

Study of Performance of Banks in Bank Index on BSE and NSE using DEA

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Abstract—Bank Index on BSE and NSE represents major players in banking sector and their performance is critical for the economic growth of this country. These Index represents both nationalized and private banks and so it raises a question about how these categories of banks have performed during the global crises of 2008-2011. The technique applied is Output Oriented, CRS, CCR model of Data Envelopment Technique (DEA), which is a non parametric technique and ranks the banks on the basis of relative efficiency. The inputs/output variables are physical capital, loan able funds, employee's expenses, investments, advances, net interest income and non interest income. Two stages Input Output Model as suggested by Ho and Zhu (2004) has been applied. The study will explore which banks are efficient and which banks are effective in managing their resources and suggest improvements required to individual banks to meet the performance of the best bank. The study also intends to plot all banks on efficiency-effectiveness matrix and suggest which banks are weak and may be target for future mergers and takeovers. Study will also compare performance of nationalised verses private banks. The results expected are that there is no significant difference between two categories of banks in India.

Keywords: Ranking, Performance, DEA, Banks, India

Asset Quality and Accounting Jugglery in Banks: A Comparative Study of Public and Private Sector Banks in India

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Abstract—In the context of recent financial and banking crisis, the stability of the banking system becomes a priority on the agenda of the national monetary authorities. Since “asset quality” is widely accepted as the fundamental concept for the study of banking stability, this paper therefore attempts to highlight the asset quality of public and private sector banks in the pursuit of accounting jugglery and maneuvering techniques. The increasing use of “ever greening” concept by the banks to depict even a financially weak and non performing asset (NPA) as standard asset has changed the very purpose of asset classification and provisioning norms prescribed by the monetary authorities. Moreover, as banks have become broad based financial institutions engaging in full spectrum of financial services their credit risk exposures have become more complex and interdependent. Hence, the risk and sensitivity of bank failures due to poor asset quality will trigger a chain reaction and generating negative externalities for the whole financial system has significantly grown. Consequently, there is a stringent need for appropriate regulations and proper asset quality surveillance by the national monetary authorities for macro prudential supervision. In present study, revenue slippage analysis and financial ratio analysis has been used to analyze the asset quality in banks. The asset quality of select banks has been statistically tested by using standard deviation, F Test and exponential growth rate. Further, for the purpose examining the impact of ever greening of credit portfolio simulation analysis has been attempted. The findings of the study reveals that reported asset quality of the banks has witnessed healthy improvement but one important revelation is that now-a-days usage “ever greening” of advance portfolio has become common practice among banks in India. Further the study also shows that banks have often increased their credit excesses which ultimately will throw them in high credit risk exposures. Finally, it has been identified that coefficients of credit growth were positive and statistically significant from second lag onwards reflecting that credit growth fed into growth in NPAs in a lagged manner.

Keywords: Asset quality, Revenue slippage, Non-performing assets, Banking Crisis, Ever greening, Capital adequacy

An Analysis of Factors Responsible for Loan Accounts Turning Non Performing Assets of Govt. Loan Schemes Sanctioned by Nationalized Banks Under 'PMRY' Scheme in Goa During 2006–2008"

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Abstract—The Govt. of India has financed Poor Educated Unemployed youths through Prime Minister's Rojgar Yojana (PMRY) for the past 18 years. The new version of PMRY has been introduced in 2008 with a nomenclature Prime Minister's Employment Generation Programme (PMEGP). The researcher has taken a critical review of funding done by banks, District Industries Centre (DIC) and the borrowers in three districts of Goa State under PMRY Scheme. He has studied mainly the failed accounts i.e. the accounts which have turned Unrecoverable i.e. Non Performing Assets (NPA). The researcher has studied separately the reasons which have turned loan accounts of the beneficiaries into Non Performing Assets, for the Banks, District Industries Centres and the Borrowers and has suggested measures which may help the Government agencies in implementing such schemes effectively saving accounts turning into Non Performing Assets.

Keywords: Govt. Schemes, Loans to Poor Educated Youths, Non Performing Assets, DIC; Banks and Borrowers.

Consumer Perception on the Services Provided by Private Banks for Selection of a Bank

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Abstract—

Purpose

In present era the Banks plays very important role in the economy of India. If we take a look at present banking scenario many people have multiple banks for their transactions and out of that at least one is with private bank. The Private Banks play very important role in day to day life of individuals for their banking requirements. And for any Private Banks for their growth and success the important element is the consumer of that Private Banks. Private Banks has developed many strategies and non- banking services to attract and increase their consumer base. These banks are spending money for making their costumer delight.

The consumers presently are very careful about their choice of private bank. There are many options available to them for choosing a particular bank for their banking requirements. It is the perception of consumers which influence them for choosing a particular bank to satisfy their present banking needs. *Design/methodology*: This paper is based on the response given by the current consumers of Private Banks. It will be self conducted quantitative research survey.

Findings

This paper will focus on consumer perception towards Private Banks and services provided by them. There are many services which plays important role to influence the consumer to become the consumer of any particular Private Bank, but there are some other factors or non-banking services which build perception of the private banks in the minds of the consumers.

Keywords: Perception, Consumer, Private Banks, Services

XBRL: Opportunities and Challenges in Enhancing Financial Reporting

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Abstract—Financial reporting is a broad concept encompassing financial statements, notes to financial statements and parenthetical disclosures, supplementary information (such as changing prices), and other means of financial reporting (such as management discussions and analysis, and letters to stockholders). Financial reporting is but one source of information needed by those who make economic decisions about business enterprises. The primary focus of financial reporting is information about earnings and its components. Information about earnings based on accrual accounting usually provides a better indication of an enterprise's present and continuing ability to generate positive cash flows than that provided by cash receipts and payments.

The organizations and the business world in general have witnessed significant changes all over the world in respect of investors' expectations, changing market conditions, stiff competition from the global competition and series of perceptible failures in governance of the prominent companies in India. The users of accounting and financial information are more inquisitive and aware of the growth and prospects of the company and its position in the market, therefore organizations these days devote more attention to the quality and transparency in reporting. Varying reporting requirements, formats and market expectations on the timing of declaration of results, also add to the challenge. The net result is that the reporting process these days, in most cases still remains a multifaceted, cumbersome one, requiring companies to collate, check, validate, and reconcile significant volumes of data, to arrive at the complete and satisfactory reporting package.

The much exposed mishaps in corporate governance and changing investor expectations have also seen regulators seeking more and more information from companies. However, in many ways the challenge for these agencies has been to separate through the cascading of reports and undertake meaningful analysis to enable a timely, effective follow through. The quest for a solution in this regard has seen the emergence of various Technology platforms and applications. In recent times, eXtensible Business Reporting Language (XBRL) has emerged as a accepted, helpful option for effective reporting and analysis of financial reporting.

XBRL stands for extensible Business Reporting Language. It is a language for the electronic communication of business and financial data which is revolutionizing business reporting around the world. It provides major benefits in the preparation, analysis and communication of business information. It offers cost savings, greater efficiency and improved accuracy and reliability to all those involved in supplying or using financial data. It is already being put to practical use in a number of countries and implementations of XBRL are growing rapidly around the world.

Keywords: XBRL, Financial Reporting, Electronic communication, Competition, Analysis.

Financial Inclusiveness: Problems and Challenges in Indian Context

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Abstract—No country can have a true development by excluding a larger section of the society from the main stream of economic growth process. The idea of selective contribution of select few is not in tune with the process of healthy economic change. The indicators of growth like GDP and increase in national income are often considered illusive because they miss many intangible and invisible indicators of growth process. Economic growth is not mere change in the quantum of resource utilization but it is a change in the life and standard of living of people. From this point of view the total process of economic growth should be reconsidered.

Inclusive growth is a concept that incorporates both physical and intangible aspects of socio economic change. It offers fair opportunities for participation, utilization of capacity and competence, ability to bring social change through total participation. From this point of view inclusive growth is in true sense is the critical approach towards economic transition.

The concept of selective approach to growth results in exclusive policies that excludes depressed and weaker section. Apparently this approach may appear rational as it gives opportunity on the basis of capacity and competence to participants. But this exclusiveness results in withdrawal, rejection and diffusion to small individuals, minorities and weaker section. The synergic effect of this withdrawal is a severe and serious threat to economic stability.

The present paper deals with various aspects of inclusive economic policies and its implications on Indian Economy.

Keywords: Inclusiveness Implications of financial exclusiveness, Implementing inclusiveness as an effective instrument of social change, Inequality and exclusiveness.

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Relevance of Knowledge Management Systems in Banking in Turbulent Times

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Abstract—

Background/ Rationale

An evaluative analysis of knowledge management framework; designed as appropriate for a leading commercial bank in India. The framework envisages an incremental and evolutionary transition of organizational structure to cater to a broadband delivery platform of universal banking services, from the traditional deposit-taking and core lending model. The liberalization of financial markets has compelled bankers to be knowledge-based and be more efficient in managing knowledge in their banking operations. Banks have understood the importance of interpreting and disseminating critical tacit knowledge to organizational performance. New private sector banks have adopted Knowledge Management Systems to create new delivery channels, offer a unique product portfolio to assume strategic leadership and thus maximize shareholder value. Such adoption has been generally weaker and slower in the old private sector and PSU banks. The focus of this paper is to discern the systemic trends and suggest structural improvements. Simulated structural models to strategically align organizations have been outlined in this context.

Research Methodology

Research being qualitative, the paper incorporates an analysis of 'Expert Opinion Surveys' of senior members of bankers, corporate customers and policy-makers, to elucidate the reasons for this systemic limitations as also evolve a superior and aligned structural model.

Findings

The findings of the study are as follows

Appropriate Knowledge Management Systems add demonstrable value in creation and delivery of a comprehensive suite of banking service offerings.

Broadly, while new private sector banks excel, PSU banks and old private sector banks, fall short—in that order—generically across key parameters. Creation and utilization of IT platforms also displays a decreasing level of efficacy, in like manner.

The level of optimality can be measured, monitored and enhanced utilizing key metrics presented in this paper.

Keywords: Simulated structural Models, Replicability, Addressability, Processual-fidelity, Competitive Intelligence interdependencies
