



Brief analysis of e-CRM development in private and public banking sector in North Maharashtra Region special reference to Jalgaon ,Dhule and Nandurbar District

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ABSTRACT

Considering the prime objective of the study of e-CRM and its significances in north Maharashtra region, at first it is needed to study about the regional socio-economic and other demographic information. The educational activities and associated industrial activities also have great impact on the regional financial institutions. Thus considering these requirements, in this chapter the brief of demographic, economic, education etc of the three districts of north Maharashtra has been discussed. In addition, a brief of the banking history of India and present status of banks in the defined north Maharashtra districts have been discussed in the following section of the manuscripts.

A Glimpse of Indian Banking History

An extensive banking system has existed in India for many centuries. Chanakya, one of the most prominent political philosophers in India, wrote in the 4th century B.C., “The nature of transactions between creditors and debtors, on which the welfare of the kingdom depends, shall always be scrutinized.”(Shamastry 2009) In addition there are references to agricultural loans, deposit rules and lending rules (Mookerji 1988). Chanakya had also laid down regulations and procedures for banks if they were undergoing liquidation as early as 4th Century B.C.

The first joint stock bank in India was the Bank of Bombay established in 1720 in Mumbai (Reserve Bank of India, 2008a). Calcutta was a major trading centre in India, because of the establishment of the headquarters of the East India Company there by the British. This led to the growth of banking services in that city. The first bank established in Calcutta was the Bank of Hindustan in 1770, which was established by an agency house but closed in 1832 (Saunders 1931). Presidency Banks in India were banks that were

incorporated by a royal charter and acted as quasi central banks. The Bank of Bengal established on June 2nd, 1806 with a capital of Rs. 5 million was the first Presidency Bank in India. By 1843 three Presidency Banks had been established, in Calcutta, Mumbai and Madras. These were governed by royal charters and had the ability to issue notes; however the Paper Currency Act (1861) transferred this privilege to the government in 1867 (Reserve Bank of India 2011). In 1850 the Companies Act was established, which stipulated unlimited liability for the banks. An amendment in 1867 permitted the principle of limited liability, which increased the number of banks in existence (Reserve Bank of India 2008a). These banks were organized as private shareholding companies with Europeans as the majority shareholders. In addition to the Presidency Banks, private banks were slowly coming into existence. These private banks were not governed by a royal charter and did not have the ability to issue notes.

A group of Europeans founded the Allahabad Bank in 1865, which is the oldest joint stock company in existence today. The other two big banks founded under private ownership were the Punjab National Bank in 1895 in Lahore and the Bank of India in 1906 in Mumbai. All these three banks are still in existence today (Reserve Bank of India, 2008a). The Swadeshi movement of 1906 was aimed at making India self reliant as a country and to be used as a mechanism to oust the British. Swadeshi means self-sufficiency and the movement provided a great impetus to joint stock banks of Indian ownership and about five more Indian owned banks came into existence. However in spite of the establishment of other banks, the banking sector was dominated by Presidency Banks measured in terms of paid up capital and deposits. The Swadeshi movement did increase the reach of co-operative banks in the country (Reserve Bank of India 2008a). It also increased the number of deposits in the banks. One reason that might account for the increase in the number of deposits could be the switch of the Indian currency standard from silver to gold in 1894 (Burdekin, Mitchener, and Weidenmer 2011).

regulate the banking system of the nation. The four main functions of the Reserve Bank are: (1) banker to the government of India, (2)

In 1940 the number of scheduled and non-scheduled commercial banks that were registered was 654 (Reserve Bank of India, 2008a). Indian financial markets were facing many problems under this extreme laissez-faire economy, featuring massive bank failures and governance issues. The Reserve Bank of India submitted a proposal to the Central Government for implementing new banking legislations arguing that the main cause of bank failures was lack of regulation. The Indian Companies Act (1913) was established to ensure a stable financial system; however, the Indian Companies Act (1913) did not govern banks differently as compared to other organizations and had many other inefficiencies and loopholes in it. The Indian Companies (Amendment) Act, (1936) now included a provision for separate regulation and governance of banking companies. It included provisions on minimum capital, and cash reserve requirements, among others. After a few years of its implementation, a sharp decline in the number of bank failures can be noticed from 117 bank

failures in 1939, to 50 bank failures in 1942. There was also a sharp increase in the number of bank failures in the period of the Second World War in the period before independence; however the average number of bank failures declined after independence.

In 1947 India gained its independence and the five main banks in India were: Central Bank of India, Punjab National Bank, United Commercial Bank, Bank of Baroda, and Bank of India. In 1947 India also underwent partition, causing India and Pakistan to become two separate countries. The partition particularly affected the bigger banks. The year 1948 was definitely a brutal one for India as 45 banks (from more than 637 banks) failed with paid up capital averaging Rs. 0.4 million (Reserve Bank of India 2008a). The Reserve Bank of India had a mammoth task waiting for it after India gained its independence. It had to restore a sound banking system. According to Governor C.D. Deshmukh, the then Governor of the Reserve Bank of India, “the difficulty of the task of the Reserve Bank of India in dealing with the banking system in this country does not lie in the multiplicity of banking units alone. India had enjoyed a *lassiez-faire* system, which was not as well suited to a period when the economy was not developed. It was unclear whether social control was required or whether the markets should be liberalized and not so regulated. Economic development required banking services to be available to each person in the society; whereas, services were actually heavily concentrated in trade centres. Out of the 637 commercial banks in India in 1947, 200 were in Madras, 106 were in West Bengal and 40 were in Mumbai. This left only 291 banks to cover all the rest of India (Reserve Bank of India 2008a). However, before expansion of the banking system, the government had to ensure a stable financial system. This led to the creation of the Banking Regulations Act (1949), which came into effect on March 16th, 1949 (Banking Regulation Act 1949). The act formed separate legislation for companies operating as banks. It also vested the RBI with further powers such as: (1) control over opening new banks and branches, (2) power to inspect books of the companies that qualified as banks under this act, (3) prevent voluntary winding up of licensed banking companies, (4) regularly reporting financial statements to the Reserve Bank of India. In addition to granting and vesting the RBI with further powers, other important regulations that were put in action were: (1) protecting the interests of depositors, (2) rules relating to paid up capital, and reserves. There were various other rules, relating to organization, management, and liquidation of banking companies. However, this act had some limitations. It did not provide protection against abuse of power by management, which had caused massive bank failures in the past.

The Indian Banking system is unique in the banking history of any country in the world. It is very interesting to study the evolution of Indian Banking, in terms of organization, functions, financial matter, Socio-economic role, different problems and solutions. During the period of last five decades many macro-economic developments, monetary and banking policies, regulations and the external situation has taken places. Only due to this evolution of Indian banking occur in different ways. In India, banks can be classified into three part (1) public sector banks (2) private banks and (3) foreign banks. The new generation private

banks have now established themselves in new system and have set latest standards of service and efficiency. These banks have also given tough and good but healthy competition to the public sector banks in India. In India, as in many developing countries, the private sector banks have been the dominant role in the country's financial system.

The Private sector has performed the key functions of providing liquidity and payment services faster than the public sector banks. In India, Private sector Banking was started since the beginning of banking system. Indusind Bank was the first private sector bank set up in India. In the year 1969, a historic decision is taken by the government of India to nationalize 14 biggest private sector banks. And also few more banks were nationalized after few years. Than after RBI has classified private sector bank in to two main part (1) old private sector and (2) new private sector banks. Currently there are 25 total private sector banks in India. Out of this there are 18 Old Private Sector Banks and 7 new private sector banks formed by RBI.

Nationalization led to major structural changes in the banking sector of India. Branch expansion was accompanied by development of priority sectors of the economy, with credit being directed towards these sectors contrary to profit motives of the banks. The Credit Guarantee Corporation of India Ltd. was established for providing guarantees against the risk of default in payment, which increased the number of loans to smaller borrowers by the banks. The number of rural bank offices increased from 1,443 branches in 1969 to 19,453 branches in 1981 (Reserve Bank of India 2008a). The amount of credit outstanding increased from Rs. 1.15 billion in 1969 to Rs. 36 billion in 1981, which accounted for 11.9% of the total loans to the rural areas (Reserve Bank of India 2008a). RBI was monitoring the economy by controlling and changing micro factors affecting banks, to prevent banking failures during crises. In April 1980, there was a second wave of nationalization when an additional six banks were nationalized. All these banks had deposit liabilities of Rs. 2 billion or more. The number of public sector banks reached twenty, representing 92% of the deposits of the banking sector. The government increased the Cash Reserve Ratio (CRR) and the Statutory Liquidity Ratio (SLR). 5 Banks were earning less than the market rate eligible on CRR balances and yield on government securities was lower than the interest rate paid by the banks on deposits. The nationalization phase was marked by stringent controls on the banking industry. As of September 22nd, 1990 the Cash Reserve Ratio was 15.00% and the Statutory Liquidity Ratio was 38.5% (Reserve Bank of India), combined they amounted to 53.5% of all demands and liabilities being saved in liquid government securities or as cash with the RBI. The banks were being used by the government to fund their projects for economic development. This led the banks to be unprofitable forcing the government to adopt changes and thus, came about the reforms of 1991 led by the Narasimham Committee.

There are two main approaches to banking regulation. One endpoint is government ownership of the banking industry and the other endpoint is free banking system. Barth, Caprio and Levine (2008) describe the two main approaches as the “Public Interest Approach” and the “Private Interest View of Regulation.” In India up until 1991 there was an increased amount of government regulation in the banking industry, and social control over the banks was mandated successful. Social control in banking would realize if the banks to manage to allocate resources efficiently while mobilizing credit in all sectors including the marked out priority sectors. Barth, Caprio and Levine (2008) define socially efficient as, “that the banking system allocates resources in a way that maximizes output, while minimizing variance, and is distributionally preferred.” The government of India initially put in process the policy of social control to help regulate, stabilize and expand the banking system. The government had good intentions, and it led to a banking system that spanned across the nation and was undergoing fewer banking failures, and actually making profits while lending to priority sectors. The second round of nationalization that incorporated six more banks, and increased government regulation, made the banking system very inefficient and unprofitable; Joshi and Little (1997) said, “By 1991, the country had erected an unprofitable, inefficient, and financially unsound banking sector. Therefore even though deposits increased, profitability decreased, and the average return on assets from 1984-1994 was - 0.33% due to two losses in 1993 and 1994, excluding those losses we see that the average return on assets in the 1980’s is 0.11% (Joshi and Little, 1997). It was not government ownership, but government’s stringent regulation on the banking system, that decreased profitability.

McKinnon and Shaw mention that high reserve requirements, interest rate floors and ceilings, and lending to priority sectors, as a large percentage of total lending is “harmful for resource mobilization and resource allocation.” King and Levine (1993) state, that government intervention in the financial system has a negative effect on the equilibrium growth. Even if the government has no wrong intentions, it might just be unable, incompetent and incapable to run the banking system of the country. Effective regulation in the 1960’s led to a decrease in banking failure. However repressive government policies made effective regulation impossible and Barth, Caprio and Levine’s (2008) “ineffective hand view” states that “even if governments demonstrate exemplary integrity, official regulation might be generally ineffective at actually easing market failures.”

The private-sector banks in India represent part of the Indian banking sector that is made up of both private and public sector banks. The "private-sector banks" are banks where greater parts of stake or equity are held by the private shareholders and not by government. Banking in India has been dominated by public sector banks since the 1969 when all major banks were nationalized by the Indian government. However since liberalization in government banking policy in the 1990s, old and new private sector banks have re-emerged. They have grown faster & bigger over the two decades since liberalization using the latest

technology, providing contemporary innovations and monetary tools and techniques. The private sector banks are split into two groups by financial regulators in India, old and new. The old private sector banks existed prior to the nationalization in 1969 and kept their independence because they were either too small or specialist to be included in nationalization. The new private sector banks are those that have gained their banking license since the liberalization in the 1990s.

The following table represents the presence of financial institutions in India, as per recent study (31st March 2013).

Public-sector banks

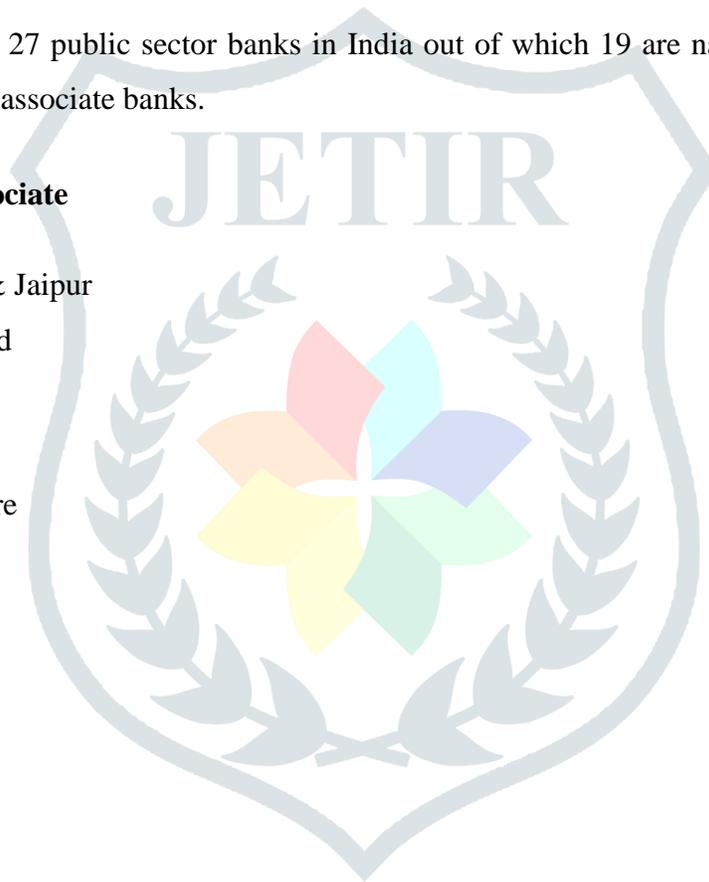
There are currently 27 public sector banks in India out of which 19 are nationalized banks and 6 are State Bank of India and its associate banks.

• State Bank and its associate

1. State Bank of Bikaner & Jaipur
2. State Bank of Hyderabad
3. State Bank of Patiala
4. State Bank of Mysore
5. State Bank of Travancore

• Nationalized banks

1. Allahabad Bank
2. Andhra Bank
3. Bank of baroda
4. Bank of India
5. Bank of Maharashtra
6. Canara Bank
7. Central Bank of India
8. Corporation Bank
9. Dena Bank
10. Indian Bank
11. Indian Overseas Bank
12. Oriental Bank of Commerce
13. Punjab & Sind Bank
14. Punjab National Bank



15. Syndicate Bank
16. UCO Bank
17. Union Bank of India
18. United Bank of India
19. Vijaya Bank

- **Other public sector banks**

1. Bharatiya Mahila Bank
2. IDBI Bank
3. Post Bank of India (proposed)

1.1.1. Private-sector banks

- **Old private sector banks**

1. Catholic Syrian Bank
2. City Union Bank
3. Dhanlaxmi Bank
4. Federal Bank
5. ING Vysya Bank (merged with Kotak Mahindra Bank in April 2015)
6. Jammu and Kashmir Bank
7. Karnataka Bank
8. Karur Vysya Bank
9. Lakshmi Vilas Bank
10. Nainital Bank
11. Ratnakar Bank
12. South Indian Bank
13. Tamilnad Mercantile Bank

- **New private sector banks**

1. ICICI Bank
2. HDFC Bank
3. Axis Bank
4. Kotak Mahindra Bank
5. IndusInd Bank
6. Development Credit Bank
7. Yes Bank

- **Banks with 'in-principle' licenses**

1. Bandhan Bank



2. IDFC

Since, the presented thesis is emphasized for the study of e-CRM in north Maharashtra region, so a brief discussion of the economy of the considered Indian state is of great significance. Hence, the following section presents the discussion of state of Maharashtra and north Maharashtra region is given in the following section.

1.2. The State of Maharashtra

1.2.1. Maharashtra: An Introduction

Located in the western region of India, Maharashtra is the third-largest state in India in terms of area and the second-largest in terms of population. Maharashtra stretches over 307,690 sq km with a total estimated population of 109.7 million as of March 2009. The state shares borders with Gujarat, Madhya Pradesh, Chhattisgarh, Andhra Pradesh, Karnataka, Goa and the Union Territory of Dadra and Nagar Haveli. The Arabian Sea makes up the state's western coast. The state capital, Mumbai, is the sixth-largest metropolitan area in the world and India's largest and most populous city. Food products, tobacco and related products, cotton textiles, other textile products, paper and paper products, printing and publishing, rubber, plastic, chemical and chemical products, machinery, transport equipments, financial services, auto ancillaries, electrical and non electrical machinery, petroleum and allied products, wine, jewellery, pharmaceuticals, engineering goods, media and entertainment contribute substantially to the income of Maharashtra.

This is the matter of fact that Maharashtra is one of the largest and richest states in India. Maharashtra's gross state domestic product for 2011 is estimated at 15090 billion (US\$240 billion) in current prices. As of 2010 Maharashtra had a Per Capita Income of \$1,660, far ahead of national average of \$1,219. Maharashtra GDP Per Capita crossed the US\$2,000 threshold for the first time in 2011. Maharashtra is third-most urbanized state with urban population of 45% of whole population. Mumbai, the capital of Maharashtra houses the headquarters of almost all major banks, financial institutions, insurance companies and mutual funds. India's largest stock exchange Bombay Stock Exchange, oldest in Asia, is located in the city. More than 41% of the *S&P CNX 500* conglomerates have corporate offices in Maharashtra. After successes in the information technology in the neighbouring states, Maharashtra has set up software parks in Pune, Mumbai, Navi-Mumbai, Nagpur and Nasik, Aurangabad and Latur. Maharashtra is the second largest exporter of software with annual exports of ₹ 18,000 Crores and accounts for more than 30 per cent of the country's software exports, with over 1,200 software units based in the state. Maharashtra ranks first nationwide in coal-based thermal electricity as well as nuclear electricity generation with national market shares of over 13% and 17% respectively. Maharashtra is also introducing *Jatropha* cultivation and has started a project for the identification of suitable sites for *Jatropha* plantations.

Maharashtra: An Industrial Brief and Banking Sector

Maharashtra is India's leading industrial state contributing 13% of national industrial output. As per the recent records, approximate 64.14 % of the Maharashtra people are employed in agriculture and allied activities and approximate 46% of the Gross State Domestic Product (GSDP) is contributed by industrial segments (census 2011, source wikipedia). This is the fact that Maharashtra has had a long history in textiles industries and Mumbai was the original home of India's textile mills. The predominant cities like Solapur, Ichalkaranji, Malegaon and Bhiwandi are some of the cities known for textile industry in present day scenario. Furthermore, Sugar industry has made considerable progress especially in the co-operative sector and in present day, Maharashtra is well recognized for the development of co-operative sugar industry whereby the farmers acquire a share in the sugar mills. Pharmaceuticals, petrochemicals, electronics, automobiles, engineering, heavy chemical food processing, and plastics are some of the major industries in the state, generating jobs opportunities as well as revenue for state. Maharashtra is renowned for the production of three-wheelers, jeeps, commercial vehicles and cars, synthetic fibers, cold rolled products and industrial alcohol. Small scale industries have also come up in a big way in the state. The state capital Mumbai and the Mumbai Metropolitan Region has historically been the most industrialized area in the state.

Industrial development in the state is largely concentrated in the Pune Metropolitan Area, Nashik, Aurangabad and Nagpur. The six important industries in the state are cotton textiles, chemicals, machinery, electrical, transport and metallurgy. Pune has emerged as one of the largest automobile hubs in the country. To attract industries to different areas of the state, the government of Maharashtra established Maharashtra Industrial Development Corporation (MIDC) in 1962. MIDC provides businesses with infrastructure such as land (open plot or built-up spaces), roads, water supply, drainage facilities etc. To date 233 areas have been developed around the state with emphasis on different sectors such as Industrial, IT, Pharmaceutical, and Wine.

Agriculture

Although Maharashtra is a highly industrialized state of India, agriculture continues to be the main occupation in the state. Since most of the cultivable land is still rain-fed, the Southwest Monsoon season between June and September is critical to the food sufficiency and quality of life in the state. Therefore, the agricultural calendar of Maharashtra and other parts of India is governed by Monsoon. Any fluctuations in the time distribution, spatial distribution or quantity of the monsoon rains may lead to conditions of floods or droughts causing the agricultural sector to adversely suffer and thus the economical purchase power or . This has a cascading effect on the secondary economic sectors, the overall economy, food inflation and therefore the overall quality and cost of living for the general population. Districts in Western Maharashtra on the Deccan plateau such as Pune and Ahmadnagar are particularly prone to drought. The north Maharashtra region (Jalgaon, Dhule and Nandurbar) are primarily depending on the agricultural.

Irrigation facilities are being extended so that agriculture could be made less dependent upon rain water. Maharashtra has by far the largest number of Dams in India. Despite that, the net irrigated area totals only 33,500 square kilometres or about 16% of cultivable land. Principal Monsoon crops include Rice, jwari, and Bajri. Other crops include Wheat, pulses, vegetables and onions. The main Cash crops include cotton, several oil-seeds including groundnut, sunflower, sugarcane, and soyabean and turmeric. The state has huge areas, under fruit cultivation of which mangoes, bananas, grapes, and oranges are the main ones. Most of the Growers of Cash crops such as sugarcane and cotton in the state belong to farmers' cooperatives. For example, most of the sugar production in Maharashtra takes place at mills owned by local cooperative societies. The members of the society include all farmers, small and large, supplying sugarcane to the mill. Over the last fifty years, the local sugar mills have played a crucial part in encouraging political participation and as a stepping stone for aspiring politicians. Considering, farmers as the key component of the economy of north Maharashtra region, the financial capability as well as education is needed to be considered to represent the real and precise research for e-CRM implementation and respective benefits analysis.

Maharashtra's Contribution to the Indian Economy

Maharashtra contributes 14.10% of total India's GDP with gross state domestic product (GSDP) around of 1,476,233 crore INR at current prices. The GSDP has been growing at a rapid pace over the last few years. The State boasts of a very vibrant industrial sector and a rapidly growing services sector. The growth in Industry sector in 2013-14 is seen at 8.8 per cent and that of the services sector, at 9.3 per cent. The tentative estimates of 2013-14 indicate increase in production of food grains, oil seeds and cotton by 38 per cent, 5 per cent and 11 per cent respectively over the previous financial year. The major contribution comes from the service sector and industries that present major contribution while the agriculture & allied activities sector contributes minimal per cent of the state's income though about 55 per cent of the population is dependent on income from this sector. Mumbai, the capital of Maharashtra and the financial capital of India houses the headquarters of almost all major financial institutions, insurance companies and mutual funds. India's premier stock exchanges i.e. the Bombay Stock Exchange as well as the National Stock Exchange and the Commodity Exchanges are located in Mumbai. The State has been recognized as the country's industrial powerhouse and maintains the position of being the most industrialized state. The State is a pioneer in organizing the small scale sector. The State continues to attract industrial investment from both, domestic as well as foreign institutions. It has become a leading automobile production hub and a major IT growth centre. It boasts of the largest number of special export promotion zones being set up in the country.

This is the matter of fact that there exists the diversification of education level, industrial density, source of income, economical imbalance across the state. Few prominent districts or the region of the state are remote from the capital, making it depending n its own resources and activities for financial income. These

regions differ not only due to non-industrialization but also its respective education percentile differs. The presented research work emphasizes on the study of the benefits and limitation of e-CRM in north Maharashtra region. The economy and well as the financial activities of north Maharashtra region varied as compared to more industrialized cities such as Mumbai, Navi-Mumbai, Pune, Aurangabad etc, which has in fact direct impact on the customers financial capacity in the region. The following section discusses the brief of the north Maharashtra region.

North Maharashtra Region The north Maharashtra region, which in general stated as Khandesh State covers the area Jalgaon, Dhule, Nandurbar districts of state. The terms "Khandesh" and "Deccan" thus connote historical and political affiliations, as well as geographical zones. Khandesh lies on the Northwestern corner of the Deccan plateau, in the valley of the Tapi River, and is bound to the north by the Satpura Range, to the east by the Vidarbha region, to the south by the Hills of Ajanta, belonging to the Marathwada region of Maharashtra, and to the west by the northernmost ranges of the Western Ghats, and beyond them the coastal plain of Gujarat.

After India's independence in 1947, Bombay province became Bombay state, which in 1960 was divided into the linguistic states of Maharashtra and Gujarat. During the formation of the State of India, East Khandesh became Jalgaon district, and West Khandesh became Dhule of the Maharashtra State. Here it must be noted that the discussion of the economical strength of the state as especially the region of study is of great significance because the bank customers and their financial transaction capability is in general reflected by the education, activities, profession and regional economical activities or industries. This motivates in this thesis to represent a brief discussion of the state of Maharashtra and since the presented thesis work has been emphasized on the north Maharashtra banking activities and e-CRM provisioning, therefore the following section discusses the brief of the three prominent districts of Maharashtra, Jalgaon, Dhule and Nandurbar.

In order to understand the willingness and interest of varied financial institution and respective enthuse towards implementation of e-CRM approaches can be easily understood by studying the presence of financial institutions. Here it can be found that more presence of financial institutions would reflect the interest of banks in enhancing customer base and exploration of financial opportunity. In order to study the distribution or presence of varied nationalized banks as well as private banks, the following table represents a well defined presentation of the financial institutions in the north Maharashtra region.

Table 3.1 Nationalized banks in North Maharashtra region (Jalgaon, Dhule and Nandurbar district)

SR. NO	JALGAON	DHULE	NANDURBAR
1	Bank of Maharashtra	Bank of Maharashtra	Bank of Baroda
2	Bank of Baroda	Central Bank of India	State bank of India
3	Central Bank of India	Corporation Bank	Union Bank of India
4	Corporation Bank	Dena Bank	Bank of Maharashtra
5	Dena bank	Bank of Baroda	Central Bank of India
6	IDBI	IDBI	Dena Bank
7	Punjab Sind Bank	OBC BANK	IDBI
8	OBC bank	Oriental Bank	Canara Bank
9	Oriented Bank	Punjab National bank	Bank of India
10	Punjab National Bank	State bank of Hyderabad	State bank of Hyderabad
11	Syndicate Bank	State Bank of India	
12	Bank of Rajasthan	State bank of Indoor	
13	UCO Bank	Union Bank of India	
14	State bank of india	Vijaya Bank	
15	Union Bank of India	Syndicate Bank	
16	Bank of India	Canara Bank	
17	Vijaya Bank	UCO BANK	
18	Indian Overseas bank	Allahabad Bank	
19	Andhra Bank		
20	Indian Bank		

21	Allahabad Bank		
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Source: www.ejalgaon.com, www.waystobank.com, Reserve bank of India

Considering the respective financial activities and regional economy of north Maharashtra regions as specifically considered for Jalgaon. Dhule and Nandurbar districts it can be found that the above mentioned table (Table3.1), represents a proportionate distribution of financial institutions but still the financial planners can explore for future development. As per table 3.1, it can be found that among 27 nationalized banks, 21 predominant banks have shown their interest to have their presence in Jalgaon representing the banking base of approximate 77.7 %, while only 62.96% banks have preferred to have its operations in Dhule. Nandurbar, being a tribe area having limited financial transaction capability could attract only 37.04 %of nationalized banks.

The distribution or the presence of varied private banks in north Maharashtra region can be found in Table-3.2, as mentioned below.

Table 3.2 Private Banks in North Maharashtra region (Jalgaon, Dhule and Nandurbar district)

SR. NO	JALGAON	DHULE	NANDURBAR
1	Axis Bank	Axis	KOTAK MAHINDRA
2	Fedral Bank	HDFC	HDFC
3	HDFC	ICICI	ICICI
4	ICICI		Axis
5	ING VYAS/ KOTAK MAHINDRA		
6	YES		

Source: www.ejalgaon.com, www.waystobank.com, Reserve bank of India

The table-3.2 represents the distribution of private banks in north Maharashtra region, where the economical values and transaction capability of Jalgaon can be easily found by analyzing the figures, which states that approximate 28.57% of complete private banks present in Maharashtra have shown their interest to operate financial activities in Jalgaon. Being an industrialized region with varied industries and economical activities, the major private institutions have their presence in district center. On contrary, it can be found that only 3 private banks have shown their affinity towards businesses in Dhule. Being a tribe region with limited economy, Nandurbar could grab the presence of only 4 private banks.

These all statistical figures reflect the interest of banking institutions towards north Maharashtra region, where the distribution of economy and its impact on financial activities could be easily realized. In order to perform the study of banking institutions and their interest towards quality service provisioning and e-CRM facilities for higher customer acquisition and long term retention, the regional, demographic and economical understanding can be of great significance. Thus, considering this need, in the following sections, the varied demographic and economical activities of the three predominant districts of north Maharashtra region (Jalgaon, Dhule and Nandurbar) has been discussed in the following section.

Jalgaon District

Jalgaon is a district of Maharashtra situated in western India and is a part of north Maharashtra region along with Dhule and Nandurbar. This region is located on the northern Deccan Plateau. Located within the productive, irrigated agricultural region of Khandesh, Jalgaon has a municipal Corporation and was called home by 460,468 inhabitants at the 2011 census. Situated near the famous Ajanta Caves located just about 59 kilometers away, is one of the key attraction places for tourists. Jalgaon is connected with central railway zone, National Highway No.6, and also possess an airport.

The regional development in Jalgaon has facilitated and strengthened the local economy due to the development of major industrial areas, educational institutes and medical facilities. The district is well developed with good roads, shopping malls, residential areas, and also has good communication and transport infrastructure. Major crops produced in this district are banana, cotton, sorghum, wheat, millet, lime, groundnut and sugarcane. Jalgaon is also known for its gold quality. Known as "Banana-City", it contributes to about half of the Maharashtra state's Banana production.

Jalgaon is an industry center in drip irrigation, pipe manufacturing, fruit processing, pulse milling, bio-fertilizer production, green and solar energy, mattress manufacturing and printing of educational books. Jalgaon is a collection and distribution center of agricultural goods and agriculture input industry (including bio-fertilizers). The leading products are Jowar and raw cotton and banana; the region's rich volcanic soil is particularly well-suited to cotton production. Jalgaon is a center for cotton-textile and vegetable-oil mills, particularly groundnut-oil and hydrogenation plants. Jalgaon is also known for banana production. Jalgaon is nowadays becoming a well trading centre of Maharashtra and a leading producer of sugarcane. The onion dehydration plant in Jalgaon has annual onion dehydration capacity of 10,000 tonnes, which is about 15 per cent of the total exports of dehydrated onions from India.

Banks in Jalgaon

Being a supplementary and productive region in the economy of Maharashtra, the financial institutions of India have been emphasized on the expansion of banks across the districts and public as well as private banks have been trying to establish itself with an objective to get higher acquisition of customers for long

term. Considering public banking activities, State bank of India, Corporation bank, bank of Maharashtra, Punjab national bank, Canara bank, and many other banking institutions are well functional across the district. Considering private banking institutions, HDFC Bank opened up its first branch in Jalgaon in August 2002, Axis (UTI) Bank opened its Jalgaon Branch in Dec-2003, ICICI Bank has opened up its Jalgaon Branch from 08th March 2006. Standard Chartered Bank has opened its Jalgaon branch on 05th October. ING Vysya opened its Jalgaon branch recently on 14th January 2009. Kotak Bank is in row to open Jalgaon branches. Axis Bank announces opening up of second branch in Jalgaon city on 01st September 2010. In addition, a number of other banks such as Jalgaon Janta bank, Jalgaon Co-operative bank any many more do exist who are trying to incorporate varied approaches for retaining customers by means of better relationship management. The distribution of financial institutions in the district of Jalgaon in North Maharashtra region is illustrated in table-3.3.

Table 3.3 Bank in Jalgaon district

BANK	JALGAON	MAHARASHTRA	INDIA
NATIONALIZED	21	27	27
PRIVATE	6	21	21
Bank's Presence Analysis National Bank: 77.77 % Private Banks: 28.57 % * Here the affinity or banking presence has been estimated as per financial institutions available in Maharashtra state			

Source: www.ejalgaon.com , www.waystobank.com, Reserve bank of India

Table 3.3 represents the distribution of financial institutions in Jalgaon, where it can be easily found that approximate 77.77% of nationalized banks have shown their interest in financial operations, while only 28.57% of private banks are functional in this area. This difference in the distribution of nationalized as well as private banks can be caused due to limited business possibilities and financial activities. Exploring into the comparative analysis of education, industries, and other economical factors it can be found that Jalgaon has been a key region in Maharashtra economy, which has grabbed the attention of economical-politico factor to have higher service provisioning and higher living standards. Considering the implementation of e-CRM provisioning, the literacy and economical activities can be found sound to provide space for further quality enrichment and competitive banking growth in Jalgaon district. Even the literacy of 80% male and 71% (As

per 2001 census) depicts a sound atmosphere for the implementation of e-CRM in the region. The following section presents the demographic, literacy and economical factors of the Dhule district.

Dhule District

Dhule is a district in the northwestern part of Maharashtra state. Dhule lies in the Khandesh region, which forms the northwest corner of the Deccan Plateau. The Dhule district is bordered in the west by the Gujarat State and in the north by Madhya Pradesh along with Nandurbar, and in the east and south by Jalgaon and Nasik respectively. It is situated in a valley of the Tapi River along the banks of the Panzara River. It is one of the very few well-planned cities of India. Dhule the district municipal center is widely known across the country for its architecture and urban design. Dhule is largely emerging as one of the biggest upcoming hubs of Textile, Edible oil, and Power-loom across the state and has gained a strategic advantage for being on the junction of multiple national highways.

Dhule is also a part of Delhi Mumbai Industrial Corridor Project, India's most ambitious infrastructure program, aiming to develop new industrial cities as 'Smart Cities' and converging next generation technologies across infrastructure sectors. Dhule city is well known across the state for its quality education institutes. Dhule is also famous for the production of pure milk. Milch cattle used to be fed with cotton pend, which would produce rich quality milk. Dondaicha in this district is the only town in the state to produce glucose, sugar, and other products from maize. Dhule District is also famous for production and market of chilies.

Banks in Dhule

This is the matter of fact that till 2000 AD, predominantly only public or the nationalized banks has banking facilities in Dhule, later with the emergence of economic activities and the business development through varied industrial corridors and other industries, the private banks also realized the potential to establish its banks. Initially, State bank of India, Indian bank, Canara Bank, Central bank of India, Bank of Baroda, Dena bank, Union Bank, Bank of Maharashtra, IDBI bank were operational in Dhule. Later, the private banks such as ICICI, HDFC and AXIS bank (UTI) started banking provisioning. Now in Dhule, approximate every bank have their presence, who have been trying to deliver more better services and trying to gather higher customer cluster. Even being a mid-level economic region in Maharashtra, Dhule has attracted major banking institutions to incorporate better customer relationship management (CRM). These days, the banking institutions have been making effort to incorporate more and more e-CRM provisioning to retain major customer base. The presence of financial institutions in Dhule district is given in the following table (Table-3.4).

Table-3.4 Bank in Dhule district

BANK	DHULE	MAHARASHTRA	INDIA
NATIONALIZED	17	27	27
PRIVATE	3	21	21

Bank's Presence Analysis

National Bank: 62.96 %

Private Banks: 14.28 %

* Here the affinity or banking presence has been estimated as per financial institutions available in Maharashtra state

Source: www.waystobank.com , Reserve bank of India

Table 3.4 represents the presence of financial institutions in Dhule districts. This is the matter of fact that the growth rate of 19.96 % in decades (2001-2011), tells the story of the development of this district. Thus, such development along with the Delhi-Agra economical corridor has given a new dimension to this region for varied business operation and financial activities. The above mentioned table states the presence of banks in Dhule, where 62.96 nationalized banks having its operation in Maharashtra have their operation in Dhule, while only 14.28% private banks could operate their financial activities in Dhule. But the growth rate indicates towards rise in this figure in coming time.

The third and a significant part of north Maharashtra region is the district called Nandurbar. A brief discussion of the demographic as well as economical activities is discussed in the following section of the presented manuscript.

Nandurbar District

On 1 July 1998 Dhule was bifurcated as two separate districts now known as Dhule and Nandurbar. The district headquarters is located at Nandurbar city. It has mainly hilly region and have 'Toranmal' which is 2nd hill station after Matheran in Maharashtra. Tapi River is located at 12 km from city. Narmada river forms the district's boundary on the northern and north-eastern side.it is well known tribal area. hence called tribal district. The district occupies an area of 5034 km² and has a population of 1,311,709 of which 15.45% is urban (as of 2001). Nandurbar district is bounded to the south and south-east by Dhule district, to the west and north is the state of [Gujarat](#), to the north and north-east is the state of Madhya Pradesh. The northern boundary of the district is defined by the great Narmada River.

As of 2001 India census, Nandurbar District had a population of 1,309,135, being 50.62% male and 49.38% female. Nandurbar District has an average literacy rate of 46.63%: male literacy is 55.11%, and female literacy is 37.93%.

Economy

The economy of north Maharashtra district Nandurbar is primarily depending on the agriculture industry. In 2006 the [Ministry of Panchayati Raj](#) named Nandurbar one of the country's 250 most backward districts (out of a total of 640). It is one of the twelve districts in Maharashtra currently receiving funds from the Backward Regions Grant Fund Programme (BRGF). The predominant industries in Nandurbar districts are the sugar factories, cotton mills, small cottages, milk processing units and milk products. Majority of the economy is depending on the agricultural activities, where the dominant crops are jawar, wheat, rice, toor, groundnuts and chilli. The annual crops are sugarcane and cotton.

Banks in Nandurbar

This is the matter of fact that the [Ministry of Panchayati Raj](#) in 2006 had declared Nandurbar as the one of the country's 250 most backward districts, but in last few years, the banking institutions have emphasized on increasing facilities for higher customer retention. Private as well as public companies have focussed on increase in the number of ATM facilities and the customers have been motivated towards employing internet facilities. Varied promotional activities have been launched to make the customers aware of varied facilities. Still, the educational limitations and internet reach has put a great question mark on the success of varied e-CRM provisioning.

This is the matter of fact that the north Maharashtra region is of great significance for state economy as well as the prospective of banking activities. The public banks and private banks have tried to expand its customer base by means of varied activities etc. Comparing varied e-CRM provisioning by bank in majority of metro cities, still these remote areas seems to be untouched, thus calling for the requirement of better awareness programs and enhanced e-CRM provisioning. Considering socio-economic factors the study of customers perception towards the provisioning of CRM or e-CRM is of great significance as it can provide better insight for banking initiations to enhance the approaches and activities for customer satisfaction, resulting into higher customer base increase for long term. Taking into consideration of these requirements, here in this thesis, a case study has been proposed for study and analysis of varied e-CRM facilities in north Maharashtra region and its respective benefits and limitation. Table 3.5 represents the presence of financial institutions in the district of Nandurbar, of North Maharashtra Region.

Table 3.5 Bank in Nandurbar district

BANK	NANDURBAR	MAHARASHTRA	INDIA
NATIONALIZED	10	27	27
PRIVATE	4	21	21
Bank's Presence Analysis			
National Bank: 37.03 %			
Private Banks: 19.04 %			
* Here the affinity or banking presence has been estimated as per financial institutions available in Maharashtra state			

Source: www.waystobank.com, Reserve bank of India

The above mentioned table (Table-3.5) represents the banks in Nandurbar district of north Maharashtra region. Here, it can be found that only 37.03 % of nationalized banks have their operational presence in Nandurbar district. Considering private banks, the negligence of this region is quietly reflected as only 19.04 % of private banks present in complete Maharashtra region have preferred to operate its function in Nandurbar. The limitations of literacy, financial activities and overall customer purchasing power can be the significant reason behind this. Still, this district is growing steadily with the emergence of varied agricultural segments and food processing units, etc. The rise in the financial affinity of banks can be seen in near future to explore business opportunity in this region.

Considering above discussion and associated reflection of banks in north Maharashtra region, a brief of generic e-CRM provisioning such as ATM centers and regional branches is given in the following table (Table-3.6)

Table-3.6 A glance of regional branches of nationalized and private banks in north Maharashtra region

BANK	JALGAO N	DHULE	NANDURBA R	MAHARASHTR A	INDIA
NATIONALIZE D	52+166=21 8	22+66=8 8	9+45= 54	1735+5903=7638	54478+21301 = 75779
PRIVATE	29	11	6	1955	6283+9718=

					16001
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Source: A profile Reserve bank of India

E-CRM in Maharashtra state

Being an industrialized state, Maharashtra is considered as one of the key strength of Indian economy and its capital; Mumbai houses the headquarters of approximate all banking institutions. Major banks whether nationalized or private operates its business operations from Mumbai, the capital of Maharashtra. Maharashtra contributes 25% of the country's industrial output. The state houses important financial institutions such as the Reserve Bank of India, the Bombay Stock Exchange, the National Stock Exchange of India, the SEBI and the corporate headquarters of numerous Indian companies and multinational corporations. The banking sector comprises scheduled and non-scheduled banks. Scheduled banks are of two types, commercial and co-operative. Scheduled Commercial Banks (SCBs) in India are classified into five types: State Bank of India and its associates, nationalized banks, private sector banks, Regional Rural Banks and others (foreign banks). In 2012, there were 9,053 banking offices in the state, of which about 26 per cent were in rural and 54 per cent were in urban areas. Maharashtra has a microfinance system, which refers to small scale financial services extended to the poor in both rural and urban areas. It covers a variety of financial instruments, such as lending, savings, life insurance, and crop insurance. On the other hand, the higher literacy of the state has welcomed varied CRM provisioning and technology based facilities.

Considering overall economical distribution and respective significance towards state economy and financial activities, it can be found that approximate every bank in the state has been providing optimal CRM facilities to achieve better market share and organizational growth. The highly developed regions such as Mumbai, Mumbai sub urban, Pune, Aurangabad, Nasik, Jalgaon, Kolhapur, etc have attracted financial institutions to operate and facilitate varied technology enriched service provisioning in the state. Some of the common e-CRM facilities are; Internet banking facility, Mobile banking system, ATM, Debit card, prepaid shopping card, credit cards, travel cards; kiosk based financial transaction and many more. In addition, these banks have been competing each other to grab higher market share in major economical enriched regions. On contrary, due to the economical diversities, literacy rate differences etc, some of the regions in Maharashtra are still devoid of all e-CRM provisioning in state. Some specific region such as Jalgaon, Dhule and Nandurbar, there has been less interest of private sector players, where the limited literacy and financial purchase power can be significant factor.

e-CRM in North Maharashtra Region

As already discussed, the north Maharashtra region encompasses the district of Jagaon, Dhule and Nandurbar. This is the matter of fact that the interest of financial institutions, specifically private sector

players increases as per the possibility or opportunities of more growth and business scopes. In addition to the financial activities the literacy of the regional areas play a significant role for motivating banks to incorporate varied e-CRM or technological enriched CRM facilities. Since, these regions are still under development and are not so adopted as compared to capital Mumbai, Pune etc, so there are limited e-CRM facilities. Considering regional study and knowledge till the banks are providing ATM facilities, and are motivating consumers to consider internet banking so as to enhance transaction rate and flexible operations. Still, the limitation such as internet, technology, awareness and training are the key factor which is needed to be provided so as to ensure better e-CRM provisioning.

Jalgaon being a comparatively more developed region across north Maharashtra region, is fortunate to have more better e-CRM facilities as compared to other regions such as Dhule and Nandurbar. In Jalgaon, the banks are providing e-CRM facilities such as Internet banking, credit card facilities, health card facilities, debit card, ATM; kiosk based financial transaction units, etc. In addition, the banks have started providing varied other e-CRM facilities, which have attracted consumers. The recent development done by government such as, Pradhanmantri suraksha Vima Yojna etc have motivated the citizens to have bank accounts and since the north Maharashtra region dominates in agriculture thus the possibilities of more bank accounts and thus associated financial activities has increased a lot. This increase in consumer interest towards banking might motivate the banking institutions to have more and more activities for attracting consumers. Still, these banks need to incorporate better awareness programs and training facilities to provide optimal and quality support through e-CRM facilities. These all factors motivate the researchers to explore varied benefits and limitations of e-CRM in north Maharashtra region.

Summary

This paper primarily discussed the basic information of the history of banking in India, and the economical significance of Maharashtra states towards overall Indian economy. In addition, this chapter also discussed the basic information of the three districts of north Maharashtra (Jalgaon, Dhule and Nandurbar).