



Banking role in Indian Development and its Challenges.

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Banking Sector being the heart line of the financial market, their up gradation and financial strength is more vital for an efficient financial system. Banks play a very crucial and dynamic role in the development of economic life of India. Banks are the pivots of modern commerce. Industrial innovations and business expansions become possible through finance provided by banks. Banks mobilize the dormant capital of the country for productivity purposes. Now, the Indian banking industry is going through a period of intense change, where global trends are affecting the banking business increasing competition, liberalization, rising customer expectations, shrinking spreads, increasing disintermediation, competitive pricing and possibilities macro-volatility. Profitability, productivity and financial efficiency have, as a result become critical objective to be aimed at. In today's markets, credit risk along with market risk and operational risk are the real challenges before banks. As an effect of liberalization, privatization and globalization policy there has not only been rapid expansion in the number of banking institutions in the country, but the banking horizon of the country has also changed significantly. In view of the fact that the public sector banks that have been operating in an extremely protected economic environment and may lose out in the wave of competition from old and new private sector banks in India.

Role of World Bank In Educating India's Children

More than 95 percent of India's children attend primary school, less than half of 16 year olds - just 44 percent – complete Class 10. This is a huge loss for a nation that will soon have the largest and youngest workforce the world has ever seen. The government is now seeking to bring 90 percent of the country's 50 million secondary age children into school by 2017. To achieve this goal, access, equity, management and quality will all need to be improved. Curriculum and teaching practices will need to be upgraded to impart more relevant skills, such as reasoning skills, problem solving, learning-to-learn, and critical and independent thinking. Since this is an enormous task for the public sector alone, public-private partnerships will need to be expanded to tap into the potential offered by the 60 percent of secondary schools which are privately managed in India.

World Bank Support

Since 2000, the World Bank has committed over \$2 billion to education in India. It has also provided technical support. Since 2003, the Bank has been working with Central and State governments, along with development partners (UK's DFID and the European Union) to support the Sarva Shiksha Abhiyan programme. In 2003-2007 the World Bank invested \$ 500 million to expand facilities and improve infrastructure, get children to school, and set up a system to assess learning. In 2007-2012 the World Bank provided a total of \$1.35 billion to expand access to upper primary education, increase retention of all students until completion of elementary education and improve learning levels. In addition, World



Bank evaluations and research provided pointers to further improvements. This included studies on financing elementary education, teacher absenteeism, instructional time and quality in primary education, and the impact of information sharing with village education committees. It also included studies on inclusive education for children with disabilities, comparisons between public and private schooling in UP, AP, and MP, and incentives to improve quality.

Secondary Education: The World Bank is supporting the Government of India's centrally sponsored scheme for secondary education, Rashtriya Madhyamic Shiksha Abhiyan (RMSA), with an estimated \$ 500 million. This is largely based on the analytical work on secondary education, published in 2009, which focused on strategies to improve access, equity, management and quality. In addition, the World Bank has conducted research into the feasibility for expanded public private partnerships at the secondary level, and has supported learning workshops on the role of information and communication technologies at the secondary level.

Support to States: The World Bank is also supporting state governments. For example, in Bihar, the Bank is providing about \$250m to develop a comprehensive and effective teacher development and management system to improve the quality of education in elementary schools. It is using innovative approaches, such as technology-driven and distance learning models so teachers can continue to be their students even while upgrading their skills and knowledge.

World Bank Support To India's Universal Sanitation Initiatives

The World Bank approved a US 1.5 billion loan for the Swachh Bharat Mission(SBM) Support Operational Project to support the Government of India in its efforts to ensure all citizens in rural areas have access to improved sanitation such as toilet or latrine with a focus on changing behaviors in ending the practice of open defecation by 2019. Specifically, this project will support the rural component, known as SBM – Gramin (SBM-G), over a five-year period using a new performance-based program which links funds directly to results, ensuring that benefits are delivered to the people in need more than 60 percent of India's rural population. Today of the 2.4 billion people who lack access to improved sanitation globally, more than 750 million live in India, with 80 percent living in rural areas. More than 500 million of the rural population in India continues to defecate in the open, suffering from preventable deaths, illness, stunting, harassment and economic losses. The SBM-G program focuses on ensuring usage of toilets along with their construction. States and their implementing agencies will be given incentives for meeting performance standards. Performance will be measured against the states' ability to reduce open defecation, sustaining their open defecation free (ODF) status and improving solid and liquid waste management in rural areas. One in every ten deaths in India is linked to poor sanitation and studies show that low-income households bear the maximum brunt of poor sanitation. This project, aimed at strengthening the implementation of the Swachh Bharat Initiative of the government, will result in significant health benefits for the poor and vulnerable, especially those living in rural areas The Ministry of Drinking Water and Sanitation (MDWS) will play the overseeing and coordinating role for the Program and support the participating states. Funds will also be used to develop the capacity of MDWS



in program management, advocacy, monitoring and evaluation. The World Bank will also provide a parallel US\$25 million

technical assistance to build the capacity of select state governments in implementing community-led behavioral change programs targeting social norms to help ensure widespread usage of toilets by rural households.

Top 5 banks Providing Education Loan for Medical Students Helping Indian Development

Many Indian banks offer education loan for students who have secured a MBBS or a MD seat in a recognized medical college. Also, select Indian banks offer special concession in interest rates for girl students. There are also special education loan schemes for meritorious students who have secured an admission in premier medical institutions like AIIMS and JIPMER. Here is a list of the top 5 banks offering education loans for medical courses in India.

HDFC Bank Education Loan for Medical Students:

For students who have obtained admission for MBBS or MD courses at reputed colleges, HDFC Bank offers education loan up to Rs. 10 lakh. For loans up to Rs. 7.5 lakhs, no collateral will be required. For applicants taking a loan higher than Rs. 7.5 lakhs, HDFC offers a wide range of collateral options like NSC, KVP policy, HDFC Fixed Deposit and residential policy. HDFC Education Loan customers get maximum repayment tenure of up to 15 years after moratorium period. For top ranked universities and medical colleges, HDFC offers preferential interest rates for education loans. Other unique features of HDFC Bank education loan for medical courses include doorstep service, flexible repayment options, option to avail insurance cover and wide collateral options.

Bank of Baroda Education Loan for Medical Students:

Bank of Baroda Education Loan, Vidya Lakshmi, is offered to meritorious students for pursuing professional courses including medicine and engineering in India. Students can obtain funding for both graduate and post graduate courses. To apply for a Bank of Baroda Education Loan, the student must be an Indian resident and must have secured MBBS or MD admission in a recognized institution. Bank of Baroda Education Loan will cover costs of tuition fees payable to the college, examination fee, costs of books & equipment's, caution deposit and refundable deposits and other expenses required for course completion. Bank of Baroda also offers 0.5% concession in interest rate for girl students. A concession of 1% in interest rate will be offered to students who secure an admission in premier medical institutions like AIIMS and AFMC.



State Bank of India Education Loan for Medical Students:

SBI offers two loan variants - student loan and scholar loan to fund the costs of medical studies in India. S.B.I.Education Loan for MBBS and MD covers the cost of laboratory fees, examination fees, costs of equipment's & books, caution deposit, refundable deposit and examination fees. For studies in India, a maximum of Rs. 10 lakhs will be offered as loan amount and for loan amounts up to Rs. 7.5 lakhs, no collateral security or third party guarantee is necessary. The repayment will commence a year after completing the course and the borrower can avail maximum repayment tenure of 15 years. Under SBI scholar education loan, if the student has gained admission to any of the 105 premier institutions as listed by SBI, loans up to Rs. 30 lakhs will be offered. No processing fee will be charged for education loans applied under SBI Scholar loan scheme. The advantages of SBI Scholar scheme include 100% financing, 12 months repayment holiday, fast loan sanction and less collateral requirements.

Bank of India Education Loan for Medical Students

Bank of India Star Education Loan aims at offering financial support to deserving students for pursuing higher education in the field of medicine. As eligibility, the student should have secured admission to a MBBS or MD course in India through a merit based selection process or entrance test. The course to which the student has secured admission to must have been recognized by UGC, Government, AIBMS, ICMR etc., The loan amount will cover the costs of examination fee, laboratory fees, tuition fees, accommodation charges, travel expenses and cost of computer, if the purchase is required for completion of the course. A maximum of Rs. 10 lakh will be offered as loan based on the repaying capacity of the parent and the course selected. For loans up to Rs, 4 lakhs, there is no margin and no security is required. Bank of India offers online facility for submission of education loan application, tracking of application and other facilities. Students and parents will immensely benefit from the online solutions for education loan offered by BOI.

IDBI Bank Education Loan for Medical Students

IDBI offers a comprehensive Education Loan for Medical Students who have secured admission through an entrance test or a merit based selection process. For students who have secured loans under management quota, IDBI offers education loan provided that the student has secured marks above the cut-off level. For MBBS and MD programs in India, IDBI Bank offers loans up to Rs. 10 lakhs and for loans up to Rs. 4 lakhs, no security is required. For students studying in premier educational institutions, loans up to Rs. 30 lakhs or 95% of the program cost will be offered. IDBI bank also allows balance transfer of educational loan from other banks and financial institutions to IDBI. I.D.B.I.Education Loan will cover the costs of college tuition fees, cost of books and costs of equipment's, laboratory fees and other essential costs required for the completion of course. IDBI offers concession in interest rate for girl students and for students who have secured admission in the elite colleges of India.



SBI Youth for India

SBI Youth for India (SBI YFI) is an Indian rural fellowship programme initiated, funded and managed by the State Bank of India (S.B.I.) in partnership with reputed N.G.Os. It provides a framework for India's bright young minds to join hands with rural communities, empathize with their struggles and connect with their aspirations. The selected fellows work with experienced NGOs on challenging grass root development projects. The fellowship is an initiative to sensitize & provide avenues for the more privileged sections to become aware of ground realities and contribute through their personal efforts towards building strong cohesive communities a pre-requisite for a stable socio-political environment which in turn would lead to economic regeneration. The focus of the fellowship has been in generating interest of the educated youth towards the social sector and in incubating the spirit of social entrepreneurship. The SBI Youth for India Fellowship was launched on 1 March 2011, in partnership with three reputed NGOs M.S. Swaminathan Research Foundation, BAIF Research Foundation and Seva Mandir. All the three NGOs have more than two decades of experience in the development sector. The fellowship and its work has been appreciated by eminent personalities like Dr. A.P.J. Abdul Kalam (ex-President of India), Mr. Ratan Tata (Chairman, Tata Group), D.S. Subbarao (Ex-Governor, Reserve Bank of India). The Fellows range between 21–32 years of age and they come from all parts of India. Adequate representation of all geographical regions of the country and of gender is achieved through a stringent selection criterion that ensures the quality of the fellows with only approximately 1 out of every 100 applicants being selected. The SBI Youth for India fellows are all graduates or postgraduates including alumni of eminent institutes such as the Indian Institute of Technology, Indian Institute of Management, BITS-Pilani, N.I.F.T., CEPT University, foreign universities and others. Most of the professionals have an engineering or management background although there are many with diverse background in biotechnology, urban planning, law, mathematics, and agricultural science. The Fellows have worked in a range of sectors including information technology, education, infrastructure, non-profit, healthcare and others at leading organizations such as Tata Group, Cap Gemini, IBM, Mind tree among many others. The flagship batch of the fellowship had 27 fellows selected out of about 4000 applicants, who worked for a year on various projects in the areas of agricultural supply chain and linkages, education public policy awareness rural truism, tribal development and environment in eight states and union territories (namely, Rajasthan, Maharashtra, Kerala, Orissa, Gujarat, Karnataka, Tamil Nadu and Pondicherry). Every SBI Youth For India Fellow has the responsibility of ensuring that his project makes a positive impact on the community. It **begins by planning a project, defining the expected outcomes and laying the road map to** achieve it, with guidance of the mentors from partner NGOs. This program has been a once-in-a-lifetime experience for every Fellow. Many of the Fellows have rethought about their lives and changed their career paths to do their part for the development of society.

Other Fellowship in India

ICICI Bank had started 2 years fellowship program in year 2010, continued in 2011 and selections are underway for ICICI Fellows 2012. Reliance Foundation of RIL had also started the DARE fellowship in



2011. Recently in 2012, Prime Minister Rural Development Fellowship (PMRDF) has also been started with the help of TISS by Ministry of Rural Development of India to promote the youth involvement in Country's major problems. India has seen some corporate are coming forward to provide a platform to the Youth to understand and participate in country's development.

Roles of the Banking Sector in Indian Agriculture

In a changing environment, banks are diversifying their role in the agriculture sector in order to get revenue from their significant contribution to agriculture. Some of the new roles that banks have adopted are: Marketing, training and consultancy, insurance and financing for infrastructure via private-public participation.

Kisan Credit Card Scheme

The Kisan credit card scheme was first introduced in India by Andhra Bank in 1998. The scheme aims to facilitate access to short-term credit to farmers and to simplify the credit mechanism, so that farmers can receive credit on time. Rural financial institutions are not well integrated with agriculture support systems like R&D, Extension, supply chain and processing, and their credit policy is too crop centric. So non-crops and other high value activities are not taken care of. Only traditional crops have credit access; most banks give out only 15% or less of their total portfolio to the agri-sector as against the mandatory 18%. It was expected that with the introduction of the Kisan credit card, the farmers' condition will improve and they will be less dependent on money lenders, but in reality farmers now are more dependent on money lenders because of the lack of proper implementation of the policies laid down for the benefit of farmers and bureaucratic hurdles in getting credit from banks.

Insurance

Indian agriculture depends heavily on the monsoon. Crops often get damaged because of abrupt changes in the weather. The suicide cases of cotton growing farmers in Andhra Pradesh and Maharashtra are an everyday thing now. To overcome all these problems, microfinance and general insurance companies have come up with crop and weather policies which can be helpful to poor farmers. Example: Basic, one of the largest microfinance companies in India at Hyderabad, announced India's first rainfall insurance programme in July 2003 .

Training and Consultancy

The ratio of extension worker: farmers are very less, i.e., 1:1000. In this case, it is very difficult for the government to provide timely information to farmers. It is praiseworthy that many banks have volunteered to train their officers regarding farm practices, which in turn help farmers. For example, SBI Rural Development, Hyderabad. Other banks which are involved in agri-consultancy services are Canara Bank and Indian Overseas Bank (IOB). IOB provides consultancy services for agro entrepreneurs and Canara Bank provides consultancy for high value projects like medicinal plant farming.

Warehousing by Banks

Vegetables, fruits and flowers are perishable in nature and these need the best environment, so that their life can be increased. To make these perishable goods available throughout the year, it is important to have the required environment. To cater such needs like Rabo Bank(India)Limited and National Housing Bank are actively involved in financing the construction of cold storage. National Housing Bank has such projects mostly in Tamil Nadu.

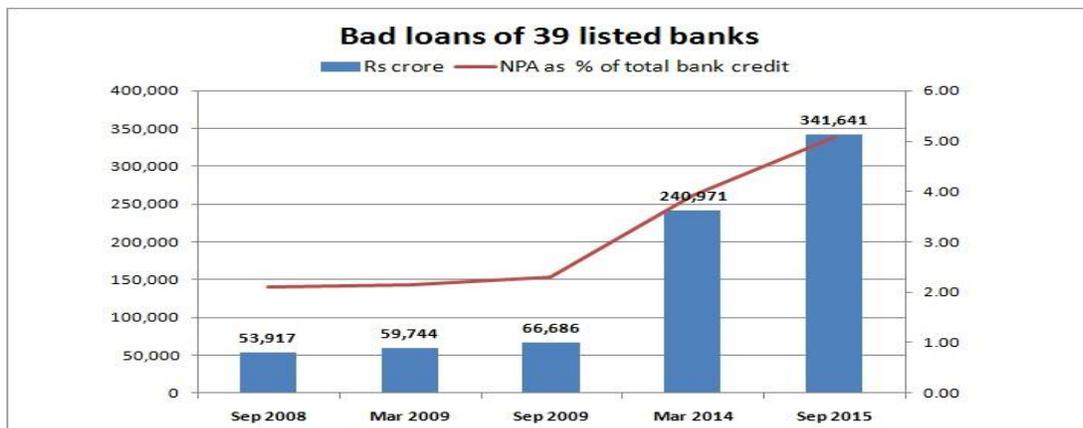
Agri-Clinics

The Government of India has formulated a scheme to help agriculture graduates establish agri-clinics to provide assistance to farmers regarding soil testing, post harvest management and technology. NABARD has come forward in this regard and will facilitate bank credit on priority sector lending terms. NABARD acts as the facilitator in providing the loans based on the appraisal of the projects. The loan amount varies from Rs. 5 lakhs (in case of individual) to Rs. 50 lakhs (in case of group projects).As per RBI guidelines, there will not be any collateral security on the loan amount of Rs. 5 lakhs. Several banks, like Indian Bank, have come up with a scheme to provide loans for establishing agri-clinics and agribusiness centers. The loan amount varies from the interest rate of 9.5% to 11.0%. However, the rate of interest is so high that it makes farmers think twice before availing the loan facility. This high rate of interest must be reduced.

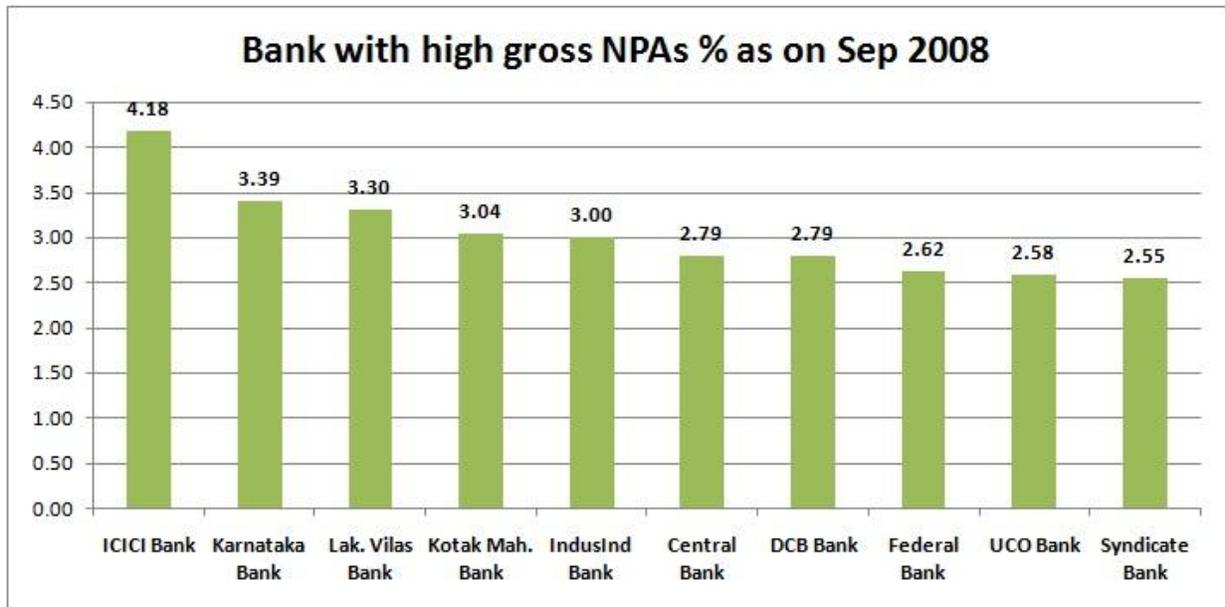
HDFC Bank and NAFED

HDFC Bank and National Agricultural Cooperative Marketing Federation of India Ltd.(NAFED) have entered into an agreement to provide finance to cooperatives associated with the Agri Marketing Federation. The scheme will be formally launched during the Rabi season of the current year 2005-06. In this case, HDFC Bank will provide loan while NAFED will act as a facilitator. Under the funding scheme, immediate financing to the extent of a maximum of 70% of the requirement will be extended to the farmers against the deposit of agricultural stock.

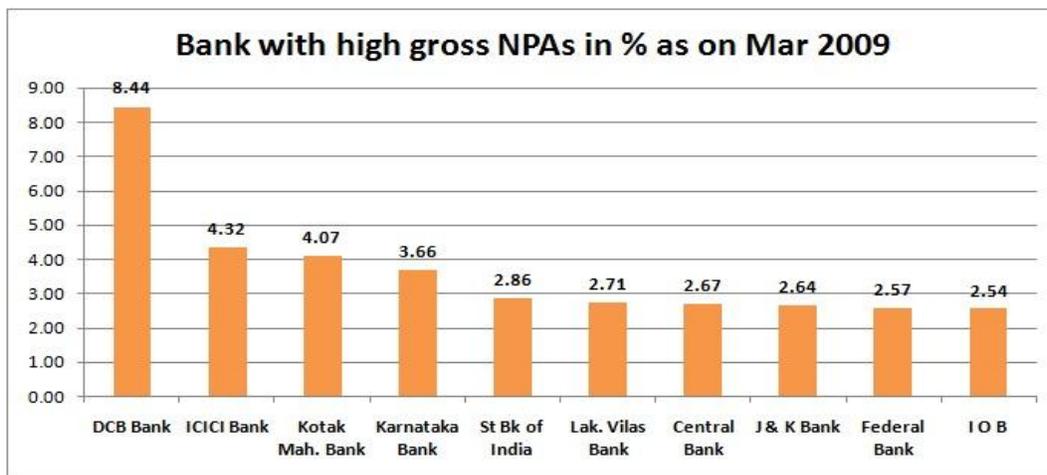
Indian banks' faced big NPA problem evolved over years



From Rs 53,917 crores, Indian banks gross non-performing assets (GNPAs) in September 2008 the bad loans have now grown to Rs 3,41,641 crores in September 2015. In other words, the total GNPAs of banks, as a percentage of the total loans, has grown from 2.11 per cent to 5.08 percent.

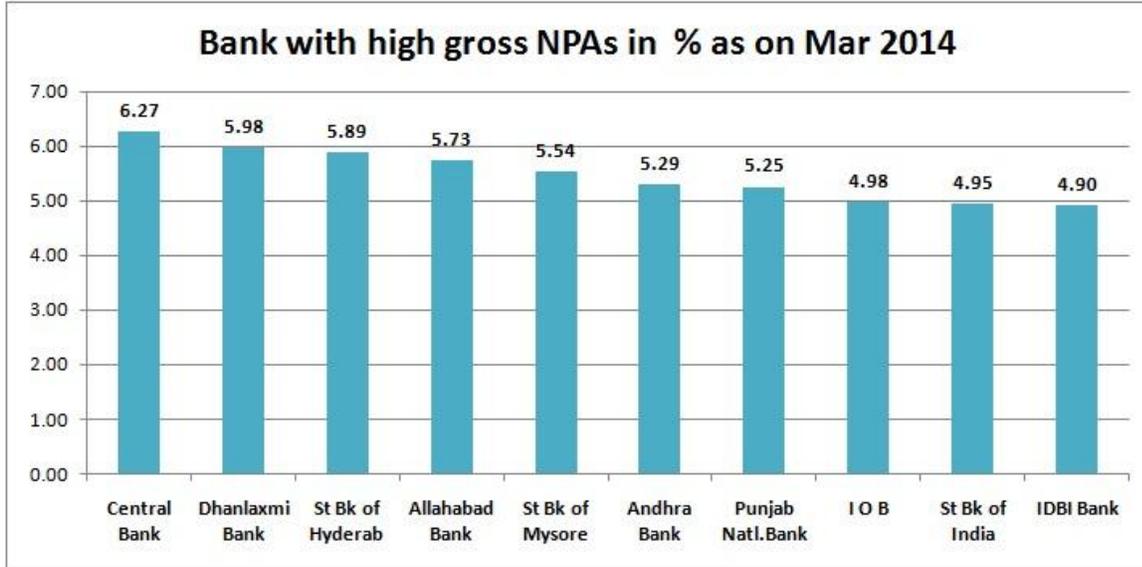


Surprisingly, in the pre-crisis period, private banks topped the list of banks with highest NPAs. A quick look at the top ten NPA scorers in September 2008 shows ICICI Bank at the top. This was followed by small and medium-sized private sector banks such as Karnataka Bank, Lakshmi Vilas Bank, Kotak Mahindra and IndusInd Bank. Among the few sarkari banks that figure in the list are Central Bank, Uco Bank and Syndicate Bank.

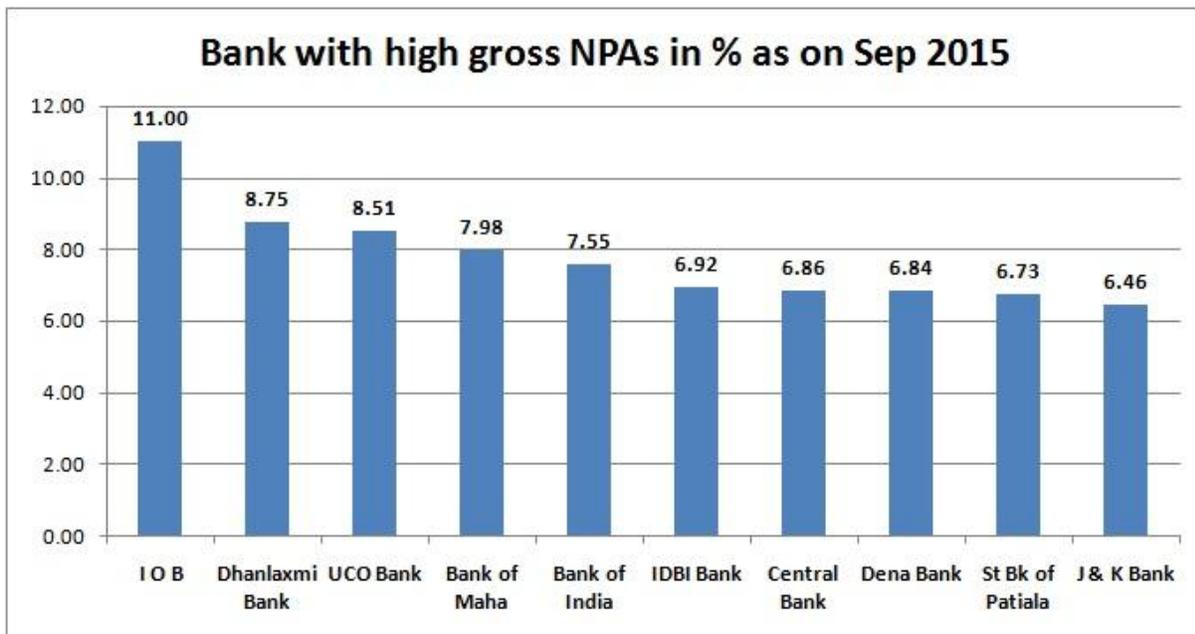


The country's largest lender by assets, State Bank of India (SBI) and Indian Overseas Bank found place in the list of top

NPA scorers. Still private sector lenders figured prominently in the list with ICICI and DCB Bank leading the pack.



Figures reflect that the Central Bank is at the top place in the list of N.P.A. scorers and I.D.B.I. is the lowest N.P.A.scorers.





Nine out of 10 most stressed banks in the sector are government banks. The RBI has given a deadline of March 2017 for all banks to clean up their balance sheets, which also require these lenders to set aside huge chunk of capital in the form of provisions. RBI governor has given a clear message to banks to deal with the NPA problem upfront, instead of postponing it and worsening it.

Conclusion: Bank are playing very important role in Indian development. Since last couple of years its impact on different sectors i.e. in Education, Health, Industrial Sector, Sanitation, insurance sector is clearly measurable. Different type of schemes is available for different section of society which are required for balance growth of nation. Public and private sector banks are engaged in providing loans and other facilities to rural as well as urban people. Banking role are changing as per the changing scenario of environment. Opportunities are available for every bank in India because from here miles of distance have to go. Challenges are there before the banks due to different socio, economic, political environment is available in India. Bank are facing problem of N.P.A. and slow recovery of loan. As mention in data presented here N.P.A. of public and private bank are increasing day by day .There is need to develop positive approach among people towards facilities provide by the bank if we want to achieve the target of economic growth.

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