

REGULATION OF BANKING SECTOR THROUGH BASEL NORMS- A COMPLIANCE ANALYSIS

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ABSTRACT

Banks play an important role in the development of a country. A financial crisis in 2008 led policymakers to think about regulation of banking system and adopt policies to reduce the level of risk in the sector. BASEL committee on banking supervision was formed as a primary global standard setter for the prudential regulation of banks. This committee laid its first regulatory norms in the year 1988 termed as BASEL accord, which is a set of three regulations (Basel -1,2 and 3). This paper is an attempt to measure the level of compliance of BASEL norms in India. Top 10 banks according to market capitalization and profitability are taken as sample and the extent to which the banks complied with BASEL norms is studied.

Research limitation and implications-This research have considered only quantitative information for understanding the compliance of BASEL in Indian Banks and qualitative aspects like process and systems in banking is not taken into consideration. This research will help in understanding the level of Compliance and result development of suitable guidelines.

KEYWORDS: *Capital Adequacy, BASEL Compliance, Liquidity Ratio, Banking Risks*