Chapter - II

THE STUDY
SIGNIFICANCE OF THE STUDY

India is passing through rapid economic transition. The past record of the country can only be marginal support to help it write new economic equation entitling it to a New Millennium. The Public Sector Banks (PSBs) have to prepare themselves for a fundamental economic transformation and to develop a new self-adjusting framework providing continuous opportunity for organic growth. Competitiveness is the litmus test in the present era of globalization and Internationalisation. All sectors of any economy have to qualify in the test. PSBs in India can not be an exception to this. PSBs obviously have a special place in Indian financial system. When the financial sector in India is witnessing an intensive process of economic reforms, PSBs are in a way being compelled to face a completely new situation. Economic reforms via financial liberalization have heightened competition, both among banks as well between bank and non-bank financial intermediaries. Consumer demands are rapidly changing and a large population is asking for banking services of the highest quality.

PSBs in India have made tremendous quantitative progress but on the whole, it has to be admitted that PSBs have yet to arrive to a banking structure and operational systems which suit to the ongoing economic reforms and at the same time build modern banking systems in the competitive age.

REVIEW OF LITERATURE

Banking is a prime mover in the economic development of a nation and research is so essential to improve its working results. The management without any right policy is
like “building a house on sand”. It means an effective management always needs a thorough and continuous search into the nature of the reasons for, and the consequences of organisation. In line with this, some related earlier studies conducted by individuals and institutions are reviewed to have an in-depth insight into the problem and exploring the reformation of banking policy. The main theme and essence of few relevant studies are presented below.

Branch expansion is a thrust for economic development. Sharma said: “The expansion of banking facilities was uneven and lopsided, and banks were concentrating their operations in metropolitan cities and towns. A fairly large number of rural and semi urban centres with reasonable potentialities of growth failed to attract the attention of commercial banks. As far as the deposit mobilization in the rural areas is concerned, much remains to be done.”

A policy of planned and systematic branch expansion laying stress not only on opening branches in the under-developed and neglected areas but also in the providing additional banking facilities to the growing metropolitan and urban areas to cope with the ever-increasing requirements of trade, industry and commerce is more desirous. Pertaining to the devoid of banking facilities, Gopal Karkal said “Some regions have done well in spreading the banking facilities, while some regions have still very backward. Further, our clients are larger merchants and big industrialists. They approach with their demand for larger loans and advances, and in return give large business. If we
transfer our limited resources to small industry, agriculture etc., how can we increase our deposits, advances etc., and how can we survive."

The commercial banks had made a commendable progress in extending the frontiers of banking both geographically and functionally and, as a result, cover a wider area and much larger segment of population than did it in the pre-nationalization. "The branching activities of banks particularly in the rural areas are unprecedented in the banking sector of India. However, coming to the issue of dispersion of their lending activities, we witness that the performance of commercial banks was quite unimpressive and the urban orientation still appears to be persisting. The credit-deposit ratio of banks in Bombay, Calcutta, Madras and Delhi cities has remained almost at 100 percent during the period 1969-75."

Raghupathy said the performance of the banking sector was better, and the development imperatives of the country call for much more than what has been achieved. In this context he remarked that "if the objectives are not fully achieved, the fault does not lie entirely with the bankers. The fault lies in our not being able to integrate all powerful instruments of development into an effective system." "It is doubtful whether the inter and intra regional imbalances that existed during the pre-nationalization period have significantly been reduced."

To ensure the commercial banks should not divert their attention from social responsibility, it was decided to control the branch network in the urban areas. The Raj
committee set up by the Reserve Bank of India examined, the change in the tempo and
direction of branch expansion needed. "The steps being taken by the banking sector in
respect of branch expansion would still seem to be short of the requirements covering the
whole country."  

V.N. Saxena stated that "Improvement in the systems and procedures of inspection
of stocks, maintenance of stock register is required. Reforms should be initiated in
extension of sponsorship schemes, recovery and consultancy."  

Indian Bank's Association (IBA) conducted an all India survey to rate the customer
service provided by all the 27 public sector banks aimed at fostering healthy competitive
spirit amongst banks to improve upon their customer service. The objective of this study
is to evaluate quality of service as perceived by the customers of public sector banks and
identify areas where the banks need to improve for achieving higher levels of customer
satisfaction. The study has been a massive one covering about 2500 bank branches and
about 85,000 customers (respondents) at the all India level. Sample branches in all
categories have been randomly chosen by IBA in proportion to the business/the number
of branches in a particular category. In addition to bank rating at regional level and all
India level, the survey results will also be used for rating each region on the basis of the
customer service of all sample branches of the banks' operating in the region.  

Balakrishna made an attempt on regional banking disparities. He observed that
"disparities cannot be eliminated completely because of differences in topography,
population, agricultural development, etc. If commercial banks maintain their tempo in future years also, then these disparities can further be eliminated to a great extent."

Subrata Sarkar stated that “Present day corporate customers value efficiency highly rather than old connections and acquaintances. A well equipped and modern bank which functions smoothly and efficiently would be the first choice of a corporate customer. The bank should create an image of efficiency so as to attract good corporate customers.”

S. Chandran stated that “Legal action should not be the inevitable last step in the process, branches should be educated to evaluate this option for recovery, like any other option, objectively before launching the same. Building up an information infrastructure at the apex level first and at the lower tiers subsequently should be initiated.”

Regarding the branch expansion policy, Satya Sundaram observed that, “there are still wide disparities in spread of banking facilities regionally. The lead bank surveys at the district level have identified a number of unbanked rural centers which have potentials for opening branch office.”

Swamy and Subrahmanyam attempted to focus on “Profitability within Public sector banks. The study made an attempt to set benchmarks for laggards of public sector banks in terms of performance.” Branch rationalisation is more relevant in the context of achieving balanced development; and freedom will be given to the commercial banks in re-locating branches and opening of specialized branches. As per the new policy, “Commercial banks have opened NRI branches, recovery branches, small scale industries
branches, professional branches, agricultural finance branches, personal banking branches and so on."

Das compares performance among public sector banks for three years in the post-reform period, 1992, 1995 and 1998. He finds a certain convergence in performance. He also notes that while there is a welcome increase in emphasis on non-interest income, banks have tended to show risk-averse behaviour by opting for risk-free investments over risky loans."

The organizational strains have experienced considerably by the commercial banks in the process of coping with the expansion of volume of business because of their inability to adopt their internal organization to meet the new requirements. Mannur stated that 'there was no further need for any policy of branch expansion; and the expansion of branches should be primarily an internally management decision on their assessment of the commercial prospects."

Banks geographical pervasiveness coupled with the range and depth of service as also virtual monopoly of 'payment mechanism,' makes the commercial banking system, an indispensable medium in every day transactions. In this regard, Joshi, P.V. observed that, "Banks provide the much needed lubricant to keep the wheels of trade and industry moving and therefore, they constitute an important adjunct in the economic development process."
Jayanti Lal Jain stated, "The credit deposit ratio in Haryana (69 Per cent), Tamilnadu (76 per cent), Andhra Pradesh (71 Per cent) is high. And every bank has some states where credit deposit ratio is very high say 90 per cent and the other States where it may be twenties. Thus, inter-regional imbalances are quite significant in the deployment of resources mobilized by the banks in spite of massive branch network and multiplicity of banks." Abhiman Das Stated that "State bank group is more efficient that the nationalised banks. The main source of inefficient was technical in nature, rather than allocative inefficiency in public sector banks is due to under utilisation or wasting of resources rather than incorrect input combination. Public sector banks improved their allocative efficiency significantly in the post liberalisation period." 

"It is of paramount importance for Bankers to learn to look at the various tools for analysing the balance sheets critically and use them as audits of their management capabilities. These progress cards of management highlight strengths and weakness, and point to the tasks ahead. Managers and others who look on these documents as of no particular consequence will do so at their own peril." 

N.K. Thingalaya said "One major change observed in recent years is the process of de-regulation of the interest rate structure by the Reserve Bank of India. This is certainly a welcome step in improving the competitive efficiency of banks." In the words of P.B. Kulkarni, "Nationalisation of banks in 1969, no doubt produced a number of desired results but it also created a number of weaknesses and problem's for the banks and within the system as a whole. They are: (i) deterioration in customer service (ii) development of
a culture to please people who mattered for one's career (iii) publishing of 'no fair view' balance sheets to avoid the stigma of showing losses and (iv) lack of transparency in overall operations. While referring to the banking sector, Tapora, S.S., with great foresight said that "Nationalisation is not the best means of achieving a national institution."^25^ The assessment of public sector commercial banks in retrospect reveals that they have made impressive progress in terms of deposits mobilization, credit dispensation, lending to deprived social segments, geographical expansion, functional reach and diversification. According to Rajendra Kumar Jain, "The Government must get down to planning a phased programme to remove the burden of non-performing assets from the banking sector. This would not only increase the liquidity of the banks but will also result in a more effective, albeit, slightly, costlier, credit delivery system to the priority sector."^25^ With the economic liberalization and imminent globalisation, the problem of non-performing assets will assume complex dimension. Describing India as one of the least globalised and lower recipient of capital, Jalan, Governor of Reserve Bank of India said "More reforms were needed internally for integration with world economy."^25^ K.S. Krishnaswamy, Chairman of the Working Group appointed by Reserve Bank of India in his report on the 'Role of Banks in Priority Sector Lending and the 20-Point Economic Programme' has suggested modifications in the definition of priority sector
lending. It also recommended that the private sector commercial banks should actively participate in extending assistance under the priority sector and the 20 Point Economic Programme.26

In a study on myth of viability of rural branches, it is argued that “there is nothing inherently non-viable about banking in rural areas. Inadequate management competence in individual bank is a major cause of the non-viability of rural branches of many public sector banks.” The biggest ever-challenge that the banking industry now faces is the phenomenon non-performing assets. But, there is nothing to lose hope about it. The Great Saint Poet Tiruvalluvar said, “thou can conquer even the whole world if thou choose the proper time and the proper objectives.” Therefore, the banking industry and financial institutions, should act in concert with the unity of motive and chalk out strategy. If this is done, the banking industry could add one more feather to its cap for having successfully tackled the perilous phenomenon of non performing assets.27

The overdue or bad loan is not confined to any particular sector or purpose or class of borrowers. However, it is the big borrowers who contribute much to the product of bad loans. According to figures culled from data released by the Reserve Bank of India, Commerce and Industry account for around 70 per cent of the total non-performing assets of the banking system. A review of the individual non-performing assets of over Rs.50 crores shows that it is the big corporates, who are closely associated with the major chambers of commerce, are to be blamed the most. The recovery of big loans continued to be a problem despite the ‘fairly liberal’ settlement scheme announced by the Central
S. Tarapore said "The second generation reforms should be implemented without any delay so as to energise the system." R. Nambirajan, in his study compared gross and net Non Performing Assets of all Public sector banks from 1998 to 2000 and could find marginal increase. The study states that corporation bank has got lowest NPAs (1.92 %) and Indian bank has got highest NPAs (16.18 %).

R. Anuradha stated that "the need for the change of Indian banks and the forces behind the change like globalisation, liberalisation, international trade, IT revolution etc., The study also highlights various consequences that are to be faced by the Indian banks if they remain unchanged." A. Gnanadoss, highlighted "the branch expansion statistics from 1969 to 1999 with a clear comparison of rural branch expansion with total branch expansion. The study includes comparison of structural deposits and credits of all scheduled commercial banks from 1950 to 2000. He has compared the performance of scheduled commercial banks in priority sector lending during 1990 - 2000."  

D. V. L. N. V. Prasada Rao’s study includes “bank category wise amount of loan given to various purposes in Belgaum district during 1997 – 1998. The study has listed various organisational, operational and co-ordinational problems in credit support.”  S. N. Bidani said “Banks should try to list out specific cause which are responsible for
increasing NPA’s and evolve strategies and account specific action plan for their removal. Such an approach would not only help them in bringing down the existing NPAs but also check slippage of performing accounts in to this category.”

N. Janardhana Rao said “The new ordinance SARFESI Act 2002 covers three unrelated issues securitisation, reconstruction, perfection of security interests. It would be better if these issues would be addressed specifically and independently. There is no doubt that the ordinance to rid the banking system in India of bad debts is just the beginning. However much remains to be done.”

R. Prasad Stated that “Due to the negligence of customers most of the frauds occur. Master card has lost $369 mn during 2001-2002 financial year. In India credit card frauds are much higher than that of the entire world.”

Kasthuri Nageswara Rao Stated that “Out of the six distress’ zone banks identified by Verma Committee, Vijaya Bank, Indian Overseas Bank and Union Bank of India have gone public and now Indian Overseas Bank still has an adverse coverage ratio. The remaining two banks are in comfortable position.”

Suresh Krishna Murthy said “Technological progress has created a segment between the banks, that are techno savvy and those that are not. Amidst all these, the good old distinction of new private sector and old private sector banks continues to thrive. Here is
an analysis of the old private sector banks that have seen a decade of evaluation and now stand at a crucial stage of their evolutions.” 39

Chowdary Prasad, “compared the 1991 economic reforms of India with that of china, that took place in 1978. He has stated “Reforms in India have just been a decade old but there have been numerous changes in political set up, industrialisation policies, legal reforms, privatisation, etc.” 40

M.G.Bhide, A.Prasad, Saibal Ghosh’s study “has identified various weaknesses in banks after second generation of reforms namely interest rate deregulation, non-performing assets, direct lending, ownership structure, legal framework, etc.” 41

K.Shiva Kumar and V.Samyoudha’s study includes “the ratings given by the respondents in a sample survey for various services namely customer responses towards counter services, passbook services, cheque services, demand draft services, depository services, etc., The study states that customers are highly satisfied with the services that are provided by private sector banks when compared with public sector and co-operative banks.” 42

Indira Rajaraman, Garima Vashishta’s study “highlights gross and net NPAs of commercial banks from 1996 to 2000. The study tries to identify the relation between Non-Performing Assets and operating efficiency.” 43 Mohd. Azmathullah Mobeen’s study identified “various managerial skills to be possessed by the managers at different
levels in Public sector banks based on Katz model of managerial skills and Keilty, Goldsmith and Boone's five key commitment model (Commitment to the customer, Organization, to self, to people, to the task).”  

Karamala Padmashree examined the performance of banking sector in terms of branch network, mobilisation of deposits, deployment of credit, priority sector services, Non-performing assets, profitability and productivity. Aditya Puri said “Technology has enabled banks to target customers, and provide customized products and services to match their individual requirements. The winners will be those banks that make optimum utilization of available technology to innovate, offer customized products and services and make the most of the resources at their disposal.”

Yash Paul Pahuja said “SBI is one of the fast growing players in the Indian Banking Industry with around 13,000 branches (including its seven associate banks) and 51 foreign offices in 31 countries. These branches handle 25 million transactions a day. The cost of funds is lowest for SBI at 7.6 % as compared to others” Aloka Majumdar stated that “Emerging trends have got a lot to do with the changes in the structure of the banking system. The second and equally important area, where banks are banking on other of their ilk, is on the retail side.”

Dharmalingam Venugopal stated that “The future of nationalized banks higes on their ability to build good quality assets in an increasingly competitive milieu while maintaining capital adequacy and prudential norms. Consolidation, to enhance
managerial efficiency, and competition, to transform customer service, are the key factors that will impact nationalized banks." 49

K. Eswar said "As our market evolve, so customer requirements change, and hence the positioning strategy needs to be modified. Positioning is not a one-time effort. It is a constant pursuit." 50 Suresh Krishna Murthy said "Public sector banks, hither to seen as the Government’s white elephants, have entered into a golden era. Reduced NPAs and better operating practices have turned these enterprises into a force to reckon with." 51

Pramod Guptha said "Both public and private banks are spending large amounts of money on technology to provide innovative products and services to their customers with more convenience and satisfaction. Technology is reducing the cost of transaction and helping to increase customer base and enable wider reach." 52

Chandra Shekhar stated that "The third and the most important dimension of the banking sector reforms was reduction of the non-performing assets (NPAs). In fact the whole effort to reform the banking sector would collapse if the banks are not able to contain and reduce their NPAs. It would be impossible for a bank with high NPAs to be either vibrant or competitive. What are these NPAs? These are the assets that do not yield any return." 53

V. Raghunathan stated that "Convergence in the banking sector assumes increased significance because banks today no longer compete merely with other banks. They in fact compete with altogether different sectors." 54
T Abhiman Das and Saibal Ghosh’s sample study conducted “to know the performance of bank CEOs in the era of corporate governance, tried to identify the adaptability characteristics of CEOs in terms of technology. The study also states that CEOs of poorly performing banks are likely to face higher turnover than CEOs of well performing ones.”

Committee on Technology Upgradation in the Banking Sector, Constituted by R.B.I. with Dr A.Vasudevan, as Chairman submitted report in 1999. The Committee has strongly advised to adopt latest technology in Banking sector. Shri S.R. Mittal, Chairman of Committee on Internet Banking, Constituted by R.B.I. strongly urged to use the fast growing Internet medium in Banking transactions.

The Government of India set up a nine-member committee under the chairmanship of Narasimham, former Governor of Reserve Bank of India, to examine the structure and functioning of the existing financial system of India and suggest financial sector reforms. The report of the committee was tables in the Parliament on December 17, 1991.

The Finance Ministry of Govt. of India appointed once again a committee under the chairmanship of Sri M. Narasimhan to recommend reforms of the Indian banking sector. Reviewing the developments that have taken place during the period 1991-98, the committee made recommendations for reforming the banking sector. The Report was submitted in April 1998.
Shri M.S. Verma, Chairman, Working Group on Restructuring Weak Public Sector Banks, Constituted by R.B.I. submitted its report in 1999. M.S. Verma, suggested many measures which include a major aspect namely weak PSBs should be allowed for Public issue.

Committee on Micro finance, headed by Shri Vepa Kamesam, suggested various methods of lending to priority sector. He has highlighted the methods of lending especially to agriculture sector. The Committee has submitted its report in August, 2003.

STATEMENT OF THE PROBLEM

In recent times, the banking industry has witnessed radical changes. World over, dramatic changes are taking place in banks and banking operations. The global financial integration has brought a bigger challenge to the Indian banking. Indian banks are bracing up to meet the standards set by BANK for INTERNATIONAL SETTLEMENT (BIS) with regard to various prudential measures. The complexity of banking operations have undergone significant changes due to innovations in the banking products and cross-border dealings.

In the era of increasing competition due to liberalization and globalization of the banking sector in India, apart from retaining market share or if possible increasing it by adopting aggressive marketing strategies, it is more important to maintain quality of assets financed, as the large number of bad loans will operate like two edged weapon.
reducing direct yield on advances and direct bearing on profitability of bank. The management of assets is indeed a major challenge before banks now. This is particularly relevant when non-performing assets (NPAs) of banks in India are considered to be on higher side as compared to those in other countries. It has attracted the attention of public as also of international financial institutions and has attained further prominence in the wake of transparency and disclosure measure initiated by the RBI all these years to ensure required level of corporate governance.

A section of bankers believe that the prescription of 40 percent of the net bank credit to priority sectors has led to higher level of non-performing assets for Indian banks. As per Government and RBI instructions banks are required to achieve national goals of providing loans to priority sector which also include loans to weaker section of society and under self employment schemes of Government for unemployed youths, etc.

These loans, in addition to carrying low interest rate, thereby generating less income for the banks are also quite risky in nature. Generally many of these accounts get into difficulty and slip to NPA category resulting in loss of income and substantial provisions and in some cases even write-off of the loan amounts.

After nationalization, banks had to open branches in rural and semi-urban areas, some of these areas lacked business potential. The branches opened at such centers which lacked business continued making losses and affected bank’s profitability. Banks
have to bear this since decision with regard to opening or closing of branch offices required RBI's prior approval.

With the increased importance to marketing, customer care has gained priority. As the customer forms the core target of any business, in this competitive era banks are striving a lot to retain and satisfy their customers.

NEED FOR THE STUDY

The thirteen years, which marks the era of liberalization and reforms in the country, has been eventful one for the Banking industry changing the face of the industry far beyond recognition. Technology has brought in substantial changes in Banking in terms of customer services and new product innovations. The introduction of Voluntary Retirement Scheme (VRS) in public sector banks during the year demonstrated the resolve of the Banking sector to take hard decisions to gear themselves up for today's highly competitive environment. The reforms in the financial sector continued with tighter NPA recognition and provisioning norms.

It is nearly thirteen years since reform process has been started in PSBs, it is necessary to know whether the reforms are being fruitful or not. The review of various studies and literature on Banking revealed that there is not even a single study that covered the performance of banks in relation to financial aspects and Quality of customer service. Hence, it is felt that, there is an imperative need to study the Performance of Public Sector Banks after reforms and Quality of customer service.
OBJECTIVES OF THE STUDY

The objectives of the study are:

1. To examine the reforms introduced in the banking sector.
2. To evaluate the performance of Public Sector Banks after reforms.
3. To identify the measures taken by Public Sector Banks to reduce the level of Non Performing Assets.
4. To examine the methods of Priority Sector Lending in Public Sector Banks.
5. To study the attitude of customers towards the Quality of Customer service in Public Sector Banks.

METHODOLOGY & SAMPLING

To achieve the stated objectives, the researcher has used both primary and secondary data. The primary data are collected from the customers of 28 branches of various public sector banks available in Kurnool District through Structured Questionnaire.

The secondary data and information have been collected from various sources like Reserve Bank of India Reports and publications, Indian Bankers Association publications, National Institute of Bank Management publications, business newspapers, journals, magazines are also relied upon.

Kurnool district is selected for the study, as it is one of the oldest districts of Andhra Pradesh forming a part of the Rayalaseema region. The district headquarters is
located at Kurnool city, which was Capital of Andhra state during 1953 to 1956. Kurnool city is the gateway of Rayalaseema.

Out of 27 Public Sector Banks, 17 Public Sector Banks are having their branches in Kurnool district. Table 2.1 shows the details of 17 PSBs and their number of branches in Kurnool district. So, it would be useful to study the concept of customer service in Public sector banks located in Kurnool district.

**TABLE 2.1 – PROFILE OF PUBLIC SECTOR BANKS IN KURNOOL DISTRICT.**

<table>
<thead>
<tr>
<th>S.No</th>
<th>Name of the PSB</th>
<th>No. of Urban Branches in Kurnool Dt.</th>
<th>No. of Rural Branches in Kurnool Dt.</th>
<th>Total No of Branches in Kurnool Dt.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Andhra Bank</td>
<td>10</td>
<td>15</td>
<td>25</td>
</tr>
<tr>
<td>2</td>
<td>Bank of Baroda</td>
<td>1</td>
<td>Nil</td>
<td>1</td>
</tr>
<tr>
<td>3</td>
<td>Bank of India</td>
<td>1</td>
<td>Nil</td>
<td>1</td>
</tr>
<tr>
<td>4</td>
<td>Canara Bank</td>
<td>3</td>
<td>4</td>
<td>7</td>
</tr>
<tr>
<td>5</td>
<td>Central Bank of India</td>
<td>2</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>6</td>
<td>Corporation Bank</td>
<td>3</td>
<td>Nil</td>
<td>3</td>
</tr>
<tr>
<td>7</td>
<td>Indian Bank</td>
<td>3</td>
<td>3</td>
<td>6</td>
</tr>
<tr>
<td>8</td>
<td>Indian Overseas Bank</td>
<td>3</td>
<td>Nil</td>
<td>3</td>
</tr>
<tr>
<td>9</td>
<td>Oriental Bank of Commerce</td>
<td>1</td>
<td>Nil</td>
<td>1</td>
</tr>
<tr>
<td>10</td>
<td>Punjab National Bank</td>
<td>1</td>
<td>Nil</td>
<td>1</td>
</tr>
<tr>
<td>11</td>
<td>Syndicate Bank</td>
<td>6</td>
<td>18</td>
<td>24</td>
</tr>
<tr>
<td>12</td>
<td>Union Bank of India</td>
<td>1</td>
<td>Nil</td>
<td>1</td>
</tr>
<tr>
<td>13</td>
<td>United Bank of India</td>
<td>1</td>
<td>Nil</td>
<td>1</td>
</tr>
<tr>
<td>14</td>
<td>Vijaya Bank</td>
<td>3</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td>15</td>
<td>State Bank of India</td>
<td>17</td>
<td>35</td>
<td>52</td>
</tr>
<tr>
<td>16</td>
<td>State Bank of Hyderabad</td>
<td>3</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>17</td>
<td>State Bank of Mysore</td>
<td>1</td>
<td>Nil</td>
<td>1</td>
</tr>
</tbody>
</table>

Total Number of PSBs in Kurnool District: 60 79 139

Source: Compiled from bank manuals.
The Kurnool district is divided into three revenue divisions namely Kurnool, Nandyal and Adoni. There are 139 branches of 17 Public Sector Banks in Kurnool district. There are 69 branches in Kurnool division, 38 branches in Nandyal division and 32 branches in Adoni division. Table 2.2 shows the division wise status of PSBs.

**TABLE 2.2 – DISTRIBUTION OF PUBLIC SECTOR BANKS IN REVENUE DIVISIONS OF KURNOOL DISTRICT.**

<table>
<thead>
<tr>
<th>Revenue Division</th>
<th>Urban Branches</th>
<th>Rural Branches</th>
<th>Total Branches</th>
<th>Sample Branches</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kurnool</td>
<td>33</td>
<td>36</td>
<td>69</td>
<td>12</td>
</tr>
<tr>
<td>Nandyal</td>
<td>14</td>
<td>24</td>
<td>38</td>
<td>8</td>
</tr>
<tr>
<td>Adoni</td>
<td>13</td>
<td>19</td>
<td>32</td>
<td>8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>60</strong></td>
<td><strong>79</strong></td>
<td><strong>139</strong></td>
<td><strong>28</strong></td>
</tr>
</tbody>
</table>

Source: Compiled from bank manuals.

A sample of 28 banks (20% Sample size) has been taken at random for the study. Since, Kurnool division has more number of banks and branches, 12 branches have been taken for the study. In the remaining two revenue divisions eight branches in each division has been taken for the study i.e., Eight branches in Nandyal division and Eight branches in Adoni division. The total comes to 28 branches (Table 2.2). While selecting those branches 50% (14 branches) of the branches are taken from Urban areas and the remaining 50% (14 branches) of the branches are taken from Rural areas. Samples of 25 customers are taken at random from the 28 branches. The total sample comes to 700 (Table 2.3).
# TABLE 2.3: SHOWING THE DISTRIBUTION OF SAMPLE.

## KURNOOL REVENUE DIVISION

<table>
<thead>
<tr>
<th>S.No</th>
<th>Name of the Bank</th>
<th>Place / Mandal</th>
<th>Rural / Urban</th>
<th>Sample Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Bank of India</td>
<td>Kumool</td>
<td>Urban</td>
<td>25</td>
</tr>
<tr>
<td>2</td>
<td>Bank of Baroda</td>
<td>Kumool</td>
<td>Urban</td>
<td>25</td>
</tr>
<tr>
<td>3</td>
<td>Punjab National Bank</td>
<td>Kumool</td>
<td>Urban</td>
<td>25</td>
</tr>
<tr>
<td>4</td>
<td>Union Bank of India</td>
<td>Kumool</td>
<td>Urban</td>
<td>25</td>
</tr>
<tr>
<td>5</td>
<td>United Bank of India</td>
<td>Kumool</td>
<td>Urban</td>
<td>25</td>
</tr>
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<td>Pyalakurthy</td>
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<td>B. Tandrapadu</td>
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<td>Orvakal</td>
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Sample in Kumool Division 300

## NANDYAL REVENUE DIVISION

<table>
<thead>
<tr>
<th>S.No</th>
<th>Name of the Bank</th>
<th>Place / Mandal</th>
<th>Rural / Urban</th>
<th>Sample Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>State Bank of India</td>
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<td>Urban</td>
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</tr>
<tr>
<td>2</td>
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Sample in Nandyal Division 200

## ADONI REVENUE DIVISION

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<th>Place / Mandal</th>
<th>Rural / Urban</th>
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Sample in Adoni Division 200

**Total Sample Size : 700**
REFERENCES


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