CHAPTER – 2

RESEARCH METHODOLOGY

Research Methodology decides the territory of proposed study and gives information to the readers about adopted process of analysis for the respective study. This includes aims for which the study is undertaken. This also clarify time, scope, data sources etc. of proposed study. Another significant aspect is tools and techniques which are used for the study. In brief this chapter helps to the researcher to decide his path of research work.

In the light of the above, the research study has been undertaken to study the selected banks to know, what policies, structural and procedural changes taken place in these selected banks and how these changes made impact on these banks. The other individual benefit of undertaking this research to the researcher is to grab an opportunity to meet and discuss with Academic Professional, Govt. Officials, regulatory Bodies of Government, Practical Bankers, Business and Industry, Executives, State Government Officials, Researchers and Policy Makers on various issues related to the banking sector reforms and their impacts in India.

The research will help the academic research scholars, policy makers, students and Government Officials to gain an insight into the future challenges before Indian Banking System.

To conduct the research on the subject titled “Critical Analysis of Financial Reforms in Banking Sector in Post Liberalization Period- (With respect to public and private sector banks)” the following thought provoking objectives were framed.

2.1 OBJECTIVES OF THE STUDY:

1. To Study the financial performance of the selected public sector and private banks.
2. To study and analyze various financial reforms in banking sector during post liberalization period with respect to public and private sector banks.

3. To study the legal and structural and financial status of banking sector prior to financial reforms period.

4. To study the changes in banking sector during post financial reform period.

5. To assess the impact of financial reform on banking sector.

6. To identify the problems and prospects for banking sectors emerged due to financial reforms.

2.2 HYPOTHESIS OF THE STUDY

The study is carried out with the following hypotheses:

I. The reforms in banking sector transformed the regulated environment into a market-oriented one and induced competitiveness in banking industry.

II. The reform measures brought a paradigm shift in the banking industry and enhanced the overall performance of the banks.

III. Information technology in banking business has a visible impact on the quality of customer service.

IV. The performance of public sector banks is not as good as private sector banks in spite of their age, size and image.

V. The introduction of prudential norms improved the financial health and credibility of banks.

2.3 SAMPLE SIZE

The study is exploratory in nature and it is based on the selected sample of the banks from both the public sector as well as private sector banks. The banks include the scheduled commercial banks and non scheduled
commercial banks. The study is concerned with Indian Banking Industry, which comprises four major Bank groups:

1. Nationalized Banks (27)
2. Old Private Sector Banks(21)
3. New Private Sector Banks(8)
4. Foreign Banks

The regional rural banks are not included in this study. The performance of the commercial banks is analyzed in the period of First generation banking sector reforms (1991-92 to 1997-98), Second generation reforms (1998-99 to 2003-04) and Third generation reforms(2004-05).

For the study I have selected total population of 27 public sector banks, 24 private sector commercial banks and main foreign banks. While selecting the sample for private sector banks all the leading banks having life span of more than 10 years have been selected for the study.

2.4 DATA COLLECTION

The research is mainly based on the secondary database but it is supported by the primary data. Secondary data have been collected through structured questionnaire, annual reports, authentic records and publications of RBI and website of individual banks and RBI website.

Primary data are collected through interviews from the officers of selected public sector banks as well as private sector banks. The interviews were undertaken from selected banks namely Bank of Baroda, SBI, Dena Bank and Oriental bank of commerce operating in Gujarat and Mumbai. The data also collected though interviews of the officers of above mentioned banks and also from the RBI.

2.5 TOOLS OF ANALYSIS

The research is based on the secondary data and for the analysis of the data is undertaken by various analytical tools like trend analysis and correlation and ratio analysis techniques.
2.6 PERIOD FOR STUDY:

The period of the study is twenty years i.e. from the period of financial reform process i.e. from 1991-92 to 2009-10. The analysis is made in three phases, i.e. from period of liberalization i.e. first generation reforms, second generation reforms and third generation reforms.

2.7 CHAPTERISATION SCHEME

The entire thesis is scientifically divided in to Nine chapters as under:

Chapter-1 Introduction
Chapter-2 Research Methodology
Chapter-3 Review of Literature
Chapter-4 Development and Reforms in Indian Banking
Chapter-5 Performance Analysis of Public Sector Banks
   (In First and Second generation reform period-1991-92 to 2003-04)
Chapter-6 Performance Analysis of Private Sector Banks
   (In First and Second generation reform period-1991-92 to 2003-04)
Chapter-7 Performance Evaluation of both Public and Private Sector Banks
   (in 3rd Generation Reform Period 2004-05 to 2010-11)
Chapter-8 Financial reforms in banking sector and their critical evaluation
   ➢ Prudential measures
   ➢ Competition enhancing measures
   ➢ Measure enhancing role of market forces
   ➢ Institutional and legal measures
   ➢ Supervisory Measures
   ➢ Technology related measures
Chapter-9 Conclusions, Summary and Recommendations

This chapter has provided the details of Research methodology adopted for the research. The regional rural banks (RRBs) are not included in this study. The performance of commercial banks is analyzed in post liberalization period. Now the next chapter will be dedicated for the Review of Literature on the subject related to research.