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AN ANALYSIS OF MEDIUM SIZE BRANCH OF A NATIONALISED BANK IN OFFERING MODERN SERVICES TO CUSTOMERS AND ITS BUSINESS GROWTH

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ABSTRACT:

The banking industry in India has undergone a change in both customer centered strategy and also in technology usage to satisfy customers. In today's competition, it is a matter of big challenge to retain the existing customers than attracting new ones for any business. Due to the mushroom growth in the number of private banks, the situation for nationalized banks have become even more challenging. It has been found that private banks are in a better position in maintaining good customer relations by providing modern banking services. Products & services offered by banks keeps changing over years. Customers today need fast service and do not want to wait for long hours and to undergo lengthy procedures in the transactions .While the Private sector banks concentrate on urban and educated customers, the nationalized banks are in a situation to offer services to all segment of the population like educated, rural , urban, commercial, etc. So the nationalized banks has to cope up to the requirement and satisfaction of all levels of society. This paper is an attempt to understand the procedure and basis of loans, documentation formalities for the same, the amount of loan sanctioned under each head and the various modern services provided by the Canara bank and the number of net banking facilities provided to the customers and customers usage pattern of the same with reference to Smirti nagar branch, Bhilai.

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INTRODUCTION :

Canara Bank, basically South India based nationalized bank was established in the year 1906 at Mangalore with head office now at Bangalore. The Founder of this bank was Shri. A.Subbarao Pai. The bank has a paid up capital of Rs. 443 crores. The total Net profit of the bank during 2011-12 was Rs. 3283 crores. The total business of the Bank rose to a level of Rs. 560203 crore as at June 2012 compared to Rs. 515165 crore a year ago. While total deposits reached Rs. 334619 crore ,advances (net) of the Bank increased to Rs225584 crore as at June 2012. The Bank's domestic business constituted 96% of the total business. CASA Deposits reached a level of Rs. 77902 crore as at June 2012. CASA deposits to domestic deposits constituted 24.07%. Savings deposit increased to Rs. 66504 crore as at June 2012. The Bank's total income for Q1FY13 increased by 18.9% to reach Rs. 9165 crore, including Rs.6229 crore income from loans and advances, which grew by 13.6% Non-interest income of the Bank increased to Rs. 693 crore, with growth of 25.7%. Increase in operating expenses was contained at 8.8%. With a Net interest income of Rs 1844 crore, Net Interest Margin (NIM) was 2.40% as at June 2012 compared to 2.39% a year ago.

OBJECTIVE OF THE STUDY:

1. To know the range of loan facilities provided by the bank
2. To determine the percentage of bank in loan and advance sector
3. To determine special contribution made by the bank
4. To understand the procedure and basis of loan given by the bank.
5. To know the number of customers using the net banking facility and their response towards the same.
6. To find the phone and net banking response from the manager's point of view with respect to the customers of smriti nagar branch only.
7. To know the aggregate business of canara bank , smriti nagar during the last 3 yrs.
8. To find the contribution of the branch business with the business of the bank at large.
9. To know the quantum of loans given by this branch in each category of loan.

RESEARCH METHODOLOGY:

The present study is based on primary and secondary data. Primary data was collected from bank manager through interview schedule. Convenience sampling method was used to take few customer opinions regarding the use of modern services of the bank of people residing in and around the selected branch. Secondary data was collected from books, magazines, journal. Content analysis is the method adopted for research. This consists of all documentary materials like books, magazines, newspapers and contents available in the internet and all other verbal communication received from the bank's branch higher officials and through their opinions and explanations regarding the various types of loans. Analysis is made based on the information

provided during interviews and through internet and other essential published matters by the bank.

STRUCTURE OF CANARA BANK:

The bank has as such no zonal offices but has circle offices and head office at Bangalore. The bank previously had regional offices but has been discontinued to enhance faster communication with higher officials. The bank has circle offices in almost all the state capitals. There is one staff training college in Bangalore and all the circle office has been provided with RSTC Regional staff training college.. there are certain rstc's where in house facilities are also available.

ESTABLISHMENT OF THE BRANCH:

Canara bank established a branch in Smriti Nagar in the shopping complex, Smriti Nagar, Bhilai. It is a medium size branch. This branch Comes under Nagpur region. The branch was set up with certain objectives as under.

OBJECTIVE OF BRANCH SET UP:

1. To provide financial support to retail customers.
2. To provide various customer services.
3. To provide loan to retail trade and small business men.
4. To provide housing loan facilities to individuals.
5. To provide education loan to students.
6. To support female education the bank gives 1% interest discount on education loan to female.
7. To open no frill accounts to help poor people and also provide credit facility with minimum rate of interest @ 4% under DRI scheme and revolving credit facility upto rs. 25000 to the poor for their domestic needs.
8. In addition to the above, branch is also providing credit facility under various government sponsored schemes like SJSRY, SGSY, PMEGP etc.
9. To develop saving habit in the locality.
10. To develop saving capacity in children under 18 years of age, the bank has introduced saving bank account named CANARA CHAMPS.
11. To provide safety of its customers' valuables by providing the customers safe deposit locker facility.

DATA ANALYSIS AND INTERPRETATION:

Data pertains to june 2012.

Amount in Crores

	SMRITI NAGAR BRANCH	CANARA BANK WHOLE AS
GLOBAL BUSINESS	52.25	560203
GLOBAL DEPOSIT	44.32	327054
GLOBAL ADVANCES	7.93	232490
SAVING DEPOSIT	12.65	64792
CASA DEPOSIT	18.86	79611
TERM DEPOSIT	31.05	247443
PRIORITY SECTOR ADVANCES	6.44	67383
AGRICULTURE ADVANCES	0.58	31946
MSME ADVANCES	4.08	34893
HOUSING LOAN	1.16	15808
EDUCATION LOAN	0.56	3948

From the above data, it can be interpreted that the branch performs satisfactorily with respect to its business.

Types of Loans :

Canara Budget : a Personal Loan : To provide financial assistance to the service people for their personal need. Int rate is 16. 5% with a repayment period of 48 months. Maximum amount of loan in this category is rs. 1 lac. For this branch. The eligibility criteria under this scheme is confirmed employee.

Documents required: ITR/latest salary slip, pan card, photograph, address/ID proof.

No of a/c :9

Amt of loan: Rs. 4.76 lacs

Canara Mobile : for the purchase of two wheelers and four wheelers for both service and business people.

Quantum : 5 Lacs is the delegation for this Branch

ROI : Repayment upto 36 months 11 % and above it is 11.50 %

Repayment period : upto 84 months

Eligibility : Individual either salaried or business men, for 4 wheeler loan minimum income is Rs 1.50 Lacs and for 2 wheelers it is 0.75 lacs.

Documents required: ITR/latest salary slip, pan card, photograph, address/ID proof.

No of accounts :27

Amt of loan : Rs. 69.90 lacs

Housing Loan : for construction of house, flats. Purchase of Residential Plot and construction of house thereon.

ROI : Repayment upto 5 years 10.50 %

Repayment above 5 yrs but upto 10 yrs :10.75%

Above 10 yrs 11%

Repayment period : upto 25 years.

Quantum : rs. 5 lacs for this branch.

Margin: 20% of the project cost.

Eligibility : Individual either salaried or business men upto his/her four years gross salary/income. (free credit card provided to the housing loan borrowers by canara bank).

Documents required: ITR/latest salary slip, pan card, photograph, address/ID proof, registered sale deed/lease deed/gift deed, allotment letter from society housing board, (if purchased from society or housing board) , approved building plan from nagar nigram/ municipal corporation, layout of the property, estimates, diversion paper of land (conversion of land from agriculture to residential/commercial).

No of loan accounts; 38

Amt of loan under this head is Rs. 161.20 lacs

Vidyasagar: a type of educational loan : to pursue higher studies for meritorious students

Quantum : for individual 10 lacs for inland studies and 20 lacs for abroad .

ROI : upto 4 lacs 13.5%

Above 4 lacs and upto 7.5 lacs 14.5%

Above 7.5 lacs upto 20 lacs 12.5% (1% interest concession for girl student, concessional interest for IIM/IIT Students also).

Interest subsidy for EWS people (parents income upto 4.5 lacs). Subsidy borne by GOI. Canara Bank is the NODAL BANK for this interest subsidy scheme.

Margin : upto 4 lacs No margin above rs 4 lacs and upto rs. 7.5 lacs 10%

Above 7.5 lacs 15%.

Security : upto rs. 4 lacs no security

Above rs. 4 lacs and upto rs. 7.5 lacs : third party personal guarantee.

Above 7.5 lacs 100% collateral security.

Repayment : 5-7 yrs with moratorium period upto 24 months.

Eligibility : meritorious students (loan granted jointly with parents).

Documents required: ITR/latest salary slip, pan card of the parents, photograph, address/ID proof, letter from the college/university to get admission, prospectus, fee details.

No of accounts ;20

Amount of loan in this head is Rs. 55.67 lacs.

MSME ; term loan for purchase of plant and machinery, OCC for working capital requirement. (if the loan is upto rs. 5 crores it comes under priority sector small enterprises, above 5 crores and upto 10 crores non priority sector medium enterprises, above 10 crores non priority sector large enterprises). As per RBI instructions/guidelines loan upto 10 lacs (manufacturing and service activity) no collateral security to be insisted by the borrower, to ensure prompt repayment of the above loan account to be guaranteed with CGTMSE (Credit Guarantee Trust for Micro and Small Enterprises)

Term loan:

Repayment : upto 10 years.

ROI : Based on scoring norms of the bank depending upon the financial position , collateral security and guarantee offered by the customer and credit rating of the account.

Working capital :

Purpose : working capital requirement

ROI : Based on scoring norms of the bank depending upon the financial position , collateral security and guarantee offered by the customer and credit rating of the account.

Repayment : running limit (1 yr to 3 yrs)

Financial document required: registration of company, ITR of the company and proprietor/partner/director/guarantor, pan card of all above

Last two year actual trading,, P&L a/c and balance sheet

Current year estimated trading, P&L a/c and balance sheet and

Projected trading and profit and loss a/c of the company.

(loan above 20 lacs and turnover above 60 lacs audited balance sheet is required for existing unit).

No of loan accounts ;100

Amount of loan in this category : Rs. 406 lacs.

CANARA MORTGAGE: A need based mortgage loan with a repayment period upto 5 years which carries higher rate of interest of 16.25%.

Documents required: ITR/latest salary slip, pan card, photograph, address/ID proof.

No loan account under this head is found.

CANARA JEEVAN: a type of loan for senior citizen to convert their dwelling property into liquid cash to meet their day to day requirements.

Eligibility: owner of the house age above 60 years

ROI: decided by the bank from time to time (presently 12%).

Quantum of loan: on the basis of valuation of assets (age above 60- 70 yrs 70% of the asset value, 71-75 yrs 80% of the asset value, above 75 yrs 90% of the asset value). Minimum rs. 5 lacs and maximum 50 lacs.

Repayment : only when the last surviving borrower dies, or when they want to sell the property.

Document required; address/ID proof, sale deed/gift deed/lease deed, photograph.

No loan account is found under this head

As regards, modern services especially net banking facilities , the branch gave facility of net banking to 167 customers of the locality but only 12% of them are using the facility at frequent intervals.

MANAGER'S POINT OF VIEW WITH REGARD TO MODERN SERVICES PROVIDED BY THE BANK:

- Branch is offering almost all type of e-banking facilities like Debit card, credit card, internet banking, mobile banking, online fund transfer, railway/airline ticket booking, domestic utility bill payment like electricity bill, telephone bill, etc.
- The branch has the advantage of managing heavy rush through the system of ATM for withdrawal of cash, because of RTGS and NEFT facility customers are able to transfer funds easily and quickly at their convenience. Fear of fraudulent demand draft payments has been totally reduced through CBS. But due to this, banks do not earn any income in the form of commission through the making of Demand drafts, fund transfer, etc. But safety is ensured mutually.
- E-banking awareness of the customers of the branch is not upto the bench mark as most of the residents are senior citizens who are not computer savvy like the present generation.
- The feedback received by the branch officials regarding the e-banking facilities by the customers is good as far as debit card, credit card, RTGS, NEFT, railway ticket booking, POS activity. Customers at the same time do face certain hardships during internet banking facilities of the bank.
- The awareness level of e-banking facilities of the locality seems to be satisfactory.

FINDINGS OF THE STUDY:

- It has been observed the bank has tried to connect all the resident nearby the branch by opening saving bank account under financial inclusion programme. Under this scheme, all poor people can open account with the bank with zero balance and improve his/her saving habits .
- The bank has helped needy persons by way of granting loan under government subsidy / sponsored schemes like DRI, SJSRY, SGSY, GCC, etc.
- Branch has been funding sufficiently in the locality by way of housing, education , car, automobile, SME ,etc.
- Before sanctioning loan (priority 2 lacs and above, non priority rs. 1 lac and above) bank ensures to generate CIBIL (CREDIT INFORMATION BUREAU OF INDIA LIMITED) report online for consumer and commercial borrowers.
- Branch has also developed saving habit to the localities by way of opening CASA, term deposits, recurring deposits, insurance, SIP , mutual fund, etc.
- Branch performance with respect to business is satisfactory.
- Under image building activity, bank has helped orphan, uncared/unattended old people, physically challenged people by catering to their needs.
- As compared with the other banks' net banking facility, it has been found that canara bank net banking facility is considered as a conservative one.
- While availing internet banking of canara bank customer must download **CANSECURE** on his/her desktop which causes additional procedural time for the customer leading to dissatisfaction.
- Loans & advances does not pose much cumbersome procedures and formalities so customers are satisfied with the service of the bank .
- Figures and data correspond upto August,15, 2012.

CONCLUSION:

Banking business is a highly competitive business and all the banking sector is aggressively expanding by opening more branches covering the entire nation and in this cut throat competition adding and retaining customers will depend upon the type of services and convenience of services play a major role. The concerned branch has got all the bouquet of services and it is catering to all segment like educated, business, trade, rural urban, student community. To meet the modern business needs of the Branch, the employees are trained to provide the new services to the customers who desire such services. With the data provided above it can be concluded that a medium size branch of a nationalized bank with adequate training and resources can adapt itself in meeting the customers' new trends and expectations in line with the development in the banking industry.

REFERENCES:

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