Review of Literatures

He has revealed his consolidated expert viewpoints of a close-knit body of top banking and finance professionals on both policy and operational issues facing Indian banks. At this turbulent transformative juncture of 1990s, Indian Banking in Transition provides a solid and comprehensive assessment of the issues and challenges involved. The future of Indian banking is both challenging and exciting as he referred intently in Future Perspective chapter. While the economic reforms initiated in the 1990s, process also got underway in the liberalization of the banking sector and brought in measures that are in tune with world standards but the transition is still far from over. He pointed out areas like ‘lack of customer focus’ which was prevalent prior to liberalization and got priority in liberalization period. Indian banks are trying to reinvent and reposition themselves to face the increasingly competitive domestic market which has been discussed in ‘Private Sector Banks- Survival of the Fittest’. The banks that succeed could even become players to reckon with on the global stage.

Raj Kapila, Uma Kapila(Edited)(2001); India's banking and financial sector in the new millennium, Volume 1
In this book contributed articles has been received from eminent policy maker, economic advisor and economist such as C Rangarajan, Bimal Jalan, Y V Reddy, Arjun Sengupta, S S Tarapore, Charles A E Goodhart, Alan Greenspan etc who touched upon several areas of banking sector internationalization. There was reiteration of the fact that the process of deregulation and globalization of financial market gained momentum in the 1990s and expanded the choices for investors, and helped to improve the prospects of reducing the costs of financial transaction and ameliorated operational and allocative efficiency of the financial system. There are effective area in banking sector reform that received much emphasis such as phasing out of directed credit programmes and redefinition of the priority sector, adoption of uniform accounting practices in regard to income recognition, asset classification and provisioning against bad and doubtful debts, abolition of branch licensing, rationalisation of foreign operations of Indian banks etc

A K Purwar(2003); Banking Sector; Annual Capital Market Review; Section 2: Industry
Arun Kumar Purwar has referred that a decade of economic and financial sector reforms has strengthened the fundamentals of the Indian economy and transformed the operating environment for banks and financial institutions in the country. The sustained and gradual pace of reforms has helped to avoid any crisis and has actually fuelled growth. The most significant achievement of the financial sector reforms has been the marked improvement in the financial health of commercial banks in terms of capital adequacy, profitability and asset quality and also greater attention to risk management. Further, deregulation has opened up new opportunities for banks to increase revenues by diversifying into investment banking, insurance, credit cards, depository services, mortgage financing, securitization, etc. At the same time, liberalisation has brought greater competition among banks, both domestic and foreign, as well as competition from mutual funds, NBFCs, post office, etc. Author has rightly mentioned that positive fallout of competition is the greater choice available to consumers, and the increased level of sophistication and technology in banks. As banks benchmark themselves against global standards, there has been a marked increase in disclosures and transparency in bank balance sheets as also greater focus on corporate governance.

Dr Y V Reddy (18 May 2005), Banking sector reforms in India - an overview; paper presented at the Institute of Bankers of Pakistan, Karachi

In this analytical paper by Dr Reddy, the Indian financial system in the pre-reform period (i.e., prior to Gulf crisis of 1991) has been mentioned categorically the reform measures that were initiated and sequenced to create an enabling environment for banks to overcome the external constraints – these were related to administered structure of interest rates, high levels of pre-emption in the form of reserve requirements, and credit allocation to certain sectors. He also stated that one of the major objectives of banking sector reforms has been to enhance efficiency and productivity through competition. Guidelines have been laid down for establishment of new banks in the private sector and the foreign banks have been allowed more liberal entry. He cited that consolidation in the banking sector has been another feature of the reform process. This also encompassed the Development Financial Institutions (DFIs), which have been providers of long-term finance while the distinction between short-term and long-term finance provider has
increasingly become blurred over time.

**Dilip M. Nachane, Saibal Ghosh and Partha Ray** (2007); ‘Banking Reforms: Some general considerations’, *The Oxford companion to economics in India*, edited by Kaushik Basu

In this topic author has clearly mentioned that a process of liberalization of economy was flagged off in India in 1991-92, which aimed at raising allocative efficiency of available savings, improving the return on investment and promotion of accelerated and equitable growth of real sector. The first phase of financial sector reform in India was guided by the recommendations of the committee chaired by Mr. M Narshimham on the financial system which incorporated bank specifically. It is referred that financial sector reforms were undertaken early in the economic reform cycle and reforms in financial sector were initiated in a well structured sequenced and phased manner and were not crisis induced although BOP problem did influence to some extent.

**Niti Bhasin** (2007); *Banking and financial markets in India, 1947 to 2007*;

In this book author has narrated that the banking sector reforms have provided the necessary platform for the Indian banks to operate on the basis of operational flexibility and functional autonomy, thereby enhancing efficiency, productivity and profitability. The reforms also brought about structural changes in the financial sector and succeeded in easing external constraints on its operation, i.e. reduction in CRR and SLR reserves, capital adequacy norms, restructuring and recapitulating banks and enhancing the competitive element in the market through the entry of new banks. The reforms also include increase in the number of banks due to the entry of new private and foreign banks, increase in the transparency of the banks’ balance sheets through the introduction of prudential norms and increase in the role of the market forces due to the deregulated interest rates. These have significantly affected the operational environment of the Indian banking sector.

**Christian Roland** (2008); *Banking Sector Liberalisation in India- Evaluation of Reforms and comparative Perspectives on China*

In this book author has mentioned that reforms of the financial and banking sector are of utmost importance for emerging economies as well as economies in transition especially due to fundamental significance of these sectors for economic development process. Author has
expressed that there is a controversy over the extent of government intervention in these areas that plays an important role. The event of 1990s exposed the structural problems created by India’s economic policies in previous decades such as inward looking nature and its mistrust of FDI. The banking sector in India suffered from severe structural problems. The major issues were summerized by the Narashimham committee that was charged with proposing reform for the sector. Despite impressive quantitative achievements in resource mobilisation in extending credit reach, several distortions crept into financial system especially in respect of allocation of financial resources. This situation has been impact of policy induced rigidities such as excessive degree of central direction of their banks’ operations in terms of investment, credit allocation, branch expansion and even internal aspects of the business.

O.P. Agarwal (2009); Business Aspects in Banking and Insurance;
In this book author has delineated different aspect of banking sector such as structure of Indian bank, sources of fund, types of bank financing, Non performing assets and its management, functions and role of RBI, fundamentals of investment banking etc. It has elaborately discussed phase-wise reforms in Indian banking. The detail analysis has been presented on Narashimham I(1991) and Narshimham II report in the direction of internal and external reform of banking sector. It has been narrated that strategy of reform was designed to attain more transparency, better product and service delivery to gain more competitiveness, ensuring fiscal stabilization and achieving macro-economic balance. He clarified that reform in banking was successful by modifying the policy framework, improving financial soundness of banks, strengthening the institutional framework and supervisory mechanism.

Karthik Balasubramanyam (2010), Next Generation Banking in India- Silent (r) evolution
In this article the author has critically evaluated what change is going to take place for Indian banks in future. This article has pointed out that the current easy growth business model is of banks appears difficult to sustain in terms of productivity and profitability in medium term. Market consolidation and re-alignment of business model will be on the agenda for many banks. The article suggested that non-performing banks should concentrate in improving customer relationships, repositioning the role of bank’s branches, aligning people and performance management, comprehensive reward mechanism across sales and services, structuring long term
incentives, reassuring the employee profiles and identifying the winners among others. He stated that Indian banks have huge potential in terms of making intelligent choices with respect to operating model, customer centric acquisition, management approaches, product portfolio and partnership apart from planned international expansion.

**P. N. Joshi (2010); Glimpses of Changing Banking Scenario;**
Glimpses of Changing Banking Scenario is not only an account of the life of a successful banker but also a record of the momentous changes in banking policies, practices and developments witnessed by the author during his career spanning over four decades. The book covers inter alia, nuances of the historic bank nationalization case in the Supreme Court, shift from 'class banking to mass banking', political interventions, the inevitable excesses, financial sector reforms and a plea for National Banking Policy.

**Anup Kumar Bhandari(2012); Total Factor Productivity Growth and Its Decomposition - The Indian Banking Sector during Liberalisation**
In this article author has taken into consideration overall total factor productivity betterment secured by 68 Indian commercial banks from 1998-99 to 2006-07 and disintegrates into its components such as technical change, technical efficiency change scale change factor regarding efficiency using the Data Envelopment Analysis methodology. The outcomes refered that public sector banks, on an average, acclamatize to the changing environment better and improved their performance relative to their counterparts under private and foreign authority. The research findings have a cautious message and important policy implications in that. It states that the government be more alerted and careful in liberalising the Indian banking sector and not blindfoldedly usher in more foreign player to it.

**D. Muraleedharan(2009); Modern trends in Indian banking, Modern Banking-Theory and Practice**
In the topic ‘Modern trends in Indian banking’ author has critically analyzed different aspects of banking sector reform and its efficacy in improvement of banking system and ascertaining of better performance to secure customer satisfaction. He has judged the strength of monetary and credit policy measure in October 1999 in line with recommendation of the second Narshimham
Committee to improve banking system. He also assessed the effectiveness of critical area of concern for banking sector reberalisation such as statutory pre-emptions, capital adequacy and recapitalisation of banks, setting prudential accounting norms for banks, development of interest structure, creation of asset liability management system and fixation of risk management guidelines