

Earning Quality of Scheduled Commercial Banks in India : Bank-wise and Sector-wise Analysis

- B S Bodla / Richa Verma

The Earning Quality is a tool to judge the ability of the banks to earn consistently. It basically determines the profitability of the banks. This paper presents the earning quality ratios of the banks as worked out on lines of CAMEL Model for the period 1991-92 to 2005-06, i.e. 15 years. This reference period is divided into three sub-groups : 1992-95, 1996-00 and 2001-06. It is found from the study that foreign banks (FBs) have edge over their domestic counterparts in terms of Operating Profits to Average Working Funds Ratio, Spread to Total Assets Ratio and Non-Interest Income to total income ratio. PSBs (Public Sector Banks) enjoy the same in terms of Net Profits to Average Assets Ratio and Interest Income to Total Income Ratio. On the whole, the banks operating in India have shown appreciable improvement in their fee based income. Except Net Profit to Average Assets ratio, the banks that ranked on the top on the basis of their earning quality are of the foreign origin only.

Brief Articles, Notes and Comments

Expansion of Institutional Credit : A District Level Study of Rural West Bengal

- Susmita Chatterjee

This study examines the expansion of institutional credit in the districts of West Bengal since bank nationalization. As is well-known, introduction of economic reforms policies since 1990s have had some impact on rural credit. The present study also allows us to compare the district level performances of the institutional agencies in supplying rural credit in pre- and post-reforms period. In order to have a comprehensive idea about the expansion of credit in rural West Bengal, performances of all credit institutions, viz. commercial banks, regional rural banks and cooperatives have been examined. Overall, our analysis of district level data reveals that the performances of all institutional agencies supplying credit in rural West Bengal have deteriorated since 1990s. As credit plays an important role in determining agricultural productivity in West Bengal, policy changes in the sphere of rural credit is urgently required for future agricultural development of the state.

Changes in the Federal Funds Rate Target and Stock Prices

- John Howat / Surendra Sundararajan

We investigate the effect of changes in the federal funds rate target on stock prices during the period 1990-2001. This is done by examining the relationship for both the day before and the day of the change. The time period is also split into two sub-periods, 1990-94 and 1995-2001, due to the Federal Reserve announcing changes in the target beginning in 1995. We also look at increases and decreases in the target separately. Using the event study methodology, the only statistically significant results are for the day before the change in the 1995-2001 periods, which exhibits a positive correlation. These results are contrary to that of previous studies. The results suggest that the market has been better

able to anticipate changes since the Federal Reserve has been more willing to communicate its intentions. The positive relationship also suggests that the market has been more confident in the Fed's ability to control the economy.

Workers' Approach to Management of Interpersonal Conflicts in Tea Gardens in West Bengal

- Palas R Sen Gupta / Samir Bal

Conflict is a part of normal life. The conflict we experience range from individual's conflict, intrapersonal conflicts to international conflicts. Those who study organizations begin to recognize that all organizations, by their very nature, have built-in conflicts. Some conflicts are productive and necessary for an organization to enhance its performance. However, excessive levels of conflict can hinder organizational effectiveness. The ongoing crisis in tea plantations in West Bengal resulted in different forms of conflicts. An attempt has been made in this study to look into the plantation workers' approach to management of such conflicts in the tea gardens in West Bengal. This study covers a sample of 486 workers drawn from 50 tea gardens situated in Darjeeling, Dooars and Terai areas.

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