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**PRODUCTIVE EFFICIENCY OF INDIAN COMMERCIAL BANKS
A TREND ANALYSIS**

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Abstract

This paper investigates whether there has been an improvement in and convergence of productive efficiency across Indian banking industry since economic reforms. The tests of efficiency was made more meaningful by including comparison of efficiency in both pre and post liberalization period. These productivity trends partly reflect the success of the efforts to strengthen the banking sector after the fallout of the Asian financial crisis in 1997/98. The efficiency for three groups of banks, that is, publicly owned, privately owned and foreign owned are measured. The analysis revealed that the trend of productive efficiency has increased significantly during the post-reform period. The study recommends that the existing policy of rationalization of staff and branches may be continued to obtain efficiency gains and make the Indian banks internationally competitive which is a declared objective of the Government of India.

Keywords: Bank Efficiency, Financial Sector Reforms, Indian Banks, Productivity.
