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## Renaissance History of Private Banks in Manipur

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### Abstract

In India, the primary principle for nationalization of banks was to extend banking infrastructure and to offer cheap finance particularly in rural areas. Now, the current Indian banking industry is fairly matured enough in the market. But, in some regions of the Indian state, it is just in growing state. So, the researcher study was a descriptive paper about an overview of the banking system, renaissance history of private sector nationalized banks and the entry history of Automated Teller Machine (ATM) in Manipur. It also outlines the district wise distribution of bank as well as ATM branches in the state.

**Keywords:** Development, Banks, Commercial Banks, ATM.

### 1. Introduction

After nationalization of commercial banks and reforms in India, banking industry has develop a lot, mounting their business operations. With more new banking practices, increase in the entry level of new private sector banks. Thus, among banks it creates competition and led to the transformation and introduction of innovative technology to distribute their services more effectively. As a result, the demand for banks services becomes positive. It is not only the indication of increasing participation in the banking and economy, but also of their increasing proficiency.

### 2. Literature Review

The development of new technology in banking sector like ATM, smart cards and e-banking easily save and transfer the money from one account to another account which enhance the banking sector management (Khandker, 2001). And RBI also started special initiatives for Indian north east region to broaden the banking sector outreach by permitting all banks to open their branches without taking permission (Mohanty, 2011).

According to Kaur and Gupta (2015) study measures the Indian banks productive and efficiency. It found that SBI were the first most efficiency banks, and then the private banks sector



was the second most efficiency. Although, the efficiency level of non-SBI nationalized banks was not improved.

The role of financial banks is not only imperative, but also extremely requisite for the development of society. Thus, from time to time modification may be take place in the provision of their products and services (Pooja et al., 2017).

### 3. Objective of the Study

- I. To understand the banking development and bank branches distribution in Manipur.
- II. To describe the renaissance of private sector banks and the first time entering history of ATM in Manipur.

### 4. Research Methodology

The type of research carry out in this study was descriptive in nature. The secondary data collected by the researcher from the State Lead Bank Committee (SLBC) Manipur Report, Reserve Bank of India (RBI) report and SLBC websites have been used to carry out the above objectives. To analyze the secondary data very efficiently, the researcher compiled and tabulated the related data from various SLBC annual report and official SLBC websites. This study used Ms-Excel graphical method in some analysis.

### 5. Data Analysis

#### 5.1. Manipur Banking System: Before and After Independence

In the early 1947, there was no well organized financial institution in the state so, the natives of the state generally used informal saving and credit system. Mostly they work in their paddy fields and the surplus yield of that was exchanged for other useful commodities So during that time, people are more dependent on age old methods of barter system due to the absence of required number of financial institutions. In 1939, for the first time, the Manipur Co-operative Bank Limited was opened in the state. At that time some other banks wanted to open their branches at Imphal so, they already took the permission from concerned authority. But, due to the Second World War, they perished soon except for Calcutta Commercial Bank. Therefore, the state organized financial institutions could not successfully withstand and provide their facilities in the early stage. However, the number of banks established in the state gradually improved after nationalizing major commercial banks and establishment of Regional Rural Banks (RRBs) in 1975. This can be seen in the below Table 1.



**Table 1. Outline of Bank Branches in late 20<sup>th</sup> Century**

Region	1972	1975	1980	1985	1990	1995
Manipur	7	10	35	62	72	88
All India	15247	18575	32412	52638	60515	63817

Source: Banking Statistics 1972 -1995

Though, the bank gradually improved after nationalizing the banks, the Manipur state and the Indian north east region banking sector branches outreach show very low compared to another states of India (Indicus Centre for Financial Inclusion). Thereafter, RBI gives more support to opened more banks branches in the north east region. Hence from then, the number of bank branches outreach increased gradually. It is shown in table 2, the development of bank over the past ten years in the state.

**Table 2. Bank Development in Manipur**

S.No.	Bank Types	As on 31 <sup>st</sup> March 2009	As on 30 <sup>th</sup> June 2014	% Change (March 2009 to June 2014)	As on 31 <sup>st</sup> March 2019	% Change (June 2014 to March 2019)
1	SBI	20	33	65	45	36.4
2	Nationalized Banks	31	66	112.9	85	28.8
3	Public Banks(1+2)	51	99	94.12	130	31.3
4	Private Banks	1	16	1500	41	156.3
5	All Scheduled Commercial banks(3+4)	52	115	121.2	171	48.7
6	RRB	27*	28**	3.7	25	-10.7
7	CO-OP	18	20	11.11	22	10
	Total	97	163	68.04	218	33.7

Source: Compiled from SLBC many reports (2009, 2014, 2015, 2019 data assembled from SLBC website)



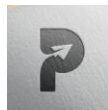
\* Non-functioning branches MRB in 2009 –Tamenglong (1),Senapati (4), Churachandpur (1), Chandel (1);

\*\* Non-functioning branches MRB in 2015 – Senapati (4), Ukhrul (2), Chandel (1)

In 2019, the state bank branches rose to 218 as on 31st March. During this period, the total number of Scheduled Commercial Banks (ASCB) was 23, Manipur Rural Bank (MRB) -1 and Cooperative Banks - 4. Amongst the nationalized banks, State Bank of India (SBI) and United Bank of India (UBI) were the major banking entities in Manipur. The commercial bank has 171 branches, MRB has 25 branches and Cooperative Banks has 22 branches. Percentage change has been calculated for bank types from 2009 to 2014 and from 2014 to 2019. The researcher found that the percentage changes were very high in the year 2009 to 2014 compared to the percentage changes in 2014 and 2019. The main reason for repeat expansion and changes because of RBI announced that any bank in the north east region can open their branches without taking permission to gives main emphasis to 100 percent financial inclusion. Moreover, the private banks started engaging in the state since May 2008.

## 5.2. District wise Distribution of Bank Branches in Manipur

In the beginning of descriptive analysis for the past seven years that is 2009 to 2015, the researcher used only nine districts. While the state government created seven more districts in the second week of 2016 December. So, a total of sixteen districts were concerned for 2017 and 2019 report. From the table 3, it shows that the bank branch expansion was gradual. Imphal West district had the highest number of bank branches throughout the study period. On March 2019, the Imphal West district has 77 branches and the second highest number of branches belongs to Imphal East with 31 branches. The district having least number of bank branches before creating seven more districts that is on late December of 2015 was Tamenglong district (7 branches), Chandel district (8 branches), and Ukhrul district (8 branches). However, as on 2019 data, Pherzawl district which was divided from Churachandpur district and Kamjong district from Ukhrul district has only one branch in these two districts. This study also reveals that the district wise distribution of banks was found to be inadequate and uneven in distribution to meet the requirements.



**Table 3. Distribution Bank Branches in Manipur**

District	2009	2010	2011	2012	2013	2014	2015	2015 31 <sup>st</sup> Dec	District*	2017 30 <sup>th</sup> June	2019 31 <sup>st</sup> March
Thoubal	10	10	10	11	13	16	18	19	Thoubal	13	17
									Kakching	7	9
Chandel	5	5	5	6	6	8	8	8	Chandel	3	4
									Tegnoupal	7	6
Churachandpur	5	5	6	11	12	15	16	16	Churachandpur	16	17
									Pherzawl	1	1
Senapati	12	12	12	14	14	16	19	19	Senapati	12	13
									Kangpokpi	9	7
Imphal West	33	34	35	38	45	53	53	55	Imphal West	61	77
Imphal East	14	16	16	16	20	24	26	29	Imphal East	31	31
									Jiribam	1	3
Bishnupur	9	9	9	9	9	12	12	13	Bishnupur	16	18
Tamenglong	5	5	6	7	7	7	7	7	Tamenglong	3	5
									Noney	4	3
Ukhrul	4	4	6	7	7	7	8	8	Ukhrul	6	6
									Kamjong	2	1
<b>Total</b>	<b>97</b>	<b>100</b>	<b>105</b>	<b>119</b>	<b>133</b>	<b>158</b>	<b>167</b>	<b>174</b>		<b>192</b>	<b>218</b>

Source: Compiled from SLBC many reports (2009, 2010, 2011, 2012, 2013, 2014, 2015, 2017 and 2019 data assembled from SLBC website)

\* On 8<sup>th</sup> December 2016, seven more new districts has created in Manipur

### 5.3. Renaissance of Private Sector Banks in Manipur

Although all Indian banks in India were private in the pre-independence, it came to decrease after nationalization and dominated by the public banks. But, in the late twenty century, more private banks were encouraged by RBI as part of policy. From that Indian private banks raise slowly. On the other hand, the private sector bank (one branch of Axis Bank) only entered on the 14<sup>th</sup> of May 2008 in



Manipur for the first time. After that, ICICI Bank comes into Imphal on second January 2009. Then, HDFC Bank entered in May 2011, followed by YES bank. So, at present as on March 2019, seven private banks were operating in the state. They were Axis Bank, ICICI Bank, HDFC Bank, YES bank, INDUS bank, BANDHAN bank and NESFB bank. And overall total number of private banks branches was 46 branches according to 31<sup>st</sup> march 2019. These gradual openings of private banks in the state build a more competitive environment in order to attract more customers for them which in turn enhanced the banking services. But, in some district in Manipur, the private banks have not reached.

#### 5.4. Entering History of ATMs in Manipur

Like other state in India has started to installed and used an advanced technology (Automated Teller Machine system) for delivering banking services to their customers, ATM system was first introduced by SBI for the first time in July 2006 and one ATM boot opened at Imphal district in Manipur. Then, one more ATM was installed in 2009. From 2010 onwards, the change in the number of ATMs was very well known and it became fifteen i.e. SBI (13) and UBI (2). Little by little, the other banks that were functioning in the state also started to set up numbers of ATMs. The banks which are currently offering the ATMs services in Manipur state is shown in table 4.

#### 5.5. Bank Wise ATMs Installation in Manipur

Table 4 reveals that the number of ATM became 348 with, SBI (203 ATMs), Axis Bank (13), UBI (26), Housing Development Finance Corporation Bank (14), Industrial Credit Investment Corporation of India (13), Central Bank of India (6), Punjab and Sind Bank (4), Allahabad Bank (1), Bank of Baroda(7), Bank of India (5), Industrial Development Bank of India (2), Vijaya Bank (6), IndusInd Bank (3), Yes bank (1), Bandhan Bank (1), Punjab National Bank (4), Canara Bank (5), Central Bank of India (9), Indian Overseas Bank (3), IND(1), Punjab and Sind Bank (2), Syndicate Bank (1), United Commercial Bank(14), UNI(1), Union Bank of India(1), Manipur State Co-operative Bank (9) and Imphal Urban Co-Op. Bank (2) as on 31st March 2019. In hilly area 78 ATM and in valley 270 ATM has been operating in the state. Now many banks are in the process of installation of more ATMs in many areas.

#### 5.6. Trend Line of ATMs in Manipur

Fig 1 reveals that the trend line pattern of ATMs installation in the state is upward trend. That means from the very first opening of ATM in the state to till now, it has positive slope. When there was no ATMs in the state, bank customers suffered a lot, especially at the time of salary withdrawals. They had to wait in long queues at the bank branches from very early in the morning if they had to withdraw or deposit money. But now the situation has changed after the rapid installation of ATMs in



many areas of the state leading to lesser crowd at bank branches. It saves time, the cost for the customer and improves the quality of services. This is because of drastic change in the number of ATM's installed in the state.

**Table 4. Manipur District Wise Distribution of ATMs**

Year	2008	2009	2010	2011	2012	2013	2014	2015	2015	District*	2019
District	As on 31 <sup>st</sup> March										As on 31 <sup>st</sup> March
									31 <sup>st</sup> Dec		
Tamenglong	0	0			1	1	2	2	2	Tamenglong	2
										Noney	1
Chandel	0	0			0	0	3	4	5	Chandel	4
										Tegnoupal	7
Churachandpur	0	0			7	8	11	24	24	Churachandpur	30
										Pherzawl	0
Senapati	0	0			8	9	10	16	18	Senapati	19
										Kangpokpi	7
Ukhrul	0	0			3	3	3	3	6	Ukhrul	7
										Kamjong	1
<b>Total</b>	<b>0</b>	<b>0</b>			<b>19</b>	<b>21</b>	<b>29</b>	<b>49</b>	<b>55</b>		<b>78</b>
Bishnupur	0	0			2	2	3	12	14	Bishnupur	19
Thoubal	0	0			3	5	19	28	29	Thoubal	27
										Kakching	10
Imphal West	1	2			40	62	110	139	140	Imphal West	154
Imphal East					7	15	38	46	48	Imphal East	59
										Jiribam	1
<b>Total</b>	<b>1</b>	<b>2</b>			<b>52</b>	<b>84</b>	<b>170</b>	<b>225</b>	<b>231</b>		<b>270</b>
<b>All total</b>	<b>1</b>	<b>2</b>	<b>15</b>	<b>21</b>	<b>71</b>	<b>105</b>	<b>199</b>	<b>274</b>	<b>286</b>		<b>348</b>

Source: Compiled from SLBC many reports (2009, 2010, 2011, 2012, 2013, 2014, 2015 and 2019 data assembled from SLBC website)

\* On 8<sup>th</sup> December 2016, seven more new districts has created in Manipur

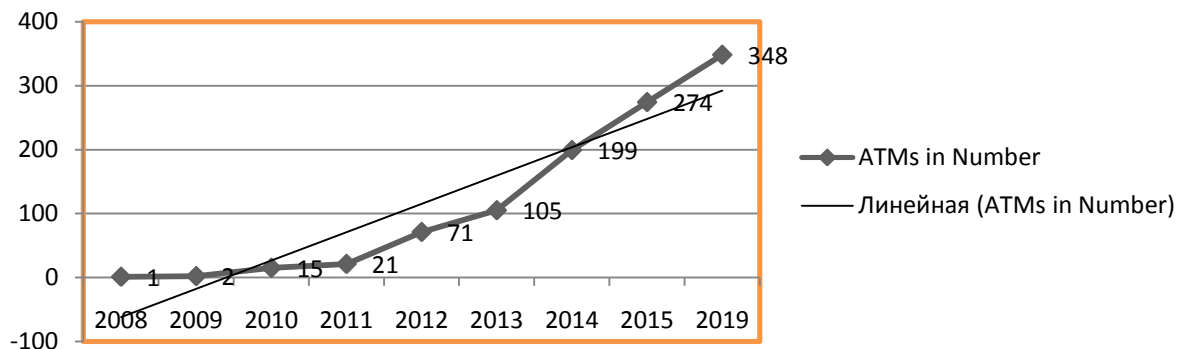
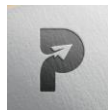


Figure 1. ATMs in Manipur

Source: Computed from SLBC many reports (2009, 2010, 2011, 2012, 2013, 2014, 2015 and 2019 data assembled from SLBC website)

## 6. Conclusion

It is noteworthy that the developments of banking branches in the state are spreading out in high speed especially in 2012 2013 and 2014. But, the distribution of banks branches was found to be uneven. This study also disclosed that in 2008, the private bank was renaissance in the state. The existing banks in the state are offering more ATMs services to the people in order to make easily available of their products and services. And the trend line for ATMs since from the first time installed to till now shows an upward trend line.

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