

FINANCIAL REFORMS IN BANKING INDUSTRY

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Abstract

The crucial role of the financial sector in the process of economic development and growth is widely acknowledged by scholars and policymakers. In this context, one can conclude that a well-developed financial system can contribute efficiently in promoting economic prosperity and development. The objective of the study is to analyze the impact of the experience of a bank employee and financial reforms in economic development. Primary data was collected for the study through a structured questionnaire. Multi-stage sampling technique was adopted to collect the responses with a sample size of 385. The study resulted with statistical significance between the awareness of the bank employee towards the financial reforms in economic development. SPSS was used to apply Regression Analysis.

Keywords: Economics development, financial reforms & Banking Innovation.

INTRODUCTION

The crucial role of the financial sector in the process of economic development and growth is widely acknowledged by scholars and policymakers. In this context, one can conclude that a well-developed financial system can contribute efficiently in promoting economic prosperity and development. The overall impact of financial sector in economy is to ensure sustainable growth. It helps to mobilize savings and direct funds into production sectors. Financial development promotes growth via increasing capital accumulation efficiency together and improving marginal productivity.

LITERATURE REVIEW

The financial system plays a role in mobilizing savings and its deployment, two Decades of growth, interest rates, Asset Reconstruction Fund formation and targeted investment and credit Programmes. They also included the organisation of banks, money and capital market structures, financial markets and regulatory steps, methods and procedures (Narasimham, M, 1991). The data on outstanding credit of commercial banks classified by occupation and interest ranges revealed that more than 75 per cent of credit to industry was contracted at interest rate exceeding 15 per cent in each of the years (Subba Rao and Augustine,1998). The experiments from 1980 to 1997 based on evidence showed that despite the superior quality that foreign banks offer, where their biggest presence is, Delhi, West Bengal and Maharastra weren't competitive threats. In these regions, banks in the domestic private sector have gained some market share, but banks are small dominated by the public sector, and have benefited at the expense of foreign banks (Sarkar and Bhaumik, 1998). The Financial Sector shifts. However, it was thought that reforms would only be effective if there is a need for legal changes to the level of NPAs. It is the banking authorities' attitude and productivity which must go a long way in making the banking reforms operationally and functionally efficient (Nettime, N., & Kuruba, G, 2000).

RESEARCH METHODOLOGY

Financial sector reforms refer to the reforms in the banking system and capital market. An efficient banking system and a well-functioning capital market are essential to mobilize savings of the households and channel them to productive uses. The organized banking sector works within the financial system to provide loans,

accept deposits and provide other services to their customers. The objective of the study is to analyze the impact of the experience of a bank employee and financial reforms in economic development. Hypothesis framed is that there is no impact of the experience of a bank employee and financial reform in economy development Primary data was collected for the study through a structured questionnaire. Multi-stage sampling technique was adopted to collect the responses with a sample size of 385. SPSS was used to apply Regression Analysis.

Table 1: Regression Analysis

Model	Standardized Coefficients	t	Sig.	VIF
	Beta			
(Constant)	3.703	79.458	.000	
Healthy Financial Sector	.249	5.336	(.000)**	1.000
Financial infrastructure in IT	.260	5.576	(.000)**	1.000
Financial System	.324	6.952	(.000)**	1.000
R	.480			
R square	.231			
F	35.963			
Sig	(.000)**			
Source: Computed from the primary data. **Sig @ 0.001 per cent level				

The above table shows that R-value is .480. Therefore, 48 per cent of independent variables support the dependent variables. The F value is (35.963) and it is significant at 0.000 per cent level. There is a significant relationship between the impact of experience of a bank employee and financial reform in economic development. The alternative hypothesis (H₁) is accepted, therefore, it is considered that there is a significant relationship between the impact of the experience of a bank employee and financial reform in economic development.

FINDINGS & CONCLUSION

Therefore the reliability tests confirms that the collected data is good enough to proceed with further statistical analysis. The regression analysis shows that there is statistical significance between the awareness of the bank employee towards the financial reforms in economic development. The main thrust of the financial sector reforms has been the creation of efficient and stable financial institutions and development of the markets, especially the money and government securities market. In addition, fiscal correction was undertaken and reforms in the banking and external sector were also initiated.

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