

BANKING

By- Shivaji Ramrao Kakade
Dept of Economics
Arts and Science College, Shivajinagar, Gadhi

COMMERCIAL BANK

- What is Bank ?
- What is Banking ?
 - Banking means acceptance of deposit of money for the purpose of lending or investment. - (Banking Regulation Act 1949 Section B)
- What is Commercial Banking?
 - Commercial banks ordinarily are simple business or commercial concerns which provide various types of financial services to customers.

BANKING SECTOR REFORMS SINCE 1991

○ Rationale of Banking sector Reform

- Lack of competition -- Over regulated by RBI
 - Low capital base
 - Low productivity--- increasing NPAs
 - High intermediation costs
 - Role of technology was minimal
 - Poor quality of services
-
- Above problems face by Commercial banks in India before 1991

BANKING SECTOR REFORMS SINCE 1991

- For reforms RBI appointment committee for financial sector reforms in 1991 name was “M. Narasimhm Committee for Banking Sector Reforms ”
- Once again in 1998 RBI appointment committee for look into the progress of reforms

FIRST PHASE REFORMS 1991 TO 1998

- M. Narasimhm Committee for Banking Sector Reforms submitted its first report in 1991.
- The main recommendations of the committee—
 - Reduction in Cash Reserve Ratio (CRR)
 - Reduction in SLR
 - Deregulation of Interest Rates
 - Phasing out Directed Credit Programmmes
 - Restructuring banking System
 - Capital adequacy norms
 - Special tribunals

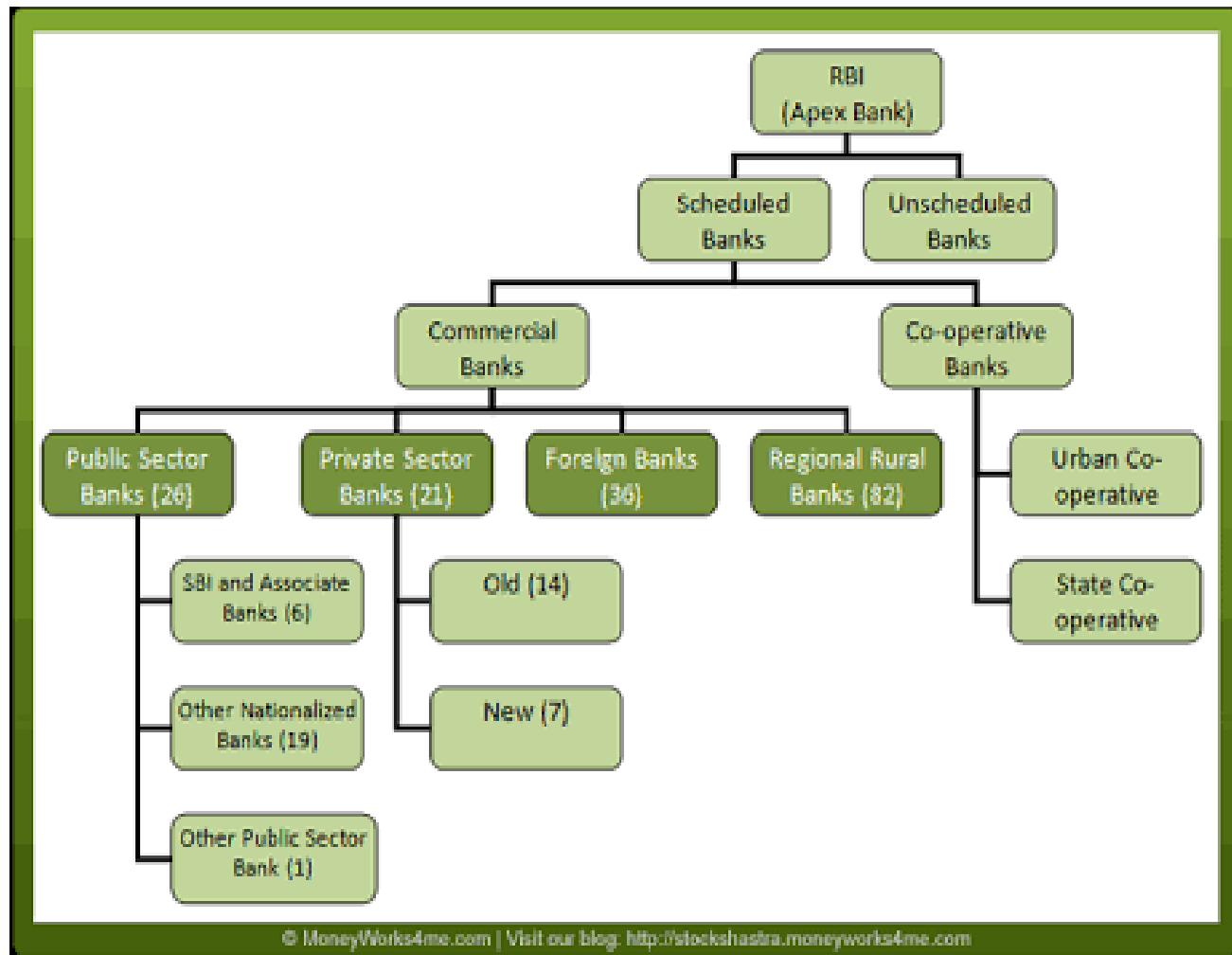
FIRST PHASE REFORMS 1991 TO 1998

- Asset Reconstruction Funds
- Transparency
- Opening branch licensing
- Supervision
- Classification of assets
- Other recommendations

SECOND PHASE REFORMS 1998

- ◉ Mergers and Amalgamations of Banks
- ◉ Restructuring of the banking system
- ◉ Capital Adequacy Ratio (CAR)
- ◉ Foreign Banks
- ◉ Technology
- ◉ Customer service
- ◉ New area for Bank financing
- ◉ Review and update banking laws
- ◉ Anti-money laundering guidelines
- ◉ Managerial autonomy for public sector banks

STRUCTURE OF BANKING IN INDIA



PERFORMANCE OF COMMERCIAL BANKS IN INDIA

Table 35.5. Progress of Commercial Banking in India : From 1969 – 2000

<i>Indicators</i>	<i>June</i> 1969	<i>June</i> 1980	<i>March</i> 1991	<i>March</i> 1995	<i>March</i> 2000	<i>March</i> 2003
1 No of commercial banks	73	154	272	284	298	292
2 No of bank offices	8,262	34,594	60,570	64,234	67,868	68561
<i>Of which</i>						
Rural and semi-urban bank offices	5,172	23,227	46,550	46,602	47,693	47496
3 Population per office ('000s)	64	16	14	15	15	16
4 Per capita deposit (₹)	88	738	2,368	4,242	8,5423	12253
5 Per capita credit (₹)	68	457	1,434	2,320	4,555	7,275
6 Priority sector advances @ (per cent)	15.0	37.0	39.2	33.7	35.4	33.7
7 Deposits (per cent of national income)	15.5	36.0	48.1	48.0	53.5	51.8

8.3 Growth of Scheduled Commercial Bank Offices over the years

Year	1969	1975	1980	1985	1990	1995	2000	2005	2011
No. of SCBs (Excluding RRBs)	73	74	75	81	74	88	101	88	80
No. of Offices	8,262	18,575	32,412	52,638	60,515	63,817	67,339	54,063	76,993
Growth Rate of Offices (YoY %)		124.82	74.49	62.40	14.96	5.46	5.52	(19.72)	42.41

Source: RBI publication - Statistical Tables Relating to Banks of India, 2011

8.4 SCB Business Growth over the years

Items	All SCB Aggregates (in Rs. Crore)					
	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Deposits	21,64,682	26,96,937	33,20,062	40,63,201	47,46,920	56,16,432
Deposit Growth Rate (YoY %)		24.59	23.10	22.38	16.83	18.32
Investments	8,66,508	9,50,982	11,77,330	14,49,551	17,29,006	19,16,053
Investment Growth Rate (YoY %)		9.75	23.80	23.12	19.28	10.82
Advances	15,16,811	19,81,236	24,76,936	29,99,924	34,96,720	42,98,704
Advances Growth Rate (YoY %)		30.62	25.02	21.11	16.56	22.94

Source: RBI Publication - A Profile of Banks, 2011

⦿ Thank You....

⦿ Any Question...s..?