

INTRODUCTION:

EVOLUTION OF BANKING

The evolution of the commercial banking in India has been governed by the social objective of expanding the reach of banking service and mobilization of domestic savings. The roots of this social character of Indian banking can be traced to the passing of the state bank of India Act, 1955, by which the undertaking of the imperial Bank of India was taken over by the newly constituted State Bank of India (SBI). An Act of Parliament, nationalizing the former imperial Bank of India, established the SBI in 1955. This institution and its seven associate banks, which became SBI subsidiaries in 1960, were distinct from the other major Indian commercial banks which remained in private hands until two rounds of nationalization in 1969 (14 banks) and, in 1980 (6 banks). In Feb. 1969, the Govt. of India's (GOI's) nationalization of 14 largest private sector banks was the culmination of pressures to use the banks as public instruments of development. The GOI imposed "Social control" on banks, of which priority lending was a major aspect. It introduced restrictions on advances by banking companies. These were intended to ensure that bank advances were confined not only to large scale industries and big business houses but were also directed, in due proportion to other important sectors like Agriculture, Small Scale Industries and Exports.

Since 1969, there has been a significant spread of banking habit in the economy and banks have been able to mobilize a large amount of savings. However, by 1980's, it was generally perceived that the operational efficiency of banks was declining. Banks were characterized by low profitability, high and growing non performing assets, and low capital base. Poor internal controls and the lack of proper disclosure norms led to many problems being kept under cover. The quality of customer service did not keep pace with the increasing expectations. All these reasons led to the next phase of nationalization. The 1969 nationalization had raised public sector banks share of deposit from 31% to 86% while the nationalization of 1980 raised the same to 92%. In 1991, a fresh era in Indian banking began with the introduction of banking sector reforms as part of the overall economic liberalization in India.

STRUCTURE OF THE BANKING SECTOR

The banking sector in India functions under the umbrella of RBI. The RBI Act was passed in 1934 and the RBI was constituted as Apex Bank. The Banking Regulations Act was passed in 1949. This Act brought the RBI under Govt. control. Under the act the RBI got wide ranging powers for supervision and control of banks. The act also vested licensing powers and the authority to conduct to inspections with the RBI. Banks in India can broadly classified as Commercial Banks, Regional Rural Banks or (RRBs) and scheduled commercial or (SCBs) and cooperative Banks. The SCBs can be classified into the following three categories:

- Public Sector Banks. (PSBs) - SBI and its associates, and Nationalized Banks.
- Private Sector Banks – Old and New.
- Foreign Banks – Banks of Non India Origion.

The number of commercial banks in the country is 101, of which 27 are PSBs, 24 are Old private banks, 8 are new private sector banks and 42 are foreign banks. These 101 banks had total assets worth Rs. 11,104 billion as on March 31, 2004, and a network of 50,855 branches as on June 30, 2004., making them the most active and predominant financial intermediaries in the country.

- Commercial Banks ----- (101)
- Public Sector Banks ----- (27)
- Foreign Banks in India ----- (42)
- Private Sector Banks ----- (32)
- Old Private banks ----- (24)
- New Private Banks ----- (08)
- State Bank of India ----- (01)
- State Bank Associates ----- (07)

Since the advent of the banking sector reforms in 1991, the Indian banking industry has undergone a great transformation. However, the banking industry is still dominated by PSBs and development banks.

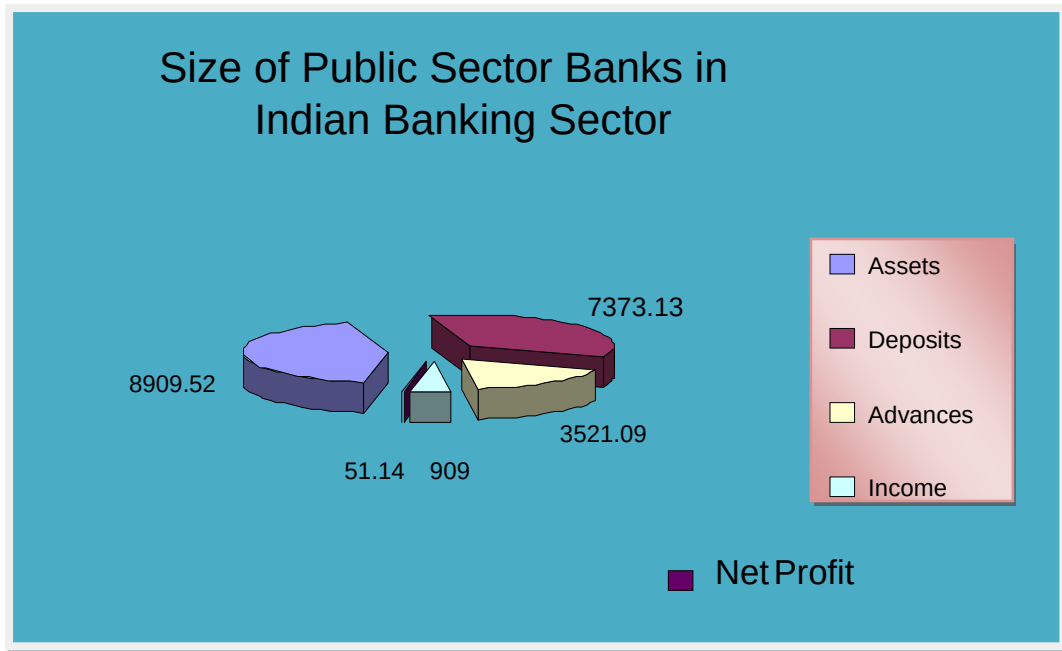
Public Sector Banks:

The banking sector in India has been characterized by the predominance of PSBs which include the SBI and its seven associates, and 19 other nationalized banks. As on March 31 2004 the assets of PSBs aggregated Rs 8,910 billion, representing 80.2% of the total assets of all scheduled commercial banks (SCBs). Taken together, PSBs accounted for 82% of public deposits, 79% of advances and 90% of branches of all commercial banks in 2000 – 2004, thus clearly demonstrating their dominance of the Indian banking sector.

Table: 1.1: Showing size of Public sector banks in Indian banking sector:

S. No	Particulars	Rs. In billion	% of total SCBs.
1	Assets	8,909.52	80
2	Deposits	7,373.13	82
3	Advances	3,521.09	79
4.	Income	909.00	79
5.	Net profit	51.14	70

Chart No. 1.1:



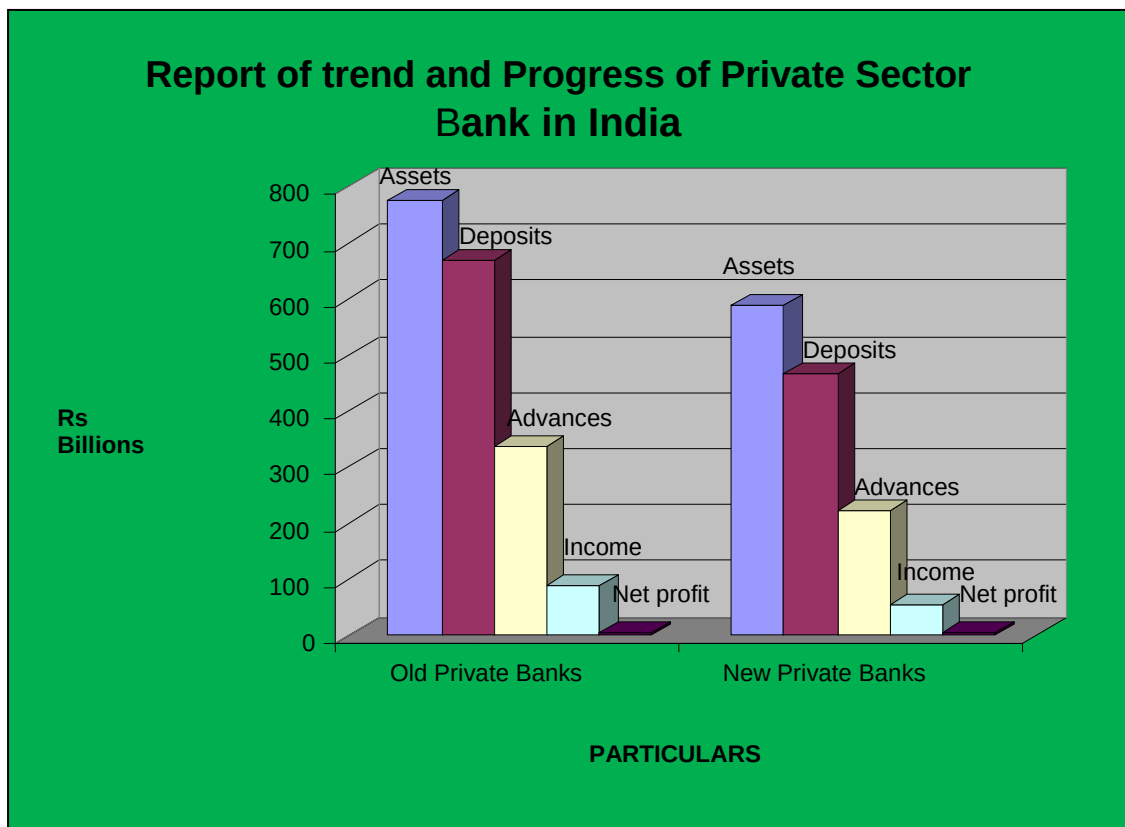
Source: Report on trend and progress of banking in India. (RBI)

Currently, there are 32 private sector banks operating in India. These can further classified as old and new private sector banks. There are 24 old private banks operating in the country. These banks are regional in character and comparatively small balance sheet size. The 8 new banks are those, which are established after 1993 in accordance with the *Narasimharn Committee's* recommendation that the banking sector be opened up to adequately capitalized private sector banks.

Table 1.2: Showing report on trends and progress of private sector banks in India

Sector Banks	Old Private Banks		New Private Banks		Total	
Particulars	Rs (Billion)	(% of Total SCBs)	Rs (Billion)	(% of Total SCBs)	Rs (Billion)	(% of total SCBs)
Assets	777.09	7.0	588.57	5.3	1365.6	12.3
Deposits	669.88	7.4	466.82	5.2	1136.7	12.6
Advances	335.86	4.6	221.56	5.0	557.42	12.6
Income	87.50	7.6	54.07	4.7	141.57	12.3
Profit	6.55	9.0	5.69	7.8	12.25	16.8

Chart No. 1. 2:



Source: Report on trend and progress of banking in India. (RBI)

At end – March 2004 the total asset of private sector banks (old and New combined) aggregate Rs. 1,365.66 billion and accounted for 12.3% of the total assets of all SCBs. Further they accounted for 9.8% of the total branches of commercial banks in the country (as on – June 2004).

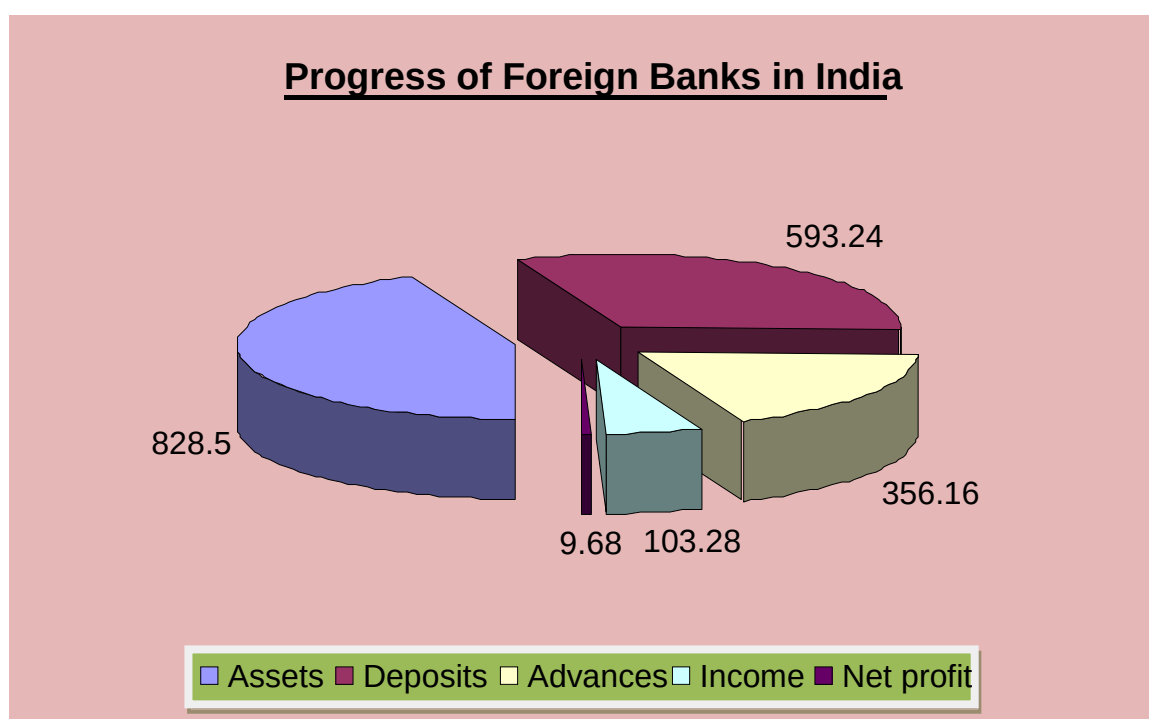
Foreign Banks

Currently, 42 foreign banks are operating in India, accounting for 6.2 % of the public deposits and 8% of loans of all SCBs. The biggest foreign banks India by asset size are Standard Chartered, Grind lays, followed by City Bank and the Honkong and Shangai Banking Corporation.

Table 1.3: Showing Progress of Foreign Banks in India

Particulars	Rs. Billion	% of Total SCBs
Assets	828.50	7.5
Deposits	493.24	5.5
Advances	356.17	8.0
Income	103.28	9.0
Profit	9.68	13.2

Chart No. 1. 3:



Source: Report on trend and progress of banking in India.

Credit Market Structure

In India, given the relatively underdeveloped capital market and with little, with minimal resources, firms and economic entities depend largely on financial intermediaries to meet their fund requirements. In terms of supply of credit, financial intermediaries can be proudly categorized as institutional and non-institutional. The major institutional supplies of credit in India are banks and non-bank financial institutions (that is, developed financial institutions (FIs), other financial institutions (FIs) and non-banking finance companies the non-institutional are unorganized sources of credit include indigenous bankers and money lenders. Information about the unorganized sector is limited and not readily available. An important feature of the credit market is its term structure:

- (a) Short-term credit,
- (b) Medium-term credit and
- (c) Long term credit.

While banks and non-banking financial companies predominantly cater to short-term, FI's provide mostly medium and long- term funds.

Financial institutions

The financial institutions (FIs) in India primarily provide direct loans (Including rupee and foreign currency loans). They also extend financial assistance by way of underwriting and direct subscription, and by issuing guarantees. Recently, some *developed financial institutions* have started extending short-term/working capital finance, although term lending continues to be their primary activity.

The financial institutions operate either at the All-India or the state level. The All-India financial institutions (AIFIs) consist of:

- All - India Development Banks
- Specialized Financial Institutions
- Investment institutions and
- The finance institution

The AIFIs (IFCI, IDBD, ICICI, SIDBI, & IIBI) occupy an important position in the financial position in the financial system, as the main source of medium and long term projects finance to industry. The state level institutions include 18 state financial corporations (SFCs) and 26 state industrial corporations (SIDCs). Besides the AIFIs and state level FIs, specialized financial institutions are also operating in the areas of *Export, Import* (export - import bank of India), infrastructure (infrastructure finance corporation or (IDFC), tourism (Tourism Finance Corporation of India or TFCI)) and venture capital (ICICI venture), investment institution in business of mutual fund (Unit Trust of India, UTI) and insurance (Life Insurance Corporation of India, LIC), General Insurance corporation of India Or (GIC) and its subsidiaries have also played a significant role in the mobilization of house hold sector saving and their development in the credit and the capital market. In the agricultural and rural sector and the housing sector, the National Bank of Agriculture and rural development or NABARD and the National Housing Bank of NHB respectively, are acting as the chief refinancing institutions.

The overall importance of these Financial Institutions is attested by the fact that on March 31, 2004, the combined assets of financial Institutions aggregated Rs 4,885 billion and represented 55.1% of the assets of banking sector.

NON-BANKING FINANCE COMPANIES (NFC's)

Non-banking finance companies (NBFCs) are financial intermediaries engaged primarily in the business of accepting deposits and marketing loans and advances, investments, leasing, hire purchase etc, NBFCs are of various types, such as loan companies, investment companies, hire purchase, finance companies, equipment leasing companies, mutual benefit financial companies also known as Nidhis- miscellaneous, non-banking companies also known as chit funds and residuary non-banking companies (RNBCs).

Although NBFCs in India have existed for a long time, they shot into prominence the late 80s and early 90s. During 1991-1998, the total assets of NBFCs increased at a compounded Annual growth rate (CAGR) of 36.07% customer orientation, concentration in the main financial centers and attractive rate of return offered by them were some of the reasons for their rapid growth.

As on March 31, 1999, the total assets of non-banking finance companies NBFCs/RNBCs residuary non-banking companies aggregated Rs.470.5 billion, representing nearly 5% of the

assets of all SCBs. The public deposits held by NBFCs/RNBCs aggregated Rs.204.3 billion at end-march 1999, which worked out to 2.6% of the deposits mobilized by SCBs.

Significantly, RNBCs (numbering only nine) held 52.1% of the total deposits held by all NBFCs at end march 1999. Increased competition in the financial sector, on the one hand, and strengthening of the regulatory requirements, on the other, have resulted in a Major consideration amongst the NBFCs in recent years

Policy Developments during Fy2003 and Fy2004

In its continuing attempts to bring down the interest rates in the country, the RBI announced four important measures in April 2000. These were:

- The CRR was reduced by 1% point to 8%. The reduction had the effect of releasing Rs.72 billion. While this would have some effect, it should be noted that the Government's market borrowing programmed in F.Y 2004 touched Rs.1, 189 billion. Thus, market borrowings by the government will continue to be a more important determinant of interest rates.
- The bank rate was reduced from 8% to 7%
- The repo rate was reduced from 6% to 5%

These moves by the RBI came after the government itself moved to lower interest rate paid on small savings, the public provident fund (PPF) and the general provident fund (GPF). In response to these changes, most banks and financial institutions also followed suit and cut their own lending rates. There was a general reduction in the deposit rates of most of the SCBs across all maturities by 50-200 basic points. the PLR of major PSBs fell to 11.25-11.75% in April 2000 from 12-14% in the major part of FY2000. consequently, in July 2000, the RBI increased the bank rate from 7% to 8% and increased the CRR from 8% to 8.2%. As a result, the PLRs of PSBs increased and were in the range of 11.75-13%.

Domestic Trends:

Competition from mutual funds:

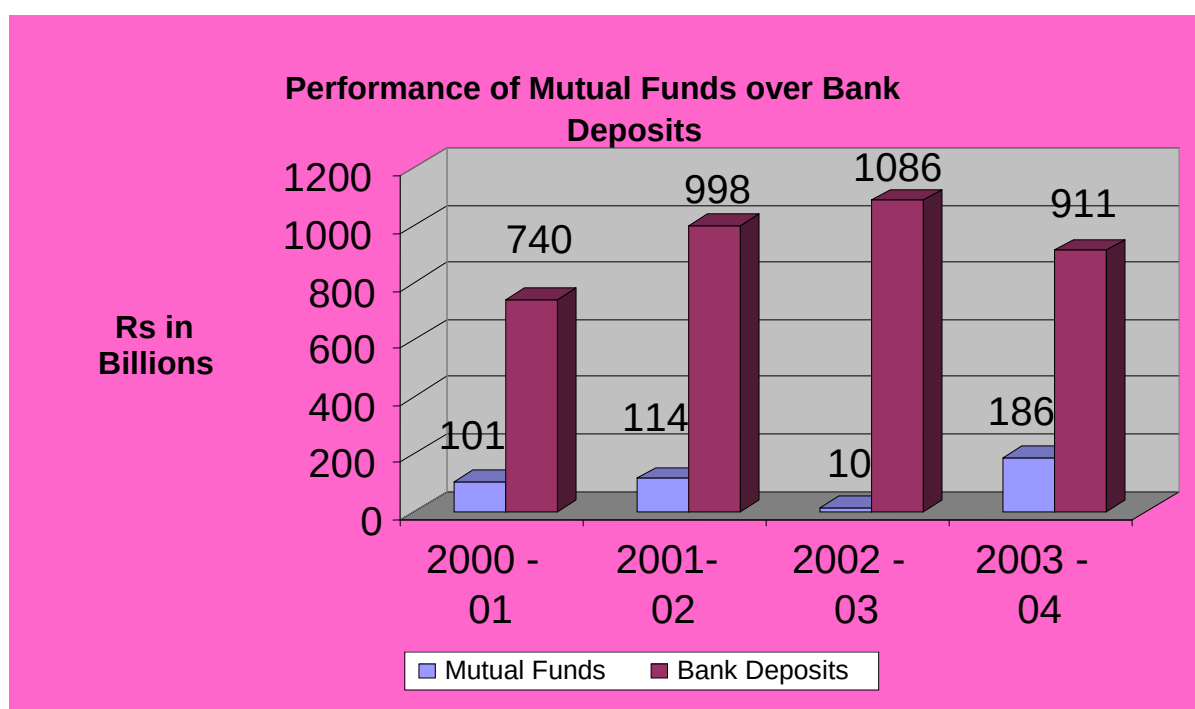
In FY2004, mutual funds out performed bank deposits in resource mobilization while mutual funds on a net basis increased their resources by Rs 185 billion, there was a decline in

acceleration to bank deposits from Rs 1086 billion in FY2003 to Rs 911 billion in FY2004. Thus, there has been a shift of saving from bank deposits to mutual fund units.

Table: 1.4: Showing performance of Mutual Funds over Bank Deposits

Year	Mutual Funds	Bank Deposits	Share of Mutual Funds	Share of Bank Deposits
2000- 01	101	740	12%	88%
2001 – 02	114	998	10%	90%
2002 – 03	10	1086	1%	99%
2003 – 04	186	911	17%	83%

Chart No. 4:



Source: ICRA Services (Rs Billions)

Global Trends:

All over the world, banks traditional business of taking deposits and lending out the proceeds is on the decline. The word for this is disintermediation. In the US banks, and thrifts (Building Societies) have only half the share of the financial service market they had 20 years ago world over, banks are under pressure on both the liability and asset sides of their balance sheets. On liability side, investors have alternative institutions to invest in, like mutual funds and money market funds. On the asset side, the spread of IT and the dramatic advances in financial markets have made it cheaper for companies to raise money from the capital markets than from banks. This trend of Disintermediation is self- propagating. With depositors moving away, banks themselves have to access capital markets for funds. Such funds are more expensive especially as credit rating agencies have down graded bank ratings. Money of the companies to which banks used to lend have better ratings than the banks themselves, and hence, find it cheaper to borrow directly.

These twin pressures compounded by the decline in interest rates have squeezed the net interest margins. To face up to these challenges banks have undertaken a series of measures, which can be broadly categorized as cost cutting and revenue raising measures.

Interim Report of the Working group on Customer Services in Banks

In the present day circumstances especially after the nationalization of 14 major banks in the country, more and more attention is being paid to revolutionize the various factors of customer banking; with this end in view the Govt. of India appointed a working group on customer service in banks headed by **Shri. R. K Talwar** the group in its interim report made a number of recommendations to improve the customer service. These recommendations are as under:

- Banking is nothing but a service.
- Banking is business organizations selling bank services.
- It is necessary for banks to continuously assess and reassess how customers perceive bank services what are the new emerging customer expectations and how these can be satisfied on an on going basis.

- Appraisal of customer service thus must be an essential activity for all banks to be carried out meaningfully.

Unfortunately, there has been so far no integrated, unified and organized effort for a study of customer service in all its aspects by banks in India. Even individually, we are afraid, not much attention, at least on a regular basis, has so far been devoted to these banks. The low priority given to such appraisal and study might perhaps have been due to inadequacy of bank services compare to large unsatisfied demand all these years banks have been operating in a seller's market and discontinued to have, ready customers and large waiting lists. It is true that customer services are an extremely dynamic concept. What is good customer services today may be indifferent service tomorrow and bad service the day after.

But even in absolute terms there is general consensus that the service presently rendered by banks need, and is capable of vast improvement.

There is general feeling today both amongst bankers themselves and in public at large, that customer service rendered by banks leaves much to be desired, and in certain respects, had indeed reached very low levels. This can be ascribed to many reasons may be enormous branch expansion plans undertaken by banks along with the ever widening range of the activities and responsibilities particularly after nationalization had weakened the structural fabric of the organizations. Simultaneously, public expectations have been constantly, often justified, increasing, and with the growing public awareness, dissatisfaction over the service has assumed growing expression.

And the time has come for banks to look inward to find out what is the nature and quality of the things they sell, what is the product demanded by their customers and have to go about marrying the two. Briefly speaking customer dissatisfaction is seen to be pointedly acute in the following aspects:

- Delay in putting through transactions.
- Delay in correspondence
- Delay in decision making
- In regard to credit applications particularly, questions asked and data required are not fully relevant.
- All the enquires not made at one time
- Lack of counseling

- Undue emphasis of staff on observations of rules and procedures and
- General attitude of unconcern and apathy for the client.

These get reflected in diverse activity areas, illustratively delays in Encashment of Cheque or issuance of receipts, submissions of statement of accounts, completion of pass books, collection and remittances, processing business proposals, even where risks are nominal; inadequate job knowledge leading to postponement or of decisions; unrealistic of irrelevant questions in dealing with business proposals and stipulated of unrealistic terms and conditions on repayment programmed, lengthy and complicated documentation; casualness, indifference and/or discourtesy at counters or in correspondence.

The result dissatisfaction over the performance of banks has acquired a short edge because of the high salary structure of bank employee amidst large unemployment, low wage economy and pervasive poverty. A detailed study is required for initiating measuring for improvement in customers service, because there is considerable room for improvement in his area and also because people's expectation about bank services has substantially gone up.

Ascertaining these exceptions therefore is necessary. Expectations vary from one class of customers to another the underprivileged, the common man, the agriculturist, the professional, the trader, the industrialist, etc also as between rural, semi urban and urban customer. Circumstances under which expectations would be met also differ as between bigger and smaller offices. Further, dynamics of customer expectations and aspirations and the resultant futuristic demands on banks also call for detailed investigation and long term measures. One major component of customer service, and the other major component covers the systems and procedures aspects; and the entire range of customer service will have to be, thus, studied against the backdrop of other major interdependent factors:

- Demands on and expectations from banks
- Quality and job knowledge of banks personals
- Attitude and motivation of bank employees
- Back up systems and procedures

Some of these and other related factors have direct and immediate impact on customer service, while others have a long term significance, but are nonetheless, very relevant and important, the critical service areas needing urgent attention have been identified as:

- Deposits accounts
- Remittance and collections areas needing immediate attention
- Encashment of Cheque
- Issuance of receipts
- Statements of accounts
- Collection of Cheque and bills
- Remittance including issue and encashment of drafts
- Staff attitudes.

To conclude, banking which is one of the major service industries playing its role in removing the hindrances involved in trade and commerce. The service of the bank cannot be neglected at any point of time. The role of banking service enables not only individuals but also a nation as a whole. It has been rightly said in the interim report submitted by **R K. Taiwar Committee** to the government that customer is a focal point in any service industry, and particularly in banking. The report throws light on various areas where there are possibilities for improvement in customer service. The customer who expects the service in a good quality is due to the change in lifestyle.

Banking in India

Banking in India originated in the first decade of 18th century with The General Bank of India coming into existence in 1786. This was followed by Bank of Hindustan. Both these banks are now defunct. The oldest bank in existence in India is the State Bank of India being established as "The Bank of Bengal" in Calcutta in June 1806. A couple of decades later, foreign banks like Credit Lyonnais started their Calcutta operations in the 1850s. At that point of time, Calcutta was the most active trading port, mainly due to the trade of the British Empire, and due to which banking activity took roots there and prospered. The first fully Indian owned bank was the Allahabad Bank, which was established in 1865. By the 1900s, the market expanded with the establishment of banks such as Punjab National Bank, in 1895 in Lahore and Bank of India, in 1906, in Mumbai - both of which were founded under private ownership. The Reserve Bank of India formally took on the responsibility of regulating the Indian banking sector from 1935. After India's independence in 1947, the Reserve Bank was nationalized and given broader powers.

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Early history

At the end of late-18th century, there were hardly any banks in India in the modern sense of the term. At the time of the American Civil War, a void was created as the supply of cotton to Lancashire stopped from the Americas. Some banks were opened at that time which functioned as entities to finance industry, including speculative trades in cotton.

With large exposure to speculative ventures, most of the banks opened in India during that period could not survive and failed. The depositors lost money and lost interest in keeping deposits with banks. Subsequently, banking in India remained the exclusive domain of Europeans for next several decades until the beginning of the 20th century.



The Bank of Bengal, which later became the State Bank of India.

At the beginning of the 20th century, Indian economy was passing through a relative period of stability. Around five decades have elapsed since the India's First war of Independence, and the social, industrial and other infrastructure have developed. At that time there were very small banks operated by Indians, and most of them were owned and operated by particular communities. The banking in India was controlled and dominated by the presidency banks, namely, the Bank of Bombay, the Bank of Bengal, and the Bank of Madras - which later on merged to form the Imperial Bank of India, and Imperial Bank of India, upon India's independence, was renamed the State Bank of India. There were also some exchange banks, as also a number of Indian joint stock banks.

All these banks operated in different segments of the economy. The presidency banks were like the central banks and discharged most of the functions of central banks. They were established under charters from the British East India Company.

The exchange banks, mostly owned by the Europeans, concentrated on financing of foreign trade. Indian joint stock banks were generally under capitalized and lacked the experience and maturity to compete with the presidency banks, and the exchange banks. There was potential for many new banks as the economy was growing. Lord Curzon had observed then in the context of Indian banking: "In respect of banking it seems we are behind the times. We are like some old fashioned sailing ship, divided by solid wooden bulkheads into separate and cumbersome compartments." Under these circumstances, many Indians came forward to set up banks, and many banks were set up at that time, a number of which have survived to the present such as Bank of India and Corporation Bank, Indian Bank, Bank of Baroda, and Canara Bank.

During the Wars

The period during the First World War (1914-1918) through the end of the Second World War (1939-1945), and two years thereafter until the independence of India were challenging for the Indian banking. The years of the First World War were turbulent, and it took toll of many banks which simply collapsed despite the Indian economy gaining indirect boost due to war-related economic activities.

At least 94 banks in India failed during the years 1913 to 1918 as indicated in the following table:

Years	Number of banks that failed	Authorized capital (Rs. Lakhs)	Paid-up Capital (Rs. Lakhs)
1913	12	274	35
1914	42	710	109
1915	11	56	5
1916	13	231	4
1917	9	76	25
1918	7	209	1

Post-independence

The partition of India in 1947 had adversely impacted the economies of Punjab and West Bengal, and banking activities had remained paralyzed for months. India's independence marked the end of a regime of the Laissez-faire for the Indian banking. The Government of India initiated measures to play an active role in the economic life of the nation, and the Industrial Policy Resolution adopted by the government in 1948 envisaged a mixed economy. This resulted into greater involvement of the state in different segments of the economy including banking and finance. The major steps to regulate banking included:

- In 1948, the Reserve Bank of India, India's central banking authority, was nationalized, and it became an institution owned by the Government of India.
- In 1949, the Banking Regulation Act was enacted which empowered the Reserve Bank of India (RBI) "to regulate, control, and inspect the banks in India."
- The Banking Regulation Act also provided that no new bank or branch of an existing bank may be opened without a license from the RBI, and no two banks could have common directors.

However, despite these provisions, control and regulations, banks in India except the State Bank of India, continued to be owned and operated by private persons. This changed with the nationalization of major banks in India on 19th July, 1969.

Nationalization

By the 1960s, the Indian banking industry has become an important tool to facilitate the development of the Indian economy. At the same time, it has emerged as a large employer, and a debate has ensued about the possibility to nationalize the banking industry. Indira Gandhi, then Prime Minister of India expressed the intention of the GOI in the annual conference of the All India Congress Meeting in a paper entitled "Stray thoughts on Bank Nationalization." The paper was received with positive enthusiasm. Thereafter, her move was swift and sudden, and the GOI issued an ordinance and nationalized the 14 largest commercial banks with effect from the midnight of July 19, 1969. Jayaprakash Narayan, a national leader of India, described the step as a "masterstroke of political sagacity." Within two weeks of the issue of the ordinance, the Parliament passed the Banking Companies (Acquisition and Transfer of Undertaking) Bill, and it received the presidential approval on 9th August, 1969.

A second dose of nationalization of 6 more commercial banks followed in 1980. The stated reason for the nationalization was to give the government more control of credit delivery. With the second dose of nationalization, the GOI controlled around 91% of the banking business of India.

After this, until the 1990s, the nationalized banks grew at a pace of around 4%, closer to the average growth rate of the Indian economy.

Liberalization

In the early 1990s the then Narsimha Rao government embarked on a policy of liberalization and gave licenses to a small number of private banks, which came to be known as New Generation tech-savvy banks, which included banks such as Global Trust Bank (the first of such new generation banks to be set up) which later amalgamated with Oriental Bank of Commerce, UTI Bank (now re-named as Axis Bank), ICICI Bank and HDFC Bank. This move along with the rapid growth in the economy of India, kick started the banking sector in India, which has seen rapid growth with strong contribution from all the three sectors of banks, namely, government banks, private banks and foreign banks.

The next stage for the Indian banking has been setup with the proposed relaxation in the norms for Foreign Direct Investment, where all Foreign Investors in banks may be given voting rights which could exceed the present cap of 10%, at present it has gone up to 49% with some restrictions.

The new policy shook the Banking sector in India completely. Bankers, till this time, were used to the 4-6-4 method (Borrow at 4%; Lend at 6%; Go home at 4) of functioning. The new wave ushered in a modern outlook and tech-savvy methods of working for traditional banks. All this led to the retail boom in India. People not just demanded more from their banks but also received more.

Current situation

Currently (2007), banking in India is generally fairly mature in terms of supply, product range and reach-even though reach in rural India still remains a challenge for the private sector and foreign banks. In terms of quality of assets and capital adequacy, Indian banks are considered to have clean, strong and transparent balance sheets relative to other banks in comparable economies in its region. The Reserve Bank of India is an autonomous body, with minimal pressure from the government. The stated policy of the Bank on the Indian Rupee is to manage volatility but without any fixed exchange rate-and this has mostly been true.

With the growth in the Indian economy expected to be strong for quite some time-especially in its services sector-the demand for banking services, especially retail banking, mortgages and investment services are expected to be strong. One may also expect M&As, Takeovers, and Asset sales.

In March 2006, the Reserve Bank of India allowed Warburg Pincus to increase its stake in Kotak Mahindra Bank (a private sector bank) to 10%. This is the first time an investor has been allowed to hold more than 5% in a private sector bank since the RBI announced norms in 2005 that any stake exceeding 5% in the private sector banks would need to be vetted by them.

Currently, India has 88 scheduled commercial banks (SCBs) - 28 public sector banks (that is with the Government of India holding a stake), 29 private banks (these do not have government stake; they may be publicly listed and traded on stock exchanges) and 31 foreign banks. They have a combined network of over 53,000 branches and 17,000 ATMs.

Banking in India

Central Bank

Reserve Bank of India

State Bank of India • Allahabad Bank • Andhra Bank • Bank of Baroda • Bank of India • Bank of Maharashtra • Canara Bank • Central Bank of India • Corporation Bank • Dena Bank •

Nationalized Banks

Indian Overseas Bank • Oriental Bank of Commerce • Punjab National Bank • Syndicate Bank • Union Bank of India • United Bank of India • UCO Bank • Vijaya Bank • IDBI Bank.

Axis Bank • Centurion Bank of Punjab • City Union Bank • Development Credit Bank • Federal Bank • HDFC Bank • ICICI Bank •

Private Banks

IndusInd Bank • ING Vysya Bank • Jammu & Kashmir Bank • Karnataka Bank Limited • Karur Vysya Bank • Kotak Mahindra Bank • Lakshmi Vilas Bank • Nainital Bank • Ratnakar Bank • SBI Commercial and International Bank • South Indian Bank • Tamilnad Mercantile Bank Ltd. • YES Bank

Foreign Banks

Citibank • HSBC • Standard Chartered

Regional Rural Banks

South Malabar Gramin Bank

Services

NEFT • CashTree • Cashnet

Operational definitions of the concepts (used in this project):

Bank:

Bank is defined as a person or corporation who holds it out to receive from public deposits payable on demand or by cheques. (Wakter Leaf).

Banker:

Banker is defined as “one who in the ordinary course of his business honors cheques drawn upon him by persons from and for whom he receives money on current accounts” (Dr. H.L Hart).

Bank marketing:

“Bank marketing is the aggregate of functions, directed at providing services to satisfy customers financial (and other related) needs and wants, more effectively and efficiently than the competitors keeping in view the organizational objectives of the bank”.

Banking:

The Indian banking Regulation Act 1949, under section 5(1) (b) defines banking as “Accepting for the purpose of lending or investment of deposits of money from the public, repayable on demand or otherwise, and withdraw able by cheques, draft, order or otherwise”.

Commercial Banking:

Commercial banking refers to which is concerned with the acceptance of deposits from the public repayable on demand or after expiry of a short period, and the granting of mainly short-term credit to trade, commerce and industry through wide network of branched throughout the country.

Public Sector Banks:

Public Sector banks refer to commercial banks, which are owned by the central Government either directly or through RBI. They are also referred to as National banks. They are establishing by the special Acts passed by the parliament.

Private Sector Banks:

Private sector banks refer to commercial banks other than public sector commercial banks. In other words private banks are those commercial banks, which are owned & controlled by private entrepreneurs.

Private Sector Indian Banks:

Private sector Indian banks refer to commercial banks owned and controlled by Indian entrepreneurs.

Scheduled Banks:

Scheduled banks are those banks, which are included in the second schedule of the RBI Act of 1934. Commercial banks are included in the second schedule only when they satisfy the following conditions.

- They have paid up capital and reserves of Rs. 5lakh or more.
- They satisfy the RBI that their affairs are not being conducted to the detriment of the interests of their depositors.

Non – Scheduled Banks:

Banks which do not satisfy the above conditions and not included in the second schedule of RBI Act are called Non – Scheduled Banks.

Customer:

A Customer is a person who has some sort of account, either deposit or current account or some similar relation with the banker. (Lord Davey)

Service:

According to Philip Kotler Service is any act or performance that one party can offer to another that is essentially intangible and does not result in the ownership of anything. Its production may or may not be tied to a physical product.

Customer service:

Customer service can be defined as an activity that calls for interactions between the supplier and the customers with two objectives in mind

- a) Operational efficiency
- b) Customer satisfaction.
- c) Customer service is the action carried out to ensure that products and services reach the customer on the right time and in the right quantities and specification to result in customer satisfaction.

Customer Relationship marketing:

A better approach to customer retention is to deliver high customer satisfaction. Then it would be harder for a competitor to overcome barriers by simply offering lower prices or switching inducements. The task of creating strong customer loyalty is called customer relationship marketing.

Chapter 2:

Research Design

Introduction:

Banking industry, one of the major contributors to the economy mainly depends on their customers. Customers are the major source who contributes to the growth and development of banks. Banks being a service provider should provide service to the customers to a greater extent where in no customer is left with dissatisfaction. This is possible only when banks adopt good customer relations management. Under this study an attempt is made to know how the banks offer service to the customer and also the level of customer's satisfaction.

Title of the Study:

**“A study on Customer Satisfaction towards Jammu and Kashmir Bank
with special reference to Bangalore branch.”**

Statement of the problem:

The present study intends to throw light on an issue relating to the need and importance of customers relations with the entrepreneurs and the corporate bodies. The study intends to know the relationship that exists between the customer's satisfaction and the services offered. The customer expectations towards any product and their satisfaction give an idea to the marketer to come out with new product and services. Hence the customer's satisfaction, perception and expectations play an important role. Therefore there is need for study.

Objectives of the study:

- To study the level of customer satisfaction towards Jammu and Kashmir Banks.
- To study the existing relationship between the J&K bank and its customers.
- To analyze the behavior and perception of customers about the services and facilities provided by the bank.
- To suggest the measures to improve upon on customer relationship in J&K banks. To study the expectations of customers towards services provided by Jammu and Kashmir Banks.

Scope of the study

- The scope of the present study was restricted to the analysis of customer satisfaction.

- The study helps to understand the services rendered by Jammu and Kashmir banks and the perception of customers towards Jammu and Kashmir bank.
- The study helps to know the reasons and factors affecting the customer satisfaction.

Methodology

The present study has been conducted through the primary and secondary sources of information. A questionnaire was prepared to collect the responses from the respondents. The questionnaire contained the questions relating to the various services offered by the bank and the customer's level of satisfaction on the same. The collected responses have been tabulated and the inferences were drawn from the analysis of the data. Simple statistical tools and techniques like bar diagram, charts graphs. Statistical averages were used to analyze the data.

Sampling technique

- **Random sampling method** was adopted to select the respondents.
- The **respondents** were the **customers** of the **J&K Bank** in **Bangalore**.
- **Sample size was 100** and all were the customers of J&K bank.

Sources of data:

Both the primary and secondary data were used for the analysis. The primary sources have been collected through the questionnaire prepared based on the objectives of the study. The secondary sources of information have been gathered through the internet, magazines, leading business journal, Bank's profile etc.

Secondary data:

The data published or unpublished, will be collected and processed by some agencies for their statistical work, are termed as secondary data.

To support the analytical part of this project secondary data has been collected from the various sources:

- Journals & Magazines
- Books
- Research reports.

Plan of analysis:

The study is based on one of the simplest research methods, the Descriptive Research (i.e., fact-finding investigation with adequate analysis and interpretation of the data).

- Percentage method.
- Charts, tables and graphs.

Limitations of the study:

- The time period may be the constraint.
- The study was restricted mainly to make a study on customer satisfaction.
- The information given by the customers may be biased.
- The changes in the factors affecting customer satisfaction may change the information given by the customers.
- Study was restricted to J&K bank, Bangalore city only.

Chapter Scheme:

- Chapter 1- Introduction including industry profile and theoretical background.
- Chapter 2- Includes Research design including Objectives, Scope, Limitation, Statement of the problem methodology and Plan of analysis.
- Chapter 3- Company Profile.
- Chapter 4- Analysis of Data and Interpretation.
- Chapter 5- Summary of Findings and suggestions
- Chapter 6- Recommendations and Conclusion.
- Chapter 7- Annexure.

Chapter 3

PROFILE OF THE BANK

History

Jammu and Kashmir Bank Limited was incorporated on 1st October, 1938 and commenced its business from 4th July, 1939 at in Kashmir (India). The Bank was the first in the country as a Stateownedbank.

According to the extended Central laws of the state, Jammu & Kashmir Bank was defined as a govt. Company as per the provision of Indian companies' act 1956. In the year 1971, the Bank received the status of scheduled bank. It was declared as "A" Class Bank by RBI in 19760. Today the bank has more than 500 branches across the country and has recently become a billion Dollar Company.

Profile

- Incorporated in 1938 as a limited company.
- Governed by the Companies Act and Banking Regulation Act of India.
- Regulated by the Reserve Bank of India and SEBI.
- Listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE)
- 53 per cent owned by the Government of J&K.
- Rated "P1+" by Standard and Poor- CRISIL connoting highest degree of safety.
- Four decades of uninterrupted profitability and dividends.

Unique Characteristics: One of a kind

- Private sector Bank despite government holding 53 per cent of equity.
- Sole banker and lender of last resort to the Government of J & K.
- Plan and non -plan funds, taxes and non-tax revenues routed through the bank.
- Salaries of Government officials disbursed by the Bank.
- Only private sector bank designated as agent of RBI for banking.
- Carries out banking business of the Central Government.

Prelude

The Jammu & Kashmir Bank is today one of the fastest growing banks in India with a network of more than 500 branches/offices spread across the country offering world class banking

products/services to its customers. Today, the Bank has a status of value driven organization and is always working towards building trust with Shareholders, Employees, Customers, Borrowers, Regulators and other diverse Stakeholders, for which it has adopted a strategy directed to developing a sound foundation of relationship and trust aimed at achieving excellence, which of course, comes from the womb of good Corporate Governance. Good Governance is a source of competitive advantage and a critical input for achieving excellence in all pursuits. J&K Bank considers good Corporate Governance as the *sine qua non* of a good banking system and has adopted a policy based on all the four pillars of good governance – transparency, disclosures, accountability and value, enabling it to practice trusteeship, transparency, fairness and control, leading to stakeholders delight, enhanced shareholder value and ethical corporate citizenship. It also ensures that bank is managed by an independent and highly qualified Board following best globally accepted practices, transparent disclosures and empowerment of shareholders, besides ensuring to meet shareholders aspirations and societal expectations following the principles of management's executive freedom to drive the bank forward without undue restraints but within the framework of effective accountability. The excellence achieved by the bank in its operations stemming from the roots of voluntary good Governance has not gone unrecognized and Bank has recently bagged three very prestigious awards for following fair business practices and commitment to social obligations.

Diversification of Business

The Bank diversified its business activities into insurance, both life and non-life. The Bank not only became the strategic partner of MetLife Insurance India (P) Limited, but also has been acting as corporate agent of the said company for distribution of their life insurance products through network of its branches. The Bank also entered into a tie-up with Bajaj Allianz General Insurance Company for distribution of their non-life insurance products. In view of Bank's deep branch network and loyal customer base particularly in Jammu and Kashmir, the Bank has been able to distribute insurance products in deep rural and far flung areas and has made penetration in the new areas thereby adding to its non interest and fee based income.

Recognition and Awards

The Bank won the prestigious Asian Banking Award – 2005 for its 'Development Project Financing Programmed', contributing significantly to the development of tourism industry of the

J&K State. The award was presented by the Under Secretary Finance, Philippines, at a glittering Gala Dinner award function held at Manila, Philippines on June 17, 2005.

The annual Asian banking awards recognize and honor Asian banks for outstanding, innovative and world-class products and programmes implemented during the previous year. It is the most respected and premier banking awards programme in Asia Pacific region. It is worth mentioning that the Bank has won the Asian Banking Award consecutively for the second year. Last year, the Bank won the award for Customer Convenience Programmes and was also given runners up certificate for its project '*Motivating Employees for Better Performance*' under 'operational efficiency programme' category.

The Bank was ranked fifth among the top ten Asian banks and 762 and among top 1000 World banks. A renowned business journal "*Business Today*" ranked JK Bank among 25 top investor friendly companies in India, the only bank in the whole Indian Banking industry, which has been ranked in the magazine among first 10 Investor Friendly Companies. The Bank for the second consecutive year was ranked Best Private Sector Bank in Financial Express/ Ernest and Young combined Survey for the year 2002-03 released recently. Bank was awarded 'Shiromani Award' for outstanding achievements in the field of banking and commitment to national progress and human welfare during the year under report.

The Bank has figured among 24 Indian companies in *Forbes Global* - 100 best 'under a billion Asia's Rising Companies', listed by Forbes magazine in its latest issue dated November 1. The publication has commended J&K Bank for representing 'economic dynamism' in the region, sustained growth in all spheres and an excellent track record of rewarding its shareholders.

Capital & Reserves

The Capital and Reserves of the Bank increased to Rs. 2008.73 crore as on 31st March 2008 from Rs. 1799.47 crore of the previous years.

Profit

The Bank posted a net profit of Rs.274.49 crore for the year 2007-08 against a figure of Rs. 176.84 crore in 2006-07 registering a impressive growth of 55.22%.

Income

The Bank continued to register an impressive year-on-year improvement in earnings. During the year, the total income has increased by 13.34% to Rs. 2059.54 crore from Rs. 1817.10 crore of the previous year.

Net interest income

During the year our net interest income continued to record a consistent growth. It increased by 15.69% at Rs. 767.84 crore for the year under report.

The growth has been driven by increase in credit operations of the Bank besides reduced cost of deposit achieved through improved CASA ratio.

Capital Adequacy Ratio (CAR)

The Bank's Capital Adequacy Ratio (CAR) continued to be at a comfortable level of 13.24% as on 31st March 2007. The Bank does not foresee any major impact on CAR on implementation of Basel II norms.

Dividend

In view of the appreciable performance of the Bank the Directors are pleased to recommend a dividend of 115% (free of tax) for the year ended March 31, 2007, subject to approval of shareholders.

Business performance

During 2006-07, the operating revenue of the Bank, increased by 13.34% to Rs. 2059.54 crore from Rs. 1817.10 crore in 2005-06. The Bank achieved a Business turnover of Rs. 42274.24 crore from Rs. 37967.75 crore of the previous year recording a growth of 11.34%. During the year, there was an Improvement in operational efficiency, which is reflected in the decline of the cost: income ratio to 40.13% from 44.57% in 2005-06.

Deposits

The aggregate deposits of the Bank increased by Rs. 1709.66 crore to Rs. 25194.29 crore as on 31st March 2008 recording a growth of 7.28%.

The Deposits mix has shown improvement with a focused attention on liability management

contributing in increased low cost CASA ratio to 37%.

Advances

During 2007-08, the aggregate advances of the bank reached Rs. 17080 crore registering a growth of 17.93%. Notable feature is that the Bank recorded a growth of 23.08% in credit deployment in J&K during the year under report. The yield on advances has increased by 10 basis points to 8.58% from 8.48% of the previous year.

Foreign exchange

The contribution from foreign exchange business to the Bank's gross income has been to the tune of Rs. 36.98 crore. The Forex Dealing Room at Treasury Operations recorded a turnover of Rs. 22573.58 crore and generated a net earning of Rs. 8.84 crore against Rs. 7.39 crore of the previous year, thus registering an increase of 19.57%.

Investments

The Bank's total investments stood at Rs. 7392.19 crore as on 31st March 2008 against Rs. 8993.84 crore of the previous year. The decrease in portfolio is due to conscious stance taken by the Bank to contain MTM losses and also reduce the duration of the portfolio.

Non-performing assets

The net NPAs as a percentage of net assets stood at 1.13% as on 31st March 2008 and NPA coverage ratio was maintained at over 60% at 61.43%.

I-T initiatives in fy07

With a view to provide greater convenience and alternate channels to the customers, your bank launched a slew of IT initiatives during the year.

These include:

- Interconnectivity of over 280 branches
- Total number of ATMs increased to 191
- Number of branches / offices rolled over to Core Banking Solution - 33
- Raising the total number of CBS branches to 161.
- Number of RTGS enabled branches through Treasury Office Mumbai-12
- Number of debit cards issued reached to 2,60,991
- Number of Point Of Sale Terminals installed increased to 827

The Card Issuing and Acquiring department has started in-house development and deployment of Automated Debit Card Requisition Software application over intranet and Reconciliation Software for MasterCard Domestic / International Transactions & National Financial Switch (NFS) transactions. To push up the credit card base, the bank also outsourced marketing of Credit Cards.

Channels of distribution

Out of a total of 520 branches (including extension counters), 329 branches are in semi urban and rural areas. This reach, especially in district headquarters, small towns and remote areas, is expected to sustain the momentum of the Bank's growth in business, particularly that of low cost. Deposits as well as advances to the SME and agriculture sectors. The ATM network of the Bank has increased to 191, and today constitutes the largest ATM network in J&K. The Bank has increased its Debit / Credit card base to 266072 against 206719 of the previous year. The number of Point Of Sale Terminals installed by the Bank as on 31st March 2007 has gone up to 827 almost double when compared to previous year.

The Bank offers virtual banking / Internet banking facility to its customers maintaining accounts with Core Banking Solution Branches.

Productivity

The productivity levels have shown appreciable increase during the year: While the profit per employee has increased to Rs. 4 lacs from Rs. 3 lacs last year, during the same period the business per employee has also shown a remarkable increase at Rs. 5.85 crore. The Bank has shown healthy growth in per branch business which stood at Rs. 9373 lakhs as on 31.03.08 against Rs.

7386.72 lakhs of the previous year.

In tune with the Bank's strategy to focus on sales and marketing of Bank's services and products, your Bank brought about structural changes in the existing operational organizational structure at zonal level during the year under report. The District Offices were abolished and converted into Business Development and Promotion Centers with their job roles confined to promotion and sale of Bank's services and products. Six new zones were created carved out of the existing four zones raising the total zonal offices to ten. Two new zones each have been created in Jammu and Kashmir and one each in Delhi & Mumbai to bring about efficiency in management, control and business operations.

Depository participation

The Bank continues to be depository participant of National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) with total depository accounts of 23795. The value of the securities held in different D-Mat accounts stood at Rs. 8277.26 crores.

Distribution of insurance business

The bank acting as corporate agent of MetLife collected an annual premium of Rs. 41.92 crore in Life insurance during the year under report generating a total income of Rs. 7.17 crore. In non-life segment the Bank was able to muster Rs. 4.76 crore during the year 2006-07. The bank recorded a growth of 66.07% in Insurance business income during the year under report.

Lead bank responsibility

Your Bank is the only Private Sector Bank entrusted with the responsibility of Convening State Level Bankers' Committee meetings. The Bank continued to discharge its Lead Bank responsibility in 8 out of 14 districts of J&K State satisfactorily. State Level Bankers' Committee

Meetings (SLBC) and Sub-committee meetings of State Level Bankers' Committee were convened during the year 2006- 07. The block and district level meetings such as BLBC, DCC and DLRC were held as per schedule in all the lead districts. The district credit plans were prepared in time and their implementation monitored closely at the State and district Levels.

Regional rural banks

The performance of two Regional Rural Banks sponsored by the Bank as per

Rating of bank's debt instruments

The Credit Rating Information Services of India Ltd. (CRISIL) one of the leading credit rating agency of the country re-affirmed 'P1+' rating to the Bank's Certificate of Deposit Programme, indicating the highest degree of safety for timely payment of principal and interest.

Compliance and vigilance

Your bank has kept itself abreast with the changes taking place in banking sector and guidelines of RBI and established well-documented system of checks and balances. All branches and offices are subject to various types of Inspection & Audits including Risk Based Internal Audit, Information System Audit, Concurrent Audit, Income Audit, SNAP audit and Statutory Audit.

Corporate governance

J&K Bank has established a tradition of best practice in corporate governance. The corporate governance philosophy encompasses not only regulatory and legal requirements, such as terms of listing agreement with stock exchanges, but also several voluntary practices aimed at a high level of business ethics, effective supervision and enhancement of value to all stakeholders.

Several matters have been voluntarily included in the statement on Corporate Governance annexed to this report besides certificate from the Central Statutory Auditors regarding compliance of conditions of Corporate Governance as stipulated in clause 49 of the Listing Agreement.

Corporate Social Responsibility

The Corporate Social Responsibility (CSR) of the J&K Bank seeks to recognize obligations towards society and aims to integrate the CSR ideals into its mission for optimizing both business and social performance. It stresses on promoting work life balance, give attention to social and environmental concerns and host of factors that facilitate business pursuits and accomplishment of economic goals. The CSR is not just recognized as promulgating the Bank's own values and

principles of philanthropy but also the values and principles of all those who have a stake in it or are affected by its operations. By supporting social cause aligned to the mission the CSR strategy differentiates the Bank's brand and enhances its reputation. The Bank manages social issues in the same manner as any other strategic business issues. The Bank besides playing its role in economic development of the State and country contributes significantly towards the social cause. The Bank has established its credentials for the poor and needy by donating generously for various philanthropic activities aimed at ameliorating their sufferings. Be it victims of natural calamity, like fire, flood, snowstorm or tsunami and disabled or patients with serious ailment who lack reliable means of survival, the bank has been all through supporting them. The Bank realizing its responsibility of saving the life/ future of these blooming children, adopt several of them by providing financial support either through various orphanages where they are sheltered or directly to the orphans by bearing their educational or other expenditure. The Bank shall continue donations for the development of infrastructure (computers, books, TV's, prosthetic support etc) to various NGOs, societies, trusts, institutions, etc. involved in socio-economic development of the society. The physically challenged persons belonging to socially and economically deprived classes especially children shall be helped by acquiring prosthetic support by meeting partly or fully cost of surgery with pre and post medication. In order to enable socially and economically weaker classes to live a healthy life the bank shall endeavor to give financial support to the needy and poor patients, afflicted with dreaded diseases like Cancer, cardiac failure, Kidney failure etc. for their treatment / surgery. Heritage preservation is an important responsibility of every conscious individual, institution or agency. The thrust areas to assist in this respect for the Bank will be preservation of historical/religious monuments, development of tourist sites, national properties, museums, libraries, protection of environment/ecology etc. and sponsoring seminars and awareness camps, art and literary works, 3rd cultural activities, social service camps, college or university students clubs etc. The Bank has been playing a vital role in the promotion of tourism and it is in this backdrop that the Bank has been shouldering the responsibility of

registering yatris for the Shree Amarnathji Yatra through its extensive network of branches spread across the country. The yatra is an annual religious function of Hindu community, wherein devotees travel by foot to pay obeisance to Holy Shiv Lingam at Shree Amarnathji cave. The Bank puts in place special registration counters at all branches of the Bank outside the state and some selected branches in Jammu and Kashmir State. In addition to this, accidental insurance cover facility of Bajaj Allianz General Insurance Co. Ltd. to the pilgrims at a nominal premium

is made available to the yatri. During the yatra, the bank establishes mobile branches even at the holy cave.

People in general and pilgrims in particular all over the country have appreciated this effort and won lot of applause for the Bank. Apart from above activities the Bank has been constructing/developing the public utility service like public parks, bus stands, drinking water posts, lavatories, conveniences, rain shelters. In addition to this, the bank organizes relief camps, service camps, night shelters, health resorts, health clinics, disaster & calamity management centers, rehabilitation centers etc.

Policy

With the objective of promoting the philanthropic activities, other social and environmental issues, the bank has a CSR policy in place embodying the broader principles for providing donations. The donations are made within the prescribed limit of 1% of the published profit for the previous year. It focuses on economic, social, cultural and geographical backwardness of the area.

Key Features

- The bank provides financial assistance for the benefit of Handicapped persons/ orphans/ poor patients suffering from serious ailments.
- Provides direct assistance or through Prime Minister's Relief Fund or Chief Minister's Relief Fund or any other national level or state level calamity relief fund to needy who have suffered due to natural disaster and calamities.
- Helps in rehabilitation of handicapped children/ persons belonging to depressed classes of society.
- Provides financial support to orphanages.
- Provides for procurement of devices / apertures for kidney transplantation; cardiac interventions; cancer patients; AIDS HIV and other dreaded diseases, philanthropic support for people belonging to economically deprived sections of the society.
- Provides scholarships to meritorious students of depressed sections of the society at various levels with focus on the needy.
- Provides technical and financial support for the Heritage Preservation through sponsorship

of awareness seminars, organizing social service camps, sponsoring Art & Literary works and preservation and development of important Historical, religious, tourist sites, museums, libraries, archives, scientific organizations and National properties.

- Provides financial assistance for protection of Environment/ecology.
- Constructs and develops the public utility services like bus stands,
- Development of parks, construction of drinking water posts, lavatories, conveniences etc.
- The donations are directly made to depressed class of society including physically challenged person or through a Non Governmental Organization engaged in the ameliorating of the suffering of this class of society.
- To ensure transparency in selection of deserving beneficiaries followed by disbursement of proceeds to the donees, the following precautionary measures are also ensured.
 - The applicant should not be an employee of any Institution, semi-Government, quasi- Government or Government organization entitled to Medical Aid benefits.
 - The applicant is not a professional beggar.
 - The applicant is not a dependent family member of Bank's own staff.
- The Bank's CSR is rooted in its Corporate Governance philosophy, which in turn is woven around Bank's commitment to ethical practices in the conduct of its business, while striving in the constant quest to grow with profits and enhance shareholders value and align interests of the shareholders, stakeholders and society through adoption of best international practices and standards. Managing CSR is not viewed as an extra cost or burden but is viewed not only as making good business sense but also contributing to the long-term prosperity of our Bank and ultimately its survival. Being a good neighbour and showing that you care on the one hand and being a successful business on the other, are flip sides of the same coin.
- The Bank donated Rs.one lakh to Maharaja Ranjit Singh Trust, New Delhi, for the upliftment of downtrodden sections of the society. The Bank gave donation to the Foundation for inter-community Relations Delhi for upliftment of society. A financial assistance to the tune of Rs.1.00 lakh for the welfare of Gujars was given to Gurjar Desh Charitable Trust, Jammu. The Bank donated sewing machines to destitute widows through Bhartiya Dalit.

Sahitya Academy, Jammu. Showing its eagerness for the upliftment of women, the Bank donated

embroidery machines to Women's Welfare Society, Kachhama, and Kupwara. The Bank also gave donation to NGO Friends Association for Ladies and Orphans Welfare (FAOW), Srinagar.

- Devastating fire in village Batpora (Wathora), Kashmir rendered hundreds of people homeless and two persons lost their lives. The Bank organized a relief camp and distributed 50
- kgs of rice and Rs.5, 000 to each of the affected family. Similarly, another relief camp was organized for the fire victims at Seer, Anantnag (South Kashmir), where blankets, eatables and domestic utensils were distributed among the sufferers. A camp was also organised by the Bank at Lasipora, Pahalgam, where cash was distributed among the fire victims.
- With a view to help Kargil war sufferers of Drass area in Ladakh region in their rehabilitation, the Bank organized a relief camp. Blankets and eatables were distributed among the people covering about 1500 families settled in 17 villages in and around Drass, who had migrated to Sankoo, Saliskote and other far flung areas of Kargil. Stationery items were distributed among the school going children.

GLIMPSES OF SOME PROGRAMMES:

1. Poverty Alleviation Programme:

Objectives: To educate and provide the underprivileged sections financial services through intervention and community participation Top Poverty is an age old and worldwide phenomenon. It affects the quality of life of the people in the society in one form or other. India is a developing country with huge percentage of population living below poverty line. India has a massive poverty.

The analysis of poverty scenario in India is a complex one. The unemployment/underemployment, underdeveloped agricultural sector, unbalanced development with huge regional imbalances, illiteracy, shortage of capital, lack of entrepreneurs, etc are some of the major causes of poverty in India.

Keeping this in view, the Bank during the year 2005-06 launched a comprehensive programme for upliftment of poor and to raise the living standard of masses and ameliorate their socio-

economic conditions so as to achieve balanced economic growth with social justice.

Bank targeted those people who have certain entitlements in the form of productive assets, education & skills, the possession of which otherwise can generate incomes to buy the food requirements above the subsistence level. However, the programme recognized that poverty cannot be eradicated by relief. It needs to be removed through creation of productive employment opportunities and other social conditions. Productive employment generates growth, creates assets and thus improves the economic conditions of the poor who get engaged in such pursuit.

At the same time, growth through productive employment creates a multiplier effect for bringing about a change in the economic scene. Further, poverty originates in villages and Bank took various initiatives to contain it there so that its overflow to towns and cities in the form of social migrations and slum dwellers is stopped. Therefore, the focus of Bank's poverty eradication programme 'WE ARE FOR THE POOR' was rural centric.

Under the programme, the Bank undertook number of initiatives to raise the standard of people and alleviate poverty. The programme covered areas of agriculture, horticulture, village and cottage industries, fisheries, tourism, handicrafts on one hand and promotion of health, sanitation, communication and education on the other.

2. Environmental Excellence Programme

Objective: To preserve and promote green & pollution free environment.

In the last few years environmental degradation has reached to immense proportion owing to unabated exploitation of nature and natural resources. The major factors responsible for degradation of environment in India have been heavy industrialization, deforestation, increase in traffic in cities, population explosion, illiteracy, etc. Accordingly, in order to preserve environment and promote pollution free environment, the Bank has launched a comprehensive

programme to preserve and promote green & pollution free environment. Under the programme, the bank undertook number of measures like planting trees, developing parks and gardens at barren lands, undertaking cleanliness drives etc. Awareness camps are organized on continuous basis at number of places to educate people to keep their environment clean.

The preservation of environment is a top most priority for the Bank. The Bank has been playing a pivotal role in protecting the environment by organizing cleanliness drives throughout the country

particularly in the state of J&K.

During "Plantation Week" massive plantation drives are organised at various parts of the Jammu and Kashmir State. On the eve of World Arboriculture Day, the massive plantation drive was undertaken at Badamwari, Srinagar where almond sapling were planted. The plantation drive at Badamwari was undertaken as a part of the Bank's plan to revive the famous almond garden, which had lost its fame over the years due to negligence and oblivion.

Nostalgic feelings about the past had never been so strong as they were on March 25, 2008 when J&K Bank dedicated the revived and redesigned pride past of Kashmir, Badam Vaer to the people of Kashmir. Developed around the famous Waris Khan Chah, Badam Vaer is a solid reminder of the past and a walk around it refreshes and resurrects the sense of history.

The Bank has been extending support to municipalities and hospitals in Srinagar and Jammu cities for ensuring better hygienic conditions. The Bank developed a public park at Iqbal Park, Srinagar. The park at one time was in a dilapidated condition and a thriving place for all kinds of insects. Even the garbage of most of the areas of the city was being dumped in the park and also main vegetable & fish market used to operate in the park. The park had become nuisance for people in general and residents of area in particular as foul smell used to emanate from the park. The park is now presenting a new look and has become a major attraction for people, which reflects the J&K Bank's environmentalist approach. The Bank has converted barren piece of lands into green pastures in the state. The bank has developed children's amusement park in the world-renowned hill station of Pahalgam in the heart of Kashmir valley. The park not only commensurate fully with the flora & fauna of the place but also complements the natural scenic beauty of the place. The park is spread over an area of 42 kanals, where different kinds of rides have been installed for children over an area of just three Kanals. The majority of area of the park has been developed as Landscape. The arcade and restaurant have been constructed in such a manner that they fully blend with the natural scenic beauty of the place. The park also

encompasses an artificial lake of about 15,000 square feet area where the visitors enjoy swan boat rides. The main attraction of the park, however, is a musical fountain which has been established just at the arcade. A baby train is something that every child loves to board and enjoy. The entire project was completed in a record time of four months only.

The Bank developed another amusement park "Bagh-I-Wazir", Bun Bagh, Anantnag, Kashmir. Different kinds of rides have been installed in the park for children. In a short span of time, the

park has become a major tourist attraction in the region. The bank also has plans to establish such types of leisure and pleasure destinations in other tourist places of the state as a supplement to ecological/environmental development.

The development of Rajinder Park at Ranbir Canal and a walk way along the canal has delighted the people. In order to stop the wastage of water, the Bank donated Rs.1.00 lakh for construction of service reservoir at Spring for the people of Seer, Anantnag, Kashmir. Due to the efforts of the Bank, more than 200 families were able to get pure drinking water in the area. The Bank organized sanitation and cleanliness drives in Srinagar and Jammu cities. Similar drive was organized at Sher-I-Kashmir Institute of Medical Sciences (SKIMS).

3. Education for All Programme:

Objective: To promote education among the employees and the deprived sections of the society.

- In order to promote talent and creativity among the youth, the Bank sponsors various such programmes where they are encouraged to explore their talent and creativity. The Bank provides financial assistance to the bright students belonging to poor families so as to help them to complete their education. During the year, the Bank has adopted number of students to bear their educational expenses. The Bank also provides financial and other kinds of support to those organizations that are involved in the process of promoting education across the country. The Bank donates computers and other kinds of equipments to schools and other educational institutions from time to time. Recently, a poor student of Rajouri got admission in Government Medical College Jammu. The Bank extended him financial help for the purchase of books. Similar assistance was given to a poor student to pursue his M.Sc Chemistry in Kashmir University. The Bank also bear house rent, bus fare, examination fee and tuition fee of a poor student pursuing studies.
- In SKIMS Medical College. Similarly, a student hailing from Rajouri pursuing his studies in Engineering was provided financial assistance to the tune of Rs.13, 000. The bank has extended a number of scholarships to deserving Kashmir University students.

The Bank provided books free of cost to the students of Government Medical College, Srinagar, who had lost all their belongings including books in a devastating fire that engulfed the College Hostel. The bank has adopted nine orphan children from Shehjar

Orphanage and is bearing all expenses related to their studies. In this age of Information Technology, the Bank is making efforts to take computer education to far flung areas for poor students. The Bank has been generous to donate computers to Apna Ghar orphanage at Beerwah (Budgam), VAZR School at Kupwara, Law Department (Kashmir University) and Sultan-ul-Arfeen Trust (Srinagar). A physically handicapped student hailing from Anantnag was given a computer node by the Bank.

VISION

The Bank's vision is to be financially sound, profitable, growth and technology oriented, committed to building and maximizing sustainable value for all its stakeholders. The Bank is committed to achieve healthy growth in profitability and simultaneously to remain consistent with the Bank's risk appetite and at the same time ensuring the highest levels of ethical standards, professional integrity and regulatory compliance.

The Jammu & Kashmir Bank Limited has been the first of its nature and composition as a State owned bank in the country .The state Govt. besides contributing half of the issued capital also appointed it as its bankers for general banking and treasury business .In its formative years , the bank had to encounter several serious problems , particularly around the time of independence, when out of its total of ten branches two branches of Muzaffarabad and Mirpur fell to the other side of the line of control(now Pak Administered Kashmir) along with cash and other assets ;in 1947. However the State Govt. came to its rescue with the assistance of Rs.6.00 Lacs to meet the claims however the bank stead fastly over came its difficulties and kept growing . Following the extension of Central laws to the state of Jammu & Kashmir, the bank was defined as a govt. company as per the provisions of Indian companies act 1956.

The bank had its first full time chairman in 1971, following social Central measures in banks .The year 1971 was a turning point for the bank on conferment of scheduled bank status and witnessed remarkable progress in all the vital fields of operations .The bank was declared as "A"

Class Bank by Reserve Bank of India in 1976 .In recognition of dominant role and exalted performance, Reserve bank of India appointed the bank as its agent for performing the general banking business of the Central Govt. especially in maintaining currency chests and collection of taxes.

Employee benefits

In respect of employees who have opted for provident fund scheme, matching contribution is made. For others who have opted for pension scheme, contribution to pension fund is made based on actuarial valuation.

Contribution to gratuity fund is made on the basis of actuarial valuation at the year end.

Contribution to leave encashment fund is made by spreading the liability over the period of future average service of the current employees on a straight line method as per actuarial valuation.

Voluntary Retirement Scheme expenditure (VRS)

The expenditure incurred on VRS is amortized equally over a period office years in conformity with the RBI guidelines.

Income recognition and expenditure booking

Income and expenditure is accounted for on accrual basis unless otherwise stated. Interest and other income on advances/ investments classified as non-performing assets/ investments are recognized to the extent realized in accordance with guidelines issued by the RBI. Recovery in non-performing assets is appropriate first towards the interest and there after towards principle/ arrears of assets.

Recognition of Excellence for the Bank

- No.1 Bank in India-(Economic Times-CMIE Survey 1998-99).
- The Best Bank-(Rediff.com & PWC Survey).
- Excellence award-(Institute of Economic studies).
- Ranked as NO.1 on safety parameters-(Business Standard Survey).
- Ranked NO.2 on Profitability front-(Business Standard Survey).

- Jamnalal Bajaj Uchit Vyahahar Puraskar 2002- (Council for Fair Business practices dated 26th March 2003).
- Best Private Sector Bank award- (Financial Express Survey, Presented by Dr. Bimal jalan, The then Governor, Reserve Bank of India of April 4, 2003)
- Best private Sector Bank award – (Financial Express Survey, presented by Dr. Bimal Jalan, the then Governor, Reserve Bank of India of April 4, 2003)
- Best Universal Bank award – Financial Express, presented by Dr. Bimal jalan, Governor, Reserve Bank of India on April 4, 2003.

Awards Received by the bank

- Udyog Rattan award by IES presented by Mr. I. K. Gujral, former Hon'ble prime Minister of India.
- Pride of India and IMM Award for Excellence as Top Professional manager and outstanding performance in Management Quality and Innovations in the field of banking by Mr. H. D. Deve Gowda, former Hon'ble Prime Minister of India
- Excellence Award by Institute of Economic Studies, Delhi.
- Pride of India Gold Award
- Indira Gandhi Priyadarshini Award
- J&K Government Award for outstanding work in J&K Bank presented by the Governor of Jammu and Kashmir on independence day.
- Best banker of the year 2001 award by Rotary Club of Delhi Capital, presented by Shri L. K. Advani, Former Deputy Prime Minister of India.

Services given by the bank

Loan schemes:

The different types of loans provided by the bank to its customers as per their requirements are:

- **Educational loan**

Salient features:

a)Scale for finance	i) Rs 7.50lacs for studies in India. ii) Rs 15.00lacs for studies in abroad
b) Courses allowed for	i)Graduate / P.G Courses in : Medicine, Surgery, Engineering, Hotel Management., Design, Architecture, Bio-Chemistry,Agriculture,vetinary Etc ii) P.G Courses in: Business Management, Chartered or Cost Accounting, Company Sectary ship.
c)Eligibility	I. Should be an Indian National II. Should have secured admission to professional/ Technical Courses through entrance test/ selection process III. Should have secured admission to foreign universities/ institutions. IV. Should have passed the qualifying examination for admission to the courses. V. Employed person intending to improve their educational qualification and/ or receive training in modern technology in India or abroad can also be assisted under this scheme provided training offers prospects of better placement.

➤ Housing loans**Salient features:**

i)For Construction /purchases	The maximum amount of loan to be sanctioned under the scheme would be 40 times the net monthly income / salary of the applicant and there would be no ceiling vis-à-vis, the amount of loan.
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ii)For Renovation / Addition	The maximum loan granted for carrying out repairs, additions, extension, improvement, completion, renovation of existing house is Rs 4lacs (subject to 20 times net monthly salary/income.) Also as an incentive for small borrowers, the loans up to Rs 1.5lacs granted for repairs / renovation of existing house would now be secured by third party of 2 persons or LIC policies, Government securities, VIPs, NSCs, KVPs, or such other security as is deemed appropriate by the sanctioning authority. However, negative lien would be stipulated over the existing house property for which the facility is granted and also have an ire-revocable power of attorney executed by the borrower authorized the bank so sell the house in case of default.
b)Eligibility	i)Employees of Govt., Semi- Govt. Dept, Civic bodies, PSU' with min. 5 years service ii) Reputed Business with min. 5 years standing. iii) Professional and self employed like Doctors, Engineers, CA's, Advocate, with min. 5 years standing.

➤ CAR LOAN

Salient features:

a) Scale of finance	Ranging from Rs 1.00 lacs to Rs.5.00 lacs depending upon
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	the net annual income / salary
b)Eligibility	i) Employees of Govt. / Semi Govt., Civic Bodies, PSU's/ individual /Proprietorship concerns /firms / limited companies known to the bank. ii) Net annual income should exceed Rs. 75000/= iii) The applicant (individuals) should have a valid driving license in his /her own name. iv) The employees of the state Govt. /Semi Govt., Departments / Other Organization should have a minimum of 5 years active service in the organization / department.

Finance Schemes:

Help Tourism (For Kashmir valley only)

All Purpose AgriTerm Loan

Fruit Advances Scheme (Apple)

Zafran Finance

Roshni Financing Scheme

Craft Development Finance

Dastkar Finance

Giri Finance Scheme

Khatamband Craftsmen Finance

Commercial Premises Finance

Help Tourism (For Kashmir valley only):

Exclusive scheme providing hassle free credit for the conversion of residential properties into tourist guest houses (renovation/refurbishment only).

Fruit Advances Scheme (Apple):

Provides adequate and timely credit for comprehensive requirements of Apple growers to take care of Production & Marketing Costs involved in case of their own orchards and also for those acquired on lease.

Zafran Finance:

Provide adequate and need based financial assistance for cultivation of saffron. The term loan shall cover the entire plantation & production costs including plant material, agricultural machinery, labour, etc. Post-harvest & Packaging costs shall also be covered.

Roshni Financing Scheme:

Provide finance to occupants desirous of acquiring freehold rights of the land under their occupation, as per the SRO-64 dated 5th March 2007, issued by Govt of Jammu & Kashmir.

Craft Development Finance:

Provide adequate and timely credit for comprehensive requirements of Artisans & Craftsmen, etc.

Dastkar Finance:

Provide adequate and timely credit for comprehensive requirements of Artisans & Craftsmen, etc.

Giri Finance Scheme:

Provide adequate and hassle-free working capital finance to Walnut kernel Traders for taking care of the expenses involved in procuring and sales of kernels.

Khatamband Craftsmen Finance:

Provide adequate & timely credit for comprehensive requirements of the Khatamband Craftsmen.

Commercial Premises Finance:

Provide Finance for possession and use of commercial property being Shop/s, Office/s, etc and leased out by Government/ Semi-Government and Autonomous bodies.

Support Services:

Technology application has remained the thrust area of the Bank for last many years with an objective to offer state of the art world class Banking facilities to its customers. The Bank continued to leverage information technology as a strategic tool for its business operations, to gain competitive edge in customer service as well as improving productivity and efficiency. The Bank's IT strategy emphasizes enhanced level of customer services through 24x7 availability, multi-channel Banking and cost efficiency through optimal use of electronic channels, wider market reach and opportunities for cross-selling. The Bank's focus is on harnessing technology for integrating diverse products and services. Keeping this in view, the Bank continued to widen the scope of multiple delivery channels such as ATM installations, Anywhere Banking, Internet Banking and SMS Banking at more & more centres.

Internet Banking

- Available for both Retail and Corporate users.
- SMS Banking
- Statement of Accounts.
- Funds Transfer.

SMS Banking

- Balance Enquiry
- Transaction enquiry
- Cheque Status Enquiry
- Fund Transfer

ATM Services

- A network of 198 ATMs deployed across the country.
- Accepting Maestro / Cirrus / MasterCard / VISA / NFS atm / debit / credit cards.

Anywhere Banking

- Power to Access to your accounts across our branch network.
- The facilities include Cash Deposit/Withdrawal and transfer.
- Outstation Cheque collection.

Debit Cards

- Pin Based -Maestro / Cirrus Debit Card
- Provides online access to savings or current account.
- Accepted at all Domestic as Well as International MasterCard™, Maestro™, Cirrus™ Enabled ATM's and Point Of Sale locations.
- Accepted at National Financial Switch (NFS) ATM's.
- No Transaction Fee at JK Bank ATM's
- No Transaction Fee on purchases

Credit Cards

- 20-50 day Credit Free Period
- Revolving Credit Facility on paying of minimum payment due in the same billing period.
- Hassle free credit facility at competitive rate of interest.
- Cash Withdrawal Facility upto 20% of total credit limit.
- Loyalty programme.
- 24 Hour Customer Assistance at JK Bank Helpdesk.
- Merchant Acquiring

Features

- All types of Visa & MasterCard based cards Accepted
- Can Extend American Express Card Acceptance
- Quick Merchant Payment
- Merchant Helpdesk and Onsite Support.
- Competitive Commission Rates
- No hidden Charges

Depository services

A depository is like a bank where securities are held in electronic (dematerialized) form.

Dematerialization

It is the process of converting the securities held in physical form (certificates) to an equivalent number of securities in electronic form and crediting the same to the investor's

demat account. Dematted securities do not have any certificate numbers or distinctive numbers and are dealt only in quantity i.e. the securities are replaceable

Stock Broking through INVESTMART an initiative of ILFS.

You can avail the facility of buying and selling of shares under single roof. It integrates your Broker, DP and Bank on a single platform. You may open a trading account by opening a Demat account with J&K BANK, SAVING ACCOUNT with J&K BANK and Stock Broking Account by filling Investor Registration form of INVESTMART an initiative of ILFS and our business partner for providing broking services. For further queries you may contact the DP branches of J&K Bank

Depository Participant of NSDL and CDSL.

In our country there are two central depositories - National Securities Depositories Limited (NSDL) and Central Depository Services Limited (CDSL). J&K BANK is Depository Participant of both NSDL and CDSL.

Under the Depositories Act, investors can avail of the services of the depositories through Depository Participants (DPs) such as J&K BANK. DPs are like bank branches wherein shares in physical forms need to be deposited for converting the same to electronic (demat) form.

Market transaction

When securities are transferred from a beneficiary account of an investor to a clearing member account of a broker for ensuring delivery of securities on a stock exchange, then it is a market transaction.

Off-market transactions

When securities are transferred from the beneficiary account of one investor to that of another, and the transaction does not get routed to the stock exchange, it is an off-market transaction.

Depository Network

- A network with full range of demats and teledpository services our branches are at Delhi, Srinagar and Jammu.
- Highly competitive rates to enable you to convert your holdings into the electronic form.

Account Opening

- You can open a Depository Participant (DP) Account, either through J & K Bank branches. There is no fee for opening a DP account with J & K. However, a nominal fee will be levied towards services, as per our tariff.
- You can choose between Standard Rate Card or Frequent Trader Rate Card as per your trading volume.

Third party services

Mutual Funds

J&K Bank has entered into tie-ups with reputed Asset Management Companies for distribution of Mutual Fund products.

Mutual Fund industry is one of the fastest growing segments in financial services in India. Over the years, banks in India have emerged as the biggest distributors of financial products. This has helped the banks to capture and retain their huge client base and simultaneously adding a steady stream of fee based income.

Mutual Funds have become an attractive proposition for investors in the current context and for J&K Bank it will be a good investment option to have in our product portfolio. This shall be an important step towards converting the bank branch into a financial supermarket addressing all the financial needs of the customers thus helping the bank retain the customers within its fold.

Moreover the branch can augment its fee based income the Bank aims to match to industry standards.

The AMCs with which the Bank has entered into an arrangement are: UTI, Kotak and Reliance Mutual Fund. The Bank shall undertake distribution of their current schemes as well as NFO (New Fund Offer) as and when the AMC comes up with the same.

Insurance Services -Life Insurance

In life insurance segment, the bank joined hands with MetLife International (USA) and it culminated into the launch of MetLife India Insurance Company Private Limited, which was incorporated in India on April 11, 2001. MetLife India is a joint venture between MetLife

International Holdings Inc., the J&K Bank, M. Pallonji and Co. Private Limited and other small private investors. MetLife India is headquartered in Bangalore.

It is remarkable that MetLife International, headquartered in New York, is number one insurer in the United States based on over US\$ 2 trillion of life insurance in force and serves approximately 9 million individual households in the U.S. as well as 87 of the Fortune 100 companies. It has its affiliates, subsidiaries and representative offices in 15 countries.

The bank is also Corporate Agent of MetLife and is marketing its products through its strong branch network.

Insurance Services -Non Life Insurance

The Bank has entered into an alliance with Bajaj Allianz to distribute their non-life products. These products are available at all branches of the bank across India.

Remittance Services

The bank has a tie –up with Western Union Financial Services Inc., an international leader in money transfer services through its primary agent SITA, a division of Kuoni Travels India Pvt. (“Kuoni”) to provide inbound money transfer services to customers across the country. As a result of this association, people in general and J&K Bank customers in particular are availing the facility of receiving money from their relatives and friends abroad using the Western Union Money Transfer service.

Our bank has also has an arrangement with Reliance Capital –Travelmate to provide inbound money transfer services to customers across the country. A number of branches in J & K and all the branches outside state have been added to the existing list to bring more customers to the bank’s fold for availing this facility.

Bank’s vision and philosophy on the code of Governance:

The vision of the J &K Bank Ltd is to be financially sound, profitability, growth and technology oriented bank committed to building and maximizing sustainable value for all its shareholders, customers and employees. In its endeavor to attain the goal visualized, the bank is laying maximum emphasis on the effective system of corporate governance, with the view to improve the company’s image, efficiency, effectiveness, and satisfying the public expectations of fairness and ethical conduct. The interaction between the board, the executives and other functionaries is so configured as to have a distinctly remarkable expectations role and improved corporate

performance. The bank's corporate governance philosophy is woven around its total commitment to the ethical practices in the conduct of its business.

While striving in the constant quest to grow with profits and enhance shareholders value and align the interest of the shareholders, stakeholders, and society through adaptation of best international practices and standards. The corporate governance policies of your bank recognizes the accountability of board vis-a-vis its various constituents including customers, shareholders investors, employees, government and other regulatory authorities.

Functions of the Board:

In addition to the primary responsibility of managing the affairs of your bank, the board of directors performs various other functions for the efficient and the effective utilization of the resources at their disposal to achieve the goals visualized. The functions performed by the board of bank include.

1. Setting corporate mission:

Missions have been set to remain a financially strong, sound, growth oriented and profitable bank with main focus towards providing the convenient, reliable, cost-effective and personalized services to the customers and remain globally competitive and foray into the new sectors compatible with the business of banking. The key objective of the bank shall be provide "value maximization" to the shareholders i.e. shareholders customers and employees. The bank shall also further strive to strengthen its national presence and adopt a developmental role in the country with the particular emphasis on J&K state.

2. Laying down philosophy:

Corporate philosophy of bank is woven around its total commitment to internationally accepted practices in the conduct of its business, and to maximization while at the same time endeavoring to offer the best services and support to our valuable customers and other stakeholders and recognizing the accountability of the board vis-à-vis its various constituents including customers, shareholders, employees, government and regulating authorities.

3. Formulation of strength and other business plans:

The board of directors of your bank meet frequently to take strategic postures vis-à-vis competitions and to lay down various business plans for the achievement of the missions laid and goals set. Your bank has engaged the services of leading management consultants – price Waterhouse coopers for the formulation of business plan of the bank, recruiting the organization including succession planning and HR plan and also designing an asset liability management framework consistent with bank's risk appetite.

Board of Directors:

NAME OF THE BOARD OF DIRECTORS

- | | |
|--------------------------|--|
| 1. Haseeb A. Drabu | Chairman and CEO |
| 2. A K Mehta | Executive Director and Chief Operating Officer |
| 3. Abdul Majid Mir | Executive Director and Chief Financial Officer |
| 4. Ajit Singh | Senior President |
| 5. Kuldeep Kumar Sharma | President |
| 6. Mushtaq Ahmad | Executive Director |
| 7. Mohd.Yaseen Mir | Director |
| 8. B.L. Dogra | Director |
| 9. Umar Khurshid Tramboo | Director |

Vice Presidents:

Javeed Mustafa Rafiqi.

Ab. Rashid.

Mohammad Amin Narchoor

To sum up, the bank having completed the phase of consolidation is now

Moving into margin-enhancing growth phase led by the high economic growth of J&K State, greater financial deepening of the J&K economy specialized Sectoral lending in rest of the country and more intensive financial Intermediation.

Key Financial Ratios

Particulars	As on 31.03.08	As on 31.03.07
1. Earning per Share (Rs.)	56.62	36.48
2. Book Value per Share (Rs)	414.36	371.20
3. Gross NPA (Rs. In Crore)	501.83	370.19

4. Gross NPA (%)	2.89%	2.5%
5. Net NPA (Rs. In Crore)	193.57	133.87
6. Net NPA (%)	1.13%	0.92%
7. NPA Coverage Ratio (%)	61.43%	63.64%
8. Credit / Deposit Ratio (%)	67.79%	61.67%
9. CASA Ratio (%)	37.02%	34.17%
10. Return on Assets (%)	0.96%	0.67%
11. Return on Net worth (%)	14.67%	10.21%
12. Cost to Income Ratio (%)	40.13%	44.57%
13. Business per Employee (Rs. Lakh)	585.00	516.00
14. Net Profit per Employee (Rs. Lakh)	4.01	2.59
15. Capital Adequacy Ratio (%)	13.24%	13.52%
i) Tier I CRAR (%)	12.60%	13.09%
ii) Tier II CRAR (%)	0.64%	0.43%
16. Economic Value Addition (%)	12.06%	8.07%

Quarterly Results

Quarters:

Particulars

Dec 2008 Sep 2008 Jun 2007 Mar 2007

Type

3Qtr

2Qtr

1Qtr

4Qtr

Total Income	688.76	654.77	610.87	575.02
Operating Expenses	520.83	504.97	479.69	428.03
Operating Profit Before Prov. & Cont.	167.93	149.80	131.18	146.99
Provisions & Contingencies	8.77	4.00	19.00	46.00
Depreciation	0.00	0.00	0.00	0.00
Provision for Taxes	50.00	38.00	28.94	55.71
Deferred Tax	0.00	0.00	0.00	0.00
Net Profit	109.16	107.80	83.24	45.28
Extra-ordinary Items	0.00	0.00	0.00	0.00
Adjusted Profit After Extra-ordinary item	109.16	107.80	83.24	45.28
EPS (Unit Curr.)	22.52	22.24	17.17	9.34

Balance Sheet

Particulars	Mar 2008	Mar 2007	Mar 2006	Mar 2005	Mar 2003
Capital	48.49	48.49	48.49	48.25	48.20
Reserves and Surplus	1960.24	1750.98	1616.91	1545.49	1193.80
Deposits	25194.29	23484.64	21644.97	18661.38	14674.90

Borrowings	620.19	263.93	319.48	297.01	215.89
Other Liabilities & Provisions	823.31	900.94	792.98	653.63	660.96
TOTAL	28646.52	26448.98	24422.83	21205.76	16793.75
Cash & Balances with RBI	1854.77	937.88	1675.88	1534.60	720.56
Balances with Banks & money at Call & Short Notice	1758.99	1349.53	1502.38	1382.16	800.45
Investments	7392.19	8993.84	9031.91	8451.10	6737.82
Advances	17079.94	14483.10	11517.14	9284.94	8010.95
Fixed Assets	183.45	194.72	202.40	196.07	172.41
Other Assets	377.18	489.91	493.12	356.89	351.56
TOTAL	28646.52	26448.98	24422.83	21205.76	16793.75
Contingent Liabilities	3299.52	4970.13	4397.09	4016.89	2747.42
Bills for collection	541.35	380.18	520.13	366.98	384.15

Profit & Loss

Particulars	Mar 2008	Mar 2007	Mar 2006	Mar 2005	Mar 2004
Interest Earned	1899.33	1706.25	1549.23	1521.25	1427.36
Other Income	160.21	129.01	96.14	301.70	287.20

TOTAL	2059.54	1835.26	1645.37	1822.95	1714.56
Interest expended	1131.48	1042.53	952.99	901.36	900.95
Operating Expenses	372.44	361.89	322.80	293.17	259.89
Provisions & Contingencies	281.13	254.00	254.51	222.09	215.97
TOTAL	1785.05	1658.42	1530.30	1416.62	1376.81
Net Profit for the year	274.49	176.84	115.07	406.33	337.75
Prior Year Adjustments	0.00	1.45	0.00	0.00	0.00
Profit brought forward	0.00	107.94	0.00	0.00	0.00
TOTAL	274.49	286.23	115.07	406.33	337.75
Transfer to Statutory Reserves	68.62	44.62	28.80	101.58	84.44
Transfer to Other Reserves	140.64	197.39	-65.52	250.04	220.39
Proposed Dividend / Transfer to Government	65.23	44.22	43.85	54.71	32.92
Balance c/f to Balance Sheet	0.00	0.00	107.94	0.00	0.00
TOTAL	274.49	286.23	115.07	406.33	337.75
Equity Dividend	55.75	38.78	38.78	48.50	29.10
Corporate Dividend Tax	9.48	5.44	5.07	6.21	3.82
Equity Dividend (%)	115.00	80.00	80.00	100.00	60.00
Earning Per Share (Rs.)	54.65	35.35	22.69	82.93	69.28
Book Value	414.26	371.10	343.45	330.31	257.68
Extraordinary Items	0.00	0.00	0.00	0.00	0.00

Financial Ratio

Years	Mar 2008	Mar 2007	Mar 2006	Mar 2005	Mar 2004
Credit-Deposit (%)	64.84	57.61	51.61	51.88	52.33
Investment / Deposit (%)	33.66	39.94	43.38	45.56	45.28
Cash / Deposit (%)	5.74	5.79	7.97	6.76	6.29

Interest Expended / Interest Earned (%)	59.57	61.10	61.51	59.25	63.12
Other Income / Total Income (%)	7.78	7.03	5.84	16.55	16.75
Operating Expenses / Total Income (%)	18.08	19.72	19.62	16.08	15.16
Interest Income / Total Funds (%)	6.89	6.71	6.79	8.01	9.06
Interest Expended / Total Funds (%)	4.11	4.10	4.18	4.74	5.72
Net Interest Income / Total Funds (%)	2.79	2.61	2.61	3.26	3.34
Non Interest Income / Total Funds (%)	0.58	0.51	0.42	1.59	1.82
Operating Expenses / Total Funds (%)	1.35	1.42	1.41	1.54	1.65
Profit before Provisions / Total Funds (%)	2.02	1.69	1.62	3.31	3.52
Net Profit / Total funds (%)	1.00	0.70	0.50	2.14	2.14
RONW (%)	14.42	10.21	7.06	28.66	31.00

Share Price

Year	High(Rs.)	Low(Rs.)	Close(Rs.)	P/E High	P/E Low	P/E Close	Mkt (Rs. In Cr.)	Cap.
Mar 2008	750.00	570.00	681.90	14.45	9.22	12.04	3,305.85	
Feb 2008	800.00	610.00	713.50	15.00	10.10	12.60	3,459.05	
Jan 08	969.90	580.05	764.80	18.04	8.48	13.51	3,707.75	

Share							
Prices							
2007							
Dec							
2007	909.90	734.00	855.50	16.74	12.74	15.11	4,147.46
Nov							
2007	790.00	712.00	731.70	14.46	11.94	12.92	3,547.28
Oct							
2007	800.00	650.00	775.60	14.58	10.43	13.70	3,760.11
Sep							
2007	797.00	665.00	783.25	14.32	11.42	13.83	3,797.20
Aug							
2007	723.00	651.05	668.25	13.04	11.43	11.80	3,239.68
Jul							
2007	744.00	656.05	693.30	14.44	10.96	12.24	3,361.12
Jun							
2007	724.95	615.00	674.35	13.19	10.28	11.91	3,269.25
May							
2007	750.00	632.00	638.95	13.80	11.04	11.29	3,097.63
Apr							
2007	756.65	600.50	733.80	14.15	10.15	12.96	3,557.46
Mar							
2007	682.00	585.00	643.75	12.36	9.59	11.37	3,120.90
Feb							
	702.90	605.00	625.90	19.62	16.03	17.16	3,034.36
2007							
Jan							
2007	700.25	605.00	694.30	19.36	16.00	19.03	3,365.97
Share							
Prices							
2006							
Dec							
2006	695.00	521.00	619.55	20.18	13.51	16.98	3,003.58
Nov							
2006	557.80	450.00	534.70	15.42	11.71	14.66	2,592.23
Oct							
2006	498.00	443.00	469.00	14.20	12.08	12.86	2,273.71
Sep							
	456.00	390.50	448.15	12.72	10.59	12.29	2,172.63

2006							
Aug	442.00	375.05	427.55	12.53	10.20	11.72	2,072.76
2006							
Jul 2006	402.80	306.05	389.60	11.42	8.15	10.68	1,888.78
							1,838.85
Jun	399.00	360.00	379.30	11.41	9.60	10.40	
2006							
May	487.80	310.00	388.25	13.69	7.79	10.64	1,882.24
2006							
Apr	505.00	431.50	464.95	14.50	11.71	12.75	2,254.08
2006							
Mar	535.00	432.00	451.40	16.08	11.70	12.37	2,188.39
2006							
Feb	534.90	481.10	510.70	23.23	18.88	21.52	2,475.87
2006							
Jan 2006	550.00	450.00	527.85	23.52	16.99	22.24	2,559.02
Share							
Prices							
005							
Dec	563.90	457.00	485.85	27.57	18.42	20.47	2,355.40
2005							
Nov	496.00	408.00	468.40	22.41	15.95	19.73	2,270.80
2005							
Oct	508.00	426.05	439.20	22.20	16.71	18.50	2,129.24
2005							
Sep	519.00	408.00	453.10	23.84	16.03	19.09	2,196.63
2005							
Aug	489.95	413.00	422.40	20.91	16.98	17.80	2,047.80
2005							
Jul 2005	458.80	341.70	453.70	19.56	13.72	19.11	2,199.54
Jun	384.00	328.00	368.80	17.02	12.48	15.54	1,787.94
2005							
May	366.90	332.00	337.20	16.73	12.90	14.21	1,634.75
2005							

Apr 2005	400.00	335.05	361.30	17.22	12.82	15.22	1,751.58
Mar 2005	420.00	337.75	363.95	18.77	14.13	15.33	1,764.43
Feb 2005	378.00	330.00	360.20	4.61	3.85	4.30	1,746.97
Jan 2005	426.00	307.50	332.00	5.38	3.61	3.96	1,610.20

Analysis and Interpretation of Data:

Introduction:

In the present competitive market condition, a customer is considered to be the king. The customer of the present day dictates the terms and conditions through which his / her needs are to be fulfilled. Banking industry, which is one of the major financial service providers in the economy, draws the attention of many with regard to the customer's services. In this context a study has been conducted to measure the satisfaction level of customers, which also will give the banker an idea of where they stand and how customers perceive them.

Table No.4.1:

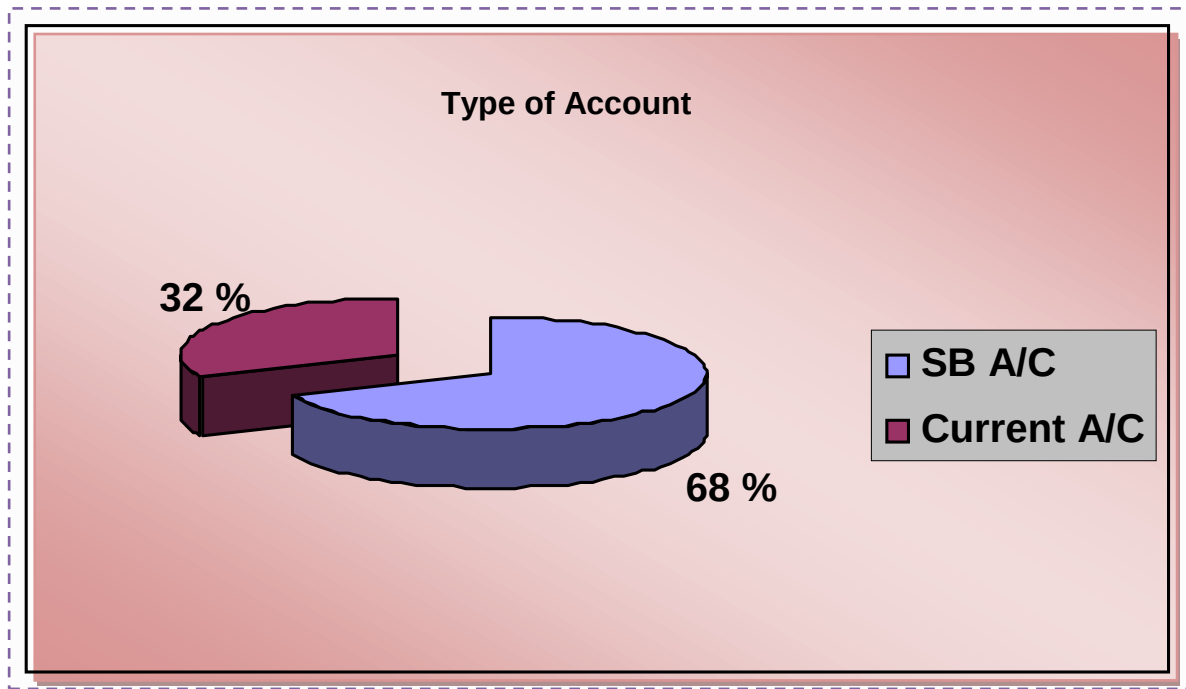
Showing no of customers having Saving (SB) A/C & current A/C:

S No.	Type Of Account	No. of Respondents	% age
1)	SB A/C	68	68
2)	Current A/C	32	32
Total		100	100

Interpretation:

Most of the customers visiting the bank are satisfied with the saving bank accounts with the J&K bank and prefer to make a relation with the bank by opening up the savings account.

Graph NO.4.1:



Analysis:

So from the above chart it is clear that 68 % of Customers have SB A/C with the bank and 32% have Current bank account with the J&K bank

Table No.4.2:

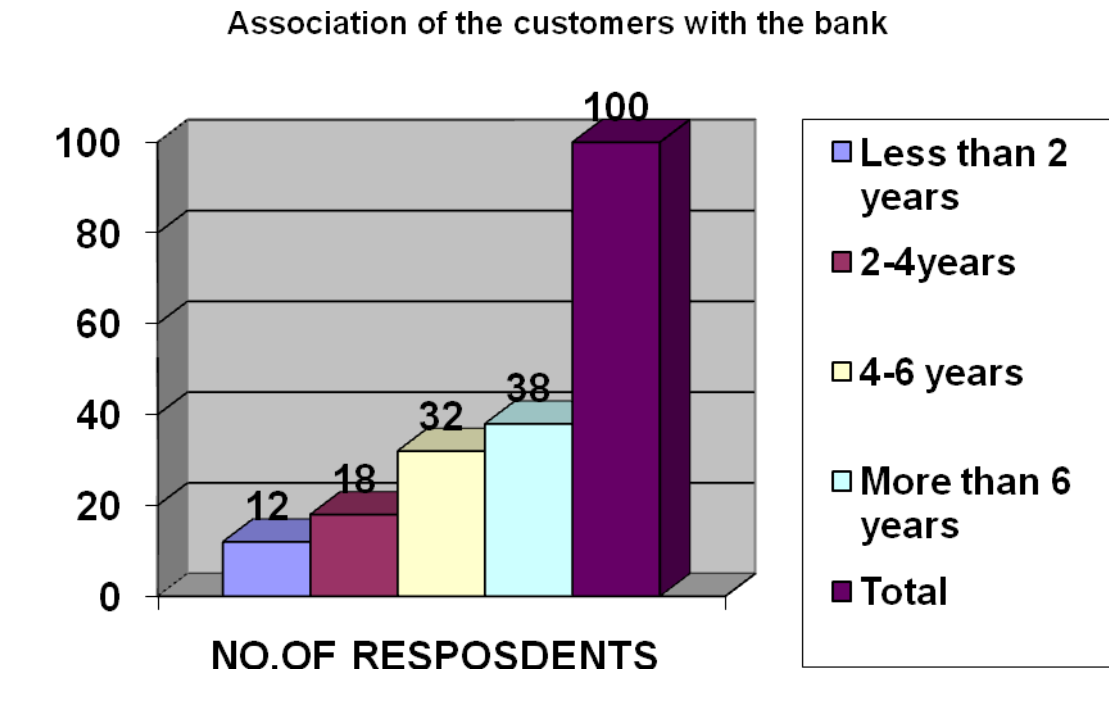
Table showing association of customers with the bank

S NO.	NO.OF YEARS	NO.OF RESPOSDENTS	%AGE
1)	Less than 2 years	12	12%
2)	2-4years	18	18%
3)	4-6 years	32	32%
4)	More than 6 years	38	38%

5)	Total	100	100%
----	-------	-----	------

Graph No.4. 2:





Analysis:

So from the above chart it is clear that 38% of respondents have association with the bank from more than 6 years which are followed by those who have association with the bank from 4 to 6 years .The association of the customers with the bank has a direct relationship relating to the customers satisfaction. Generally, longer the association with the bank betters the satisfaction level of the customer.

Table No.4.3:

Table showing reasons for holding the account with the banker

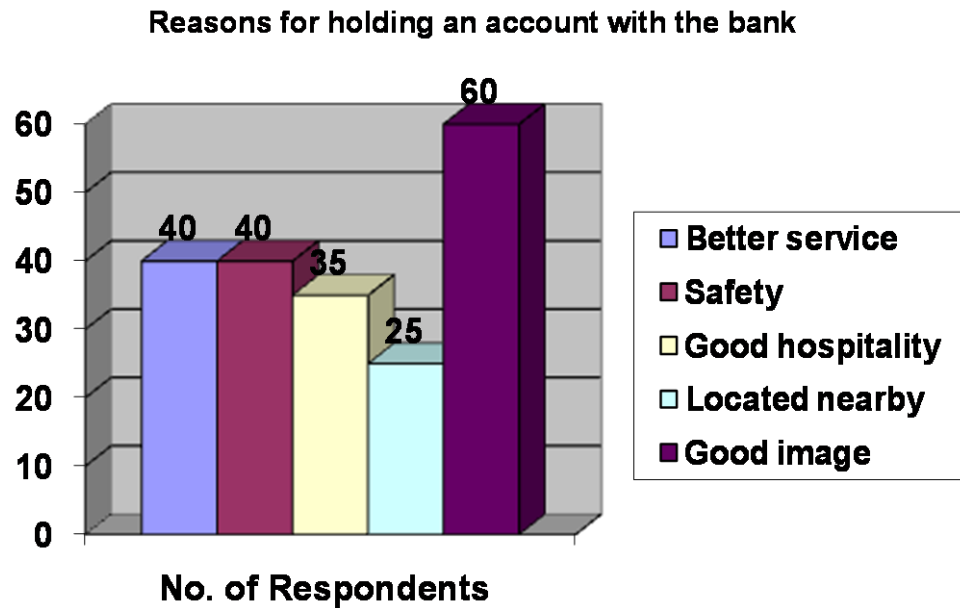
S NO.	Reasons for holding the account	No. of Respondents	% age
1)	Better service	40	40
2)	Safety	40	40
3)	Good hospitality	35	35
4)	Located nearby	25	25
5)	Good image	60	60

Interpretation:

Any customer for that matter looks the convenience and benefits while holding the account with the banker. In this study the questionnaire contained a question relating to the reason for opening the account with the banks. The respondents responded to this question positively and the same has been depicted in the above table.

GRAPH No.4. 3:





Analysis:

From the above it is clear that 60% of the respondents consider good image as first priority for opening their account in the bank. Where as 40% each consider better service and safety, 35% as good hospitality and 25% as location of the bank .So it is clear that most of the customers have opened the bank account with the banker due to good image. Next to the good image the respondents expects the better service and safety. And moreover a customer also expects location nearby and good hospitality. So is the reason that good hospitality and location nearby is being taken care of.

Table No.4.4:

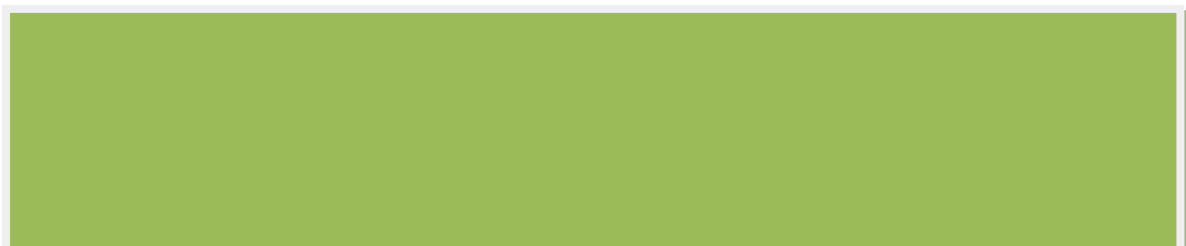
Table showing the various services availed by the customers

S No.	Nature of the Services	No. of Respondents	%age
1)	Saving bank account	68	68
2)	Current account	32	32
3)	Fixed deposit	30	30
4)	Locker facility	52	52
5)	DD and MT service	81	81
6)	Loan facilities	40	40
7)	Acceptance of bills	25	25

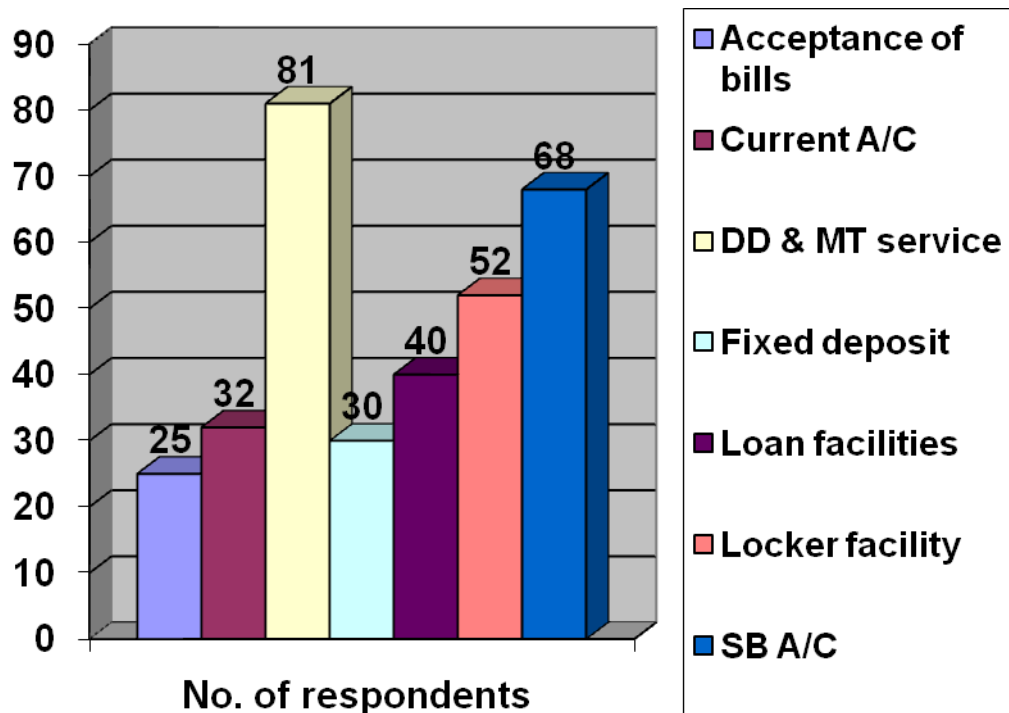
Interpretation:

Banking operations and services go hand in hand. Since banking being a service industry facilities for a smooth functioning of commerce and trade. Banker and customer relationship will be stronger if the services offered were to be at the satisfaction of the customers. Banker is nothing if not a service. The needs and wants of the customers have been increasing day to day due to the changes in the economic factors and changing life styles of the individuals.

Graph No. 4.4:



Various services availed by the customers



Analysis:

Above table showing that 68% of respondents are holding savings bank account, 32% holding current account, 81% avail DD/MT services, 30% have fixed deposit, 52% avail locker facility, 40% go for loan facility and only 25% go for the acceptance of bills.

So it is evident that most of the customers have availed the services of DD/MT. Saving account, loan facility, current account and fixed deposit account follow the savings bank account. Acceptance of bills on behalf of the customers in the bank was less compared to other services available by the customers.

Table No. 4.5:

Table showing frequency of transactions with the bank

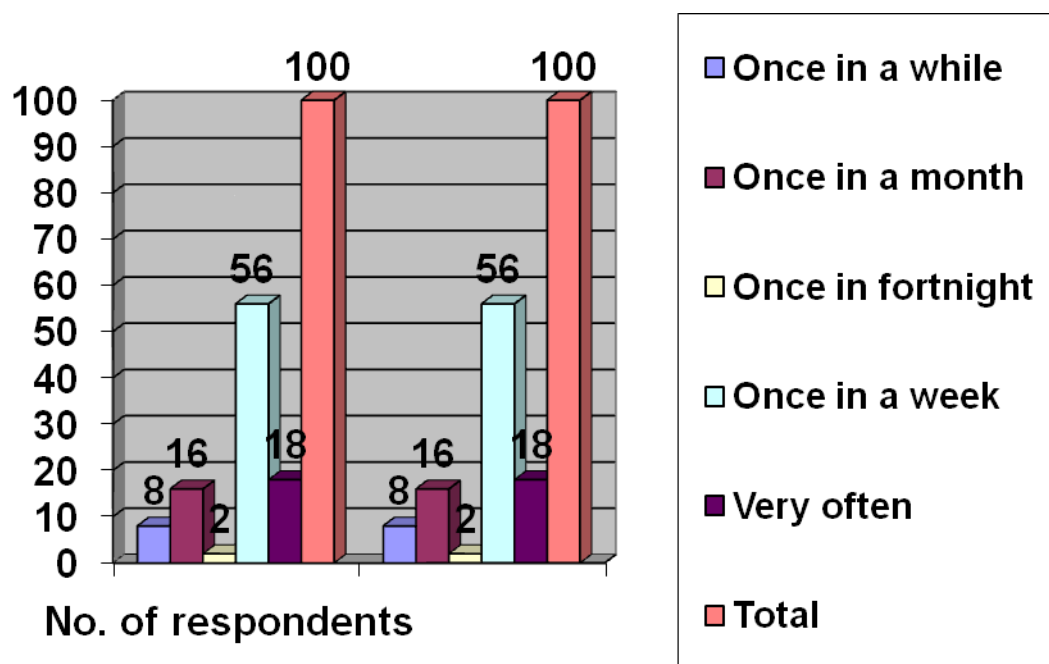
S No.	Frequency of transactions	No. of Respondents	% age
1)	Once in a while	8	8
2)	Once in a month	16	16
3)	Once in fortnight	2	2
4)	Once in a week	56	56
5)	Very often	18	18
	Total	100	100

Interpretation

Frequency of banking operations though not directly related to the customer level of satisfaction, but it is also an indicator of satisfaction. A satisfied customer wishes to maintain all his banking transaction with one banker and as such his frequency of operation will be more. A dissatisfied customer may express his dissatisfaction through not keeping all his transaction with the same banker, and may maintain only for sake of maintaining the bank account. Thus the frequency also has a relevance to the level customer satisfaction. The volume of transaction and their frequency also matters while analyzing the level of customer satisfaction

Graph No.4. 5:

Frequency of transactions with bank



Analysis:

From the above graph it is evident that 56% of the respondents operate with the banker once in a week, 18% very often and once in a month 16%, where as only 8% once in a while and 2% once in a fortnight.

Analysis of the above table shows that most of the customers of the bank were operating the bank account once in week, while few customers only operate once in a fort night.

Table No.4. 6:

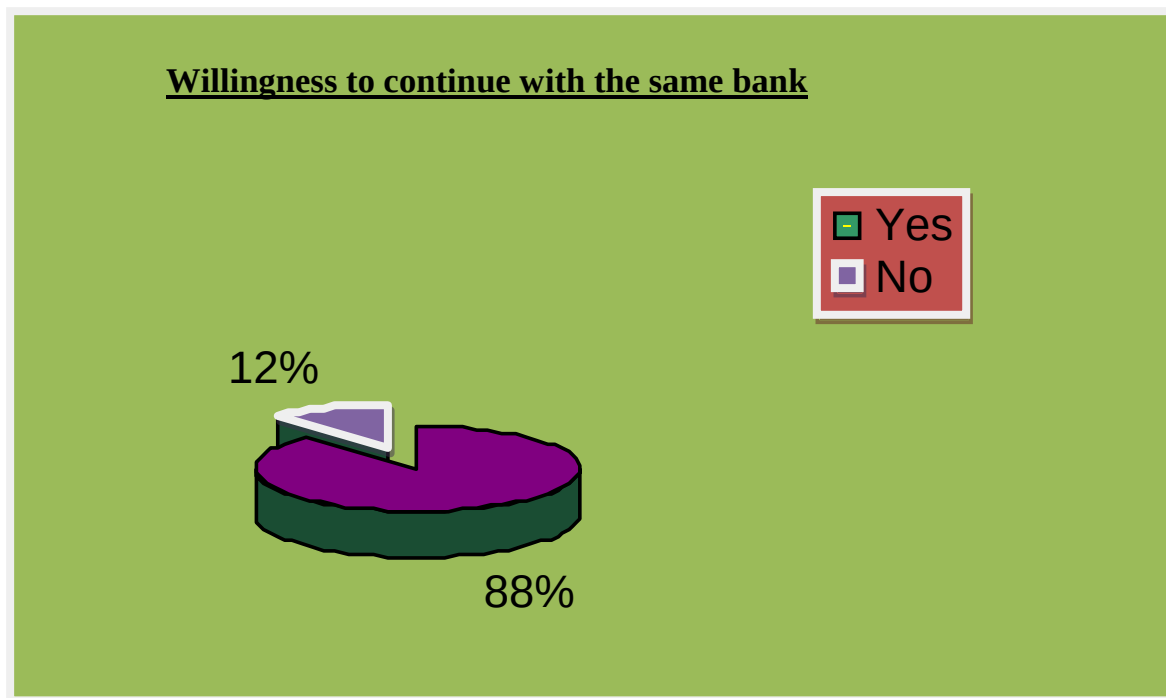
Table showing customer's willingness to continue with the same bank

S No.	Willingness	No. of Respondents	% age
1)	Yes	88	88
2)	No	12	12
Total		100	100

Interpretation:

There is a say that a satisfied customer will bring hundreds of customers while a dissatisfied customer may become a cause for whole business to fail. It is this view that customers are required to be well treated irrespective of their caste, sex, religion, etc. Only satisfied customer wishes to continue to hold account with the banker and in turn he or she express their satisfaction through continuity.

Graph No. 4. 6:



Analysis:

From the above it is clear that 88% of the respondents want to continue with the same bank where as 12% are not willing to continue with the same bank. The analysis of the responses shows that most of the respondents of the bank have express their willingness to continue with the banker.

Table No. 4.7:

Table showing willingness of customers to introduce friends and / or relatives.

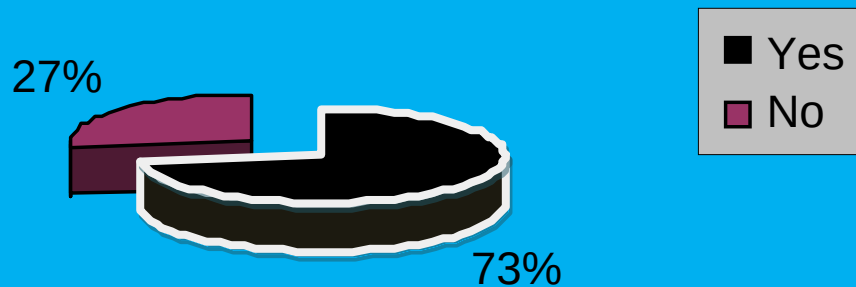
S No.	Response	No. of Respondents	% age
1)	Yes	73	73
2)	No	27	27
Total		100	100

Interpretation:

It is well said that only a customer will bring more customer to a business. This statement is very true in case of banking industry. It is mandatory that the new customer who wishes to open an account with the banker should open the account through the introduction of an existing account holder. No customer will introduce his close associates to open an account with the bank unless he himself is satisfied. Thus the above stated question has relevance with regard to customer relations management.

Graph No.4.7:

**Willingness of customers to introduce
Relatives and friends**



Analysis:

Table showing there are 73% of respondents who are willing to introduce their friends and / or relatives where as 27% are not willing to do so.

From the analysis of table and chart it is evident that most of customers show their willingness to introduce new customer to the bank. Moreover it is mandatory in most of the banks to have some reference while opening a new account.

Table No. 4. 8:

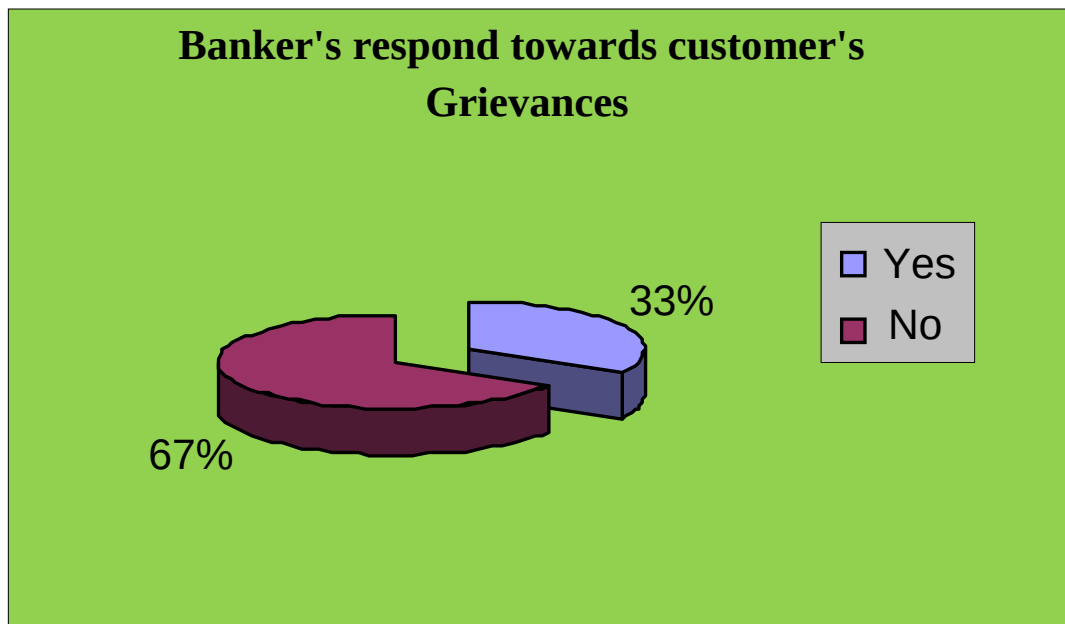
Table showing banker's response towards customer's grievances

S No.	Responses	No of Respondents	% age
1	Yes	33	33
2	No	67	67
Total		100	100

Interpretation:

In any service industry the first and foremost aspect is grievances and their handling. In banks the customer will come cross one or the other forms of difficulties while operating their accounts. It is the moral duty of the banker to attend to all those customer complaints and grievances and amicably resolve them. The customer who gets his grievances addressed will in time and with attention feels satisfied. Hence an attempt has been made under this study to know whether the customer had come across any difficulty, and if so how the same has been addressed by the banker.

Graph No. 4.8:



Analysis:

In general, banking customers will not come many grievances. They may come across some difficulties with regard to some banking procedures, delays in execution, sanctioning etc. From the analysis of above data it is evident that only few customers are satisfied with the grievance handling procedure of the bank, most of them are unsatisfied.

Table No. 4. 9:

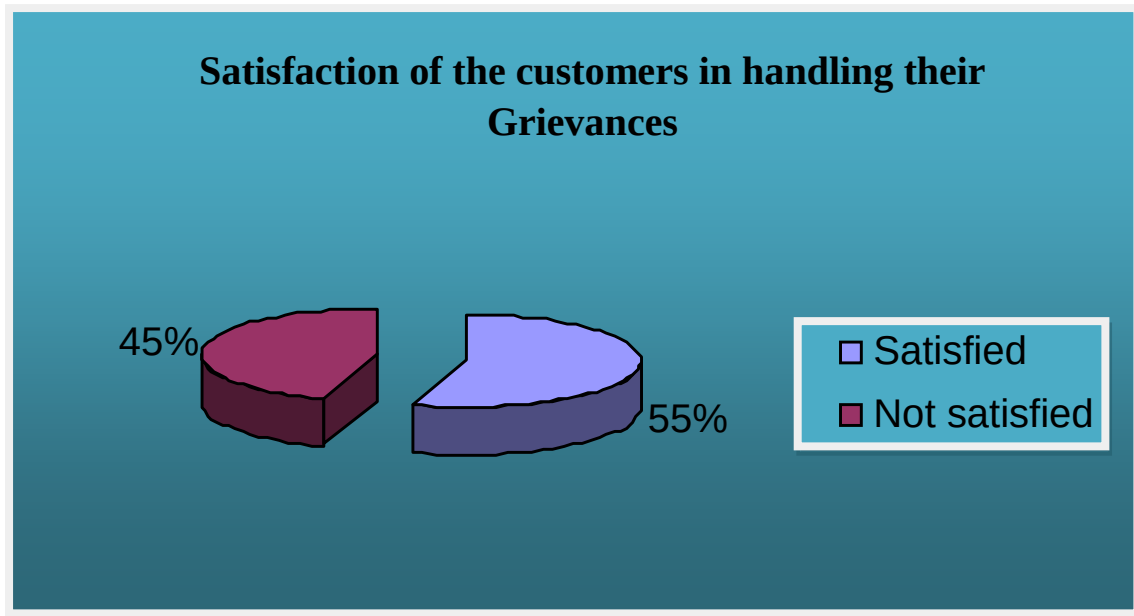
Table showing satisfaction level of customers in handling grievances by the bank

S No.	Satisfaction level	No of Respondents	% age
1	Satisfied	54	54
2	Not satisfied	44	44
Total		100	100

Interpretation:

Generally a customer may come across with some difficulty while operating his account. More than the grievances it is the way in which it is handled matter a lot. The grievances, which the customers come across, have to be resolved quickly and in a better manner.

Graph No. 4. 9:



Analysis:

From the above it is clear that 54% of respondents are satisfied with the banker's way of handling the grievances where as only 46% are not satisfied.

From the analysis of the statistics relating to the satisfaction level of customers relating to the way in which the bankers handled the grievances, show that the customers are not so much satisfied with their bankers. When the grievances are well handled, it will not look like a problem; hence the satisfaction level of customers will be intact.

Table No. 4.10:

Table showing satisfaction level of customers about the information of the new products offered by the bank.

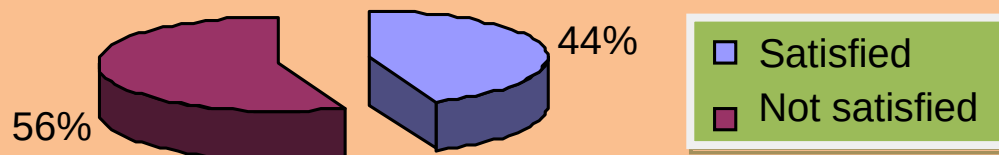
S No.	Satisfaction Level	No of Respondents	% age
1	Satisfied	44	44
2	Not satisfied	56	56
Total		100	100

Interpretation:

Customer may come across with some difficulty of not getting the proper information about bank's new products. So the customer should be informed about the latest products on regular basis.

Graph No. 4. 10:

**Satisfaction of customers about information of new
Products**



Analysis:

From the above it is clear that 56% of respondents are not satisfied with the banker's way of giving the information where as only 44% are satisfied.

From the analysis of the statistics relating to the satisfaction level of customers relating to the way in which the bankers giving information about its new products show that most of the customers are not quite satisfied with their bankers.

Table No. 4. 11:

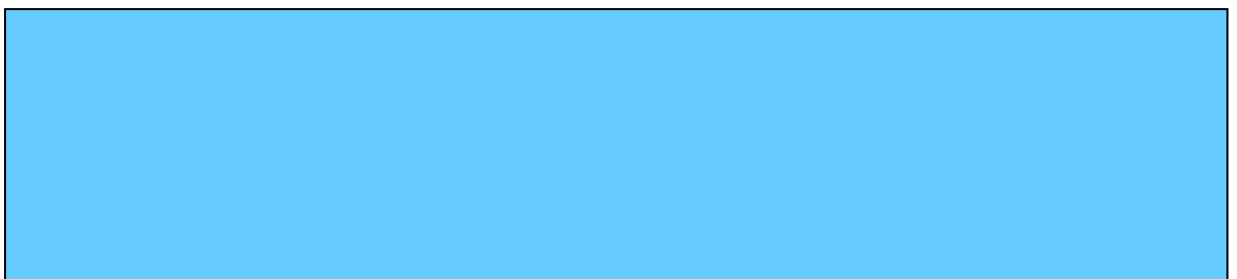
Table showing the types of loans customers are aware of:

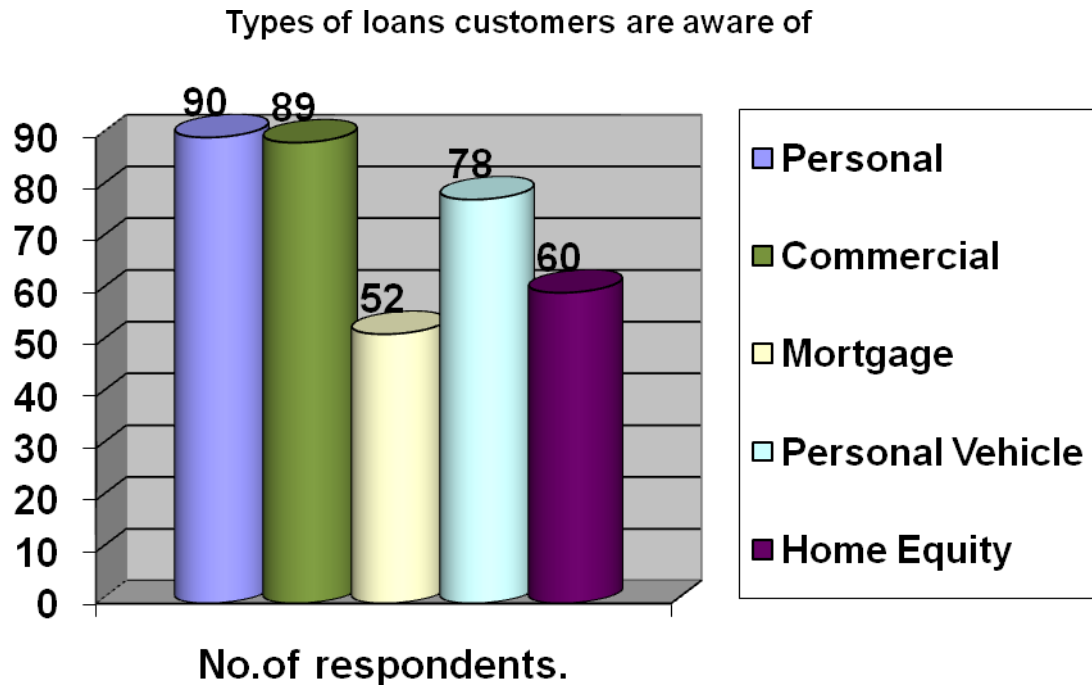
Type of loan.	No. of Respondents.	%age
Personal	90	90
Commercial	89	89
Mortgage	52	52
Personal Vehicle	78	78
Home Equity	60	60

Interpretation

Today every industry is focusing on giving the information of its offerings to each and every customer. Customer needs and wants are unlimited, so it becomes necessary for the banker to know those needs and wants and simultaneously update their knowledge.

Graph No. 4. 11:





Analysis:

Above table showing that 90% of respondents are aware of personal loans, 89% of commercial, 78% of personal vehicle, 60% of home equity and 52 of mortgage.

So it is evident that most of the customers are aware of all the loan products offered by the bank.

Table No. 4.12:

Table showing satisfaction level of the customers with the loan products

offered by the bank

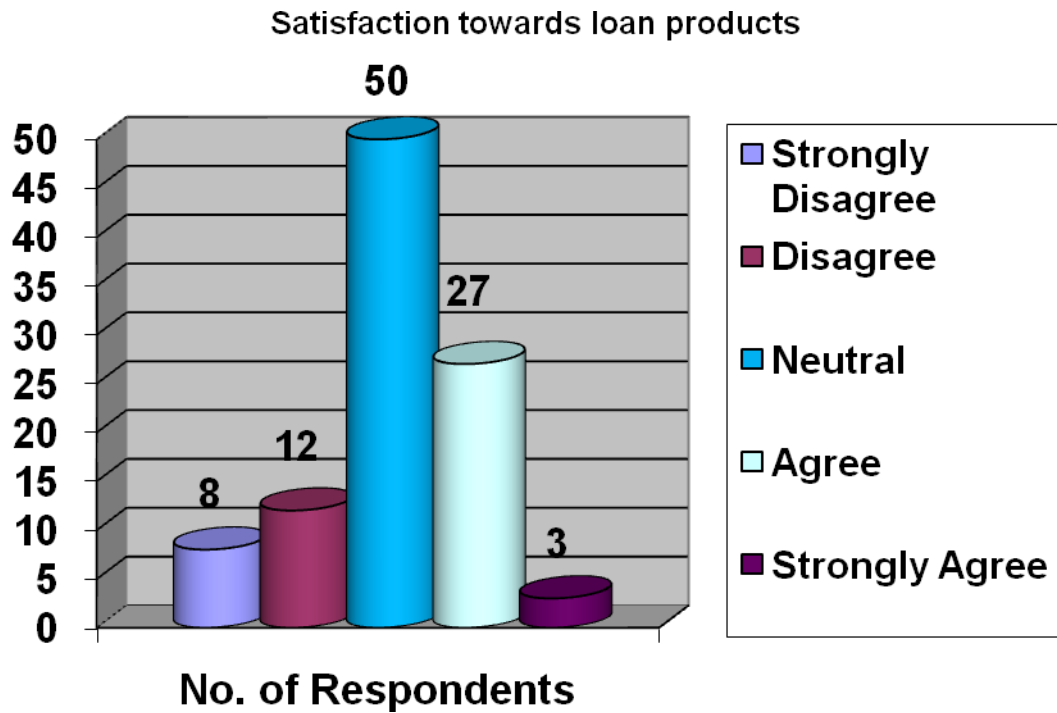
S. No.	Level of Satisfaction	No. of Respondents	Percentage
1	Strongly Disagree	8	8
2	Disagree	12	12
3	Neutral	50	50
4	Agree	27	27
5	Strongly Agree	3	3

Interpretation:

Customers want easy assessability to the loan products offered by the bank. So it becomes mandatory for the banker to offer loan products with fewer hassles.

Graph No. 4. 12:





Analysis:

Above table shows that 50% of customers are neutral, 27% agree, 12% disagree, 8% strongly agree and 3% strongly agree with the Satisfaction level of the loan products offered by the bank. Thus it clearly shows that most of the customers are satisfied with the loan facility offered by the bank.

Table No. 4. 13:

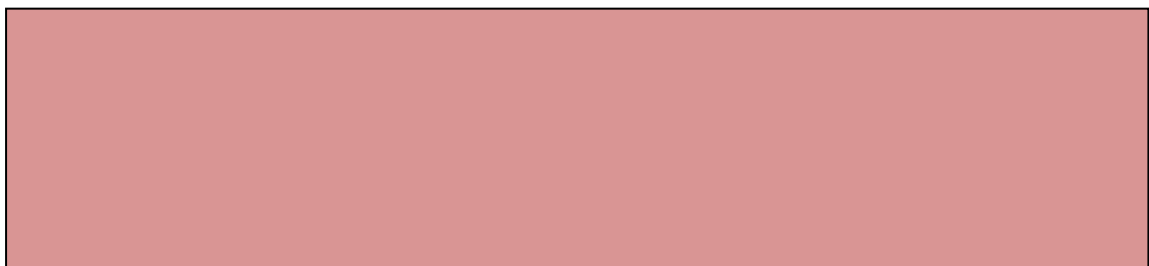
Table showing customers views on ATM banking services

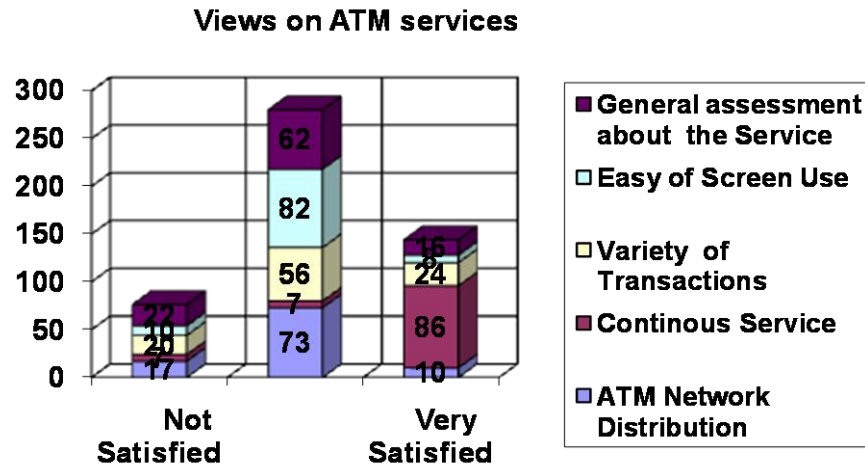
ATM Banking Service.	Not Satisfied	Satisfied	Very Satisfied
ATM Network Distribution	17	7	10
Continuous Service	7	7	86
Variety of Transactions	20	56	24
Easy of Screen Use	10	82	8
General assessment about the Service	22	62	16

Interpretation:

Customers in today's world are very busy, so they have less time to visit the bank. So every bank should provide easy to access ATM network..Hence an attempt has been made under this study to know whether the customer had come across any difficulty.

Graph No. 4. 13:





Analysis:

From the analysis of various ATM services offered by the bank under the study, it is evident that most of the respondents of the banks expressed their responses more towards satisfaction level. ATM services included the services relating to ATM network, continuous services, variety of transactions, easy of use screen and general assessment about the service.

Table No. 4.14:

Table showing satisfaction level of the customers with the online banking

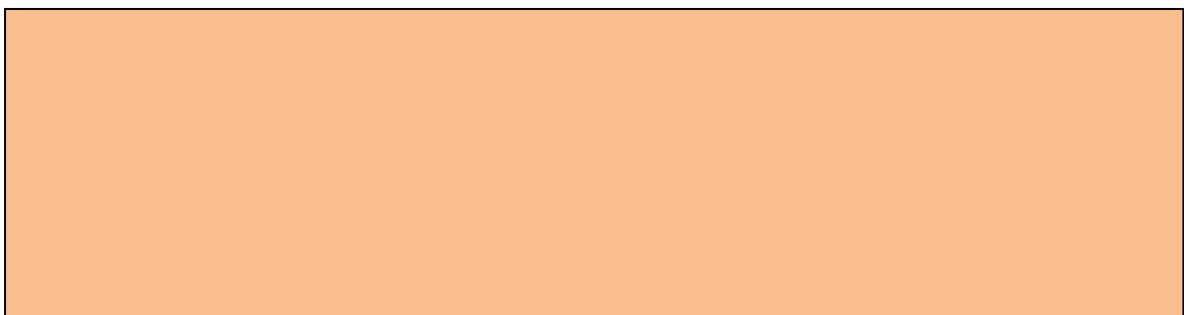
service:

S. No	Level of Satisfaction	No. of Respondents	Percentage
1	Strongly Disagree	20	20
2	Disagree	10	10
3	Neutral	27	27
4	Agree	33	33
5	Strongly Agree	10	10

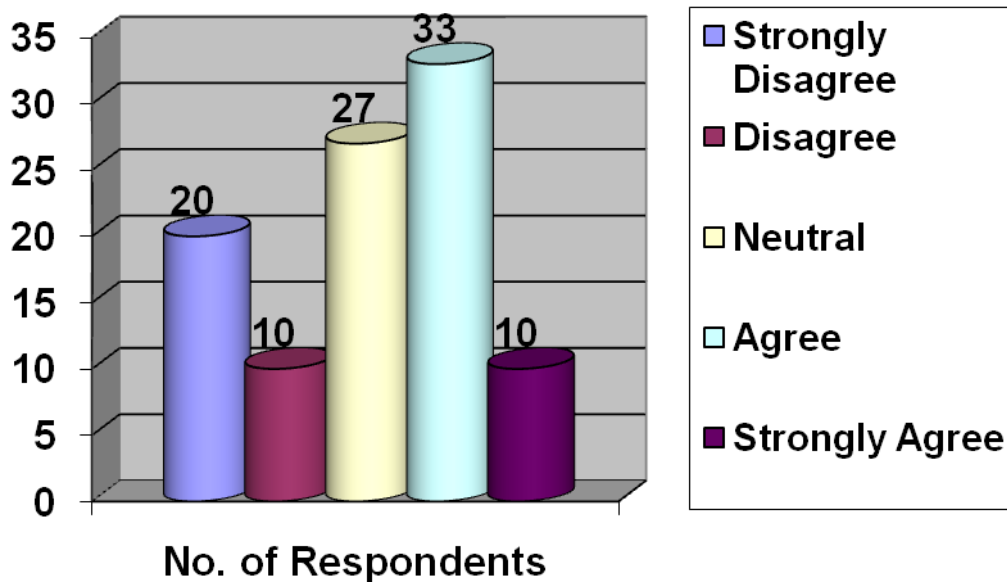
Interpretation:

Today almost all customers do not want to visit banks on the regular basis. They prefer to remain at their places and do the transaction on line. This has become possible with the advent of internet. Therefore most of the trasactions are taking place online. Thus making it convenient for the customers and thereby increasing their satisfaction level Hence an attempt has been made under this study to know whether the customer is satisfied with the online banking service or not.

Graph No. 4.14:



satisfaction with online banking service



Analysis:

Above table shows that 33% of customers agree, 27% remain neutral, 20% disagree, 10% strongly agree and 10% strongly agree with the Satisfaction level of the online banking service. Thus it clearly shows that almost 57% of the customers are satisfied with the online banking service

Table No. 4.15:

SERVICES OFFERED	EXCELENT	SATISFACTORY	AVERAGE	UNSATISFACTORY	POOR
------------------	----------	--------------	---------	----------------	------

Opening an account	41	22	18	12	7
Accounting operations	53	28	17	2	0
Issuing DD/MT	24	41	23	9	3
Attending to enquiries	4	18	56	16	6
Addressing the grievances	5	25	7	58	6
Loan sanctioning procedures	10	30	40	12	8
Facilitating services	13	30	27	21	9
Treatment of the customers	22	40	28	8	2

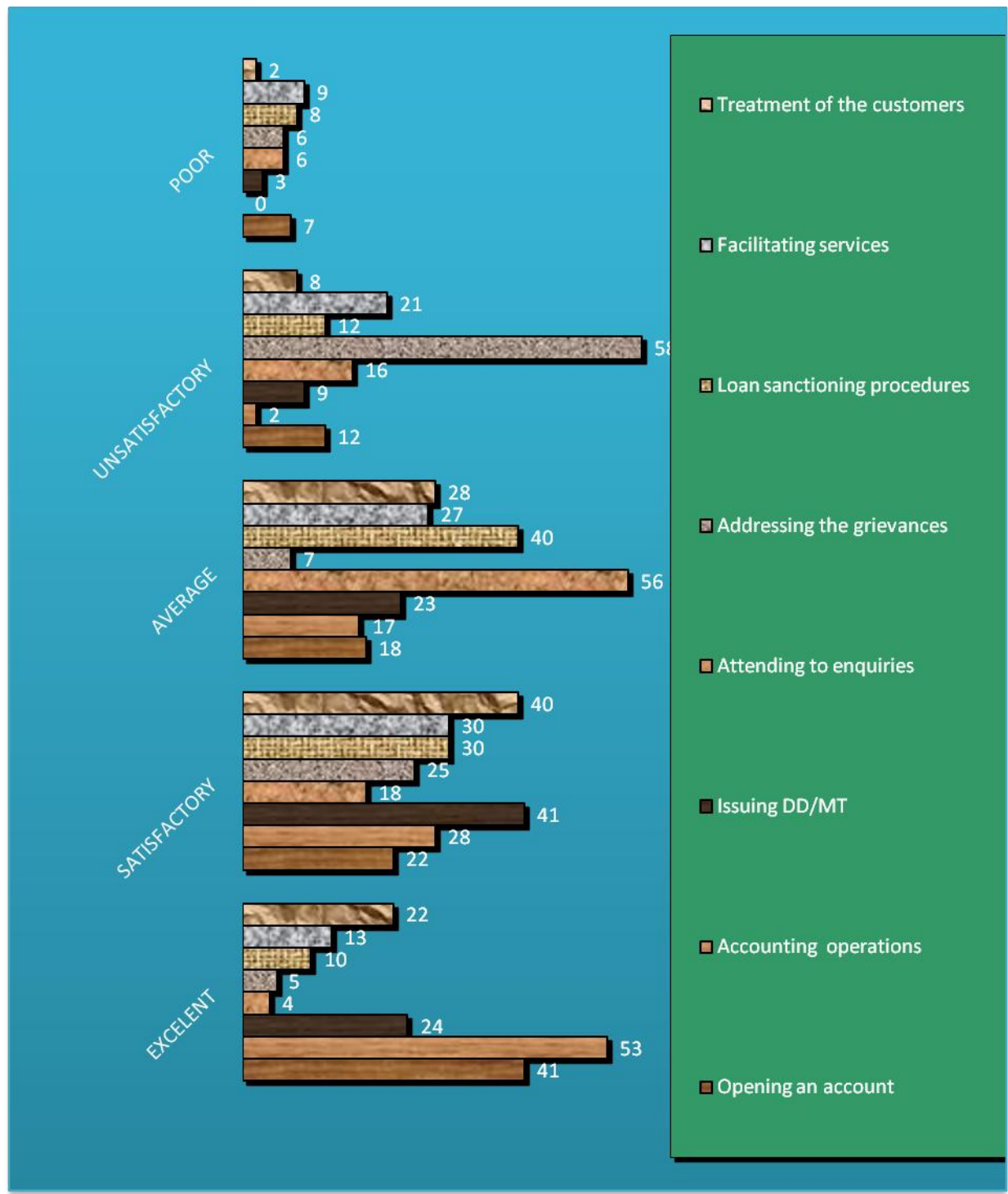
Table showing the satisfaction level of customers in regard with the various services offered by the bank

Interpretation

Services have been graded on the basis of customer satisfaction. The respondents have been asked to rank the services in five point scale as to excellent, satisfactory, average, unsatisfactory and poor.

Graph No. 4.15:

Graph showing Satisfaction of customers with regards to various services offered by the Bank



Analysis

From the analysis of the grading of various services offered by the bank under the study, it is evident that most of the respondents of the banks expressed their responses more towards satisfaction level.

Facilitating services included the services relating to acceptance and payment of customers obligations viz, acceptance of telephone bills, income tax dues, property tax collection etc. As far as addressing the grievances service is concerned most of the customers have shown dissatisfaction level as compared to other services offered by the bank. It is also evident from the above statistics that customers are showing more dissatisfaction level in cases such as issue of addressing the grievances and attending to enquiries.

Findings and suggestions

Summary of findings

In the past present competitive service industry, the firms started to compete on the weapon of service quality. Quality service means a service, which meets the needs and wants of a customer. The customer needs have to be fulfilled after a through survey relating to the customer wants. Many marketing research institutes and organization have successfully come out with many researches to find out the needs and wants of the customers. The principal task of any marketer is to fulfill the aspirations of the customers. It is thus imperative to understand what the customer wants, how they make the various choice decisions, or what their sources of information are and influence process etc. as such, marketing research is the function which provides the necessary information about the customer to the market. In this process, an organization can identify new opportunities in the market, evaluate and monitor marketing action, and in general, evolve better marketing programs to serve the interest of customer. Thus marketing research acts as the link between the customer and marketer. At par with the marketing research, an attempt has been made this study to know the satisfaction level of the customer of J &K bank with regards to various services the bank offers. To meet this end the following objectives has been set under this study.

- To analyze the impact of customer's relationship management in corporate sector.
- To study the existing relationship with banker and customer.
- To suggest the measure to improve upon customer relationship in banks

With this objective, the study has been undertaken to know what the customers exactly expects and whether the bank meets them or not, and study is conducted with the customer of J & K bank. Samples size of 100 customers in the bank has been selected at random and an interview schedule has been used to collect the responses from them. The end of the analysis of all the data collected, the analysis revealed the following.

- Majority of the customers were holding account with the banker for the past 6years. Only few respondents have account with the banks between 2-4 years.
- The respondents were expecting good image, better service and safety in their bank accounts

- Hospitality and convenience have been expected only next to safety and better service quality.
- As far as the image of the bank is concerned. The bank has enormously grown as compared to the previous years. So bank has very good chances to improve their image.
- The number of customers holding fixed deposit account with the J &K bank is little less than those holding saving bank account.
- The level of satisfaction has been studied through the customer's responses relating to the willingness to continue with the banker. It is assumed that only a satisfied customer will wish to continue with the banker. This study reveals that most of customers of the banker have a positive attitude towards their bankers.
- A satisfied customer also will bring new customers. The study revealed that majority of the existing customers of J &K expressed their wish to introduce the new customer to bank.
- Grievances no doubt, a common problem one will encounter in the services industry, more than the grievances it matters how they have been well addressed. The customers the bank have only few grievances. But the grievance handling need some improvement
- The frequency of banking operation and volume of the transaction also shows how much a customer is satisfied. It is found in the study majority of the customers of both the banks operate once in a week as compared to operating once in a fortnight, which is very low in the both the cases.
- Most of the customers have shown satisfaction with the loan products offered by the bank.
- The bank is widening its network throughout the country
- The bank is also providing the facilities like ATM, any where banking and tele -banking which facilities the customers to ease their operation.

Suggestions and Recommendations:

From the analysis of the collected, it is found that customers in banks expect a quick and quality service which the bank can offer without much financial burden. The following are suggestions, which can be considered for improving the quality of service, and improve the level of satisfaction to the banking customers.

- The bank should simplify the document procedures while sanctioning the loan, thereby the time involved in sanctioning the loans can be reduced to some extent.
- The emergency of new private sector banks in March 1995 exposed the customers expect a quality service at par with a private and foreign, thus the bank under study should concentrate in this area to extend a quality service.
- The quality service in private banks are possible because of the use of latest technology, hence the bank under study also should implement the latest technology available to meet the needs of the customers.
- The bank under study shows that at present they have more number of satisfied customers, and hence the bank has to concentrate in maintaining the technology and service at par with the other banks.
- The bank should expand the ATM centers in commercial locations of the cities.
- The bank should spend on promotional activities for the awareness of the bank.
- The bank should give more emphasis on marketing to increase the customer base.
- The bank under study should respond to the grievances made by the customers in the positive manner.

Conclusion

Privatization, the liberalization and globalization are important contemporary forces. Only those enterprise can survive, which work economically and effectively, providing customer-oriented

service and using the latest technology. Today, Government –owned bodies, particularly in India, are not providing customers satisfaction services, though they have a very huge infrastructure of large base. The truth of this observation becomes obvious when we observe the performance of public sector bank in India, in efficiencies of the public sector banks. With four years, private sector banks have set a blistering pace of growth, easily beating the growth rate of public sector banks. The base for these private banks is very small, but their share in the total net profit of banking system is disproportionately high. The study has been conducted with the J&K bank which a state is owned bank.

In the competitive market economy, firms can survive only if it could assess the needs of the customer well in advance and meet the same in time. A customer in banking industry expects a good service needs, which can be fulfilled well only when the banker identifies what the customer needs. With the advent of science and technology, the banks started offer techno-oriented services and also use this to out beat the competitors. Thus this study to some extent threw the ideas of customer's expectation and how the same has been fulfilled by the banks under study.

To conclude, bank which acts as one of the main facilitator in removing the hindrances of commerce and trade, can become an effective, economic and efficient facilitator, through offering a qualitative and quick services to their customers. This will enable not only a customer to meet his needs but also the economy as a whole.

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3. Organizational behavior.	Stephan. P. robins	4 th
4. Consumer behavior.	Schiff man. N. Kanuk	3rd

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1. Business line.
2. Business today.
3. Economic times.

Questionnaire for customers

1. What type of account do you have?

S.B A/C

☐

Current A/C

☐

2. How long you have been associated with the bank?

Less than 2 years

☐

2-4 years

☐

4-6 years

☐

6 and more years

☐

3. Which of the following are the reasons for holding an A/C with J&K bank?

Better services

☐

Safety

☐

Good hospitality

☐

Located nearby

☐

Good image

☐

any other ----- (specify)

4. Which of the following services do you avail from the bank?

S.B A/C

☐

Current A/C

☐

Fixed deposit

☐

Locker facility

☐

DD/MT services

☐

Acceptance of a bill

☐

Loan facility

☐

5. How frequently are you transacting with the bank?

Once in a while

☐

Once in a month

☐☐

Once in a fortnight

☐

Once in a week

Very often

☐

6. Would you like to continue your operations with this bank?

Yes

☐

No

☐

7. Would you like to introduce friends and/or relatives to the bank?

Yes

☐

No

☐

8. Does the banker respond to your grievances?

Yes

☐

No

☐

9. Are you satisfied with the way your banker handle your grievances?

Yes

☐

No

☐

10. Does the bank inform you about the bank's new products?

Yes

☐

No

☐

12. Are you aware of e-banking service provided by J&K Bank?

A). If yes, do you use e-banking service?

Yes

☐

No

☐

B). if yes, are you satisfied with the e-banking facility?

Yes

☐

No

☐

Finally, THANKS for participating in our customer satisfaction survey.