CHAPTER 2: BANKING INDUSTRY

Banking sector is an important component of financial sector for proper management of financial resources across the globe (Ahmad Ashfaq, et al 2010). Banking sector acts as an important pillar in the economic development of the country. Indian banking sector is growing with a remarkable pace since independence. They are racing with multinational banks and are touching the lives of millions of people every day. The total assets of the Indian banks contribute about 65% of the GDP of the country.

In current era, there have been significant reductions to the barriers of global expansion in the banking industry. Banks are extending their branches all over the world with the increase usage of telecommunications and other technologies enabling finance handling, as they no longer have to be near customers to manage their finances and risks. Banks in India are also performing remarkably like the Banks of developed countries and this can be analyzed with an expansion of their credits, profitability and productivity. Also, Banks have expanded to rural areas and as a result, banking sector has shown a great advancement from transactional to customer-oriented services. However, there are more intricacies in Retail Banking between Staff and Customers as Employees provide services to their customers. So, losing a dis-satisfied employee of an organization can mean the loss of valuable customer relationship. Thus, Banks are very much keen to retain their talented employees. The choice of customers have increased tremendously due to more open economy, advent of IT and media resolution. Banks have also realized the fact and started giving an edge to the demands of customers even at the ground level. If banks will not pay much attention to the demands of customer then they may end up in loosing and shifting of customers to the competitors. So, in order to fulfill the requirement of customers, banks have started paying attention towards the retention of skilled employees by introducing HRM Practices. Thus, implementation of HRM Practices can keep employees satisfied in this competitive world. Also, Banks in earlier days, gave more preference to capital and technology but now the long term vision of Banking sector is to expand their branches from domestic to International excellence and to achieve this, banks require combination of new technologies, better processes
of credit and risk appraisal, treasury management, product diversification, internal control, external regulations and human resources with foremost preference.

A bank is a financial institution and a financial intermediary that accepts deposits and channels those deposits into lending activities, either directly by loaning or indirectly through capital markets. Banks connect customers that have capital deficits and customers with capital surpluses.

The word Bank is derived from Italian word ‘banco’ or ‘banca’ which means accumulation of either stock or money. A brief review of the origination of the concept of bank is discussed below:

2.1 ORIGIN OF BANKS

The history of banks began with the prototypes of money lenders who loans money to farmers and traders. Greece and Roman are famous for money lending but later archeology from India and China also shows this activity. In the modern sense, the most famous bank is Medici bank and Monte dei Paschii di Siena are the oldest bank that still exists. The real history of banks started with availability of money in history. The stable economic relations were improved in 1200 BC in northern China where the hunting and gathering of foods changed to agricultural practice.

In the earlier days, the wealth was deposited in temples called as thesaurus. The earliest record found were for the Babylon temples, which lend gold and silver and had been left with them for safe keeping at high interest rate. Later on, the evidences of Greek temples were found. Also, for the regulation of banking activity clay tablets called as Code of Hammurabi were used.

The method of discounting of interest started in medieval trade fairs where moneychangers issue documents in support of the hard money to be redeemable at other fair. These would often be redeemed by the amount with the interest rate. In the year 1156, two brothers have started the concept of foreign exchange when they borrowed 115 Genoese pounds and agreed to reimburse the bank's agents in Constantinople the sum of 460 bezants one month after their arrival in the city.

The first bank was established in Venice in 1157 which provided loans on discounting exchanges and also provides receipts. Later came the concept of Goldsmith in
England, where London merchants deposited their gold and in return goldsmith issued them receipts for their deposits. These receipts were later used for the settlement of debts, so can act as forerunner of modern bank notes.

The concept of modern banking started in 1609, called as Bank of Amsterdam. The bank accepted deposits, money lending, money changes, transferring of fund, issuance of bank debt as a substitute of gold and silver. Later on, the Bank of Amsterdam started the functioning for the Central bank and SverigesRiks bank, established in 1668 was the first Central bank. Also, Central bank was established in European country as well mainly in Colombia, Mexico, Chile, Canada, New Zealand etc. The first mutual saving bank was introduced in 1810 in Scotland.

The issuance of bank notes started in 17th century and the Bank of England was the first bank to issue bank notes in 1695. Standardized print notes from £20 to £1,000 were printed for the first time in 1745. Fully printed notes that didn't require the name of the payee and the signature of the cashier were first appeared in 1855. In 18th century, different clearing securities, cheques, overdrafts etc were introduced.

During 1929, banks also faced great depression as a result nearly 744 US banks failed and banks started built up their capital reserves by making fewer loans.

After Second World War, two organizations were created: World Bank and International Monetary fund. World Bank is headquartered in Washington, DC and headed by President and board of director that includes President and 25 executive directors. There are two Executive Vice Presidents, three Senior Vice Presidents, and 24 Vice Presidents. World Bank provides loan to developing countries for their capital progress. The main aim of World Bank is to reduce poverty from the world. The first bank to avail the facility of loan was France beating other two applicants namely Poland and Chile. By 1968, the loans of World Bank were earmarked for the construction of income-producing infrastructure, such as seaports, highway systems, and power plants, that would generate enough income to enable a borrower country to repay the loan but later on they shifted to meet the basic needs of people. By 1989, bank has started giving loans to environmental friendly groups and NGO’s. It also promoted the programmes against AIDS, Tuberculosis, malaria etc. to promote the public health. World Bank has already targeted various plans to achieve by 2015
mainly eradicating poverty, achieving universal primary education, promoting gender equality, reducing child mortality. Along with, it has taken various steps for improving the climate of earth because global warming may lead to destruction of earth and also to provide food security in developing countries of the world.

However, the investment on advanced technology started in 1959 by the banks mainly in retail banking that includes the establishment of machine readable characters for the use with cheques. ATM machines were also established in 1960’s, later on in 1970, the electronic payment system was established for both international and national systems.

In early 2000, many new players entered the market and offers competition to existing players. The main services offered by the modern banks includes insurances, pension, mutual, money market and hedge funds, loans and credits and securities. In the late 2000, banks suffered from financial crises. As a result of it, Govt. started nationalizing their banks. Now, the 21st century banks are shifting from traditional banking and offering the customers online banking.

2.2 BANKING IN INDIA

In India, from Vedic period loans were granted. The Manuśmriti speaks of loans, deposits and interest rate. Later in Mayura destiny (321 BC to 185 BC), an instrument called Adesha was in use which was an order of a banker desiring him to pay the money of the note to a third person. These instruments were used during the buddhist period.

The concept of commercial banking originated in India in 19th century and 20th century when European Agency houses act as bankers. In 1770, agency houses started gaining popularity, as a result they started their own banks and Bank of Hindustan was established but it failed and closed down in 1832. In 1829, during British rule, Union Bank of Calcutta was established by the owners of Commercial Bank (1819) and the Calcutta Bank (1824). But in 1840, the Bank revealed that it had been the subject of a fraud by the bank’s accountant. In 1865, Allahabad bank was established and is functioning till date. This was the oldest joint stock bank. Later on, Calcutta started becoming banking sector for various banks due to the trading port of Britishers. As a result, foreign banks started appearing in Calcutta. In 1860, The
Comptoir d'Escompte de Paris opened a branch in Calcutta and another branch in Bombay in 1862; followed by branches in Madras and Pondicherry, then a French possession, followed. In 1869, HSBC established in Bengal.

In 1881, in Faizabad, the first joint stock was established as the Oudh Commercial Bank but failed in 1958. In 1895, one of the largest bank named as Punjab National Bank was established and the bank exist till date. In the 20th century, Indian economy was stable but there were generally European banks that dominated the market, Indian joint stock banks were very few and lacked in maturity. As a result, there was Swadeshi movements from 1906–1911 for motivating local business man and political figures to open their banks. Many banks opened and survives till date namely Bank of India, Corporation Bank, Indian Bank, Bank of Baroda, Canara Bank and Central Bank of India. In 1921, three presidency banks amalgamated in Imperial Bank of India. Imperial Bank was working as central bank by performing all banking functions except the issuance of notes. It also functioned as banker for both Government and Banks.

By the Second World War, the condition of Indian economy was very critical and it was found that nearly 94 banks in India collapsed. The situation was same even after the Independence. The Government of India then took some measures to play an active role in the economic life of the country, and the Industrial Policy Resolution adopted by the government in 1948 envisaged a mixed economy. This resulted into greater involvement of the state in different segments of the economy including banking and finance.

The Govt. of India introduced central banking system in 1935 and established Reserve Bank of India but nationalized it in 1949. RBI has the power to regulate, control, and inspect the banks in India. Also, no new bank or branch of an existing bank could be opened without a license from RBI.

In 1955, the State Bank of India took over all the assets and liabilities of Imperial bank of India. By 1960, Indian banking industry started playing a big role in country’s economy. In 1969, Govt. of India nationalized 16 Banks except State Bank of India which is continued to be owned by private persons with a stake 60% holded by RBI. All these banks contained 85 percent of bank deposits of the country (RBI.org.in,
The main objective behind nationalization of banks was to break the ownership and control of banks which was owned by few families and also to prevent the concentration of wealth and economic power of the country.

In 1990’s, Govt. introduced the policy of Liberalization and provided license to Private banks. As a result, *New Generation tech-savvy banks* that included Global Trust Bank (the first of such new generation banks to be set up), which later on amalgamated with Oriental Bank of Commerce, UTI Bank (renamed now as Axis Bank), ICICI Bank and HDFC Bank were opened. This move revitalized the economy and banking industry of the country. Banking industry is then divided into three sectors namely Public banks, Private banks and Foreign banks.

**The Hierarchy of Indian Banking system** is as under:

![Hierarchy of Indian Banking system](image)


Figure-2.1

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The RBI plays an important part in the development strategy of the Government of India as well. India’s central banking authority has also been granted with the power that no new bank or branch of an existing bank could be opened without a license from the RBI, and no two banks could have common directors. Reserve Bank of India is a member bank of the Asian Clearing Union. RBI is entrusted, directed and superintend by the 21-members with strong Central Board of Directors—this includes the Governor, four Deputy Governors, two Finance Ministry representative, ten government-nominated directors to represent important elements from India's economy and four directors to represent local boards headquartered at Mumbai, Kolkata, Chennai and New Delhi. Each of these local boards consists of five members representing regional interests as well as the interests of co-operative and indigenous banks. RBI, under section- 22 has the whole right to issue bank note and formulates the monetary policies of the country. The Bank also denotes issues or regulates the currency coins and notes that are not fit for circulation. All these efforts are made in order to improve or maintain GDP of the country. RBI also got the power to regulate the Bank rate, CRR and SLR.

By the introduction of various committees by RBI there is advancement in banking service process namely the introduction of MICR for the use of standardized cheque forms and encoders, computerization of branches for increasing connectivity among branches, implementing the online system by introducing the EFT system (Electronic fund transfer). All these steps have made Banking industry more attractive for the customers as well as employees. Also, with the amendments in the Banking law, it is likely that RBI may issue 3-4 licenses within next 12 months, as a result there are possibilities of price-based competition on deposits, loans etc. in the market.

At present, both Public sector and Private sector banks contribute a lot in our Banking sector by providing lots of facilities to large no. of customers. Private sector banks have all contemporary innovations, monetary tools and techniques to handle the complexities. All these factors along with the rapid growth in the economy of India, revitalized and innovated the banking sector of India and has observed rapid growth with strong contribution from all the three sectors of banks namely government banks, private banks and foreign banks.
Private Banks are growing at a fast speed due to their advanced technology and better plans than public banks, also they are trying to provide all the facilities to their customers under one roof. They have already signaled Public banks that they will have to face tough time in future. Along with automation, modern banks should also concentrate on internal premises, furniture’s and other amenities for employees as well as customers.

There is certain criterion to be followed by Private Banks, which is mentioned under:

a) The bank should have a minimum net worth of Rs. 200 crores.

b) The promoters holding should be a minimum of 25% of the paid-up capital.

c) Within 3 years of the starting of the operations, the bank should offer shares to public and their net worth must increased to 300 crores.

Indian Banks are performing better than Asian counterparts. As on 31st March 2012, the total assets of the bank are Rs 8,299,500 Crores, most of which is dominated by Public sector banks (73%), followed by Private sector banks (20%) and then Foreign banks (7%). Also, Public sector banks show strongest deposit funding which accounts in comparison to Private sector banks and foreign banks.

The Indian banking industry is a very important tool to facilitate the development of the Indian economy. At the same time, Banking sector had also emerged as a large employer. The introduction of IT had a great impact in the Indian banking system as well because the use of Computers has led the invention to Online Banking, Mobile banking, SMS alerts which has made the banking services of employers to the customers very easy. The demand of Retail banking service in India is very strong as compared to wholesale banking and treasury banking. In India, various banks have launched their services of ATM, which is the major innovation of IT sector. Till date the total no. of ATMS’s in the country were 99,218 (Chronology of Events) The New Private Sector Banks in India are showing the largest numbers of ATMs off-site followed by the ATMs belonging to SBI and its subsidiaries and then it is followed by Nationalized banks and Foreign banks. While on site, Nationalised banks show the highest no. of ATM’s (Alpana Killawala, 2006).

In the study, 6 Public and Private Banks were discussed. Public Bank includes:
• State Bank of India (SBI)
• Punjab National Bank (PNB)
• Central Bank of India (CBI)

Private Bank includes:
• AXIS Bank
• Industrial Credit and Investment Corporation of India (ICICI)
• Housing Development Finance Corporation (HDFC)

2.3 PUBLIC SECTOR BANKS

2.3.1 STATE BANK OF INDIA

SBI is a multinational bank that offers financial services. The bank is based in India, with its headquarter in Mumbai, Maharashtra. It is a government owned corporation. As on March 2013, the bank owns 14816 branches in India including the branches of both rural and urban areas. State Bank of India had 180 overseas offices spread over in about 34 countries. The Bank is declared as the largest bank of India on the basis of its assets, revenues and market capitalization. It owns 20% market share in deposits and loans, among Indian Commercial Banks. Thus, it is the largest layer in market in terms of average share.

The bank is based on British ancestry in India, through the Imperial Bank of India, in 1806 and is declared as the oldest commercial bank in the Indian Subcontinent. Imperial Bank of India was formed from Bank of Madras which merged into the other two presidencies banks—Bank of Calcutta and Bank of Bombay. In 1955, The Government of India nationalized the Imperial Bank of India, with the Reserve Bank of India owned its 60% stake, and renamed it as State Bank of India. But later in 2008, government took over the stake owned by the Reserve Bank of India.

SBI works under the vision of “My customer First” and has a mission of:
• To be prompt, polite and proactive with our customers.
• To speak the language of young India.
• To create products and services that help our customers achieve their goals.
• To go beyond the call of duty to make our customers feel valued.
• To provide service even in the remotest part of our country.
• To offer excellence in services to those abroad as much as we do to those in India.
• To imbibe state of the art technology to drive excellence.

Earlier SBI has seven associative banks. These are then converted into five as State Bank of Saurashtra merged with SBI in 2008 and State Bank of Indore also merged with SBI in 2009. This is done by Government to expand the services of SBI to rural areas as well.

Now, State Bank of India has five associative banks and these are:

• State Bank of Bikaner & Jaipur
• State Bank of Hyderabad
• State Bank of Mysore
• State Bank of Patiala
• State Bank of Travancore

SBI has acquired many local banks during its entire journey mainly Bank of Behar in 1969 with all its 28 branches. In 1970, SBI acquired National Bank of Lahore with all its 24 branches. Krishnaram Baldeo Bank of Gwalior was also acquired by SBI in 1975 and after that State Bank of India acquired Bank of Cochin in Kerela in 1985 with all its 120 branches.

SBI also has the following non-banking subsidiaries:

• SBI Capital Markets Ltd
• SBI Funds Management Pvt. Ltd.
• SBI Factors & Commercial Services Pvt. Ltd.
SBI Cards & Payments Services Pvt. Ltd. (SBICPSL)

SBI DFHI Ltd.

SBI Life Insurance Company Limited

SBI General Insurance

SBI and Associative Banks are offering 45,000 ATMs till 2012. SBI was the first bank to open an ATM in Drass in the Jammu & Kashmir Kargil region. SBI provides a wide range of banking products through its network of branches in India as well as overseas, including products aimed for non-resident Indians (NRIs).

SBI is distributed among 14 Regional hubs and 57 Zonal Offices that are located at important cities throughout the country. It has its multiple branches in overseas. This includes 11 branches in California, 9 in Canada, 5 branches in Nigeria. SBI has branches in Shanghai and planning to open in Tianjin. These above mentioned no.’s are described in detail as: Moscow, Colombo, Dhaka, Frankfurt, Hong Kong, Tehran, Johannesburg, London, Los Angeles, Male in the Maldives, Muscat, Dubai, New York, Osaka, Sydney, and Tokyo. It has offshore banking units in the Bahamas, Bahrain, Singapore and representative offices in Bhutan and Cape Town. It also has an ADB in Boston, USA, Toronto and Vancouver. Branches are also expanded in Nigeria, Kenya, Nepal, Washington D.C and State of California.

SBI was allotted with the following awards in recent years:

- SBI won "Best Public Sector Bank" award in the D&B India's study on 'India's Top Banks' for 2013.
- SBI won National Award for its performance in the implementation of Prime Minister’s Employment Generation Programme (PMEGP) scheme in the year 2012.
- SBI was ranked 298th in the ‘Fortune 500’ Global rankings of the world's biggest corporations for the year 2012.
• SBI won ‘Best Online Banking Award’, Best Customer Initiative Award & Best Risk Management Award (Runner Up) by IBA Banking Technology Awards in the year, 2010

• SBI won ‘SKOCH Award’, 2010 for Virtual Corporation Category for its e-payment solution.

• SBI was the only bank featured in the "top 10 brands of India” as listed in an annual survey conducted by Brand Finance and The Economic Times in 2010.

• SBI was declared as 11th most trusted brand in India as per the Brand Trust Report of 2010

• SBI won the ‘Bank of the Year 2009’ award, by The Banker Magazine

• SBI was also declared as ‘Best Bank – Large and Most Socially Responsible Bank’ by the Business Bank Awards 2009

• Business India has also declared it as ‘Best Bank’ for the year 2009

• SBI got the award of ‘Most Trusted Brand 2009’ by The Economic Times.

• SBI was named the ‘29th most reputed company’ in the world, according to Forbes 2009 rankings.

• It is also declared as ‘Most Preferred Bank & Most preferred Home loan provider’ by CNBC

• SBI is also declared as ‘Visionaries of Financial Inclusion’ By FINO

• SBI was awarded as ‘Technology Bank of the Year’ by IBA Banking Technology Awards.

State Bank of India is fulfilling its Social Obligations and also Corporate Social Responsibility duly.

2.3.2 PUNJAB NATIONAL BANK

PNB was founded in 1894 under Indian Companies Act by Lala Lajpat Rai in Lahore, Pakistan. The Bank opened their office in Anarkali Bazaar, Lahore. The Bank is
founded by the leaders of Swadeshi movement such as Dyal Singh Majithia and Lala Harkishan Lal, Lala Lalchand, Shri Kali Prosanna Roy, Shri E.C. Jessawala, Shri Prabhu Dayal, Bakshi Jaishi Ram, and Lala Dholan Dass. All these people were from different backgrounds but had one objective in mind is to open a truly national bank for the economic welfare of the country. Punjab National Bank in 1990’s, opened their branches in Rawalpindi, Peshawar and Karachi. In 1947, PNB has shifted its office in Calcutta (India) and in 1960, they shifted their head office in Delhi. It is currently second largest state owned commercial bank with its Head office in New Delhi. Punjab National Bank is the only bank in the country which started so early and survives till date.

Punjab National Bank holds the privilege of opening and maintaining the accounts of famous leaders like Mahatma Gandhi, Jawahar Lal Nehru, Lal Bahadur Shastri, Indira Gandhi and the account of famous Jalianwala Bagh committee.

PNB is working with the Vision of ‘Leading Global Bank with Pan India footprints and become a household brand in the Indo-Gangetic Plains providing entire range of financial products and services under one roof’. Punjab National Bank always works with the Mission of ‘Banking for Unbanked’.


PNB has more than 6000 branches, 6460 ATM’s and 2165 Ultra Small Branches. As a result, it is serving more than 82 million customers.

Punjab National Bank has maintained its NUMBER ONE position in Saving Deposits, CASA Deposits Total Income, Operating Profit and Net Profit among nationalized bank. The Bank is offering Internet Banking Services to its customers, which includes online bill payment of utility services; online Railways/air ticket
booking, e-payment towards services like Excise Duty and service tax, etc. It is also providing online trading activity to its customers and is also offering demat accounts to the customers. Bank has introduced SMS Alert and Mobile Banking services to its customers. PNB has introduced ‘PNB Pragati’ in some branches for providing excellence banking services to their customers. In these branches, a queue management system was offered to the customers that are equipped with self-servicing areas like Passbook Printing Terminal, Cash and Cheque Deposit Machine and ATM.

In December 2012, it signed an agreement with US based life Insurance company Metlife to acquire a 30% stake in MetLife's Indian affiliate as MetLife India Limited. The company is renamed as PNB MetLife India Limited and PNB also sell MetLife's products in its branches.

PNB has a banking subsidiary in the UK, as well as branches in Hong Kong, Dubai and Kabul and representative offices in Almaty, Dubai, Oslo and Shanghai. In 2011, PNB has opened representative office in Sydney, Australia.

PNB was ranked #1243 in Forbes Global 2000 in the year 2006. PNB was ranked #26 under Fortune India 500 Ranking of the year 2011. PNB is also very renowned for introducing ‘Whistle Blower Policy’ to lodge a complaint as the bank believes in implementing professionalism, honesty, integrity and ethical values.

Awards

- PNB was awarded ‘Indira Gandhi Rajbhasha’ award in 2013.
- PNB bags as ‘Best banker in Agriculture Credit and Inclusion award’ in 2013.
- In 2013, PNB was awarded as ‘Asia's Best CSR Practices Awards’.
- PNB Bags with ‘Best Employer Brand Award’ 2013.
- In 2013, PNB also bags ‘Golden Peacock Excellence awards’.
- PNB bags with ‘MSME National Awards’ in 2013.
• 'The Banker' Magazine, London has ranked PNB at 170th position amongst World's Top 1000 Banks in 2013

• Bank has been recognized as ‘Best Public Sector Bank' by CNBC TV 18.

• It also achieved ‘Best Corporate Social Responsibility Award’ in 2012.

• In 2011, also PNB bagged Golden Peacock National Training Award.

• In 2011, PNB was recommended with most ‘socially responsive bank’ award.

• PNB receives ‘Best Bank Award’ in 2011.

• PNB bags with most ‘Productive Public sector Bank’ award.

• PNB was awarded ‘Golden Peacock HR Excellence’ Award in 2011.

• PNB was adjudged with ‘Best managed bank’ by SCOPE

• PNB won prize under the category of ‘Best Windpower Project Financer’. 

• PNB was declared as winner of SKOCH Challenger award of Financial Inclusion.

• PNB received the award of 'Excellent performance in lending under PMEGP scheme'.

• PNB won Outlook money award for the ‘Best Home Loan provider 2010’.

• PNB won Outlook money award for the ‘Best Education Loan Provider 2010’.

PNB fulfill its social obligations with added flavours, these include free medical camps, tree plantation and blood donation camps. Along with this, it also offers donations to Hospitals, Schools etc. The Bank supports various societies, charitable institutions and NGO’s working for the benefit of weaker sections of society, orphans, underprivileged, handicapped, mentally retarded children, women in shelter homes etc. The Bank also contributes for fighting with diseases like diabetes, tuberculosis, AIDS, leprosy etc. Donations are also extended for purchase of water coolers, ambulances and building infrastructure facilities at hospitals and schools for poor children.
2.3.3 CENTRAL BANK OF INDIA

Central Bank of India is one of the oldest and largest commercial banks in India. It is head-quartered in Mumbai. It is one of the Public Sector banks in India to get recapitalization finance from Indian Govt.

It was established on 21 December 1911 by Sir Sorabji Pochkhanawala with Sir Pherozesha Mehta as Chairman and it is the first commercial Indian bank completely owned and managed by Indians.

The Bank has faced many challenges and storms during the whole journey but survived successfully after transforming every threat into business opportunity.

In 1923, it acquired the Tata Industrial Bank in the wake of the failure of the Alliance Bank of Simla.

In 1969, Government of India has declared Central Bank of India as Nationalized Bank along with 13 other Banks. The Bank is also famous for launching ‘Double cent scheme’ in which bank promised to double the deposited money of customers in seven and a half year. This scheme was launched by bank in 2001.

Central Bank is promoting the key thrust areas like agriculture, small scale industries and also medium and large industries. Central Bank of India was one of first bank to issue credit cards in the year 1980 in collaboration with MasterCard.

Central Bank of India has a strong vision of ‘Emerging as a strong, vibrant and pro-active Bank/Financial Super Market and also to positively contribute to the emerging needs of the economy through consistent harmonization of human, financial and technological resources and effective risk control systems’.

The Bank works with a mission of

- Transforming customer banking experience into a fruitful and enjoyable one.
- Leveraging technology for efficient and effective delivery of all Banking services.
- To provide bouquet of tailor-made product and services to meet customers aspirations.

- The pan-India spread of branches across all the state of the country will be utilized to further the socio economic objective of the Government of India with emphasis on Financial Inclusion.

The Bank owns a large distribution of branches throughout the country as the bank has 4100 branches and 270 extension counters across 27 Indian states and three Union Territories. At present, Central Bank of India has one overseas office, which is a joint venture with Bank of India, Bank of Baroda and the Zambian government. The Zambian government holds 40 per cent stake and each of the banks has 20 per cent. Recently it has also opened a representative office at Nairobi, Kenya.

CBI recently got following awards:

1. It won ‘Green-tech HR’ Award.
2. CBI conferred with ‘Outstanding leadership award’.
3. Gold Award was been rewarded to Central Bank for HR Innovation in Employees Retention.
4. Central Bank of India has also been awarded with ‘Golden Peacock HR Excellence award’.

Central Bank of India is well known for its Corporate Social Responsibility by providing Water storage tanks in villages, Educational programmes for villagers/illiterates, helping hand for disabled people by running various programmes like ‘Sanskriti’. It is also famous for launching ‘Go Green’ campaign etc.. The Bank is also promoting a number of Self Employment Schemes to promote employment among the educated youth.

### 2.4 PRIVATE SECTOR BANKS

#### 2.4.1 AXIS Bank

![AXIS BANK](image)

Axis Bank is an Indian financial services firm headquartered in Mumbai, Maharashtra and opened its registered office in Ahmedabad. It had begun its operations in 1994,
after the Government of India allowed new private banks to establish and open their branches in India. Axis Bank was inaugurated by Dr. Manmohan Singh, the then Honorable Finance Minister. Axis Bank owes operating revenue of ₹13,437 crores and a net profit of ₹4,242 crores. The Bank is a SEBI registered category I merchant banker and advice Indian companies to raise equity through IPOs, QIPs, and Rights Issues etc. It is first Indian Bank to have TCDC cards in 11 currencies.

The Axis Bank was promoted by the joint efforts of Administrator of the Specified Undertaking 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. UTI-I has promoted many leading financial institutions in the country and holds a special position in the Indian capital markets.

Axis Bank has a vision of ‘To be the preferred financial solutions provider excelling in customer delivery through insight, empowered employees and smart use of technology’. Axis Bank business has a mission of: Customer Centricity, Ethics, Transparency, Team work and Ownership.

Axis Bank has largest ATM branches among Private sector banks. The Bank has a network of more than 11,245 ATM branches and bank also operates the world’s highest ATM sites at Thegu in Sikkim. The Bank shows an extensive network of about 1947 branches in India. Axis Bank also shows their network in overseas with a major hub in Asia. The overseas branches are in Singapore, Hong Kong, Dubai, Shanghai, Abu-Dhabi, Colombo and London.

Axis Bank operates in following segments: treasury operation, retail banking, corporate/wholesale banking.

Treasury operation services include investments in sovereign and corporate debt, equity and mutual funds, trading operations, derivative trading and foreign exchange operations on the account for customers and central funding.

Retail Banking deals with lending the money to small scale firms/ individuals, issue of credit cards, facility of net banking, ATM’s etc. The bank is one of the largest debit card issuer and sixth largest credit card issuer in the country. Banks also offer corporate related services including project appraisals, capital market related services,
cash management related services etc. Saving accounts deposits of Axis bank has grown to 23.44% and Retail loan grew to 43.62% as on 31st March. Axis Bank is not only providing agriculture loan to farmers but has also extended its branches in the foreign country as well. Axis Bank also provides services related to NRIs. For this, bank has opened 49 authorized branches for the NRI’s interested to invest in secondary market of India. The bank has also issued a toll-free 24x7 helpdesk for NRI’s. Bank issue foreign currency notes, travel currency cards, travelers cheque etc. The banks also offers third party products like mutual funds, online trading, gold coins, life and general insurances etc.

Corporate Wholesale Banking ensures loans for working capital and draw down sanctions of the projects to be implemented. The portfolio is comprised of large and medium corporates.

Bank has offered a wide range of lending solutions to the farmers or task related to agriculture and has found it as an area of potential growth. Axis bank has also coordinated with NABARD and participates in awareness campaigns. Economically active weaker sections of the society are offered with Micro Loans with a name of Axis Sahyog.

Axis Bank has organized ‘BUSINESS GAURAV AWARD’ with Dun & Bradstreet to recognize and award achievements in the SME space.

Axis Bank was awarded with following awards:

1. Axis Bank was awarded with ‘Best Debt House in India’ - Euro money Awards for Excellence 2013.

2. Axis Bank ranked as no.-1 company to work for in the BFSI sector - 'The Best Companies to Work for' survey by Business Today.

3. Axis Bank was awarded as ‘Bank of the Year - Money Today FPCIL Awards’ 2012-13

4. Axis Bank was declared as India’s Best Bank and Financial Institution Awards by k - CNBC-TV18 2012-13.


6. Axis Bank got the award of ‘Consistent Performer as India’s Best Banks’, 2012 by Business Today & KPMG.
7. The Bank was awarded as ‘Fastest Growing Large Bank - Dun & Bradstreet - Polaris Financial Technology Banking Awards’ 2012.

8. According to Business world Best Banks Survey 2012, Axis Bank was awarded as ‘Fastest Growing Large Bank’.


11. It also achieved Deal Maker of the Year in Rupee Bonds by Business world Magna Awards and declared as ‘India's Best Deal Makers 2012’.

12. Axis Bank was awarded as ‘The Best Emerging Bullion Dealing Bank’ by 9th India International Gold Convention, 2011-12.

13. Axis Bank was declared as Best Acquiring Institution in South Asia and got the award of Visa LEADER at Visa’s 2012 APCEMEA Security Summit, Bali.


15. Axis Bank is awarded as ‘Bank of the Year’ by the Banker Awards, 2011.

16. It is also declared as ‘Best Bank in Private Sector NDTV Profit Business Leadership Award’

17. Axis Bank is declared as ‘Best Bank 2011’ by Outlook Money.


19. It is also declared as ‘The Most Consistent Large Best Banks-2011’ by Business Today and KPMG.

20. It is shown as ‘Most Preferred Bank Amongst Retail Customers CLSA’ survey on personal banking trends.

21. Axis Bank is declared as ‘Most Productive Private Sector Bank FIBAC 2011’.

22. Axis Bank is declared as 3rd Strongest Bank in Asia-Pacific Region.

24. Axis Bank was also awarded with ‘Best Risk Master (Private Sector Category) FIBAC 2011 Banking Awards’.

25. Axis Bank is declared as ‘Best Bond House India –2011’.

Corporate Office of AXIS Bank also receives Platinum rating by US Green building council for its environment friendly facilities and reduction of carbon.

AXIS Bank also contributes to Corporate Social Responsibility by contributing to 1% of its annual net profit. AXIS Bank has also shaken their hands with 36 NGOs for educating underprivileged kids in about 13 states. They are also contributing to the environment by recycling 21572 kg. of dry waste in an year. The Axis Bank foundation has been working with Lifeline foundation since 2007 for supporting Highway rescue projects and rural medical relief projects in few states like Maharashtra, Kerala, Gujarat and Rajasthan. Also, bank organizes various Blood Donation Camps time to time for the needy.

The Bank is also offering Classroom Programmes, External Programmes, Certification Programmes as well as e-learning modules to its employees.

2.4.2 ICICI BANK

ICICI Bank Limited is an Indian multinational bank with its presence in 19 countries. It is a financial services company headquartered in Mumbai, Maharashtra. It stands as second largest bank in India by assets and was allotted as third largest by market capitalization.

ICICI was founded by Industrial Credit and Investment Corporation of India, an Indian financial Institution with a joint venture of World Bank to provide parent financing to Indian Banking Industry. ICICI proves its ranking in big four banks of India including SBI, PNB and Canara Bank.

ICICI Bank works with a vision of ‘To be the leading provider of financial services
in India and a major global bank’ and has a mission of:

- Be the banker of first choice for our customers by delivering high quality, world-class products and services.
- Expand the frontiers of our business globally.
- Play a proactive role in the full realisation of India’s potential.
- Maintain a healthy financial profile and diversify our earnings across businesses and geographies.
- Maintain high standards of governance and ethics.
- Contribute positively to the various countries and markets in which we operate.
- Create value for our stakeholders.

The Bank has a wide network of 3514 branches and 11063 ATM's in India. ICICI Bank's equity shares are listed in India on Bombay Stock Exchange and the National Stock Exchange of India Limited. ICICI Bank was the first Indian Bank to be listed in New York Stock exchange. ICICI Bank has acquired Bank of Madura Limited in 2001 and Bank of Rajasthan in 2010 as well.

It offers a wide range of banking products and financial services in the areas of investment banking, life and non-life insurance, venture capital and asset management. Products like ‘My saving rewards’ and ‘i-wish’ are the famous products of ICICI bank. ‘My saving rewards’ include the reward point being allotted to every customer for the transaction done online or online shopping done from saving account. ‘i-wish’ is the recurring account mainly for youths. This account can be opened anytime with a minimum balance of Rs. 500. In this scheme, the flexibility is given to youths as they are not charged for missing of any monthly installment till six months.

Along with the contribution of UTI, ICICI opened a credit rating agency CRISIL. It was opened for the first time in India and offers different forms of products including credit rating, industry analysis and capital market information. ICICI has also contributed efforts in opening of EDII, NEDFI etc. EDII is an autonomous and non-profit society which is fulfilling the task of entrepreneurship development, education,
training etc. NEFDI is opened for the promotion of the development of industries, infrastructure, animal husbandry, agri-horticulture plantation, medicinal plants, sericulture, aquaculture and poultry. ICICI has also established efforts for CIBIL provided information to its members in the form of credit information reports. ARCIL was also established to recover the non-performing assets for the maximization of the recovery.

ICICI is offering its subsidiaries to foreign countries as well like United Kingdom, Russia, and Canada; branches in United States, Singapore, Bahrain, Hong Kong, Sri Lanka, Qatar and Dubai International Finance Centre; and representative offices in United Arab Emirates, China, South Africa, Bangladesh, Thailand, Malaysia and Indonesia.

ICICI Bank got various below mentioned awards:

1. ICICI Bank was awarded with ‘the Most Admired Infrastructure Debt Financer and PPP Project of the Year’ for Yamuna Expressway Project by the 5th KPMG Infrastructure Today Awards given by ASAPP Media Information Group.
2. ICICI Bank Limited has been conferred by the ‘Best Remittance Business award’ at The Asian Banker's International Excellence in Retail Financial Services 2013 Awards ceremony.
3. ICICI Bank was honored with the ‘Medici Innovation Hall of Fame Award’ instituted by The Medici Institute in collaboration with the Medici Group, USA.
4. ICICI Bank and its IT partner Fundtech won ‘The Asian Banker Technology Implementation Award’ for the Convergence Banking project.
5. Ms. Chanda Kochhar, MD & CEO, was ranked as the most powerful business woman in India in Forbes' list of 'The World's 100 Most Powerful Women 2013'.
6. Ms. Chanda Kochhar, MD & CEO, was also featured in the Power List 2013 of 25 most powerful women in India by India Today, for the third year in a row.
7. ICICI Bank won an award under the Social Media category at the InformationWeek EDGE Award.
8. ICICI Bank was declared among 'top 100 global brands'.
9. ICICI Bank won the "Best Bond House 2011" by IFR Asia.
10. ICICI Bank was awarded the ‘Best Bank of India’ by Global Finance.
11. ICICI Bank won the "Century International Quality Era Award" at Geneva.
12. ICICI Bank was awarded as the "Best Foreign Exchange Bank of India" by Finance Asia Country Awards.
13. ICICI Bank received the "Dataquest Technology Innovation Awards 2012" for Data center migration by Dataquest.
14. ICICI Bank was conferred the ‘Best Performance Award for Self Help Group’ in NABARD’s State Level Awards announced by their Maharashtra Regional Office. The Bank received the first prize for the year 2010-11 in the Private Sector Bank category and 2nd runner up for the year 2011-12 in the Commercial Bank category.
15. ICICI Bank won the NPCI's NFS Operational Excellence Awards in the MNC and Private Sector Banks Category for its ATM network.
16. Mr. K.V. Kamath was awarded the "Hall Of Fame" by Outlook Money for his long standing contribution in the financial services sector.
17. ICICI Bank won the ‘Best Bank – India’ Award by The Banker.
18. Ms. Chanda Kochhar ranked 18th in the Fortune's list of '2012 Businesspersons of the Year'.
19. Ms. Chanda Kochhar tops the list of "50 Most Powerful Women in Business" by Fortune India.
20. ICICI Bank tops the list of "Private sector and Foreign Banks" by Brand Equity, Most Trusted Brands of the year 2012.
21. It ranks 15th in the "Top Service 50 Brands".
22. ICICI Bank ranked second in "India's 50 Biggest Financial Companies" in The BW Real 500 by Business world.
23. ICICI Bank tops the list of most fans in India and globally ranks fifth amongst financial institutions on Facebook in the social media engagement study conducted by Ketchum Sampark.

25. The Bank also received the award of first runner up for Best Online Bank, Best Customer Relationship Initiative and Best Use Of Mobility Technology in Banking by IBA Technology Awards.

26. ICICI Bank awarded the ‘Best SME Bank for Treasury and Working Capital’ of India by The Asset Triple A.

27. ICICI Bank received the Best Trade Finance House and Best Cash Management House by The Corporate Treasurer Alliance Country Awards.

28. ICICI Bank was awarded the ‘Best Private Sector Bank’ in Global Business Development, rural reach and SME financing categories by Dun & Bradstreet - Polaris Financial Technology Banking Awards.

29. In the year 2011 following awards were given to ICICI Bank

30. ICICI Bank is the only Indian brand to figure in the ‘BrandZ Top 100 Most Valuable Global Brands Report’.

31. ICICI Bank ranked 5th in the list of "57 Indian Companies" and 288th in World Rankings in Forbes Global 2000 list.

32. ICICI Bank has won the "Banking Technology Awards 2010" at The Indian Banks Association.

33. ICICI Bank was recognized for its Special Citation of the ‘Fully Electronic Branch Service Channel’, first set up at Hiranandani Estate, Thane, at the Financial Insights Innovation Awards held in conjunction with Asian Financial Services Congress

34. ICICI Bank was ranked 70th in the Brand directory league tables of the world’s most valuable brands by The Brand Finance® Banking 500.

35. ICICI Bank was ranked 1st in the ‘Banking and Finance category’ and 9th in the "2010 Best Companies to work for” by Business Today.

36. ICICI Bank UK, Hi-Save product range has been awarded the Consumer Money facts Awards 2011 for the 'Best Online Savings Provider'.

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37. ICICI Bank was ranked second in the "India's 50 Biggest Financial Companies”, in The BW REAL 500 by Business World.

38. ICICI Bank was one of the winners in the Global Awards for Enterprise & IT Architecture Excellence. ICICI Bank bagged the award in the ‘Business Intelligence and Analytics' category.

39. The Brand Trust Report ranks ICICI among the top 4 ‘most trusted financial institutions’.

40. ICICI Bank was awarded "House of the Year (India)", by Asia Risk magazine.

41. ICICI Bank was awarded the most ‘Tech-friendly Bank’ by Business World.

42. ICICI Bank received the ‘Best Trade Finance Bank in India’ by The Asset Triple A Award, Hong Kong.

43. ICICI Bank is the first and the only Indian brand to be ranked as the 45th ‘most valuable global brand’ by BrandZ Top 100 Global Brands Report.

44. ICICI Bank bags the award of "Best bank in SME financing (Private Sector)" at the Dun & Bradstreet Banking awards in 2009.

ICICI Bank is also contributing to Corporate Social Responsibility by facilitating elementary education to underprivileged children in the age group of 3-14 years in about 14 States, the programme is named as Read to Lead Phase I. Bank has also established libraries for providing the books to children and comes under Read to Lead Phase II. ICICI bank is also involved in making the people of our society and nation aware about the environment.

2.4.3 HDFC BANK

HDFC is incorporated in 1994 by Housing Development Finance Corporation Limited. The Bank has its registered office in Mumbai, Maharashtra. HDFC Bank was the first bank to take an approval from Reserve Bank of India for opening Private sector bank in India. It has set up its business under RBI’s liberalization policy of
Indian Banking Industry. The Bank has started its scheduled commercial operations in 1995.

HDFC Bank works with a vision of ‘The most successful and admired life insurance company, which means that we are the most trusted company, the easiest to deal with, offer the best value for money and set the standards in the industry’.

HDFC Bank has one important mission of ‘World Class Indian Bank’ and for incorporating the same, bank has used best technology for building a high classed infrastructure. The bank also wants to maintain all Ethical Standards. The main objective of the bank is to build sound customer franchise so as to be the preferred banks of the customers.

HDFC Bank is the fifth largest bank in India by assets. It is also the largest bank in India by market capitalization. HDFC Bank operates with highly automated machines due to the introduction of Information Technology. As a result, all the branches of bank have online connectivity and they can provide fast services to their customers.

As on March 2013, HDFC Bank has 3,062 branches and 10,743 ATMs in 1,845 cities in India and all branches of the bank are linked on an online real-time basis. The net revenue of the bank was INR 60.989 billion and profit of INR 18.89 billion was earned by the bank. Over the last 17 years, bank has maintained healthy profit and asset quality by maintaining good market share.

HDFC Bank has its first merger in 2000, with Times Bank Limited, which is also quoted as first merger among private banks. In 2008, HDFC Bank also acquired Centurian Bank of Punjab.

HDFC Bank deals in three business segments mainly Treasury, Retail Banking and Wholesale Banking.

Treasury Bank – It include the following main products: Foreign Exchange and Derivatives, Local Currency Money Market & Debt Securities, and Equities. The treasury business involves managing the return and market risk on Investment Portfolio. For maintaining treasury, the bank is required to hold 25% of its deposits in government securities.

Retail Banking- HDFC Bank is growing at a very fast rate in Retail banking and is
offering various products and services to its customers. HDFC Bank was the first bank in India to launch an International Debit Card in association with VISA and also offers Master card Maestro debit card. The bank has also launched its credit cards in 2001. The Bank offers various Internet Banking services like Fixed Deposits, Loans, Bill Payments, etc.

Wholesale Banking Services- The bank provides a wide range of commercial banking services to small and medium-sized corporate and agri-based business. It also provides wide range of services including working capital finance, trade services, cash management etc.

In all of its business, the Bank has succeeded in leveraging its market position, expertise and technology for creating a competitive advantage over other banks and build market share. It is also providing sophisticated product structures in the areas of foreign exchange and derivatives, money markets, debt trading and equity.

Mr. Aditya Puri, MD, HDFC Bank was voted as Best CEO among Banks in Asia, also the CFO of HDFC Bank, Mr. Shashidhar Jagdishan was awarded as best CFO of Asia.

HDFC Bank is voted as the Best Bank in Asia on the list of ‘Best Investor Relations Companies’, by a survey of Global Magazine Institutional Investor.

The further survey by Global Magazine Institutional Investor ranked HDFC Bank 3rd on the list of Best Companies in India.

HDFC has got several awards:

1. HDFC was awarded as ‘Best IT Driven Innovation’ in Banking by NASSCOM CNBC TV 18.
3. HDFC Bank got ‘FE Best Banking award’.
4. Skoch Financial Inclusion Awarded HDFC Bank as ‘Organization of the Year’.
5. HDFC was awarded as ‘Security leader of the year’ by DSCI Information technology.
6. HDFC was declared as “Most tech-friendly bank” by Business World Awards for Banking Excellence.

7. HDFC Bank was recognized as “Bank and Credit card customer satisfaction” winner by HT Mars customer satisfaction survey.

8. HDFC Bank was declared as “Best Organization for Information Security Practice” by CSO Forum Information technology.

9. HDFC was declared as “Company of the year 2012” by Economic Times.

10. HDFC Bank was declared as ‘Best Private sector Bank’ by CNBC TV 18 India Best Bank and also by Financial Institutions Award.

11. HDFC Bank was declared by Forbes Asia as “Fab 50 Companies”.

12. HDFC was announced as Best Bank in 'IT for Operational Effectiveness' category by IDRBT Banking Technology Excellence.

13. HDFC was awarded as ‘Best Retail Bank in India’ by Asian Banker International Excellence in Retail Financial Services.

14. HDFC was awarded with “Excellence in Financial Reporting” by ICAI Awards in 2011.