CHAPTER-IV
BANKING INDUSTRY IN INDIA

In this ever changing environment, banks are competing with one another to attain market space, to come up with advanced technology and enhance their productivity. The major challenges for the banking sector are viz. development of new technology, proliferation of new products and services, advent of multiple delivery channels, rising funding, and human resources and technology cost. The efficiency and strength of the banking companies depend on their power to absorb and align to the changing environment as rapidly as possible. Indian banking and financial system is on the verge of witnessing two major changes: ‘Big Banks’ and ‘Licences to New Private Banks’ to bring more healthy competition among the banks to render better customer services as well as attain the vision of financial inclusion. So, the banking organisations need to get more revenue, and more business per employee, and per customer. Thus, the banking organisations are planning to expand their customer base and maintain their competitive workforce.

The practice of banking in India is established in the Vedic period. The bankers operated most of the functions of modern banks during Smriti period. The main functions were to lend money to traders to merchant-adventures, to kings who were in difficulties due to war reasons, or other reasons against the movable or immovable belongings or personal surety during Buddhist period. Later, Brahmins and Kshatriya also provided these services. In Kautilya’s Arthasastra, utmost legal rates of interest laid down i.e. 15 and 60 percent per annum on secured and unsecured loans. The persons who did these banking works were known as ‘Sahukar’, ‘Mhajan’ and ‘Sresthis’. Hundis or indigenous bills of exchange came into use during the early Muslim rule in India 12th century. Early Muslim and Mogul rulers in India, who worked as an Indigenous Bankers, played a pivotal role in lending money, financing internal and foreign trade with cash or bills, and rendering financial assistance to rulers during stress periods on higher rate of interest than Kautilya’s Arthasastra.
In the 17th and 18th centuries the ‘Jagat Seths’ owned all the powers and influence as the private bankers and also carried out many functions of central bank. After the establishment of East India Company, the Indigenous bankers could not develop in 18th century. Hence, the East India Company set up connections with the bankers, took over funds from them and it became successfully kept the establishment in India of banking on Western Lines for a substantial time.

The first joint stock bank i.e. ‘The Hindustan Bank’ was developed in 1707 by the Alexanded and Company in Calcutta. Further, this bank was also liquidated in 1832. After this, in 1785, ‘The Bengal Bank’ was established and in 1786 ‘The General Bank of India’ was developed. Both of these banks could not perform well and however these banks failed in 1791. In 1806, the first Presidency Bank ‘The Bank of Calcutta’ was established and was renamed in 1809 as ‘The Bank of Bengal’. The other two banks i.e. ‘The Bank of Bombay’ and ‘The Bank of Madras’ were established in 1840 and 1843 with a share capital of ₹50 lakhs and ₹30 lakhs respectively. Both of these banks were allowed to issue notes up to a certain limit. In 1920, new bank- the Imperial Bank of India was formulated with the amalgamation of Bank of Bombay and Bank of Madras. Further, The Allahabad Bank was founded in 1865 under European Management. The first purely Indian Bank ‘The Oudh Commercial Bank’ was originated in 1881. The Punjab National Bank Ltd. and the People’s Bank were established in 1894 and 1901. After this, the Bank of India Ltd. (1906), the Indian Bank (1907), the Bank of Baroda Ltd. (1908), and the Central Bank of India (1911), were also developed by the Indians.

4.1 Structure of Banking Sector in India

The commercial banks play a very crucial role in the economy. These are the basis for the development and growth of the economy. Successively, the growth and development of an economy influences the growth of banks also. The formation of RBI as the central bank of the country in 1935 ended the quasi-central banking role of the ‘Imperial Bank of India’. During this period, All India Rural Credit Survey Committee was established to serve the economy in general and rural sector. ‘The Banking Regulation Act’ was passed in 1949 to conduct and control the procedures of the commercial banks in India. Accordingly the transformation of Imperial Bank
of India’ into ‘State Bank of India’ was formed in 1955 for strengthening the co-operative credit structure and establishing of institutional framework for providing long term finance to agriculture and industry. The State Bank of India (Subsidiary Act) was constituted in 1959 and the SBI enabling to take over eight former state-associate banks as its subsidiaries. Further in 1969, 14 private banks and 6 more private banks in 1980 were nationalised. Since 1991, many financial reforms have been introduced, considerably transforming the banking industry in India. The implementation of Narsimhan Committee recommendations paved the way for enhanced competitiveness, efficiency and productivity in the Indian Banking Sector.

Since 2014, RBI has started issuing banking licences in order to tap further the large Indian market and create robust competition. Under the Pradhanmantri Jan Dhan Yojna 13.7 crores accounts have been opened and more than 12 crores Rupay Debit Cards were issued by the end of February, 2015.

4.1.1 Reserve Bank of India (RBI)

RBI is the fundamental banking and monetary government agency in India. RBI deals the country’s money supply and foreign exchange and also functions as a bank for the Government of India and for the country’s commercial banks. In addition to these traditional central banking roles, RBI attempts certain developmental and promotional activities. RBI issues guidelines, notifications, and circulars on various areas, including exposure standards, income recognition, asset classification, provisioning for non-performing assets, investment valuation and capital adequacy standards for commercial banks, long term lending institutions and non-banking finance companies. RBI commands these institutions to furnish information relating to their businesses on a regular basis.

India has a vivacious and well formulated Banking structure. It has been explained with the help of figure 4.1
4.1.2 Scheduled Banks

According to Reserve Bank of India Act 1934, a scheduled bank is that bank which has been included in second schedule of the Reserve Bank. Commercial banks in India have traditionally focused on meeting the short-term financial needs of Industry, trade, and agriculture. To be included in the schedule, a bank must satisfy the following conditions:
• It must have a paid-up-capital and reserves of an total value of at least Rs.5 lakhs;

• It must fulfil the Reserve Bank that its matters are not resolved in a manner prejudicial to the interest of its depositors; and

• It must be cooperation or co-operative society and not a partnership or a single owner firm.

4.1.2 (I) Scheduled Commercial Banks

Commercial banks are those commercial concerns which accept deposits for the purpose for lending. These are concentrated on meeting the short term financial needs of industry, trade and agriculture. They render several types of financial services to customers in consideration of some payments in form of interest, discounts, fees, commission etc. Scheduled Commercial Banks are banks that are listed in the second schedule to the RBI Act. Further, it may be classified as public sector banks, private sector banks, and foreign banks.

• Public Sector Banks

Public sector banks constitute the largest category of banks in the Indian banking system. There are 27 public sector banks in India. They included the IDBI Bank Ltd, the SBI and its 6 associate banks and 19 nationalised banks. Nationalised banks are controlled by the Banking Companies (Acquisition and Transfer of Undertakings) Act 1970 and 1980. These banks nationalised under the Banking Companies (Acquisition and Transfer of Undertakings) Act, of 1970 and 1980 are referred to as ‘corresponding new banks’.

• Regional Rural Banks

The regional rural banks were accomplished under a separate act in 1976 jointly by the Central Government, State Governments and sponsoring public sector banks with a view to formulate the rural economy. The regional rural banks render credit to small farmers, artisans, small enterprisers, and agricultural labourers. There were 196 regional rural banks at the end of December 2004, with 14,423 branches. Since September 2005, many regional rural banks have merged themselves and at present as per RBI bulletin 2014, there are 64 regional rural banks in the country.
• **Private Sector Banks**

After nationalization of banks in 1969 and 1980, the most of Indian banks were public sector banks. The economic reforms in 1991 brought winds of change in every segment of the banking industry in India. Some of the existing private sector banks, which indicated signs of an ultimate default, were merged with state-owned banks. In July, 1993 as part of the banking reform process and as a measure to cause competition in the banking sector, RBI allowed the entrance of the private sector into the banking system. This resulted in the introduction of nine private sector banks. These banks are jointly known as the new private sector banks. These banks are inserting superior levels of technology and customer satisfaction. These banks have a particular business focus. They are concentrating on specific customer groups and products instead of the entire financial sector. At present there are 20 private sector banks according to RBI bulletin 2014.

• **Foreign Banks**

Foreign banks are those banks which are registered or comprised outside India. They have an office or branch in India. These banks had their presence from British period. With the changes in the banking policy in post 1993 period, the number of foreign banks increased. The globalization of Indian economy promoted the presence of more foreign banks. The number of foreign banks (their branches) which stood at 15 (71) in 1961 rose to 30 (156) in 1996. At the end of June 2000, 44 foreign banks were operating in India. By 2014 there were 43 banks in India. Besides doing banking functions, foreign banks play a crucial role in shaping the positions and policies of foreign governments, companies, and their clients for India. They accomplish following additional functions:

• Rendering finance for power generation, telecommunication, and mining projects in India;
• Serve foreign companies and Indian companies enter into joint ventures and collaborations;
• Handling and forming euro-issues of debt and equity of the Indian companies;
• Dealing with data and information systems by applying latest technology; and help in adhering Foreign Institutional Investors and Indian companies.
4.1.2 (II) Cooperative Banks

Cooperative banks are providing the financial assistance for agriculture, small industry and self-employed businessmen in urban and semi-urban areas of India. The state land development banks and the primary land development banks furnish long-term credit for agriculture. In the light of the liquidity and insolvency problems experienced by some cooperative banks in the fiscal year 2001, RBI undertook several interim measures to address the issues, pending formal legislative changes, including measures related to lending against shares, borrowing in the cell market and term deposits placed with other urban cooperative banks. RBI is currently responsible for the supervision and regulation of urban co-operative societies, the National Bank for Agriculture and Rural Development, state co-operative banks and district central co-operative banks. The Banking Regulation (Amendment) and Miscellaneous Provisions Act, 2004 (which came into effect on September 24, 2004), specifies that all cooperative banks would be under the supervision and ordinance of RBI.

4.2 Commercial Banks-Meaning and Functions

Commercial banks are very crucial section of the money market. They act a very important role in the economy by circulating savings from various sectors, which is the basis for the growth and growth of the economy. In India, only those banks are called Commercial Banks which have been founded in accordance with Indian Companies Act 1913. These banks were demonstrated in India after the advent of the East India Company. Bank of Hindustan was the first commercial bank in India. It was established in 1770.

The growth and development of economy regulates the growth of banks as well. In other words, when the economy originates the commercial banking also undergoes changes as is apparent from the changes taking place in the banking industry since 1991. These changes are closely connected with the basic economic policy of the country.

Commercial banks are commercial concerns that collect money from those who have it to spare or who are saving it out of their income, and lend to those who require it. In other words, Commercial bank is an organisation that accepts deposits
for the purpose of lending. They provide various types of financial services to customers in consideration of some payments in the form of interest, discounts, fees, commission etc. Commercial banks deal in other people’s money, which is repayable on demand through cheques, drafts or otherwise. Various definitions by different authors are listed below:

**Kinley** has defined a bank as “an establishment which makes to individuals such advances of money or other means of payment as required and safety made; and to which individuals entrust money or means of payment when not required by them for use.”

**H.L. Hart** defines a bank as “the one who in the ordinary course of his business honours cheques drawn upon by persons from and for whom he receives money on current account.” Institutions that make short term loans to business and in the process create money.”

**Indian Banking Companies (Regulation) Act, 1949** banking means “the accepting, for the purpose of lending or investment, of deposits of money from the public, repayable on demand or otherwise, and withdrawals by cheque, draft or otherwise.”

### 4.2.1 Functions of Commercial Banks

Commercial banks have emerged as the single most important source of institutional credit. Variety of functions performed and services rendered by the banks are described as following:

#### 4.2.1 (I) Primary Functions

1. **Accepting Deposits**

   The first major function of a commercial bank is acceptance of deposits from the public. The deposits must be of money and not of other assets. Secondly, the deposits are consented from the public at large, and not only from its shareholders or members. Banks take deposits by circulating the saving of the public. To mobilise the savings and to hold deposits, banks give interest on deposits. To attract depositor the banks preserve different types of accounts like fixed deposit account, savings bank deposit account, current account and flexible account.
2. Lending or Advancing Loans

Another primary function of the commercial banks is to advance loans. A certain part of the cash obtained by the banks as deposits is confined reserve and the rest is given as a loan. Banks advances loans generally for productive purposes, on sanctioned security. The amount of loan is usually less than the value of security. Banks advances following types of loans Cash Credit, Over-Draft, Term Loans, Discounting of Bill of Exchange, Investment in Government Securities and Money at call.

4.2.1 (II) Other Functions

1. Credit Creation

As a monetary institution credit creation is another discrete purpose performed by the commercial banks. In fact, this function is automatically executed while advancing credit or loans or by accepting deposits. Banks are capable to create credit because of the demand deposits i.e. a claim against the bank is assumed by the public in settlement of their debts. As these claims against the banks are accepted by the public for adjusting their debts, it is an important component of money supply. In this process bank creates money.

2. Cheque System of Payment of Funds

A cheque is a legal instrument, which in fact is a bill of exchange described upon a banker, is the most democratic credit instrument expended by the client to make payments. The cheque system was developed in very early stages of banking and now it has become the chief credit instrument in the banking world. In the modern days they can also be utilized for transmitting funds from one country to another.

4.2.2 Agency Functions or Services

Besides the above primary functions, banks also execute many secondary functions such as agency functions, and general utility function.
1. Collection and Payment of Various Items

   The commercial banks accumulate and pay the various negotiable instruments like cheques, hundies, coupons, dividend, bill of exchange warrants, promissory notes etc. They also give subscriptions, rents, income tax, fees, insurance premia, etc. on behalf of customers.

2. Purchase and Sale of securities

   The commercial banks also take in charge the purchase and sale of several securities like shares, stocks, bonds units and debentures, etc. on behalf of the customers.

3. Administration of Wills and Trusteeship

   Through expert staff and specialised departments banks also undertake administration of will or settlements and trusteeship functions. Sometimes banks also undertake income-tax services on behalf of the customer.

4. Remittance of funds

   The commercial banks remit funds on behalf of clients from one place to another through cheques, drafts, mail transfers etc.

5. Representation and correspondence

   Sometimes commercial banks act as representatives and correspondents of the clients especially in handling various applications. For instance, passports and travel tickets, booking of vehicles, plots, etc.

6. Bullion trading

   In many countries, the commercial banks trade is bullions like gold and silver. In October 1997, eight banks including SBI, IOB, Canara Bank and Allahabad Bank have been allowed import of gold which has been put under open general licence category. This apparently is follow up on S.S. Tarapore Committee on Capital Account Convertibility. The Committee recommended that Phase 1 banks fulfilling well defined criteria be allowed to operate freely in domestic and international markets. In the opinion of the committee, “Capital Account Convertibility is inextricably linked with the liberalisation of gold in India.”
4.2.3 General Utility Services or Function

1. Locker Facilities

Banks provide locker facilities to their customers. People can keep their gold or silver jewellery or other important documents in these lockers. Their annual rent is nominal.

2. Business information and statistics

Being familiar with the economic situation of the country, the banks give advice to their customers on financial matters on the basis of business information and statistical data collected by them.

3. Issuing Letters of credit

Bankers in a way by issuing letters of credit certify the worthiness of the customers. Letters of credit are very popular in foreign trade.

4. Acting as a underwriters

Banks also underwrite the securities issued by the government and corporate bodies for a commission. The name of a bank as an underwriter encourages investors to have faith in the security.

5. Issuing of traveller’s cheques and credit cards

Banks have been rendering great service by issuing travellers’ cheques, which enable a person to travel without fear of theft or loss of money. Now, some banks have started credit card system, under which a credit card holder is allowed to avail credit from the listed outlets without any additional cost or effort. Thus, a credit card holder need not carry or handle cash all the time. In India examples of such credit cards are Andhra Bancard of Andhra Bank, Central card of Central Bank of India.

6. Issuing of Gift Cheques

Certain banks issue gift cheque of various denominations, e.g. Some Indian banks issue gift cheques of the denominations of Rs.11, 21, 31, 51, 101, etc. These are generally issued free of charge.
7. Dealing in foreign exchange

Major branches of commercial banks also transact business of foreign exchange. Commercial banks are the main authorised dealers of foreign exchange in India.

8. Merchant banking services

Commercial banks also deliver merchant banking services to the customers. They serve in availing loans from non-banking financial institutions. However, in recent past, majority of the banks have shifted the merchant banking services to separate subsidiaries.

4.3 Profile of the Selected Banks

For the present study, State Bank of India, Central Bank of India, ICICI Bank and YES Bank has been taken. The profile of these four banks is described as follows:

4.3.1 Profile of State Bank of India

The State Bank of India is an Indian multinational company which works in public sector banking and financial services. This Corporation owned by government and its headquarters is in Mumbai and Maharashtra. In 2014-15, it has 16,333 branches and has an assets of INR 20,48,080 crores. The number of employees working in SBI has 222,033 and 43,515 ATMs in 2014. It has become the first bank to install an ATM in Jammu and Kashmir at Kargil Region.

The State Bank of India was initially known as the Imperial Bank in the first decade of 19th century. The three presidency banks viz. The Bank of Bangal, the Bank of Bombay and the Bank of Madras were amalgamated in 1921, and the Imperial Bank was formed in 1921. In 1955, the Imperial Bank of India became the State Bank of India as per provision of State Bank of India Act in which RBI took a controlling interest in the Imperial Bank of India.
Mission and Objective of State Bank of India

- To expand the branch network by creating availability at least in every district.
- To offer financial assistance to small scale industries and support self employment.
- To provide facilities for cheap and fast payments in different regions of the country.
- To provide the assistance to the farming sector.

Table 4.1
State Bank of India at a Glance (FY 2013 vs. FY 2014)

<table>
<thead>
<tr>
<th>Items</th>
<th>Amount (as at end March) Rs. Crore</th>
<th>Percentage Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FY2013</td>
<td>FY2014</td>
</tr>
<tr>
<td>Total Assets</td>
<td>15,68,699.2</td>
<td>17,94,570.1</td>
</tr>
<tr>
<td>Loan and Advances</td>
<td>10,45,616.6</td>
<td>12,09,828.7</td>
</tr>
<tr>
<td>Deposits</td>
<td>12,02,739.6</td>
<td>13,94,408.5</td>
</tr>
<tr>
<td>Total Income</td>
<td>1,35,691.9</td>
<td>1,54,903.7</td>
</tr>
<tr>
<td>Net profit</td>
<td>14,105</td>
<td>10,891.2</td>
</tr>
</tbody>
</table>

Source Banking Annual, December 2014.

Table 4.1 exhibits the important indicators of banking performance viz. assets, loan and advances, deposits, total income and net profit. It shows that by the end of financial year 2014 these parameters stand at a continuous growth level except net profit.
It is clear from the Fig 4.2 that the SBI offers number of the products and services to its customers. The first product is savings and deposits, which includes saving deposits, saving bank account, saving plus account, current deposits, and term deposits have providing to different customers. As well as, the SBI has also supplied auxiliary services, specialised products, loans and advances, and specialised services. All these products and services are facilitating the SBI to expand their market space and fulfil the expectations of the different customers.

4.3.2 Profile of Central Bank of India

Central Bank of India is one of the oldest and largest government owned bank in India was established in 1911. Its headquarters is in Mumbai and Maharashtra. This bank has 4700 branches 5,000 ATMs in India and the number of working employees is 42,000 approx in 2014-15.

Objectives/Missions of Central Bank of India

- Providing bouquet of product and services tailor-made to meet customer’s aspirations.
- Expansion of the branches across all the state of the country.
- Transforming the customer banking experience into a fruitful and enjoyable one.
• Adopting the technology for efficient and effective delivery of all banking services.

**Table 4.2**

**Central Bank of India at a Glance (FY 2013 vs. FY 2014)**

<table>
<thead>
<tr>
<th>Items</th>
<th>Amount (as at end March) Rs. Crore</th>
<th>Percentage Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2013</td>
<td>FY2014</td>
<td></td>
</tr>
<tr>
<td>Total Assets</td>
<td>2,68,342.5</td>
<td>2,90,225.9</td>
</tr>
<tr>
<td>Loan and Advances</td>
<td>1,71,935.8</td>
<td>1,77,315.2</td>
</tr>
<tr>
<td>Deposits</td>
<td>2,26,038.3</td>
<td>2,40,069.0</td>
</tr>
<tr>
<td>Total Income</td>
<td>23,528.0</td>
<td>26,350.1</td>
</tr>
<tr>
<td>Net profit</td>
<td>1,015</td>
<td>-1,262.8</td>
</tr>
</tbody>
</table>

Source: Banking Annual, December 2014.

Table 4.2 exhibits the important indicators of banking performance viz. assets, loan and advances, deposits, total income and net profit. It depicts that by the end of financial year 2014 the four parameters viz. assets, loan and advances, deposits and total income are at increasing level and the fifth parameter i.e. Net Profit is decreasing at higher rate.

**Figure 4.3**

**Products and Services of Central Bank of India**

- **Deposits**
  - Recurring Deposits with Personal Accidents Cover
  - CENT Uttam Scheme
  - Monthly Interest Deposit Receipt (MIDR)
  - CENT Tax Saving Deposit
  - CENT Bal Bhavishya
  - Senior Citizen Deposit Scheme
  - Money Multiplier Deposit Certificate
  - CENT Bachat Khata
  - Quarterly Interest Deposit Receipt
  - CENT Flexi Yield Deposit Scheme

- **Loan**
  - Gold Loan
  - Car Loan
  - Education Loan
  - Trade Loan
  - Personal Loan
  - CENT Mortrage
  - Loan to Pensioners Drawing Pension

- **Cards**
  - Master Card
  - Prepaid Gift Card
  - Visa Platinum Card
  - Bank Visa Gold Card
  - Debit Card
  - Central Card

- **E-Payments**
  - On line Bill Payments
  - Central Excise and Service Tax Payments
  - Collection of Direct Taxes
  - DGFT Online E-Payment
  - West Bengal State Govt. Tax

- **Other Services**
  - Cash Management Services
  - CENT Bill Pay
  - Bancassurance
  - Mutual Funds
  - Depository Services
  - CENT Card Electronic

Source: [www.cbi.co.in](http://www.cbi.co.in)
The central bank of India are providing various deposits, loans, cards, e-payments and other services with the help of these products and services, the bank has enable to leverage the advanced technology for giving better banking services to its customers and fulfil their requirements.

4.3.3 Profile of ICICI Bank

It is an Indian financial services company and multinational banking with its headquarters in Mumbai and Maharashtra in India. It offers a number of financial services for retail customers and corporate as well. The bank has 4,070 branches 13,449 ATMs in India. It was established in 1994. In the 2015, 67,857 employees are working in ICICI Bank.

Table 4.3
ICICI Bank at a Glance (FY 2013 vs. FY 2014)

<table>
<thead>
<tr>
<th>Items</th>
<th>Amount(as at end March) Rs. Crore</th>
<th>Percentage Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FY2013</td>
<td>FY2014</td>
</tr>
<tr>
<td>Total Liabilities/Assests</td>
<td>5,37,262.9</td>
<td>5,96,882.3</td>
</tr>
<tr>
<td>Loan and Advances</td>
<td>1,71,335.8</td>
<td>1,77,315.2</td>
</tr>
<tr>
<td>Deposits</td>
<td>2,26,038.3</td>
<td>2,40,069.0</td>
</tr>
<tr>
<td>Total Income</td>
<td>48,421.3</td>
<td>54,606.0</td>
</tr>
<tr>
<td>Net profit</td>
<td>8,325.5</td>
<td>9,810.5</td>
</tr>
</tbody>
</table>

Source Banking Annual, December 2014.

Table 4.3 shows the important indices of banking performance viz. assets, loan and advances, deposits, total income and net profit. It shows that by the end of financial year 2014 these all parameters are increasing at impressive level with a higher growth rate in Net profit.

Objectives/Missions of ICICI Bank

- Expansion and modernisation of their banks.
- Participation of internal and external capital by their banks.
- Encouraging private ownership of industrial investment.
It depicts from the fig. 4.4 that the ICICI bank has offered different types of cards, loans, deposits, insurance, and various services and products during the recent years. Different types of services and products provided by the bank are required to satisfy the customer want differentiation.

4.3.4 Profile of YES Bank

Yes Bank is the largest private sector bank founded in 2004. It is an important player in Investment Banking in India. On December, 2015 the bank had 630 branches and 2,000 ATMs.

Objectives/Missions of Yes Bank

- To be recognized as the ‘Financial Quality Large Bank of the World in India’ by 2020.
- To evolve as the Professionals Bank of India.
- To develop a high quality, customer centric, service driven, private Indian Bank catering to the ‘Future Business of India’.
Table 4.4

YES Bank at a Glance (FY 2013 vs. FY 2014)

<table>
<thead>
<tr>
<th>Items</th>
<th>Amount (as at end March) Rs. Crore</th>
<th>Percentage Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FY2013</td>
<td>FY2014</td>
</tr>
<tr>
<td>Total Assets</td>
<td>99,104.1</td>
<td>1,09,015.8</td>
</tr>
<tr>
<td>Loan and Advances</td>
<td>46,999.6</td>
<td>55,633.0</td>
</tr>
<tr>
<td>Deposits</td>
<td>66,955.6</td>
<td>74,192.0</td>
</tr>
<tr>
<td>Total Income</td>
<td>9,551.4</td>
<td>11,702.9</td>
</tr>
<tr>
<td>Net profit</td>
<td>1,300.7</td>
<td>1,617.8</td>
</tr>
</tbody>
</table>

Source Banking Annual, December 2014.

Table 4.4 shows the key indices of banking performance viz. assets, loan and advances, deposits, total income and net profit. It exhibits that all these parameters are on higher level with an impressive growth rate in percentage by the end of financial year 2014.

Figure 4.5

Products and Services of YES Bank

Source: www.yes.co.in

The Yes bank is assisting in the creation, expansion and modernization by providing different deposits, loans as well as different net banking services which facilitates the banks to establish high quality services and develop their customer services across the different states in India.
4.4 Role of Human Resource in Banks

In a service industry like banking, work force plays a pivotal role in the development of business as well as in developing a good public envision of the branches of banks. In fact, banks are basically human organisations necessitating no other input (in the form of raw material) to produce output (in the form of service). The people inside the bank are responsible to attract the people from outside i.e. the public. This obviously shows that over a period of time, people come to bank branches, due to the reason that the people functioning inside are able to give good and quality services and not because of the big sign boards of the banks. It is only the personal concern of manpower with the public that generally attracts parties into the bank branches. It is therefore, the obligation of every bank to develop its human resources. Every bank, while designing for its development, should also plan for the growth of its human resources.

Human resources broadly refer to the mass of employee and in the banks, officers, clerks and sub-staff are the main components. While these employees have been functioning as a team, their branches have constantly been accomplishing the target fixed to them by their head office. In a bank, it is not one man or one employee that can reach the business target. But all the staff members join together and play for a common result. They can attain the goal of the organisation. All the employees joining together will make a powerful manpower force. If a sound sense of belongingness is created in the manpower in the institution they serve, they will do their best for the institution. Human resources, if dealt with properly in the banks can give good results in all the diverged activities performed by the banks.

There is a need that banking system will have to strengthen itself in several directions. The more significant of these areas is the human resources development which will cover not merely personnel relation, recruitment and deployment but also include manpower planning, management development, training, development of specific skills, job knowledge, and its enrichment, change of direction of attitudes, rewards and punishment systems etc. It is essential for banks to work-out on the management implications of future development of banking and specifies the nature
of skills, attitudes, and system required for meeting the rising demands, so that banks get the optimum output from their employees.

It is concluded that Indian banking industry has made a great progress. The economic reforms of 1990s opened a new competitive era in Indian banking. Customer satisfaction and financial health of the banks are becoming focus areas in banking industries. Since then now with the advent of technological revolution and government emphasis on financial inclusion through various schemes, new initiatives in banking sector have been introduced. In this whole process bank employees have to play a key role.
REFERENCES


