CHAPTER – II

PROFILE

2.1 EVOLUTION OF SBI

The evolution of State Bank of India can be traced back to the first decade of the 19th century. It began with the establishment of the Bank of Calcutta in Calcutta, on 2 June 1806.

The bank was redesignated as the Bank of Bengal on January 2nd 1809. It was the first ever joint-stock bank of the British India, established under the sponsorship of the Government of Bengal.

Subsequently, the Bank of Bombay (established on 15 April 1840) and the Bank of Madras (established on 1 July 1843) followed the Bank of Bengal. These three banks dominated the modern banking scenario in India, until when they were amalgamated to form the Imperial Bank of India, on 27 January 1921 which was the immediate precursor to the State Bank of India.

Primarily Anglo-Indian creations, the three presidency banks came into existence either as a result of the compulsions of imperial finance or by the felt needs of local European commerce and were not imposed from outside in an arbitrary manner to modernize India's economy.

Their evolution was, however, shaped by ideas culled from similar developments in Europe and England, and was influenced by changes occurring in the structure of both the local trading environment and those in the relations of the Indian economy to the economy of Europe and the global economic framework.

2.1.1 Establishment

The establishment of the Bank of Bengal marked the advent of limited liability, joint stock banking in India. So was the associated innovation in banking, viz. the decision to allow the Bank of Bengal to issue notes, which would be accepted for payment of public revenues within a restricted geographical area. This right of note issue was very valuable not only for the Bank of Bengal but also its two siblings, the Banks of Bombay and Madras.

It meant an accretion to the capital of the banks, a capital on which the proprietors did not have to pay any interest. The concept of deposit banking was also an innovation because the practice of accepting money for safekeeping (and in some cases, even investment on behalf of the clients) by the indigenous bankers had not spread as a general habit in most parts of India. But, for a long time, and especially up to the time that the three presidency banks had a right of note issue, bank notes and government balances made up the bulk of the investible resources of the banks.

The three banks were governed by royal charters, which were revised from time to time. Each charter provided for a share capital, four-fifths of which were privately subscribed and the rest owned by the provincial government. The members
of the board of directors, which managed the affairs of each bank, were mostly proprietary directors representing the large European managing agency houses in India. The rest were government nominees, invariably civil servants, one of whom was elected as the president of the board.

2.1.2 Business

The business of the banks was initially confined to discounting of bills of exchange or other negotiable private securities, keeping cash accounts and receiving deposits and issuing and circulating cash notes. Loans were restricted to Rs. One lakh and the period of accommodation confined to three months only. The security for such loans was public securities, commonly called Company's Paper, bullion, treasure, plate, jewels, or goods not of a perishable nature' and no interest could be charged beyond a rate of twelve per cent.

Loans against goods like opium, indigo, salt, woolens, cotton, cotton piece goods, mule twist and silk goods were also granted but such finance by way of cash credits gained momentum only from the third decade of the nineteenth century. All commodities, including tea, sugar and jute, which began to be financed later, were either pledged or hypothecated to the bank. Demand promissory notes were signed by the borrower in favour of the guarantor, which was in turn endorsed to the bank. Lending against shares of the banks or on the mortgage of houses, land or other real property was, however, forbidden.
Indians were the principal borrowers against deposit of Company's paper, while the business of discounts on private as well as salary bills was almost the exclusive monopoly of individual Europeans and their partnership firms. But the main function of the three banks, as far as the government was concerned, was to help the latter raise loans from time to time and also provide a degree of stability to the prices of government securities.

2.1.3 Major change in the conditions

A major change in the conditions of operation of the Banks of Bengal, Bombay and Madras occurred after 1860. With the passing of the Paper Currency Act of 1861, the right of note issue of the presidency banks was abolished and the Government of India assumed the sole power of issuing paper currency within British India from 1st March 1862. The task of management and circulation of the new currency notes was conferred on the presidency banks and the Government undertook to transfer the Treasury balances to the banks at places where the banks would open branches.

None of the three banks had till then any branches (except the sole attempt and that too a short lived one by the Bank of Bengal at Mirzapore in 1839) although the charters had given them such authority. But as soon as the three presidency banks were assured of the free use of government Treasury balances at places where they would open branches, they embarked on branch expansion at a rapid pace.
By 1876, the branches, agencies and sub agencies of the three presidency banks covered most of the major parts and many of the inland trade centres in India. While the Bank of Bengal had eighteen branches including its head office, seasonal branches and sub agencies, the Banks of Bombay and Madras had fifteen each.

2.1.4 Presidency Banks

The presidency Banks Act, which came into operation on 1 May 1876, brought the three presidency banks under a common statute with similar restrictions on business. The proprietary connection of the Government was, however, terminated, though the banks continued to hold charge of the public debt offices in the three presidency towns, and the custody of a part of the government balances.

The Act also stipulated the creation of Reserve Treasuries at Calcutta, Bombay and Madras into which sums above the specified minimum balances promised to the presidency banks at only their head offices were to be lodged. The Government could lend to the presidency banks from such Reserve Treasuries but the latter could look upon them more as a favour than as a right.

2.1.5 Bank of Madras

The decision of the Government to keep the surplus balances in Reserve Treasuries outside the normal control of the presidency banks and the connected decision not to guarantee minimum government balances at new places where branches were to be opened effectively checked the growth of new branches after 1876.
The pace of expansion witnessed in the previous decade fell sharply although, in the case of the Bank of Madras, it continued on a modest scale as the profits of that bank were mainly derived from trade dispersed among a number of port towns and inland centres of the presidency.

India witnessed rapid commercialisation in the last quarter of the nineteenth century as its railway network expanded to cover all the major regions of the country. New irrigation networks in Madras, Punjab and Sind accelerated the process of conversion of subsistence crops into cash crops, a portion of which found its way into the foreign markets. Tea and coffee plantations transformed large areas of the eastern Terais, the hills of Assam and the Nilgiris into regions of estate agriculture par excellence. All these resulted in the expansion of India’s international trade more than six-fold.

The three presidency banks were both beneficiaries and promoters of this commercialization process as they became involved in the financing of practically every trading, manufacturing and mining activity in the sub-continent. While the Banks of Bengal and Bombay were engaged in the financing of large modern manufacturing industries, the Bank of Madras went into the financing of small-scale industries in a way which had no parallel elsewhere.

But the three banks were rigorously excluded from any business involving foreign exchange. Not only was such business considered risky for these banks, which held government deposits, it was also feared that these banks enjoying government patronage would offer unfair competition to the exchange banks which
had by then arrived in India. This exclusion continued till the creation of the Reserve Bank of India in 1935.

2.1.6 Presidency Banks of Bengal

The presidency Banks of Bengal, Bombay and Madras with their 70 branches were merged in 1921 to form the Imperial Bank of India. The triad had been transformed into a monolith and a giant among Indian commercial banks had emerged. The new bank took on the triple role of a commercial bank, a banker's bank and a banker to the government.

But this creation was preceded by years of deliberations on the need for a 'State Bank of India'. What eventually emerged was a 'half-way house' combining the functions of a commercial bank and a quasi-central bank.

The establishment of the Reserve Bank of India as the central bank of the country in 1935 ended the quasi-central banking role of the Imperial Bank. The latter ceased to be bankers to the Government of India and instead became agent of the Reserve Bank for the transaction of government business at centres at which the central bank was not established.

But it continued to maintain currency chests and small coin depots and operate the remittance facilities scheme for other banks and the public on terms stipulated by the Reserve Bank. It also acted as a bankers' bank by holding their surplus cash and granting them advances against authorised securities. The management of the bank clearing houses also continued with it at many places where
the Reserve Bank did not have offices. The bank was also the biggest tenderer at the Treasury bill auctions conducted by the Reserve Bank on behalf of the Government.

The establishment of the Reserve Bank simultaneously saw important amendments being made to the constitution of the Imperial Bank converting it into a purely commercial bank. The earlier restrictions on its business were removed and the bank was permitted to undertake foreign exchange business and executor and trustee business for the first time.

2.1.7 Imperial Bank

The Imperial Bank during the three and a half decades of its existence recorded an impressive growth in terms of offices, reserves, deposits, investments and advances, the increases in some cases amounting to more than six-fold.

The financial status and security inherited from its forerunners, no doubt, provided a firm and durable platform. But the lofty traditions of banking which the Imperial Bank consistently maintained and the high standard of integrity it observed in its operations inspired confidence in its depositors that no other bank in India could perhaps then equal. All these enabled the Imperial Bank to acquire a pre-eminent position in the Indian banking industry and also secure a vital place in the country's economic life.

When India attained freedom, the Imperial Bank had a capital base (including reserves) of Rs.11.85 crores, deposits and advances of Rs.275.14 crores and Rs.72.94
crores respectively and a network of 172 branches and more than 200 sub offices extending all over the country.

2.1.8 First Five Year Plan

An important turning point in the history of State Bank of India is the launch of the first Five Year Plan of independent India, in 1951. The Plan aimed at serving the Indian economy in general and the rural sector of the country, in particular. Until the Plan, the commercial banks of the country, including the Imperial Bank of India, confined their services to the urban sector. Moreover, they were not equipped to respond to the growing needs of the economic revival taking shape in the rural areas of the country. Therefore, in order to serve the economy as a whole and rural sector in particular, the All India Rural Credit Survey Committee recommended the formation of a state-partnered and state-sponsored bank.

The All India Rural Credit Survey Committee proposed the take-over of the Imperial Bank of India, and integrating with it, the former state-owned or state-associate banks. Subsequently, an Act was passed in the Parliament of India in May 1955. As a result, the State Bank of India (SBI) was established on 1 July 1955.

The purpose was to create an institution that would form an essential part of the country’s plans for modernization, envisaged in the era of economic planning. The bank would have its roots firmly planted in the countryside through a network of
branches that spanned the country’s farthest corners, and play a major role in national
development.\(^2\)

This resulted in making the State Bank of India more powerful, because as much as a quarter of the resources of the Indian banking system were controlled directly by the State. Later on, the State Bank of India (Subsidiary Banks) Act was passed in 1959. The Act enabled the State Bank of India to make the seven former State-associated banks as its subsidiaries.

The State Bank of India emerged as a pacesetter, with its operations carried out by the 480 offices comprising branches, sub offices and three Local Head Offices, inherited from the Imperial Bank. Instead of serving as mere repositories of the community's savings and lending to creditworthy parties, the State Bank of India catered to the needs of the customers, by banking purposefully. The bank served the heterogeneous financial needs of the planned economic development.

The State Bank of India was thus born with a new sense of social purpose aided by the 480 offices comprising branches, sub offices and three Local Head Offices inherited from the Imperial Bank.

The concept of banking as mere repositories of the community's savings and lenders to creditworthy parties was soon to give way to the concept of purposeful banking sub serving the growing and diversified financial needs of planned economic development. The State Bank of India was destined to act as the pacesetter in this

respect and lead the Indian banking system into the exciting field of national development.

2.2 BRANCHES

The corporate center of SBI is located in Mumbai. In order to cater to different functions, there are several other establishments in and outside Mumbai, apart from the corporate center. As on 31st March 2009, the bank boasts of having as many as 14 local head offices and 57 Zonal Offices, located at major cities throughout India. The SBI Group has about 16000 branches, well networked to cater to its customers throughout India.

2.3 ATM SERVICES

As on 31st March 2009, SBI provides easy access to money to its customers through more than 12000 ATMs in India. The Bank also facilitates the free transaction of money at the ATMs of State Bank of India as well as the Associate Banks. The customers may also transact money through SBI Commercial and International Bank Ltd by using the State Bank ATM-cum-Debit (Cash Plus) card.

2.4 SUBSIDIARIES

There are seven associate banks that fall under SBI, and together these seven banks constitute the State Bank Group. All use the same logo of a blue keyhole and

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4 Ibid.,
all the associates use the "State Bank of" name followed by the regional headquarters' name.

Originally, the then seven banks that became the associate banks belonged to princely states until the government nationalized them between October, 1959 and May, 1960. In tune with the first Five Year Plan, emphasizing the development of rural India, the government integrated these banks into State Bank of India 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 operations. The first step along these lines occurred on 13 August 2008 when State Bank of Saurashtra merged with State Bank of India, which reduced the number of state banks from seven to six5.

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

1. State Bank of Bikaner and Jaipur (SBBJ)
2. State Bank of Hyderabad (SBH)
3. State Bank of Indore (SBIr)
4. State Bank of Mysore (SBM)
5. State Bank of Patiala (SBP)
6. State Bank of Travancore (SBT)

Furthermore, on 19th June 2009 the SBI board approved the merger of its subsidiary, State Bank of Indore, with itself\(^6\).

The six Associate Banks have a combined network of 4502 branches in India which are fully computerized and 2410 ATMs networked with SBI ATMs, providing value added services to clientele\(^7\).

### 2.5 BUSINESS STRATEGY OF STATE BANK OF INDIA

#### 2.5.1 SBI - Mission

The mission of State Bank of India is to retain the banks position as the premier Indian financial services. It also aims to be a group with world class standards and significant global business commitments to excellence in customer, shareholder and employee satisfaction so as to play a leading role in expanding and diversifying financial services while continuing emphasis on its development banking role\(^8\).

#### 2.5.2 SBI - Vision

The vision of State Bank of India is to be a premier Indian financial services group with global perspective, world class standard of the efficiency and professionalism and also its core institutional values, to retain its position in the country as a pioneer in developing countries; It also aims to maximize its shareholders value through high sustained earnings per share, To become an

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institution with a culture of mutual care and commitment. It also focuses on a pleasant working environment to have continuous learning opportunities.\(^9\)

2.6 SBI GROUP – BUSINESS ACTIVITIES

2.6.1 Personal Banking

State Bank of India offers a wide range of services in the Personal Banking Segment\(^10\) which are described below:

2.6.1.1 Term Deposits

- The period of Term Deposits is flexible from 15 days to 10 years.
- A person can open a Term Deposit with SBI for a nominal amount of Rs.1000/- only.
- SBI provides the term depositor loan / overdraft up to 90% of his deposit amount at nominal cost.
- Interest is charged on premature withdrawal of term deposits at 1.00% below the rate applicable for the period deposit has remained with the Bank.
- There is no need for the depositor to keep track of the maturity of his deposits. His deposits with the State Bank will be renewed automatically, post maturity and the depositor continues to earn interest for same period as that of his matured deposit, at the interest rate prevailing at the time of maturity.

\(^9\) Ibid.,
\(^10\) http://www.statebankofindia.com/user.htm
Automatic renewals take place where there are no standing instructions for renewal.

2.6.1.2 Recurring Deposits

- The period of Recurring Deposits is flexible with maturity ranging from 15 days to 10 years.
- The depositor can start a Recurring Deposit with SBI for a monthly instalment of Rs.100/- only.
- The depositor can avail a loan/overdraft against his deposit. SBI provides him loan / overdraft up to 90% of his deposit amount at nominal cost.

2.6.1.3 Home Loans

SBI HOME LOANS now offers interest rates concessions on GREEN HOMES in accordance with SBI's commitment to Environment protection. SBI charges interest on a daily reducing balance. The customer can reduce his interest burden and optimally utilize his surplus funds by prepaying the loan as there are no prepayment penalties.

2.6.1.4 SBI EZEE Car Loan

To avail an SBI EZEE Car Loan, a person should be

- An individual between the ages of 21-65 years.
- A Permanent employee of State / Central Government, Public Sector Undertaking, Private company or a reputed establishment or
• A Professional or self-employed individual, proprietary/partnership firm who is an income tax assessee.

• An individual earning a net Annual Income of Rs. 1,00,000/- and above.

There is no upper limit for the amount of a car loan. A maximum loan amount of 2.5 times the net annual income can be sanctioned. If married, his spouse's income could also be considered provided the spouse becomes a co-borrower in the loan. The loan amount includes finance for one-time road tax, registration and insurance.

There is no ceiling on the loan amount for new cars. Loan amount for used car is subject to a maximum limit of Rs. 15 lakhs.

The loan is for a longer repayment period of up to 84 months.

The interest is charged on daily reducing balance method. When the customer pays one installment, the interest is automatically calculated on the reduced balance thereafter.

2.6.1.5 Advantage Car Loan

When the customer aims to purchase premium car, SBI Advantage Car Loan Scheme is suitable.

To avail an SBI Advantage Car Loan, the person should be:

• An Individual between the ages of 21-65 years.

• A Permanent employee of State / Central Government, Public Sector Undertaking, Private company or a reputed establishment or
• A Professional or self-employed individual, proprietary/partnership firm who is an income tax assessee.

• An individual earning a net Annual Income Rs. 2, 50,000/- and above.

There is no ceiling on the loan amount for new cars. A maximum loan amount of 4 times the net annual income can be sanctioned. If married, his spouse's income could also be considered provided the spouse becomes a co-borrower in the loan. The loan amount includes finance for one-time road tax, registration and insurance.

2.6.1.6 Education Loan

It is a term loan granted to Indian Nationals for pursuing higher education in India or abroad where admission has been secured.

All courses having employment prospects are eligible. They include

• Graduation courses/ Post graduation courses/ Professional courses

• Other courses approved by UGC/Government/AICTE etc.

The expenses considered for Education loan would include

• Fees payable to college/school/hostel

• Examination/Library/Laboratory fees

• Purchase of Books/Equipment/Instruments/Uniforms
• Caution Deposit/Building Fund/Refundable Deposit (maximum 10% tuition fees for the entire course)

• Travel Expenses/Passage money for studies abroad

• Purchase of computers considered necessary for completion of course

• Cost of a Two-wheeler up to Rs. 50,000/-

• Any other expenses required to complete the course like study tours, project work etc.

The maximum amount of loan is Rs.10 lakhs for studies in India and Rs.20 lakhs for studies abroad.

Repayment will commence one year after completion of course or 6 months after securing a job, whichever is earlier.

Security for the education loan would be as follows:

<table>
<thead>
<tr>
<th>Amount</th>
<th>For loans up to Rs. 10.00 lakhs for Studies in India and up to Rs. 20.00 lakhs for studies abroad</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to Rs. 4 lakhs</td>
<td>No Security</td>
</tr>
<tr>
<td>Above Rs. 4 lakhs to Rs. 7.50 lakhs</td>
<td>Collateral security in the form of suitable third party guarantee. The bank may, at its discretion, in exceptional cases, waive third party guarantee if satisfied with the net-worth/means of parent/s who would be executing the documents as “joint borrower”.</td>
</tr>
<tr>
<td>Above Rs. 7.50 lakhs</td>
<td>Tangible collateral security of suitable value, along with the assignment of future income of the student for payment of installments.</td>
</tr>
</tbody>
</table>
All loans should be secured by parent(s)/guardian of the student borrower. In case of married person, co-obligator can be spouse or the parent(s) or parents-in-law.

There is no Margin for educational loans up to Rs.4.0 lakhs; the margin is 5% for loans above Rs.4.0 lakhs for studies in India and 15% for studies in abroad.

2.6.1.7 SBI Saral Personal Loan

SBI Saral - Personal Loan will be granted for any legitimate purpose like meeting expenses for domestic or foreign travel, medical treatment of self or a family member, or meeting any financial liability, such as marriage of son/daughter, defraying educational expenses of wards, meeting margins for purchase of assets etc.

A person is eligible for SBI Saral - Personal Loan if he is a salaried individual, self employed engineer, doctor, architect, chartered accountant, MBA with minimum 2 years standing.

The personal loan limit would be determined by the income and repayment capacity of the person seeking the loan. The minimum amount of person loan is Rs.24, 000/- in metro and urban centres and Rs.10, 000/- in rural/semi-urban centres. The maximum amount of person loan is 12 times Net Monthly Income for salaried individuals and pensioners subject to a ceiling of Rs.10 lakhs in all centres.

2%-3% of loan amount is collected as processing charges. Long repayment period ranges up to 48 months.
The customer can reduce his interest burden and optimally utilize his surplus funds by prepaying the loan as there are no prepayment penalties. However, 1% of the loan amount will be charged if the customer repays the loan before 6 months.

2.7 SERVICES

Bank offers Real Time Gross Settlement System (RTGS) & National Electronic Fund Transfer system (NEFT) which enables an efficient, secure, economical and reliable system of transfer of funds from bank to bank as well as from remitter’s account in a particular bank to the beneficiary’s account in another bank across the country.

2.7.1. RTGS:  An electronic payment system in which payment instructions between banks are processed and settled individually and continuously, on a real time basis, throughout the day. Available for transaction value of Rs.1.00 lac and above.

2.7.2. NEFT:  Another electronic payment system in which payment instructions between banks are processed and settled on deferred net settlement (DNS) basis at fixed times during the day. There is no minimum or maximum stipulated transaction value for using this facility.

RTGS and NEFT systems work on all days except on Sundays and common National Holidays across the states. These facilities are available at all our Core Banking branches.
2.8 ATM SERVICES

As on 31\textsuperscript{st} March 2009, State Bank offers its customers the convenience of over 12,000 ATMs in India\textsuperscript{11}. The ATM Cardholder can transact free of cost at the ATMs of State Bank Group (This includes the ATMs of State Bank of India as well as the Associate Banks - namely, State Bank of Bikaner & Jaipur, State Bank of Hyderabad, State Bank of Indore, State Bank of Mysore, State Bank of Patiala, State Bank of Saurashtra, and State Bank of Travancore) and wholly owned subsidiary viz. SBI Commercial and International Bank Ltd., using the State Bank ATM-cum-Debit (Cash Plus) card.

2.8.1 State Bank ATM-cum-Debit (State Bank Cash plus) Card:

State Bank of India offers the State Bank ATM-cum-Debit (Cash Plus) card. With this card, there is no need to carry cash in one’s wallet. The State Bank ATM-cum-Debit Card cardholder can

- Withdraw cash from over 12,000 ATMs of State Bank group and about 16000 ATMs of other banks under bilateral sharing viz. Andhra Bank, Axis Bank, Bank of India, The Bank of Rajasthan Ltd. Canara Bank, Corporation Bank, Dena Bank, HDFC Bank, Indian Bank, IndusInd Bank, Punjab National Bank, UCO Bank and Union Bank of India apart from ATMs displaying Master Card/ Maestro/Cirrus logo for free of cost.

\textsuperscript{11} \url{http://www.statebankofindia.com/user.htm}
• Make payments for purchases by using the debit card at more than 2,64,000 shops, restaurants, shopping malls, hotels, petrol pumps and many other outlets which display Maestro logo.

• Recharge pre-paid mobile phones of Vodafone, IDEA, Reliance and BPL without any charges at any State Bank ATM.

• Recharge pre-paid mobile phones of AIRTEL of 11 Circles viz. Mumbai, Delhi, Gujarat, M.P., U.P. (East), U.P. (West), Karnataka, Kerala, Andhra Pradesh, Tamilnadu, and Chennai, through ATM/ SMS anywhere in India.

  Recharge mobile phones of AIRTEL, Vodafone, IDEA and BPL without any charges at all ATMs as well as by sending SMS (after registration at State Bank ATM).

• Donate to Temple Trusts: - (a) Vaishno Devi (b) Shirdi Saibaba (c) Gurudwara Takht Saheb, Nanded (d) Tirupati and (e) Sri Jagannath Temple, Puri

  **The transaction limits include:** Daily withdrawal of Rs 40,000/- at the ATM, Daily withdrawal of Rs 50,000/- at Point of Sale (POS) terminal for debit transactions, Combined daily withdrawal of Rs 90,000/-

  There is no joining fee for State Bank ATM-cum-Debit (Cash Plus) card. Annual maintenance fee of Rs. 50/- p.a. will be recovered from the second year of issue.
2.8.2 State Bank Cash Plus International Card

This is an International ATM-cum-Debit Card with which the card holder can enjoy shopping at over 2,64,000 establishments in India and over 10.5 million establishments worldwide displaying Maestro logo, wherein the amount spent on the card is automatically debited to his account.

The State Bank Cash Plus International Cardholder can withdraw cash from over 12,000 ATMs of State Bank group and over 16000 ATMs of other banks under bilateral sharing viz. Andhra Bank, Axis Bank, Bank of India, The Bank of Rajasthan Ltd. Canara Bank, Corporation Bank, Dena Bank, HDFC Bank, Indian Bank, IndusInd Bank, Punjab National Bank, UCO Bank and Union Bank of India apart from ATMs displaying Master Card/ Maestro / Cirrus logo in India and more than 8,20,000 ATMs across the globe for a nominal fee. In India, it would function as the State Bank ATM-cum-Debit (Cash Plus) card.

WITHDRAWAL LIMIT

**Cash Withdrawals (per day)**

<table>
<thead>
<tr>
<th></th>
<th>India</th>
<th>Abroad</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum</td>
<td>Rs. 100</td>
<td>Depends on the Bank whose ATM is being used</td>
</tr>
<tr>
<td>Maximum</td>
<td>Rs.45000</td>
<td>US$ 1000 or equivalent.</td>
</tr>
</tbody>
</table>
Transaction at POS (per day):

<table>
<thead>
<tr>
<th></th>
<th>India</th>
<th>Abroad</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maximum</td>
<td>Rs. 1,00,000</td>
<td>US$1000 or equivalent</td>
</tr>
</tbody>
</table>

The maximum permitted aggregate utilization in a day is Rs. 145000 in India and equivalent to US$ 2000 abroad (subject to compliance with the RBI and Exchange Control/ FEMA Regulations)

The State Bank Cash Plus International Card is available for one time joining fee of Rs 200/-. The annual maintenance fee of Rs. 100/- will be recovered from the second year of issue.

Besides State Bank ATM-Cum-Debit Card and State Bank International ATM-Cum-Debit Cards, following cards are also accepted at State Bank ATMs: -

1. State Bank Credit Card


3. Cards issued by banks (other than banks under bilateral sharing) displaying Maestro, Master Card, Cirrus, VISA and VISA Electron logos
4. All Debit/ Credit Cards issued by any bank outside India displaying Maestro, Master Card, Cirrus, VISA and VISA Electron logos.

2.9 INTERNET BANKING

The Internet banking portal of State Bank group enables its retail banking customers to operate their accounts from anywhere at anytime, removing the restrictions imposed by geography and time. It's a platform that enables the customers to carry out their banking activities from their desktop, aided by the power and convenience of the Internet.

Using Internet banking services, the customers can do the following normal banking transactions online:

- Funds transfer between own accounts.
- Third party transfers to accounts maintained at any branch of SBI
- Group Transfers to accounts in State Bank Group
- Inter Bank Transfers to accounts with other Banks
- Online standing instructions for periodical transfer for the above
- Credit PPF accounts across branches
- Request for Issue of Demand Draft
- Request for opening of new accounts
- Request for closure of Loan Accounts
Request for Issue of Cheque Book

Apart from these, the other salient value-added features available are:

- Utility bill payments
- Online Ticket Booking for travel by Road, Rail and Air
- SBILIFE, LIC and other insurance premia payments
- SBI and other Mutual funds Investments
- SBI and other Credit Card dues payments
- Tax Payment – Income, Service, State Govt.
- Customs Duty Payment
- Online Share Trading (eZ-trade@SBI)
- Online Application for IPO
- Fee Payment to select educational institutions including IITs and NITs

2.10 E-PAY

E-Pay will let the customers to pay their Telephone, Mobile, Electricity, Insurance and Credit Card bills electronically over the Online SBI website http://www.onlinesbi.com.

If the biller presents bills online, the customer can also give the State Bank AutoPay instructions and the bank will pay the bills as and when it falls due.
The service is available for select local billers at Ahmedabad, Bangalore, Bhopal, Bhuvaneshwar, Chandigarh, Chennai, Delhi, Guwahati, Hyderabad, Kolkata, Lucknow, Mumbai, Patna, Thiruvananthapuram. The national billers like LIC, SBI Cards, SBI Life Insurance etc. can be paid at any centre across the country.

2.11 E-RAIL

The facility has been launched w.e.f. 1st September 2003 in association with IRCTC. The scheme facilitates Booking of Railways Ticket Online.

2.12 CORPORATE BANKING

SBI is a one shop providing financial products / services of a wide range for large, medium and small customers both domestic and international. It provides –

- **Working Capital Financing** including Fund based and Non-Fund based facilities to Corporates, Partnership firms, Proprietary concerns
- **Term Loans** to support capital expenditures for setting up new ventures as also for expansion, renovation etc.
- **Deferred Payment Guarantees** to support purchase of capital equipments
- **Corporate Loans** for a variety of business related purposes to corporates
- **Export Credit** to Corporates / Non Corporates

The SBI’s powerful corporate banking formation deploys multiple channels to deliver integrated solutions for all financial challenges faced by the corporate
The Corporate Banking Group and the National Banking Group are the primary delivery channels for corporate banking products.

The Corporate Banking Group consists of dedicated Strategic Business Units that cater exclusively to specific client groups or specialize in particular product clusters. Foremost among these specialized groups are the Corporate Accounts Group (CAG), focusing on the prime corporate and institutional clients of the country’s biggest business centers. The others are the Project Finance unit and the Leasing unit.

The National Banking Group also delivers the entire spectrum of corporate banking products to other corporate clients, on a nationwide platform.

2.13 INTERNATIONAL ACTIVITIES

Spreading its arms around the world, the SBI’s International Banking Group delivers the full range of cross-border finance solutions through its four wings – the Domestic division, the Foreign Offices division, the Foreign Department and the International Services division.

The Domestic wing provides services like merchant banking, shipping finance and project export finance.

The Foreign Offices wing offers the entire range of international trade and industrial finance products, while the Kolkatta-based Foreign Department undertakes treasury and currency operations.

The International Services division renders specialized services like correspondent banking, global link services and country and bank risk exposure monitoring.
The State Bank has a network of 131 offices/branches in 32 countries spanning all time zones. The SBI’s international presence is supplemented by a group of Overseas and NRI branches in India and correspondent links with over 522 leading banks of the world. SBI’s offshore joint ventures and subsidiaries enhance its global stature.

The State Bank has carved a niche for itself in Euro land with branches strategically located in Paris, Frankfurt and Antwerp. Indian banks and corporate are able to avail themselves single-window Euro services from SBI Frankfurt.

These strengths are reinforced by a dedicated and highly skilled team of professionals deployed by the bank in each specific segment.

2.14 SBI - SWOT ANALYSIS

Strengths

✓ **Brand name:** SBI Bank has earned a reputation in the market over the period of time. (Being the oldest bank in India tracing history back to 1806)

✓ **Market Leader:** SBI is ranked at 380 in 2008 Fortune Global 500 list, and ranked 219 in 2008 Forbes Global 2000. With an asset base of $126 billion and its reach, it is a regional banking behemoth\(^\text{12}\).

✓ **Wide Distribution Network:** Excellent penetration in the country with more than 10000 core branches and more than 5100 branches of associate banks.

✓ **Diversified Portfolio:** SBI Bank has all the products under its belt, which help it to extend the relationship with existing customer’s. Bank has umbrella of products to offer their customers, if once customer has relationship with the bank.

Some Products, which SBI Bank is offering are:

- Retail Banking
- Business Banking
- Merchant Establishment Services (EDC Machine)
- Personal loans & Car loans
- Insurance
- Housing Loans.

✓ **Government Owned:** Government owns 60% stake in SBI. This gives SBI an edge over private banks in terms of customer security.

✓ **Low Transition Costs:** SBI offers very low transition costs which attracts small customers.

✓ Continued effort to increase low cost deposit would ensure improvement in NIMs and hence earnings.
Weaknesses

- The existing hierarchical management structure of the bank, although strength in some respects, is a barrier to change.

- Though SBI cards are the second largest player in the credit card industry, it has the highest non performing assets (NPAs) in the industry, which stand out to be at 16.28% at the end of December 2007.\(^\text{13}\)

- SBI lags with respect to private players in terms of modernization of its processes, infrastructure, centralisation, etc.

- SBI is currently operating at a lowest CAR (8%). Insufficient capital may restrict the growth prospects of the bank going forward.

- Its delay in technology up gradation could result in loss of market share.

- SBI management indicated a likely pension shortfall on account of AS-15 to be close to Rs.50 bn.

- Its contribution of retail credit to total bank credit stood at 26%. Such a significant thrust on growing retail book poses higher credit risk to the bank.

Opportunities

- Merger of all the associate banks (like SBH, SBM, etc) into SBI will create a mega bank which streamlines operations and unlocks value.

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\(^{13}\) Ibid.,
✓ Planning to add 2000 branches and 3000 ATMs in 2008-2009. This will further increase its reach.

✓ Increasing trade and business relations and a large number of expatriate populations offers a great opportunity to expand on foreign soil.

✓ SBI already has expanded globally and start its operations internationally in 32 countries like Australia, Bangladesh, etc.... and has more plans of expansion in other global markets.

✓ Growing retail & SMEs thrust would lead to higher business growth.

✓ There is a lot of growth opportunity in the area of micro finance.

✓ Strong economic growth would generate higher demand for funds pursuant to Higher.

✓ Corporate demand for credit on account of capacity expansion.

**Threats**

- Large numbers of MNC banks are mushrooming in the Indian market due to the friendly policies adopted by the government. This can increase the level of competition and prove a potential threat for the market share of SBI bank.

- Consumer expectations have increased many folds in last few years and the bank has not been responsive enough to meet them on time.

- Private banks have started venturing into the rural and semi-urban sector, which used to be the bastion of the State Bank and other PSU banks.
➢ There was an employee strike in the year 2006 which disrupted SBI’s activities. This can be repeated in the future.

➢ Stiff competition, especially in the retail segment, could impact retail growth of SBI and Hence, slowdown in earnings growth.

➢ Slow down in domestic economy would pose a concern over credit off-take thereby impacting earnings growth.

➢ The changing interest rates and the changing policies of RBI.

In nutshell, State bank of India is the largest banking and financial services company in India, by almost every parameter - revenues, profits, assets, market capitalization etc. As on 31st March 2009, the State Bank Group, with over 16000 branches, provides a wide range of banking products through its vast network in India and overseas, including products aimed at Non Resident Indians.