

## A Case Study of Parbhani City Banking Sector in Covid-19, Pandemic and Lockdown Impact on Banking Sector- A Systemic Literature Review

**Prof. D.N. Shinde**  
Dept. of statistics  
D.S.M College, Parbhani

**Dr. B.M.Kareppa**  
HOD Botany,  
DSM college, Parbhani

### Abstract :-

*In order to defeat the COVID-19 Pandemic, Government announced complete lockdown in the country starting on March 24, 2020 and it was extend to 3<sup>rd</sup> May, 2020. Though the lockdown was necessary so as to stop the Corona Virus and save lives of people of the country but it is going to affect the economy of country in various sectors such as, Industry transport, Education, Bank etc.*

*The banking and finance Institution are back bone of India's economy. This paper is an attempt to assess the impact of this situation on Bank and Finance Institution. Due to lockdown and closure of all educational Institutions, public, and private offices, Industry, transportation etc.*

*All the Institution related with finance and transport as well as economist and fund managers have expressed their fear regarding the devastating effect of lockdown on GDP.*

### Study Region :-

Parbhani district is situated in the central part of Maharashtra lies between 18.45' North to 20.3' north latitudes and 76.13' East to 77.29' East longitudes. The study region has an area of 6511 sq.km and a population of 1836086 as per 2011 census which was 2.76 percentages of Maharashtra population. In Parbhani there are so many nationalized and Co-operative bank operating in very good in position. Besides that there were are approximately 25 societies and pat-pedhi were also working in good and reliable positions.

Over the last two years in Parbhani non-banking financial companies have assumed critical importance in the financial system.

India's non-banking financial companies (NBFCs) in India can boast of having total asset size of more than \$ 370 billion.

For instance, credit to MSMEs grew at a rate 12 percent year on year in June 2019 at a time when credit to longer forms was slowing down massively in Parbhani city NBFCs can boast of having total size of more than \$ 0.48 billion. They provide nearly 9 percent of total credit in Parbhani city banking sector.

### Parbhani City Banking Sector :-

A study by KPMG (2017) made a prediction that the Indian banking sector is heading towards becoming the fifth largest banking industry in the world year 2020 and third longest by 2015.

In a Parbhani city, there are two types of banks according to ownership pattern, these are public or state owned, private currently there are a total of 22 banks of which 09 are public sector banks and 13 are private sector banks and Pat-Pedhi's. The bank have dominant position in India's economy and it is major contributor towards employment in India, unfortunately many of the performance indicators of Parbhani city bank have been signaling downtrend or negative situation since last five years.

Due to lockdown Parbhani city banking sector home more than 6 percent non-performing loan holders, before lockdown they were 3 percent NPA's in lockdown situation.

### Research Methodology :-

This paper is aimed to study impact of Covid-19 and lockdown on Parbhani city banking sector to achieve this objective some finding have been down from the available literature on internet, banking annual reports, senior economic officials bodies. While drawing a right conclusion for this article. It needs mention that this paper is an exploratory types of study.

### Major Finding of the study:-

Based on a systematic review of online literature regarding the impact of Covid-19

pandemic on Parbhani banking sector the following finding have been emerged.

Rakesh Kumar MD and CEO Trans Union cibil says the ongoing Covid-19 pandemic pose new threat to business especially for small of MSME at risk category of 6 to 9 which is highest risk category thus the banks and non-banking finance company are going to ultimately affected and it turns bad.

RBI had to come forward with out of package for private sector bank.

The individual impact of Parbhani city banking sector will depend exposure to vulnerable small business and risky unsecured rattach segment. Also in Parbhani city HDFC bank, ICIC bank have performed in the past as best banks of the nation. They have successfully kept the NPAs significantly lower as compared to their counterparts.

If they now work on strategy of curtailing new loans even to healthy borrowers, that may lead to serious consequences for the Indian economy.

Index of India's banks has fallen alarmingly since the beginning of March. In Parbhani city HDFC bank has the lowest bad-debt ratio among its peers. The managing director of HDFC bank stated they also become more stringent about banking on new lending.

In Parbhani city Bajaj finance have 10 percent more NPA's than Feb. 20. As compared to previous year it is more than 23 percentage NPA's.

Total non performing loan in the financial system may rise by 7 percentage points if India ends its lockdown by mid-way and in Parbhani city banking sector it is 14 percentage points i.e. exactly double percentage of India's point.

In further added in India with young demographics such a lockdown causes more human suffering that Covid-19 itself.

Some financial services expresses that, in Parbhani city lockdown will have a cascading effect on personal incomes and individual's ability on repaying personal loans. RBI's moratorium on loans has given temporary relief. Micro and small business loans accounted for 22 percent of the total non-food credit in Parbhani city banking sector.

NBFCs exposure of bank loans have increased to 8.1 percent from 5.3 percent in Parbhani city.

### Conclusion :-

- The corona virus crisis has left some banks struggling to hang on to deposits, funds migrate.
- RBI has given all banks a 3 month grace period during the lockdown period also RBI infused \$ 6.5 billion of additional cash for banks to lend to shadow lenders and small borrowers.

### Measures and Recommendation :-

- Adequate bank credit flows is must for putting the small and medium enterprises after lockdown is over
- RBI must take all possible initiatives to maintain sufficient liquidity in the financial sector.
- Govt. is required to take decisions and action to lesson uncertainty.
- Continuous measures should be taken to enable the smooth functioning of both money and capital markets.

### References and websites referred.

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