



## A SPECIAL FOCUS ON URBAN AREAS IN NORTH INDIA: THEIR ROLE IN THE INDIAN BANKING SECTOR

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**Mr. Manoj Kumar Mehra**

Ph.D. Scholar

Department of management

Malwanchal University Indore, (M.P.).

**Dr. Jugesh Aspal**

Supervisor

Department of management

Malwanchal University Indore, (M.P.).

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**ABSTRACT:-** The main forces behind economic expansion and the core of the competitive bidding process are technological advancements and inventions. Although from different perspectives and using various approaches, a sizable body of economic growth literature has attempted to compensate both theoretically and empirically for these kind of major problems in economic theory over the past few decades. However, the literature either explicitly or implicitly concentrates on the manufacturing sector. Services have long been considered to be technologically outdated. This mentality didn't start to alter until fairly recently, only with growth potentiality associated with modern information technology (IT). Even while there is increasing knowledge about IT in industries, research into its economic effects has mostly gone unnoticed. Even Nevertheless, several of the evaluations of research that are offered here aim to compile the empirical data pertaining to the impact of IT on the delivery of services. Studies relating to the productivity paradox, firm-level research, system-wide studies, plus banking industry-specific studies may all be grouped into four major categories.

**KEYWORDS:** - Banking Sector, North Indian, Urban Areas etc.

educational background, and how they feel about using information technology.

### **Description of the Sample**

Northern Indian cities and towns of Delhi, Chandigarh, Jaipur, and Srinagar were surveyed for this research. Information was gathered from people living in urban areas of Northern India who had accounts at a few different public and private sector banks. In the table below, we can see what percentage of our clients reside in each region.

**Table 1****Distribution of the Sample Customers**

<b>City</b>	<b>Public Sector Banks in Urban Area in Urban Place</b>	<b>Private Sector Banks in Urban Area in Urban Place</b>	<b>Total</b>
<b>Delhi</b>	100	90	190
<b>Chandigarh</b>	100	90	190
<b>Jaipur</b>	100	90	190
<b>Srinagar</b>	100	80	180
Total	400	350	750
<b>Gender</b>			
Male	258	224	482
	(64.5)	(66.4)	(65.4)
Female	142	126	268
	(35.5)	(33.6)	(34.6)
Total Number	400	350	750
	(100.0)	(100.0)	(100.0)

Note: Values in the brackets are percentage.

Source: Data collected through field survey.

About a quarter of the clients of Public Sector Banks in the Urban Area are located in the city of Delhi, another quarter in the city of Chandigarh, another quarter in the city of Jaipur, and the remaining quarter in the city of Srinagar. One hundred and forty clients from public sector banks in urban areas and three hundred and fifty customers from private sector banks in urban areas make up the sample. Males make up 65.4% of the total population while females account for 34.6%.

### Bank-wise Classification of Sample Customers

Table 4.2 organises the sample bank's clients by kind. Among the clients of urban branches of public sector banks, the proportion of State Bank of India and Canara Bank accounts is much greater than the percentage of accounts at other urban branches. It's reasonable since they are the most popular financial institutions. While 21.8 percent of the clients are from State Bank of India, 13.7 percent are from Canara Bank. Customers from Corporation Bank, Vijaya Bank, IDBI and Syndicate Bank comprise 8.1 percent each to the total sample customers. HDFC Bank (16.4%), ICICI (13.6%), and Axis Bank (12.0%) account for the vast majority of the Private Sector Banks in Urban Area. While 11.8 percent sample clients are from Kotak Mahindra Bank, 9.1 percent are from Yes Bank.

**Table 2**

### Bank wise Distribution of Sample Customers (In Number)

Public Sector Banks in Urban Area in Urban Sector			Private Sector Banks in Urban Area in Urban Sector		
Name of the Bank	Number	%	Name of the Bank	Number	%
Bank of India	37	7.3	AXIS Bank	48	12.7
Canara Bank	51	13.7	Dhanlaxmi Bank	25	6.4
Corporation Bank	30	8.1	HDFC Bank	62	16.4

Dena Bank	31	5.6	ICICI Bank	18	13.6
IDBI Bank	30	8.1	IndusInd Bank	32	8.2
Indian Overseas Bank	21	5.6	Karnataka Bank	35	9.1
Punjab National Bank	39	8.1	Karur Vysya Bank	26	6.4
State Bank of India	81	21.8	Kotak Mahindra Bank	44	11.8
Syndicate Bank	30	8.1	South Indian Bank	26	6.4
Union Bank of India	21	5.6	Yes Bank	34	9.1
Vijaya Bank	30	8.1			
Total	400	100.0	Total	350	100.0

Source: Field Data.

### Socio-Economic Status of the Sample Customers

Understanding the socioeconomic context is crucial because it may shed light on the factors that shape people's perspectives on and actual adoption of information technology and its use in the financial sector. The following tables provide demographic information on the sample population, including their ages, educational attainment levels, employment rates, and household incomes.

### Age wise Classification of Sample Customers

A large proportion of consumers in urban areas who use either public or private sector banks are between the ages of 26 and 40, according to a categorisation based on that criterion. However, public and private sector bank utilisation in urban areas varies. While 68.2 percent of Private Sector Banks' Urban Area customers are between the ages of 26 and 40, only 58.1 percent of Public Sector Banks' Urban Area customers are within this age range. Customers over the age of 40 make up a larger proportion of Public Sector Banks in Urban Area (23.4% vs. 16.4%) than they do of private sector banks.

The results demonstrate that millennials choose Private Sector Banks in Urban Areas, whereas their parents continue to use Public Sector Banks.

**Table 3**

#### Age wise classification of customers

	<b>Public Sector Banks in Urban Area</b>	<b>Private Sector Banks in Urban Area</b>	<b>Total</b>
Age			
Up to 25 Years	22	17	39
	(17.7)	(15.5)	(16.7)
26 to 40 Years	73	75	148
	(58.9)	(68.2)	(63.2)
	29	18	47

41 & Above Years	(23.4)	(16.4)	(20.1)
Total Number	124	350	400
	(100.0)	(100.0)	(100.0)

Note: Values in the brackets are percentage. Source: Data collected through field survey.

### Education Status of the Sample Customers

The table below shows the education levels of a representative sample of urban area bank customers who bank at both public and private institutions.

**Table 4**

### Education Status of the Sample Customers

	<b>Public Sector Banks in Urban Area</b>	<b>Private Sector Banks in Urban Area</b>	<b>Total</b>
Education Qualification			
Up to PUC	36	42	77
	(8.9)	(11.8)	(10.3)
Graduation (Degree)	216	206	422
	(54.0)	(59.1)	(56.4)

Post Graduation & Above	148	62	251
	(37.1)	(29.1)	(33.3)
Total Numbers	400	350	750
	(100.0)	(100.0)	(100.0)

Note: Values in the brackets are percentage. Source: Data collected through field survey.

According to the statistics, most of the people in the sample had college degrees or above. Of the 400 people in the sample, 56.4% have bachelor's degrees and 33.3% have master's degrees or above. The sample of urban clients of both public and private sector banks shows a similar distribution of bachelor's and master's degree holders. Among this group of consumers, there are no illiterates. For example, in urban areas, public sector banks see a higher percentage of clients with college and graduate degrees. This indicates that the public sector banks in urban areas are the preferred choice of the highly educated clientele.

### **Economic Status of the Sample Customers**

Customers' occupational and income levels are indicators of their economic standing. Table 4.5 displays information on income and occupation.

**Table 5**

### **Employment and Income Levels of the Customers**

	<b>Public Sector Banks in Urban Area</b>	<b>Private Sector Banks in Urban Area</b>	<b>Total</b>
<b>Occupation</b>			
	50	20	70

Government Employee	(11.3)	(4.5)	(8.1)
Private Employee	159	181	340
	(38.7)	(50.9)	(44.4)
Self Employed	112	111	223
	(30.6)	(31.8)	(31.2)
Student	61	28	89
	(16.1)	(8.2)	(12.4)
Housewife	13	7	20
	(2.4)	(3.6)	(3.0)
Pensioners	5	3	8
	(0.8)	(0.9)	(0.9)
Average Monthly Income			
Less than 15,000	16	21	37
	(4.0)	(5.5)	(4.7)
15,000 – 30,000	274	197	471
	(68.5)	(56.4)	(62.8)
30,000 – 45,000K	67	85	152
	(16.9)	(24.5)	(20.5)
More than 45,000	43	47	90
	(10.5)	(13.6)	(12.0)
	400	350	750

Total Number	(100.0)	(100.0)	(100.0)
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Note: Values in the brackets are percentage. Source: Data collected through field survey.

According to the collected information, the vast majority of the clients in the sample are working in the private sector (44.4%). The sample also includes the equivalent of 31.2 percent of consumers who are self employed. Customers who bank with public sector banks in urban areas have employment distributions as follows: 38.7 percent work in the private sector, and 30.6 percent are self-employed. Customers who are employed by the government make up 11.3% of the total population in urban areas served by public sector banks. Clients of private banks in urban areas have a higher proportion of people working in the private sector than customers of public banks.

According to the collected information, the percentage of customers working in the private sector who bank with public sector banks in urban areas is 38.7 percent, while the percentage of customers working in the private sector who bank with private sector banks in urban areas is 50.9 percent. Consumers who are self-employed make up thirty percent of the sample customers in the two different kinds of banks. This unequivocally demonstrates that the vast majority of the people who bank with private institutions in urban areas have jobs in the private sector.

According to the statistics, the vast majority of the sample consumers, 62.8%, fall into the income bracket of Rs 15000-Rs 30000 per month. This is the range that covers the bulk of the sample customers. There are notable distinctions in the clientele that public and private sector banks in urban areas serve, respectively. When compared to public sector banks in urban areas, the percentage of customers whose monthly income falls within the range of Rs 30,000 to Rs 45,000 is higher in private sector banks in urban areas (24.5%) than it is in public sector banks (16.9%). In a similar vein, the percentage of customers at Private Sector Banks in Urban Area who have a monthly income of more than Rs 45,000 is higher at 13.6% than it is at 10.5% at Public Sector Banks in Urban Area. When compared to public sector banks in urban areas, private banks are serving customers with greater incomes, as the statistics show. This is the case for private banks operating in urban areas.

#### 4.5 Nature of Accounts

A customer can take advantage of the bank's services for a variety of reasons, including opening a savings account, setting up a Systematic Investment Plan (SIP), keeping a fixed deposit, setting up a Direct

Multicurrency Account (DMAT), etc. Table 4.6 displays information on the types of accounts our clients have created.

**Table 6**

**Distribution of the Sample Customers According to the Type of Account in the Bank**

**(In Percentage)**

<b>Type of Account</b>	<b>Public Sector Banks in Urban Area</b>	<b>Private Sector Banks in Urban Area</b>	<b>Total</b>
Savings	98.4	97.3	97.9
Current A/c	4.8	2.7	3.8
Fixed Deposit A/c	4.0	0.0	2.1
Recurring deposit A/c	3.2	0.9	2.1
NRI A/c	1.6	0.0	0.9
DEMAT A/c	2.4	0.9	1.7
SIP	1.6	0.0	0.9
Total	100.00 (400)	100.00 (350)	100.00 (750)

Note: Figures in brackets are total number of customers. Source: Data collected through field survey.

While the majority of customers at urban branches of public sector banks have savings accounts, a small percentage (3.2% to be exact) also report having recurring deposit accounts. Although just 1.6% of respondents said they had an NRI account, 2.4% claimed they have a DEMAT account.

### Reason for Preferring a Particular Bank

Since the government no longer restricts the activities of private financial institutions, India now has a number of them. This means the consumer has greater leeway in deciding which bank best suits his or her needs. Table 4.7 displays the results of our survey of banking clients to determine their preferred financial institution. In urban areas, the data shows a preference divide between public and private banks.

**Table 7**

### Reason for Preferring a Particular Bank (In Percentage)

Reasons	Public Sector Banks in Urban Area	Private Sector Banks in Urban Area	Total
Quality of Service	63.7	74.5	68.8
Technology used	35.5	50.9	42.7
Trust	26.6	20.0	23.5
Location	37.9	18.2	28.6
Familiar employees	25.0	29.1	26.9
Number of respondents	400	350	750

Note: Due to multiple responses total may exceed 100 per cent. Source: Data collected through field survey.

It would seem that the quality of service is the primary factor cited by the vast majority of customers at both public and private sector banks in urban areas as the basis for their banking preferences. However, these are some of the key contrasts between the public sector and private sector banks in urban areas. Although only 63.7 percent of customers from public sector banks in urban areas cited the quality of service as a reason for banking with their institution, 74.5 percent of customers from private sector banks in urban areas did so. Technology is a further component that plays a significant role in favour of private sector banks in urban areas. 35.5 percent of customers of public sector banks in urban areas expressed priority to technology, in contrast to the almost 50 percent of customers of private sector banks in urban areas who claimed that the technology is what made them choose private banks. It would indicate that trust and location are more significant factors in the case of public sector banks located in urban areas.

### Usage of IT Based Services by the Sample Customers

In an effort to enhance the effectiveness of banking services, banks are beginning to offer customers IT-based products and services. The extent to which clients make use of these services is, however, contingent on the attitudes they have and the amounts of information they possess. The vast majority of clients conduct at least some of their banking activities with the assistance of at least one application that is based on information technology. Table 4.8 displays the information that pertains to the use of services based on information technology.

**Table 8**

### Percentage of Sample Customers Using IT Based Services (In Percentage)

Usage of IT	Public Sector Banks in Urban Area	Private Sector Banks in Urban Area	Total
Yes	96.0	98.2	97.0
No	4.0	1.8	3.0

Percentage	100.0	100.0	100.0
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Source: Data collected through field survey.

According to the data that is shown in table 4.8, of the 400 sample consumers, 97.0 percent are using IT-based services, while the remaining customers are not utilising these services. It would indicate that the clients of public and private sector banks in urban areas have significantly different preferences and needs. Only 1.8 percent of the customers of private sector banks in urban areas have indicated that they do not use IT-based services, while 4.0 percent of the sample respondents from public sector banks in urban areas have claimed that they do not use IT-based services. It's possible that this is because clients of private sector banks tend to have higher levels of education and come from higher income brackets. They have an easier time obtaining access to various technology gadgets.

### Reasons for the Usage of IT Based Services

There are a variety of reasons why customers utilise the various IT-based banking services. An effort is made to have a better understanding of the motivations behind the use of the IT-based services. Table 4.9 contains the presentation of the data.

**Table 9**

### Reasons for the Usage of IT based services by the Sample Customers (In Percentage)

<b>Factors</b>	<b>Public Sector Banks in Urban Area</b>	<b>Private Sector Banks in Urban Area</b>
Reduced time of transaction	50.4	33.3
Cost effectiveness	26.9	11.1
Ease of use	68.9	71.3

Technology savvy	37.0	59.3
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Note: Due to multiple responses total may exceed 100 percent. Source: Data collected through field survey.

According to the numbers, the convenience of using IT-based services is a big factor in their adoption. Seventy percent of clients are adopting it because it simplifies their banking procedures with IT. The clients' advanced technological literacy is another major factor. Approximately 48% of users cited their technical competence as a reason for their adoption. Customers that utilise it say they do so because it speeds up their transactions 42.3% of the time. Urban residents who bank with public and private institutions have different motivations for using information technology tools. While 59.3% of Private Sector Banks' Urban Area customers used it because they are tech-savvy, 68.9% of Public Sector Banks' Urban Area customers used it because of its convenience of use, and 71.3% of Private Sector Banks' Urban Area customers said the same thing. Clients of public sector banks in urban areas, however, are more likely to find it convenient and economical than customers of private sector banks in urban areas. While 50.4% of consumers at public sector banks in urban areas reported time savings, just 33.3% of customers at private sector banks in urban areas agreed. And although 26% of those who bank with public institutions in urban areas consider it cost-effective, just 11% of those who bank privately do so.

According to the findings of the research, male and female customers do not significantly vary in their perspectives about the use of information technology-based banking services. In terms of cost concerns, male consumers tend to take a more balanced stance, while female customers disagree with the notion that IT operations are more expensive. However, when it comes to the cost of comparative advantage in using information technology in place of conventional methods, both male and female customers, on average, have expressed that they agree with the statement that services based on information technology are more cost effective when compared to transactions that take place in person. The replies are fairly similar to one another, which indicates that there is no difference in terms of the views of how efficient something is. The replies to all of the questions pertaining to efficiency given by male and female customers of Public Sector Banks in Urban Area are about four, showing that on average both male and female consumers agree the beneficial effect that IT has on banking services.

## CONCLUSION:-

- Since 1969, when 19 of the country's largest banks were taken over by the government, the banking industry as a whole has seen significant progress. According to the data, the decisive shift towards extra fostering bank working conditions had place only after the introduction of neoliberal ideologies in conjunction with stashed away developments in the economy between the years 1991 and 1992. The number of branches of public district banks in metropolitan regions of Northern India increased from direct 7015 in 1969 to 71562 in 2012, and they are expected to further relax and reach 92319 by 2019. The same model should have been recognisable because of private region banks as well. From 900 for each in 1969, the number of bits in private regional banks gradually increased to 33146 by 2019.
- According to the data presented, the number of pieces of public district banks in Metropolitan regions of Northern India increased from key 26517 of each 2006 to 60864 by 2018, representing an increase of 128%. During the same time period, the number of branches owned by private regional banks increased from 3125 to 19974. This is an increase of 539.16 percent. In spite of the fact that there is more significant variation in the development of parts of private district banks (CV of 55.65%), the bits of public region banks in Metropolitan regions of Northern India (CV of 27.30%) showed up in a way that was distinctly linked with one another.
- The public district banks in the metropolitan regions of Northern India often have normal deposits that are, on the whole, much greater than those of the organized region banks. Despite this, there is a more apparent inter-bank combination in the metropolitan regions of Northern India. This is shown in the larger coefficient of assortment (107.32%) of the public region banks in these metropolitan areas. According to the opinions of private banks, the change is 105.77 percent. The clustering occurred as a consequence of significant amounts of SBI. There is a stunning package that may be found in the vaults of the SBI as well as the other public area banks.

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