4.1. Introduction

4.2. Origin and Growth of the State Bank of India and its Associate Banks

4.3. Profile of the State Bank of India

4.4. Profile of the Associate Banks of the State Bank of India

4.5. Summary
4.1. Introduction

In this chapter, the research has reviewed the profile of the State Bank of India and its Associate Banks namely, State Bank of Bikaner and Jaipur, State Bank of Hyderabad, State Bank of Mysore, State Bank of Patiala, and State Bank of Travancore. It covers origin and growth, products and services, shareholding pattern, vision and mission of all these banks.

4.2. Origin and Growth of the State Bank of India and its Associate Banks

The State Bank of India (SBI), with a 200 year history, is the largest commercial bank in India in terms of assets, deposits, profits, branches, customers and employees. The Government of India is the single largest shareholder of this Fortune 500 entity with 61.58 per cent ownership. SBI is ranked 60th in the list of Top 1000 Banks in the world by "The Banker" in July 2012. The origin of the State Bank of India dates back to 1806 when the Bank of Calcutta (later called the Bank of Bengal) was established. In 1921, the Bank of Bengal and two other banks (Bank of Madras and Bank of Bombay) were amalgamated to form the Imperial Bank of India. In 1955, the Reserve Bank of India acquired the controlling interests of the Imperial Bank of India and SBI was created by an Act of Parliament to succeed the Imperial Bank of India. The SBI group consists of
SBI and five associate banks. The group has an extensive network, with over 20000 plus branches in India and another 186 offices in 34 countries across the world. As of 31st March 2013, the group had assets worth USD 392 billion, deposits of USD 299 billion and capital & reserves in excess of USD 23.03 billion. The group commands over 23 per cent share of the domestic Indian banking market.

The State Bank of India’s non-banking subsidiaries/joint ventures are market leaders in their respective areas and provide wide ranging services, which include life insurance, merchant banking, mutual funds, credit cards, factoring services, security trading and primary dealership, making the SBI Group a truly large financial supermarket and India’s financial icon. The State Bank of India has arrangements with over 1500 various international/local banks to exchange financial messages through SWIFT in all business centres of the world to facilitate trade related banking business, reinforced by dedicated and highly skilled teams of professionals. State Bank of India and its Associate Bank in India are of higher quality because they are strong, clean and have very transparent balance sheets than other banks and the main objective of this banks is to manage volatility, with a fixed exchange rate. The present chapter is based on the data collected from the reports of Reserve Bank of India and State Bank of India and its associate banks.
4.3. Profile of the State Bank of India

The roots of the State Bank of India lie in the first decade of the 19th century, when the Bank of Calcutta, later renamed as the Bank of Bengal, was established on 2 June 1806. The Bank of Bengal was one of three Presidency banks, the other two being the Bank of Bombay (incorporated on 15 April 1840) and the Bank of Madras (incorporated on 1 July 1843). All three Presidency banks were incorporated as joint stock companies and were the result of royal charters. These three banks received the exclusive right to issue paper currency till 1861 when, with the Paper Currency Act, the right was taken over by the Government of India. The Presidency banks were amalgamated on 27 January 1921, and the re-organised banking entity took as its name Imperial Bank of India. The Imperial Bank of India remained a joint stock company but without Government participation.

Pursuant to the provisions of the State Bank of India Act of 1955, the Reserve Bank of India, which is India's central bank, acquired a controlling interest in the Imperial Bank of India. On 1st July 1955, the Imperial Bank of India became the State Bank of India. In 2008, the Government of India acquired the

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Reserve Bank of India's stake in SBI so as to remove any conflict of interest because the RBI is the country's banking regulatory authority. In 1959, the government passed the State Bank of India (Subsidiary Banks) Act, which made eight state bank associates of SBI. A process of consolidation began on 13 September 2008, when the State Bank of Saurashtra merged with SBI.

The State Bank of India has acquired local banks in rescues. The first was the Bank of Bihar (est. 1911), which SBI acquired in 1969, together with its 28 branches. The next year SBI acquired National Bank of Lahore (est. 1942), which had 24 branches. Five years later, in 1975, SBI acquired Krishnaram Baldeo Bank, which had been established in 1916 in Gwalior State, under the patronage of Maharaja Madho Rao Scindia. The bank had been the Dukan Pichadi, a small moneylender, owned by the Maharaja. The new bank's first manager was Jall N. Broacha, a Parsi. In 1985, SBI acquired the Bank of Cochin in Kerala, which had 120 branches. SBI was the acquirer as its affiliate, the State Bank of Travancore, already had an extensive network in Kerala.

The State Bank of India and all its associate banks are identified by the same blue keyhole logo. The State Bank of India word mark usually has one standard typeface, but also utilises other typefaces. On October 7, 2013, Arundhati Bhattacharya became the first woman to be appointed Chairperson of the bank.
4.3.1. Operations of the State Bank of India

The State Bank of India provides a range of banking products through its network of branches in India and overseas, including products aimed at non-resident Indians (NRIs). SBI has 14 regional hubs and 57 Zonal Offices that are located at important cities throughout India.

4.3.2. Domestic Presence of the State Bank of India

State Bank of India had 14,816 branches in India, as on 31 March 2013, of which 9,851 (66%) were in Rural and Semi-urban areas. 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 per cent of revenue. Similarly, domestic operations contributed to 88.37 per cent of total profits for the same financial year.

4.3.3. International Presence of the State Bank of India

As of 28th June 2013, the bank had 180 overseas offices spread over 34 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. It also has an ADB in Boston, the USA. The Canadian subsidiary, State Bank of India (Canada) also dates to 1982. It has seven branches, four in the Toronto area and three in the Vancouver area. The State Bank of India operates several foreign subsidiaries or affiliates. In 1990, it established an offshore bank: State Bank of India (Mauritius). SBI (Mauritius) has 15 branches in major cities/towns of the country including Rodrigues. SBI Sri Lanka, Oldest Bank in Sri Lanka now has three branches located in Colombo, Kandy and Jaffna. The 3rd branch was opened in Jaffna, Northern Province on 09th September 2013. On 1st July 2014 SBI Sri Lanka celebrated their 150th year presence in Sri Lanka.

In 1982, the bank established a subsidiary, State Bank of India (California), which now has ten branches – nine branches in the state of California and one in Washington, D.C. The 10th branch was opened in Fremont, California on 28 March 2011. The other eight branches in California are located in Los Angeles, Artesia, San Jose, Canoga Park, Fresno, San Diego, Tustin and Bakersfield. In Nigeria, SBI operates as INMB Bank. This bank began in 1981 as the Indo-Nigerian Merchant Bank and received permission in 2002 to commence retail banking. It now has five branches in Nigeria. In Nepal, SBI owns 55 per cent of Nepal SBI Bank, which has branches throughout the country. In Moscow, SBI owns 60 per cent of Commercial Bank of India, with Canara Bank owning the
rest. In Indonesia, it owns 76 per cent of PT Bank Indo Monex. The State Bank of India already has a branch in Shanghai and plans to open one in Tianjin. In Kenya, State Bank of India owns 76 per cent of Giro Commercial Bank, which it acquired for US$8 million in October 2005.

4.3.4. Associate Banks of the State Bank of India

The State Bank of India has five associate banks; all use the State Bank of India logo, which is a blue circle, and all use the "State Bank of" name, followed by the regional headquarters' name:

i. State Bank of Bikaner & Jaipur

ii. State Bank of Hyderabad

iii. State Bank of Mysore

iv. State Bank of Patiala

v. State Bank of Travancore

Earlier State Bank of India had seven associate banks, all of which had belonged to princely states until the government nationalised them between October 1959 and May 1960. In tune with the first Five Year Plan, which prioritised the development of rural India, the government integrated these banks into State Bank of India system to expand its rural outreach. There has been a
proposal to merge all the associate banks into SBI to create a "mega bank" and streamline the group's operations.

The first step towards unification occurred on 13\textsuperscript{th} August 2008 when State Bank of Saurashtra merged with SBI, reducing the number of associate state banks from seven to six. Then on 19 June 2009 the SBI board approved the absorption of State Bank of Indore. SBI holds 98.3 per cent in State Bank of Indore. (Individuals who held the shares prior to its takeover by the government hold the balance of 1.77 per cent.). The acquisition of State Bank of Indore added 470 branches to SBI's existing network of branches. Also, following the acquisition, SBI's total assets will inch very close to the 10 trillion mark (10 billion long scale). The total assets of SBI and the State Bank of Indore stood at 9,981,190 million as of March 2009. The process of merging of State Bank of Indore was completed by April 2010, and the SBI Indore branches started functioning as SBI branches on 26 August 2010.

4.3.5. Non-banking Subsidiaries of the State Bank of India

Apart from its five associate banks, SBI also has the following non-banking subsidiaries

i. SBI Capital Markets Ltd

ii. SBI Funds Management Pvt Ltd
iii. SBI Factors & Commercial Services Pvt Ltd

iv. SBI Cards & Payments Services Pvt. Ltd. (SBICPSL)

v. SBI DFHI Ltd

vi. SBI Life Insurance Company Limited

vii. SBI General Insurance

In March 2001, SBI (with 74 per cent of the total capital), joined with BNP Paribas (with 26 per cent of the remaining capital), to form a joint venture life insurance company named SBI Life Insurance company Ltd. In 2004, SBI DFHI (Discount and Finance House of India) was founded with its headquarters in Mumbai.

4.3.6. Other State Bank of India’s Service Points

As on 31st March 2014, the State Bank of India had 43,515 ATMs and SBI group (including associate banks) had 51,491 ATMs. The State Bank of India has become the first bank to install an ATM at Drass in the Jammu & Kashmir Kargil region. This was the Bank's 27,032nd ATM on 27 July 2012.

4.3.7. Logo and Slogan of the Bank

The logo of the State Bank of India is a blue circle with a small cut in the bottom that depicts perfection and the small man the common man - being the
center of the bank's business. The logo came from National Institute of Design (NID), Ahmedabad and it was inspired by Kankaria Lake, Ahmedabad.

Slogans: "Pure Banking, Nothing Else", "With You - All the Way", "A Bank of the Common Man", "The Banker to Every Indian", "The Nation Banks on Us"

4.3.8. Listings and Shareholding of the Bank

As on 31\textsuperscript{st} March 2014, Government of India held around 58.60 per cent equity shares in SBI. Life Insurance Corporation of India is the largest non-promoter shareholder in the company with 14.99 per cent shareholding. Table 4.1 shows the details of the major shareholder of the bank.

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<td>1</td>
<td>Promoter and Promoter Group</td>
<td>58.60</td>
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<td>2</td>
<td>Indian</td>
<td>58.60</td>
<td>58.60</td>
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<td>3</td>
<td>Foreign</td>
<td>0.00</td>
<td>0.00</td>
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<tr>
<td>4</td>
<td>Public Shareholding</td>
<td>39.28</td>
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It is clear from Table 4.1 that the promoter of the bank namely the Government of India has 58.6 per cent of the total holding of the bank. It shows in Figure 4.1.

**Figure 4.1**

Share Holding Pattern of the State Bank of India
4.3.9. Employees of the State Bank of India

The State Bank of India is one of the largest employer enclaves in the country having 222,033 employees as on 31st March 2014, out of which there were 45,132 female employees (20%) and 2,610 (1%) employees with disabilities. On the same date, SBI had 42,744 Schedule Caste (19%) and 17,243 Schedule Tribe (8%) employees. The percentage of Officers, Assistants and Sub-staff was 36 per cent, 46 per cent and 18 per cent respectively on the same date. Hiring drive: 1,776 Assistants and 1,394 Officers joined the Bank in FY 2013-14, for expansion of the branch network and to mitigate staff shortage, particularly at rural and semi-urban branches. As per its Annual Report for FY 2013-14, each employee contributed net profit of INR 4.85 lakhs.

4.3.10. Recent Awards and Recognitions of the Bank

Awards and recognitions of the bank are as follows

i. SBI won the Best Bank award in the 'ASiAMONEY FX POLL OF POLLS 2014’ for best overall performance as domestic provider of Forex services over the last 10 years.
ii. SBI was ranked as the top bank in India based on tier 1 capital by The Banker magazine in a 2014 ranking.

iii. SBI was ranked 298th in the Fortune Global 500 rankings of the world's biggest corporations for the year 2012.

iv. SBI won "Best Public Sector Bank" award in the D&B India's study on 'India's Top Banks 2013'.


vi. SBI won National Award for its performance in the implementation of Prime Minister’s Employment Generation Programme (PMEGP) scheme for the year 2012.

vii. Best Online Banking Award, Best Customer Initiative Award & Best Risk Management Award (Runner Up) by IBA Banking Technology Awards 2010

viii. SKOCH Award 2010 for Virtual corporation Category for its e-payment solution
ix. SBI was the only bank featured in the "top 10 brands of India" list in an annual survey conducted by Brand Finance and The Economic Times in 2010.

x. The Bank of the year 2009, India (won the second year in a row) by The Banker Magazine

xi. Best Bank – Large and Most Socially Responsible Bank by the Business Bank Awards 2009

xii. Best Bank 2009 by Business India

xiii. The Most Trusted Brand 2009 by The Economic Times.

xiv. SBI was named the 29th most reputed company in the world according to Forbes 2009 rankings.

xv. Most Preferred Bank & Most preferred Home loan provider by CNBC

xvi. Visionaries of Financial Inclusion By FINO

xvii. Technology Bank of the Year by IBA Banking Technology Awards

xviii. SBI was 11th most trusted brand in India as per the Brand Trust Report 2010.
4.3.11. Vision of the State Bank of India

The following are the Vision statement of the State Bank of India

i. My SBI.

ii. My Customer First.


4.3.11.1. Mission of the State Bank of India

The following are the mission statement of the State Bank of India

i. We will be prompt, polite and proactive to our customers.

ii. We will speak the language of young India.

iii. We will create products and services that help our customers achieve their goals.

iv. We will go beyond the call of duty to make our customers valued.

v. We will be of service even in the remotest part of our country.

vi. We will offer excellence in service to those abroad as much as we do to those in India.
vii. We will imbibe state of art technology to drive excellence.

4.3.11.2. Strengths of the State Bank of India

The strengths of the State Bank of India are as follows

i. Largest commercial bank in the country with presence in all time zones of the world.

ii. Macro economic proxy for the Indian Economy.

iii. Has emerged as a Financial Services Supermarket

iv. Group holds more than 25 per cent market share in deposits and advances

v. Large base of skilled manpower

vi. SBI Group has more than 115 million customers – Every tenth Indian is a customer.

4.3.11.3. Values of SBI

The values of the State Bank of India are

i. We will always be honest, transparent and ethical.
ii. We will respect our customers and fellow associates.

iii. We will be knowledge driven.

iv. We will learn and we will share our learning.

v. We will never take the early way out.

vi. We will do everything we can to contribute to the community we work in.

vii. We will nurture pride in India.

4.3.12. Principal Subsidiaries of the State Bank of India

Bank of Bhutan (Bhutan); Indo Nigeria Merchant Bank Ltd. (Nigeria); Nepal SBI Bank Ltd. (Nepal); SBI (U.S.A.); SBI (Canada); SBI Capital Market Ltd.; SBI Cards & Payments Services Ltd.; SBI Commercial and International Bank Ltd.; SBI European Bank plc (U.K.); SBI Factors & Commercial Services Ltd.; SBI Funds Management Ltd.; SBI Gilts Ltd.; SBI Home Finance Ltd.; SBI Securities Ltd.; State Bank International Ltd. (Mauritius); State Bank of Bikaner & Jaipur; State Bank of Hyderabad; State Bank of Indore; State Bank of Mysore; State Bank of Patiala; State Bank of Saurastra; State Bank of Travancore.
The management of the State Bank vests in a Central Board of Directors which consists of

i. A Chairman and a Vice-Chairman appointed by the Central Government in consultation with the Reserve Bank of India.

ii. Two Managing Directors appointed by the Central Board of Directors with the approval of the Central Government.

iii. Six directors to be elected in the prescribed manner by the shareholders other than the Reserve Bank.

iv. Eight directors to be nominated by the Central Government in consultation with the Reserve Bank of India to represent territorial and economic interests in such a manner that not less than two of them have special knowledge of the working of the cooperative institutions and of rural economy and the others have experience in commerce, industry, banking and finance;

v. One director to be nominated by the Central Government;

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vi. One director to be nominated by the Reserve Bank; and

vii. Two directors to be appointed to represent the officers and the staff of the bank.

The Chairman, the Vice-Chairman and the Managing Director shall hold office for such terms not exceeding five years as the Central Government may fix when appointing them and shall be eligible for re-appointment. The directors elected by the shareholders and nominated by the Central Government will hold office for four years and are eligible for re-election or re-nomination. The other nominated directors shall hold office as per recommendations of the authority appointing them. Besides the Central Board, there are Local Boards of Management established at Calcutta, New Delhi, Kanpur, Ahmedabad, Bhopal and Patna. Each local board consists of the members of the Central Board residing in the area and directors not exceeding four elected shareholders whose names appear in the branch register. To keep the management free from politics, the Act stipulates that no member of the Central or State Legislatures shall be appointed as directors of the State Bank of India. Structural changes have been introduced by the bank in order to re-orient the business according to changing conditions in the market. One such step, for the first time, was initiated in 1971. In the year 1979, for the second time the structural changes were implemented. The major organizational change in structure took place in 1995, by the appointment of
Mckinsey Consultants. Through changes were introduced in strategies, structures, systems etc., in the organizational set up of SBI, as per recommendations of the consultant committee.

The organization structure of the State Bank of India at National Level is shown in Figure 4.1. The Chairman is the Head of the Central Management Committee who is appointed by the Government of India in consultation with RBI. The Central Management Committee consisting of two Managing Directors – one belonging to Corporate Banking and the other to National Banking – and seven Deputy Managing Directors representing the areas such as Banks, International Banking, Corporate Development, Finance, Credit, Information Technology, and Information and Management Audit. Along with the Committee the Chief Vigilance Officer at CGM cadre, will also work under the Chairman. The Managing Director and Group Executive of the Corporate Banking are responsible for the banking operations relating to big size companies and corporations. The Corporate Account Group (CAG) under the leadership of the Managing Director and Group Executive caters to a majority of top 100 companies/Corporations in Indian ranked in the order of turnover and market capitalization. The credit sanction of Rs.100 crore and above per company will fall under the jurisdiction of the managing director. The National Banking Group is headed by a Managing Director and Group Executive. This group consists of two
distinct net works namely Development Banking and Personal Banking Network and Commercial Banking Network. About 90 per cent of the domestic deposits and 84 per cent of the domestic advances account for National Banking.

The State Bank of India has seven Associate Banks and 7 subsidiaries. One of them is Banking Subsidiary and the other six are Non-Banking subsidiaries. One Deputy Managing Director will monitor the activities of all Associate Banks and Subsidiaries at the national level. Another Deputy Managing Director will coordinate and promote International Banking through a network of 83 overseas offices spread over in 33 countries covering all time zones. He is responsible for handling the country’s foreign trade and related business and providing foreign currency resources to the Indian companies. The Deputy Managing Director (Corporate Development) is concerned with the development and growth activities of the bank. He is responsible for developing new products and schemes from time to time. The Accounting and Finance wing is headed by a Deputy Managing Director. He is also called Chief Financial Officer. The compilation of financial data, preparation of financial statement as per the regulations from time to time and monitoring the performance of the bank on the financial front are his responsibilities. One Deputy Managing Director will take care of Audit activities. The Deputy Managing Director, Information Technology is responsible for IT operations in the Bank. Considering the importance of IT to
promote efficiency in banking, this new position is created in the organization system at the top management level. There is one Chief Vigilance Officer reporting to the Chairman. The officer will look after the activities including fraud detection and prevention of frauds. The disciplinary action against errant officials up to the level of DGM will be taken by this office. The Chief Vigilance Officer will maintain direct relations with Ministry of Finance, Government of India and Vigilance Committee of Reserve Bank of India.

The State Bank of India has 14 Local Head Offices, which are also called ‘Offices at the Circles’ located at state head quarters. The heads of all LHOs are directly responsible to the Chairman of the bank. A model organization chart of a circle is shown in Figure 4.2. The Circle Office has the jurisdiction of all Modules of the bank attached to it. The sanctions of above Rs.25 lakh and below Rs.100 crore are processed at the Circle Office. The Chief General Manager will be assisted by four Circle Officers at the DGM cadre in the areas of bank development, credit, finance and vigilance. The General Manager Personal and Development Banking is assisted by four Assistant General Managers (AGMs) in the areas of administration, personal, development and expansion. The General Manager Commercial and International Banking is assisted by four AGMs in the areas of premises, computers, accounts and policy and decision making.
There are 58 Modules operated by the bank. Each module will be headed by Deputy General Manager. The module organization chart of a Module is presented in Figure. The Modules will co-ordinate the activities of the bank through regional offices. The heads of the regional offices and the branches headed by AGMs will directly report to the DGM of a Module. Organization Chart at National Level is presented in Figure 4.2

**Figure 4.2**

**Organization Chart at National Level**
The regional office will be headed by an Assistant General Manager and takes the responsibility of co-ordination, developing and promoting the bank operations in a region. All Branch Managers in a region will report directly to the AGM. The functions such as credit support, sales planning, performance
monitoring, general banking, personnel and HRD and NPA management and recovery are managed at this office.

A branch is the first level office having direct interaction with large number of customers. The branch manager is the functional head of a branch. He is assisted by managers, officers and clerks and the size of the staff is based upon the volume of business. Hence, during pre-nationalization period, the banking was popularly known as class banking era. The management of risk was very less in SBI as the major focus was on organizational development and process management. There was strict adherence to meticulous maintenance of accounts and inward looking approach in transacting the credit approvals. The post nationalization period was also known as development banking period.
Figure 4.4

Organisation Chart of a Module
Figure 4.5

Organisation Chart of a Regional Office
4.3.14. Corporate Governance

Corporate Governance facilitates effective management and control of business as this ensures transparency and integrity in communication. This in turn, enables the organizations to maintain a high level of business ethics and to optimize the value for all its stakeholders.

4.3.14.1. Banks Philosophy on Code of Governance
State Bank of India has complied in all material respects, with the Corporate Governance Code as per clause 49 of the Listing Agreement with the Stock Exchanges. The State Bank of India is committed to the best practices in the area of Corporate Governance. The objectives of Corporate Governance in State Bank of India are:

i. To protect and enhance shareholder value.

ii. To protect the interest of all other stakeholders such as customers, employees and society at large.

iii. To ensure transparency and integrity in communication and to make available full, accurate and clear information to all concerned.

iv. To ensure accountability for performance and customer service and to achieve excellence at all levels.

v. To provide corporate leadership of highest standard for others to emulate.

Thus, the SBI is well equipped with rendering its products and services to the customers at large.
4.3.15. Products and Services of State Bank of India

The following are the products and services of the State Bank of India:

4.3.15.1. Personal Banking

State Bank of India offers a wide range of services in the Personal Banking Segment which are indexed here “Click on each of them to access the details. Our products are designed with flexibility to suit your personal requirements. Enjoy 24 hour facility through our ATMs - growing speedily it has crossed the 21000 mark Watch this space for more details”.

4.3.15.2. Term Deposit

The following are the details of Term Deposit of State Bank of India

i. Period of deposit from 7 days to 10 years.

ii. Deposit Amount: Minimum: Rs.1000/-, Maximum: No limit

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70 http://www.sbi.co.in/portal/web/personal-banking/personal-banking
iii. Payment of interest at Monthly/Quarterly/Calendar quarter basis as per your requirement.

iv. Payment of interest on monthly interval will be at discounted rate.

v. Interest will be paid at the contracted rate irrespective of change in the rate thereafter.

vi. Senior Citizens get 0.25 per cent extra interest rate

vii. Loans / OD upto 90 per cent of the Principal deposit

viii. Premature payment

a. The penalty for premature withdrawal of deposits below Rs 15 lacs for all tenors will be 0.50 per cent p.a. provided these have remained with the Bank for at least 7 days.

b. However, for single deposit of Rs 15 lacs and above, there shall be no penalty for premature withdrawal for tenors below 1 year provided
these have remained with the bank for at least 7 days.

c. In all other cases above one year, in case of premature withdrawal, the interest shall be 0.50 per cent below the rate applicable for the period the deposit has remained with the Bank or 0.50 per cent below the contracted rate, whichever is lower. However, no interest will be paid if the deposit remains with the bank for less than 7 days period.

ix. Auto renewal is exercised if maturity instructions are not given

x. Flexibility to convert TDR to STDR and vice versa

xi. Nomination facility available and recommended

xii. TDS at prevalent rate is deducted at source if Form 15G/15H not submitted.
xiii. TDS will be deducted when interest paid or accrued or reinvested per customer, per branch, exceeds Rs. 10,000 in a financial year.

The TDR can be linked to any Savings Bank or Current Account from where one can withdraw periodical interest. TDS payments, if any, can be made to the Government as and when it is due from linked account.

4.3.15.3. Automatic Renewal

Automatic renewals will take place only where there is no maturity instructions recorded at the time of opening the Term Deposit account or anytime before maturity of deposit. The details are as follows

i. Interest will be paid at the contracted rate irrespective of change in the rate thereafter.

ii. Period of deposit 07 days to 10 years.

iii. Loan / overdraft up to 90 per cent of the deposit amount at 0.50 per cent above the TDR rate.
iv. The penalty for premature withdrawal of deposits below Rs 15 lacs for all tenors will be 0.50 per cent p.a. provided these have remained with the Bank for at least 7 days. However, for single deposit of Rs 15 lacs and above, there shall be no penalty for premature withdrawal for tenors below 1 year provided these have remained with the bank for at least 7 days.

v. In all other cases above one year, in case of premature withdrawal, the interest shall be 0.50 per cent below the rate applicable for the period the deposit has remained with the Bank or 0.50 per cent below the contracted rate, whichever is lower. However, no interest will be paid if the deposit remains with the bank for less than 7 days period.

vi. Interest can be paid on monthly intervals on discounted rate.

vii. Interest can also be paid at Calendar quarter basis.

viii. TDS at prevalent Income tax rate is deducted if Form 15G/15H not submitted.

ix. Auto renewal is exercised if maturity instructions are not given.

4.3.15.4. Recurring Deposit
The major features of recurring deposits are as follows

i. Monthly deposits of Minimum Rs.100/- no maximum.

ii. Minimum period 12 months, maximum 120 months.

iii. Rate of interest as applicable to Bank’s TDR / STDR for the period of the RD.

iv. Loan / Overdraft up to 90 per cent available against the balance in RD account.

v. TDS is not applicable.

vi. **Most Important Terms & Conditions**

vii. Monthly Rs. 100/- no maximum. b) Deposit in Multiple of Rs.10/-

viii. Minimum period 12 months, maximum 120 months

ix. Rate of interest as applicable to Bank’s TDR / STDR for the period of the RD

x. Premature withdrawal allowed at 0.5 per cent below the rate applicable for the period the deposit has remained with the Bank

xi. Loan / Overdraft facility available against the balance in RD account
xii. Penalty charges for non-Deposit of monthly instalments:

   a. For a/c of period 5 years and less --Rs. 1.50 per Rs. 100/- per month

   b. For a/c of period above 5 years- Rs. 2.00 per Rs. 100/- per month

xiii. No Cheque Book / ATM Card will be issued

xiv. Passbooks are issued

xv. Nomination facility available

4.3.15.5. SBI Home Loans

"The Most Preferred Home Loan Provider" voted in AWAAZ Consumer Awards along with the Most Preferred Bank Award in a survey conducted by TV 18 in association with AC Nielsen-ORG Marg in 21 cities across India. SBI Home Loans come to one on the solid foundation of trust and transparency built in the tradition of State Bank of India and Best Practices followed in SBI mentioned below will tell one why it makes sense to do business with State Bank of India.

A. SBI Home Loans Unique Advantage

The following are the SBI Home Loans Unique Advantages
i. Package of exclusive benefits.

ii. Low interest rates. Further, we charge interest on a daily reducing balance.

iii. Low processing charges.

iv. No hidden costs or administrative charges.

v. No prepayment penalties. One can reduce interest burden and optimally utilize one’s surplus funds by prepaying the loan.

vi. Over 15,969 branches nationwide, one can get your Home Loan account parked at a branch nearest to one’s present or proposed residence.

B. Car Loan

The following are the car loans of SBI

i. SBI new car loan scheme

ii. SBI combo loan scheme

iii. Certified Pre-Owned Car Loan

iv. Car Loan Scheme for Used Car

v. 2-Wheeler Loan
vi. Most Important Terms and Conditions

vii. Car Loan Application Form

viii. Car Loan Documents Check-List

C. Education Loans

The following are the Educational Loans of State Bank of India

i. SBI Student Loan

ii. SBI Scholar Loan

iii. Loan Scheme for Vocational Education and Training

iv. Central Scheme for Interest Subsidy

v. Most Important Terms and Conditions

D. Personal Loans

The following are the personal loans of State Bank of India

i. Xpress Credit Loan

ii. SBI Saral Personal Loan

iii. SBI Loans to Pensioners

iv. SBI Loans to Affluent Pensioners
E. Loans against Securities

i. Loan against Shares / Debentures

ii. Loans to Employees to Purchase ESOPs of their Companies

iii. Most Important Terms and Conditions

4.3.15.6. Banking Subsidiaries

State Bank of India has the following five Associate Banks (ABs) with controlling interest ranging from 75 per cent to 100 per cent.

i. State Bank of Bikaner and Jaipur (SBBJ)

ii. State Bank of Hyderabad (SBH)

iii. State Bank of Mysore (SBM)

iv. State Bank of Patiala (SBP)

v. State Bank of Travancore (SBT)
As on 30th September 2013, the five Associate Banks have a combined network of 5685 branches in India which are on core banking and 5809 ATMs networked with SBI ATMs, providing value added services to clientele. The combined Net profit of these banks was Rs.1254 Crores for the half year ended 30th September 2013. Deposits and advances grew by 13.22 per cent and 17.17 per cent, respectively, over 30th September 2012. The combined Net NPA ratio of all Associate Banks was at 2.76 per cent as on 30th September 2013. The highlights of performance of the five Associate Banks for the quarter ended 30th September 2013 are as follows

4.3.15.7. Foreign Subsidiaries

The foreign subsidiaries of State Bank of India are as follows

A. State Bank of India (Canada) (SBICAN)

The following are the details of State Bank of India (Canada) (SBICAN)

i. Registered Address of the Bank- 200 Bay Street, Suite-1600, Royal Bank Plaza, North Tower, Toronto, Ontario, Canada, M5J 2J2

ii. Date of Incorporation and date of commencement of commercial operations- June 30, 1982
iii. Shareholders' pattern as on 31.03.2013: A wholly-owned subsidiary of SBI

iv. Brief Historical Background: SBICAN started its journey with opening of a representative office at Toronto in 1977. The Bank was incorporated as a Schedule II Canadian Bank in 1982 and the first branch office was opened at Toronto (Province: Ontario).

v. SBICAN is a member of Canadian Deposit Insurance Corporation (CDIC)

4.3.15.8. Principal Banking Activities in Brief (Products and Services Offered)

The Bank offers variety of products and services to its customers. The products range from Personal Banking, Commercial & Corporate Banking, Trade & Treasury and Remittances.

A. Personal Banking

Liability Products: The Bank offers both registered and non-registered products like Savings Account, Checking Account, Current Account, Guaranteed Investment Certificates, and Tax free Savings Account & Registered Retirement Savings Plan.
Asset Products: The Bank offers Residential Mortgages, Home Equity Line of credit, Personal loans and Loans against GICs.

B. Business Banking

Liability products: The Bank offers Business Super Saving Account, Checking / Current Account & Guaranteed Investment Certificates for corporates.

Asset Products: The Bank offers business line of credit (revolving) for inventory financing, line against outstanding receivables and term loans for financing of fixed assets. The Bank also offers commercial mortgages against revenue generating properties and owner occupied properties.

In trade finance, the Bank is engaged in collection of export / import bills, handling Letters of Credit and issue of Bank guarantee & Stand by Letter of Credit. The bank also offers remittance / money transfer facilities, both through its Branch banking network and also internet banking channel.

C. Brief on Corporate Governance

The Bank recognizes that sound Corporate Governance is a critical component for safe and effective operations of the Bank. SBI (Canada) and its Board of Directors are committed to maintain high standards of corporate
governance which comply with regulatory standards and promotes the highest standards of ethical behavior and risk management in the organization.

The governance structure at SBI (Canada) is developed to ensure the independence of Board of Directors and its ability to supervise management’s operation of the bank.

4.3.15.9. Non-Banking Subsidiaries

The Bank has the following Non-Banking Subsidiaries in India:

i. SBI Capital Markets Ltd

ii. SBI Funds Management Pvt Ltd

iii. SBI Global Factors Ltd.

iv. SBI Cards & Payments Services Pvt. Ltd. (SBICPSL)

v. SBI DFHI Ltd

vi. SBI General Insurance Company Limited

vii. SBI Pension Funds Pvt Ltd (SBIPFPL)

viii. SBI Capital Markets Ltd (SBICAP)
ix. SBISBI Capital Markets Ltd (SBICAP)

SBICAP undertakes merchant banking activities, advisory services, project appraisal, credit syndication and securities broking. SBICAP's current focus is on infrastructure project advisory and syndication mandates, particularly in sectors, such as, urban infrastructure and power, which are reckoned as the growth drivers. The other focus areas are public issues of equity, book-building issues, debt placements, broking, and sales and distribution. During the year, SBICAPs forged ahead in issue management, project advisory and structured finance, sales & distribution. It focused on infrastructure project advisory and syndication mandates, particularly in the energy sector, which is reckoned as the critical growth driver in the growth of the economy.

On the international front, SBICAPs acted as an advisor for financing the acquisition of Houghton Inc., a US based company by Gulf Oil Corporation Limited (GOCL) with the transaction value of around USD 1.1 bn. It also acted as the Sole Financial Advisor & Mandated Lead Arranger for Tata Steel Ltd.'s 6 MTPA Green field Integrated Steel Plant in Odisha, the deal being the largest ever project finance transaction has recently received the "PFI - Industry Deal of the Year 2013 Award". The Company helped TATA Steel to raise SGD 300mn & SBI to raise USD 1 bn through Foreign Currency Bonds.
SBICAPs along with its Japanese M&A International partner successfully advised Kokuyo Co, Japan to acquire Riddhi Enterprises, a Mumbai based paper notebook manufacturer. The Company acted as the Sole Advisor to the Ministry of Finance for the first bank set up by the Government of India - the Bharatiya Mahila Bank Limited, established with the vision to empower women economically. It also advised SBI Mutual Fund on acquisition of schemes from Daiwa Mutual Fund.

During the year, SBICAPs was involved with Power Grid Corporation's hugely successful FPO amounting to Rs 6959 crore, 3 Rights Issue totalling Rs 1441 crore, 4 IPP issues amounting to Rs 1461 crore and 7 OFS amounting to Rs 14798 crore. Despite the tough economic environment, the Company recorded a healthy financial performance during the year, with consolidated gross income amounting to Rs. 651.39 crore as against Rs 598.75 crore in the previous year, a y-o-y growth of approx. 9 per cent. Consolidated PAT of Rs.313.96 crore as against Rs. 265.31 crore in the last year shows a y-o-y growth of approx. 18 per cent.

4.3.15.10. Corporate Social Responsibility
The following are the corporate social responsibility of the State Bank of India

i. The Bank is a corporate citizen, with resources at its command and benefits which it derives from operating in society in general. It therefore owes a solemn duty to the less fortunate and underprivileged members of the same society.

ii. Staff members are encouraged to make their contribution by understanding the aspirations of the public around them and by endeavouring to evolve measures to remove indisputable social and developmental lacunae.

4.3.15.11. Agricultural Banking

Branches of State Bank of India have covered a whole gamut of agricultural activities. Some of them are:

i. Crop production, Horticulture, Plantation crops and Forestry

ii. Mulberry cultivation, Rearing of silk worms and grainages

iii. Allied activities like Dairy, Fisheries, Poultry, Sheep-Goat and Piggery
iv. Land development and reclamation

v. Farm mechanization and Refurbished second hand tractors

vi. Digging of wells, Tube wells and Irrigation projects

vii. Construction of Cold storages and Godowns

viii. Processing of Agri-products and finance to Agri-input dealers

ix. Loans against pledge of warehouse receipts and Loans against produce stored by the farmer at his own premises

x. Loans against Book Debts of Arthias

xi. In fact Bank can cover any other agricultural related activities undertaken.

4.3.15.12. Corporate Banking

Corporate Accounting Group (CAG) is the dedicated SBU of the Bank handling the portfolio of ‘large credit'. The SBU has 7 Offices in 6 regional centers viz. Mumbai, Delhi, Chennai, Kolkata, Hyderabad and Ahmedabad headed by General Managers. The business model of CAG is centered around the Relationship Management concept and each client is mapped to a Relationship Manager who spearheads a cross-functional Client Service Team. The
Relationship strategy is anchored on delivering integrated and comprehensive solutions to the clients, including structured products, within a strict Turn-Around-Time. The principal objective of the strategy is to make SBI the first choice of the top corporates thereby increasing the wallet-share and improving the Return on Capital Employed. A sustained Account Planning exercise with rigorous review of the account by senior management sets the pace for the Relationship Management in CAG. SBI is a one shop providing financial products / services of a wide range for large, medium and small customers both domestic and international.

4.3.15.13. Working Capital Financing

The working capital financing of the State Bank of India are as follows

i. Assistance extended both as Fund based and Non-Fund based facilities to Corporates, Partnership firms, Proprietary concerns

ii. Working Capital finance extended to all segments of industries and services sector such as IT

A. Services

Listed on the left are Services, SBI offers to its customers and the services of the State Bank of India are as follows
i. Domestic Treasury

ii. Broking Services

iii. Revised Service Charges

iv. ATM Services

v. Internet Banking

vi. State Bank MobiCash

vii. E-Pay

viii. E-Rail

ix. Safe Deposit Locker

x. MICR Codes

xi. Foreign Inward Remittances

4.4. Profile of the Associate Banks of the State Bank of India

The following are the profile of the associate banks of the State Bank of India

4.4.1. State Bank of Bikaner and Jaipur (SBBJ)⁷¹

State Bank of Bikaner & Jaipur (SBBJ) is an associate bank of the State Bank of India. As of 2012, SBBJ had 1,037 branches, mostly located in the state of Rajasthan, India. Its branch network out of Rajasthan covers all the major business centers of India. In 1997, the Bank entered in the capital market with an Initial Public Offering of 13,60,000 shares at a premium of Rs 440 per share. The genesis of State Bank of Bikaner and Jaipur dates back to the year 1943-44, when the Bank of Jaipur Ltd. and the Bank of Bikaner Ltd. came into existence. In 1960, both banks were incorporated as subsidiaries of the State Bank of India and named as State Bank of Bikaner and State Bank of Jaipur. On January 1, 1963, both banks were merged into one entity viz. State Bank of Bikaner and Jaipur. The constitution, capital, management and other matters pertaining to the Bank are governed by the provisions of SBI (Subsidiary Banks) Act, 1959.

75 per cent of the shares of SBBJ are held by SBI and the remaining by institutions and general public. The Bank took over the business of the Govind Bank Pvt. Ltd, Mathura on 25th April, 1966. SBBJ went public in the year 1997-98 with an issue of 12.21 lakh shares of 100 each at a premium of 440/-. SBBJ is the only public sector bank with headquarter in Rajasthan. At the time of incorporation, the Bank had a business of 45 crore, net profit of 7.5 lakh and a network of 124 branches (96 in Rajasthan). By March 2013, the business of the Bank increased to 1,30,590 crore, net profit stood at 730.24 crore.
The number of branches increased to 1049 (862 in Rajasthan) as on 30.09.2013. SBBJ had sponsored three Regional Rural Banks viz. Marwar Gramin Bank (set up in 1976), Sriganganagar Kshetriya Gramin Bank (1984) and Bikaner Kshetriya Gramin bank (1985). These were merged into single RRB viz. MGB Gramin Bank in June 2006. On 25.02.2013 the MGB Gramin Bank (RRB sponsored by SBBJ) and Jaipur Thar Gramin Bank (RRB sponsored by UCO Bank) were amalgamated into a single Regional Rural Bank named 'Marudhara Gramin Bank' sponsored by SBBJ with Head office at Jodhpur. The Bank shoulders Lead Bank responsibility in 9 districts of the State.

4.4.1.1. History of State Bank of Bikaner & Jaipur

State Bank of Bikaner & Jaipur came into existence in 1963 when two banks, namely, State Bank of Bikaner (established in 1944) and State Bank of Jaipur (established in 1943), were merged. Both these banks were subsidiaries of the State Bank of India under the State Bank of India (Subsidiary Bank) Act, 1959. On April 25, 1966, SBBJ took over Govind Bank, Mathura.

In 1984, State Bank of Bikaner and Jaipur (SBBJ) sponsored and established Ganganagar Kshetriya Gramin Bank as a Regional Rural Bank. Thereafter, in 1985, SBBJ opened the Bikaner Kshetriya Gramin Bank, the second Regional Rural Bank sponsored by it. The third Regional Rural Bank, sponsored
by SBBJ was Marudar Gramin Bank, which covered the districts of Pali, Jalore and Sirohi. On 12 June 2006, SBBJ merged all three regional rural banks that it sponsored under the name MGB Gramin Bank, with headquarters in Pali.

4.4.1.2. Vision and Mission of State Bank of Bikaner & Jaipur

The Bank has codified its ethos, values, culture and aspirations in its Vision and Mission statements. The Vision and Mission statements were last revised in the year 2000 and a need was felt to revise these statements keeping in view the changed market conditions. Accordingly, the statements were revised in the year 2009-10 and the revised statements are as under

A. Vision of State Bank of Bikaner & Jaipur

“To be a state-of-the-art, customer-centric, values driven and professionally managed banking organisation; committed to the highest standards of good corporate governance practices; perpetual enhancement of the wealth of the shareholders and welfare of all stakeholders and the society”.

B. Mission of State Bank of Bikaner & Jaipur

“To provide one stop solutions to all the banking needs of customers through a highly motivated, professional and efficient human resources pool with quality of service, customer care and customers’ business in focus by efficient use
of Information Technology in a cost effective manner; meeting the expectations of all stakeholders through transparent, true and fair disclosures and responsive management principles in all the activities; to strive to fulfil corporate social responsibility with special emphasis on financial inclusion throughout the State of Rajasthan and aiming to provide the best banking services to one and all”.

The major distinguishing features of the revised Vision and Mission Statements lay emphasis on being state-of-the-art Bank, adopting good corporate governance practices, welfare of all stakeholders and the society, providing one stop solutions to all customers, efficient use of information technology in a cost effective manner, transparent/true/fair disclosures, responsive management principles, fulfilling corporate social responsibility and implementing financial inclusion in the State of Rajasthan

4.4.2. State Bank of Hyderabad (SBH)\textsuperscript{72}

State Bank of Hyderabad (SBH) is an associate bank of the State Bank of India (SBI), and is one of the scheduled banks in India. It was founded in 1941 as Hyderabad State Bank. Since 1956 it has been a subsidiary of the State Bank of India and now is State Bank's largest associate bank. The Bank's head office is situated at Gunfoundry Area, in Hyderabad, India. SBH has over 1,500 branches

\textsuperscript{72} http://en.wikipedia.org/wiki/State_Bank_of_Hyderabad
and about 12,800 employees. Assets are in excess of Rupees 767 billion. State Bank of Hyderabad has 1000 branches in Andhra Pradesh alone, giving it the third largest branch network in the state. The bank has performed well in the past decades, winning several awards for its banking practices. Smt Arundhati Bhattacharya is the current Chairman and Sri. Santanu Mukherjee is the current Managing Director.

The bank originated as the central bank of the erstwhile Nizam state under the name, Hyderabad State Bank. It was established on 8 August 1941 under the Hyderabad State Bank Act, during the reign of the last Nizam of Hyderabad, Mir Osman Ali Khan. The bank managed the Osmania Sicca, the currency of Hyderabad state, which covered the present-day Telangana region of erstwhile Andhra Pradesh, Hyderabad-Karnataka of Karnataka and Marathwada of Maharashtra. (At the time a number of the princely states had their own currencies.) The bank also carried out commercial banking. The bank opened its first branch at Gunfoundry, Hyderabad on 5 April 1942. The Imperial Bank of India, which had established a branch in Hyderabad in 1868 and another in Secunderabad in 1906, provided officers and clerical staff in the initial stages, and later trained provided training for new recruits. The first secretary of Hyderabad State Bank was Muhammad Saleh Akbar Hydari, son of Sir Akbar Hydari. After Partition, on 17 September 1948 the Indian Army conducted Operation Polo,
which resulted in the annexation of Hyderabad to India. By 1950, the bank had some 50 branches, including branches in parts of the then Hyderabad State that would later be transferred to other states.

In 1953, the bank absorbed, by merger, the Mercantile Bank of Hyderabad, which Raja Pannalal Pitti had founded in 1935 (Other accounts give year of founding as 1946 and that of merger as 1952). In the same year, the Bank started conducting government and Treasury business as agent for the Reserve Bank of India.

In 1956 the Reserve Bank of India took over the bank as its first subsidiary and renamed it State Bank of Hyderabad. That same year saw the break-up of Hyderabad State. Aurangabad, Beed, Parbhani, Nanded, and Osmanabad merged with Maharashtra State. Gulbarga, Bidar, Raichur, and parts of Osmanabad were attached to Karnataka state. The remaining districts formed Telangana, part of Andhra Pradesh. After the trifurcation, the branches of Hyderabad State Bank continued to conduct government transactions in their new states as well. The Subsidiary Banks Act was passed in 1959, so on 1 October 1959 it and the other banks of the princely states became subsidiaries of SBI.

4.4.2.1. Our Vision

“To be the most preferred and trusted Bank”
4.4.2.2. Our Mission

“To achieve value based operational excellence providing customer delight resulting in consistent superior financial performance”

4.4.2.3. Values

“Transparency and ethics in all dealings. Respect and empathy for customers. Competence and dedication in all that we do. Nurturing a culture of learning and technological excellence. Commitment to national and social objectives.”

4.4.3. State Bank of Mysore

State Bank of Mysore is a nationalised bank in India, with headquarters at Bangalore. It is one of the five associate banks of the State Bank of India. State Bank of Mysore was established in the year 1913 as The Bank of Mysore Ltd. under the patronage of then Maharaja Krishna Raja Wadiyar IV of erstwhile Govt. of Mysore, at the instance of the banking committee headed by the great Engineer-Statesman, Bharat Ratna Sir M.Visvesvaraya. During 1953, "Mysore Bank" was

appointed as an agent of Reserve Bank of India to undertake Government business and treasury operations, and in March 1960, it became a subsidiary of the State Bank of India under the State Bank of India (subsidiary Banks) Act 1959. Now the bank is an Associate Bank under State Bank Group and the State Bank of India holds 92.33 per cent of shares. The Bank's shares are listed in Bangalore, Chennai, and Mumbai stock exchanges.

This bank has 976 branches and 10627 employees (June 2014) and the Bank has 772 branches (79%) in Karnataka State. The bank has regional offices in Bengaluru, Mysore, Mangalore, Mandya, Hassan, Shimoga, Davangere, Bellary, Tumkur, Kolar, Chennai, Coimbatore, Hyderabad, Mumbai and New Delhi. The bank's turnover in the year 2013-2014 was around US$19 Billion and Profit about US$46 Million. The Bank has a record of uninterrupted profits since 1913 and has declared dividend every year since 1913. The following are the millstone of the State Bank of Mysore

i. 1913 - The Bank was established as 'Bank of Mysore Ltd.', on 19 May, with an authorised capital of Rs.20.00 lakhs.

ii. Commenced its business on 2 October 1913.
iii. 1953 - During the year, the Bank was appointed as an Agent of Reserve Bank of India to conduct Government business & treasury operations.

iv. 1959 - With effect from 10 September, the Bank was constituted as State Bank of Mysore as a Subsidiary of the State Bank of India, under State Bank of India [Subsidiary Banks] Act, 1959 enacted through an Act of Parliament, [Act No. 38 of 1959s].

v. 1959 - The bank has formulated schemes for financing coffee planters/coffee traders against coffee curers certificate, financing coffee traders, coffee exporters & coffee curers who also engage in trading.

The Bank actively participated in all Government sponsored schemes and contributed its share of financial assistance or the economically weaker sections through DIR, IRDP, Prime Minister Rojgar Yojna & SUME schemes.

i. The Bank has sponsored two Regional Rural Banks, Cauvery Grameena Bank & Kalpatharu ameena Bank which were merged to form Kaveri-Kalpatharu Gramin Bank, headquartered at Mysore with more than 250 branches for growth of agriculture & rural industries.
ii. The Bank, as part of State Bank Group has been engaged in financing agriculture and MSME in 1960 & introduced the concept of need based rather than security oriented finance & the Entrepreneur scheme under which technically qualified persons were financed the entire requirement up to Rs.2 lacs.

iii. The Bank has three specialised SSI branches to assist the SSI units & proposes to establish 3 more such branches shortly.

iv. The Bank has correspondent & agency arrangements all over the world & offers spot services in 18 major approved currencies.

v. State Bank of Mysore handles a significant part of day-to-day banking business of both the Central & State Governments in the State of Karnataka & is a Banker to various Public Sector Undertakings in various sectors of Economy.

vi. The Bank has been actively participating in welfare banking needs of public through its community services.

vii. The Bank is a member of society for worldwide Inter Bank Financial Telecommunication [SWIFTs] which was established to offer cost effective & fast transmission of financial messages globally.
branches of Bank are presently covered under the scheme and an additional 15 branches are proposed to be covered under SWIFT shortly.

viii. 1992 - The State Government has also taken up vigorously 'ASHRAYA', a new housing scheme for weaker sections & 'VISHWA', a new rural & cottage industry scheme. A new programme called 'AKSHAYA' has also been launched to help the children in primary education. The Konkan Railway Project & the New Mangalore Port Project are also progressing satisfactorily.

ix. 1994 - Several important measures have been introduced in the busy season credit policy of November 1993 & slack season credit policy of May 1994, announced by Reserve Bank of India.

x. 2000 - Mr. M. Sitarama Murty has been appointed as Managing Director of Bank.

Crisil has reaffirmed the A+ & P1+ ratings assigned to the bond issue & the CD programme of bank.

i. 2001 - State Bank of Mysore has opened a foreign exchange cell at its Hirehally Industrial estate branch in Tumkur district to enable
small-scale industrialists to manage their foreign exchange transactions.

The Bank has closed its issue of unsecured non-convertible debentures after raising the target of Rs 60 crore.

In the year 2002, entered the market with a coupon of 6.4 per cent per annum for its Tier-II capital bonds issue of Rs.60cr on a private placement basis. Slashes interest rate on domestic term deposits & on NRE deposits by 25-50 basis points.

In the year 2003, considered new method of appraisal for lending to the agricultural sector more on the lines of industrial credit given to trade & commerce.

i. Declared a dividend of 40 per cent on equity capital for year ended.

ii. Ties up with HMT Ltd & launches SBM-HMT Agri Farm Scheme, to promote agricultural mechanisation in south India.

iii. Maruti Udyog forges alliances with State Bank of Mysore to offer car finance.

In the year 2004, Mr. Vijayanand assumed charges as Managing Director of bank from 01/03/2004. State Bank of Mysore has joined the Real Time Gross
Settlement Systems [RTGSs] network that facilitates inter-bank funds settlement on 22 July.

i. 2005 : 100 per cent computerisation and Core Banking Solutions (CBS) introduced.

ii. 2005 : State Bank of Mysore unveils new single window system

iii. 2006 : Mr P.P. Pattanayak has assumed charge as Managing Director of State Bank of Mysore. Mr Pattanayak was earlier Deputy Managing Director [DMDs] & Chief Credit Officer of the State Bank of India, Mumbai.

iv. 2009 : The Company split its share with face value from Rs.100/- to Rs.10/-.

v. 2009 : Sri Dilip Mavinkurve took charge as Managing Director of the Bank. He was earlier Chief General Manager of the Bank.

vi. 2012 : Shri Sharad Sharma takes charge as Managing Director of the bank.

4.4.4. State Bank of Patiala

State Bank of Patiala, founded in 1917, is associate bank of the State Bank Group. Presently, State Bank of Patiala has a network of 1035 service outlets, including 1010 branches, in all major cities of India, but most of the branches are located in the Indian states of Punjab, Haryana, Himachal Pradesh, Rajasthan, Madhya Pradesh, Jammu & Kashmir, Delhi and Gujarat. His Highness Bhupinder Singh, Maharaja of Patiala State, founded the Patiala State Bank on 17 November 1917 to foster growth of agriculture, trade and industry. The bank combined the functions of a commercial bank and those of a central bank for the princely State of Patiala. The bank had one branch at Chowk Fort, Patiala in Undivided India. The formation of the Patiala and East Punjab States Union in 1948 led to the bank being reorganized, being brought under the control of the Reserve Bank of India, and being renamed Bank of Patiala. On 1 April 1960 Bank of Patiala became a subsidiary of the State Bank of India and was renamed State Bank of Patiala.

4.4.4.1. Branches and ATM Services

The business of State Bank of Patiala has grown manifold since its establishment. Recent records say that State Bank of Patiala is networked by its 830 service outlets. There are more than 1000 branches of SBP, spread across the

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major cities of India, out of which, the majority of branches are located in its home State, Haryana, Himachal Pradesh, Rajasthan, Jammu & Kashmir, Delhi and Chandigarh. The Bank provides easy access to money to its customers through its ATMs spread over 16 states of India. It was the first bank in India to go on CORE 100 per cent.

4.4.5. **State Bank of Travancore (SBT)**\(^7^5\)

State Bank of Travancore (SBT) is a subsidiary of the State Bank Group and also has private share-holders. It is the premier bank of Kerala, India, where it has 777 branches. Overall, SBT has a network of over 1036 branches spread over 16 Indian states. State Bank of Travancore (SBT) had poised three milestones during the financial year 2012-13.

i. State Bank of Travancore surpassed the total business of Rs.1,50,000 crore

ii. State Bank of Travancore opened its 1000 th office on 26 May 2012 by opening its Gold Point Branch at Palakkad.

iii. State Bank of Travancore opened its 1000\(^{th}\) Branch at Kottakkal NRI on 30 March 2013.

\(^7^5\) http://en.wikipedia.org/wiki/State_Bank_of_Travancore
State Bank of Travancore posted an operating profit of Rs.1,351 crore compared to Rs. 1,249 crore achieved during the last year. Net Interest Income grew from Rs.1,898 crore during 2011-12 to Rs. 2,128 crore registered a growth percentage of 12.12 per cent. Total income in the year 2012 – 13 stood at Rs 9,287.86 crore from Rs 7,477.04 crore posted during 2011 – 12 thereby marking a growth of 24.22 per cent. The total expenditure of the Bank, excluding provisions and contingencies, stood at Rs.7,936.85 crore compared to Rs.6,228.25 crore in the previous year.

The Net Profit after provisions towards staff, NPA and income tax had gone up by 20.49 per cent and is at Rs.615.04 crore compared to Rs.510.46 crore registered as at end of the previous year. The Operating Profit for the fourth quarter was higher by 11.97 per cent at Rs.385.40 crore against Rs 344.21 crore in the same quarter last year. The Net Profit for the quarter was Rs.165.98 crore against Rs 153.04 crore in the same quarter last year. The performance of the Bank for the fiscal 2012-13 was taken on record by the Board of Directors of the Bank at a meeting held at Mumbai on the 26th April 2013.

The Net Interest Margin (NIM) declined from 2.76. per cent during 2011-12 to 2.56 per cent as at the end of this fiscal 2012-13. Return on Equity was at
15.54 per cent, and the Return on Assets stood at 0.66 per cent. A dividend of Rs.20 per share for a face value of Rs.10 was declared. The Earnings per share improved to Rs. 123.01 from Rs.102.09 as at the end of the corresponding period last year. The Book Value per share stood at Rs. 797.46. against Rs. 749.76 a year ago. The overall business turnover of the Bank registered a growth of 19.94 percent and stood at Rs.1,52,108 crore as against Rs. 1,26,816 crore during last year with Deposits accounting for Rs.84,624 crore (Rs.71,470 crore) and Advances Rs.67,484 crore (Rs. 55,346 crore). Priority sector advances grew by 20.16 per cent to Rs.24378.14 crore from Rs.20,287 crore last year. The share of Priority sector lending was comfortable at 43.50 per cent of the Adjusted Net Bank Credit as at March 2013 against the stipulated benchmark of 40 per cent. The Agriculture Advances under this segment improved to Rs.10,330 crore from Rs.8,902 crore thus registering 15.31 per cent of total advances at the end of previous year. The Bank has surpassed the benchmark level of 18 per cent under Agriculture sector and actual achievement was 18.43 per cent of ANBC. The Bank achieved the Bench Mark successfully. The percentage of Gross NPAs to Gross Advances stood at 2.56 per cent as on 31 March 2013 with the Gross NPA level at Rs.1,749.88 crore. The percentage of Net NPA to Net advances stood at 1.46 per cent as on 31 March 2013. The Bank’s Provision Coverage Ratio stood at 62.03 per cent. The Capital Adequacy Ratio under Basel-II framework as on 31/03/2013
was 11.70 per cent against a minimum of 9 per cent stipulated by RBI. The Tier-I CRAR as on 31/03/2012 was at 8.46 per cent. The State Bank of Travancore (SBT) received national award for excellence in MSME lending and national award for excellence in lending to micro enterprises for the year 2011–12.

The Bank opened 134 new branches during the financial year, taking the total number of branches to 1013. Bank has 758 branches in the state of Kerala which is 75 per cent of Bank’s total network. The Bank has plans to open about 200 branches to take its network to 1200 during the current year. Alternative channel reach was also expanded further; by installing 36 new ATMs during the financial year, taking the total ATMs to 965. A new Zonal office has been opened in Kollam taking the total number of Zonal Offices to seven. The branches under Kollam and Alappuzha districts are under the control of this Zone. The Bank has also opened a Platinum Point Personal segment branch at Banjara Hills, Hyderabad. The Bank has also opened 21 Specialised Gold Point Branches covering 14 districts in Kerala and one in Kanyakumari district of Tamil Nadu to facilitate speedy and easy disbursement of Gold Loans for the customers. Bank has also proposed to open a new Zonal Office at Bangaluru. The Bangaluru Zonal Office will have jurisdiction of branches in Karnataka, Andhra Pradesh and Orissa
States. Five more Regional Offices are proposed at Hyderabad, Madurai, Pala, Kottarakara and a second Regional Office at Kannur.

RSETIs function at Wayanad, Pathanamthitta, Alappuzha, and Kottayam for providing skill upgradation training to the rural youth with focus on BPL category. The four institutes had trained 15,582 beneficiaries since inception and 87 per cent of the people were women beneficiaries and majority of the trainees were reported to be successful in starting self-employment ventures. Out of 10,363 beneficiaries contacted as follow up, 7803 were well settled. The important courses includes beautician, electrical wiring, ornaments manufacturing, tally accounting, Computer hardware servicing, aluminum fabrication, kitchen gardening, mushroom cultivation with vegetable growing, mural painting and the like.

4.4.5.1. Financial Inclusion

The Bank opened over 1.71 Million Basic Savings Bank Deposit accounts (Janapriya accounts). 90 per cent of the 1.71 million accounts were opened in the state of Kerala. We have also linked ‘Aadhar’ numbers to 1.80 lac accounts covering 35 villages having a population over 2000 which have been allotted to the Bank for providing basic banking services through BF/BC (Business Facilitator/ Business Correspondents) route or by opening branches. Bank has provided Basic banking in these villages through the BF/BC route except in
Perumanna and Mayyil village in Kerala, where new branches were opened. Bank has opened five branches in the FI village in Kerala and one branch in Tamil Nadu. They are Perumanna, Mayyil, Nellikuzhy, Kumarampathur, Vadavannur and Lingampatti. In the second phase of FI the Bank will be providing Basic Banking Services in an additional 14 FI Villages allotted to the Bank in Tamil Nadu. The bank’s FI Project is called Sahaya Hastham which is very apt as the bank always prides itself in lending a helping hand to the rural poor. Opened 28,861 customer accounts in 35 FI villages and a total of 21,608 Smart Cards issued in these 33 FI villages where BCs are functioning. Bank has become a partner of the Aadhar based payment system or Aadhar Bridge National Payments Corporation of India(NPCI) and also a member of the National Automated Clearing House of NPCI. The Bank processes DBT payments through NACH of NPCI. Bank also processes payments for Controller General of Accounts under CPSMS system and plan to set up a separate DBT processing centre shortly. All branches are opening accounts for the beneficiaries of the DBT and also facilitating their Aadhar number linking.

The bank was established in 1945 as the Travancore bank Ltd, at the initiative of C. P. Ramaswami Iyer, then Divan of Travancore. Following violent resentment against the dictatorial rule of Sir. C.P.Ramaswamy Iyer, the bank no longer credits his role. Instead, the Bank now credits the Maharaja of Travancore
as the founder, though the Raja had little to do with the founding. Although the Travancore government put up only 25 per cent of the capital, the bank undertook government treasury work and foreign exchange business, apart from its general banking business. Its registered office was at Madras. In 1960, it became a subsidiary of the State Bank of India under the SBI Subsidiary Banks Act, 1959, enacted by the Parliament of India. Between 1959 and 1965, SBT acquired numerous small, private banks in Kerala.

i. 1959: SBT acquired the assets and liabilities of Indo-Mercantile Bank, which Sri Popatlal Goverdhan Lalan had helped found in Cochin in 1937.

ii. 1961: SBT acquired Travancore Forward Bank (est. 1929), Kottayam Orient Bank (est. 1926), and Bank of New India (est. 1944) after the Reserve Bank of India put the banks under moratorium.

iii. 1963: SBT acquired Vasudeva Vilasam Bank (est. 1930).

iv. 1964: SBT acquired Cochin Nayar Bank (est. 1929) and Latin Christian Bank (est. 1928 in Ernakulam), after the Reserve Bank of India put the banks under moratorium. It also acquired Champakulam Catholic Bank, which had been established in 1929 in Alleppey.
v. 1965: SBT acquired Bank of Alwaye (est. 1942), and Chaldean Syrian Bank, which several leading families of Syrian Christian origin founded in 1918.

4.5. Summary

In this chapter, the researcher has presented the details of origin and growth of the State Bank of India and its associate banks in India. It is clear that among the all the banks, the State bank of India is the oldest and largest banks in India. The bank traces its ancestry 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 in turn became the State Bank of India. Government of India owned the Imperial Bank of India in 1955, with Reserve Bank of India (India's Central Bank) taking a 60 per cent stake, and renamed it the State Bank of India. In 2008, the government took over the stake held by the Reserve Bank of India.