Abstract and Key Words

Abstract

Banking industry, which has a major role in the economic development of the nation, has been going through tremendous changes during the last two decades due to reforms in this sector. Stage by stage and gradual implementation of various reform measures has influenced the working of commercial banks in one way or other. Banking equations have changed now. Competition has become the buzzword in banking sector.

Kerala is a typical example for commercial banking development during the liberalisation period. Both public sector banks and private sector banks apply old and new strategies and information and communication technology for attracting customers and improving their business. Widespread branch network, high literacy rate and high banking culture of Keralites help them a lot in this regard. It is in this background that the study on “Impact of Liberalisation on the Commercial Banking in Kerala” has been conducted.

The universe of the study is limited to public sector banks (PSBs) and old private sector banks (OPSBs) functioning in Kerala. The study covers various parameters such as policy changes in the banking sector, customers’ and employees’ acceptance of liberalisation policies, effectiveness of marketing strategies, customer-acceptance of new services and facilities, growth in deposits and advances, trend of non-performing assets, and employee satisfaction. These aspects are viewed from the angle of both customers and personnel of commercial banks.

The study was both descriptive and analytical in nature and hence it was based on both primary and secondary data. Primary data for the study were collected from bank personnel and customers using structured interview schedules. Secondary data for detailed analysis were collected for a period of 10 years from 1996–97 to 2005–06. Multistage sampling technique was followed in the present study to select
customers and personnel of commercial banks. Secondary data were analysed using MS Excel and various statistical and mathematical techniques like averages, ratios, percentages, annual growth rate, average annual growth rate, and trend analysis. Primary data were analysed using percentages, Mean, chi-square test, Z-test, ANOVA, F-test, and Tukey’s HSD test.

The analysis revealed that there was steady growth in various types of deposits and advances of commercial banks during the post-liberalisation period. It was also found that non-performing assets of commercial banks steadily declined during the period. Other findings, in general, are: customers and personnel of commercial banks are in favour of liberalisation in the banking sector, though they have some apprehensions regarding the future course of action; liberalisation is beneficial to the banks and the society, which is a win-win situation; privatisation of public sector banks is not favoured by customers and personnel; customers are in support of interest rate deregulation; facilities and services of commercial banks are not in full use in Kerala; marketing strategies of commercial banks are effective in Kerala; technology has accelerated better customer service in banks; and employees’ satisfaction level is high during the post-liberalisation period. However, customers of rural branches have expressed difference of opinion regarding many aspects of liberalisation, marketing strategy, and technology.

**Key Words**

Reforms, liberalisation policies, commercial banks, public sector banks, old private sector banks, old generation banks, new generation banks, total deposits, total advances, credit-deposit ratio, NRE deposits, domestic deposits, priority sector loans, non-priority sector loans, agriculture loans, SSI loans, other priority sector loans, housing loans, non-performing assets, standard assets, sub-standard assets, urban branches, semi-urban branches, rural branches, bank customers, bank personnel, facilities and services, marketing strategies, computerisation, information technology, job satisfaction.