2.1 Introduction

Banks are the lifeline of each country. It gives power to rotate money from one person or company to another person or company for their routine expenses. It has helped in progress of a nation with the help of its economic, social and personal power of a human being. This sector has interpreted the demands and supplies of all expectations and desires of human beings as well as to a company. Today, Indian banks are performing a good and acknowledgeable tasks for social personal and economic development.

The banking sector in India has been classified into two categories: Public sector banks and Private sector banks. The private sector has steady deregulation that is being conducted in while stimulating the opposition would also make easy forging equally helpful relationships, which would eventually improve the excellence and content of banks.

The banking system in India has given a good description of itself only with the joint efforts of cooperative banks, regional rural banks and development banking institutions which are likely to give sufficient number of efficient retail outlets to assemble the budding socio-economic challenges during future. The e-age has also
The growth of electronic banking has also led to new areas of risk.

2.2 Government Initiatives for Banking Industry in India

Followings are the main initiatives of the government for effective managing this sector:

- The government allocated Rs 22,915 crores as capital concoction in 13 public sector banks in July, 2016, which is predictable to progress their liquidity and lending operations, and beach up monetary growth.

- The RBI has also launched the Vision 2018 document for larger use of e-payments by all sections of society.

- The RBI and Government also focused e wallets and mobile banking for the customers.

- The RBI has also launched some instructions for priority sector for the development in agriculture lending.

- The RBI has permitted supplementary reserves to be part of tier-1 which is predictable to shore up the resources of state-run banks.

- The RBI has also permitted privately owned banks by up to Rs 35,000 crore (US$ 5.14 billion) and Rs 5,000 crore (US$ 734 million) respectively.
To reduce the burden of loan repayment on farmers, a special term of Rs 15,000 crore has been made in the Union Budget 2016-17 towards interest funding.

The Government of India has also set up a special fund to deal with stressed assets of banks.

The RBI also issued some guidelines for special fund has which is useful to take over assets which are realistic.

Government of India aims to enlarge insurance, pension and credit facilities to those excluded from these benefits under the Pradhan Mantri Jan DhanYojana (PMJDY).

RBI has launched Credit Guarantee Fund Scheme to make available guarantee cover for collateral free credit facilities extended to MSEs upto Rs 1 Crore.

2.3 New Initiatives In Indian Banking

Followings are the main initiaties of Indian Banking Sector:

1. Venture Capital

It is a good step of innovative banking. The venture capitalist (one who provides finance for venture capital business) takes a greater hazard in funding the invention of a new product by a human beings who have not proven their business aptitude
so far. It can be said that venture capital is the Equity investment in young private companies.

The Venture capitalist may be financial institutions, banks, investment companies or even wealthy individuals. There are many success stories of venture capital assisted business operations. However, failures of Venture Capital business are more than success stories. In India, SEBI has laid down rules and regulations for such business.

2. Factoring Services

The basic element of factoring services is finance up to 80% of the account value, sales ledger administration, debt collection services and credit insurance.

3. Single Window Banking

The universal teller pact will ensure that customers can meet all their banking needs from a single window instead of going to different counters in a branch for different transactions. Bank of Baroda seems to be the fast-nationalised bank to have struck such an agreement with trade unions. The State Bank of India recently introduced the single window concept in select branches. However it is not known whether it has entered into any agreement with its unions on this.

4. Banknet

The collecting, processing and distribution of data is very important for business growth of banks. The era of electronic to be concerned of only the dispensation.
The assembly and allocation on use of telephone, mail, telegraph and telex which leads to delay and high cost due to handling at several stages.

5. **Automated Teller Machines (ATM)**

The ATMs are the innovative trend from cash to cashless economy and onwards to plastic card economy is spectators in the introduction of ATMs. ATM or Automated Teller Machine outwardly appears like a human weighing Machine kept in Railway Platforms. These days, ATMs are securely placed inside the walls of bank’s premises. While a weighing machine measure the weight of a person in kilograms, the ATM measures the bank balance of a person in rupees. In the weighing machine you insert a coin and you get a card telling your weight and fortune. In ATM you insert a plastic card and you get brand new currency notes and your bank balance. HSBC bank is the first bank in India to offer ATM facility in 1987. August, 1988-Bank of India installs an ATM, The first public sector bank to offer the facility. 25 Presently, a number of Indian and Foreign banks are offering ATM facility but mostly in cities. There is ease and privacy of operation through self-service.

6. **Phone Banking**

Phone Banking is one of the important facilities to the customers. with the help of it, the customers can get benefited from their phone and can resolve all the problems related to the banks.
7. **Offshore Banking Units**

The Indian Banking industry is witnessing some obvious consequences of globalisation. After having gone through momentous changes domestically—with foreign direct investment and growing competition—Indian banks have now focused attention in a big way on their overseas operations. The Key modes by which Indian banks are present overseas are branches, representative officers, subsidiaries, joint ventures and alliances. And the new trend in the block is Off-shore banking units (OBUs). The Reserve Bank of India in November 2002 came up with the concept of OBUs which would essentially be on-shore operations of Indian banks catering solely to off-shore business. An OBU would have to locate in an export oriented zone. Currently four PSBs namely, State Bank of India, Bank of Baroda, Punjab National Bank and Union Bank of India have setup OBUs in SEEPZ, in Mumbai.

8. **Core Banking**

It is the buzz word in modern time. It is a centralized platform by which a bank can control its entire operation. The adoption of CBS will help banks to roll out new products and services

9. **Universal Banking**

The model has been established in developed countries like France, Germany, US, but it is uncommon in UK. It is yet to take off, officially, in India.
10. **Net Banking or Internet Banking**

Banking is practically a service-oriented activity. Internet Banking is related to the expansion of banking services through the Internet. With the help of internet or net banking, the customers can get various banking facilities by a single click at anywhere in the world.

11. **Deposit Insurance Scheme**

This scheme provides insurance cover on customer’s deposits which was held with the bank as a guarantee. On 15\textsuperscript{th} July, 1978, the name was changed as ‘Deposit Insurance and Credit Guarantee Corporation’ instead of Deposit Insurance Scheme.

12. **Gold Deposit Scheme**

IN 1999-2000, the Government of India has proposed a new Gold Deposit Scheme in its Budget. The main object of this scheme was to assemble inactive gold lying with people/institutions like temple in India and utilize the same for the fruitful objects through the banks.

2.4 **History and Development of Selected Banks Under Study**

The history and development of selected banks is as follows:

2.4.1 State Bank of India(SBI)

2.4.2 HDFC Bank
The detailed study of the above banks is as follows:

### 2.4.1 State Bank of India (SBI)

The State Bank of India was established in 1806 in Calcutta. The State Bank of India is the oldest bank of the country. It is also a leading in terms of its size, number of branches, market capitalization and profits. It is also spotlighting at the peak end of the market, on entire sale banking abilities to offer India’s growing big businesses with a total range of products and services. It is combined its worldwide reserves process and toward the inside into prearranged products and derivative devices. Today, the bank is the biggest capital provider of infrastructure debt and the largest controller of external commercial borrowings in the country.

The banks is engaging in various services such as NRI services, Personal Banking, International Banking, Agriculture and Rural banking, Corporate Banking, SME banking, Government Business and Domestic Treasury. This bank is one of the leading bank in the country for economic development and social development.

### 2.4.2 HDFC Bank Limited

This bank was established on August 1994 by the name of 'HDFC Bank Limited'. The head office of this bank is registered Mumbai, India. In 1995, the bank started its operations as a Scheduled Commercial Bank. This is a no 1 bank in private sector which is available over 1416 branches around over 550 cities across India. All the branches of this banks are associated on an online real–time basis software. The customers in over 500 locations are also serviced through Telephone Banking.
The bank also has a network of about over 3382 networked ATMs across these cities. This bank offers a extensive variety of commercial and transactional banking services and treasury products to their wholesale and retail customers. The bank is divided into remittances, investments and insurance loans payment services. Apart from these services, the bank is also engaged in corporate banking services, small & medium enterprises services, financial institutions & trusts services and government sector. This bank was the first bank in India to launch an International Debit Card in association with VISA (VISA Electron) and issues the Master card and Maestro debit card to their customers.
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