Preface

Banks are key constituents of any financial system as they mobilize the financial resources of any economy. They play a vital role by contributing to the economic progress of the country. The performance of the banks defines the strength of the financial system.

In the course of evolution, the Indian banking sector has witnessed transformational changes. During the nationalization phase, the growth and development of the banking sector was momentous in terms of wide network of branches, huge deposits resources and far-reaching credit operations. Several inter-regional disparities have been reduced. The Government of India initiated several social controls on the banking system. These controls combined with the absence of adequate competition resulted in decline in productivity and efficiency of the banking system, and seriously eroded its profitability. Banks’ capital position deteriorated, and they were saddled with large non-performing assets. Owing to these reforms, measures were introduced in the banking sector based on the recommendation of the Committee on Financial system.

Following the reforms, the Indian banking sector has witnessed radical changes in the policies and functioning of commercial banks in India. During this period, Public sector banks have initiated and implemented transformational changes in their business and human resource policies and practices in order to align them with the macro level transformation in the business environment and also to enhance their competitiveness in the national and international milieu.
A little near to two decades passed since the implementation of reforms. Since public sector banks occupy a predominant role in the Indian financial system and control over major part of the banking assets, it is worth to assess the performance of commercial banks in general and public sector banks in particular in terms of bank efficiency, employee efficiency and business efficiency in the aftermath of reforms.

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