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**A STUDY OF FACTORS AFFECTING THE POLITICAL ENVIRONMENT
OF BANKING SECTOR AFTER COVID-19**

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ABSTRACT

As a result of the Covid-19 pandemic, many state governments have implemented emergency corrective stimulus measures, the majority of which are financial, to lessen the impact of the lockdown. The Reserve Bank of India (RBI) has, however, released a comprehensive armory of policies, making theirs the most robust response. Repo rate cuts of 75 basis points (bps), cash reserve ratio cuts of 100 bps, inundating the banking system with liquidity, and the use of unconventional products, prudential relaxations, and regulatory forbearance are all examples. A period of turmoil, however, has been plaguing the banking industry and the larger ecosystem of financial intermediation in recent times. Banks and other loan providers are thus becoming more picky about who they extend credit to. The RBI's measures will then be seen for what they are, eventually easing the credit constraint. There is a huge need for banking services in both urban and rural parts of India, and the country's financial institutions are finally ready to provide that need. In order to keep the wheels of India's economic machine turning smoothly despite the current economic climate, the country's banks have installed nearly 2.1 million ATMs and 1.6 million bank branches around the country, respectively.