2.1 INTRODUCTION

"Money makes the mare go" is an old saying which is relevant even today. Money and credit provide the pivot around which all the economic activities cluster. Banks are institutions that accept various types of deposits and use these funds for granting loans. By pooling the saving of widely scattered economically surplus units, banks form a vast pool of social capital. This helps in capital formation and capital accumulation. However, banks are not merely the storehouses of the country’s wealth but they are reservoirs of resources necessary for economic development – be it building of infrastructure, setting up of basic and key industries, modernization of agricultural sector, boosting domestic and international trade, and so on. By discharging this function efficiently and effectively, a commercial bank increases the productive capacity of the nation and thereby plays a pivotal role in accelerating the pace of economic development.

Banks today are an important part of the payment mechanism of the economy, and it is through them that the monetary and fiscal policies of the government are concretized. By creating credit, banks are in a position to affect prices, nominal national income and other macro-economic variables. Banks are at the heart of the financial system. They are a class of financial institutions which the public views as safe and convenient outlets for its savings. The importance of a viable, sound and safe banking system cannot be overemphasized.

2.2 MEANING OF BANKING

According to section 5(b) of the Banking 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 withdrawable by cheque, draft, order or otherwise. Banking company means any company which transacts the business of banking in India. No company can carry on
the business of banking in India unless it uses as part of its name at least one of the words bank, banker or banking.

Any company which is engaged in the manufacture of goods or carries on any trade and which accepts deposits of money from the public, merely for the purpose of financing its business, such manufacturer or trader shall not be deemed to transact the business of banking. The essence of banking business is receiving money as deposits from the public, which are always repayable on demand. Banks also create credit; other commercial enterprises do not perform these functions.

2.3 DEFINITIONS OF BANK

1. Indian Banking Companies Act - “Banking Company is one which transacts the business of banking which means the accepting for the purpose of lending or investment of deposits money from the public repayable on demand or otherwise and withdrawable by cheque, draft, order or otherwise”.

2. Dictionary meaning of the Word ‘Bank’ - The oxford dictionary defines a bank as “an establishment for custody of money received from or on behalf of its customers. It’s essential duty is to pay their drafts on it. Its profits arise from the use of the money left employed by them”.

3. The Webster’s Dictionary defines a bank as “an institution which trades in money, establishment for the deposit, custody and issue of money, as also for making loans and discounts and facilitating the transmission of remittances from one place to another”.

2.4 ORIGIN AND DEVELOPMENT OF BANKING

The evolution of banking can be traced back to the early times of human history. The history of banking begins with the first prototype banks of merchants of the ancient world, which made grain loans to farmers and traders who carried goods between cities. This began around 2000 BC in
Assyria and Babylonia. In olden times people deposited their money and valuables at temples, as they are the safest place available at that time. The practice of storing precious metals at safe places and loaning money was prevalent in ancient Rome. However modern Banking is of recent origin. The development of banking from the traditional lines to the modern structure passes through Merchant bankers, Goldsmiths, Money lenders and Private banks. Merchant Bankers were originally traders in goods. Gradually they started to finance trade and then become bankers. Goldsmiths are considered as the men of honesty, integrity and reliability. They provided strong iron safe for keeping valuables and money. They issued deposit receipts (Promissory notes) to people when they deposit money and valuables with them. The goldsmith paid interest on these deposits. Apart from accepting deposits, Goldsmiths began to lend a part of money deposited with them. Then they became bankers who perform both the basic banking functions such as accepting deposit and lending money. Money lenders were gradually replaced by private banks. Private banks were established in a more organised manner. The growth of Joint stock commercial banking was started only after the enactment of Banking Act 1833 in England.

2.5 **EVOLUTION AND GROWTH OF BANKING IN INDIA**

India has a long history of financial intermediation. The first bank in India to be set up on modern lines was in 1770 by a British Agency House. The earliest but short-lived attempt to establish a central bank was in 1773. India was also a forerunner in terms of development of financial markets. In the beginning of 18th century, British East India Company launched a few commercial banks. Bank of Hindustan (1770) was the first Indian bank established in India. Later on, the East India Company started three presidency banks, Bank of Bengal (1806), Bank of Bombay (1840) and Bank of Madras (1843) these bank were given the right to issue notes in their respective regions. Allahabad bank was established in 1865 and Alliance Bank in 1875. The first bank of limited liability managed by Indians was Oudh Commercial Bank founded in 1881.
Subsequently, the Punjab National Bank was established in 1894. In the beginning of the 20th century, Swadeshi movement encouraged Indian entrepreneurs to start many new banks in India. Another landmark in the history of Indian banking was the formation of Imperial bank of India in 1921 by amalgamating 3 presidency banks. It is the Imperial Bank which performed some central banking functions in India. A number of banks failed during the first half of the 20th Century. It affected the people’s belief and faith in Banks.

By independence, India had a fairly well developed commercial banking system in existence. In 1951, there were 566 private commercial banks in India with 4,151 branches, the overwhelming majority of which were confined to larger towns and cities. Savings in the form of bank deposits accounted for less that 1 per cent of national income, forming around 12 per cent of the estimated saving of the household sector. The Reserve Bank of India (RBI) was originally established in 1935 by an Act promulgated by the Government of India, but as a shareholder institution like the Bank of England. After India's independence, in the context of the need for close integration between its policies and those of the Government, the Reserve Bank became a state-owned institution from January 1, 1949. It was during this year that the Banking Regulation Act was enacted to provide a framework for regulation and supervision of commercial banking activity.

By independence, India had a fairly well developed commercial banking system in existence. Reserve bank of India was nationalized in the year 1949. The enactment of the Banking Companies Act 1949 (Later it was renamed as Banking Regulation Act) was a bold step in the history of banking in India. In 1955, Imperial Bank of India was nationalized and renamed as State Bank of India (SBI). The SBI started number of branches in urban and rural areas of the country. In 1967, Government introduced the concept of social control on banking sector. Nationalization of 14 commercial banks in 1969 was a revolution in the history of banking in India.
PRINCIPLES TO CONDUCT BANKING BUSINESS

Banks are able to lend a major portion of their deposits, play the role of an intermediary, and also constitute the payment system because of the trust of the people that banks will honour their commitments. If the trust is broken for any reason, no bank can survive as no bank is in a position to return all their deposits at any time. Failure of one bank can lead to failure of other banks too because their role as a constituent of the payment system makes them have substantial dealings with each other. Large scale systematic failures can cause collapse of the economy itself.

To retain the trust of the people, banks have to adhere to certain principles while conducting their banking business:

1. **Liquidity:** Banks have to necessarily lend most of their deposits to be in business as their main source of income is the spread they earn on loans. At the same time they should be in a position to meet the demands of their customers for money. Even a singly default by a bank can have serious consequences. Hence banks have to maintain sufficient cash reserves at all times. The more the banks lend, the more the profit they make; but they have to balance the opposing needs for profit and liquidity. Banks cannot afford to compromise liquidity for profits.

2. **Safety:** The trust of the people is influenced by their perception of how prudent a bank is in their business practices. A bank that is imprudent and lends to very risky businesses cannot enjoy the trust of its customers. Just as liquidity and profitability, risk and profitability too are inversely related. Banks have to find the fine balance between the two to be in business. After all, banking is essentially management of risks. The more prudent a bank is in managing risks, the better its image and prospects of survival and growth.

3. **Profitability:** While customers would shun a bank that does not have sufficient liquidity or is considered unsafe, they are not likely to have much
trust in a bank that is not perceived to be profitable. If a bank incurs losses or makes only meager profits year after year, its customer are bound to feel perturbed, unless of course, they have other comforts. In India, the people entertain the feeling that the public sector bank will not fail as the government as its owners will come to their rescue. The attitude of the same people to banks in the private sector is very different. Apart from keeping the trust of the people, banks have to be profitable to survive in the long run.

4. **Secrecy**: During the course of their business, banks come to know many details of the finances of their customers. Banks have to maintain confidentiality of such information as revealing the information to the wrong persons can affect the customer adversely. For instance, a competitor of the customer or a journalist may use confidential financial information to cause loss or cause damage to the reputation of the customer. Banks owe duty to their customers to ensure absolute secrecy of customer information. A bank that does not take this duty seriously is not likely to be trusted by its customers.

5. **Service Quality**: Banking is a transaction-intensive business as customers have to deal with banks for almost all their financial transactions. Since the intensity of interactions is high, customers would naturally prefer to deal with banks that make the interaction pleasant and fast. Poor quality of service in terms of errors an delays can seriously erode the confidence of customers in a bank as errors and delays in financial dealings can result in loss, apart from bitterness. Banks that do not take the obligation to provide quality service cannot hope to enjoy the trust and patronage of their customers.

### 2.7 FUNCTIONS OF COMMERCIAL BANKS

**Functions of a Commercial Bank can be classified as under:**

1. Principal/ Primary/ Fundamental functions
2. Subsidiary/ Secondary/ Supplementary functions
(A) **Principal/Primary/Fundamental Functions**

Commercial banks perform many functions. They satisfy the financial needs of the sectors such as agriculture, industry, trade, communication, so they play very significant role in a process of economic social needs. The functions performed by banks, since recently, are becoming customer-centred and are widening their functions. Generally, the functions of commercial banks are divided into two categories; primary functions and the secondary functions. Two ‘acid test’ functions of commercial banks are Accepting deposits and Lending loans. These functions along with credit creation, promotion of cheque system and investment in Government securities form basic functions of commercial banks. The secondary functions of commercial banks include agency services, general utility services and innovative services.

1. **Receiving Deposits:** Most important function of a commercial bank is to accept deposit from those who can save but cannot profitably utilise this savings themselves. By making deposits in bank, savers can earn something in the form of interest and avoid the danger of theft. To attract savings from all sorts of customers, banks maintain different types of accounts such as current account, savings bank account, fixed deposit account, recurring deposit account and derivative deposit account.

2. **Lending of Funds:** The second important function of commercial banks is to advance loans to its customers. Banks charge interest from the borrowers and this is the main source of their income. Modern banks give mostly secured loans for productive purposes. In other words, at the time of advancing loans, they demand proper security or collateral. Generally, the value of security or collateral is equal to the amount of loan. This is done mainly with a view to recover the loan money by selling the security in the event of non-refund of the loan. Commercial banks lend money to the needy people in the form of Cash credits, Term loans, Overdrafts (OD), Discounting of bills, Money at call or short notice etc.
3. **Investment of Funds in Securities:** Banks invest a considerable amount of their funds in government and industrial securities. In India, commercial banks are required by statute to invest a good portion of their funds in government and other approved securities. The banks invest their funds in three types of securities—government securities, other approved securities and other securities. Government securities include both, central and state governments, such as treasury bills, national savings certificate etc. Other securities include securities of state associated bodies like electricity boards, housing boards, debentures of land development banks, units of UTI, shares of regional rural banks etc.

4. **Credit Creation:** When a bank advances a loan, it does not lend cash but opens an account in the borrower’s name and credits the amount of loan to this account. Thus a loan creates an equal amount of deposit. Creation of such deposit is called credit creation. Banks have the ability to create credit many times more than their actual deposit.

5. **Promoting Cheque System:** Banks also render a very useful medium of exchange in the form of cheques. Through a cheque, the depositor directs the banker to make payment to the payee. In the modern business transactions by cheques have become much more convenient method of settling debts than the use of cash. Through promoting cheque system, the banks ensure the exchange of accounted cash. At present, CTS (Cheque Truncation System) cheques are used by Indian Banks to ensure speedy settlement of transactions in between banks. In contrast to the declining importance of cheques, the use of electronic payment instruments at the retail level has been growing rapidly.

(B) **Subsidiary/Secondary/Supplementary Functions**

1. **Agency Services:** Banks act as an agent on behalf of the individual or organisations. Banks, as an agent can work for people, businesses, and other banks, providing a variety of services depending on the nature of the
agreement they make with their clients. Following are the important agency services provided by commercial banks in India.

- Commercial Banks collect cheques, drafts, bill of exchange, interest and dividend on securities, rents etc. on behalf of customers and credit the proceeds to the customer’s account.
- Pay LIC premium, rent, newspaper bills, telephone bills etc.
- Buying and selling of securities.
- Advise on right type of investment.
- Act as trustees (undertake management of money and property), executors (carry out the wishes of deceased customers according to will) and attorneys (collect interest & dividend and issue valid receipt) of their customers.
- Serve as correspondents and representatives of their customers. In this capacity, banks prepare I-Tax returns of their customers, correspond with IT authorities and pay IT of their customers.

2. **General Utility Services**: In addition to agency services, modern banks perform many general utility services for the community. **Following are the important general utility services offered by commercial banks** –

- **Locker facility**: Bank provides locker facility to their customers. The customers can keep their valuables such as gold, silver, important documents, securities etc. in these lockers for safe custody.
- **Issue travellers’ cheques**: Banks issue traveller’s cheques to help their customers to travel without the fear of theft or loss of money. It enables tourists to get fund in all places they visit without carrying actual cash with them.
- **Issue letter of credits**: Banks issue letter of credit for importers certifying their credit worthiness. It is a letter issued by importer’s banker in favour of exporter informing him that issuing banker undertakes to accept the bills drawn in respect of exports made to the importer specified therein.
• Act as referee: Banks act as referees and supply information about the financial standing of their customers on enquiries made by other businessmen.

• Collect information: Banks collect information about other businessmen through the fellow bankers and supply information to their customers.

• Collection of statistics: Banks collect statistics for giving important information about industry, trade and commerce, money and banking. They also publish journals and bulletins containing research articles on economic and financial matters.

• Underwriting securities: Banks underwrite securities issued by government, public or private bodies.

• Merchant banking: Some bank provides merchant banking services such as capital to companies, advice on corporate matters, underwriting etc.

2.8 DEVELOPMENT PHASES OF INDIAN BANKING SECTOR

The Evolution of Indian Banking in the Post 1951 period can be, for purposes of exposition, divided into three broad phases:


C. Phase of Prudential Banking: Since early nineties.

A. Phase of Banking Consolidation: 1951-1964:

During the phase of consolidation, the weaknesses in the banking structure inherited at the time of independence were removed and as a result of the rigorous official measures taken by the RBI under the Banking Regulation Act, 1949, a unified and compact banking system came into being in India. The objective of enacting the Banking Regulation Act, 1949, was to weed out the small, nonviable banking units; tone up the administration by eradicating unsound practices, and managerial abuses; and to afford greater protection to
depositors. As a result, the number of banks progressively declined from 566 in 1951 to 292 in 1961 and further, to 108 in March 1966. The aim was to integrate the banking operations with planning priorities. A major banking development in 1950s was the nationalization of Imperial Bank of India and its transformation into State Bank of India effective from July 1, 1955. In 1960, seven banks became subsidiaries of the State Bank of India. This step was intended to accelerate the pace of extension of banking facilities all over the country. Another significant development, since the mid-fifties, was related to the widening of range of banking operations, which includes, term lending and underwriting of securities, as forms of finance. The directing of bank funds to the requirements of the five year plans was reflected in the flow of bank credit to the priority sector. But the quantitative magnitude to these new areas remained insignificant to materially alter the basic structure of India banking.

Till mid sixties, the banks were essentially oriented to the supply of short-term finance for meeting the working capital requirements of the large industries. The most notable change in the policies of the commercial banks during the consolidation phase was the marked shift in favor of industrial financing and the corresponding sharp fall in the financing of commerce and trade which accounted for the bulk of bank credit at the beginning of the phase. These changes were the result of policy initiatives and encouragement by the Government.

**B. Phase of Innovative Banking: 1964-1990:**

The period after 1964 may be aptly described as the phase of ‘innovative banking’ or ‘revolutionary phase’ or the beginning of the ‘big change’. After 1964, there was a significant shift in the tenor of politics in India’s. In fact, the period 1964-67 witnessed the ‘ascendancy of radicalism ideology’ at the political front and there was an increasing concern about the problem of concentration of economic power in few hands and the widening economic disparities. In operational terms, an equitable distribution of bank credit
among the various classes of borrower became the central issue of an acrimonious debate. The main features of this phase were: Social control, Nationalization and Bank credit to priority sectors. In response to the persistent deficiencies of the banking system i.e., the lack of geographical and functional coverage, that the scheme of social control was introduced at the end of 1967. The basic postulate of this scheme was that the bank credit was an instrument for the attainment of the socio-economic objectives of the state policy. Its main objectives were “achieving a wider spread of bank credit, preventing its misuse, directing large volume of credit flow to priority sectors and making it a most effective instrument of development”. It sought to remove the control of the business houses over banks without removing the private ownership of banks. This was sought to be achieved by reforming their management and making them receptive to the changing concepts and goals of banking. Although the banking system had taken several measures for achieving the objectives of social control, there were still serious reservations amongst a sizeable section of the political leadership about the effectiveness of the social control measures without abolishing the framework of the profit-oriented private ownership of banks. To satisfy this radical ideology, 14 major banks with individual deposits exceeding Rs.50 crores were nationalized on 19th July, 1969. The broad aims of nationalization were: “To control the heights of the economy and meet progressively and serve better the needs of development of the economy in conformity with national policy and objectives”. At the time of nationalization of these banks, the share of public sector in Indian banking in terms of branch offices, deposits and assets was 79.7 per cent, 82.7 per cent and 83.7 per cent respectively. Nationalization was visualized to provide a great impetus to changes and also give a new orientation to the banking system. Six more banks were later nationalized in 1980. Thus, the path breaking measures were taken to achieve the desired social and economic objectives. Thus, ‘Class Banking’ was replaced by ‘Mass Banking’. Another significant feature of this phase is that the flow of bank credit to the priority sector was considerably accelerated following the Bank
Nationalization. As with this structural reorientation the commercial banks were assigned the role of instruments of development. Simultaneously, official policy initiatives were taken to regulate and ration the bank credit available to large industry, as suggested by Tandon and Chore Committees.

C. Phase of Banking Consolidation: 1951-1964:

In the context of deregulated/liberalized/globalized economic environment since the early nineties, the post 1991 era of Indian banking is essentially a phase of prudential/viable/profitable banking. The (CFS), 1991 (Narsimham Committee I) had set a comprehensive agenda for transforming Indian banking against the background of serious deficiencies in the system in the post-nationalization era. The post-nationalization era (1969-91) saw the rise of a geographically wide and functionally diverse banking system in conformity with the expanding and emerging needs of the Indian economy. They impressive progress of Indian banking in achieving social goals (social banking) as reflected in geographical reach and functional spread has indeed been a major development input. “The banking system evolved under an active promotion policy appropriate to the early phase of financial development and the policy of promotion combined with regulation to instill depositor confidence achieved notable success in terms of resource mobilization and credit extension to industry and agriculture and thus assisted in meeting the major development objectives against the background of reasonable stability”. Serious weaknesses developed in the form of decline in productivity and efficiency of the banking system and consequently a serious erosion of its profitability with implication for its viability itself. Gross profits progressively declined to the level of 1.1 per cent of working funds. In case of some banks, the incremental cost of operation per rupee of working funds was more than the incremental income per rupee of working funds. “The erosion of profitability adversely affected the ability of the system to expand its range of services in the context of assisting in the creation of competitive vitality and efficiency in the rural economy”. The factors that
adversely affected the profitability of the banking system were partly external in terms of macro policy environment and partly in terms of organization, staffing and branch spread. It is in the context of the foregoing features of the Indian banking in the post-nationalization period, since the early nineties there was crying need of Indian banking has been the restoration of a competitive and professionally managed structure, policies and practices, and with the implementation of the recommendations of NC-I and NCII, this is fast becoming a reality. The approach of NC-I to reform was to ensure that the system operates on the basis of operational flexibility and functional autonomy with a view to enhancing efficiency, productivity and profitability. The integrity of operations of banks was by far the more relevant issue than the question of their ownership. The focus of reforms until 1997 was on arresting the qualitative deterioration in the functioning of the banking system and a measure of success attended those efforts. The NC-II has outlined a comprehensive framework to consolidate those gains to strengthen the system within the purposive regulation and strong and effective legal system. Financial sector management and reform is a process rather than an event. Many of the recommendations are being implemented by the RBI in a phased manner. A significant step in this direction has been the application of internationally accepted norms to capital adequacy, asset classification and provisioning and income recognition. Also, the reduction in SLR and CRR, setting up of special recovery tribunals, deregulation of interest rates, etc. Thus, the post 1991 phase of Indian banking is characterized by the beginning of ‘sound banking’ in contrast to the social/mass banking’ in contrast to the social/mass banking of the nationalization phase. The future financial viability of the banking sector depends upon the capital support from the Government and enhancing the ability of banks to access the capital market to meet their capital requirements.

2.9 STRUCTURE OF INDIAN BANKING SYSTEM

Banking structure in India is shown in figure - 2.1.
Figure 2.1 – Structure of Indian Banking System (As on 31st October, 2014)

Note: Figures in parentheses indicate number of banks in each group.
Source: Reserve Bank of India, Report on Trend and Progress of Banking in India, various issues.
1. Scheduled Commercial Banks

The scheduled commercial banks are those banks which are included in the second schedule of the RBI Act, 1934. The scheduled banks enjoy several privileges as compared to non-scheduled banks. Scheduled banks are entitled to receive refinance facilities from the Reserve Bank of India. They are also entitled for currency chest facilities. They are entitled to become members of the Clearing House. Besides commercial banks, cooperative banks may also become scheduled banks if they fulfill the criteria stipulated by RBI. These banks are classified into three categories, viz.

1. Public Sector Banks
2. Private Sector Banks
3. Foreign Banks

(i) Public Sector Banks

The term ‘public sector banks’ by itself connotes a situation where the major/full stakes in the banks are held by the Government. Till July 1969, there were only 8 Public Sector Banks (SBI & its 7 associate banks). When 14 commercial banks (total 20 banks) were nationalized in 1969, 100% ownership of these banks was held by the Government of India. Subsequently, six more private banks were nationalized in 1980. However, with the changing in time and environment, these banks were allowed to raise capital through IPOs and there by the share holding pattern has changed. By default the minimum 51% shares would be kept by the Government of India, and the management control of these nationalized banks is only with Central Government. Since all these banks have ownership of Central Government, they can be classified as public sector banks.

(a) State Bank of India and its Associates

The three presidency banks, viz. the Bank of Bengal, the Bank of Bombay and the Bank of Madras were amalgamated into a new bank, named the
Imperial Bank of India in 1921. This bank was functioning as a banker to the government until the formation of RBI in 1935. In May 1955, it was nationalized in the name of State Bank of India (SBI) under the SBI Act, 1955. The main objectives behind the formation of SBI were to: (1) extend banking facilities in the rural and semi-urban areas on a large scale; (2) promote agricultural finance and remove obstacles in the agricultural financial system; (3) assist the GOI in the pursuit of broad economic policies; and (4) assist RBI in formulation and implementation of its credit policies.

SBI has already positioned itself as universal bank in order to cater to the diverse needs of the society. It is gradually converting its branches into ‘super shoppe’ to sell all its products – banking, insurance, mutual fund, credit cards/debit cards, etc.

**(b) Nationalized Banks Including IDBI**

The major objectives behind nationalization of private sector commercial banks were to increase the network of bank branches especially in the rural and semi-urban areas in order to assist in greater mobilization of savings and flow of credit to the neglected and priority sectors like, agriculture, micro and small scale industries. Initially, 14 large banks in the private sector were nationalized in the year 1969 by an Act of Parliament known as Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970. Thereafter, 6 more commercial banks in the private sector with deposits over Rs. 200 crore were also nationalized in 1980. During the periods 1955-1980, 28 banks were nationalized in totality.

Presently, there are 26 nationalized banks after the merger of New India Bank with Punjab National Bank, consisting of (a) the SBI and its 5 subsidiaries, (b) 19 nationalized public sector banks, and (c) IDBI which is classified as other public sector bank.
(ii) Private Sector Banks

The major stakeholders in the private sector banks are individuals and corporate. When banks were nationalized under two tranches (in 1969 and in 1980), all banks were not included. Those non nationalized banks which continue operations even today are classified as Old Generation Private Sector Banks., like Jammu & Kashmir Bank Ltd, Federal Bank, Laxmi Vilas Bank etc. In July 1993 on account of banking sector reforms the Reserve Bank of India allowed many new banks to start banking operations. Some of the leading banks which were given licenses are: UTI bank (presently called Axis Bank) ICICI Bank, HDFC Bank, Kotak Mahindra Bank, Yes Bank etc. These banks are recognized as New Generation Private Sector Banks. Ten banks were licensed on the basis of guidelines issued in January 1993. The guidelines were revised in January 2001 based on the experience gained from the functioning of these banks, and fresh applications were invited.

Of the 10 licences issued in 1993, four banks merged with other lenders over a period of time. Times Bank merged with HDFC Bank, while Global Trust Bank was amalgamated with the state-owned Oriental Bank of Commerce. Centurion Bank took over Bank of Punjab to become Centurion Bank of Punjab, which merged with HDFC Bank in 2008. On account of these new generation private sector banks, a new competitive environment was created in the Indian Banking System. These banks were having competitive advantages over their counterparts (of the existing old private banks, public sector banks) in their IT support system, innovative products, and pricing of their products. Private sector banks have been rapidly increasing their presence in the recent times and offering a variety of newer services to the customers and posing a stiff competition to the group of public sector banks.

(iii) Foreign Banks

The other important segment of the commercial banking is that of foreign banks. Foreign banks have their registered offices outside India, and through
their branches they operate in India. Foreign banks are allowed on reciprocal basis. They are allowed to operate through branches or wholly owned subsidiaries. These foreign banks are very active in Treasury (forex) and Trade Finance and Corporate Banking activities. These banks assist their clients in raising External Commercial Borrowings through their branches outside India or foreign correspondents. They are active in loan syndication as well. Foreign banks have to adhere to all local laws as well as guidelines and directives of Indian Regulators such as Reserve Bank of India, Insurance and Regulatory Development Authority, Securities Exchange Board of India. The foreign banks have to comply with the requirements of the Reserve Bank of India in respect to Priority Sector lending, and Capital Adequacy ratio and other norms.

2. **Regional Rural Banks**

A new category of scheduled banks came into existence in 1975 when 6 Regional Rural Banks (RRBs) came into existence under the Regional Rural Banks Ordinance, 1975. This ordinance was promulgated by the Government of India on September 26, 1975. The ordinance was subsequently replaced by the Regional Rural Banks Act, 1976.

Although co-operative and commercial banks achieved a high reach and disbursement of credit, there existed a vast gap in the area of rural credit. In order to fill up this gap, a new set up of banks, namely, RRBs was established. RRBs were set up as institutions which combine the local feel and familiarity with rural problems, which the co-operatives posses and the degree of business organisation, ability to mobilise deposits, access to central money markets, and modernized outlook which commercial banks have. The major objective of setting up RRBs was to develop the rural economy by providing for the purpose of development of agriculture, trade, commerce, industry and other productive activities in the rural areas, credit and other facilities, particularly to the small and marginal farmers, agricultural labourers, artisans, and small entrepreneurs. The authorized capital of each RRB is Rs.
one crore and the issued capital is Rs. 25 lakh. Of the issued capital, 50 percent is authorized by the Government of India, 15 percent by the concerned state government and the balance, namely, 35 percent by the sponsor bank. RRBs are required to maintain a cash reserve ratio of three percent/they are not liable to pay income tax as they are deemed to be cooperative societies.

3. Non-Scheduled Commercial Banks

These are those banks which are not included in the Second Schedule of the Reserve Bank of India. Usually those banks which do not conform to the norms of the Reserve Bank of India within the meaning of the RBI Act or according to specific functions etc. or according to the judgement of the Reserve Bank, are not capable of serving and protecting the interest of depositors are classified as non-scheduled banks.

2.10 HIGHLIGHTS OF NUMBER OF EMPLOYEES OF SCHEDULED COMMERCIAL BANKS IN INDIA

Table – 2.1: Number of Employees of Scheduled Commercial Banks in India for the period from 2005-06 to 2014-15

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<td>33106</td>
<td>907337</td>
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<tr>
<td>2006-07</td>
<td>255699</td>
<td>473179</td>
<td>139039</td>
<td>28426</td>
<td>896343</td>
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<tr>
<td>2005-06</td>
<td>270608</td>
<td>473725</td>
<td>110505</td>
<td>22117</td>
<td>876955</td>
</tr>
</tbody>
</table>

Source: www.rbi.org.in
2.11 PROFILE OF SELECTED BANKS UNDER THE STUDY

2.11.1 PROFILE OF ICICI BANK

**History**

ICICI Bank was originally promoted in 1994 by ICICI Limited, an Indian financial institution, and was its wholly-owned subsidiary. ICICI's shareholding in ICICI Bank was reduced to 46% through a public offering of shares in India in fiscal 1998, an equity offering in the form of ADRs listed on the NYSE in fiscal 2000, ICICI Bank's acquisition of Bank of Madura Limited in an all-stock amalgamation in fiscal 2001, and secondary market sales by ICICI to institutional investors in fiscal 2001 and fiscal 2002. ICICI was formed in 1955 at the initiative of the World Bank, the Government of India and representatives of Indian industry. The principal objective was to create a development financial institution for providing medium-term and long-term project financing to Indian businesses.
In the 1990s, ICICI transformed its business from a development financial institution offering only project finance to a diversified financial services group offering a wide variety of products and services, both directly and through a number of subsidiaries and affiliates like ICICI Bank. In 1999, ICICI became the first Indian company and the first bank or financial institution from non-Japan Asia to be listed on the NYSE.

After consideration of various corporate structuring alternatives in the context of the emerging competitive scenario in the Indian banking industry, and the move towards universal banking, the managements of ICICI and ICICI Bank formed the view that the merger of ICICI with ICICI Bank would be the optimal strategic alternative for both entities, and would create the optimal legal structure for the ICICI group’s universal banking strategy. The merger would enhance value for ICICI shareholders through the merged entity's access to low-cost deposits, greater opportunities for earning fee-based income and the ability to participate in the payments system and provide transaction-banking services. The merger would enhance value for ICICI Bank shareholders through a large capital base and scale of operations, seamless access to ICICI’s strong corporate relationships built up over five decades, entry into new business segments, higher market share in various business segments, particularly fee-based services, and access to the vast talent pool of ICICI and its subsidiaries.

In October 2001, the Boards of Directors of ICICI and ICICI Bank approved the merger of ICICI and two of its wholly-owned retail finance subsidiaries, ICICI Personal Financial Services Limited and ICICI Capital Services Limited, with ICICI Bank. The merger was approved by shareholders of ICICI and ICICI Bank in January 2002, by the High Court of Gujarat at Ahmedabad in March 2002, and by the High Court of Judicature at Mumbai and the Reserve Bank of India in April 2002. Consequent to the merger, the ICICI group's financing and banking operations, both wholesale and retail, have been integrated in a single entity.
Vision

To be the leading provider of financial services in India and enhance our positioning among global banks through sustainable value creation.

Mission

To create value for our stakeholders by:

- Being the financial services provider of first choice for our customers by delivering high quality, world-class products and services.
- Playing a proactive role in the full realization of India's potential and contributing positively in all markets where we operate.
- Maintaining high standards of governance and ethics; and balancing growth, profitability and risk to deliver and sustain healthy returns on capital.

Corporate Information

Name: ICICI Bank Limited
Date of Establishment: 1954
Headquarter: Mumbai, Maharashtra
Key People:
- Shri M. K. Sharma (Chairman)
- Ms. Chanda Kochhar (MD & CEO)
Trading Code (NSE): ICICIBANK
Trading Code (BSE): 532174
No. of Branches: 4,070 (2014-15)
No. of ATMs: 13,474 (2014-15)
No. of Employees: 67,875 (2014-15)
Website: www.icicibank.com
Board of Directors (Year 2016)
There are 13 directors on the Board responsible for the management of the bank’s business.

List of Directors (As on 31st January, 2016)

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Name</th>
<th>Designation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Shri M. K. Sharma</td>
<td>Chairman</td>
</tr>
<tr>
<td>2.</td>
<td>Ms. Chanda Kochhar</td>
<td>Managing Director &amp; CEO</td>
</tr>
<tr>
<td>3.</td>
<td>Shri Dileep Choksi</td>
<td>Managing Director</td>
</tr>
<tr>
<td>4.</td>
<td>Shri Homi Khusrokhan</td>
<td>Managing Director</td>
</tr>
<tr>
<td>5.</td>
<td>Shri M. S. Ramachandran</td>
<td>Director</td>
</tr>
<tr>
<td>6.</td>
<td>Shri Tushaar Shah</td>
<td>Director</td>
</tr>
<tr>
<td>7.</td>
<td>Shri V. K. Sharma</td>
<td>Director</td>
</tr>
<tr>
<td>8.</td>
<td>Shri V. Sridar</td>
<td>Director</td>
</tr>
<tr>
<td>9.</td>
<td>Shri Alok Tandon</td>
<td>Director</td>
</tr>
<tr>
<td>10.</td>
<td>Shri N. S. Kannan</td>
<td>Executive Director</td>
</tr>
<tr>
<td>11.</td>
<td>Shri K. Ramkumar</td>
<td>Executive Director</td>
</tr>
<tr>
<td>12.</td>
<td>Shri Rajiv Sabharwal</td>
<td>Executive Director</td>
</tr>
<tr>
<td>13.</td>
<td>Ms. Vishakha Mulye</td>
<td>Executive Director</td>
</tr>
</tbody>
</table>

Awards during the Year 2015

- ICICI Bank was ranked first among private banks as per Brand Equity's Most Trusted Brands survey 2015, an initiative of The Economic Times. The Bank was ranked 10th in the list of overall best service brands in the same survey.
- ICICI Bank was declared the winner in the ‘Sustainable Business’ category and runners up in the ‘Big Data & Analytics’ category at the EFMA-Accenture Innovation Awards in Amsterdam.
- ICICI Bank won the 'Best Local Trade Finance Bank in India' at Global Trade Review (GTR) 'Asia Leaders in Trade Awards 2015'.
• The Central Monitoring System (CMS) project of ICICI Bank involving implementation of security systems at branches and 24x7 remote monitoring at a central Network Operations Center (NOC) was adjudged the best 'IT Security Initiative Project’ at Elets 11th Annual eINDIA Summit Awards 2015 held in Mumbai.

• ICICI Bank won the 'Best Website Design' in Asia-Pacific at Global Finance’s 2015 World’s Best Digital Bank Awards.

• ICICI Bank won the first prize at the National Energy Conservation Award 2015 under the office buildings category.

• Ms. Chanda Kochhar featured in Fortune India’s list of Most Powerful Women in Business.

• ICICI Bank won awards in the categories of ‘Use of Technology for Fraud Prevention and NPA Management’ among large banks and ‘Evangelising Technology Adoption’ among large banks at the IDRBT Banking Technology Excellence Awards 2015.

• Ms. Chanda Kochhar was conferred with the 2015 Asia Game Changers Award.

• ICICI Bank won the award of 'Top Borrowers in Asia - India' at 2015 Fixed Income Research Poll in a poll conducted by Finance Asia magazine.


• Ms. Chanda Kochhar featured in the list of ‘Time 100 Most Influential People, 2015’.

• Ms. Chanda Kochhar featured in Forbes Asia Magazine’s 2015 list of Asia’s 50 Power Businesswomen and in the list of CNBC TV18’s top 15 Indian Business Icons.

• ICICI Bank won a total of seven awards at the ‘National Award for Excellence in Energy Management 2015’ organized by the Confederation of Indian Industry (CII).

• Ms. Chanda Kochhar ranked first in Fortune’s list of 'Most Powerful Women' in Asia Pacific.

Congratulations to Mr. Rakesh Jha for securing the top position in the category of ‘Best CFO’ for banks, announced by Institutional Investor, a US-based magazine. This result was determined by a poll in which 625 sell side analysts across 16 sectors participated. The poll is part of an initiative by the magazine to determine the ‘2015 All Asia Executive Team’ rankings among financial institutions.

ICICI Bank has been adjudged the ‘Best Retail Bank in India’ by The Asian Banker. It has also emerged winners in the categories of ‘Best Internet Banking Initiative’ and ‘Best Customer Risk Management Initiative’ awards given by The Asian Banker.

ICICI Bank has been declared as the first runner up at Outlook Money Awards 2015 in the category of ‘Best Bank’.

ICICI Bank won an award in the BFSI Leadership Summit & Awards in the 'Best Phone Banking for End-users' category.

ICICI Bank won in six categories and was the first runner-up in one category among Private Sector Banks at IBA Banking Technology Awards, 2015. The bank was declared winner in the six categories of Best Technology Bank of the Year, Best use of Data, Best Risk Management Initiatives, Best use of Technology in Training, Human Resources and e-Learning initiatives, Best Financial Inclusion Initiative and Best use of Digital and Channels Technology. ICICI Bank was the first runner-up in Best use of Technology to Enhance Customer Experience.

**Status of ICICI Bank as at 31st March, 2015**

ICICI Bank is India’s largest private sector bank with total assets of Rs. 6,461.29 billion (US$ 103 billion) at March 31, 2015 and profit after tax Rs. 111.75 billion (US$ 1,788 million) for the year ended March 31, 2015. ICICI Bank currently has a network of 4,070 Branches and 13,474 ATM’s across India.
**Human Resource Practices at ICICI Bank in India**

In January 2015, the ICICI Group celebrated 60 years of service to the nation. This was a celebration of not only the spirit of ICICI as an institution but also of the work and efforts of the employees and leaders of the institution. The Bank believes that its people are its true assets. The relationship the Bank and its employees share is characterised by the contribution the Bank makes into employees in terms of providing them with challenging roles and assignments, opportunities for personal growth, relevant and timely performance support, training and an enabling work environment. The Bank believes that good service is integral to the quality of business generated and when employees personally experience such service at work they would display the same towards the Bank’s customers. This belief led to the launch of the Bank’s *Saath Aapka* philosophy which was the Bank’s promise to its employees, similar to its *Khayaal Aapka* philosophy towards its customers.

The bank strongly believes in nurturing talent within the bank. In line with this belief, the bank has put in place several initiatives that focus on leadership and talent development across grades. The bank has built a robust leadership bench not only at the senior management level but also for all critical positions up to the middle management level and frontline roles in sales, service & operations. The bank has created a second line of leaders for all critical positions. This ensures managerial continuity and facilitates a long-term and steady association with customers.

The bank continues to leverage its internal, role-linked and functional training academies to provide the requisite knowledge and skills to employees and enhancing the pool of suitable successors for critical roles. These academies provide banking knowledge with a focus on practical application. The Branch Banking Academy conducts the ‘Branch Leadership Program’ to train and certify eligible employees to assume leadership roles at branches. ‘Skill through Drill’, a 12-week audio-video based programme, is conducted for all branch employees to build skills in threshold service
behaviours through regular practice and role plays. The ‘STAR’ (Sales Talent Acceleration and Recognition) programme, continues to serve as a structured career progression plan for high performing sales personnel. Under this, high performing sales personnel are selected into the Probationary Officers’ programme of the Bank. The STAR programme aims to inculcate strong relationship skills in the frontline managers in line with the Bank's philosophy of *Khayaal Aapka*. The bank has launched the Young Leaders Programme (YLP) to provide a structured career progression plan for high performing employees at the Assistant Manager grade. This programme is a one year residential course (jointly offered with NMIMS, a management institute in Mumbai) with six months of internship, which prepares employees for critical positions like credit manager, wealth manager and in branch banking roles.

The industry-academia programmes which include the Institute for Finance, Banking & Insurance (IFBI) for entry level jobs in customer service and operations for the banking and financial services sector; ICICI Bank Sales Academy for frontline customer acquisition roles; ICICI Manipal Academy (IMA) for entry level managerial roles and ICICI Business Leadership Programmes for roles in risk management, wholesale banking, treasury and IT, continue to provide pre-trained skilled manpower for specialized roles in the bank. All these programmes have significant focus on skill building through practice sessions in classrooms as well as structured internship in the bank’s branches and offices. They provide inputs on the bank’s products, norms, IT systems, service philosophy and the regulatory guidelines, equipping the new employees with required knowledge and skills even before they join the bank. The various industry-academia programmes serve the twin objectives of acculturation and ensuring first day-first hour productivity of the new hires. The ‘young faculty immersion programme’, which the Bank conducts for the faculty of ICICI Manipal Academy, also
ensures that the faculty is sufficiently imbued with the bank's culture and processes.

ICICI bank has leveraged technology and used innovative methods to assist employees to serve the customers effectively. The bank has deployed games and simulation based trainings to develop service and transaction processing skills in employees. Since the last few years, the bank has implemented several real-time performance support tools for employees through the launch of ‘Business Companion’. These are smart phone/tab based performance support tools for employees across business groups who are in the field and need real-time access to critical product and process related information. Easy access to such knowledge, while on the move, has helped relationship teams and operations groups to reduce rework and deliver superior service to its customers.

ICICI bank has liberal leave policies which are aligned to various life stage needs of employees. Special holidays are given for adoption, childcare, fertility treatment and maternity in addition to privilege leave, casual leave and sick leave. It has also established a 24X7 emergency helpline to support employees and their family members. The bank has launched a Quick Response Team (QRT) to respond to women employees if they are in distress while commuting. ICICI bank believes in the philosophy of being a caring meritocracy. The leaders in the bank while being demanding on performance from colleagues are also sensitised to be considerate towards the needs of team members. They should support their team members during difficult times and invest in developing capabilities within the team. Care and sensitivity are important behavioural characteristics that the bank evaluates during the annual leadership potential assessment exercise. Care for customers and fellow colleagues, treating others with respect, dignity and empathy are important aspects of ICICI bank's culture. The bank ensures that all the employee policies and practices are underpinned by its philosophy of being a caring meritocracy.
Important Snapshot of ICICI Bank in India from 2005-06 to 2014-15

Table – 2.2: Numerical Highlights of ICICI Bank from 2005-06 to 2014-15

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Offices</th>
<th>Number of Employees</th>
<th>Business Per Employee (in Rs. Lakh)</th>
<th>Profit Per Employee (in Rs. Lakh)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014-15</td>
<td>4050</td>
<td>67857</td>
<td>832.00</td>
<td>16.00</td>
</tr>
<tr>
<td>2013-14</td>
<td>3753</td>
<td>72226</td>
<td>747.00</td>
<td>14.00</td>
</tr>
<tr>
<td>2012-13</td>
<td>3134</td>
<td>62065</td>
<td>735.00</td>
<td>14.00</td>
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<tr>
<td>2011-12</td>
<td>2786</td>
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<td>708.00</td>
<td>11.00</td>
</tr>
<tr>
<td>2010-11</td>
<td>2565</td>
<td>26929</td>
<td>735.00</td>
<td>10.00</td>
</tr>
<tr>
<td>2009-10</td>
<td>1721</td>
<td>35256</td>
<td>765.00</td>
<td>12.00</td>
</tr>
<tr>
<td>2008-09</td>
<td>1434</td>
<td>34596</td>
<td>1154.00</td>
<td>11.00</td>
</tr>
<tr>
<td>2007-08</td>
<td>1269</td>
<td>40686</td>
<td>1008.00</td>
<td>10.00</td>
</tr>
<tr>
<td>2006-07</td>
<td>716</td>
<td>33321</td>
<td>1027.00</td>
<td>9.00</td>
</tr>
<tr>
<td>2005-06</td>
<td>569</td>
<td>25384</td>
<td>905.00</td>
<td>10.00</td>
</tr>
</tbody>
</table>

Source: www.rbi.org.in

2.11.2 PROFILE OF HDFC BANK
History

HDFC Bank Limited was incorporated in August 1994. It was promoted by Housing Development Finance Corporation Limited (HDFC), India’s largest housing finance company. It was among the first companies to receive an 'in principle' approval from the Reserve Bank of India (RBI) to set up a bank in the private sector. The bank started operations as a scheduled commercial bank in January 1995 under the RBI’s liberalization policies.

HDFC Bank comprises of a dynamic and enthusiastic team determined to accomplish the vision of becoming a World-Class Indian bank. HDFC bank's business philosophy is based on our four core values - Customer Focus, Operational Excellence, Product Leadership and People. They believe that the ultimate identity and success of their bank will reside in the exceptional quality of people and their extraordinary efforts. They are committed to hiring, developing, motivating and retaining the best people in the industry.

On 26 February 2000, Times Bank Limited owned by The Times Group (Bennett, Coleman & Co.) was merged with HDFC Bank Ltd. This was the first merger of two private banks in India. Shareholders of Times Bank received 1 share of HDFC Bank for every 5.75 shares of Times Bank.

Vision & Mission

HDFC Bank’s vision is to be "a World Class Indian Bank”, benchmarking ourselves against international standards and best practices in terms of product offerings, technology, service levels, risk management and audit & compliance.

Logo

Tagline

“WE UNDERSTAND YOUR WORLD”
Corporate Information

Name : HDFC Bank Limited
Date of Establishment : August, 1994
Headquarter : Mumbai, Maharashtra
Key People : Mrs. Shyamala Gopinath (Chairperson)
               Aditya Puri (MD)
Trading Code (NSE) : HDFCBANK
Trading Code (BSE) : 500180
No. of Branches : 4,0143 (2014-15)
No. of ATMs : 11,766 (2014-15)
No. of Employees : 76,286 (2014-2015)
Website : www.hdfcbank.com

Board of Directors (Year 2016)

There are 10 directors on the Board responsible for the management of the bank’s business.

List of Directors (As on 31st January, 2016)

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Name</th>
<th>Designation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Mrs. Shyamala Gopinath</td>
<td>Non-Executive Chairperson</td>
</tr>
<tr>
<td>2.</td>
<td>Shri Aditya Puri</td>
<td>Managing Director</td>
</tr>
<tr>
<td>3.</td>
<td>Shri Paresh Sukthankar</td>
<td>Deputy Managing Director</td>
</tr>
<tr>
<td>4.</td>
<td>Shri A. N. Roy</td>
<td>Executive Director</td>
</tr>
<tr>
<td>5.</td>
<td>Shri Keki Mistry</td>
<td>Executive Director</td>
</tr>
<tr>
<td>6.</td>
<td>Mrs. Renu Karnad</td>
<td>Executive Director</td>
</tr>
<tr>
<td>7.</td>
<td>Shri Kaizad Bharucha</td>
<td>Executive Director</td>
</tr>
<tr>
<td>8.</td>
<td>Mr. Partho Datta</td>
<td>Director</td>
</tr>
<tr>
<td>9.</td>
<td>Shri Bobby Parikh</td>
<td>Director</td>
</tr>
<tr>
<td>10.</td>
<td>Shri Malay Patel</td>
<td>Additional Director</td>
</tr>
</tbody>
</table>
Awards during the Year 2015

National Payments Excellence Awards 2015 HDFC Bank wins NPCI National Payments Excellence Awards
Business Today Award Best CEO Award - Mr. Aditya Puri
Kerala's State Forum of Bankers' Club Award Best Bank Branch
FinanceAsia Awards Best Equity Deal in Asia Award
IDC Insights Award 2015 Excellence in Customer Experience
QualTech Award HDFC Bank wins Award at 27th QIMPRO Convention
Lean Sigma project competition Best Case Study Award
IDRBT Banking Technology Excellence Awards 2014-15 Best Bank Award for Cyber Security Risk Management among Large Banks
FinanceAsia Country Awards 2015 - Best Asian Bank - Best Domestic Bank - India
Forbes Asia Fab 50 Companies List for the 9th year
ALMA Managing India Awards 2015 Business Leader of the Year - Aditya Puri
Barron's World's 30 Best CEOs - Mr Aditya Puri
Finance Asia poll on Asia's Best Companies 2015 Best Managed Public Company - India' Best CEO- Aditya Puri
Best Corporate Governance- Rank 3 Best Investor Relations- Rank 3
J. P Morgan Quality Recognition Award Best in class straight Through Processing Rates

Status of HDFC Bank as at 31st March, 2015

HDFC Bank is India's leading private sector bank with total assets of Rs. 59,05,030 crores at March 31, 2015 and profit after tax Rs. 10,216 crores for the year ended March 31, 2015. HDFC Bank currently has a network of 4,014 Branches and 11,766 ATM's across covered in 2,464 cities/towns in India.
**Human Resource Practices at HDFC Bank in India**

(i) **Employee Development:** The Performance Management System (PMS) of the bank assesses the performance and helps to differentiate between the various categories of performance. Higher rewards for higher levels of performance have been a fundamental philosophy of the bank. Apart from rewards, the PMS allows for identification of training and development needs for employees. Bank lays emphasis in rotating key talent for professional development and growth and building a leadership pipeline for the future.

(ii) **Rewards and Recognition:** The bank has a comprehensive compensation policy that has been articulated in line with the Reserve Bank of India’s guidelines. Bank is committed to ensure that employees are competitively positioned vis-à-vis market with respect to both fixed as well as variable pay. Bank grants employee stock options to a certain segment of the employee population in order to align employee efforts to the creation of shareholder value. Apart from the standard compensation the bank also has a well institutionalized recognition program called “Star Awards” to recognize the contribution of employees on an ongoing basis.

(iii) **Employee Engagement:** Number of initiatives related to employee engagement go a long way in helping individuals showcase their talent or pursue their interests other than work. Bank conducted comprehensive sports activities like ‘Josh Unlimited’, a multi-city, multi-discipline sports event held across 26 cities. Stepsthlon – a race around a Virtual World is a unique initiative which creates an ecosystem that promotes corporate health, fitness and productivity. This was the third consecutive year of this event and was received with great enthusiasm. Bank received the most active team award. The voice hunt contest in association with Shanker Mahadevan Academy, Sensations – the Bank’s in-house musical band contest’ and the corporate photography contest were some of the other prominent engagement initiatives.
Important Snapshot of HDFC Bank in India from 2005-06 to 2014-15

Table – 2.3: Numerical Highlights of HDFC Bank from 2005-06 to 2014-15

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Offices</th>
<th>Number of Employees</th>
<th>Business Per Employee (in Rs. Lakh)</th>
<th>Profit Per Employee (in Rs. Lakh)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014-15</td>
<td>4014</td>
<td>76286</td>
<td>1010.00</td>
<td>10.00</td>
</tr>
<tr>
<td>2013-14</td>
<td>3403</td>
<td>68165</td>
<td>890.00</td>
<td>12.00</td>
</tr>
<tr>
<td>2012-13</td>
<td>3046</td>
<td>69401</td>
<td>750.00</td>
<td>10.00</td>
</tr>
<tr>
<td>2011-12</td>
<td>2553</td>
<td>66076</td>
<td>654.00</td>
<td>8.00</td>
</tr>
<tr>
<td>2010-11</td>
<td>1999</td>
<td>55752</td>
<td>653.00</td>
<td>7.40</td>
</tr>
<tr>
<td>2009-10</td>
<td>1729</td>
<td>51888</td>
<td>590.00</td>
<td>5.98</td>
</tr>
<tr>
<td>2008-09</td>
<td>1422</td>
<td>52687</td>
<td>446.00</td>
<td>4.18</td>
</tr>
<tr>
<td>2007-08</td>
<td>745</td>
<td>37386</td>
<td>506.00</td>
<td>1.97</td>
</tr>
<tr>
<td>2006-07</td>
<td>666</td>
<td>21477</td>
<td>607.00</td>
<td>6.13</td>
</tr>
<tr>
<td>2005-06</td>
<td>516</td>
<td>14878</td>
<td>758.00</td>
<td>7.39</td>
</tr>
</tbody>
</table>

Source: www.rbi.org.in

2.11.3 PROFILE OF AXIS BANK
History

Axis Bank began its operations in 1994, after the Government of India allowed new private banks to be established. The Bank was promoted in 1993 jointly by the Administrator of the Unit Trust of India (UTI-I), Life Insurance Corporation of India (LIC), General Insurance Corporation Ltd., National Insurance Company Ltd., The New India Assurance Company, The Oriental Insurance Corporation and United India Insurance Company. The Unit Trust of India holds a special position in the Indian capital markets and has promoted many leading financial institutions in the country.

Axis Bank (erstwhile UTI Bank) opened its registered office in Ahmedabad and corporate office in Mumbai in December 1993. The first branch was inaugurated on 2 April, 1994, in Ahmedabad by Dr. Manmohan Singh, the then Finance Minister of India.

Vision & Mission

To be the preferred financial solutions provider excelling in customer delivery through insight, empowered employees and smart use of technology.

Logo

tagline

"EVERYTHING IS SAME EXCEPT THE NAME"

Corporate Information

Name : Axis Bank Limited
Date of Establishment : 1994
Headquarter : Mumbai, Maharashtra
Key People : Dr. Sanjiv Misra (Chairman)
             Shikha Sharma (MD & CEO)
Trading Code (NSE) : AXISBANK
Trading Code (BSE) : 532215
No. of Branches : 2,859 (2014-15)
No. of ATMs : 12,355 (2014-15)
No. of Employees : 42,230 (2014-15)
Website : www.axisbank.com

Board of Directors

There are 13 directors on the Board responsible for the management of the bank’s business.

List of Directors (As on 31st March, 2015)

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Name</th>
<th>Designation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Shri Sanjiv Sharma</td>
<td>Chairman</td>
</tr>
<tr>
<td>2.</td>
<td>Ms. Shikha Sharma</td>
<td>Managing Director &amp; CEO</td>
</tr>
<tr>
<td>3.</td>
<td>Shri K. N. Prithviraj</td>
<td>Director</td>
</tr>
<tr>
<td>4.</td>
<td>Shri V. R. Kaundinya</td>
<td>Director</td>
</tr>
<tr>
<td>5.</td>
<td>Shri Prasad R. Menon</td>
<td>Director</td>
</tr>
<tr>
<td>6.</td>
<td>Shri Samir K. Barua</td>
<td>Director</td>
</tr>
<tr>
<td>7.</td>
<td>Shri Som Mittal</td>
<td>Director</td>
</tr>
<tr>
<td>8.</td>
<td>Ms. Ireena Vittal</td>
<td>Director</td>
</tr>
<tr>
<td>9.</td>
<td>Shri Rohit Bhagat</td>
<td>Director</td>
</tr>
<tr>
<td>10.</td>
<td>Ms. Usha Sangwan</td>
<td>Director</td>
</tr>
<tr>
<td>11.</td>
<td>Shri S. Vishvanathan</td>
<td>Director</td>
</tr>
<tr>
<td>12.</td>
<td>Shri V. Sinivasan</td>
<td>Executive Director &amp; Head</td>
</tr>
<tr>
<td>13.</td>
<td>Shri Sanjeev K. Gupta</td>
<td>Executive Director &amp; CFO</td>
</tr>
</tbody>
</table>

Awards during the Year 2015

- Axis Bank conferred the Certificate of Recognition for excellence in Corporate Governance by the Institute of Company Secretaries of India (ICSI), for the year 2015.
- Axis Bank recognized as a winner amongst Large Banks category for excellent performance in IMPS - National Payments Excellence Awards 2015.
• Best Domestic Bank in India - Asiamoney Best Banks 2015.
• Axis Bank's Mobile App tops Forrester's review of Smartphone Mobile Banking Apps in India.
• Axis Bank was selected as the Best Private Sector Bank under the category Rural Reach at the Dun & Bradstreet Banking Awards 2015.
• Axis Bank has been ranked amongst the Top 75 safest banks in the world by The Banker.
• Axis Bank has been conferred with IDRBT Best Bank Award for Digital Banking, Analytics & Big Data among large banks.
• Axis Bank has been featured in Limca Book of Records 2015 for creating a National Record for its campaign - 'Plant a Sapling'.
• Mobile Banking Initiative of the Year - India, Asian Banking and Finance (ABF) Retail Banking Awards 2015.
• Advertising Campaign of the Year - India, Asian Banking and Finance (ABF) Retail Banking Awards 2015.
• Axis bank has been awarded the title of Superbrand 2014-2015, by Superbrands.
• No. 1 Promising Banking Brand of 2015, ET Best Brands 2015.
• Best Corporate Payment Project- The Asian Banker Technology Implementation Award 2015.
• Best HR System Project -The Asian Banker Technology Implementation Award 2015.
• The Compliance Risk Technology Implementation of the Year -The Asian Banker Risk Management Awards 2015.
• Axis Bank felicitated at CNBC Awaaz Act for Good Governance Summit 2015.
• Winner in the 'Best Payment Initiatives’ category amongst Private Sector Banks, IBA Banking Technology Awards 2015.
• Runners up in the 'Technology Bank of the Year’ category amongst the Private sector Banks, IBA Banking Technology Awards 2015.
**Status of AXIS Bank as at 31st March, 2015**

AXIS Bank is India's leading private sector bank with total assets of Rs. 461,932.39 crores at March 31, 2015 and profit after tax Rs. 7,357.82 crores for the year ended March 31, 2015. AXIS Bank currently has a network of 2,859 Branches and 12,355 ATM's across India.

**Human Resource Practices at AXIS Bank in India**

Bank remains focused on creating and developing human capital through improving organizational effectiveness, providing safe and ethical work environment, and maintaining stability and sustainability amidst the rapidly changing business environment and growth.

The bank focuses on building learning infrastructure by entering into tie-ups with universities of repute, for ensuring adequate supply of skilled manpower with day zero productivity to support its growing business. The bank also focuses on ‘Leadership Development’ with particular focus on developing strategic leadership capabilities in future leaders. The bank has defined ‘Axis Leadership Practices’ (ALPs) for all employees to promote desired behaviours at different levels of the hierarchy and has promoted the ALPs by seamlessly integrating it to the bank’s people oriented processes like Talent Acquisition, Performance Management System, Leadership Development and Feedback.

The bank has built a learning infrastructure that facilitates the learning process across all levels through a blended learning approach of classroom programs, external programs, certification programs as well as e-learning modules. The learning management system ‘Axis Academy’ allows the bank to reach out to employees across geographies in real time with minimal cost to provide best in class learning solutions. The bank has partnered with leading online portals to impart capability development.

To promote a healthy and safe work environment for the employees, the bank fosters work-life balance and condemns any kind of unfair treatment in the
workplace. The bank also offers an emergency helpline service to the women employees in order to provide immediate safety response during any emergency situation.

Regulation and compliance have remained as the major focus areas for the bank with adequate channels for raising concerns supported by a grievance handling mechanism. In recognition to the strict compliant and ethical culture, the bank has been awarded ‘Best Work Ethics Award 2014’ by Economic Times.

The bank hosts several employee engagement programs through online and offline channels to foster a spirit of connectedness. Employee engagement surveys are conducted periodically to seek regular feedback from employees on the policies and practices to strengthen the journey towards creating a team of empowered employees oriented towards the realization of the bank’s corporate vision.

The strength of the workforce was 42,230 at the end of the year. A young and engaged workforce with an average age of 30 years and the bank’s policy on being an equal opportunity employer continues to significantly contribute towards the Axis Bank brand.

The bank is also a socially responsible employer. In addition to the activities carried out through ‘Axis Bank Foundation’, the bank has partnered with ‘Teach for India’ in its mission to reform education and seek an innovative solution to ending educational inequality in India by deputing employees as Fellows in their program. Through the fulfillment of its HR program, the bank continues to strive towards realization of its vision of being the preferred financial service provider excelling in customer delivery through insight, empowered employees and smart use of technology.
**Important Snapshot of AXIS Bank in India from 2005-06 to 2014-15**

**Table – 2.4: Numerical Highlights of AXIS Bank from 2005-06 to 2014-15**

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Offices</th>
<th>Number of Employees</th>
<th>Business Per Employee (in Rs. Lakh)</th>
<th>Profit Per Employee (in Rs. Lakh)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014-15</td>
<td>2589</td>
<td>42230</td>
<td>1371.00</td>
<td>17.07</td>
</tr>
<tr>
<td>2013-14</td>
<td>2402</td>
<td>42420</td>
<td>1230.00</td>
<td>15.42</td>
</tr>
<tr>
<td>2012-13</td>
<td>2019</td>
<td>41752</td>
<td>1215.00</td>
<td>15.00</td>
</tr>
<tr>
<td>2011-12</td>
<td>1701</td>
<td>31738</td>
<td>1276.00</td>
<td>14.00</td>
</tr>
<tr>
<td>2010-11</td>
<td>1466</td>
<td>26341</td>
<td>1366.00</td>
<td>14.00</td>
</tr>
<tr>
<td>2009-10</td>
<td>1019</td>
<td>21640</td>
<td>1111.00</td>
<td>12.00</td>
</tr>
<tr>
<td>2008-09</td>
<td>786</td>
<td>20624</td>
<td>1060.00</td>
<td>10.02</td>
</tr>
<tr>
<td>2007-08</td>
<td>626</td>
<td>14739</td>
<td>1117.00</td>
<td>8.39</td>
</tr>
<tr>
<td>2006-07</td>
<td>501</td>
<td>9980</td>
<td>1024.00</td>
<td>7.59</td>
</tr>
<tr>
<td>2005-06</td>
<td>352</td>
<td>6553</td>
<td>1020.00</td>
<td>8.69</td>
</tr>
</tbody>
</table>

Source: [www.rbi.org.in](http://www.rbi.org.in)

**2.11.4 PROFILE OF KOTAK MAHINDRA BANK**
History

Kotak Mahindra group, established in 1985 by Uday Kotak, is one of India’s leading financial services conglomerates. In February 2003, Kotak Mahindra Finance Ltd. (KMFL), the Group’s flagship company, received a banking licence from the Reserve Bank of India (RBI). With this, KMFL became the first non-banking finance company in India to be converted into a bank – Kotak Mahindra Bank Limited (KMBL).

Kotak Mahindra Bank is an Indian private sector banking headquartered in Mumbai, Maharashtra, India. In February 2003, Reserve Bank of India (RBI) gave the licence to Kotak Mahindra Finance Ltd., the group’s flagship company, to carry on banking business. It offers a wide range of banking products and financial services for corporate and retail customers through a variety of delivery channels and specialized subsidiaries in the areas of personal finance, investment banking, life insurance, and wealth management.

<table>
<thead>
<tr>
<th>Year</th>
<th>Milestone</th>
</tr>
</thead>
<tbody>
<tr>
<td>1985</td>
<td>Kotak Mahindra Finance Limited commences bill discounting business</td>
</tr>
<tr>
<td>1987</td>
<td>Kotak Mahindra Finance Limited enters leasing and hire purchase business</td>
</tr>
<tr>
<td>1990</td>
<td>Starts the auto finance division for financing passenger cars</td>
</tr>
<tr>
<td>1991</td>
<td>Launches investment banking business</td>
</tr>
<tr>
<td>1992</td>
<td>Enters the funds syndication business</td>
</tr>
<tr>
<td>1995</td>
<td>Commenced joint venture with Goldman Sachs Group Inc. Investment Banking division incorporated into a separate company - Kotak Mahindra Capital Company</td>
</tr>
<tr>
<td>1996</td>
<td>The auto finance business is hived off into a separate company - Kotak Mahindra Prime Limited (formerly known as Kotak Mahindra Primus Limited). Kotak Mahindra takes a significant stake in Ford Credit Kotak Mahindra Limited, for financing Ford vehicles.</td>
</tr>
</tbody>
</table>

2000 : Kotak Securities launches online broking business (now www.kotaksecurities.com).

2001 : Launches insurance business, partners Old Mutual from South Africa to form Kotak Mahindra Old Mutual Life Insurance Ltd.

2003 : Kotak Mahindra Finance Ltd. (KMFL), the group’s flagship company, receives banking license from the Reserve Bank of India (RBI). With this, KMFL becomes the first non-banking finance company to be converted into a commercial bank - Kotak Mahindra Bank Ltd.

**Vision**

To be the most trusted Global Indian Financial Services brand and the most preferred financial services employer with focus on creating value.

**Logo**

“LET’S MAKE MONEY SIMPLE”

**Corporate Information**

<table>
<thead>
<tr>
<th>Name</th>
<th>Kotak Mahindra Bank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date of Establishment</td>
<td>1985</td>
</tr>
<tr>
<td>Headquarter</td>
<td>Mumbai, Maharashtra</td>
</tr>
<tr>
<td>Key People</td>
<td>Dr. Shankar Acharya (Non-Executive Chairman)</td>
</tr>
<tr>
<td></td>
<td>Uday Kotak (Founder &amp; Executive Vice Chairman)</td>
</tr>
<tr>
<td>Trading Code (NSE)</td>
<td>KOTAKBANK</td>
</tr>
<tr>
<td>Trading Code (BSE)</td>
<td>500247</td>
</tr>
<tr>
<td>No. of Branches</td>
<td>684 (2014-15)</td>
</tr>
<tr>
<td>No. of ATMs</td>
<td>1,273 (2014-15)</td>
</tr>
<tr>
<td>No. of Employees</td>
<td>18,335 (2014-15 before merger with ING Vysya)</td>
</tr>
<tr>
<td>Website</td>
<td><a href="http://www.kotak.com">www.kotak.com</a></td>
</tr>
</tbody>
</table>
**Board of Directors**

There are 11 directors on the Board responsible for the management of the bank’s business.

**List of Directors (As on 31st March, 2015)**

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Name</th>
<th>Designation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Dr. Shankar Acharya</td>
<td>Non-Executive Chairman</td>
</tr>
<tr>
<td>2.</td>
<td>Shri Uday Kotak</td>
<td>Founder, Executive Vice Chairman &amp; MD</td>
</tr>
<tr>
<td>3.</td>
<td>Shri C. Jayaram</td>
<td>Joint Managing Director</td>
</tr>
<tr>
<td>4.</td>
<td>Shri Dipak Gupta</td>
<td>Joint Managing Director</td>
</tr>
<tr>
<td>5.</td>
<td>Shri Asim Ghosh</td>
<td>Independent Director</td>
</tr>
<tr>
<td>6.</td>
<td>Shri Prakash Apte</td>
<td>Independent Director</td>
</tr>
<tr>
<td>7.</td>
<td>Shri Amit Desai</td>
<td>Independent Director</td>
</tr>
<tr>
<td>8.</td>
<td>Shri Narendra P. Sarda</td>
<td>Independent Director</td>
</tr>
<tr>
<td>9.</td>
<td>Prof. Mahendra Dev</td>
<td>Independent Director</td>
</tr>
<tr>
<td>10.</td>
<td>Mrs. Farida Khambata</td>
<td>Independent Director</td>
</tr>
<tr>
<td>11.</td>
<td>Shri Mark Edwin Newman</td>
<td>Independent Director</td>
</tr>
</tbody>
</table>

**Awards during the Year 2015**

**Kotak Mahindra Bank Ltd. (KMBL)**

- Uday Kotak - Ernst & Young World Entrepreneur Of The Year Award 2014
- Uday Kotak - 'Transformational Business Leader Award' at the AIMA Managing India Awards 2014
- Uday Kotak - 'Entrepreneur of the Decade' by Bombay Management Association (BMA)
- Uday Kotak - Banker of the year 2014 by Businessworld magazine
- Shanti Ekambaram - Woman of the Year award in the Banking and Financial Services category for 2013-2014 by IMC Ladies Wing
- Shanti Ekambaram - Among Business Today’s Most Powerful Women in Indian Business
- Best Bank in 2014 by Business India
• Most Imminent Bank 2014 by Outlook Money
• Kotak Jifi at the Indian Digital Media Awards 2014:
  • Gold Award for Best Innovation - World’s first socially powered bank account
  • Gold Award for Best App developed - World's first banking application using Twitter
• Kotak Jifi at Campaign India Digital Crest Awards:
  • Platinum for Innovation - World's first Twitter Enabled Banking Product
  • Gold for Best Usage of Viral Marketing
  • Gold for Best Usage of Social Media
  • Gold for Best Usage of Digital Marketing
  • Gold for Best Digital Strategy
• 'Best Prepaid Card Programme' at Financial Inclusion & Payments System (FIPS) 2014 for Kotak Samruddhi
• 9th most valuable brand in India in the BrandZ’s 50 most valuable Indian brands ranking
• Best Local Cash Management Bank in India (6th year in a row) in the Asiamoney Cash Management Poll 2014 (For small and medium enterprises)
• Excellence in Security under 'Security in Bank' category at the Data Security Council of India Excellence Awards 2014
• Amit Jain (KMBL), Gaurav Sarayan (KMBL) and Prateek Diwan (KMCC) - Among the top 37 talented people in The Economic Times Young Leaders List, selected from across some 20000 executives
• Manoj Mauni, VP - Information Technology - among the top 100 IT professionals in the ITNEXT 100, an initiative of the ITNEXT magazine that recognises and awards senior IT professionals who stand out as CIOs in the years to come

Kotak Mahindra Capital Company (KMCC)
• Best Investment Bank in India, FinanceAsia Country Awards for Achievement 2014
• Best ECM House in India, FinanceAsia Country Awards for Achievement
• Best Domestic Equity House by Asiamoney - 2014

**Kotak Securities (KSec)**
• Best Broker in India, FinanceAsia Country Awards for Achievement 2014
• Broker of the Year in India in The Asian Banker Financial Markets Awards
• Kotak Securities internal magazine 'Our Pulse’ - 'Best Magazine among Banks’ award by ICE Awards
• Best Research as Research Showcase Partner at ResearchBytes IC Awards

**Status of KOTAK MAHINDRA Bank as at 31st March, 2015**

Kotak Mahindra Bank is India’s leading private sector bank with total assets of Rs. 1,48,576 crores at March 31, 2015 and profit after tax Rs. 3,045 crores for the year ended March 31, 2015. Kotak Mahindra Bank currently has a network of 684 Branches and 1,273 ATM's across India.

**Human Resources at KOTAK MAHINDRA Bank in India**

Investment in Human Capital continues to be significant as in earlier years. Programs related to Talent Attraction, Talent Development and Talent Management have been institutionalized basis our architectural framework of Value creation and Best employment Experience.

Pre-trained manpower acquisition channels such as Kotak Probationary Officer (KPO) and Junior Probationary Officer (JPO) programs have been further strengthened to create a sustainable pipeline of quality and timely manpower who become specialist bankers with requisite managerial skills. Talent management continues to be an integral part of overall performance management process in the bank. The bank believes in driving businesses through its core values and our talent management process aims to provide long term, sustained and meaningful career to employees across the organization.
Cultural integration of people is a very key focus area and in this context our organizational learning initiatives are designed around assimilation and development of individuals and team competencies, on aspects such as people management, productivity and service quality. The bank has partnered with top academic institutions as well as renowned industry experts for the same. Bank recognises that functional training is key to equip employees with strong domain knowledge and it continues the commitment of developing strong functional competencies in its employees through its robust e-learning platform as well as classroom trainings. The organization learning team runs around 350 plus unique functional and developmental programs in the above context. Specialized certifications for specific roles continue to be run as mandatory programs to ensure employee awareness of various regulatory norms in this dynamic external environment.

**Important Snapshot of KOTAK MAHINDRA Bank in India from 2005-06 to 2014-15**

**Table - 2.6: Numerical Highlights of KOTAK MAHINDRA Bank from 2005-06 to 2014-15**

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Offices</th>
<th>Number of Employees</th>
<th>Business Per Employee (in Rs. Lakh)</th>
<th>Profit Per Employee (in Rs. Lakh)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014-15</td>
<td>684</td>
<td>18335</td>
<td>705.00</td>
<td>11.00</td>
</tr>
<tr>
<td>2013-14</td>
<td>605</td>
<td>16086</td>
<td>678.00</td>
<td>10.00</td>
</tr>
<tr>
<td>2012-13</td>
<td>446</td>
<td>13620</td>
<td>686.00</td>
<td>10.00</td>
</tr>
<tr>
<td>2011-12</td>
<td>363</td>
<td>12540</td>
<td>613.00</td>
<td>9.00</td>
</tr>
<tr>
<td>2010-11</td>
<td>329</td>
<td>10400</td>
<td>535.00</td>
<td>8.00</td>
</tr>
<tr>
<td>2009-10</td>
<td>257</td>
<td>8804</td>
<td>487.00</td>
<td>7.00</td>
</tr>
<tr>
<td>2008-09</td>
<td>225</td>
<td>8227</td>
<td>347.00</td>
<td>3.00</td>
</tr>
<tr>
<td>2007-08</td>
<td>182</td>
<td>9058</td>
<td>384.00</td>
<td>4.00</td>
</tr>
<tr>
<td>2006-07</td>
<td>110</td>
<td>5437</td>
<td>383.91</td>
<td>3.13</td>
</tr>
<tr>
<td>2005-06</td>
<td>79</td>
<td>3597</td>
<td>352.00</td>
<td>4.15</td>
</tr>
</tbody>
</table>

*Source:* www.rbi.org.in
2.11.5 PROFILE OF INDUSIND BANK

**History**

**IndusInd Bank Limited** is a Mumbai based Indian new generation bank, established in 1994. The bank offers commercial, transactional and electronic banking products and services. IndusInd Bank was inaugurated in April 1994 by then Union Finance Minister Manmohan Singh. IndusInd Bank is the first among the new-generation private banks in India.

The bank started its operations with a capital amount of Rs. 1 billion among which Rs. 600 million was donated by the Indian Residents and Rs. 400 million was raised by the Non-Resident Indians. In 2011, global growth equity firm General Atlantic acquired a 0.6% stake in the company. The bank has specialized in retail banking services and continuously upgrades its support systems by introducing newer technologies. It is also working on expanding its network of branches all across the country along with meeting the global benchmark. According to the bank, its name is derived from the rich and vivid Indus Valley Civilisation.
Vision

- A relevant business and banking partner to our clients.
- Customer Responsive, striving at all times to collaborate with clients in providing solutions for their banking needs.
- A forerunner in the market place in terms of profitability, productivity and efficiency.
- Engaged with all our stakeholders and will deliver sustainable and compliant returns.

Mission

We will consistently add value to all our stakeholders and emerge as the ‘best-in-class’ in the chosen parameters amongst the comity of banks, by doubling our profits, clients and branches within the next three years.

Corporate Information

Name : IndusInd Bank
Date of Establishment : 1994
Headquarter : Mumbai, Maharashtra
Key People : Shri R. Seshasayee (Chairman)
             Romesh Sobti (CEO)
Trading Code (NSE) : INDUSINDBK
Trading Code (BSE) : 532187
No. of Branches : 801 (2014-15)
No. of ATMs : 1,487 (2014-15)
No. of Employees : 19,121 (2014-15)
Website : www.indusind.com
Board of Directors

There are 8 directors on the Board responsible for the management of the bank’s business.

List of Directors (As on 31st March, 2015)

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Name</th>
<th>Designation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Shri R. Seshasayee</td>
<td>Chairman</td>
</tr>
<tr>
<td>2.</td>
<td>Shri Romesh Sobti</td>
<td>Managing Director &amp; CEO</td>
</tr>
<tr>
<td>3.</td>
<td>Mrs. Kanchan Chitale</td>
<td>Director</td>
</tr>
<tr>
<td>4.</td>
<td>Shri Ashok Kini</td>
<td>Director</td>
</tr>
<tr>
<td>5.</td>
<td>Shri Vijay Vaid</td>
<td>Director</td>
</tr>
<tr>
<td>6.</td>
<td>Shri T. Anantha Narayanan</td>
<td>Director</td>
</tr>
<tr>
<td>7.</td>
<td>Shri Ranbir Butola</td>
<td>Director</td>
</tr>
<tr>
<td>8.</td>
<td>Shri Yashodhan Kale</td>
<td>Director</td>
</tr>
</tbody>
</table>

Awards during the Year 2015

- IndusInd Bank bestowed with Business India Best Bank in 2015.
- Mr. Romesh Sobti, Managing Director & CEO was adjudged as the "Banker of the Year" by Business Standard.
- Best Rural Outreach Award at Asian Sustainability Leadership Awards 2014, Dubai.
- "Best Bank Award for Managing IT Risk" among the small banks category (classification based on business as on 31st March 2013) by the Institute for Development and Research in Banking Technology IDRBT.
- Top CSR Advocates in Asia at Asia Corporate Excellence & Sustainability Awards 2014, Singapore.
- Awarded the "Top Performer" in Active Accounts (Rising DPs) by National Securities Depository Limited (NSDL).
- Ranked 39th in the Best Indian Brands 2014 as per the Economic Times and Interbrand Best Indian Brand Study.
- Best CSR Excellence in category protecting the environment by CSR Awards - We Care - Amity Chandigarh.
• Special Commendation at Golden Peacock Award for Sustainability 2014, London.
• Winner for Excellent Performance in National Automated Clearing House (NACH) under midsize bank category.
• Project 'IndusInd Bank Partnership Program' declared as Winner for Financial Inclusion and Payment Systems (FIPS) Awards 2014.
• Ranked 19th in the Top 50 Most Valuable Indian Brands 2014 as per the BrandZ Top 50 Ranking powered by WPP Plc and Millward Brown.
• ACI Universal Payment ACI Excellence Award 2014 - Operational Excellence. The award is for Bank's ATM features namely Cash on Mobile, PIN reset on IVR and Stop cheque on ATMs.
• Talisma Insight "Excellence in Innovation" award for the implementation of "Always On" technology from Microsoft that helped building high availability and DR for Talisma application.

**Status of IndusInd Bank as at 31st March, 2015**

IndusInd Bank is India's leading private sector bank with total assets of Rs. 17,43,322.00 crores at March 31, 2015 and profit after tax Rs. 1,793.72 crores for the year ended March 31, 2015. IndusInd Bank currently has a network of 801 Branches and 1,487 ATM's across India.

**Human Resource Practices at INDUSIND Bank in India**

• Bank used diversified hiring sources namely employee referral schemes, job portals, placement agencies, campus hiring, hire-train-deploy model for achieving scalability, reach and cost efficiency in its hiring initiatives. Bank employed rigorous assessment tests and multi-layered interviews to identify and assess appropriate talent.
• The bank continues to invest in talent development to develop diversified and multi-dimensional skills through carefully designed learning
solutions. The bank aims at equipping employees with desired functional/behavioural competencies to enhance productivity, and empower them for business success. E-learning comprising on-line course modules, assessment tests and certifications helped to offer scalable, standardized and cost-effective learning solutions to employees in India.

- One of the cornerstones to managing and measuring bank’s performance has been the effective deployment of the performance management processes - goal setting, mid-year review, and annual performance review. These processes accurately outline employee performance objectives through “SMARTs”, review performance, mentor and counsel, recognize and reward based on tangible performance.

- The bank’s compensation policy is based on a ‘Pay-for-Performance’ philosophy. The key objectives include basing bank’s compensation on business performance and market trends, have compensation differentiation amongst individuals basis performance, build long-term employee ownership and association through employee stock options.

- Several employee engagement initiatives were pursued to connect and bond with employees and make them co-partners in the business journey of the bank. Some of the initiatives were employee road shows, skip level meetings across the business units, annual reward and recognition programs, employee connect by HR and line managers. Employee recreation programs as business off-sites, team get-togethers, sports events helped to build enthusiasm and creativity at the work-place.

- The bank espouses “Discipline and Compliance” as its core values to create a congenial workplace. Every employee has to adhere to the bank’s code of conduct and non-conformance is treated as an aberration and results in a punitive action against the erring employee.
### Table – 2.7: Numerical Highlights of INDUSIND Bank from 2005-06 to 2014-15

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Offices</th>
<th>Number of Employees</th>
<th>Business Per Employee (in Rs. Lakh)</th>
<th>Profit Per Employee (in Rs. Lakh)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014-15</td>
<td>801</td>
<td>19121</td>
<td>719.23</td>
<td>9.38</td>
</tr>
<tr>
<td>2013-14</td>
<td>602</td>
<td>15590</td>
<td>717.12</td>
<td>9.03</td>
</tr>
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Source: www.rbi.org.in
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