



INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE, ECONOMICS AND MANAGEMENT

CONTENTS

Sr. No.	TITLE & NAME OF THE AUTHOR (S)	Page No.
1.	INTERNATIONAL FINANCIAL REPORTING STANDARD ADOPTION, IMPLICATION ON MANAGEMENT ACCOUNTING AND TAXATION IN NIGERIAN ECONOMY FOLAJIMI FESTUS ADEGBIE	1
2.	MODERN PORTFOLIO THEORY (MPT) AND FINANCIAL ECONOMICS: A THEORY OF LESSER TURF? DR. ANDREY I. ARTEMENKOV	6
3.	THE IMPACT OF STOCK MARKET OPERATIONS ON THE NIGERIA ECONOMY: A TIME SERIES ANALYSIS (1981-2008) DR. OFURUM CLIFFORD OBIYO & TORBIRA, LEZAASI LENE	13
4.	PERFORMANCE APPRAISAL SYSTEM ON COMPANY PAY ROLL EMPLOY, SENIOR, MIDDLE & LOWER MANAGEMENT (A STUDY WITH REFERENCE TO INTERNATIONAL TOBACCO COMPANY LTD., GHAZIABAD) DR. RAGHVENDRA DWIVEDI & KUSH KUMAR	18
5.	CREDIT POLICY AND ITS EFFECT ON LIQUIDITY: A STUDY OF SELECTED MANUFACTURING COMPANIES IN NIGERIA STEPHEN A. OJEKA	25
6.	CREDIT RISK MANAGEMENT IN STATE BANK OF INDIA - A STUDY ON PERCEPTION OF SBI MANAGER'S IN VISAKHAPATNAM ZONE DR. P. VENI & P. SREE DEVI	31
7.	THE ARCHAEOLOGY OF RECESSION: DILEMMA BETWEEN CIVILIZATION AND CULTURE – TWO DIFFERENT APPROACHES OF WEST AND EAST WHILE COMBATING GREAT DEPRESSION DR. V. L. DHARURKAR & DR. MEENA CHANDAVARKAR	38
8.	TRANSFORMING A RETAIL CENTRE INTO A BRAND THROUGH PROFESSIONAL MALL MANAGEMENT DR. N. H. MULLICK & DR. M. ALTAH KHAN	42
9.	IMPACT OF EXCHANGE RATE VOLATILITY ON REVENUES: A CASE STUDY OF SELECTED IT COMPANIES FROM 2005 -2009 K. B. NALINA & DR. B. SHIVARAJ	47
10.	DETERMINING WORKING CAPITAL SOLVENCY LEVEL AND ITS EFFECT ON PROFITABILITY IN SELECTED INDIAN MANUFACTURING FIRMS KARAMJEET SINGH & FIREW CHEKOL ASRESS	52
11.	FUTURE NUTRITION & FOOD OF INDIA – THE AQUA-CULTURE: AN ENVIRONMENTAL MANAGEMENT & CULINARY PARADIGM PERSPECTIVE STUDY FOR A SUSTAINABLE NATIONAL STRATEGY DR. S. P. RATH, PROF. BISWAJIT DAS, PROF. SATISH JAYARAM & CHEF SUPRANA SAHA	57
12.	A STUDY OF NON-FUND BASED ACTIVITIES OF MPFC - WITH SPECIAL REFERENCE TO CAUSES OF FAILURE AND PROBLEMS DR. UTTAM JAGTAP & MANOHAR KAPSE	65
13.	CRM IN BANKING: PERSPECTIVES AND INSIGHTS FROM INDIAN RURAL CUSTOMERS ARUN KUMAR, DEEPAI SINGH & P. ACHARYA	69
14.	DETERMINANTS OF INCOME GENERATION OF WOMEN ENTREPRENEURS THROUGH SHGs REVATHI PANDIAN	78
15.	AGRICULTURAL CREDIT: IMPACT ASSESSMENT DR. RAMESH. O. OLEKAR	81
16.	MICRO FINANCE AND SELF- HELP GROUPS – AN EXPLORATORY STUDY OF SHIVAMOGA DISTRICT MAHESHA. V & DR. S. B. AKASH	87
17.	INFORMAL SMALL SCALE BRICK-KILN ENTERPRISES IN GULBARGA URBAN AREA – AN ECONOMIC ANALYSIS SHARANAPPA SAIDAPUR	91
18.	EXTENT OF UNEMPLOYMENT AMONG THE TRIBAL AND NON-TRIBAL HOUSEHOLDS IN THE RURAL AREAS OF HIMACHAL PRADESH: A MULTI-DIMENSIONAL APPROACH DR. SARBJEET SINGH	98
19.	WOMEN SELF HELP GROUPS IN THE UPLIFTMENT OF TSUNAMI VICTIMS IN KANYAKUMARI DISTRICT DR. C. SIVA MURUGAN & S. SHAKESPEARE ISREAL	106
20.	FOREIGN BANKS IN INDIA – EMERGING LEADER IN BANKING SECTOR DR. C. PARAMASIVAN	110
21.	AN EMPIRICAL EVALUATION OF FINANCIAL HEALTH OF FERTILIZER INDUSTRY IN INDIA SARBAPRIYA RAY	114
22.	A STUDY ON EMPLOYEE ABSENTEEISM IN INDIAN INDUSTRY: AN OVERVIEW R. SURESH BABU & DR. D. VENKATRAMARAJU	119
23.	LONG MEMORY MODELLING OF RUPEE-DOLLAR EXCHANGE RATE RETURNS: A ROBUST ANALYSIS PUNEET KUMAR	124
24.	THE US ECONOMY IN THE POST CRISIS SCENARIO – HOLDING LITTLE CAUSE FOR CHEER C. BARATHI & S. PRAVEEN KUMAR	131
25.	IMPLEMENTATION OF 5 S IN BANKS YADUVEER YADAV, GAURAV YADAV & SWATI CHAUHAN	135
	REQUEST FOR FEEDBACK	149

CHIEF PATRON

PROF. K. K. AGGARWAL

Chancellor, Lingaya's University, Delhi
Founder Vice-Chancellor, Guru Gobind Singh Indraprastha University, Delhi
Ex. Pro Vice-Chancellor, Guru Jambheshwar University, Hisar

PATRON

SH. RAM BHAJAN AGGARWAL

Ex. State Minister for Home & Tourism, Government of Haryana
Vice-President, Dadri Education Society, Charkhi Dadri
President, Chinar Syntex Ltd. (Textile Mills), Bhiwani

CO-ORDINATOR

DR. BHAVET

Faculty, M. M. Institute of Management, Maharishi Markandeshwar University, Mullana, Ambala, Haryana

ADVISORS

PROF. M. S. SENAM RAJU

Director A. C. D., School of Management Studies, I.G.N.O.U., New Delhi

PROF. M. N. SHARMA

Chairman, M.B.A., Haryana College of Technology & Management, Kaithal

PROF. S. L. MAHANDRU

Principal (Retd.), Maharaja Agrasen College, Jagadhri

EDITOR

PROF. R. K. SHARMA

Dean (Academics), Tecnia Institute of Advanced Studies, Delhi

CO-EDITOR

DR. SAMBHAV GARG

Faculty, M. M. Institute of Management, Maharishi Markandeshwar University, Mullana, Ambala, Haryana

EDITORIAL ADVISORY BOARD

DR. AMBIKA ZUTSHI

Faculty, School of Management & Marketing, Deakin University, Australia

DR. VIVEK NATRAJAN

Faculty, Lomar University, U.S.A.

DR. RAJESH MODI

Faculty, Yanbu Industrial College, Kingdom of Saudi Arabia

PROF. SIKANDER KUMAR

Chairman, Department of Economics, Himachal Pradesh University, Shimla, Himachal Pradesh

PROF. SANJIV MITTAL

University School of Management Studies, Guru Gobind Singh I. P. University, Delhi

PROF. RAJENDER GUPTA

Convener, Board of Studies in Economics, University of Jammu, Jammu

PROF. NAWAB ALI KHAN

Department of Commerce, Aligarh Muslim University, Aligarh, U.P.

PROF. S. P. TIWARI

Department of Economics & Rural Development, Dr. Ram Manohar Lohia Avadh University, Faizabad

DR. ASHOK KUMAR CHAUHAN

Reader, Department of Economics, Kurukshetra University, Kurukshetra

DR. SAMBHAVNA

Faculty, I.I.T.M., Delhi

DR. MOHENDER KUMAR GUPTA

Associate Professor, P. J. L. N. Government College, Faridabad

DR. VIVEK CHAWLA

Associate Professor, Kurukshetra University, Kurukshetra

DR. SHIVAKUMAR DEENE

Asst. Professor, Government F. G. College Chitguppa, Bidar, Karnataka

ASSOCIATE EDITORS**PROF. ABHAY BANSAL**

Head, Department of Information Technology, Amity School of Engineering & Technology, Amity University, Noida

PARVEEN KHURANA

Associate Professor, Mukand Lal National College, Yamuna Nagar

SHASHI KHURANA

Associate Professor, S. M. S. Khalsa Lubana Girls College, Barara, Ambala

SUNIL KUMAR KARWASRA

Vice-Principal, Defence College of Education, Tohana, Fatehabad

DR. VIKAS CHOUDHARY

Asst. Professor, N.I.T. (University), Kurukshetra

TECHNICAL ADVISORS**AMITA**

Faculty, E.C.C., Safidon, Jind

MOHITA

Faculty, Yamuna Institute of Engineering & Technology, Village Gadholi, P. O. Gadholi, Yamunanagar

FINANCIAL ADVISORS**DICKIN GOYAL**

Advocate & Tax Adviser, Panchkula

NEENA

Investment Consultant, Chambaghat, Solan, Himachal Pradesh

LEGAL ADVISORS**JITENDER S. CHAHAL**

Advocate, Punjab & Haryana High Court, Chandigarh U.T.

CHANDER BHUSHAN SHARMA

Advocate & Consultant, District Courts, Yamunanagar at Jagadhri

SUPERINTENDENT**SURENDER KUMAR POONIA**

CALL FOR MANUSCRIPTS

We invite unpublished novel, original, empirical and high quality research work pertaining to recent developments & practices in the area of Computer, Business, Finance, Marketing, Human Resource Management, General Management, Banking, Insurance, Corporate Governance and emerging paradigms in allied subjects. The above mentioned tracks are only indicative, and not exhaustive.

Anybody can submit the soft copy of his/her manuscript **anytime** in M.S. Word format after preparing the same as per our submission guidelines duly available on our website under the heading guidelines for submission, at the email addresses, **info@ijrcm.org.in** or **infoijrcm@gmail.com**.

GUIDELINES FOR SUBMISSION OF MANUSCRIPT

1. **COVERING LETTER FOR SUBMISSION:**

Dated: _____

The Editor

IJRCM

Subject: Submission of Manuscript in the Area of _____

(e.g. Computer/Finance/Marketing/HRM/General Management/other, please specify).

Dear Sir/Madam,

Please find my submission of manuscript titled ' _____ ' for possible publication in your journal.

I hereby affirm that the contents of this manuscript are original. Furthermore it has neither been published elsewhere in any language fully or partly, nor is it under review for publication anywhere.

I affirm that all author (s) have seen and agreed to the submitted version of the manuscript and their inclusion of name (s) as co-author (s).

Also, if our/my manuscript is accepted, I/We agree to comply with the formalities as given on the website of journal & you are free to publish our contribution to any of your journals.

Name of Corresponding Author:

Designation:

Affiliation:

Mailing address:

Mobile & Landline Number (s):

E-mail Address (s):

2. **INTRODUCTION:** Manuscript must be in British English prepared on a standard A4 size paper setting. It must be prepared on a single space and single column with 1" margin set for top, bottom, left and right. It should be typed in 12 point Calibri Font with page numbers at the bottom and centre of the every page.
3. **MANUSCRIPT TITLE:** The title of the paper should be in a 12 point Calibri Font. It should be bold typed, centered and fully capitalised.
4. **AUTHOR NAME(S) & AFFILIATIONS:** The author (s) full name, designation, affiliation (s), address, mobile/landline numbers, and email/alternate email address should be in 12-point Calibri Font. It must be centered underneath the title.
5. **ABSTRACT:** Abstract should be in fully italicized text, not exceeding 250 words. The abstract must be informative and explain background, aims, methods, results and conclusion.

6. **KEYWORDS:** Abstract must be followed by list of keywords, subject to the maximum of five. These should be arranged in alphabetic order separated by commas and full stops at the end.
7. **HEADINGS:** All the headings should be in a 10 point Calibri Font. These must be bold-faced, aligned left and fully capitalised. Leave a blank line before each heading.
8. **SUB-HEADINGS:** All the sub-headings should be in a 8 point Calibri Font. These must be bold-faced, aligned left and fully capitalised.
9. **MAIN TEXT:** The main text should be in a 8 point Calibri Font, single spaced and justified.
10. **FIGURES & TABLES:** These should be simple, centered, separately numbered & self explained, and titles must be above the tables/figures. Sources of data should be mentioned below the table/figure. It should be ensured that the tables/figures are referred to from the main text.
11. **EQUATIONS:** These should be consecutively numbered in parentheses, horizontally centered with equation number placed at the right.
12. **REFERENCES:** The list of all references should be alphabetically arranged. It must be single spaced, and at the end of the manuscript. The author (s) should mention only the actually utilised references in the preparation of manuscript and they are supposed to follow **Harvard Style of Referencing**. The author (s) are supposed to follow the references as per following:

- All works cited in the text (including sources for tables and figures) should be listed alphabetically.
- Use (ed.) for one editor, and (ed.s) for multiple editors.
- When listing two or more works by one author, use --- (20xx), such as after Kohl (1997), use --- (2001), etc, in chronologically ascending order.
- Indicate (opening and closing) page numbers for articles in journals and for chapters in books.
- The title of books and journals should be in italics. Double quotation marks are used for titles of journal articles, book chapters, dissertations, reports, working papers, unpublished material, etc.
- For titles in a language other than English, provide an English translation in parentheses.
- Use endnotes rather than footnotes.
- The location of endnotes within the text should be indicated by superscript numbers.

PLEASE USE THE FOLLOWING FOR STYLE AND PUNCTUATION IN REFERENCES:

Books

- Bowersox, Donald J., Closs, David J., (1996), "Logistical Management." Tata McGraw, Hill, New Delhi.
- Hunker, H.L. and A.J. Wright (1963), "Factors of Industrial Location in Ohio," Ohio State University.

Contributions to books

- Sharma T., Kwatra, G. (2008) Effectiveness of Social Advertising: A Study of Selected Campaigns, Corporate Social Responsibility, Edited by David Crowther & Nicholas Capaldi, Ashgate Research Companion to Corporate Social Responsibility, Chapter 15, pp 287-303.

Journal and other articles

- Schemenner, R.W., Huber, J.C. and Cook, R.L. (1987), "Geographic Differences and the Location of New Manufacturing Facilities," Journal of Urban Economics, Vol. 21, No. 1, pp. 83-104.

Conference papers

- Chandel K.S. (2009): "Ethics in Commerce Education." Paper presented at the Annual International Conference for the All India Management Association, New Delhi, India, 19-22 June.

Unpublished dissertations and theses

- Kumar S. (2006): "Customer Value: A Comparative Study of Rural and Urban Customers," Thesis, Kurukshetra University, Kurukshetra.

Online resources

- Always indicate the date that the source was accessed, as online resources are frequently updated or removed.

Website

- Kelkar V. (2009): Towards a New Natural Gas Policy, Economic and Political Weekly, Viewed on February 17, 2011 <http://epw.in/epw/user/viewabstract.jsp>

FOREIGN BANKS IN INDIA – EMERGING LEADER IN BANKING SECTOR

DR. C. PARAMASIVAN
ASST. PROFESSOR IN COMMERCE
GOVERNMENT ARTS COLLEGE
CHIDAMBARAM – 608 602

ABSTRACT

Indian banking system consists of long tradition and it has been evaluated from various period. Foreign Banks are not new phenomena in Indian bank in system, Standard Chartered Bank started its operation in 1858 and Citi Bank opened its branch in India in 1902. Similarly Hong Kong and Shanghai Banking Corporations are functioning in India since 1953. Foreign banks in India have brought the latest technology and new banking practices. This helped the domestic banks to improve their performance and provide better customer service. Operation of foreign banks in India is well planned and effectively managed by the talented personnel. This study encompasses in its scope an analysis of brief history of Indian banking system, foreign banks in India, distribution of branches and ATM of foreign banks, advances to priority sectors and financial indicators of foreign banks.

KEYWORDS

Foreign banks, Non Performing Assets, Automated Teller machines, Financial Indicators, priority sector lending.

INTRODUCTION

Bank is one of the unavoidable and applicable to almost all the walk of the individuals, industries and governmental activities. Economic growth and development of the country completely depends on the banking system. Bank is an institution with versatile activates associated with corporate sectors, socio economic development, and overall growth of the country. A country can perform successfully and provides smooth flow of assistance to their citization only through well organized and defined banking system. Indian banking system consists of long tradition and it has been evaluated from various period. The operations of banks have been determined by leading bank scheme, differential interest scheme, credit authorization scheme, micro finance scheme, financial inclusion and technology up gradation etc. when the competition is the major trouble; there is a need of reinforcement of the activities and innovation in their services as worldwide. It happened extensively and accepted by the Indian commercial banks when the foreign banks entered into India. This study encompasses in its scope an analysis of brief history of Indian banking system, foreign banks in India, distribution of branches and ATM of foreign banks, advances to priority sectors and financial indicators of foreign banks.

OPERATIONAL DEFINITION

Foreign Banks: Foreign banks in private sector are branches of those banks which are incorporated in foreign countries.

Scheduled Commercial Banks: Scheduled Commercial Banks is one which is registered in the second schedule of the Reserve Bank of India and Scheduled commercial banks fulfill the conditions of Reserve Bank of India.

Non Performing Assets (NPA): Assets which ceased to yield income of the banks assets remain out of order for two quarters, they become non performing assets.

Gross NPA : Gross NPA is the amount outstanding in the borrower account, in books of the bank other than the interest which has been recorded and not debited to the borrower account.

Net NPA: Net NPAs is the amount of gross NPAs less (1) interest debited to borrower and not recovered and not recognized as income and kept in interest suspense (2) amount of provisions held in respect of NPAs and (3) amount of claim received and not appropriated.

Priority Sector: The concept of priority sector was evolved with the introduction of social control over banks and nationalization of banks. 40% of the total credit to Priority sector advances.

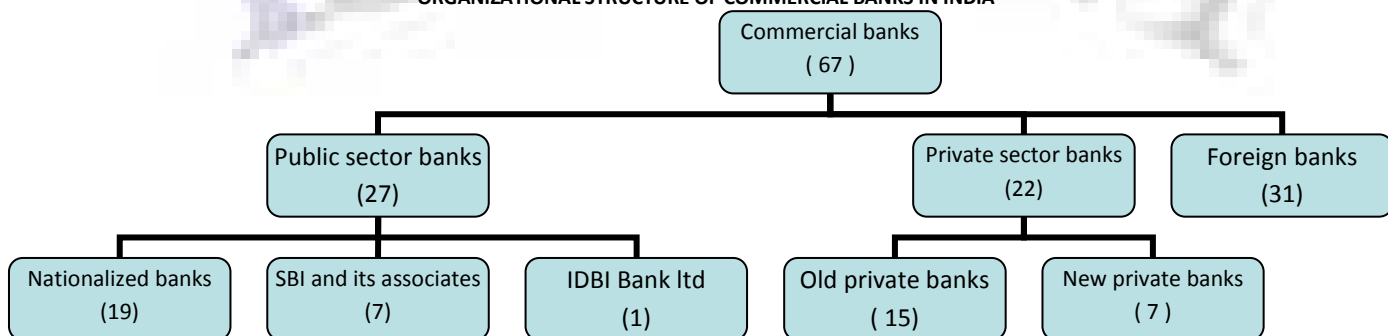
Spread: Spread is a function of cost of resources and yield on funds deployed. Interest earned includes interest discount on advances and bills income an investment interest on balances, for simple terms spread means the different between the interests carried to interest expended.

BRIEF HISTORY OF INDIAN BANKING SYSTEM

Banking in India originated in the last decades of the 18th century. The first two banks were The General Bank of India which started in 1786, and the Bank of Hindustan, both of which are now defunct. Indian banking system is well structured and defined with various regulatory and autonomous bodies. Bank of Bengal (1809) was the first bank in India and followed by the bank of Bombay (1840), and bank of madras (1843) by the East Indian Company. These banks were also called as presidency banks. The first entirely Indian joint stock bank was the Oudh Commercial Bank, established in 1881 in Faizabad. It failed in 1958 and next was the Punjab national bank (1895) followed by the bank of India (1906), the Canara bank (1906), the Indian bank (1907), bank of Baroda (1908) and many other banks were established over the periods of times.

In 1920, three presidency banks were amalgamated and renamed as imperial bank of India under the special act. In 1935, reserve bank of India was constituted through the reserve bank of India act 1934. In 1955, imperial banks were nationalized and renamed as state bank of India. Due to the socio economic development of the nation, fourteen major commercial banks were nationalized in 1969 and, six more banks were nationalized in 1980. As at end march 2009, scheduled commercial banks constitute of 27 public sector banks including seven SBI and its associates, 19 nationalized banks and the IDBI bank. 22 private sector banks including seven new private sector banks and 15 old private sector banks. Presently there 31 foreign banks are functioning in the country.

ORGANIZATIONAL STRUCTURE OF COMMERCIAL BANKS IN INDIA



FOREIGN BANKS IN INDIA

Foreign Banks are not new phenomena in Indian bank in system. Standard Chartered Bank started its operation in 1858 and Citi Bank opened its branch in India in 1902. Similarly Hong Kong and Shanghai Banking Corporations are functioning in India since 1953. However, globalization and economic policies implemented in late 1980s encouraged many international banks to open their shops here. At almost all the international banks are operating in India.

Foreign banks in India have brought the latest technology and new banking practices. This helped the domestic banks to improve their performance and provide better customer service. Due to their fast and efficient working style and better customer service foreign banks in India has captured a large customer base. Foreign banks in India have brought competition among public sector banks in terms of efficiency and customer service. They completed change the way banks worked in India. Today nearly all domestic banks streamlined their operation by introducing technology and best banking practices.

Foreign banks have an access to international networks and product development which helps to achieve a degree of gross pollination and cross fertilization of financial ideas and products. Foreign banks help to introduce a high degree of professional management and the market concept into banking. Presence of foreign banks help in reducing vulnerability to external shocks and also foreign banks help to provide innovations in several product areas such as trade, finance, payment system currency and interest rate risk management and financial engineering. Foreign banks are introductions of state of art technology and system.

TABLE 1 LIST OF FOREIGN BANK BRANCHES OPERATING IN INDIA -2008

Sr. No	Name of Bank	No. of Branches in India
1	AB Bank Ltd	1
2	ABN-AMRO Bank	30
3	Abu Dhabi Commercial Bank Ltd.	2
4	American Express Banking Corp	1
5	Antwerp Bank Ltd. –	1
6	Bank Internasional Indonesia	1
7	Bank of America NA	5
8	Bank of Bahrain and Kuwait B.S.C	2
9	Bank of Ceylo	1
10	Bank of Nova Scotia	5
11	Bank of Tokyo-Mitsubishi UFJ Ltd	3
12	Barclays Bank PLC	5
13	BNP Paribas	9
14	Calyon Bank	6
15	Chinatrust Commercial Bank	1
16	Citibank	41
17	DBS Bank Ltd.	10
18	Deutsche Bank AG	13
19	HSBC Ltd	47
20	JPMorgan Chase	1
21	JSC VTB Bank Ltd.	1
22	Krung Thai Bank Public Co. Ltd	1
23	Mashreqbank psc	2
24	Mizuho Corporate Bank Ltd.	2
25	Oman International Bank S.A.O.G	2
26	Shinhan Bank	2
27	Societe Generale	2
28	Sonali Bank	2
29	Standard Chartered Bank	90
30	State Bank of Mauritius Ltd.	3
31	UBS AG	1
Total		293

Source: Trends and Progress of Banking in India -2008-09

The table reveals that the foreign banks in India in the year 2008. It shows that, there are 293 foreign banks are operating in the country, of which, United Kingdom based Standard Chartered Bank constituted more branches (90) and followed by Hong Kong based HSBC Ltd (47) USA based Citibank (41) and Netherlands based ABN-AMRO Bank (30) .

DISTRIBUTION OF BRANCHES OF FOREIGN BANKS IN INDIA

RBI has given guidelines to stretch the banking operation throughout the country by means of opening many branches and as easy mechanism. Average Population per branches has been reducing from 16000 in 2007 to 15000 in 2009 and it will further reduced to 10000 in the year end 2010. forien banks are opening their branches only in the urban and metropolitan area . RBI encourages opening new branches by the commercial banks to deliver the banking services to all the people of the country as their convenient and domestic places.

TABLE 2: DISTRIBUTIONS OF BRANCHES OF FOREIGN BANKS IN INDIA

Year	Rural	Semi urban	Urban	Metropolitan	Total
2005	-	1	31	219	251
2006	-	1	37	224	262
2007	-	2	43	227	272
2008	--	2	49	226	277
2009	4	4	52	233	293

Source: Trends and Progress of Banking in India

The above table explains that the distribution of foreign bank ranches in India during the period of 2005 -2009. There are 293 branches of foreign banks in India which includes 233 branches in metropolitan areas, 52 in urban areas and four branches each in semi urban and rural areas .it clearly shows that the foreign banks have been opening branches every year since its establishment in India.

ATM OF FOREIGN BANKS IN INDIA

Automated Teller machines (ATMs) are now the heart of banking. Usages of ATMs have substantially increased in India and it is not uncommon to see huge queues of people in ATMs, especially during off business hours and holidays. ATMs have brought down the work pressure substantially from cash tellers in bank branches, and many a branches may have deserted looks due to increasing usage of ATMs.

Worldwide, South Korea boasts of having the highest density of ATMs of about 1600 such machines per million of population. The US has 1300 ATMs per million of people. The two emerging economies – India and China – have a poor record on ATMs density, thanks to the country's huge population! While China has 55 ATMs per million of population, India has only 28 ATMs per million of population, which is almost half of China. On the number front, China has more than 80,000 ATMs, while, the USA has more than 4, 00,000 ATMs. As on August 2007, number of ATMs in India is exceeding 25,000, and it is expected to have another 40,000 additions in the next two years.

TABLE 3 ATM OF FOREIGN BANKS IN INDIA

Year	Total Branches	On site ATM	Off site ATM	Total ATM
2005	251	210	435	645
2006	262	232	648	880
2007	272	249	711	960
2008	277	269	765	1034
2009	293	270	784	1054

Source: Trends and Progress of Banking in India

Foreign banks are innovator and leading part of introduction of the technology based services to the customers particularly ATM. There are 43,651 ATM in the country as on March 2009, foreign banks alone established 1054 ATM which includes 270 on site and 784 off site ATM in the year 2009. Per cent of ATMs to branches in public sector banks has 49.2, private sectors banks has 172.4 percent and foreign banks has 359.7 per cent. Foreign banks are the sole responsible to popularize the ATM services to the public widely and delivering the continent services.

FINANCIAL INDICATORS

Commercial banks in India are vibrant sectors which are directly related with the financial system of the country. Success of the banking sector measured only with help of their financial performance. Banking sectors also need to earn profit to meet their basic and necessary expenditure requirements. How the banking sectors perform their services with verities of services to attract the customers and making profit. Foreign banks are the profit oriented banks which have to make huge earnings to their promoters. Financial performance of the banks can be measured with certain parameters such as income, expenditure, spread, operating profit and net profit. In this regards, how the foreign banks performing in their business successfully even in the aggressive and profound customarised circumstances are shown in the below table.

TABLE 4 FINANCIAL INDICATORS (Rs. in crore)

Year	Income	Expenditure	Spread	Operating profit	Net profit
2005	13,036.16	11,053.79	5129.02	4577.30	1982.37
2006	17,662.07	14,593.47	7141.33	6658.44	3068.60
2007	24,956.06	20,370.90	10403.89	9599.81	4585.16
2008	35004.00	28,392.00	13813.00	14,047.00	66112.00
2009	45,213.00	37,703.00	17,506.00	20098.00	7510.00

Source: Trends and Progress of Banking in India

In the year 2009, income of the foreign banks in India amounted to Rs. 45,213 crore as against Rs. 13,036.16 crore in the year 2005. Expenditure also has been increasing according to their business volume. It has amounted to Rs. 37,703 crore in 2009 as against Rs. 11,053.79 crore in 2005. Foreign banks earned remarkable operating profit and net profit which amounted to Rs. 20,098 crore and Rs. 7510 crore respectively in the year 2009. Spread of the foreign bank also achieved in effective manner which amounting to Rs 17,506 crore. It concludes that the foreign banks in India during the study periods 2005 to 2009 performed well and attracted comfortable earnings with innovative and technology based services to the customers.

ADVANCES TO PRIORITY SECTOR LENDING

The description of the priority sector was formulated in 1972 and in the year 1974, public sector banks were advised 33.3 percent of their net credit to the priority sector by the end of March 1979. In 1978, private sector banks were also advised to lend a minimum of 33.3 per cent of their total advances to the priority sector by the end of March 1980. Foreign banks in India were also advised to progressively increase their advances to priority sector to 15 per cent of their net bank credit by end march 1992. In 1993, this target was again increased to 32 per cent to net bank credit to be achieved by March 1994. And it has divided into two sub targets of 10 per cent in respect of SSI and 12 per cent for export was fixed.

TABLE -5 ADVANCES TO PRIORITY SECTOR LENDING (Rs. in crore)

Year	SSI (Rs)	%	Exports (Rs)	%	Total(Rs)	%
2005	6907	10.2	12,339	18.3	23,843	35.4
2006	8446	9.6	17,102	19.4	30,449	34.6
2007	11,648	10.3	20,714	18.3	37,835	33.4
2008	15,489	12.2	28,954	22.7	50,254	39.5
2009	18,138	11.2	31,511	19.4	55,483	34.3
Average		10.7		19.6		35.5

Source: Trends and Progress of Banking in India

Foreign banks are contributing to the economic development of the country particularly to the MSME and export sectors over a period. SSI sector advances by the foreign banks are almost above the target level of 10 per cent of the net bank credit except in the year 2006 and advances to export sectors averagely recorded to 19.6 per cent which is above the target level of 12 per cent of their net bank credit. Overall advances to priority sectors lending accounted on 35.5 per cent averagely which is more than the target level of 33.3 per cent of the foreign banks.

As regards the amount of advances to SSI constitutes to Rs. 18,138 crore in 2009 as against rs.6907 crore in 2005 and exports amounted to Rs. 31,511 crore in 2009 as against Rs.12, 339 crore in 2005. As on whole the total priority sector amounted to Rs. 55,483 crore in 2009 as against Rs.23, 843 crore in 2005. It is concluded that foreign banks are providing more lending to the priority sector particularly to the exports oriented activities.

NPA AS PERCENTAGE OF ADVANCES

Non performing assets are one of the very crucial problems in the banking sector which distress the overall growth and profitability of the commercial banks. keeping in view the fact that the chances as well as the extent of recovery of NPA reduces overtime, the RBI took several measures in recent years to expedite

recovery of NPA by banks strengthening the various channels of NPA recovery such as debt recovery tribunals, lok adalats, corporate debt restructuring mechanism and the Securitisation And Reconstruction of Financial Assts and Enforcement of Security Interest Act 2002. Foreign banks are effectively managing the NPA since its operation in the country through harsh and forced mechanism.

TABLE 6 NPA AS PERCENTAGE OF ADVANCES

Banks	Gross NPA		Net NPA	
	2008	2009	2008	2009
Nationalized Bank	2.1	1.8	0.7	0.7
SBI	2.6	2.6	1.4	1.5
Private sector banks	2.5	2.9	1.2	1.5
Foreign banks	1.8	4.0	0.9	1.7
Average	2.6	2.8	1.1	1.4

Source: Trends and Progress of Banking in India

The above table indicates that the NPA of commercial banks in the year 2008 and 2009. Gross NPA is high in SBI (2.6) and low (1.8) in foreign banks in the year 2008, but in the year 2009, gross NPA was high (4) in foreign banks due to global financial crisis and poor performance in export sectors. As regards the net NPA, nationalized banks recorded low (0.7) and foreign bank recorded high (1.7). Average net NPA is 1.1 and 1.4 respectively in the year 2008 and 2009.

MAJOR FINDINGS

Indian banking system is one of the well organized and regulated system which concentrates to socio economic development of the nation and also it brings the capital formation to the industrial sectors from the public through the savings and investment. Foreign banks are transformed the traditional function of banking services into technology based. The following are the major findings of the present study.

Foreign Banks in India always brought an explanation about the prompt services to customers. After the set up foreign banks in India, the banking sector in India also become competitive and accurate.

Foreign banks are one of the dominant and emerging sectors in overall development of the country. presently there are 293 foreign banks are operating in the country, off which, United Kingdom based Standard Chartered Bank constituted more branches (90).

Foreign banks are concentrating to major cities and urban areas of the country to open more braches. There are 293 branches of foreign banks in India which includes 233 branches in metropolitan areas, 52 in urban areas.

Foreign banks are the pioneer of the introduction of innovative and technology based services to the customer. The first ATM was installed by the HSBC bank in 1987 and now there are 43,651 ATM in the country as on March 2009, foreign banks alone established 1054 ATM which includes 270 on site and 784 off site ATM in the year 2009.

During the study periods 2005 to 2009, foreign banks were performed well and attracted comfortable earnings.

As on whole the total priority sector advances by the foreign banks amounted to Rs. 55,483 crore in 2009 as against Rs.23, 843 crore in 2005.

Average gross NPA of foreign banks were 2.6 and 2.8 and Average net NPA is 1.1 and 1.4 respectively in the year 2008 and 2009.

SUGGESTIONS

Banking sectors become an unavoidable part and partial of the human being which is initiated from ancient periods. Over long decades, it transformed and gradually upgraded with modern technology and instruments. Now banking in the country is one of efficient arrangements which facilitate savings, investments, delivery of financial services and socio economic development of the country. Hence the banking system should be flattering channelised through universal literature, because only 40 per cent of the people covered by the banking services.

Indian economy forced to meet the global competition due to globalization, during the initial periods; it was struggled but it slowly reinforced and ready to meet the comprehensive challenges. In this regards, banking sectors underwent certain threats as well as opportunities from the foreign banks in India.

Foreign banks provides innovative products through modern technology to their customers, it was new to the Indian banking sectors particularly to the public sector banks. Consequently the public sector banks were competent to updates themselves to meet the global competition.

Information technology plays a key role in the foreign banks which is well integrated with all kind of innovations. Hence they can provide speed and quality of services to the customers without any delay. It is highly influenced and creates healthy atmospheres in the Indian banking industries.

As per the RBI guidelines, banking services should be reached to almost all the people by 2012. For that, concept of financial inclusion has been introduced in an affordable cost of services. Foreign banks opened only four branches in the rural areas, it may increase in future because, rural areas are becoming the economic centre due to industrialization and establishment of special economic zones.

Operation of foreign banks in India is well planned and effectively managed by the talented personnel. Quality of man power is good rather than quantity in foreign banks whereas in the public sector banks poor man power with lack of control. Man power expenditure is very high in the public sector banks while compare to foreign banks which lead to affect the overall profitability position of the banks. Hence the public sector banks should learn and adopt the man power polices of foreign banks.

CONCLUSION

Approaches of public sector banks with the customers and public are hardly and even in certain stages, banking personnel refuse to render services. In many of the public sector banks are functioning only because of the benefit of their employees and not for the public. But in the foreign banks, every employee has an accountability to perform certain level of profitability. Foreign banks also contributing to the economic development of the country. These banks also achieved the target of priority sector lending to 35.5 per cent of their net bank credit. Above all formulation of best practices, introduction of innovative products, implementation of modern technology are possible only with help of the foreign banks. Hence there is a need of more foreign banks in the country to become the super power in the world.

REFERENCES

- Sundram. K.P.M., Rudder Dutt, Indian economy, Sultan Chand Publications, New Delhi, 2007
- Natarajan.S, Parameshwaran.R, Indian Banking, S.Chand Publications, New Delhi, 2005
- Report of Trend and Progress of Banking in India
- IBA Report
- Bhole.L.M, financial institution and markets, the McGraw-Hill company, New Delhi, 2008

REQUEST FOR FEEDBACK

Esteemed & Most Respected Reader,

At the very outset, International Journal of Research in Commerce and Management (IJRCM) appreciates your efforts in showing interest in our present issue under your kind perusal.

I would like to take this opportunity to request to your good self to supply your critical comments & suggestions about the material published in this issue as well as on the journal as a whole, on our E-mails i.e. **info@ijrcm.org.in** or **infoijrcm@gmail.com** for further improvements in the interest of research.

If your good-self have any queries please feel free to contact us on our E-mail **infoijrcm@gmail.com**.

Hoping an appropriate consideration.

With sincere regards

Thanking you profoundly

Academically yours

Sd/-

Co-ordinator