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OWNERSHIP STRUCTURE OF COMMERCIAL BANKS IN INDIA

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Abstract

Banks are the major institutions in any country not only for the economic development but also for social development with respect to meeting basic infrastructure in the country. The Banking system of a country is an important pillar holding up the financial system of the country's economy. The major role of banks in a financial system is the mobilization of deposits and disbursement of credit to various sectors of the economy. Commercial banks in India are the backbone of all major economic activities in the country, whether it is for the citizens to keep their hard-earned money safely or get loans whenever they need funds for important things like a home, wedding, a car or for business. Therefore, there is a need of understanding banking system and its ownership status.

Keywords: Banking system, ownership status, commercial Banks, public sector banks, private sector banks, shareholding pattern, NRI

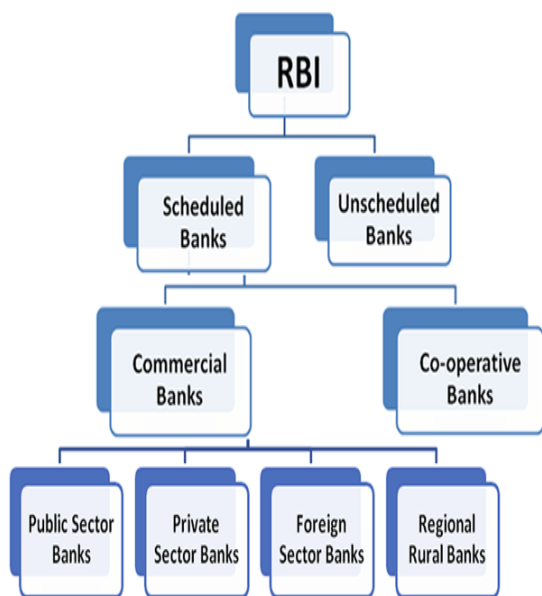
1. Introduction

Banking system of the country considered as a nervous system which help to facilitate flow of money from one hand to another with productivity manner. Commercial bank is an institution that accepts deposit, makes business loans and offer related services to various like accepting deposits and lending loans and advances to general customers and business man. Effective banking system enable effective financial system of the

country. These institutions run to make profit. They accommodate to the financial requirements of industries and various sectors like agriculture, rural development, etc. it is a profit-making institution owned by government or private of both. Therefore, there is a need of understanding banking system and its ownership status.

STRUCTURE OF COMMERCIAL BANKS IN INDIA

Banks are the major institutions in any country not only for the economic development but also for social development with respect to meeting basic infrastructure in the country. The Banking system of a country is an important pillar holding up the financial system of the country’s economy. The major role of banks in a financial system is the mobilization of deposits and disbursement of credit to various sectors of the economy. The existing, elaborate banking structure of India has evolved over several decades. Commercial banks in India are regulated under the Banking Regulation Act 1949 and empower a bank to carry out business operations of keeping money as deposits and grant loans to the public, corporate and the government itself.



REVIEW OF LITERATURE

La Porta, Rafael., Andrei Shleifer., & et al. (2002). Conclude that Government ownership of banks is large and pervasive around the world. Government ownership of banks is associated with lower subsequent growth of per capita income, and in particular with lower growth of productivity rather than slower factor accumulation.**Houda Arouri., Mohammed Hossain., & et al.**

(2011). Suggested that the effect of ownership structure and board characteristics on bank performance of GCC counties. Evidence indicates that the extent of the foreign ownership level has a significant positive association with the bank performance. **Paramasivan. C (2011)** Information technology plays a key role in the modern world which meets the day to day activities of the human beings directly or indirectly associated. Commercial activities particularly banking and financial sectors may not function without proper information technology. **Deepak Kapur., & Abebaw Kassie Gualu. (2012).** Explained that private ownership of firms leads to better firm performance. Knowledge of the relationship of performance and ownership is assumed to have significance importance. This paper is an empirical analysis on the impact of ownership structure on the performance of Ethiopian commercial banks.**Devaki.S., & Kamalaveni.D. (2012).** Suggested that the influence of shareholding pattern on dividend payout ratio of the Indian corporate hotels. Panel data analysis has been carried out to find out the effect of shareholding pattern on dividend policy. Institutional shareholding has a greater influence than other shareholders’ stake on the determination of dividend payout policy of the corporate hotels in India.**Gaurav Dawar., & Swati Goyal. (2012).** Mentioned that Banking sector is one of dominant sector and represents growth and development of the economy. The sector has been one of the top performers in stock market. Indian Stock Market experienced great volatility during the period of 2007-2008. The study is about the ownership structure and risk in Indian banks which they encountered during the period of slow down in India.**Nora Azureen Abdul Rahman.A., & Anis Farida Md Reja.B. (2015).** Mentioned that the impact of different types of ownership structure on bank performance. Testing on five categories of

ownership structure such as insider, family, government, institutional and foreign ownership, the results suggest that bank performance varies with different types of ownership structure. **Raghu Katragadda., & Sreeram.A. (2018).** Ownership structure or the stakeholder structure of an organization often play significant role in operations decision, monitoring and control. This as a result possesses influences over process and hence performance. On the other hand, the role of stakeholders and respective conflict of interests can also be not ruled out. **Manoj Kumar Chaudhary. (2020).** Concluded that the impact of ownership pattern and corporate governance on performance of commercial banks in

Nepal. In this regard the dates were gather from 22 banks out of 28 commercial bank in Nepal. This study concluded that ownership structure and corporate governance variables could influences the decision making practice in Banking sector of Nepal.

OBJECTIVE OF THE STUDY

The primary objective of the study is to understand the ownership structure of commercial banks in India with respect to public and private sector banks.

METHODOLOGY

This study is quantitative in nature based on secondary data which have been collected from official report of RBI during the study period.

**Table No-1
Shareholding Pattern of Public Sector Banks**

Sl. No	Name of the Bank	Total Govt & RBI – Resident	Total Individual – Resident	Total Individual – Non Resident	Total- Resident	Total- Non Resident
1	Allahabad Bank	93.4	2.2	-	99.4	0.6
2	Andhra Bank	88.3	7.5	0.1	99.3	0.7
3	Bank of Baroda	63.7	5.8	0.5	90.2	9.9
4	Bank of India	89.1	4.1	0.1	99.3	0.7
5	Bank of Maharashtra	92.5	3.3	0.1	99.8	0.2
6	Canara Bank	70.6	6.9	0.1	95.4	4.6
7	Central Bank of India	92.4	2.5	-	99.8	0.2
8	Corporation Bank	93.5	1.9	-	99.6	0.4
9	Indian Bank	83.5	8.3	0.2	97.1	2.9
10	Indian Overseas Bank	95.8	2.1	0.1	100.0	-
11	Oriental Bank of Commerce	87.6	4.2	0.1	97.9	2.1
12	Punjab and Sind Bank	83.1	9.3	0.2	99.1	0.9
13	Punjab National Bank	83.2	6.0	0.1	97.7	2.3
14	State Bank of India	57.9	6.0	0.2	90.2	9.8

15	Syndicate Bank	78.5	11.6	-	98.1	1.9
16	UCO Bank	94.4	3.1	-	99.9	0.2
17	Union Bank of India	74.3	9.0	0.1	97.1	2.9
18	United Bank of India	97.4	1.2	-	100.0	-

Sources: Consolidated Annual Report of RBI.

Table No-1 Indicates that Shareholding Pattern of Public Sector Banks in India, As regards Allahabad Bank, 93.4 per cent of the Shareholding by Government and RBI-Resident, 2.2 per cent by Individual Resident, 99.4 per cent by Resident and Remaining 0.6 per cent owned by Non Resident, As regards Andhra Bank, 88.3 per cent of the Shareholding by Government and RBI-Resident, 7.5 per cent by Individual Resident, 0.1 per cent by Individual-Non Resident, 99.3 per cent by Resident and Remaining 0.7 per cent owned by Non-Resident, As regards Bank of Baroda, 63.7 per cent of the Shareholding by Government and RBI-Resident, 5.8 per cent by Individual Resident, 0.5 per cent by Individual-Non Resident, 90.2 per cent by Resident and Remaining 9.9 per cent owned by Non-Resident, As regards Bank of India, 89.1 per cent of the Shareholding by Government and RBI-Resident, 4.1 per cent by Individual Resident, 0.1 per cent by Individual-Non Resident, 99.3 per cent by Resident and Remaining 0.7 per cent owned by Non-Resident, As regards Bank of Maharashtra, 92.5 per cent of the Shareholding by Government and RBI-Resident, 3.3 per cent by Individual Resident, 0.1 per cent by Individual-Non Resident, 99.8 per cent by Resident and Remaining 0.2 per cent owned by Non-Resident, As regards Canara Bank, 70.6 per cent of the Shareholding by Government and RBI-Resident, 6.9 per cent by Individual Resident, 0.1 per cent by Individual-Non Resident, 95.4 per cent by Resident and Remaining 4.6 per cent owned by Non-Resident, Central Bank of India, 92.4 per cent of the Shareholding by

Government and RBI-Resident, 2.5 per cent by Individual Resident, 99.8 per cent by Resident and Remaining 0.2 per cent owned by Non-Resident, Corporation Bank, 93.5 per cent of the Shareholding by Government and RBI-Resident, 1.9 per cent by Individual Resident, 99.6 per cent by Resident and Remaining 0.4 per cent owned by Non-Resident, Indian Bank, 83.5 per cent of the Shareholding by Government and RBI-Resident, 8.3 per cent by Individual Resident, 0.2 per cent by Individual-Non Resident, 97.1 per cent by Resident and Remaining 2.9 per cent owned by Non-Resident, Indian Overseas Bank, 95.8 per cent of the Shareholding by Government and RBI-Resident, 2.1 per cent by Individual Resident, 0.1 per cent by Individual-Non Resident, 100.0 per cent by Resident, Oriental Bank of Commerce, 87.6 per cent of the Shareholding by Government and RBI-Resident, 4.2 per cent by Individual Resident, 0.1 per cent by Individual-Non Resident, 97.9 per cent by Resident and Remaining 2.1 per cent owned by Non-Resident, Punjab and Sind Bank, 83.1 per cent of the Shareholding by Government and RBI-Resident, 9.3 per cent by Individual Resident, 0.2 per cent by Individual-Non Resident, 99.1 per cent by Resident and Remaining 0.9 per cent owned by Non-Resident, Punjab National Bank, 83.2 per cent of the Shareholding by Government and RBI-Resident, 6.0 per cent by Individual Resident, 0.1 per cent by Individual-Non Resident, 97.7 per cent by Resident and Remaining 2.3 per cent owned by Non-Resident, State Bank of India, 57.9 per cent of the Shareholding by Government and RBI-Resident, 6.0 per cent by Individual Resident, 0.2 per cent

by Individual-Non Resident, 90.2 per cent by Resident and Remaining 9.8 per cent owned by Non-Resident, Syndicate Bank, 78.5 per cent of the Shareholding by Government and RBI-Resident, 11.6 per cent by Individual Resident, 98.1 per cent by Resident and Remaining 1.9 per cent owned by Non-Resident, UCO Bank, 94.4 per cent of the Shareholding by Government and RBI-Resident, 3.1 per cent by Individual Resident, 99.9 per cent by Resident and Remaining 0.2 per cent

owned by Non-Resident, Union Bank of India, 74.3 per cent of the Shareholding by Government and RBI-Resident, 9.0 per cent by Individual Resident, 0.1 per cent by Individual-Non Resident, 97.1 per cent by Resident and Remaining 2.9 per cent owned by Non-Resident, United Bank of India, 97.4 per cent of the Shareholding by Government and RBI-Resident, 1.2 per cent by Individual Resident, 100.0 per cent by Resident.

Table No-2
Shareholding Pattern of Private Sector Banks

Sl. No	Name of the Bank	Total Government & RBI – Resident	Total Individual – Resident	Total Individual – Non Resident	Total-Resident	Total-Non Resident
1	Axis Bank Ltd.	-	6.9	0.3	46.7	53.3
2	Bandhan Bank Ltd.	-	5.1	0.6	81.1	18.9
3	Catholic Syrian Bank Ltd.	-	19.6	7.4	37.1	62.9
4	City Union Bank Ltd.	-	42.1	1.0	78.2	21.8
5	DCB Bank Ltd.	-	22.8	1.2	61.9	38.1
6	Federal Bank Ltd.	-	27.4	5.2	60.3	39.7
7	HDFC Bank Ltd.	0.2	9.5	0.1	30.1	69.9
8	ICICI Bank Ltd.	0.3	6.3	0.4	44.8	55.3
9	IDBI Bank Ltd.	47.1	1.5	0.1	99.9	0.1
10	IDFC Bank Ltd.	5.4	22.4	1.6	75.0	25.0
11	IndusInd Bank Ltd.	-	8.8	0.6	28.1	71.9
12	Jammu & Kashmir Bank Ltd.	68.2	13.8	1.1	88.5	11.5
13	Karnataka Bank Ltd.	-	63.7	3.3	83.9	16.1
14	Karur Vysya Bank Ltd.	-	52.0	1.0	77.4	22.6
15	Kotak Mahindra Bank Ltd.	-	39.4	1.0	56.4	43.6
16	Lakshmi Vilas Bank Ltd.	0.2	44.6	1.2	87.7	12.4
17	Nainital Bank Ltd.	-	1.4	-	100.0	-
18	RBI Bank Ltd.	0.4	22.6	1.4	58.6	41.4
19	South Indian Bank Ltd.	-	55.6	9.5	71.4	28.7
20	Tamilnad Mercantile Bank Ltd.	1.3	67.8	0.9	74.2	25.8
21	The Dhanalakshmi Bank Ltd.	0.5	63.8	9.4	79.2	20.8
22	Yes Bank Ltd.	-	14.3	0.7	97.5	2.5

Sources: Consolidated Annual Report of RBI.

Table No-2 Indicates that Shareholding Pattern of Private Sector Banks in India, As regards Axis Bank Limited, 6.9 per cent by Individual

Resident, 0.3 per cent by Individual Non Resident, 46.7 per cent by Resident, Remaining 53.3 per cent owned by Non Resident, As regards Bandhan Bank

Limited, 5.1 per cent by Individual Resident, 0.6 per cent by Individual Non Resident, 81.1 per cent by Resident, Remaining 18.9 per cent owned by Non Resident, As regards Catholic Syrian Bank Limited, 19.6 per cent by Individual Resident, 7.4 per cent by Individual Non Resident, 37.1 per cent by Resident, Remaining 62.1 per cent owned by Non Resident, As regards City Union Bank Limited, 42.1 per cent by Individual Resident, 1.0 per cent by Individual Non Resident, 78.2 per cent by Resident, Remaining 21.8 per cent owned by Non Resident, As regards DCB Bank Limited, 22.8 per cent by Individual Resident, 1.2 per cent by Individual Non Resident, 61.9 per cent by Resident, Remaining 38.1 per cent owned by Non Resident, As regards Federal Bank Limited, 27.4 per cent by Individual Resident, 5.2 per cent by Individual Non Resident, 60.3 per cent by Resident, Remaining 39.7 per cent owned by Non Resident, As regards HDFC Bank Limited, 0.2 per cent of the Shareholding by Government and RBI-Resident, 9.5 per cent by Individual Resident, 0.1 per cent by Individual-Non Resident, 30.1 per cent by Resident and Remaining 69.9 per cent owned by Non-Resident, As regards ICICI Bank Limited, 0.3 per cent of the Shareholding by Government and RBI-Resident, 6.3 per cent by Individual Resident, 0.4 per cent by Individual-Non Resident, 44.8 per cent by Resident and Remaining 55.3 per cent owned by Non-Resident, As regards IDBI Bank Limited, 47.1 per cent of the Shareholding by Government and RBI-Resident, 1.5 per cent by Individual Resident, 0.1 per cent by Individual-Non Resident, 99.9 per cent by Resident and Remaining 0.1 per cent owned by Non-Resident, As regards IDFC Bank Limited, 5.4 per cent of the Shareholding by Government and RBI-Resident, 22.4 per cent by Individual Resident, 1.6 per cent by Individual-Non Resident, 75.0 per cent by Resident and Remaining 25.0 per cent owned by Non-Resident, As regards IndusInd Bank

Limited, 8.8 per cent by Individual Resident, 0.6 per cent by Individual Non Resident, 28.1 per cent by Resident, Remaining 71.9 per cent owned by Non Resident, As regards Jammu and Kashmir Bank Limited, 68.2 per cent of the Shareholding by Government and RBI-Resident, 13.8 per cent by Individual Resident, 1.1 per cent by Individual-Non Resident, 88.5 per cent by Resident and Remaining 11.5 per cent owned by Non-Resident, As regards Karnataka Bank Limited, 63.7 per cent by Individual Resident, 3.3 per cent by Individual Non Resident, 83.9 per cent by Resident, Remaining 16.1 per cent owned by Non Resident, As regards Karur Vysya Bank Limited, 52.0 per cent by Individual Resident, 1.0 per cent by Individual Non Resident, 77.4 per cent by Resident, Remaining 22.6 per cent owned by Non Resident, As regards Kotak Mahindra Bank Limited, 39.4 per cent by Individual Resident, 1.0 per cent by Individual Non Resident, 56.4 per cent by Resident, Remaining 43.6 per cent owned by Non Resident, As regards Lakshmi Vilas Bank Limited, 0.2 per cent of the Shareholding by Government and RBI-Resident, 44.6 per cent by Individual Resident, 1.2 per cent by Individual-Non Resident, 87.7 per cent by Resident and Remaining 12.4 per cent owned by Non-Resident, As regards Nainital Bank Limited, 1.4 per cent by Individual Resident and 100.0 per cent by Resident, As regards RBI Bank Limited, 0.4 per cent of the Shareholding by Government and RBI-Resident, 22.6 per cent by Individual Resident, 1.4 per cent by Individual-Non Resident, 58.6 per cent by Resident and Remaining 41.4 per cent owned by Non-Resident, As regards South Indian Bank Limited, 55.6 per cent by Individual Resident, 9.5 per cent by Individual-Non Resident, 71.4 per cent by Resident and Remaining 28.7 per cent owned by Non-Resident, As regards Tamilnad Mercantile Bank Limited, 1.3 per cent of the Shareholding by Government and RBI-Resident, 67.8 per

cent by Individual Resident, 0.9 per cent by Individual-Non Resident, 74.2 per cent by Resident and Remaining 25.8 per cent owned by Non-Resident, As regards The Dhanalakshmi Bank Limited, 0.5 per cent of the Shareholding by Government and RBI-Resident, 63.8 per cent by Individual Resident, 9.4 per cent by Individual-Non Resident, 79.2 per cent by Resident and Remaining 20.8 per cent owned by Non-Resident, As regards Yes Bank Limited, 14.3 per cent by Individual Resident, 0.7 per cent by Individual-Non Resident, 97.5 per cent by Resident and Remaining 2.5 per cent owned by Non-Resident.

CONCLUSION

Banking is considered as a powerful institution in the country which help to provide more financial services to needed people with flexible mode of delivery system. In this view, banks in India is an age old concept since the establishment of bank of Hindustan in 1770 followed by General bank of India in 1786. After independence banks in India become a regulated institution with autonomous bodies. Commercial banks in India are the backbone of all major economic activities in the country, whether it is for the citizens to keep their hard-earned money safely or get loans whenever they need funds for important things like a home, wedding, a car or for business. Establishment of commercial banks leads to socio economic development of the country through social banking initiatives. Commercial banks encourage the habit of thrift and mobilise the savings of people. These savings are effectively allocated among the ultimate users of funds, i.e., investors for productive investment. So, savings of people result in capital formation which forms the basis of economic development. share holding pattern of commercial banks in India become liberalised with the effect from new economic policy of the government and now almost all the banks were converted

into public sector corporation with share holding of various stakeholders.

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