

# **A BRIEF STUDY ON THE FUNCTIONING OF BANKING SECTOR IN KOHIMA**

*Project report submitted to Nagaland University in partial fulfillment  
for the award of the degree of Bachelor of Commerce*

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**DECLARATION**

I declare that the project report entitled “**A BRIEF STUDY ON THE FUNCTIONING OF BANKING SECTOR IN KOHIMA**” submitted by me for the award of the degree of **Bachelor of Commerce** of Nagaland University is my own work. The project report has not been submitted for any other degree of this University or any other university.

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**CERTIFICATE**

We recommend that this thesis be placed before the examiners for evaluation.

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## CHAPTER 1. INTRODUCTION

### INTRODUCTION

A bank is a financial institution and a financial intermediary that accepts deposits and channels those deposits into lending activities, either directly by loaning or indirectly through capital markets.

A bank may be defined as an institution that accepts deposits, makes loans, pays checks and provides financial services. A bank is a financial intermediary for the safeguarding, transferring, exchanging, or lending of money. A primary role of banks is connecting those with funds, such as investors and depositors, to those seeking funds, such as individuals or businesses needing loans. A bank is a connection between customers that have capital deficits and customers with capital surpluses.

Banks distribute the medium of exchange. Banking is a business. Banks sell their services to earn money, and they must market and manage those services in a competitive field. Banks are financial intermediaries that safeguard, transfer, exchange, and lend money and like other businesses that must earn a profit to survive. Understanding this fundamental idea helps you to understand how banking systems work and helps you understand many modern trends in banking and finance.

Characteristics / features of a bank

1. Dealing in Money

Bank is a financial institution which deals with other people's money i.e. money given by depositors.

2. Individual / Firm / Company

A bank may be a person, firm or a company. A banking company means a company which is in the business of banking.

3. Acceptance of Deposit

A bank accepts money from the people in the form of deposits which are usually repayable on demand or after the expiry of a fixed period. It gives safety to the deposits of its customers. It also acts as a custodian of funds of its customers.

4. Giving Advances

A bank lends out money in the form of loans to those who require it for different purposes.

5. Payment and Withdrawal

A bank provides easy payment and withdrawal facility to its customers in the form of cheques and drafts, It also brings bank money in circulation. This money is in the form of cheques, drafts, etc.

6. Agency and Utility Services

A bank provides various banking facilities to its customers. They include general utility services and agency services.

7. Profit and Service Orientation

A bank is a profit seeking institution having service oriented approach.

8. Ever increasing Functions

Banking is an evolutionary concept. There is continuous expansion and diversification as regards the functions, services and activities of a bank.

9. Connecting Link

A bank acts as a connecting link between borrowers and lenders of money. Banks collect money from those who have surplus money and give the same to those who are in need of money.

10. Banking Business

A bank's main activity should be to do business of banking which should not be subsidiary to any other business.

11. Name Identity

A bank should always add the word "bank" to its name to enable people to know that it is a bank and that it is dealing in money.

## REVIEW OF LITERATURE:

Gupta Sumeet & Verma Renu (2008) concluded that management of non-performing assets and risk emanating from adverse event is the key to higher profitability of the Indian banking. Transparency and good governance would work as principal guiding force in present scenario.

Ghosh Saibal (2009) concluded that with international standards, Indian banks would need to improve their technological orientation and expand the possibilities for augmenting their financial activities in order to improve their profit efficiency in the near future. Dr. Ibrahim Syed M (2011) concluded that this is diagnostic and exploratory in nature and makes use of secondary data. The study finds and concludes that the scheduled commercial banks in India have significantly improved their operational performance. Dr. Pardhan Kumar Tanmaya (2012) concluded that the study is based on primary data. The data has been analyzed by Percentage method. The tool used to collect data from the bank officials was a structured questionnaire. Responses obtained from the 50 Bank managers / senior officers.

Dr. Dhanabhakya M & Kavitha M. (2012) studied that banks have to re-orient their strategies in the light of their own strength and the kind of market in which they are likely to operate on. In the perspective of this domestic and international development, the banking sector has to chart a path perfect for development. Gupta Shipra (2012) concluded that Public and Private sector banks both are giving good service in India. Financial condition of any bank is measured by the help of financial ratio. A leverage ratio cannot do the job alone it needs to be complemented by other prudential tools or measures to ensure a comprehensive picture of the buildup of leverage in individual banks or banking groups as well as in the financial system. Sharma Esha (2012) concluded that the liberalized policy of the govt. of India permitted entry to the ICICI in the banking; the industry has witnessed a generation of private players. That's why the present paper special emphasis has been laid down on the financial analysis of the bank by using different research and statistical tools. Gejalakshami Sandanam & et al (2012), concluded that the public sector banks performed remarkably well during the period than that of the private sector banks the overall regression analysis shows that the financial performance of the banking industries strongly.

Goel Cheenu & Rekhi Bhutani Chitwan (2013) concluded that the analysis supports that new banks are more efficient than old ones. The public sector banks are as not profitable as other sectors are. It means that efficiency and profitability are inter related. Davda V. Nishit (2012) concluded that a review of fundamental analysis research in accounting the paper has outlined the development of different accounting valuation model and reviewed related empirical work.

Dr. Koundal Virender (2012) concluded 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. Sai Naga Radha V & et al. (2013) concluded that net profit margin, operating profit margin, return on capital employed, return on equity and debt equity ratio there is no significant difference in these ratios before after merger. Significant difference with respect to gross profit margin. Mishra Kumar Aswini & et al. (2013) concluded that DEA provides significant insights on efficiency of different banks and places private sector ones at an advantage situation and thereby hints out the possibility of further improvisation of most of the public sector banks.

## **OBJECTIVES AND SCOPE OF THE STUDY**

- 1) To find the banking sector largely preferred by the customers.
- 2) To study the measures taken by Private & Private Sector Bank against the frauds in Net Banking and compare
- 3) To study the Comparison between Net Banking Services provided by the Private & Public sector Bank
- 4) To study the complaint handling procedure of both the banks
- 5) To find the best in both the banks
- 6) To study public sector banks v/s private sector banks from the e-banking perspective

### **Scope of the Study**

In the present scenario major economical and technical changes are undergoing in industrial and financial revolution through the new information-processing technology. Especially in finance sector it has a significant role for overall development. After identifying the subject (research area) and referring the relevant literatures, it has been found that in most of the literature, the information technologies have a wide application area. However, in finance sector major changes have been made. Due to these drastic changes have chosen to do the study on urban cooperative bank system. After completing step by step procedure for automation process, now it is required to take the review of the system. People used information technological tools to manage and process the information. Atomization process use in the financial sector for transaction system. This type of working methodology is used in the financial Institute since long years. The bank sector is mostly related to all classes of people like businessmen, industry, agriculture, labor, small entrepreneurs, workers etc. It has been changing complete culture and working methodology. Therefore, it has a wide scope to study the existing modern transaction system in the financial sector mainly in urban cooperative bank system. For that purpose we are going to utilize software engineering model based techniques for theoretical evaluation of atomization process. In the literature survey it has been found that the software engineering technology has monopoly for the development of software product and it is observed that such technology is not used for study purpose in any other different field. So why not this technology be tested on the external field application intentionally for this study? It requires framework, structure, plan and controlling parameters for research field. Such type of theory and planning is available in the software engineering subject.



## Research question

1. Name of the bank. year of establishment
  2. how many branches are there in Nagaland
  3. how many employees are there in all over Nagaland
  4. how many employees are there in main branches
  5. what are the services provided by banks
  6. which savings account is right for a students
  7. does this Banks provide online services
- 
1. How would you rate the quality of banking services you currently use?
    - very high quality
    - high quality
    - neither high nor low quality
    - low quality
- 
2. How innovative is the service?
    - Extremely innovative
    - Very innovative
    - Somewhat innovative
    - Not so innovative
    - Not at all innovative

3. *How often, if ever, do you currently use banking services?*

- Extremely often
- Very often
- Somewhat often
- Not so often
- Never

4. If access to full business banking services were available today, how likely would you be to use the service?

- Extremely likely
- Very likely
- Somewhat likely
- Not so likely
- Not at all likely

5. When you think about banking, do you think of it as something you need or don't need?

- Definitely need
- Probably need
- Neutral
- Probably don't need
- Definitely don't need

7. When considering a new bank, what would be the top two things you would generally consider? (Check two boxes.)

- Price
- Brand

- Innovation
- Quality
- Value
- Other (specify)

8. What kind of account do you maintain in this bank?

(a)Current (b)Savings (c)Loan a/c (d)Demat (e)Credit card

9. Which of the following facilities is given more importance in your bank

(a)Loan facilities (b)O/D facilities (c)ATM facilities

10. Does your bank conduct any recreation facilities for the customers

(a) Yes (b) No

11. Does your bank have listed its share in stock exchange

(a) Yes (b) No (c)Not Aware

12. Does your bank have core banking facility for the customers

(a) Yes (b) No

13. Do they charge unnecessarily for not maintain minimum balance in your account

(a) Yes (b) No

14. Does your bank offers competitive service charges

(a) Yes (b) No

15. Do you think your bank offers competitive interest rate

(a) Yes (b) No

16. Do you use the service of alternative bank

(a) Yes (b) No

17. What do you feel about overall service quality of your bank.

(a)Excellent (b)very good (c)good (d)average (e)poor

18. Would you recommend this bank to your friends ,relatives,

associates

(a) Yes (b) No

19. When do you think of your bank what comes first in your mind

(a) Personalized service (b) Wide branch network (c) Customer service (d) computerized banking (e) Core banking

### **1:4 \_RESEARCH METHOD**

In this research study there are various types of banks in area. I concentrated on banks which are existed in public, private sector as the information collected from the authentic sources.

There are 1 banks in public sector, 2 banks in private sector However my researcher has selects purposefully, single banks in each sector. They are

1. SBI from government sector
2. IDBI from private sector
3. ICICI from private sector

In order to collect scientific reliable and appropriate data and information from selected banks the researcher is chosen survey method. Under this method, the researcher has taken exhaustive survey of 3 selected banks. In the research method study coming under the category of explorative type of research. Source of Data

a. Primary Data The primary data has collected by interview and observation from banks with help of schedule. The researcher has taken the interview in detail of loan and advance section as well as recovery section authority directly.

b. Secondary Data The secondary data has collected from respective banks records i.e. annual reports, books, articles in newspapers internet and web sites etc.

## **CHAPTER .2 DATA ANALYSIS AND INTERPRETATION**

### **Introduction of three banks**

#### **1. ICICI (INDUSTRIAL CREDIT AND INVESTMENT CORPORATION INDIA )**

ICICI bank limited is an Indian multinational banking and financial services company headquartered in Mumbai , Maharashtra with its registered office in vadodara , Gujarat . as of 2018 , ICICI bank is the second largest bank in India in terms of assets and market capitalization . it offers a wide range of banking products and financial services for corporate and retail customers through a variety of delivery channels and specialized subsidiaries in the areas of investment banking , life , non life insurances , venture capital and asset management . the bank has a network of 4882 branches and 15101 ATMs across India and has a presences in 17 countries including India .

ICICI bank is one of the big four bank of India . the bank has subsidiaries in the united kingdom and Canada ; branches in united states , Singapore , Bahrain , Hong Kong , Qatar , Oman , Dubai international finance centre , china and south Africa and representative offices in united Arab Emirates , Bangladesh Malaysia and Indonesia . the company UK subsidiary has also established branches in Belgium and Germany

#### **2. SBI (STATE BANK OF INDIA )**

The state bank of India (sib) is an Indian multinational , public sector banking and financial services body . it is a government corporation statutory body headquartered in Mumbai , Maharashtra . SBI is ranked as 236<sup>th</sup> in the fortune global 500 list of the world biggest corporation of 2019 . it is the largest bank in India with a 23% market share in assets , besides a shre of one fourth of the total loan and deposits market .

The bank descends from of Calcutta , founded in 1806 , via the imperial bank of India , making it the oldest commercial bank in the Indian subcontinent . the bank of madras merged into the other two presidency banks in British India, the bank of Calcutta and the bank of Bombay , to form the imperial bank of India , which in turn became the state bank of India in 1955 . the government of India took control of the imperial bank of India in 1955 , with reserves bank of India ( India 's central bank) taking a 60% stake , renaming it the state bank of India .

### 3. IDBI ( industrial development bank of India )

Industrial development bank of India (IDBI bank limited or IDBI ) was established in 1964 by an act to provide credit and other financial facilities for the development of the fledgling Indian industry . many institutes of national importance's finds their roots in IDBI liker SIDBI , EXIM bank , NSE And NSDL .

INITIALLY IT OPERATED AS A subsidiary of reserve bank of India and later RBI has transferred it to government of India . on June 29, 2018 life insurances of India (LIC) has got a technical go – ahead from insurances regulatory and development authority of India (IRDAI ) to increase stake in IDBI bank up to 51% Lice completed acquisition of 51% controlling stake on January 21, 2019 making it the majority shareholder of the IDBI bank . reserves bank of India has clarified vide a press release dated march 14, 2019 , that IDBI bank stands Are categorised as a private sector bank for regulatory purposes with effect from January 21, 2019 .

The bank has an aggregate balances sheet size if INR 3.74 trillion as on march 2016 . it has 3,683 ATMs , 1892 branches , including one overseas branch in Dubai , 58 e- lounges and 1407 centres as of 1 February 2020

## HISTORY

### 1. ICICI (industrial credit investment corporation of India )

ICICI bank was originally promoted in 1994 by ICICI limited , an Indian financial institution , and was its wholly owned – owned subsidiary . ICICI's shareholding in ICICI bank was reduced to 46% through a public offering of shares in India in fiscal 1998 , an equity offering in the form of ADRs listed on the NYSE in fiscal 2000 , ICICI banks acquisition of bank of Madura limited in an all – stock amalgamation in fiscal 2001, and secondary market sales by ICICI to institutional investors I fiscal 2001 and fiscal 2002 . ICICI was formed in 1995 at the initiative of the world bank , the government of India and representatives of Indian industry . the principle objective was to create a development financial institution for providing medium – term and long term project financing institution for providing medium – term and long – term project financing to INDIAN BUSINESSES .

IN the 1990s ICICI transformed its business from a development financial institution offering only project finance to a diversified financial services group offering a wide variety of products and services , both directly and through a number of subsidiaries and affiliates like ICICI bank , IN 1999, ICICI become the first Indian company and the first bank or financial institution from non – Japan to be listed on the NYSE

After consideration of various corporate structuring alternatives in the context of the emerging competitive scenario in the Indian banking industry , and the move towards universal banking , he management of ICICI and ICICI bank formed the view that the merger of ICICI with ICICI bank would be the optimal strategic alternative for both entities , and would create the optimal legal structure for the ICICI group s universal banking strategy. The merger would enhances value ICICI shareholders through the merged entity access to low – cost deposits , greater opportunities for earning fee based banking services . the merger would enhances value for ICICI bank shareholder through a large capital base and scale of operations , seamless access to ICICI strong corporate relationships built up over five decades , entry into new business segments , higher market share in various business segments , particularly fee – based services , access to the vast talent pool of ICICI and its subsidiaries .

In October 2001 , the boards of directors of ICII and ICICI bank approved the merger of ICICI and two of its wholly- owned retail finance subsidiaries , ICICI personal financial services limited and ICICI capital services limited with bank . the merger was approved by shareholders of ICICI and ICICI bank in January 2002 , by the high court of Gujarat at Ahmadabad in march 2002 , and by the high court of judicature at Mumbai and reserves bank in India in April 2002 . consequent to the merger , the ICICI groups financing and banking operations , both wholesale and retail , have been integrated in a single entity .

ICICI bank has formulated a code of business conduct and ethics for its directors and employees .

## 2. SBI ( STATE BANK OF INDIA)

The roots of the state bank of India lie in the first decade of the 19th century when the bank of Calcutta later renamed the bank of Bengal , was established on 2 June 1806 . the bank of Bengal was one of three presidency banks , the other two being the bank of Bombay ( incorporated on 15 April 1840 ) and the bank of madras ( incorporated on 1 July 1843 ) . All three presidency banks were incorporated as joint stock companies and were the result of royal charters . These three banks received the exclusive right to issue paper currency till 1861 when ,with paper currency act the right was taken over by the government of India . The presidency banks amalgamated on the imperial bank of India remained a joint stock company but without government participation

Pursuant to the provisions of the state bank of India act of 1995 , the reserves bank of India, which is India central bank , acquired a controlling interest in the imperial bank of India . on 1st July 1995 , the imperial bank of India became the state bank of India . In 2008 , the government of India acquired the reserves bank of India stake in SBI so as to remove any conflict of interest because the RBI is the country banking regulatory authority.

In 1959 , the government passed the state bank of India (subsidiary banks ) act . this made eight banks that had belonged to princely states into subsidiaries of SBI . This was at he time of the five year plan , which prioritised the development of rural India . the government integrated these banks into the state bank of India system to expand its rural outreach . in 1963 SBI merged state bank of Raipur (est. 1943) and state bank of Bikaner (est. . 1944).

SBI has acquired local banks in rescues . the first was the bank of Bihar (EST. 1911) , WHICH SBI ACQUIRED IN 1969 , together with its 28 branches .the next year SBI acquired national bank of Lahore (est. 1942) which had 24 branches . Five years later , in 1975 , SBI acquired krishnarambaldeo bank , which had been established in 1919 in Gwalior state , under the patronage of maharaja madho rao scindia . the bank had been the dukan pinched , a small money lender , owned by the maharaja . the new bank first manager was jall N. Broacha , a parsi . In 1985 , SBI acquired the bank of cochin in Kerala , which had 120 branches . SBI was the acquirer as its affiliate , the state bank of Travancore , already had an extensive network in Kerala .



There was a even before it actually happened , a proposal to merger all the associate banks into SBI to create a single very large bank and streamline operations .

On 7 October 2013 , arundhatibhswattacharya become the first woman to be appointed chairperson of the bank . mrs Bhattacharya received an extension of two years of services to merger into SBI the five remaining associate banks .

### 3. IDBI ( Industrial development bank of India )

#### Overview of development banking in India

Development banking emerged after second world war and the great depression in the 1930s. The demand for reconstruction funds for the effected nation compelled in setting up of national institutions for reconstructing . at the time of independence in 1947 , India had a fairly developed banking system. The adoption of bank dominate financial development strategy was aimed at meeting the sect oral credit needs , particularly of agriculture and industry . towards this end the reserves bank concentrated on regulating and developing mechanisms for institution building . the commercial banking network was expanded to cater to the requirements of general banking and for meeting the short term working capital requirements of industry and agriculture . specialised development financial institution such as IDBI , NABARD , NHB AND SIDBI were set up to meet the long term financing requirements of industry and agriculture.

#### Formation of industrial development bank of India (IDBI)

Industrial Development Bank of India (IDBI) was constituted under Industrial Development Bank of India Act, 1964 as a Development Financial Institution (DFI) and came into being as on July 01, 1964 vide Goo notification dated June 22, 1964. It was regarded as a Public Financial Institution in terms of the provisions of Section 4A of the Companies Act, 1956. It continued to serve as a DFI for 40 years till the year 2004 when it was transformed into a Bank.

After the public issue of IDBI in July 1995 , the government shareholding in the bank came down from 100% to 75%.

#### Conversion of ibis into a commercial bank

A committee formed by RBI recommended the development financial institution (IDBI) to diversify its activity and harmonize the role of development financing and banking activities by getting away from the conventional distinction between commercial banking and developmental banking .ALEXANDER HAMILTON the right hand man was against this but stayed dead silent . to keep up with reforms in financial sector , IDBI reshaped its role from a development finance institution to a commercial institution . with the industrial development bank ( transfer of undertaking and repeal ) act 2003 , IDBI attained the status of a limited company via , IDBI LTD .

LIC of India completed acquisition of 51% controlling stake in IDBI Bank on January 21, 2019 making it the majority shareholder of the bank. Subsequent to enhancement of equity stake by LIC of India on January 21, 2019, Reserve Bank Of India has clarified vide a Press Release dated March 14, 2019, that IDBI Bank stands re-categorized as a Private Sector Bank, with retrospective effect from January 21, 2019.

## SURVEYS ON BANKS

1. ICICI
2. SBI
3. IDBI

1. ICICI ( INDUSTRIAL credit investment corporation of India ) chime main branches

Establishment of ICICI bank in chime – April 15 , 2008

Numbers of branches is Nagaland

These states are as follows

- ❖ Wokha -1
- ❖ Dimapur -3
- ❖ Mokokchung-1
- ❖ Kohima -2

NUMBERS OF employees in Kohima main branch : 10 including 1 from government banking department , 1 from credit card department , from unsecured asset department and 1 representative from ICICI prudential life insurances company .

Numbers of ATMs in Nagaland / Kohima : 7 on site ATMs in Nagaland / 2 on site ATMs in Kohima

Average number of customer in Kohima main branch : approximately 1700 active customers for both saving and current account

SERVICES PROVIDED TO THE CUSTOMERS : there are various services / facilities provided to the customers and the following pertains to the services / facilities offered in Kohima or Nagaland are :

- I. Savings accounts in different variants : advised as per suitability and requirement of the customers
- II. Current accounts in different variants : as per suitability and requirements of the customers
- III. Salary account
- IV. Institutional banking : government banking and TASC ( trust , association , societies and clubs ).

- V. NON – RESIDENT INDIAN ACCOUNT
- VI. FIXED DEPOSIT AND RECURRING DEPOSIT : ranging from a period of 7 days to 1 years.. interest rates applicable as per duration of the investment .
- VII. Mutual funds
- VIII. Life insurance
- IX. Demand and trading accounts
- X. Assets : auto loan , two wheeler loan , personal loan , home loan , loan against property , business instalment loan, loan against fixed deposits , overdraft , credit cards , education loan .
- XI. Bank guarantee
- XII. Foreign exchange : they provide multi city travel currency debit cards , wire transfers , currency exchange .
- XIII. Demand draft facility
- XIV. Debit card of different variants
- XV. Digital banking : personal internet banking , corporate internet banking , mobile banking for both saving an current account holders .

- INTEREST RATES ON LOAN : the interest rates varies according to the types of loan and on the amount of loan taken.
- Salary structure : the salaries of employees is determined as per grade , role and experiences of the employees
- Promotion criteria /eligibility : performance , number of years in organization audit rating ( health of the branches ).

❖ Objectives of the ICICI BANK :

THE MAIN OBJECTIVE OF ICICI is to meet the needs of the private industry for the permanent and long term funds in the private sectors . in general the main objectives of ICICI bank are

- a) To assist in the formation , development and modernization of business enterprises in non – public sector
- b) It also provides medium term and long term loans in rupees and foreign currencies
- c) To motivate the private ownership of industrial investment and promoting and supporting the expansion of markets.
- d) To expand their services in every part of the country as well as at the same to earn for profit motive

LOANS TAKEN BY THE ICICI CUSTOMERS

- a) There are mostly small business firms take loans up to the amount of 10 lacs

- b) As per ICICI KOHIMA branch educational loans are taken less , as the parents \guarding are capable of paying school fees , educational are taken those who are desiring to study outside Nagaland
- c) ICICI BANK provides education loan to students through a hassle – free process with affordable interest rates . the base rate fixed by ICICI bank is 8.85% . for loan amount above INR 4 lakhs , the ROI Charged is 14.6%
- d) The ICICI bank provide personal loan up to 40 lakhs for the tenure of 5 years with 10.99% - 18.49% of interest rates
- e) There are only some who have the privilege to avail the home loans , they provide home loans up to 25 lakhs and also avail subsidy benefit up to 2.67 lakhs with effective rate 4.62%

### ICICI Mobile Banking

A user friendly automated service menu offers customers, a convenient access to their accounts coupled with security. All the transactions are protected by a ATM PIN (Personal Identification Number) which is a personal password to their respective Bank & Credit Card Account and Tpin in case of Demat Account . Any additional assistance is provided by the Phone Banking Officers (PBOs).

Self Phone Banking (IVR) Access Mechanisms are as follows :

- For Deposits, customer needs to key-in his ATM or Debit Card Number and its corresponding ATM PIN.
- For Credit Cards , customer needs to key-in his 16 digit Card Number and its corresponding ATM PIN.
- For Demat Account Holders , customer needs to key-in his 14 Digit Demat Account Number and its TPIN
- For Bond Account Holders, customer needs to key in the Bond Holder Number only.
- All the above facilities are obtained absolutely free of charge.

The ICICI bank performs some of the following functions :

1. ICICI bank provide finance in the form of a long term or medium term loans or equity participation
2. Sponsorship and underwriting on new issue of shared other securities
3. The guaranteed loan from other private investment sources
4. It also provides funding for reinvestment by increasing investment rapidly

## 2. SBI ( state bank of India )

- ❖ Establishment of SBI in Kohima 1975
- ❖ Number of branches in Nagaland – 70 branches
  - Dimapur – 17 branches
  - Kiphire – 2
  - Kohima -14

- Longleng – 1
- Mokokchung -9
- Mon -2
- Tuesang -7
- Peren -3
- Phek -5
- Tobu -1
- Wokha-6
- Zunheboto-6

Numbers of employees in sbi all over Nagaland – 5000+ employees are there

Numbers of ATMs in Nagaland -98 ATMs are working in Nagaland

- Dimapur – 20 ATMs
- Kiphire -4
- Kohima -19
- Longleng -1
- Mokokchung – 15
- Mon -4
- Tuesang – 10
- Peren – 4
- Phek -6
- Tobu- 1
- Wokha-4
- Zunheboto-5

Number of employees in main branch : approximately 68 employees

Services provided by SBI

- SAVING AND CURRENT ACCOUNT
- SALARY ACCOUNT
- FIXED AND RECURRING DEPOSITS
- VARIOUS TYPES OF LOANS
  - HOMR LOANS
  - EDUCATION LOANS
  - LOANS FOR SMALL SCALE INDUSTRIES
  - LOANS FOR A STSRTUP (2LAKHS)
  - CAR LOAN
- SBI YONO (INTERNET BANKING )
- SBI LIFE INSURANCES
- SBI MUTUAL FUNDS
- SPECIAL SCHEME FOR SMALL SCALE INDUSTRIES
- SUBSTITUTE OF RESERVE BANK OF INDIA (RBI)
- DEMAND DRAFTS

## Objectives and functions of SBI

The main objectives and function of the state bank of India are given below

### 1. Objectives

The state bank of India has been established to operate on the normal commercial principles, with the only differences that, unlike other commercial banks in the country, it takes into consideration and responds in a progressively liberal manner the financial requirements of cooperative institutions and small scale industries, particularly in the rural areas of the country.

The objectives of the state bank are

- I. To act in accordance with the board economic policies of the government
- II. To encourage and mobilise savings by opening branches in rural and semi – urban areas and to promote rural credit
- III. To establish government partnership in the provision of cooperative credit
- IV. To extend financial help for the establishment of licensed warehouses and cooperative marketing societies
- V. To provide financial help to the small scale and cottage industries
- VI. To provide remittance facilities to the banking institution.

The state bank of India acts as an agent of the reserves bank in all those places where the latter not have its branches.

As an agent of the reserves bank, the state bank performs the following functions

- I. It act as the government bank, i.e it collects money and makes payments on behalf of the government and manages public debt
- II. It acts as the bankers bank. it receives deposits from and gives loans to commercial banks. it also acts as the clearing house for the commercial banks provides remittances facilities to the commercial banks.

### 2.ordinary banking functions :

The state bank of India performs all kinds of commercial banking functions :

- i. It receives deposits from public.
- ii. It gives loans and advances against eligible securities including goods, bills of exchange, promissory notes, fully paid shares of companies, immovable property or documents of title, debentures etc.
- iii. It invests its surplus funds in government securities, railway securities and securities of corporation and treasury bills.

### 3.other functions :

The state bank of India also performs the following other functions

- i. It buys and sells gold and silver
- ii. It acts as agent of cooperative banks
- iii. It underwrites issues of stocks , shares , debentures and other securities in which it is authorised to invest funds
- iv. It administers , singly or jointly , estates for any purposes as executor , trustee or otherwise.
- v. It draws bills of exchanges and grants letters of credit payable out of India
- vi. It buys bills of exchanges payable out of India with the approval of the reserves bank ; it subscribes buys acquires hold and sell shares in the capital of banking companies .

#### 4.prohibited functions:

The state bank of India has been prohibited from doing certain businesses by the state bank of India act :

- i. The state bank cannot grant loans against stocks and shares for a period more than six months
- ii. It can purchase no immovable property other than its own offices
- iii. It can neither rediscount nor offer loans against the security of exchanges bills whose maturity period exceeds six months.
- iv. It cannot rediscount bills which do not carry at least two good signatures
- v. It can neither discount bills nor grant credit to individuals or firms above the sanctioned limit.

### 3. INDUSTRIAL DEVELOPMENT BANK OF INDIA (IDBI)

ESTABLISHMENT OF IDBI – MAY 15 2007

NUMBER BRANCHES OF IDBI IN NAGALAND -4

- KOHIMA-1
- DIMAPUR -1
- WOKHA -1
- MOKOKCHUNG -1

NUMBERS OF EMPLOYEES IN kohima main branches – 10 employees including 1 from government banking department , 1 from credit department , 1 from credit department and 1 from unsecured assets

Numbers of ATMs in Nagaland -15

- Kohima-4
- Dimapur -8
- Wokha-2
- Mokokchung -1

Average number of customer in kohima main branches : approximately 1300 customers .

#### Services provided by IDBI

- PRODUCTS AND SERVICES
- The products and services of UDBI bank are offered under five different heads personal , corporate , MSME, agri and NRI banking
- IDBI personal banking
- In the personal banking segment , IDBI offers the following products and services :
  - Loans
  - Saving account
  - Cards
  - Flexi current account
  - 24- hour banking
  - Corporate payroll account
  - Trusteeship through ITSL
  - Fixed deposits and lockers
- IDBI corporate banking
- In the corporate banking segment , IDBI offers the following products and services
  - Fund based assistances
  - trade finance
  - non – fund based assistance
  - government business
  - cash management services
  - foreign currency
  - treasury
- IDBI MSME banking
- In the MSME banking segment , IDBI offers the following products and services .
  - Vendor finance program
  - Restructuring / rehabilitation policy
  - Finance to medical practitioners
  - Loans to professionals and self employed
  - Agriculture finance (short –term loans)
  - Allied activities
- IDBI NRI banking

#### Objectives and function of IDBI :

The main objectives of IDBI is to serve as the apex institution for term finance for industry in India . Its objectives include :

- i. Co- ordination , regulation and supervision of the working of other financial institutions such as IFCI, ICICI, UTI , LIC , COMMERCIAL banks and SFCs



- ii. Supplementing the resources of other financial institutions and there by widening the scope of their assistance
- iii. Planning , promotion and development of key industries and diversification of industrial growth.
- iv. Devising enforcing a system of industrial growth that conforms to national priorities

#### Functions

- i. The IDBI has been established to perform the following functions
- ii. To grant loans and advances to IFCI , SFCs or any other financial institution by way of refinancing of loans granted by such institution which are repayable within 25 year.
- iii. To grant loans and advances to scheduled banks or state co- operative banks by way of refinancing of loans granted by such institutions which are repayable in 15 years .
- iv. To grant loans and advances to IFCI , SFCs, other institutions , scheduled banks , state co-operative banks by way of refinancing of loans granted by such institution to industrial concerns for exports
- v. To discount or re – discount bills of industrial concerns
- vi. To underwrite or to subscribe to share or debentures of industrial concerns
- vii. To subscribe to or purchase stock , shares , bonds and debentures of other financial institution .
- viii. To grant line of credit or loans and advances to other financial institutions such IFCI , SFCs etc .
- ix. To grant loans to any industrial concern
  - x. To guarantee deferred payment due from any industrial concern
  - xi. To guarantee loans raised by industrial concerns in the market or form institutions
  - xii. To provide consultancy and merchant banking services in or outside India
  - xiii. To provide technical , legal , marketing and administrative assistance to any industrial concern or person for promotion , management or expansion of any industry
- xiv. Planning , promoting and developing industries to fill up gaps in the industrial structure in India
- xv. To act as trustee for the holders of debentures or other securities

## FINANCIAL PERFORMANCE

### 1. SBI

1) Credit Deposit(CD) Ratio of State Bank in Nagaland stands at 42% vis-à-vis 33% of all Banks in Nagaland. However, whole State CD Ratio is not truly reflective of the Bank's performance in various district and backward area of the State. The distribution of CD Ratio as given in the under noted table would enable a better appreciation.

\*Mostly in Captive and New Branches.

This apart, Bank has been writing off large amount of Bad loans every year, which would otherwise have pulled up whole State Ratio over 55% to 60%.

1) In order to expedite processing of Loan proposals with better expertise Bank has set up a CPC in Dimapur which is processing loan proposal of all 50 branch in Nagaland. The Centre has processed loan proposal of Rs 33.98 crores during the last 7 months.

2) Bank has set up Cell dedicated to High Networth Individual (HNI at Kohima, Kohima Bazar and Lerie branch for providing personalized services to HNI customer. Bank is planning to set up an HNI branch in Dimapur shortly.

3) Loan given to the people of Nagaland stands at Rs. 935.22Crore against deposit of Rs. 2233.18 Crores.

4) State Bank has the record of handling major chunk of Government Sponsored Schemes like PMRY, SGSY, PMEGP, CM Corpus Fund, etc.

Recovery Agent: There are 6 Nos. of Recovery Agents to recover bank's bad debts all over Nagaland.

### 2. IDBI

According to an analyst, the Cabinet approval for IDBI Bank's divestment is a positive step as the private or foreign entity could infuse better management, technologies and new funds which could thereby boost the Bank's prospects. "Technically, 42-48 levels should be used by investors to exit or book profit and re-enter only near 36 levels for higher profits," AR Ramachandran, Co-founder & Trainer, Tips2Trades, told Financial Express Online

The extent of respective shareholding to be divested by government and LIC shall be decided at the time of structuring of transaction in consultation with the Reserve Bank of India, IDBI Bank said in an exchange filing. The central government and LIC together own 94.72 per cent of the equity of IDBI Bank (Government 45.48 per cent, LIC 49.24%). LIC is currently the promoter of IDBI Bank with management control and GoI is the co-promoter.

So far in intraday, IDBI Bank share price has touched an intraday high of Rs 43.50 apiece and an intraday low of Rs 40.15 apiece on BSE. In comparison, S&P

was trading volatile at around 48,670 levels. LIC's Board has also passed a resolution to the effect that LIC may reduce its shareholding in IDBI Bank through divesting its stake along with strategic stake sale envisaged by the government with the intent to relinquish management control and by taking into consideration price, market outlook, statutory stipulation and interest of policyholders. This decision of LIC's Board is also consistent with the regulatory mandate to it to reduce its stake in the Bank.

However, the All India Bank Employees Association (AIBEA) has opposed the government's move to private IDBI Bank. The association said the government should control a minimum of 51 per cent share capital of the bank.

### 3.ICICI

The Bank prepares its financial statements in accordance with the applicable accounting standards, RBI guidelines and other applicable laws/regulations. RBI, under its risk-based supervision exercise, carries out the risk assessment of the Bank on an annual basis. This assessment is initiated subsequent to the finalisation, completion of audit and publication of audited financial statements for a financial year and typically occurs a few months after the financial year-end. As a part of this assessment, RBI separately reviews asset classification

and provisioning of credit facilities given by the Bank to its borrowers. The divergences, if any, in classification or provisioning arising out of the supervisory process are given effect to in the financial statements in subsequent periods after conclusion of the exercise.

In terms of the RBI circular no. //DBR.BPBC.No. 32/21.04.018/ 2018-19 dated April 1, 2019, banks are required to disclose the divergences in asset classification and provisioning consequent to RBI's annual supervisory process in their notes to accounts to the financial statements, wherever either (a) the additional provisioning requirements assessed by RBI exceed 10% of the reported net profits before provisions and contingencies or (b) the additional gross non-performing assets (NPAs) identified by RBI exceed 15% of the published incremental gross NPAs for the reference period, or both. Based on the condition mentioned in RBI circular, no disclosure on divergence in asset classification and provisioning for NPAs is required with respect to RBI's supervisory process for fiscal 2018.

## SHARE CAPITAL

During the year under review, the Bank allotted 18,248,877 equity shares of Rs. 2.00 each pursuant to exercise of stock options under the Employee Stock Option Scheme. For details refer to Schedule 1 of the financial statements.

## PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Pursuant to Section 186(11) of the Companies Act, 2013, the provisions of Section 186 of the Companies Act, 2013, except sub-section (1), do not apply to a loan made, guarantee given or security provided by a banking company in the ordinary course of business. The particulars of investments made by the Bank are disclosed in Schedule 8 of the financial statements as per the applicable provisions of the Banking Regulation Act, 1949.

### **Chapter 3 Conclusion**

In conclusion I would like to state that by doing this project I came to know that how does a bank function and what are its objectives and also the services that they provide to their customers as well as there are schemes for the entrepreneurs. They also provide some important loans like education loans, home loans, car loans etc., they provide agriculture loans which is the important one.

Banks also charge interest according to the amount taken by the customer, ICICI banks mainly focus on the provision of loans, SBI focuses on the services rendered whereas IDBI mainly focuses on the development of the small industries in Nagaland, they provide certain loans for the businessman.

As I have done with this project I came to know that banking is not so complicated as we think, it is simple if we understand the process of the banks.

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