



ROLE OF E-BANKING IN LPG OF INDIA

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Abstract:- In India Indian Banking, Liberalization, Privatization and Globalization play a very important role. The present study depicts that the online banking system in India and the concepts of LPG in Indian Banking Sector and also as well as researcher taken the various review of other authors. E-Banking system is very simple, cost less, and timeless with security. The researcher has discussed the concept of E-Banking with figure. The concept of Privatization refers to the transfer of assets or service functions from public to private ownership. Liberalization refers to relaxation of previous government restrictions usually in areas of social and economic policies and Globalization is the process of interaction and integration among the people, companies, and governments of different nations and lastly the researcher has concluded this research.

Keywords:E-Banking, Liberalization, Privatization and Globalization.

1.INTRODUCTION :

In the age of Liberalization, Privatization and Globalization Indian Banking plays an important role in strengthens Indian economy. Electronic Banking includes all monetary and non-monetary transaction via electronic systems. In modern economics banking has very important place. Banks provides a lot of facilities to the customers and fulfills their needs easily. Banking plays a very important role to develop Indian economy like importance of Bloodline in the human body. The banking system has capacity to add to the total supply of money by means of credit creations.



The Indian banking sector has emerged as one of the strongest driver's of India's economic growth. The Indian banking industry has made an outstanding advancement in last few years. The Indian banking can be broadly

categorized into nationalized (government owned), private banks and specialized banking institutions. The Reserve Bank of India acts a centralized body monitoring any discrepancies and shortcoming in the system. Since, the nationalization of banks in 1969. The public sector banks or the nationalized banks have acquired a place of prominence and has since then seen tremendous progress. The need to become highly customer focused has forced the slow-moving public sector banks to adopt a fast track approach.

2. REVIEW OF LITERATURE:

P.K.Gupta Jamia Milia Islamia

(2008): Study relates with ‘ Internet Banking In India – Consumer Concerns And Bank Strategies’ study suggest that Internet banking in India is only at its primitive stage dominated by the Indian private and foreign banks. The use of Internet banking is confined to a few consumer segments. The legal framework as its exists requires an updating to streamline and handle the issues associated with Internet banking.

Sreya Guha (2012): Study relates

With ‘Paperless Banking in Indian Public Sector Banks’ study suggest that paperless banking system is required for day-to-day banking transaction to reduce paper cost of banking.

3. RESEARCH METHODOLOGY:

The present study is based on mostly on secondary sources of data. Which are collected from Various Books, Research Journals, Annual Report of RBI, Research Articles and various websites to conclude the present research paper.

4. OBJECTIVES OF THE STUDY:

The following objectives are made for current research.

1. To understand the concept of E-Banking.
2. To know the concept of liberalization, privatization and globalization.

5. CONCEPT OF E-BANKING:

Web Banking or Internet Banking is a term used to describe banking transactions that are performed via a secured Internet application. Web Banking transactions include such things as paying bills, transferring funds, viewing account statements and paying down loans and mortgages. Although Web Banking has been popular among young Internet-savvy people for many years, its popularity is expected to



grow rapidly as Internet usage grows internationally and people discover the many advantages that it provides. Online banking is an electronic payment system that enables customers of a financial institution to conduct financial transactions on a website operated by the institution, such as a retail bank, virtual bank, credit union or building society. Online banking is also referred as Internet banking, e-banking, virtual banking and by other terms.



Conducting a successful electronic banking transaction, like paying bills online, requires basic computer skills and knowing your way around the Internet. Being computer-literate is not common to everyone especially seniors who might not have grown up using computers and this is a major disadvantage to electronic banking

6. CONCEPT OF LIBERALIZATION:

In general, liberalization refers to relaxation of previous government restrictions usually in areas of social and economic policies. Thus, when government liberalizes trade it means it has removed the tariff, subsidies and other restrictions on the flow of goods and services between countries.

Liberalization in banking sector in India noticed in early 1990s, when India adopted a new economic policy for the development of the nation. Narasimha Rao Government embarked on a policy of liberalization, licensing a small number of private banks. For the first time in India new private banks got license for providing banking services. The first bank in India set up after adaptation of new liberalization policy in banking sector was Global Trust Bank. It was later amalgamated with Oriental Bank of Commerce. This move towards the liberalization along with fastest economic growth in India. Indian Banking sector has noticed rapid growth with strong contribution from all sectors of banks.

The next step for Indian banking sector has been set up with the proposed relaxation in the norms of Foreign Direct Investment. All foreign investors in banks can hold up to 74% with some restrictions of the company.

7. CONCEPT OF PRIVATIZATION:-

Privatization in general, refers to the transfer of assets or service functions from public to private ownership. Privatization can be achieved in many ways—franchising, leasing, contracting and divesture. Privatization means transfer of ownership and management of an enterprise from the public sector to private sector. It also means the withdrawal of the state from an industry or sector, partially or fully. Privatization makes a change from dogmatism to pragmatism and amounts to a reversal of policy. The most common motive for privatization appears to be fiscal compulsion coupled with fiscal allurements.

A Reserve Bank of India (RBI) panel set up to review governance of bank board's has suggested that the government should either privatize or merge state-run banks, or design a new governance structure for these banks to allow them to compete better and avoid repeated requests for recapitalization. The panel suggested privatization or a different governance structure in view of the low productivity and steep erosion in asset quality and "demonstrated uncompetitiveness of public sector banks over varying time periods". The panel suggested that the RBI should designate a specific category of investors in banks known as authorized bank investors (ABI), who would be allowed to hold as much as 20% in banks without regulatory approval. Such investors would include funds with diversified investors.

8. CONCEPT OF GLOBALIZATION:

Globalization is a process of interaction and integration among the people, companies, and governments of different nations, a process driven by international trade and investment and aided by information technology. This process has effects on the environment, on culture, on political systems, on economic development and prosperity, and on human physical well-being in societies around the world. Globalizations not new, though. For thousands of years, people—and, later, corporations—have been buying from and selling to each other in lands at great distances, such as through the famed Silk Road across Central Asia that connected China and Europe during the Middle Ages. Likewise, for centuries, people and corporations have invested in enterprises in other countries. In fact, many of the features of the current wave of globalization are similar to those prevailing before the outbreak of the First World War in 1914.

Globalization means several things to several people. For some it is a new paradigm. Globalization is a term whose meaning has become both more complex and more diffuse — at the same time, more generic and more pejorative. For some, it's a dirty word that is all about the domination of powerful nations and powerful corporations, at the expense of local cultures and businesses. For others, globalization means growth, opportunity and freedom. For banks, the word embodies both promise — new markets and customers, and expanded resources for employees and partners — and risk, whether it's political and economic risk, an increasingly strict and punitive body of regulation, or the operational challenges of extended platforms, systems and products beyond their core markets. Integration of economies leads to integration of financial markets catalyzing the globalization process. The growing role of the financial sector in allocation of resources has significant potential advantages for the efficiency with which our economy functions. Consequently, the adverse consequences of malfunction of the financial system are likely to be more severe than they used to be in the past. Hence, all our efforts today are focused at ensuring greater financial stability. Given the significance of the Indian banking system, one cannot afford to underplay the importance of a robust and resilient banking system.

9. CONCLUSION:

From the above study it is founded that Internet banking in India is only at its primitive stage dominated by the Indian private and foreign banks. The huge improvements in telecommunications and computing technology combined with vast variations in factor costs across the world and tight immigration laws will lead to large shifts in work that doesn't require customer interface and also Reserve Bank of India panel suggested privatization or a different governance structure in view of the low productivity and steep erosion in asset quality and demonstrated un-competitiveness of public sector banks over varying time periods. Globalization relates with growth, opportunity and freedom for E-Banking, the word embodies both promise new markets and customers, expanded resources for employees and partners and risk, whether it's political and economic risk.

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