

Banking sector with special reference to Pune.

¹Ms. Linette Lobo, ²Dr. Daniel Penkar

¹Research Student, Sinhgad Institute of Management, ²Director, Sinhgad Institute of Management

¹Research Center, Sinhgad Institute of Management, Pune, India

Abstract: Banking is very important sector in the economy of a country. Pune has a very important place in Industrial growth of India. Let us understand the role of Banking in the industrial growth of Pune region in Indian economy. The role played by the various types of banks in the growth of Pune region in particular.

Index Terms: Banking, Pune, Private Sector Banking, Public Sector Banking, Industrial growth, India, Pune District.

I. INTRODUCTION

Pune is the seventh most populous city in India and the second-largest city in the state of Maharashtra, with an estimated population of 7.4 million as of 2020. Pune is widely regarded to be the second major IT hub and the most important automobile and manufacturing hub in India. Pandit Jawaharlal Nehru, while on a visit to the city in the late '50s, was very impressed with Pune's many high-quality educational institutions and he is the one who gave the city the sobriquet of "the Oxford of the East".

Indian banking industry has recently witnessed the roll out of innovative banking models like payments and small finance banks. RBI's new measures may go a long way in helping the restructuring of the domestic banking industry. The Indian banking system consists of 12 public sector banks, 22 private sector banks, 46 foreign banks, 56 regional rural banks, 1485 urban cooperative banks and 96,000 rural cooperative banks in addition to cooperative credit institutions As of September 2021, the total number of ATMs in India reached 213,145 out of which 47.5% are in rural and semi urban areas. In FY18-FY21, bank assets across sectors increased. Total assets across the banking sector (including public and private sector banks) increased to US\$ 2.48 trillion in FY21. According to India Ratings & Research (Ind-Ra), credit growth is expected to hit 10% in 2022-23 which will be a double digit growth in eight years. As on May 20, 2022, bank credit stood at Rs. 120.27 lakh crore (US\$ 1.5376 trillion).

II. PUNE

Maharashtra is the second-most populous and industrially developed state in India. Pune is the seventh most populous city in India and the second-largest city in the state of Maharashtra, with an estimated population of 7.4 million as of 2020. Pune is widely regarded to be the second major IT hub and the most important automobile and manufacturing hub in India. The Pune city is ultra-vibrating cities and have an extensive history and numerous live traditions which have been reflecting in as various communities live harmoniously together for years and more significantly, the people in this city have accomplished with some globally accepted great achievement, consequently the city is being called an information technology and educational hub and also industrial city.

DEMOGRAPHY OF PUNE

Once the hometown of Marathas and a centre of power for the Maratha Empire, the presence of the numerous edifices in Pune links to its rich and glorious past and now is an important city in terms of its economic and industrial growth. The city leads as the 'veritable heartland' of cultural Maharashtra. It lies between 18° 32" North latitude and 73° 51" East longitude. The district has geographical area of 15.642sq.km. Pune also has made its mark as the educational epicenter winning itself the sobriquet, 'The Oxford of the East'. Not just that, it has a growing industrial hinterland, with information technology, engineering and automotive companies sprouting. The city is known for cultural activities like classical music, spirituality, theatre, sports, and literature. Pune is a pleasant travel getaway destination to spend a quiet holiday. It lies on the foothills of Sahyadri Mountains. The landscape of Pune district is distributed triangularly in western Maharashtra at the foothills of the Sahyadri Mountains and is divided into three parts: "Ghatmatha", "Maval" and "Desh". Pune district forms a part of the tropical monsoon land and therefore shows a significant seasonal variation in temperature as well as rainfall conditions. Ahmadnagar district on north-east, Solapur district on the south-east, Satara district on south, Raigad district on the west and Thane district on the northe-west. Pune District's Population according to 2011 Census Report Total: 9426259 Male: 4936362 Female:4490597. There are 14 tehsils like Haveli, Punecity, Maval, Mulshi, Shirur, Baramati, Indapur, Daund, Bhor, Velha, Purandar, Khed, Junnar, Ambegaon in Pune district with Bhima,Nira , Indrayani, Mula, Mutha, Ghod, Meena ,Kukdi, Pushpavati, Pavna, Ramnadi rivers. Today Pune city is well connected with other parts of the country with rail, air and road. Being an important education centre and information technology & automobile hub is connected directly with international destinations like Dubai, Germany etc. by air. Adequate transport facilities contribute in the development of industries, trade and commerce.

Industrial Development of Pune

The industrial development of Pune and its environs covers a span of last seventy years or so, though there had certainly been a few stray attempts to start industries in these cities earlier. The government established an Ammunition factory at Khadki in 1869. In 1885 Deccan Paper Mills was founded by Sardar Dorabjee Pudumjee and Sardar Nowrosjee Pudumjee while the Raja Bahadur Motilal Poona Mills was started in 1893. These attempts, however were essentially far and between and therefore, did not really inaugurate this city. Pune's industrial scene in the 1940s was marked by a few large units on the one hand existing side by side with small scale units producing a variety of consumer goods like coarse cloth, copper and brass utensils and stationary on the other. The onset of the Second World War leads to a substantial increase in the production at the ammunition factory at Khadki. Still the process of industrialization of Pune had received little impetus until after the Second World War

The emergence of industrial Pune began with mechanical engineering industries putting up base. Pune's proximity to Mumbai, good climate and availability of talented human resources made it preferred destination to large and medium scale industries. The

establishment of Kirloskar Oil Engines Limited in 1946 at Khadki can be said to have initiated in the true sense Pune's post war industrial expansion. Subsequently a number of large units settled in the region, consolidating the base for the region's industrialization. Some of the large scale industrial units established in this region later are Advani Oerlikon (1951), Hindustan Antibiotics (1954), Ruston and Hornsby (1955), Thyssenkrupp Ltd. (1957), Garware Nylon (1957), Bajaj Tempo (1958), Mather and Platt (1959), Sandvik Asia (1960), KSB Pumps (1960), Elpro International (1962), SKF Bearing (1962), Alfa Laval (1962), Century Enka (1965), Thermax (1980), Tata Motors and Bajaj Auto etc. Establishment of a large number of micro, small and medium scale units serving as feeders in the various large units around in the area followed. Subsequently, great number of large scale industries came to be established in the areas surrounding Pune, setting the region apace toward rapid industrialization. The support and impetus for this industrial growth came from a number of sources. One agency closely involved with it from the initial stages was the Maratha Chamber of Commerce, Industries and Agriculture. As early as 1935, it promoted the Bank of Maharashtra to finance local entrepreneurs; today it runs useful advisory consultancy and other services.

Today, Pune has a diverse industrial population. It is one of India's most important automotive hubs, with some domestic and international giants manufacturing here such as Tata Motors, Bajaj Auto Ltd., Force Motors (Bajaj Tempo), Volkswagen, General Motors, New Holland India, Fiat, Kinetic, Premier Automobiles, Jaguar & Land Rover, Mercedes-Benz, Mahindra Navistar etc. Pune also has hundreds of large and small scale IT companies. It is a largest hub in India for German companies. According to the Indo-German Chamber of Commerce, Pune is the single largest hub for German companies for last 70-80 years. Over 200+ German companies have setup their businesses in Pune. India is one of the auto hubs in the world and have world's best auto manufacturing facilities in India. The city might be the IT industry's favoured destination, but Pune still retains its original title as the Detroit of India, according to a just published study of the new manufacturing capacities in the city since 2001, conducted by the Maharashtra Chamber of Commerce, Industry and Agriculture. The Pune of the 1960s was transformed completely from the pensioner's paradise and become a centre for education and the administrative institutions and turned into the industrial city - a growing contribution of global reputation. This is also the social overhead capital in the city - its complex of research institutions. The following table indicates the percentage-wise distribution of industrial units in the major industrial areas in and around Pune.

The industrial area in Pune district is however mainly confined to Pune urban agglomeration covering Pune city and Haveli tehsil. Today, the city boasts of annual export turnover to the tune of Rs. 15000 crores, the highest in the region and growth of nearly 60% to 70% per year. Pune has also become a prominent place for Business Process Outsourcing (BPO), Information Technology organizations. There is also a tremendous increase in construction sector in Pune. The quick erection of plazas, arcades, apartments, and the cooperative housing societies have been considered as the fact-lifting improvement in conservative of these cities. It is a district headquarters and has diversified economy. At present the Pune city is hustling with economic activities.

EDUCATION IN PUNE

The city of Pune in western India includes numerous universities, colleges and other institutes. Due to its wide range of educational institutions it has been called the "Oxford of the East". Pandit Jawaharlal Nehru, while on a visit to the city in the late '50s, was very impressed with Pune's many high-quality educational institutions and he is the one who gave the city the sobriquet of "the Oxford of the East". Pune is the main educational center of Maharashtra. Numerous students from every corner of India and the world come to Pune. It is quite safe and peaceful city as compared to other educational centers in India. The climate of Pune is pleasant and good for health. The city of Pune houses many well-known, established institutes and colleges. Pune has as many reputed Universities and educational institutes such as - Savitribai Phule Pune University [one of the premier universities in India with NIRF Overall Top 20 list of Higher Educational Institutes in India; - In the bracket of 541-550 in the QS Ranking of 2023], MIT World Peace University, Flame University, MIT - ADT University, Bharati Vidyapeeth University, Dr DY Patil Vidyapeeth, Spicer Adventist University, Symbiosis International University, Ajeenkya DY Patil University, Symbiosis Skill & Professional University, SNTD University, National Institute of Construction Management and Research University, Tilak Maharashtra Vidyapeeth, Vishwakarma University to name a few. There are other deemed to be university & Institute of National Importance like Film and Television Institute of India, Gokhale Institute of Politics and Economics, National Defence Academy (NDA), College of Engineering - Pune, Deccan College, Ferguson College, National Chemical Laboratory (NCL), Vaikunth Mehta Institute of Cooperative Management, Defence Research & Development Organization, The Indian Institute of Science Education and Research Tolani Maritime Institute, Indian Institute of Information Technology, College of Military Engineering, Armed Forces Medical College, Vasantdada Sugar Institute, Agriculture College etc. in Pune.

III. BANKING SECTOR IN INDIA

Banking system and the Financial Institutions play very significant role in the economy. First and foremost is in the form of catering to the need of credit for all the sections of society. The modern economies in the world have developed primarily by making best use of the credit availability in their systems. An efficient banking system must cater to the needs of high end investors by making available high amounts of capital for big projects in the industrial, infrastructure and service sectors.

The banks and the financial institutions also cater to another important need of the society i.e. mopping up small savings at reasonable rates with several options. The common man has the option to park his savings under a few alternatives, including the small savings schemes introduced by the government from time to time and in bank deposits in the form of savings accounts, recurring deposits and time deposits. Another option is to invest in the stocks or mutual funds. In addition to the above traditional role, the banks and the financial institutions also perform certain new-age functions which could not be thought of a couple of decades ago. The facility of internet banking enables a consumer to access and operate his bank account without actually visiting the bank premises. The facility of ATMs and the credit/debit cards has revolutionized the choices available with the customers. The banks also serve as alternative gateways for making payments on account of income tax and online payment of various bills like the telephone, electricity and tax. The bank customers can also invest their funds in various stocks or mutual funds straight from their bank accounts. In the modern day economy, where people have no time to make these payments by standing in queue, the service provided by the banks is commendable.

The first bank of India, though conservative, was established in 1786. From 1786 till today, the journey of Indian Banking System can be segregated into three distinct phases. They are early phase from 1786 to 1969 of Indian Banks with The General Bank of India was set up in the year 1786. Next were the Bank of Hindustan and Bengal Bank. The East India Company established Bank of Bengal (1809), Bank of Bombay (1840) and Bank of Madras (1843) as independent units and called it Presidency banks. Nationalization of Indian Banks – In 1955, it nationalized Imperial bank of India with extensive banking facilities on a large scale especially in rural and semi-urban areas. It formed State Bank of India to act as the principal agent of RBI and to handle banking transactions of the Union and State Governments all over the country. Seven banks forming subsidiary of State Bank of India was nationalized in 1960 on 19th July, 1969 major process of nationalization was carried out. It was the effort of the then Prime Minister of India, Mrs. Indira Gandhi, 14 major commercial banks in the country was nationalized. Second phase of nationalization Indian Banking Sector Reform was carried out in 1980, more banks. This step brought 80% of the banking segment in India under Government own. The next & last phase is up to 1991 prior to Indian banking sector Reforms & New phase of Indian Banking System with the advent of Indian Financial and Banking Sector Reforms after 1991. In 1991, under the chairmanship of M. Narsimham, a committee was set up by his name which worked for the liberalization of banking practices. The country is flooded with foreign banks and their ATM stations. Efforts are being put to give a satisfactory service to customers. Phone banking and net banking is introduced. The entire system became more convenient and swift. Time is given more importance than money. Now the Government is considering a proposal to reduce the nationalized banks by merger of them and making big few banks. This process has already started, which can be called as latest reform in banking.

IV. BANKING SECTOR IN PUNE

Like all other cities, the economy of Pune is also connected to banking sector. So in Pune banking sector is also witnessing a boom for so many years. Pune has number of Public sector, Private sector, Co-operative and foreign banks. The best banking brands of world are having their branches in Pune. The banking community all over doing a lot of investment in Pune. The banking industry has hired employees preferably from Pune itself. Backbone of Pune services or commercial sector is provided by the banking sector. Policies and practices of public and private banks are different so there is difference in job satisfaction level of employees, Comparison between public and private sector banks would make a significant contribution to the exiting body of knowledge.

Pune has all types of banks like Small Finance Banks, Cooperative Banks, Regional Rural Banks, Payment Bank, Nationalized banks including SBI associates, private banks & foreign banks. There are also financial institutions (i.e. NABARD), banking related data centers of banks (i.e. HDFC Bank) or other agencies, foreign banks, private companies (like SBI Global Factors Limited, Aditya Birla Finance Limited, LIC Housing Finance, Tata Finance, Muthoot Finance, Edelweiss Financial Services, Bajaj Finance Ltd., BNY Mellon International Operations India, Barclays, Citi, HSBC, Credit Suisse etc.)

The various banks types in Pune District show that India has 158835 bank branches while Maharashtra has 14065 bank branches i.e. 0.886%. If we take Pune's share it works out to 12.73% of Maharashtra's banks & 1.13% of India's banks. While Private Banks are 1.80% in Pune of total Private Banks in India, while it is 1.13% in Maharashtra of total Private Banks in India. It is 16.02% in Pune of total Private Banks in Maharashtra. While Nationalized Banks are 1.06% in Pune of total Nationalized Banks in India, while it is 8.89% in Maharashtra of total Nationalized Banks in India. It is 11.93% in Pune of total Nationalized Banks in Maharashtra. Please refer table 1 below for details: The various banks types in Pune District show that India has 158835 bank branches while Maharashtra has 14065 bank branches i.e. 0.886%. If we take Pune's share it works out to 12.73% of Maharashtra's banks & 1.13% of India's banks. While Private Banks are 1.80% in Pune of total Private Banks in India, while it is 1.13% in Maharashtra of total Private Banks in India. It is 16.02% in Pune of total Private Banks in Maharashtra. While Nationalized Banks are 1.06% in Pune of total Nationalized Banks in India, while it is 8.89% in Maharashtra of total Nationalized Banks in India. It is 11.93% in Pune of total Nationalized Banks in Maharashtra. Please refer table 1 below for details:

Table 1 : DETAILS OF BANKS [BANKING TYPE WISE] IN PUNE DISTRICT

| SN | BANK TYPE | India | Maharashtra | Pune Dist. | Pune Metro |
|--------------------|---------------------|---------------|--------------|-------------|-------------|
| 1 | Small Finance Bank | 5817 | 726 | 94 | 66 |
| 2 | Regional Rural Bank | 22338 | 751 | 22 | 1 |
| 3 | Private Sector Bank | 38788 | 4367 | 700 | 483 |
| 4 | Payment Bank | 738 | 62 | 5 | 3 |
| 5 | Foreign Bank | 907 | 139 | 12 | 12 |
| 6 | SBI Associate | 24792 | 1970 | 152 | 104 |
| 7 | Nationalized | 65455 | 6050 | 805 | 503 |
| Grand Total | | 158835 | 14065 | 1790 | 1172 |

Source - <https://dbie.rbi.org.in>

The bank branches in Metro & Urban area ratio is 12.37% in Maharashtra & 1.90% in Pune of total branches in Metro & Urban area in India. The Metro & Urban branch % in Pune area is 15.36% of total branches in Maharashtra. While the bank branches in Semi Urban area ratio is 7.35% in Maharashtra & 0.78% in Pune of total branches in Semi Urban area in India. The Semi Urban branch % in Pune area is 10.60% of total branches in Maharashtra. The bank branches in rural area ratio are 6.02% in Maharashtra & 0.52% in Pune of total branches in rural area in India. The Rural branch % in Pune area is 8.66% of total branches in Maharashtra. The % of Metro & Urban branches in Pune district is 65.47%, the same in Maharashtra is 54.25 & in India it is only 38.91%. Please refer table 2 below for details:

Table 2 : DETAILS OF BANKS [AREA WISE] IN PUNE DISTRICT

| S N | Bank Area | India | | Maharashtra | | Pune Dist. | |
|-------------|------------|--------------------|--------------------|-------------------|--------------------|------------------|--------------------|
| | | No | % | No | % | No | % |
| 1 | Metro | 3118 2 | 19.63 | 5806 | 41.28 | 117 2 | 65.47 |
| 2 | Urban | 3062 4 | 19.28 | 1838 | 13.07 | | |
| 3 | Semi Urban | 4368 7 | 27.50 | 3209 | 22.82 | 340 | 18.99 |
| 4 | Rural | 5334 2 | 33.58 | 3212 | 22.84 | 278 | 15.53 |
| Grand Total | | 1588 35 | 100.0 0 | 1406 5 | 100.0 0 | 179 0 | 100.0 0 |

Source - <https://dbie.rbi.org.in>

V. BENEFITS FOR BANKING SECTOR IN PUNE

- Technology support:** In any product, where design and engineering is a key input in the services and the IT companies in Pune enjoy an advantage as it supports the banking sector. Other agencies are available to support Banks like educational institutes, R&D institutes including Automotive Research Association of India, Engineering and if inputs are required from software based or software oriented, such type of organization are available in Pune to support. This has given Pune an edge over other cities.
- Skilled manpower:** The low-cost skilled manpower has been the key source of competitiveness. In Pune the availability of skilled and trained manpower is making a major difference a stronger competitive has its advantage. The availability of trained software experts, techno-commercial experts, management graduates, engineers and their quality, ability to absorb and assimilate technology has the potential to give an edge vis-a-vis competitors from other low-cost countries.
- Customers:** The agriculturist, industry linked manpower - experts, pensioners, professionals, defense professionals etc. in this part of Country i.e. Pune is vital and are the major customers of Banking industry in this area. In India various types of customers are generally available but such variety of customers are rarely available to the banking industry.
- Connectivity:** Pune has the connectivity with all over the world through Rail, Road & Air connectivity. Pune is almost at the center of India. The specifically of Pune is also due to its close proximity to the commercial capital of India i.e. Mumbai. It is just two hours away from Navasheva port; and well connected with railway, air and road with other major cities in India.

VI. CONCLUSION

Banking sector in Pune is very important for the supporting role to the industry in this area and the industry plays an important role as a customer for the banking industry. Same is the case with the Education Sector which is very important aspect of Pune's identity. The Technology support through the engineering & Information Technology is strongly available to the Banking sector in Pune compared to other areas of India. Thus Pune and Banking Sector are complimenting each other and helping each other in its growth story.

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