Volume 6, Issue 3 (I)
July - September 2019

ISSN 2394 - 7780

International Journal of
Advance and Innovative Research

(Conference Special)
(Part - 3)

Indian Academicians and Researchers Association
www.iaraedu.com

Thakur Educational Trust's (Regd.)

Thakur College of Science & Commerce

UGC Recognised • Affiliated to University Of Mumbai

(NAAC Accredited with Grade "A" [3rd Cycle] & ISO 9001:2015 Certified)

Internal Quality Assurance Cell
Department of BBI & BFM

In Association with

University of Mumbai

Organises

One Day International Multi-Disciplinary Conference on 10th August 2019

"BUSINESS MODELS IN BANKING AND FINANCE- THE GAME CHANGER FOR ECONOMIC GROWTH & DEVELOPMENT"

(PEER REVIEWED)

SPECIAL ISSUE OF INTERNATIONAL JOURNAL OF ADVANCE AND INNOVATIVE RESEARCH

ISSN No. 2394-7780

UGC Approved Sr. No. 63571

PART-3

ABOUT THAKUR COLLEGE OF SCIENCE & COMMERCE:

Thakur College of Science & Commerce, affiliated to the University of Mumbai was established in 1997. The founding members aimed to provide an avenue of learning within easy reach, to the growing young population of Kandivali and its vicinity. Our college has accomplished a spectacular growth over the last two decades of its journey towards excellence in Education and emerged as a leading Higher Educational Institution in Mumbai. At present the total strength of our College (Science & Commerce) is more than 14000 students, 225 teaching staff, and 150 non-teaching staff. The College has consistently attained outstanding results in academics at both Degree & Junior levels. We sincerely believe that innovation, passion and the right technique can make learning effective and fun. The numerous feats and triumphs of our students in Academics, Co-Curricular, Extra-Curricular and Sports activities etc. attests to our commitment towards their overall development and welfare. Our team of experienced and dedicated educators and state of the art infrastructure aids learners to fulfil their potential and cultivate talents in various fields. The College, in a short span has a record of ground breaking achievements in every field and has a goal of setting international standards in area of education. Skill Development, Entrepreneurial Expertise, Industry Alliance and Collaboration with Foreign Universities are just a few examples of our efforts for providing the best opportunities to the learners.

ABOUT UNIVERSITY OF MUMBAI:

The University of Mumbai is one of the oldest and premier university in India. It was established in 1857, one amongst the first three universities in India. The profile of the University carved out more than 159 years of its functioning demonstrates its manifold achievements as intellectual and moral power house of the society. The University has always given its best to the country in general and the city of Mumbai in particular. The University is enthusiastically shouldering and carrying diverse social, moral values and responsibilities. It has four campuses situated at Fort Mumbai, Santacruz (Kalina), Thane and Kalyan and one of the sub-center situated at Ratnagiri. At present University of Mumbai have 775 affiliated colleges and 75 departments. It has established its name in industrial collaborations and runs various professional courses.

ABOUT INDIAN ACADEMICIANS RESEARCHERS ASSOCIATION:

Indian Academicians and Researchers Association (IARA) is an educational and scientific research organization of Academicians, Research Scholars and practitioners responsible for sharing information about research activities, projects and conferences to its members. IARA offers an excellent opportunity for networking with other members and exchange knowledge. It also takes immense pride in its services offerings to undergraduate and graduate students. Students are provided opportunities to develop and clarify their research interests and skills as part of their preparation to become faculty members and researcher.

Visit our website www.iaraedu.com for more details.

Publication Partner

Indian Academicians Researchers Association

CHIEF PATRONS

Shri. V. K. Singh
Hon, Chairman, Thakur Educational Trust

Shri. Jitendra Singh
Hon, Secretary, Thakur Educational Trust

OUR ADVISORS

Prin. Dr. Ajay M. Bhamare
Principal R.A.D.A.V College,
Dean Faculty of Commerce & Management,
Chairperson BoS Commerce, I/c Pro Vice
Chancellor, University of Mumbai

Dr. Arvind Luhar
HOD Accountancy Ismail Yusuf College,
Chairperson BoS Accountancy, Member
Academic Council, University of Mumbai

CMA Dr. Kinnary Thakkar
Professor & Head Department of Commerce,
Chairperson BoS Banking & Finance,
University of Mumbai

Prin. Dr. Gopal Kalkoti
Principal M.V.M College,
Chairperson BoS Business Economics,
University of Mumbai.

Dr. G. Rajeshwary
HOD Business Management KPB Hinduja College,
Chairperson BoS Business Management,
University of Mumbai.

Mr. Venkatesh S
Visiting Faculty BBI, BFM & CIIA

Dr. Pooja Ramchandani
Vice-Principal & HOD Commerce H.R. College,
Member BoS Business Management,
University of Mumbai.

Dr. Madhu Nair
Member Academic Council, Member BoS
Commerce, University of Mumbai

Dr. Sangeeta Pawar
Associate Professor Department of Commerce,
Member Bos Commerce, Senate Member,
University of Mumbai.

Dr. Megha Somani
Vice -Principal- M.M.K College,
Member Academic Council,
University of Mumbai.

Dr. Madhura Kulkarni
Associate Professor, IDOL, Member BoS
Accountancy, University of Mumbai.

Dr. Vinita Pimpale
Associate Professor Commerce, R.A. Podar
College

Poppy Sharma
Regional Manager Central Bank of India

RESEARCH PAPER REVIEW COMMITTEE

Dr. V. S. Kannan Kamala Nathan
Vice- Principal KES Shroff College, HOD
Commerce KES Shroff College

Dr. Kuldeep Sharma
Co-ordinator PG, K.P.B Hinduja College,
Treasurer- IAA Thane Chapter

Dr. Malathi Iyer
HOD Economics Vivek College

Dr. Nishikant Jha
Co-ordinator BAF - Thakur College,
Secretary- IAA Thane Chapter

Dr. Khyati Vora
Asst. Professor Commerce, K.P.B Hinduja
College, Member BoS BFM, UoM

Dr. Poonam Kakkad,
Co-ordinator BAF, Nirmala College

Dr. Kishori Bhagat
HOD Commerce, Pragati College

CORE COMMITTEE MEMBERS

Dr. S. D. Ajagekar
Vice- Principal, Degree Science

Dr. Nishikant Jha
Co-ordinator, BAF

Dr. Vinita Vaidya
Asst. Prof. Botony

Mr. Manoj K. Mishra
HOD, Accountancy

ORGANISING COMMITTEE MEMBERS

Ms. Manju Naval Singhania
Asst. Prof. Commerce

Mr. Nimesh Jotaniya
Asst. Prof. Accountancy

Ms. Ella Gaglani
Asst. Prof. Accountancy

Mr. Akash Deshmukh
Asst. Prof. Economics

Ms. Rama Ray
Asst. Prof. (HOD) Business Communication

STUDENT ORGANISING COMMITTEE MEMBERS

Ajitkumar Yadav

Anish Shetty

Munira Makasarwala

Nikita Dalwani

Ashish Varma

Nisha Ahir

Dharmesh Bangad

Manisha Bhatia

Sneha Maurya

Sanika Salunke

Forum Desai

Sakshi Pal

Sangeeta Kaundar

Mohak Joshi

Vignesh Pandey

Akash Singh

Prachi Saraogi

Akshay Patkar

Dakshita Vijay

Snehal Gopal

Yashaswi Patel

Vikas Chaudhary

Samarth Veer

Sourav Sharma

Thakur Raman Singh

Devendra Fadnavis
Chief Minister
Maharashtra

सत्यमेव जयते

Mantralaya
Mumbai 400 032

6 st August 2019

MESSAGE

I am happy to know that Thakur College of Science and Commerce Kandivali, Mumbai is organising International Conference on Business Model in Banking and Finance; the game changer for economic growth and development.

To achieve the dream of our visionary Prime Minister Narendra Modiji to make the Indian Economy GDP to 5 trillion dollars in 2024-25, the State Government has also taken various reforms in Government machinery to boost the economic growth of the State. Banking and Finance has also been included in the top champion sectors by the Government that will have the power to boost the economy of the country and state as well.

On this backdrop, it is praiseworthy that Thakur College is making effort to create a platform for research on this front at international level.

I wish all the best for the success of the conference and welcome all the delegates who are coming across the globe to the attend the conference.

(Devendra Fadnavis)

Tel. : 022-2202 5151/2202 5222, **Fax :** 022-2202 9214
E-mail : cm@maharashtra.gov.in, **Website :** www.maharashtra.gov.in

MESSAGE

Mr. Vinod Tawade
Minister of Higher & Technical Education Marathi Bhasha

Banking sector gives of financial wings to economy of country to go higher. Business models in banking and finance have changed for economic growth and development. The international conference organised by Thakur College of Science and Commerce is a noteworthy initiative, as its aim is to give the financial wings to the economy of our country. This conference comes as a gentle reminder that we have a long way to excel and to leave imprint in realm of banking and finance around the world.

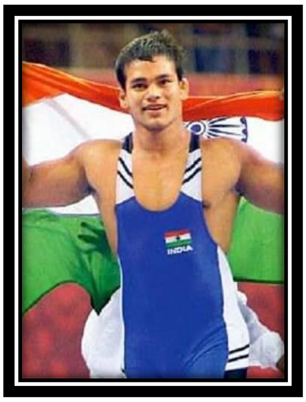
Organising international conference on business models in banking and finance is also a sign of indomitable.

I wish conference 2019 to be a milestone event in the field of banking and finance and extend my whole hearted support.

All the best wishes for the endeavour of the college.

Mr. Vinod Tawade
Minister of Higher & Technical Education Marathi Bhasha

MESSAGE



Mr. Narsingh Pancham Yadav
Olympic Athlete (Wrestler)

I am pleased to note that the Thakur College of Science & Commerce is organising the International Conference entitled "Business Models in Banking and Finance – The Game Changer for Economic Growth and Development".

I hope that this conference would aim to provide a platform for researchers, academicians and Industrialists across the globe to exchange, discuss the state-of-the-art research and development and identify the future demands and needs in the field of banking and finance.

I would like to appreciate all the members of the organizing committee, steering committee, and program committee who have been working with creative efforts to make this conference a grand success.

NYadav

Mr. Narsingh Pancham Yadav
Olympic Athlete (Wrestler)

MESSAGE FROM CORPORATOR

Mr. Sagar Singh
Corporator, Kandivali East (Mumbai)

The conferences are necessary to bring in culture of information exchange and feedback on developing trends in banking and finance sector. I am delighted to note that the Thakur College of Science & Commerce is organizing the International Conference entitled "Business Models in Banking and Finance – The Game Changer for Economic Growth and Development".

Certainly, this type of conference not only brings all the researchers, students at one platform, but it also inculcates the research culture among the entire fraternity of Education in the country, thereby, contributing to the development of nation.

I hope that this conference would certainly induce innovative ideas among the participants.

I congratulate the organizers and wish the conference a great success.

Mr. Sagar Singh
Corporator, Kandivali East (Mumbai)

MANAGEMENT'S MESSAGE

Shri. Jitendra Singh
Secretary, Thakur Educational Trusts

Sir Isaac Newton's immortal quote: *"If I have seen further than others, it is by standing upon the shoulders of giants"* stands true to the legacy of the Thakur Educational Trusts. Our founding fathers and their investment in the field of education has led to the expanding group of institutions and nurturing thousands of minds to the ultimate goal of nation building. Our institutions have always been at the forefront to take upon the matters concerning national and international issues through various platforms like Conferences, Seminars, and Workshops etc. Because we firmly believe that such platforms promote an intellectual impetus the country needs today than ever.

The One day International Multi-disciplinary Conference on, "Business Models in Banking And Finance- The Game Changer for Economic Growth and Development" by the Department of B.Com (Banking & Insurance), Department of B.Com (Financial Markets) and Internal Quality Assurance Cell (IQAC) of Thakur College of Science & Commerce aims to promote a dialogue in the rapidly growing field of Banking, Financial Services and Insurance (BFSI). I hope the Conference channelize the best minds and help us in serving the purpose of this academic endeavour.

I appreciate the efforts put in by the organising committee, to put up such a research congregation which aims to diversify, promote and spread of knowledge. My best wishes to the Principal, Organising Committee as well as all the delegates for the success of the conference and in their future endeavours.

I acknowledge the efforts put forward by the Principal, Organising Committee for the Conference. And to all the stake holders associated with Conference: Dream Big. Sparkle More. Shine Bright.

Shri. Jitendra Singh
Secretary, Thakur Educational Trusts

MESSAGE FROM THE PRINCIPAL

Dr. (Mrs.) C.T. Chakraborty,

Principal, Thakur College of Science & Commerce and Chairperson, International Conference

2019 stands as a landmark year for the Banking Sector as Nationalisation of Banks completes 50 years. A debate over the landmark event has sparked a debate whether it is a Half-Century or Work Half-Done? And such many questions have grappled the academic community to find quick, long-term and sustainable solutions for issues concerning the finance sector in general.

The Financial Sector in general faced a major setback in the form of global financial crisis which has lead to demonstrating the fact that there is a misaligned growth pattern in real sector with respect to financial sectors. Post the crisis, a wave of review mechanism kick-started reform process especially in banking sector. It high time even we review our banking structure enabling to cater to wider audience as well as need of a growing, globalised and financially inclusive economy.

With this motive, we at Thakur College of Science & Commerce are pleased to organize A One-Day International Multi-disciplinary Conference on, "Business Models in Banking and Finance- the Game Changer for Economic Growth and Development" which plans to assess the changing business models of banking sector and how these newer trends are leading to wider impact on micro and macro economic variables in the economy. Because today we need to reassess the growth as these steps would be foundations for tomorrow and in this dynamism it's important to take right strides forward.

The Organising Committee constituting of Department of B.Com (Banking & Insurance), Department of B.Com (Financial Markets) and Internal Quality Assurance Cell (IQAC) have taken the step forward to organise this academic convention and initiate the said dialogue. As the Chairperson, I would like to appreciate the contributions of all the researchers who have speared their time and research towards the success of the conference and I sincerely believe that the inputs would aid not only the participants but the nation as a whole.

This publication of research undertakings is testament of the work done and I sincerely hope we will take this initiative forward so that it reaches its due pinnacle. Lastly, I wish for an academic euphoria at the conference and express sincere gratitude to every stakeholder associated with the conference for the support and contribution in every means.

Dr. (Mrs.) C.T. Chakraborty,

Principal, Thakur College of Science & Commerce and Chairperson, International Conference

ABOUT THE CONFERENCE

Mr. Nirav Goda
Convenor, International Conference

Mrs. Rashmi Shetty
Co-Convenor, International Conference

The Honourable Prime Minister laid down the vision of India becoming a $5trillion economy by 2025 (#Economy@5trillion) and has inspired every citizen to contribute their bit to the cause. This strategic blueprint for the vision requires us to assess the financial sector in general as finances drive the economy.

The Financial Sector has had multitude of changes over the years. The growing BFSI (Banking, Financial Services and Insurance) Sector stands as the lifeline of the economy needs no specific introduction today. Post 1991, the banking reforms played a decisive role with mobilising savings and promoting economic development and financial soundness of the economy has always been a concern for the economy. The size of the economy has been rising, the old business models are perishing and newer business models are arising, jurisdictions are being reviewed, economy is diversifying and a lot is underway. So in this fast growing economy with rising competition, financing higher growth with inclusion and vibrancy of services has become difficult.

We, as the conference convenors, are obliged to provide this research undertaking on the grounds of “Business Models in Banking and Finance- the Game Changer for Economic Growth and Development” which aims to assess this dynamic sector and how we can bring about a difference at various levels.

We hope the conference with the dignitaries from the field of banking and finance, fellow researchers and participants would contribute with their inputs for the success of this venture.

Thus, presenting this volume of research proceedings of the conference which is an amalgamation of vibrant researchers submitted for the conference.

Happy Reading.

Thank you.

Nirav. R. Goda.

Mr. Nirav Goda
Convenor, International Conference

Rashmi. V. Shetty

Mrs. Rashmi Shetty
Co-Convenor, International Conference

MESSAGE

Mr. Sachin Kambli
Vice Principal - Degree Commerce and Secretary, International Conference

Warren buffet in one of his classic quotes on investment dwells into the nature of investment and how it has to be done. Over the past few decades, it has been seen that financial prowess of a country determines into geo-political importance on global platform and media has shown monumental growth in the field of BFSI sector and its time the academic faternity acknowledges and carefully scrutinises the changing patterns of business, investment and economy.

Taking this broad theme into consideration, Thakur college is hosting a One-Day International Conference on "Business Models in Banking and finance" Which tries to study the changing paradigm of business and how changes in banking and finance has had an impact on Indian economy.

We acknowledge the contribution of researchers across the country for the research convention and i appreciate the efforts put by the organising committee for the conference. Here is wishing everyone fruitful academic returns from all such investments.

Sachin

Mr. Sachin Kambli
Vice Principal - Degree Commerce and Secretary, International Conference

MESSAGE

DR. ARVIND LUHAR
Chairman, IAA Thane Chapter

It gives me immense pleasure to acknowledge and announce that Thakur College of Science & Commerce, IQAC, Department of BBI, BFM in association with University of Mumbai organising One Day International Conference on "Business Models in Banking and Finance – The Game Changer for Economic Growth and Development" which provides a platform to Researchers, Scholars, Professionals of diverse disciplines to discuss the various aspects of business models in banking and finance.

Hearty congratulations to Thakur College of Science & Commerce, for this laudable effort and all the best wishes to all the research delegates. I am sure that there will be high level of deliberation and panel discussion on the theme and there will be learning for all who are part of this conference.

I extend my support and well wishes for the success of this conference which is ready to ignite the minds for a better tomorrow.

Dr. Arvind Luhar
Chairman, IAA Thane Chapter

MESSAGE

Dr. Nishikant Jha
(Secretary, IAA Thane Chapter)

It is a matter of delight to start off a new academic year with enthusiasm, zeal and determination. I am pleased to welcome you all for the International Conference on “Business Models in Banking and Finance – The Game Changer for Economic Growth and Development” being organized by Thakur College of Science & Commerce on 10th August 2019.

I hope that the conference serves as a locus for multi-disciplinary, a space for discourse and collaboration. I would like to express my appreciation to the organizing committee for their dedicated efforts to materialize the conference.

I hope that this conference would provide valuable, useful and informative ideas to the participant students, researchers and other experts. I also appreciate the efforts taken by all the researchers and wish them best of luck for their future success.

I convey my best wishes for the success of the event.

(Dr. Nishikant Jha)
Secretary, IAA Thane Chapter

International Journal of Advance and Innovative Research

Volume 6, Issue 3 (I): July - September 2019 : Part - 3

International Journal of Advance and Innovative Research

IJAIR

IMPACT FACTOR

7.36

ISSN : 2394-7780

International Journal of Advance and Innovative Research
Volume 6, Issue 3 (I) : July – September 2019 : Part - 3

CONTENTS

Research Papers

International Journal of Advance and Innovative Research
Volume 6, Issue 3 (I): July - September, 2019 Part - 3
ISSN 2394 - 7780

AN EXPERIMENTAL STUDY ON COST BENEFIT ANALYSIS IN BANKS

Pratik Vaishnav[1] and Ajitkumar Yadav[2]
[1]Edith Cowan University, Australia
[2]Sydenham College, Mumbai

ABSTRACT

The Indian banking witnessed a paradigm shift in their operations after financial sector reforms in 1991. These reforms led to the emergence of new banks, new instruments, new methods of doing business, and finally increase in competition in the banking industry to strengthen financial base, increase overall efficiency, and improve profitability by designing appropriate funds management policies and practices. This report examines the study of cost benefits perspective of Indian banks.

OVER VIEW OF BANKING INDUSTRY

In the Economic Development of the country. Banks occupies an important place in the country. Banking institutions form an important part of the money market and are necessary in a modern developing activity. Banking is the life blood of modern economic. It may truly be said that modern commerce is so dependent upon banking that any setback of banking activity, even for a day or two, would completely parlay the economic life of a nation. From its original narrow scope and modest purpose of taking care of other people's money and lending a part it. Banking has developed to such an extent that, in countries like India, England, France and the U.S.A.

REVIEW OF LITERATURE

Malhotra and Verma (1993) suggested for improvement in capital base of the banks, expansion of bank resource base, tapping the deposits from rural and semi urban areas and deploying them profitably. Toor (1994) analyzed the various sources and uses of funds with risk-return perceptive and found that the composition of funds and their deployment are important in determining the operational efficiency of banks. Vidwans and Kaveri (2001) found that significant reduction in non-performing assets (NPA's) and cost reduction in operations are instrumental for improving bank's profitability. Uppal (2007) found that banks would benefit if they were to mobilize funds through borrowings rather than public deposits. Thus the review reveals that the funds funds management in banks is examined by the researchers from different perspectives. A study on cost benefit analysis of Indian banks is found to be unexamined by the researchers. This focuses on the present study titled "Cost Benefit Analysis of Indian banks".

OBJECTIVES & SCOPE

The objectives of the study are as follows:

- To examine the cost of source of funds
- To analyze the return from deployment of funds
- To trace the pattern of utilization of deposits and examine the profitability of funds management.
- The study is based on the data drawn from the annual report of the 3 selected nationalized banks.
- It covers the period of five years from 2008-2009 to 2012-2013.
- The sources and uses of funds as represented by various items of liabilities and assets contained in balance sheets are considered for the purpose of analysis.
- Similarly, the items such as interest cost, interest income, etc are drawn from P&L accounts of these banks.
- The relevant data of these banks have been aggregated for the purpose of analysis.
- The data represented through tables and analyzed with the help of ratios, percentages, standard deviation (Std. Dev) and coefficient of variation (C.V). The analysis of each point is done from the point of view of banking industry.

METHODOLOGY

The inferences drawn from the information contained in financial statement of Bank of Baroda, Bank of India, Dena bank. The period covered for the study (2008-2009 to 2012-2013) is also a long one and therefore, the findings can be generalized for the entire banking industry in the sphere of management of funds.

International Journal of Advance and Innovative Research
Volume 6, Issue 3 (I): July - September, 2019 Part - 3
ISSN 2394 - 7780

The approach to cost benefit analysis of funds management in this research is from three broad perspectives: cost approach, return approach and an integrated approach to funds management. In each perspective key financial indicators have been used. The indicators of cost approach to funds management include cost of deposits, cost of borrowings. Similarly, the indicators of return approach of funds management cover return on advances and returns on investments.

RESEARCH DESIGN

- **SAMPLING DESIGN**

The type of sample design which is selected is **Random Sampling**. It is done for the selected nationalized banks.

- **METHODS OF DATA COLLECTION**

The secondary data are those which have already been collected by someone else and which have already been passed through the statistical process. As the research study is totally dependent for the study would be secondary data collection method. The data on the subject is collected from various sources such as annual reports of the banks, bank's balance sheets and profit and loss statements, Journal of Banking studies, IUP Journals, Journal of Accounting and Finance and ICFAI Journals. Internet has been an important source of secondary data. Here the data has been taken of 3 nationalized banks.

- **NATIONALIZED BANKS**

1. BANK OF BARODA
2. BANK OF INDIA
3. DENA BANK

CURRENT BANKING SCENARIO

- Today, it is known to almost everybody that the recession period has crawled in and that too in almost every part of the world. Presently, in India also almost all the sectors such as IT sector, automobile industry and share market are also not in a very good condition.
- But, quite interestingly, the banking sector of India is booming day-by-day and that too even in the period of global crisis.
- With the advent of high-tech communication and information technology numerous factors have facilitated the growth of the banking sector such as the Indian Internet banking, ATM Network, electronically transfer of funds and fast dissemination of information between different-different branches.
- With the entry of more and more foreign banks and private sector banks, the lean and agile footed structure, became the story of past and such factors have escalated the growth potentials in the banking sector of India .

NEED FOR BANKING SERVICE

- Today banks are not competing locally but in the global market place. The banks are required to achieve long term operational efficiency and globalization have raised customer expectations, banks are a safe outlet for savings and safe custody of valuables.
- Every transactions & dealings cannot be done through cash as the activities are diversified and scattered all over the world so there is a need for banks. Banking is a channel whereby all the requirements of business and individuals can be effected.

For all our short term and long term needs banks have become an essential part of our life!!

SOURCES OF FUNDS

- **Capital Reserve& Surplus:** The capital as a source of finance is being relied upon by banks to invest in infrastructure, technology & to meet the capital adequacy requirements. The reserves of the banks have also seen a positive jump going towards the profitability side as every bank has to transfer 20% of the profit to the (statutory) reserve fund.
- **Deposits:** Deposits constitutes an important source of finance for the banks. Banks go for more demand& savings deposits as these are referred as low cost deposits.
- **Borrowings:** Borrowings made by commercial banks are mainly for short term & primarily to manage liquidity risk. In case the banks need funds they borrow through repo window from RBI (Reserve Bank of India) for short period.

 ISSN 2394 - 7780

- **Other sources**: other sources of funds is when there are changes in the credit policy announced by RBI .It uses credit control measures depending upon various factors to ensure adequate flow of credit & stability in interest rate. Any changes in S.L.R ratio and C.R.R ratio will affect the source of funds

USES OF FUNDS

- **Cash & Balance with RBI:** In banking business trust & faith of the depositors is the key for any bank to survive & at any point of the time the banks have to maintain adequate funds for liquidity management.
- **Investments**: Banks also invest in to other securities to book profit in short term or long term. The investments are carried in the balance sheet of banks at a market value & any profit or loss on such investment need to be booked in the same financial year.
- **Loans & Advance**: Banks are not able to invest their entire source of deposits in to loans & advances. Banks have to maintain SLR (Statutory Liquidity Ratio) and CRR (Cash Reserve Ratio) at a prescribed level by RBI. Most of the loans & advances of the bank are short term & medium term like cash credit, over draft, bills purchase and discounted.

EXPENSES FOR BANKS

- Expenses for banks include the reserve requirement specified by the central bank (Reserve bank of India) i.e. CRR ratio (cash reserve ratio) & SLR ratio (statutory liquidity ratio) which is currently 4% and 22% w.e.f 15th July, 2014.
- Staff salaries and bonus and other expenses which needs to be provided by the banks.
- Branches rent and other expenses like Internet server cost, A/C maintenance cost, other operating expenses.
- Now a day's banks spend a lot in advertisements to attract prospective customers due competition in the banking sector expenses like T.V advertisements, brochures, pamphlets, banners etc.
- Banks also give training to their staff's at regular intervals to upgrade their skills as to get used to upcoming technology and reduce the usage of time.
- ATM branch expenses which include security guards salary, ATM machine servicing charges, in the expenses for a bank.

COST BENEFIT ANALYSIS

FROM THE COMMON MAN'S POINT OF VIEW

In this we will understand the benefit received by the banks;

CASE 1:

- In case 1, **Bank of India** receives a deposit of Rs. 5, 00,000 in which the bank needs to provide interest at 4% so the interest amount comes to Rs 20,000.
- So In this case the bank gets a client who wants an educational loan of same amount so the bank provides the loan at 8% so the interest amount received by the bank is Rs. 40,000.
- So in this case the banks gives interest of Rs 20.000 and receives Rs.40,000.

*Benefit to the bank= interest received – interest paid

= 40,000 – 20,000

= Rs 20,000

So here benefit to the bank is Rs.20, 000.

CASE 2:

- In case 2, **Bank of Baroda** receives a deposit of Rs. 1, 00,000 in which the bank needs to provide interest at 4% so the interest amount comes to Rs 4,000.
- So In this case the bank gets a client who wants an personal loan of same amount so the bank provides the loan at 18% so the interest amount received by the bank is Rs. 18,000.
- So in this case the banks get interest of Rs 18.000 and pays Rs.4, 000.

*Benefit to the bank= interest received – interest paid

ISSN 2394 - 7780

= 18,000 – 4,000

= Rs 14,000

So here benefit to the bank is Rs.14, 000.

CASE 3:

- In case 3, DENA BANK receives a deposit of Rs. 8, 50,000 in which the bank needs to provide interest at 4% so the interest amount comes to Rs 34,000.
- So In this case the bank gets a client who wants an housing loan of same amount so the bank provides the loan at 10.75 % so the interest amount received by the bank is Rs. 91,375.
- So in this case the banks give interest of Rs 34, 000 and receive Rs.91, 375.

*Benefit to the bank= interest received – interest paid

= 91,375 – 34,000

= Rs 57, 375

So here benefit to the bank is Rs.57, 375.

Cost-Benefit Analysis in Nationalized Banks

- The nationalized banks mobilize a major part of their funds through deposits and borrowings, with deposits having a dominating share. These funds are disbursed in investments and advances to get returns in the form of interest and dividends.
- The present aspect deals with cost-benefit analysis of bank funds and concludes that nationalized banks are the beneficiary to mobilize funds through borrowings rather than go for public deposits as the cost of borrowings is almost half the cost of deposits.
- Similarly, in the case of utilization of these funds, the public sector banks are the beneficiary if they concentrate more on investments in different instruments rather than disburse loans to their customers as return on investments is higher, but foreign banks and private sector banks get more returns on advances; hence, they are at an advantage if they disburse loans rather than invest elsewhere.
- Bank of Baroda (BoB) is the third largest Public Sector bank in India, after State Bank of India and Punjab National Bank. BoB has total assets in excess of Rs.2.27 lakh crore, or Rs. 2,274 billion, a network of over 3000 branches and offices, and about 1100+ ATMs.
- It offers a wide range of banking products and financial services to corporate and retail customers through a variety of delivery channels and through its specialized subsidiaries and affiliates in the areas of investment banking, credit cards and asset management.
- Maharajah of Baroda Sir Sayajirao Gaekwad III founded the bank on July 20, 1908 in the princely state of Baroda, in Gujarat.
- The bank, along with 13 other major commercial banks of India, was nationalized on 19 July1969, by the Government of India.
- As of August 2010, the bank has 78 branches abroad and by the end of FY11 this number should climb to 90.
- In 2010, BOB opened a branch in Auckland, New Zealand, and its tenth branch in the United Kingdom.
- Bank of India was founded on 7th September, 1906 by a group of eminent businessmen from Mumbai.
- The Bank was under private ownership and control till July 1969 when it was nationalized along with 13 other banks.
- Beginning with one office in Mumbai, with a paid-up capital of Rs.50 lakh and 50 employees, the Bank has made a rapid growth over the years and blossomed into a mighty institution with a strong national presence and Sizable international operations.
- In business volume, the Bank occupies a premier position among the nationalized bank.

ISSN 2394 - 7780

- The Bank has 3101 branches in India spread over all states/ union territories including 141 specialized branches.
- These branches are controlled through 48 Zonal Offices.
- There are 29 branches/ offices (including three representative offices) abroad.
- **Dena Bank** was established in the year 1938 on the 26thof May. It was set up by the family of renowned Devkaran Nanjee.
- The initial name of the bank was Devkaran Nanjee Banking Company Ltd. In the month of December in 1939, the bank became a Public Company and changed its name to Dena Bank Ltd.
- It was in the year 1969, that Dena Bank was made a national bank and the term Ltd was dropped from the name.
- Dena Bank is one of the well known banks in the country and has a very good market share.
- Today, the bank has around 240 branches and around 150 ATMs across the country.
- The bank has already provided around 1.8 lakh debit cards to the account holders.

PARAMETERS FOR THE COST-BENEFIT ANALYSIS

For the cost-benefit analysis, the following ratios have been examined:

- Cost of Deposits (Interest on Deposits as Percentage of Total Deposits);
- Cost of Borrowing Funds (Interest on Borrowing Funds as percentage of Total Borrowing Funds);
- Return on Advances (Interest on Advances as Percentage of Total Advances);
- Return on Investments’ (Interest on Investments as Percentage of Total Investments);
- Statistical Returns of Bank of India, Bank of Baroda, and Dena Bank (2008-09 to 20012-13) formed the database for this study.

HYPOTHESES STUDY

H 1: There is no significant correlation between the cost of deposits and return on advances and investments.

H 2: There is no significant correlation between the cost of borrowing funds and return on advances and investments.

ANALYSIS AND DISCUSSION

COST OF DEPOSITS

- Deposits constitute a vital source of funds required for banking business.
- The components of deposit such as fixed, current, savings deposits have their own risk-return profiles that affect the profitability of banks.
- Average cost of deposits, which is the interest cost to total deposits, can be used as an indicator for analyzing the cost of deposits of banks overall profitability.

COST OF DEPOSITS (in %)

YEARS	BOB	BOI	DENA BANK
2008-09	4.14	4.68	4.39
2009-10	4.34	4.79	4.56
2010-11	5.2	5.42	5.35
2011-12	5.18	5.72	5.53
2012-13	4.46	5.27	5.67
OVERALL GROWTH	7.73	12.61	29.16
AVERAGE	5.17	6.41	9.11
S.D	0.49	0.44	0.58
C.V	9.54	6.79	6.42

ISSN 2394 - 7780

Cost of Deposits (Interest on Deposits as Percentage of Total Deposits)

- The above table shows that all three banks there are increasing trend in their cost of deposit during the period. On an average, it is highest in Dena Bank with 9.11% followed by Bank of India with 6.41%, but it is the least in Bank of Baroda with 5.17%.
- From the above banks the highest overall increasing of 29.16% in the cost of deposit BOI shows 12.61% increase and BOB shows the 7.73% increase in the cost of deposit.
- Bank of Baroda shows the highest variation in terms of 9.54% CV that consist the competitive environment.

COST OF BORROWINGS

- Banks procure funds from time to time from money market to meet temporary deficiency. Purchased funds include inter-bank and short term institutional liabilities and certificate of deposits.
- These funds are mobilized in national and international money markets. Since these markets are more competitive, the funds raises in such markets are volatile then deposits.
- Hence, funding the assets through these sources would entail liquidity risk.
- Higher the ratio, lower will the productivity of funds.
- Lower interest on borrowings has positive impact on banks.

COST OF BORROWINGS (in %)

YEARS	BOB	BOI	DENA BANK
2008-09	1.13	6.14	1.74
2009-10	1.38	8.21	1.37
2010-11	2.69	7.84	1.86
2011-12	2.28	4.81	1.17
2012-13	2.19	2.41	3.26
OVERALL GROWTH	93.81	-60.75	87.36
AVERAGE	17.25	5.22	16.13
S.D	0.65	2.37	0.82
C.V	3.79	45.43	5.08

Cost of Borrowing Funds (Interest on Borrowing Funds as percentage of Total Borrowing Funds)

- The above table shows that there is increasing trend in Bank of Baroda and Dena Bank during the study period with the highest inc. in BOB with 93.81% and 87.36% but decreasing in BOI with 60.75%.
- On an average, cost of borrowing funds is the least in Bank of India i.e., 5.22% and the highest in the Bank of Baroda i.e., 17.25%.

RETURN ON ADVANCES

A major share of bank's revenue emanates from return on advances. Return on advances includes interest and discount on various loans and advances such as cash credits, overdrafts, term-loans, bills purchased and discounted. Ratio return on advances to total advances indicates the ability of banks in generating income from its lending operations.

- Higher the ratio of return on advances, higher will be the productivity of funds management and vice versa.
- Lower return on advances signifies poor return on advances or higher losses in loans.

 ISSN 2394 - 7780

Return On Advances (in %)

YEARS	BOB	BOI	DENA BANK
2008-09	11.85	10.78	12.36
2009-10	11.02	10.81	11.57
2010-11	11.07	10.86	11.77
2011-12	10.48	11.44	11.94
2012-13	9.54	10.61	11.31
OVERALL GROWTH	-19.49	-1.58	-8.5
AVERAGE	5.74	8.82	8.41
S.D	0.85	0.32	0.4
C.V	14.86	3.58	4.71

Return on Advances (Interest on Advances as Percentage of Total Advances)

- The above table shows a declining trend in return on advance in above three banks during study period. Bank of Baroda shows the highest decline of 19.49% in their returns; where it is least in Bank of India i.e., 1.58%
- The decline is not a sign of sound system of credit control. On an average, return on advance is the highest in Bank of India, in Dena Bank and BOB with 8.41 and 5.74% respectively.

RETURN ON INVESTMENTS

- Employment of banks funds in investments is intended to meet the requirements of statutory liquidity ratio (SLR).
- This serves two-fold purposes: maintaining liquidity needs and earning a fair return with limited risk.
- Thus, return on investments is a key factor in determining banks profitability.
- The return on investments reveals the impact of movements of market interest rates on portfolio value.

Return On Investments (in %)

YEARS	BOB	BOI	DENA BANK
2008-09	20.21	22.11	20.54
2009-10	26.36	25.86	22.93
2010-11	26.93	29.56	26.36
2011-12	28.77	31.07	27.63
2012-13	27.29	26.65	25.55
OVERALL GROWTH	35.03	20.53	24.39
AVERAGE	27.43	25.96	24.57
S.D	3.31	3.48	2.85
C.V	12.07	13.4	11.59

- Lower ratio indicates poor return on investments that adversely affects the profitability of funds management and vice versa.

ISSN 2394 - 7780

Return on Investments (Interest on Investments as Percentage of Total Investments)

- The above table shows that there increasing trend in return on investment in all three banks.
- The highest increasing rate shows in Bank of Baroda, followed by Dena bank with 24.39% and in BOI with 20.53%.
- On an average, return on investment is the highest in Bank of Baroda with 27.43% and followed by Bank of India with 25.96%.

Correlation Coefficient

Correlation Coefficient Analysis

Factors	**BOB**	**BOI**	**Dena Bank**
X1 and X3	-0.228	0.637	-0.54
X1 and X4	0.701	0.935	0.911
X2 and X3	-0.535	0.036	-0.567
X2 and X4	0.745	-0.062	0.058

Here, X1= Cost of deposit and X3= Return on Advance.

X2= Cost of borrowing and X4= Return in investment.

- The above table shows the rejection of the entire hypothesis that test the correlation coefficient among the cost of funds.
- But the return there from is not significant hence, shows that cost and return of funds are significantly correlated with each other at different coefficients.
- In case correlation between cost of deposit(X1) and return on advance (X3), it is negative and insignificant in BOB and Dena Bank but it is positive and significant in BOI. Correlation among cost of deposits (X1) and return on investment (X4) is positive in BOB.
- Correlation between cost of borrowing funds (X2) and return on advance (X3) is positive and significant in all banks
- Overall, it can be concluded that cost and returns and significantly correlated with each other, which shows that the increase in cost, return also increase because more funds are generated either through deposits or borrowing, the more will be the investment either on term credit or securities.

LIMITATION OF STUDY

The study is limited to three banks;

- Time and resource constrains.
- The method discussed pertains only to banks though it can be used for performance evaluation of other financial institutions also.
- The study depends on the accuracy of secondary data, so the limitations of the secondary data are also applicable.
- The study is based on correlation coefficient aspect so that it can suggest proper guideline.
- It is difficult to decide, among all available instruments of funds, which is more profitable and risk-free.

EXPERT OPINION

- It helps the bank to benchmark profit per transactions as well as help to set cost goals per department in banks for better outcome.
- It is in the best interest of all the banks i.e. private and public to have a cost benefit analysis for each product like home loan, car loan etc. Employee cost and identifying opportunity to maintain risk and reward in equal proportion. So that the functioning is not effected with minimum cost of funds can generate higher income.

ISSN 2394 - 7780

FINDINGS

- Nationalized banks have attracted more funds of a short-term nature in the form of demand deposits because the business class is attracted towards better services of other banks.
- Hence, they prefer to advance loans rather than invest in securities.
- From the whole discussion, it is clear that nationalized banks get their deposit at least cost as compared to borrowing funds because they themselves decide the interest rate of deposit and the deposit are more costly as compared to their borrowing funds.
- On the basis of the above analysis, it may be suggested that the nationalized banks benefit by mobilizing funds through borrowing rather go to public deposit as the cost of borrowing is almost half of the cost of deposits.
- The nationalized banks mobilize a major part of their funds through deposits and borrowings, with deposits having a dominating share.

CONCLUSION

- In Nationalized banks prefer deposits as cheaper mode of funds mobilization and advances as more profitable utilization of funds, just because of their efficient marketing strategies and sophisticated risk management but, Nationalized and prefer borrowing funds i.e., from the RBI to mobilize funds and invest the maximum share of their funds in the government securities as these are less risky with more returns.
- But the main reason for more cost of deposit is because the fixed rules of the government bind them not to make deposits at flexible rates of interest according to the market situation.
- But for the efficient management of funds, banks should be given full autonomy and they should set their benchmark for each type of portfolio separately according to the market conditions' he has most successful banks are those that combine visionary technology and very competitive pricing with strong relationships and brands build on trust with previous in-depth experience of the client business.
- Banks would have adopted the effective, practical and competitive strategies to survive in the high tech banking environment.

BIBLIOGRAPHY

- Shekhar K.C. Banking Theory and Practices. New Delhi: Vikas publishing house private. Ltd.
- H.L Bedi.; Hardikar V.K. Practical Banking Advances. New Delhi: Institute of banking studies, 1975.
- Statistical tables relating to bank of India various Issues.
- A. Basudevan money and banking.
- The evolution of the State bank of India by A.K.Bagchi.
- A Basudevan money and banking.
- Money banking and public finance by M.LSeth.
- Master office file on Banks, Dsim, Reserve Bank Of India

REFERENCES

WEBSITES

1. www.boi.org//http://boi.org+annual+report.
2. http://www.bankofbaroda.com.//broda.com+annual+report.
3. www.denabank.com.ttp://www.dena+bank.com+annual+report.
4. http://www.iupindia.in/Bank_Management.asp.
5. www.wikipedia.com.
6. www.google.co.in
7. http://www.iupindia.in/Bank_Management.asp

International Journal of Advance and Innovative Research
Volume 6, Issue 3 (I): July - September, 2019 Part - 3
ISSN 2394 - 7780

PERFORMANCE OF INDIAN BANKS IN INDIAN FINANCIAL SYSTEM

Pratik Bhambhani
Conestoga College, Kitchener, Ontario

ABSTRACT

Efficiency and profitability of the banking sector in India has assumed primal importance due to intense competition, greater customer demands and changing banking reforms. This study attempts to measure the relative performance of Indian banks. we have used public sector banks, old private sector banks, new private sector banks and foreign sector banks. We know that in the service sector, it is difficult to quantify the output because it is intangible. Hence different proxy indicators are used for measuring productivity of banking sector. Segmentation of the banking sector in India was done along the following basis: number of banks, offices, number of employees, business per employees, deposits per employee, advances per employee, bank assets size, non-performing assets etc. Overall, the analysis supports the conclusion that foreign owned banks are on average most efficient and that new banks are more efficient that old ones.

The public sector banks are not as profitable as other sectors are. In terms of size, the smaller banks are globally efficient, but large banks are locally efficient. It means that efficiency and profitability are interrelated. It is true that productivity is not the sole factor but it is an important factor which influence to profitability. The key to increase profitability is increase productivity. For this we have recommended some suggestions to tackle the challenges faced by the banks particularly public sector banks.

Keywords: Efficiency, Profitability, Public sector Banks, Financial Reforms.

INTRODUCTION

Banks were considered as a backbone to the financial system and play an important role in economic development of a nation. They act as intermediaries in channelizing funds from surplus units to deficit units to the fully utilization of the funds. An efficient banking system of nations has significant positive externatities which increase the efficiency of economic transaction in general. There is a major shift in banking system in the policy atmosphere after the introduction of financial sector reform in 1992; these reforms impact the working of commercial banks. As one of the objectives of financial sector reform was to improve the efficiency of banking system in India economy.

The financial system's contributes to the economy depends upon the quantity and quality of its service and efficiency with which it provides them. Financial System of any country consists of financial markets. financial intermediation and financial instruments or financial products. The term "finance" in our simple understanding it is perceived as equivalent to 'Money'. The word "system", in the term "financial system", implies a set of complex and closely connected or interlined institutions. agents, practices. markets. transactions. claims, and liabilities in the economy. The financial system is concerned about money, credit, and finance the three terms are intimately related yet are somewhat different from each other. Indian financial system consists of financiaI market.

A financial system provides services that are essential in a modern economy. The use of a stable, widely accepted medium of exchange reduces the costs of transactions. It facilitates trade and therefore specialization in production. Financial assets with attractive yield, liquidity and risk characteristics encourage saving in financial form. By evaluating alternative investments and monitoring the activities of borrowers. Financial intermediaries increase the efficiency of resource use. Access to a variety of financial instruments enables an economic agent to pool, price and exchange risks in the markets. Trade, the efficient use of resources, saving and risk taking are the cornerstones of a growing economy. In fact, the country could make this feasible with the active support of the financial system. The financial system has been identified as the most catalyzing agent for growth of the economy, making it one of the key inputs of development.

The Indian financial system is broadly classified into two broad groups:

a) Organised sector & b) unorganized sector

ORGANISED SECTOR

The organised Financial system comprises of an impressive network of banks. other financial and investment institutions and a range of Financial instruments, which together function in fairly developed capital and money markets. Short term funds are mainly provided by the commercial and cooperative banking structure. Nine tenth of such banking business is managed by twenty eight leading banks which are in the public sector. In addition to

ISSN 2394 - 7780

commercial banks, there is the network of cooperative banks and land development banks at state, district, and block levels. With around two third share in the total assets in the financial system, banks play an important role. Of late. Indian banks have also diversified into areas such as merchant banking, mutual funds, leasing and factoring.

UNORGANIZED SECTOR

On the other hand, the unorganized financial system comprises of relatively less controlled moneylenders. indigenous bankers. lending pawn brokers, landlords, traders etc. This part of the Financial system is not directly amenable to control by the Reserve Bank of india (RBI). There are a host of Financial companies. investment companies. and chit funds etc.. which are also not regulated by the RBI or the government in a systematic manner. However, they are also governed by rules and regulations and are. therefore within the orbit of the monetary authorities. As the word 'Bank'5 is an organization for receiving, storing providing money and other financial mechanism to different players within the economy and assisting them in deploying there funds in productive activities. The state of bank in Financial sector could be described as a classical example of Financial repression. until the beginning of 1990's.

REVIEW OF LITERATURE

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

Domar and Timbergen (1946), measured the profitability of banks for the economic development purpose and settled the theoretical framework in expanded form which was first introduced by Jorgenson and Nishimizudin for international economic growth comparison and development.

Raghupathy (1977) gave his view on the system of banking sector that 'if the objectives are not fully achieved the fault does not lie entirely with the bankers. The fault lies in our, not being able to integrate all powerful instruments of development into an effective system".

Sharma (1974) said, "The expansion of banking facilities was uneven and lopsided and banks were concentrating their operations in metropolitan cities and towns. A fairly large number of rural and semi urban centre with reasonable potentialities of growth failed to attract the attention of commercial banks. As far as the deposit mobilization in the rural areas is concerned. much remains to be done. "This gives emphasis on the rural and semi urban growth of banks.

V.N. Saxena(1978), analysed that "Improvement in the systems and procedures of inspection of stocks, maintenance of stock register is required. Reforms should be initiated in extension of sponsorship schemes. recovery. and consultancy". This can be supporting tools for banks.

Desai (1978), conducted a study entitied "Measuring Staff Productivity in Bank A New Approach" in 1981. covering a regional office of a premier bank having 155 branches in the region. Primary objective of the study was to detect and correct staffing imbalances. The study emphasized on providing for the management of productivity related staff development technique. He followed it up with another study of Patna Circle of the bank having 607 branches. in 1982. The main objective again was to provide management with the productivity based technique for rational manpower development It identified 'Labour Intensive and Less Labour lntensive' banking sector and identified pockets of staffing imbalances. He felt that a services industry like banking with wide variations in work mix, a universally applicable and fully scientific formula is difficult to involve in any area of management.

OBJECTIVE OF STUDY

The major objectives of the study are to assess the impact of reform measures on the efficiency. profitability and overall performance of SBI and ICICI for the period 2000 2001 to 2011 2012. The specific objectives of the study are;

1. To find out some glaring reasons of lower efficiency in SB! and ICICI banks and suggest ways and means to improve the efficiency of these two banks.
2. To make comparative analysis of the financial performance of SBI and ICICI Bank.
3. To suggest future prospect for these two banks.

4. To analyze the financial performance of State Bank of India.
5. To analyse the Financial performance of ICICI bank.
6. To compare State Bank of India and ICICI bank on the basis of their financial performance.

RESEARCH METHODOLOGY

The study will be conducted with reference to the data related to State Bank of India and ICICI Bank. These banks have been studied with the belief that they hold the largest market share of banking business in India. in their respective sectors.

This study covers three periods of twelve years from 2000-2001 to 2011-2012.

Tools for data collection:

The study is purely based on secondary data. The data required for the study will be collected from annual reports of respective banks. journals and reports on trends. newspapers. magazines. and progress of Banking of India. government publications, books and website.

Tools for data analysis:

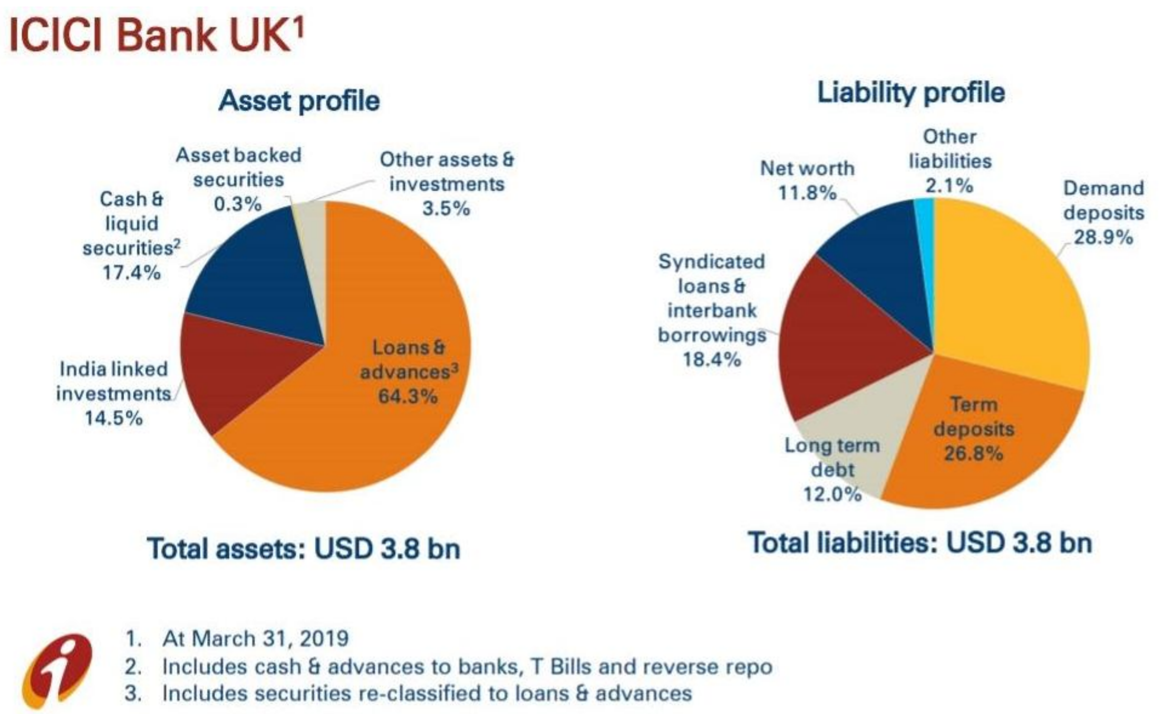
Different scales will be used for data analysis. Various financial ratios, bar charts are used to know financial performance and business model of State Bank of India and ICICI Bank.

NON-INTEREST INCOME AS PERCENTAGE OF TOTAL INCOME

Non interest income ratio shows the banks' efficiency in earning income from fee based activities. Table-7 shows decreasing trend for all the Indian banks during 2009-10 to 2010-11 but it is increasing continuously in foreign sector banks. In the last year, the share of this income is the highest in foreign sector banks. This share of income is also comparatively good in new private sector banks. Public sector banks are at the last position.

NON-INTEREST INCOME AS PERCENTAGE OF TOTAL INCOME

Different Sector Banks	Non-Interest Income as Percentage of Total Income (in %)	
	2009-2010	2010-2011
Public Sector Banks	1.41	1.20
Old Sector Banks	1.88	1.63
New Sector Banks	2.06	1.80
Foreign Sector Banks	2.26	2.37
Total	1.90	1.75



International Journal of Advance and Innovative Research
Volume 6, Issue 3 (I): July - September, 2019 Part - 3
ISSN 2394 - 7780

ICICI Bank UK

(USD million)	FY2018	Q4-2018	Q3-2019	Q4-2019	FY2019
Net interest income	66.9	17.0	17.2	19.9	70.5
Loans and advances	2,373.8	2,373.8	2,390.0	2,442.5	2,442.5
Deposits	1,748.8	1,748.8	1,894.2	2,140.8	2,140.8
- Retail term deposits	*297.5*	*297.5*	*608.8*	*677.1*	*677.1*
Capital adequacy ratio	16.5%	16.5%	17.1%	16.8%	16.8%
- Tier I	*14.0%*	*14.0%*	*13.1%*	*12.9%*	*12.9%*

CHALLENGES AND OPPORTUNITIES

Although a lot of reforms have been made in the public sector banks, still there is a need to modify the policies of public sector banks. At present they are facing many internal and external challenges, which are hindering their performance, but these banks can convert these challenges into opportunities with care and some modifications.

1. **COMPETITION:** In this globalize world, banks are facing severe competition internally as well as externally. To stay ahead in the race, public sector banks will have to leverage technology for innovative product development.

2. **GREATER CUSTOMER-ORIENTATION:** Greater customer-orientation is the only way to retain customer loyalty and stay ahead of competition. Public sector banks need to bring about total customer orientation not only in their products/services but their policies and strategies should also be customer focused.

3. **TECHNOLOGY:** In the deregulated environment managing a wide range of products and offering top class customer services will create new challenges. In this context, technology will be the key to reduce transaction costs, offering customized products and managing risks. This is compelling banks to provide internet banking facilities and increasingly customers are demanding fast, convenient and glitch free banking services. Our public sector banks are lagging behind in technology when we compare them with their counterparts.

4. **MANAGEMENT OF NPA:** After the global financial turmoil in 2008, public sector banks begin the New Year with a lurking fear that their Non Performing Assets (NPA) would go up with their portfolios coming under severe stress. There is already a visible strain on consumer, credit card and vehicle loan portfolios and many banks have taken conscious decision to scale down their advances to risky sectors. The ongoing financial crisis has had its toll on export-related sectors like IT, textile and SMEs. This may indirectly impact banks' asset quality.

CONCLUSION

The paper concludes that although various reforms have produced favorable effects on commercial banks in India and because of this transformation is taking place almost in all categories of the banks. It has also realized that the profitability of the public sector banks appears to have started improving but despite this, the foreign and private sector banks take a big share of cake. Our public sector banks are still lagging behind regarding the various financial parameters in comparison with other banks. It is also true that presently, they are facing many internal and external challenges, which are hindering their performance. Hence, there is a need to consider the above listed challenges for another reform to improve the performance of the banks particularly of public sector banks to meet the requirement of new and open competitive environment.

REFERENCE

- Ahluwalia, M. S. (200), "Economic Reforms in India Since 1991: Has Gradualism Worked?" Journal of Economic Perspectives, Vol 16 (3)

- Mohan, R. (2005), "Financial Sector Reforms in India: Policies and Performance Analysis," Economic and Political Weekly, Vol XL (12)

- Domar (1946), "Capital Expansion, Rate of Growth and Employment, Econometrical", Jaico Publications. Mumbai. Apri|.13, p. 8
- Shanna. B.P. (1974),"The Role of Commercial Banks in India's Developing Economy". Sultan Chand and Company Pvt. Limited, New Delhi.p.1
- Gopal Karkal (1977). "Perspectives in Indian Banking". Popular Prakasan. Bombay. pp. 64 65
- Raghupathy R. (1977), "Performance of Nationalized Banks in Retrospec!." Pignty Economic Review, Vol. 23, No. 1. August. p. 5 6

ISSN 2394 - 7780

A CURRENT SCENARIO ON ROLE OF IQAC ON HIGHER EDUCATION IN INDIA

Pranita Shroff[1] and Dr. L. C. Kurpawar[2]
[1]Assistant Professor, Rajarshri Shau Institute of Management
[2]Head of Department of Commerce, Sant Dnyaneshwar Mahvidyalaya

ABSTRACT
India has seen multiple reforms in higher education. It was required to cope up with the current changes and upcoming trends. At the same time, assessing the quality aspects of higher education; both spectrums of quality assessment i.e., external and internal needs to be analyzed. Internal quality assurance refers to d practices where academic institutions monitor and improve the quality of their education provision, while external quality assurance refers to supra-institutional policies and practices whereby the quality education are assured. objective is to find out the role of different parties in this quality assurance process.

Keywords: Quality higher education, NAAC, I Q A C.

INTRODUCTION: HIGHER EDUCATION

Higher education doesn't mean only having one level higher in the education, but along with that it uplifts the understanding and in-depth knowledge to enables students to have not only knowledge based learning but also the applications based learning. Higher education involves the role of colleges and universities. In India, "University" means a University established or incorporated by or under a Central Act, a Provincial Act or a State Act and includes any such institution as may, in consultation with the University concerned, be recognized by the University Grants Commission (UGC) in accordance with the regulations made in this regard under the UGC Act, 1956. Central and state governments share the responsibility for Higher Education.

PRESENT SCENARIO OF HE IN INDIA

The department of Higher Education, MHRD is responsible for the overall development of the policy and planning of Higher Education sector. The objective of this department is to expand the Higher Education sector in all is modes of delivery to increase the Gross Enrolment Ratio (GER) in Higher Education to 30% by 2020. There are 799 Universities, 39071 colleges and 11923 Stand Alone Institutions listed on AISHE web portal and out of them 754 Universities, 33903 Colleges and 7154 Stand Alone Institutions have responded during the survey. 268 Universities are affiliating i.e. having Colleges. Gross Enrolment Ratio (GER) in Higher education in India is 24.5%, which is calculated for 18-23 years of age group. GER for male population is 25.4% and for females, it is 23.5%. Total number of student enrolment according to AISHE 2016 has been classified in 8 levels, like: Ph.D, M.Phil, Post Graduate, Under Graduate, PG Diploma, Diploma, and Certificate & Integrated. Source: AISHE 2016

Role of I Q AC IN HIGHER EDUCATION

Actually, a framework is required for quality evaluation and standards. Parameters for skill development, program enhancement, institutional network, collaborative learning, outbound hands on experience, improvised course work and syllabus, workshops, curricular and co-curricular academic programs, conferences and seminars, graduation rates, forms checklist at the academic levels. Along with this up gradation of syllabus, faculty development programs, student staff ratio, activity based benchmarking etc., also required to be included in measuring quality aspect. NAAC has formulated a three layer process for assessment and accreditation as given below:

• to prepare self-study report by the institution to be submitted to NAAC.

• Validation of the self-study report has been checked and

• The final decision of NAAC based on the self-study report and the recommendations of the team of peers.

There are two types of accreditation: one is Institutional and the other is Departmental. In the former accreditation Universities and colleges are included and in the later, any department/ school/ centre of the universities are included. The national accreditation regulatory authority for higher educational institutions bill 2010 (NARAHEI Bill), is a bill to make provisions for assessment of academic quality of higher educational institutions, programs conducted therein, and their infrastructure through mandatory accreditation by independent accreditation agencies and to establish a statutory authority for the said purpose and to provide for matters connected therewith or incidental thereto.

 ISSN 2394 - 7780

NAAC grade with correspondence score **Grade**	**Institutional Score (Upper limit exclusive)**
A++	95-100
A+	90-95
A	85-90
B++	80-85
B+	75-80
B	70-75
C++	65-70
C+	60-65
C	55-60

NAAC assess or gives weightage to different institutions on the basis of different standard factors. During assessment phase all factors are carefully scrutinized and then the grades and scores assigned to each institutes. This in turn generates the quality related criteria for that institution.

Weights in assessment by type of institution

Domains	**Universities**	**Autonomous colleges**	**Affiliated colleges**
Curricular Aspects	150	150	100
Teaching-learning and Evaluation	200	300	350
Research, Consultancy and Extension	250	150	150
Infrastructure and Learning Resources	100	100	100
Student Support and Progression	100	100	100
Governance, Leadership and Management	100	100	100
Innovations and Best Practices	100	100	100

Along with this it is crucial to have grading system, which generates the performance descriptor for each institute. All these grades are symbols of true quality generators in country specifically related to educational parameters. These grading also motivates institutions to sustain and enhance quality to a new level and thereby maintains the standards related to quality assurance laid down by rating agencies. The grading system is as follows:

Grading pattern

Cumulative Grade Point Average (Range)	**Letter Grade**	**Performance Descriptor**	**Interpretation of Descriptor**
3.01 -4.00	A	Very Good (Accredited)	High level of academic accomplishment as expected of an institution
2.01 -3.00	B	Good (Accredited)	Level of academic accomplishment above the minimum level expected of an institution
1.51 -2.00	C	Satisfactory (Accredited)	Minimum level of academic accomplishment expected of an institution
< 1.50	D	Unsatisfactory (Not Accredited)	Level of academic accomplishment below the minimum level expected of an institution.

Effectiveness of reviewing the quality assurance schemes is required to have the idea about the actual impact and implementation of all standards related to quality check. Only formulating the policies and standards related to accreditation and internal as well as external quality assessment schemes will not generate the true picture of well-maintained higher education growth. As in every communication feedback enhances the worth of communication; similarly to have effective application and monitoring the quality assurance schemes will generate real acknowledged and developed student through higher education in India. 'Effectiveness' reviews serve two essential purposes. The first of these relates to accountability and transparency. 'Effectiveness' reviews provide one of the key mechanisms for ensuring that the interests of society in the quality and standards of higher education are safeguarded, and for demonstrating the quality of individual higher education institutions at home and internationally. The second purpose relates to quality enhancement. As with other quality assurance processes, the 'effectiveness' review provides an opportunity for an institution to undertake a broad, corporate reflection on the nature and effectiveness of its quality processes and to consider whether they are contributing to the continued development and embedding of a quality culture within the institution.

CONCLUSION

It has been a much research and talk on the quality and quality assurance schemes, but still it requires updating in terms of standards and norms. Very few institutions are getting accredited by the rating agencies. Therefore, awareness needs to be created among all stakeholders regarding importance of quality assessment and effectiveness. Also there is a requirement of a more comprehensive approach towards actually enhancing the quality rather only on formulating or relying on quality assurance schemes.

REFERENCES

- https://www.hlrcjournal.com/index.php/HLRC/article/view/257/223
- http://www.aic.lv/bolona/Bologna/contrib/ESIB/QAhandbook.pdf
- http://cdn.intechopen.com/pdfs/33263.pdf
- http://www.journalcra.com/sites/default/files/Download%204504.pdf
- http://www.ijsrp.org/research-paper-0114/ijsrp-p25109.pdf
- http://siteresources.worldbank.org/EDUCATION/Resources/278200-1121703274255/1439264-1137083592502/QA_accreditation_HE_Africa.pdf
- http://unesdoc.unesco.org/images/0025/002595/259561e.pdf
- http://www.emeraldinsight.com/doi/pdfplus/10.1108/QAE-11-2016-0075
- http://www.emeraldinsight.com/doi/pdfplus/10.1108/QAE-09-2015-0038
- http://www.emeraldinsight.com/doi/pdfplus/10.1108/QAE-02-2016-0005
- http://www.emeraldinsight.com/doi/pdfplus/10.1108/QAE-03-2016-0011
- http://www.savap.org.pk/journals/ARInt./Vol.1(1)/2011(1.1-09).pdf
- http://icehm.org/upload/6297ED0515562.pdf
- https://www.kluniversity.in/qahei-2017/pdfs/2a.pdf
- http://www.academia.edu/16385100/Checklist_Model_for_Quality_Control_Framework_in_Higher_Education_India
- http://www.ukieri.org/images/pdf/Report_UKIERIWorkshop-QualityAssurance.pdf
- http://mhrd.gov.in/sites/upload_files/mhrd/files/ru35.pdf
- http://www.isca.in/EDU_SCI/Archive/v4/i1/2.ISCA-RJEduS-2015-037.pdf
- http://www.nuepa.org/New/download/NEP2016/ReportNEP.pdf
- https://www.ripublication.com/ijepa/ijepav3n2_03.pdf
- https://www.ugc.ac.in/oldpdf/pub/report/12.pdf
- https://www.chea.org/userfiles/Conference%20Presentations/2017-ciqg-varghese.pdf
- https://www1.oecd.org/edu/imhe/44150246.pdf
- ftp://ftp.repec.org/opt/ReDIF/RePEc/ibf/beaccr/bea-v5n2-2013/BEA-V5N2-2013-9.pdf
- http://www.iheqn.ie/_fileupload/File/IHEQN_Principles_for_Effectiveness_Reviews_December_2007_30565958.pdf
- http://www.unc.edu/ppaq/docs/Encylopedia.pdf
- https://www.usj.edu.lb/qualite/docs/b6d767d2f8ed5d21a44b0e5886680cb9.pdf
- http://www.jstor.org/stable/pdf/23275713.pdf
- http://www.jstor.org/stable/pdf/4151536.pdf
- http://www.jstor.org/stable/pdf/27896293.pdf

ISSN 2394 - 7780

- http://unesdoc.unesco.org/images/0024/002468/246851E.pdf
- http://mhrd.gov.in/sites/upload_files/mhrd/files/statistics/AISHE2015-16.pdf
- http://mhrd.gov.in/university-and-higher-education
- file:///C:/Users/Chandni%20Dave/Downloads/HEED92_02Prof.Liu_160126.pdf
- http://naac.gov.in/docs/NAAC-Gujurat-SWA.pdf
- http://naac.gov.in/docs/Annual_Report_15-16.pdf
- http://pib.nic.in/newsite/PrintRelease.aspx?relid=133787
- http://pib.nic.in/newsite/PrintRelease.aspx?relid=106787
- http://naac.gov.in/newres1v.asp
- Research paper on a study of impact of quality assurance on higher education in india , jan 4 2018

International Journal of Advance and Innovative Research
Volume 6, Issue 3 (I): July - September, 2019 Part - 3

ISSN 2394 - 7780

IMPACT OF PAYMENT SYSTEM IN INDIA

Prof. Nisha Bhatnagar[1] and Vikas Chaudhary[2]
Associate Professor[1] and Student[2], Thakur College of Science and Commerce

ABSTRACT
The demonetization resulted in tremendous growth in digital payments. With the government initiative such as Digital India and increased use of mobile and internet are means to exponential growth in use of digital payment. This transformation towards digital payments benefits in more transparency in transactions which empowers the country's economy. In recent days many changes took place in the payment system like digital wallets, UPI and BHIM apps for smooth shift to digital payments. The objective of this research paper is to study the positive impact that Digitization of payment system. The present paper focuses on the analysis of the adoption level of these digital payment systems by customers. Primary data was collected from 183 respondents in Hyderabad. The collected data through the questionnaire were analyzed statistically by using chisquare technique.

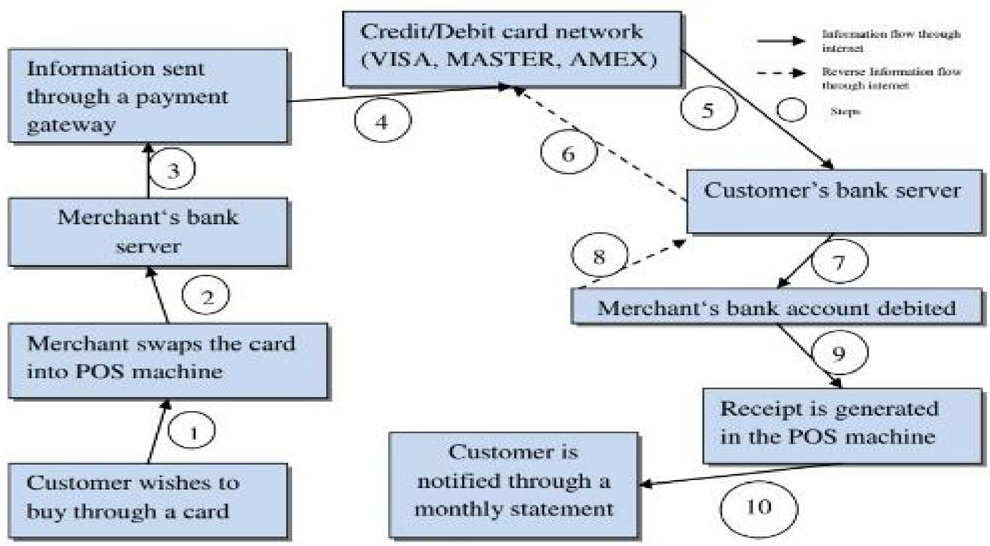
Keywords: Digital payments, demonitisation, E-Payments, online payments etc.

INTRODUCTION
The Digital India is the Indian Governments flagship programme with a vision to convert India into a digitally empowered country. "Faceless, Paperless, Cashless" is one of supposed function of Digital India.

As part of government reforms Prime Minister Mr. Narender Modi demonetized the high value currency of rupees 500 and 1000 in November 2016 and also launched the „digital india" initiative in 2015.These initiatives have provided extensive boost up to the digital payment system in the country. Government's other initiatives like BHIM and UPI are supporting in transition and faster adoption of digital payments. Electronics Consumer transaction made at point of sale (POS) for services and products either through internet banking or mobile banking using smart phone or card payment are called as digital payment. The digital payment system has the following phases: a) Registration b) Invoicing c) Payment selection d) Payment confirmation. This payment system generally includes three electronic payment instruments namely, cash, cheque and card.

India has multiple payments and settlement systems, both gross and net settlement systems. For gross settlement India has a Real Time Gross Settlement (RTGS) system called by the same name and net settlement systems include Electronic Clearing Services (ECS Credit), Electronic Clearing Services (ECS Debit), credit cards, debit cards, the National Electronic Fund Transfer (NEFT) system, Immediate Payment Service and Unified Payments Interface (UPI).

DEBIT CARD OR ATM CARD:
Debit card is also known as ATM card or plastic card. Debit card is a plastic payment card that can be used instead of cash when making purchases. It is similar to a credit card, but unlike a credit card, the money is immediately transferred directly from the cardholder's bank account when performing any transactions. Some cards might carry a stored value with which a payment is made, while most relay a message to the cardholder's bank to withdraw funds from a payer's designated bank account in card.



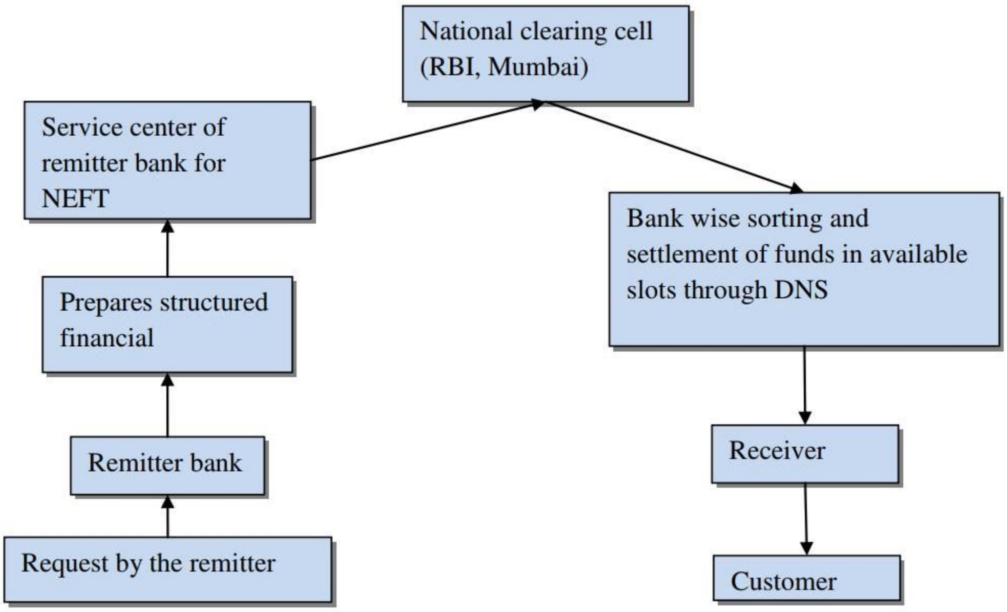
International Journal of Advance and Innovative Research
Volume 6, Issue 3 (I): July - September, 2019 Part - 3
ISSN 2394 - 7780

CREDIT CARD

A credit card is a payment card issued to users (cardholders) to enable the cardholder to pay a merchant for goods and services based on the cardholder's promise to the card issuer to pay them for the amounts plus the other agreed charges. The card issuer (usually a bank) creates a revolving account and grants a line of credit to the cardholder, from which the cardholder can borrow money for payment to a merchant or as a cash advance. A credit card is different from a charge card, which requires the balance to be repaid in full each month. In contrast, credit cards allow the consumers to build a continuing balance of debt, subject to interest being charged.

NEFT (National Electronic Funds Transfer):

National Electronic Funds Transfer (NEFT) is a nation wide payment system facilitating one to one funds transfer. Under this method, individuals, firms and corporates can electronically transfer funds from any bank branch to any individual, firm or corporate having an account with any other bank branch in the country. Even, such individuals who do not have a bank account (walk in customers) can also deposit cash at the NEFI‘ enabled branches. NEFT‘ is an electronic fund transfer system that operates on a Deferred Net Settlement (DNS) basis which settles transactions in batches. In DNS, the settlement takes place with all transactions received till the particular cut off time and then these transactions are netted (payable and receivables).



RTGS (Real Time Gross Settlement)

The acronym 'RTGS‘ stands for Real Time Gross Settlement, which can be defined as the continuous (real time) settlement of funds transfer individually on an order by order basis (without netting). 'Real Time' means the processing of instructions at the time they are received rather than at some later time. Gross Settlement means the settlement of funds transfer instructions occurs Individually.

IMPS (**Immediate payment service**)

Immediate Payment Service is an instant payment inter-bank electronic funds transfer system in India. IMPS offers an inter-bank electronic fund transfer service through mobile phones. Unlike NEFT and RTGS, the service is available 24/7 throughout the year including bank holidays. It is managed by the National Payments Corporation of India (NPCI) and is built upon the existing National Financial Switch network.

UPI (unified payments interface)

Unified Payments Interface is an instant real-time payment system developed by National Payments Corporation of India facilitating inter-bank transactions. The interface is regulated by the Reserve Bank of India and works by instantly transferring funds between two bank accounts on a mobile platform. As of March 2019 there are 142 banks live on UPI with a monthly volume of 799.54 million transactions and a value of ₹ 1.334 trillion(US$19 billion).

E wallet

A digital wallet also known as "e-wallet" refers to an electronic device or online service that allows an individual to make electronic transactions. This can include purchasing items on-line with a computer or using a smartphone to purchase something at a store. An individual's bank account can also be linked to the digital

ISSN 2394 - 7780

wallet. They might also have their driver's license, health card, loyalty card(s) and other ID documents stored on the phone. The credentials can be passed to a merchant's terminal wirelessly via near field communication (NFC). Increasingly, digital wallets are being made not just for basic financial transactions but to also authenticate the holder's credentials.

LITERATURE REVIEW

Rakesh H M & Ramya T J (2014) in their research paper titled "A Study on Factors Influencing Consumer Adoption of Internet Banking in India" tried to examine the factors that influence internet banking adoption. It is found that internet banking is influenced by its perceived reliability, Perceived ease of use and Perceived usefulness. In the process of internet banking services expert should emphasize the benefits its adoption provides and awareness can also be improved to attract consumers‟ attention to internet banking services.

Sanghita Roy, Dr. Indrajit Sinha (2014) . stated that E- payment system in India, has shown tremendous growth, but still there has lot to be done to increase its usage. Still 90% of the transactions are cash based. Technology Acceptance Model used for the purpose of study. They found Innovation, incentive, customer convenience and legal framework are the four factors which contribute to strengthen the E- payment system.

E-payment systems are important mechanisms used by individual and organizations as a secured and convenient way of making payments over the internet and at the same time a gateway to technological advancement in the field of world economy (Slozko & Pello, 2015).

Nitsure (2014) in his paper observed that the problem being faced by developing countries like India in the adoption of E-banking initiatives due to low dissemination of Information Technology. The paper highlighted the problems such as security concerns, rules, regulation and management. In India there is a major risk of the emergence of a digital split as the poor are excluded from the internet and so from the financial system.

OBJECTIVE OF THE STUDY

- To examine the age of respondents impact on digital payments.
- To analyze the impact of customers education on usage of digital payments.
- To analyze the impact of customers income status on usage of digital payments.

HYPOTHESIS

H01: there is no significant impact of customers age on usage of digital payments.

H02: There is no significant impact of customers education on usage of digital payments.

H03: There is no significant impact of customers income on usage of digital payments.

RESEARCH AND METHODOLOGY

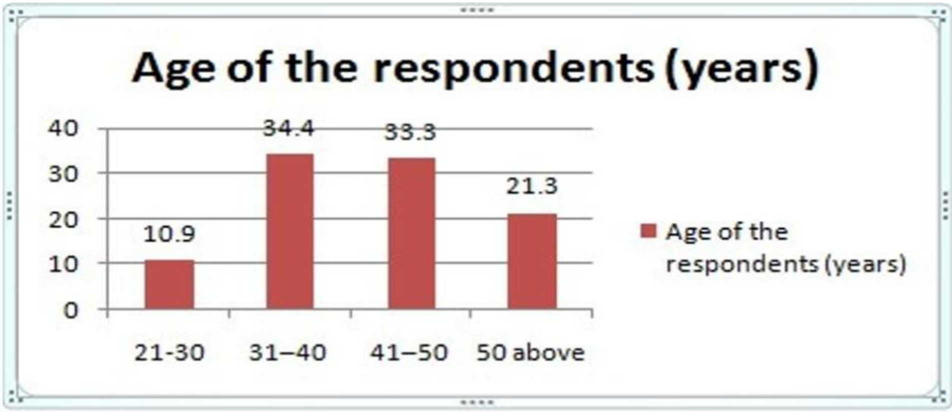
The study is conducted to obtain data on adoption of digital payment system in India. The study is conducted in Hyderabad region. A sample size of 200 was selected using the convenience sampling. out of which 183 were responded. This represents a response rate of 92%. Structured questionnaires are used for collecting data. The responses from the respondents were analyzed using the simple percentage analysis and Chi square test.

DATA ANALYSIS

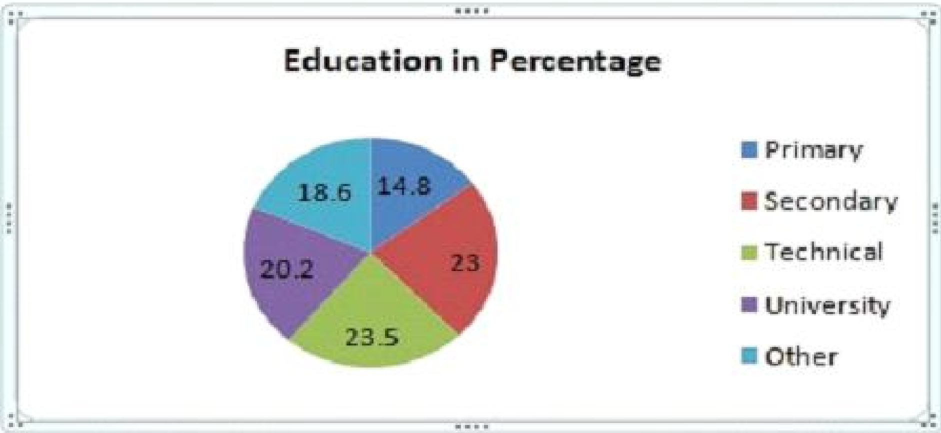
Gender	N	%
Female	59	32.2
Male	124	67.8
Total	**183**	

maximum respondents, 67.8% were male only 32.2% were female , engaged with digital banking. Previous studies shows that Gender does not make difference in adoption of technology in banking sector.

Age of the respondents (years)	**N**	**%**
21-30	20	10.9
31–40	63	34.4
41–50	61	33.3
50 above	39	21.3
Total	**183**	100



Education	N	%
Primary	27	14.8
Secondary	42	23
Technical	43	23.5
University	37	20.2
Other	34	18.6
Total	183	100



The above table shows that 14.8% respondents were Primary educated, to 23% and 23.5% were with secondary and technical education respectively. 20.2% were with University education, and 18.6% of the respondents were with other education. The earlier studies proved that education plays the role in adoption of technology. The respondents of technical education of the study area shows that the technology adoption will be quite encouraging.

HYPOTHESIS TESTING USING CHI-SQUARE ANALYSIS

H01:There is no significant impact of customers age on usage of digital payments.

Impact of age on technology adoption	Age (Years)					Chi-square	df	*p*-value
	21-30	31-40	41-50	➢ 45	Total			
Yes	4.37%	14.75%	13.66%	15.85%	48.63%	13.199[a]	3	0.004*
No	6.56%	19.67%	19.67%	5.46%	51.37%			
Total	10.93%	34.43%	33.33%	21.31%	100%			

From the above table it is observed that $p<0.05$, age plays an important role in the adoption of digital payments and proved that this is positively correlated with age.

ISSN 2394 - 7780

H02:There is no significant impact of customers income on usage of digital payments.

The income of the bank customer impacts the usage of technology	Income in lakhs				Total	Chi-square	df	p-value
	< 5	1–3	3–5	5-10				
Yes	63.28%	12.57%	15.30%	17.49%	48.63%	6.676[a]	3	0.083
No	8.74%	12.57%	18.03%	12.02%	51.37%			
Total	12.02%	25.14%	33.33%	29.51%	100%			

From the above table it is observed that $p>0.05$, hence the null hypothesis is accepted. Therefore the usage of digital payments does not depends on income of the customers.

H03: There is no significant impact of customers education on usage of digital payments.

Impact of education on Adoption of Banking technology	Education					Total	Chi-square	df	p-value
	Primary	Secondary	Technical	University	Other				
Yes	12.02%	12.57%	8.74%	8.20%	7.10%	48.63%	16.981[a]	4	0.002
No	2.73%	10.38%	14.75%	12.02%	11.48%	51.37%			

From the above table it is observed that $p<0.05$, Hence it proves that the usage of digital payments depends on customers education. More Educated people are expected to have more favorable attitudes towards adoption of innovations. Therefore the null hypothesis is rejected.

LIMITATIONS OF THE STUDY

The research was carried based on primary and secondary data. The primary data for research objectives was collected from the samples based in Hyderabad city only. Though Hyderabad is one of the most significant cities of the country and a commercial hub of south India, with only 183 samples selected from the city cannot be considered as a complete representation of the population of the country. However, the objective of the survey was to verify the customers perceptions on digital payments with regard to the concept of general banking. Thus, this may not create obstruction in achieving the desired objective even if Hyderabad city cannot replicate other major banking hubs of the country. For primary data, non response error cannot be ruled out.

CONCLUSION

The study examines the effect of adopting digital payments impact on consumers of the banking sector of India. The result put together gives us an important policy direction towards what can enable the country to increase cashless payments .The results indicate that the deployment of technology for digital payments have improved the performance of banking sector and able to achieve the motive cash less country. The study gives emphasis to the percentage of awareness on maximum utilization of technology. Banks should take effective measures in creating awareness towards the effective usage of technology and security.

REFERENCE

[1] http://economictimes.indiatimes.com/wealth/spend/goingcashless-is-it-good-for-you/articleshow/55908649.cms

[2] Demonetization effect: Flipkart, Amazon, Snapdeal witness 50% spike in undelivered COD Orders http://www.bgr.in/news/demonetization-effect-flipkart- amazonsnapdeal-witness-50-spike-in-undelivered-cod-orders/

[3] Go Cashless: Digital Wallets, NEFT, IMPS, UPI, Debit Cards, Credit Cards https://www.bemoneyaware.com/blog/cashless-digital-walletsneft-imps-upi-debit-cards/

[4] http://timesofindia.indiatimes.com/business/india- business/Lostin-transit-ATM-refill-frauds-jump-four fold/ articles how/55902141 .cms

[5] http://timesofindia.indiatimes.com/business/india- business/4001000-increase-in-digital-transactions-after-demonetization-says- government/articleshow/55897291.cms

ISSN 2394 - 7780

TO STUDY THE CAUSES AND EFFECTS OF STRESS ON PRODUCTIVITY OF EMPLOYEES IN BANKING SECTOR.

Yash Joshi, Rutvik Bhosle and Riya Desai
M. L. Dahanukar College of Commerce

ABSTRACT
Managing stress is getting more important in recent times particularly in finance sector. Nowadays there are no stress-free jobs. Everyone in their job is exposed to tension anxiety and mental stress while performing the duties assigning to them. The study shows that majority of bankers are facing stress because of long working hours , organization conflicts, job autonomy , overload of work etc. This study focuses on the different causes and effects of stress on productivity of the employees in banking sector

Keywords: Managing stress, stress on productivity, banking sector, organization conflicts, job autonomy, overload of work.

INTRODUCTION
Stress can be defined as work pressure stress as work pressure stress is physical and emotional action that takes place when there is gap between job requirements, capabilities and resources. Employee performance is of utmost importance for organization success. Employee performance can be influenced by the job stress on employees. Work related stress is a vital factor to job satisfaction. Work related stress leads to aggression and low job satisfaction. Stress is a harmful factor that occurs when job requirements do not meet with job capabilities and research. Most people have to undergo job stress. The nature and the level of job stress may vary according to various job. The lifestyle of employee has become very complex which leads to poor physical health and mental health. To be more productive in their job and for betterment of life employee working in different organization must deal and overcome their own stress. Stress is one of the major factor that banking sector must deal so that the employee can comfortably produce quality work. The stress level of employee working in banking sector depends upon the type of bank they are working in. The bank's in this study are divided into public sector banks and private sector banks. The stress level may be different in public and private sector because of work pressure, working facilities, salary etc. The work environment is comfortable and level of job stress is less in public sector compared to private sector bank. In the past decade the banking sector has undergone major changes because of globalization, liberalization and privatization. Excessive stress can be harmful for an individual it leads to compromise health and loss of productivity. Absenteeism, shrinking of work responsibility, arriving late etc leads to loss of productivity and increase in employee turnover. Stress has adverse effects on employees mental health like which leads to suicide, frustration, anxiety and depression. This research paper helps to study stress level among the employees of banking sector.

OBJECTIVES
- To identify the causes of job stress on employee productivity.
- To determine how stress on the job affects employee behaviour.
- To identify how job stress have influence over employee personal and professional life.
- To avoid negative stress among the employees.
- To analyse effects of stress on employee productivity and how it affects overall organization.

LIMITATIONS
1. There was lack of previous studies in research area.
2. Secondary method was used due to lack of sample size.
3. The researcher was simultaneously engaged in this study with other academic work.

SCOPE OF RESEARCH
The research paper focuses on effects and causes of stress on employee productivity. This will help to identify and prevent problems of job skills. It will help various service sector like Banking, Insurance, Tourism, Hospitality etc to identify causes and effects of stress on their employees.Job stress can lead to poor health and can have adverse effect on employee productivity in banking sector. Stress at workplace can cause issue to organization as well as to the employees.

ISSN 2394 - 7780

CONCLUSION

The issue of stress cannot be avoided in banking sector. The productivity of organisation is only depended on the wellbeing of employees. If the employees are efficient and effective in their work it will result in more productivity. But nowadays managers working in public sector bank and private sector bank Face different challenges in their jobs. They are facing job stress due to overload of work, long working hours, role conflict, job security, technological problems etc which has resulted in decrease in overall productivity.

FINDINGS

- Most of the employees have reported that decision making is a major factor causing stress.
- It has been noticed that lack of healthy working condition leads to stress among bank employees. Inadequate resources.
- Limited career prospects at workplace also causes low satisfaction and motivation which leads to lower productivity.
- Stress largely causes fear, anger, anxiety and this leads to lower level of satisfaction and confidence among the employees.
- Most of the employees have no control over their job and when they lose control they tend have stress.

SUGGESTIONS

1. Proper and healthy working conditions are essential for the employees in banking sector to increase productivity.
2. Systematic career planning and development for all the employees may increase in job satisfaction.
3. The organization should try to maintain Healthy interpersonal relationship.
4. To manage stress there should be counseling sessions, employee wellness program.
5. There should be less workload which will reduce stress.

REFERENCES

1. SSRN-Id3160620 Effects of job stress on employees productivity.
2. A6320104 Stress Management of banking sector employee
3. https://www.projectclue.com
4. https://shodhgangotri.inflibnet.ac.in/bitstream/123456789/2553/1/synopsis.pdf.
5. https://www.emerald.com/insight/content/doi/10.1108/JMD-07-2013-0097/full/html.
6. https://www.researchgate.net/profile/Shavita_Deshwal/publication/290020721_Occupational_stress_in_banking_sector/links/5694762908aeab58a9a2f1c0.pdf.

International Journal of Advance and Innovative Research
Volume 6, Issue 3 (I): July - September, 2019 Part - 3
ISSN 2394 - 7780

BANCASSURANCE IN INDIA, (MEANING, NEED, BUSINESS MODEL ACROSS THE WORLD, ADVANTAGES AND DISADVANTAGES OF BANCASSURANCE)

Darshna Bhavsar

ABSTRACT

Bancassurance one of important factor which is give growth to the two financial industry i.e., Insurance Industry and Bank industry. The relationship between companies played a crucial role for the development of country. Bancassurance is the convergency of banking and Insurance sector. It is the distribution of insurance product through a bank's distribution channels. After the approval of RBI and IRDA . Today many private and public sector banks have tied with the insurance company.

In an increasing urbanisation, globalisation, competitive market, new technology, new business model and consumer behaviours are developing, forcing the player from all areas to relevant themselves . also, in the financial sector there are developing of New product and services. Bancassurance is one of the new product, where bank and insurer create a partnership to improve financial performance by reducing costs and revenues. The aim of the importance of bancassurance for clients, banks and insurance companies in India. The motive behind this study is the review the financial position of Indian banks dealing in insurance and also an analyse the impact of bancassurance on bank, role of RBI and IRDA governmental policy and regulation and also to general public.

INTRODUCTION

"Bancassurance" is nothing but collaboration between a bank and an insurance. It is new buzz word in India but it is taking roots slowly and gradually. This was initially introduced in nineties in Europe and later spread to other countries.

Banks were prohibited to have any relation with insurance companies . In USA and Canada laws were changed in USA in 1999 and Banks are slowly getting into Insurance space though not significantly.

Bancassurance arrangement benefits both the firms. On the hand , the bank earn fee amount (without interest) from insurance company apart from the interest income whereas on the other hand , the insurance firm increase its market reach and customers. The bank acts as an intermediary, helping insurance firm reach its target customers in order to increase its market share.

The Indian Life Insurance market has been witnessing a slowdown post certain regulatory changes by IRDA since September 2010. However , the fundamental for growth remain strong. Over the next decades India will be one of the fastest growing life insurance market in the world with the compound annual growth and will account for around 15 to 18 per cent and will account for around 10 per cent of global growth in gross written premium. It is expected to grow from the fifth to the third largest life insurance market in Asia 2020.

THE MEANING OF BANCASSURANCE

The New Economic Policy [NEP] was introduced in India in June 1991 by the newly elected government and thus the process of liberalisation of Indian financial sector started.

In India , the reform in the insurance sector [Life and General] commenced with setting up of the committee on Reform on insurance sector under the chair ship of Dr.R.N.Malhotra, the ex-governor or RBI, by the government of India in April 1993 for examining the structure of insurance industry. The recommendation of the committee was submitted in 1994 which was accepted in principle by the government which started implementing the recommendation since December 1999, thus heading an era of liberalisation in the country's Insurance Regulatory and Development Authority [IRDA] and opening up of insurance Business [life and general] to foreign capital up to 26 % were the initial step acknowledged that the opening up aimed to ushering in greater efficiency in the insurance business by the maximising productivity and minimising transaction cost . competition is believed to bring a wider choice of product at lower price to the consumers, large coverage of population , better customer service , superior information technology, higher return to the policy holder and so on.

At present there are 21 private life insurers operating in the Indian Life Insurance market along with the only state owned life insurer. Life insurance corporation of India [LICI]. The total volume of premium reached to Rs.221,791 crore in 2008-2009 from Rs. 24,630 crore in the year 1999-2000 which little more than 800% increased by 22 number of insurer are slowly gaining the momentum to penetrate the market with their new product , services and global knowledge of the expertise in doing life insurance business .This can be witness

ISSN 2394 - 7780

from their growing market share statistic which shown nearly 30 per cent of the market are in their hands at the end of 2008 -09 financial year . most important aspect is that acceptability is on the rise through it is an Urban phenomenon . The prominent private player operating actively are ICICI Prudential Life Insurance[6.92%], Bajaj Allianz Life Insurance [4.79%], SBI Life Insurance [3.25%], HDFC standard Life [2.5%], Reliance Life Insurance[2.22%], Max New York life [1.73%],and TATA ALG Life insurance company[1.23%]

BUSINESS MODEL FOR BANCASSURANCE

Various models are used by banks for bancassurance.(a) strategic Alliance Models: under this model there is tie up between a bank and an insurance company. The bank only markets the product of insurance company. Except for marketing products, no other insurance functions are carried out by the bank (b) Full integration Model: This model entails a full integration of banking and insurance services. The bank sell the insurance product under its brand acting as provider of financial solution matching customer need. Bank control sale and insurer service levels including approach to claims. Under such an arrangement the bank has an addition core activity almost similar to that of an insurance company.(c) Mixed Models: Under this model, The marketing is done by the insurer's staff and the bank is responsible for generating leads only. In other words , the bank is sold to the insurance company. The approach required very little technical investment.

NEED FOR BANCASSURANCE

The growth of Bancassurance as a distribution channel can be ascribed to the following.

1. Conducive environment; progressive dismantling of laws relating to undertaking of insurance business by bank, increasing use of electronic channels and automation ,growing needs for private retirement plan to complement public pension , the concern for providing total financial services to customer etc have paved the way for bancassurance.
2. Cost effectiveness; Insurer look to Bancassurance as an alternative cost effective mode of distribution as against the costly agency services . It is estimated that 50% of the insurer cost . structure is directly or indirectly related to distribution.
3. Fund Management; Life Insurance (where premium is about 55% of the insurance premium worldwide) is a saving market . It is one of the methods to increase the deposit of banks. Both life and non-life insurance business provide additional flow of float funds besides fee based income to banks, through the same channel of distribution and with the same people.
4. Innovation and efficiency; Increased convergence of banking and insurance would lead of melding of their corporate culture, skill and synergising innovating the marketing of financial services.

BANCASSSURANCE IN INDIA

The Indian Insurance Industry growing fast gaining ground . In India , the banking and insurance sector are regulated by two different entities (banking by RBI and insurance by IRDA) and bancassurance being the combination of two sectors comes under the preview of both the regulators each of the regulator has given out detail guideline banks getting into insurance sector.

As per the recommendation of the Malhotra committee on Reform in insurance sector , Indian parliament passed insurance regulatory and Development Authority (IRDA)act 1999,IRDA is constitute to regulate, promote and ensure orderly growth of insurance and reinsurance business. According to IRDA, a private sector participant has for to fulfil the following criteria for entry into insurance sector .

1. Minimum paid up to capital Rs 100 crores.
2. CRAR of not less than 10%.
3. Reasonable level of NPA.
4. Net profit continuously for the last three years.
5. Satisfactory performance record of subsidiaries.

RBI has prescribed entry guideline under the following diversify into insurance.

1. Joint venture on risk participation business; for insurance business with the risk participation is allowed for banks which have

- Net worth not less than Rs. 500 crores.
- CRAR of not less than 10%.

- Reasonable level of NPA.
- Net profit continuedly for last three years.
- Satisfactory performance recorded for subsidiaries.

2. Strategic Investment; banks which are not eligible for JV participation as above , can make investment up to 10% of the net worth of 50 crores which ever is less in insurance company for providing infrastructure and services support without any contingent liability.
3. Agency business on fee basis; Any commercial bank undertake insurance business on fee basis, as an agent of insurance companies, which no risk participation IRDA has also notified regulation, interrail, on registration of insurers ,there assets and liabilities, conduct of business obligation to rural social sectors . thus banks undertaking bancassurance will also object to IRDA regulation.

The IRDA guideline for ‘bancassurance are

1. Each bank that sell insurance must have a chief insurance executive to handle all insurance activity.
2. All the people involved in selling should undergo mandatory training at an institute as credited by IRDA and pass the examination conducted by the authority.
3. Commercial bank, including corporate bank and regional rural banks, may become cooperate agent for one insurance company.
4. Banks cannot become insurance brokers.

ADVANTAGE OF BANCASSURANCE

Advantage for the Banks

- Revenue diversification.
- Satisfaction of more and financial needs under the same roof.
- Customer retention- increase in customer loyalty.
- More profitable resources utilisation.
- Enrich customer environment.
- Advantage for insurance companies.
- Quality customer access.
- Improve brand equality.
- The insurance company can establish itself more quickly in new market, using a local existing bank channel.

Advantage for the consumers

- Enhance convenience. .
- One stop shop for all financial needs.
- Innovative and better products range.
- More credible solutions.

Disadvantages of Bancassurance

- Data management of an individual customer’s identity and contact details may result in the insurance company utilizing the details to market their products, thus compromising on data security.
- There is possibility of the conflict of interest between the other products of bank and insurance policies. This could confuse the customer regarding where he has to invest.
- Better approach and services provided by banks to the customer is a hope rather than a fact. This is because many banks in India are known for their bad customer service and this fact turns worse when they are responsible to sell insurance products. Work nature to market insurance products requires submissive attitude, which is a point that has to be worked on by many banks in India.

ISSN 2394 - 7780

BANCASSURANCE COMPANY IN INDIA

1. SBI L.I.C
2. LIC is tied up with Vijaya bank, Oriental Bank of commercial and cooperative.
3. ICICI Lombard.
4. Barclays- MetLife India.
5. Axis Bank-MetLife India
6. Kotak Mahindra.
7. ICICI Pru- has tied up with 18 banks.
8. HDFC Standard life- HDFC Bank, Indian Bank, Bank of Baroda and many cooperative banks.

CONCLUSION

India is 23rd largest insurance market in the world but if compares poorly with others countries in respect of insurance penetration and density. During 2001-02,the total life insurance premium collection in India rose to about 50,000 crores. If the industry is to grow at a rate pf 20% per annum, the life insurance market in India will be around Rs1,71,500 crores in ten year time get 25% of the market, they will account for sale worth Rs 43,000 crores in premium. This is only a conservative figures as most of the private insurance companies bancassurance business is contributing in the range of 25 to up to 70% if the average commission is 10% of the total premium, banks can earn about Rs 4,300 crores per year. Similarly they can earn another Rs 1000 crores as commission from non-life business. This magnitude of potential fee based income by bank in India from bancassurance to be alteration for bank to the preferred vendor of insurance product , in spite of possible challenges relating to the choice of insurance business ,culture issues, compensation structure and capacity building.

REFERENCES

1. Aggarwal V (2004) Bancassurance concept, framework and implementation. The IRDA Journal , June-December 34-51.
2. Aggarwal V and Haleja .A (2011) bancassurance; A challenging convergences in India prospectus international journal of IT . Management and Engineering Research, 1(4),21-32.
3. Bhattacharya .M (2011) .Bancassurance in India. Some issue, The management Account June, 491-494
4. https;//bankinghow.blogsspot.com
5. www.mbaknol.com
6. www.orizoturi.ucdc.ro the importance of Bancassurance

International Journal of Advance and Innovative Research
Volume 6, Issue 3 (I): July - September, 2019 Part - 3
ISSN 2394 - 7780

NITI AAYOG: THE NEW 'THINK-TANK' TO REPLACE PLANNING COMMISSION

Vijaykumar R. Soni
Assistant Professor, Department of Commerce, Mahatma Basweshwar Mahavidyalaya, Latur

ABSTRACT
Govt. of India has replaced the old planning commission which was started in the year 1950 with a new institution called NITI Aayog on 1st January 2015. It works under the chairmanship of Prime Minister of India. NITI Aayog (National Institution for Transforming India) will seek to provide a censorious directional and strategic input into the development process. It concentrates on co-operative ideology. NITI Aayog will provide Governments. at the central and state levels with applicable strategic and technical advice throughout the spectrum of important elements of the policy. The NITI Aayog will create innovation, knowledge and entrepreneurial support system through a collaborative circle of national and international experts.

Research Methodology: - This paper is based on secondary data which is collected from various Books, Journals, News Papers and Internet etc.

Keywords: NITI Aayog, Planning Commission and National Development.

INTRODUCTION
The National institution for Transforming India will act as a energizer for the development by a holistic approach. NITI Aayog is based on the 7 pillars of effective governance i.e. Pro-People, Participation, Empowering, Pro-Activity, Inclusion of all, Equality and Transparency. In NITI Aayog, the state govt. have an equal role in nation's development process and NITI Aayog promises the principle of co-operative federalism. NITI Aayog is planned as a think tank institution which stands not only as a hub for knowledge but also for good governance. It's a platform for monitoring and implementation of all govt. policies by bringing together various ministries at the center level and state level. Priorities include upliftment of the poor, downtrodden and marginalized, empowerment of vulnerable and marginalized sections, redressing identity-based inequalities of all kinds – region, gender, religion, caste or class.

NITI AAYOG: OPPORTUNITIES AND OBJECTIVES
NITI Aayog will aim to accomplish the following opportunities and objectives:

- An administration pattern in which the Govt. is an **enabler** rather than a **provider of first and last resort.**
- Progress from **food security** to focus on both i.e. agricultural production and **actual returns that farmers get from their produce**.
- Aim to make **India an active player in the debates and deliberations** on the global commons.
- Aim to ensure that the economically vibrant middleclass remains engaged and its **potential is fully utilized**.
- Aim to make proper utilization of **India's pool of entrepreneurial, scientific and intellectual human capital.**
- Incorporate the **significant geo-economic and geo-political strength of the Non-Resident Indians**.
- Aim to use urbanization as an opportunity to create **a wholesome and secure habitat through the use of modern technology.**
- **Use technology to enhance the transparency** and potential for misadventures in governance.

STRUCTURE AND COMPOSITION OF NITI AAYOG
- **Chairman:** Prime Minister of India
- **Governing Body:** Comprising the Chief Ministers of all States and Lt. Governors of U.T.
- **Regional Councils:** For addressing specific issues and contingencies affecting more than one state/regions regional; councils will be formed

NITI AAYOG VS PLANNING COMMISSION

Parameter	NITI Aayog	Planning Commission
Financial Clout	To be an advisory body, or a think-tank. The powers to allocate funds might be vested in the finance ministry	Enjoyed the powers to allocate funds to ministries and state govt.s

ISSN 2394 - 7780

Full-time Members	The number of full-time members could be fewer than Planning Commission	The last Commission had eight full-time members
States' Role	State govt.s are expected to play a more significant role than they did in the Planning Commission	States' role was limited to the National Development Council and annual interaction during Plan Meetings
Member Secretary	To be known as the CEO and to be appointed by the Prime Minister	Secretaries or member secretaries were appointed through the usual process
Part-time Members	To have a number of part-time members, depending on the need from time to time	Full Planning Commission had no provision for part-time members

Why NITI Aayog Replaced Planning Commission?

1. The new National Institution for Transforming India (NITI) will act more like a think tank or forum, say its supporters, in contradiction with the Commission which imposed five year plans and allocated resources to hit set economic objectives.
2. NITI will include leaders of India's 29 states and seven union territories. But its full-time staff i.e. a deputy chairman, Chief Executive Officer and experts will directly report to the Prime Minister of India, who will be the Chairman. It is different from planning commission, which used to report National Development Council.
3. The main difference in approach to planning, between NITI Aayog and Planning Commission, is that the former will invite greater involvement of the states, while the latter took a top-down approach with a one size fits all plan.
4. The Role of Planning Commission was formulation of broad policy and its capacity was more advisory. NITI Aayog shall have powers for allocation of resources to states, based on their respective needs.
5. Planning commission was not connected to the states directly but in NITI Aayog the states had little direct say in policy planning

The NITI Aayog aims to enable India to better face complex challenges, through the following

1. Leveraging of India's demographic dividend and realization of the capability of youth, men and women through skill development, education, gender equality and employment.
2. Elimination of poverty and unemployment which helps to get a chance for every Indian to live a life of dignity and self-respect.
3. Reduction of inequalities based on gender bias, caste and economic disparities.
4. To include the villages and small towns into the development process.
5. The major source of employment is small business enterprises and this policy supports to more than 50 million small businesses
6. Aims to help Safeguarding of our ecological and environmental assets.

CONCLUSION

NITI Aayog will function in regular discussion, cooperation and coordination with the Ministries of the Central Government and State Governments. As it will give suggestions to the Central and State Governments, the responsibility for taking and implementing decisions will also rest with them. NITI Aayog will seek to empower and facilitate the requirement of good governance which is people-oriented, collaborative, participative, transparent and policy-driven. It will provide important directional and strategic input to the development process, focusing on deliverables and outputs. This, along with being as incubator and propagator of fresh thought and ideas for development, will be the core mission of NITI Aayog.

REFERENCES

1. www.niti.gov.in
2. www.india.gov.in
3. Niti Aayog -Strategy for New India @ 75 - November 2018 paperback– 2018 by NitiAayog
4. Niti Aayog and Planning Commission by K.D. Saksena

International Journal of Advance and Innovative Research
Volume 6, Issue 3 (I): July - September, 2019 Part - 3

ISSN 2394 - 7780

APPLICATION OF MATHEMATICS AND MATHEMATICAL MODELS IN BANKING SECTOR

Rituparna Choudhary

ABSTRACT

Banking sector is an industry that handles cash, credit, and other financial transactions. Banks also provide a safe place to store extra money and credit. They offer different services such as savings accounts, certificates of deposit, and checking accounts. Banks use these deposits to give loans to its customers. Hence we can consider Banking as the business of managing money. As money is involved in banking hence every activities of bank must be carefully assessed, valued and measured. All this measurement in the bank need certain mathematics and mathematical formulas.

Hence Mathematics and Banking sector are closely connected. Different mathematical formulas are involved in keeping track of the money in a bank. We know that Banking is a world of numbers and Mathematics is used in the way to handle these numbers. Bank are using Mathematics for calculating interest rates and for determining credit scores. Needless to say, mathematical precision is essential in banking industry . Banks handle substantial sums of money every day and inaccuracies in the calculation of these public money can create huge negative ramifications. Mathematics and Banking are tightly linked. Thus Banking requires constant use of mathematics. The Complex mathematical formulas are necessary to compute interest and loans. Banking not only does require extensive math skills but it also requires intense precision and accuracy .Banking and mathematics are inexorably intertwined. Mathematical formulas help bankers to compare income, expenses , profits and debts .

In this paper we will try to find out the usefulness of Mathematics, Mathematical formulas and Mathematical Modeling in banking sector. We will try to determine how closely banks are related with the skills of Mathematics. And also we will try to find out various financial Mathematical models used for determining future banking trends.

INTRODUCTION

A bank is considered as financial institution which performs mainly two basic operations (deposit and lending money). A bank allows a person with excess money (Saver) to deposit in the bank and he earn an interest rate from the bank. Similarly, on the other side bank lends money to a person who needs money (investor/borrower) at an interest rate. Thus, the banks act as an intermediary between the saver as well as the borrower. The bank usually takes a deposit from the public at a very lower rate called deposit rate and lends the money to the borrower at a much higher interest rate called lending rate. In banking sector the difference between the deposit and lending rate is called 'net interest spread', and this interest spread constitutes the banks income.

Mathematics and Banking sector are closely connected with each other. Different Mathematical formulas are involved in keeping track of the money in a bank. Banking is a world of numbers and Mathematics is used in the way to handle these numbers. Banks are using Mathematics for calculating interest rates for an account and for determining credit scores. Hence it is understood that mathematical precision is essential in banking industry. Banks handle substantial sums of money every day and inaccuracies in the calculation of this public money can create huge negative ramifications. Mathematics and Banking are tightly linked. Thus Banking requires constant use of mathematics. The Complex mathematical formulas are necessary to compute interest and loans. Banking not only does require extensive math skills but it also requires intense precision and accuracy. Banking and mathematics are inexorably intertwined. Mathematical formulas help bankers to compare income, expenses, profits and debts.

In present scenario the National Banking Sector is increasingly using advanced mathematical models to predict the development of Indian markets and risks related to various services and the products it provides to the society.

OBJECTIVES OF THE STUDY

In this paper we will try to find out the usefulness of Mathematics, Mathematical formulas and Mathematical Modeling in banking sector. We will try to determine how closely banks are related with the skills of Mathematics. And also we will try to find out various financial Mathematical models used for determining future banking trends.

Hence in brief we will try to find out

(i) The Relationship between Mathematics and Banks

 ISSN 2394 - 7780

(ii) How Mathematical skills are useful for Banking calculation

(iii) What are the different Mathematical Models used in Banking predictions

METHODOLOGY

The study is based on secondary data. The author refers the research reports, articles, Books, Journals and Websites. The use of Mathematics in banking sector is analyzed with considering different facilities provided by a Bank.

ANALYSIS

Mathematics is used in banking in many operations and predictions. In this paper we are listing down some of the important operations of Bank where Mathematics is used as a very impotent tool for calculating and analyzing.

(1)Daily Accounting Operations :-Right from the teller to the branch manager; all employees working in the Banking sector handles large sum of money on a daily basis. Therefore, they have to have the basic arithmetic skills like addition, subtraction, multiplication, division. The calculations involved are centered on debit-credit and account balancing. In below some of the important Mathematical formulas are discussed which are commonly used in Banking sector.

(a) Annual Percentage Yield

$$APY = \left(1 + \frac{r}{n}\right)^n - 1$$

$r = stated\ annual\ interest\ rate$
$n = number\ of\ times\ compounded$

The Annual Percentage Yield (APY), referenced as the effective annual rate in finance. It is the rate of interest that is earned when taking into consideration the effect of compounding.

In the formula, the stated interest rate is shown as **r.** The **n** in the formula would be the number of times that the financial institution compounds. For example, if a financial institution compounds the account monthly, **n** would equal 12.

(b) Payments on a Balloon Loan

$$P_{Balloon\ Loan} = \left(PV - \frac{Balloon\ Amt}{(1+r)^n}\right) \times \frac{r}{1-(1+r)^{-n}}$$

$P = Payment$
$PV = Present\ Value$
$r = rate\ per\ period$
$n = number\ of\ periods$

The above balloon loan payment formula is used to calculate the payments on a loan that has a balance remaining after all periodic payments are made. Examples of the situation where this formula can be used are auto leases, balloon mortgages, and any other form of loan not paid in full at its end date.

The above formula could also be used for any form of annuity (An annuity is simply a series of periodic payments) where a balance is left after all periodic cash flows are made.

(c) Compound Interest

$$C = P\left[(1+r)^n - 1\right]$$

$C = Compound\ Interest$
$P = principal(original\ balance)$
$r = rate\ per\ period$
$n = number\ of\ periods$

In a Bank compound interest formula calculates the amount of interest earned on an account or investment where the amount earned is reinvested again. Compounding is a concept that described as if any amount earned on an investment is reinvested to create additional earnings that would not be realized based on the original principal, or original balance, alone. The interest earned on only original balance is called as simple interest.

International Journal of Advance and Innovative Research
Volume 6, Issue 3 (I): July - September, 2019 Part - 3
ISSN 2394 - 7780

Hence we can consider the compound interest as the sum of additional earnings and simple interest on the original balance .In the above formula the rate per period (***r***) and number of periods (*n*) in the compound interest formula must match how often the account is compounded.

(d) Continuous Compounding

$$P \times e^{rt}$$

$P = Principal(original\ balance)$
$r = rate$
$t = time$

To determine the interest earned on an account the continuous compounding formula is used . This formula is very useful to determine the interest earned on an account that is constantly compounded, essentially leading to an infinite amount of compounding periods .The effect of compounding is interest earning on an investment or at times paying interest on a debt, that is reinvested to earn additional monies which would not have been gained based on the principal balance alone. Hence the continuous compounding formula takes this effect of compounding to the furthest limit. Instead of compounding interest on an monthly, quarterly, or annual basis, continuous compounding will effectively reinvest gains perpetually on any investment .

(e) Debt to Income Ratio

$$Debt\ to\ Income = \frac{Monthly\ Debt\ Payments}{Gross\ Monthly\ Income}$$

The above formula is the applicant's monthly debt payments divided by his or her gross monthly income .The above debt to income ratio formula is used in lending to calculate an applicant's ability to meet the payments on the new loan. When a new mortgage is requested , the debt to income ratio may also be referred to as the back end ratio. The term back end ratio, or total debt to income, is used to differentiate the calculation from the housing debt ratio, also called the front end ratio.

(f) Balloon Balance of a Loan

$$FV = PV(1+r)^n - P\left[\frac{(1+r)^n - 1}{r}\right]$$

$FV = Future\ Value(Balloon\ Balance)$
$PV = Present\ Value(Original\ Balance)$
$P = Payment$
$r = rate\ per\ payment$
$n = number\ of\ payments$

A balloon loan, sometimes referred to as a balloon note, is a note that has a term that is shorter than its amortization. The balloon loan balance formula is used to calculate the amount due at the end of a balloon loan . In other words, the loan payment will be amortized, or calculated, for a certain amount of years but the loan will be paid off before all payments calculated are made, thus leaving a balance due. The above formula can be used for any type of balloon loan and is commonly seen with mortgages and leases .The formula to calculate a balloon balance of a loan is the same formula used to calculate the remaining balance on a loan because the amount due at the end of a balloon loan is effectively the same as calculating the balance of a conventional loan after the same period, all other things held constant.

(g) Loan Payment

$$P = \frac{r(PV)}{1-(1+r)^{-n}}$$

$P = Payment$
$PV = Present\ Value$
$r = rate\ per\ period$
$n = number\ of\ periods$

The above loan payment formula is used to calculate the payments on a loan. This formula is exactly the same as the formula used to calculate payments on an ordinary annuity. By definition , a loan is an annuity, in that it

ISSN 2394 - 7780

consists of a series of future periodic payments .The present value, portion of the loan payment formula uses the original loan amount. The original loan amount is the present value of the future payments on the loan, much like the present value of an annuity. In the formula it is important to keep the rate per period and number of periods consistent with one another. The listed loan payment formula can be used to calculate any type of conventional loan including mortgage, consumer, and business loans. The formula does not differ based on what the money is spent on, but only when the terms of repayment deviate from a standard fixed amortization. Alternative Loan Payment Formula

$$P = \frac{PV}{PVIFA}$$

The payment on a loan can also be calculated by dividing the original loan amount (PV) by the present value interest factor of an annuity based on the term and interest rate of the loan.

(h) Remaining Balance on Loan

$$FV = PV(1+r)^n - P\left[\frac{(1+r)^n - 1}{r}\right]$$

$$FV = Future\ Value(Remaining\ Balance)$$
$$PV = Present\ Value(Original\ Balance)$$
$$P = Payment$$
$$r = rate\ per\ payment$$
$$n = number\ of\ payments$$

The above formula for the remaining balance on a loan can be used to calculate the remaining balance at a given time *n*, whether at a future date or at present. The formula shown is only used for a loan that is amortized, meaning that the portion of interest and principal applied to each payment is predetermined .Though the term "future value" in the remaining balance formula may seem confusing, but the balance at any time after payments are being made is the future value in respect to the origination of the loan .Using this formula, a simple interest loan will return an incorrect answer in most cases because the portion of principal and interest is determined by the date the payment was made on.

(i) Loan to Deposit Ratio

$$Loan\ to\ Deposit\ Ratio = \frac{Loans}{Deposits}$$

The formula for the loan to deposit ratio is exactly as its name implies, loans divided by deposits .The loan to deposit ratio is used to calculate a lending institution's ability to cover withdrawals made by its customers. A lending institution that accepts deposits must have a certain measure of liquidity to maintain its normal daily operations. Loans given to its customers are mostly not considered liquid meaning that they are investments over a longer period of time. Although a bank will keep a certain level of mandatory reserves, they may also choose to keep a percentage of their non-lending investing in short term securities to ensure that any monies needed can be accessed in the short term. Loans in the numerator of the formula are investments or assets for a bank. Deposits in the denominator of the formula can be considered the same as debt as the individual depositors are essentially granting monies to the bank with a return equal to the deposit rates and that can be called upon at any time. In these respects, the loan to deposit ratio is similar to a liquidity ratio and debt ratio.The loan to deposit ratio can be used by investors and internally by the company to determine the financial institutions short term viability. Although many depositors may not be as concerned when a financial institution is insured, the loan to deposit ratio may be used to ensure that any money needed is immediately available.

(j) Loan to Value Ratio

$$LTV\ Ratio = \frac{Loan\ Amount}{Value\ of\ Collateral}$$

The formula for the loan to value ratio is the loan amount divided by the value of the collateral used for the loan. The formula for the loan to value ratio is most commonly referenced in auto loans and mortgages, but can be applied to any loan that is secured with collateral including boat loans, RV loans, and certain types of commercial loans . Used car loans and other forms of used consumer loans are generally determined by the book value published by companies such as NADA and Kelley Blue Book. The formula for the loan to value ratio is generally used by loan officers and underwriters as part of evaluating an applicant's qualifications.

ISSN 2394 - 7780

Lending institutions have guidelines to determine if a loan applicant qualifies for the loan requested. If the loan to value ratio on a particular loan request is outside of the lending institution's guidelines, a higher down payment may be required.

(k) Net Interest Income

$$NII = Interest\ Income - Interest\ Expense$$

The above formula is used to calculate the amount of interest income that is left after covering interest expenses. On a bank's income statement we can be found total interest income, total interest expense, and net interest income. Banks earn interest through loans, mortgages, and other similar interest earning products. On the other side is a bank's interest expenses. Examples of interest expenses for banks would be deposit accounts, such as CD's and savings accounts, along with other forms of debt the bank may hold. Net interest income can be used internally by banks along with other formulas to review the company's ability to earn profits. Investors who are reviewing a bank's financials may also be interested in this formula.

(l) Net Interest Margin

$$NIM = \frac{Net\ Interest\ Income}{Avg\ Earning\ Assets}$$

Net interest margin is a formula used to evaluate how well a bank is using it's earning assets to produce a (net) interest income.Net interest income, the numerator, is calculated by subtracting interest expenses from interest income. These are found on the bank's income statement. The denominator, average earnings assets, can be found in a company's 10-k, often specifically in the income statement or balance sheet. The net interest margin, itself, is also found on the bank's financial statements. Not all income for banks is earned through interest income. Banks also charge fees for various services. This includes mortgage services, investment services, banking services, and card services. Banks also incur expenses unrelated to interest expenses. These expenses include equipment, payroll, and other similar operating expenses.

(m) Net Interest Spread

$$NIS = Interest\ Income\ Rate - Interest\ Expense\ Rate$$

The above formula is used to determine the difference between the rate a bank is earning versus the rate a bank is incurring .The rate, or yield, that a bank earns and the rate, or yield, that a bank pays is often found in the bank's 10k statement. Net interest spread differs from the net interest margin, in that it looks at the rates of income and expenses directly. In contrast, the net interest margin looks more at the rate of return on interest earning income and expenses. Another way of illustrating the differences, is that net interest spread could be considered similar to the "percentage markup" of a product and net interest margin is more similar to "profit .A company would likely keep track of short-term spreads. This information may be coupled with the supply and demand of various interest and non-interest services. Considering that banks offer services that are unrelated to interest, the net interest spread would only be a piece of the larger picture.

(n) Simple Interest

$$S = P(r)(t)$$

$$S = Simple\ Interest$$
$$P = principal$$
$$r = rate$$
$$t = time$$

The simple interest formula is used to calculate the interest accrued on a loan or savings account that has simple interest. The simple interest formula is fairly simple to compute and to remember as principal times rate times time. Simple interest is money earned or paid that does not have compounding. Compounding is the effect of earning interest on the interest that was previously earned. As shown in the previous example, no amount was earned on the interest that was earned in prior years. As with any financial formula, it is important that rate and time are appropriately measured in relation to one another. If the time is in months, then the rate would need to be the monthly rate and not the annual rate. The ending balance, or future value, of an account with simple interest can be calculated using the following formula: $S = P(1 + rt)$

(2) Policy Formulation:-Top ranking banking officials have the responsibility of creating a practical and implementable financial policy for the bank that may help the organization reach its goals for the financial year or any predefined time period. In this above category there are few subtopics as follows:

(a) Mathematics and Decision Making
Mathematics rationalizes the sifting of information and the balancing of alternatives inherent in any decision. Mathematical models underlie computer programs that support decision making, while bringing order and understanding to the overwhelming flow of data computers produce. Mathematics serves to evaluate and improve the quality of information in the face of uncertainty, to present and clarify options, to model available alternatives and their consequences, and even to control the smaller decisions necessary to reach a larger goal. Mathematical areas like statistics, optimization, probability, queuing theory, control, game theory, modeling and operations research --- a field devoted entirely to the application of mathematics in decision making --- are essential for making difficult choices in public policy, health, business, manufacturing, finance, law and many other human endeavors. Mathematics is at the heart of a multitude of decisions, including those that generate electric power economically, make a profit in financial markets, approve effective new drugs, weigh legal evidence, fly aircraft safely, manage complex construction projects, and choose new business strategies.

(b) Models of Complex Systems
The costs of the policy decisions surrounding global warming are high politically and financially. Policy makers must work through a chain of issues such as which remedial strategies will be effective? What is their true cost? Individual manufacturers whose products are among the suspected pollutants face parallel decisions at the corporate level. The mathematical tools of modeling, simulation, and risk analysis validate the cause and effect relationship upon which policy decisions are based, and they permit the evaluation of the effects of alternate courses of action. In addition, chaos theory is providing new lenses through which to view the behavior of such complicated systems. Complex decisions arise in more tangible settings as well, such as choosing among the interrelated options that govern the process of building a complex system like an office building or an aircraft. Which sequence of tasks chosen now will best advance completion of the project? Which are potential bottlenecks? Operations Research uses critical path analysis to identify the vital tasks so that each subunit is in place at the right time at minimum cost: no battles are lost for want of the proverbial nail.

(c)Testing and Evaluation
How can physicians be sure they are prescribing drugs that help, not hurt? Statistical analysis of clinical trial data guides the Food and Drug Administration's approval of every prescription drug .To ensure an impartial assessment of dose and response effects, drug trials are conducted using protocols dictated by the statistical methodology known as the design of experiments. Assertions about the efficacy of a particular course of treatment are then accompanied by well-defined confidence intervals, statements of the likelihood of treatments being effective in specified circumstances. For example, such analyses are the foundation of recent reports that estrogen therapy reduces female mortality from heart attack and stroke.

(d) Control and Optimization
The tools of control theory allow humans to delegate some forms of decision making, such as those of a tactical character that require assessment of data and action on a time scale too rapid for humans. For example, control systems in commercial aircraft make fine adjustments in aileron settings as the pilot changes course so that the aircraft remains stable. A key component of this kind of automated decision making is selecting a control action that is optimal in a precisely defined mathematical sense. Mathematics is also the language in which those control

Many of the decisions about the design of equipment of all sorts are left to sophisticated design algorithms that integrate mathematical models of the device with optimization algorithms in state-of-the-art computational environments.

(e) Financial and Economic Analysis
Mutual funds can include investments in derivatives such as financial instruments , currency repurchase options, whose prices are tied to prices of other commodities in the market. Both the value and the hedging structure of many derivatives are decided by models of economic behavior. Stochastic differential equations are the language of those models as they express naturally the market's intrinsic uncertainty. They lead to valuation formulas that balance risk and expected return.

Analyzing a different competitive setting, a political scientist and a mathematician have recently extended the age-old technique for dividing a piece of cake between two individuals - -- one cuts, the other chooses --- to fair division among many parties when economics and other complex forces are at work. Such disputes might center on dividing cities and natural resources at the close of a multi-nation war. The theoretical solution of the underlying mathematical problem, that of fair, envy-free division among many parties, might lead eventually to tools that heads of state could apply to deciding disputes like the division of territory in Bosnia.

(f) Mathematics at the Core

Mathematics shows many faces as it works in these diverse settings. Statistics measures the quality of information. Optimization finds the best alternative. Probability quantifies and manages uncertainty. Control automates decision making. Modeling and computation build the mathematical abstraction of reality upon which these and many other powerful mathematical tools operate. Mathematics is indeed the foundation of modern decision making.

(3) Risk Assessment

Mortgages and Loans form the crux of the banking industry and risk assessment for such cases can only be evaluated using complex mathematical models. Risk assessment is a very important aspect for which banking professional will have to employ complex mathematical skills and models to measure the amount of risk exposure for the organization and deploy counter measure to control the damage.

Credit risk management is becoming more and more important in today's banking activity. It is the practice of mitigating losses by understanding the adequacy of both a bank's capital and loan loss reserves to any given time. In simple words, the financial engineers in the bank need to create a capital cushion for covering losses arising from defaulted loans. This capital cushion is also called expected loss reserve. It is important for a bank to have good predictions for its expected loss. If a bank keeps reserves that are too high, than it misses profits that could have been made by using the money for other purposes. If the reserve is too low, the bank must unexpectedly sell assets or attract capital, probably leading to a loss or higher costs. Mathematical models are used to predict expected losses. Before we discuss various ways of credit risk modeling we will first look at several definitions.

(a) The loss variable :- By definition, the potential loss of an obligor is defined by a loss random variable $L = EAD \times LGD \times L$ with $L = 1D$, $P(D) = DP$,

where the exposure at default (EAD) stands for the amount of the loan's exposure in the considered time period, the loss given default (LGD) is a percentage, and stands for the fraction of the investment the bank will lose if default happens. (DP) stands for the default probability. D denotes the event that the obligor defaults in a certain period of time(most often one year),and P(D)denotes the probability of the event D. Default rate is the rate at which debt holders default on the amount of money that they owe. It is often used by credit card companies when setting interest rates, but also refers to the rate at which corporations default on their loans.

(b) The expected loss :- The expected loss (EL) is the expectation of the loss variable L˜. The definition is $EL = E[L˜]$. If EAD and LGD are constants $EL = EAD \times LGD \times P(D) = EAD \times LGD \times DP$. This formula also holds if EAD and LGD are the expectations of some underlying random variables that are independent of D.

(c) The unexpected losses Then we turn to portfolio loss. As we discussed before the financial engineers in the bank need to create a capital cushion for covering losses arising from defaulted loans .A cushion at the level of the expected loss will often not cover all the losses. Therefore the bank needs to prepare for covering losses higher than the expected losses, sometimes called the unexpected losses. A simple measure for unexpected losses is the standard deviation of the loss variable L, $UL = q\ V[L] = p\ V[EAD \times SEV \times L]$.

Here the SEV is the severity of loss which can be considered as a random variable with expectation given by the LGD.

Leverage and Risk

Banking is a highly-leveraged business requiring regulators to dictate minimal capital levels to help ensure the solvency of each bank and the banking system. In the U.S., banks are regulated by multiple agencies, and some of them include the Federal Reserve System (FRS), the Office of the Comptroller of the Currency, the Office of Thrift Supervision, and the Federal Deposit Insurance Corporation (FDIC). These regulators focus on ensuring compliance to uphold the soundness and integrity of the banking system.

Interest Rate Risk

Banks take on financial risk when they lend at interest rates that are different than the rates paid to depositors. Interest rate risk is the management of the spread between interest paid on deposits and received on loans over time. Deposits are typically short-term investments and adjust to current interest rates faster than the rates on fixed-rate loans. If interest rates are rising, banks can charge a higher rate on their variable-rate loans

ISSN 2394 - 7780

and a higher rate on their new fixed-rate loans. However, the deposit rates don't typically adjust as much as the long-term rates which are used to price loan rates. As a result, as interest rates rise, banks tend to earn more interest income, but when rates fall, banks are at risk since their interest income declines. One way banks try to overcome interest rate risk is through fee income for products and services. As a bank increases its fee income, it becomes less reliant on the interest income from loans, mitigating interest rate risk (somewhat).

Credit Risk

Credit risk is the likelihood that a borrower will default on a loan or lease, causing the bank to lose any potential interest earned as well as the principal that was loaned to the borrower. As investors, these are the primary elements of risk that need to be understood when analyzing a bank's financial statement. To absorb these losses, banks maintain an allowance for loan and lease losses .In essence; this allowance can be viewed as a pool of capital specifically set aside to absorb estimated loan losses. This allowance should be maintained at a level that is adequate to absorb the estimated amount of probable losses in the institution's loan portfoli .

(4) Economics*:* Keeping an eye on contemporary macro actions and trends, in order to calculate and predict the future course for domestic as well as international economy.

The economic capital It is not the best way to measure the unexpected loss for the risk capital by the standard deviation of the loss variable, especially if an economic crisis happens. It is very easy that the losses will go far beyond the portfolio’s expected loss by just one standard deviation of the portfolio’s loss. It is better to take into account the entire distribution of the portfolio loss. Banks make use of the so-called economic capital.

(5) Financial Trends & Predictions

This is another very important aspect of the banking industry that completely relies upon mathematics. In order to arrive at credible and actionable predictions for the future; banking professionals may have to rely upon models like Stochastic calculus or Black-Sholes.

Stochastic calculus is the area of mathematics that deals with processes containing a stochastic component and thus allows the modeling of random systems. Many stochastic processes are based on functions which are continuous, but nowhere differentiable. These rules out differential equations that require the use of derivative terms, since they are unable to be defined on non-smooth functions. Instead, a theory of integration is required where integral equations do not need the direct definition of derivative terms. In quantitative finance, the theory is known as *Ito Calculus*.

The main use of stochastic calculus in finance is through modeling the random motion of an asset price in the Black-Scholes model. The physical process of Brownian motion (in particular, a geometric Brownian motion) is used as a model of asset prices, via the Weiner Process. This process is represented by a stochastic differential equation, which despite its name, is in fact an integral equation.

The Binomial Model provides one means of deriving the Black-Scholes equation. A fundamental tool of stochastic calculus, known as Ito's Lemma, allows us to derive it in an alternative manner. Ito's Lemma is a stochastic analogue of the chain rule of ordinary calculus. The fundamental difference between stochastic calculus and ordinary calculus is that stochastic calculus allows the derivative to have a random component determined by a Brownian motion. The derivative of a random variable has both a deterministic component and a random component, which is normally distributed.

(6) Investment Banking

Although relatively new and evolving aspect; investment banking has emerged as one of the fastest growing fields of the banking industry. When it comes to investment banking, professionals have to rely on multifaceted financial mathematics. These may include partial differential calculus, probability, stochastic calculus and others similar concepts.

Investment banking is a specific division of banking related to the creation of capital for other companies, governments and other entities. Investment banks underwrite new debt and equity securities for all types of corporations, aid in the sale of securities, and help to facilitate mergers and acquisitions, reorganizations and broker trades for both institutions and private investors. Investment banks also provide guidance to issuers regarding the issue and placement of stock.

HOW AN INVESTMENT BANK WORKS

The advisory division of an investment bank (IB) is paid a fee for their services, while the trading division experiences profit or loss based on its market performance. Professionals who work for investment banks may have careers as financial advisors, traders or salespeople. An investment banking career can be very lucrative, but it typically comes with long hours and significant stress.

ISSN 2394 - 7780

Investment banks are most known for their work as financial intermediaries. That is, they help corporations issue new shares of stock in an initial public offering (IPO) or follow-on offering. They also help corporations obtain debt financing by finding investors for corporate bonds. The investment bank's role begins with pre-underwriting counseling and continues after the distribution of securities in the form of advice. The investment bank will also examine the company’s financial statements for accuracy and publish a prospectus that explains the offering to investors before the securities are made available for purchase.

Investment banks’ clients include corporations, pension funds, other financial institutions, governments, and hedge funds. Size is an asset for investment banks. The more connections the bank has within the market, the more likely it is to profit by matching buyers and sellers, especially for unique transactions. The largest investment banks have clients around the globe.

Commonly used financial models in the field of investment banking include financial statement modeling, discounted cash flow (DCF) analysis, accretion/dilution modeling for mergers or acquisitions, and various enterprise value calculations and estimations.

CONCLUSION

Hence from the above analysis we can conclude that Mathematics is a very important and effective tool in banking and finance sector. Without use of Mathematics and Mathematical models banking industry cannot grow. So there is a very strong relationship between these two factors (Mathematics and Banking). In future to improve banking sector many more Mathematical models will be developed and with the help of those models a new era in Banking sector can be seen.

BIBLIOGRAPHY

1. https://www.math.leidenuniv.nl/scripties/MasterTianfengHou.pdf
2. https://www.researchgate.net/publication/228349543_Mathematics_in_Financial_Risk_Management
3. https://www.chicagobooth.edu/~/media/1302AC86C73446F0B7920294904E19F2.PDF
4. https://www.cliffsnotes.com/study-guides/accounting/accounting-principles-ii/financial-statement-analysis/trend-analysis
5. http://www.yourarticlelibrary.com/accounting/financial-statements-analysis/trend-analysis/trend-analysis-procedure-with-calculations-method-of-financial-analysis/67024
6. https://www.quietlightbrokerage.com/financial-trend-analysis/
7. https://www.wallstreetmojo.com/trend-analysis/
8. https://csbcorrespondent.com/blog/how-top-banks-predict-future-loan-scorecard-methodology
9. https://www.investopedia.com/terms/t/trendanalysis.asp
10. https://www.quantstart.com/articles/Introduction-to-Stochastic-Calculus
11. https://www.investopedia.com/terms/i/investment-banking.asp
12. https://economictimes.indiatimes.com/definition/investment-banking

ISSN 2394 - 7780

PERCEPTION STUDY ON USE OF DIGITAL PAYMENT

Dr. Vikram Parekh
Associate Professor (Marketing and Strategy), SIES College of Management Studies, Mumbai

ABSTRACT

The use of digital payment among consumers and trade is increasing in rapid pace, especialy after the Demonetization announced by the PM on 8th November 2016. Digital Payment provides multiple benefits to the nation and the most important being moving towards more white economy. It brings transparent and record keeping to all the transaction happens towards digital payment mode. The various As per RBI report Digital payment is Feb 2018 reached 20.3 billion transactions in India via various forms of digital transactions namely IMPS, NEFT, ECS, Debit cards used at POS, Mobile wallets, POS terminals, UPI, AEPS (Aadhaar enabled payment system). Tremendous growth of information technology and bandwidth enhances the Communication Network technologies which highly impact the cash-less transaction. This study will be undertaking to study the perception on use of Digital Payment among consumers and trade and Trade in Navi Mumbai. The research will primary is focused on finding out the awareness and usage pattern of digital payment among consumers and trade. The geographical limitation of the research will be Navi Mumbai and respondent size will be limited to 150 including both consumers and trade. The study will also find out the mobile app used by consumers and trade towards digital payment

Keywords: Digital Payment, Consumers, Trade, Mobile Apps.

INTRODUCTION

Transacting in cash has always been the pridominate mode of money transfer activity in India. Most of the cash transaction use to be unrecorded and hence could not be used for assigning any form of tax liability on the individual or also for business enterprises. The step towards Demonatization somehow for many reason give birth to the more usage of card of app based digital transaction of currencies. Today many uses of digital payment find it more convenient and easy to use more and more digital payment mode of transaction

RESEARCH OBJECTIVE

The broad objective of this research study is to study the perception on use of Digital Payment among consumers and trade and Trade in Navi Mumbai.

Primary objective of the research is to study the awareness and usage pattern of digital payment among consumers and trade.

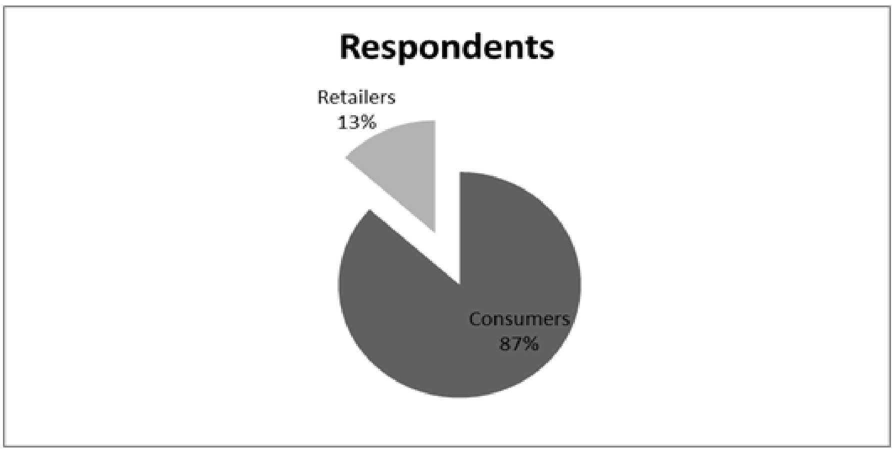
RESEARCH METHODOLOGY

The geographical limitation of the research will be Navi Mumbai and respondent size will be limited to 150 including both consumers and trade. The study will also find out the mobile app used by consumers and trade towards digital payment. The tool used for the preception study is a formal questtionnaire and the technique used in the interview and interaction with the respondents.

OUTCOME OF THE STUDY

Based on the various questions asked to our respondents on various parameters following outcome has been drawn from the study:

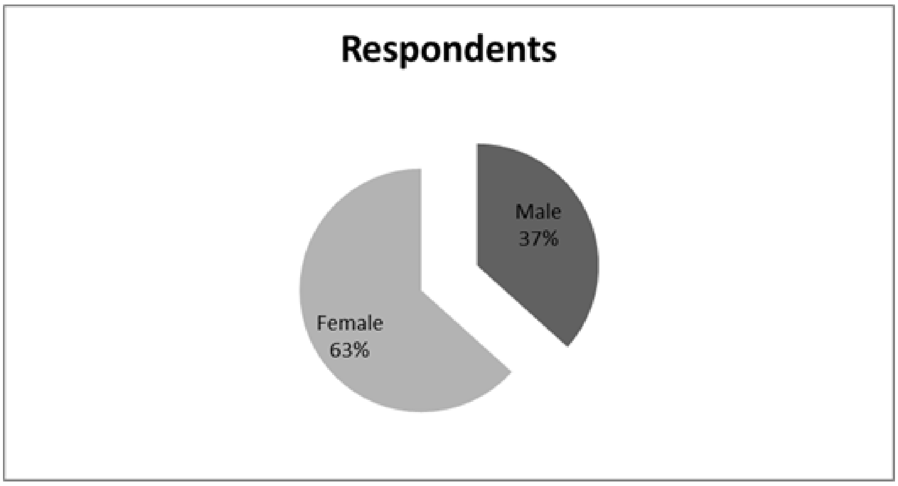
Respondent Type



International Journal of Advance and Innovative Research
Volume 6, Issue 3 (I): July - September, 2019 Part - 3
ISSN 2394 - 7780

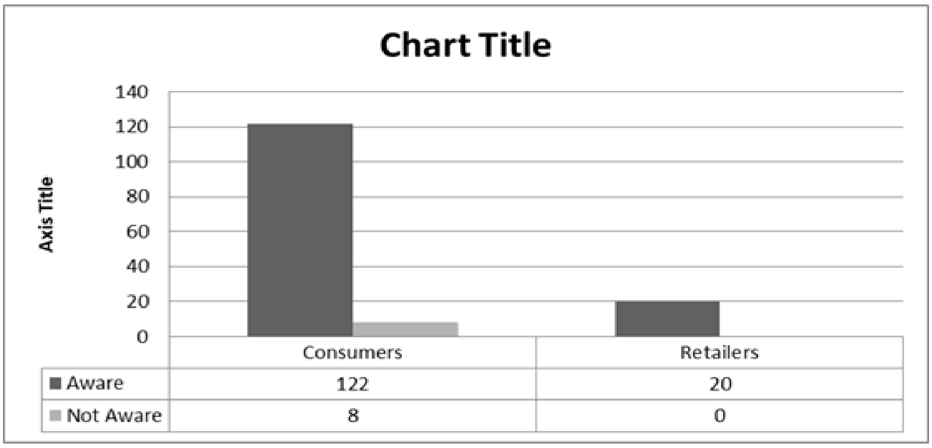
Due to the nature of respondent type majority of the respondent around 130 i.e. 87% has been consumers and 20 i.e. 13% has been retailers, since it represent a very different set of perception towards digital payment as compared to consumers.

Respondent gender



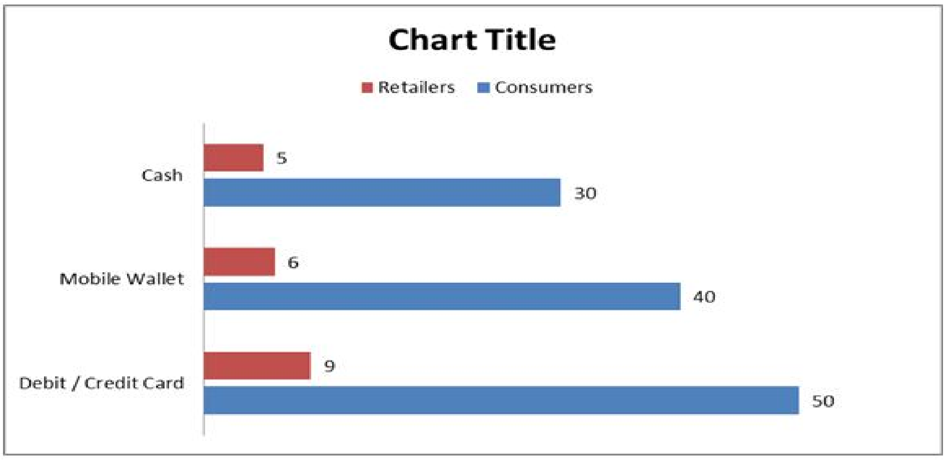
Overall percentage of female respondent has been high around 95 (63%) and male around 55 (17%) majority of retailers are found to be male around 18 out of 20 sample size

Awareness about Digital Payment



All retailers are aware about the digital payment, where as 8 respondent were not aware about the digital payment compared to 122 consumers stating they are aware of the same

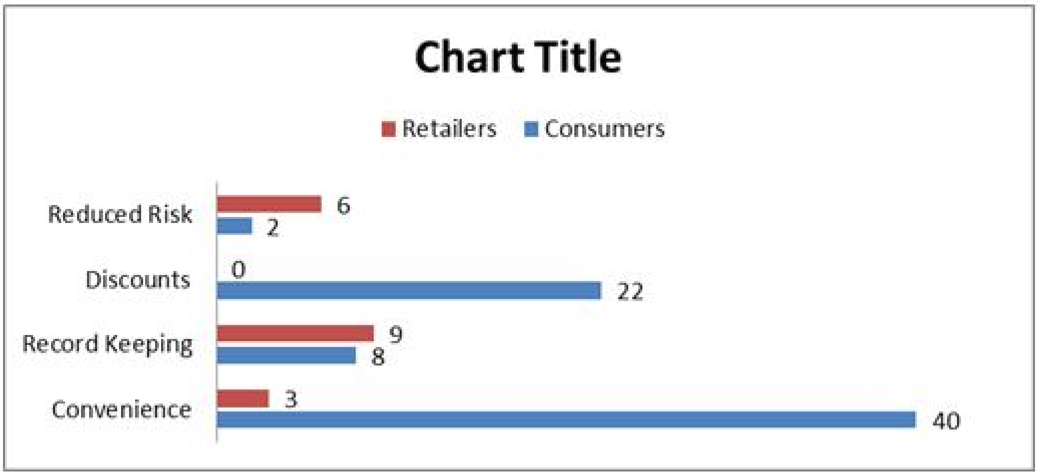
Mode of Payment



Debit and Credit card found to be the mostly used mode of payment both for consumers retailers followed by Mobile Wallet and Cash

 ISSN 2394 - 7780

Reason for using Digital Payment



Consumer perception study reveals that Convenience and Discount are the main reason for using digital payment whereas for retailers its Record keeping

CONCLUSION

Based on the above output of the research study we can conclude that awareness level among the repondents undertaken for this study is extremely high the usage of digital payment is also found out to be high. Debit and Credit card found to be the mostly used mode of payment both for consumers retailers followed by Mobile Wallet and Cash. Consumer perception study reveals that Convenience and Discount are the main reason for using digital payment whereas for retailers its Record keeping. The limitation of the study is that it has been conducted within Navi Mumbai.

International Journal of Advance and Innovative Research
Volume 6, Issue 3 (I): July - September, 2019 Part - 3

ISSN 2394 - 7780

FINTECH & ITS FINANCIAL LANDSCAPE IN INDIA- A CONCEPTUAL STUDY

CA Dr. Purva Shah
Assistant Professor, NMIMS-NGASCE

ABSTRACT

Discrete financial product choices, multiple channels of delivery expand the purview in which the financial services were offered. Fintech is about using technologies under the ambit of financial services. These are data driven companies evolve in continuous financial innovations. The current study observes, in relation to fintech- their conceptual framework and how the fintech firms evolved in India during the last ten years.

The research identifies that the literature claims that fintech are usually start-ups or can be certain companies using technology for financial services evolved long back , thus are matured enough today. However, in context to India it has been observed that Fintech firms are newly evolved start-up's. These firms identified the gaps and evolved over a period. Fintech entities witnessing high growth potentials and are major point of attraction for substantial investments.

The study concludes that the evolution of fintech boosted not only entrepreneurship, but transformed the spectrum of financial offerings and thereby highlighting the fact that India is on the verge of financial innovation

Keywords: Fintech, financial instruments, performance

INTRODUCTION

This study identifies the various conceptual definitions, nature and framework in relation to fintech. Previous, research work by Alt & Puschmann (2012), Caria (2017), identified Fintech as IT enabled revolution and frequently used it an umbrella term. However, elementary research work is evident in the said domain and therefore past literature with reference to fintech is limited.

The current study aims at assessing the various frameworks, firms with varied financial innovation- instruments evolved the reason- objective behind their evolution. Also, the study highlights the overall growth and performance achieved by these fintech firms, in India.

The intent of the current work is to contribute towards the existing literature and providing the users detailed outline towards how the fintech evolved during the years. In context to India, the study explores fintech entities evolved, factors contributed towards their inception, the financial instruments innovated and overall performance of these firms.

Origin of fintech

Multiple definition in relation to fintech emerged over the span of time. Yes bank Report (2017) defined fintech as entities using contemporary business models in combination with technology in the stream of financial services.

Over the period of time, there was as increase in compliance and distrust among the consumers for the traditional banks, Central Banks, financial institutions and regulatory agencies as well. Such sag was evident in major nations like US, China including India. With all these odds, the fintech start ups taken the risk to evolve around. These startups and entrepreneurs using the technology for financial services claims to provide adequate transparency, being furious, operations at minimal costs provides them a potential to expand their grasp crossing the physical boundaries.

The relation between finance and technology is being considered these days as a new marriage however they seem to be interconnected since long. The abbreviated version of financial technology, widely known as 'Fintech' is about using technology in connection with financial services. Technology was first used in the year 1866 to deliver financial services. The research assessed the evolvement of fintech during the last 150 years, Arner, Barberis & Buckley (2015).

Today, fintech companies are majorly start-ups, e-commerce firms offering solutions not limited to mobile payments, peer to peer lending but also includes artificial intelligence, machine learning, Crypto- currencies and block chain, to name a few.

Objective -The study aims at exploring about fintech firms and how these firms revolutionize the financial landscape in India

ISSN 2394 - 7780

CONCEPTUAL FRAMEWORK

Fintech focuses towards financial services like payments, personal, financial management , trading and mortgage lending. Lee & Lee(2016), Yonghee (2016). Alt & Puschmann (2012) underlined that fintech startups supports consumer centric services. Thus, they offers customer orientated financial services in the electronic realm . Apart from that Arner(2016); McKinsey(2016) Philippon(2016), Puschmann(2017) underlined that distinguishable topologies of fintech companies evolved over period due to advancements of technology, digitalization and legislation. Fintech are significantly related with data and digital competencies, while functioning as companies with ingenious ideas Philippon(2016)

Lee&Lee ,Yonghee, Young-Ju, Jeongil, &Jiyoung, (2016)referred fintech as technology driven companies with a license offering varied financial services to wide spectrum of customers. Arner, Barberis& Buckley (2016) quoted fintech appears to have subsumed digitalization, integrating information technology

Since each company using technology is unique particularly when it comes to match their features, Zavolokina (2016) indentified fintech is about gratifying digital technology like internet, social media, mobile computing resulting the development of new processes, products or services. The research opined that these unique instruments, technologies and products for the financial markets effectuate new business models for fintech.

Arner, Barberis& Buckley (2016) identified 03 crucial phases of fintech revolution. During the fintech era 1.0 there was tremendous transmission of financial information across world facilitating globalization of finance. The second era fintech 2.0 witnessed revolution due to development of digital technology and communications. Investment in the fintech sector increased significantly. Under Fintech 3.0 observed the growth of startups and tech- solution providers making things easy for the public at large.

Cartwright and Allayannis (2016) opined that the fintechs have disruptive nature as their business model varies when compared with their incumbent collaborators. These fintechs perceives adequately customer’s needs and serves them with the exactly what they asks for. Employing data, digital tech together with unique business model designs. Thus, they concludes that if the existing banks partners with these fintech start ups the traditional systems and process can be revamped providing an increased level of customer satisfaction and adaptable to dynamic business processes.

Caria(2017) defined fintech as the start- up companies engaged in delivering financial services enabled by technology. The study explored the business models and associated innovative strategies. The research identified data monetization, customer-centric focus and ecosystems are the probable business model innovative strategies.

Dorfleitner, Hornuf, Smith and Weber (2017) mentioned that not all fintech are startups, meaning thereby that there are certain companies using technology for financial services evolved long back and are matured enough today. Each such company is unique in terms of adhered business models, services offered and technology usage. Thus, it is quite difficult to implement or define standard type of regulation for these setups.

Puschmann (2017) recognized that the evolution of fintech is the outcome of digitalization of financial services domain. Being data driven, by nature they are constantly contributing innovative products, services and automation in the financial market. The research mentioned that since financial services is driven by information, and thus, for example, for pursuing stock trading it does not require physical interaction like client advisory. Thus, increased advancements in information technology, together with extended automated processes resulted in development of new business models (e.g., robo-advisors) and new entrants (e.g., Apple)

PRESENT SCENARIO

Fintech around the world

During 2016, BCG identified three distinguished waves of fintech practiced in the capital market. NASDAQ being the first computerized exchange symbolized the first wave started in the year 1970. The tenure of e-trading , was defined as the second wave (2000- 2007) and the third wave was in the form of acknowledgement to the post crisis summons with emerging technologies like artificial intelligence and machine learning.

As per the study conducted by Deloitte Centre of financial services (2017) there is a constant growth in the number of fintech set-ups, post the US financial crisis. This growth in fintech entities is the outcome of several factors like increased penetration of smart phones, distributed ledger technologies, millennial with greater tech-savvy ideas facing job challenges urge to a considerable extent for establishing the fintech start-ups.

According to Goldman Sachs report (2017), the fintech firms have the capabilities of taking away $4.7 worth of revenue from traditional financial services.

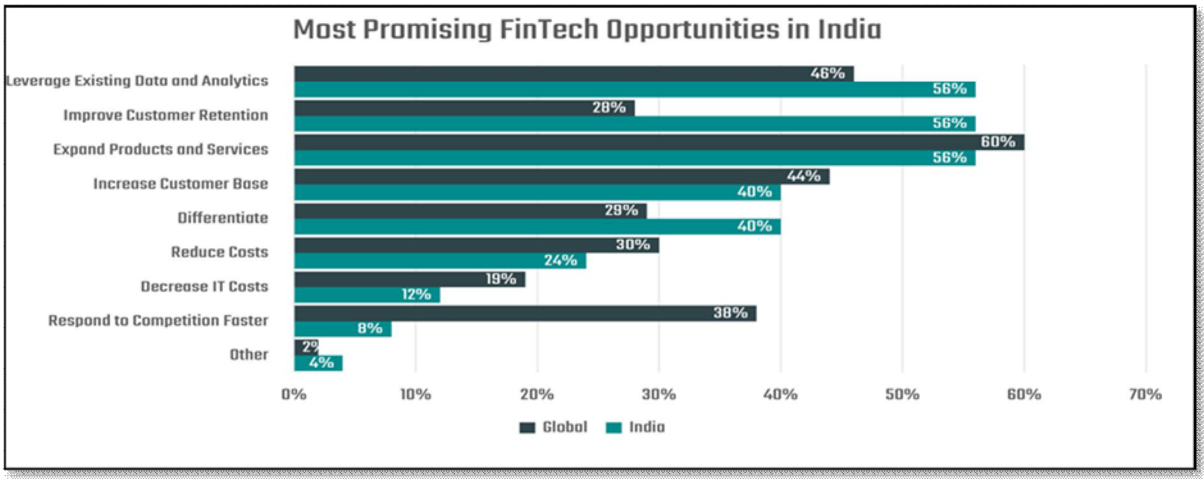
 ISSN 2394 - 7780

Fintech in India

Now a day's fintech in India is being spotted as one of the most contemporary industry. For the startups since over the past years it has been observed that it has tremendous growth potency and prospective indications for endless transformations.

The fintech trends report (2017) underlined, $23 billions of venture fund and growth equity had been employed in the fintech industry. Also, the probable investment in the fintech sector over 3-5 years is expected above $150billion.

As per the report, the below mentioned graph clearly highlights globally as well as in India the major boosters for the embraced fintech growth. The varied range of products and services, improved customer's retention ratio , ability to leverage on existing data and technologies followed by increased customer base, differentiation and decreased IT cost were the reasons identified for the same.



Let's have a look on the various fintech companies flourished in India, during the period of last ten years. The table highlights the inception year of certain companies, observed gap behind their evolvement, unique features followed by their growth & performance.

Company Name	observed gap behind their evolvement	Unique features	Growth & Performance
Policy Bazaar (2008)	• Inadequate information on insurance products • Lack of transparency • Excessive mis-selling	Customer first and sustainable profitability	• 100% year on year growth Uniformity • Shares a 25% ownership for India's life cover • Processes around 3lacs transactions per year • Foremost insurance aggregator and • Leading fintech player globally. • Largest insurance distributor • In the year 2018, mentioned as, 100 leading Global fintech innovators by H2 Ventures and KPMG
LendingKart (2014)	• Observed difficulty of easy access to credit, by SME's	Providing working capital loans and business loans to SMEs Boosting the entrepreneurship	• 1600crores of loan disbursement • Working capital loans • Business loans • Loans to MSMEs and women
Paytm (2010)	• To develop easy and simple online platform for shopping	Widening the horizon of online shopping platform and exploring the ambit of E-commerce	• Gross transaction value of dollar 50 billion in the year 2018-19 • 5.5 billion transactions in 2018-19 • One of the largest mobile commerce platform • Offers payment systems and digital wallets

Paysense 2015	• Customized personal loans, vehicle loans consumer loans	To democratize credit across the market Alternative to current credit infrastructure	• Consumer lending start-up • In the year 2018, 100leading Global fintech innovators by H2 Ventures and KPMG • Raised US $18 millions in a serial B funding in 2018
MobikWik (2009)	• Innovating mobile wallets	Independent digital financial service platform	• Provider of loans in mobile wallets. • Witnesses 4Xgrowth on YoY basis • network of 3 million direct merchants ,107 million plus users and an average over one million transactions per day • Recently announced wealth management platform
Finbucket (2017)	• Appeal for customized loans and credit cards	Personal loans , working capital and business expansion loans without collaterals SME loan Credit card	• Raised 12crores from early stage venture capital firm • It is one of the best India's neutral online market place
OPEN-BANK OPEN (2019)	• Observed market demand for digital banking services with bookkeeping, invoicing, credit access	Integrated payment gateway Automated accounting	• Asia's first SME new banking start up • It's a Neo Bank operating cent percent on digital and online sphere. • Funding for business automation and financing them • API driven digital banking • Retail banking power house
NPCI (2008)	• To boost less cash society	Run- grow – transform strategy	• Multiple retail payment infrastructure providers • Operating retail payments and settlement systems. • Promoted by RBI
Rubique (2014)	• To explore AI based recommendation and credit decision engine	To offer financial match making platform	• Digitalization of credit policies • Tech solutions to the overall lending horizon • Enable fraud detection • Offered services to more than 100K customers • Stepping in insurance and mutual funds as well. • Loan transactions processed worth INR2670crores

The above analysis clearly defines that fintech and its growth in India seems very promising. The fintech companies in India are providing certain innovative financial services and products, not limited to-

- Promoting alternative payment methods like mobile payment and wallets, payment – gateways, international transfers and aggregators.
- Customised credits, P2 P lending, working capital and business expansion loans to SME's and women is definitely benefiting largely the folk to come up as entrepreneurs with innovative instruments.
- Personal financial management in the form of allowing the customers to compare the loans, interest rates, loans in mobile wallets allows them to make more informed choices.
- Bookkeeping, invoicing, payment collection, fraud detection engines allows to manage businesses with the automated processes more effectively.

 ISSN 2394 - 7780

- The robo advisors allows the customers to take effectively the investment decisions, thereby optimizing their portfolio.
- Neobanking in the form of 100% digital banking eliminates the need of physical interface and also partnered with traditional banks increased thereby financial inclusion to manifolds.

CONCLUSION

The promising fintech opportunities are transforming the spectrum of financial offerings and thereby highlighting the fact that India is on the verge of financial innovation. The raise of fintech in the country not only endorsed the potential capabilities of millennial to be the entrepreneurs but contributed considerably towards financial inclusion. Thus, with a variety of innovative financial instruments there is a profusion of fintech startups emerging in India.

REFERENCES

- Alt, R., & Puschmann, T. (2012). The rise of customer-oriented banking - electronic markets are paving the way for change in the financial industry. Electronic Markets, 22(4), 203–215.
- Arner, Barberis& Buckley. (2015). The evolution of fintech: A new post-crisis paradigm?University of Hong Kong Faculty of Law Research Paper No. 2015/047
- Caria (2017). Fintech: an explorative study into the characteristics of their business models. Working Paper, April, 2017, VrijeUniversiteit Amsterdam.
- Cartwright, K., &Allayannis, Y. (2016). Cutting through the Fog : Finding a Future with Fintech.Darden Business Publishing.
- Dorfleitner, Hornuf, Smith & Weber. (2017). Fintech in Germany. Chapter 2: Definition of Fintech and Description of the industry.
- Lee, S., & Lee, D. (2016). A Study on Fintech Based on Actual Cases. International Journal of U- and E-Service, Science and Technology, 9(8), 439–448.
- McKinsey. (2016). Cutting Through the FinTech Noise: Markers of Success, Imperatives For Banks.
- Philippon, T. (2016). The FinTech Opportunity. In *Annual Conference of the BIS* (pp. 1–24).
- Puschmann, T. (2017). Fintech. *Business & Information Systems Engineering*, *59*(1), 69–76. http://doi.org/10.1007/s12599-017-0464-6
- Yonghee, K., Young-Ju, P., Jeongil, C., &Jiyoung, Y. (2016). The Adoption of Mobile Payment Services for “ Fintech .” International Journal of Applied Engineering Research, 11(2), 1058– 1061
- Zavolokina, L., Mateusz, D., & Gerhard, S. (2016). FinTech – What’s in a Name? In *Thirty Seventh International Conference on Information Systems* (pp. 1–12).
- Links-
- http://fintechnews.sg/27275/india/hottest-fintech-startups-from-india-to-watch-closely/
- https://www.policybazaar.com/about-us/
- https://inc42.com/buzz/paytm-paypay-has-8-mn-users-in-japan-says-vijay-shekhar-sharma/
- https://www.lendingkart.com/about-us/

International Journal of Advance and Innovative Research
Volume 6, Issue 3 (I): July - September, 2019 Part - 3
ISSN 2394 - 7780

A STUDY ON ROLE OF NEW GOVERNMENT IN ECONOMICS, COMMERCE AND MANAGEMENT: VISION 2025

Gavaskar C. Pandey
Assistant Professor, Thakur College of Science and Commerce, Mumbai

ABSTRACT

This informative Research paper emphasizes on Role of New Government in Economics, commerce and management: Vision 2025. Many sector Require Initial Investment of money, time, and training. New Government has set the goal to make indian economy to reach $5 Trillion And Major plan The new Government has made in the field of commerce and management.

INTRODUCTION

The New Government has unveil its Long – term policies and Programmes through 'INDIA VISION 2025' which focuses more on growth in Economy, commerce and management. Economics is the Social science that studies the production, distribution and consumption of goods and services. Economics focuses on the Behaviour and interactions of economic agents and how economic analysis can be applied throughout society in Business, Finance, Health care etc.

Commerce relates to the Exchange of goods and services especially on a Large scale. So the vision 2025 consider more on the development of commerce and management.

OBJECTIVES

- To understand the Role of new Government in Economics and the vision 2025 set for growth in economy.
- To understand the Role of New Government in Growth of commerce and management and the vision 2025 set for growth and development of commerce and industry.

RESEARCH METHODOLOGY

This paper is based on Secondary Data. Data collection is always Depend upon Experiences, observations or experiment or a set of premises. The data is collected from different articles and Websites.

DATA COLLECTION, ANALYSIS AND INTERPRETATION

- The Role of new Government in Economics, commerce and management : VISION 2025 more focuses on Growth and Development of Indian Economy at its Trajectory pace.
- The main VISION 2025 is to make India $ 5 Trillion Economy.
- As Years Roll by, There will be increasing interdependence amongst all the country's in the world, and Indian Economy will play an important Role in World trade. While Forecasting VISION 2025 the confidence level is highest in terms of setting goals for each prospects.
- For Accelerated growth , either the productivity of labour and capital must be increased or the supply of these factors of production must increase.

If major Restructuring of agricultural activities were to take place, there could be considerable improvement in the productivity of capital in the agricultural sector.

- In Recent years, India has shown a consistent growth rate of around 6%. the rate of Growth may even increase. It is being Expected that by the year 2025 India's Economy will be 4 to 6 times Larger than what it is today in real terms. Then, the Bottom 20% of the population is likely to have the same consumption levels as the top twenty per cent do today. It does not mean that everybody will be well to do.even if they have more to command in absolute terms, the bottom 20% will still be poorer than the remaining 80% and will suffer from various kinds of wants.
- As energy consumption is closely correlated with GNP , a similar increase in energy consumption too 4 to 6 times should be expected . Similarly per capital income is inversely related to agricultural income.Therefore, by the year 2025 the share of agriculture in the National Economy can be Expected to contracts to about 10% from the present level of one third. Slum population will go up by 5 to 6 times if urban development policies will not improve.
- Water is a fixed asset and already in short supply. Simultaneously, increasing incomes will impose higher demands for water both for domestic as well as industrial use. Consumption of water for Agriculture should

decrease both because much water is being wasted at the present time, and Because of expected improvements in biotechnology.

- Personal Transportation will increase faster than GNP, at least tenfold. However Air pollution will not increase at the same proportion because of improved Transportation Technology. It is possible that vehicles will be driven either by electricity or by Hydrogen.
- Improved technology and new innovation of Air conditioning will cut down greenhouse gases. So, the ozone hole would probably have been corrected by the year 2025.
- We are well aware that the world's physical Resources will get exhausted. The danger will be greater by the year 2025. therefore, Re-cycling techniques are bound to improve and mitigate the Risks of Exhaustion of Resources. Recycling methodology is in process and should be followed for optimum utilisation of resources.
- India's Textile industry is large and Enduring sick. The Industry has not been keeping its Technology up to date. For Better Commercialization , political and industrial climate should improve.
- India has a Large Leather Industry. However, Indian prices are low as compared to west region countries . Poor quality due to poor technology and poor health of slaughtered animals is the main cause. India has a tremendous scope. It is probable that India will command a significant share of the world market in the year 2025 even if synthetics take a large share.
- A Change in policy on labour entitlements for VISION 2025 can alter the situation.

Currently, India is rated as among the least competitive nations in the world. That is entirely due to political policy. The role of new Government has more focus on this to improve. If that happens as expected , India can be among the Technology Leaders of the world by the year 2025.

CONCLUSION AND SUGGESTIONS

In Today's competitive world, The Role of New Government is Indispensable. The Development and Growth of Economy, Commerce And Management is very important enough. Therefore, The New Government set the VISION 2025. This Vision has been set to Achieve the target as specified.

The Growth in economic sector is Linked with commerce and management. Therefore, The New Government made various policies and plan to achieve growth in various sector and this can be achieve if the policies followed as planned and managed.

REFERENCES

- news article from Times of India
- http: // www.planningcommission.nic.in

ISSN 2394 - 7780

FINANCIAL LITERACY: THE EFFECT OF EDUCATION IN THE APPLICATION OF SMART MONEY MECHANISMS

Kulvinder Kaur Batth,
Assistant Professor, Department of Commerce, K. C. College, Affiliated to University of Mumbai

ABSTRACT

Digitization is an important aspect in the present scenario. It has enormously changed the business and societal landscape. The processes and products have evolved tremendously in the new digital era. The face of technology has brought about a large number of changes in the entire management strategies as well as their framework. The research study comprises of collection of data through primary as well as secondary sources of data collection. The primary data was collected from 204 respondents across the demographics, so as to analyze their perceptions towards usage of smart money mechanisms while making payments through the digital media.

The secondary data collection was mainly associated with journals, research articles and books and newspaper articles concerning smart money payment methods.

Keywords: Financial Literacy, Smart Money, Payment methods, Financial Inclusion, Digitization, Flexibility, E-payment etc.

INTRODUCTION

Over the last decade, financial literacy has become an important phenomenon, being the focus of a number of financial improvement programs. The purpose of those initiatives has been to imbibe the basic financial knowledge among the masses. The financial literacy wave has been the modus operand all over the world among the public and private financial as well as non-financial organizations. The paper deals with financial literacy level of the respondents and its effect on the application of smart payment options in the real life scenario. The research involved collection and analysis of data from 204 respondents across the demographics and analysis based on the advanced statistical techniques.

I. REVIEW OF LITERATURE

Review of Literature, is a significant aspect and a guideline for any type of research. It lays larger picture and directions for carrying on the further research. Review of literature also depicts and discovers the important aspect of the research known as research gap. The data collection was comprised of primary data and secondary data. Secondary data comprised review of literature incorporating books, journals, newspaper articles and research articles.

(Featherstone, 2007) mentioned the changing lifestyles of the consumers. The outer exposure has contributed to immense changes taking place in the perceptions and attitudes of the consumers, thereby changing their thought processes and ideologies.

(Bijapurkar, 2009) brought forward the changing landscape of Indian consumers and the marketing scenario. The increasing purchasing power where on one hand has brought enormous changes in the buying habits of the consumers and on the other hand it has lead to huge competition in the Indian mass market.

Tahmid Nayeeb has also studied individualism-collectivism. Studying the Asian market, it’s concluded that the consumers make buying decisions in a collective way making it easier for the marketing researchers to know what consumers want and they can be communicated in groups than in individuals.

(Rani, 2014), expresses that buying behaviour is a decision making process which involves while purchasing a product or services. There are various factors why a consumer purchases a product and how buying decisions are made.

(Barden, 2013) mentioned the scientific reasons behind the buying decisions. The technical reasons which convince the buyers to buy the products are based on the flexibility and number of other technicalities.

II. RATIONALE OF THE STUDY

Financial literacy is an important arena which government is focusing upon through the inculcation of financial literacy programs by public as well as private institutions. Financial literacy will pave the way for financial inclusion. Financial inclusion is to ensure that the benefits of the financial schemes reach to each and every citizen of the country. Therefore, to avail the benefit of the financial schemes it is important to make the citizens aware and inform them about the financial terms and concepts.

International Journal of Advance and Innovative Research
Volume 6, Issue 3 (I): July - September, 2019 Part - 3
ISSN 2394 - 7780

III. OBJECTIVES OF THE STUDY

- To understand and explore the role and impact of financial literacy on the usage of smart payment modes.
- To assess the association between financial education and its application.
- To analyze the association between financial literacy and the actual application of the same in day to day life.
- To infer and draw conclusions on financial education and its application.

IV. HYPOTHESES

- **H_0**: There is no significant association between financial education and its application.
- **H_1**: There is a significant association between financial education and its application.
- **H_0**: There is no significant association between financial literacy and the actual application of the same in day to day life.
- **H_2**: There is a significant association between financial literacy and the actual application of the same in day to day life.

V. SIGNIFICANCE OF THE STUDY

The study was explorative and analytical to explore the role of financial literacy in the usage of smart payment mechanisms. The numbers of smart payment mechanisms are available, but not many are popular with the account holders. The purpose of the study was also to understand the safety and security mechanisms associated with these payment modes. It was also important to understand other significant factors which play an important role in the popularity of the smart payment techniques.

VI. RESEARCH DESIGN

The research design is the systematic planning and designing the plan of the research. It helps to devise the strategies for a well laid out research. The research design comprises of methods of collection of data, analysis and interpretation. The methods of data collection involved primary and secondary sources of data collection. Primary data collection was conducted through Google forms from 204 respondents across demographics and from the geographical area of Mumbai. Secondary data collection was carried through books, journals, research articles and newspapers.

VII. DATA ANALYSIS AND INTERPRETATION

Data analysis is employed for simplification as well as systematic analysis of data. Data analysis helps to draw conclusions and thus devise a future course of study for further research in the field of research. The data analysis was undertaken with the help of chi-square technique and regression analysis.

Table-1.1: Demographic Profiles of the Respondents

Gender	%Age
Females	63.7%
Males	35.8%
Prefer not to say	1.1%

Source: Primary Data

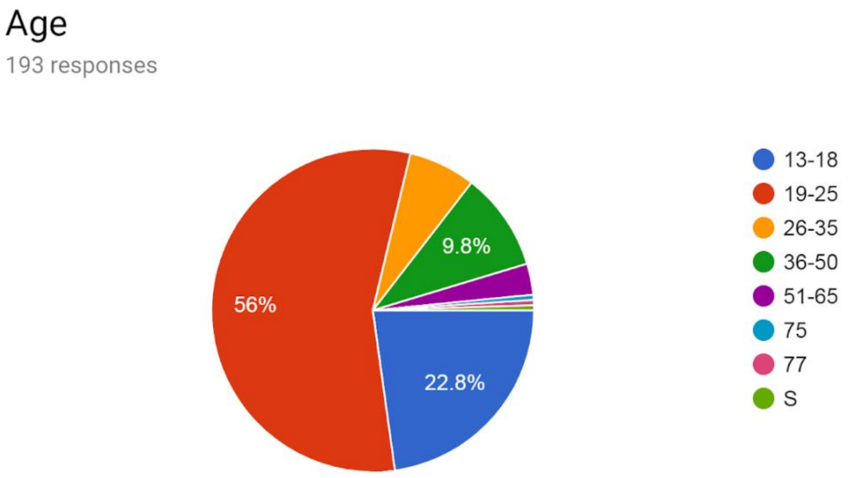
Out of the total 204 respondents, the table and the diagram revealed that 33.8% were females as compared to 64.4% of males.

Table-1.1: Demographic Profiles of the Respondents

Age	%Age
13-18	22.8%
19-25	56%
26-35	4.8%
36-50	9.8%
51-65	1.6%
65 and above	7.4%

Source: Primary Data

Figure-1.2: Demographic Profile of the Respondents



It is inferred from the above table and the diagram that 22.8% of the respondents belonged to the 13-18 age group, 56% of the respondents belonged to 19-25 age group, 4.8% of the respondents were from 26-35, 9.7% from 36-50, 1.6% from 51-65 and lastly 7.4% of the respondents from above 65 age group.

Table-1.3: Statistical Analysis: Chi Square Technique

	Pearson Chi Square	DF	P Value
Financial Literacy	222.20	3	<.0001
Usage of Smart Payment Methods	910.10	3	<.0001

As it can be seen from the table 1.2 that Chi Square value is greater than the critical value, there is a significant between Financial Literacy and Usage of Smart Payment Methods. Therefore, we reject $H_{0,}$ and accept the alternate hypothesis that there is a significant association between Financial Literacy and Usage of Smart Payment Methods.

VIII. CONCLUSIONS

The data analysis results revealed that there is a strong association between the Financial Literacy and Usage of Smart Payment Methods. It can be concluded that the researcher fails to accept null hypotheses and accepts alternative hypotheses. There is an association between the Financial Literacy and Usage of Smart Payment Methods and the respondents agreed that there are a number of reasons responsible for the Usage of Smart Payment Methods comprising convenience, ease of payment, time saving, flexibility etc.

IX. FUTURE SCOPE OF THE STUDY

Financial literacy and financial inclusion go hand in hand. Financial literacy is the basic understanding of the financial concepts and terminologies. Financial concepts and terminologies will help to apply the financial payment methods in the day to day transactions. Financial literacy will pave the for financial inclusion.

REFERENCES

- Barden, P. (2013). Decoded: the science behind why we buy. Retrieved from https://ebookcentral.proquest.com
- Bijapurkar.Rama (2009), We are like that only: Understanding the Logic of Consumer India, Penguin Books India Pvt. Ltd, New Delhi, India.
- Campbell, J. Y., Lo, A. W. C., &MacKinlay, A. C. (1997). *The econometrics of financial markets* (Vol. 2, pp. 149-180). Princeton, NJ: princeton University press.
- Hilton, M. (2009). Prosperity for all, consumer activism in an era of globalization. Retrieved from https://ebookcentral.proquest.com
- Holbrook, M. (Ed.). (2002). Consumer value a framework for analysis and research. Retrieved from https://ebookcentral.proquest.com
- http://www.leedsfaculty.colorado.edu/.../02%20INBU%204200%20Fall%202010%20Lecture%2 accessed on 12th April, 2018
- https://www.researchgate.net/publication/283274594_A_Study_of_Investment_Awareness_and_Patterns_of_Savings_and_Investments_by_Rural_Investors, accessed on 15 Nov, 2016 7:58pm

- http://shodhganga.inflibnet.ac.in/bitstream/10603/49147/15/15_appendix.pdf accessed on 15 Nov, 2016 7:58pm
- http://worldwidejournals.com/paripex/file.php?val=October_2015_1446530190__28.pdf accessed on 15 Nov, 2016 7:58pm
- file:///C:/Users/KULVINDER/Downloads/8816-10874-1-PB.pdf accessed on 15 Nov, 2016 7:58pm
- http://shodhganga.inflibnet.ac.in/bitstream/10603/33791/2/appendix_-_garrets_score.pdf accessed on 15 Nov, 2016 7:58pm
- http://www.slideshare.net/hemanthcrpatna/a-study-on-investment-pattern-of-investors-on-different-products-conducted-at-asit-c-mehta-investment-intermediates-ltd
- http://shodhganga.inflibnet.ac.in/bitstream/10603/49147/15/15_appendix.pdf

International Journal of Advance and Innovative Research
Volume 6, Issue 3 (I): July - September, 2019 Part - 3
ISSN 2394 - 7780

A STUDY OF BED AND BREAKFAST ACCOMODATION BOOKINGS WITH DIGITAL MEDIA AS A BUSINESS MODEL FOR TOURISM

Dr. Sangeeta Makkad
Associate Professor & HOD, BMM Department

ABSTRACT
The current era of Digital marketing explosion with a p [plethora of digital apps available for all activities be it business or leisure or experiential travel it's time to create, understand new spaces and new strategies for business. In this scenario where Travel online booking apps and reviews of various destinations and accommodation options are a great way to reach out to customers, the bed and breakfast accommodation for tourists is gaining strong popularity. Currently the growing numbers of travelers in various age groups is an add-on benefit to this industry. The digital conversations and word of mouth ensure that new models of business can be encouraged and bloomed optimizing the digital media reach and new evolving needs of the travelers.

Keywords: Bed and Breakfast, digital booking, reviews, travelers.

INTRODUCTION
The Digitization has touched base with all shores of life, all sectors of business and emancipated in possible disruption of every avenue of work forces. Various business models had felt impact of it with advent of web 1.0 and Web 2.0. Technology. Currently the impact of web 3.0 has created a disruption in the market and therefore it's imperative that new business models need to evolve, new business strategies of work in every sector, banking finance, business travel et cetera need to create new perspectives and dimensions in collaboration with the trend of social networks and technology. Today the power of web 3.0 has created strong convergence of all media's and a new eco system for the customers and companies have been created.

The complete transformation of business models and a new way of doing business in sync with the power of digital technology and information had given reasons to not only the internal forces impacting the work environment but also the external interactions and agents of technology creating a new interaction with customers in the efficiency processes. Moving ahead in this new ecosystem whilst experiencing a digital revolution, the holiday seekers and the holiday makers create new spaces of travel experiences. The various advances and progress in technology dimensions and advances allows the traveller to have a heightened personalization of experiential travel.

Travel and tourism Industry with the advent of web 3.0 has the adventurous traveler well-armed with various digital applications instead of a travel guidebook and a lot of references and WOM (word of mouth) as recommendations to create its very personal experiential travel adventure.

The high speed Internet and the new apps with the constant information technology at the behest of the consumer allows him to delve deep and create footrest in this industry at his own pace and choice. The travellers can not only book the flights and hotels online but can choose from amongst various choices of staying in a stranger's house through Air BnB platform. Whilst he engages in writing, creating and reading online reviews of travelogue and experiences through various apps with the mobile technology he is in actuality creating and consuming power with this new avatar and profile of a traveller.

LITERATURE REVIEW
Salvatore Monaco' (2018) pens in his paper (Tourism and the new generation emerging trends and social implications in Italy.)The author highlights the profile of the Italian as tourists which belong to the new Millennials which are referred as Gen x and gen y .He studies as how do they respond with the new digital technologies towards tourism activities. He talks about the social concerns and changes and therefore the evolvement of the target audience as heralding these new trends. He suggests to understand the new changing profile of tourism industry and create strategies for the future it is important to understand and study the biggest attitudes motivation and the concerns creating the new behaviors of the young tourists.

In this paper (2014) the author reviews various articles on tourists and tourism industry published online and tries to analyses them to understand the concerns of this industry and what makes it more vibrant. In the process of understanding through the review of articles it was found that most of them are focused on the hotels and on secondary data evaluations.

Reviews published of these hotels have been considered and analyzing out of these data to arrive to a keen understanding how the tourism industry reaches out to have bookings done for hotel accommodation. About 50

ISSN 2394 - 7780

articles which were reviewed, online management and online buying in this competitive era and the role motivation place to post a reviews were also considered as a concluding aspect towards tourism management. This study explores Savaldore(2017) the incidence of bed-and-breakfast in various ends in the country of Portugal. The various destinations and their likelihood for bed and breakfast as a facility during travel used by couples mainly in various countries of their origin is the thrust of this study .It highlights the fact that the managers of the these interesting destinations and hotels need to create attractive and interesting travel packages and plans to engage high interest of the tourists and also ensure that the staff attending to the tourists are well trained and conversant in the native language of the tourists, specifically English and French. The Air BNB and reviews online of such portals can be linking of understanding to the managers about what kind of expectations tourist would have and how to deliver the same to the best of their satisfaction.

OBJECTIVES OF THE STUDY

- To examine the attitudes of travelers choice for online booking.
- To study the facilities preference for bed and breakfast for travelers.
- choices for online off-line booking travel agencies as facilitators
- To find out about travelers motivation to book digitally.
- To suggest various possibilities for growth of tourism Bed And Breakfast.

MODEL OF BUSINESS

SCOPE OF THE STUDY

The study is undertaken in the city of Mumbai. Primary data is collected from working youth of metro city of Mumbai. Views of 100 respondents as sample size are gathered in this study.

RESEARCH DESIGN

This study is descriptive and exploratory in nature. Both primary as well as secondary analysis of data is undertaken. The researcher has made an attempt to satisfy the objectives of the study by testing the hypothesis. Secondary data is collected through the books and related websites. The instrument used to collect primary data is structured questionnaire which is duly filled by the young travelers i.e. the youth.

The sample size is 100.

LIMITATIONS OF THE STUDY

1. Descriptive Statistics and Frequency model has been used for primary analysis.

2. Due to limitation of time and cost the sample size is kept small.

3. The sampling universe is also limited to Mumbai only.

HYPOTHESIS OF THE STUDY

H0:
There exists no relationship between facility of comfortable bed and breakfast accommodation and increasing tourism.

H1:
There exists a relationship between facility of comfortable bed and breakfast accommodation and increasing tourism.

H0:
Digital portals of Travel booking do not play an important part for self-initiated travel.

H1:
Digital portals of Travel booking do play an important part for self-initiated travel.

SAMPLE DISTRIBUTION

Table-1: Mumbai Youth for Travellers Survey

Mumbai	East	West	North	South
Sample size	**25**	**25**	**25**	**25**

ISSN 2394 - 7780

Table-2: Profile of Respondents for Bed and Breakfast Model of Tourism Business using Digital Bookings

Profile	**Working (Full/Part time)**		**Travels frequently**	
Sample Size Category Wise	Employed since 3 years		Active on Social Media	
Total	Male	Female	Male	Female
100	25	25	25	25

DATA ANALYSIS AND INTERPRETATION:

Table-3: Regression Statistics model for Digital Bookings

Regression Statistics	
Multiple R	**0.985459**
R Square	**0.97113**
Adjusted R Square	**-1.25**
Standard Error	**2.763366**
Observations	**1**

Table-4: ANOVA Statistics model for Bed and Breakfast and Digital Bookings

ANOVA					
	df	***SS***	***MS***	***F***	***Significance F***
Regression	**5**	**1027.455**	**205.4910477**	**134.550762**	**123.15507**
Residual	**4**	**30.54476**	**7.636190399**		
Total	**9**	**1058**			

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 95.0%*	*Upper 95.0%*
Intercept							**0.0078125**	**0.007812502**
12							**0**	**0**
26							**7.566E-307**	**7.566E-307**
18							**1.051E-269**	**-1.0511E-269**
10	**0**	**#N/A**	**0**	**1**	**-2.22E-306**	**2.2242E-306**	**-2.22E-306**	**2.2242E-306**
5	**0.408206**	**0.035191**	**11.59960181**	**0.00031562**	**0.31049929**	**0.505913298**	**0.31049929**	**0.505913298**

Table-5: Frequency Model: Various Important Attributes For The Travel Bed & Breakfast Model Of Business.

Low Packages	**Bed and Breakfast**	**Digital apps**	**Digital booking**	**Others**	**Respondents**
4	**10**	**6**	**9**	**0**	**29**
12	**26**	**18**	**11**	**4**	**71**
16	**36**	**24**	**20**	**4**	**100**

Table-6: Descriptive Statistics for various Important Attributes for the For The Travel Bed & Breakfast Model of Business

Low Packages		Bed and Breakfast		***Digital apps***		Digital booking		***Others***		***Respondents***	
Mean	**10.67**	**Mean**	**24.00**	**Mean**	**16.00**	**Mean**	**13.00**	**Mean**	**3.00**	**Mean**	**66.67**
Standard Error	**3.53**	**Standard Error**	**7.57**	**Standard Error**	**5.29**	**Standard Error**	**3.51**	**Standard Error**	**1.53**	**Standard Error**	**20.61**
Median	**12.00**	**Median**	**26.00**	**Median**	**18.00**	**Median**	**10.00**	**Median**	**4.00**	**Median**	**71.00**
Mode	**#N/A**	**Mode**	**#N/A**	**Mode**	**#N/A**	**Mode**	**#N/A**	**Mode**	**#N/A**	**Mode**	**#N/A**
Standard Deviation	**6.11**	**Standard Deviation**	**13.11**	**Standard Deviation**	**9.17**	**Standard Deviation**	**6.08**	**Standard Deviation**	**2.65**	**Standard Deviation**	**35.70**
Sample Variance	**37.33**	**Sample Variance**	**172.00**	**Sample Variance**	**84.00**	**Sample Variance**	**37.00**	**Sample Variance**	**7.00**	**Sample Variance**	**1274.33**
Kurtosis	**#DIV/0!**	**Kurtosis**	**#DIV/0!**	**Kurtosis**	**#DIV/0!**	**Kurtosis**	**#DIV/0!**	**Kurtosis**	**#DIV/0!**	**Kurtosis**	**#DIV/0!**
Skewness	**-0.94**	**Skewness**	**-0.67**	**Skewness**	**-0.94**	**Skewness**	**1.68**	**Skewness**	**-1.46**	**Skewness**	**-0.54**
Range	**12.00**	**Range**	**26.00**	**Range**	**18.00**	**Range**	**11.00**	**Range**	**5.00**	**Range**	**71.00**
Minimum	**4.00**	**Minimum**	**10.00**	**Minimum**	**6.00**	**Minimum**	**9.00**	**Minimum**	**0.00**	**Minimum**	**29.00**
Maximum	**16.00**	**Maximum**	**36.00**	**Maximum**	**24.00**	**Maximum**	**20.00**	**Maximum**	**5.00**	**Maximum**	**100.00**
Sum	**32.00**	**Sum**	**72.00**	**Sum**	**48.00**	**Sum**	**39.00 -**	**Sum**	**9.00**	**Sum**	**200.00**

Count	3.00	Count	3.00	Count	3.00	Count	3.00	Count	3.00	Count	3.00
Largest(1)	16.00	Largest(1)	36.00	Largest(1)	24.00	Largest(1)	20.00	Largest(1)	5.00	Largest(1)	100.00
Smallest(1)	4.00	Smallest(1)	10.00	Smallest(1)	6.00	Smallest(1)	9.00	Smallest(1)	0.00	Smallest(1)	29.00
Confidence Level(95.0%)	15.18	Confidence Level(95.0%)	32.58	Confidence Level(95.0%)	22.77	Confidence Level(95.0%)	15.11	Confidence Level(95.0%)	6.57	Confidence Level(95.0%)	88.68

Observing the trends and statistics above its clear that the null hypothesis is Rejected as the p-value is less than the significant value. The type 1 error is also referred to this null hypothesis a it is usually below 5%.The confidence level is 95% and thus the Alternate Hypothesis is accepted that the Bed and Breakfast with Digital Bookings does increase and encourage tourism.
Thus the Alternate Hypothesis: *There exists a relationship between facility of comfortable bed and breakfast accommodation and increasing tourism.*

Gets accepted

Graph 1: Frequency model for various important attributes to customers for Travel Agencies

Understanding the frequency model of this study correlates the presence of Social media and Digital apps for Bed and Breakfast accommodation used for booking to play an important part for travel industry to bloom and tourists to take self-initiated decisions towards their experiences in travel. Males were found to be more self-motivated and initiated the digital bookings more than the females.

Thus the analysis clearly points out that the H1 HYPOTHESIS: *Digital portals of Travel booking do play an important part for self-initiated travel.*

Thus the Alternate Hypothesis is proved correct.

SUGGESTIONS AND RECOMMENDATIONS

- The Marketing of Bed and Breakfast accommodation needs very specific details to be catered to as per the clients. So apart from being generic, specified detailing is important for growth of tourism.
- In order to exist and grow these service model of business it is important to collaborate with digital travel booking agencies
- To grow the online presence the need to offer personalized services will go a long way to have this business model be successful.
- Internet availability and inclusion of some leisure activities also encourage the growth of tourist movement toward this model.
- Updating the reviews and good remarks will encourage he digital booking mode to swing in this direction for Bed and Breakfast accommodation.
- Branding and reaching out to target population through digital media marketing will allow the growth of this business.
- Medical services on call and further transport plans and travel arrangements can be offered on Digital mode to tourists as offerings in the packages.
- Instagram stories about happy and comfortable experience of the travelers and create online communities and positive responses and experiences.

BIBILIOGRAPHY

- Salvatore Monaco (2018), Vol 4 No 1 2018 pp7-15, Emerald Publishing Limited Journal of Tourism Futures, ISSN 2055-5911
- Ting, (2017), Airbnb’s Bed and Breakfast Deal Highlights Its Bigger Ambitions in Accommodations, The SKIFT.
- Santos Evan etal (2014) An Analysis of Open ended Online Reviews about Bed and Breakfast and Inns in Portugal, e-ISSN 1982-6125, 8(1), pp99-119, Jan-mar,2014
- The B&B TEAM Marketing, what does your Inn tell you, Blog Inn Consultants and Brokers Since 1999

International Journal of Advance and Innovative Research
Volume 6, Issue 3 (I): July - September, 2019 Part - 3
ISSN 2394 - 7780

A STUDY IMPACT OF BANKING SERVICE ON CUSTOMER BEHAVIOUR IN THE THANE DISTRICT OF MAHARASHTRA STATE

Thakkar Avni Suresh[1] and Dr. Kishor Sankar Nikam[2]
[1]Ph. D Research Scholar, Savitribai Phule Pune University, Pune
[2]Dr. D. Y. Patil Arts, Commerce & Science College, Akrudi

ABSTRACT

The theme of this study elaborates the investigating factors controlling behavior of customer in selection of bank for availing banking services in Thane District of Maharashtra State. The study also focused on distinction in banking services among banks in the study area and its impact on customer behavior. The study also looks after the demographic patterns and their relationship with banking behavior of customers in the area under investigation.

A banking system a group or network institution that provides multiple services for us. These institutions are responsible for operating a payment system, providing loans, taking deposits & helping with investments. Bank is an institution which deals with money & credit. Banking also involves providing various other services along with its main banking activity.

Other Banking Services includes Checking accounts; Demat accounts, debit cards, credit cards, internet banking, wealth management, merchant services, cash management, e- statements, insurance, bank guarantee, ATM etc.

As compared to public sector banks, private sector banks are depending on market for business. Private sector banks, not having any privileged government business, generate business from individuals, households and corporate. Hence the study was focused on banks to find out their profitability, performance and determinants of profitability to make suggestions for improvement of performance of banks in India.

Keywords: Banking Services, New age Banking (Internet banking), Customer Services.

OVERVIEW

Indian banking system is undergoing drastic changes since recent past. The institutional efforts are being made to bring all sections of the society in banking system for their financial transactions for transparent and flawless economy. It is a matter of fact, that large share of India's population is occupied by youth. Naturally, banking sector is focusing on this section of the country to bring them in a mainstream of banking system. However, it is interesting to know the factors that determine choice of bank by youth for their financial transactions in order to help different types of financial institutions (public, private and co-operative banks) .

REVIEW LITERATURE

The brief review of existing literature on factors controlling behavior of individually during selection of banks is carried out. The review literature intends to explore existing methodologies in dealing with this research problem and to identify gaps in literature globally particularly in the area under investigation. The review covers several arguments and views postulated by various researchers across the world regarding the theoretical approach of the concepts of consumer's behavior by different authors.

Almossawi(2001) Conducted a study, the aim of this study was to investigate bank selection criteria among undergraduate students in the University of Ghana, and to relate this study with previous findings on the same phenomenon.

Denton and **Chan (1991)** investigated multiple banking behaviors in Hong Kong (in the retail sector) by questionnaire survey. The survey included analyses of the number of banks used by each person, the types of services used at each bank, and the factors that influence this type of consumer behavior.

Kennington et al .(1996) Conducted the study in the autumn of 1994 in a medium-sized city in south eastern Poland, attempts, among other things, to quantify the selection criteria used by Polish consumers in choosing banks. i) Aspect elements: Reputation Image, institutional stability, continuity, corporate soundness. Price/cost: Interest on savings accounts/loans, service-charge policy, competitiveness, fair rates. ii) Convenience: location, evening banking hours Service Quick, polite, friendly, courteous. iii) Service: concerned management, personal recognition and attention, tellers who smile, feeling at home, reliability, efficiency in completing transactions.

According to Kamakodi and **Khan(2008),** It is very important for the banks to understand the preferences of the customers to offer the services required both to attract new clients and protect existing client-base from migrating to other banks.

ISSN 2394 - 7780

Ukenna et al. (2012) Attempted to identify and rank the important factors considered by southeast male and female bank customers in bank selection in Nigeria. . They concluded that time is ripe for banks in southeast Nigeria to start treating male and female genders as distinct market segments.

STATEMENT OF PROBLEM

In the banks there is a problem of abnormal delays in receiving and making payment. Customers have to wait in definitely without anybody attending to them properly at the counter. This leads to frustration among customers. The procedures laid down at the banks are lengthy and also it was not easy to follow by them. Even the issue of cheque book takes twenty to thirty days, updating of pass book also takes long time. Internet banking also suffers from hacking and not provides security to customers. ATMs also not functioning properly. The present customer services systems lacks motivation and initiatives, these adversely affect the customer service. The District of Thane is one of the most densely populated districts in India (Census of India, 2011). As a matter of fact, that several alternatives are available for banking, it is important to understand what are the factors that determine the selection of bank by the customers in the area under investigation. Besides it also calls for in-depth analysis of banking behavior of customer.

NEED OF STUDY

It is imperative to understand the impact of banking services on the pattern of banking behavior of Customers in the study areas. Besides, social, financial & technological factors also affect the choice of bank by customers. This study also reflects banking habits among customers and their preference. It benefited to banking sector in influencing services as per customers' requirements for increasing banking facilities and better usage. To reflect true picture of difference of banking criteria, banking facilities or banks (Nationalized, Private, Co-operative) in areas along with customer's preference in choice of banking services

OBJECTIVES OF THE STUDY

i) To study the banking Services provided to customers.

ii) To study the Perception of customers regarding banking service.

iii) To study the Customer behavior according to the types of banks.

RESEARCH METHODOLOGY

The proposed study is empirical in nature. Study of different banking services and its impact on customer behavior through Structured questionnaire. The study will employ both qualitative & quantitative approaches to investigate the research problem. The methodology proposed for the investigation includes data sources and methods adopted for data analysis and interpretation.

DATA SOURCE

To accomplish the above stated objectives of the study primary as well as secondary data will be taken into consideration.

PRIMARY DATA

The data from Primary sources was collected through questionnaire from the following respondents.

SAMPLE DESIGN

Ideally, data collected from customer who avails banking services – 50 bank customers and simultaneously the data collected from the bank employees 50. All customers and employees reside in District of Thane which was universe of the study. Sampling design was prepared by identifying strata based on different parameters such as type of occupation, gender, geographical distribution and Tehsil wise population. The responses on various parameters will be recorded preferably on 5-point Likert scale so as to make it easy for quantification of the responses and application of statistical techniques.

SECONDARY DATA

Secondary data pertaining to customer base, banking services, working hours, financial reports etc., obtained from Nationalized, Cooperative and Private Banks in the study area. Besides, blogs on banking services and their official websites will be utilized for the investigations, News papers, Periodicals, Reports, Journals etc.

DATA ANALYSIS AND INTERPRETATION

Appropriate statistical tools and techniques applied to analyses and interpret processed data.

Tools: Charts – pie chart, bar diagram etc.

Techniques: mean, percentage, correlation, regression, chi-square test, t-test , Manova, Factor analysis and Multi Criteria Decision Making Approach, Nearest Neighbor Analysis was used as applicable.

SCOPE OF STUDY

The research has highlighted the role of demography in bank selection. Demography includes socioeconomic characteristics of a population expressed statistically, such as age, sex, education level, income level, marital status, occupation, religion, average size of a family, marital status etc. It also included banking services offered by different types of banks. The research enumerated the type of bank preferred to bank with. The type of banks includes nationalized banks, private banks and co-operative banks. The study also uses multiple buffer analysis to face out effect of geographical proximity as factor for section of bank. The research also point out the role of family, friends, relatives in bank selection. It had also found measures to improve banking services.

FINDINGS

After a detailed analysis of the study the following findings were found .This findings will help banks to provide better services for customer satisfaction.

- Customers are aware about services provided by Public and Private sector banks.
- 50% of the customers were dissatisfied with the banking services.
- 35% of the customers reverted that Public sector bank are not providing quick services.
- Services like ATM problem faced customer include insufficient cash, Non working of Machines, Lack of availability of ATM Service centers.
- Bank charges different fees for most of the services which makes the banking transaction unaffordable for the customers.
- It was found that majority of the customer are not satisfied with the service of bank employees.
- Majority of the respondent were belongs to business for them use of Private banking services is more convenient than Public sector bank.
- Service provided by Public Bank and Private Bank are Debit and Credit bank ,Digital ban king , loan , tax alert, e statements ,online payment etc.
- Customer Prefer Public sector bank because of safety, more network, more ATM facility.
- Salaried people prefer Public sector and people belongs to business and profession prefer Private Bank.

LIMITATION OF THE RESEARCH

The research is based on secondary as well as primary data. The primary data required for research collected from the samples based in Thane District. Although the District is one of the most important District of the country and a commercial hub of North Konkan, samples selected from the city cannot be considered as a proper representation of the population of the country. For primary data, non response error cannot be ruled out.

SUGGESTIONS

- Bank need to update programmers at least within 6months
- Customers need to follow banking procedures.
- Customer’s ombudsman need to maintain in branch.
- Head Branch and sub branch needs to provide same services and create a good environment.
- Customers need to inform by messaging bank charges as deposit rate and discount rate.
- Proper communication network must be followed.
- New Schemes and Programmers need to display on a front notice board.
- To avoid mistakes customers queries need to opened.
- There must be separate counter for passbook and cheque collection.
- Each and every bank must display New Schemes and Programmers on a front notice board.
- Bank employee need to be give good communication skills and soft skills.

CONCLUSION

Customers are the king in the modern day banking. Due to new economic policy based on privatization, globalization and liberalization banking sector has undergone many changes in economic policies. As banks are

ISSN 2394 - 7780

providing tailor made services for the changing needs of the ultra modern customer to face their stiff competition from the rival banks. In today's world customers preference for services keeps on changing rapidly as there demand changes. Banks aim is to keep customers happy and always satisfied to avail their targets. Bankers are adopting highly technological turning to achieve challenging task of customer satisfaction. Each and every bank follows different banking procedures which was difficult to follow by customer .Even if customer is well qualified they get hesitate by a lengthy banking procedures .Good communication skills and soft skills must be needed by banking employee. . Universal banking procedure can help the customer for the better transaction.

REFERENCE

1. AlmossawiM.,"Bank Selection Criteria Employed by College Students in Bahrain:An Empirical Analysis,"International Journal of Bank Marketing, Vol.19,No.3,2001,pp.115-125
2. Luther Denton, Allan K.K.Chan, (1991) "Bank Selection Criteria of Multiple Bank Users in Hong Kong",InternationalJournal of Bank Marketing ,Vol.9 issue:5,pp.23-34,https://doi.org/10.1108/02652329110007129
3. 3.Kennington , Carolyn & Hill , Jeanne &Rakowska Anna .(1996). International Journal of Bank Marketing Consumer selection criteria for banks in poland Article information : For Authors .International Journal of Bank Marketing .14.12-21.
4. N .Kamakodi and Basheer Ahmed Khan(2008) An Insight into Factors Influencing Bank Selection Decision of India Customers .Asia Pacific Journal of Management Research and Innovation ,Vol4(1) pp.17-26 ,https://doi.org/10.1177/097324700800400102
5. Steve UkennaUgwuomu -Nike ,Ogechukwu G.Monanu (2012) Analysis of the Influence of Gender on the Choice of Bank in Southeast Nigeria . International Journal of Business and Management Vol.7,No.3.pp.230-241.

ISSN 2394 - 7780

EFFICACY OF DISCHARGING RESPONSIBILTIES BY INDEPENDENT DIRECTORS – AN INVESTOR PERSPECTIVE

L. Saraswathy[1] and Dr. Vethirajan[2]
Research Scholar[1], Alagappa University, Tamilnadu
Research Guide[2], Department of Corporate Secretaryship, Alagappa University

ABSTRACT
Independent directors are appointed in Indian companies with a aim to improve the corporate governance. The aim is to ensure that governance mechanism are in place and to provide a true and fair view of the corporate to its stakeholders. Independent directors are expected to take independent decisions in discharging their responsibilities. The companies act has given roles and responsibilities to Independent directors to take crucial decisions related to the functioning of the corporate. Having known this fact, the questions arises whether the Independent directors of the Indian companies are aware of the roles and responsibilities that they need to discharge and if so whether the independent directors are discharging their responsibilities effectively from the investor point of view.

Keywords: Corporate, Independent directors, Role, Responsibilities, Effectiveness, Indian companies, Investors

INTRODUCTION
An independent director is a non-executive director of any company who is appointed to ensure that the corporate maintains ethics and corporate governance in the everyday functioning. as the word says independent, the director is expected to be independent in nature while framing policies for the company and takes independent decisions to the best of his knowledge belief without getting influenced directly or indirectly through the board of directors or any other management person related to the company including the promoters of the company.

The Indian Companies Act 2013, states that the role and functions of an Independent director are, to ensure that he brings and independent decision on important issues relating to strategy of the company, its performance. Decisions that will be taken on key appointments has to be unbiased. Independent director has to give an objective view in the evaluation of the performance of the board members and the management. The independent director shall scrutinise the performance of the management in meeting agreed goals and objectives and monitor the reporting of performance. Before publishing the financial statement the independent director should satisfy himself/herself that the financial information and the financial controls and the financial system of risk management are robust and defensible. It is the prime responsibility of independent director to ensure that the interest of the stakeholders, particularly the minority shareholders are protected. Independent director has to ensure in case of any conflicting interest of the stakeholders they are balanced. While determining the remuneration of the executive directors, key managerial personal independent director has to play a pivotal role in deciding the remuneration that will be paid to them .

It is also the duty of the independent director to undertake appropriate induction and regular updates and refresh their skills, knowledge and interest with the company. Incase the independent director requires any clarification on any important matters, he should seek appropriate clarification or amplification of information and where necessary, he should take and should follow appropriate professional advice and opinion of experts. Independent directors should attend all the meetings of the board of directors and of the board committees of which he is appointed as a member. His participation in the committees as a chairman or a member, the participation has to be a constructive and contributing one. When matters relating to the smooth functions od the company arises it is duty to ensure that the matter is smoothly discussed and resolved. During this process the minutes of the meeting has to be recorded. The independent Director should have knowledge on the external environment in which they operate. He has to pay attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the company. Independent director should pay keen attention in the unethical behaviour, actual and suspected fraud or violation of the companys code of conduct or policies.

The independent director is expected to have read and understood the duties and responsibilities of the company so that he can discharge it efficiently and effectively.

LITERATURE REVIEW
All over the globe various studies are conducted to find whether independent directors really contributes to the companys performance or not and the result that we get is heterogeneous.

ISSN 2394 - 7780

Hutichnson (2002) have suggested that the amount of investment in the company and the proportion of non executive directors in the company on its board shows that the firms perform well with more number of non executive director on the board. This suggests that the negative relationships between firm performance and investment opportunities are weakened when the proportion of non-executive directors on the board is higher. Thus, it does appear that the monitoring role of non-executive directors overcomes the agency problem of high investment opportunities such that these firms become more profitable. The results obtained by Choi et al. (2007) suggest that board independence is critical to an emerging market that is subject to external shocks and may lack sufficient liquidity as well as indigenous industrial infrastructure. They note further that in such market environments firms with insider-dominant boards and entrenched inside ownerships can actively involving them in major activities of the firm, with additional assistance from outside institutional shareholders, foreign investors in particular. Again, Kumar and Sivaramkrishnan (2007) showed that shareholders value can increases as board dependence (not independence) increases. In other words, when a board is more independent it performs worse. The reason for this, the authors note, may be because when directors get equity awards, tension is created between the boards monitoring and contracting (supervision) roles. They argue that the reason that explains this finding is that a more dependent director benefits less from superior information about the firm's economic prospects generated by monitoring than a less dependent director. Thus, as more dependent directors sit on the board; there is a substitution effect that lowers its optimal monitoring effort. On the other hand, from the view point of shareholder value maximization, such a board is also more inclined to award less efficient contracts to the manager. This tendency however imposes a negative wealth effect on the board if it has an equity stake. In equilibrium, this negative wealth affects ex-ante so that it is able to award a more informed (or efficient) managerial compensation contract ex-post. Thus, the net effect of increased (or decreased) board dependence and shareholder value is ambiguous.

In their study, Duchin et al. (2008) examined the effects on board independence or performance that are largely free from endogeneity problems. Their main findings is that the effectiveness of outside directors depends on the cost of acquiring information about the firm because when the cost is low, performance increases when outside directors are added to the board but if the cost of information is high performance worsen when outside directors are added to the board. Thy further state that for firms that constitute their boards to maximize value, an increase in the number of independent directors on such boards would be harmful. On the other hand, if firm managers constitute their boards with too low independent directors for the reason of minimizing oversight, an increase in the number of Independent Directors would have a uniform impact on performance across firms. So, when organizations are forced by legislation to put more Independent Directors on their board, mixed performance should be expected across firms. In other words, there is no consistency in the performance of Independent Directors that

can be guaranteed across firms. The study report of Gillete et al. (2008) shows that the presence of outside directors on corporate boards leads to better decision making. They also find that the most efficient board structure is the single-tired board with a majority of outside directors, and that the presence of outside directors improves the quality corporate decision making even when they are not in the majority.

Failure of Independent Directors

The whole idea behind mandating Independent Directors was to ensure companies follow good corporate governance practices and protect interests of minority shareholders. They are required to exercise oversight to prevent willful compromise of the interest of the stakeholders. But it is unfortunate that in many instances companies have made a mockery of the statutory provision requiring of Independent Directors. Many appoint their friends and high profile names who lack the qualification to become Independent Directors.

And event those are fit for the pasts in number of occasions failed to perform. Since in a professionally managed company the CEO formulates the strategies, the Board finds it difficult to propose alternative strategies or to audit the strategy proposed by the CEO due to knowledge gap between the CEO and Independent Directors. Another very important function of a monitoring Board is to set the 'tone at the top'. In practice the 'tone at the top' is set by the CEO and Independent Directors do not get the opportunity to change the organization culture. It cannot be discarded the fact that the Board as an institution, has failed in its monitoring role. Strong arguments can be added in this regard. Although, as law, directors are appointed by shareholders in practice, the incumbent management appoints Independent Directors. Usually, an enlightened CEO desires a strong advisory Board rather than a strong monitoring Board. Monitoring might require Independent Directors to break the 'Board room decorum'. Presence of individuals, who are respected for their work in other fields, does not necessarily improve the corporate governance. This has been established time and again by corporate governance failure in companies like Satyam, Enron, World Com and so on. Some of the examples where Independent Directors were failed to protect the minority shareholders' interest are:

Enron Saga

Housten based Enron Corporation quickly became synonymous with the term massive accounting fraud in the fall of 2001 with its sudden collapse and bankruptcy. Many people have described the utility company's ruse as a cleverly designed fraud involving the use of thousands of off balance sheet partnerships to hide massive losses and unimaginable debts from investors. Enron's staggering increase in revenue was unprecedented – rising from $ 9.2 billion in 1995 to $ 100.8 billion in 2000, and the company achieved this growth without any large acquisitions along the way which was quite impossible. The Independent Directors, the auditing firm Arthur Andersen, investors none have raised questions about these incredible revenue growths and cooking up of account was carried out smoothly.

Collapse of World Com

Almost from the beginning, World Com used aggressive accounting practices to inflate its earnings and operating cash flows. One of the principal shenanigans involved making acquisitions, writing off much of the costs immediately, creating reserves and then releasing those reserves into income as needed. The company treated $ 14.7 billion in 2001 line costs as current expenses. By transferring part of a current expense to a capital A/c, World Com increased both its net income (due to understated expenses) and its assets (since capitalized costs are treated as an investment). Not only that, it reduced its reserve accounts in order to provide credits against line expenses. The Independent Directors as well as the Auditor Arthur Andersen LLP were taken into confidence and none of the members carried the role of whistle- blower. On the contrary, instead of asking tough questions of company's top executives or continuing to demand access to company records, the audit firm shrugged its shoulders and acquiesced to a client that paid the firm more than $ 40 million in auditing and consulting fees in a three year span.

Xerox scandal

In 2002 Xerox revealed that over the past five years it had improperly classified over $ 6 billion in revenue, leading to an overstatement of earnings by nearly $ 2 billion. The effect of the manipulation was that the company counts as earnings what essentially future revenue was. The audit fraud allowed Xerox to manipulate its earning by over a billion on dollars during the relevant period. What was shocking that the four outside auditors of Xerox for different period of time like KPMG, Ronald Safran, Michael Con Way and Thomas Yoho have failed along with the Independent Directors to detect such malpractice!

OBJECTIVE OF THE STUDY

1. To know whether independent directors play active role in the board decisions.
2. To know whether independent director take independent decisions.
3. To know whether independent directors attend meetings in which important decisions are taken by the company.
4. To know whether independent director report fraud, unethical happenings in the corporate to the stakeholders.
5. To know whether they evaluate the actual performance of the company.

HYPOTHESIS:

Null hypothesis: No significant value addition is there on account of presence of Independent directors and their roles and responsibilities are not discharged effectively.

Alternate hypothesis: Significant value addition is there on account of presence of Independent directors and the Independent directors are discharging their roles and responsibilities effectively

RESEARCH METHODOLOGY

This research work is exploratory in nature. Primary data is collected through a well-structured questionnaire. The research paper incorporates the quantitative approach to study the research objectives. Sampling has been done effectively and the tool that has been employed to work on the data collection is particularly questionnaires where the questions. A sample size of 62 investors in Mumbai city was taken on random basis. Simple random sampling technique was used for the study. The questionnaire was sent by email and watsapp or post and wherever possible personal visits will be made to the company offices to collect the data by way of questionnaire from directors of companies.

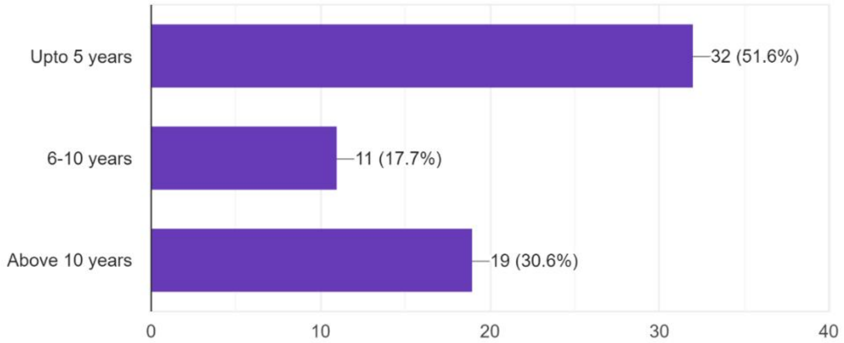
 ISSN 2394 - 7780

Secondary sources of data was collected from books, journals, newspapers, websites, of government and non-government organizations

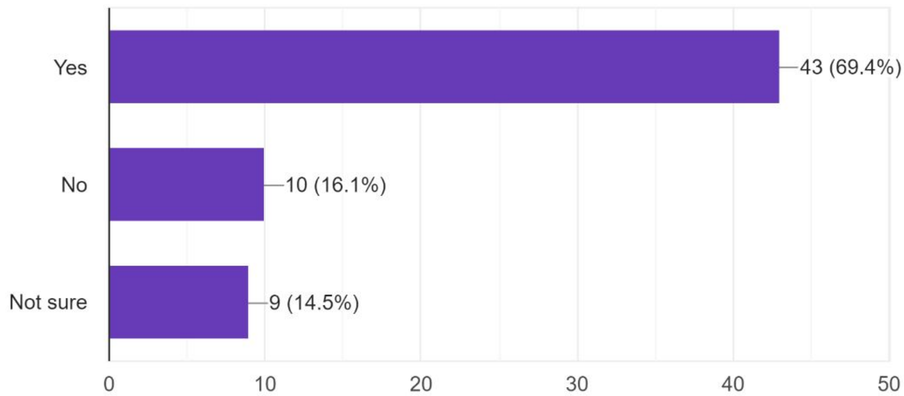
DATA ANALYSIS

The sample size for the study was 62 investors taken from the western suburb of Mumbai. Out of the sample size, majority i.e. 51.7% of the investors in western Mumbai were linked / associated with the company for a period less than 5 years. 30.6% were linked / associated for more than 10 years and 17.7% were linked / associated for period between 6 to 10 years.

1. Linkage / Association as an investor have with the investing company :

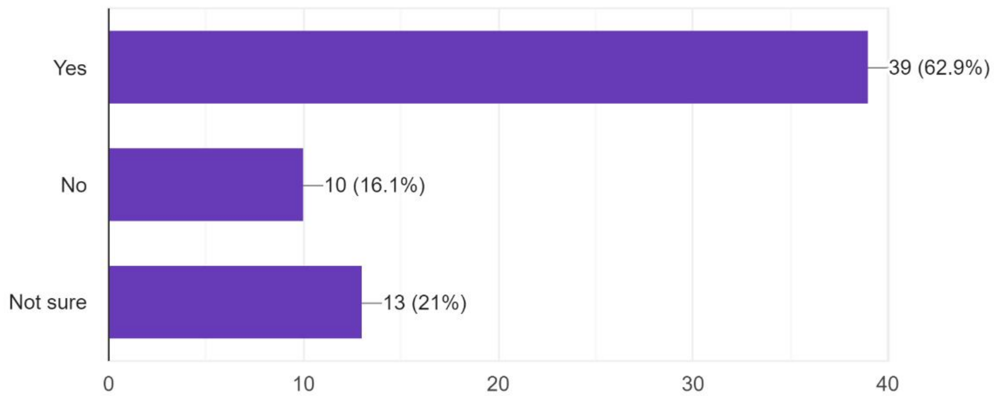


2. The independent director of your company possesses the required business / industry knowledge



Majority (68.7%) of the investors believe that their independent directors possesses business/Industry knowledge in the company. 16.1% believe they don’t possess knowledge of the industry, which is a not a good sign for the company and its investors. 9% do not have an idea whether the independent director possess knowledge or not.

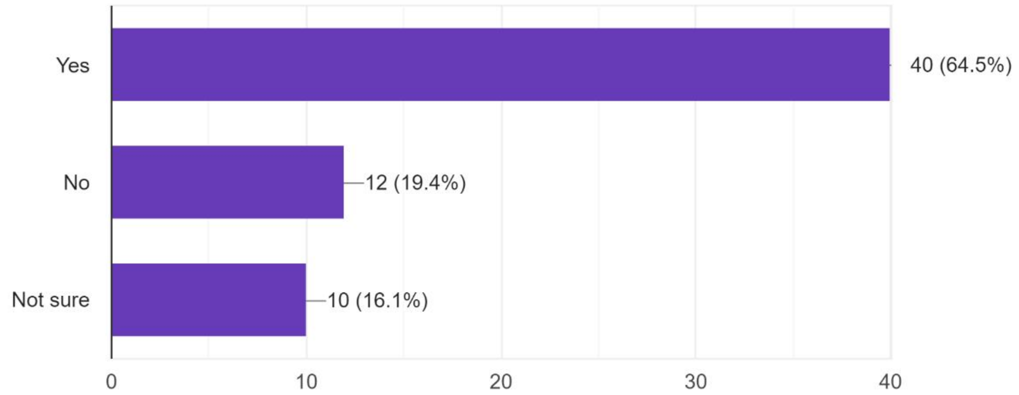
3. The Independent directors prepares well for and attends the board meetings of the company



Majority of the investors , i.e, 62.9% believe that independent directors prepare well and attend the board meetings. 21% are not sure and 16.1% believes that they don’t prepare well /attend the board meetings.

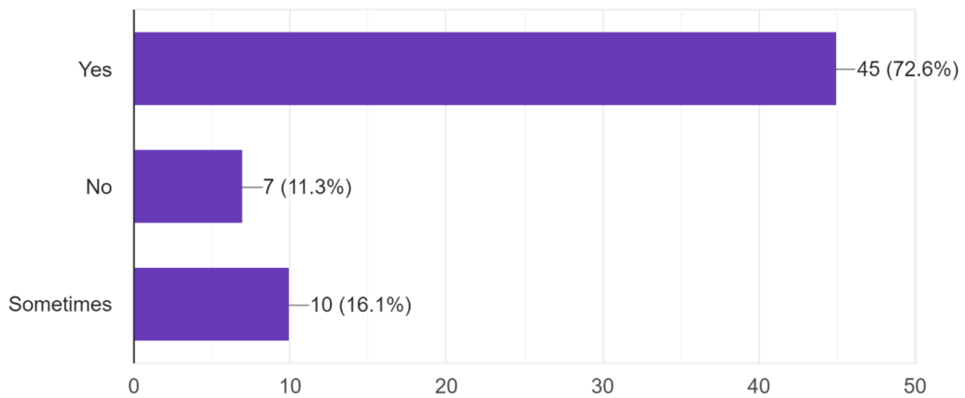
 ISSN 2394 - 7780

4. The Independent Director bring an independent judgement on issues of strategy, performance, risk management, resources, key appointments and standard of conduct



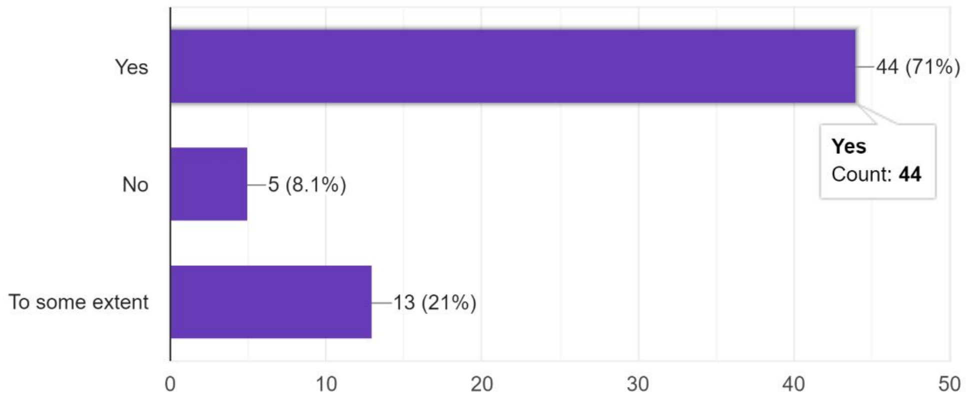
Majority of the investors, i.e, 64.5% believe that their independent director bring an independent judgement on issues of strategy. performance, risk management, resources, key appointments and standard of conduct whereas 16.1% are not sure whether their independent director bring an independent judgement on issues of strategy. performance, risk management, resources,key appointments and standard of conductand 16.1% believe that the independent director don't bring an independent judgement on issues of strategy. performance, risk management, resources, key appointments and standard of conduct.

5 .The independent director questions the board about important matters relating to the company



Majority of the investors, i.e, 72.6% believe that their independent director questions the board and 20.9% believes that independent directors sometimes questions the board and 13.4% believes that the independent directors do not questions the board on important matters relating to the Company.

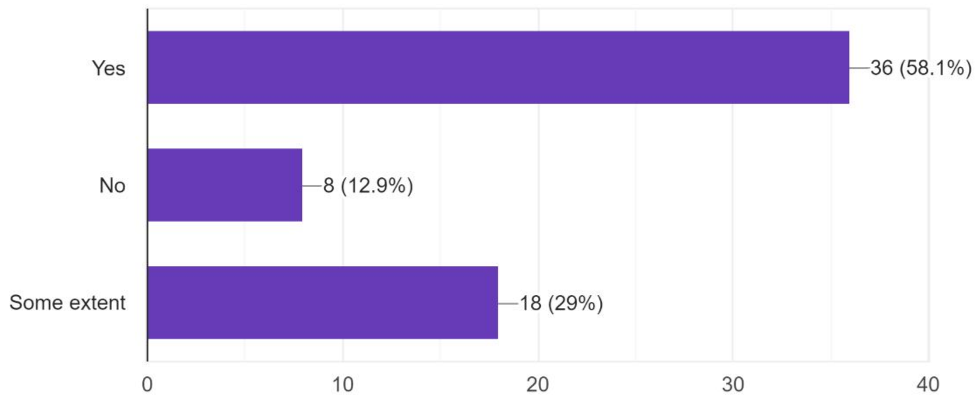
6. The Independent director has a clear understanding of the role and responsibilities



71% of independent directors have clear understanding of the role and responsibilities. 21% believes that the independent director understand the role and responsibilities to some extent and 8.1% of investor believes that the independent directors do not have a clear understanding of their role and responsibilities.

 ISSN 2394 - 7780

7. The Independent Director Posses knowledge about the banking and financial operations of the company

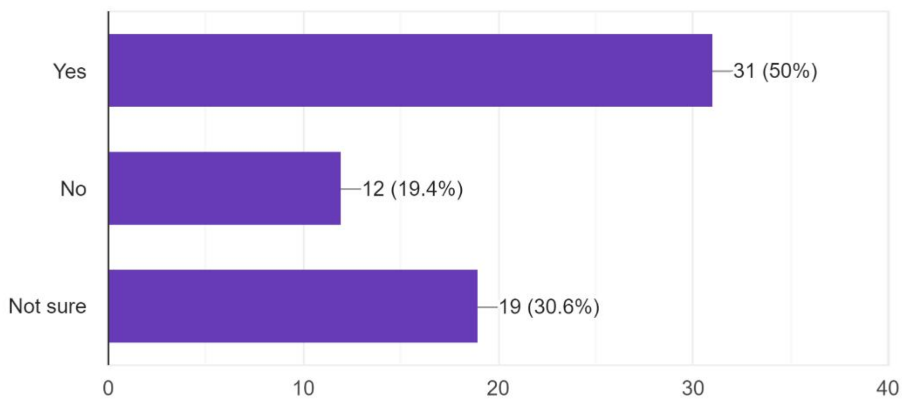


58.1% of the investors believe that independent director possess knowledge about the banking and financial operations of the company.

29% of the investors believe that to some extent the independent director posses' knowledge on banking and financial operations of the company.

8% of the investors believe that independent director does not possess knowledge about the banking and financial operations of the company.

8. Independent director of the company is an ethical leader.



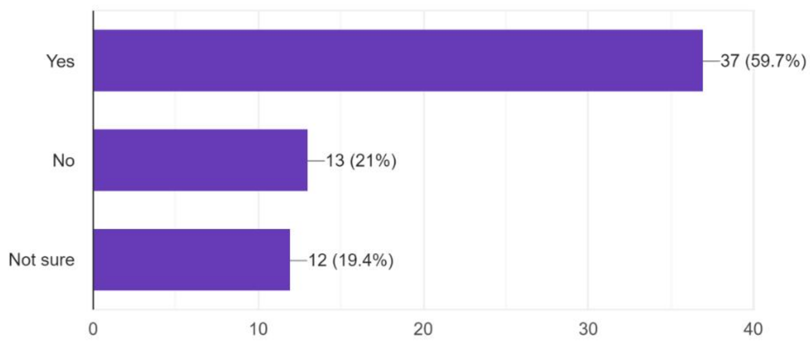
When its comes to ethical behaviour of an Independent Director, the result is mixed and not clear.

50% of investors believe that there independent director is a ethical leader.

30.6% are not sure whether independent directors act in an ethical manner.

19.4% of investors are answering out right stating that independent direcors are not acting in ethical manner and are not effective ethical leader.

9. The Independent director scrutinize the performance of management in meetings



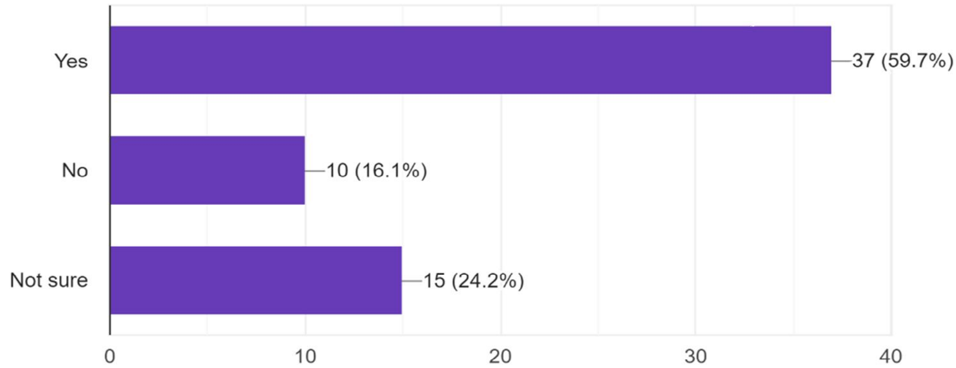
 ISSN 2394 - 7780

Majority of the investors ,i.e. 59.7% believe that the independent directors scrutinize the performance of management in the meetings.

21% of investors do not think that independent directors effectively scrutinize the performance of management in the meetings, and

22.4% are not having a clear view of it.

10. Do you feel that the independent director strive to attend all meetings of BOD and Board committees of which he is a member



59.7% of the investors believe that the independent directors strive to attend all meetings.

24.2% are not sure ,

16.1% feel that independent director do not strive to attend all meetings of BOD and Board committees of which he is a member

CONCLUSIONS AND SUGGESTIONS

The findings of the study states that majority believe the following with regard to role of independent director

1) independent director of your company possesses the required business / industry knowledge
2) Independent directors Prepares well for and attends the board meetings of the company
3) Independent Director bring an independent judgement on issues of strategy, performance, risk management, resources, key appointments and standard of conduct
4) Iindependent director questions the board about important matters relating to the company .
5) Independent director has a clear understanding of the role and responsibilities
6) Independent Director Posses knowledge about the banking and financial operations of the company
7) Independent director of the company is a ethical leader
8) Independent director scrutinize the performance of management in meetings
9) The independent director strive to attend all meetings of BOD and Board committees of which he is a member

As such from the above study we can easily drive and state that the Null hypothesis considered i.e. No significant value addition is there on account of presence of Independent directors and their roles and responsibilities are not discharged effectively is not Correct. The Alternate hypothesis which states that there is Significant value addition is there on account of presence of Independent directors and the Independent directors are discharging their roles and responsibilities effectively is correct.

The role of Board of Directors, in recent years, has been in public debate due to their failure in ensuring corporate governance. The more independent a board is, the better it is in bringing efficiency within the company. They help in proper functioning of corporate, due to the fact they do not have a material interest with company and they will really represent interest of all investors and small shareholders. In many of cases, it is evident that CEO of company hides the real picture of company from potential investors and its stakeholders. So, the person who is knowledgeable in similar kind of business, who don’t possess any relation with internal management of company will act independently for benefit of its shareholders and stakeholders.

ISSN 2394 - 7780

The independent directors play an important role if they ensure the protection of the interests of minority shareholders. The independent directors must be give full freedom to express their independent views and they should not be mere watchdogs against the majority or loyal to one group. The main interest of the independent director must be of the company and not anyone else. Interest of the company is of utmost importance. In a democracy, there are always dissenters whose rights are affected. Everyone‟s right cannot be protected by independent directors. So, it must be accepted that the interest of the company comes first. Thus, this research shows that the Independent directors are striving to protect the rights of minority shareholders.

Note: Authors have contributed this paper under MHRD-RUSA phase 2.0 scheme

International Journal of Advance and Innovative Research
Volume 6, Issue 3 (I): July - September, 2019 Part - 3
ISSN 2394 - 7780

AN EXPLORATORY STUDY ON CONSUMER PERCEPTION ABOUT LIFE INSURANCE POLICIES – STUDY IN MUMBAI

Dr. Rupal Shroff
Assistant Professor, BMS, Thakur College of Science and Commerce, Kandivali (E)

ABSTRACT

Human Life is very important. Everyone is exposed to various risks. Future is very uncertain, but there is a way to protect one's family and make one's children's future safe. Life insurance is one of the most important type of insurance, providing financial security and protection in times of crisis. It also encourages savings among people. Many consider these plans as means of financial wellbeing of the family whereas many feel it to be a dead investment or a gamble.

The present exploratory study is selected with an objective to identify the perception of investors towards various Life Insurance Policies floating in the country by various Government and Private Companies. It deals with understanding their investment decision-making behaviour regarding 'How a consumer selects, organizes and interprets Insurance Companies, their service quality and their product offerings. The study will be able to reveal the preferences, needs, perception of the customers regarding the life insurance products, it also helps the insurance companies to know whether the existing products are really satisfying the customer's needs. A sample size of 100 policy holders in Mumbai is taken. Researcher has taken based on demographic and insurance based preference factors and tested them with the help of percentages method. The analysed data has been presented in the form of different graphs and pie-charts.

Keywords: Investors, perception, Life insurance policies

An Insurance Investor is a person who commits to pay money for risk of his security or life with the expectation of financial return on the risk. "Life Insurance is a contract for payment of a sum of money to the person assured On the happening of the event insured against". Usually the insurance contract provides for the payment of an amount on the date of maturity or at specified dates at periodic intervals or at unfortunate death if it occurs earlier. Obviously, there is a price to be paid for this benefit. Among other things the contracts also provides for the payment of premiums, by the assured.

Life Insurance is universally acknowledged as a tool to eliminate risk, substitute certainty for uncertainty and ensure timely aid for the family in the unfortunate event of the death of the breadwinner. In other words, it is the civilized world's partial solution to the problems caused by death. Life insurance helps in two ways dealing with premature death, which leaves dependent families to fend for themselves and old age without visible means of support. The performance of private companies has paved the way of future when private companies show a higher profitability then public sector LIC.

Investors‟ behaviour is the study of how individuals make decision to spend their available resources (time, money and efforts) on investment related items. it helps the marketers to understand what, why, where, when and how an investor behaves with respect to products and services. Knowing answer to this question let marketers to design their marketing strategies accordingly.

Perception is a state of mind that creates a conscious or unconscious understanding of one's surrounding stimulated by current conditions, expectations and past memories. Investor Perceptions are dominant mental propositions that lead to decision making. An insightful perception study by the Insurance Company is an important and powerful management tool to design Insurance products and its campaign policies. Being aware of the opinions and views of investors assists companies to improve their communication with the market and to ensure the investment proposition is properly understood and is reflected in the valuation of the shares, which in turn will influence its cost of capital.

BENEFITS OF LIFE INSURANCE POLICIES

1) Superior to any other savings plan

Unlike any other savings plan, a life insurance policy affords full protection against risk of death. In the event of death of a policy holder, the insurance company makes available the full sum assured to policy holder's near and dear ones. In comparison, any other savings plan would amount to only the total savings plan accumulated till date. If the death occurs prematurely, such savings can be much less than the sum assured which means that the potential financial loss to the family is sizable.

ISSN 2394 - 7780

2) Encourages and Forces Thrifts
A saving deposit can easily be withdrawn. The payment of life insurance premium, however, is considered sacrosanct and is viewed with the same seriousness as the payment of interest on a mortgage. Thus, a life insurance policy in effect brings about compulsory savings.

3) Easy settlement and protection against creditors
A life insurance policy is the only financial instrument the proceeds of which can be protected against the claims of a creditor of the assured by effecting a valid assignment of the policy.

4) Administering the Legacy for Beneficiaries
Speculative or unwise expenses can quickly cause the proceeds to be squandered. Several policies have foreseen this possibility and provide for payment over a period of years or in a combination of installments and lump sum amounts.

5) Ready Marketability and suitability for quick borrowing
A life insurance policy can, after a certain time period (generally three years) be surrendered for a cash value. The policy is also acceptable as a security for a commercial loan, for example, a student loan.

6) Disability Benefits
Death is not the only hazard that is insured; many policies also include disability benefits. Typically, these provide for waiver of future premiums and payment of monthly installments spread over a certain time period.

7) Accidental death Benefits
Many policies can also provide for an extra sum to be paid (typically equal to the sum assured) if death occurs as a result of accident

RESEARCH METHODOLOGY
The study aims to find out the perception levels of the investors in Mumbai, while investing into life insurance policies. For this study the researcher used exploratory research design. This research covers 100 consumers in Mumbai city, belonging to various age groups.

NEED FOR THE STUDY
The Insurance industry is growing at a fast pace due to the change in demographic profile of the people. Education and increment in Economic capacity has added to this growth. Liberal FDI policies has given many foreign companies space to establish their formats here.

Inspite of this, a large section of the country is not Insurance Inclusive. When compared with the developed foreign countries, the Indian life insurance industry has achieved only a little because of the lack of insurance awareness, ineffective marketing strategies, poor affordability and low investment in life insurance products. The study is basically intended to know the perception of the investors towards life insurance policies

OBJECTIVES OF THE STUDY
1. To understand the various factors that build perception levels of the investors towards the life insurance polices.

2. To observe the impact of various perception factors on the purchasing behaviour of the investors

SAMPLE DESIGN
Sampling Unit: The sample unit of this survey was the customers having life insurance policies in Mumbai City {Western suburbs}. Convenient Sampling technique was adopted to survey the respondents.

Sample Size: The sample size was 100 customers of different life insurance companies, from various parts of the Mumbai City

SOURCES OF DATA
The data for the study has been collected from both primary and secondary sources. The primary data has been collected through a well-drafted interview schedule. The secondary data has been collected from the official website of the company, magazines and other insurance websites

DATA ANALYSIS:
Age of Respondents

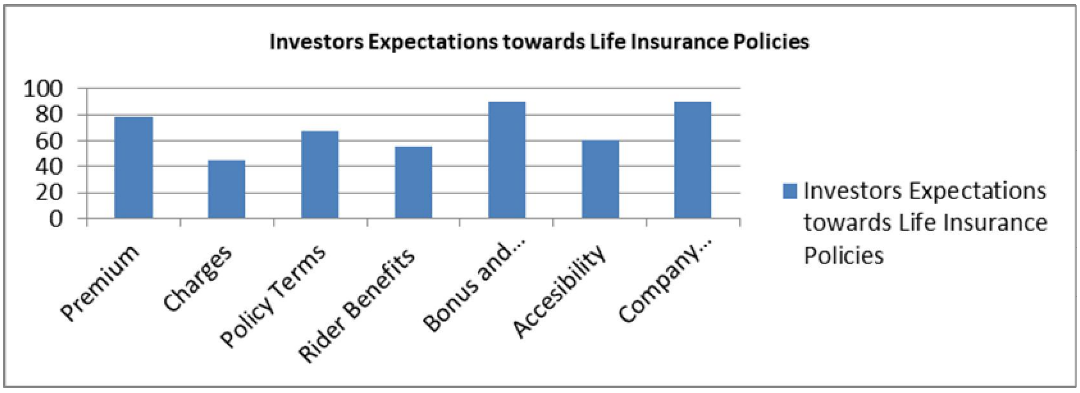
Age In Years	Number of Respondents
19-28	28%
29-38	46%

 ISSN 2394 - 7780

39-48	12%
49-58	10%
59-68	3%
69-78	1%

Table showing income group of Respondents

Annual Income	Percentage of Respondents
200,000 – 300,000	18%
300,000 – 500,000	34%
500,000- 800,000	28%
800,000 – 12,00,000	14%
More than 12,00,000	2%



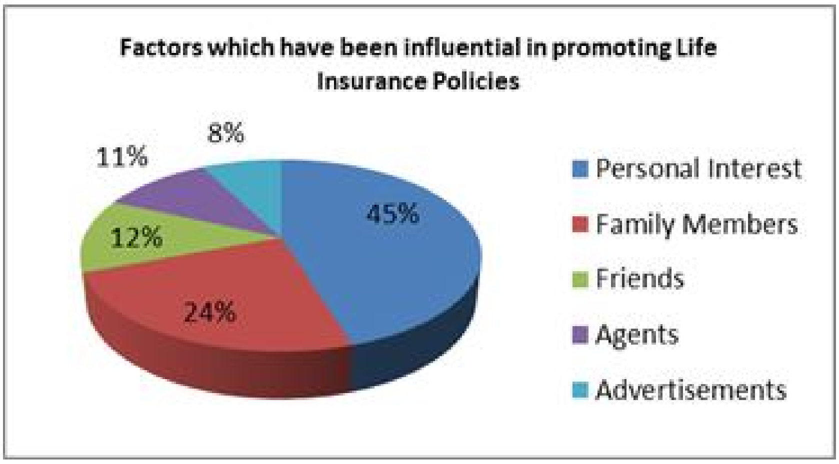
The above chart says that investors have some expectations by investing in Life Insurance Policies. Among all these parameters the investors has given their preference to premium , bonus & interest and company image.

Ranking based on Consumer Perception of various Insurance Attributes:

Consumer Perception of Life Insurance Attribute	Score	Rank
Return On Investment	30	1
Company Reputation	25	2
Premium Outflow	22	3
Service Quality	19	4
Product Quality	17	5

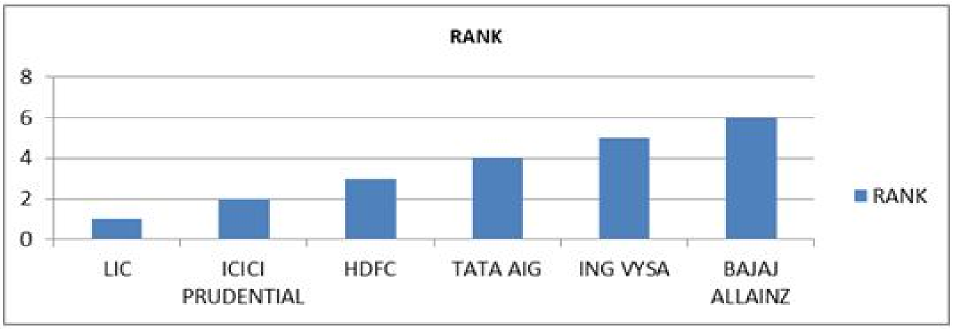
The above table shows the strengths and weaknesses of the brand, and what are the important criteria or attributes on which decision making is done. From this figure we can infer that consumers give more importance for Return on investment, secondly, they prefer company reputation, and then premium outflow followed by service quality and product quality.

Reference Groups which have been influential in promoting Life Insurance



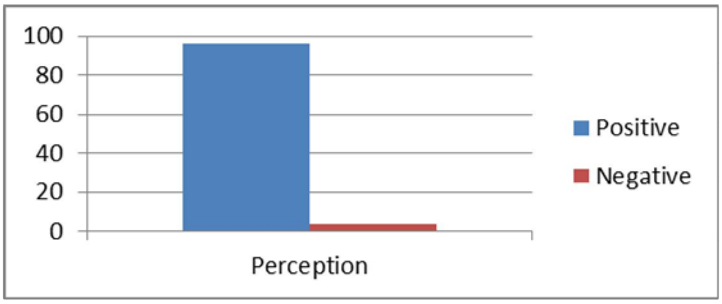
The above figure shows that the key factor which influences the consumers to buy the life insurance product is personal interests, followed by family, friends, agents and advertisements.

Scores of Different Life Insurance Companies



From the above figure it can ranked the life insurance companies, LIC stands first, followed by ICICI Prudential followed by HDFC Standard life, followed by TATA AIG.

Consumer Perception on Life Insurance Policies:



It has been observed that investors are having 96% of positive perception towards Life Insurance Policies.

OTHER FINDINGS OF THE STUDY

1. Most of the respondents wish to have chosen long term policies adding to more bonus value.

2.The rank of preference for other alternatives given by investors apart from Life Insurance Policies are ----bank deposits, gold & silver, real estate, mutual funds, post office, public provident fund, share & debentures.

3. The investors have shown more interest on investing of schemes such as money back policy, pension funds and whole life policy.

REFERENCES

- Athma, P. and Kumar R. (2007)) " An Explorative study of Life Insurance purchase decision making: influence of product and nonproduct factors ", ICFAI Journal Risk & Insurance, Vol. IV, October 2007, pg. No 19-21.
- Dr.R.Padmaja, Shifaly, A Study on Investors Perception Towards Lic (With Special Reference To Lic, Machilipatnam), IOSR Journal of Business and Management (IOSR-JBM) e-ISSN: 2278-487X, p-ISSN: 2319-7668. Volume 20, Issue 3. Ver. I (March. 2018), PP 48-53
- Eldhose.v and kumar. G (2008), “customer perception on life insurance services: a comparative study of public and private sectors", insurance chronicle icfai monthly magazine august 2008, pg. No 32-36.
- Narayana. J (2009), “Role of CRM in Life Insurance Business”, IRDA Journal, April 2009
- Tripathi. P.k (2008), "customer buying behavior with a focus on market segmentation”, summer training project, Chandigarh business school mohali, page no. 42-46.
- Ms. Babita yadav; Dr. Anshuja tiwari study on factors affecting customer"s investment towards life insurance policies. International Journal of Marketing, Financial Services & Management Research Vol.1 Issue 7, July 2012, ISSN 2277 3622
- P. Sridevi Ijrmec volume2, issue 5(may 2012) issn: 2250-057, A study of buying behaviour of consumers towards life Insurance policies in Perambalur district, Ijrmec
- www.licindia.in
- www.irda.com

ISSN 2394 - 7780

RESEARCH REQUIREMENTS OF NABARD ON AGRICULTURE AND CLIMATE CHANGE FOR SOUND POLICY MAKING AND THEIR ROLE IN POVERTY ALLEVIATION

Nair Ashwin Kaladharan[1] and Dr. Vanshika V. Ahuja[2]
Trainee[1], Astral Management Consulting Pvt Ltd
Assistant Professor[2], Seva Sadan College of Arts, Science and Commerce

A. ABSTRACT
NABARD is a development bank focusing primarily on the rural sector of the country. It is the apex banking institution to provide finance for Agriculture and rural development. It's headquarter is located in Mumbai, the country's financial capital.It is responsible for the development of the small industries, cottage industries, and any other such village or rural projects.It is a statutory body established in 1982 under Parliamentary act-National Bank for Agriculture and Rural Development Act, 1981.This paper focuses on the NABARD, Its Functions and It's role in the Contribution for development of the rural areas of the Country. Also, the analysis of it financial Position is also briefly outlined.

B. INTRODUCTION
NABARD is an acronym for NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT which is on existence since 12th July 1982. It was established under the act of Indian Parliament namely NABARD Act 1981. It is authorized with subjects of planning , operations and policies in the institutions of lending for agriculture and other activities relating to finance in the rural areas. It's main aim is to achieve remote rural opulence in the country replacing the work of Agricultural Refinance and Development Corporation (ARDC) which was under the RBI also of the Agricultural Credit Department of RBI. As per Current records, the Government of India is possessing 99.6 percent of it's share capital while RBI possess only 0.4 percent.

NABARD's Corporate Mission is: "Promote sustainable and equitable agricultural and rural prosperity through effective credit support, related services, institution development and other innovative initiatives." and NABARD is Chasing to achieve this mission by being unpretentious since the last 37 years. It is the peak level in the articulation of policy in the field of agriculture and rural development. Despite of the climate change issues, NABARD endorses the exceptional research to accelerate sound policy articulation.

C. OBJECTIVES OF THE STUDY
The Objectives of this study aims at

1) To Understand the History and Emergence of NABARD.
2) To study the functions of NABARD.
3) To determine the role played by NABARD
4) To analyse the research requirements for agriculture and climate change for sound policy Making.
5) To know the Contribution of NABARD in eradication of Poverty in villages.
6) To study the KPI's of NABARD of last year
7) To study the financial performance Analysis of of NABARD.

D. RESEARCH ANALYSIS
Research framework
The study is based on the Secondary data available about NABARD Bank for a detailed study of its financial statements.

Types of data which helped to prepare this report
The secondary data which was already prepared so these data was only used to reach the aims and Objectives of this project. These data has been collected from the financial reports of the Bank.

E. FUNCTIONS OF NABARD
NABARD was established as a development bank to perform the following functions:

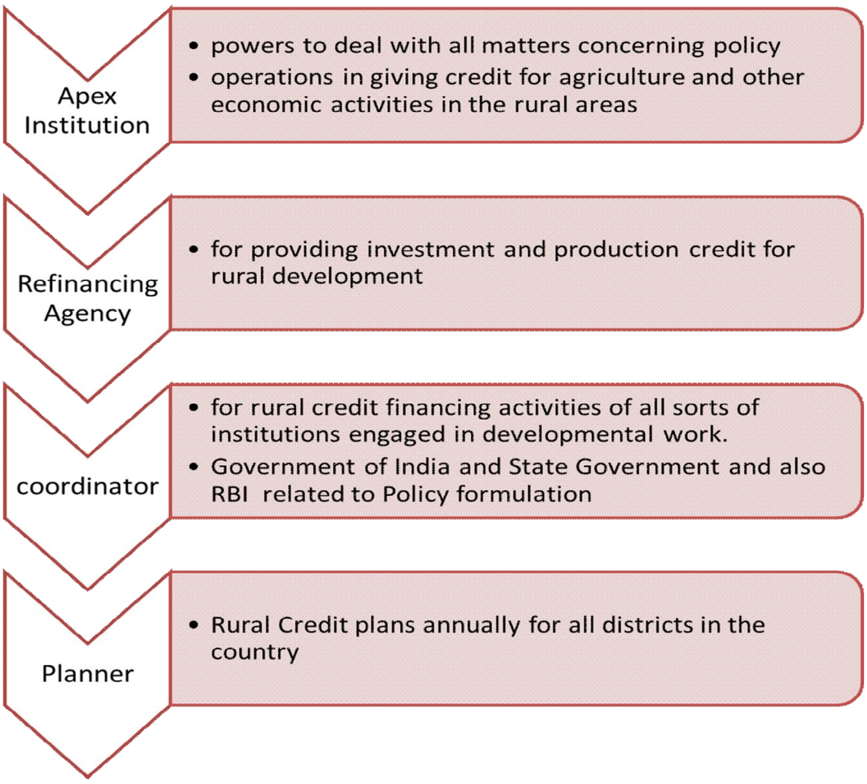
1. To serve as an apex financing agency for the institutions providing investment and production credit for promoting various developmental activities in rural areas;

ISSN 2394 - 7780

2. To take measures towards institution building for improving absorptive capacity of the credit delivery system, including monitoring, formulation of rehabilitation schemes, restructuring of credit institutions and training of personnel;
3. To coordinate the rural financing activities of all institutions engaged in developmental work at the field level and liaison with the Government of India, the State Governments, the Reserve Bank and other national level institutions concerned with policy formulation;
4. To undertake monitoring and evaluation of projects refinanced by it.
5. NABARD gives high priority to projects formed under Integrated Rural Development Programme (IRDP).
6. It arranges refinance for IRDP accounts in order to give highest share for the support for poverty allevia-tion programs run by Integrated Rural Development Programme.
7. NABARD also gives guidelines for promotion of group activities under its programs and provides 100% refinance support for them.
8. It is setting linkages between Self-help Group (SHG) which are organized by voluntary agencies for poor and needy in rural areas.
9. It refinances to the complete extent for those projects which are operated under the ‘National Watershed Development Programme ‘and the ‘National Mission of Wasteland Development‘.
10. It also has a system of District Oriented Monitor-ing Studies, under which, study is conducted for a cross section of schemes that are sanctioned in a district to various banks, to ascertain their performance and to identify the constraints in their implemen-tation, it also initiates appropriate action to correct them.
11. It also supports “VikasVahini” volunteer programs which offer credit and development activities to poor farmers.
12. It also inspects and supervises the cooperative banks and RRBs to periodically ensure the development of the rural financing and farmers’ welfare.
13. NABARAD also recommends about licensing for RRBs and Cooperative banks to RBI.
14. NABARD gives assistance for the training and development of the staff of various other credit institutions which are engaged in credit distributions.
15. It also runs programs for agriculture and rural development in the whole country.
16. It is engaged in regulations of the cooperative banks and the RRB’s, and manages their talent acquisition through IBPS CWE conducted across the country.

ISSN 2394 - 7780

F. ROLE OF NABARD



G. RESEARCH REQUIREMENTS FOR AGRICULTURE AND CLIMATE CHANGE FOR SOUND POLICY MAKING

3.1 Research and Development Fund	**3.1.2 Support for techno-economic research projects, studies, action research, and surveys in the field of agriculture and rural development**	**3.1.3 Occasional Papers/ Books/ Monographs**	**3.1.4 Potential Areas for Climate Change Research**
Research and Development (R&D) Fund was set up in NABARD as per the provisions of NABARD Act 1981, for the purpose of providing training facilities, dissemination of information and the promotion of research, including the undertaking of studies, research, techno-economic and other surveys in the field of rural banking, agriculture and rural development. NABARD provides grant or loan assistance for these purposes, including fellowships and chairs to eligible institutions. The Fund has a corpus of INR 500 million. Some of the major assistance provided by NABARD under R&D Fund are as follows: (i) Supporting conduct of seminars/ conferences/ symposia/ workshops/	Support is provided to universities, research institutions, management schools and other agencies which are engaged in the promotion of agriculture and rural development for conducting action-oriented applied research in the field of agriculture and allied activities, climate change issues, rural development, development banking, rural infrastructure, rural business, risk management, insurance, and other areas considered appropriate by NABARD. Also corporate research units in the field of agri-business and related areas, and also registered action-oriented research institutions, Panchayati Raj	NABARD invites proposals for writing Occasional Papers/ Books/ Monographs from experts through advertisements, or direct contacts, on themes which are of relevance to NABARD. The authors are expected to come out with policy prescriptions for the benefit of society. 3.1.4 Potential Areas of Research for Agriculture and Rural Development NABARD supports applied research in agriculture and rural development which have policy implications. In the recent past it has supported research studies by selected institutions in the areas of natural resource management, rural infrastructure, agriculture value chain and rural service sector. NABARD is also in the process of	The following are some of the potential areas/ themes for Climate Change Research, having policy implications, which could be considered by NABARD for assistance under R&D Fund, depending on their suitability: Climate Finance (i) Financial Architecture (ii) Innovative Instruments for Climate Finance (iii)Reporting Standards for Climate Finance (iv)Green Banking: Scope & Policy Requirements (v) Feasibility of

ISSN 2394 - 7780

round table discussions, aimed at dissemination of knowledge/ information for its wider use in the field of agriculture and rural development. (ii) Supporting training, capacity building of constituents of NABARD. (iii) Supporting techno-economic research projects, studies, action research, and surveys in the field of agriculture and rural development. (iv) Establishing NABARD Chair Units at agricultural universities/ universities with strong Agricultural Economics discipline/ research institutions/ management schools of repute, in order to encourage applied and empirical research, with focused attention on a particular theme/ area. (v) Instituting schemes for providing scholarships to post-graduate/ doctoral students in prominent agricultural universities/ other universities. (vi) Supporting authors/ reviewers/ editors to write/ review/ edit Occasional Papers/Monographs/ Working Papers/ Books/ Policy Briefs/ Research Articles on subjects related to the operations of NABARD. (vii) Supporting Student Internship Scheme for post-graduate research students in Agriculture, Agri-Business, Economics and Management from reputed universities/ institutes.	Institutions at state/ district levels, NGOs/ MFIs with demonstrated abilities are also eligible on a very selective basis for providing support for research studies/ action research. The research proposals need to be of an empirical nature having a bearing on problems of rural banking, agriculture and rural development, including climate change issues, MSMEs, rural services, rural infrastructure, etc.The research projects should lead to results which could lead to policy advocacy. Normally, the duration of research should not exceed two years. Proposals are accepted by NABARD on an ongoing basis. Further, NABARD also separately invites through advertisements, research proposals from researchers sponsored by their affiliated institutions, on specific themes with strong policy implications, which are of high priority to GoI, RBI and NABARD.	commissioning research studies on “Doubling of Farmers’ Income by 2022” in different agro-climatic regions of the country, with a view to strategizing and policy making which could enable the achievement of the mission set by Government of India. Potential areas of research for agriculture and rural development could include: agriculture credit and capital formation; efficacy of digitization for fasterfinancial inclusion; agriculture value chain and agri-marketing reforms; mitigation of agrarian distress; socio-economic and environmental impact evaluation of rural infrastructure projects; impact of SHG-Bank Linkage Programme on livelihoods and empowerment of women; crop insurance and agriculture risk mitigation; impact evaluation of watershed development projects; impact evaluation of tribal development projects; effectiveness of producer organizations in promoting sustainability and economic viability of small farmer production system; agricultural tenancy reforms, etc.	Debt Instruments for Adaptation Projects (vi)State-wise Realistic Assessment of Climate Finance. Economics of Adaptation (i) Land use measurement: Soil carbon (ii) Carbon Sequestration (iii) Solar Energy – Action Research on Sustainable and Competitive Models (iv) Impact of Adaptation Projects on Livelihoods (v) Assessing Loss and Damage due to Climate Change Impacts (vi) Quantification of Benefits from Adaptation Projects These themes are illustrative in nature, and empirical research on any topic on climate change with strong policy implications could be considered by NABARD for financial support.

H. DATA ANALYSIS AND INTERPRETATION

A. Types of data which helped to prepare this report

B.

C. The secondary data which was already prepared so these

D. data was only used to reach the aims and objectives of

E. this project. These data has been collected from the
F. financial reports of the Bank
G. Types of data which helped to prepare this report
H.
I. The secondary data which was already prepared so these
J. data was only used to reach the aims and objectives of
K. this project. These data has been collected from the
L. financial reports of the Bank

M. Types of data which helped to prepare this report
N.
O. The secondary data which was already prepared so these
P. data was only used to reach the aims and objectives of
Q. this project. These data has been collected from the
R. financial reports of the Bank

Types of data which helped to prepare this report

The secondary data which was already prepared so these data was only used to reach the aims and objectives of this project. These data has been collected from the financial reports of the Bank

NABARD'S KEY PERFORMANCES IN THE LAST YEAR:

"Boosting long term credit for capital formation, banking technology for rural financial institutions, enhancing area under irrigation, improving irrigation efficiency and rural housing stayed at top on our 'To-Do List' during 2017-18,"

Dr. Harsh Kumar Bhanwala, Chairman, NABARD

[I]. NABARD in Numbers - 2017-18 (Rs. in crore)

	Particulars	31/3/2017	31/03/2018	Annual growth (%)
			(Provisional)*	(Over the previous year)
A	Balance Sheet Size	348260	4,06,473	17%
B	Capital & Reserves	31,471	38345	22%
C	Loans & Advances outstanding	3,08,631	3,54,688	15%
	Of which			
C(i)	Long Term Refinance	1,05,209	1,22,688	17%
C(ii)	Loans under RIDF	1,00,981	1,10,062	9%
C(iii)	Long Term Irrigation Fund	9,086	20,447	125%
C(iv)	Food Processing Fund	139.79	239	71%
C(v)	Warehousing Infrastructure Fund	3402	4296	26%
C(vi)	Prime Minister's AwasYojana- Gramin		7329	
C(vi)	Other direct loans	14504	21,869	51%
D	Surplus*	2,631	2950	12%
E	Per employee productivity	48	56	17%

*Pre-Audit

I. FINDINGS OF STUDY

[II]. BUSINESS AREAS

NABARD's stress on boosting the long-term loan segment through refinance resulted in improved growth this year with refinance outstanding touching Rs. 1,22,688 crores, reflecting a 17 % growth.

As against the target of Rs 10.00 Lakh Crore, actual agri credit flow during 2017-18 stood at Rs 10.46 Lakh Crore (provisional data -Term Loans - Rs. 3,69,624 Crore; Crop Loans - Rs. 6,76,653 Crore) as on 28 February

ISSN 2394 - 7780

2018. NABARD's refinance played a catalytic role in the ground level credit flow. Its total refinance disbursements of Rs.1,45,061 (Long term: Rs. 65,240 Cr.+ Short term: Rs. 79,821 Cr.) were about 14 % of the total ground level credit. In case of RRBs and Cooperative Banks, the same was nearly 55% of their total disbursements.

A significant development this year was diversification of NABARD's client base with loan disbursements of Rs. 3900 Crore to Small Finance Banks and Rs. 2794 Crore to NBFCs/ NBFC-MFIs.

Financing a variety of rural infrastructure projects has emerged as one of the most dominant themes of rural India's growth. Over the last four years, we have defined our role as an important stakeholder in infra financing sector in rural India. NABARD's outstanding loans under RIDF and LTIF touched Rs.1,30,509 Crore during the year. Alongside, NABARD took significant strides in providing direct infrastructure loans benefiting rural areas. NABARD Infrastructure Development Assistance (NIDA) saw its outstanding touch Rs. 7,242 Crore, up from Rs. 4948 Crore last year. Warehouse financing saw NABARD's outstanding loans to this sector reach Rs. 4,296 Crore while the same for Food Processing sector was Rs. 239 Crore. Eleven Mega Food Parks, 1 Integrated Food Park and 03 individual food-processing units have been sanctioned under the Food Processing Fund set up with NABARD.

NABARD supported the Pradhan MantriAwasYojana – Gramin (PMAY-G), through a loan of Rs. 9,000 Crore to the National Rural Infrastructure Development Authority (NRIDA). An amount of Rs. 7,329 Crore was availed during 2017-18.

[III]. Development work done by NABARD during the year

Financial Inclusion and NABARD: Cooperative Banks witnessed significant progress in their transition to digital banking during the year 2017-18 with 350 Cooperative Banks supported by NABARD for onboarding to RuPayKisan Card (RKC) platform as on 31 March 2018. These banks issued 1.76 Crore RKCs during the period. RRBs increased their tally to 1.13 Crore in FY 2017-18. During 2017-18, NABARD spent Rs. 293.79 Crore under the Financial Inclusion Fund (FIF) towards a host of initiatives like Financial Literacy Camps, Demonstration of Banking Technology through ATM Vans, Centers for Financial Literacy and various other types of capacity building projects.

Going Digital with E Shakti – the future of Self Help Group movement: Project EShakti for digitisation of SHGs is being implemented in a total of 100 districts today. The number of SHGs digitised as on 31 March 2018 stands at 3.5 lakh in 54,600 villages touching 3.8 million families. The growth of Micro Finance continued during 2017-18. The available data shows that the programme covered 88.78 Lakh SHGs. Estimated number of SHGs financed during the year is around 28 lakh which were provided loans to the tune of Rs. 47,000 Crore during the year. It is also heartening to note that the number of JLGs has gone up to 22.22 Lakh and over 6.50 Lakh JLGs were given credit to the tune of Rs.6,514 Crore during 2017-18.

Green Initiatives during the year: In a huge boost to the work done by NABARD in this sector, the Adaptation Fund under UNFCCC re-accredited NABARD as the National Implementing Entity (NIE) till 2022. 35 projects with grant assistance of Rs. 1593 Crore have been sanctioned till date by NABARD under various funding mechanisms like GCF, AF and NSCCC covering very sensitive areas like crop residue management in Punjab and Haryana, solar roof top segment and Ground Water Resurgence and Solar Pumping System. NABARD successfully improved the livelihoods of 5.16 lakh famers under its Watershed Development Program and 3.66 lakh tribal families under its Wadi (orchard development program). These 2290 projects are spread over 28 states. Cumulatively Rs 1,641 Crore have been released as grant till date under various Watershed Program and Rs. 1,462 Crore under Wadi Program by NABARD.

Farmer collectives: NABARD followed up on the agenda of establishing many Farmer Producers Organizations (FPOs) during the year. Under GOI's PRODUCE Fund, 2154 FPOs have been sanctioned cumulatively, of which 2,040 FPOs were registered up to 31 March 2018. Simultaneously, NABARD, which has set a target of forming 3,000 FPOs also formed 1,850 FPOs out of its own fund support. In a unique initiative NABARD set up "Krishak Sarathi", a portal for digitisation of Farmer Clubs to facilitate a digital database of farmers and ensure their sustainability in the long run. Over 23000 Farmers' Clubs have been digitized during the year.

Water Campaign: NABARD's day long water campaign (Jal Jeevan Hai), was implemented in 1,01,569 villages in India's 250 most vulnerable districts. The program brought together multiple stakeholders at such a huge scale in an effort to inculcate water consciousness at the grass root level.

J. ROLE OF NABARD IN ERADICATION OF POVERTY:

NABARD has entered into various governmental and non-governmental schemes for eradication of Poverty. Some of them are as below:

1.	Centrally Sponsored Scheme – Subsidy For Organic Farming and Production of Bio-fertilizers.
2.	Centrally Sponsored Scheme For Setting Up Of Rural Godowns and Storage Infrastructure.
3.	Centrally Sponsored Scheme for Agricultural and Marketing Infrastructure Upgradation.
4.	Capital Investment Subsidy Scheme for Setting Up Of Agriclinics and Agribusiness Centers.
5.	Warehouse Infrastructure Fund For Construction of Cold Storages, Warehouses, Silos and other Cold Chain Infrastructure.
6.	Deendayal Antyodaya Yojana – National Rural Livelihoods Mission (DAY-NRLM).
7.	Scheme for promotion of Women SHGs (WSHGs) in backward & LWE districts of India.
8.	Capital Subsidy Scheme for Technology Up-gradation of Micro & Small Enterprises.
9.	Long Term Irrigation Fund For Farmers To Build Irrigation Canals.
10.	National Livestock Mission for rearing of Pigs, Poultry, Buffalos and Rabbits.
11.	Funding For Setting Up Food Processing Units and Food Parks.
12.	Capital Subsidy-cum-Refinance Scheme for Installation of Solar Off-grid
13.	GoI Scheme – DAIRY ENTREPRENEURSHIP DEVELOPMENT SCHEME

K. ANALYSIS &INTERPRETATION

In this study I will do analysis in the statement of National Bank for Agriculture and Rural Development (NABARD). Balance sheet as on year 2017 and 2018, Profit and loss account for same year I use the comparative statement analysis one of the methods of financial analysis.

In this method use formal to calculating the change between the information which given in the statement (balance sheet , profit and loss account) Comparative analysis = current year – base year figure /base year *100

Profit & Loss Account for the Year 2017-18

PARTICULARS	SCHEDULE NO	YEAR ENDING ON 31-3-2017	YEAR ENDING ON 31-3-2018	ABSOLUTE CHANGES	PERCENTAGE %
INCOME InterestReceived on Loansand Advances					
Income from Investment operations/ Deposits		19153,74,64	21354,70,20	22,00,95,56	11.49
Other Income					
TOTAL (A)		3021,23,72	2982,85,21	383851.00	1.27
EXPENDITURE Interest and Financial Charges	14	259,13,51	258,74,88	3863.00	0.15
Establishment and otherexpenses	15 A	22434,11,8	24596,30,2	21621842.00	9.64
Expenditure on Promotional Activities	15 B	7.00	9.00		
Provisions	16				
Depreciation		16268,66,8	17848,55,9	162216910.00	99.71
TOTAL (B)		2.00	2.00		
Profit before Income Tax (A–B)		2027,10,77	2026,96,80	1397.00	0.01
Prior period items					
Provision for Income Tax		43,66,09	52,53,81	88772.00	20.33
Deferred Tax Asset Adjustment		179,35,26	211,18,35	3,18,309	17.75
Profit after Tax		2,86,199	18,36,84	1,02,515	35.82
Provision for Dividend and DDT of Subsidiaries		1,85,474,093	20157,61,72	1,65,316,48	89.13
Profit after Tax and Dividend				1.00	
Minority Interest		38867094.00	4438,68,57	5519763.00	194.20
Profitavailable forAppropriation					

International Journal of Advance and Innovative Research
Volume 6, Issue 3 (I): July - September, 2019 Part - 3
ISSN 2394 - 7780

National Bank for Agriculture And Rural Development Consolidated Balance Sheet As On 31 March 2018

PARTICULARS	SCHEDULE NO	YEAR ENDING ON 31-3-2017	YEAR ENDING ON 31-3-2018	ABSOLUTE CHANGES	PERCENTAGE %
(i) Capital		5000,00,00	5000,00,00	-	-
(Under Section 4 of the NABARD Act, 1981)					
ii) Advance towards Capital		1700,00,00	5580,00,00	3880,00,00	228.23
Reserve Fund and Other Reserves	1	27915,93,78	24920,64,82	2995,28,96	10.73
National Rural Credit Funds	2	16078,00,00	16082,00,00	40000.00	0.02
Gifts, Grants, Donations and Benefactions	3				
GovernmentSchemes	4	4943,94,59	5456,12,02	51,21,743	23.87
Minority Interest	1A	2145,70,01	1423,33,19	72223682.00	336.60
Deposits	5	98,19,17	121,25,06	2,30,589	23.48
Bonds and Debentures	6	194414,81,9	214449,97,4	200351545.00	10.31
Borrowings	7	7.00	2.00		
Current Liabilities and Provisions	8	50536,53,76	74020,15,49	233836173.00	46.27
TOTAL		44568,75,87	34989,49,17	9,57,92,650	21.49
Forward Foreign Exchange Contracts (Hedging) as per Contra		12378,12,38	13782,58,22	1,40,44,584	11.35

Comparative financial statement for NABARD financial services limited balance sheet for the year 2017-18.

[1] The reserves and other reserves increase in the 2018 more than 2017 represent 10.73% therefor difference amount 299,52,896 Grant from NABARD.

[2] There is increase from borrowing the bank take more borrowing than 2017 that emphases there are more activities than shows in21.49%

[3] Gross block in the bank not more than two year 2018 and 2017 so that show of 1.67482% so that the not block shows of represent that1.4346%

[4] Current liabilities of the bank has increased of 1,40,44,584 this represent of 11.3462% incensement. Main aspect of the Interpretation shown that the position of bank is not bad but the bank must pay affliction on profit after tax and control on expenses. The assets and liabilities of the bank a good position .The bank incurred so laugh interest and other charge this want extraattention.

L. CONCLUSION

Hence, after the analysis it is concluded that

i. NABARD is the backbone for the agriculture and the Rural development.

ii. It emerged on 1st july 1982. Since then, It is engaged in the Agricultural and SSI development by providing Finance to them.

As the Study Progresses, The following are also denoted

i. NABARD's functions and its role in the contribution of the rural growth.

ii. NABARD's emergence and KPI's.

iii. Research Requirements for Agriculture and Climate Change for Sound Policy Making.

iv. Contribution in eradication of Poverty in villages.

v. Analysis of Previous Year and Current Year Figures of NABARD

The Future Aspects of the NABARD can be concluded as

i. The current financial position of the bank is strong because the current assets has excess on current liabilities.

ii. The long term financial position of concern is excellent because the bank has increased his fixed assets and share capital

ISSN 2394 - 7780

M. REFERENCES

1) Singla, (2001). How to develop a single index for financial performance, Indian Management, Vol.12, No.5, pp.59-62.

2) Dabasish Sur (2001). Liquidity Management: An overview of four companies in Indian Power Sector, The Management Accountant, pp.407-412.

3) Govindan Rao, D. and MohanaRao, P. (1999). Impact of working capital on profitability in cement industry – A correlation analysis, New Delhi: Deep and Deep Publishers.

4) Jagan Mohan Rao, P. (1993). Financial Appraisal of Indian Automotive Tyre Industry, Finance India, Vol.VII, No.3, pp.683-685.

5) Kallu Rao, P. (1993). Inter Bank Financial Analysis of Tea Industry Retrospect and Prospect, Finance India, Vol. VII, No.3, pp.587-602.

6) https://www.drishtiias.com/important-institutions/drishti-specials-important-institutions-national-institutions/national-bank-for-agriculture-and-rural-development-nabard

7) http://www.dynamicpublisher.org/gallery/125-s169.pdf

International Journal of Advance and Innovative Research
Volume 6, Issue 3 (I): July - September, 2019 Part - 3
ISSN 2394 - 7780

ALTERNATIVE INVESTMENT FUNDS IN INDIA- WITH SPECIAL REFERENCE TO BUDGET – 2019

Dr. V. S. Kannan[1] and Vaishali Ojha[2]
Associate Professor & Vice Principal[1] and Assistant Professor[2], KES Shroff College, Kandivali (W), Mumbai

ABSTRACT
In today's Investment era, an investor has a wide array of Investment Avenues. Gone are the days when investors used in invest only in traditional investment avenues like shares, bond, gold, post office schemes, bank deposits etc. In current scenario investor are exposed to different and modern investment asset class known as Alternative Investment Fund. In union budget 2018, the then finance minister Mr. Arun Jaitley said in his speech to improve the Alternative Investment fund and to strengthen its horizon, it was a indication especially for Venture capital and Angle investors. This paper is an attempt to explore the fundamentals of one of the modern investment avenues i.e. Alternative Investment Funds. SEBI had introduced the AIF in August 2012 to ease capital flows into various alternative investment assets classes. Although this asset class more belong to High net worth individual and Institutional Investors, Alternative investment funds (AIFs) got capital commitments worth ₹1.17 trillion (around $17 billion) in fiscal 2019, indicating increasing investor interest in Asia's third-largest economy, according to data from the Securities and Exchange Board of India (SEBI).

Keywords: Alternative Assets class, Alternative Investment Funds, Private equity, Hedge Funds, Venture Capital Funds

INTRODUCTION
In last three decades Alternative Investment has gained popularity in International Financial Market as well Indian Financial Market. Six years ago, in the year 2012 regulations were formulated for Alternative Investment Funds and today evidently gained acceptance among India's ultra-rich or we can say high net worth individual and institutional investors as strong investible platforms.

According to Forbes's 2018 statistics of list of the World's Billionaires, in half a decade, the number of players in the Alternative investment funds area has risen to 366, an over-17-fold jump from 21 in 2012. This trend has been underpinned by the increasing tribe of billion-dollar fortunes in India—119. Indian Alternative Assets management industry has come a long way from early 1990s when venture capital and private equity emerged as a formal source of capital for Indian entrepreneurs.

Alternative investment assets class is not inclusive in nature it has a exclusive feature, Like we cannot say which security to include rather we need to understand which is excluded from Alternative investment category i.e. all security except stock, bond and cash will be termed as Alternative investment.

OBJECTIVES OF THE STUDY
This research paper intend to full fill the following objectives:

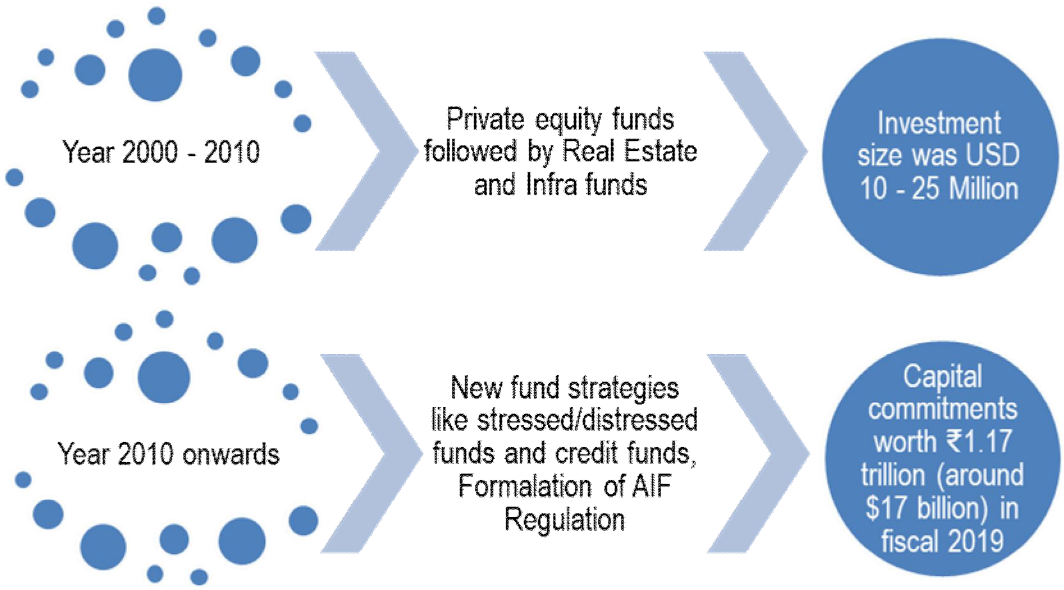
1. To study the Alternative Investment avenues available in financial market.
2. To know the fundamentals of AIFs (Alternative Investment Funds) in India
3. To find the major budget reforms proposed in Budget-2019, for Alternative Investment Funds

RESEARCH METHODOLOGY
The research has used secondary data source like reports published by government and other regulators like SEBI, articles published by analysist in newspaper, magazine etc.

LITERATURE REVIEW
The review of literature has been divided into four category which includes evolution of alternative assets class, Alternative investment avenues, AIFs- A new Investment Regime which is further subdivided in categories of AIF and in the end AIFs with reference to Budget 2019.

EVOLUTION OF ALTERNATIVE ASSETS CLASS
The evolution of alternatives can be broadly categorized across three decades:

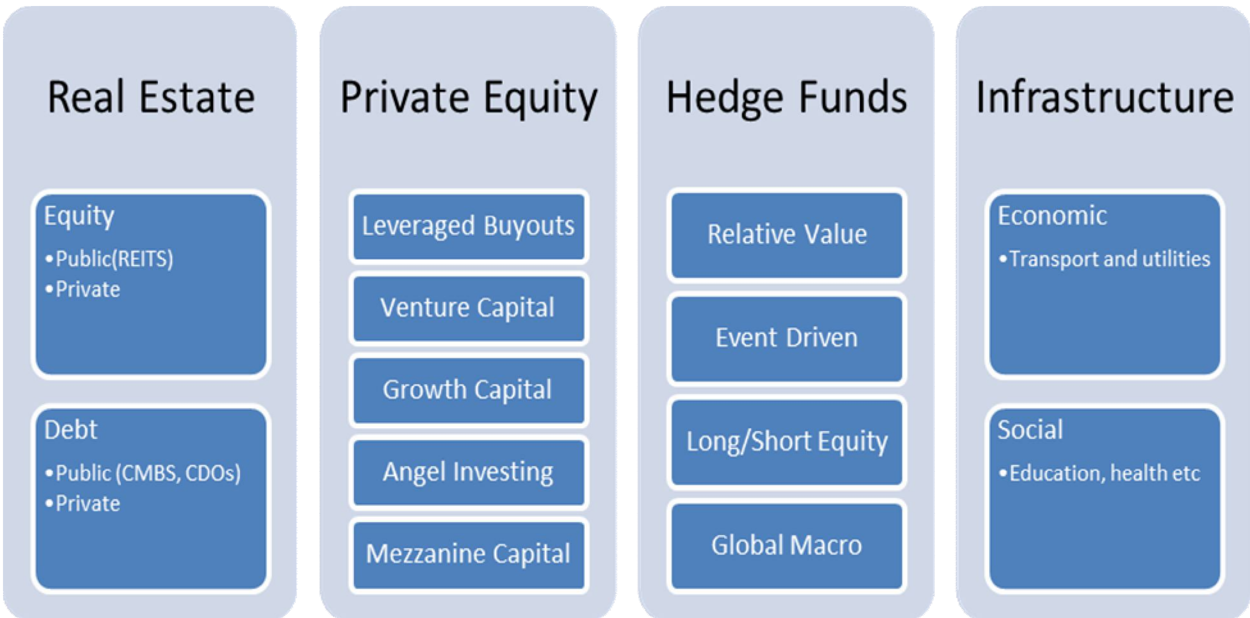
ISSN 2394 - 7780



Alternative Investment: Alternative investment is category of the investment other than traditional investment avenues like stock, bond and cash. The term alternative investment is a broad term which includes tangible assets like antique and art items, wine and various financial assets such as real estate, commodities, managed futures, private equity, hedge funds, funds of funds, venture capital aetc.

According to the report of World Economic forum published on July, 2015 Alternative Investment assets class include some core Alternative Investment assets like Private equity buyouts, Hedge funds and Venture capital and other Alternative assets class like, Private equity funds for real estate, infrastructure and Other alternative funds. Both of the category are available and Selectively used as well only accessible to High Net worth individuals and institutional investors.

The following diagram shows the alternative asset class universe studied by Hedge funds research, venture economics, RREEF Research.



Source: Hedge Funds research, venture economics, RREEF Research

A survey conducted on alternative investments by 100 thousand financial advisors and 50 thousand institutional investors by Morningstar and Barron’s 2010 It was found the survey that institutional investors have defined broad range of assets as part of the alternative group. The highest ranked are investments in natural resource equity, real estate, physical commodities, private equity, managed futures and venture capital investments. The second category of sample survey, which was composed of financial advisors, have investment category of private equity and venture capital, managed futures, commodities and also some hedge fund strategies as long/short, market neutral and debt arbitrage as the main alternative investment types.

International Journal of Advance and Innovative Research
Volume 6, Issue 3 (I): July - September, 2019 Part - 3

ISSN 2394 - 7780

AIF- A new investment Regime

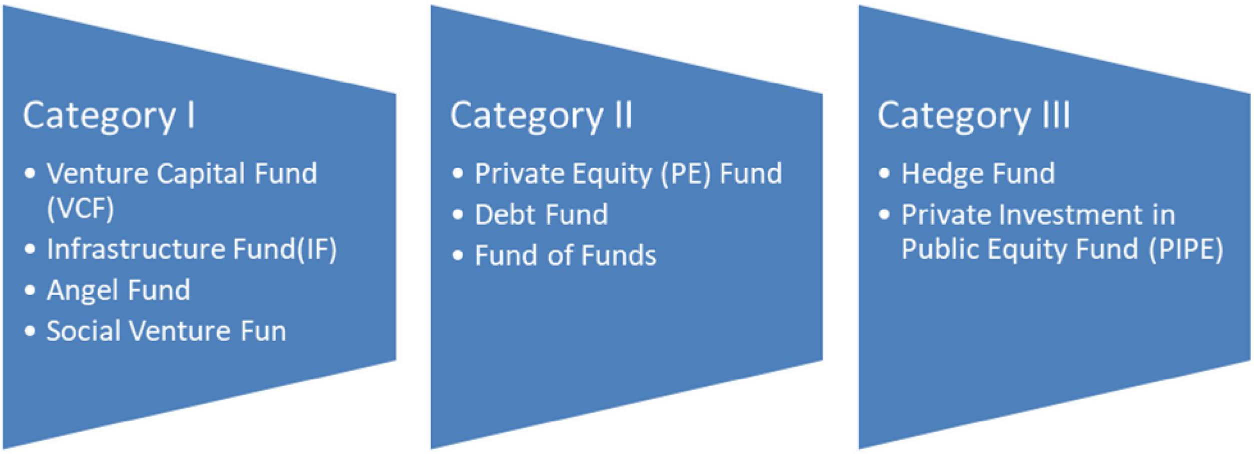
According to the reports published by SEBI the net cumulative fund raised by AIFs (Alternate Investment Funds) in the past six years till March end 2019 is Rs 1.3 lakh crore wherein total commitments from local and international or foreign investors are over Rs 2.8 lakh crore. According to the data showed by SEBI, there are 598 registered AIF in India till date.

Alternative Investment Funds refers to privately pooled investment funds which mobilize funds from surplus units to deficit units of the society by investing in Infrastructure funds, Real Estate venture capital, private equity, hedge funds, managed futures, etc. In other words an AIF refers to an investment which is different from conservative or traditional investment avenues such as stocks, debt securities, etc.

According to Security and Exchange Board of India (AIFs) Regulations, 2012, under the Regulation 2(1)(b), Alternative Investment Fund is a privately held investment fund which can be raised either from local or foreign sources, by way of company, equity, trust or a Limited liability Partnership or a corporate body as company. Alternative Investment funds are pooled investment category under which investment is made in the securities other than the traditional investment securities in form of private equity, venture capital funds, managed futures, hedge funds, infrastructure funds etc. SEBI has classified the AIFs in three category which will be discussed in next section of this research paper.

Categories of Alternative Investment Funds: According to data published by Securities and Exchange Board of India (SEBI) In the march quarter od 2017-18 the AIF investment were recorded at Rs 61,401.57 crore, which was rose approximately Rs. 1.10 lakh crore in the Jan-March quarter in 2018-19 leading to an increase of 78.7 per cent from the year-ago period. Out of Rs 1.10 lakh crore investment, Rs 10,893 crore has been drawn by Category I of AIFs Category II, Rs 68,085.75 crore and Category III has been poured Rs 30,801.78 crore. (Article published in The Hindu Business Line, dated May 02, 2019)

According to the Securities and Exchange Board of India (SEBI), under SEBI (AIFs) regulations, 2012 Alternative Investment Funds are classified into three broad categories:



Category I: Under this category of AIFs investment is made in those funds that get some sort of privileges in incentive form from the government and any other authorized regulatory body which generally include socially and economically required ventures such as social venture funds, infrastructure funds (roads, bridges etc.) and venture capital funds which are for the said purpose under this category. Every developing country like India need to have more and better bridges, roads, airports, railways to meet the national aspirations as well to gear up the economy. Citizen of India have global objectives which demands the proper and world class infrastructure across the nation.

In this scenario, Infrastructure Funds under the Category I of AIFs are raising and investing funds for the construction of infrastructure across the nation. For this purpose the National Investment and Infrastructure Fund Limited (NIIFL) was established in 2015 by The Government of India for this purpose and to facilitate the investment in domestic infrastructure and to take the advantage of growth and expansion just over the prospect.

On the other hand if we talk about the Venture capital funds in India it will not be a big thing to say that India has a vivacious network of new business plans or we can say startups. Venture capital funds help to invest in those startup and generate the returns out of it. Currently, approximately 7,200 startups are there in India. There are many startups in India that are making big and permanent change in society for a better social framework in country. Government of India is also providing full support by giving framework to institutionalize it. Such framework gives investors clarity about all the fundamental details for VCF (Venture Capital Funds) like structure, procedure, and due diligence of investments in startups making investing in Venture Capital Funds. The recent government pronouncement to ease norms for startups which includs exemptions for AIFs investing in startups makes this investment category i.e. Venture Capital Funds even more attractive.

Another fact under this category for SME Funds is, it has been established to take advantage of Medium-sized enterprises which are profoundly traded on Indian financial market. SME funds are relatively high volatile in nature which are more suitable for investors with very low risk appetite.

Category II: This category is specific to those investments which cannot be part of category I and III such as funds of fund, private equity fund etc.

Private Equity (PE) in India has come of stage of development. The enormously high exits made in 2017 and 2018 highlight this. In 2017 Private Equity Funds received investments in excess of $26 billion while exits from investments stood at $16 billion. India's share in global private equity is little but still investors are interested in private equity in India because of its growth in last many decades and its growing investor's base.

Just like other investment avenues in alternative investment private Equity Funds are also not for individual or retail investor leading to only less than .01% of investors (high net worth and individual investors) can invest in private equity

Category III: Under this category of Alternative Investment Funds , hedge funds or funds which trade with a view to make short term returns or such other funds which are open ended and for which there is no specific incentives or concessions are given by the government or any other Regulatory authority.

According to William (Bill) J. Kelly, The CEO of The Chartered Alternative Investment Analyst Association, Hedge Funds that is the category III of AIFs are a new investment vehicle in India. At this stage it's not became much popular one of the reason is gains earned from hedge funds are taxed at fund level. Indian investors with higher risk appetites are attracted to some hedge funds which are expected to generate returns in rising and falling markets or provide risk premium that is uncorrelated to the public equity markets.

He also added that while not the most popular AIF, the promise of returns in falling and rising markets or lower overall portfolio volatility through diversification makes them attractive to Indian investors. A more favorable tax regime governing hedge funds is likely to increase their attractiveness.

DATA ANALYSIS AND INTERPRETATION

Following table shows the growth of Alternative Investment Funds in India in the year 2018 and 2019 **(**Cumulative net figures has been shown provided by registered AIFs under SEBI) **(All figures in Rs. Crores)**

Table No-1

		Category I							
	Category	**Infrastructure Fund**	**Social Venture Fund**	**Venture Capital Fund**	**SME Fund**	**Category I Total**	**Category II**	**Category III**	**Grand Total**
Cumulative net figures as at the end of 31 December 2018	Commitments raised	11,921.74	1,162.76	19,373.46	260.25	32,718.21	165,907.47	40,785.22	239,410.90
	Funds raised	6,060.36	824.21	5,988.10	207.39	13,080.06	68,180.68	34,748.84	116,009.58
	Investments made	5,132.29	710.51	4,350.69	59.32	10,252.81	54,911.10	27,661.32	92,825.22
Cumulative net figures as at the end of 31 March 2019	Commitments raised	12,082.22	1,314.64	19,875.84	260.86	33,533.56	205,360.05	43,254.74	282,148.35
	Funds raised	6,450.14	859.46	6,271.67	208	13,789.27	83,554.05	36,865.99	134,209.31
	Investments made	5,464.12	797.3	4,572.16	59.42	10,893.00	68,085.75	30,801.78	109,780.53

Source: (Consolidated from the data published by SEBI in https://www.sebi.gov.in/statistics/ 1392982252002.html)

- Funds raised by social venture funds under category I has been increased Rs. 824.21 crore to Rs. 859.46 crore in the year end 2019 which shows increasing the investors base for the SCF.
- Venture capital funds also raised their investment from Rs. 4350.69 crore to Rs. 4572.16 crore in the year 2019.

International Journal of Advance and Innovative Research
Volume 6, Issue 3 (I): July - September, 2019 Part - 3

ISSN 2394 - 7780

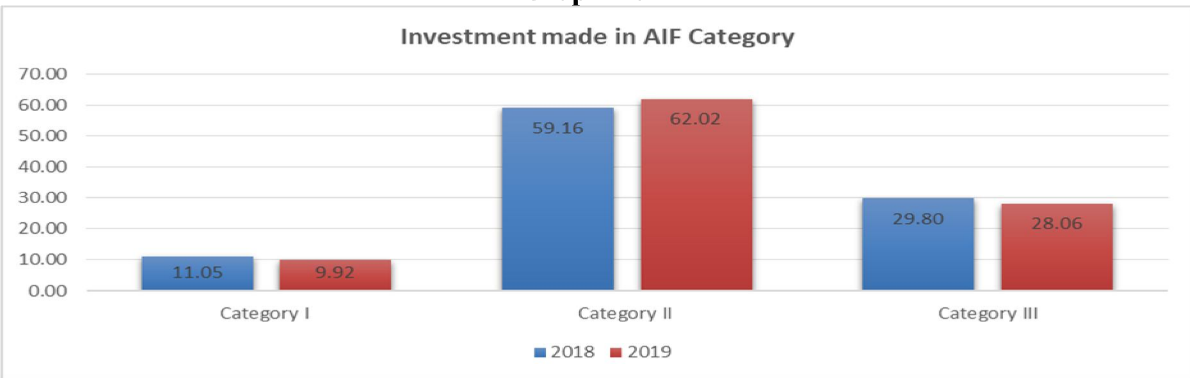
- From above table it is clear that total commitments raised by AIFs in India has gone up from approx. Rs. 2.4 lakh crore to Rs. 2.8 lakh crore, which is a signal for the growing aspects for AIFs.

The comparative analysis of Investment made in Category I , II, III in the year 2018 and 2019 is as follows:

Table No-2

AIFs Categories	2018 (in crores)	2019 (in crores)
Category I	10,252.81	10,893.00
Category II	54,911.10	68,085.75
Category III	27,661.32	30,801.78
Grand Total	92,825.23	109,780.53

Graph No-1



Source: (Consolidated from the data published by SEBI in https://www.sebi.gov.in/statistics/ 1392982252002.html)

Table no 2 shows the increasing trend of investment in all the categories, leading to overall increase from approx. Rs. 92 thousand crore to Rs. 1.09 lakh crore in the year 2018 and 2019 respectively.

The comparative analysis of funds raised by AIFs in Category I , II, III in the year 2018 and 2019 is as follows:

Table No-3

AIF Categories	2018 (in crores)	2019 (in crores)
Category I	13,080.06	13,789.27
Category II	68,180.68	83,554.05
Category III	34,748.84	36,865.99
Grand Total	116,009.58	134,209.31

Source: (Consolidated from the data published by SEBI in https://www.sebi.gov.in/statistics/1392982252002.html)

Graph No-2

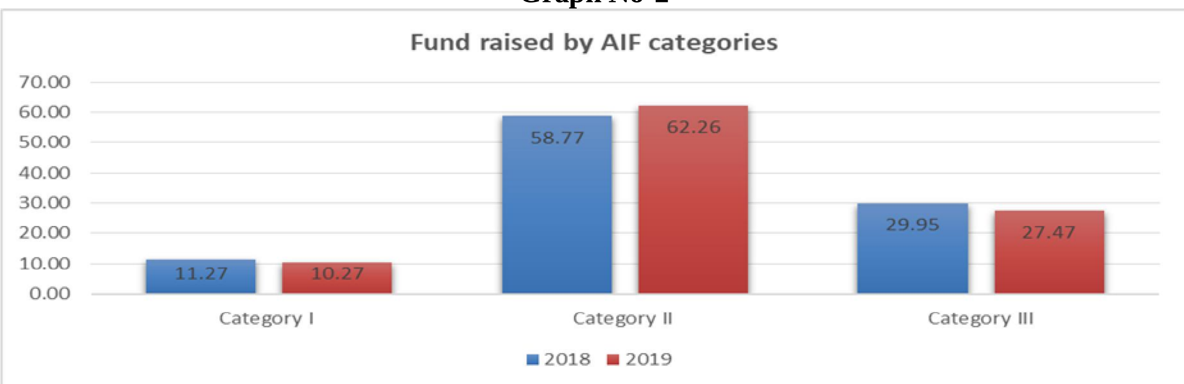


Table no 3 shows a gradual increase in funds raised by AIFs in all the categories, leading to overall increase from approx. Rs. 1.16 lakh crore to Rs. 1.34 lakh crore in the year 2018 and 2019 respectively.

AIFs (Alternative Investment Funds) and Budget – 2019: Our Finance Minister Ms. Nirmala Sitharaman presented the budget on July 5, 2019. There are following proposed tax reforms under the investment in AIF categories.

- The business income of AIF is taxed at a maximum marginal rate i.e. 35.88% in accordance with the trust taxation principles. With the change in surcharge rates for high net-worth individuals, the maximum tax rate may now be around 42.744%.
- Further, the above-mentioned change in surcharge rates will also affect tax rates applicable on capital gains in the Category III AIFs registered as trusts.
- As we know that currently, income other than business income of Categories I and II AIFs is taxed in the hands of unit holders on a pass-through basis. It is now proposed that pass-through status will be granted to unit holders for losses in the following way:
- Business loss of the AIF will remain to be carried forward by the AIF
- Other than business losses: - These losses will be allowed to be carried forward for set-off by the unit holder for the unexpired period.
- Exemption under section 56(2)(viib) extended to Category II AIFs: At present, it is not necessary for the startups to disclose as well justify the FMV (Fair Market Value) of their issued share to certain investors same in case of category-I of AIFs. Under the current budget it is proposed to extend this benefit to Category-II Alternative Investment Funds also, which means the valuation of shares issued to these funds shall be beyond the scope of income tax scrutiny or we can say it will not be in the scope of Income tax examination.

According to Mr. Bhavin Shah, Partner and Leader - Financial Services Tax, PwC India, The Budget presented, repeated the importance being given to the start-up sector with announcements like additional steps to ease the angel tax issue and liberalizing the conditions for carry-forward of tax losses as explained in above points.

LIMITATION OF THE STUDY

The research paper has following limitations:

1. Research paper is limited to the data published in reports by secondary data sources.

CONCLUSION

For a growing economy like India, it is always a point of discussion that how the investment scenario will grow. Alternative Investment Funds will give the opportunity to a defined class of investor from all over the word to invest in India via investing in Real estate, private equity, infrastructure funds, hedge funds, Venture Capital Funds and investment avenues other than stock, cash and bond. AIFs will be helpful in growing the wealth beyond the returns earned under traditional investment avenues to sophisticated investors such as High net worth individual and Institutional Investors. It was also found that Investors in AIFs just like retail investors need to be educated more for AIFs and importance of due diligence. Each and Every AIFs investor whether investing on their own or taking services of an advisor or portfolio manager should also understand the tradeoff between the risk and returns associated with the assets class in which the investment is made.

The Budget which was presented by finance minister on 5th July 2019, was a combination of both some positive and negative aspects like income from AIF business will be taxed at higher rate than the previous prevailing rate, giving the benefits of Exemption under section 56(2) (viib) to AIF category II, which was earlier available to category I only. Research found that making a proper tax regime for AIFs will boost the total capital investment leading to more foreign capital investment also.

REFERENCES

1. Morningstar and Barron’s 2010 Alternative Investment Survey of U.S. institutional and financial advisors
2. //economictimes.indiatimes.com/articleshow/69884129.cms?from=mdr&utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst
3. www.businesstoday.in/opinion/columns/the-scope-of-alternative-investment-in-india-as-more-indians-turn-risk-seekers/story/356054.html
4. https://economictimes.indiatimes.com/markets/stocks/news/sebi-nudges-aifs-to-make-more-disclosures-for-better-transparency/articleshow/69884129.cms
5. https://www.morningstar.in/posts/53694/budget-bonanza-small-taxpayers.aspx
6. http://www3.weforum.org/docs/WEF_Alternative_Investments_2020_An_Introduction_to_AI.pdf

International Journal of Advance and Innovative Research
Volume 6, Issue 3 (I): July - September, 2019 Part - 3
ISSN 2394 - 7780

A COMPARATIVE STUDY ON GROWTH AND PRE-POST DEMONETIZATION IMPACT ON DEBIT CARD USE OF SELECTED PUBLIC SECTOR, PRIVATE SECTOR AND FOREIGN BANKS

Dr. Jaywant Ramdas Bhadane[1] and Dr. Bharat Mukundrai Joshi[2]
Assistant Professor[1], K. R. A. College, Deola
Assistant Teacher[2], K. P. B. Hinduja College

ABSTRACT

Demonetization is one of the unforgettable monetary policy decision taken by Government of India to transfer an Indian economy from cashless to faceless digital economy. It has affected both demand and supply of national currency of Rs. 500 and Rs. 1000 and try to pushed economy towards e-banking. In India, demonetization has taken place firstly on 12th January, 1946, secondly on 16th January, 1976 and recently third time on 8th November, 2016. Demonetization has given rise to progressista effect on e-banking instruments like debit card, credit card, NEFT, RTGS etc. However, immediately after demonetization the use of debit card found to be at the peak. Irrespective of the type of bank, all banks found crowded with people to get exchanged old notes. The purpose of the present study is to compare and analyzed the growth and pre-post demonetization impact on debit card use of public sector bank - SBI, private sector bank - Industrial Credit and investment Corporation of India and Foreign bank - Citibank. The sample bank has been selected by following Stratified Random Sampling. Only secondary data related to number of debit cards, number and amount of point of sale transactions and number and amount of Automated Teller Machine transactions of SBI, ICICI and Citibank has been collected and analyzed with suitable statistical techniques. It is observed that there is a rapid growth in number of debit cards of SBI, ICICI and Citibank in post demonetization. However, such growth found to be greater in ICICI bank than that of the SBI and Citibank. Further, it is observed that there is statistically significant difference in number and amount of point of sale transactions of SBI, ICICI and Citibank. However, the number of point of sale transactions found to be two times more in SBI and amount of point of sale transactions found to be three times more than that of the ICICI and Citibank in post-demonetization. Further, the result shows slight (one-half times) increase in number and amount of ATM transactions of SBI. However, number and amount of ATM transactions in ICICI and Citibank found to be reducing. The reduction in Citibank is more than that of the ICICI bank. Thus, the overall result shows positive impact of demonetization to make an economy digital. The study concludes with suggestions to banks and government to expand debit card acceptance networks, e-lobby facilities, anti-hacking and security concern, tie up debit cards in e-wallets, network and server should be synchronized technically and many more.

Indexterm: Demonetization, Debit Card, Point of Sale, M-Banking, Digi-Savvy, E-Banking

1. INTRODUCTION

Indian economy has flourished with the advent of LPG (Liberalization, Privatization and Globalization) and Banking Sector Reforms in 1991 and 1998. Indian currency, known as Money-Rupee, in the form of coins and notes, is used for exchanging of goods and services and the same is in country's-economy circulation, rightly called as National Currency. When such national currency ceases to be a legal tender is termed as Demonetization. However, demonetization has been initiated to curb upon reasons like black money, corruption, money launderings, tightening economy etc. The Indian economy has announced demonetization of national currency of Rs. 500 and Rs. 1000 on 8th November, 2016 with an intention to remove black currency and corruption and further to make country digi-savvy advanced. Further, technological advancement and its implementation has given rise to the use of e-banking products and services such as plastic card (Debit and Credit Card), RTGS, M-banking, NEFT etc.

2. DEMONETIZATION - FROM GLOBAL TO INDIA

The act to cease a national currency (either coins, notes or any other form) or put an official stop on its status as a legal tender is known as Demonetization. The French were the first to use the term demonetization between the years 1850-1855. Demonetization helps country to batallie upon black money and makes an economy more Cashless. Demonetization has given rise to the digital and e-banking products and services such as debit card and credit card, RTGS, NEFT, online banking, mobile wallets etc. Almost all, after demonetization has opened account with public sector, private sector and foreign banks, which further has increased the use of debit cards in terms of number, transactions and amount at PoS (Point of sale) and ATM (Automated Teller Machine).

 ISSN 2394 - 7780

Table No-1: Demonetization History - it's Cause and Effect, Globally

Year	*Country*	*Cause*	*Ways*	*Effects*
1873	United States	Changes in currency	Removal of silver and acceptance of gold as a legal tender	Contraction in money supply and 5 year economic
1946	India	Removal of black money	Removal of Rs. 1000 and Rs. 10,000 notes from circulation	Hamper market and found to be not a revolutionary step
1969	United States	Curb up on black money	Declared all bills above $100 null and void	Money supply restricted
1978	India	Control over illegal transactions	Demonetization putting ban on Rs. 1000, Rs. 5000 and Rs. 10,000	Not effective and unable to be effective
1982	Ghana	To reduce tax evasion and clear excess liquidity	Demonetized 50 Credi currency	More use of foreign currency and buying physical assets
1984	Nigeria	To change obsolete old notes and control over black economy	Issue of new colour notes	Not successful, found ineffective
1987	Myanmar	To curb up on black money	Invalidation of 80% percent of value of currency in circulation	Demonstration by students and government collapses in a year
1991	Soviet Union	To combat with parallel economy	50 and 100 ruble notes removed from circulation	Results into dislocations of economy
1993	Zaire	Currency reforms	Withdrawal of obsolescent currency	Economy disruption and ouster of dictator Mobutu
1996	Australia	Improve security features	Converting paper currency into polymer notes	Country becomes business friendly
2002	European Union	Introduction of unified currency "Euro"	Demonetization of exiting currency	Successful currency change over
2010	North Korea	Halt black money and improve economy	Currency changeover	Price of necessity goods increases and opposed by people
2015	Zimbabwe	Hyperinflation of economy	Replacement of Zimbabwe dollar with American dollar	Found unsuccessful and most wealth holder savings receding
2016	India	Curb upon black money and make an economy digital	Rs. 500 and Rs. 1000 notes ceases to be legal tender	15 tons of gold bought by people, deposits and demand of cash increases and made conditions miserable
2016	Venezuela	Control over rising inflation (424%) and to remove transnational mafias	Demonetization of 100 Bolivar notes	Found effective and 77% notes in circulation exchanged

3. WHAT A DEBIT CARD IS ALL ABOUT?

Debit card is a form of plastic money, linked with account in bank to carry out account transactions through Automated Teller Machine (ATM). It is convenient for accountholders to done with transactions for goods or services without carrying cash. It is secured with Personal Identification Number (PIN). It can also be used for PayPass, on the net, Paywave, off the net and also through different e-wallets.

4.REVIEW OF LITERATURE

Reddy Y V (2001)*[1],** in his research study titled, ***"Indian Banking: Paradigm Shift in Public Policy", have observed that, with the adoption of information technology and computerization, the foreign banks have found to be ahead in India and have achieved high level of banking operational efficiency.

 ISSN 2394 - 7780

Vyas P (2004)[2], in his research titled, ***"Measurement of Customer Satisfaction on Information Technology Adoption in Banking Services"***, have concluded that the private and foreign banks have come up with different e-banking products and services, which has satisfied their banking customer more than that of the nationalized banks, which found to be lagging behind in banking services computerization.

Saha and Tapash Ranjan (2006)[3], in article titled, ***"Debit Card Overtaking Credit Cards in India"***, have made comparative study on debit card and credit card concept in terms of its value and volume growth from 1995 to 2005 and concluded that the debit card growth is many fold than the credit card.

Plastic money has the ability to remove the unaccounted transactions and thereby reducing tax evasion and illegal money laundering has concluded by ***Bansi Patel and Urvi Amin (2012)[4]***, in study, ***"Plastic Money: Roadway towards Cashless Society".*** Further, they have discussed that the plastic card has become the part of every life walks transactions, which has made withdrawals and transactions easy.

Prabhu, Nithya, Mannivannan and Sophia (2013)[5], have observed the use of e-payment services as a sign of sophistication is visible within the higher income group of society but in post demonetization, the use has increased in manifold among middle and lower middle income group also.

Carin van der Cruijsen, Lola Hernandez and Nicole Jonker (2015)[6], study titled, ***"In Love with the Debit Card but Still Married to Cash"***, concluded that debit cards are one of the many e-banking product, which mostly preferred by users to ease their retail payments.

A study titled ***"Payment Banks and Demonetization"***, by ***Chabi Gupta (December-2016)[7]***, has explained about the payment banks and demonetization. Such payment banks are niche banking setup by Reserve Bank of India (RBI), which provides small saving account and payment services. She also discussed about overall impact of demonetization. ***According to RBI figures as on March, 2016, currencies in circulation amounted to Rs. 16415 billion of this Rs. 500 notes were around 47.80% in value and Rs. 1000 were of 38.60% in value, which total accounted for 86% in value.***

Tax Research Team (2016)[8], in their working paper, have analyzed the impact of demonetization on Indian economy. It has shown a move on the availability of credit, spending level and government finances.

5. STATEMENT OF THE PROBLEM

Immediately after announcement of demonetization, panic has created among people to get exchanged with Rs. 500 and Rs. 1000 old currency. A long waiting queue outside almost all banks was the common scene to deposit or replace with old currency. Hence, Government of India has made it one way - deposition of old currency in banks and withdrawal of the same through ATM. Plastic money in the form of debit card is one of the vital electronic banking services, which allows users to access account and to carry out offline and online transactions anytime-anywhere. Soon after demonetization, debit card found to be one of the blessings for all to access their accounts and new currency withdrawals. However, due to unavailability of new currency due to more of needs than supply, the use of debit cards at point of sale and ATM in terms of number and amount has increased. Hence, the need arises to study and compare the growth of debit cards of public sector bank SBI, private sector bank ICICI and foreign bank Citibank. Thus, the researcher has undertaken initiative to study titled, ***"A Comparative Study on Growth and Pre-Post Demonetization Impact on Debit Card Use of Selected Public Sector, Private Sector and Foreign Banks"***

6. OBJECTIVES OF THE STUDY

1. To study the meaning and history of demonetization.
2. To study the concept of debit card.
3. To study and analyze the pre-post demonetization impact on debit card use of SBI, ICICI and Citibank.

7. HYPOTHESES OF THE STUDY

1. There is no significant difference in growth of SBI, ICICI and Citibank debit card users. **(H_0: $\mu_{SBI}=\mu_{ICICI}=\mu_{CITI}$)**
2. There is no significant difference in number of point of sale transactions of SBI, ICICI and Citibank debit card users during pre-post demonetization.
3. There is no significant difference in amount of point of sale transactions of SBI, ICICI and Citibank debit card users during pre-post demonetization.
4. There is no significant difference in number of ATM transactions of SBI, ICICI and Citibank debit card users during pre-post demonetization.

 ISSN 2394 - 7780

5. There is no significant difference in amount of ATM transactions of SBI, ICICI and Citibank debit card users during pre-post demonetization.

8. RESEARCH METHODOLOGY

8.1. Type of the Study: Descriptive Research, Quantitative in nature.

8.2 Universe or Population: Public Sector, Private Sector and Foreign Banks

8.3 Sample Size: ***Bank:*** One bank from each sector has been selected considering their date of establishment, number of debit card, number of offices and number of employees as on.

Table No-2: Details of Sample Bank as on 31st March, 2018 in India

Details	SBI	ICICI	CITIBANK
Date of Establishment	July, 1955	June, 1994	June, 1902
Number of Debit Card	278467823	41499827	1615594
Number of Branches\Offices	22667	4163	35
Number of Employee	264041	82724	5056

Since, the State Bank of India - Public Sector Bank, Industrial Credit and Investment Corporation of India - Private Sector Bank and Citibank - Foreign Bank leads in above criteria, hence constitutes the ***Sample Bank*** of the present study.

8.4 Sampling Method: ***Bank*** ***:*** Stratified Random Sampling

8.5 Collection Data **:** Only Secondary data has been collected

8.5.1 Secondary Data **:**

The researcher has collected secondary data from the published sources such as books, articles, periodicals and related websites. The required secondary data for debit card use and its trend has been collected from Reserve Bank of India *(https://rbi.org.in/scripts/ATM View.aspx)*. The researcher has collected secondary data related to debit card of SBI, ICICI and Citibank from May, 2014 to October, 2016 (pre-demonetization) and November, 2016 to April, 2019 (post-demonetization).

8.6 Method of Data Collection **:** From the published sources by RBI

8.7 Period of Data Collection: ***Secondary Data*** - 60 monthly pre-post demonetization data related to debit card has been cited.

8.8 Data Cleaning:

Data cleaning is done to find missing values, identifying noisy data and smoothen the same to the extent possible. For the present research paper, the data cleaning is as follow;

8.8.1 Missing Value **:** Data Set was observed and scrutinized, no missing value was found.

8.8.2 Test of Normality: The result of Normality of data using **Kolmogorov-Smirnov** and **Shapiro-Wilk** is as follow.

Table No-3: Tests of Normality

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	D = Statistic	df	Sig.	W = Statistic	df	Sig.
NOOFDC	.101	30	.200*	.966	30	.441
SBINOOFDCPRE	.101	30	.200*	.966	30	.441
SBINOOFDCPOST	.121	30	.200*	.952	30	.195
ICICINOOFDCPRE	.118	30	.200*	.934	30	.063
ICICINOOFDCPOST	.114	30	.200*	.913	30	**.017**
CITINOOFDCPRE	.285	30	**.000**	.728	30	**.000**
CITINOOFDCPOST	.156	30	.059	.936	30	.072
SBINOPOSPRE	.174	30	**.021**	.925	30	**.036**
SBINOPOSPOST	.135	30	.169	.956	30	.242
ICICINOPOSPRE	.087	30	.200*	.966	30	.447
ICICINOPOSPOST	.157	30	.059	.924	30	**.035**
CITINOPOSPRE	.091	30	.200*	.966	30	.427

International Journal of Advance and Innovative Research
Volume 6, Issue 3 (I): July - September, 2019 Part - 3

ISSN 2394 - 7780

CITINOPOSPOST	.121	30	.200*	.945	30	.123
SBIAMTPOSPRE	.121	30	.200*	.920	30	**.026**
SBIAMTPOSPOST	.087	30	.200*	.973	30	.623
ICICIAMTPOSPRE	.111	30	.200*	.942	30	.104
ICICIAMTPOSPOST	.127	30	.200*	.948	30	.151
CITIAMTPOSPRE	.099	30	.200*	.932	30	.057
CITIAMTPOSPOST	.122	30	.200*	.957	30	.258
SBINOATMPRE	.149	30	.089	.926	30	**.039**
SBIANOATMPOST	.130	30	.200*	.965	30	.419
ICICINOATMPRE	.114	30	.200*	.946	30	.128
ICICINOATMPOST	.175	30	**.020**	.907	30	**.013**
CITINOATMPRE	.146	30	.102	.948	30	.147
CITINOATMPOST	.173	30	**.023**	.890	30	**.005**
SBIAMTATMPRE	.124	30	.200*	.885	30	**.004**
SBIAMTATMPOST	.253	30	**.000**	.731	30	**.000**
ICICIAMTATMPRE	.118	30	.200*	.920	30	**.026**
ICICIAMTATMPOST	.224	30	**.001**	.749	30	**.000**
CITIAMTATMPRE	.110	30	.200*	.977	30	.733
CITIAMTATMPOST	.313	30	**.000**	.721	30	**.000**
*. This is a lower bound of the true significance.						
a. Lilliefors Significance Correction						
From the table above, most of the calculated Test Statistics (W for S-W, D for K-S) significance value is greater than 0.05, which shows that the data related to number of debit cards, number and amount of Point of Sale transactions and number and amount of ATM transactions of SBI, ICICI and Citibank banks is Normally Distributed.						

8.8.3 Reliability Analysis: ***Cronbach's alpha*** was found to be ***0.870***, suggesting ***Good Internal Consistency*** among variables.

Table No-4: Reliability Statistics

Case Processing Summary			
		N	%
Cases	Valid	30	16.7
	Excluded[a]	150	83.3
	Total	180	100.0
a. Listwise deletion based on all variables in the procedure.			

Reliability Statistics	
Cronbach's Alpha	N of Items
.870	31

8.8.4 Analytical Tools: The researcher has used K-S and S-W (to test Data Normality), Cronbachs' Alpha (to test Data Reliability), Frequency and Percent Count, Test of Homogeneity of Variances, Robust Equality of Variances, ANOVA, Multiple Comparison by Tukey and Games-Howell, Post HOC Test-Tukey (HSD) and its Homogeneous Sunset and 2-paired t-test Statistic.

8.9 Analytical Tools: The researcher has used SPSS 21 to study the Objectives and Test hypotheses.

9. ANALYSES AND INTERPRETATIONS:
To understand the pre-post impact of demonetization on debit card use of selected public sector, private sector and foreign bank, the researcher has analyzed collected data using Inferential Analysis.

9.1 INFERENTIAL ANALYSIS:
For the present research study, the researcher has used inferential statistics to analyze the objectives and hypotheses as under study.

1. There is no significant difference in growth of SBI, ICICI and Citibank debit card users. **(H_0: $\mu_{SBI}=\mu_{ICICI}=\mu_{CITI}$)**

To test above hypothesis, the researcher has collected secondary data related to number of debit cards issued by SBI, ICICI and Citibank from May, 2014 to October, 2016 (pre-demonetization) and November, 2016 to April, 2019 (post-demonetization).

Table No-5: Test of Homogeneity of Variances of Number of Debit Cards of SBI, ICICI and Citibank

Levene Statistic	df1	df2	Sig.
221.127	2	177	.000
The Calculated Levene Statistic (at df1 2 and df2 177) is 221.127, p-value is 0.000. Therefore, the null hypothesis of equal variances is Rejected. Thus, the variances are not equal.			

Table No-6: ANOVA Test for Number of Debit Cards of SBI, ICICI and Citibank

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	1721761215166081280.000	2	860880607583040640.000	644.455	.000
Within Groups	236441301786865888.000	177	1335826563767604.000		
Total	1958202516952947200.000	179			
The Calculated Fisher Value Fcrit (2, 177) = 644.455 is greater than its Critical Value 3.0718 (at df1 2 and df2 177) and its Significance Value is 0.000 (i.e. p = 0.000), which is less than 0.05, and therefore there is a Statistically Significant Difference in Mean Length of Number of Debit Card users of SBI, ICICI and Citibank.					

Table No-7: Robust Test of Equality of Means Debit Cards of SBI, ICICI and Citibank

Robust Tests of Equality of Means				
NOOFDC				
	Statistic[a]	df1	df2	Sig.
Welch	1079.801	2	78.671	.000
a. Asymptotically F distributed.				
The Calculated Welch's Statistic (at df1 2 and df2 78.671) is 1079.801, p-value is 0.000. Therefore, the null hypothesis of equal Means is Rejected. Thus, the Means of the data are not equal.				

Hence, to determine because of which sample bank the Mean differences arises, the researcher has conducted Multiple Comparisons by Post Hoc Test by Tukey's HSD and Homogeneous Sunsets by Tukey's HSD and Games Howell.

Table No-8: Multiple Comparisons - Dependent Variable: Number of Debit Cards of SBI, ICICI and Citibank Debit Card Users, Post Hoc Tests Tukey HSD

	(I) TOB	(J) TOB	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
						Lower Bound	Upper Bound
Tukey HSD	SBI	ICICI	188718705.383333330*	6672896.831630683	.000	172946659.70582820	204490751.06083846
		CITI BANK	222159853.700000000*	6672896.831630683	.000	206387808.02249485	237931899.37750512
	ICICI	SBI	-188718705.383333330*	6672896.831630683	.000	-204490751.06083846	-172946659.70582820
		CITI BANK	33441148.316666666*	6672896.831630683	.000	17669102.63916152	49213193.99417181
	CITI BANK	SBI	-222159853.700000000*	6672896.831630683	.000	-237931899.37750512	-206387808.02249485
		ICICI	-33441148.316666666*	6672896.831630683	.000	-49213193.99417181	-17669102.63916152
Games-Howell	SBI	ICICI	188718705.383333330*	8172593.405120359	.000	169081462.73694380	208355948.02972284
		CITI BANK	222159853.700000000*	8124620.495582398	.000	202626262.27230826	241693445.12769172
	ICICI	SBI	-188718705.383333330*	8172593.405120359	.000	-208355948.02972284	-169081462.73694380
		CITI BANK	33441148.316666666*	884259.698338690	.000	31315176.16890023	35567120.46443310
	CITI BANK	SBI	-222159853.700000000*	8124620.495582398	.000	-241693445.12769172	-202626262.27230826
		ICICI	-33441148.316666666*	884259.698338690	.000	-35567120.46443310	-31315176.16890023
*. The mean difference is significant at the 0.05 level.							

From the above table of Multiple Comparison, it is concluded that there is a Statistical Significant Mean differences between SBI-ICICI, SBI-Citibank, ICICI-SBI, ICICI-Citibank, Citibank-SBI and Citibank-ICICI, in growth of i.e. number of debit card of SBI, ICICI and Citibank bank.

Table No-9: Number of Debit Cards of SBI, ICICI and Citibank - Homogeneous Subsets Tukey HSD[a]

	TOB	N	Subset for alpha = 0.05		
			1	2	3
Tukey HSD[a]	CITIBANK	60	1597642.43333333		
	ICICI	60		35038790.75000000	
	SBI	60			223757496.13333333
	Sig.		1.000	1.000	1.000

Means for groups in homogeneous subsets are displayed.
a. Uses Harmonic Mean Sample Size = 60.000
The above table, Homogeneous Subsets Tukey HSD, shows the Significant difference in number of debit card of SBI, ICICI and Citibank.

Therefore, the Alternate Hypothesis, "There is a significant difference in growth of SBI, ICICI and Citibank debit card users (H_0: $\mu_{SBIDC} \neq \mu_{ICICIDC} \neq \mu_{CITIDC}$)", is accepted. (It is Accepted)

2. There is no significant difference in number of point of sale transactions of SBI, ICICI and Citibank debit card users during pre-post demonetization.

To test above hypothesis, the researcher has collected secondary data related to number of point of sale transactions of debit card of SBI, ICICI and Citibank from May, 2014 to October, 2016 (pre-demonetization) and November, 2016 to April, 2019 (post-demonetization).

Table No-10: Paired Sample Statistics of Number of Point of Sale Transactions

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	SBINOPOSPRE	23510919.89999999	30	8057616.305958564	1471112.736831651
	SBINOPOSPOST	90921542.30000000	30	15951953.355615780	2912414.896380330
Pair 2	ICICINOPOSPRE	14389311.63333333	30	2912109.490400961	531676.019272493
	ICICINOPOSPOST	35585253.79999999	30	4152799.584635069	758194.003100904
Pair 3	CITINOPOSPRE	2570978.10000000	30	405157.823228426	73971.359710633
	CITINOPOSPOST	5170828.13333333	30	446938.275237022	81599.391719923

A paired t-test was run on a secondary data related to number of point of sale transactions of debit card users of SBI, ICICI and Citibank to determine whether there was a statistically significant Mean (μ_0 = or $\mu_a \neq$) difference during pre-post demonetization. It is observed from the table above that the (Mean) number of point of sale transactions of sample bank has increased almost more than doubled in post-demonetization.

Further to support above result, the researcher has found ***t-Statistic*** for the data related number of point of sale transactions of SBI, ICICI and Citibank during pre-post demonetization.

Table No-11: Paired Sample t-Statistics and result of 2-tailed test of Number of Point of Sale Transactions

	Paired Differences					t	df	Sig. (2-tailed)
	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
				Lower	Upper			
SBINOPOSPRE-POST Pair 1	-67410622.400 000000	11059817.751 980340	2019237.221 551903	-71540426.220 015230	-63280818.579 984784	-33.384	29	.000
ICICINOPOSPRE - POST Pair 2	-21195942.166 666664	3680811.529 557411	672021.168 221229	-22570379.780 053236	-19821504.553 280093	-31.541	29	.000
CITINOPOSPRE - POST Pair 3	-2599850.033 333334	481649.041 029231	87936.681 524147	-2779700.741 017285	-2419999.325 649383	-29.565	29	.000

The table above shows, 2-tailed t-statistic related to number of point of sale transactions of debit card users of SBI, ICICI and Citibank during pre-post demonetization. It (Mean Value for SBI, ICICI and Citibank lies between Lower and Upper level at 95% Confidence Interval. It shows acceptable range of data set) shows statistically significant increase in number of point of sale transactions during pre-post demonetization.
The |t-statistic| (29) = 33.384 (SBI), 31.541 = (ICICI) and 29.565 = (Citibank) >= 2.045 (table value) and its p-value = 0.000 < 0.05. However, increase in number of point of sale transactions of SBI found to be greater than that of the ICICI and Citibank during pre-post demonetization.

ISSN 2394 - 7780

Therefore, the Alternate Hypothesis, "There is a significant difference in number of point of sale transactions of SBI, ICICI and Citibank debit card users during pre-post demonetization", is accepted. (It is Accepted)

3. There is no significant difference in amount of point of sale transactions of SBI, ICICI and Citibank debit card users during pre-post demonetization.

To test above hypothesis, the researcher has collected secondary data related to amount of point of sale transactions of debit card of SBI, ICICI and Citibank from May, 2014 to October, 2016 (pre-demonetization) and November, 2016 to April, 2019 (post-demonetization).

Table No-12: Paired Sample Statistics of Amount of Point of Sale Transactions

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	SBIAMTPOSPRE	28933.76108517	30	8775.512445518	1602.182040026
	SBIAMTPOSPOST	128612.66241333	30	22997.011887949	4198.660722081
Pair 2	ICICIAMTPOSPRE	21664.25535000	30	3785.411057233	691.118341825
	ICICIAMTPOSPOST	50948.44650233	30	6447.318128672	1177.113858162
Pair 3	CITIAMTPOSPRE	5403.97770173	30	680.339918850	124.212506775
	CITIAMTPOSPOST	9101.85252033	30	830.343433299	151.599276298
A paired t-test was run on a secondary data related to amount of point of sale transactions of debit card users of SBI, ICICI and Citibank to determine whether there was a statistically significant Mean (μ_0 = or $\mu_a \neq$) difference during pre-post demonetization. It is observed from the table above that the (Mean) amount of point of sale transactions of sample bank has increased almost more than doubled in post-demonetization.					

Further to support above result, the researcher has found ***t-Statistic*** for the data related amount of point of sale transactions of SBI, ICICI and Citibank during pre-post demonetization.

Table No-13: Paired Sample t-Statistics and result of 2-tailed test of Amount of Point of Sale Transactions

	Paired Differences					t	df	Sig. (2-tailed)
	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
				Lower	Upper			
SBIAMTPOS PRE – POST Pair 1	-99678.901 328167	18327.067 161549	3346.049 365764	-106522.340 675066	-92835.461 981267	-29.790	29	.000
ICICIAMTPO SPRE – POST Pair 2	-29284.191 152333	5605.292 244953	1023.381 667990	-31377.241 674921	-27191.140 629745	-28.615	29	.000
CITIAMTPO SPRE – POST Pair 3	-3697.874 818600	799.967 865067	146.053 481659	-3996.587 728625	-3399.161 908575	-25.319	29	.000
The table above shows, 2-tailed t-statistic related to amount of point of sale transactions of debit card users of SBI, ICICI and Citibank during pre-post demonetization. It (Mean Value for SBI, ICICI and Citibank lies between Lower and Upper level at 95% Confidence Interval. It shows acceptable range of data set.) shows statistically significant increase in amount of point of sale transactions during pre-post demonetization. The |t-statistic| (29) = 29.790 (SBI) = 28.615 (ICICI) and 25.319 = (Citibank) >= 2.045 (table value) and its p-value = 0.000 < 0.05. However, increase in amount of point of sale transactions of SBI found to be greater than that of the ICICI and Citibank during pre-post demonetization.								

Therefore, the Alternate Hypothesis, "There is a significant difference in amount of point of sale transactions of SBI, ICICI and Citibank debit card users during pre-post demonetization", is accepted. (It is Accepted)

4. There is no significant difference in number of ATM transactions of SBI, ICICI and Citibank debit card users during pre-post demonetization.

To test above hypothesis, the researcher has collected secondary data related to number of ATM transactions of debit card of SBI, ICICI and Citibank from May, 2014 to October, 2016 (pre-demonetization) and November, 2016 to April, 2019 (post-demonetization).

ISSN 2394 - 7780

Table No-14: Paired Sample Statistics of Number of ATM Transactions

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	SBINOATMPRE	274917959.19999990	30	30308322.226403315	5533517.254512098
	SBIANOATMPOST	358136639.10000000	30	43475483.172079615	7937500.943928086
Pair 2	ICICINOATMPRE	34754152.06666667	30	1429299.872633908	260953.260560284
	ICICINOATMPOST	30673122.20000000	30	3761501.877781408	686753.142852973
Pair 3	CITINOATMPRE	3155575.96666667	30	231652.364952832	42293.741928028
	CITINOATMPOST	2117258.63333333	30	251215.209230086	45865.412294566

A paired t-test was run on a secondary data related to number of ATM transactions of debit card users of SBI, ICICI and Citibank to determine whether there was a statistically significant Mean (μ_0 = or $\mu_a \neq$) difference during pre-post demonetization. It is observed from the table above that the (Mean) number of ATM transactions of SBI has increased slightly but that of the ICICI and Citibank has decreased in post-demonetization.

Further to support above result, the researcher has found ***t-Statistic*** for the data related number of ATM transactions of SBI, ICICI and Citibank during pre-post demonetization.

Table No-15: Paired Sample t-Statistics and result of 2-tailed test of Number of ATM Transactions

	Paired Differences					t	df	Sig. (2-tailed)
	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
				Lower	Upper			
SBINOATMPRE - POST Pair 1	-83218679.900000040	25750121.722052930	4701307.508557388	-92833933.373281700	-73603426.426718370	-17.701	29	.000
ICICINOATMPRE - POST Pair 2	4081029.866666671	3848903.939059523	702710.503031130	2643825.516029563	5518234.217303778	5.808	29	.000
CITINOATMPRE - POST Pair 3	1038317.333333334	442995.411323579	80879.526551068	872900.128189447	1203734.538477220	12.838	29	.000

The table above shows, 2-tailed t-statistic related to number of ATM transactions of debit card users of SBI, ICICI and Citibank during pre-post demonetization. It (Mean Value for SBI, ICICI and Citibank lies between Lower and Upper level at 95% Confidence Interval. It shows acceptable range of data set.) shows statistically significant difference in number of ATM transactions during pre-post demonetization.

The |t-statistic| (29) = 17.701 (SBI) = 5.808 (ICICI) and 12.838 = (Citibank) >= 2.045 (table value) and its p-value = 0.000 < 0.05.

However, increase in number of ATM transactions of SBI found to be greater than that of the ICICI and Citibank during pre-post demonetization.

Therefore, the Alternate Hypothesis, "There is a significant difference in number of ATM transactions of SBI, ICICI and Citibank debit card users during pre-post demonetization", is accepted. (It is Accepted)

5. There is no significant difference in amount of ATM transactions of SBI, ICICI and Citibank debit card users during pre-post demonetization.

To test above hypothesis, the researcher has collected secondary data related to amount of ATM transactions of debit card of SBI, ICICI and Citibank from May, 2014 to October, 2016 (pre-demonetization) and November, 2016 to April, 2019 (post-demonetization).

Table No-16: Paired Sample Statistics of Amount of ATM Transactions

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	SBIAMTATMPRE	650008.73893000	30	54925.346460465	10027.950411728
	SBIAMTATMPOST	957380.33903333	30	201856.478460245	36853.782210411
Pair 2	ICICIAMTATMPRE	165791.05642333	30	8804.555747082	1607.484597163
	ICICIAMTATMPOST	148668.41134000	30	32022.106617969	5846.410044499
Pair 3	CITIAMTATMPRE	11980.05703833	30	756.906855395	138.191652877
	CITIAMTATMPOST	8306.46259563	30	1512.727025837	276.184905133

ISSN 2394 - 7780

A paired t-test was run on a secondary data related to amount of ATM transactions of debit card users of SBI, ICICI and Citibank to determine whether there was a statistically significant Mean (μ_0 = or $\mu_a \neq$) difference during pre-post demonetization. It is observed from the table above that the (Mean) amount of ATM transactions of SBI has increased but that of the ICICI and Citibank has decreased slightly in post-demonetization.

Table No-17: Paired Sample t-Statistics and result of 2-tailed test of Amount of ATM Transactions

	Paired Differences					t	df	Sig. (2-tailed)
	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
				Lower	Upper			
SBIAMTATMPRE – POST Pair 1	-307371.600103333	182566.914098768	33332.005702001	-375543.206196795	-239199.994009871	-9.222	29	.000
ICICIAMTATMPRE - POST Pair 2	17122.645083333	29162.318371281	5324.286533699	6233.256441405	28012.033725262	3.216	29	.003
CITIAMTATMPRE – POST Pair 3	3673.594442700	1889.246618861	344.927663280	2968.138161368	4379.050724032	10.650	29	.000

The table above shows, 2-tailed t-statistic related to amount of ATM transactions of debit card users of SBI, ICICI and Citibank during pre-post demonetization. It (Mean Value for SBI, ICICI and Citibank lies between Lower and Upper level at 95% Confidence Interval. It shows acceptable range of data set.) shows statistically significant difference in amount of ATM transactions during pre-post demonetization.

The |t-statistic| (29) = 9.222 (SBI) = 3.216 (ICICI) and = 10.650 (Citibank) >= 2.045 (table value) and its p-value = 0.000 < 0.05.

However, increase in amount of ATM transactions of SBI found to be greater than that of the ICICI and Citibank during pre-post demonetization.

Therefore, the Alternate Hypothesis, "There is a significant difference in amount of ATM transactions of SBI, ICICI and Citibank debit card users during pre-post demonetization", is accepted. (It is Accepted)

10. SIGNIFICANCE OF THE STUDY

1. The present study will be helpful to understand the impact of demonetization on debit card use.

2. It will be helpful to study and understand the growth of debit card, number and amount of point of sale transactions and number and amount of ATM transactions of SBI, ICICI and Citibank.

3. It will be beneficial to sample banks to promote the use of debit card for various purposes and at different places.

11. LIMITATIONS OF THE STUDY

Following are the limitations of the study;

1. The present study has covered and reported data related to debit cards of SBI, ICICI and Citibank only.
2. Other e-banking products and services have not covered in present study.
3. The study is restricted to sample banks only.
4. There is no enough research done, to make inferences to be drawn on the basis of exhaustive references.
5. The data for the present study was in raw form, which is required to be organized and consolidated is also another issue for researcher.

12. RECOMMENDATIONS AND SUGGESTIONS

1. The bank should enlarge their debit card acceptance network.
2. The bank should increase number and amount of withdrawal limit.
3. The government should promote e-lobby facilities to smoothen banking transactions without waiting long queue waiting.
4. Security concern and anti-hacking measures must be undertaken by banks to promote on-line transactions using debit card.
5. Networking and server of banks ATM should be timely synchronized to provide regular-up-to-date banking services.

6. The government should take initiative to make people aware about the use and benefits of using plastic cards - debit cards, credit cards etc.

13. CONCLUSION

All bank branches and ATM were accessed frequently across the country, soon after demonetization. It was odd phase for those holding old currency to exchange it with new one, has to stand outstand bank or ATM in long queue. Hence, demonetization found to be bitter pill to curb up on black money and tax evasion. It has given rise to carry out e-online-banking transactions and payments using debit and credit card. This has transform economy from cash to cash-less to less-cash economy. In present study, the researcher has organized and compiled data related to growth of debit card, number and amount of point of sale transactions and number and amount of ATM transactions of using debit card of SBI, ICICI and Citibank. The study shows the incremental growth of debit card of SBI, ICCI and Citibank but the growth difference among the sample banks is found to be significant. Further, it is observed that there is statistically significant difference in number and amount of point of sale transactions of SBI, ICICI and Citibank. However, the number of point of sale transactions found to be two times more in SBI and amount of point of sale transactions found to be three times more than that of the ICICI and Citibank in post-demonetization. Further, the result shows slight (one-half times) increase in number and amount of ATM transactions of SBI. However, number and amount of ATM transactions in ICICI and Citibank found to be reducing. The reduction in Citibank is more than that of the ICICI bank. Thus, the overall result shows positive impact of demonetization to make an economy digital. The study concludes with suggestions to banks and government to expand debit card acceptance networks, e-lobby facilities, anti-hacking and security concern, tie up debit cards in e-wallets, network and server should be synchronized technically and many more.

14. SCOPE FOR THE FUTURE RESEARCH:

1. A similar study can be conducted on other e-banking products and services like credit card, e-wallet, m-banking etc.
2. A similar study can be conducted among and within the public sector, private sector and foreign banks
3. A comparative study on debit card and credit card use can be conducted.

15. REFERENCES

(A) Books and Articles

1. Vyas P (2004), "Measurement of Customer Satisfaction on Information Technology Adoption in Banking Services", Prestige Journal of Management and Research, 81(1- 2), Pg. 8-16.
2. Patel B (2012), "Plastic Money: Roadway towards Cashless Society", Volume: II, Issue: II.
3. Prabhu B., Nithya S., Manivannan P D. an Sophia (2013), A Review of Energy Efficient Clustering Algorithm for Connecting Wireless Sensor Network Fields.
4. Reddy Y V (2015), Special Speech in Hindu on Banking Sector Reforms in India, An Overview.
5. Carin Van Der Cruijsen, Lola Hernandez and Nicole Jonker (2015), "In Love With The Debit Card but Still Married to Cash", DNB Working Papers 461, Netherlands Central Bank, Research Department.
6. Singh, C (2016), "Indian Currency Must be held by the Public with Confidence, Not Uncertainty and Fear", The Wire, November-23.
7. Chelladurai M and Sornaganesh V (2016), "Demonetisation of Indian Currency and Its Impact on Business Environment", International Journal of Informative and Futuristic Research, 4 (3), 5654-5662.
8. Chabi Gupta (December-2016), "Payment Banks and Demonetization", International Journal of Research and Science, ISSN: 2454-2024(Online).
9. Tax Research Team, Demonetization: Impact on the Economy", No. 182, 14 November, 2016, National Institute of Public Finance and Policy, New Delhi.
10. Reddy C R (2017), "Demonetization and Black Money", Orient Blackswan Private Limited, Delhi.
11. Singh B and I Roy (2017), "Demonetization and Bank Deposit Growth, RBI.
12. Mittal, A. (2017). Impact of demonetization on General Public: An Empirical Study of People's
13. Experiences during Demonetization Days. International Conference on Paradigm shift in

14. Abhani, D. K. (2017). A Study On Impact of Demonetization Over The Banking Sectorwith Reference To Veraval

15. City. International Journal of Marketing & Financial Management. 5(3). 21-26.

16. Abhani, D. K. (2017). A Study On Impact of Demonetization Over The Banking Sectorwith Reference To Veraval

17. City. International Journal of Marketing & Financial Management. 5(3). 21-26.

18. Abhani, D. K. (2017). A Study On Impact of Demonetization Over The Banking Sectorwith Reference To Veraval

19. City. International Journal of Marketing & Financial Management. 5(3). 21-26.

12. Sinnarkar T J (2017), "Demonetisation in India and its Impact on Indian Banking and Economic System", International Journal of Advanced Trends in Technology, Management and Applied Science, Issue-3(5), pg. 1-11.

(B) Internet Citation

1. https://www.iupindia.in/106/PB_Debit_Cards_Overtaking_43.html.

2. tailed test is a method in which critical area of distribution is two sided and it helps to test whether a sample is greater than or ;rss than a certain range of values.

International Journal of Advance and Innovative Research
Volume 6, Issue 3 (I): July - September, 2019 Part - 3
ISSN 2394 - 7780

A STUDY ON PAYMENT BANKS IN INDIA

Mohammed Sadiq Hasan
Assistant Professor, Thakur College of Science & Commerce

INTRODUCTION

The Indian financial system has witnessed some remarkable changes since 1991. Banking sector is one sector which has been performing really well after liberalization, and success can truly be associated with major banking reforms taken by RBI some major technological changes that have taken place over years.

A payments bank is like any other bank, but operating on a smaller scale without involving any credit risk. It can carry out most banking operations but can't advance loans or issue credit cards. It can accept demand deposits (up to Rs 1 lakh), offer remittance services, mobile payments/transfers/purchases and other banking services like ATM/debit cards, net banking and third party fund transfer.

Payments banks is a new model of banks conceptualized by the Reserve Bank of India (RBI). These banks can accept a restricted deposit, which is currently limited to ₹ 100,000 per customer and may be increased further. These banks cannot issue loans and credit cards. Both current account and savings accounts can be operated by such banks. Payments banks can issue services like ATM cards, debit cards, net-banking and mobile-banking.

Payment Banks will utilize the Mobile Platform to facilitate transactions between two or more parties. They have been designed to deliver banking services in the most remote areas of the nation as a step towards economic progress. Payments banks will be available where physical penetration is difficult and is most likely to bring about a dip in the cost of banking services when compared to differentiated banks.

REVIEW OF LITERATURE

Dr. J.C Pandey(2009) elaborated the services rendered by Payment Banks. The researcher also explained the process of setting up a Payment Bank under the guidelines of RBI.

Dr. Malhotra (2010) discusses in her paper that the results show whether the private and foreign Internet banks have performed well in offering a wider range and more advanced services of Internet banking in comparison with public sector banks. She also identifies that the size of the bank, experience of the bank in offering Internet banking, financing pattern and ownership of the bank are found to be the most significant determinants of the successful payment banks.

Dr. Srinivasan, Prof. Subramanian (2012) has made a detailed conceptual study of Payment Banks. The researchers mainly concentrated on finding an answer to certain questions like who are these payment banks, why do we need Payment Banks when we already have public, private, foreign and cooperative banks, what are the value-added services rendered by payment banks and so on. The researchers concluded there is much possibility in the near future to open more Payment Bank Accounts in addition to their regular bank accounts.

Vyas, Gaur & Singh (2016), discussed the evolution of payment banks. The study evaluates the scope of payment banks in fulfilling the objectives of financial inclusion. They also compare the Indian scenario with the success of M-Pesa in Kenya

REGULATIONS OF PAYMENT BANKS SET BY RBI

- The minimum capital requirement is ₹ 1 billion.
- For the first five years, the stake of the promoter should remain at least 40%.
- Foreign shareholding will be allowed in these banks as per the rules for FDI in private banks in India.
- The voting rights will be regulated by the Banking Regulation Act, 1949. The voting right of any shareholder is capped at 10%, which can be raised to 26% by Reserve Bank of India.
- Any acquisition of more than 5% will require approval of the RBI.
- The majority of the bank's board of directors should consist of independent directors, appointed according to RBI guidelines.
- The bank should be fully networked from the beginning.
- The bank can accept utility bills.
- It cannot form subsidiaries to undertake non-banking activities.

- Initially, the deposits will be capped at ₹ 100,000 per customer, but it may be raised by the RBI based on the performance of the bank.
- The bank cannot undertake lending activities.
- 25% of its branches must be in the unbanked rural area.
- The bank must use the term "payments bank" in its name to differentiate it from other types of bank. The banks will be licensed as payments banks under Section 22 of the Banking Regulation Act, 1949, and will be registered as public limited company under the Companies Act, 2013.

FEATURES OF PAYMENT BANKS

1. Payment banks can also accept demand deposits (only current account & savings accounts) with a ceiling limit of Rs.1 lakh per customer.
2. Payment banks must pay interest at the rate notified by the RBI.
3. Payment banks can issue debit cards but not credit cards.
4. Payment banks cannot engage in lending services i.e. they cannot provide loans, thus by phasing out the fear of NPA.
5. The deposit up to Rs.1 lakh is insured by the DICGC (Deposit Insurance and Credit Guarantee Corporation) same as in bank account.
6. Payment banks cannot involve in any kind of credit risk and can only invest in less than one year G-Secs or treasury bills.
7. Payment bank will charge fee as a commission. This will be the sole earning for the banks.

FEATURES OF PAYMENT BANKS THAT WILL CONTRIBUTE TOWARDS FINANCIAL INCLUSION

- Payment Banks can play the role of business correspondent for commercial banks to offer services like marketing of bank's loan product.
- Payment Banks will provide the remittance and payment services in which total credit into an account limit will not exceed more than Rs1, 00,000, this will helpful for the people of lower economy
- In payment banks, it is compulsion that Payment Banks should invest the deposits which are limited to 100,000/- in government bills and securities.
- Payment Banks can be the first digital bank in India, making the transactions online.
- Payment bank will provide reliable fast and convenient platform to transfer money domestically through home bank, NEFT and IMPS facility.
- Payment banks will simplify Know Your Customer (KYC), Anti-Money Laundering (AML)/ Countering Financing of Terrorism(CFT).

LIST OF PAYMENT BANKS

Of the 41 applicants, the list of RBI approved for provisional payments bank licenses are:

- Aditya Birla Nuvo Limited
- Airtel M Commerce Services Limited
- Cholamandalam Distribution Services Limited
- India Department of Posts
- Fino PayTech Limited
- National Securities Depository Limited
- Reliance Industries Limited
- Shri Dilip Shantilal Shanghvi
- Shri Vijay Shekhar Sharma
- Tech Mahindra Limited
- Vodafone m-pesa Limited

ISSN 2394 - 7780

SERVICES BY PAYMENT BANKS

The payments bank can set up their outlets such as branches, Automated Teller Machines (ATMs), Business Correspondents (BCs), etc. which will be regulated by the Banking Regulation Act, 1949. The services which are to be considered for regulations are:

Small deposit accounts: Accepts Demand deposits and savings bank deposits from any individuals and other small firms. NRI deposits will not be accepted under this account. The mobilised deposits would be insured under DICGC to a holding of maximum balance of Rs. 100,000 per individual. The payments bank also needs to comply with its own KYC norms.

Issuance of ATM / Debit Cards: Payments banks will not issue credit cards as per the RBI guidelines because they will not deal with lending businesses.

Payments and remittance services: Payments can be transferred through branches, Automated Teller Machines (ATMs), Business Correspondents (BC), mobile banking and can be accessed through point of sales terminals adhering to the terms and conditions that card payments network should be authorized with debit card payments other than credit card, regulated under the PSS Act. Utility bills and any other payments can be done through payments bank app.

Cross-border remittance services: With the prior approval of RBI, the banks can handle cross-border remittance transactions if they are in nature of personal payments/remittances on the current account.

Internet Banking: The RBI is also open to payments bank offering Internet banking services. The payments bank is expected to offer low-cost banking solutions. Such a bank should ensure that it has all systems enabled so that in the third party service providers, any kind of fraudulent activities if occurs, can be controlled to enable offering transactional services on the internet. The payments bank can accept remittances to be sent to or receive payments from multiple banks under a payment mechanism approved by RBI, which are RTGS / NEFT / IMPS.

Financial Services: Payments banks can further deal with the non-risk sharing simple financial services activities, including Mutual fund units, insurance products, pension policies, etc adhering to terms and conditions imposed by RBI.

How Payment Banks are different from Commercial Banks?

Sr no.	Points	Payment banks	Commercial Banks
1.	Target Market	The target market of payment banks includes migrant labor workforce, low income houselholds, small businesses.	The target market for commercial banks cannot be defined as it covers majority of population.
2.	Lending	Payment banks cannot lend to public.	Commercial banks can lend to the public.
3.	Deposits	Payment banks can collect deposits upto Rs. 1 Lakh	Commercial banks do not face restrictions on deposits.
4.	Issuance of Credit Cards	They do not issue credit cards, but can issue debit cards.	They issue both debit and credit cards.
5.	Capital	Payment banks should have minimum capital of Rs. 100 crores.	The minimum capital is Rs. 200 crores. The initial capital will be raised to Rs.300 crore within three years of commencement of business
6.	Investment	Payment banks should invest at least 75% of their total demand deposits in government securities with a maturity period of at least one year	Commercial banks have to invest maximum 22% of demand deposits in such securities.
7.	Cost effectiveness	Payment banks are cheaper as no legacy system is there.	A commercial bank is costly because of the legacy system and due to other formalities.
8.	Norms for Customers	Payment Banks will simplify Know your Customer(KYC), Anti-Money Laundering(AML), Countering Financing of Terrorism(CFT)	Commercial Banks don’t simplify Know your Customer(KYC), Anti-Money Laundering(AML), Countering Financing of Terrorism(CFT)

9.	Operations	Payment banks will operate in full digital form	Commercial banks operate in physical form with online facilities.
10.	Source of Earnings	Payment banks will earn through transaction charges.	The source of earning of commercial banks is interest between loans and deposits.

Few similarities between Payment Banks and Commercial Banks

Payments banks can sell financial products like mutual fund units and insurance policies.

The payments banks will also have a high-powered customer care cell to handle customer complaints.

The foreign holding in payment banks would follow the same policy as is currently prevalent for FDI in the banking sector at the moment.

OBJECTIVE OF THE STUDY

- To understand what is payment banks.
- To understand the working of payment banks.
- To gather information about the customer awareness on payment banks.
- To understand the usage of payment banks amongst the large population.
- To know whether payment banks have influence in the changing trends of payment methods.
- To understand the difference between commercial and payment banks.
- To know the usage of payment banks in rural and urban areas.
- To analyse the extent of preference towards various Payment banks.

SCOPE OF PAYMENT BANKS

The primary objectives of setting up of payment banks are to provide small savings accounts and payments/remittance services to migrant labour workforce, low income households, small businesses, other unorganised sector entities and other users, by enabling high volume-low value transactions in deposits and payment/remittance services in a secured technology driven environment.

The introduction payment bank in India is to ensure and enhance financial inclusion of unbanked and underbanked population. These people usually require transactions of small amounts and payment bank address this needs. Payment bank may also become a mechanism through which cash benefits from the government can reach the ultimate beneficiary. They can be useful for transferring wages, subsidiaries or other social welfare schemes. Operations of payment banks would not lead to microeconomics benefits to the recipients, but macroeconomics benefit to region also.

It will assist in growth and development of the area because of the access to basic banking services. It would also inspire the much needed saving habits through banking sector especially in the rural areas because of the ease of accessibility. They will not bring more money into the banking system, but also increase the competition among banking institutions. The increased competition among banks would lead to further improvement in the efficiency. Lower cost of operations would exert pressure on other full fledged commercial banks to refrain from costly payment structure involving physical locations and tangible assets. The other commercial banks might be motivated to rely technology based low cost payment system bringing exponential growth in banking inclusion services. This would increase inclusion of both cash-addicted as well as cashless-preferring bank customers. The competition for state owned banks will intensify as payment banks are backed by digital platforms, adequate capital, zero legacy issues and higher rate of interest on deposits in near future. Low cost, innovative and convenient services would compete heavily for business in rural and semi-urban areas where eventually the ultimate beneficiary would be the common people.

RESEARCH METHODOLOGY

The research methodology helps us to collect data through two forms i.e. Primary data and secondary data. The research methodology used in this research is through use of both primary and secondary data collection method.

A survey has been conducted with the help of online questionnaire (Google forms), circulated to a target population of 100 out of which 50 responses were received. The respondents include students, employees and others. Data analysis has been done with a graphical representation and correlation analysis through MSExcel.

DATA ANALYSIS AND INTERPRETATION

After the collection of data, it was compiled, classified and tabulated with the help of technology. Then the task of drawing interferences was accomplished with the help of percentage and graphic method.

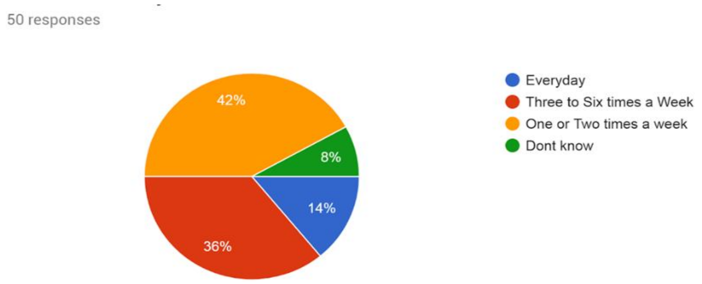
1) How often do you use cash/debit cards?

a) Everyday

b) Three to Six times a week

c) One or Two times a week

d) Don't know



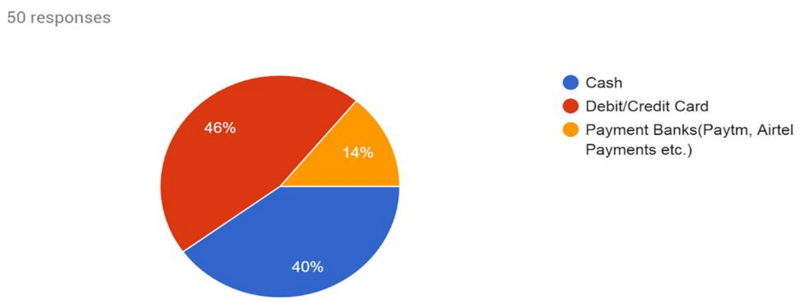
Interpretation: From the above graph it is observed that 42% of respondents use Cash/Debit Cards one or two times a week; 36% of respondents use it three to six times a week; 14% of respondents use it on daily basis and 8% of respondents don't know the usage of the same.

2) What is your Go-To Payment Option?

a) Cash

b) Debit/Credit Card

c) Payment Banks

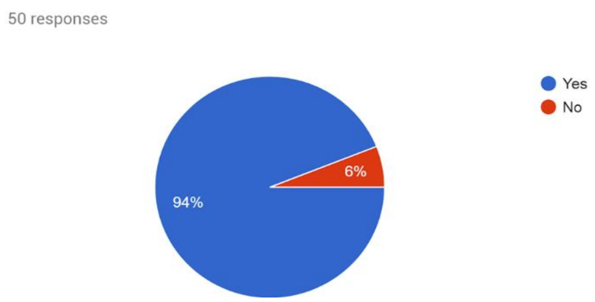


Interpretation: From the above graph it is clear that 46% of respondents use debit/credit cards ; 40% of respondents use Cash as their payment option and 14% of respondents use payment banks for go-to payment option.

3) Do you know what are Payment Banks?

a) Yes

b) No



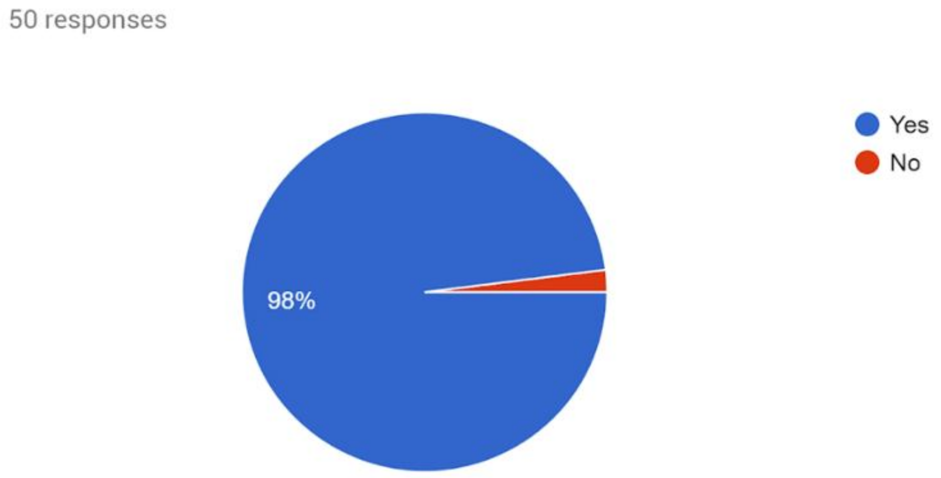
Interpretation: From the above graph it is clear that majority of respondents i.e. 94% are aware of payment banks whereas 6% of respondents don't know about payment banks.

 ISSN 2394 - 7780

4) Do you make payments using Mobile Phone/Smart Phone?

a) Yes

b) No



Interpretation: From the above graph it is clear that 98% of respondents use theit mobile/smart phone for making their payments and 2% of respondents don't use for the same.

5) Do you agree or disagree with the following statement?

" I would consider making payments using my Mobile/Smart phone."

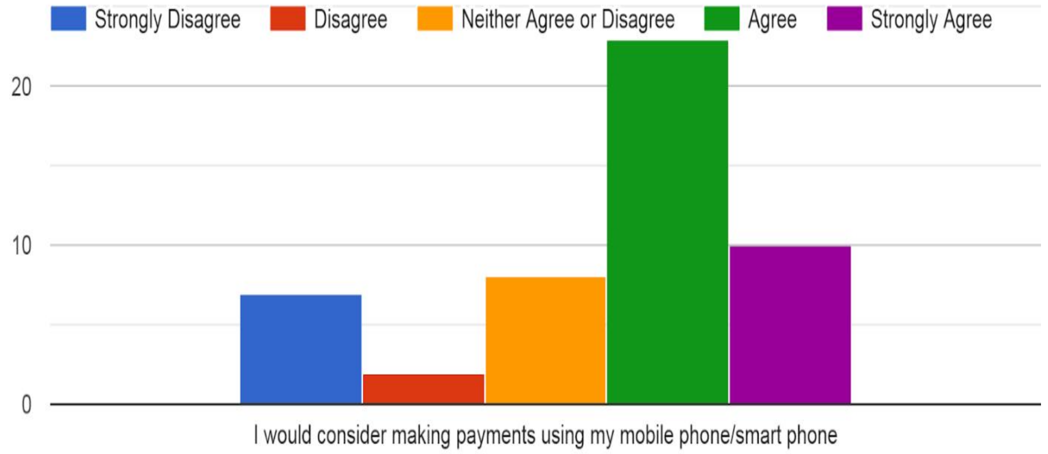
a) Strongly Disagree

b) Disagree

c) Neither Agree or Disagree

d) Agree

e) Strongly Agree



Interpretation: From this graph it is observed that out of 50 respondents, 23 respondents agree with the statement; 10 respondents strongly agree with the statement; 8 neither agree or disagree with the statement ; 7 strongly disagree with the statement and 2 disagree with the statement.

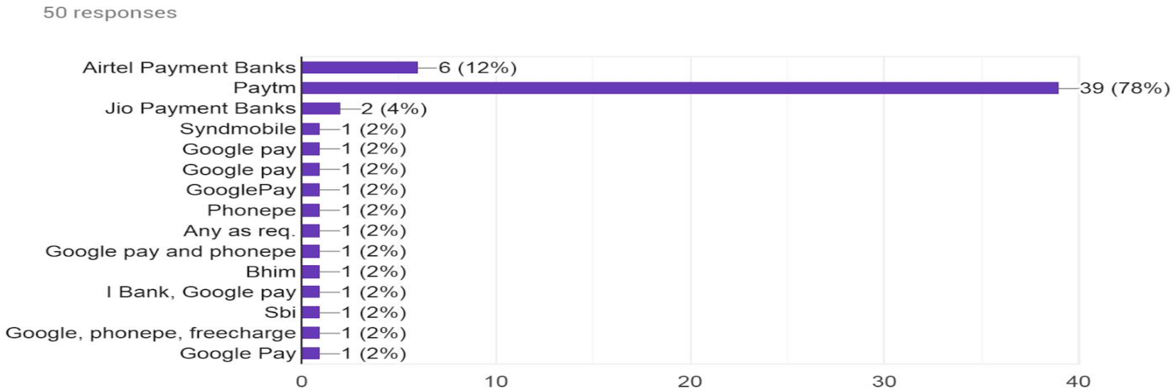
6) Which Payment Bank App do you use?

a) Airtel Payment Banks

b) Paytm

c) Jio Payment Banks

d) Others



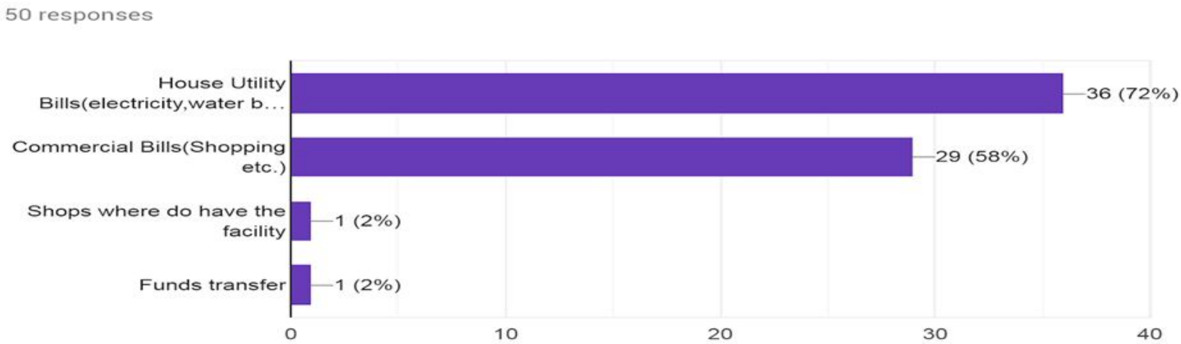
Interpretation: From the above graph it is observed that respondent use various payment banks. Approx 78% of respondents likely use Paytm App; approx 12% of respondents use Airtel Payment banks; approx 4% use Jio Payments Banks. The respondents also use apps like Google Pa y, PhonePe etc.

7) Where do you use your Payment Banks?

a) House Utility Bills

b) Commercial Bills

c) Others



Interpretation: From the graph it is observed that respondents use Payment Banks for various purposes.Approx 72% of population use payment banks for paying house utility bills like electricity, water etc. and Approx 58% of respondents use it for commercial bills like shopping etc.Respondents also use it where it is available and for fund transfer as well.

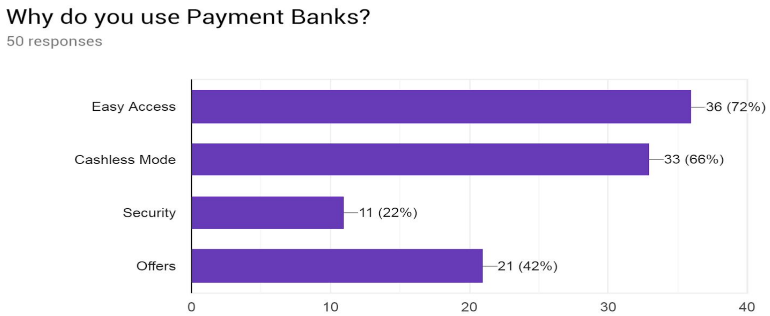
8) Why do you use Payment Banks?

a) Easy Access

b) Cashless Mode

c) Security

d) Offers.



Interpretation: From the above graph it is observed that respondents use payment banks for the given reasons. Approx 72% of respondents use it due to easy access; approx 66% of respondents use it to go for cashless mode; approx 22% believe it provides security and approx 42% use it for various offers.

International Journal of Advance and Innovative Research
Volume 6, Issue 3 (I): July - September, 2019 Part - 3
ISSN 2394 - 7780

9) What is the probable cause for unawareness of Payment Banks?

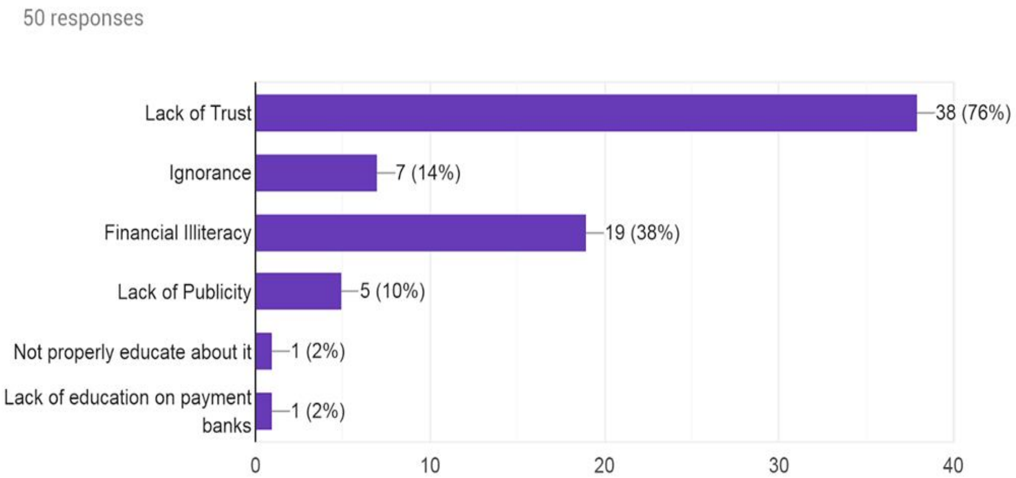
a) Lackof trust

b) Ignorance

c) Financial Illiteracy

d) Lack of Publicity

e) Others



Interpretation: From the above graph it is to be believed that majority of respondents i.e. approx 76% have lack of trust ; approx 38% respondents think the cause to be Financial illiteracy; approx 10% respondents believe it to be lack of publicity and approx 14% respondents thinkdue to ignorance. Other probable causes of unawareness of payment banks are no proper guidance about the usage , lack of education on payment banks etc.

10) Do you agree or disagree with the following statement?

In few years people will hardly use cash for purchases."

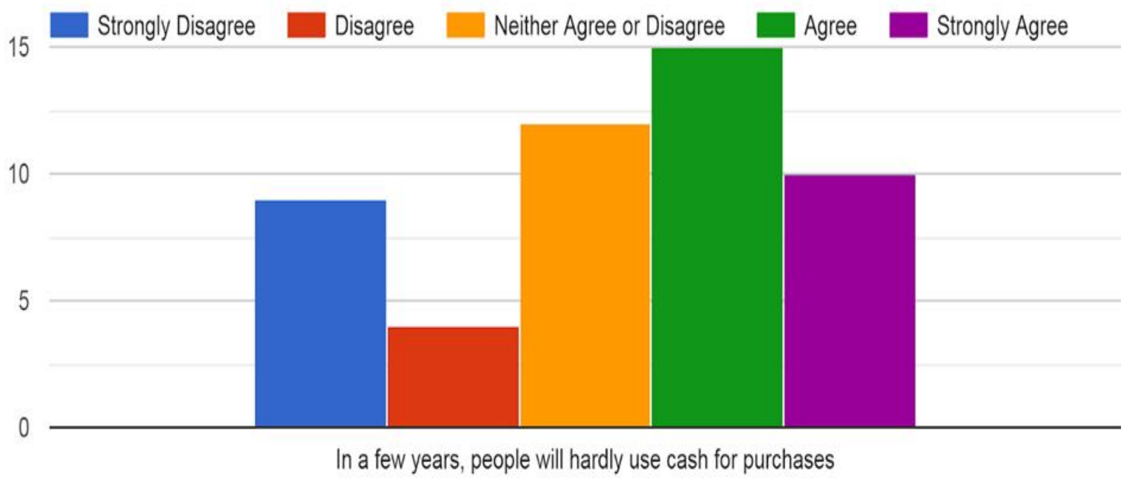
f) Strongly Disagree

g) Disagree

h) Neither Agree or Disagree

i) Agree

j) Strongly Agree



Interpretation: from the above graph it is observed that out of 50 respondents, 15 respondents agree with the statement; 10 respondents strongly agree with the statement; 12 respondents neither agree or disagree with the statement; 4 respondents disagree with the statement and 9 strongly disagree with the statement.

FINDINGS OF STUDY

- Majority of people use payment banks.
- Majority use debit/credit cards for day to day transactions.
- Most of the payments and transactions are one using Mobile/Smart phone.
- It is observed that Paytm is the largely used app amongst the population followed by PhonePe, Google Pay.
- It is also seen that the current youth (age between 18-30) use the payment banks as a means to make payments.
- From this study it is clear that payment banks are used to pay electricity bills, recharges,water bills, shopping etc.
- It is also observed that payment banks are easy to use, convenient, available any time.
- The actual reason found for the probable cause of unawareness is lack of trust because people have fear of transaction frauds.
- Payment banks are built for low income groups, but it is found that it is mostly used by middle and higher income groups.
- In rural areas most of the people are not aware of payment banks due to lack of education, financial illiteracy.
- People believe that in coming years Indian Economy will go cashless due to the new era of payment banks.
- Payment banks services are not taken by all shops, stores because they still believe in tradtional banking system and traditional business methiods.
- It is also found that not all shops keep the same payment bank service. Eg: Shop A is having Paytm, PhonePe services whereas the customer uses Google Pay.
- Lack of proper incentives for agents have stalled progress of the banking model in rural areas.
- Internet services also plays a role in payment banks. Due to connectivity issues consumer face isuee during the transactions.

SUGGESTIONS AND RECOMMENDATIONS

- Given the novelty of their product, payment banks need to intensify their efforts and try different approaches.
- Payment banks need to heavily invest in marketing, especially in rural areas and compensate agents substantially to motivate them to spend time with customers in explaining the benefits of the product.
- Payment banks need to explain the features and uses of the product such that they can effectively transfer this knowledge to the consumer.
- Payment banks should be build a relation among the consumers in order to gain their trust.
- More stress should be given in promotion of payment banks in rural areas by means of advertisement.
- Payment Banks should create more secured foundation towards transactions, bill payments etc.
- Awareness must be created among the middle aged group(age between 30-50) so as they can consider making payments through mobile phone and go towards cashless transactions.
- Financial literacy is a major concern, there should be free seminars conducted across cities, especially in the under-banked and unbanked areas; which would increase awareness among the people and also prove to be a great marketing strategy for the payment banks as well.

LIMITATIONS TO THE STUDY

A research cannot be said complete if limitations are not faced. Following are a few limitations that I havefaced during the study of project.

- The research was carried out in a short period.
- The sample size of the research was constrained.

- The information given by the respondent might not be true to the best, as the respondent may not be interested to share the correct information.
- Some of the respondents of the survey have not respondend. Hence the sample size is 50 respondents.

CONCLUSION

In the end I would conclude that, with the entry of payment banks, the process of shifting money from bank accounts to wallets will become truly seamless, and thus it is extremely possible that many customers may open payment bank accounts in addition to their regular bank accounts. People have started to look towards the new era of banking system. Payment banks have proved to be beneficial as it is easy and convenient to use.

Payment Banks have been a game change for the Indian Economy,but being a recent instill, it lacks consumers trust. In India, people are not aware about the payment banks, is services, benefits and security norms.Payment banks need to work on bridging the gaps between the bank branches and rural areas in order to move towards digitization.

The competition between traditional banks and payment banks will lead to widening and improvement in quality of banking services at reduced costs and which may finally result in financial inclusion. Payment banks need to work on building the trust and must create awareness for the same.

The payment banks may have not yet suceeeded in rural areas but it definitely has put a great startup in urban areas.I believe that with proper strategies and tools Payment Banks can setup in rural areas and help the lower income group.

B**IBLIOGRAPHY**

- http://www.ijcrt.org/papers/IJCRTICPN013.pdf/ Customer Awareness on Payment Banks, the latest IT-enabled Indian Banks connecting people – An Empirical Study
- https://www.worldwidejournals.com/global-journal-for-research-analysis-GJRA/recent_issues_pdf/2015/November/November_2015_1447761370__44.pdf
- https://www.elkjournals.com/microadmin/UploadFolder/2674CHANGING%20LANDSCAPE%20OF%20BANKING%20SYSTEM%20IN%20INDIA%20PAYMENT%20BANKS%20OPPORTUNITIES%20OR%20CHALLENGES.pdf
- www.managementjournal.info/Role of Payment Banks in India: Opportunities and Challenges
- https://en.wikipedia.org/wiki/Payments_bank
- https://www.livemint.com/Money/tSMsNn4AKWlrr9JH2KeVQK/How-are-payments-banks-difference-from-regular-banks.html
- https://economictimes.indiatimes.com/definition/payments-banks
- http://www.iosrjournals.org/iosr-jbm/papers/Conf.17037-2017/Volume-7/12.%2060-66.pdf
- https://www.financialexpress.com/money/rbi-guidelines-for-payments-banks-here-are-some-points-you-must-know/511033/
- https://www.ndtv.com/business/how-payments-banks-are-different-from-commercial-banks-10-facts-1209294
- https://www.goodreturns.in/classroom/2015/08/9-ways-which-payment-banks-are-different-from-commercial-banks-india-384042.html
- http://data.conferenceworld.in/3FEBYMCAICRAESM/24.pdf
- https://www.sciencedirect.com/science/article/pii/S187705091732639X
- http://pjitm.com/Doc/july-dec2017/PAPER6.pdf
- https://www.ukessays.com/essays/economics/scope-payment-banks-india-9386.php

SIMPLIFICATION OF KNOW YOUR CUSTOMER (KYC) NORMS: AN ENABLER TOWARDS PAPERLESS BANK ACCOUNT OPENING IN INDIA

Dr. Bhavana Trivedi[1] and Poonam Popat[2]
Assistant Professor[2], Shailendra College
Assistant Professor[2], Nagindas Khandwala College (Autonomous)

ABSTRACT
Know your customer (KYC) guidelines in India was an initiative of Reserve Bank of India (RBI). It was mainly implemented for better relations between the banks and customers and also to keep a check on illegal transactions. The paper is an attempt to understand the milestones of KYC norms for bank account opening form the time it was implemented to till date in banking sector. The milestones of KYC norms are divided into four stages for the purpose of better understanding and comparison. The paper is based on primary data as well as secondary data. The end results will help us to determine how the simplified KYC norms are going to promote paperless bank account opening in India.

Keywords: Know Your Customer (KYC), Reserve Bank of India (RBI), Bank account opening

1. OBJECTIVE OF THE STUDY

a. To understand the Milestones of KYC norms in banking sector for opening bank account.

b. To study the positive impact of simplified KYC norms on paperless bank account opening.

2. RESEARCH METHODOLOGY

The research paper is based on first-hand information collected through interview method of 50 senior bank officers (20 private sector banks, 20 public sector banks and 10 co-operative banks) residing in western suburbs of Mumbai to get insights on the way KYC norms for opening a bank account are applicable. Secondary data was collected through RBI websites and master circulars updated by RBI from time to time.

3. REVIEW OF LITERATURE

Rajput (2013) studied KYC norms of RBI in a very theoretical manner explaining the requirements, application, and process. It shows that KYC norms will mainly help in combating financing of terrorism (CFT), checking the integrity of customer of banking, insurance and export credit agencies, and will minimise the risk of banking sector.

Someshwar (2015) stressed on the challenges of the bank as it would have to mandatorily comply with the requirements or else, they will have to pay a huge penalty for violation and there will be reputation loss to the banks.

Kaushik (2018) talked about banks being careless and repeatedly ask for documents even if it was submitted by the customers as there are many complaints on such issues. It also explains the challenges faced by banks especially after demonetisation.

4. RESEARCH GAP

The past research based on review of literature showed that majority of the research were exploratory where the researcher has created awareness about KYC norms and talked about the challenges by the bankers if not implemented properly. None of them have touched the positive aspect of KYC norms which will be analysed in the current research paper.

5. THEME:

5.1 Meaning of KYC Norms

KYC guidelines is a banking norm governing banks, financial institutions and regulated companies whereby they need to perform tests to identify their customer and update required information necessary for doing financial transactions with them. KYC norms were introduced by RBI in 2002. In 2004. RBI instructed all banks to fully comply with the KYC provisions before 31st December 2005 in order to prevent money laundering, terrorist financing and theft. The frame work of KYC was based on following four elements:

- Customer Acceptance Policy: Banks/Financial Institutes (FIs) must develop clear customer acceptance policy were only eligible persons with valid documents will be allowed to open bank account.
- Customer Identification Procedures: Banks must follow due diligence tests for customer towards account opening which are done on the basis of risk profile of the customer.

- Monitoring of Transactions: Continuous monitoring is a vital part of effective KYC procedures. Banks/FIs should exercise ongoing due diligence with respect to every customer and closely inspect the dealings to ensure that they are constant with the customer's contour and source of moneys as per present directions.
- Management of Risk: Banks/FIs should cover appropriate management, systems and controls, separation of duties, training of staff and other related matters. The banks must have risk-based method, division of responsibility, self-regulating evaluation by concurrent auditors and internal auditors to ensure effective execution of KYC norms.

5.2 Milestones of KYC norms

1. Milestone 1: Before June 2015

During this period the process of fulfilling KYC was completely in physical form. Documents in physical form were collected towards proof of Identity, proof of address and specimen signature of the customer, where the customer must be physically present at the time of opening of bank account. The officially valid documents were:

Proof of Identity	Proof of Residence
Passport	Passport
Driving license	Driving License
PAN card	Voters Identity cards
Voters identity card	Utility bills
job cards issued by NREGA	property or municipal tax bills
UIDAI- Aadhaar card	UIDAI – Aadhaar card

2. Milestone 2: 1st July 2015 to 14th October 2018 (New RBI Notification: E-KYC)

To fasten the process of opening bank account and increase the circulation of money in the economy, RBI came out with a new notification in October 2018 which stated that over and above physical documents banks will also be allowed to do E-KYC through Biometric authentication linked with Aadhaar as well as authentication through OTP. The information covering demographic particulars and photographs that will be available from Aadhaar will be treated as an 'Officially Valid Document'.

3. Milestone 3: 15th October 2018 to 28th May 2019 (Suspension of E-KYC by Supreme Court)

Due to huge uproar on the use of Aadhaar based sensitive information by many private as well as public companies, the Supreme Court ordered to discontinue the use of E-KYC in banking as well as other sectors (except Direct Beneficiary Transfer (DBT) under public distribution system). On 14th October 2018 all the banks and financial institutes where asked to drop the option of E-KYC and go back to the old physical documents for identity and address confirmation for opening of accounts.

4. Milestone 4: 29th May 2019 onwards (Resumption of E-KYC)

A bill was passed in Loksabha on 4th January 2019 to enable the usage of E-KYC by banks. The Union cabinet approved the ordinance which would allow banks to use Aadhaar for authentication and verification on 2nd March 2019.The ordinance has the same changes to the Aadhaar Act as proposed by Aadhaar and other laws (amendment bill 2018), which was passed in Loksabha but later lapsed in Rajyasabha. Based on the ordinance on 29th May 2019, the Reserve Bank of India passed an amended circular permitting all bank to resume with the use of E- KYC for bank account opening. The ordinance was ratified by Rajyasabha on 8th July 2019 which allowed voluntary use of Aadhaar towards KYC authentication for opening of bank accounts.

6. PRIMARY DATA ANALYSIS

The interview with the senior bank managers showed that the time taken to submit the documents, processing of documents and finally opening of bank account used to take long time before 2015 where e-kyc was not existing. It used to take approximately 5-7 working days to open a bank account during this period.

After 2015 the e-kyc was introduced and it was a fruitful move towards digitalisation of banking sector especially opening of bank accounts where accounts of customers can be opened in fraction of seconds. This move has cut down the cost of the banks and the system is made equally convenient to both banks as well as customers. The average reduction in account opening cost is expected to fall from around Rs. 200 to Rs. 50 per account.

During the suspension period there were temporary hiccups towards the use of Aadhaar based e-kyc which was discontinued for almost 7 months leading to increased cost to bankers as well as inconvenience to the customers. It was very sudden speed bump in the path of India's growing economy especially to the banking sector which was almost on the path of complete digitalisation and the dream of paperless economy was shattered.

The amended bill of RBI was passed for continuing the use of e-kyc after which the banks are back to their routine and fell less burdened as majority of the verification checks are automatic. It was a very welcome move and provided huge relief to the banking sector as they had to incur huge cost in the suspension of E-KYC era. This was also beneficial to the customers as it will save their time and account opening will become faster.

7. FINDINGS

Impact of simplified KYC norms a positive move towards paperless bank account opening in India

- Huge cost savings to bank – The eased KYC norms will bring huge reduction in manpower cost and administrative cost like document verification, storage, retention and eventual shredding.
- Immediate account opening – The simplified KYC norms will allow the banks to instantly handle document verification and customer account opening will be done in just few hours.
- Convenient: The relaxed KYC norms will bring in mobility with respect to identified location as the customer need not visit the bank for account opening – Customer can open his/her account opening from anywhere. The customer can open bank account sitting at their home where a bank officer visits their home with Aadhaar verification biometric device.
- Authentication of document submitted by customer – Banks can independently verify the legitimate customer through UIDAI and check for other credentials from the Aadhaar number in case of suspicion/doubtful customers.
- Ease of future customer profile modification – Change of customer profile like address, contact details, etc can be easily updated by change in Aadhaar details centrally by customer and submitting the details to Banks for up gradation.
- System is completely secure: The E-KYC process is transparent as it is fully online and automated. The data is safe and it works on authentication by the customers. The data is stored in cloud where the trail of transactions can be easily located. The data transfer happens on real-time line where there is no need to store the data manually.
- Covers IT Act: IT Act 2000 is applicable to E-KYC therefore it is legally accepted. The data transfer is enabled by E-signature and used encryption to make the e-document equally formal and legal like a physical document.

Though the e-kyc has made the work of banks very simple and quick it calls for due diligence on the part of banks as data theft and misuse of information is a huge challenge a head. Security and continuous updation of internal system will make it more meaningful towards achievement of complete paperless account opening.

8. SUGGESTIONS

- A centralised agency can be setup to create a unique kyc number for each customer which will automatically allow customers to open bank account anywhere.
- Centralised data base of the black listed customers to be created which will help in tracing the defaulters when to attempt to open a new bank account after closing their old bank accounts where they were defaulters.

9. CONCLUSION

The E-KYC introduced by RBI has helped the bank to reach even the smallest town or village of the country under the ambit of Financial Inclusion. This has definitely resulted in less of cash transactions and created ease towards exchange of money for personal and business transactions. Simply having an Aadhaar card and linking it with the bank for account opening has make the lives of people in urban as well as rural simple and convenient.

10. REFERENCES

- Rajput (2013) “Research on KYC” International Journal of scientific and Research Publication, Volume-3, Issue-7 http://www.ijsrp.org/research-paper-0713/ijsrp-p1989.pdf (retrieved on 4/7/2019)
- Someshwar P(2015) “KYC Norms- a challenge for banks in India” Abhinav National monthly journal of research in commerce and management, Volume -4, Issue – 12 www.abhinavjournal.com (retrieved on 4/7/2019)

- Kaushik (2018) "KYC norms in India: Issues and challenges "International Journal of Law www.lawjournals.org (retrieved on 4/7/2019)
- https://www.rbi.org.in/scripts/BS_ViewMasCirculardetails.aspx?id=9914 (5/7/2019)
- https://www.rbi.org.in/scripts/BS_ViewMasCirculardetails.aspx?id=9848 (5/7/2019)
- https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=9848&Mode=0 (5/7/2019)
- https://rbidocs.rbi.org.in/rdocs/notification/PDFs/18MDKYCD8E68EB13629A4A82BE8E06E606C57E57.PDF (6/7/2019)
- https://www.livemint.com/Politics/OxRFMGl9sAbylGhuxUECAK/In-search-of-eKYC-20-Aadhaars-identity-crisis.html (7/7/2019)
- https://economictimes.indiatimes.com/small-biz/sme-sector/the-future-of-aadhar-and-ekyc-based-solutions/articleshow/68251916.cms?from=mdr (10/7/2019)
- https://www.businesstoday.in/current/economy-politics/parliament-passes-aadhaar-amendment-bill/story/362697.html (12/7/2019)

International Journal of Advance and Innovative Research
Volume 6, Issue 3 (I): July - September, 2019 Part - 3
ISSN 2394 - 7780

A STUDY ON THE IMPACT OF INTERNET BANKING ON PEOPLE

Kavita Tiwari
Thakur College of Science and Commerce

ABSTRACT

It is for an online comprehensive solution to manage internet banking. This will be accessible to all customers who have a valid user id and password. This system provides the following

facilities………

- *Balance enquiry*
- *Funds transfer to another account in the same bank*
- *Request for cheque book/change of address/stop payment of cheques.*
- *Viewing monthly and annual statements*

In India, a number of banks have either gone for Internet Banking or are on the verge of goingfor it. Internet Banking System I am talking about is different from what was possible up to now- off line information or few limited services. I am talking about the type that enables thecustomer to transact business on line in real time.

The Internet Banking System provides the facilities like Balance Enquiry, Funds transferto another account in the same bank, Request for cheque book /change of address/stop paymentof cheques and Viewing monthly and annual statements. The Internet Banking System hasdeveloped a new security infrastructure for conducting commerce on the Internet. The initiative,called BankID, aims to become a national ID infrastructure supporting services such asauthentication and digital signatures for the entire authentication population.

Many researchers expect rapid growth in customers using online banking products andservices. The Internet Banking System allows customer contact through increased geographicalreach and lower cost delivery channels. Customers can reach a given institution from literallyanywhere in the world. Management must understand the risks associated with The Internet Banking System before they make a decision to develop a particular class of business.

INTRODUCTION

The Indian banking system has undergone a technological change over time. The banking system in India has created position for itself in the modern forceful global bubble where adoption of new and innovative technological development carries the key to additional room of banking business and its future improvement.

The outstanding types of innovation in technology and solid amalgamation with information communication technology (ICT) prepared an archetype transfer in the Indian banking industry. Technology itself formed its own world in the global digital economy. Internet banking is an online system which enable customers or businesses to access their bank accounts, do their banking transaction online, getting information about banking products and services. The innovative initiation of internet banking has empowered banks with innovative ways of delivering their banking services to customers. Information communication technology (ICT) is becoming an important factor in the future development of financial services industry, and in particular banking industry. The dynamic forces behind the rapid renovation of banks are going through certain important changes in innovations in ICT.

The growing applications of computerised networks to banking reduced the cost of transaction and increased the speed of service to a large scale. In today's digital global economy, there is competition around the world in different sector or industry and with the explosion of new sectors in the present world, banks are changing their strategies to reach customers worldwide with ease and in a cost effective manner. Therefore banks are adopting the latest technology in order to deliver their banking and financial service product to the customers with a cost effective manner. Now days in order to provide more benefits to customer and to increase the performance of banks they are adopting the cost-effective distribution channel to distribute their financial or banking service to the customer. Through internet banking banks want to keep the existing customers as well as to attract new customers for their banks.

OBJECTIVES

- To identify and describe the factors on their attitude towards adoption of internet banking.

 ISSN 2394 - 7780

- To investigate the effects of perceived usefulness, perceived ease of use, perceived security and risk on perceived intention to use mediated through customer attitude in the context of internet banking.
- To investigate the effects of relative advantage, compatibility, traiability, observability and image on perceived behavioral intention to use internet banking.
- To study the effects of voluntary, anxiety and impulse tendency of customers on attitude towards internet banking.
- To study the attributes that would play a role in the internet banking channel selection behavior of a customer and attitude towards internet banking.
- To describe the preferences for various delivery channels by Internet banking users and non-users and analyze the implementation of technology made by Indian banking industry and identify various internet banking services/products adopted by Indian banks.
- To explore customer value perceptions in internet banking and bankers' perspectives on internet banking activities of customers' and promotional activities taken by banks in order to promote the internet banking.
- To evaluate the integration of Technology Acceptance Model(TAM), Theory of Planned Behaviour(TPB), Social Cognitive Theory(SCT), Institutional theory(IT),and Diffusion of Innovation (DOI) provides a strong theoretical basis for the examining the customers attitudes towards internet banking adoption.

REVIEW LITERATURE

"A Study on Factors Influencing Consumer Adoption of Internet Banking in India" tried to examine the factors that influence internet banking adoption. Using PLS, a model is successfully proved and it is found that internet banking is influenced by its perceived reliability, Perceived ease of use and Perceived usefulness. In the marketing process of internet banking services marketing expert should emphasize these benefits its adoption provides and awareness can also be improved to attract consumers' attention to internet banking services.

"A Study on Customer Satisfaction of Commercial Banks: Case Study on State Bank of India". This paper present Customer satisfaction, a term frequently used in marketing, is a measure of how products and services supplied by a company meet or surpass customer expectation. Customer satisfaction is defined as "the number of customers, or percentage of total customers, whose reported experience with a firm, its products, or its services (ratings) exceeds specified satisfaction goals.

"Comparative Study of Customer Satisfaction in Public Sector and Private Sector Banks in India". This paper gives with the introduction of liberalization policy and RBI's easy norms several private and foreign banks have entered in Indian banking sector which has given birth to cut throat competition amongst banks for acquiring large customer base and market share.

"Private Sector Banks Service Quality and Customer Satisfaction" A Empirical Study two Private Sector Banks". This research paper is an effort to examine the relationship between service quality and customer satisfaction of two private sectors bank of India.

"Factors Affecting the Customer satisfaction In E-Banking: Some evidences Form Indian Banks". This study evaluates major factors (i.e. service quality, brand perception and perceived value) affecting on customers' satisfaction in e-banking service settings.

IMPORTANCE

E banking provides many advantages for banks and customer's .e-banking has made life much easier and banking much faster for both customers and banks.

Main advantages are as follows

- It saves time spent in banks
- It provides ways for international banking.
- It provides banking throughout the year 24/7 days from any place have internet access.
- It provides well-organized cash management for internet optimization
- It provides convenience in terms of capital, labour, time all the resources needed to make a transaction.
- Taking advantage of integrated banking services, banks may compete in new markets, can get new customers and grow their market share.

ISSN 2394 - 7780

- It provides some security and privacy to customers, by using state-of-the-art encryption and security technologies.

METHODOLOGY

There are number of approaches for a researcher to undertake data collection and it depends upon the questions, depth ness and the time period of the research. Depending upon the research question and objectives, a researcher may choice different method for the study i.e. Experiment, logituditional study, cross sectional study, survey or case study. In this research survey method was used as an effective and powerful tool for collecting data on customer's attitudes, behaviour and charactertics. The survey is made when a sample of elements is selected to be representative of the investigated population. Some time it is the only available option for acquiring information to examine research questions. Considering the benefits of survey methods and its common use in business studies, a survey method was considered suitable for this study. Empiricial data have to be collected and will be used for analyzing and finding results.

A structure questionnaire was designed for collecting the empirical data. While preparing the questionnaire review of literature, results of other researcher and feedback from bankers and experts in the area of interest were taken into consideration. The empirical data was collected from customers in Orissa to achieve the research objectives. 7-point likert type scale, ranging from 1 representing "strongly disagree" to 7 representing "strongly agree".

As part of the pilot testing initially questionnaire was developed and pre tested on small sample of bank customers to ensure "13" Chapter 1 the quality of the questionnaire that the questions were not misleading or confusing to avoid any bias answers. After revision, a final questionnaire was developed to collect the data. The questionnaire designed consisted of different sections: first section comprises questions concerning the demographic characteristics of the respondents, motivation of using internet banking and preference of ranking among banking services used, the second part consisting of questions regarding frequency of using banking services ,using branch banking , usefulness of internet banking services and factors considered for selecting an internet banking account, the third section explore the respondent's attitude towards Internet banking.

UNIVERSE SAMPLE

The universe of the study consists of all scheduled commercial banks operating in India. There are 289 scheduled commercial banks operating in India as on 31st March 2004. Scheduled commercial banks comprise 27 Public Sector banks, 30 Private Sector banks, 36 foreign banks and 196 Regional Rural banks.

The study a sample of 93 banks is considered, out of which 36 are foreign banks, 27 are public sector banks and 30 are private sector banks. The sample consists nearly 32 percent of the universe. In case of foreign banks, only those banks are studied which provide Internet Internet banking services of which are no aanckciensgs iibnl eI nadt iath. EHiro wweebvseirte TSH Ed ufeor teoig lna nbgaunakgse, probvliedming o Iren ttheern oetth bear, akirneg e ixnc lIunddeiad bfourt the purpose of studying the services and products being offered by Internet banks in India.

HYPOTHESIS

H1: Demographic attributes i.e. age, income, education, gender; marital status and occupation have no significant impact on attitude towards internet banking.

H2: Individuals experiencing higher coercive pressure and normative pressures, are more likely to adopt internet banking.

H3: There is a significant difference between users and non-users of internet banking with regard to their perceptions of social influences.

H4: Perceived usefulness, perceive ease of use, perceived self-efficacy and perceived security and risk have no significant impact on attitude towards internet banking.

H5: Relative Advantage, Compatibility, Observability, Treatability and Image have no significant impact on attitude towards internet banking. H6: Attributes i.e. Voluntary, Anxiety and impulsive tendency have no significant impact on attitude towards internet banking.

DATA ANALYSIS & INTERPRETATION

Data Analysis and presentation of the data in quantitative research is usually more unsophisticated based on the fact that statistical measurements are being used. Tables and charts are used for the presentation of the data and the report can be structured around these exhibits. While in qualitative research, it seems to be more difficult.

ISSN 2394 - 7780

When analyzing qualitative information, the researcher engages in an in-depth investigation and subjectively interprets the data, in order to explain much of the variation in the field of study.

In this study researcher has selected two banks i.e. SBI from public sector and HDFC from private sector bank of Rajkot district of Gujarat State. In order to examine the views of customers regarding Online Banking Services provided by the banks, two types of structured questionnaire were designed for collection of the primary data. The questionnaire was prepared for –

I) The bank‟s customers; who are Users of Online Banking Services,

II) The bank‟s customers; who are Non – Users of online banking services.

Data has been collected from customers who were users and non – users of electronic banking. Thus in accordance with the study the data collected was interpreted and analyzed which include: to establish the relationship between technology and service quality in banking industry and to determine the factors that lead to customer preference of different electronic banking channels

INTERPRETATION

53 respondents from SBI and 68 respondents form HDFC belong to Service class. While 30 respondents are from business class and 37 respondents are Professionals. Thus we can say that Service class people are actively using Online Banking Services from both the banks as compared to other Occupations.

Table Showing Calculation of X 2 on the Basis of Occupation

O	E	O-E	$(O-E)^2$	$\sum(O-E)^2$ /E
30	22.85	7.15	51.12	2.24
53	54.45	1.45	2.10	0.04
15	23.40	8.40	70.56	3.02
22	19.80	2.20	4.48	0.24
15	13.50	1.50	2.25	0.17
23	29.15	6.15	37.82	1.30
68	66.55	1.45	2.10	0.03
37	28.60	8.40	70.56	2.45
22	24.20	2.20	4.48	0.20
15	16.50	1.50	2.25	0.14
TOTAL	**300**			**9.85**

H0 - Type of preferred bank is independent of Occupation

H1 - Type of preferred bank is not independent of Occupation

$X^2 = \sum (O-E)^2 / E$

X^2 tab = n – 1

= 10 – 1

= 9

X^2 (0.05, 7) = 16.9190

X^2 tab > X^2 cal

16.9190 > 9.85

CONCLUSION

Based on this study, the opinion of the sample respondents among the bank customers the various aspects of e-banking / internet banking services provided by public and private sector banks are evaluated using appropriate statistical techniques such as Cross tabulation analysis with Kruskal-Wallis test, t-test in addition to descriptive statistics like mean and standard deviation.

It is concluded from the results of the study that the usage of ATM, Telebanking and Internet banking are perceived as important and the use of these services is associated with socio-economic and demographic characteristics of the respondents. Though, most of the customers prefer manual banking over e- 197 banking, the customers tend to use e-banking / internet banking and adoption of e-banking and internet banking services

ISSN 2394 - 7780

among the bank customers is significantly influenced by the number of times visiting the banks as well as the number of banking transactions per month.

Most of the services through e-banking / internet banking performed by both public and private banks are beyond the expectation of the customers. Similarly the various services provided by both public and private sector banks are more than adequate for customers. It is concluded finally that there is significant difference between public and private sector banks in respect of both services provided and services performed via e-banking / internet banking.

LIMITATIONS

- **Problems of security:** security and privacy a spects are major issue of E-banking translation. Various sites are not properly locked at to ensure weather customer. Money is safe in cyber world or not.
- **High cost:** The infrastructural cost of providing E-Banking facility is very high. The banks not only have to automate front-end services but also back office services, which involve high cost.
- **Lack of awareness:** Another great hindrance is lack of awareness because effective and wide media efforts in publishing Internet banking need to be emphasized.
- **Lack of computerization:** Lack of computerization and low density of telephone lines is also a bottleneck for online banking. In India, out of 65000 bank branches, only 5000 branches are computerized.

REFERENCES

1. Srivastava, Dr. Saurabh Internet Banking - A Global Way to Bank!, www.indianmba.com/ Faculty_ Column/FC908/fc908.html
2. De, Rajneesh and Padmanabhan, Chitra for Indian Express Group, Internet opens new vistas for Indian banks, www.expresscomputeronline.com/20020916/indtrend1.shtm
3. Singh, R. P. Whither Internet Banking in BankNetIndia, www.banknetindia.com/banking/rps.htm
4. The Indian internet Banking Journey, www.icmrindia.org/free%20resources/casestudies/banking1.htm
5. Singh, Karan Manveer Public sector banks score over private ones, http://www.downtoearth.org.in/ Full6.asp?FolderName=20061231&FileNAme=news&sid= 3&sec_id=4
6. Kekre, Priya Phishing in India on the rise, www.ciol.com/Enterprise/BFSI/Feature/Phishing-in-India-on-the-rise/301008112099/0/
7. Shaffer, E. The Evolving Institutionalization of Usability, a White Paper, www.humanfactors.com
8. Merholz, P., Wilkens, T., Schauer, B., Verba, D. Subject To Change: Creating Great Products & Services for an Uncertain World
9. Norman, D., Emotional Design: Why We Love (or Hate) Everyday Things

International Journal of Advance and Innovative Research
Volume 6, Issue 3 (I): July - September, 2019 Part - 3
ISSN 2394 - 7780

TO STUDY ABOUT THE IMPORTANCE AND AWARENESS OF LIFE INSURANCE AMONG PEOPLE

Sanika Salunke

ABSTRACT

Insurance sector is growing day by day in India but some people still feel that Life Insurance is not required for financially sound people. But, it is not the case. Some section of individuals merely takes Life insurance for its tax deduction benefits and low amount of premiums not thinking upon their financial goals and family needs. Thus, life insurance is a risk cover which does not disturb the savings of the policyholder and provides financial solvency and protection to the dependents of the insured.

Thus, this research paper tries to find out the awareness of Life insurance among people, the primary objective of buying a life insurance policy, the amount of premium preferred by them and etc. We have surveyed the views and opinions of different people by using questionnaire method.

INTRODUCTION

In India, insurance business is classified primarily as life insurance and general insurance. Life insurance is basically associated with risk to human lives. Life insurance provides protection to a household against the premature death of its bread winner or income earning member.

Definition: According to J.H. Magee, “The life insurance business embodies an agreement in which broadly stated, the insurer undertakes to pay a stipulated sum upon the death of the insured, or at some designated time to a designated beneficiary.”

Therefore, life insurance or life assurance is a contract between the policy owner and insurer (insurance company) where the insurer agrees to pay a sum of money upon the occurrence of the individual’s or individual’s death. In return, the policy holder/owner of the policy agrees to pay a stipulated amount or premium at regular intervals for a long term period or in lump sums.

The insurance sector was set up in the year 1999 which facilitated the entry of private players into the industry with an annual growth rate of 24.31% and the largest number of life insurance policies in force, the potential of Indian insurance industry is huge. In the year 2011, major structural changes took place with the ending of the Government monopoly and the passage of the Insurance Regulatory & Development Authority bills, lifting entry transactions for private players and allowing foreign players to enter the marker with some limits on direct foreign ownership.

OBJECTIVES OF STUDY

- To study the awareness of life insurance among people and their various premium payment requirements.
- To study the primary goal of purchasing a life insurance policy among individuals.

REVIEW OF LITERATURE

- Study of “Awareness of Life Insurance among customers of DHFL Pramerica Co. Ltd” (2019) is a research paper by Dr. Rishikesh Kaakandikar and Ms. Priyanka Dongre which checks the attention concerning want of Life Insurance among the buyers of the above specified company’s life insurance policy. This analysis discovered that the customer’s area unit is aware about want of insurance in their life and also the individual agents of DHFL Pramerica area unit the key supply of information for the policyholders.
- “An Empirical Analysis of Life Insurance Industry in India”, by Harpreet Singh Bedi and Dr. Preeti Singh is a research paper in which attempt has been made to analyze the overall performance of Life Insurance Industry between pre and post economic reform era. To measure the current status, volume of competition and challenges faced by the Life Insurance Corporation of India and to measure the effectiveness of investment strategy of LIC over the period 1980 to 2009. The study reveals that there is a tremendous growth in the performance of Indian Life Insurance Industry and LIC due to the policy of LPG.

SCOPE OF STUDY

- Life insurance policy offers full *protection* against the risk of death and acts as a provision for financial safety for an individual or his nominee.
- Life insurance allows a person to pay premiums in *easy installments* as per the convenience of customers.
- The amount paid as Life insurance premium is subject to *tax deduction* subject to the prevailing income tax rates.

ISSN 2394 - 7780

- It is a safe and profitable investment since it is governed by Insurance Regulatory and Development Authority (IRDA) which keeps a constant watch on the financial position of Life insurance companies.

RESEARCH METHODOLOGY

Sample size: Responses from 50 people starting from the age range of 15 years were collected.

Research design: Feedback from individuals was collected through questionnaire method in order to understand whether their preferences related to a specific insurance company, the amount of premium they would like to pay annually etc.

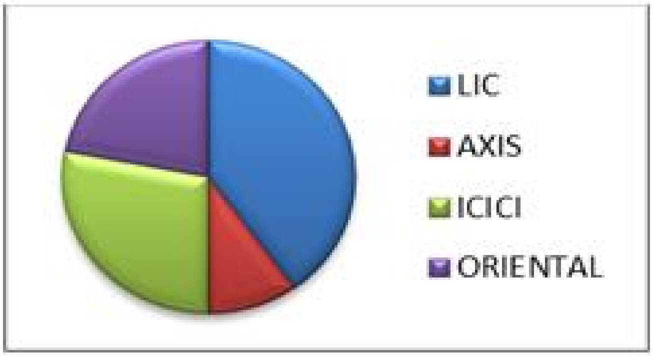
HYPOTHESIS

H_0: There is no significant awareness about Life insurance among people.

H_1: There is significant awareness about Life insurance among people.

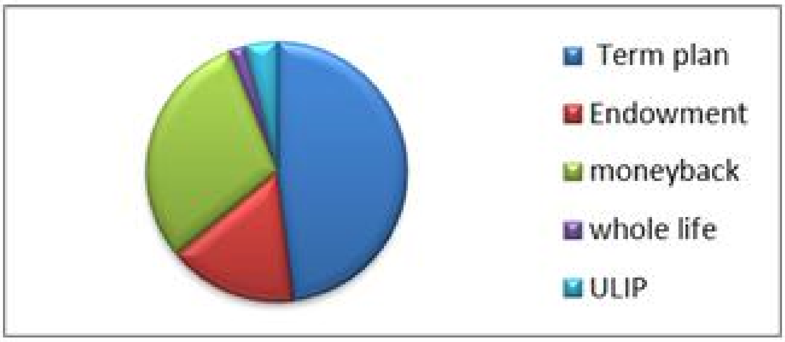
DATA ANALYSIS AND INTERPRETATION

1) Which company's life insurance policy do you hold?



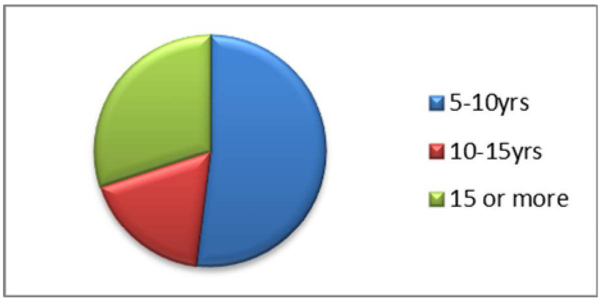
This graph shows that out of 50 respondents, 20 people prefer to buy policy from LIC, 5 people from AXIS, 14 from ICICI and 15 from Oriental Bank of Commerce.

2) Which type of life insurance policy would you like to take?



This pie chart clearly depicts that 24 people prefer to take term plan, 8 individuals would like to take endowment plan, 15 people prefer Money back plan, Whole life plan is preferred by 1 person and ULIP is preferred by 2 people.

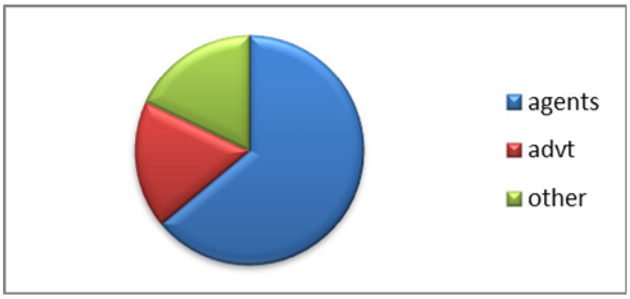
3) For how many number of years would you be willing to pay premium of a policy?



From this diagram, it can be understood that 26 people think 5-10 years premium payment as a suitable option, 9 people consider 10-15 years premium payment whereas 15 people prefer 15 years or more option.

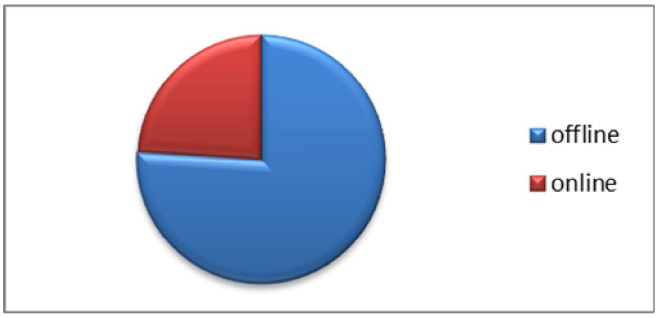
ISSN 2394 - 7780

4) What is the primary source of information to obtain knowledge related to a particular Insurance policy?



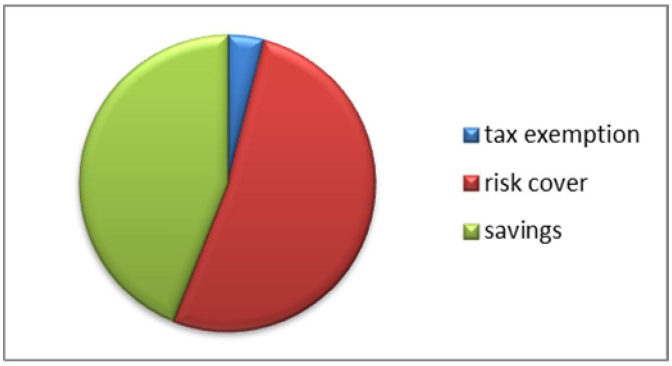
From this diagram, it is visible that 30 people prefer insurance agents to be safer and primary option to obtain policy related information, 10 people consider advertisements whereas 10 people consider other options.

5) Through which medium do you prefer to purchase a life insurance policy?



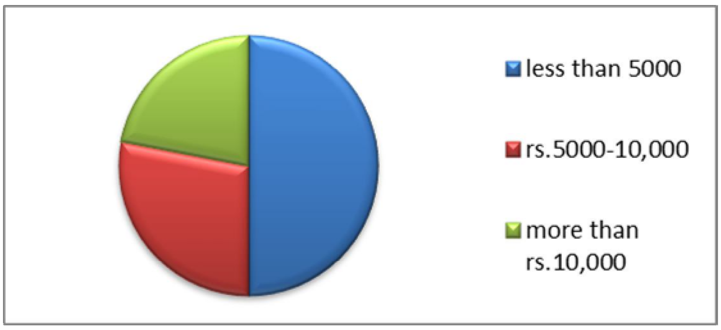
From this diagram, it is shown that 38 people think offline method as a better alternative for purchasing a life insurance policy as compared to online method.

6) What is your main objective of taking life insurance policy?



From this diagram, it can be clearly observed that 30 people consider risk coverage as the primary objective of purchasing a life insurance policy, 15 people see it as a good Savings option and tax exemption is preferred by only 5 individuals.

7) The amount of premium which you intend to pay annually?



From this diagram, it can be seen that 33 people intend to pay an annual sum of premium less than Rs.5000, 11 people would intend to pay amount between Rs.5000-10,000 and 6 people prefer to pay a sum more than Rs.10,000.

FINDINGS

- Maximum individuals prefer to hold Life insurance from LIC.
- Maximum people prefer term plan as a best scheme of life insurance policy.
- Maximum people prefer to pay premium of a policy for a period of 5-10 years.
- Maximum people consider insurance agents as a best option for obtaining policy related information.
- Maximum people prefer offline method to be the most convenient method of purchase of a life insurance policy.
- Maximum people consider risk coverage as the main objective of buying an insurance policy.
- Maximum people prefer to pay an annual premium less than Rs.5000.

SUGGESTION

- Life insurance companies must appoint trustworthy and *honest insurance agents* who can provide proper guidance to individuals about which policy to buy as per their financial or family related goals. This would encourage more people to purchase a life insurance and help them know its benefits.
- Advertisements must be published through newspapers, radio, *all television channels* and internet to make every economic class and rural and urban region people aware about how inevitable life insurance is for a person as well as his family members.

CONCLUSION

- From this research project, we conclude that there is significant awareness about Life insurance among people. Thus, we accept the alternate hypothesis (H_1).
- Life insurance is a premier option which provides risk coverage without affecting our savings. Also, it offers multiple benefits like savings alternative in case the amount of life insurance is obtained on maturity period.
- Since the introduction of Life insurance in India, Insurance agents still prove to be a popular mode of seeking information related to policy details and explanation of its clauses.

REFERENCES

- https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2450163
- Research paper published in International Multidisciplinary E-Research Journal (Jan 2019) – Impact factor (SJIF)-6.261 on the topic "Study of Awareness of Life Insurance among Customers of DHFL Pramerica Company Ltd" written by Dr. Rishikesh Kaakandikar and Ms. Priyanka Dongre.
- An Overview of Insurance sector- a book by N. Lakshmi Kavitha and Lakshmi Chandrasekaran.
- https://www.iciciprulife.com/insurance-library/insurance-basics/benefits-of-life-insurance.html

MANUSCRIPT SUBMISSION

GUIDELINES FOR CONTRIBUTORS

1. Manuscripts should be submitted preferably through email and the research article / paper should preferably not exceed 8 – 10 pages in all.
2. Book review must contain the name of the author and the book reviewed, the place of publication and publisher, date of publication, number of pages and price.
3. Manuscripts should be typed in 12 font-size, Times New Roman, single spaced with 1” margin on a standard A4 size paper. Manuscripts should be organized in the following order: title, name(s) of author(s) and his/her (their) complete affiliation(s) including zip code(s), Abstract (not exceeding 350 words), Introduction, Main body of paper, Conclusion and References.
4. The title of the paper should be in capital letters, bold, size 16” and centered at the top of the first page. The author(s) and affiliations(s) should be centered, bold, size 14” and single-spaced, beginning from the second line below the title.

First Author Name1, Second Author Name2, Third Author Name3

1Author Designation, Department, Organization, City, email id

2Author Designation, Department, Organization, City, email id

3Author Designation, Department, Organization, City, email id

5. The abstract should summarize the context, content and conclusions of the paper in less than 350 words in 12 points italic Times New Roman. The abstract should have about five key words in alphabetical order separated by comma of 12 points italic Times New Roman.
6. Figures and tables should be centered, separately numbered, self explained. Please note that table titles must be above the table and sources of data should be mentioned below the table. The authors should ensure that tables and figures are referred to from the main text.

EXAMPLES OF REFERENCES

All references must be arranged first alphabetically and then it may be further sorted chronologically also.

- **Single author journal article:**

Fox, S. (1984). Empowerment as a catalyst for change: an example for the food industry. *Supply Chain Management*, *2*(3), 29–33.

Bateson, C. D.,(2006), ‘Doing Business after the Fall: The Virtue of Moral Hypocrisy’, Journal of Business Ethics, 66: 321 – 335

- **Multiple author journal article:**

Khan, M. R., Islam, A. F. M. M., & Das, D. (1886). A Factor Analytic Study on the Validity of a Union Commitment Scale. *Journal of Applied Psychology*, *12*(1), 129-136.

Liu, W.B, Wongcha A, & Peng, K.C. (2012), “Adopting Super-Efficiency And Tobit Model On Analyzing the Efficiency of Teacher’s Colleges In Thailand”, International Journal on New Trends In Education and Their Implications, Vol.3.3, 108 – 114.

- **Text Book:**

Simchi-Levi, D., Kaminsky, P., & Simchi-Levi, E. (2007). *Designing and Managing the Supply Chain: Concepts, Strategies and Case Studies* (3rd ed.). New York: McGraw-Hill.

S. Neelamegham," Marketing in India, Cases and Reading, Vikas Publishing House Pvt. Ltd, III Edition, 2000.

- **Edited book having one editor:**

Raine, A. (Ed.). (2006). *Crime and schizophrenia: Causes and cures.* New York: Nova Science.

- **Edited book having more than one editor:**

Greenspan, E. L., & Rosenberg, M. (Eds.). (2009). *Martin's annual criminal code:Student edition 2010*. Aurora, ON: Canada Law Book.

- **Chapter in edited book having one editor:**

Bessley, M., & Wilson, P. (1984). Public policy and small firms in Britain. In Levicki, C. (Ed.), *Small Business Theory and Policy* (pp. 111–126). London: Croom Helm.

- **Chapter in edited book having more than one editor:**

Young, M. E., & Wasserman, E. A. (2005). Theories of learning. In K. Lamberts, & R. L. Goldstone (Eds.), *Handbook of cognition* (pp. 161-182). Thousand Oaks, CA: Sage.

- **Electronic sources should include the URL of the website at which they may be found, as shown:**

Sillick, T. J., & Schutte, N. S. (2006). Emotional intelligence and self-esteem mediate between perceived early parental love and adult happiness. *E-Journal of Applied Psychology*, *2*(2), 38-48. Retrieved from http://ojs.lib.swin.edu.au/index.php/ejap

- **Unpublished dissertation/ paper:**

Uddin, K. (2000). A Study of Corporate Governance in a Developing Country: A Case of Bangladesh (Unpublished Dissertation). Lingnan University, Hong Kong.

- **Article in newspaper:**

Yunus, M. (2005, March 23). Micro Credit and Poverty Alleviation in Bangladesh. *The Bangladesh Observer*, p. 9.

- **Article in magazine:**

Holloway, M. (2005, August 6). When extinct isn't. *Scientific American, 293*, 22-23.

- **Website of any institution:**

Central Bank of India (2005). *Income Recognition Norms Definition of NPA.* Retrieved August 10, 2005, from http://www.centralbankofindia.co.in/ home/index1.htm, viewed on

7. The submission implies that the work has not been published earlier elsewhere and is not under consideration to be published anywhere else if selected for publication in the journal of Indian Academicians and Researchers Association.

8. Decision of the Editorial Board regarding selection/rejection of the articles will be final.