

# The impact of pandemic Covid-19 on Indian Banking System - A review on various literature

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**Abstract:** The economy has been extremely affected due to COVID-19 Pandemic. The pandemic had impacted cruelly in the various industrial sectors of India as well the countries across globe. In India, the impact of covid outbreak was the negative growth rate in the economy. While, Banking being backbone of the Indian economy. The covid-19 impact on banking was severe too. We could see the fall in demand of banking products, there was lower incomes, and production shutdowns leading to millions of people being unemployed. This situation had an adverse effect in other business of banks. Banks were facing the problem of NPA, non-recovery of loan, customer frauds, bad loans etc. While, loans being the essential banking product. Surprisingly, the digital use of money transactions took place and we saw every household using payment banks facilitates to transfer funds from one to another. Entire Indian banking sector faced many challenges such as liquidity issue, Reserve Bank of India reduced REPO RATES to name a few measures. Banks had to follow Standard Operating Procedures (SOP) issued by the Government to protect its employees and customers from virus spread. Reserve Bank of India decided to provide concession for paying EMI from customers by increasing its period for repayment. The study focuses on the various problems faced by the banking industry.

**Index Terms:** Loan, Banks, COVID -19, Pandemic

## I. INTRODUCTION

COVID-19 has generated significant instability and high volatility in global capital markets. The financial sector has been one of the most affected, with the bank valuations dropping in all countries around the world. While the Banking sector will be effected negatively by the Pandemic, it is also critical for economic recovery. But the crisis will strengthen the competitive pressures on Banks by accelerating trends towards digitalization and new financial service providers. The lockdown to prevent the spread of Covid-19 has stopped economic activity across many sectors, with important unintended consequences for firms and households. Firms relying on direct customer contact such as transport and hospitality are losing revenue sources, and households working in these sectors are losing employment income. The Banking sector is also affected although mostly indirectly. While Banking services can be provided remotely and do not relay directly on customers contact, the linkage of the sector with the real sector as provider of payment, savings, credit and risk management services extends the negative effect of the Covid-19 crisis to banks and other Financial Institutions. At the same time, the Banking sector has the role of supporting of firms and households during this period of lower revenues and incomes, which has triggered important policy actions by financial supervisors and governments.

## II. REVIEW OF LITERATURE

Pramath kakodkar, Nagham kaka, MN Baig(2020). The research is based on “Clinical Course And Management Of The Covid-19 Pandemic”. Due to Covid-19 Pandemic on how the multiple parameter of the clinical course and management of the covid-19 need optimization. From the social media, misinformation passed out to the people. The paper emphasizes on what are the true guidelines for taking measures from Covid-19, what preventive measures suggested by World Health Organization, how the people become from this Covid-19 phobia.

Dr. Nilam Panchal(2021). This research paper attempt to analysis the relationship between NPA’s, advances and profitability due to Covid-19, impact measures took by RBI and government to face the crisis, random sampling was tested for the direction for the further studies.

“A Study On Impact Of Covid-19 On Banking Sector An Indian perspective(2020)” is emphasized on decrease in productivity of the corporate, supply chain disruption, manufacturing hindrances and crippled health system. Banking and financial system suffer from losses. Increased in bad loan, reduce income of tourisim entertainment sector etc.

Dr. Kishore Kumar Das, Shalini Patnaik Research paper was published under the title “The Impact of COVID-19 in Indian Economy- An Empirical Study by Dr. Kishore Kumar Das, Shalini Patnaik. This research paper emphasises theGDP of India due to pandemic crisis, it mainly made a study on demand side impact that is private consumption,

comparison between short term and long term impact on banking sector, it has given the recommendation and suggestions for the different sectors of the banking industry.

Research paper published on September 2020 under the title of “Impact on Indian Banking System with reference to NPAs and COVID-19” by Dr. Sachin Napate, Tarun Yadav, Ishita Sil. This paper emphasized on key causes and implication of bank failures, cases of NPA’s over past few years, impact of scams on different banks and economy, suggestions for reducing potential frauds.

Research paper published on September 2020 under the title of “Analysis of Banking Sector in India: Post Covid-19” by Ashish Bagewadi, Devang Dhingra. This paper focuses on the impact of Covid-19 on the population, analyse and compare the banking sector in India pre and post Covid-19, consumer behaviour towards the banking sector, random sampling and responses were summarized for better understanding.

Research paper published on October 2020 on the title of “The impact of pandemic covid-19 on the Indian banking system” by Dr. Asif Perwej. The paper aimed to demonstrate an impact of pandemic crisis on the banking and financial sector, how can banks manage the impact and what areas mainly to be impacted, key areas for banks to focus during the Covid-19, challenges that has been faced by banking sector.

Research paper published on December 2020 under the title “STUDY THE EFFECT OF COVID-19 IN INDIAN BANKING SECTOR” by Dr. Priyanka Bobade, Anu Alex. The paper emphasized on various measures to banks to have smooth and effective under crisis, effect on REPO rates due to crisis, study the changes RBI brought

Research paper published on March 2021 under the title “Impact of Covid-19 outbreak on performance of Indian Banking Sector” by Ambrish Kumar Mishra, Archana Patel, Sarika Jain. This paper emphasized on necessary steps to minimize the loss to banking sector under crisis, main challenges faced by Indian banking sector, indeed preparation took by Indian banking sector to face crisis.

Research paper published on May 2021 on the title of “COVID-19 : Impact of Banking Sector” by Poonam Sharma, Dr. Neha Mathur. The research paper emphasized on the assess the casual impact of COVID-19 on banks due to lockdown, decisions taken by RBI to counter the virus, impact of lockdown beyond July 2020, it came up with the conclusion saying situation of banks has deteriorated due to the lockdown effect.

Research paper was published on September 2021 under the title of “BANKING SECTOR DURING COVID -19: ISSUES AND CHALLENGES” by Humaira Fatima, Ijast. This research paper emphasises on the goal to investigate the modification made in regulations by RBI as a result of COVID-19, to know more about the general way of banking sector has been influenced during the crisis, to know the way of dealing with the damages occurred by the pandemic crisis.

Research paper was published on September 2021 under the title of “An Analytical study of Profitability in Indian Public Sector Banks during Pre and Post E-banking Era” by Kaur Manpreet. This research paper mainly emphasises on the comparison between the pre and post COVID era, it has studied analysis and profitability, it determines empirically various factors influencing profitability, it has made newline descriptive and advance statistical techniques were applied to focus on study.

Research paper was published on October 2021 under the title of “Effectiveness of E-banking during COVID -19 Pandemic “ by Ms. Vruti Chavda. This research paper is more focused on the effective factors of E-banking facilitation to customer services, what and all the expectations were met and enhanced the online services of banking sector, mainly to give directions to make further studies.

Research paper was published on January 2022 under the title “IMPACT OF COVID-19 ON E-BANKING IN INDIA” by Dr. Pawan Kumar Verma, Dr. Archana Tanwar. This paper emphasized on concept of E-banking services in the situation of Covid-19 Pandemic, the main usage and benefits availed by the customer using online services, the foremost consequences using E-banking, it also provides direction for further studies.

Research paper published on April 2022 under the title “A STUDY ON IMPACT OF COVID-19 ON BANKING SECTOR” by Dr. Neeraj K. Gupta. The paper emphasized on impacted area of covid-19, the government and RBI reforms brought in its policy due to Covid-19, general analysis of effect of Covid-19, solutions for Indian banking sector to face the crisis.

### III. Objectives of the study:

- To find out how the Banking sector has been effected by Covid-19.
- To analyse the comparison between Pre and Post crisis of Covid-19
- To study and analysis the various literature review

### IV. Research Methodology:

As proclaimed previously the research paper is mainly aimed to assess the impact of COVID-19. To achieve this objective some extract have been drawn from existing data available on various sites of internet in the form of

highlights regarding the impact of COVID-19 on financial sector in India were referred. The relevant information or data available in various forms and various sources were understood and scanned carefully while drawing a right interpretation for this research paper. It needs mentioned that this research paper is an exploratory type of study.

The research paper is emphasized on secondary information. The Reserve Bank of India website, RBI manual, RBI has collected information or data for research on their manuscript, books, magazine, internet and guided information given in newspapers.

## V. Interpretation:

The analysis is helpful to understand or examine the impact of COVID-19 pandemic on Indian banking sector before the COVID and post COVID era. It discovered that that India's projected real GDP growth rate to be 12% for financial year 2022. It also includes the expectations of a slowdown in previous year due to outbreak of pandemic crisis. The report by RBI states that before the outbreak of epidemic, "good companies have been effected" Expert mainly believe that banks have been more risk averse than restructuring loans this time around, as it has suffered huge losses in restructuring loans in previous years. Huge write-offs from previous restructuring may make banks more risky.

## VI. Conclusion:

The outbreak of COVID-19 pandemic crisis has pushed the whole world into the state of ambiguity. The present depression is a total change from the recession that everyone had faced lon back in 2008. This has many consequences such as change in mind set of people, challenges for the banking industry, shakeup the world economic order. Everyone is trying to measure this pandemic in very own way and trying to outbreak it. It is unquestionable that everyone gradually adapting the changes towards our life in a permanent effect.

Most companies have resilience to work remotely and also allowing their employees to have a comfortable work from home. While these many measure were already on a track. They are now going to be a new normal for everyone, by the way it is already a accepted new normal. It is very much important that we improve our capabilities in order to counter the consequences of unforeseen events. One small virus has devastated the whole world which is also out of imagination for mankind. Banking sector need to restore the profit of the business and resume the original state which was destroyed by risk. The main or important lesson we have learnt so far is that critically of overall cost control in industry and living our livelihood to the maximum.

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