

A Study of Covid-19 Effects on Financial Results of PSU Banks in India

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ABSTRACT: A world wide pandemic has affected human life very badly all over. Some countries have affected very badly and lost their human lives. This has impact on all segments of industry, commerce, trade, banking, government services, social life and particularly health services. Earnings of every individual have affected badly some have lost their earning source, some have lost their businesses some are stuck up at either home or at work place due to covid19. Money is required for every activity of human being and bank is source to deposit money or withdraw for daily requirements. Industry, commerce, trade have also experienced difficult situation during this period. Industry, trade have faced very embracing situation to either avail money from bank or transfer to suppliers, employees and other payment liabilities. Banks have also affected very severely. Either they do not lend money or not receiving EMIs from borrowers and hence financial operations have suffered. RBI has issued some guidelines for extension for moratorium period to avoid NPA and bad debts this has given some relief to borrowers i.e. individual to corporate. During the same period principle amount of loan is delayed and extended period of EMIs. Customers are unable to face situation and meet banks and even bankers are also not able to ask customers to fulfil their financial obligations. Most of the operation s has taken place in the form of digital payment. However, small business owner, illiterate people and tiny business units, labourer have faced very embrace situation to meet their financial needs. Banks have faced shortage of man power due to covid -19 and lock down hence it resulted in banking operations hampered considerably.

This study focuses on the banking operation and effect of Covid19 on their financial results. Researcher has taken 50 PSU banks (Branches) for the study situated in Nashik municipal limit. The data are obtained from primary and secondary

sources. The primary data are collected by administering questionnaire from banking personnel. The secondary data is obtained from various sources, i.e. internet, websites, news papers, magazines, reports available on e-form. After collecting data was suitable coded to derive inference by applying chi-square test and result is presented. Research shows that the pandemic has affected on financial results of PSUs during the lockdown period.

Keywords: Banking, finance, Pandemic, NPA (Non-performing Assets), Profit, Liquidity, Covid-19.

I. INTRODUCTION:

India is one of the most affected countries from Corona Virus pandemic. The government of India has imposed nationwide lockdown in late March to combat the spread of viral disease. Even after six moth of closure India has second highest Covid 19 cases in the world around 7.65 millions positive cases in nation and almost 1.61 million cases in Maharashtra.(this figure may change by the time paper published) Both governments is taking necessary steps lifted lockdown restriction in phased manner but shut down has affected country's economy very badly.

The banking sector is backbone of any financial system of a nation. The smoothly functioning of these financial institutions shows and ensures the healthy condition of country's economy. In the process of accepting deposits and lending, loans bank creates credit. The money received from customers by way of interest/commercial charges and loan repayments of principles are recycled by bank for raising resources. When NPA (non-performing assets) increases to permissible limits this disrupt the flow of credit. It affecting the credit growth and thereby affecting the profitability of a bank. NPA is

considered major indicators for judging the performance of a particular bank/ sector.

Industrial production suffered drastically which affected GDP as of now it is at very lower level than projected level and hence revenue loss to government. Economy is strengthening when economic is cycle operating in a proper pace. The covid-19 impacted every commercial operation facing difficult time to manage operation and survive. Extreme shortage of fund at individual, corporate and government is also finding it difficult to borrow money hence, government decided to reduce their holding in investment.

In order to achieve higher productivity organizations need to have effective utilisation of available resources to full extent. Banking productivity is based on customer services lending money and deposits. Particularly banking sector should utilise available fund and get return on investment by way of interest and commercial charges. When bank suffers its operations due to unavoidable circumstances resulting in revenue loss and customer suffers either to pay liability or deposit money in bank and business hampers. Due to Covid-19 every business and individual has suffered badly. Banks have lost their interest revenue and commercial earning due to lockdown domestic as well as international.

The present pandemic situations have adversely impacted on Indian business. This lead to shutdown in domestic demand resulted in diluting of purchasing power because of job losses or pays cuts at individual level and slows down effect on demand and supply of industries.

In spite of our accumulated experience in crisis management, this pandemic forces us to isolate all at our homes. COVID-19 has caused major setback for the Indian economy and all financial activities are disrupted. This pandemic could lead to a four per cent permanent loss to real Indian gross domestic product (GDP) this have also resulted poor banking and not able to maintain liquidity crunch. Therefore, RBI has come forward and given guidelines to strengthen banking system and support to customer in crisis situation. Government of India and banks have introduced some relief by way of deferral payment norms to support borrowers affected by Covid-19. However, differed payments are not forgiven and must be paid in the future, avoiding prospective risks to the banking system. It seems they have tried to make balance near- a term economic relief benefit with longer-term financial stability is considered.

The global pandemic has put economies and financial systems all over the world in a under pressure and unprecedented stress. India is facing

acid test and failures to provide services and earn money and survive due to the outbreak of Covid-19. National lock down and people fears about their lives and health faced liquidity crisis , industries and business houses are joining consumers in shifting business to safer place and banks. India's banking sector is affected the competitive positioning, manage business and growth and survive in a given situation particularly PSU banks are facing hard time.

II. 2. LITERATURE REVIEW:

2.1. Jim Marous, (May18, 2020) covid-19 has impacted consumer behaviour all over world now the consumers were forced to work from home. Banks have also closed their lobbies to maintain safe distance. Whether these practices make change in activates being carried out by bank and shift in consumer behaviour after the pandemic is over. The shifting to digital banking by both customer and bank was already in practice before covid-19, but this situation forced both to follow digital platform for transaction.

He asserted that covid-19 has changed the way of people working, shopping, banking, social obligations, and making payments. Some are new in digital platform for banking transaction while some are familiar and habitual of the digital options. If the pandemic continues, what are the long term implications of these customer behaviour changes?

2.2. James Warder (April 4, 2020) while asking do you think the current crisis will lead to a significant reduction of branches. He asserted it will not surprise him we continued to thoughtfully consolidate branches, certainly doing so with our commitment to regulation and customers, I don't think they will go away. He thinks they will play important role from an advice perspective to complex transaction perspective provided bank should continue on digital platform.

2.3. The Economic times (March23, 2020) public sector banks expects to incur losses in fourth quarter. They advanced money heavily to MSMEs, hospitality, and airlines which are badly hit by the covid-19 crisis. They have started for provisioning of Rs.30, 000 crore due to the economic conditions. They have to go for restructuring for many accounts due to economic conditions. This paper explores the potential losses of PSU banks and the projection and the outlook for the fourth quarter.

2.4. Nikita Vashisth (July 29, 2020) his article in business standard, despite a nationwide lockdown

and very few business activities in June Quarter (FY21) PSU banks are likely to report marginal uptick in earning in the recently concluded quarter.

2.5. Roshan Kishore (Hindustan Times, New Delhi, sept.9, 2020) said 70% of banking sector debt affected by covid-19. A report by RBI notes that pandemic has affected the best companies and business houses suffered badly which were otherwise viable before the outbreak.

2.6. Vijay Kumar Shaw in his article (**Magzter, Banking Finance, May2020**) Impact of covid-19 pandemic and amalgamation in Indian bank. This pandemic outbreak is causing widespread economic concern and hardship to consumers, business and communities across the globe including whole banking industry. Government moves to consolidate the 27 odd PSBs in to 10 large banks.

2.7. Shritma Bose (May26, 2020) financial express opined in her article, top 10 private banks that have declared result for the last quarter of financial year (March) have set aside nearly 76% of their pre-provisioning operating profit during the quarter, showed data compiled by financial express. In view of the Covid-19 outbreak and the repayment moratorium, this also required pre-emptive provisioning. Some red flagged risks that can be ignored out of the retail unsecured segment.

2.8. Shreyam Shrivastava (July22, 2020) expressed view in outlook magazine apart from medical sector Corona virus pandemic has also adversely affected India's banking sector. Banks need to handle this situation have to take counteractive measures that can be at three categories: Net interest margin, retail and corporate lending and gross non-performing assets (GNPA) the future of banking in India looks pessimistic and there is desperate need to revival through proper policy measures.

2.9. RBI Governor Shaktikanta Das said (Indian express, Oct. 11, 2020) expressed concern that due to Covid-19 NPA is likely to rise sharply. However, it is expressed that financial systems of India will remain sound. According to RBI it is seen that 50% of customers preferred accounting for half of outstanding of their loan. They were opted to avail loan moratorium to handle the lock down crisis. This moratorium will end on August.31, 2020.

2.10. Ritu Singh (july24, 2020) CNBC, Referring to RBI report said banks NPAs may touch 22-year high in this scenario. The RBI governor stressed the pandemic had hit India in a period of growth moderation. The demand and supply position has disrupted all over. However, gradual recovery from nationwide lockdown will become visible late. He further, warned there should be regular watch by all stakeholders in the financial system. Further, said banks must proactively take action to their capital position improvement on top priority.

2.11. Jitender Singh, B. S. Bodla (2020) stated in their paper India's banking stocks has faced sizeable since the beginning of pandemic of Corona effect. For instance, Nifty Bank- the benchmark index of India's banks has been in declining trend since the beginning of March.

2.12. Crisil report (June16, 2020) the global pandemic is putting economies and financial systems around the world under unprecedented stressing. In India, this represents an even sterner test for a banking system that is still reeling from the impact of bank failures prior to the outbreak of COVID-19. Underlying many of the problems has been India's slowing economic growth since 2017. Coupled with business conditions worsening due to the COVID-19 shutdown, CRISIL estimates that the economy will shrink by 5% in 2020. The government's economic package is unlikely to provide sufficient support as the lockdown drags on, inevitably putting greater stress on the banking sector.

2.13. Abir Lal Deyand Arshi Siddiqui(june 6,2020) in their article on response on banking and finance measures and reliefs by RBI, opined Indian banking system is the backbone of our nation, its failure could lead to multiple issues which affects to developing country like India. RBI have taken various measures and relief to face the crisis aroused due to covid-19, declared nationwide lockdown to curb the virus. RBI came up with giving relief to borrowers by extending repayment, moratorium period extended, encouraging customer to use for digital payment. Etc. Issued guidelines to banks in respect of liquidity management measures, financial markets measures, regulatory measures, support export and imports measures and debt management measures. These adopted measures are implemented in temporary phase. However, these have been very effective to stabilise the business and economy in this situation.

2.14. **Samudyata kudur shivram**(associate VP,**Digital Mayeric Systems**) **Dataquest bureau, April 8,2020** have stressed on digital payment. Considering the operational and technical challenges' for both customer and bank can be eliminated by awareness and encouraging them the learning by current situation of covid-19. This will lead to add the much-needed efforts towards digitalization of banking operations to optimum level. This will not only force to accelerate the pace of adopting technology but will focus on the four key areas of banking i.e. embracing new technology, channel of digitisation security, privacy and customer trust, policy and compliances This will enable to eliminate of manual transactions, paperless work and avoid staff intervention in banks.

2.15. **Times of India (PTI updated,10th october.2020)** RBI has expressed concern while filling affidavit before the supreme court that loan moratorium exceeding six months my results affecting credit disciplines of borrowers, which will have negative impact on the process of credit creation in the Indian economy. This shows central bank do not want give more relief to borrowers to maintain credit discipline.

2.16. **Sonali kulkarni (CXOtoday.com, June, 25, 2020)** speaks about corona impact on India's banking sector in this period bank have focused on maintaining proactive staff at branches to handle the pandemic situation and have temporarily deployed some staff for managing phone enquiries for customers. They have also deployed mobile ATMs and implemented doorstep banking services to senior citizens and other customers to give special attention. This need interaction with customer to develop better relation to cope with social distancing norm and follow government guidelines at same time manages business. This we learn from pandemic during lockdown.

2.17. **Monish Shah Partner Deloitte (The Economic times, May01.2020)** viewed that the covid-19 has impacted the banking business in multiple ways, issues like, continuity of business and problems of operation to face the problems financial services are taking steps to minimise the impact. There they need to face short and long term implication pertaining to maintaining profitability and control balance sheet items. Financial institutions need to stress test their portfolio to better to understand impact.

The present situation and economy market force to handle stress on decision making while

facing crisis. This need to identify sector/region/clients which are at critical risk and re-evaluation is needed for the loan provisions.

2.18. **Martin Van et.al. (May 26, 2020)** banking industry is not escaped by the crisis faced of covid-19.revenue from wealth management have suffered and decline in capital markets have reduced the value of client's assets. Woks from home or stay at home in orders to lockdown all over the world have generated more loan applications from individual to corporate to banks. Increased credit risk and companies need to meet liquidity crunch to meet short falls. Job losses and wage cuts leading clients to postpone their purchase and vacation plans. The ongoing of the crisis includes behavioural changes from both client s and bankers resulting from redefining their needs and shifting their business by choice or necessity .actions are remote and digital channels. Some of shifting may temporary other will alter banking pattern. The transition to digital must now move from a gradual transformation to much more aggressive approach. If bank do not cope with situation may lose customer and business.

2.19.**Richa Bhattacharya(the Economic times(April16,2020)** during the lockdown period online transaction have increased in large scale to handle this situation and deploy staff PSU banks have offered incentive to their staff. With increased volumes of direct benefit transfers, PSU banks like, State Bank of India, Bank of Baroda NSE -1.20 % and Bank of India are encouraging and giving extra incentives to their staff especially in remote branches these incentives are including daily cash allowance, an additional day's pay for every six days work. Giving insurance cover and reducing interest rate levied on their loans. Some banks have exempted employees above 55yers and above to report. This proves that during pandemic DBT transaction have increased considerably.

2.20. **The Economic times (April6, 2020)** it is reported that banks in the India are likely to witness to increase in their non-performing assets ratio by1.9% and credit cost ratio by 130basis points in 2020 due to economic slowdown crisis by covid-19. It also reported that Asia-Pacific Banks, COVID-19 will have impact on adding USD 300 Billion to Credit Costs. S&P Global Ratings said, this shows the concern about increasing in the NPA level.

2.21. **Somesh Jha (Business standard, april17, 2020)** PSB showed concerns to the union government over loans worth Rs.50, 000 crore may

turn in to non-performing assets (NPA) for march however, RBI has rejected a request for asset classification. PSB also asked whether these directives are applicable to NBFC. Banks are expected to start credit operation in normal mode since, this operations were halted because less manpower due to handle operations in lockdown. Some staff was channelized to the government's directive to work in direct benefit transfer schemes.

2.22. Srinivasa Kumar Yerchuru and Mahadevan Chidambaram (Head Industry advisory, banking and financial services and insurance, TCS) expressed their views impact of covid-19 on banking and financial services. This pandemic could be serious challenges faced by financial service industry. It will affect seriously fall in demand, lower income, production set back, ultimately adversely affects the banking business. On the other hand shortage of staff, lower digital maturity and pressure of existing infrastructure firm need to deal with situation arises due to covid-19 on financial services. To face this challenge they should have appropriate digital technology enables to meet the requirement. Business process reengineering and automation helps to proper handling of digital banking services. Artificial intelligence and conversational platform will help to deal video banking facilities.

2.23. Abhijit Lele, Business Standard (May22, 2020) opined with the while speaking corona crisis, said, senior banking personnel, Indian Banks Association (IBA) has already approached to RBI with plea for easing regulatory norms, so as to support borrowers facing crisis. Banks and financial institutions expect heavy burden of credit support. Lenders have sought for easing NPA norms, one-time restructuring and extensions of moratorium till August which ends for borrowers affected by cove situation. They expect NPA norms may be extended to 180 days.

2.24. Sandeep Aggarwal (Asian Banking & Finance, April20, 2020) according to him the covid-19 crisis has resulted in an unprecedented disruption to the Indian economy. This also led to major changes in operating of industries, business and banking. In view of the above banks will need to adjust to the new reality and manage business. In this situation certain industries which will take longer rebound, so banking exposures to these industries need careful monitoring. Like, travel, tourism, hotels, airlines. Industries like pharmaceuticals, e-commerce, FMCG, would rebound faster. RBI is pumping in substantial

liquidity into the system, to enable availability of requisite credit to individuals and corporate. This will lead to fall in interest rate. Banks are trying to push retail customers towards online banking and digital channels at possible level and less relying on branches. This crisis will give push to these efforts, we may see in near term trend towards branches will be downsized to smaller setup with few employees. PSB (Public sector bank) will need to make their digital offering more customers friendly and bring them in line with the private sector banks.

2.25. Accenture, Now next (March26, 2020) published article how banks can manage the business impact of due to Corona. This corona pandemic has major impact on health and humanitarian crisis and have economic setback everywhere banks are supposed to play important role. This is acid test for those who are affected. This includes, industry, business, banks front runners and impose an override imperative to insure service continuity. We believe that it will have short term impact on four key areas of retail and commercial banking: Management of credit, revenue compression, service to customer and advising provision and model to adjust operation and cost control.

III. OBJECTIVES OF THE STUDY:

1. To examine the complexity associated with managing banking business in crisis situation.
2. To determine the impact of Covid-19 on banking operation and financial results.
3. To study the views about extension of moratorium period and credit disciplines of borrowers.
4. To know the impact of relief in repayment on NPA and its consequences.

Scope and Significance of the study: this study focuses on effect covid-19 on banking operation and restricted of PSBs (250 Branches) surveyed in Nashik during lockdown.

This study is significant to understand banking operation in crisis when situation cannot control by one source and how employees and customers react in given situation.

Limitation of the study: this study is based on survey in crisis period. Economy is dynamic and because economic demand and value change according to environment hence, this study is limited to banking operation of PSBs in Nashik. The study focuses to assess banking operations in view of NPA, extension of moratorium period and

its impact on credit disciplines, and banking profitability.

The work environment and situation demand is influencing directly or indirectly on the banking operations and thereby results. There was limitation of collecting large data due to lockdown and maintaining physical distancing.

IV. RESEARCH METHODOLOGY:

this study is aimed to assess the effect of covid-19 and lockdown on Indian banking sector, in particular public sector banks (PSBs) because PSB responsibility to government and public is different than private sector banks. To achieve this objectives available literature is reviewed and some extracts have been drawn from the various sites of internet in the form of highlights of articles, press releases, interviews of renowned economists, bankers, fund managers, economic and financial advisors, and senior officials of economic bodies, Chamber of commerce and industry and so on. Especially guidelines of RBI and finance minister's views regarding the impact of corona and precautionary measures taken for financial sector to stabilise economy of India were referred. The relevant information available in various forms and sources has been read carefully, understood and conclusion is drawn to substantiate the proper logic of study. This paper is an exploratory and experimental type of study

At present there is no factual data available regarding impact of covid-19 on various sectors of economy including banking sector and only intuitive estimates are available.

Therefore, online survey was conducted to get the required information and data sought since, lockdown restriction physical distance is maintained and banking personnel were also busy in their task to handle the customer and banking operation during lock down period.

V. RESEARCH DESIGN:

The survey research design was used in this study. It involves using a self-designed questionnaire has been prepared and data collected with the help of online views of banking personnel to assess their views about ongoing pandemic effects.

This method was chosen in order to get adequate information and it is relatively economical in terms of time and resources.

This study is based on employees views of public sector banks (PSB) located at Nashik in Maharashtra, India. A sample of 260 from study area identified was randomly presented with self

design questions. The study used judgmental random sampling in order to maintain research for accurate study and equal representation. The study information was sought with discrimination as to gender or demographic variables, but emphasis is much given to the senior staff. Total of (300) questionnaires distributed and feedback obtained. A valid (260) responses were filled and returned were taken for analysis.

Instruments: Self designed close ended questionnaire instrument is used to collect the data which consists the questions pertaining to sought information about the effect of covid-19 on banking operation and financial results of public sector banks.

Research Hypotheses: Based on the facts raised in research and literature review, the following hypotheses are addressed:

1) H0: Covid-19 has not affected banking operation in PSB at Nashik

H1: Covid -19 has affected banking operation in PSB at Nashik

2) H0: There is no significant relationship between effective banking operation and branch profitability

H1: There is a significant relationship between effective banking operation and branch profitability

3) H0: Irregular repayment does not lead to higher NPA and thereby hamper profitability

H1: Irregular repayment may lead to higher NPA and thereby hamper profitability

4) H0: Extension of moratorium period does not lead to encouraging credit indiscipline among borrowers

H1: Extension of moratorium period lead to encouraging credit indiscipline among borrowers

5) H0: There is no significant relationship between under utilisation of resources and operating costs

H1: There is a significant relationship between under utilisation of resources and operating costs.

VI. DATA ANALYSIS AND INFERENCES:

Here, the results of the analysis are reported and presented. Data for the analysis was collected from 50 PSBs. After collecting data was suitable coded to derive inferences by applying chi-square test and result is presented.

Data gathered from the questionnaire was analyzed using both **descriptive and inferential statistics**. **Descriptive statistics** used is frequency distributions. **Inferential statistics** used **chi-square test**.

Table-1 List of banks

Sr. No.	Bank Name	No of Branches	Percentage
1	Bank of Baroda	4	8
2	Bank of India	4	8
3	Bank of Maharashtra	6	12
4	Canara Bank	4	8
5	Central Bank of India	4	8
6	Indian Bank	4	8
7	Indian Overseas Bank	2	4
8	Punjab and Sind Bank	2	4
9	Punjab National Bank	4	8
10	State Bank of India	8	8
11	UCO Bank	4	8
12	Union Bank of India	4	16
	Total	50	100.00

Above banks are taken as per RBI list of PSBs. 50 branches have been taken from above banks .Since, SBI is largest bank and having more branches in city hence, taken more branches and rest of the banks are taken according to branches in city.

Table-2 shows the demographic characteristics of respondents.

Table No. 2. Demographic Characteristics

Demographic variable	Categories	Count	Percentage
Age	Up to 25 Years	60	23.08
	25-35 Years	80	30.77
	35-45 Years	60	23.08
	45-55 Years	30	11.53
	Above 55Years	30	11.54
	Total	260	100.00
Gender	Male	150	57.70
	Female	110	42.30
	Total	260	100.00
Education	Graduate	60	23.08
	Post Graduate	80	30.77
	Professional	60	23.08
	Others	60	23.07
	Total	260	100.00
Job profile	Junior level	50	19.23
	Middle level	90	34.62
	Senior level	80	30.77
	Others	40	15.38
	Total	260	100.00

Source: Research Survey, 2020

Covid-19 effect and banking operation and traits were explored through gender and other demographic characteristics in the selected public sector banks. Demographic characteristics were studied to analyze the lockdown crisis, operational issues, effect on NPA, revenue generation, credit discipline, customer service, repayment of loan, extension of moratorium period, utilisation of resources and operating costs etc.

It is seen from the sample that (23.08%) were young persons in the age group of 25 and 35(30.77%). Gender difference was 58:42 male and female respectively. Most of respondents were graduates and post graduates professionals. Majority of the respondents were managerial professional from the banks as indicated from their job profiles.

This section addresses the hypotheses of the study

Table 3: Hi1-: Covid-19 has affected banking operation in PSB at Nashik

Degree	Observed Frequency	Expected Frequency	(O-E) ²	(O-E) ² /E Difference Sq.	Diff. Sq. / Exp Fr Ch-Square Value	Table Value
To a large extent	185	65	120.00	14400.00	221.54	7.815
To a considerable extent	40	65	-25.00	625.00	9.62	
To some extent	20	65	-45.00	2025.00	31.15	
No response	15	65	-50.00	2500.00	38.46	
Total	260				300.769	

Source: Research Survey, 2020

The Chi² value is 300.769. The p-value is < .00001. The result is significant at p < .05.

The above table value is < calculated value, hence, the null hypothesis is rejected and alternative hypothesis is accepted. This proves that Covid-has affected banking operation in surveyed banks.

Table 4: Hi2- : There is a significant relationship between effective banking operation and branch profitability

Degree	Observed Frequency	Expected Frequency	(O-E) ²	(O-E) ² /E Difference Sq.	Diff. Sq. / Exp Fr Ch-Square Value	Table Value
To a large extent	180	65	115.00	13225.00	203.46	7.815
To a considerable extent	45	65	-20.00	400.00	6.15	
To some extent	20	65	-45.00	2025.00	31.15	
No response	15	65	-50.00	2500.00	38.46	
Total	260				279.231	

Source: Research Survey, 2020

The Chi² value is 279.231. The p-value is < .00001. The result is significant at p < .05.

The above table value is < calculated value, hence, the null hypothesis is rejected and alternative hypothesis is accepted. It is proved that there is significant relationship between effective banking operation and branch profitability.

Table 5 Hi3- Irregular repayment may lead to higher NPA and thereby hamper profitability

Degree	Observed Frequency	Expected Frequency	(O-E) ²	(O-E) ² /E Difference Sq.	Diff. Sq. / Exp Fr Ch-Square Value	Table Value
To a large extent	185	65	120.00	14400.00	221.54	7.815
To a considerable extent	55	65	-10.00	100.00	1.54	
To some extent	10	65	-55.00	3025.00	46.54	
No response	10	65	-55.00	3025.00	46.54	
Total	260				316.154	

Source: Research Survey, 2020

The Chi² value is 316.154. The p-value is < .00001. The result is significant at p < .05. The above table value is < calculated value, hence, the null hypothesis is rejected and alternative hypothesis is accepted. The result proves that irregular repayment by the borrowers may lead to higher NPA and thereby profitability.

Table 6: Hi4- : Extension of moratorium period leads to encouraging credit indiscipline among borrowers

Degree	Observed Frequency	Expected Frequency	(O-E) ²	(O-E) ² /E Difference Sq.	Diff. Sq. / Exp Fr Ch-Square Value	Table Value
To a large extent	185	65	120.00	14400.00	221.54	7.815
To a considerable extent	45	65	-20.00	400.00	6.15	
To some extent	20	65	-45.00	2025.00	31.15	
No response	10	65	-55.00	3025.00	46.54	
Total	260				305.385	

Source: Research Survey, 2020

The Chi² value is 305.385. The p-value is < .00001. The result is significant at p < .05.

The above table value is < calculated value, hence, the null hypothesis is rejected and alternative hypothesis is accepted. It is clearly proved that extension of moratorium period leads to encouraging credit indiscipline among borrowers.

Table 7: Hi5- There is a significant relationship between under utilisation of resources and operating costs

Degree	Observed Frequency	Expected Frequency	(O-E) ²	(O-E) ² /E Difference Sq.	Diff. Sq. / Exp Fr Ch-Square Value	Table Value
To a large extent	175	65	110.00	12100.00	186.15	7.815
To a considerable extent	55	65	-10.00	100.00	1.54	
To some extent	10	65	-55.00	3025.00	46.54	
No response	20	65	-45.00	2025.00	31.15	

Total	260			265.385	
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Source: Research Survey, 2020

The Chi² value is 265.385. The p-value is < .00001. The result is significant at p < .05.

The above table value is < calculated value, hence, the null hypothesis is rejected and alternative hypothesis is accepted. Above table clearly proves that there is a significant relationship between under utilisation of resources and operating costs

VII. CONCLUSIONS:

The result of the study shows that pandemic has affected banking operation considerably. Banking operation is complex of nature includes, domestic, international factors, demand and supply, export and import of country if it is in proper pace then only money cycles rotate properly and maintain economy. During this Covid-19 customer, borrowers, depositors and bankers are facing very embracing situation due to lockdown or slow down. The banking operation is not in its full pace. Either customers are unable to visit bank or limited numbers of customers were allowed at a time hence, most of the customers prefer to stay away from Covid fear. Hence, there was no full-fledged banking operation during the same period. The concerns have been shown by the respondents that if the bank is not operating effectively it will affect its profitability. As far as repayments is concern it have been seriously reflected by the survey that relief for repayment will building higher NPA which is not good sign of professional banking and it will have impact on profitability.

Extension of moratorium period will lead to encouraging customers/ borrowers for not maintaining credit discipline this is not good sign of healthy banking. This will have imprecations on overall banking internationally. This had happen in other cases particularly, farmer loans were waived. Then it become habitual to the farmers they wait for loan waiver in spite of paying capacity. This should not happen in other cases these fears have been expressed by the respondents. It is also observed there is significant relationship between utilisation of resources and operating costs.

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