



# INDIAN COMMERCIAL BANKS AND THEIR CURRENT SCENARIO

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## ABSTRACT:

This article aims to give the current scenario of Indian commercial banks. It plays an essential part in the national development. In our economy there are a lot of ups and downs in recent times. The banking system forms the origin of the money management of any economy. The assimilation of 14 big banks in 1969 and another 6 banks in 1980 and implementation of reforms, appear a change in class and mass banking, traditional banking to e-banking to more profitable, efficient and sound banking system. However, especially the defenseless groups, like as lower category and lower groups of income, carry forward and to go on expected from even the most important services and also some opportunities provided by the financial sector. To issue of such financial exclusion in a holistic manner, it is essential to know about the services given by banks is available to every individual. An important part is being carry on by monetary policy for full betterment across the global to renew monetarily eliminate community and that is counted as 2.5 billion, of which, one third is populated in India. Financial inclusion is taken from the initiatives of United Nations, which extensively reported the important goals of the policy as access to deep limits of economic services to all at an affordable cost, which started its operation efficiently in India in the year 2015.

Keywords- assimilation, Holistic manner, defenseless groups, financial inclusion.

## INTRODUCTION:

In general commercial means making or intended to make profit and bank means an organization where business and people can invest or lend money. Commercial banks undertake a huge variety of activities, which plays a crucial role in the economy of a country. They pool and consume gamble for investor and to furnish a source for stable investment and helps to transfer funds in a economy as a working capital in various sectors a stable source of investment and working capital funds to various sectors of economy.

In addition, they provide fine functioning of payment system that allows financial and real resources to flow freely to their highest return uses. They are also a take up source of liquidity for any sector in the economy in temporary difficulty. Banks are a particular important source of funds for small borrowers who often have little knowledge about access to other sources of funds for small borrowers who often have limited access to other sources of external finance. The main three sources of financial institutions are handling of deposits, providing

credit and financial assistance, and managing all monetary issues. Among all these providing financial assistance is the main function.

### Meaning of the bank:

According to Kent "a bank is an organisation whose principle operation are concerned with the accumulation of temporarily idle money of the general public for the purpose of advancing to others for expenditures."

### Classification of commercial banks-

These banks are classified into Scheduled and Non- scheduled banks.

Scheduled Banks: Banks which are listed in the second schedule. They are classified as follows:

1. **Public Sector Banks:** The banks which are operated under the guidance of the government. Examples- union bank of India, Syndicate bank, State bank of India, Punjab national bank etc.
2. **Private Sector Banks:** The banks in where operations are done by private individuals. Examples-Industrial development bank of India, Industrial credit and Investment Corporation of India, AXIS Bank etc.
3. **Foreign Banks:** The banks whose Head quartered outside of country. Examples- Citi Bank, Standard Chartered Bank, Bank of Tokyo Ltd. etc.
4. **Non-scheduled Banks:** - The banks which are not listed in the Second Schedule of RBI Act 1934.

### FUNCTIONS OF COMMERCIAL BANKS-

1. These banks accepts deposits
2. Credit creation
3. Advancing of loans
4. Financing of the foreign trade
5. Some agency services
6. Some miscellaneous services to customers

### CURRENT SCENARIO OF INDIAN COMMERCIAL BANKS-

According to the report given by Reserve bank of India at end of June 2016, are as the bad loans of banks are to 8.5% by March 2017, from 7.6% when compared to March 2016.

- Government of India and commercial working hard to clean the balance sheet of banks with positive bottom line. It is a big challenge to the banking sector to curb the Net profit asset and at the same time clean the balance sheet. The supreme court of India asked the government to disclose the defaulter's names.
- The RBI treated basic structured asset as a part of stress assets but gross non-performing assets of the banks which are not included in the strategic debt restructuring and corporate debt restructuring.
- As of March 2016 amount is 8.20 as the NPA's are only stock.
- A major portion of reshuffled debts have been changes into worst debts in the past months.

## **OBJECTIVES OF INDIAN COMMERCIAL BANKS-**

1. The main objective is to provide wide variety of services to individual and business people like collect payments including deposits, withdrawals, interest on deposits.
2. These banks typically offer a authoritative group of services in an attempt to be able to serve all the financial desires of each customer. It gives rise to the opportunity to maximize revenues from each customer.

For ex: A Customer of a bank who is updating information about his savings, personal loans, business information can generate information about revenues through various no of channels.

## **IMPORTANCE OF COMMERCIAL BANKS:**

These banks play a essential role in providing loans, supporting financial assistance, helping in online banking, assessing credits.

It provides fast and convenient loans for all type of customers within seconds.

The banks also help to grow their business in a profitable position and to withstand in future.

## **REVIEW OF LITERATURE:**

“An institution which accepts debts in accordance to the managing of settlement of all other debts of the people is defined as commercial bank”-According to Sayers.

“A Bank can also be defined as a organisation which deals with monetary and non-monetary transactions”-According to Prof.Roger.

## **ADVANTAGES OF COMMERCIAL BANKS:**

These banks are very easily assessable and convenient for all business and other organisations.

1. It provides timely accessible information and finance to business by providing finance as and when required.
2. The Formalities for such as the issuance of catalogue and underwriting are not compulsory for raising loans for raising loans from a bank and therefore is an easier source of funds,
3. Business management and handling become easier with this type of commercial bank taking care of economic activities.
4. The Secrecy of business must be conserved in this type of banks as the information supplied to the bank by the borrowers is kept confidential.
5. The Loans from a bank is a capable source of finance as the loan amount can be increased according to business needs as well as growth and can be paid again in advance when funds are not needed.

6. After the retirement also the employee services are looked better.

## **DISADVANTAGES OF COMMERCIAL BANK**

These accounts are more expensive as they may charge fees for night deposits, for processing of certain number of checks and for the payroll services. The major Disadvantages of the commercial banks as are stated below:

1. The Funds are generally available for lesser periods or for the short time and its implication is difficult.
2. Banks make a detailed inspection of the organisations affairs and the financial structure and it may also question for the security of assets and personal sureties. This investigation makes the procedure of obtaining funds slightly difficult;
3. The difficult terms and conditions which are given by banks for the grant of loan
4. Normal bank account is not expensive as commercial bank account. A commercial bank charges on a services like payroll services, checking of information, verification of any information; night deposits, etc. have extra charges applicable.
5. Depending upon the business you run some services may not needed but the charge is applied.

## **CONCLUSION:**

Here is the conclusion for the commercial banks. It serves as the place where we can invest the amount which is excess on our incomes. These banks also have a capable of credit creations. Many types of loans are provided by the banks and it plays a crucial part in the economic and financial growth of the country. These banks can be privately authorized or it can be done by the government. It facilitates the flow of money in the market. The commercial bank approves loans & credit and also short term loans in exchange of valuables like gold, silver, and property documents etc.

Hence it can be concluded from the above article that these banks provides easy convenient loans and deposits for customers so that they automatically develop the nation to a greater extent.

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