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A NEW NORMAL IN BANKING SECTOR, MERGING OF BANKS AND ITS IMPACT ON CORPORATE GOVERNANCE IN INDIA, (WITH RESPECT TO GROWTH OF THE BANKING SECTOR IN INDIA)

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ABSTRACT

Covid-19 situation is one of the worst pandemic situation, where world faced more constraints in several decades, banking in service sector can be said as the most essential element in the growth of corporate sector India and most parts of the world, we can take example of EU growth (European Union), where the availability of funds for investment in EU was started several decades back, so only we can find most of the European nations are developed economies with good banking "Corporate sector". The government has to manage the resources and growth of the economy through flexible Fiscal and Monetary policies, with the qualitative and quantitative methods or control by RBI (Reserve Bank of India). The banking sector of Karnataka has seen various changes in merging of banks, according to the recent statistics, on April 2020 "Bengaluru, SEP 01 2019, While Corporation Bank will merge with union bank of India and Andhra Bank, Syndicate Bank. the problem of unemployment may arise due to merging of banks, we can see unemployment arises due to merging of small banks to the nationalised banks, ex: where "state bank of Mysore (SBM), and other six were State Bank of Bikaner and Jaipur (SBBJ), State Bank of Hyderabad (SBH), State Bank of Indore (SBN), State Bank of Patiala (SBP), State Bank of Saurashtra (SBS) and State Bank of Travancore (SBT), were individual banks, but later stage it was merged to SBI (State Bank of India), Andhra Bank and Corporation Bank were merged with Union Bank, while Oriental Bank of Commerce and United Bank were merged with PNB "Punjab National Bank". Syndicate Bank has been merged with Canara Bank, while Allahabad Bank with Indian Bank. The mergers took effect from April.2020. Dena bank and Vijaya bank were merged with Bank of Baroda in 2019.

where there was some protests by the regional working employees, due to losing their jobs, we have seen many examples where employees was forced to leave the job by creating some pressure by to top management. The employee's security is very important aspect with the growth of the banking corporate sector or the growth of the banking economy. The merger of several banks by the present Government from 2020 was a good move in inspected of 4 weaker banks or banks with less profit with the banks of higher profit / returns from few years. Is positive in creation of profit or avoiding great loss during pandemic, but pandemic has effect to increase in unemployment in some of the banking sectors in unorganised sectors.

KEYWORDS: *Corporate governance and Banking growth, merging banks in banking sector, Covid-19 and the Indian Economy.*

I.INTRODUCTION

Indian banking system is controlled by Monetary system of the country, these policies can be said as monetary policies, where it is also known as Central Bank, and the lender of the last resort to the other banks, The primary functions of the banks are to accepting deposits by the citizens of the country, foreign citizen deposits in the country, providing interest for the several kind of deposits, providing loans by accepting securities from the customers and acts as a agent between the customers and the government. Where the scope of banks were increased in 21^{st} century, where the development or growth of a nation depend on the availability of finance and support in the country or the state, that is the reason we can find that tertiary "service sector contributes the lion share in the growth in the Indian Economy, services sector contributes around 53.89% in contributing the growth of a nation, according to the source of "Ministry of statistics and programme implementation. The main aim of merging of banks according to the Fiscal policy and Monetary policy is to economic growth of the banking sector, to avoid more loss during pandemic or natural crisis, especially weaker banks, flexibility in availability of loans, increase in deposits, global recognition of the Indian banking system in the global banking.

II. REVIEW OF LITERATURE

• **Gabrielle O'Donovan*:*** defines corporate governance as **"**an internal system encompassing policies, processes and people, which serve the needs of shareholders and other stakeholders, by directing and controlling management activities with good business.
• **W Hock:** defined, **"**Bank is such an institution which creates money by money only**."**
• **Sir John Pagette:** defined, "Bank is such a financial in- situation which collects money in current, savings or fixed deposit account; collects cheques as deposits and pays money from the depositors account through cheques."

III. NEED OF THE STUDY

1. To ensure fair rules and regulations in the corporate governance in the country, to manage the profit of the banks and to decrease the loss, caused by NPA`s (Non Performing Assets), after merging of small banks in the country.
2. Corporate governance is one of the most important aspects in the growth, because most of the costumers trust the management for investing in the business process. Ex: Investment in banking for future perspective.

IV. STATEMENT OF PROBLEM

Most of the economic activities or profit earning capability of the country depends on the strength of the banking availability and availability of funds in the economy, where service sector in the economy, especially banking loans availability, narrow money and broad money plays a huge role in the development of the countries corporate sector in the banking services. Merging of weaker banks to one strong bank in 2020 in India has played a positive role by decreasing the NPA "Non Performing Asset" but the statement of problem in the article explains the constraints faced by the regional banks, and the availability of the liquidity...

V. OBJECTIVES OF THE STUDY

l. To understand the economic, social impact of merging of regional or weaker banks on development of corporate sector, and its growth.
2 To understand the economic, social impact caused by Covid-19 epidemic on corporate governance on merging of banks in India, with the help of digitalisation.
3. To ensure great transparency in the banking system in the country, where the last person of the country is able to take loans and do financial transactions in the country.

VI. RESEARCH METHODOLOGY

This research output is the outcome of an overview conducted on banking, "Corporate governance sector in India, and its impact on the reliability, profit motive with flexible monetary and fiscal policy, opportunities to promote accountability, to recognition of Indian Banking in the global standards and support banking scheme in India "Jan Dhan Yojana", but the merging of banks should not impact on the employment services in India during pandemic situation, it uses secondary data for analysis, discussion with expert part of research work.

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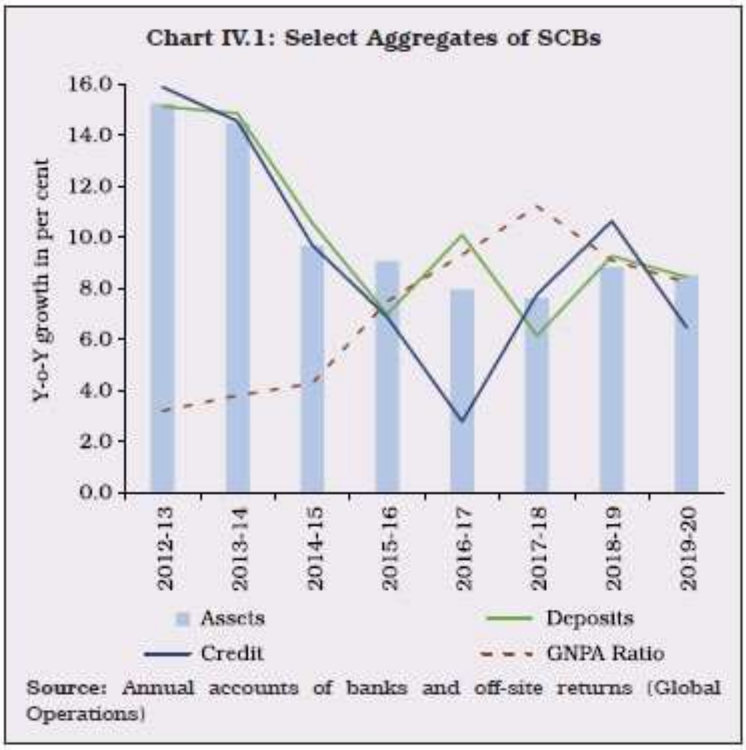
DATA AND STATISTICS

1. Banking Growth in India.



The data explains the decrease in banking growth in India from year 2012, where various hurdles for the growth of banking sector in India, like increase in NPAs, from recent decade, is the major loss for the corporate governance in India. Indian banking reforms has to be formed so that the credit, deposits and the liquidity flow has to be adjusted to the growth of banking profits and assets.

VII. RESULTS AND DISCUSSION

The result signifies the effect of Merging of small or regional banks to national banks or larger banks,

VIII. FINDINGS

1. Indian Fiscal and monetary policy was having a greater challenge in 2020 and 2021 pandemic years, so banking system was altered by merging weaker banks to a single large bank for increasing the returns, ex: SBI (State Bank of India) has larger merging of regional banks in India.
2. According to the statistics the PSBs (Public Sector Banks) GNPA (Gross Non Performing Assets) ratio of 9.7% in September 2020 may increase to 16.2% by the September 2021 year under the baseline scenario.

IX. RECOMMENDATIONS

1. As India is a fastest developing country in Asia and the world, the financial need for the people in banking has been raised; so good corporate governance can turn the things around fastest and flexible growth in banking "tertiary" sector in the country.
2. India has to invest largely in infrastructure of Banking and technology adoption and innovations like Japan, Switzerland so that our Indian banking structure may help to have good corporate governance and management.

X. CONCLUSION

Corporate governance entails the areas of the environmental awareness in the country and ethical behaviour which favours the corporate strategy accordingly the financial needs of the management in the country, we can take example of the recent financial loss acquired in Indian banking "service sector" can be take example of a bad corporate governance, where India banking image globally was doubt to so many investors to invest in India, but recent changes and changes in banking sector by monetary policies like "Banking law, merging of weaker banks" have made several reforms in India. Some of the recent statistics explain the growth of banking sectors after merging, and profits acquired with NPA`s. The Punjab National Bank (PNB), earlier suffered loss due to wilful defaulters, has become the country second-largest bank, with business size of Rs 17.94 lakh crore, after SBI which has the business of over Rs 52 lakh crore. Canara Bank has become the fourth-largest public sector bank of the country. After the merger, the combined business is Rs 15.20 lakh crore and a lower gross NPA (Non Performing Assets) ratio of 8.77%. The statistics explain some of the positives in merging of the smaller banks, even there are several chances that it can lead to unemployment, job security issues, and NPA`s has to be balanced flexibly by the countries liquidity needs by Monetary and Fiscal policies.

XI. LIMITATION

1. Bad corporate governance can lead to bad reputation and cast doubt on a company's operations, stability and its ultimate profitability, for the customers and the investors.
2. There is huge role to be played by Indian corporate governance to reduce NPA`s (Non Performing Assets) otherwise it may cast to increasing in NPA`S and wilful defaulters may try to cheat the banks, there are some examples in the recent years some wilful defaulters tried to cheat some banks like PNB (Punjab National Bank) and some PSB`S and private sector banks in India.
3. Lack of digitalisation and e-resources in the Banking investment and management system during lockdown in Indian economy is one the main constraints for the decrease in the Indian corporate governance, banking growth presently.

XII. SCOPE / SUGGESTION

The scope of merging of banks in several countries have yield a positive outcomes earlier in foreign nations, like USA and several nations to avoid national loss, later on in India the nationalisation of banks was happened, bank consolidation procedures can be provided under “Banking Regulation Act” in January 1949, where two or more banks can merge accordingly, but the merger scheme has to be finalised by the government, under the consultation of RBI (Reserve Bank of India). The recent reforms in the corporate governance has wider opportunities for the development in the growth of the banking sector in India and it can pave way to the Economic growth in the tertiary sector in the country with flexible banking policies initiated the government and the RBI.

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