Chapter II

Conceptual Framework of Productivity and Trend Analysis of Productivity of Banks

In Chapter first an attempt has been made to provide a brief development profile of banks with plan priorities under the leadership of Reserve Bank of India (R.B.I.). A historical development perspective of public sector banking viz. State Bank of India and its Associate Banks have been examined as a strategy of public sector model of growth for social justice to the weaker sections of the community, since economic reforms and banking sector returns.

State Bank of India and its Associate Banks management have undergone a paradigm change in a competitive market environment. The management of these banks have become more sensitized for productivity, profitability and customer focus banking. Therefore, in this chapter the task of productivity performance analysis of banks is under taken. The productivity performance analysis is classified into two viz.

(i) Conceptual Framework of Productivity of Banks.
(ii) Trend Analysis of Productivity of Banks.
(i) **Conceptual Framework of Productivity of Banks.**

In manufacturing organization, productivity means output produced per unit of input employed in the process of production. The productivity shows the quantitative relationship between output and input. It measures the effectiveness and efficiency of input resources used in production. So, Productivity indicates the ratio of output to input. Therefore, productivity is a means to achieve organization objectives. In every organization productivity is the nucleus of management performance. Increasing productivity is an ongoing mission of management. Increase in productivity implies that the input resources in production of output are optimumly utilized. It results into relatively lower cost of production and thereby increase the run rate of profit to the firm.

An impact of productivity can be observed by a linear functional relationships between output and input as under.

(i) Increase in output with decrease in input.
(ii) Increase in output with constant input.
(iii) Output remains constant but input decreases.

There are two methods of measuring productivity viz. total productivity (composite productivity) and single input factor productivity (Partial Productivity) i.e.

T. O.
T. P./C. P. = ---------
T. I.

T. O.
T. P./C. P. = ---------------------
C + L + RM + M

Where :

T.O. = Total Output

T. I. = Total Input

C. = Capital

L. = Labour

R. M. = Raw Material

M. = Machine

T. P. = Total Productivity

P. P. = Partial Productivity

L. P. = Labour Productivity

C. P. = Capital Productivity

R.M. P. = Raw Material Productivity

M. P. = Machine Productivity

T.L. = Total Labour

T.C. = Total Capital

T.R.M. = Total Raw Material

M.H. = Machine Hour
T. O. P. P. = 
       S. I.

T. O.
L. P. = 
       T. L.

T. O.
C. P. = 
       T. C.

T. O.
R.M. P. = 
       TRM

T. O.
M. P. = 
       M. H.

Banks belong to service sector. The banks are not manufacturing any products. The banks are accepting public deposits and use these deposits for lending to the businessmen. So banks are financial intermediaries. The banks are multi products and multi services organizations. Therefore, the approaches of measuring productivity viz. composite productivity and single factor productivity as applied to manufacturing companies may not be applicable to banks. However, the practical bankers, researchers and professionals have made efforts to explore the methods to...
measure productivity of banks. The productivity performance of public sector banks is a key concern because the banks are the major financial institutions of our economic growth and leader of socio-economic transformation of weaker sections of community⁴.

The government of Maharashtra organized a seminar on ‘Productivity in Banking Industry ‘in the year 1966. After seminar, a book on ‘Productivity’ in Banking Industry was published. This was the first attempt to explore the conceptual approach to productivity in banking industry⁵.

The Government of India, appointed a working Group for Productivity Efficiency and profitability of banks. The PEP committee relatively focused more on profitability and efficiency of banks. But it did not fully evolve the conceptual clarity and common measuring rod of productivity in banks⁶.

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Dr. Rangarajan, the then former Deputy Governor Reserve Bank of India in his inaugural address at a seminar on productivity in banks, said that since 1964, the value of output divided by the total manpower expenses (V/M) have been increasing. So, he focused on productivity of human resources in banks.  

A national essay competition on productivity in eight core sectors of economy was launched by the ‘Times Research Foundation’ of Bombay. Later on these essays were published in the form of book in 1983. Productivity of banks, Srivastava and Sharma have explored the factors responsible for increasing the productivity in banks. While Godse in his essay on productivity in banks, examined the measures of productivity in banks.

In the ‘Eight Bank Economists’ Meet, the participants highlighted the difficulties in defining productivity, and tools to measure the productivity in banks. But they suggested that the human resource productivity and plant level productivity i.e. per staff ratios and branch ratios could be used for measuring the productivity in banks.

Prof. Sampat Singh of NIBM analysed the correlation between payment per employee and business per employee. He has observed that the business per employee has increased higher than the rate of inflation. It implies that the productivity in banks has increased\(^\text{10}\).

A study group of National Institute of Bank Management in 1972, Talwar Committee on bank productivity in 1976, Rangrajan Committee in 1983 and 1988, focused on productivity performance of banks\(^\text{11}\).

A research study conducted by Goldberg and Anoop Rai revealed that there is a positive correlation between productivity, profitability and efficiency in banking operations\(^\text{12}\).

S. Chakravarti Committee has highlighted that the operational efficiency of banks is dependent on management of cost efficiency, profitability, customer services, mobilisation of deposits and lending. Therefore, productivity performance of banks is a core objective of bank management\(^\text{13}\).

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The review of literature of productivity of banks has revealed that many scholars have contributed to evolve the conceptual framework of productivity as well as the determinants of productivity of banks.

The productivity is an index of performance. Therefore, it is one of the core area of strategic management. The banks are financial institutions. As a result productivity performance of banks is interwoven in the fabrics of financial performance. So, labour productivity (Human Resource Productivity) and branch productivity (Plant Productivity) are measured by correlating to financial output of major functional areas of banks, e.g.

I  **Labour Productivity**

(i) Deposits per Employee  
(ii) Credit per Employee  
(iii) Net Profit per Employee  
(iv) Business per Employee

II  **Branch /Plant Productivity**

(i) Deposits per Branch  
(ii) Advances per Branch  
(iii) Net Profit per Branch  
(iv) Business per Branch

It is to be noted that in a review of literature different scholars have made valuable contributions to the development of body of knowledge of productivity of banks. The pioneering contributions of research scholars in conceptualising the bank productivity and its determinants is a torch bearer work for measuring the productivity of banks. Therefore, an attempt is made to analyse the productivity performance of banks based the foundation of work done by research scholars and benchmark research institutions for measuring the productivity of banks. The conceptual framework of productivity of banks is shown in exhibit II. 1.

**Trend Analysis of Productivity of Banks.**

The review of literature of productivity of banks has helped us to lay down the conceptual foundation of productivity of banks. Therefore it is logical to quantify this conceptual approach of productivity of banks with help of performance analysis of public sector banks. The productivity performance analysis is classified into two viz.

(I) Labour productivity /Human Resource Productivity.

(II) Branch Productivity /Plant Productivity.

(I) Labour Productivity /Human Resource Productivity.

(a) Deposit Per Employee :-
Exhibit : 2:1

Productivity Model of Banks

\[
\text{Productivity of Public Sector Banks} = \frac{\text{Total Number of Employees}}{\text{Total Number of Branches}}
\]

\[
O = \frac{P}{I}
\]
Every manufacturing firm will always try to increase its output, because output is one of the functions of profit i.e.

\[ P = F(O) \]

Where:

\[ P = \text{Profit} \]

\[ F = \text{Function} \]

\[ O = \text{Output} \]

Accordingly, bank firm also makes target bound management efforts to increase its deposits. On deposits the total revenue,

\[ (TR = P \times Q) \]

Where:

\[ TR = \text{Total Revenue} \]

\[ P = \text{Price} \]

\[ Q = \text{Quantity} \]

i.e. banks total revenue,

\[ (TR = ir \times cr) \]

Where:

\[ ir = \text{Interest} \]

\[ cr = \text{credit} \]
depend. Therefore the deposits of a bank are considered as output of a bank firm. So output management approach of measuring productivity of bank i.e.

\[ P_R = \frac{D}{E} \]

Where:

- \( P_R \) = Productivity
- \( D \) = Deposits
- \( E \) = Employee

is used for analyzing the productivity performance of public sector banks.


The deposits per employee of SBI increased from Rs.113.02 lakh in 2000-2001 to Rs.129.17 lakh in 2001-2002, Rs.131.08 lakh


The deposits per employee of S.B.P. also increased from Rs. 96.90 lakh in 2000-2001 to Rs. 117.84 lakh in 2001-2002, Rs. 153.43 lakh in 2002-2003, Rs. 192.50 lakh in 2003-2004, Rs. 279.60 lakh in 2005-2006, Rs. 345.87 lakh in 2006-2007, Rs. 434.64 lakh in
Table: II. 1
Deposits Per Employee
(DPE)  
(Rs. Lakh)

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</thead>
<tbody>
<tr>
<td>S.B.I.</td>
<td>113.02</td>
<td>129.17</td>
<td>121.08</td>
<td>153.89</td>
<td>172.54</td>
<td>191.19</td>
<td>234.92</td>
<td>299.88</td>
<td>360.41</td>
<td>401.45</td>
</tr>
<tr>
<td>S.B.J</td>
<td>77.11</td>
<td>87.72</td>
<td>100.17</td>
<td>119.82</td>
<td>149.63</td>
<td>179.44</td>
<td>242.34</td>
<td>298.65</td>
<td>342.80</td>
<td>372.76</td>
</tr>
<tr>
<td>S.B.H.</td>
<td>100.11</td>
<td>129.14</td>
<td>156.24</td>
<td>182.69</td>
<td>221.13</td>
<td>259.57</td>
<td>322.22</td>
<td>391.07</td>
<td>496.53</td>
<td>536.66</td>
</tr>
<tr>
<td>S.B.IN.</td>
<td>102.11</td>
<td>121.13</td>
<td>144.57</td>
<td>159.3</td>
<td>204.97</td>
<td>250.65</td>
<td>306.52</td>
<td>393.79</td>
<td>450.79</td>
<td>480.91</td>
</tr>
<tr>
<td>S.B.M.</td>
<td>76.32</td>
<td>86.35</td>
<td>92.25</td>
<td>114.34</td>
<td>141.18</td>
<td>168.03</td>
<td>229.30</td>
<td>282.53</td>
<td>340.36</td>
<td>384.53</td>
</tr>
<tr>
<td>S.B.P.</td>
<td>96.90</td>
<td>117.84</td>
<td>153.43</td>
<td>192.50</td>
<td>236.05</td>
<td>279.6</td>
<td>345.87</td>
<td>434.64</td>
<td>527.99</td>
<td>417.35</td>
</tr>
<tr>
<td>S.B.S.</td>
<td>89.00</td>
<td>102.19</td>
<td>116.52</td>
<td>144.42</td>
<td>167.57</td>
<td>190.72</td>
<td>221.10</td>
<td>231.67</td>
<td>N.A.</td>
<td>N.A.</td>
</tr>
<tr>
<td>S.B.T.</td>
<td>95.08</td>
<td>110.9</td>
<td>133.68</td>
<td>164.24</td>
<td>163.76</td>
<td>223.29</td>
<td>266.94</td>
<td>309.5</td>
<td>369.92</td>
<td>417.35</td>
</tr>
<tr>
<td>Total</td>
<td>107.18</td>
<td>123.60</td>
<td>138.21</td>
<td>149.20</td>
<td>174.82</td>
<td>200.44</td>
<td>233.47</td>
<td>310.78</td>
<td>374.93</td>
<td>414.49</td>
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</tbody>
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The trend analysis of productivity in terms of deposits per employee of all banks and individual bank have shown a consistent upward trend for the period under study. S.B.H. has emerged as the highest performer among the S.B.I. group for the time frame study.

(a) **Credit Per Employee** :-

The banks are the financial intermediaries. The total earnings/ total income of a bank depends, on volume of credit i.e.(volume of credit x rate of interest). So volume of credit and total earnings are positively correlated. The performance efficiency and effectiveness of a bank is determined by the volume of credit target achieved by its human resources. Therefore, credit per employee is an indicator of measuring financial productivity in terms of sales per employee because credit can be considered as sales.

The total earnings of a bank is mainly determined by the volume of credit. So, volume of credit/advances is a major
determinant of financial efficiency of bank. Moreover, income/earning function on which major earning depend is given as under

\[ Y = F( Cr \times Ri ) \]

Where:

- \( Y \) = Income
- \( F \) = Function
- \( Cr \) = Credit
- \( Ri \) = Rate of interest.

Therefore, an attempt is made to measure the productivity of banks by calculating the credit per employee of S.B.I. and its Associate Banks taken together as well as at an individual bank level.

Table II.2 shows the productivity performance in terms of advances / credit per employee period under study. The credit per employee of S.B.I. and its associate banks taken together increased from Rs. 51.65 lakh in 2000-2001 to Rs. 57.94 lakh in 2001-2002, Rs.66.87 lakh in 2002-2003, Rs. 78.56 lakh in 2003-2004, Rs. 137.34 lakh in 2005-2006, Rs. 188.28 lakh in 2006-2007, Rs. 288.44 lakh in 2007-2008, Rs. 275.36 lakh in 2008-2009 and Rs. 321.02 lakh in 2009-2010.


Table : II. 2
Advances Per Employee
( A P E )
(Rs. Lakh)

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<tbody>
<tr>
<td>S.B.I.</td>
<td>52.07</td>
<td>57.67</td>
<td>69.23</td>
<td>76.28</td>
<td>103.99</td>
<td>131.70</td>
<td>181.96</td>
<td>232.57</td>
<td>263.48</td>
<td>315.48</td>
</tr>
<tr>
<td>S.B.J</td>
<td>38.59</td>
<td>44.62</td>
<td>54.07</td>
<td>65.85</td>
<td>98.66</td>
<td>131.48</td>
<td>174.66</td>
<td>219.56</td>
<td>260.96</td>
<td>285.06</td>
</tr>
<tr>
<td>S.B.H.</td>
<td>53.4</td>
<td>62.5</td>
<td>75.90</td>
<td>88.97</td>
<td>124.06</td>
<td>159.16</td>
<td>218.23</td>
<td>297.78</td>
<td>347.29</td>
<td>390.08</td>
</tr>
<tr>
<td>S.B.I.N.</td>
<td>52.25</td>
<td>65.61</td>
<td>81.83</td>
<td>97.95</td>
<td>138.30</td>
<td>178.66</td>
<td>235.55</td>
<td>290.57</td>
<td>343.87</td>
<td>371.81</td>
</tr>
<tr>
<td>S.B.M.</td>
<td>43.00</td>
<td>49.78</td>
<td>56.99</td>
<td>65.06</td>
<td>92.86</td>
<td>120.66</td>
<td>171.44</td>
<td>216.33</td>
<td>264.87</td>
<td>292.11</td>
</tr>
<tr>
<td>S.B.P.</td>
<td>57.21</td>
<td>73.33</td>
<td>95.76</td>
<td>112.09</td>
<td>153.75</td>
<td>195.41</td>
<td>253.94</td>
<td>325.73</td>
<td>383.93</td>
<td>373.49</td>
</tr>
<tr>
<td>S.B.S.</td>
<td>47.96</td>
<td>55.26</td>
<td>65.39</td>
<td>70.90</td>
<td>93.62</td>
<td>116.34</td>
<td>155.02</td>
<td>175.40</td>
<td>N.A.</td>
<td>N.A.</td>
</tr>
<tr>
<td>S.B.T.</td>
<td>52.56</td>
<td>61.26</td>
<td>80.43</td>
<td>92.71</td>
<td>127.38</td>
<td>162.05</td>
<td>213.54</td>
<td>246.32</td>
<td>287.82</td>
<td>315.46</td>
</tr>
<tr>
<td>Total</td>
<td>51.65</td>
<td>57.94</td>
<td>66.87</td>
<td>78.56</td>
<td>107.95</td>
<td>137.34</td>
<td>188.28</td>
<td>238.44</td>
<td>275.36</td>
<td>321.02</td>
</tr>
</tbody>
</table>


The credit per employee of SBI and its Associate Banks taken together as well as individual bank level have consistently recorded increase for the period under study. S.B.H. performance of productivity remained relatively highest among the S.B.I. group.

**Volume of Business Per Employee**

The volume of business is one of the determinant of profit of the bank. The volume of business is achieved with the help of human resources of the bank. One of the profit functions is
\[ P = F \text{ (VB)} \]

Where:

- \( P = \text{Profit} \)
- \( F = \text{Function} \)
- \( \text{VB} = \text{Volume of business} \)

Therefore, volume of business per employee is one the indicators of productivity of banks. The following table shows the volume of business per employee of State Banks of India and its Associate Banks for the period of ten years.


Rs. 456.00 lakh in 2007-2008, Rs. 556.00 lakh in 2008-2009 and Rs. 636.00 lakh respectively in 2009-2010.


The volume of business per employee of S.B.P. increased from Rs. 143.45 lakh in 2000-2001 to Rs. 194.31 lakh in 2001-2002, Rs. 246.37 lakh in 2002-2003, Rs. 305.00 lakh in 2003-2004, Rs. 493.01 lakh in 2005-2006, Rs. 599.54 lakh in 2006-2007,
### Table: II.3
Volume of Business Per Employee (V B P E) (Rs. Lakh)

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<tbody>
<tr>
<td>S.B.I.</td>
<td>136.58</td>
<td>173.01</td>
<td>191.00</td>
<td>210.56</td>
<td>254.89</td>
<td>299.23</td>
<td>357.00</td>
<td>456.00</td>
<td>556.00</td>
<td>636.00</td>
</tr>
<tr>
<td>S.B.J</td>
<td>105.19</td>
<td>129.42</td>
<td>146.00</td>
<td>169.82</td>
<td>223.33</td>
<td>276.85</td>
<td>368.09</td>
<td>445.45</td>
<td>555.39</td>
<td>755.62</td>
</tr>
<tr>
<td>S.B.H.</td>
<td>145.19</td>
<td>166.04</td>
<td>226.20</td>
<td>265.86</td>
<td>340.01</td>
<td>414.34</td>
<td>473.64</td>
<td>599.08</td>
<td>839.82</td>
<td>627.67</td>
</tr>
<tr>
<td>S.B.IN.</td>
<td>126.00</td>
<td>171.00</td>
<td>220.52</td>
<td>275.30</td>
<td>321.63</td>
<td>367.97</td>
<td>476.67</td>
<td>604.37</td>
<td>701.53</td>
<td>763.51</td>
</tr>
<tr>
<td>S.B.M.</td>
<td>112.15</td>
<td>124.96</td>
<td>146.49</td>
<td>162.81</td>
<td>226.40</td>
<td>290.00</td>
<td>398.00</td>
<td>495.00</td>
<td>602.00</td>
<td>672.00</td>
</tr>
<tr>
<td>S.B.P.</td>
<td>143.45</td>
<td>194.31</td>
<td>246.37</td>
<td>305.00</td>
<td>399.00</td>
<td>493.01</td>
<td>599.54</td>
<td>759.82</td>
<td>910.24</td>
<td>895.21</td>
</tr>
<tr>
<td>S.B.S.</td>
<td>123.87</td>
<td>152.12</td>
<td>167.87</td>
<td>193.16</td>
<td>248.55</td>
<td>303.94</td>
<td>343.00</td>
<td>396.00</td>
<td>N.A.</td>
<td>N.A.</td>
</tr>
<tr>
<td>S.B.T.</td>
<td>157.32</td>
<td>178.78</td>
<td>220.00</td>
<td>256.96</td>
<td>319.07</td>
<td>381.19</td>
<td>506.13</td>
<td>558.65</td>
<td>657.75</td>
<td>696.00</td>
</tr>
<tr>
<td>Total</td>
<td>156.93</td>
<td>178.71</td>
<td>205.08</td>
<td>227.77</td>
<td>282.79</td>
<td>337.79</td>
<td>382.53</td>
<td>517.54</td>
<td>606.41</td>
<td>735.52</td>
</tr>
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**Source:** Statistical Tables Relating to Banks in India by R B I, Mumbai, 2000-2001 to 2009-2010.
Rs. 759.82 lakh in 2007-2008, and Rs. 910.24 lakh in 2008-2009. But the same was declined to Rs. 895.21 lakh in 2009-2010.


Net Profit Per Employee (NPPE)

The profit is an index of financial performance of the bank firm. The profit is shown in the balance sheet after processing the incomes and expenses through statutory process of bank accounting. The banks are the service organizations. Therefore, the number, types, quality, competency, commitment and work culture of employees determine the profit performance of banks. The profit per employee is one of the indicators of productivity. The following table shows the profit per employee of State Bank of India (SBI) and its Associate Banks for the period of ten years.

Table II.4 shows the profit per employee of SBI and its Associate Banks for the period under study. The profit per employee of SBI and its Associate Banks taken together, recorded consistent increase from Rs. 0.55 lakh in 2000-2001 to Rs. 1.36 lakh in 2001-2002, Rs. 1.59 lakh in 2002-2003, Rs. 2.00 lakh in 2003-2004,
Rs. 2.20 lakh in 2005-2006, Rs. 2.56 lakh in 2006-2007, Rs. 3.43 lakh in 2007-2008, Rs. 4.57 lakh in 2008-2009 and Rs. 4.65 lakh in 2009-2010 respectively.


S.B.M. made consistent increase in its net profit per employee from Rs. 0.26 lakh in 2000-2001 to Rs. 0.67 lakh in 2001-2002, Rs. 1.30 lakh in 2002-2003, Rs. 1.81 lakh in 2003-2004, Rs. 2.22 lakh in 2005-2006, Rs. 2.60 lakh in 2006-2007, Rs. 3.28 lakh in
**Table II.4**

*Net Profit Per Employee (NPE)*

(Rs. Lakh)

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</thead>
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<td>S.B.I.</td>
<td>0.70</td>
<td>1.16</td>
<td>1.00</td>
<td>1.77</td>
<td>1.97</td>
<td>2.17</td>
<td>2.37</td>
<td>3.73</td>
<td>4.74</td>
<td>4.46</td>
</tr>
<tr>
<td>S.B.J</td>
<td>0.77</td>
<td>1.31</td>
<td>1.47</td>
<td>5.52</td>
<td>3.36</td>
<td>1.20</td>
<td>2.57</td>
<td>2.73</td>
<td>3.55</td>
<td>5.58</td>
</tr>
<tr>
<td>S.B.H.</td>
<td>1.13</td>
<td>1.68</td>
<td>2.01</td>
<td>2.87</td>
<td>3.06</td>
<td>3.26</td>
<td>3.92</td>
<td>4.35</td>
<td>4.87</td>
<td>3.96</td>
</tr>
<tr>
<td>S.B.IN.</td>
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<td>2.09</td>
<td>2.91</td>
<td>3.73</td>
<td>4.44</td>
<td>4.83</td>
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<td>0.67</td>
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<td>1.81</td>
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<td>2.60</td>
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<td>3.68</td>
<td>3.17</td>
<td>2.66</td>
<td>3.24</td>
<td>3.70</td>
<td>4.68</td>
<td>4.45</td>
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<tr>
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<td>1.51</td>
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<td>0.74</td>
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<td>N.A.</td>
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<tr>
<td>S.B.T.</td>
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<td>2.03</td>
<td>2.18</td>
<td>2.34</td>
<td>2.96</td>
<td>3.4</td>
<td>5.36</td>
<td>6.00</td>
</tr>
<tr>
<td>Total</td>
<td>0.55</td>
<td>1.36</td>
<td>1.59</td>
<td>2.00</td>
<td>2.10</td>
<td>2.20</td>
<td>2.56</td>
<td>3.43</td>
<td>4.57</td>
<td>4.65</td>
</tr>
</tbody>
</table>

**Source**: Statistical Tables Relating to Banks in India by R B I, Mumbai, 2000-2001 to 2009-2010.
Rs. 759.82 lakh in 2007-2008, and Rs. 910.24 lakh in 2008-2009. But the same was declined to Rs. 895.21 lakh in 2009-2010.


**Net Profit Per Employee (NPPE)**

The profit is an index of financial performance of the bank firm. The profit is shown in the balance sheet after processing the incomes and expenses through statutory process of bank accounting. The banks are the service organizations. Therefore, the number, types, quality, competency, commitment and work culture of employees determine the profit performance of banks. The profit per employee is one of the indicators of productivity. The following table shows the profit per employee of State Bank of India (SBI) and its Associate Banks for the period of ten years.

Table II.4 shows the profit per employee of SBI and its Associate Banks for the period under study. The profit per employee of SBI and its Associate Banks taken together, recorded consistent increase from Rs. 0.55 lakh in 2000-2001 to Rs. 1.36 lakh in 2001-2002, Rs. 1.59 lakh in 2002-2003, Rs. 2.00 lakh in 2003-2004,
Rs. 2.20 lakh in 2005-2006, Rs. 2.56 lakh in 2006-2007, Rs. 3.43 lakh in 2007-2008, Rs. 4.57 lakh in 2008-2009 and Rs. 4.65 lakh in 2009-2010 respectively.


S.B.M. made consistent increase in its net profit per employee from Rs. 0.26 lakh in 2000-2001 to Rs. 0.67 lakh in 2001-2002, Rs. 1.30 lakh in 2002-2003, Rs. 1.81 lakh in 2003-2004, Rs. 2.22 lakh in 2005-2006, Rs. 2.60 lakh in 2006-2007, Rs. 3.28 lakh in
Table : II . 4
Net Profit Per Employee
(NP E )
(Rs. Lakh)

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<td>3.73</td>
<td>4.74</td>
<td>4.46</td>
</tr>
<tr>
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<td>0.77</td>
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<td>1.47</td>
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<td>3.36</td>
<td>1.20</td>
<td>2.57</td>
<td>2.73</td>
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<td>5.58</td>
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<tr>
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<td>1.68</td>
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<td>2.87</td>
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<td>3.92</td>
<td>4.35</td>
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<td>1.91</td>
<td>2.57</td>
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<td>2.77</td>
<td>2.09</td>
<td>2.91</td>
<td>3.73</td>
<td>4.44</td>
<td>4.83</td>
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<tr>
<td>S.B.M.</td>
<td>0.26</td>
<td>0.67</td>
<td>1.30</td>
<td>1.81</td>
<td>2.01</td>
<td>2.22</td>
<td>2.60</td>
<td>3.28</td>
<td>3.48</td>
<td>4.41</td>
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<tr>
<td>S.B.P.</td>
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<td>1.97</td>
<td>2.71</td>
<td>3.68</td>
<td>3.17</td>
<td>2.66</td>
<td>3.24</td>
<td>3.70</td>
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<td>4.45</td>
</tr>
<tr>
<td>S.B.S.</td>
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<td>1.1</td>
<td>0.98</td>
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<td>1.51</td>
<td>0.64</td>
<td>1.21</td>
<td>0.74</td>
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<td>N.A.</td>
</tr>
<tr>
<td>S.B.T.</td>
<td>0.85</td>
<td>1.06</td>
<td>1.24</td>
<td>2.03</td>
<td>2.18</td>
<td>2.34</td>
<td>2.96</td>
<td>3.4</td>
<td>5.36</td>
<td>6.00</td>
</tr>
<tr>
<td>Total</td>
<td><strong>0.55</strong></td>
<td><strong>1.36</strong></td>
<td><strong>1.59</strong></td>
<td><strong>2.00</strong></td>
<td><strong>2.10</strong></td>
<td><strong>2.20</strong></td>
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<td><strong>3.43</strong></td>
<td><strong>4.57</strong></td>
<td><strong>4.65</strong></td>
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</table>

S.B.P. had shown a fluctuating trend in its performance of net profit per employee for the period under study. The net profit per employee of SBP recorded increase from Rs. 1.23 lakh in 2000-2001 to Rs. 1.97 lakh in 2001-2002, Rs. 2.71 lakh in 2002-2003 and Rs. 3.68 lakh in 2003-2004 respectively. But it deeped down to Rs. 2.66 lakh in 2005-2006. Again it made increase to Rs. 3.24 lakh in 2006-2007, to Rs. 3.70 lakh in 2007-2008 and Rs. 4.68 lakh in 2008-2009. But in 2009-2010 it deeped down to Rs. 4.45 lakh.

S.B.T. had shown a consistent upward trend in its net profit per employee for the period under study. Its net profit per employee made consistent increase from Rs. 0.85 lakh in 2000-2001 to Rs. 1.06 lakh in 2001-2002, Rs. 1.24 lakh in 2002-2003, Rs. 2.03 lakh in 2003-2004, Rs. 2.34 lakh in 2005-2006, Rs. 2.96 lakh in 2006-2007, Rs. 3.40 lakh in 2007-2008, Rs. 5.36 lakh in 2008-2009 and Rs. 6.00 lakh in 2009-2010 respectively.

**Branch Productivity of Banks (A Plant Productivity Approach)**

We have decentralised management structure of banks. A branch of bank is a front line business center. The branch of a bank is a micro functional organization. Therefore, the macro business performance of bank is determined by a micro business performance of a branch. So, branch of a bank is like a plant. But branch as a
The branch of a bank collects deposits, (output), provide credit to different types of borrowers (Sales Function) services to various users and also make investments of funds. Thus branch of a bank is a multi functions micro business organization. As a result branch of a bank is a profit center. The productivity and profitability of a bank is determined by the productivity and profitability of the branches of a bank. Therefore, productivity of a branch is a nucleus center of productivity of a bank. As a consequence the branch productivity in terms of deposits per branch, advances per branch profit per branch and volume of business per branch are calculated as a financial index of branch productivity to depict the trend behaviour of productivity of a bank. This will help the management of a bank to know the productivity performance of each branch. Thus in the strategic management of productivity performance of bank, the branch productivity is a nucleus centre of productivity performance.

**Deposits Per Branch**

per branch of S.B.I. and its Associate Banks recorded decline to Rs.
6208.10 lakh in 2009-2010.

The deposits per branch of S.B.I. increased from Rs. 2193.07 lakh in
2000-2001 to Rs. 2496.95 lakh in 2001-2002, Rs. 2781.06 lakh in
2001-2002, Rs. 3502.07 lakh in 2003-2004, Rs. 4047.34 lakh in
2005-2006. Rs. 4521.60 lakh in 2006-2007, Rs. 5068.41 lakh in
2007-2008, Rs. 6333.84 lakh in 2008-2009 and Rs. 6465.51 lakh in
2009-2010.

The deposits per branch of S.B.J. recorded increase from Rs.
5318.57 lakh in 2009-2010.

The deposits per branch of S.B.H. increased from Rs. 1690.43 lakh in
2000-2001 to Rs. 1966.44 lakh in 2001-2002, Rs. 2338.14 lakh in
2003-2004, Rs. 2662.77 lakh in 2003-2004, Rs. 3551.62 lakh in
2005-2006, Rs. 4192.18 lakh in 2006-2007, Rs. 5005.82 lakh in
2007-2008, Rs.6057.12 lakh in 2008-2009 and Rs. 6486.28 lakh in
2009-2010.

In the same manner the deposits per branch of S.B.M. recorded increase from Rs. 1261.69 lakh in 2000-2001, to Rs. 1411.42 lakh in 2001-2002, Rs. 1475.86 lakh in 2002-2003, Rs.


**Advances Per Branch**


## Table: II. 6

Advances Per Branch  
(APE)

(Rs. Lakh)

<table>
<thead>
<tr>
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<td>1590.11</td>
<td>1737.82</td>
<td>226.33</td>
<td>2788.08</td>
<td>3502.22</td>
<td>3930.66</td>
<td>4630.44</td>
<td>5080.92</td>
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<td>1050.92</td>
<td>1471.63</td>
<td>1892.35</td>
<td>2343.17</td>
<td>2950.11</td>
<td>3471.01</td>
<td>4067.26</td>
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<tr>
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<td>1007.45</td>
<td>1135.90</td>
<td>1296.78</td>
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<td>2177.76</td>
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<td>3581.29</td>
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<td>3280.20</td>
<td>3970.44</td>
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<td>5026.98</td>
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<td>1420.53</td>
<td>1813.91</td>
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<td>4526.79</td>
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<td>2661.15</td>
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<td>2158.00</td>
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<td>3301.80</td>
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**Volume of Business Per Branch**

Table II.7 reveals the volume of business per branch of S.B.I. and its Associate Banks for the period under study. S.B.I. and its Associate Banks taken together made consistent increase in their volume of business per branch from Rs. 17968.00 lakh in 2000-2001 to Rs. 23527.00 lakh in 2001-2002, Rs. 27250.00 lakh in 2002-2003, Rs. 31861.83 lakh in 2003-2004, Rs. 62996.64 lakh in 2005-2006, Rs. 56031.52 lakh in 2006-2007, Rs. 68143.00 lakh in 2007-2008,
Rs. 71147.00 lakh in 2008-2009 and Rs. 77946.58 lakh in 2009-2010 respectively.


Table : II . 7
Volume of Business Per Branch
( V B P B )

(Rs. Lakh)

<table>
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<td>6037.66</td>
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<td>8999.07</td>
<td>10964.29</td>
<td>11546.43</td>
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<td>1985.60</td>
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<td>2534.20</td>
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<td>3719.05</td>
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<td>6271.79</td>
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<td>9351.44</td>
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<td>31861.83</td>
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<td>56031.52</td>
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</table>

7414.30 lakh in 2007-2008, Rs. 8684.24 lakh in 2008-2009 and Rs. 9958.64 lakh in 2009-2010 respectively.


The net profit per branch of S.B.I. recorded consistent increase from Rs. 17.67 lakh in 2000-2001 to Rs. 26.76 lakh in 2001-2002, Rs. 37.40 lakh in 2002-2003, Rs. 40.50 lakh in 2003-2004, Rs. 46.92


The net profit per branch of S.B.P. behaved inconsistently for the period under study. The net profit per branch of S.B.P. increased from Rs. 22.26 lakh in 2000-2001 to Rs. 32.22 lakh in 2001-2002, Rs. 42.81 lakh in 2002-2003 and Rs. 58.00 lakh in 2003-
Table: II .8
Net Profit Per Branch
(NP PB)
(Rs. Lakh)

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<td>63.46</td>
<td>77.85</td>
<td>73.69</td>
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<td>59.34</td>
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<td>4.31</td>
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<td>313.16</td>
<td>317.66</td>
<td>321.61</td>
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</tbody>
</table>

2004. It deeped down to Rs. 39.46 lakh in 2005-2006 and again it registered rise from Rs. 46.28 lakh in 2006-2007, Rs. 51.84 lakh in 2007-2008 and Rs. 62.82 lakh in 2008-2009. But same was recorded fall to Rs. 61.89 lakh in 2009-2010.


**Conclusion:**

The trend analysis of human resource productivity and branch productivity of S.B.I. and its Associate Banks taken together as well as at an individual bank level, have increased for the period under study.