



PRODUCTIVITY IN INDIAN BANKING SECTOR- A STUDY OF SBI GROUP

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Abstract

The present paper studies the productivity in State Bank of India (SBI) Group. An examination of almost all the important issues in society would show that productivity is the only key solution to most of the economic problems. It touches all sections of society whether Government, big industrial units or small industries, profit organizations or public utilities. In India, public sector banks provide maximum assistance to the weaker section of the society. The objective of the present study is to measure productivity in SBI Group with respect to per branch and per employee. Data has been collected from secondary resources, mainly the annual reports of Reserve Bank of India (RBI) and Indian Banking Association (IBA). For measuring growth & growth rates, study period has been divided into six equal sub periods of two years starting from years 2003 to 2013. Paper concludes with the help of selected financial indicators and compounded rate of growth. The study attempts to accomplish its objectives by making cross-sectional and inter-temporal analysis on the basis of 17 indicators. These indicators are divided into three categories. While one set of indicators measure output in terms of input of number of employees' i.e. labour productivity, next set of indicators measure branch productivity. The last set of indicators depict productivity on the basis of certain financial ratios. The division has been done by considering the fact that recruitment of employees and opening of branches are not even in different years.

Keywords: Commercial, Productivity, Industry, Financial, Indicators, Banking etc.



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INTRODUCTION

Banking is a fundamental public efficacy and a key service industry. In fact, it is a sine qua non for the economic growth of a developing country. Financing of precedence sector of the economy has been one of the policies of the commercial banks as part of their developmental contribution in India. Social control over banks was imposed in 1968, to help the banking system meet their social & economic objectives and avoid misdirection of resources. Though there are assured regulations, they did not assist in optimization of production and blossoming of new entrepreneurship in the country. Millions of small scale producers, operators, farmers, transport small businessmen etc. could not grow due to lack of access to inputs mainly that of credit. Most of the banks have been assigning big parts of their loans and advances to massive industrial and trading institutions.

Productivity is said to be a key indicator of pliability of an economic system. Even the rise and fall of economy, hence, sways with the fates of civilizations. The alteration in productivity is both a reason and effect of many active factors working within the economy—technical development, accretion and upgrading in the quality of both human and physical capital, enterprise, Government regulation, capacity utilization etc.

The approach to productivity is ruled by the respective national aims and priorities which again are resultant from the environment. A list of factors either hampering or encouraging productivity is pertinent only if such resources are recognized within the structure of these national objectives and priorities, lest systematically similar phenomena may lead to incompatible elucidations and vice-versa. Thus, the part of different sources of productivity expansion or factors which deter or assist productivity may diverge from country. Such distinction is likely to exist between a developed country, an under-developed or even a developing country. As a matter of fact, productivity development cannot be sovereign of the scenery and outline of economic expansion, therefore, recognition of factors that hamper or assist productivity will also depend upon sketch objectives and precedence's.

Concept of Productivity in Banking

Despite the fact that output in banking industry cannot be ascertained easily, more so because of social compulsions and being used as instrument for social fairness, it remains an economic movement that projects the concept of “Productivity” appropriately.

In case of service industry like banking, the outputs are not homogeneous; the services offered are too many. Each service again requires different skill. This is about productivity at operational level. At the controlling & administrative offices, productivity comparisons even in most crude form are impossible. Although much is talked about productivity in banks, very little effort has been made to define the concept in clear cut, unambiguous and understandable terms.

The banking industry as a whole has been laying emphasis on deposit mobilization, credit deployment and branch expansion. However, slowly, the emphasis is being shifted to efficiency and productivity. It is recognized that with increasing emphasis on priority sector lending or social banking, it will not be possible to increase profit without improving efficiency and productivity.

An important point to be noted here is that the concept and definition of productivity as applied in manufacturing industries, cannot be applied in banking industry, as it is primarily a service industry.

State Bank of India

State Bank of India (SBI) is an Indian multinational, public sector banking and financial services company. It is a government-owned corporation with its headquarters in Mumbai, Maharashtra. As of December 2013, it had assets of US\$388 billion and 17,000 branches, including 190 foreign offices, making it the largest banking and financial services company in India by assets.

SBI is one of the Big Four banks of India, along with Bank of Baroda, Punjab National Bank and ICICI Bank. Its history can be traced back to British India, through the Imperial Bank of India, to the founding, in 1806, of the Bank of Calcutta, making it the oldest commercial bank in the Indian Subcontinent. Bank of Madras merged into the other two "presidency banks" in British India, Bank of Calcutta and Bank of Bombay, to form the Imperial Bank of India, which ultimately became SBI. Government of India owned the Imperial Bank of India in 1955, with Reserve Bank of India (RBI) - India's Central Bank having 60% stake. Imperial Bank was renamed to State Bank of India. In 2008, the government took over the stake held by the Reserve Bank of India.

State Bank of India is a regional banking behemoth and has 20% market share in deposits and loans among Indian commercial banks. SBI provides a range of banking products through its network of branches in India and overseas, including products especially designed for Non-Resident Indians (NRIs). SBI has 14 regional hubs and 57 Zonal Offices that are located at important cities throughout India.

Domestic Presence

As on 31st March 2013, SBI has 14,816 branches, of which 9,851 (66%) are in rural and semi-urban areas.^[2] In the financial year 2012-13, its revenue was INR 200,560 Crores (US\$36.9 billion), out of which domestic operations contributed to 95.35% of revenue. Similarly, domestic operations contributed to 88.37% of total profits for the same financial year. Under the Pradhan Mantri Jan Dhan Yojana of financial inclusion launched by Government in August 2014, SBI held 11,300 camps and opened over 30 lakhs accounts by September, which included 21.16 lakh accounts in rural areas and 8.8 lakh accounts in urban areas.

International presence

As of 28 June 2013, the bank has 190 overseas offices spread over 36 countries. It has branches of the parent in Moscow, Colombo, Dhaka, Frankfurt, Hong Kong, Tehran, Johannesburg, London, Los Angeles, Male in the Maldives, Muscat, Dubai, New York, Osaka, Sydney, and Tokyo. It has offshore banking units in the Bahamas, Bahrain, and Singapore, and representative offices in Bhutan and Cape Town, Sri Lanka and Nepal etc.

REVIEW OF LITERATURE

Brahmananda (1982) in his study discusses the sectoral and collective drifts of output in the Indian economy and his fallout explain that during the period 1950-51 to 1980-81, average annual percentage add to was 1.3 in Capital production ratio, 2.0 in Net production per worker and only 0.7 per cent in total factor output. Labour Bureau has been accumulating output index for preferred industries since second five year plan in two series. The index in reverence of both the series and sustained irregular trends and the situation speckled from industry to industry.

Bright (1998) establishes the hypothesis that ‘A young and raw labour energy – lacking a protracted industrial education progression behind it and has been accountable for India’s breakdown during its two preliminary plans of economic growth to attain an economic smash through by the factor of an industrial revolution’ and establish that although there is proof to prop up his research, but it is not sufficient to say that hypothesis is confirmed.

Banking Commission (1972) analyzes the operational methods & actions of banks and recommends the development and modernization of working techniques. It mainly aims at linking it to customer services, credit ways and domestic control systems. It also evaluates the other significant facets of banking, like, information systems, management growth, training and employee evaluation etc. which empower the output of banks and banking system. It suggests the fixing of man-hours for different kinds of jobs for determining the output of the employees. It had found that the current techniques of determining branch success are not suitable and therefore incorporates a costing & financial exposure system. It recommends the exercise of sure ratios for the capacity of working efficiency of branches.

The Output, Efficiency and Profitability (OEP) Committee on Banking formed under the Chairmanship of Sh. J.C. Luther by RBI in April, 1976, presented its report on Oct. 7, 1977. The research period was 1969-75, although definite criterion was useful for shorter period

because of non-presence of data. The Committee accepts that the research is tentative in nature and the outcomes are conditional. As per the factors assumed to be best by it, may not be pertinent in potential. It positively defines that the set of factors applied by it “does not signify either the initial or the preceding option”. The Committee considers four criterions namely, output, social objectives – spatial, social objectives – sectoral and productivity. Below each criterion, it considers a set of markers. Labour output has been evaluated in terms of both physical and monetary worth. The study considers the wider factors like the ratio of deposits to cash balances are considered as a wider factor of the competence in cash management. It also scrutinizes facets like planning, budgeting, management information systems (MIS), marketing’s, audit systems, procedures, cash remittance, annual accounts, and currency chests. It analyzes banking costs, operational profitability, pricing of bank services, growth in earnings and expenses etc. and made various suggestions.

Subrahmanyam (1984) analyzes the conceptual issues in productivity measurement and approach to interbank and inter-temporal productivity comparisons. Tools used are non-parametric index number approach, a parametric production function approach and Las Payers & Divisia index. He feels that production function approach may be more advantageous as it can handle problems arising due to inseparability of inputs and outputs, non-constant return to scales.

Divatia and Venkatachalam(1978) studies operational efficiency and profitability of banks. Operational efficiency is analyzed in terms of productivity, operational efficiency in terms of social objectiveness and profitability. Author creates a composite index, which explore certain indicators that suitably represent varied aspects of banks performance.

Sarker and Das conducts research to compare performance of public, private and foreign banks. Cross sectional and time series analysis are applied to the data of all commercial banks of the country. Secondary Data collected from IBA database is used. They found PSBs competing poorly with the other two categories. However, they caution that no firm inference can be derived from a comparison done for a single year.

Chakrabarthy empirically analyzes the relative performance of each commercial bank. Herfindha’s Index is used to find the results. The author has suggested that each scheduled commercial bank should take up some exercise to evaluate the relative performance of each branch of the particular

bank for profit planning. Branch working and performance according to author, is one of the most important indicator of bank's productivity.

Srivastava analyzes the use of work measurement principle in banking to test the efficiency. Staffing levels, justifying overtime, determining unit cost and pricing of services, budgeting staff expenses, branch performance. Tools used are work measurement index. Author suggests that practical utility of the application of work measurement concept in banking is useful

Ojha emphasizes to ascertain the international comparison of productivity and profitability of public sector banks of India. Variables considered are per employee indicators and per capita assets. Percentage analysis is conducted. Study analyzes the productivity of public sector banks where the author observes that there has been substantial growth in productivity per employee since 1969 calculated at current prices.

OBJECTIVES OF THE STUDY

Following of the objectives of the study

- To measure the productivity in SBI Group with respect to branches, employees and business.
- To evaluate the growth of the SBI Group during the period from 2003-2013.

RESEARCH METHODOLOGY

To accomplish the objective, a cross-sectional and inter-temporal analysis is done on the basis of 17 indicators. These indicators have been divided into three categories. One set of indicators measure output in terms of input of number of employees' i.e. labor productivity. Another set of indicators measure branch productivity. The last set of indicators depicts productivity on the basis of certain financial ratios. The study period is divided in the gap of two years from the year 2003 to 2013. The set of indicators are as follows:

1. Deposit per employee
2. Credit per employee
3. Business per employee
4. Total expenditure per employee
5. Total earnings per employee
6. Establishment expenses for employee
7. Spread per employee

8. Deposits per branch
9. Credit per branch
10. Total earnings per branch
11. Total expenditure per branch
12. Total Business per branch
13. Total Earnings as percentage of Total Credit
14. Establishment Expenses as percentage of Total Expenditure
15. Establishment Expenses as percentage of Total Earnings
16. Volume of Business per Rs. 100 of Establishment Expenses
17. Volume of Business per Rs. 100 of Total Expenditure

NEED OF THE STUDY

Financing of priority sector of the economy has been one of the strategies of the commercial banks in their developmental role in India. The policy of social control marginally tilted the position, but a major shift in commercial banks lending policy took place with the nationalization of some major commercial banks. This pace got further momentum after liberalization. Therefore, this study attempts to analyze the productivity growth of one of the largest commercial bank i.e. State Bank of India Group during the prominent period of 2003-2013. It determines the bank's productivity with reference to the expansion in the number of employees, branches and business revenues.

ANALYSIS OF THE STUDY

Per Employee								Per Branch							Financial				
Ye ars	D /E	C R/ E	TE R/ E	TE XP/ E	EST B/E	SP R/ E	BU S/E	D/ B R	CR/ BR	TER /BR	TEX P/BR	EST B/B R	SPR /BR	BUS /BR	TER %TC R	ESTB %TEX P	ESTB %TER	BUS/ ESTB	BUS/ TEXP
20 03	1 4. 7	0.5	0.2	2.2	0.2	0.5	1.8	33. 6	1.1	0.6	5.0	0.5	1.1	4.1	0.54	0.10	0.86	8.4	0.81
20 05	1 7. 6	0.9	0.4	2.3	0.2	0.7	1.8	40. 1	2.1	0.9	5.3	0.4	1.5	4.0	0.41	0.07	0.45	10.3	0.75
20 07	2 2. 7	2.1	0.4	3.3	0.2	0.8	2.3	46. 8	4.3	0.8	6.9	0.5	1.7	4.7	0.20	0.07	0.60	9.5	0.68
20 09	3 8. 6	2.8	0.8	5.3	0.4	0.7	3.9	64. 3	4.7	1.3	8.9	0.6	1.2	6.5	0.27	0.07	0.50	10.2	0.73
20 11	4 3. 5	5.6	0.5	6.4	0.3	1.5	3.8	68. 2	8.7	0.8	10.0	0.5	2.4	5.9	0.09	0.05	0.65	11.9	0.60
20 13	5 5. 0	7.7	0.7	8.3	0.4	2.0	5.5	80. 2	11. 3	1.1	12.1	0.7	3.0	8.0	0.10	0.05	0.60	12.3	0.66

Table – 1 Indicator of Productivity (In State of Bank of India)

Table – 2 Rate of Growth in State Bank of India

Per Employee								Per Branch							Financial				
Ye ars	D / E	C R/ E	TE R/ E	TE XP/ E	EST B/E	SP R/ E	BU S/E	D/ B R	CR /BR	TE R/B R	TEX P/BR	EST B/B R	SPR /BR	BUS /BR	TE R % TC R	EST B% TE XP	EST B% TE R	BUS /EST B	BU S/ TE XP
20 05	1. 1	1.0 8	0.2 8	0.4	- 0.27	0.4	0.1	7.7	1.1	0.3	0.4	-0.1	0.4	0.0	0.2 8	- 0.19	- 0.27	-0.41	0.0 8
20 07	3. 3	3.2 6	0.0 9	2.1	0.11	0.7	0.4	15. 0	3.3	0.3	2.1	0.0	0.7	0.8	0.0 9	0.02	0.11	24.83	0.3 9
20 09	3. 8	3.8 5	0.2 2	5.0	0.32	0.3	0.7	38. 6	3.8	0.8	5.0	0.3	0.3	3.4	0.2 2	0.05	0.32	1 2 . 7 2	0.6 7
20 11	8. 0	8.0 5	0.0 5	6.7	0.45	1.6	0.5	46. 6	8.0	0.4	6.7	0.2	1.6	3.3	0.0 5	0.03	0.45	18.13	0.4 9
20 13	1 0. 7	10. 66	0.0 7	9.2	0.49	2.3	0.6	60. 4	10. 7	0.7	9.2	0.4	2.3	5.6	0.0 7	0.04	0.49	1 5 . 3 3	0.6 1

PER EMPLOYEE INDICATOR

Productivity Analysis of State Bank of India group on the basis of given Table No – 1, states that D/E ratio increased during all the sub periods of the study, in increasing trend. In the year 2003, the D/E ratio is 14.7, which increases up to 17.6 in 2005 and up to 22.7 till 2007. Till 2007 the D/E reflects growth by 3.3. In the subsequent years, the D/E ratio increases tremendously, up to 38.6. In continuation of the increasing trend, the D/E ratio increases to the level of 55 in the year 2013. The trend in increasing of D/E ratio shows growth rate more than 10 percent till the year 2013, as compared to the base year 2003. Similarly the highest growth percentage is also observed in the year 2011 which is 8 percent.

Similarly the D/E ratio, the Credit per employee variable also shows a growing trend during the period under study. As per the data, the ratio in 2003 is 0.5, which is consistently increasing to 0.9 in the year 2005, 2.1 in 2007, 2.8 in 2009, 5.6 in 2011 and touches 7.7 in 2013. At the end, it can be said that the growth rate in the Cr/E is looking to be same as in D/E till the end of the period under study, as it growth trend reached till the level of 10.66 percent , which is ten times more than the base year. There is another similar effect that there is a highest growth percentage in the year 2011 at 8.05 percent.

On the contrary, the growth trend in per employee total earning looks to be fluctuating over the period. As the data states that the TER/E ratio is 0.2 in the year 2003, which increases up to 0.4 in the year 2005. But in the year 2006 the ratio remains the same. In the year 2009, the ratio increases at double rate and reaches up to 0.8. But in the year 2011, the ratio drops to 0.5 and in the subsequent year 2013, the TER/E increases up to 0.7. At the end the overall growth analysis states that there is a declining growth rate in TER/E during the period under study. Similarly the growth analysis states the decrease in the TER/E trend is .09 percent in the 2007 and increases up to 22% in 2009 but till the end it falls down to the level of .07percent.

The total expenditure per employee ratio is showing an increasing trend during the period under study, from 2003-2013. As per the given data, ratio in 2003 is 2.2, which is consistently increasing over the period of the study. Like in 2005, the ratio is 2.3, in 2007 the ratio is 3.3, in 2009 the ratio 5.3, in 2011 the ratio is 6.4 and in the year 2013 the ratio increases up to 8.3. It is also observed that the growth in increase in TEXP/E over the period is more than nine times till the end of year 2013 as compared to the base year. Therefore the

growth analysis states the increase in growth rate of TEXP/E is 9.2 percent at the end of the year of the study 2013.

The analysis of Establishment expenses per employee shows minor growth as compared to the other variables. As the data states, the figure of ESTB/E is same in the three consecutive year intervals from 2003- 2007. Till the year 2009, the ratio increase almost with double figure, reaching upto 0.4. In the year 2011, it again decreases by a margin of 0.1. But in future year 2013, it again reaches up to the level 0.4. Therefore, the growth analysis states that till the end of the period the growth period is 0.49 percent, which records a highest growth rate as compared to the base year 2003 -0.27 to the 0.49 percent.

The data given in the table showed a fluctuating growth trend in the ratio of Interest Spread per employee, during the period under study. As the vibrant growth rate the SPR/E ratio increased up to 0.8 in the year 2007, as compared to the base year figure of 0.5 in 2003. In the subsequent year 2009, there is a decline in the ratio with margin of 0.1. But in the subsequent years, tremendous growth is observed, as the figure increases up to 1.5 in the year 2011 and to 2 in 2013. In spite of the fluctuations in the increasing trend of the ratio, the growth percentage in the SPR/E is counted to the level of 2.3 percent in the year 2013 as compare to the base year, which is seems quite satisfactory.

Similar to the ESTB/E ratio, the BUS/E ratio is also looking to be the consistent over the period under study. As the data states that the BUS/E ratio is same in the period 2003 and 2005. But in the subsequent year it increases upto 2.3 in the year 2007 and 3.9 in the year 2009. As per the data in 2011, there is a slightly decrease in BUS/E ratio by the margin of 0.1 but again in the subsequent year 2013, it increases upto the highest level of the period under study to 5.5. Finally, the overall analysis of the BUS/E ratio indicates that the ratio has grown by six times till the year 2013 as compared to the base year 2003. With respect to the variation in trends in the ratio of BUS/E, the highest growth percentage is observed in the year 2009 which is 0.7 percent, declining in the subsequent year but again increasing upto 0.6 percent till the end of the study.

PER BRANCH INDICATOR

As per the data given in the table, the ratio of Deposit per branch is 33.6, which is increasing every year at the remarkable growth rate. Therefore in the year 2005, the ratio reached upto 40.1, 46.8 in the year 2007 and in the year 2009 it gained the level of 64.3. But in the year 2011, there is a slight growth in the D/BR ratio up to 68.2. Interestingly, the ratio reaches a

level of 80.2 in the year 2013. Therefore, on the basis of overall analysis, the ratio increased at the growth rate of eight times more than the base year. The growth percentage figures of D/BR is 60.4 percent in the year 2013 as compare the 7.7 percent in 2003, which ultimately reflect the high productivity growth.

Similarly in the ratio of Credit per branch ratio, the CR/BR ratio is 1.1 in the year 2003, which increases up to 2.1 in the year 2005, 4.3 in 2007, 4.7 in 2009, 8.7 in 2011 and in the year 2013 it reaches up to the level of 11.3. Therefore, at the end it can be said that till the year 2013 the CR/BR increases by eleven times more than the beginning year of the study, 2003. Similar to the D/BR ratio, the CR/BR ratio also looks to be impressive, which ultimately shows the growth percentage in CR/BR upto 10.7 percent as compared to the base year.

The expansion rate in the TER/BR is looking to be very inconsistent over the period under study. As the data states, till the year 2009, the TER/BR ratio increased up to 0.9 than 0.6 in 2003. But in the year 2007 it decreased up 0.8, whereas in the year 2009, it jumped to a figure of 1.3. But in the future, it again dips to reach the level of 1.1 till the year 2013. Similar to the trends of increase or decrease in the ratio of TER/BR, the growth trend is also reflecting the same pattern, which states the growth at the high level at 0.8 percent in 2009 and after a slight dip it grows up to 0.7 percent.

The TEXP/BR ratio starts with the level of 5 in the year 2003. But in the earlier years of the study, it seems that the ratio is growing slightly, whereas the till the year end 2013 it reached up to 12.1. It is ultimately states the increased margin of more than the figure of 7 point. As the data states, in the year 2005 the ratio was 5.3, in 2007 it reaches up to 6.9, in 2009 it becomes 8.9, in 2011 it goes to the level of 10 and at the end it reaches up to figure of 12.1. Similarly to branch indicator, the ratio of TEXP/BR shows consistent growing trend over the period of time and so the growth analysis also states the same effect. Therefore the growth analysis reflect the growth percent in the TEXP/BR at 9.2% in the year 2013, which is at the highest level as compared to the base year.

Similar to the TER/BR ratio, the ratio of ESTB/BR is also looking to be fluctuating over the period of time. But still it gains up to the figure of 0.7 in 2013 as compare to the 0.5 in the year 2003. A fall in increasing trend in the ESTB/BR ratio, is observed on the basis of figure of the ratio given in the years 2005, 2011, which are 0.4 and 0.5, reflecting the decrease by the margin of 0.1 as compared to previous years. But at the overall level it can be said that,

there is an increase in the ratio with figure of 0.2 till the end of the period under study 2013 as compared to the beginning year 2003. On the other hand, the growth rate in ESTB/BR is 0.4% at the end of the period, which counts the highest growth as compared to the year 2005, when the growth passes in negative percentage. But after 2007, a new trend in growth percentage is observed in ESTB/BR.

As the data states, there is almost consistent increase in the SPR/BR ration till the period 2007. The figures of SPR/BR ratio for the period 2003-2007 are 1.1, 1.5 and 1.7. In the subsequent year 2009 it decreases with the margin of 0.5 up to the level of 1.2. But in future years 2011 and 2013, the ratio shows the tremendous increase which is almost double in 2011 till the level of 2.4 and more than double in 2013, with the figure of 3. Similar to increasing trend in the Interest income per branch wise, the growth analysis also shows huge improvement in the SPR/BR ratio till the year 2013 with growth percentage of 2.3 and the second highest growth percent of 1.6 in the year 2011.

Similar to the ESTB/BR ratio, the BUS/BR ratio is also showing fluctuations in growth during the period under study. The decline in ratio is observed in the year 2005 and 2011 with the figures of 4 and 5.9, which shows a decrease by 0.1 margin in 2005 as compared to 0.6 margin in 2011. On the other hand, the increase in the BUS/BR ratio during period 2003-2007 is looking to be effective, which ultimately gives the boost to gain the level of up to 8 till the year 2013 as compare to the base year 2003 of level 4.1. The growth analysis of the same is also reflecting the highest growth percentage in BUS/BR in the year 2013 at 5.6 percentage and second highest percentage is observed in the year 2009 at 3.4. In spite of the slight fluctuations the growth trend seems to be positive.

Financial Indicators

As per the given data, there is decrease in the trend of TER/TCR ratio till the period 2007, which reached up to 0.20 from the level 0.54 in the year 2003. In the year 2009 it increased up to the level 0.27, but in the subsequent years it again started to decline up to 0.09 in 2011, which is huge. Again in year 2013, the ratio increases slightly with a margin of .02 up to the level of 0.1 as compared to previous year. Finally, it is observed that with the increase in credit over the period of time, the TER/TCR ratio declines. Such fluctuations also show the fluctuating growth trend of the TER/TCR, which reflects the least growth percentage in the year 2011 at .05 percent and it provide the slight increase up to 0.07 percent in the year 2013.

Whereas the there is the highest growth percentage is observed in the initial years at 0.28 percent in 2005.

With reference to the financial indicator, it is observed in ESTB/TEXP ratio that there is almost constant decline in the ratio till the period 2009 after 2005. As the ratio in the year was .10 in the year 2003, which decreased in the year 2005 up to .07 and in future the figure become remain same till the year 2009. But again, in the year 2011, it decreases up to .05 and remains unchanged till the year end 2013. Similarly, the growth trend in ESTB/TEXP is observed to be positive as compare to the early period at the declining mode. Therefore the Growth percentage is observed at 0.04 percent in the year 2013, which positive as compare the negative growth in the year 2005 at -0.19 percent. But the highest growth percentage is 0.05 observed in the year 2009.

The ESTB/TER states the declining trend in growth at fluctuating rate on consistent interval during the period under study. As the data states that in the year 2003 the ESTB/TER ratio is 0.86, which declines up to the level 0.45 in the year 2005. The ratio again increased in 2007 up to the level of 0.60 and decreased in 2009 up to the figure of 0.50. Similarly in the year 2011, the ratio rises with the figure of 0.65 but again falls up to the level 0.60. Similar to the ESTB/TER there is an increase in growth by more than double from negative to positive from -0.27 percentage to 0.49 percent. On the whole, there is a consistent growth over the period of time.

On the contrary to all the financial indicators, the ratio of BUS/ESTB is looking to be growing till the year 2013 at the inconsistent rate. As in the year 2003 the ratio is 8.4, which increased up to 10.3 in the year 2005. After 2005, there is a slight dip in the growth of BUS/ESTB ratio with the margin of .8, but the in the subsequent years, it states the consistent growing trend, which ultimately leads upto the level of 12.3 in the year 2013. The growth analysis is looking to same as observed in the other financial indicators. As the growth percentage rise from negative figure to positive till the end of the study, that are -0.41 in 2005 to 15.33 to 2013. The highest growth percentage of BUS/ESTB is observed in 2007 at 24.83 percentage and the second highest is 18.13 in the year 2011.

Similar to the TER/TCR ratio, the BUS/TEXP ratio is also stating the almost same trend in the growth over the period under study. The ratio of BUS/TEXP is 0.81 in the year 2003, it decline in 2005 upto the level of 0.75 and similarly in the year 2007 it decreased up to the level of 0.68. But in the year 2009 it increased upto 0.73 with the margin of .05 as compare to

the previous year and fall upto 0.60 in the year 2011. But in the year 2013, it again increased as compare to the previous year upto the level of 0.66. On the basis of overall growth analysis in BUS/TEXP there is a tremendous growth observed till the end of the period under study at 0.61 percent as compare to the 0.08 percent. But the highest percentage level observed in this ratio is 0.67 percentages in 2009.

CONCLUSION

The growth in D/E and CR/E during the period under the study at 10.7 and 10.66 states the increase in employee productivity in the growth of State Bank of India. In both the cases, the growth looks to be very slow during two years under study that are 2007 and 2009. Whereas, till the end of the period under study growth in both of the variables achieved the tremendous level or highest than ever growth rate in the earlier period. But the overall growth of both the variables states the maximum productivity of the employees of the bank.

The growth in TER/E reflects the fluctuating status over the period under study, means the position is looking to be the struggling. As the highest level of growth in the TER/E is observed in the year 2005 at 0.28, in the immediate next year, it decreased at the level 0.09. Then, in the year 2009 the growth again increased at the second highest level 0.22, but again in 2011 it fall at the lowest level at 0.05 during the period under study. Till 2013, it tried to regain the position but only up to 0.07. During analysis, it observed that due the increasing growth in ESTB/E and TEXP/E there is much fluctuation in the growth trends in the Total Earning per employee. According to the data, in the year 2005, the ESTB/E the growth was found at the negative level at that time the TER/E is at its highest level of growth. Similarly due to the maximum increase in the establishment expenses with growth rate 0.11, it effects the total earning of the company by decreasing at 0.09. Similarly the effects are looking to continue till the end of the study period in the same sequence. On the basis of overall analysis, it can be said that with consistent increase in the establishment expenses, the business productivity is increasing.

Similarly in TEXP/E the growth rate is consistently increasing over the period time under study at 9.2. But with the comparison to the base year in 2003 growth rate 0.4, there is a tremendous growth till the end by more than nine times at 9.2. Such growth in the TEXP/E states the increased utilization of working capital in the business to gain maximum profit, which ultimately reflects the productivity.

On the contrary, the growth rate in SPR/E states the fluctuating positive over the period of time. As per the data in the year 2007, the growth rate is 0.7 as compare to the previous year 2005 at 0.4. But in the year 2009 there is great fall in the growth with the margin 0.4 but in the future years 2011 and 2013 there is a consistent growth at 1.6 and 2.3. Such growth is a positive symbol of the better productivity of the bank for its business.

The growth rate in BUS/E reflects the increasing productivity of the Bank over the period under study. As the growth rate in 2009 is at the highest level 0.7 during the period under study. Such level is attained on the basis of consistent growth earned since 2005. But in the year 2011, the growth rate decline by 0.5 and again it increase up to 0.6 till the end of the study.

The growth rates in D/BR, CR/BR, TER/BR and BUS/BR states the business productive of the State Bank of India over the period of the study.

The D/BR states the growth at the increasing rate during all the sub period under the study, such growth is attained up to 60.4 in the end year 2013 as compare the least growth of 7.7 in the year 2003.

Similarly the CR/BR growth rate also states the great productivity of the business by attaining the growth up to 10.7 in the year 2013. Such highest growth is based on the consistent positive growth trends gained since the beginning of the period 2005 with the value 1.1.

In addition to this TEXP/BR has also gained the positive growth throughout the period under study from 2003 at 0.3 to the end period 2013 at 0.7. Such growth gives the reflection of increase in the business productivity. Similar to this the BUS/BR growth factor shows the positive effect of the increase in the branches on the business of the industry. Therefore, with the passage of time from the base period, the BUS/BR has the increasing growth rate in every year starting from zero in 2005 to 5.6 in 2013.

The growth in the establishment expenses at branch level states the fluctuation growth over the period of time. In the year 2005, the growth rate was negative at -0.1, in the sub year 2007 the growth rate is zero and similarly it increases in the subsequent year 2009 at 0.3. In subsequent year with small dip in the growth rate the there is the highest growth rate 0.4 in 2013 of the study period.

The growth rate in the total earning per branch has the constant growth trend till 2009 with the rate 0.8. But in the immediate next year 2011 there is decrease in TER/BR by double the figure 0.4. Again in the year 2013 it increases up to the growth rate of 0.7. During the initial

sub period 2005 – 2005 the growth rate was constant at 0.3. Similar to other the growth in the TER/BR reflects the productivity of the business of bank branches.

The growth of SPR/BR show the great growth till the end of the period at 2.3 in 2013 as compare to the earlier period at 0.4 in 2003. In 2005 the there is an increase in the growth up to 0.7, but in 2009 there is great fall in the growth by double the rate at 0.3. After the SPR/BR state the tremendous increase in growth in both year of future that are in 2011 at 1.6 and 2.3 in 2013. Such increase in interest income states the maximum productivity of the business.

Under Financial Indicators the TER/TCR and ESTB/TEXP states the almost same growth trend under period of study. But in the beginning period 2003 the growth rate of TER/TCR has maximum value of the period at 0.28, but under ESTB/TEXP state the negative value - 0.19. Therefore in the next the growth of TER/TCR decreased up to 0.09 but under EST/TEXP there is tremendous positive growth with 0.02. Similarly in the subsequent year the growth rate under total earning get again the second highest growth at 0.22 and similar in the establishment exp at 0.05 in the year 2009. After the slight fall in the growth in the year 2011 in both the cases, a positive growth is attained in the year 2013 with the figure 0.07 and 0.04.

At last the growth rates under ESTB/TER, BUS/ESTB and BUS/TEXP reflects the totally different trends from one and each other. In case of ESTB/TER, there is a tremendous growth during the period under study starting from negative value of -0.2 in the year 2005 to the positive value up to 0.49 in 2013. The data states the consistent growth every sub period under study as the growth in 2005 at 0.11, in 2007 at 0.32 and in 2011 at 0.45. On the other part, In case of BUS/ESTB, in the beginning year 2005 the growth rate is negative at -0.41, which gain the positive growth in the next sub year at the highest rate of 24.83. But in the subsequent period in 2009, there is again fall in the growth by almost double the figure 12.72. Again in the year 2011 it gain up to 18.13 and further fall up to 15.33.

At the end, similar to ESTB/TEXP, the growth rate is fluctuating over the period under study, as the data stated the consist growth at the highest rate from 0.08 in 2005, 0.39 in 2007 and 0.67 in the year 2009. After than in the year 2011 with small dip in the growth with 0.49, it again gets the increase with the figure 0.61. Such expansion reflects the financial productivity over the period of time.

MAJOR FINDINGS

- The expansion in number of branches proves the growth in industry. The D/BR, CR/BR and BUS/BR increases with the rise in earnings. The banking sector reforms are also helpful to improve the productivity.
- Industry Position shows that Employee productivity is good as BUS/E too has shown the increase with the increase in D/E and CR/E. Being part of the service industry, growth in employee productivity is a good indicator of growth in future. The excess of TEXP/E over TER/E in industry indicates the increase in productivity with consistent profitability. The margin of SPR/E over ESTB/E in industry indicates the availability to meet establishment expenditure and capacity to clear their dues in time which also proves the position of increase in profitability and productivity.
- The marginal profitability has been showing higher growth rate in SPR/E over ESTB/E. This growth indicates the marginal fall in the profitability and productivity in the State Bank of India.
- The results of branch productivity are not satisfactory. Despite growth in D/BR, CR/BR and BUS/BR the productivity and profitability declined. The comparative study in TER/BR and TEXP/BR growth rates clearly indicates the excess of total expenses over total earnings which may be because of increase in interest rates on deposits.

RECOMMENDATIONS

- Current rates of branch productivity suggest that proper care should be taken while opening new branches. Attention should be paid to provide better services for the increase in business as well as earnings.
- It will be highly useful if all the banks establish productivity cells to monitor productivity and its growth based key indicators. The productivity development programs should be conducted by these cells regularly. The productivity performance reports should be provided to all the banks through articles, publications and news bulletins.
- To give tough competition to the coming foreign banks, the domestic banks must give importance to latest technology and infrastructure and strive to provide better services to customers so that branch productivity and profitability can be further improved.

- The employees must be accountable for the given targets so that the employee and branch productivity can be improved.
- Extensive training and development programs should be conducted regularly. Till date, many employees in banking sector do not have adequate computer knowledge which is required to derive the benefit of computerization in the bank.
- Regional and head offices are required to give proper attention to the branches, for the improvement of branch profitability and productivity. The low performance is because of poor supervision and delay in decision-making.

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LIST OF ABBREVIATION

D/E	Deposits per Employee
CR/E	Credit per Employee
BUS/E	Business per Employee
TER/E	Total Earnings per Employee
TEXP/E	Total Expenditure per Employee
ESTB/E	Establishment Expenses per Employee
SPR/E	Spread per Employee
D/BR	Deposits per Branch
CR/BR	Credit per Branch
BUS/BR	Business per Branch
TER/BR	Total Earnings per Branch
TER % TC	Total Earnings as percentage of Total Credit
ESTB % TEXP	Establishment Expenses as percentage of Total Expenditure
ESTB % TER	Establishment Expenses as percentage of Total Earnings
BUS/ESTB	Volume of Business per Rs. 100 of Establishment Expenses
BUS/TEXP	Volume of Business per Rs. 100 of Total Expenditure
TER	Total earnings
TEXP	Total Expenditure