INTRODUCTION

Banks play an important role in the economic development as an intermediary in mobilizing public savings and channelizing the flow of funds for productive purposes. Realizing the importance of the roles of banks in economic development, Reserve Bank of India (RBI) took several major initiatives after the country attained independence to gear the banking system to serve the national objective. The Government of India nationalized the 14 private banks in 1969 and in later years in order to create the confidence among masses about Indian Financial system and have better control over banking sector.

In early 1990, the Prime Minister of India Sh. P.V. Narshima Rao liberalized the banking sector by giving licenses to number of private banks which are known as the new generation banks. Among these banks were UTI Bank (now re named as Axis Bank), ICICI Bank and HDFC Bank. The banking sector in India constitutes government banks, private banks and foreign banks. After 1990, branch expansion programme was formulated by the Reserve Bank of India aimed at making available necessary banking facilities in all parts of the country, specifically the unbaked rural and semi-urban areas.

An efficient financial sector is an engine for economic growth. It converts the fuel of savings into kinetic energy essential for the economic development of a nation. The banking industry which is at the core of the financial sector must take the lead in terms of serving the masses and creating the confidence among them so that their unproductive economic resources can be converted into productive one