Chapter – III

Growth and Development of Banks, Overview of Customer Services and Profile of the Study Area
CHAPTER – III

"A good bank is not only the financial heart of the community, but also one with an obligation of helping in every possible manner to improve the economic conditions of the common people".

3.1 GROWTH AND DEVELOPMENT OF BANKS IN INDIA

3.1.1 ORIGIN OF THE WORD 'BANK'

The name bank derives from the Italian word banco "desk/bench", or from a French word banque both mean a Bench or money exchange table used during the Renaissance by Florentines bankers, who used to make their transactions above a desk covered by a green tablecloth. However, there are traces of banking activity, even in ancient times.

In fact, the word traces its origins back to the Ancient Roman Empire, where moneylenders would set up their stalls in the middle of enclosed courtyards called macella on a long bench called a bancu, from which the words banco and bank are derived. As a moneychanger, the merchant at the bancu did not so much invest money as merely convert the foreign currency into the only legal tender in Rome that of the Imperial Mint.

3.1.2 MEANING OF BANK

A bank is a financial institution and a financial intermediary that accepts deposits and channels those deposits into lending activities, either directly by loan or indirectly through capital markets. A bank is the connection between customers that have capital deficits and customers with capital surpluses.
3.1.3 HISTORICAL ASPECTS OF BANKING IN INDIA

In India, the ancient Hindu scriptures refer to the money-lending activities in the Vedic period. During the era of Ramayana and Mahabharata, the banking had become a full-fledged activity. During the smrity period which followed the Vedic period, the business of banking was largely carried on by the members of vaish community. During the Buddhist period, there was considerable use of these instruments. Merchants in large towns gave letters of credit to one another.

The banker in this period performed many of the functions which a modern banker is performing these days viz. accepting deposits, granting of advances, acting as banker to state and issuing and managing currency of the country.

In addition to receipt of deposits and lending money, the modern banker renders many services. It becomes necessary to attract the customers by providing a wide range of innovative services to customers. After these banks had been long established, they began to do what we call as banking business, but at first they never thought of it”

During 1969 and 1980 banking companies were nationalized based on the thrust aim of more banking i.e., rapid expansion of banking activities. Whereas now the industry operates on the concept of customer centric banking i.e. changed from “More Banking to Better Banking” in order to face the market challenges. Previously, manual systems of banking were operated. After start adopting liberalization, banking industry went for technological advancement.

Indian banks are investing heavily in the technologies such as automated teller machine (ATMs), net banking, mobile banking, tele -banking, credit cards, debit cards, smart cards, call centers, CRM, data warehousing. It is essential to evaluate the impact of information technology on the performance of Indian banks in terms of extended value added services and customer satisfaction thereby.
For the past three decades, India's banking system has several outstanding achievements to its credit. The most prominent is its extensive reach. It is no longer confined to only metropolitans or cosmopolitans in India. In fact, the Indian banking system has reached even to the remote corners of the country. This is one of the main reasons of India's growth process.

The first bank in India, though conservative, was established in 1786. From 1786 till today, the journey of Indian Banking System can be segregated into three distinct phases. They are as mentioned below:

PHASE I

The General Bank of India was set up in the year 1786. Next came Bank of Hindustan and Bengal Bank. The East India Company established the Bank of Bengal (1809), Bank of Bombay (1840) and Bank of Madras (1843) as independent units and called it Presidency Banks. These three banks were amalgamated in 1920 and Imperial Bank of India was established which started as private shareholder banks, mostly Europeans shareholders.

In 1865 Allahabad Bank was established and first time exclusively by Indians, Punjab National Bank Ltd. was set up in 1894 with headquarters in Lahore. Between 1906 and 1913, Bank of India, Central Bank of India, Bank of Baroda, Canara Bank, Indian Bank, and Bank of Mysore were set up. Reserve Bank of India came in 1935.

During the first phase the growth was very slow and banks also experienced periodic failures between 1913 and 1948. There were approximately 1100 banks, mostly small. To streamline the functioning and activities of commercial banks, the Government of India came up with the Banking Companies Act, 1949 which was later changed to Banking Regulation Act, 1949 as per amending Act of 1965 (Act No. 23 of 1965). Reserve Bank of India was vested with extensive powers for the supervision of banking in India as the Central Banking Authority.
During those day’s public has lesser confidence in the banks. As an aftermath deposit mobilization was slow. Abreast of it the savings bank facility provided by the Postal department was comparatively safer. Moreover, funds were largely given to traders.

PHASE II

The Government took major steps in this Indian Banking Sector Reform after independence. In 1955, it nationalized Imperial Bank of India with extensive banking facilities on a large scale, especially in rural and semi-urban areas. It formed State Bank of India to act as the principal agent of RBI and to handle banking transactions of the Union and State Governments all over the country.

Seven banks forming subsidiary of State Bank of India was nationalized in on 19th July 1960, major process of nationalization was carried out in 1969. It was the effort of the then Prime Minister of India, Mrs. Indira Gandhi. Fourteen major commercial banks in the country were nationalized.

The Second phase of nationalization Indian Banking Sector Reform was carried out in 1980 with seven more banks. This step brought 80% of the banking segment in India under Government ownership. The following are the steps taken by the Government of India to Regulate Banking Institutions in the Country:

1. 1949: Enactment of Banking Regulation Act.
2. 1955: Nationalization of State Bank of India.
3. 1959: Nationalization of SBI subsidiaries.
4. 1961: Insurance cover extended to deposits.
7. 1975: Creation of regional rural banks.
After the nationalization of banks, the branches of the public sector bank India rose to approximately 80% in deposits and advances. Banking in the sunshine of Government ownership gave the public implicit faith and immense confidence about the sustainability of these institutions.

PHASE III

This phase has introduced many more products and facilities in the banking sector in its reform measure. In 1991, under the chairmanship of M Narasimham, a committee was set up in his name which worked for the liberalization of banking practices. The country is flooded with foreign banks and their ATM stations. Efforts are being put to give a satisfactory service to customers. Phone banking and net banking are introduced. The entire system became more convenient and swift. Time is given more importance than money.

3.1.4 GROWTH AND DEVELOPMENT OF BANK IN INDIA

Commercial banks are the oldest, biggest, and fastest growing financial intermediaries in India. Banking system occupies an important place in a nation’s economy. The banks have been doing the service and provide facilities to cater the needs of the customers. Commercial Banking has grown manifold since the nationalization of commercial bank in 1969. Such growth is all round in terms of a huge expansion in numbers of bank offices, total deposits, per capita deposits, and deposits as a percentage of national income, total credit disbursement and per capita credit. Commercial Banks are business enterprises which deal with finances, financial instrument and provide various financial services for a price known as interest, discount, commission, and fee.

According to the Banking Regulation Act, 1949, Banking means, “Accepting deposits of money from the public, for the purpose of lending or investment. These deposits may be repayable on demand or otherwise and may be written by cheque, draft, and order or otherwise”. Accepting deposits and lending
these resources to the business houses and individual are the main function of commercial banks. They have also diversified into various financial services also. The banking sector is appropriately regarded as a vital constituent of the economic system of a country. A sound and dynamic economic system cannot be conceived in the modern days without the existence of a sound banking system. Actually, the banking system provides strength to the monetary and the credit mechanism, and through it, the monetary authority regulates the mechanism in accordance with the requirements of the economic system.

A banking revolution occurred in the country during the post-nationalization era. The commercial banks, especially public sector banks, have drastically changed from their traditional money dealing business to innovative banking and sub-served their operations to the needs of nation-building activities and socio-economic upliftment of the Indian masses. It is rightly said that Indian banking has changed from class-banking to mass-banking or social banking.

There has been a marked diversification of banking business from traditional to non-traditional and even to non-financial areas of operation during the last two decades. In recent years, there has been a conscious reorientation of banking policy towards the attainment of social goals. The following have been the major shifts in the banking policy of the country:

- Urban to rural orientation;
- Profit motive to mass banking;
- Class banking to mass banking;
- Big customers to small customers;
- Traditional banking to innovative banking;
- Short-term finance to development finance;
- Security based lending to purpose oriented lending;
- Credit worthiness of the borrower to the purpose of borrowing; and
- Self-interest to social perspectives.
### TABLE: 3.1 POSITIONS OF SCHEDULED COMMERCIAL BANK OFFICES IN INDIA

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of bank Branches</th>
</tr>
</thead>
<tbody>
<tr>
<td>At the time of Independence</td>
<td>4115</td>
</tr>
<tr>
<td>1969</td>
<td>8262</td>
</tr>
<tr>
<td>1993</td>
<td>61169</td>
</tr>
<tr>
<td>1996</td>
<td>63026</td>
</tr>
<tr>
<td>1997</td>
<td>63550</td>
</tr>
<tr>
<td>1998</td>
<td>64218</td>
</tr>
<tr>
<td>1999</td>
<td>64939</td>
</tr>
<tr>
<td>2000</td>
<td>65412</td>
</tr>
<tr>
<td>2001</td>
<td>65919</td>
</tr>
<tr>
<td>2002</td>
<td>66208</td>
</tr>
<tr>
<td>2005</td>
<td>68251</td>
</tr>
<tr>
<td>2007</td>
<td>74653</td>
</tr>
<tr>
<td>2008</td>
<td>78787</td>
</tr>
<tr>
<td>2009</td>
<td>82897</td>
</tr>
<tr>
<td>2010</td>
<td>98203</td>
</tr>
<tr>
<td>2011</td>
<td>93080</td>
</tr>
</tbody>
</table>

Source: Reserve Bank of India
### Table 3.2: Bank Group – Wise Number of branches as on 31.03.2013

<table>
<thead>
<tr>
<th>Bank Group</th>
<th>Rural</th>
<th>Semi – Urban</th>
<th>Urban</th>
<th>Metropolitan</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Sector banks</td>
<td>23286</td>
<td>18854</td>
<td>14649</td>
<td>13632</td>
<td>70421</td>
</tr>
<tr>
<td>Private sector banks</td>
<td>1937</td>
<td>5128</td>
<td>3722</td>
<td>3797</td>
<td>14584</td>
</tr>
<tr>
<td>Foreign banks</td>
<td>8</td>
<td>9</td>
<td>65</td>
<td>249</td>
<td>331</td>
</tr>
<tr>
<td>Regional Rural banks</td>
<td>12722</td>
<td>3228</td>
<td>891</td>
<td>166</td>
<td>17007</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>37953</td>
<td>27219</td>
<td>19327</td>
<td>17844</td>
<td>102343</td>
</tr>
</tbody>
</table>

Source: Reserve Bank of India

### Table 3.3: No. of functioning branches of scheduled commercial banks during last five years

<table>
<thead>
<tr>
<th>As on</th>
<th>Rural</th>
<th>Semi – Urban</th>
<th>Urban</th>
<th>Metropolitan</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>March 31,2009</td>
<td>31476</td>
<td>19126</td>
<td>15273</td>
<td>14325</td>
<td>80200</td>
</tr>
<tr>
<td>March 31,2010</td>
<td>32493</td>
<td>20855</td>
<td>16686</td>
<td>15446</td>
<td>85480</td>
</tr>
<tr>
<td>March 31,2011</td>
<td>33905</td>
<td>23114</td>
<td>17599</td>
<td>16419</td>
<td>91037</td>
</tr>
<tr>
<td>March 31,2012</td>
<td>36356</td>
<td>25797</td>
<td>18781</td>
<td>17396</td>
<td>98330</td>
</tr>
<tr>
<td>March 31,2013</td>
<td>37953</td>
<td>27219</td>
<td>19327</td>
<td>17844</td>
<td>102343</td>
</tr>
</tbody>
</table>

Source: Reserve Bank of India
TABLE: 3.4 No. of branches of scheduled commercial banks opened during five years

<table>
<thead>
<tr>
<th>Year</th>
<th>Rural</th>
<th>Semi – Urban</th>
<th>Urban</th>
<th>Metropolitan</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008-2009</td>
<td>706</td>
<td>1290</td>
<td>1046</td>
<td>953</td>
<td>3995</td>
</tr>
<tr>
<td>2009-2010</td>
<td>1021</td>
<td>1729</td>
<td>1417</td>
<td>1139</td>
<td>5306</td>
</tr>
<tr>
<td>2010-2011</td>
<td>1422</td>
<td>2258</td>
<td>919</td>
<td>981</td>
<td>5580</td>
</tr>
<tr>
<td>2011-2012</td>
<td>2453</td>
<td>2686</td>
<td>1186</td>
<td>982</td>
<td>7307</td>
</tr>
<tr>
<td>2012-2013</td>
<td>1598</td>
<td>1422</td>
<td>546</td>
<td>451</td>
<td>4017</td>
</tr>
</tbody>
</table>

Source: Reserve Bank of India

TABLE: 3.5 Number of ATMs in the country as on 31st March 2013

<table>
<thead>
<tr>
<th>Bank group</th>
<th>Rural</th>
<th>Semi – Urban</th>
<th>Urban</th>
<th>Metropolitan</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Sector banks</td>
<td>8552</td>
<td>18445</td>
<td>22518</td>
<td>20137</td>
<td>69652</td>
</tr>
<tr>
<td>Old Private sector banks</td>
<td>768</td>
<td>2760</td>
<td>2354</td>
<td>1684</td>
<td>7566</td>
</tr>
<tr>
<td>New Private sector banks</td>
<td>2214</td>
<td>6484</td>
<td>10995</td>
<td>15842</td>
<td>35535</td>
</tr>
<tr>
<td>Foreign banks</td>
<td>30</td>
<td>21</td>
<td>244</td>
<td>966</td>
<td>1261</td>
</tr>
<tr>
<td>Total</td>
<td>11564</td>
<td>27710</td>
<td>36111</td>
<td>38629</td>
<td>114014</td>
</tr>
</tbody>
</table>

Source: Reserve Bank of India
3.1.5 BANKING SYSTEM IN INDIA

The banking system in India today has perhaps the largest outreach for delivery of financial services. The vast network of branches spread over the entire country with millions of customers, a complex variety of products and services offered by the banks. Meeting the aspirations of its customers enables the bank to maintain its image, create confidence and attract funds comparatively at low cost in a competitive environment.

The Indian banking system has become development oriented. There are both quantitative and qualitative dimensions of the progressive changes that have taken place in our banking industry, ushering in a new era in the county's economic progress. Banking has come to occupy a crucial position in a nation's economy. According to the modern concept, banking is a business which not only deals with borrowing, lending and remittance of funds, but also an important instrument for fostering economic growth. Service is an invisible thing which is indispensable for the person who extends it. An efficient service is one which is extended appropriately by identifying and understanding the needs of the individual customer from time to time.

Bank is a lawful organization, which accepts deposits that can be withdrawn on demand. It also lends money to individuals and business houses that need it. Banks also render many other useful services – like collection of bills, payment of foreign bills, safe-keeping of jewellery and other valuable items, certifying the credit-worthiness of business, and so on. Banks accepts deposits from the general public as well as from the business community. Anyone who saves money for the future can deposit his savings in a bank. They can keep their earnings from sales safely deposited in banks to meet their expenses from time to time. Banks give two assurances to the depositors

a. Safety of deposit, and
b. Withdrawal of deposit, whenever needed
On deposits, banks give interest, which adds to the original amount of deposit. It is a great incentive to the depositor. It promotes saving habits among the public. On the basis of deposits banks also grant loans and advances to farmers, traders and businessmen for productive purposes.

Thereby banks contribute to the economic development of the country and well being of the people in general. Banks also charge interest on loans. The rate of interest is generally higher than the rate of interest allowed on deposits. Banks also charge fees for the various other services, which they render to the business community and the public in general. Interest received on loans and fees charged for services which exceed the interest allowed on deposits are the main sources of income for banks from which they meet their administrative expenses.

The activities carried on by banks are called banking activity. ‘Banking’ as an activity involves acceptance of deposits and lending or investment of money. It facilitates business activities by providing money and certain services that help in exchange of goods and services.

Banking is the fulcrum of an Economy. The Banking Industry is one of the basic instruments of economic growth. It must be on a sound footing as it constitutes an important link in various socio-economic activities. The essential part of the banking system is its financial viability. It is not only necessary for its survival, but also to discharge its various obligations.

The banking system in India is significantly different from that of other Asian nations because of the country’s unique geographic, social, and economic characteristics. India has a large population and land size, a diverse culture, and extreme disparities in income, which are marked among its regions. There are high levels of illiteracy among a large percentage of its population, but at the same time, the country has a large reservoir of managerial and technologically advanced talents.
3.1.6 BANKING SECTOR IN TAMILNADU

Tamil Nadu is one of the leading States in the financial service sector. Tamil Nadu banking statistics relate quite closely with the RBI’s expectation and the all India achievement thus highlighting that Tamil Nadu is way ahead in its financial achievements.

Total number of commercial Bank Branches in Tamil Nadu is 8841 as of March 2014. Group wise spread of Bank branches in Tamil Nadu as of March 2014 is given below:

TABLE 3.6: Group wise spread of Bank branches in Tamil Nadu

<table>
<thead>
<tr>
<th>S. No</th>
<th>Bank</th>
<th>No. of branches</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Rural</td>
</tr>
<tr>
<td>1</td>
<td>State Bank Group</td>
<td>308</td>
</tr>
<tr>
<td>2</td>
<td>Nationalized Banks</td>
<td>1554</td>
</tr>
<tr>
<td>3</td>
<td>Other Public sector banks</td>
<td>10</td>
</tr>
<tr>
<td>4</td>
<td>Private sector banks</td>
<td>626</td>
</tr>
<tr>
<td>5</td>
<td>Regional Rural banks</td>
<td>230</td>
</tr>
<tr>
<td>6</td>
<td>Foreign banks</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td><strong>Grand Total</strong></td>
<td><strong>2718</strong></td>
</tr>
</tbody>
</table>

Source: state level bankers committee, Tamil nadu
3.1.7 CHALLENGES FACED BY INDIAN BANKING INDUSTRY

Developing countries like India, still has a huge number of people who do not have access to banking services due to scattering and fragmented locations. But about those people who are availing banking services, their expectations are raised as the level of services are increasing due to the emergence of Information Technology and competition. Since, foreign banks are playing in Indian market, the number of services offered has increased and banks have laid emphasis on meeting the customer expectations. Now, the existing situation has created various challenges and opportunity for Indian Commercial Banks.

Another strategic challenge facing banking institutions today is the growing and changing needs and expectations of consumers in tandem with increased education levels and growing wealth. Consumers are becoming increasingly discerning and have become more involved in their financial decisions. The world is changing at a staggering rate and technology is considered to be the key driver for these changes around us. An analysis of technology and its uses show that it has permeated in the almost every aspect of our life. Many activities are handled electronically due to the acceptance of information technology at home as well as at work place.

Over the last three decades the role of banking in the process of financial intermediation has been undergoing a profound transformation, owing to changes in the global financial system. India’s banking system has seen some major financial innovations in the past decade as well as steps to promote financial inclusion, schemes that aim to take banking services to yet-to-be-banked areas.
The various innovated services in banking and financial sector are ECS, RTGS, EFT, NEFT, ATM, Retail Banking, Debit and Credit Cards, free advisory services, implementation of standing instructions from customers, payments of utility bills, fund transfers, internet banking, telephone banking, mobile banking, selling insurance products, the issue of free cheque books, traveller’s cheques and many more value added services.

Banks are setting up alternative delivery channels to contain operating costs like off-site ATMs, Internet banking, Tele - banking, outsourcing, centralized transaction processing. No doubt, the benefits of technology have brought a sea-change in the outlook of modern banking. Maintaining transparency and market disclosure of critical information such as risk profile, capital adequacy, and liquidity management has made banking institutions more accountable and responsive to the well-informed customers, investors, and the public at large.

In this complex and fast changing environment, the only sustainable competitive advantage is to give the customer an optimum blend of technology and traditional service with technology occupying a pivotal role in delivering banking services, the expectations of the consumer have also been growing. Broadly, these expectations are swift service with minimal response time, efficient service delivery, tailor-made and value-added products suit specific needs, hassle-free procedures and minimize transaction costs, and pleasant and personalized service.

Technological change revolutionized the processing and analysis of financial data, as well as delivery systems, which reduced bank costs, increased lending capacity, and improved the quality and variety of banking services available to customers. Public sector banks form a major part of the total banking system in India. The public sector banks were socially controlled and publicly owned.
3.1.8 GLOBAL BANKING

In the 1970s, a number of smaller crashes tied to the policies put in place following the depression, resulted in deregulation and privatization of government-owned enterprises in the 1980s, indicating that governments of industrial countries around the world found private-sector solutions to problems of economic growth and development preferable to state-operated, semi-socialist programs. This spurred a trend that was already prevalent in the business sector, large companies becoming global and dealing with customers, suppliers, manufacturing, and information centres all over the world.

Global banking and capital market services proliferated during the 1980s and 1990s as a result of a great increase in demand from companies, governments, and financial institutions, but also because financial market conditions were floating and, on the whole, optimistic. Interest rates in the United States declined from about 15% for two-years U.S. Treasury notes to about 5% during the 20 years period and financial assets grew then at a rate approximately twice the rate of the world economy. Such growth rate would have been lower, in the last twenty years, were it not for the profound effects of the internationalization of financial markets especially, U.S. Foreign investments, particularly from Japan, who not only provided the funds to corporations in the U.S., but also helped finance the federal government; thus, transforming the U.S. stock market by far into the largest in the world.

Nevertheless, in recent years, the dominance of U.S. financial markets has been disappearing and there has been an increasing interest in foreign stocks. The extraordinary growth of foreign financial markets results from both large increases in the pool of savings in foreign countries, such as Japan, and, especially, the deregulation of foreign financial markets, which has enabled them to expand their activities. Thus, American corporations and banks have started seeking investment opportunities abroad, prompting the development in the U.S. of mutual funds specializing in trading in foreign stock markets.
Such growing internationalization and opportunity in financial services has entirely changed the competitive landscape, as now many banks have demonstrated a preference for the "universal banking" model so prevalent in Europe. Universal banks are free to engage in all forms of financial services, make investments in client companies, and function as much as possible as a "one-stop" supplier of both retail and wholesale financial services.

Many such possible alignments could be accomplished only by large acquisitions, and there were many of them. By the end of 2000, a year in which a record level of financial services transactions with a market value of $10.5 trillion occurred, the top ten banks commanded a market share of more than 80% and the top five, 55%. Of the top ten banks ranked by market share, seven were large universal type banks (three American and four European), and the remaining three were large U.S. investment banks who between them accounted for a 33% market share.

This growth and opportunity also led to an unexpected outcome access into the market of other financial intermediaries as non banks. The large corporate players were beginning to find their way into the financial service community, offering competition to established banks. The main services offered included insurances, pension, mutual, money market and hedge funds, loans and credits and securities. Indeed, by the end of 2001 the market capitalization of the world's 15 largest financial services providers included four non banks.

In recent years, the process of financial innovation has advanced enormously increasing the importance and profitability of non bank finance. Such profitability priory restricted to the non banking industry, has prompted the Office of the Comptroller of the Currency (OCC) to encourage banks to explore other financial instruments, diversifying banks' business as well as improving banking economic health.
3.1.9 PUBLIC SECTOR BANKS

A public sector bank is a bank that is operated through institutions owned by the people through their representative governments. In these banks, the government controls the bank. A well-run public sector bank can help state and local governments in getting through cash crunches. The public banking model has been devised in order to work for the benefit of the people. It also includes nationalized banks.

A nationalized bank is formed by taking a bank and its assets into the public ownership. The national government of the country holds the ownership of nationalized banks. In nationalized banks the government controls the bank. This could refer to taking control of the public shares, change in management and new corporate strategy. The government holds a major share in public sector banks and thus, important decisions are made by the government. The decisions are generally in the interest of the public. Their main aim is to carry out the banking activities.

In the post-liberalization era, Indian public sector banks (PSBs) are facing a number of challenges in retaining and expanding their customer base. These challenges include finding an economically-viable solution for financial inclusion, innovation, human resource and customer relations.

PSBs seem to realize this and have been quick to bring innovative products to market, undertake rapid and aggressive branch expansion and upgraded technology to stave off competition from private banks. According to a recent industry report, the country has 145 million households outside organized banking, which is the largest worldwide. Out of its 600,000 villages in India, only 140,000 were covered by the formal banking as of March 2012. Only two-fifths of the population have a bank account. With an increasing per capita income, favourable demographics, facilitative policy and regulatory environment, India is a fertile ground for banks to prosper.
As PSBs strive to provide world-class banking, the defining differentiator will be customer service delivery. The new age Indian customer has come to expect a lot more from banks than mere mechanisms to save. Customers are more knowledgeable, demanding, analytical and aware of their rights. Whether through approaching the Reserve Bank of India (RBI), Banking Ombudsman, RTI or Consumer Forums, modern-day customers know their rights are not to be denied.

Money Creation is also another unique characteristic of banking. Indian Banking system is largest branch network and spread over a vast area. The banking structure is also of special mention as more than 90% banking business is handled by Public Sector Banks. About 50% of branches of PSBs and more than 32200 branches are rural in nature. A major chunk of customers of these banks is illiterate, ignorant, poor, backward and with less banking habits. There has been developmental banking function attached to PSBs for which they were thought of as a vehicle for development rather than a commercial business entity.

A growing mass of young, affluent Indian customers is driving a cultural change within the Indian banking sector, particularly in PSBs. One of the leading nationalized banks in India, Punjab National Bank (PNB), which embarked on a remarkable change that included changing its outlook and evolving a strategy to reinforce its vision to be the ‘people’s bank’. PNB has now embraced a philosophy to provide excellent service to customers at all levels. It plans to do this through a combination of innovation, accountability, external orientation, direction, capability, leadership and motivation.

The Scheduled commercial Banks in India (Public Sector): Out of the 27 public sector banks, there are 19 nationalized banks and others are SBI and its associates.
3.2 CUSTOMER SERVICE IN BANKS – AN OVERVIEW

Good customer service is the heart of banking service delivery. A good banking sector with good banking habit can accelerate the pace of development of a country. Banking is the key industry in the service sector and it will not be the travesty of truth to call it as the financial nerve centre of the economy. The unique characteristics of service industry such as Intangibility, Inseparability, Heterogeneity, Perishability and Ownership put it in altogether different footing.

Customer service in banking is one of the most important ways to keep customers coming back. It includes responding to customers’ questions and complaints in a thorough and timely manner and interacting with customers through face-to-face meetings, telephone, mail, fax and email. With the emergence of New Generation Banks, Introduction of Technology, Competition, Deregulation, New dimensions to customer service have been added. In the present scenario Customers’ Delight has been the buzz word in banking. Older generations as well as New Generation Banks are working hard to improve customer loyalty and retention equity.

Accessibility is another major factor of bank customer satisfaction, because many people expect to be able to access their money any time they desire. This is why many of the most popular banks have several branches, as well as automated teller machines (ATMs), so customers can deposit and withdraw money when the bank building is closed. Many modern banks also allow customers to manage their account from home, via a website that features the ability to transfer money to savings accounts, pay bills online and apply for new lines of credit. Those in the banking industry who is not continually offering new technology for the convenience of their customers may experience low bank customer satisfaction, especially because some of the most popular banks are continually at the forefront of evolving banking technology. Now the customer has the widest choice in the field of banking product and no doubt that banks can attract customers which can understand them better.
3.2.1 CONSUMER FOCUS IN INNOVATIVE SERVICES

Consumer is a king in today’s market. The first and foremost thing that banks require to do is to treat the consumer as a consumer of the bank and not as a consumer of any other branch. The banks require improving on providing services and profitability, efficiency of services. The banks have to explore out fast and efficient means of providing services with the use of IT applications, Tele-banking, Internet banking and improving the delivery system by improving the attitude and behavior of the staff also.

In the current scenario, Indian customers are moving towards Internet banking, slowly but steadily. Most of the big Indian public sector banks like SBI, BOB, and BOI have started providing Internet banking services. There is a clear need to develop a better understanding of how consumers evaluate these services and develop E-loyalty. Therefore, customer perception and preferences of service quality have a significant

As consumers get more and more educated, getting insight about modern banking, via Internet banking has evolved as a primary area of concern for all leading and upcoming banks in India. Changes in the banks’ external environment, including globalization and deregulation, have made the banking sector highly competitive. Banks find it hard to compete on price, and need to look at other ways to retain customers. As customers become more sophisticated, it becomes imperative for banks consider the use of technology to respond to their continually changing requirements.

Competition and the constant changes in technology and lifestyles have changed the face of banking in India. From a technological and cost-driven, standpoint, it may seem quite logical for banks to shift as many banking activities online as possible. The banking industry has revolutionized the internet banking services with the help of technology.
Financial liberalization and technology revolution have allowed the developments of new and more efficient delivery and processing channels as well as more innovative products and services in banking industry. Banking institutions are facing competition not only from each other, but also from non–bank financial intermediaries as well as from alternative sources of financing.

3.2.2 VALUE ADDED SERVICES

Value-Added Services (VAS) are performed to meet customer demands. Activities are performed on a product before the product is delivered to the customer, or a provided service that is performed at the customer site. Customers have started evaluating the banks based on the convenience and comforts it provides them. Bankers have started developing various product features and services using internet applications. Improving customer service, increasing market reach and reducing costs is now basic expectations of Internet banking services. If consumers are to use new technologies, the technologies must be reasonably priced relative to alternatives. Otherwise, the acceptance of the new technology may not be viable from the standpoint of the consumer.

COSTS

A value added service is something extra that is provided to a customer at no additional charge. At other times, the ancillary service is offered to an existing customer for an extra fee. The actual pricing structure for a value added service usually depends on whether the provider sees the service as an amenity that is intended to create a stronger understanding with customers or as a source of additional revenue.

The Value Added Services not only helps a bank to reduce costs, but also helps it to retain its valuable customers. As far as customers are concerned, this facility enables the customer to bank anywhere, at any time and in any condition.
Creation of Value Added Service facilities involve very huge investment; in order to improve the operational efficiency of these facilities the banks should encourage the usage of Value Added Services among the customers.

**BENEFITS**

Value added services provide advantages for both the customers and the service providers. Customers have the opportunity to receive something above and beyond their basic needs. Providers benefit from an increased relationship with the client, which could translate into more revenue. These additional custom services often cost the bank little extra but have the potential to significantly enhance the growth and the reputation of the banks.

**3.2.3 CHANNELS**

Banks have adopted several new electronic and telecommunication technologies to deliver an extensive line of value-added products and services to their customers. Value-Added services have gained greater importance in modern days. Public Sector Banks offer many different channels to access their banking and other services. The following some of the delivery channels are.

**3.2.3.1 AUTOMATED TELLER MACHINE (ATM):**

ATM (Automated Teller Machine) is an electronic device which allows a Bank’s customers to make cash withdrawals and check their account balance 24 hours without the need for a human teller. Using an ATM, customers can access their bank deposit or credit accounts in order to make a variety of transactions such as cash withdrawals, check balances, or credit mobile phones, inter and intra transfer between accounts, balance enquiries along with mini statement of accounts, and pay bills. It may be on-line or 0ff-line. The on-line ATM enables the customer to avail banking facilities from anywhere. In off-line the facilities are confined to that particular ATM assigned.
ATM is a step in improvement in customer Value – Added services. The traditional branch model of the bank is now replaced with an alternative delivery channels like a ATM network by using the plastic card with its special features. Most banks now have more ATMs than branches, and ATMs are providing a wider range of services to a wider range of users. ATM is also called Automated Banking Machine, Automated Till Machine or Remote Service Unit.

On most modern ATMs, the customer is identified by inserting a plastic ATM card with a magnetic stripe or a plastic smart card with a chip that contains a unique card number. Authentication is provided by the customer entering a personal identification number (PIN).

ATMs include many functions which are not directly related to the management of one's own bank account, such as:

- Loading monetary value into stored value cards
- Adding pre-paid cell phone / mobile phone credit.
- Donating to charities
- Purchasing
  - Postage stamps.
  - Lottery tickets
  - Train tickets
  - Concert tickets
  - Movie tickets
  - Shopping mall gift certificates.
  - Gold
Hongkong and Shanghai Banking Corporation (HSBC) introduced the ATM concept in India first time in 1987 followed by Bank of India in 1988. But now almost every bank provides ATM facilities to their customers. ICICI bank has the most number of ATM centers across India. The other banks UTI, HDFC and IDBI are leading in providing ATM facilities to their customers. Public Sector Banks are also taking the installation of ATMs seriously in Indian market. They are either setting up their own ATM centres or entering into tie-ups with other banks. The Corporation Bank has the second largest network of ATMs amongst the Public Sector Banks in India.

ATM growth in India has been spiking over the past decade, and the total number of ATMs within the country has grown about 30% over the past five years to 98000 ATMs currently – with approximately 60,000 deployed by PSU banks alone and the rest by private banks. India is expected to become one of the biggest markets by 2016 when the ATM network of banks is expected to reach 205,000.

3.2.3.2 CREDIT CARD

Credit is one of the important services that bank provide to the customer. Many banks provide the various credit card facilities to the customer. Credit card is which allow drawing of funds up to an approved credit limit fixed by the bank. Credit Card is a post paid card.

Credit Cards are used to withdraw money or buy products on credit. The issuer of the card creates a revolving account and grants a line of credit to the consumer (or the user) from which the user can borrow money for payment to a merchant or as a cash advance to the user.

The first card was issued in India by Visa in 1981. And first Gold Card was issued by Visa in 1986. The following are some of the leading banks to issue Credit Card in India.
• ABN AMRO
• Bank of Baroda
• Citi Bank
• HDFC Bank
• HSBC Bank
• ICICI Bank
• IDBI Bank
• Standard Chartered Bank
• State Bank of India

A credit card is different from a charge card: a charge card requires the balance to be paid in full each month. In contrast, credit cards allow the consumers a continuing balance of debt, subject to interest being charged. A credit card also differs from a cash card, which can be used like currency by the owner of the card.

A credit card is a card that allows for borrowing money in small amounts. The customers use the card to make basic transactions. The credit card company then charges interest on purchases, though there is generally a grace period of approximately thirty days before interest is charged, they do not carry their balance over from month to month.

3.2.3.3 DEBIT CARD

A Debit card (also known as a bank card or check card) is offer an alternative payment method to carrying a cheque book or cash when making purchases. Debit cards usually also allow for instant withdrawal of cash, acting as the ATM card for withdrawing cash.

Debit card is which allow drawing of funds up to the available balance in cardholder's account. Debit cards are accepted at many locations like grocery stores, retail stores, gasoline stations and restaurants. In India almost all the banks issue debit card to its account holders.
Debit Card is a prepaid card. Every time a person uses this card, the Internet Banking house gets money transferred to its account from the bank of the buyer. The buyers account is debited with the exact amount of purchases. An individual has to open an account with the issuing bank, which gives debit card with a Personal Identification Number (PIN). When the customer makes a purchase, they enter the PIN on the shops PIN pad. When the card is slurped through the electronic terminal, it dials the acquiring bank system - either Master Card or VISA that validates the PIN and finds out from the issuing bank whether to accept or decline the transactions. The customer can never overspend because the system rejects any transaction which exceeds the balance in their account. The bank never faces a default because the amount spent is debited immediately from the customer’s account.

There are currently three ways that debit card transactions are processed: EFTPOS (also known as online debit or PIN debit), offline debit (also known as signature debit) and the Electronic Purse Card System. One physical card can include the functions of all three types, so that it can be used in a number of different circumstances. Although many debit cards are of the Visa or MasterCard brand, there are many other types of debit card, each accepted only within a particular country or region.

3.2.3.4 DEMAT ACCOUNT

Demat account is a safe and convenient means of holding securities just like a bank account is for funds. Today, practically 99.9% settlement (of shares) takes place on demat mode only. Thus, it is advisable to have a Beneficiary Owner (BO) account to trade at the exchanges.

Demat Account is an account offered by a bank in its capacity as a depository participant. The demat account reduces brokerage charges, makes pledging/hypothecation of shares easier, enables quick ownership of securities on
settlement resulting in increased liquidity, avoids confusion in the ownership title of securities, and provides easy receipt of public issue allotments. It also helps to avoid bad deliveries caused by signature mismatch, postal delays and loss of certificates in transit. Further, it eliminates risks associated with forgery, counterfeiting and loss due to fire, theft or mutilation. Demat account holders can also avoid stamp duty, avoid filling up of transfer deeds, and obtain quick receipt of such benefits as stock splits and bonuses.

In India, shares and securities are held electronically in a Dematerialized (or "Demat") account, instead of the investor taking physical possession of certificates. A Dematerialized account is opened by the investor while registering with an investment broker (or sub-broker). The Dematerialized account number is quoted for all transactions to enable electronic settlements of trades to take place. Every shareholder will have a Dematerialized account for the purpose of transacting shares.

Access to the Dematerialized account requires an internet password and a transaction password. Transfers or purchases of securities can then be initiated. Purchases and sales of securities on the Dematerialized account are automatically made once transactions are confirmed and completed.

There are four major charges usually levied on a demat account: account opening fee, annual maintenance fee, custodian fee and transaction fee. Charges for all fees vary from DP to DP. (Depository Participant) To open a Demat account the customer have to provide the documents which fulfill the requirements of KYC (Know your customer) norms. They have to sign a contract with Stock broker. Generally the documents are: PAN (Compulsory), Bank statement, one cancelled check, Address Proof and Income Tax Return.
3.2.3.5 E-BANKING

Electronic Banking is one of the fastest developing trends in Indian banking field. E-banking evolved in the mid-1990s when the internet started gaining popularity. E-banking or internet banking is web-based and it enables the bank’s authorized customers to access information. It allows the customers to log on to the bank’s website with the help of bank-issued personal identification number (PINs). The banking system verifies the user and provides access to the requested services. The range and content of the products and services offered by each bank on the internet differ widely. Most banks offer internet banking that led to the emergence of new banks, which operate only through the internet and do not exist physically. Such banks are called “virtual banks” or “internet only” banks.

Online banking (or Internet banking or E-banking) means any user with a personal computer and a browser can get connected to the bank’s website to perform any of the virtual banking functions. In Internet banking system every bank has a centralized database that is connected with other banking system through web-based environment. All the services that the bank has permitted on the internet are displayed in the menu. Through that the any service can be selected by the customer and further the demo or working manual is provided by the nature of the service. It would be a border less entity permitting anytime, anywhere and anyhow banking. The network, which connects the various locations and gives connectivity to the central office within the organization is called intranet. These networks are limited to organizations for which they are set up. SWIFT is a live example of intranet application.
Today, the three major kinds of Commercial banks in India, like public sector, private sector and foreign banks are providing electronic banking to their customer in metros, cities and number of small towns in India. “Advancement achieved in the Information Technology and communication Technology in the last two decades has resulted in the successful implementation of Electronic Banking in India”. Today, the banks able to offer the choice of customer services to provide banking business across the bank counter, over the telephone or through computer or internet. “The key to survival, therefore, is retention of customer loyalty by providing with value added services tailored to their needs.

The following services through E-Banking:

➤ BILL PAYMENT SERVICE

To facilitate payment of electricity and telephone bills, mobile phone, credit card and insurance premium bills as each bank has tie-ups with various utility companies, service providers and insurance companies, across the country. To pay the bills, the customer has needed to do complete a simple one-time registration for each biller. Generally, the bank does not charge customers for online bill payment.

➤ FUND TRANSFER

Electronic funds transfer (EFT) is the electronic exchange, transfer of money from one account to another, either within a single financial institution or across multiple institutions, through computer-based systems. Electronic Funds Transfer is any transfer of funds that is initiated by electronic means, such as an electronic terminal, telephone, computer, ATM or magnetic tape. The growing popularity of EFT for online bill payment is paving the way for a paperless universe where checks, stamps, envelopes, and paper bills are obsolete. The benefits of EFT include reduced administrative costs, increased efficiency, simplified bookkeeping, and greater security.
INTERBANK FUND TRANSFER

Inter Bank Transfer enables electronic transfer of funds from the account of the remitter in one Bank to the account of the beneficiary maintained with any other bank branch. There are two systems of Inter Bank Transfer - RTGS and NEFT. Both these systems are maintained by Reserve Bank of India.

RTGS- REAL TIME GROSS SETTLEMENT

RTGS is the fastest possible inter bank money transfer facility available through secure banking channels in India. It is systemically important payment systems of the bank for International Settlements. It also has provided the means for risk-free. This is a system where the processing of funds transfer instructions took place at the time they are received (real time). Also the settlement of funds transfer instructions occurs individually on an instruction by instruction basis (gross settlement). The facility for inter-bank funds settlement through RTGS is today available across more than 55,000 bank branches, in more than 2500 regional centers across the country, a coverage span perhaps not seen anywhere else in the world.

NEFT- NATIONAL ELECTRONIC FUND TRANSFER

This system of fund transfer operates on a Deferred Net Settlement basis. Fund transfer transactions are settled in batches as opposed to the continuous, individual settlement in RTGS. In fact, quick, safe and efficient electronic movement of funds from virtually any part of the country to any other location is now almost guaranteed. This is enabled by the coordination with the National Electronic Funds transfer (NEFT) System and the National Electronic Clearing Service (NECS).
INTRA BANK FUND TRANSFER

Intra means within. Intra bank means transfer the funds from one account to another account at the same bank.

➢ CREDIT CARD CUSTOMERS

With Internet banking, customers can not only pay their credit card bills online but also get a loan on their cards. If they lose their credit card, they can report lost card online.

➢ RECHARGING THE PREPAID PHONE

Now just top-up the prepaid mobile by logging in to Internet banking. By just selecting the operator's name, entering the mobile number and the amount for recharge, the phone is back in action within few minutes.

➢ SHOPPING

Now days, a majority of the peoples prefer to use the internet for banking and other financial services. With a wide range of all kind of products, they can shop online and the payment is also made conveniently through their account. They can also buy railway and air tickets through Internet banking.

3.2.3.6 ELECTRONIC CLEARING SERVICE (ECS)

It is a mode of electronic funds transfer from one bank account to another bank account using the services of a Clearing House. This is normally for bulk transfers from one account to many accounts or vice-versa. This can be used both for making payments like distribution of dividend, interest, salary, pension, by institutions or for collection of amounts for purposes such as payments to utility companies like telephone, electricity, or charges such as house tax, water tax, etc or for loan installments of financial institutions/banks or regular investments of persons.
The ECS user's bank is called as the sponsor bank under the scheme and the ECS beneficiary account holder is called the destination account holder. The destination account holder's bank or the beneficiary's bank is called the destination bank.

There are two types of ECS called ECS (Credit) and ECS (Debit).

**ECS CREDIT**

ECS Credit is used by institution for affording credit to a large number of beneficiaries (for instance, employees, investors) having accounts with bank branches at various locations by raising a single debit to the bank account of the user institution. ECS Credit enables payment of amounts towards distribution of dividend, interest, salary, pension, of the user institution.

**ECS DEBIT**

ECS Debit is used by an institution for raising debits to a large number of accounts (for instance, consumers of utility services, borrowers, investors in mutual funds) maintained with bank branches at various locations for single credit to the bank account of the user institution.

ECS Debit is useful for payment of telephone / electricity / water bills, cess / tax collections, loan installment repayments, periodic investments in mutual funds, insurance premium, that are periodic or repetitive in nature and payable to the user institution by large number of customers.

**3.2.3.7 MOBILE BANKING**

Mobile banking is a way for the customer to perform banking actions on their cell phone or other mobile device. It is a quite popular method of banking that fits in well with a busy, technologically oriented lifestyle. It might also be referred to as M-banking or SMS banking. It is inexpensive to implement compare to ATM and it reduces implementation cost, operation cost and time as well.
It helps a customer conduct certain transaction through the mobile phone with the help of technologies like WAP and SAP. This helps a bank to combine the internet and telephone and leverage it to cut costs and at the same time provide its customers the convenience.

Today, mobile phone enhancing the banks in India to facilitate intra and interbank funds transfer between bank accounts. India is enjoying an explosion in the development and usage of mobile communication technology.

1. Mobile Banking Service over Application/ Wireless Application Protocol (WAP)

The Mobile Banking Application is available for java, Blackberry, Android, i-phones and Windows mobile phones. The service can also be availed via WAP on all phones with GPRS connection.

The following services can be availed through the Mobile Banking application and WAP:

- Funds transfer (within and outside the bank)
- Immediate Payment Services (IMPS)
- Enquiry services (Balance enquiry/ Mini statement)
- Demat Account Services
- Requests (Cheque book request/Generate OTP)
- Bill Pay (Utility bills, credit cards, Insurance premium), Donations, Subscriptions
- Top up / Recharge (Mobile /DTH)
2. Mobile Banking Service over SMS

The following services are available on all phones except CDMA phones. Downloading of application is not required. These services can be availed through SMS:

- Enquiry Services (Balance Enquiry/Mini Statement)
- Prepaid Mobile
- DTH Recharge
- IMPS Fund transfer
- Change MPIN
- IMPS Merchant payments

3.2.3.8 TELE- BANKING

Tele banking is another term for telephone banking. Tele- banking means customers can access a wide range of banking services, simply by dialing the telephone or by a click of the mouse, without the need to visit a bank branch or automated teller machine.

To access telephone banking, the customer would call the special phone number set up by the financial institution. The service can be provided using an automated system, using speech recognition and DTMF technology or by live customer service representatives. The types of financial transactions which a customer may transact through telephone banking include obtaining account balances and list of latest transactions, electronic bill payments, and funds transfers between a customer's or another's accounts. Cash withdrawals and deposits require the customer to visit an automated teller machine or bank branch.
Telephone banking makes customer service and bank account information available to a patron 24 hours a day, seven days a week with no interruptions due to holidays or weekends. This is a useful asset when traveling overseas or working hours that make traditional banking access difficult.

Presently through Tele Banking following On-line and Off-Line Services are provided to our customers.

- Balance Enquiry
- Transactions History
- Cheque Related Services
- Stop Cheque
- Funds Transfer
- ATM Locator
- Transaction Statement Request
- Cheque Book Request
- General Product Information

3.2.3.9 ANY BRANCH BANKING (ABB)

Any Branch Banking is a facility for the customers to operate their account from any of the networked branches. The branch where the customer maintains his account is the base branch and the branch from where he carries out his transactions is referred to as the remote branches.
3.3 NAMAKKAL PROFILE

Namakkal District is an administrative district in the state of Tamil Nadu, India. The district was bifurcated from the Salem District with Namakkal town as headquarters on 25-07-1996 and started to function independently from 01-01-1997. The district has five taluks namely; Tiruchengode, Namakkal, Rasipuram, Paramathi Velur and Kolli Hills. The district is bounded by Salem on the north, Karur on the south, Trichy on the east and Erode on the West. The Geographical area of the district is 3363, 35 K.m. Which lies between 11.00 and 11.360 North Latitute and 77.280 and 78.300 East Longitude.

For Administrative purposes the district has been divided into two Revenue Divisions (Namakkal and Tiruchengode), 30 Revenue firkas. For local arrangements, the district has been divided into five Municipalities, 15 Panchayats Unions, 19 Town Panchayats and 322 Village Panchayats.

The name Namakkal derives from Namagiri, which is the name of the single rock formation at the center of the town. After the struggle between the Chera, Cholas and Pandyas, the Hoysalas rose to power and had the control till the 14th century followed by Vijayanagara Empire till 1565 AD. Then the Madurai Nayakas came to power in 1623 AD. Two of the Poligons of Tirumalai Nayak namely, Ramachandra Nayaka and Gatti Mudaliars ruled the Salem area. The Namakkal fort is reported to have been built by Ramchandra Nayaka. After about 1635 AD, the area came successively under the rule of Muslim Sultans of Bijapur and Golkonda, Mysore kings and then the Marattas, when about the year 1750 AD Hyder Ali came to power. During this period, it was a history of power struggle between Hyder Ali and later Tippu Sultan, with the British. Generally, Namakkal is considered to be a Vaishnava Kshetram, and there is no Shiva temple in the town until a few years ago.
The Northern portions of Namakkal are mountainous and the southern areas are plains. The Chief rivers run through the district are Cauvery, Aiyaru, Karipottan Aaru and Thirumanimutharu. The Cauvery flows south and south west hugging the border.

The famous Tamil Poet” Namakkal Kavingnar Ramalingam Pillai” was born in this district. In the memorize of the poet the state government established an arts and science college for women. One of the most famous Government Veterinary College is also situated nearby Namakkal Town. More and more private educational/technical institutions are coming up in recent years, which are blossom for the district.

Namakkal is the first ISO 14001-2004 certified municipality in Asia for environmental management, specifically the provision and maintenance of water supply, solid waste and sewage management, town planning, lighting and other social services. It was ranked second in a comprehensive Economic Environment index ranking of districts in Tamil Nadu not including Chennai prepared by Institute for Financial Management and Research in August 2009.

Rasipuram is another important taluk in Namakkal District. The Chief industry of the town is weaving. Puttunoolkarar who belongs to Sourastra Community lives in large numbers in this town together with kaikolar. They are weaving Cotton Cloth and silk Sarees. Another important aspect, in the taluk is the Sago production. Nearly 176 Sago factories are located in and around the Rasipuram Taluk. Sago and Starch production in this area are exported to other countries Ghee production is also famous in Rasipuram Taluk.
**TABLE: 3.7 AREA OF POPULATION (A)**

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>2011</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual Population</td>
<td>1,726,601</td>
<td>1,493,462</td>
</tr>
<tr>
<td>Male</td>
<td>869,280</td>
<td>759,551</td>
</tr>
<tr>
<td>Female</td>
<td>857,321</td>
<td>733,911</td>
</tr>
<tr>
<td>Population Growth</td>
<td>15.61%</td>
<td>12.91%</td>
</tr>
<tr>
<td>Area Sq. Km</td>
<td>3,420</td>
<td>3,420</td>
</tr>
<tr>
<td>Density/km²</td>
<td>505</td>
<td>439</td>
</tr>
<tr>
<td>Proportion to Tamil Nadu Population</td>
<td>2.39%</td>
<td>2.39%</td>
</tr>
<tr>
<td>Sex Ratio (Per 1000)</td>
<td>986</td>
<td>966</td>
</tr>
<tr>
<td>Child Sex Ratio (0-6 Age)</td>
<td>914</td>
<td>889</td>
</tr>
<tr>
<td>Average Literacy</td>
<td>74.63</td>
<td>67.41</td>
</tr>
<tr>
<td>Male Literacy</td>
<td>82.64</td>
<td>77.56</td>
</tr>
<tr>
<td>Female Literacy</td>
<td>66.57</td>
<td>57</td>
</tr>
<tr>
<td>Total Child Population (0-6 Age)</td>
<td>150,699</td>
<td>152,685</td>
</tr>
<tr>
<td>Male Population (0-6 Age)</td>
<td>78,754</td>
<td>80,809</td>
</tr>
<tr>
<td>Female Population (0-6 Age)</td>
<td>71,945</td>
<td>71,876</td>
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<tr>
<td>Literates</td>
<td>1,176,131</td>
<td>903,802</td>
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<tr>
<td>Male Literates</td>
<td>653,312</td>
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<tr>
<td>Female Literates</td>
<td>522,819</td>
<td>377,390</td>
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<tr>
<td>Child Proportion (0-6 Age)</td>
<td>8.73%</td>
<td>10.22%</td>
</tr>
<tr>
<td>Boys Proportion (0-6 Age)</td>
<td>9.06%</td>
<td>10.64%</td>
</tr>
<tr>
<td>Girls Proportion (0-6 Age)</td>
<td>8.39%</td>
<td>9.79%</td>
</tr>
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Source: census of India 2011
<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>RURAL</th>
<th>URBAN</th>
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</thead>
<tbody>
<tr>
<td>Population (%)</td>
<td>59.68%</td>
<td>40.32%</td>
</tr>
<tr>
<td>Total Population</td>
<td>1,030,476</td>
<td>696,125</td>
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<tr>
<td>Male Population</td>
<td>520,684</td>
<td>348,596</td>
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<tr>
<td>Female Population</td>
<td>509,792</td>
<td>347,529</td>
</tr>
<tr>
<td>Sex Ratio</td>
<td>979</td>
<td>997</td>
</tr>
<tr>
<td>Child Sex Ratio (0-6)</td>
<td>897</td>
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<tr>
<td>Child Population (0-6)</td>
<td>88,858</td>
<td>61,841</td>
</tr>
<tr>
<td>Male Child (0-6)</td>
<td>46,845</td>
<td>31,909</td>
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<tr>
<td>Female Child (0-6)</td>
<td>42,013</td>
<td>29,932</td>
</tr>
<tr>
<td>Child Percentage (0-6)</td>
<td>8.62%</td>
<td>8.88%</td>
</tr>
<tr>
<td>Male Child Percentage</td>
<td>9.00%</td>
<td>9.15%</td>
</tr>
<tr>
<td>Female Child Percentage</td>
<td>8.24%</td>
<td>8.61%</td>
</tr>
<tr>
<td>Literates</td>
<td>671,793</td>
<td>504,338</td>
</tr>
<tr>
<td>Male Literates</td>
<td>380,075</td>
<td>273,237</td>
</tr>
<tr>
<td>Female Literates</td>
<td>291,718</td>
<td>231,101</td>
</tr>
<tr>
<td>Average Literacy</td>
<td>71.34%</td>
<td>79.51%</td>
</tr>
<tr>
<td>Male Literacy</td>
<td>80.21%</td>
<td>86.28%</td>
</tr>
<tr>
<td>Female Literacy</td>
<td>62.36%</td>
<td>72.77%</td>
</tr>
</tbody>
</table>

Source: census of India 2011
CHART: 3.1 POPULATION OF NAMAKKAL DISTRICT
Source: www.mapsofindia.com
Tiruchengode is a town of cultural and historical importance. In the 19th Century, it was the Home of the Tamil Academy called ‘Pulavar Sangam’. Tiruchengodu is 35 km from Namakkal. It is one of the seven Sivasthalams in Kongunadu. Tiruchengode olden name is Thirukodimadachengondurur. The Arthanateeswarar Temple is located on a hill. The presiding deity is depicted as half-male and half-female, vertically to represent Shiva and Parvati worshipped as one form. It is considered one of the oldest temples in this region. Borewells and Textile are the main business in Tiruchengode. Lorry body building is famous in this place. Nearly 37 spinning mills and more than 10,000 Powerlooms are functioning in this area. One Sugar mill and one Paper mill were functioning under Private Sector. Tiruchengode is famous for Rig Vechicles More than 2,000 Vechiles were engaged in digging of bore wells all over India. The large no of powerloom and handloom industries were functioning in this Taluk.

Paramathi Taluk consists of mainly irrigated fields. Agriculture is the major occupation of the people. Paddy, sugarcane, banana, coconut trees, turmeric and the Beetle Vine plantation are major crops cultivated. The famous Cauvery River flows in Paramathi Taluk. It helps more irrigation of lands in Paramathi and Mohanur Blocks. The Mohanur Co-Operative Sugar Mills is also situated in Paramathi Taluk in Mohanur Block.

3.3.1 PLACE OF INTEREST

3.3.1.1 ROCK FORT

The Rock Fort in Namakkal is a Special feature of the town. The Fort covers an area of one and half acres of flat surface and is accessible from south west by a flight of narrow steps. The Rock Fort is on the summit of the rock, and the remnants in brick and stone still bear the brunt of the skirmishes to lie seize to
the fort by the Cholas in the 9th Century. The fort located at the top of the hill over a height of 75 mts and more than a kilometre in circumference.

The fort over the rock was built by Ramachandra Nayakar, a small king who ruled Namakkal during 16th century. It is believed that Tippu Sultan hides himself in this fort for some time to escape the British. The fort was not built by Tippu Sultan but he occupied it for a brief period of time. Later the fort was captured by British. There are two rock–cut cave temples located on both sides of the hill dedicated to Narasimhaswamy and Ranganathasamy. There is a Mosque and Temple within the fort which is visited by the local people. This hill top gives the panoramic view of the entire town. The procession around the hillock called ‘Girivalam’ is gaining importance and attracts pilgrims of the town and surrounding villages.

3.3.1.2 ANJANEYA TEMPLE

Namakkal is famous for a life-size Hanuman (Anjaneynar) Statue carved out of a single stone in the Anjeneyar Temple Was built in 996 AD. The name Namakkal immediately brings to mind ‘Namakkal Anjaneyar’ – the temple of Hanuman at Namakkal. Anjaneya temple is located right opposite to Lord Narasimha temple at a distance of 100 Mts. The temples are aligned in such a way that the face of Lord Anjaneya is focussing Lord Narasimha. The idol of Hanuman is approx. 18 feet in height, and stands under open sky, it is believed that the Hanuman statue keeps growing and to stop the growth a priest put a magic needle at the top of the statue's head. This is one of the important temples visited by the pilgrims who make trip to south Tamil Nadu.

3.3.1.3 NARASIMHA TEMPLE

This ancient temple is located at the foot hills and the idol Lord Narasimha is carved out from the rock. The temple has built on the other three
sides in two tiers. There are number of sacred bathing places or thrithams in
hollows in the sides of the rock and the largest of them is called “Kamalalayam”
which is sacred to Lakshmi. The Kamalalayam tank was once filled with water,
which is totally neglected at present.

Namagiri Lakshmi Narasimhaswami Temple a beautiful “swayam
udbhava” (naturally formed) murti of Lord Vishnu in the form of Sri Narasimha
Swami. The ancient cave temples are carved out of an imposing hill. There is a
separate shrine for Goddess Namagiri Lakshmi. Annual car Festival for the Lord
Narasimmaswamy temple is celebrated in March and April every year.

3.3.1.4 KOLLI HILLS

The Garden of Namakkal District is Kollihills which is governed by
Panchayat union, comprising 16 Village Panchayats with an area of 371.03 Sq
Kms and 1300 Mtrs above Sea level. Kollimalai Hills are situated on Eastern
Ghats at an altitude of 1200 mts in the Namakkal District and are 45 km from
Namakkal town. Government had invested huge money in providing the Ghat
rod, which has 75 hairpin bends. On top of the hill, there is an ancient temple
called Arappaleeswarar. There is a water fall namely, ‘Agash Ganga’ situated
besides this temple. A Kolli hill is famous for its medicinal herbs used in Siddha,
Ayurvedha treatments. In kollihills the Malaiyalis are the prehistoric tribals

As Kolli Hills has got great un-exploited potential for Tourism and
Medicinal angle, perhaps the District Collectorate at Namakkal should explore,
in consultation with department of Tourism, Forests, Indian Medicine, the
possibilities for establishing a Medicinal farm. One Yatri Nivas is under
construction, about a km from Arappaleswarar temple. Some lodging facilities
have also come up near Cholakkadu and Semmedu. All these indicate the
demand for such facilities and therefore it can be inferred that this Hill has
tourism potential which should be exploited properly which can be integrated with tourism in Namakkal town.

The Arapaleswarar Temple, the Horticulture Farm, the Herbal Farm, Agaya Gangai waterfalls, Boat house, Peryaswamy Temple, Ettukai Amman Temple, Pineapple farms, View Point and the Telescope House are the places to visit for the interested tourist. The mountain is a site of pilgrimage, because of the Arapaleeswarar temple, which is believed to have a secret path to the Shiva temple in Rasipuram. This Shiva temple is said to have been built by Valvil Ori in the 1st or 2nd century when he ruled this area. "Arappaleeswara sathakam" is the poem which praises the Lord Arappaleeswarar.

The Valvil Ori festival is organised here every year during the month of August. The Kolli Hills are featured in several works of classical Tamil literature such as Silappathigaram, Manimekalai, Purananuru and Ainkurnuru. The region was ruled by Valvil Ori around 200 AD, who is praised as one of the seven great philanthropists of ancient Tamil Nadu. His valor and marksmanship are sung by several poets, and his exploits are a popular part of folklore. Ori is said to have killed a lion, bear, deer and a boar with a single arrow.

The jackfruit grown on these mountains is known for its taste and fragrance and is often soaked in wild honey that is also harvested from these mountains. The mountains are covered by lush green vegetation in the spring and monsoon, and are streaked with streams which add to the natural beauty. There are three reserved forests that are controlled by the Government of Tamil Nadu, namely Ariyur Solai, Kundur Nadu, Pulianjolai.
3.3.2 MAIN OCCUPATIONS

3.3.2.1 AGRICULTURE

The main occupation in the district is agriculture. The cultivation generally depends on monsoon rains, wells and tanks. Nearly 90 percent of the cultivated area is under food crops. The principal cereal crops of this district are paddy, cholam, cumbu and ragi. Panivaragu, Kuthianally, Samai Varagu and Thinai are some of the millets cultivated. Among pulses, the major crops are redgram, blackgram, greengram and horsegram. Among oil seeds groundnut, castor and gingelly (sesame) occupy important places. Of the commercial crops, sugarcane, cotton and tapioca are some of the important crops.

3.3.2.2 TRUCK BODY BUILDING

Namakkal finds a place of importance in the map of India because of its Lorry body building industry, a unique feature of the town. Truck body building is being carried out in Namakkal since 1956. Nationwide Namakkal is known for body building for truck, trailer, tanker and rig unit. Customers from other states also get the truck body building work done in Namakkal. Body built trucks and rig units are being exported to foreign countries from Namakkal. About 25000 people are employed directly and indirectly in truck body building activity in Namakkal District. About 300 units in Namakkal are engaged in this activity.

3.3.2.3 DRIVER TRAINING INSTITUTION

Ashok Leyland's Driver Training Institute in Namakkal (right in the trucking heartland of Tamil Nadu) was the first of its kind and has served as a beacon to lead the way in the training of drivers. Easily accessible from Erode, Salem and Trichy, and spread over 25 acres, the campus includes a driving range with every conceivable road configuration. A spacious building accommodates
large classrooms, a library, a model room, a laboratory and a cafeteria with an open-air theatre attached. The roads come with electronic signals, signs, markings and streetlights for night driving – everything, in fact, that drivers will encounter on the highways.

3.3.2.4 POULTRY

A number of poultry units are functioning in Namakkal District, hence about 1500 Poultry/Cattle Feed manufacturing units are also in existence. Mostly every poultry unit has put up their own feed manufacturing unit. A few units supply poultry feed to other units also.

In fact, Namakkal produces about 65% of the egg output of Tamil Nadu. It is India's 2nd biggest egg producing region (producing 3 crore eggs per day). Since it produces major part of eggs sent to all over other parts of our country, and is also called “Poultry Town” as it contains quite a number of poultry farms and also now called as “Egg City”.

3.3.2.5 SAGO

Next to Salem District, Tapioca is cultivated in Namakkal District in abundance. Using tapioca as raw material about 350 units are observed in the production of Starch and Sago in Namakkal District. There is a good market for Sago and Sago products in North India.

3.3.2.6 PLATINUM

India’s Geological Survey has found platinum prospects in Namakkal district. Describing them as good discoveries, the government said the GSI is at the scientific stage where there is an evidence of substantial deposits of platinum which needs to be explored further to understand the exact location and quantities.
The GSI was engaged in the exploratory work for the last three years. As of now, exploration was carried out up to 30 metres. If explored further, scientists of the GSI were of the view that the potential will be even greater, both in quantity and quality. The Geological Survey of India and Tamil Nadu Minerals Ltd will jointly explore the commercial viability of mining platinum group of minerals present in the Mettupalayalam and Namakkal areas of the state. As per the agreement, GSI will also carry out surveys to find the presence of platinum in other parts of the state.

3.3.2.7 TRANSPORT

Transport is the major field of work in Namakkal; large number of bulk carriers and Lorries run through all over India from Namakkal. In south India 80% bulk carriers operated from here, it covers Tamil Nadu, Puducherry, Andhra Pradesh, Karnataka, Goa, Kerala, Maharashtra and other states. A lot of lorry (truck) body building workshops are located in Namakkal. Egg production in this district is large, so transport facilities are good. Therefore it is called as ‘Transport City’.

Namakkal is connected to the rest of India through National Highway 7. It is the main centre for linking other districts via bus routes especially to the North side (Salem, Villupuram, Dharmapuri, Krishnagiri, Bangalore), East side (Tiruchirapalli, Thanjavur), South side (Karur, Dindugal, Madurai, Tiunelveli, Kanyakumari) and the West side (Erode, Coimbatore, Tirupur, Udhamamandalam (Ooty).

A new broad-gauge railway line from Salem to Karur via Namakkal started its service on 25th May 2013. The nearest international airport is at Coimbatore International Airport (153 km) and Trichy (85 km) the nearest airport is Salem Airport had started from 15 November 2009, by the Kingfisher Airlines from Salem to Chennai.
3.3.3 BEST SEASON / BEST TIME TO VISIT NAMAKKAL

The climate in Namakkal is semi arid and tropical, quite similar to the climate in almost all parts of the state of Tamil Nadu. The basic seasons in Namakkal are the seasons of summer and monsoon. Southern India, especially parts in central Tamil Nadu, does not have actual winters, but the temperatures drop down significantly to pleasant levels towards the end of the year.

Summers in Namakkal are quite harsh and temperatures can soar to unpleasant levels. The summer months are April, May, June, and July. The maximum temperature during the summer months can reach a peak of forty two degrees (42°C) and the minimum temperature is normally around thirty degrees (30°C). Tourists should refrain from visiting Namakkal during this time, as the summers in Namakkal are very hot and travelling around Namakkal can be quite tiring during this time.

The monsoon season in Namakkal is mainly during the months of August, September and October although primary showers may start during late July. The region of Namakkal receives good rainfall during the monsoon, and this will bring down the temperatures considerably.

The best time to visit Namakkal would be during the post monsoon months of November, December and January as the climate during this time is moderate. Day temperatures reach a maximum of twenty eight degrees (28°C) during this time and a minimum of twenty two degrees (22°C). Cotton clothing is the best attire to wear throughout the year.
## TABLE: 3.9 RAINFALLS IN NAMAKKAL DISTRICT FROM 1985 to 2012

<table>
<thead>
<tr>
<th>YEAR</th>
<th>RAINFALL (IN MM)</th>
<th>STATUS</th>
<th>YEAR</th>
<th>RAINFALL (IN MM)</th>
<th>STATUS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1985</td>
<td>720</td>
<td>Poor</td>
<td>1999</td>
<td>1077</td>
<td>Excess</td>
</tr>
<tr>
<td>1986</td>
<td>653</td>
<td>Poor</td>
<td>2000</td>
<td>1116</td>
<td>Excess</td>
</tr>
<tr>
<td>1987</td>
<td>1036</td>
<td>Excess</td>
<td>2001</td>
<td>773</td>
<td>Poor</td>
</tr>
<tr>
<td>1988</td>
<td>1104</td>
<td>Excess</td>
<td>2002</td>
<td>673</td>
<td>Poor</td>
</tr>
<tr>
<td>1989</td>
<td>1248</td>
<td>Excess</td>
<td>2003</td>
<td>686</td>
<td>Poor</td>
</tr>
<tr>
<td>1990</td>
<td>753</td>
<td>Poor</td>
<td>2004</td>
<td>794</td>
<td>Poor</td>
</tr>
<tr>
<td>1991</td>
<td>1180</td>
<td>Excess</td>
<td>2005</td>
<td>1492</td>
<td>Excess</td>
</tr>
<tr>
<td>1992</td>
<td>1210</td>
<td>Excess</td>
<td>2006</td>
<td>713</td>
<td>Poor</td>
</tr>
<tr>
<td>1993</td>
<td>994</td>
<td>Excess</td>
<td>2007</td>
<td>687</td>
<td>Poor</td>
</tr>
<tr>
<td>1994</td>
<td>632</td>
<td>Poor</td>
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<td>2009</td>
<td>537</td>
<td>Poor</td>
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<tr>
<td>1996</td>
<td>1005</td>
<td>Excess</td>
<td>2010</td>
<td>982</td>
<td>Normal</td>
</tr>
<tr>
<td>1997</td>
<td>848</td>
<td>Normal</td>
<td>2011</td>
<td>813</td>
<td>Poor</td>
</tr>
<tr>
<td>1998</td>
<td>881</td>
<td>Normal</td>
<td>2012</td>
<td>502</td>
<td>Poor</td>
</tr>
</tbody>
</table>

Source: The Hindu, Namakkal, January 9, 2013
### TABLE: 3.10 MONTHLY - WEATHER AVERAGES SUMMARY

<table>
<thead>
<tr>
<th>MONTH</th>
<th>AVERAGE HIGH TEMPERATURE</th>
<th>AVERAGE LOW TEMPERATURE</th>
<th>AVERAGE TEMPERATURE</th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td>30.2</td>
<td>19.8</td>
<td>27.2</td>
</tr>
<tr>
<td>February</td>
<td>32.1</td>
<td>20.8</td>
<td>25.0</td>
</tr>
<tr>
<td>March</td>
<td>34.3</td>
<td>22.6</td>
<td>26.4</td>
</tr>
<tr>
<td>April</td>
<td>35.5</td>
<td>24.6</td>
<td>28.4</td>
</tr>
<tr>
<td>May</td>
<td>34.7</td>
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</tr>
<tr>
<td>June</td>
<td>32.5</td>
<td>23.7</td>
<td>29.6</td>
</tr>
<tr>
<td>July</td>
<td>31.5</td>
<td>23.0</td>
<td>28.1</td>
</tr>
<tr>
<td>August</td>
<td>31.6</td>
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<tr>
<td>September</td>
<td>31.9</td>
<td>22.9</td>
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</tr>
<tr>
<td>October</td>
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<td>27.4</td>
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<tr>
<td>November</td>
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<td>21.6</td>
<td>25.9</td>
</tr>
<tr>
<td>December</td>
<td>29.2</td>
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<tr>
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<td>22.5</td>
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</tbody>
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Source: www.weatherbase.com