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A Study On Performance Of Lakshmi Vilas Bank Based In Tamilnadu

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ABSTRACT

Finance is the life blood of trade, commerce and industry. Now-a-days, banking sector acts as the backbone of modern business. Development of any country mainly depends upon the banking system.The term bank is either derived from old Italian word banca or from a French word banque both mean a Bench or money exchange table**.** In olden days, European money lenders or money changers used to display (show) coins of different countries in big heaps (quantity) on benches or tables for the purpose of lending or exchanging.

1. INTRODUCTION

In India, the ancient Hindu scriptures refer to the money lending activities in the Vedic period. During the Smrity period, which followed the Vedic period, the business of banking was largely carried on by the members of vaish community. The banker in this period performed many of the functions which a modern banker performs these days, namely, accepting deposits, granting advances, acting as banker to the State and issuing and managing currency of the country.
Banking in India, in the present form, originated in the first decade of eighteenth century when the General Bank of India came into existence in 1786. This was followed by Bank of Hindustan. Both the banks ceased to exist now. The oldest bank in existence in india is the State Bank of India being established as “The Bank of Bengal” in Calculate in June, 1806. A couple of decades later, foreign banks like Credit Lyonnais started their operations in Calculta in 1850.

NATIONALAIZATION OF BANK

India marched towards the establishment and expansion of Public Sector Bank through the progressive nationalization of commercial banks. There were three phases of nationalization, namely nationalization of Imperial Bank of India in 1955 and its seven associate banks in 1959-60, nationalization of commercial banks in 1980.On 1st July 1955, the government of India nationalization the Imperial Bank of India and converted it into the State Bank of India. The establishment of the State Bank of India was a pioneering attempt in introduction public sector banking in the country. Later on, in 1959 -60, seven subsidiary banks were also nationalized to form the State Bank of India group. The State Bank of India group had its laudable objective of bringing rural orientation in Indian banking, which it achieved with remarkable success. Eventually, on 19th July 1969, fourteen major Indian scheduled banks with deposits of over rupees

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fifty crore were nationalized by the government with a view to server better the needs of development of the economy in conformity with national priorities and objectives. The fourteen nationalized bank were the Allahabad Bank, the Bank of Baroda , the Bank of India, the Bank of Maharashtra, the Dena Bank , the Indian Bank, the Overseas Bank, the Union Bank of India, the Punjab National Bank, the Central Bank of India, the Canara Bank, the Syndicate Bank, the United Bank of India and the United Commercial Bank. As a result , eighty five percentage of the banking business in terms of deposits was brought under public control. On 15th April 1980, six more Indian scheduled commercial banks with deposit of over rupees two hundred crore were nationalized. The nationalized banks were the Andhra Bank, the Corporation Bank, the New Bank of India, the Oriental Bank of Commerce, the Punjab and Sind Bank and the Vijaya Bank. Over ninety percent of banking activity in the country was brought under public control, by the second dose of nationalization. Nationalization of banks was a bold and major step in the process of banking reforms in the country. It has resulted in the evoluation of public sector banking.

LIBERALIZATION OF BANKS

In the early 1990s, the Central Government, under the Prime Minister Shri Narasima Rao embarked on a policy of liberalization and gave licenses to a small number of private banks, which came to be known as new generation techsavvy bank, which included banks such as UTI Bank, now renamed Axis Bank, ICICI Bank and HDFC Bank. This step, along with the rapid growth in the economy of India kick started the banking sector in India, which has seen rapid growth with strong contribution from all the three sector banks, namely, Government Banks, Private Sector Banks and Foreign Banks.

2. DEFINITION

Section 5(b) of the Banking Companies Act, 1949 defines banking as “accepting for the purpose of lending or investment of deposits of money received from the public, repayable on demand and withdrawable by cheque, draft, and order or otherwise’.

According to Dr.Hart’s View: “A banker is one who in the ordinary course of his business honours cheques drawn upon him by persons from and for whom he receives money on current account”.

3. OBJECTIVES OF THE STUDY

- To evaluate the performance of private Banks in Tamil Nadu.
- To suggest measures to improve the performance of commercial banks in Tamil Nadu
- To study the overall performance of major Private Sector Banks applying CAMEL(Capital Adequacy, Assets Quality, Management, Earning Quality, Liquidity) Model.
- On the basis of result of the result of the study to suggest various measures to improve the performance of the Banks in future.
- The New generation private sector Bank has best used the Technology, Utilize the manpower in an effective manner.

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- These have made them to attract more customers and made them to grower faster and stronger.

PROFILE OF LAKSHMI VILAS BANK

Lakshmi Vilas Bank was founded in 1926 by a group of seven progressive businessmen of Karur under the leadership of Shri V.S.N. Ramalinga Chettiar. Their objective was to cater to the financial needs of people in and around Karur who were occupied in trading businesses, industry and agriculture. The bank was incorporated on November 3, 1926 under the Indian Companies Act, 1913, and obtained the certificate to commence business on November 10, 1926. Subsequent to introduction of the Banking Regulations Act, 1949 and Reserve Bank of India as the regulator for the banking sector, the bank obtained its banking license from RBI on 19,June 1958, and on 11, August 1958 it became a ‘scheduled commercial bank’ signifying capability to operate as a full-fledged commercial bank.

Lakshmi Vilas Bank saw considerable expansion of its branch network during the period 1961-65, when the bank took over nine other banks. From 1974, the bank started expanding the branch network beyond Tamil Nadu to benefit from opportunities in the pan-Indian market. Thus, branches were established in the neighboring states of Andhra Pradesh, Karnataka and Kerala, important financial centers such as Mumbai, New Delhi and Kolkata as well as in other significant business centers in Maharashtra, Gujarat and Madhya Pradesh. Meanwhile, the bank attained the status of Authorized Dealer in foreign exchange in 1976 enabling it to provide full range of services to customers engaged in international trade and to overseas travelers. Mechanization was introduced in the Administrative Office as early as 1977, and data processing and computerization began in right earnest in 1993 by the bank’s own in-house team. Implementation of Core Banking Solution (CBS) was started in October 2006, and all of the bank’s branches were migrated to CBS by March 2008.

SAVINGS BANK DEPOSITS

Savings bank deposits are opened at the discretion of the bank for persons on proper introduction. Savings accounts may be opened by a person in his or her own name and two or more persons in their joint names. Saving accounts may also be opened by minors to be operated by them provided they have completed the age of 14 and have the powers of understanding and discretion.

MONTHLY SAVINGS DEPOSITS

In order to promote the savings habit of the investors the monthly savings deposit is offered, in which monthly Installment in multiples of Rs .5 are collected.

TERMS DEPOSITS

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Term Deposits are deposits payable after a fixed period of time. It carries simple interest payable, monthly, quarterly, half yearly or annually. The amount may be tendered in cash or by way of cheques of draft. The minimum amount for term deposit is Rs. 100. If the deposit amount exceeds Rs. 50,000 the amount will be accepted in the form of cheques only .A term deposit account can be opened by a person in his or her own name, two or more persons in their joint names, a sole proprietorship concern, partnership firm, private and public limited companies, Joint stock companies, Hindu Undivided Families, Associations, Clubs, Societies, Trust Executors, Administrators and like.

4. CONCLUSION

Banks occupy one of the most important positions in the modern economic world. The banks constitute the lifeline of sound economy. As such they lubricate and cater to all sorts of economic activities. Without a sound and effective banking system, it is not possible to have a healthy economy. Hence, better performance of banks is vital for the development of economy. Private sector banks have played a major role in the development of Indian banking industry. They have made banking more efficient and customer friendly. They have jolted public sector banks out of complacency and forced them to become more competitive.

A study of performance of Lakshmi Vilas Bank Limited has assumed significance in this regard. Tamil Nadu, which is one of the foremost states in the country in terms of overall development, is the fifth largest contributor to Indian's gross domestic product and is the most urbanized state in India. This fact has prompted the researcher has attempted to study the performance of Lakshmi Vilas Bank Limited based in Tamil Nadu. Hence the researcher has undertaken to analyze the performance of Lakshmi Vilas Bank Limited.

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