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## **Examining Excess Capacity in Regional Rural Banks : Some Empirical Insights for India**

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According to economic theory, there are at least three indicators of excess capacity in banking : (a) low loan-to-asset ratio, (b) low profitability, and (c) high per unit total expense. If excess capacity exists, it will be easiest to identify through these indicators, at regional rural banks. Using bank-specific data on regional rural banks in India for the period 1991 to 2001, the paper uncovers some evidence of excess capacity using simultaneous equation techniques; and univariate analysis reinforces the findings.

### ***Brief Articles, Notes and Comments***

## **Diffusion of Internet Banking in SAARC Countries**

*Pooja Malhotra*  
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Today Internet banking is receiving great attention in the banking industry and with the regulatory community. Some analysts argue that Internet banking is revolutionizing the banking industry. Others see the Internet as simply another delivery channel for remote banking to existing channels such as Automated Teller Machines (ATMs) and telephone banking. Despite widespread interest in this subject, there is little systematic information on how many banks offer Internet banking and the extent and nature of services offered. The purpose of this study is to conduct a comprehensive review of Websites of banks offering Internet banking in The South Asian Association for Regional Cooperation (SAARC) countries to know the extent of Internet banking products and services. A sample of 140 banks from the member countries of SAARC, i.e. India, Pakistan, Bangladesh, Sri Lanka, Bhutan, Nepal and Maldives has been covered for this purpose. It was found that all the member countries of SAARC did not utilize the potential of Internet to provide banking products and services. The adoption rate of Internet banking is very poor. Not a single bank in two member countries of SAARC, i.e. Bhutan and Maldives own a Website and hence provide Internet banking. The banks in India offer a wider range of Internet banking services as compared to other member countries of SAARC.

# **Service Quality Perception in Banks : An Indian Perspective**

*B S Bodla*

This paper examines and measures the quality of services provided by commercial banks (both public and private sector) in India. Empirical survey is conducted to determine expectations and perceptions of the quality of services offered by select commercial banks. The scope of the present study is limited to urban areas only. The SERVQUAL instrument developed by Parasuraman, Zeithmal and Berry has been used as the measurement of service quality in banks. The study brings out that the actual delivery of service by both public and private sector banks in India falls short of the expectations of customers on a large majority of the elements of service quality. Nevertheless, private sector banks were found having an edge over public sector banks in terms of quality of services being offered to customers.

***Book Reviews***

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