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Does Ownership Always Matter? Evidence from the Study of Indian Public Sector Banks and Private Banks

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ABSTRACT

Existing empirical evidence on the ownership performance relationship is inconclusive, and it mirrors the diverse theoretical opinions on the issue. Our study re-visits the ownership performance question in the Indian banking industry. The Indian Banking Industry has grown and witnessed significant structural changes since the onset of deregulation and liberalisation process. The results indicate significant time effects and ownership effects. The Public Sector Banks performance has shown impressive improvements relative to the new private banks, and the initial estimation of relative superior efficiency found in the new private banks have waned significantly. The public banks' performance have shown impressive improvements. Consequently, the remarkable leads initially indicated in the private banks have not been sustained. Consequently, the efficiency of both categories of banks seems to have largely merged.

KEYWORDS Ownership; Privatisation; Efficiency; Indian Banks

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