Articles

Indian Commercial Banks on Path Towards competitive Efficiency

- R M Srivastava

Post-nationalization period witnessed an unprecedented expansion of banking industry in India. However, it accompanied inefficiency and poor financial health. To overcome this problem and improve the efficiency of banks, various tectonic measures were taken since 1991. This has resulted in improvements in productivity, profitability and strengthening of financial positions of the banks so much so that they are outshining those of advanced nations. However, banks have still to go a long way to sustain their competitive success. This demands Indian banks to expand their market base by penetrating into hitherto untapped but highly potential rural markets, lend greater support to boost production and provide better customer satisfaction. They need to enhance their systems and procedures to international standards and also simultaneously fortify their financial position.

Product Innovation and Delivery with Financial Engineering

- P Kallu Rao & Pradeep K Singh

The financial sector in India has undergone a sea change. With the growing competition and complexity, the traditional product portfolios of banks are being replaced with somewhat complex products. Financial engineering has emerged as one of the important tools of developing structured solutions to meet the changing requirements of the investors. Also financial engineering is increasingly recognized as a necessity to improve the competitive edge of a bank. This paper discusses the concept, importance and utility of financial engineering.

Micro, Small and Medium Enterprises and Development (MSMED) Act, 2006 : A Review

- V S Kaveri

In June 2006, the MSMED Act was enacted to fulfill the requirement of a single legal framework to cover legal issues of small scale enterprises. The act is expected to facilitate the process of promotion and development, and enhancing the competitiveness of micro, small and medium enterprises. Under the Act new definitions of these enterprises have been given, besides addressing the issue relating to the delayed payments to these enterprises by large corporates. There are many more interesting provisions of the Act. While the Act seems to be comprehensive in terms of coverage, doubts are being expressed about implementation of the provisions.

Customer Management in Banks

- S B Singh

The customer management aims at targeting and segmenting the customer base with a view to gain customer insights and provide value-added products and services. The philosophy of the customer management has been derived from the adage, which says, "A customer is not dependent on us, we are dependent on customers. The increasing level of competition in the banking industry coupled with increasing knowledge of customers about banking products and services have made the customers more and more demanding leading to emergence of complex and tailor made products and services to suit the various needs and requirements of the customers. This has also added pressure on the product delivery management at the operational level. Technology has enabled the banks to reach the customers in any part of the world at any time with customized products thereby moving towards the concept of customer delight. Customer delight management is an ongoing concept where every attempt is made to provide continuous improvement in products, services, delivery channels and customer relations with a view to deliver positive experience at each customer contact.

Investor Awareness : A Case of Mutual Fund

- Kapil Sharma

One of the most interesting developments in the financial sector in India in 1990's was the explosive growth of mutual funds. Mutual funds offer investors the advantages of portfolio diversification and professional management at low cost. These advantages are particularly important in the case of equity funds where both diversification and professional management have the potential to add value. For bond and money market mutual funds, the main advantage is transactional efficiency through professional management. Moreover, tax incentives and regulatory factors have also played a big role in stimulating the development of mutual funds. Mutual fund is a retail product primarily for small investors who may not understand the complexities of stock markets. A number of studies have been carried out in developed nations which describe the factors that are considered by a small retail individual investor to be important while investing in a mutual fund. It has been observed that both practitioners and academicians have paid very less attention in this field in India. This study makes an attempt to identify the factors that a small retail individual investor (in Indian environment) takes into consideration while investing in a mutual fund.

Promotion : A Great Motivator

- D S Sangwan

An organization may be having high ideas, goals and physical facilities but if it fails to secure and maintain productive manpower, it risks its very existence. No longer can an organization afford to devalue and demoralize their workforce. Thus, an organization can grow if its people also grow. A successful combination of committed people and benevolent organization could well be the way for success in this competitive environment. A time will come when all banks will be more or less equal in technological strength. The differentiating factor will be the quality of human resources. Promotion is widely accepted as the most important motivating factor.

The main challenge before the public sector banks is to attract, motivate and retain the best human resources. The proactive human resource policies such as fast track promotion may help PSBs in this regard. This paper discusses the concept of promotion, various types of promotions and the need for merit and fast track promotions in PSBs.

BASEL II and Urban Cooperative Banks in India

- Soju S

Whether UCBs as a segment has become weak on account of extension of prudential standards remains a question. However, extension of prudential standards to UCBs is justified on several grounds. While Basel I norms are already extended, it is not clear when the Basel II norms will be extended to scheduled UCBs on par with scheduled commercial banks. Nonetheless, an attempt is made in this paper to comprehend possible implications of extension of Basel II norms to UCBs. It is important to recognize that UCBs are different in regard to various aspects as compared to other players and, therefore, necessary precautions should be taken before extending Basel II norms to the former.

Notes & Comments

Corporate Social Responsibility for Commercial Banks

- T C G Namboodiri

e-Banking Services : An Empirical Study of Employee's Perceptions

- R K Uppal & Rimpi Kaur

Booknotes

- **Bibha Ganguly**