CHAPTER II

PROFILE OF BANKS COVERED IN THE STUDY

- Strong Banks
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In the previous chapter, an overview and genesis of banking industry has been presented, highlighting the transition of banking system to the present structure and the current scenario in which the Indian banks are operating in the Indian environment. Besides, the reform process and future shape of banking industry has been discussed.

This chapter presents a brief profile of the banks which have been considered in the study and has been divided into three sections. Section 2.1 includes the strong banks-Corporation Bank and Oriental Bank of Commerce. Section 2.2 includes the average banks-Union Bank of India and Punjab National Bank while Section 2.3 describes the weak banks-United Bank of India and UCO Bank.

2.1 Strong Banks

2.1.1 Corporation Bank

Established in the year 1906, Corporation Bank is an organization based on the traditional Indian values of service to the community. Corporation Bank is regarded as one of the well-run banks in the community of Public Sector Banks in the country. The Bank has a unique history of 100 years of successful banking and has stood the test of time by growing steadily, offering vast, varied and versatile services with a personal touch. Today, its good customer service, pre-eminent track record in house keeping, adherence to Prudential Accounting norms, consistent profitability and adoption of modern technology for betterment of customer service have earned the Bank a place of pride in the banking community. The Bank has been richly endowed with a relatively young, dynamic and efficient manpower, which is the key factor of
the Bank’s success. Excellence in performance and uniqueness in customer service form the central core of the Bank’s organisational culture.

The growing confidence of its clientele is well reflected in the Bank’s performance in all critical areas of its operations all through the years. The Bank is a Public Sector Unit with 57.17% of Share Capital held by the Government of India. The Bank came out with its Initial Public Offer (IPO) in October 1997. The Bank’s Net Worth stood at Rs.3,374.89 crore as on 31.03.2006. The Net Profit of the bank as on 31.03.06 stood at Rs. 445 crores as against Rs.402 crores on 31.03.05.

Corporation Bank is the first Public Sector Bank to publish the results under US GAAP. The Bank has been publishing the results under the US GAAP since 1998-99. The net profit of the Bank and its subsidiaries under US GAAP for the year 2004-05 stood at Rs. 435.89 crore against consolidated net profit of Rs. 350.69 crore registered under Indian GAAP method.

As on 31.03.06, the Bank has a highly dedicated team of 11,325 employees who have made the encouraging performance of the Bank possible by extending exemplary services to its customers. The Bank plans to continue its endeavors in the development of human capital so as to provide unmatched services to its clientele.

The LIC has bought into Corporation Bank in order to spread its insurance distribution network. Both banks and insurance companies have started entering the asset management business, as there is a great deal of synergy among these businesses. The Bank has better productivity levels than many of its peers in the Public Sector. In pursuit of niche banking with technology as the competitive edge, the Bank has drawn up an IT Plan to provide better service to its customers. All the branches of the Bank have been computerized and consequently, 100% of the Bank’s business is computerized now. The Bank endeavors to provide high quality service to its customers.

As on 31st March 2006, the aggregate business of the Bank stood at Rs. 56,839 crore comprising Rs.32,877 Crore Deposits and Rs.23,962 Crore Advances. With its
strategic business focus and innovation, the Bank is striving for better performance in the coming years. Its total business is set to reach Rs.70,000 crore in March 2007. The Bank has an ambitious plan to raise its total business level to Rs.1,00,000 crore by March 2009.

2.1.2 Oriental Bank of Commerce

Established in Lahore on 19th February 1943, Oriental Bank of Commerce made a modest beginning under its founder, Late Rai Bahadur Lala Sohan Lal, the first Chairman of the bank.

Within four years of coming into existence, the Bank had to face the holocaust of partition. Branches in the newly formed Pakistan had to be closed down and the Registered Office had to be shifted from Lahore to Amritsar. Late lala Karam Chand Thapar, the then Chairman of the Bank, in a unique gesture honoured the commitments made to the depositors from Pakistan and paid every rupee to its departing customers. The foundation of customer service thus laid has ever since remained Oriental Bank's prime philosophy and has been nurtured well as a legacy by all its successors, year after year. The Bank is a Public Sector Unit with 51.19% of Share Capital held by the Government of India.

The Bank’s business continues to grow at an impressive rate, with total business mix having gone up by Rs.10398.82 crore to Rs.85746.01 crore as on 31st March 2006 from Rs.75347.19 crore as on 31st March 2005, which translates into growth rate of 13.80%. During the year ended 31st March 2006, 18 new branches have been opened taking the total to 1184 branches, besides 162 Extension Counters. 36 more ATMs were installed/operationalised during the year ended 31st March 2006 taking number of ATMs to total 524. As on 31.03.2006, the bank has 14962 employees and the aggregate business of the Bank stood at Rs. 83774 crore comprising Rs. 50197 Crore Deposits and Rs.33577 Crore Advances. The net profits decreased from 726 crores in 2004-2005 to 557 crores in 2005-2006.
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The Bank has launched a program involving people's participation in the planning process at grass root level essentially to tackle the maladies of poverty. The Grameen Projects venture aims to alleviate poverty plus identify the reasons responsible for the failure or success. OBC is already implementing a GRAMEEN PROJECT in Dehradun District (UP) and Hanumangarh District (Rajasthan). Formulated on the pattern of the Bangladesh Grameen Bank, the Scheme has a unique feature of disbursing small loans ranging from Rs.75 (US $2) onwards. The beneficiaries of the Grameen Project are mostly women. The Bank is engaged in providing training to rural folk in using locally available raw material to produce pickles, jams etc.

This has provided self-employment and augmented income levels thus reforming lives of rural folk and encouraging cottage industries in rural areas. Emboldened by the success, Bank extended the programme to more villages. At present, it covers 15 villages; 10 in Punjab, 4 in Haryana and 1 in Rajasthan. The programme focuses on providing a comprehensive and integrated package providing rural finance to the villagers with Village Development as its focus, thus contributing towards infrastructure development and augmentation of income for each farmer of the village. The Bank has implemented 14 point action plan for strengthening of credit delivery to women and has designated 5 branches as specialized branches for women entrepreneurs.

2.2 Average Banks

2.2.1. Union Bank of India (UBI)

The dawn of twentieth century witnessed the birth of a banking enterprise par excellence- UNION BANK OF INDIA- that was flagged off by Mahatama Gandhi. Since then, Union Bank of India has this far unflinchingly traveled the arduous road to successful banking. A journey that spans 86 years. The objective of Union Bank of India, at inception was to have the ability to carry on a big bank and manage efficiently crores of rupees in the course of national activities.
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Union Bank is a Public Sector Unit with 55.43% Share Capital held by the Government of India. The Bank came out with its Initial Public Offer (IPO) in August 20, 2002 and Follow on Public Offer in February 2006. Presently 44.57 % of Share Capital is presently held by Institutions, Individuals and Others.

Over the years, the Bank has earned the reputation of being a techno-savvy and is a front runner among public sector banks in modern-day banking trends. It is one of the pioneer public sector banks, which launched Core Banking Solution in 2002. Under this solution umbrella, more than 900 branches/extension counters of the Bank have been 610 networked ATMs, with online Tele-banking facility made available to all its Core Banking Customers - with online Tele banking facility made available to all its Core Banking customers - individual as well as corporate. In addition to this, the versatile Internet Banking provides extensive information pertaining to accounts and facets of banking. Regular banking services apart, the customer can also avail of a variety of other value-added services like Cash Management Service, Insurance, Mutual Funds and Demat.

As on 31.03.06, the bank has 2169 offices and 25421 employees across India. The business stood at Rs. 1,27,474 crore as against Rs. 1,01,935 the previous year. Bank has a three-tier structure. The decentralized power structure has accelerated decision making process and thereby bank quickly responds to changing needs of the customers and has also been able to adjust with the changing environment. Bank has five general manager offices at Ahmedabad, Lucknow, Delhi, Mumbai, Calcutta and Chennai which function as an extended arm of corporate office. It also has two zonal offices a Bhopal and Pune. Tier 3 comprises of 43 regional offices at various geographical centers of the country. Union Bank has 2169 offices and 25421 employees as on 31.03.06.

2.2.2 Punjab National Bank (PNB)

Established in 1895 at Lahore, undivided India, Punjab National Bank (PNB) has the distinction of being the first Indian bank to have been started solely with Indian
capital. The bank was nationalized in July 1969 along with 13 other banks. From its modest beginning, the bank has grown in size and stature to become a front-line banking institution in India at present.

With its presence virtually in all the important centres of the country, Punjab National Bank offers a wide variety of banking services which include corporate and personal banking, industrial finance, agricultural finance, financing of trade and international banking. Among the clients of the Bank are Indian conglomerates, medium and small industrial units, exporters, non-resident Indians and multinational companies. The large presence and vast resource base have helped the Bank to build strong links with trade and industry.

Punjab National Bank is serving over 3.5 crore customers through 4142 offices 520 branches including 439 extension counters - largest amongst nationalized banks. The Bank was recently ranked 21st amongst top 500 companies by the leading financial daily, Economic Times. PNB's attempts at providing best customer service has earned it 9th place among India's Most Trusted top 50 service brands in Economic Times- A.C Nielson Survey. PNB is also ranked 248th amongst the top 1000 banks in the world according to "The Banker" London. The Net Profits of the bank stood at Rs. 1439 crores on 31.03.06 as against Rs. 1410 on 31.03.05.

At the same time, the bank has been conscious of its social responsibilities by financing agriculture and allied activities and small scale industries (SSI). Considering the importance of small scale industries bank has established 31 specialised branches to finance exclusively such industries. Government of India has 57.8% of shareholding pattern in the Bank.

Strong correspondent banking relationship which Punjab National Bank maintains with over 200 leading international banks all over the world enhances its capabilities to handle transactions world-wide. Besides, bank has Rupee drawing arrangements with 15 exchange companies in the Gulf and one in Singapore. Bank is a member of the SWIFT and over 150 branches of the bank are connected through its computer-
based terminal at Mumbai. With its state-of-art dealing rooms and well-trained dealers, the bank offers efficient forex dealing operations in India.

The bank has been focusing on expanding its operations outside India and has identified some of the emerging economies which offer large business potential. Bank has set up representative offices at Almaty: Kazakhstan, Shanghai: China and in London. Besides, Bank has opened a full fledged Branch in Kabul, Afghanistan.

As on 31.03.06, the bank has 4142 offices and 58047 offices across India. The business growth stood at Rs. 2,94,312 crores with Rs. 74627 Crores as advances and Rs.119685 crores against deposits as against Rs.1,63610 crores with Rs.103167 against deposits and Rs.60443 crores against advances as on 31.03.05.

Keeping in tune with changing times and to provide its customers more efficient and speedy service, the Bank has taken major initiative in the field of computerization. All the Branches of the Bank have been computerized. The Bank has also launched aggressively the concept of "Any Time, Any Where Banking" through the introduction of Centralized Banking Solution (CBS) and over 2170 offices have already been brought under its ambit. PNB also offers Internet Banking services in the country for corporates as well as individuals.

Internet Banking services are available through all Branches of the Bank networked under CBS. Providing 24 hours, 365 days banking right from the PC of the user, Internet Banking offers world class banking facilities like anytime, anywhere access to account, complete details of transactions, and statement of account, online information of deposits, loans overdraft account etc. PNB has recently introduced Online Payment Facility for railway reservation through IRCTC Payment Gateway Project and Online Utility Bill Payment Services which allows Internet Banking account holders to pay their telephone, mobile, electricity, insurance and other bills anytime from anywhere from their desktop. Another step taken by PNB in meeting the changing aspirations of its clientele is the launch of its Debit card, which is also an ATM card. It enables the card holder to buy goods and services at over 99270
merchant establishments across the country. Besides, the card can be used to withdraw cash at more than 14000 ATMs, where the 'Maestro' logo is displayed, apart from the PNB's over 830 ATMs and tie up arrangements with other Banks.

2.3 Weak Banks

2.3.1 United Bank of India (UBI)

UBI is one of the 14 major banks which were nationalised on July 19, 1969. United Bank of India Ltd., was formed in 1950 with the amalgamation of four banks viz. Comilla Banking Corporation Ltd. (1914), Bengal Central Bank Ltd. (1918), Comilla Union Bank Ltd. (1922) and Hooghly Bank Ltd. (1932) (which were established in the years indicated in brackets after the names). The origin of the Bank thus goes back as far as 1914. As against 174 branches, Rs. 147 crores of deposits and Rs. 112 crores of advances at the time of nationalisation in July, 1969, today the Bank has 1350 branches, over Rs. 25,348 crores of deposits and Rs. 11839 crores of gross advances as on 31-03-06. Presently the Bank has a three-tier organisational set-up consisting of the Head Office, 28 Regional Offices and 1315 branches. After nationalisation, the Bank expanded its branch network in a big way and actively participated in the developmental activities, particularly in the rural and semi-urban areas in conformity with the objectives of nationalisation. In recognition of the role played by the Bank, it was designated as Lead Bank in several districts and at present it is the Lead Bank in 34 districts in the States of West Bengal, Assam and Tripura. The Bank is also the Convener of the State Level Bankers' Committees (SLBC) for the States of West Bengal and Tripura. UBI played a significant role in the spread of banking services in different parts of the country, more particularly in Eastern and North-Eastern India. UBI has sponsored 11 Regional Rural Banks (RRB) five of which are in West Bengal, four in Assam and one each in Manipur and Tripura. These eleven RRBS together have over 1000 branches. In its efforts to provide banking services to the people living in the not easily accessible areas of the Sunderbans in West Bengal, UBI had established two floating mobile branches on motor launches which moved from island to island on different days of the week. The floating mobile branches were discontinued with the opening of full-fledged branches at the centers which were
being served by the floating mobile branches. UBI is also known as the 'Tea Bank' because of its age-old association with the financing of tea gardens. It has been the largest lender to the tea industry.

The Bank has three full fledged overseas branches one each at Calcutta, New Delhi and Mumbai with fully equipped dealing room and SWIFT terminal. The operations of 500 branches have been computerized either fully or partially and Electronic Fund Transfer System came to be implemented in the Bank's branches at Calcutta, Delhi, Mumbai and Madras. The Bank has ATMs at Kolkata, New Delhi and at Mumbai. The coverage of ATMs is being expanded to other cities.

Government of India has 100% shareholding pattern in the Bank. United Bank of India has 17319 employees as on 31.03.06 with a business growth of Rs.44772 crores with Rs.29250 crores as deposits and Rs.15522 crores as deposits as against Rs.36738 crores with Rs.25348 crores as deposits and Rs.11390 crores as advances as on 31.03.05. The Net Profit stood at Rs.205 crores on 31.03.06 as against Rs. 300 crores on 31.03.05.

2.3.2 UCO Bank

The idea of a truly Indian bank was first conceived of by Mr. G.D Birla, the doyen of Indian industrial renaissance, after the historic "Quit India" movement in 1942. Soon this nascent idea came into reality and, on the 6th of January 1943, The United Commercial Bank Ltd. was born with its Registered and Head Office at Kolkata. The very first Board of Directors was represented by eminent personalities of the country drawn from all walks of life, and this all-India character of the Bank has been assiduously maintained till this day not only in the composition of its Board but also in the geographical spread of its 1815 (as on 31.03.06) odd branches in the country as well as in its overseas centres in Singapore and Hong Kong.

Having traversed periods of expansion and consolidation, the Bank was nationalized by the Government of India on the 19th July 1969 whereupon 100 per cent ownership was taken over by the government. This historic event brought about a sea-change in
the entire fabric of the bank's thinking and activities, commensurate with the
government's socio-political approach of mass banking as against class banking
hitherto practised. Branch expansion started at a fast pace, particularly in rural areas,
and the bank achieved several unique distinctions in priority sector lending and other
social upliftment activities. To keep pace with the developing scenario and expansion
of business, the Bank undertook an exercise in organizational restructuring in the year
1972. This resulted into more functional specialization, decentralization of
administration and emphasis on development of personnel skill and attitude. Side by
side, whole hearted commitment into the government's poverty alleviation
programmes continued and the convenorship of State Level Bankers' Committee
(SLBC) was entrusted on the Bank for Orissa and Himachal Pradesh in 1983.

The year 1985 opened a new chapter for the Bank as the name of the Bank changed to
UCO BANK by an Act of Parliament. The customer friendly and socially committed
character, however, remained even with this change in name which has, over the
years, been regarded as one of the well known and vibrant banks in the country.
Today, with all its inner strengths, UCO Bank has come a long way to symbolize
friendliness for customers and efficiency in its banking business.

The business growth of UCO Bank stood at Rs.90734 crores with Rs 54004 crores as
deposits and Rs.36730 crores as advances as on 31.03.06 as against Rs.77126 crores
with Rs.49470 crores as deposits and Rs.27656 crores as advances. Net Profits of the
bank for the year 2005-2006 stood at Rs.197 crores as against Rs.346 crores for the

UCO Bank is a commercial bank and a Government of India undertaking with
74.98% shares of the Bank. Its Board of Directors consists of government
representatives from the Government of India and Reserve Bank of India as well as
eminent professionals like accountants, management experts, economists,
businessmen, etc.
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