture Loan</td>
</tr>
<tr>
<td>b) Current Account</td>
<td>b) Remittance (BC/MT/TT)</td>
<td>b) Term Loan</td>
</tr>
<tr>
<td>c) Term Deposit</td>
<td>c) Collection of Bill</td>
<td>c) CC/OD/TOD</td>
</tr>
<tr>
<td></td>
<td>d) Credit Card</td>
<td>d) Consumption loan</td>
</tr>
<tr>
<td></td>
<td>e) Pension</td>
<td>e) Clean Loan</td>
</tr>
<tr>
<td></td>
<td>f) Others (specify)*</td>
<td>f) Jewel Loan</td>
</tr>
<tr>
<td></td>
<td>g) ATM/ABB/internet banking etc</td>
<td>g) Home Loan</td>
</tr>
<tr>
<td></td>
<td></td>
<td>h) Auto Loan</td>
</tr>
<tr>
<td></td>
<td></td>
<td>i) Study Loan</td>
</tr>
<tr>
<td></td>
<td></td>
<td>j) Foreign currency loan</td>
</tr>
<tr>
<td></td>
<td></td>
<td>k) LG/LC/DPG</td>
</tr>
<tr>
<td></td>
<td></td>
<td>l) Others**</td>
</tr>
</tbody>
</table>

* - Mutual fund, LIC, Health insurance, gold coin sale etc.

** - Consortium advance, syndication etc.

7. In your opinion the customer chooses your branch mainly because of
   a) Proximity
   b) Speedy disposal
   c) Existing connection
   d) Staff Cooperation
   e) Service charges and interest rate
   f) Any other

8. In your opinion the main reason for certain schemes not popular in your Bank is
   a) Does not meet Customer requirement
   b) Cumbersome Procedure
   c) No Customer Awareness
   d) Interest Rate/Charges are higher

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   a) Excellent
   b) Good
   c) Poor

10. Are staff meetings conducted regularly?
    a) Yes
    b) No

11. If ‘No’, the main reason is:
    a) Manager does not convene meetings
    b) Staff not interested
    c) Non-availability of time

12. "Suggestions" made in the "staff meet" are implemented.
    a) Promptly
    b) Casually
    c) Not given due importance

13. Are customer meetings conducted periodically?
    a) Yes
    b) No

14. If ‘No’, the main reason is:
    a) Manager/staff are not prepared to meet the customer
    b) Customers do not attend
    c) Non-availability of time

15. Whether suggestions made in the "Customers' Meet" are implemented:
    a) Promptly
    b) Casually
    c) Never
16. Do you feel, "marketing of product & services" is necessary to improve the customers' satisfaction level of your branch:
   a) Yes
   b) No

17. In your opinion, the level of customer satisfaction in your branch is:
   a) Excellent
   b) Very good
   c) Satisfactory
   d) Poor

18. Do you feel, to improve level of customer satisfaction in your branch, the top management of your bank is:
   a) Very much concerned and supportive
   b) So-so
   c) Not concerned

19. Do you feel "customer service" has direct relations to the Business growth/Profitability/NPA management of your branch:
   a) Yes
   b) No

20. Other Banks within your command area (write only 3 names).

21. Which bank's customer service is superior to yours:

22. If so, please specify at least 3 main reasons of each bank

23. Suggestions for improvement of "customers" satisfaction level in your branch.

24. In order to meet the increasing expectation of customers', whether you/ your staff have proper/adequate____
   Yes          No          Can't say
   a) Skill

LXX
b) Attitude  
c) Knowledge  
d) Motivation  
e) Placement/postings  
f) Incentives

25. Level of compliance in your branch on....
   - NO
   - If “YES” please specify the “Level of compliance”

   \[
   \begin{array}{c}
   \text{upto25\%} \\
   \text{25-50} \\
   \text{50-75} \\
   \text{above75\%}
   \end{array}
   \]

a) Time norms for specialized business transaction  
b) Dishonoured instruments to be returned to customers within 24 hours  
c) Complaint/suggestion box/register  
d) Payment of interest @2% above SB interest for delay in collection of outstation cheques.  
e) Exchange of soiled and mutilated notes at the counter
PRIVATE AND CONFIDENTIAL

Date:

Dear Sir/Madam,

Most humbly I wish to inform you that I am conducting research on “Customer Satisfaction Level in major Banks with special reference to Uttarakhand state”.

As a part of this research, I am collecting feedback/views/responses from various Bank officials and Customers of Uttarakhand state.

It is my great pleasure to inform you that I have selected YOU as one of the respondents of the Questionnaires. I am sending herewith a set of Questionnaire to you and request to kindly complete the same in all aspects at your earliest.

I assure you that your views/response will be kept strictly confidential and these will be used in statistical analysis for my research purpose only.

Kindly send back the completed questionnaire to me in the self-addressed envelope (stamped) enclosed herewith.

Your early action will be highly appreciated.

Sincerely yours,

(R.K.Mohanty)
ANNEXURE-13

INTERVIEW SCHEDULE FOR TOP MANAGEMENT OF BANKS

(The following issues are to be discussed with senior executives of various banks-
To ascertain their views, opinion, comments, problems, future plan, strategies)

- Customers’ grievances handling system
- Staff members (all the three categories) are conversant with the various products and services
- Customers awareness of your products and services
- Marketing of products and services
- Proper and adequate placement of staff at branches, motivation, incentives
- Product innovation and improvement
- Proactive Role of trade unions
- Computerization
- Role of other administrative offices/controlling offices in between head office and branches
ANNEXURE-14

LIST OF PUBLIC SECTOR BANKS

<table>
<thead>
<tr>
<th>Sl No</th>
<th>Banks' Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Allahabad Bank</td>
</tr>
<tr>
<td>2</td>
<td>Andhra Bank</td>
</tr>
<tr>
<td>3</td>
<td>Bank of Baroda</td>
</tr>
<tr>
<td>4</td>
<td>Bank of India</td>
</tr>
<tr>
<td>5</td>
<td>Bank of Maharashtra</td>
</tr>
<tr>
<td>6</td>
<td>Canara Bank</td>
</tr>
<tr>
<td>7</td>
<td>Central Bank of India</td>
</tr>
<tr>
<td>8</td>
<td>Corporation Bank</td>
</tr>
<tr>
<td>9</td>
<td>Dena Bank</td>
</tr>
<tr>
<td>10</td>
<td>Indian Bank</td>
</tr>
<tr>
<td>11</td>
<td>Indian Overseas Bank</td>
</tr>
<tr>
<td>12</td>
<td>Oriental Bank of Commerce</td>
</tr>
<tr>
<td>13</td>
<td>Punjab &amp; Sind Bank</td>
</tr>
<tr>
<td>14</td>
<td>Punjab National Bank</td>
</tr>
<tr>
<td>15</td>
<td>Syndicate Bank</td>
</tr>
<tr>
<td>16</td>
<td>United Commercial Bank</td>
</tr>
<tr>
<td>17</td>
<td>Union Bank of India</td>
</tr>
<tr>
<td>18</td>
<td>United Bank of India State Bank of India</td>
</tr>
<tr>
<td>19</td>
<td>Vijaya Bank</td>
</tr>
</tbody>
</table>

LXXIV
<table>
<thead>
<tr>
<th>No.</th>
<th>Bank Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>20.</td>
<td>State Bank of India</td>
</tr>
<tr>
<td>21.</td>
<td>State Bank of Bikaner &amp; Jaipur</td>
</tr>
<tr>
<td>22.</td>
<td>State Bank of Hyderabad</td>
</tr>
<tr>
<td>23.</td>
<td>State Bank of Indore</td>
</tr>
<tr>
<td>24.</td>
<td>State Bank of Mysore</td>
</tr>
<tr>
<td>25.</td>
<td>State Bank of Patiala</td>
</tr>
<tr>
<td>26.</td>
<td>State Bank of Saurashtra</td>
</tr>
<tr>
<td>27.</td>
<td>State Bank of Travancore</td>
</tr>
</tbody>
</table>
## LIST OF PRIVATE SECTOR BANKS

<table>
<thead>
<tr>
<th>Sl. No</th>
<th>Banks’ Name</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Old Private Sector Banks

1. Bank of Rajasthan Ltd.
2. Catholic Syrian Bank Ltd.
3. City Union Bank Ltd.
4. Dhanalakshmi Bank Ltd.
5. Development Credit Bank Ltd.
6. Federal Bank Ltd.
7. Ganesh Bank of Kurundwad Ltd.
8. ING Vysya Bank Ltd.
10. Karnataka Bank Ltd.
11. Karur Vysya Bank Ltd.
12. Lakshmi Vilas Bank Ltd.
13. Lord Krishna Bank Ltd.
14. Nainital Bank Ltd.
15. Ratnakar Bank Ltd.
17. SBI Commercial & International Bank Ltd.
18. South Indian Bank Ltd.
19. Tamilnad Mercantile Bank Ltd.

### New private sector banks

20. Bank of Punjab Ltd.
21. Centurion Bank Ltd.
<table>
<thead>
<tr>
<th></th>
<th>Bank Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>22.</td>
<td>Global Trust Bank Ltd.</td>
</tr>
<tr>
<td>23.</td>
<td>HDFC Bank Ltd.</td>
</tr>
<tr>
<td>24.</td>
<td>ICICI Bank Ltd.</td>
</tr>
<tr>
<td>25.</td>
<td>IDBI Bank Ltd.</td>
</tr>
<tr>
<td>26.</td>
<td>IndusInd Bank Ltd.</td>
</tr>
<tr>
<td>27.</td>
<td>Kotak Mahindra Bank Ltd.</td>
</tr>
<tr>
<td>28.</td>
<td>UTI Bank Ltd.</td>
</tr>
</tbody>
</table>
# ANNEXURE-16

## LIST OF FOREIGN BANKS OPERATING IN INDIA

<table>
<thead>
<tr>
<th>Sl. No</th>
<th>Banks’ Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>ABN Amro Bank N.V.</td>
</tr>
<tr>
<td>2.</td>
<td>Abu Dhabi Commercial Bank Ltd</td>
</tr>
<tr>
<td>3.</td>
<td>American Express Bank Ltd</td>
</tr>
<tr>
<td>4.</td>
<td>Arab Bangladesh Bank Ltd</td>
</tr>
<tr>
<td>5.</td>
<td>Bank International Indonesia</td>
</tr>
<tr>
<td>6.</td>
<td>Bank of America, N.A.</td>
</tr>
<tr>
<td>7.</td>
<td>Bank of Bahrain &amp; Kuwait BSC</td>
</tr>
<tr>
<td>8.</td>
<td>The Bank of Nova Scotia</td>
</tr>
<tr>
<td>9.</td>
<td>The Bank of Tokyo- Mitsubishi Ltd</td>
</tr>
<tr>
<td>10.</td>
<td>Barclays Bank PLC</td>
</tr>
<tr>
<td>11.</td>
<td>BNP Paribas</td>
</tr>
<tr>
<td>12.</td>
<td>Citibank N.A.</td>
</tr>
<tr>
<td>13.</td>
<td>Calyan Bank</td>
</tr>
<tr>
<td>14.</td>
<td>Deutsche Bank AG</td>
</tr>
<tr>
<td>15.</td>
<td>DBS Bank Ltd</td>
</tr>
<tr>
<td>16.</td>
<td>The Hong Kong &amp; Shanghai Banking Corporation Ltd</td>
</tr>
<tr>
<td>17.</td>
<td>ING Bank N.V. (ING Barings)</td>
</tr>
<tr>
<td>18.</td>
<td>J.P. Morgan Chase Bank</td>
</tr>
<tr>
<td>19.</td>
<td>Krung Thai Bank Public Company Ltd</td>
</tr>
<tr>
<td>20.</td>
<td>Mashreq Bank PSC</td>
</tr>
<tr>
<td>21.</td>
<td>Mizho Corporate Bank Ltd</td>
</tr>
<tr>
<td>22.</td>
<td>Oman International Bank S.A.O.G.</td>
</tr>
<tr>
<td>23.</td>
<td>Societe Generale</td>
</tr>
<tr>
<td>24.</td>
<td>Sonali Bank</td>
</tr>
<tr>
<td>25.</td>
<td>Standard Chartered Bank</td>
</tr>
<tr>
<td>26.</td>
<td>State Bank of Mauritius Ltd</td>
</tr>
<tr>
<td>27.</td>
<td>Sumitomo Mitsui Banking Corporation</td>
</tr>
<tr>
<td>No.</td>
<td>Name of the Dist</td>
</tr>
<tr>
<td>-----</td>
<td>------------------------</td>
</tr>
<tr>
<td>1</td>
<td>Dehradun</td>
</tr>
<tr>
<td>2</td>
<td>Uttarkashi</td>
</tr>
<tr>
<td>3</td>
<td>Hardwar</td>
</tr>
<tr>
<td>4</td>
<td>Tehri</td>
</tr>
<tr>
<td>5</td>
<td>Pauri</td>
</tr>
<tr>
<td>6</td>
<td>Chamoli</td>
</tr>
<tr>
<td>7</td>
<td>Rudra Prayag</td>
</tr>
<tr>
<td></td>
<td>Total Kumaon mandal</td>
</tr>
<tr>
<td>8</td>
<td>Almora</td>
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<tr>
<td>9</td>
<td>Begeshwar</td>
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<tr>
<td>10</td>
<td>Pithoragarh</td>
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<tr>
<td>11</td>
<td>Champawat</td>
</tr>
<tr>
<td>12</td>
<td>Nainital</td>
</tr>
<tr>
<td>13</td>
<td>U.S. Nagar</td>
</tr>
<tr>
<td></td>
<td>Total Garhwal Mandal</td>
</tr>
<tr>
<td></td>
<td>Grand Total</td>
</tr>
</tbody>
</table>

LXXIX
## ANNEXURE-18

### UTTARANCHAL STATE

### BANK WISE STATISTICS

**AS ON 30.09.2006**

(Amt.in Rs. Crores)

<table>
<thead>
<tr>
<th>Sl.No.</th>
<th>Name of banks</th>
<th>Rural</th>
<th>SU</th>
<th>U</th>
<th>M</th>
<th>Total</th>
<th>Deposits</th>
<th>Advances</th>
<th>CD</th>
<th>Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>State Bank of India</td>
<td>207</td>
<td>42</td>
<td>21</td>
<td>0</td>
<td>270</td>
<td>8267</td>
<td>4298</td>
<td>52</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Punjab National Bank</td>
<td>77</td>
<td>31</td>
<td>27</td>
<td>0</td>
<td>135</td>
<td>4083</td>
<td>1835</td>
<td>45</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Bank of Baroda</td>
<td>25</td>
<td>16</td>
<td>10</td>
<td>0</td>
<td>51</td>
<td>1111</td>
<td>485</td>
<td>44</td>
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<tr>
<td>A</td>
<td>Total Lead Banks</td>
<td>309</td>
<td>89</td>
<td>58</td>
<td>0</td>
<td>456</td>
<td>13461</td>
<td>6618</td>
<td>49</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Oriental Bank of Com</td>
<td>11</td>
<td>19</td>
<td>5</td>
<td>0</td>
<td>35</td>
<td>866</td>
<td>294</td>
<td>34</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Union Bank of India</td>
<td>9</td>
<td>13</td>
<td>10</td>
<td>0</td>
<td>32</td>
<td>933</td>
<td>252</td>
<td>27</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Canara Bank</td>
<td>10</td>
<td>8</td>
<td>7</td>
<td>0</td>
<td>25</td>
<td>522</td>
<td>257</td>
<td>49</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Central Bank of India</td>
<td>5</td>
<td>9</td>
<td>10</td>
<td>0</td>
<td>24</td>
<td>591</td>
<td>180</td>
<td>31</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Punjab &amp; Sind Ban</td>
<td>11</td>
<td>7</td>
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<td>415</td>
<td>78</td>
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<td>10</td>
<td>4</td>
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<td>17</td>
<td>433</td>
<td>202</td>
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<td>UCO Bank</td>
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<td>266</td>
<td>82</td>
<td>31</td>
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</tr>
<tr>
<td>11</td>
<td>Indian Overseas Bank</td>
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<td>6</td>
<td>3</td>
<td>0</td>
<td>15</td>
<td>429</td>
<td>89</td>
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<td>12</td>
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<td>12</td>
<td>123</td>
<td>150</td>
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<td>13</td>
<td>Bank of India</td>
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<td>10</td>
<td>80</td>
<td>31</td>
<td>39</td>
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<tr>
<td>14</td>
<td>Syndicate Bank</td>
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<td>2</td>
<td>9</td>
<td>0</td>
<td>11</td>
<td>276</td>
<td>105</td>
<td>38</td>
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<tr>
<td>15</td>
<td>Vijaya Bank</td>
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<td>1</td>
<td>2</td>
<td>0</td>
<td>3</td>
<td>172</td>
<td>33</td>
<td>19</td>
<td></td>
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<tr>
<td>16</td>
<td>Corporation Bank</td>
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<td>0</td>
<td>3</td>
<td>0</td>
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<td>40</td>
<td>5</td>
<td>13</td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>Andhra Bank</td>
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<td>0</td>
<td>2</td>
<td>0</td>
<td>2</td>
<td>38</td>
<td>8</td>
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<td>18</td>
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<td>87</td>
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<td>0</td>
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<td>1</td>
<td>0</td>
<td>1</td>
<td>26</td>
<td>10</td>
<td>37</td>
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<tr>
<td>21</td>
<td>Bank of Maharashtra</td>
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<td>2</td>
<td>0</td>
<td>2</td>
<td>55</td>
<td>5</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>22</td>
<td>Dena Bank</td>
<td>0</td>
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<td>1</td>
<td>0</td>
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LXXXI
ANNEXURE-19

UTTARANCHAL STATE
DISTRICTS COVERED BY THE SURVEY
(Figures as on 30.09.2006 and amount in Rs. Crores)

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<th>No. of Advances</th>
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LXXXII
ANNEXURE-20

UTTARANCHAL STATE

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(Figures as on 30.09.2006 and amount in Rs. Crores)

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