

Financial institutions and their performamnce in Tirunelveli district, Tamil Nadu

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ABSTRACT

Financial institutions in India consist of commercial banks, regional rural banks (RRBs), urban co-operative banks (UCBs), rural co-operative credit institutions, development finance institutions (DFIs), non banking financial companies (NBFCs), mutual funds and insurance organisations. This article is focused on the financial institutions and their performance in Tirunelveli district of Tamil Nadu with reference to banking net work, deposits and advances positions and sector wise advances by the financial institutions in Tirunelveli district during the study period 2010-11.

KEY WORDS : Financial institutions, Banking network, Advances and deposits, Priority sectors

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Financial Institution is considered as a major component of financial system of the country which helps to promote the systematic flow of finance from the available hands to needed hands (Khan, 1992, Kothare, 1991). These institutions are primarily established for the purpose of systematic and sustainable growth of the country. Presently many financial institutions are activity contributed to the socio-economic development of the nation through its lending and advances (Parmeshwaran, 2005). Indian financial institutions are grouped into banking and non-banking financial institutions. Banking institutions are again classified into public sector banks, private sector banks and foreign banks. Non-banking institutions are also classified into national level financial institutions and state level financial institutions. At present there are 83 banking and 4 non banking

financial institutions in the country. In this regards, this paper is an attempt to discuss the role of financial institution in Tirunelveli district of Tamil Nadu during the year 2010-11.

Financial institution in India:

Financial institutions in India consist of commercial banks, regional rural banks (RRBs), urban co-operative banks (UCBs), rural co-operative credit institutions, development finance institutions (DFIs), non banking financial companies (NBFCs), mutual funds and insurance organisations. These institutions, which provide a meeting ground for the savers and the investors, form the core of India's financial sector. Through mobilisation of resources and their better allocation, financial intermediaries play an important role in the development process of underdeveloped countries. Financial institutions have transited since the mid-1990s from an environment of an administered regime to a system dominated by market-determined interest and exchange rates, and migration of the central bank from direct and quantitative to price-based instruments of monetary policy operations. However, increased globalisation has resulted in further expansion and sophistication of the financial sector, which has posed new challenges to regulation and supervision,

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