CHAPTER II

REVIEW OF LITERATURE
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2.1. INTRODUCTION

Various studies are conducted in the area of problems and prospects of scheduled commercial banks in India, commercial viability, earning capacity, cost efficiency, branch expansion, lending pattern and determinant of profit and profitability. The present study is framed in such a way to cover all profit making scheduled commercial banks in India during the turnaround phase through CRAMEL ratio analysis.

2.2. REVIEWS

Lawrence Fogelberg and John M. Griffith (2000)\(^1\), control and bank performance, this study examines the relation between management ownership and firm performance for a sample of commercial bank holding companies. It may be noted that, when an economic measure of performance is used, the relation between ownership and performance of commercial banks is not monotonic, but is significantly curvilinear.

Benson Kunjukunju (2000)\(^2\) studied the impact of credit on income of the rural borrowers in Kerala. This study found that the borrowers who availed credit have improved their income in the post loan period compared to the pre-loan period. He concluded that higher doses of credit to the rural poor by institutional agencies for various economic activities on easy terms will certainly help to increase their income level and also improve their standard of living.

Geetha Devi. K (2000)\(^3\) made an attempt to analyse the problems, procedures and role of CBs in the rural industrialization of Kerala and also examined the impact of rural industrial finance on the income level, employment, standard of living and assets position of entrepreneurs. This study found that CBs contributed 40 to 43 per cent of the total PSL to SSI sector and majority of units failed to satisfy the conditions for obtaining loans. In the recovery of over dues banks faced the problems of poor profitability of units, willful default, absconding entrepreneurs and unauthorized removal of goods from godown and non-co-operation of government agencies.
Mohanachandran B.S.(2000)\textsuperscript{4} in this doctoral dissertation, attempted to study the impact of priority sector lending by commercial banks in the rural development of Kerala by considering loan utilization, overdues etc; and examined the role of PSBs in generating income and employment, creating assets, improving savings and investment and improving social conditions. During the period of study, CBs in Kerala continuously maintained the stipulated target of 40 per cent. He found that BSR has broadened the coverage of PSA. Private sector money lending flourished due to the complex proceedings of CBs. The present system of credit monitoring was not effective. This study also noticed that majority of priority sector borrowers were from small and medium families.

Prashanta Athma (2000)\textsuperscript{5}, in this Ph D research submitted at Usmania University Hyderabad, “Performance of Public Sector Banks – A Case Study of State Bank of Hyderabad, made an attempt to evaluate the performance of Public Sector Commercial Banks with special emphasis on State Bank of Hyderabad. The period of the study for evaluation of performance is from 1980 to 1993-94, a little more than a decade. The major findings of this study are that since nationalisation, the progress of banking in India has been very impressive. All three types of Deposits have continuously grown during the study period, though the rate of growth was highest in fixed deposits.

Nair .S (2000)\textsuperscript{6} reviewed the major trends in Rural financial intermediation in India by PSBs in the post nationalisation period. This study tried to examine the role of PSBs in the newly emerging institutional forms with a thrust on micro finance service and found that the outreach of commercial banks to the rural sector improved considerably between 1971 and 1991. She further noticed that as at 31\textsuperscript{st} march 1997, the rural accounts formed about 59 per cent of small borrower accounts (SBA) with credit limit of Rs. 25000/- or less and 46 per cent of the amount outstanding. It was also realized that, a major component of SBA has been IRDP loans, which accounts for about two third of accounts and one fourth of the amount outstanding. The credit flows to agriculture and CD ratio have declined since mid 1980s.

SBI Research Department in (2000)\textsuperscript{7}, through this study “Performance analysis of 27 Public sector banks” published in SBI monthly review performance, Vol XXXIX, was prepared by Economic Research Department of State Bank of India, is to
analyze the Performance of the 27 Public Sector Banks for the year 1999-2000 vis-a-vis the preceding year. Selecting four different categories of indicators-Business Performance, Efficiency, Vulnerability and labor productivity indicators, carried out the analysis. Altogether, 39 indicators were selected for this purpose. In this study, Researchers viewed that greater operational flexibility and functional autonomy should be provided to PSBs especially to strengthen their capital base.

Shivamagi H.B. (2000) \(^8\) in this study discussed the reforms required in rural banking. This study argued that although rural banking in India has made tremendous quantitative progress, its quality is a different matter. He concluded that the policy makers should give thrust to nurturing of special skills in institutions, a positive management attitude and a culture conducive to healthy rural banking.

Baslas Deepthi and Bansal Anand (2001) \(^9\) tried to analyse the impact of BSR in Indian banks. It segregated the history of Indian banking into three phases – Phase I - 1947 to 1969, Phase II – 1969 to 1992, phase III – 1992 onwards. It observed that the ratio of gross NPAs to total advances and the total assets has come down in PSBs and in private sector and foreign banks though NPAs are showing an increasing trend. This study concluded that agricultural financing has always been a neglected segment in the package of financial sector reforms that needs audacious attention of policy makers.

Wahab A (2001) \(^10\) in this study “Commerical Banks under reforms-performance and issues”, book edited by Deep and Deep Publications, New Delhi, has tried to analyze the performance of the commercial banks under reforms. This study also highlighted the major issues need to be considered for further improvement. it concluded that reforms have produced favorable effects on performance of commercial banks in general but still there are some distortions like low priority sector advances, low profitability.

Benson Kunjukunju (2001) \(^11\), in this doctoral dissertation study, made an attempt to analyse the problems, utilization and repayment performance of rural credit institutions in Kerala and also evaluated the impact of assistance of rural credit agencies on the level of income, employment, assets position and standard of living of borrowers. This study found that the performance of CBs was fairly good during the post nationalisation period. It was realized that undue delay in sanctioning of loans, lack of co-operation of bank
officials and need for personal security were the major problems faced by the borrowers of loans. Untimely and inadequate credit, lack of supervision and domestic needs were the major reasons for diverting funds by the borrowers of CBs. He also found that the borrowers of loans from CBs improved their income, employment, assets position and standard of living. But in PACS, these improvements were too less.

Mathur B.L. (2001) has attempted to review Institutional Agricultural Credit in India. This study argued that co-operative finance is the cheapest and has proved the best for the Indian farmer. In the multi-agency network consisting of CBs, RRBs and co-operatives, the co-operatives account for 46 per cent share in rural credit flow for agriculture.

Pagaria M.L. and Yadav Ram Jass (2001) attempted a viability study of loss making rural branches of banks in Rajasthan State. This study found that majority of bank branches know the significance of low cost deposits for profitability and the emphasis of this is ever increasing in the changed economic scenario and liberalization. The freedom for interest rates determination in deposits and lending has significant impact on branch profitability. It found that more than 90 per cent of advances are to the priority sector due to the inherent nature of operational areas of branches.

Singh S.K., Singh R.P. and Pandey A.K (2001) made an attempt to analyse the participation of credit agencies in rural credit in Ranchi district. This study found that although the contribution of institutional (formal) credit agencies in total agricultural credit advances has increased manifold in the country, there is big gap between demand and supply of agricultural credit by institutional agencies.

Singh, Sultan (2001) made an attempt in his thesis titled “An appraisal of banking sector reforms in India” in Guru Jambeshwar University Haryana, to Access the impact of the reforms on the operational performance and efficiency of the Commercial Banks in India. Ratio analysis has been used as a major tool for assessing the performance of the selected Commercial Banks.

RadhaT. (2002), in this dissertation titled, “Impact of banking sector reforms on the performance of commercial banks in India, in Andhra University, Visakhapatnam, was to critically evaluate the impact of Banking Sector Reforms on the performance of Commercial Banks in India. During the study, this study analysis the magnitude of deposits
and borrowings, and trends in branch expansion, advances and investments, trends income and expenditure and also studied the magnitude of achievements in priority sector advances, capital adequacy, CD ratio, staff position in different bank groups and individual banks within the group. Major findings of the study are: (i) Total Deposits of all Commercial Banks put together may be divided as SBI (21.5 per cent), Associate Banks (6.6 per cent), Nationalised Banks (58.6 per cent), Private Banks (6.9 per cent) and Foreign Banks (6.3 per cent) respectively, (ii) In the total borrowings of SCBs, Nationalised banks, on an average, accounted for 39.42 per cent followed with 22.77 per cent by Foreign Banks, 23.54 per cent by SBI, 7.76 per cent by Private Banks and 3.47 per cent by associate banks.

Muniappan (2002) studied paradigm shift in banks from a regulating point of view in Indian Banking: Paradigm Shift, IBA Bulletin, No 24 -3. This study concluded the positive effect of banking sector reforms on the performance of banks. He suggested many effective measures to strengthen the Indian banking system. A regulatory change is required in the Indian banking system.

Bheemanagouda (2002) tried to analyse the performance of the 5 commercial banks during the post reform period, which are rooted in Karnataka (Canara Bank, Corporation Bank, State Bank of Mysore, Syndicate Bank and Vijaya Bank). This study found that regarding capital adequacy, Canara Bank was first, followed by Corporation Bank in 1997-98. In deposits and loan Corporation Bank emerged as the leader. The percentage of operating expenses to profit is very high in almost all banks. The Corporation Bank can be termed as cost efficient. The State Bank of Mysore is suffering from heavy amount of NPAs, followed by Canara Bank and Vijaya Bank.

The focal point of the study made by Das and Udaykumar Lal (2002), in this study Banking Reforms in Lead Bank Scheme, (Deep and Deep Publication, new Delhi) was the critical evaluation of the lead bank scheme in the light of banking sector reforms. Das in this book observed that high level of NPAs, large number of un-remunerative branches, low productivity, overstaff and archaic methods of operations have affected the profitability of public sector banks. Das sincerely felt that the whole banking sector in India is to be revolutionized to cope with the changing dimensions of the satellite one world.
Jeromi P.D. (2002) analysed the trends and issues of bank credit in Kerala. This study found that the level of credit in Kerala and its rate of growth were reasonably good in absolute terms (compared with state income and all India level). However, in relative terms (compared with deposits, per capita credit, credit per account, disbursement by All India Financial Institutions (AIFIs)), the level of credit was lower. He also observed that there was more thrust in mobilization of deposits than credit expansion, since 1991 there was drastic decline in CDR. Among the southern states, Kerala had low CDR and performance of some of the nationalised banks was poor.

Mani K.P. (2002) This study tried to analyse the performance of commercial banks in Kerala. He found that during the period 1988-2000, commercial banks in Kerala performed better in deposit mobilization, while the deployment side is weak bringing down the CD ratio to a lower level. He suggested revamping the commercial banks in the state. This presupposes a new “entrepreneurial culture” in the state nourished with “positive strokes” from the part of the banks.

Singh and Das (2002) This study tried to review the banking sector reforms introduced in India. It opined that Human Resource Development, Technology, Industrial Relations and Customer Service are the four pillars of the banking system of the future.

Thomas E.M. (2002) This study tried to analyse credit – deposit position of PSBs in Kerala from 1969 to 2000. This study found that CD ratio of PSBs in Kerala was much lower than the all India average. The main factors responsible for low CD ratio were economic recession, lack of favorable investment climate, lack of adequate number of bankable schemes etc.

Mabil P.S. (2003) This study made an attempt to analyse the problems of bank finance and Service Area Approach (SAA) in Kerala. This study found from the analysis that the credit under SAA failed to make a significant change in all aspects of the life of the people. Due to this, implementation of the scheme often slips off from the correct track and the purpose of the scheme is not always fulfilled. She further noticed that even if there was significant changes in employment, income and assets holdings, the same rate of change was not seen in other aspects such as education, housing, health condition, food consumption, clothing pattern etc.
Shete N.B. (2003) discussed priority sector advances of banks during the post reform period. This study found that the priority sector advances of banks have come down substantially during the post reform period. The small and marginal farmers continued to be both credit and demand constrained.

Rajithakumar. S and Sarangadharan.M (2003) This study suggested that appropriate measures for proper co-ordination between banks and other financial institutions can tackle many of the existing problems related to the credit requirements of the primary and secondary sectors in the state of Kerala.

ICRA (2003), This study titled “comparative study on Indian banking”, tried to analyse the fast-changing environment, the Indian Bank’s Association (IBA) has Commissioned ICRA Advisory Services (ICRA) to carry out a study to benchmark the strengths and weaknesses of Indian Banks against those of select International Banks. The parameters, which have been used for benchmarking, are Risk weighted capital norms, Income Recognition norms, asset classification norms, provisioning norms, which come under “Structural Parameters”.

Simon H. Kwan (2003), Operating performance of banks among Asian economies: An International and time series comparison. After controlling for loan quality, liquidity, capitalization, and output mix, per unit bank operating costs are found to vary significantly across Asian countries and over time. Further analysis reveals that the country rankings of per unit labor and physical capital costs are highly correlated, suggesting that there exist systematic differences in bank operating efficiency across Asian countries.

Saiful Azhar Rosly and Mohd Afandi Abu Bakar (2003), This study titled as “Performance of Islamic and mainstream banks in Malaysia”, International Journal of Social Economics, and the study found that Islamic banking scheme (IBS) banks have recorded higher return on assets (ROA) as they are able to utilize existing overheads carried by mainstream banks.

Ram Mohan (2003), in this study “Long run performance of public and private sector bank stocks” Vol 37, has made an attempt to compare the three categories of banks-Public, Private and Foreign-using Physical quantities of inputs and outputs,

Singh R (2003)\textsuperscript{31}, in this study, Profitability management in banks under deregulate environment, IBA bulletin, No25, has analyzed profitability management of banks under the deregulated environment with some financial parameters of the major four bank groups i.e. public sector banks, old private sector banks, new private sector banks and foreign banks and found that profitability has declined in the deregulated environment.

Manoj.P.K. and Sankara Narayanan (2004)\textsuperscript{32} highlighted that banks are functioning on the twin principles of liquidity and profitability were satisfy the profitability principle. So they have to be extra cautions while extending loans.

Shetty.S.L (2004)\textsuperscript{33} analysed the distributional issues in bank credit and found that the share of agriculture in total bank credit had steadily increased under the impulse of bank nationalisation and reached 18 per cent towards the end of 1980s, but thereafter the achievements has been almost completely reversed and share of agriculture has dipped to less than 10 per cent in the later 1990s.

Udayakumar (2004)\textsuperscript{34}, in this doctoral dissertation study, made a study on supply and utilization of agricultural finance in Kerala. This study found that loan utilization pattern was same in the case of both co-operative and commercial banking sectors and granting of loans was closely related to availability of security. This study suggested that there should be shift from security based banking to purpose based banking and proper monitoring on credit utilization must be scientifically exercised.

Valsamma Antony (2004)\textsuperscript{35} reviewed the performance of RRBs and the need for revitalizing them. This study observed that the share of deposits and credit of RRBs appear to be quite meger as compared to other kinds of banks. In number of branches, a steady growth was found from 1981 to 1991, but thereafter a downward trend was noticed.

Yeole Arun (2004)\textsuperscript{36} studied the problem of NPAs of commercial banks. This study found that the problem of NPA is more in PSBs than in private sector and foreign
banks. This study found that NPAs in PSBs are growing not only due to external factors but also internal factors. Due to inefficient measures, NPAs become more and more complex and affect banks' liquidity and profitability adversely.

Valsamma Antony (2005) analysed the performance of RRBs and stated that among the various institutional agencies engaged in rural finance, RRBs play a significant role. RRBs in the country are functioning through their 14,400 branches, spread across 511 districts. As on March 31st, 2003, their deposits, advances and accumulated losses amounted to Rs. 45000 crores, 19,000 crores and 2700 crores respectively. This study concluded that a target oriented, time bound, realistic and regional approach is required for optimum results in rural credit.

Yadav Subah Singh (2005) opined that efforts are on to ensure availability of more bank branches in areas having high population and organizing village meets for creating awareness about facilities available with the bank, safety, liquidity of funds, various deposits and advances schemes.

Probal Dutta & Sudipta Bose (2006), Gender Diversity in the Boardroom and Financial Performance of Commercial Banks: Evidence from Bangladesh. In today's corporate world, board diversity and gender diversity are a much talked-about topic is an important aspect of board diversity. Gender diversity refers to the presence of women on corporate boards of directors. In this paper, it has been examined whether an association exists between the financial performance of commercial banks in Bangladesh and presence of women on the boards of directors of these banks.

Abdus Samad, Lowell M. Glenn & Fazlul Miah (2006), inter-temporal performance: does bank-size matter, an analysis of Utah banks. This paper evaluates the inter-temporal performance of commercial banks with headquarters in the State of Utah between 2000 and 2004. T-tests and Kruskal-Wallis tests are applied to determine whether there are significant differences in performance. Among the factors evaluated are Return on Assets (ROA), Return on Equity (ROE), loan loss reserve ratio, and loans past due 30-89 days as a percentage of total loans.

Medhat Tarawneh (2006), A Comparison of Financial Performance in the Banking Sector: Some Evidence from Omani Commercial Banks. The purpose of this
study is to classify the commercial banks in Oman in cohesive categories on the basis of their financial characteristics revealed by the financial ratios. The study found that the bank with higher total capital, deposits, credits, or total assets does not always mean that has better profitability performance.

Selcuk Percin & Tuba Yakici Ayan (2006) 42, measuring efficiency of commercial banks in a developing economy: the case of Turkey. The objective of this study is to measure and evaluate the efficiency of commercial banks in Turkey using a Data Envelopment Analysis (DEA) and Malmquist Productivity Index (MPI) methodologies. Using data for the year 2004, 11 of the 31 banks are found to be efficient under CRS, while 16 of them efficient under VRS assumption. Also, for the year 2003, 16 of the 31 banks have been calculated efficient under CRS while 23 of them efficient under VRS assumption.

Grazyna Wozniewska (2008) 43, methods of measuring the efficiency of commercial banks: an example of polishbanks - efficiency analysis is essential for the evaluation of banks’ performance. to estimate banks’ efficiency, we can apply different methods. Analysis of financial indicators is the most popular efficiency analysis method in banks, but the number of financial indicators can be really big and make the interpretation of the results more difficult. The main aim of this article is to present the results of efficiency analysis, computed by means of both methods, i.e. the classical index of balance sheet characteristics and the non-parametric DEA method. The analysis was carried out in the biggest banks operating in Poland in 2000–2007. The empirical results show that the efficiency measures give a similar although not identical picture of Polish commercial banks’ performance.

Jehovaness Aikaeli (2008) 44, Commercial Banks Efficiency in Tanzania - Efficient banking system reflects a sound intermediation process and hence the banks’ due contribution to economic growth. Secondary time series data are used in empirical analysis of banks’ efficiency. Non-parametric Data Envelopment Analysis (DEA) model is utilized in estimation of technical and scale efficiency, while x-inefficiency is estimated using multi-product translog cost function. Nevertheless, the major conclusions show that banks in Tanzania still have reasons to improve their performance.
CP Chandrasekhar (2008), financial liberalization and the new dynamics of growth in India. Financial liberalization and special measures to attract foreign financial capital flows have triggered massive capital inflows into the Indian economy in the last five years, leading to the accumulation of large foreign exchange reserves. The fund inflows are financing a bubble in the Indian stock and real estate markets, rendering them vulnerable to sharp reversals and speculative attacks which can have a ripple effect on other areas of the economy.

Matama Rogers (2008), corporate governance and financial performance of selected commercial banks in Uganda - This paper aims at establishing the relationship between the core principles of corporate governance and financial performance in commercial banks of Uganda. Openness and Reliability are measures of trust. On the other hand credit risk as a measure of disclosure has a negative relationship with financial performance.

Omprakash K. Gupta1, Yogesh Doshit, and Aneesh Chinubhai (2008), Dynamics of Productive Efficiency of Indian Banks. The Indian banking sector, which was predominantly controlled by the government, was liberalized in early 1990s. This paper analyzes the performance of the Indian banking sector, measured and compared in two stages: Through the construct of productive efficiency using the non-parametric frontier methodology, DEA (Data Envelopment Analysis) and finding the determinants of productive efficiency through TOBIT model. Inputs and outputs are measured in monetary value and efficiency scores determined for the period 1999-2003. The study shows that State bank of India and its group have the highest efficiency, followed by private banks, and the other nationalised banks.

Claudiu Cicea & Daniela Hincu (2009), performance evaluation methods in commercial banks and associated risks for managing assets and liabilities. The main objective for this paper is to analyze some quantitative methods used in assessing the performance of investment activity in commercial banks (such quantitative models, financial indicators etc.); consequently, it present the risks that a commercial bank faces in managing assets and liabilities.

Seema Jaiswal (2010), Relationship between Asset and Liability of Commercial Banks in India, 1997-2008. Asset Liability Management (ALM) is important to the
banking industry because of increased financial volatility, introduction of new financial products such as interest rate swaps, options and futures, regulatory initiatives. In this study the relationship between two sides of the balance sheet (asset and liability) of scheduled commercial banks (public sector banks, private sector banks and foreign banks) in India for the period 1997-2008, using statistical tool multivariate canonical correlation analysis.

Mabwe Kumbirai and Robert Webb (2010) 50, A financial Ratio Analysis of Commercial Bank Performance in South Africa – This study investigates the performance of South Africa’s commercial banking sector for the period 2005- 2009. Financial ratios are employed to measure the profitability, liquidity and credit quality performance of five large South African based commercial banks. The study found that overall bank performance increased considerably in the first two years of the analysis.

Muhammad Imran Malik & Asad Afzal Humayoun (2010) 51, Banking Developments in Pakistan: A Journey from Conventional to Islamic Banking. This study reflects a historical background of Pakistani banking sector since it’s independence on August 14, 1947 from British rule. It indicates the journey of Pakistani banking sector from the establishment of SBP on July 1, 1948 as central bank. During 1950s and 1960s banking sector got expansion due to development projects. In 1974, banks operating in Pakistan got nationalised and came under the direct control of the Govt. of Pakistan.

Peong Kwee Kim & Devinaga Rasiah (2010) 52, Relationship between Corporate Governance and Bank Performance in Malaysia during the Pre and Post Asian Financial Crisis, European Journal of Economics Corporate governance came to be seen as a problem in banking system following the Asian financial crisis. Malaysia is a particularly interesting case and it was seen as a worthy example of a “tiger economy”, experiencing continuous economic growth and social development. This study attempts to identify and understand the differences between two types of banking ownership – the private domestic-owned banks and the foreign owned banks in term of relationship between corporate governance and bank performance in the pre and post Asian financial crisis.

Jaynal Ud-din Ahmed (2010) 53, Priority Sector Lending By Commercial Banks in India: A Case of Barak Valley - The priority sector lending is mainly intended to ensure
that the assistance from the banking system to those sectors of the economy which has not received adequate support of institutional finance. Since seventies, Reserve Bank of India and government of India have stipulated guidelines for priority sector lending by banks. The same was revised on April 30, 2007 and overall priority sector lending target was fixed at 40 per cent for domestic banks and 32 per cent for foreign banks. However, the banks are not able to reach the prescribed target of lending to priority sector.

Mohi-ud-Din Sangmi & Tabassum Nazir (2010) 54, Analyzing Financial Performance of Commercial Banks in India: Application of CAMEL Model - Sound financial health of a bank is the guarantee not only to its depositors but is equally significant for the shareholders, employees and whole economy as well. In this study, an effort has been made to evaluate the financial performance of the two major banks operating in northern India. This evaluation has been done by using CAMEL Parameters, the latest model of financial analysis. Through this model, it is highlighted that the position of the banks under study is sound and satisfactory so far as their capital adequacy, asset quality, Management capability and liquidity is concerned.

TK. Ravichandran and Khalid Abdullah Alkhathlan (2010) 55 “Market Based Mergers- Study on Indian & Saudi Arabian Banks” “In this study analyses the efficiency and performance of post merger using CRAMEL–type variable of selected banks in India & Saudi Arabia which are initiated by the market forces. The results suggest that the mergers did not seem to enhance the productive efficiency of the banks as they do not indicate any significant difference. The financial performance suggests that the banks are becoming more focused on their retail activities (intermediation) and the main reasons for their merger is to scale up their operations.

Manoj P K (2010) 56, Financial Soundness of Old Private Sector Banks (OPBs) in India and Benchmarking the Kerala Based OPBs: A ‘CAMEL’ Approach, Kerala state in the union of India has got an enviable track record of private sector banking in the entire country, even from the late nineteenth century. As against 8 such private banks as of 1985, the number has halved to just 4 in 2007, and this number may fall down further as some of these existing banks have already become takeover targets of stronger banks in the country.
Urvashi Shrivastava, Bobby Brahme Pandey, & Daljeet Singh Wadhwa (2011), Evaluating the Performance of Axis Bank in terms of Capital Adequacy using Financial Indicators. In 1991, the Indian economy went through a process of economic liberalization, which was followed up by the initiation of fundamental reforms in the banking sector in 1992. One of the primary motives behind this drive was to introduce an element of market discipline into the regulatory process that would reinforce the supervisory effort of the Reserve Bank of India (RBI). Market discipline, especially in the financial liberalization phase, reinforces regulatory and supervisory efforts and provides a strong incentive to banks to conduct their business in a prudent manner.

Jasmindeep Kaur & Silony (2011), performance review of commercial banks in India with special reference to priority sector lending - a study of post reforms era. The present paper is related to the role of public sector and private sector banks in priority sector lending. It is found from the study that priority sector advances and agricultural advances of both the types of banks had improved manifold over the study period. But, they were still lacking behind to achieve the targets set for them by RBI in agriculture sector.

Kajal Chaudhary and Monika Sharma (2011), Performance of Indian Public Sector Banks and Private Sector Banks: A Comparative Study. The economic reforms in India started in early nineties, but their outcome is visible now. Major changes took place in the functioning of Banks in India only after liberalization, globalization and privatization. Increased competition, new information technologies and thereby declining processing costs, the erosion of product and geographic boundaries, and less restrictive governmental regulations have all played a major role for Public Sector Banks in India to forcefully compete with Private and Foreign Banks.

Trinath Rayudu, P.Katariya and S.S. Chahal (2011), Performance Appraisal of Location Specific Scheduled Commercial Banks in Financing Punjab Agriculture. The present study has been undertaken to examine the performance of location specific Scheduled Commercial Banks in financing agriculture in Punjab. An effort has been made to present the comparative appraisal of financial performance of the Scheduled Commercial Banks operating in rural, semi-urban and urban locations of Punjab on the
basis of profitability and liquidity status of the branches and more specifically, their outreach to the agriculture sector.

S.S. Rajan, K.L.N. Reddy and V. Pandit (2011)\textsuperscript{61}, Efficiency and productivity growth in Indian banking. This paper attempts to examine technical efficiency and productivity performance of Indian scheduled commercial banks, for the period 1979-2008. We model a multiple output/multiple input technology production frontier using semi parametric estimation methods. The indignity of multiple outputs is addressed by semi parametric estimates in part by introducing multivariate kernel estimators for the joint distribution of the multiple outputs and correlated random effects. Output is measured as the rupee value of total loans and total investments at the end of the year.

Vikas Choudhary & Suman Tandon (2011)\textsuperscript{62}, Performance of commercial banks in India during post-liberalization, this paper attempts to analyze the performance of commercial banks after financial reforms. To compare the performance of public sector, private sector and foreign banks selective indicators were taken into considerations. These Indicators were share in aggregate deposits of various banks, Distribution of Branches region wise, Share of various banks in financial indicators like net profit, gross profit etc, non performing assets and capital adequacy ratio. From the analysis it was concluded that share of private sector banks in aggregate deposit was increasing and share of public sector banks were maximum in aggregate deposits, whereas SBI group was having maximum branches in rural areas.

Boon Heng The, Tze San Ong and Cia Ling Teo (2011)\textsuperscript{63} - Analysis On Financial Performance And Efficiency Changes Of Malaysian Commercial Banks After Mergers And Acquisitions - Malaysia is experiencing another round of crisis brought about by the global credit crunch. Second, paired sample t-test determines the significance differences in financial performance before and after the merger activity and third, Data Envelopment Analysis (DEA) approach measure the improvement in bank’s efficiency after the merger.

Rehana Kouser & Irum Saba (2011)\textsuperscript{64}, This study attempted to analyse effects of business combination on financial performance: evidence from pakistan’s banking sector. This contemporary study addresses the mergers and acquisitions (m&a) and provides
insight to their impacts. It explores the effects of merger on profitability of the bank by using six different financial ratios. 10 commercial banks that faced M&A during the period from 1999 to 2010. The lists of banks were selected from the Karachi Stock Exchange (KSE). Quantitative data analysis techniques are used for inference. Data were collected from the annual reports of the sample banks for the period of six years (three years before the combination and three after). Analysis was done by using paired t-test and the study concluded that our all alternate hypothesis are rejected because. The results recommend that operating financial performance of all commercial bank’s M&A included in the sample from banking industry had declined later.

S. M. Sohrab Uddin & Yasushi Suzuki (2011), This study studied about the Financial Reform, Ownership and Performance in Banking Industry, the Case of Bangladesh - Bangladesh entered into the era of financial reform during the early 1980s, most of which have concentrated predominantly on the banking sector. This study was undertaken to investigate the performance of commercial banks after the implementation of significant financial reform. The findings indicate that income and cost efficiency of sample banks have increased by 37.84 per cent and 15.28 per cent respectively in 2008 compared to 2001. Similarly, non-performing loans and return on assets also report improvement in bank performance.

M. Syed Ibrahim (2011), Operational Performance of Indian Scheduled Commercial Banks-An Analysis. The banking sector is the core segment of the Indian financial system which decides the progress of the country. Banks play an important role in the mobilization and allocation of resources in an economy. In this paper, an effort has been made to evaluate the operational performance of the commercial banks in India with especial reference to the Scheduled Commercial Banks since 2000.

Zohra Bi & Shyam Lal Dev Pandey (2011), comparison of performance of microfinance institutions with commercial banks in India. Microfinance in India has been viewed as a development tool which would alleviate poverty and enhance growth of the country through financial inclusion. Out of 6 lakh villages in India, only approximately 50000 have access to finance. The aim of the paper is to study the performance and efficiency of
microfinance. A sample of microfinance institutions in India have been selected based on their ratings given by microfinance information exchange (MIX) for the study.


Ong Tze San1, Lim Yee Theng1 and Teh Boon Heng2 (2011), A Comparison on Efficiency of Domestic and Foreign Banks in Malaysia: A DEA Approach. This study utilizes non parametric Data Envelopment Analysis (DEA) to analyze and compare the efficiency of foreign and domestic banks in Malaysia. Conversely, the finding of this study shows that domestic banks have a higher efficiency level than foreign banks, this imply that domestic banks are relatively more managerially efficient in controlling their costs. The second stage of the empirical results is based on the Tobit model, which suggests that the pure technical efficiency (PTE) of banks in Malaysia is mainly affect by capital strength, loan quality, expenses and asset size.

Tobias Olweny & Themba Mamba Shipho (2011), Effects of banking sectoral factors on the profitability of commercial banks in kenya, the first objective of this study was to determine and evaluate the effects of bank-specific factors; capital adequacy, asset quality, liquidity, operational cost efficiency and income diversification on the profitability of commercial banks in Kenya. The data was analyzed using multiple linear regressions method. The analysis showed that all the bank specific factors had a statistically significant impact on profitability, while none of the market factors had a significant impact.

Gunu Umar  & Olabisi Jimoh Olatunde (2011), Performance evaluation of consolidated banks in nigeria by using non-financial measures. the development of sound banking system in nigeria is becoming increasing difficult to achieve because of incessant distress and unethical practices. The failure of some banks to satisfy financial performance
requires a rethink of evaluation using non-financial measures. Four consolidated banks were used as the focal point, 303 customers formed the study sample. The data used for the study were generated through questionnaire. Factor analysis was used to reduce the number of variables (43) to form seven non-financial measures. Barlett Test of sphericity was used to test the hypothesis that our correlation matrix is an identity. Kaiser-Meyer-Olkin (KMO) method was used to measure sampling adequacy. Multiple regression was used to find out variation caused by non-financial measures in bank performance. Factor analysis results indicated seven non-financial measures: cost of transaction, information technology, service delivery, quality of service, bank offering, loan application and customer satisfaction. Based on the findings, it was recommended that the identified non-financial measures should be adopted to fundamentally improve financial performance of consolidated banks.

Paul Rotich Teimet, Damianus Okaka Ochieng, & Shem Away (2011), The profitability of commercial banks depends heavily on the net of income generating activities and the related activities expense. This was a census study of all registered 44 commercial banks in Kenya and relied heavily on documentary secondary data for 5 year study period (2005-2009) and validated by primary data achieved through key-informant method. Herfindahl-Hirschman Index, Correlations and Regression analysis were mainly used and revealed on aggregate that all commercial banks in Kenya are diversified with large banks in lead while Islamic banks trail. Further, diversification level has a positive influence on financial performance of commercial banks in Kenyan and the two main revenue streams are positively related.

Muhammad Farhan Akhtar, Khizer Ali & Shama Sadaqat (2011), Factors Influencing the Profitability of Conventional Banks of Pakistan. A significant constituent of the micro-prudential analysis is the study of banking sector profitability. Using bank level data this paper analyzes the profitability of commercial banks in Pakistan over the period from 2006 to 2009 using an empirical framework. The estimation results show that Gearing ratio, NPLs ratio and asset management are found to have significant affect on the profitability of commercial banks in both models.

Ahmed Arif Almazari (2011), Financial Performance Evaluation of Some Selected Jordanian Commercial Banks. This study attempted basically to measure the
financial performance of some selected Jordanian commercial banks for the period 2005-2009. In this paper an attempt was made to analyze the financial performance of seven selected Jordanian commercial banks using simple regression in order to estimate the impact of independent variable represented by; the bank size, asset management, and operational efficiency on dependent variable financial performance represented by; return on assets and interest income size.

Siraj. K. K & P. Sudarsanan Pillai (2011)\textsuperscript{75}, Asset Quality and Profitability of Indian Scheduled Commercial Banks during Global Financial Crisis. In this study, we investigate the performance of Indian Scheduled Commercial Banks before and after global financial crisis (2007-09). The banking sector is going to implement Basel III accord in the near forerun. The study is conducted using data available for the period 1999-2000 to 2010-2011.

Husni Ali Khrawish (2011)\textsuperscript{76}, In order to show the Determinants of commercial banks performance, there are two categories, namely internal and external factors that effects on commercial banks performance. Internal determinants of statement variables and non-financial statement variables. External factors are those factors that are considered to be beyond the control of the management of a bank. This study comes to examined and analysed the factors that might affect on the Jordanian commercial banks performance during the period from 2000 through 2010.

Vijay Hooda (2011)\textsuperscript{77}, state cooperative banks versus scheduled commercial banks: a comparison of three financial ratios “banks are the backbone of Indian Financial System in our country, the banking sector broadly consists of scheduled commercial banks (scbs) and Co-operative Banks. The present paper attempts to compare the position of State Co-operative Banks (StCBs) with Scheduled Commercial banks (SCBs) on the basis of three financial ratios. The paper concludes that SCBs and StCBs differ significantly as per these selected ratios during the reference period.”

Mohamad abdul hamid, shaza marina azmi (2011)\textsuperscript{78}, The performance of banking during 2000-2009: bank islam malaysia berhad and conventional banking in malaysia. the objective of this paper is to examine the financial performance of bimb in the period between 2000 and 2009 and make comparative assessments of malaysia’s interest free islamic bank (bimb) and the interest-based conventional commercial banks. This study
evaluates intertemporal and interbank performance of the pioneer of Islamic banking in Malaysia, i.e. Bank Islam Malaysia Berhad (BIMB or ‘the bank’), in profitability, liquidity, risk and solvency as well as community involvement for the period 2000-2009.

Thair Al Shaher, Ohoud Kasawneh & Razan Salem (2011)\textsuperscript{79}, The Major Factors that Affect Banks’ Performance in Middle Eastern Countries. This paper mainly concentrates on evaluating the major factors that affect the commercial banks’ performance in the Middle East region based on factor analysis technique. In our study, we choose 23 variables and analyze them according to factor analysis techniques (PCA), in order to extract them in six different factors based on their importance to banks’ performance. The results revealed that the first factor (banks’ characteristics) is considered the most important factor to banks’ performance.

Wadad Saad & Jamal Hayek (2011)\textsuperscript{80}, Assessing Performance Factors in the Lebanese Commercial Banks using Different Approaches. This study explores the performance factors of commercial banks in Lebanon over the period 2000-2006 in order to determine the key success (failure) of these banks classified into four groups based on their total assets. Two approaches are adopted for this purpose: discriminate analysis and logistic regression.

Sandeep Bansal & Dr.Surender K.Gupta (2012)\textsuperscript{81} A study of banking sector in India after reforms, the financial sector reforms have brought about significant improvements in the financial strength and the competitiveness of the Indian banking system. New businesses, new customers, and new products beckon, but bring increased risks and competition. The present study examines the growth structure and the scope of banking sector in India after reforms. Effective banking sector reforms can be done through political willingness and commitment and establishment of rule of law in the country.

K. Sriharsha Reddy (2012)\textsuperscript{82}, Relative performance of commercial banks in India using camel approach - due to the nature of banking and the important role of banks in the economy in capital formation, banks should be more closely watched than any other type of economic unit in the economy. The CAMEL supervisory system in banking sector is a substantial improvement over the earlier systems in terms of frequency, coverage and focus. In the present study an attempt is made to evaluate relative performance of banks in India using
CAMEL approach. It is found that public sector banks have significantly improved indicating positive impact of the reforms in liberalizing interest rates, rationalizing directed credit and Investments and increasing competition.

Surender Kumar Hupta & Sarita Verma (2012) 83 Financial sector reforms in India and its impact - the Indian Financial sector reforms launched a decade ago have transformed the operating environment of the financial sector from an administered regime to a competitive market based system. The reforms are an on-going process. There is increasing evidence of strong inter-linkages between markets, in the macro economic and financial spheres, inflation has been contained, external debt indicators have vastly improved, the exchange rate is flexible and the country is free of financial repression. The trade account is open and India has become much more integrated with the world economy.

A.S.Shiralshetti (2012) 84, Efficiency of banks in rendering services – A study of banks of belgaum district - performance of banking industry is greatly depends on the CD ratio, which is the key indicator to show how the funds are utilized by the banks to generate their revenue and increase the market share. In this study, an attempt has been made to ascertain the efficiency of Nationalised Banks, Private Sector Banks, Regional Rural Banks (KVG), Belgaum District Co-Op Banks, KSCARD Banks and Urban Co-Op Banks in offering services to users. Analysis of services of each bank group reveals that there has increased efficiency in offering services over a period of time.

Kavitha. (2012) 85, An insight into determinants of funds management in indian scheduled commercial banks, the banking industry is the heart of commercial activity and reflects the economic health of a country. If this sector is healthy, the economy of the country is also healthy, while, on the other hand, if it is sick, the economy of the country would also be in the doldrums.

Akram Alkhatib & Murad Harsheh (2012) 86, Financial performance of palestinian commercial banks - the purpose of this study is to empirically examine the financial performance of five palestinian commercial banks listed on palestine securities exchange (pex). in this paper, financial performance has been measured by using three indicators; Internal–based performance measured by Return on Assets, Market-based
performance measured by Tobin’s Q model (Price / Book value of Equity) and Economic–based performance measured by Economic Value add.

Shahid Munir, Rao Qasim Iqbal, Muhammad Ahmad, & Ali Raza (2012) 87, Financial Performance Assessment of Banks: A Case of Pakistani Public Sector Banks - Public sector banks are the part of financial sector that take part in the economic and financial progress of Pakistan. The main intention of the study is to compare the financial performance of Pakistan public sector banks and to rank them according to the selected financial indictors. The variables such as total assets, advance, deposit, investment, profit before tax and return on assets has been selected for the accomplishment of the study. The research paper concludes that the ranking of public sector differ as the financial measures or ratio differs. The core aim of this study is academic.

C.S.Shruti Rastogi & Dr. Shipra Agarwal (2012) 88, Implementation of international financial reporting standards in Indian Banking industry, ijrfm volume 2, issue 2 (February 2012), with the implementation of international financial reporting standards (ifrs), all the scheduled banks are required to convert their opening balance sheets as of 1st April 2013 as per the new reporting standards. This clearly shows that convergence to IFRS will pose significant challenges for banks involving higher disclosures by banks.

Siraj. K.K & Prof. (Dr). P. Sudarsanan Pillai (2012) 89, A Study on the Performance of Non-Performing Assets (NPAs) of Indian Banking During Post Millennium Period - NPA is a virus affecting banking sector. It affects liquidity and profitability, in addition posing threat on quality of asset and survival of banks. This study explored movement of various NPA indicators; Gross NPA, Net NPA, Additions to NPA, Reductions to NPA and Provisions towards NPA and compare it with Total Advances and Total Deposits of banks.

Nishi Sharma (2012) 90, Financial Performance of RRBs: A Study of Pre and Post Amalgamation Period - RRBs in India emerged as a potentially powerful instrument for achieving rural development through providing resources for agriculture, industry, trade, commerce and other productive agencies operating in rural sectors. But poor level of rural savings, inadequate infrastructure, low deposits have pushed up the cost of
operations and many RRBs have to incur financial losses. Therefore in 2005, the regulatory bodies announced amalgamation of some RRBs and the practice is still continued.

Sandeep Kaur (2012) Growth of Commercial Banks in India, In the light of liberalization, privatization and globalization a lot of challenges were faced by the commercial banks. After the nationalisation and till the early 1990s, the main thrust of banking operations was on social banking The present paper seeks to analyse the growth, development and challenges of commercial banks in India, which have been occurring in the wake of banking sector reforms in India.

Xuezhi Qin1 & Dickson Pastory (2012), Comparative Analysis of Commercial Banks Liquidity Position: The Case of Tanzania. This paper gives an overview picture of commercial banks liquidity position in Tanzania for the period of ten years (2000 to 2009). The study employed the liquidity measures of commercial banks, and on that basis the performance in terms of liquidity position was established. The study used the casual research design as the methodology of the study since the casual design is best suited to determine cause and effects of the phenomenon. This paper utilizes secondary data from National Bank of Commerce (NBC), CRDB and National Microfinance Bank (NMB).

Muhammad Farhan Akhtar, Khizer Ali & Shama Sadaqat, (2012), performance efficiency of commercial banks of pakistan: nonparametric technique data envelopment analysis (dea), the purpose of this research is to measure the performance for the commercial banks of Pakistan during the period 2006-2009 using data envelopment analysis (DEA). DEA, primarily, takes into account the input and output gears of a decision-making unit (DMU) to calculate their performance between 0 and 1. The estimated result shows that 6 banks are relatively efficient when their efficiency is measured in terms of ‘constant return to scale’ and 8 banks are relatively efficient when their efficiency is measured in terms of ‘variable return to scale’. By improved handling of operating expenses, advances, capital and by boosting banking investment operations, the less efficient banks can successfully endorse resource utilization efficiency. These results are valuable contribution for both managers and researchers.
K.A. Goyal & Vijay Joshi (2012), Indian Banking Industry: Challenges And Opportunities

The banking industry in India has a huge canvas of history, which covers the traditional banking practices from the time of Britishers to the reforms period, nationalisation to privatization of banks and now increasing numbers of foreign banks in India. Therefore, Banking in India has been through a long journey. Banking industry in India has also achieved a new height with the changing times. The use of technology has brought a revolution in the working style of the banks. In this paper an attempt has been made to identify the general sentiments, challenges and opportunities for the Indian Banking Industry.

N.Kavitha (2012) An assessment - asset and liability management of scheduled commercial banks in India this paper examines management of asset-liability in banking sector. The paper mainly discusses on the sbi group, nationalised banks group and private banks group selected as the parameter. The increase in the profitability of a bank is always preceded by the composition of assets and liability. The findings suggest that SBI and its associate bank group were better performers as compared to Private Banks group and Nationalised banks group.

Suvita Jha and Xiaofeng Hui (2012), The objective of this study was to compare the financial performance of different ownership structured commercial banks in Nepal based on their financial characteristics and identify the determinants of performance exposed by the financial ratios, which were based on CAMEL Model. Eighteen commercial banks for the period 2005 to 2010 were financially analyzed. In addition, econometric model (multivariate regression analysis) by formulating two regression models was used to estimate the impact of capital adequacy ratio, non-performing loan ratio, interest expenses to total loan, net interest margin ratio and credit to deposit ratio on the financial profitability namely return on assets and return on equity of these banks. The results show that public sector banks are significantly less efficient than their counterpart are; however domestic private banks are equally efficient to foreign-owned (joint venture) banks.

Deepak Kapur & Abebaw Kassie Gualu (2012), Financial performance and ownership structure of Ethiopian commercial banks. It has been argued since long time that
private ownership of firms leads to better firm performance. Knowledge of the relationship of performance and ownership is assumed to have significance importance. Results revealed that private sector banks had better profitability, asset quality and capital adequacy performance and public sector banks were better in cost management measures. In terms of liquidity, no difference was observed between the private and public sector banks.

N.Suresh (2012)\(^98\), performance evaluation of private banking sector in india indian banking sector stood to be the sterling example of successful regulatory framework in many turbulent times. It has constructed lucrative avenues for both public and private sector banks to augment their business, notwithstanding the priority sector obligations imposed by the state from time to time. The key performance indicators of private sector banks like deposit mobilization, capital formation and non performance assets appears to have become vulnerable due to external institutional competition and other vicissitudes of volatile market conditions in all the ancillary financial sectors.

N.Chidambaram (2012)\(^99\), Old Private Sector Banks & New Private Sector Banks “health of the banking system is the health of the economy”. Indian economy with special reference to banking sector, at the present juncture, finds itself in a tight spot. Undoubtedly all the aforesaid variables have a direct bearing on the performance of banks. To add fuel to the fire, banking stocks are now reeling under the pressure of seller’s fury and witnessing markedly low prices.

Regina G. Okafor (2012)\(^100\), Performance evaluation of Nigerian commercial banks: before and after consolidation. A banking consolidation programme aimed primarily at correcting deficiencies in the financial sector and to put Nigerian banking industry on the part of global competitiveness was introduced in nigeria in 2005. The major performance variables analyzed were capital adequacy, asset quality, liquidity and management efficiency. The period 2004-2005 was designated the pre consolidation era, while 2006 – 2009 was deemed the post consolidation period. The statistical tool applied in testing the hypothesis was the t-test. The result shows that consolidation has improved the performance of the Nigeria banking industry in terms of asset size, deposit base and capital adequacy.

K.Ravichandran and R.B.Sharma (2012)\(^101\) “Ranking of Saudi Banks using CRAMEL Model” This study analyses the efficiency and performance using CRAMEL–
type variables on selected commercial banks in Saudi Arabia. The results predominantly shows that all the Saudi Arabian banks were performing well and the only area all the banks has to concentrate was Asset Quality. Concentration over public deposits was very low when compared to the loans. Bank Al Jazira was rated the best Bank when compared to the other Saudi Arabian Banks based on CRAMEL model.

**Research gaps**

After examining what the existing literature reveals, and identifying research gaps, the outline policy implications from a framework for further research. Policy implications focus on the distinctive needs of banking policies to encourage synergistic rather than explorative linkages; the management of multi-stakeholder networks; and policy diagnostics for assessing the developmental impact of co-operations required from the Reserve bank of India and Government of India during the financial market volatiles and requires a better appreciations to the high level of banking service distribution to the customers and with hybrid governance to manage the financial market volatiles in India during the world wide recessions.
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