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## CHAPTER NINE

### Crisis & Innovation in Indian Banking Sector

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#### Introduction.

The banking system considered as the financial backbone of a nation. It plays a pivotal role in building a nation. It acts as a facilitator for various kinds of economic activities.

Firstly, it creates a sense of savings attitude among general public. They save their surplus money in the banks. The banks on the other hand acts as a liaison between the investors and the borrowers. In the process it kicks off the income cycle. The valuable savings of public is mobilized to accelerate economic activities in a country.

Secondly, it provides credits to different segments of the society such as students, senior citizens, corporate, farmers, startups etc. Thirdly, it helps in financial inclusion and brings different sections of the society under banking ambit.

Further, it helps in capital formation as the credit is used for infrastructural development. Banks also provides various financial services to business. They encourage the usage of digital currency by means of Debit cards, Internet banking, e-wallets etc.

They finance different durable goods such as motor bikes, refrigerators, Air conditioners etc as a result of which people find it convenient to make a purchasing decision. This ultimately revives production activities which boosts GDP of a nation.

Hence, we can easily come to a conclusion that, banking system plays a major role in the economy of a country.

Accordingly, Indian banking system is no exception. But, in recent times this sector has weathered many storms in the forms of financial irregularities, rising NPAs (Non performing assets), siphoning of funds etc.

Following is a short journey about some of the major banks of India, their crisis and how they successfully implemented the concept of Innovation in Brand management and averted a certain financial death.

#### 1. The ICICI bank Fiasco:-

It all started in 2016, with a letter by Arvind Gupta, an investor in the bank and VIL (Videocon India Ltd.) group. It highlighted the fact that Chanda Kochhar, the head of ICICI bank, had shown undue favor and forwarded a loan of Rs. 3250 crore rupees to Venugopal Dhoot's VIL. This, according to Mr. Arvind Gupta was a conflict of interest. He alleged that Mrs. Kochhar granted the loan just because her husband, Mr. Deepak Kochhar had good relations with Venugopal dhoot.

The Reserve bank of India took a note of it and conducted an investigation but didn't find any merit in the allegations and sent the matter to the Finance ministry.

In 2018, the matter resurfaced and this time the name of Mrs. Kochhar was in question. ICICI bank's board submitted a report to the SEBI (Securities and exchange board of India) the regulator of stock market in India, and cited no irregularities from the side of the then MD&CEO of ICICI Bank, Mrs. Chanda Kochhar while granting loan to VIL.

Later, the matter was taken over by CBI (Central bureau of investigation) and it ultimately filed an FIR against Mrs. Chanda Kochhar, her husband Mr. Deepak Kochhar and Venugopal Dhoot the head of VIL group.