PERFORMANCE ANALYSIS OF COMMERCIAL BANKS IN INDIA

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ABSTRACT

Financial sector reforms since liberalisation of the Indian Economy have brought significant structural changes which have enhanced the operational flexibility and functional autonomy of the banking sector. Thus, the efficiency, productivity and profitability of the banks have also improved gradually. Major banking sector reforms include reduction in SLR and CRR, deregulation of interest rates, liberalisation of branch licensing policy, accounting and prudential norms relating to income recognition, provisioning and capital adequacy. These reforms have paved the way for augmentation in transparency and disclosures by banks and the development of market oriented environment for PSBs in particular. Public sector banks have now to contend with competition from both foreign and private sector banks which are equipped with better technology, market orientation and cost effective measures. This paper examines the operational performance of public, private and foreign banks for the period 2001-2012 in India.

KEY WORDS: Non-Performing Assets, Capital Adequacy Ratio