In this chapter, the researcher has analysed the financial performance of the 19 nationalised banks of the country. It is found from the analysis of the year 2009 that out of 19 banks identified for the study, the Dena Bank has ranked number one in the liquidity position followed by the Syndicate Bank. The result of the Credit-Deposit ratio indicates that the Bank of India has got the first position followed by the Bank of Baroda. It is also found from the analysis that the Bank of India has got number one position in relation with Return on Assets followed by the Punjab National Bank.

CHAPTER VI

SUMMARY OF FINDINGS, SUGGESTIONS AND CONCLUSION

6.1 Introduction

6.2 Summary of Findings
6.3 Suggestions

6.4 Conclusion
6.1 Introduction

This chapter covers the findings of study, suggestions and conclusion. For studying the financial performance of the nationalized banks of India, the researcher has used 51 ratios considering the objectives of the research. The major findings and the suggestions based on the research are presented below:

6.2 Summary of Findings

In order to analyse the financial performance of the selected banks, the researcher has identified six parameters namely, capital adequacy, assets quality, management efficiency, earnings quality, liquidity position and profitability. The total number of 51 ratios covering all the six parameters has been included in this analysis. They are:

(i) Cash-Deposit Ratio
(ii) Credit-Deposit Ratio
(iii) Investment Deposit Ratio
(iv) (Credit+ Investment) Deposit Ratio
(v) Deposits to Total Liabilities Ratio
(vi) Term Deposits to Total Deposits Ratio
(vii) Priority Sector Advances to Total Advances Ratio
(viii) Term Loan to Total Advances Ratio
(ix) Secured Advances to Total Advances Ratio
(x) Investments in Non-approved Securities to Total Investments Ratio
Interest Income to Total Assets Ratio
Net Interest Margin to Total Assets Ratio
Non-Interest Income to Total Assets Ratio
Intermediation Cost to Total Assets Ratio
Wage Bills to Intermediation Cost Ratio
Wage Bills to Total Expenses Ratio
Wage Bills to Total Income Ratio
Burden to Total Assets Ratio
Burden to Interest Income Ratio
Operating Profits to Total Assets Ratio
Return on Assets Ratio
Return on Equity Ratio
Cost of Deposits Ratio
Cost of Borrowings Ratio
Cost of Funds Ratio
Return on Advances Ratio
Return on Investments Ratio
Return on Advances Adjusted to Cost of Funds Ratio
Investments Adjusted to Cost of Funds Ratio
Business Per Employee Ratio
Profit Per Employee Ratio
Capital Adequacy Ratio
Net NPA to Net Advances Ratio
Provisions & Contingencies to Total Assets
Net Profit to Total Assets Ratio
Interest Expended to Total Assets Ratio
Gross NPAs to Total Assets Ratio
(xxxviii) Net NPAs to Total Assets Ratio
(xxxix) Gross NPAs to Gross Advances Ratio
(xl) Debt to Equity Ratio
(xli) Advances to Total Assets Ratio
(xlii) Total Investments to Total Assets Ratio
(xliii) Operating Expenses to Total Income Ratio
(xliv) Total Expenses to Total Income Ratio
(xlv) Interest Income to Total Income Ratio
(xlvi) Non-Interest Income to Total Income Ratio
(xlvii) Liquid Assets to Total Deposits Ratio
(xlviii) Balance with RBI to Deposit Ratio
(xlix) Deposit per Employee Ratio
(l) Advance Per Employee Ratio
(li) Cost-Income Ratio

The second chapter “Review of Literature” deals with various literatures related with the study. In this chapter, the researcher has presented various previous studies related with banks in general and financial management in particular.

The third chapter “Profile of Nationalised Banks” deals with origin and growth of 19 nationalised banks in India. This chapter covers vision, mission, branches and business and product and services of the all 19 nationalised banks. It is found from the analysis that among the 19 banks included in this study, the Allahabad Bank is the oldest and the Punjab National Bank is the largest among the other banks under study. The Corporation Bank has received the Award for Excellence in Banking Technology from the Development and Research in Banking Technology in the year 2001.
The fourth chapter “Growth and Development of Public Sector Banks in India” deals with various developments in the progress of the public sector banks in India. It is found from the analysis that there are 27 public sector banks operating in India and providing all kinds of financial services to not only in India but also in abroad. Banking in India originated in the last decades of the 18th century. The first banks was The General Bank of India which was started in 1786, and the second bank it as the Bank of Hindustan, both of which are now defunct. The oldest bank in existence in India is the State Bank of India, which originated as the Bank of Calcutta in June 1806, which almost immediately became the Bank of Bengal. This was one of the three presidency banks, the other two being the Bank of Bombay and the Bank of Madras, all the three were established under charters from the British East India Company. For many years the Presidency banks acted as quasi-central banks, as did their successors. The three banks merged in 1925 to form the Imperial Bank of India, which, upon India's independence, became the State Bank of India.

Indian merchants in Calcutta established the Union Bank in 1839, but it failed in 1848 as a consequence of the economic crisis of 1848-49. The Allahabad Bank, established in 1865 and still functioning today, is the oldest Joint Stock bank in India. It was not the first though. That honour belongs to the Bank of Upper India, which was established in 1863, and which survived until 1913, when it failed, with some of its assets and liabilities being transferred to the Alliance Bank of Simla.

When the American Civil War stopped the supply of cotton to Lancashire from the Confederate States, promoters opened banks to finance trading in Indian cotton.
With large exposure to speculative ventures, most of the banks opened in India during that period failed. The depositors lost money and lost interest in keeping deposits with banks. Subsequently, banking in India remained the exclusive domain of Europeans for next several decades until the beginning of the 20th century.

The partition of India in 1947 adversely impacted the economies of Punjab and West Bengal, paralyzing banking activities for months. India's independence marked the end of a regime of the Laissez-faire for the Indian banking. The Government of India initiated measures to play an active role in the economic life of the nation, and the Industrial Policy Resolution adopted by the government in 1948 envisaged a mixed economy. This resulted into greater involvement of the state in different segments of the economy including banking and finance. The major steps to regulate banking included: In 1948, the Reserve Bank of India, India's central banking authority, was nationalized, and it became an institution owned by the Government of India. In 1949, the Banking Regulation Act was enacted which empowered the Reserve Bank of India (RBI) "to regulate, control, and inspect the banks in India." The Banking Regulation Act also provided that no new bank or branch of an existing bank may be opened without a licence from the RBI, and no two banks could have common directors. In 1959, the Government of India passed the State Bank of India (Subsidiary Banks) Act, which enabled the SBI to take over eight former State-associated banks as its subsidiaries.

In about 5 years after nationalisation of banks, the branch network expanded by 129 per cent. Nationalisation was also visualised as a process that would entail large scale reorganization of the nationalised banks with only one or two major banks acting as all-India banks catering to the wholesale market for credit and with a monopoly of foreign exchange business. However, despite these provisions, control and regulations,
banks in India except the State Bank of India, continued to be owned and operated by private persons. This changed with the nationalization of major banks in India on 19th July, 1969.

It is also found from the analysis that out of the 27 banks, the State Bank of India and its associate banks have more number of branches in India especially in rural areas out of total branches of 55,438 under public sector category. These banks have been well equipped with modern technology with latest advanced facilities at par with the world class banks. The facilities available in these banks include core banking, internet banking, mobile banking, telebanking, multi city cheque facilities, debit card, credit card and demat account. It is also found from the analysis that all the banks under study are experiencing variety of challenges in various areas of its operation. Because of changing the opportunities in the world scenario and some of the notable challenges are implementation of latest technology, corporate governance, reduction of NPAs, manpower planning, risk management and enhancing customer services.

The fifth chapter “Financial Performance of Nationalised Banks In India - A Comparative Analysis” deals with financial achievements of the all the nationalised banks in India. In order to analyse the financial performance of the banks, the researcher has identified the six parameters and 51 different financial ratios considering the objectives of the study. The major findings based on the analysis are presented below:

(i) The bank-wise analysis shows that the maximum average of cash-deposit ratio is in the case of the Punjab National Bank (PNB), that is 10.82 per cent
followed by Bank of the Maharashtra (BOM), that is 9.25 per cent while the ratio was minimum for the Bank of Baroda (BOB), that is 5.22 per cent followed by the Bank of India (BOI), that is 6.09 per cent. The ratio in terms of dispersion was more variation in the case of the Punjab National Bank (PNB) that is 35.09 per cent followed by the Bank of Maharashtra (BOM) that is 33.19 per cent.

(ii) The bank-wise analysis depicts that the maximum average of credit-deposit ratio is in the case of the Bank of India (BOI), that is 67.16 per cent followed by the Corporation Bank (COB), that is 62.81 per cent while the ratio was minimum for the United Bank of India (UntBI), that is 44.48 per cent followed by the Central Bank of India (CBI), that is 51.58 per cent. The ratio in terms of dispersion was more variation in the case of the United Bank of Bank (UntBI) that is 30.85 per cent followed by the Bank of Maharashtra (BOM) that is 24.35 per cent.

(iii) The bank-wise analysis indicates that the maximum average of interest income to total assets ratio is in the case of the Indian Overseas Bank (IOB), that is 9.10 per cent followed by the Oriental Bank of Commerce (OBC), that is 9.06 per cent while the ratio was minimum for the Bank of India (BOI), that is 7.83 per cent followed by the Indian Bank (IB), that is 7.93 per cent. The ratio in terms of dispersion was more variation in the case of the Oriental Bank of Commerce (OBC) that is 15.67 per cent followed by the Indian Overseas Bank (IOB) that is 15.49 per cent.
(iv) The bank-wise analysis exhibits that the maximum average of net interest margin to total assets ratio is in the case of the Punjab National Bank (PNB), that is 3.46 per cent followed by the Indian Overseas Bank (IOB), that is 3.29 per cent while the ratio was minimum for the UCO Bank (UCB), that is 2.47 per cent followed by the Bank of India (BOI), that is 2.67 per cent. The ratio in terms of dispersion was more variation in the case of the Central Bank of India (CBI) that is 26.92 per cent followed by the Indian Bank (IB) that is 25.63 per cent.

(v) The bank-wise analysis portrays that the maximum average of Non-interest income to total assets ratio is in the case of the Andhra Bank (AB), that is 1.68 per cent followed by the Dena Bank (DB), that is 1.64 per cent while the ratio was minimum for the Central Bank of India (CBI), that is 0.99 per cent followed by the Syndicate Bank (SB), that is 1.13 per cent. The ratio in terms of dispersion was more variation in the case of the Andhra Bank (AB) that is 39.29 per cent followed by the United Bank of India (UntBI) that is 39.23 per cent.

(vi) The bank-wise analysis illustrates that the maximum average of intermediation cost to total assets ratio is in the case of the Punjab & Sind Bank (PSB), that is 2.90 per cent followed by the Syndicate Bank (SB), that is 2.68 per cent while the ratio was minimum for the Oriental Bank of Commerce (OBC), that is 1.68 per cent followed by the Corporation Bank (COB), that is 1.82 per cent. The ratio in terms of dispersion was more variation in the case of the Union Bank of India (UBI) that is 33.65 per cent followed by the Syndicate Bank (SB) that is 32.09 per cent.
The bank-wise analysis shows that the maximum average of burden to total assets ratio is in the case of the Syndicate Bank (SB) that is 1.55 per cent followed by the Punjab & Sind Bank (PSB), that is 1.48 per cent while the ratio was minimum for the Oriental Bank of Commerce (OBC), that is 0.48 per cent followed by the Canara Bank (CB), that is 0.54 per cent. The ratio in terms of dispersion was more variation in the case of the Corporation Bank (COB) that is 131.58 per cent followed by the Dena Bank (DB) that is 99.74 per cent.

The bank-wise analysis furnishes that the maximum average of operating profits to total assets ratio is in the case of the Corporation Bank (COB) that is 2.80 per cent followed by the Oriental Bank of Commerce (OBC), that is 2.49 per cent while the ratio was minimum for the UCO Bank (UCB), that is 1.43 per cent followed by the Central Bank of India (CBI), that is 1.50 per cent. The ratio in terms of dispersion was more variation in the case of the Indian Bank (IB) that is 55.06 per cent followed by the United Bank of India (UntBI) that is 50.00 per cent.

The bank-wise analysis shows that the maximum average of return on assets ratio is in the case of the Corporation Bank (COB) that is 1.49 per cent followed by the Andhra Bank (AB), that is 1.22 per cent while the ratio was minimum for the Punjab & Sind Bank (PSB), that is 0.48 per cent followed by the Central Bank of India (CBI), that is 0.51 per cent. The ratio in terms of dispersion was more variation in the case of the Punjab & Sind Bank (PSB) that is 129.17 per cent followed by the Dena Bank (DB) that is 74.55 per cent.
The bank-wise analysis depicts that the maximum average of return on equity ratio is in the case of the Andhra Bank (AB) that is 24.85 per cent followed by the Indian Overseas Bank (IOB), that is 24.35 per cent while the ratio was minimum for the Indian Bank (IB), that is 7.42 per cent followed by the Dena Bank (DB), that is 7.69 per cent. The ratio in terms of dispersion was more variation in the case of the Corporation Bank (COB) that is 208.06 per cent followed by the Indian Bank (IB) that is 174.80 per cent.

The bank-wise analysis indicates that the maximum average of return on advances ratio is in the case of the Andhra Bank (AB) and the Vijaya Bank (VB) that is 10.61 per cent each followed by the Indian Overseas Bank (IOB), that is 10.57 per cent while the ratio was minimum for the Bank of India (BOI) that is 9.01 per cent followed by the Bank of Baroda (BOB), that is 9.02 per cent. The ratio in terms of dispersion was more variation in the case of the United Bank of India (UntBI) that is 18.08 per cent followed by the Bank of Maharashtra (BOM) that is 17.09 per cent.

The bank-wise analysis portrays that the maximum average of return on investments ratio is in the case of the Oriental Bank of Commerce (OBC) that is 10.36 per cent followed by the Union Bank of India (UBI), that is 9.81 per cent while the ratio was minimum for the Bank of India (BOI) that is 8.31 per cent followed by the Andhra Bank (AB), that is 8.87 per cent. The ratio in terms of dispersion was more variation in the case of the Union Bank of India (UBI) that is 27.42 per cent followed by the Indian Overseas Bank (IOB) that is 25.31 per cent.
(xiii) The bank-wise analysis exhibits that the maximum average of business per employee ratio is in the case of the Oriental Bank of Commerce (OBC) that is 545.31 per cent followed by the Corporation Bank (COB), that is 492.76 per cent while the average ratio was minimum for the Central Bank of India (CBI) that is 144.88 per cent followed by the United Bank of India (UntBI), that is 161.22 per cent. The ratio in terms of dispersion was more variation in the case of the UCO Bank (UCB) that is 66.48 per cent followed by the Syndicate Bank (SB) that is 65.81 per cent.

(xiv) The bank-wise analysis shows that the maximum average of profit per employee ratio is in the case of the Corporation Bank (COB) that is 4.38 per cent followed by the Oriental Bank of Commerce (OBC) that is 4.25 per cent while the average ratio was minimum for the Central Bank of India (CBI) that is 0.94 per cent followed by the UCO Bank (UCB), that is 1.16 per cent. The ratio in terms of dispersion was more variation in the case of the Punjab & Sind Bank (PSB) that is 149.23 per cent followed by the Indian Bank (IB) that is 98.17 per cent.

(xv) The bank-wise analysis exhibits that the maximum average of capital adequacy ratio is in the case of the Corporation Bank (COB) that is 15.12 per cent followed by the United Bank of India (UntBI) that is 13.21 per cent while the average ratio was minimum for the Indian Bank (IB) that is 9.36 per cent followed by the Dena Bank (DB), that is 10.30 per cent. The ratio in terms of dispersion was more variation in the case of the Indian Bank (IB) that is 65.81 per cent followed by the United Bank of India (UntBI) that is 21.20 per cent.
The bank-wise analysis illustrates that the maximum average of Net NPA to net advances ratio is in the case of the Dena Bank (DB) that is 8.17 per cent followed by the Punjab & Sind Bank (PSB) that is 6.58 per cent while the average ratio was minimum for the Corporation Bank (COB) that is 1.25 per cent followed by the Andhra Bank (AB), that is 1.26 per cent. The ratio in terms of dispersion was more variation in the case of the Punjab National Bank (PNB) that is 113.87 per cent followed by the Andhra Bank (AB) that is 103.17 per cent.

The bank-wise analysis shows that the maximum average of net profit to total assets ratio is in the case of the Corporation Bank (COB) that is 1.27 per cent followed by the Andhra Bank (AB) that is 1.15 per cent while the average ratio was minimum for the Dena Bank (SB) that is 0.35 per cent followed by the Punjab & Sind Bank (PSB), that is 0.43 per cent. The ratio in terms of dispersion was more variation in the case of the Indian Bank (IB) that is 219.61 per cent followed by the Dena Bank (DB) that is 205.71 per cent.

The bank-wise analysis exhibits that the maximum average of net NPAs to total assets ratio is in the case of the Dena Bank (DB) that is 3.49 per cent followed by the Punjab & Sind Bank (PSB) that is 2.67 per cent while the average ratio was minimum for the Andhra Bank (AB) that is 0.52 per cent followed by the Corporation Bank (COB), that is 0.62 per cent. The ratio in terms of dispersion was more variation in the case of the Indian Bank (IB) that is 112.57 per cent followed by the Punjab National Bank (PNB) that is 108.13 per cent.
(xix) The bank-wise analysis indicates that the maximum average of debt to equity ratio is in the case of the Punjab & Sind Bank (PSB) that is 23.09 per cent followed by the Bank of Maharashtra (BOM) that is 22.56 per cent while the average ratio was minimum for the Indian Bank (AB) that is 8.92 per cent followed by the Corporation Bank (COB), that is 11.44 per cent. The ratio in terms of dispersion was more variation in the case of the Indian Bank (IB) that is 44.62 per cent followed by the UCO Bank (UCB) that is 40.76 per cent.

(xx) The bank-wise analysis exhibits that the maximum average of operating expenses to total income ratio is in the case of the Punjab & Sind Bank (PSB) that is 29.49 per cent followed by the Syndicate Bank (SB) that is 27.51 per cent while the average ratio was minimum for the Oriental Bank of Commerce (OBC) that is 16.55 per cent followed by the Corporation Bank (COB), that is 18.69 per cent. The ratio in terms of dispersion was more variation in the case of the Syndicate Bank (SB) that is 24.56 per cent followed by the Punjab & Sind Bank (PSB) that is 23.06 per cent.

(xxi) The bank-wise analysis shows that the maximum average of total expenses to total income ratio is in the case of the UCO Bank (UCB) that is 84.53 per cent followed by the Punjab & Sind Bank (PSB) that is 84.52 per cent while the average ratio was minimum for the Corporation Bank (COB) that is 71.46 per cent followed by the Oriental Bank of Commerce (OBC), that is 75.73 per cent. The ratio in terms of dispersion was more variation in the case of the Indian Bank (SB) that is 12.93 per cent followed by the Vijaya Bank (VB) that is 10.82 per cent.
(xxii) The bank-wise analysis portrays that the maximum average of interest income to total income ratio is in the case of the Central Bank of India (CBI) that is 89.17 per cent followed by the Bank of Maharashtra (BOM) that is 88.64 per cent while the average ratio was minimum for the Bank of India (BOI) that is 83.47 per cent followed by the Dena Bank (DB), that is 83.76 per cent. The ratio in terms of dispersion was more variation in the case of the Andhra Bank (AB) that is 6.39 per cent followed by the Dena Bank (DB) that is 5.77 per cent.

(xxiii) The bank-wise analysis depicts that the maximum average of non-interest income to total income ratio is in the case of the Bank of India (BOI) that is 16.53 per cent followed by the Dena Bank (DB) that is 16.24 per cent while the average ratio was minimum for the Central Bank of India (CBI) that is 10.82 per cent followed by the Bank of Maharashtra (DB), that is 83.76 per cent. The ratio in terms of dispersion was more variation in the case of the Andhra Bank (AB) that is 6.39 per cent followed by the Dena Bank (DB) that is 5.77 per cent.

(xxiv) The bank-wise analysis shows that the maximum average of liquid assets to total deposits ratio is in the case of the Indian Overseas Bank (IOB) that is 19.25 per cent followed by the Union Bank of India (UBI) that is 19.05 per cent while the average ratio was minimum for the Indian Bank (IB) that is 8.78 per cent followed by the Dena Bank (DB), that is 11.80 per cent. The ratio in terms of dispersion was more variation in the case of the Punjab National Bank (PNB) that is 47.52 per cent followed by the Syndicate Bank (SB) that is 43.07 per cent.
The bank-wise analysis indicates that the maximum average of balance with RBI to deposit ratio is in the case of the Bank of Maharashtra (BOM) that is 8.44 per cent followed by the Oriental Bank of Commerce (OBC) that is 8.07 per cent while the average ratio was minimum for the Bank of Baroda (BOB) that is 4.66 per cent followed by the Punjab & Sind Bank (PSB), that is 5.40 per cent. The ratio in terms of dispersion was more variation in the case of the Punjab National Bank (PNB) that is 64.22 per cent followed by the Syndicate Bank (SB) that is 58.81 per cent.

The bank-wise analysis shows that the maximum average of cost-income ratio is in the case of the Punjab & Sind Bank (PSB) that is 65.15 per cent followed by the United Bank of India (UntBI) that is 62.78 per cent while the average ratio was minimum for the Corporation Bank (COB) that is 39.53 per cent followed by the Oriental Bank of Commerce (OBC), that is 41.44 per cent. The ratio in terms of dispersion was more variation in the case of the Indian Bank (IB) that is 32.17 per cent followed by the Corporation Bank (COB) that is 6.73 per cent.

6.3 Suggestions

In order to improve the financial performance of the banks under study, the researcher has suggested the following suggestions based on this research.

6.3.1. Cost Control
The administrative expenses of the banks constitute the major portion of the all the 19 nationalised banks in India. Because of this reason the profitability of the banks is not growing as to the expected level. So it is necessary to control the administrative cost by way of introducing modern technology in each and every activities of the banks.

6.3.2. Improvement in the Deposit Mobilisation

The success of the banks ultimately depends on the volume of deposit mobilized by the banks. The growth of deposit mobilization of many nationalized banks is not at remarkable level. As a result the fund available for the loan disbursement is not sufficient to meet ever-growing demand from the borrowers. So it is suggested that the banks should take appropriate measures by way of launching new deposit schemes to motivate the new depositors.

6.3.3. Improvement in the Credit Deposit Ratio

It is found from the analysis that the credit-deposit ratio of many banks is not satisfactory level, because of the certain fund policy of the bank. This ratio is one of the indicators of the profitability of the bank. The profit of the bank depends on the maximum utilization of deposits mobilize from the deposit holders. So, it is suggested that the banks should improve the credit-deposit ratio by way of introducing new credit schemes for attracting new borrowers.

6.3.4 Minimization of Non-Performing Assets
The growth of Non-Performing Assets is the one of the serious problems in many banks especially in the nationalized banks. Though all the banks have been continuously taking steps to minimize the non-performing assets but the results are not sufficiently realised. As a result the fund available in the banks is not sufficient to meet growing demand from the borrowers and also the profitability of the bank also affected because of increasing the non-performing assets. So it is highly necessary to minimize the non-performing assets level by way of introducing recovery mechanism to motivate the borrowers to repay the loans within the stipulated period.

6.3.5 Improvement in the Investments in Non-Banking Areas

It is a well known fact that the nationalized banks have chances to mobilize funds from different sources. As a result they also have some time surplus money after sanctioning the loan requirements. So the bank should also analyse various investment opportunities available in other areas including investment in capital market and bullion market. If they invest the surplus money in these markets, definitely the profitability of the bank will be increased and ultimately the shareholders of the banks are also getting high level reward from the bank.

6.3.6 Introduction of New Marketing Strategy

In the present days, marketing plays a key role in the success of any business activity. The banking business is now-a-days experiencing very tough competition not
only from domestic players but also from foreign banks. So, it is a duty of the banks to formulate new marketing strategies by way of consulting the marketing experts not only from the industrial fields but also from academic fields including leading management institutes. If they consult these people, definitely they can get good marketing strategy which will attract the more emerging customers to come forward more deposits in nationalized banks.

### 6.3.7 Improvement in the Productivity of the Employees

The role of employees is one of the main ways to achieve the expected goal of the any organization. It is a fact that the banking companies are one of the largest employment providers in the country. If a concern has more employees means, the human resources available in the bank must be efficiently and effectively utilized for attaining the goal of the organization, i.e., maximization of the wealth of the shareholders of the company. Normally in all foreign banks the labour productivity is always continually evaluated and the reward and award of the employees are always based on their productivity. So, it is suggested that the nationalized banks also should introduce a mechanism to evaluate the employees productivity and motivate them to go for further improvement in their productivity.

### 6.4 Conclusion

India is now the second leading growing economy in the world next to China. The economic growth of any country is ultimately based on the performance of the financial institutions especially the banking companies. It is a well known fact that the services
offered by Indian banks are well received and recognized by the people who are involving in the money market not only in domestic market but also in foreign market. Though the Indian banks have larger network in terms of branches and employees, the volume of business, the employee’s productivity are not at satisfactory level compared with those of other countries banks. It is interestingly noted that the problems out of the recession is not so heavily affected in the Indian banks, though majority of the American and European banks experienced serious problems. This is because of the mind setting of the Indian depositors and continues and serious efforts of the Reserve Bank of India.

In the recent days, the Indian nationalized banks are facing innumerable challenges such as worrying level of NPAs, deteriorating asset quality, increasing pressures on profitability, asset-liability management, liquidity risk management, market risk management and ever tightening prudential norms. The boom in the field of retail banking and the intense competition among the banks to increase the customer base has resulted in the large disbursement of consumer loans, home loans, loans on credit cards, auto loans, educational loans etc. on easy terms without much scrutiny. This has brought with it an increase in the no. of cases of default in loan repayment thus increasing the bank's NPAs. Managing customers is one of the main issues faced by the nationalized banks. The demands and expectations of the customers grow at a much faster rate than the banks can equip themselves to be with them. If the service levels of the product levels are not up to the customer satisfaction, there is always a danger that the customer might shift his transactions elsewhere.

In this context, the present study aimed to analyse the financial performance of the 19 nationalized banks in India as a comparative study for the period of 2000-2009. In order to analyse the financial performance of the banks, the researcher identified six
parameters namely, Capital adequacy, Asset quality, Management efficiency, Earning quality, Liquidity position and Profitability. Each parameter is related with the specific areas of the financial components of the bank. For analysing the financial levels of the banks, the researcher used 51 important financial ratios and each and every ratio is related with any one of the parameters of the analysis. It is found from the analysis that the financial performance of all the 19 banks are at moderate level and requires further improvement for considering the competitions from other banking companies especially from private and foreign operators. The findings of the study is very much useful to the policy makers especially the Reserve Bank of India and the Ministry of Finance, the Government of India to formulate financial policies to further strengthen the overall financial performance of the Indian banking companies in general and nationalised banks in particular. The present research will also be helpful to conduct future researches in the field of Indian banking system. Some of the emerging research areas include emerging issues and challenges in Indian public sector banks, the comparative study on financial performance of the Indian nationalised banks and selected foreign banks and the financial soundness of the public sector banks in India.

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