CHAPTER - III

BANKING INDUSTRY IN INDIA
– A PROFILE
BANKING INDUSTRY IN INDIA – A PROFILE

Evolution of Banking Industry in India

The banking industry started functioning in India during the 18th century. The banks were setup under private sector. After independence India had a fairly well developed commercial banking system. The Reserve Bank of India (RBI), established in 1935 became a state owned institution from January 1st 1949 under the banking regulation act, enacted to provide a framework for controlling, regulating and supervising the commercial banking activities.

Brief Historical Development of Banking Industry

From the ancient times, an indigenous banking system had prevailed in India. The businessmen called shroffs, seths, sahukars, mahajans, shettys, etc., had been carrying on the business of banking since the ancient times. These indigenous bankers included very small money lenders to shroffs with huge businesses, who carried on the large and specialized business even greater than the business of banks.

The history of banking starts from Bank of Hindustan established in 1779, in Calcutta under the European management.

The first bank in India called The General Bank of India was established in the year 1786. Since Calcutta was the most active trading port in India, mainly due to the trade of the British Empire, it became a banking centre. Three Presidency banks were set up under charters from the British East India Company – Bank of Bengal/ Calcutta (1809), Bank of Bombay (1840) and Bank of Madras (1843). The three Presidency banks were set up
under charters from the British East India Company – Bank of Calcutta, Bank of Bombay and Bank of Madras. These worked as quasi central banks in India for many years. The Bank of Calcutta established in 1809 immediately became Bank of Bengal.

Allahabad Bank which was established in 1865 was for the first time completely run by Indians. Punjab National Bank Ltd. was set up in 1894 with head quarters at Lahore. Between 1906 and 1913, Bank of India, Central Bank of India, Indian Bank, Bank of Baroda, Canara Bank, Indian Bank, Corporation Bank, and Bank of Mysore were set up. This was the era of the Swadeshi Movement in India.

In 1921, all presidency banks were amalgamated to form the Imperial Bank of India which was run by European Shareholders. After that the Reserve Bank of India was established in April 1935. At the time of first phase, the development of banking sector was very slow. From 1913 - 1948 there were approximately 1100 small banks in India. To streamline the functioning and activities of commercial banks, the Government of India came up with the Banking Companies Act, 1949 which was later changed to Banking Regulation Act 1949 as per amending Act of 1965 (Act No.23 of 1965).

Reserve Bank of India was constituted in 1934 as an apex bank, without major Government ownership. Government of India came up with the Banking Companies Act, 1949. This act was later changed to Banking Regulation (Amendment) Act 1949. Reserve Bank of India was vested with extensive powers for the supervision of banking in India as a Central
Banking Authority. After independence, Government had taken most important steps in regard to Indian Banking Sector reforms. In 1955, the Imperial Bank of India was nationalized and was given the name "State Bank of India", to act as the principal agent of RBI and to handle banking transactions all over the country. It was established under State Bank of India Act, 1955. Thus, State Bank of India is the oldest Bank of India.

Indian banking system made a good amount of progress during 1950's and 1960's to provide credit to commercial and industrial houses but it neglected small units and agriculture, which got attention in 1967 when the Government of India introduced social control in the banking system. This brought changes in the distribution pattern of credit and management of the banks. Political compulsion, then partially attributed to the inadequacies of the social control, led the Government of India to nationalize. In 1969, 14 major scheduled commercial banks which had deposits above a cut-off-size of Rs. 50 crores were nationalized. The basic purpose to nationalize the scheduled commercial banks was to serve the society better in conformity with national priorities and objectives. Again, after eleven years of the nationalization, the Government further announced nationalization of seven other scheduled commercial banks each having deposits of Rs. 200 crores or more. Together with the development of commercial banks, a number of exclusively state-owned Development Financial Institutions (DFIs) were also set up, both at the state and national levels. The mutual fund activities were also monopolized by the government. Refinance institutions in agriculture and industry sectors were also developed similar in nature to the DFIs. Insurance, both life and general also became state monopolies in the Indian Financial System. The distinct phases of the development of Indian commercial banking can be identified as follows:
(a) Phase I - Pre-Nationalization Phase (1786-1969)

(b) Phase II - Era of Nationalization of Scheduled Commercial Banks (1969-1991)

(c) Phase III - Current phase of Indian Banking (1991-2004)

(d) Phase IV - Period of increased Liberalization (2004 onwards)

(a) Phase I - Pre-Nationalization Phase (1786 – 1969)

The early phase of the development of commercial banking was from 1786 to 1969. This phase is also known as the traditional or conservative phase of Indian Banking. It was started with the establishment of the first joint stock bank, viz., the General Bank of India in the year 1786. In the mid of the 19th century, the East India Company established three banks, viz., the Bank of Bengal in 1809, the Bank of Bombay in 1840 and the Bank of Madras in 1843. These banks were independent units and were called Presidency Banks. These three banks were amalgamated in 1921 and a new bank, viz., Imperial Bank of India was established. All these banks were started by the private shareholders who were mostly Europeans. The Allahabad Bank was established in 1865 and the next bank to be set up was the Punjab National Bank Ltd. Most of the Indian commercial banks, however, owe their origin to the 20th century. The Bank of India, the Central Bank of India, the Bank of Baroda, the Canara Bank, the Indian Bank, and the Bank of Mysore were established between 1906 and 1913. The last major commercial bank to be set up in this phase was the United Commercial Bank in 1943. The establishment of the RBI in 1935 as the Central Bank of the country was an important step in the development of the commercial banking in India. The history of the joint stock banking in this phase was characterized by slow growth and periodic bank failures. The Government of India concerned by
the frequent bank failures in the country causing miseries to the innumerable small depositors and others, enacted the Banking Companies Act 1949, the title of the Act was changed as "Banking Regulations Act 1949", as per the Amending Act of 1965.

(b) Era of Nationalization of Scheduled Commercial Banks (1969-1991)

When the country attained independence, Indian Banking was exclusively a private sector. In addition to the Imperial Bank, there were five big banks each holding public deposits aggregating Rs.100 crores and more. The Government first implemented the exercise of nationalization of a significant part of the Indian Banking system in the year 1955, when Imperial Bank of India was nationalized for the stated objective of "extension of banking facilities on a large scale, more particularly in the rural and semi-urban areas, and to diverse other public purposes" to form State Bank of India (SBI). The SBI was to act as the principal agent of the RBI and handle banking transactions of the Union and State Governments throughout India. The step was in the fulfillment of the objectives of supporting a powerful rural credit co-operative movement in India as recommended by "The All India Rural Credit Survey Committee Report, 1954". The State Bank of India was obliged to open an accepted number of branches within five years in the un-banked centers of the country. But, the major process of nationalization was carried out on 19th July 1969, when the then Prime Minister of India, Mrs. Indira Gandhi announced the nationalization of 14 major commercial banks in the country. One more phase of nationalization was carried out in the year 1980, when seven more banks were nationalized. This brought 80% of the then banking segment in India under Government ownership.
The major steps taken by the Government in this phase were enumerated as follows:

i) 1949 - Enactment of Banking Regulation Act

ii) 1955 - Nationalization of SBI of India

iii) 1959 - Nationalization of SBI Subsidiaries

iv) 1961 - Insurance cover extended to Deposits

v) 1969 - Nationalization of 14 major scheduled commercial banks

vi) 1971 - Creation of Credit Guarantee Corporation

vii) 1975 - Creation of Regional Rural Banks

viii) 1980 - Nationalization of 7 more banks with deposits over 200 crores

(c) Current Phase of Indian Banking (1991-2004)

The nationalized banks in their enthusiasm for development banking looked exclusively to branch openings, deposit accretion and social banking, but neglected prudential norms, profitability criteria, risk management and building of adequate capital as a buffer to counter balance the ever expanding risk-inherent-assets held by them. They failed to recognize the emerging non-performing assets and to build adequate provisions to neutralize the adverse effects of such assets. In the early nineties, after two decades of lop-sided policies, these banks paid heavily for their misdirected performance in place of pragmatic and balanced policies. The RBI/ Government of India had step-in at the crisis-hour to implement remedial steps. Reforms in the financial and banking sectors and liberal recapitalization of the ailing and weakened public sector banks followed. However, it is important to mention here that the advent of banking sector
reforms brought the era of modern banking of global standards in the history of Indian Banking. The emphasis shifted to efficient and prudential banking linked to better customer care and customer service. Responsibility for development banking was blended with the paramount need for complying with norms of prudence and efficiency.

The following developments were the features of Indian commercial banking in this phase:

(i) Reform Measures

The major challenge of the reform was to introduce elements of market incentive as a dominant factor gradually replacing the administratively co-ordinated and planned actions for development. Such a paradigm shift has several dimensions, the corporate governance being one of the important elements. The evolution of the corporate governance in banks, particularly in public sector banks, thus reflects the changes in the monetary policy, the regulatory environment and the structural transformations in Indian economy. During the reform period which started from 1991, the policy environment enhanced competition and provided greater opportunity for the exercise of genuine corporate element in each bank to replace the elements of co-ordinated actions of all entities as a "Joint family" to fulfill predetermined plan priorities. Greater competition has been infused in the banking system by permitting again the entry of private sector banks and the licensing of more branches by foreign banks and the entry of new foreign banks.
(ii) Regulatory Environment

Since its inception, prudential regulation and supervision have formed a critical component of the financial sector reform programme. These norms have been progressively tightened over the years. The Banking Regulation Act, 1949 prevents connected lending, i.e., lending by banks to directors or companies in which directors are interested. Regular periodical inspection of banks was the main instrument of supervision. The earlier system of Annual Financial Review/ Financial Inspections was replaced by Annual Financial Inspection in 1992, and the inspection objectives and procedures was refined. The major objectives for such steps was to evaluate the bank's safety and soundness, to appraise the quality of the board and management, to ensure compliance with banking laws and regulation, to analyse financial factors, to determine banks solvency, to appraise soundness of banks assets and to identify areas of improvement.

(iii) Self Regulatory Organisations (SRO)

India had the distinction of experimenting with Self Regulatory Organisations (SROs) in the financial system since the pre-independence days. At present, there are four SROs in the financial system.

(a) Indian Banks Association (IBA)
(b) Foreign Exchange Dealers Association of India (FEDAI)
(c) Primary Dealers Association of India (PDAI)
(d) Fixed Income Money Market Dealers Association of India (FIMMDAI)
Chart. 3.1

STRUCTURE OF INDIAN BANKING INDUSTRY

Reserve Bank of India
(Central Bank and Monetary Authority)

Scheduled Banks

Unscheduled Banks

Scheduled Commercial Banks

SBI & Associates

Nationalized Banks

Private Sector Banks

Regional Rural Banks

Other Scheduled Commercial Banks

Foreign Banks

Scheduled Co-operative Banks

Public Sector Banks (PSBs)

Rural Co-operative Banks

Urban Co-operative Banks

Single

Multi-state

Short Term

State, District & Primary Level Co-operative Banks

Long Term

SCARDBs & PCARDBs

Source: D&B Industry Research Service
The Reserve Bank of India is a central bank and was established on 1st April 1935 in accordance with the provisions of Reserve Bank of India Act 1934. The central office of RBI is located at Mumbai since inception. Though originally the reserve bank of India was privately owned, since nationalization in 1949, RBI was fully owned by the Government of India. It was inaugurated with share capital of Rs. 5 crores divided into shares of Rs. 100 each fully paid up. RBI is governed by a central board, headed by a governor appointed by the central government of India. RBI has 22 regional offices across India. The reserve bank of India was nationalized in the year 1949. The general superintendence and direction of the bank is entrusted to central board of directors of 20 members, the Governor and four deputy Governors, one Governmental official from the ministry of Finance, ten nominated directors by the government to give representation to important elements in the economic life of the country, and the four nominated director by the Central Government to represent the four local boards with the headquarters at Mumbai, Kolkata, Chennai and New Delhi. Local Board consists of five members each central government appointed for a term of four years to represent territorial and economic interests and the interests of co-operative and indigenous banks. The RBI Act 1934 was commenced on April 1, 1935. The Act, 1934 provides the statutory basis of the functioning of the bank. The bank was constituted for the need of following:

- To regulate the issues of bank notes.
- To maintain reserves with a view to securing monetary stability.
- To operate the credit and currency system of the country to its advantage.
Functions of RBI as a Central Bank of India is explained briefly as follows:

**Bank of Issue**

The RBI formulates, implements, and monitors the monetary policy. Its main objective is to maintain price stability and ensure adequate flow of credit to productive sectors.

**Regulator-Supervisor of the Financial System**

Reserve Bank of India prescribes broad parameters of banking operations within which the country's banking and financial system functions. Their main objective is to maintain public confidence in the system, protect depositor's interest and provide cost effective banking services to the public.

**Manager of Exchange Control**

The manager of exchange control department manages the foreign exchange, according to the Foreign Exchange Management Act, 1999. The manager's main objective is to facilitate external trade and payment and promote orderly development and maintenance of foreign exchange market in India.

**Issuer of Currency**

A person who works as an issuer, issues and exchanges or destroys the currency and coins that are not fit for circulation. His main objective is to give the public adequate quantity of supplies of currency notes and coins in good quality.
Developmental Role

The Reserve Bank of India performs wide range of promotional functions to support national objectives such as contests, coupons, maintaining good public relations, etc.

Related Functions

There are some of the related functions along with the above mentioned main functions. They are banker to the government and banker to banks.

- It acts as a Banker to government performing merchant banking function for the central and the state governments.
- Banker to banks maintains banking accounts of all scheduled banks.

Controller of Credit

RBI performs the following tasks:

- It holds the cash reserves of all the scheduled banks.
- It controls the credit operations of banks through quantitative and qualitative controls.
- It controls the banking system through the system of licensing, inspection and calling for information.
- It acts as the lender of the last resort by providing rediscount facilities to scheduled banks.

Supervisory Functions

In addition to its traditional central banking functions, the Reserve Bank performs certain non-monetary functions, such as supervision of banks and promotion of sound banking in India. The Reserve Bank Act 1934 and the Banking Regulation Act 1949 have given the Reserve Bank of India wide
powers of supervision and control over commercial and co-operative banks, relating to licensing and establishments, branch expansion, liquidity of their assets, management and methods of working, amalgamation, reconstruction and liquidation. The Reserve Bank of India is authorized to carry out periodical inspections of the banks and to call for returns and necessary information from them. The nationalization of 14 major Indian scheduled banks in July 1969 has imposed new responsibilities on the Reserve Bank of India for directing the growth of banking and credit policies towards more rapid development of the economy and realisation of certain desired social objectives. The supervisory function of the Reserve Bank of India has helped in improving the standard of banking in India to develop sound lines and to improve the methods of their operation.

**Promotional Functions**

With economic growth assuming a new urgency since independence, the range of the Reserve Bank’s functions has steadily widened. The bank now performs a variety of developmental and promotional functions, which, at one time, were regarded as outside the normal scope of central banking. The Reserve Bank was asked to promote banking habits, extend banking facilities to rural and semi-urban areas, and establish and promote new specialized financing agencies.

**Scheduled Banks**

A scheduled bank is a bank that is listed under the second schedule of the RBI Act, 1934. In order to be included under this schedule of the Reserve Bank of India Act, banks have to fulfill certain conditions such as having a paid up capital and reserves of at least 0.5 million and satisfying the Reserve
Bank that its affairs are not being conducted in a manner prejudicial to the interests of its depositors. Scheduled banks are further classified into commercial and co-operative banks. The basic difference between scheduled commercial banks and scheduled co-operative banks is in their holding pattern. Scheduled co-operative banks are co-operative credit institutions that are registered under the Co-operative Societies Act. These banks work according to the cooperative principles of mutual assistance.

**Scheduled Commercial Banks (SCBs)**

Scheduled Commercial Banks (SCBs) account for a major proportion of the business of the Scheduled Banks. SCBs in India are categorized into the five groups based on their ownership and/or their nature of operations. State Bank of India and its six associates (excluding State Bank of Saurashtra, which has been merged with the SBI with effect from August 13, 2008) are recognised as a separate category of SCBs, because of the distinct statutes (SBI Act, 1955 and SBI Subsidiary Banks Act, 1959) that govern them. Nationalised banks and SBI and associates, together form the public sector banks group and control around 70% of the total credit and deposits businesses in India. Private sector banks include the old private sector banks and the new generation private sector banks which were incorporated according to the revised guidelines issued by the RBI regarding the entry of private sector banks in 1993. As on 31st December 2014 there are total 27 nationalized banks functioning in India.

**Foreign Banks**

These banks are present in the country either through complete branch/subsidiary route presence or through their respective offices. At the end of
December 2014, there are 16 foreign banks with representative offices in India.

**Regional Rural Banks**

The government of India set up Regional Rural Banks (RRBs) on October 2, 1975. These banks provide credit to the weaker sections of the rural areas, particularly the small and marginal farmers, agricultural labourers, and small entrepreneurs. Initially, five RRBs were set up on October 2, 1975 which was sponsored by Syndicate Bank, State Bank of India, Punjab National Bank, United Commercial Bank and United Bank of India. There are several concessions enjoyed by the RRBs provided by Reserve Bank of India such as lower interest rates and refinancing facilities from NABARD like lower cash ratio, lower statutory liquidity ratio, lower rate of interest on loans taken from sponsoring banks, managerial and staff assistance from the sponsoring bank and reimbursement of the expenses on staff training. The RRBs are under the control of NABARD. NABARD has the responsibility of laying down the policies for the RRBs, to oversee their operations, provide refinance facilities to monitor their performance and to attend their problems.

Between 1975 and 1987, 196 RRBs were established. RRBs have grown in geographical coverage, reaching out to increasing number of rural clientele. Despite growing in geographical coverage, the number of RRBs operation in the country has been declining over the past few years due to rapid consolidation among them.
Scheduled Co-operative Banks

Scheduled co-operative banks in India can be broadly classified into urban co-operative banks and rural co-operative banks. Rural co-operative banks undertake long term as well as short term lending. Rural co-operatives in most states have a three tier structure (Rural, district and state level).

Unscheduled Banks

Unscheduled banks also function in the form of Local Area Banks (LAB). Local area banks are set up under the scheme announced by the Government of India in 1996, for the establishment of new private banks of a local nature; with jurisdiction over a maximum of three contiguous districts. LABs aid in the mobilization of funds of rural and semi urban districts. Six LABs were originally licensed, but the license of one of them was cancelled due to irregularities in operations and others were amalgamated with Bank of Baroda in 2004 due to its weak financial position.

COMPOSITION OF INDIAN COMMERCIAL BANKING SYSTEM

The Indian Commercial Banking System at present are classified as follows:

(I) Public Sector Banks
   (i) SBI (State Bank of India and its 7 Associate Banks)
   (ii) 19 Nationalized Banks
   (iii) RRB’s (Regional Rural Banks, sponsored by Public Sector Banks)

(II) Private Sector Banks
   (i) Old generation private Banks
   (ii) New generation private Banks
(iii) Foreign Banks in India

These banks function under the top monetary authority, viz., Reserve Bank of India. The names of these banks are as follows:

➤ Public Sector Commercial Banks

(i) State Bank of India and its seven Associates Banks

- State Bank of Bikaner and Jaipur
- State Bank of Hyderabad
- State Bank of Indore
- State Bank of Mysore
- State Bank of Patiala
- State Bank of Saurashtra
- State Bank of Travancore

(ii) Nationalized Banks (Out of 20 Banks, one Bank 'New Bank of India' merged with Punjab National Bank in 1992-93 resulting into 19 Nationalized Banks)

- Allahabad Banks
- Andhra Bank
- Bank of Baroda
- Bank of India
- Bank of Maharashtra
- Canara Bank
- Central Bank of India
- Corporation Bank
• Dena Bank
• Indian Bank
• Indian Overseas Bank
• Oriental Bank of Commerce
• Punjab and Sind Bank
• Punjab National Bank
• Syndicate Bank
• UCO Bank
• Union Bank of India
• United Bank of India
• Vijaya Bank
• Bharatiya Mahila bank

GOVERNMENT POLICY ON BANKING INDUSTRY

Banks operating in most of the countries must contend with many regulations, rules enforced by Federal and State agencies to govern their operations, service offerings and the manner in which they grow and expand their facilities to better serve the public. A banker works within the financial system to provide loans, accept deposits and provide other services to their customers. They must do so within a climate of extensive regulation, designed primarily to protect the public interests.[3]

The main reasons why the banks are heavily regulated are as follows,

- To protect the safety of the public's savings.
- To control the supply of money and credit in order to achieve a nation’s broad economic goal.
- To ensure equal opportunity and fairness in the public's access to credit and other vital financial services.
- To promote public confidence in the financial system, so that savings are made speedily and efficiently.
- To avoid concentration of financial power in the hands of a few individuals and institutions.
- To provide the Government with credit, tax revenues and other services.
- To help sectors of the economy with special credit needs for eg., Housing, small business, agricultural loans etc.

**PROFILE OF SELECT NATIONALIZED BANKS**

Nationalized banks in India are the major players in Indian banking system dominating the industry and playing a pivotal role in the economic development of the country. The profile of State Bank of India, State Bank of Mysore and State Bank of Hyderabad, that are the select nationalized banks for the study are explained in detail.

**STATE BANK OF INDIA**

**Evolution**

The origin of the State Bank of India dates back to the first decade of the nineteenth century with the establishment of the Bank of Calcutta in Calcutta on 2nd June 1806. Three years later the bank received its charter and was re-designed as the Bank of Bengal on 2nd January 1809. It was a unique institution, the first joint-stock bank of British India sponsored by the Government of Bengal. The Bank of Bombay (15th April 1840) and the Bank of Madras (1st July 1843) followed by the Bank of Bengal, these three banks remained at the apex of modern banking in India till their amalgamation as
the Imperial Bank of India on 27th January 1921. Primarily Anglo-Indian creations, the three presidency banks came into existence either as a result of the compulsions of imperial finance or by the felt needs of local European Commerce and were not imposed from outside in an arbitrary manner to modernize India's economy. Their evolution was, however, shaped by ideas culled from similar developments in Europe and England and was influenced by changes occurring in the structure of both the local trading environment and those in the relations of the Indian economy to the economy of Europe and the global economic framework.

**Establishment**

The establishment of the Bank of Bengal marked the advent of limited liability, joint-stock banking in India. So was the associated innovation in banking, viz., the decision to allow the Bank of Bengal to issue notes, which would be accepted for payment of public revenues within a restricted geographical area. This right of note issue was very valuable not only for the Bank of Bengal but also its two siblings, the Banks of Bombay and Madras. It meant an accretion to the capital of the banks, a capital on which the proprietors did not have to pay any interest. The concept of deposit banking was also an innovation because the practice of accepting money for safekeeping (and in some cases, even investment on behalf of the clients) by the indigenous bankers had not spread as a general habit in most parts of India. But, for a long time and especially up to the time that the three presidency banks had a right of note issue, bank notes and government balances made up the bulk of the investible resources of the banks.

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

**Photo - 3.1**

*Group Photograph of Members of Central Board (1921)*

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**Business**

The business of the banks were initially confined to discounting of bills of exchange or other negotiable private securities, keeping cash accounts and receiving deposits and issuing and circulating cash notes. Loans were restricted to Rs. one lakh and the period of accommodation confined to three months only. The security for such loans was public securities, commonly called Company's Paper, bullion, treasure, plate, jewels, or goods 'not of a perishable nature' and no interest could be charged beyond a rate of twelve percent. Loans against goods like opium, indigo, salt woolens, cotton, cotton piece goods, mule twist and silk goods were also granted but such finance by way of cash credits gained momentum only from the third decade of the nineteenth century. All commodities, including tea, sugar and jute, which began to be financed later, were either pledged or hypothecated to the
bank. Demand promissory notes were signed by the borrower in favour of the guarantor, which was in turn endorsed to the bank. Lending against shares of the banks or on the mortgage of houses, land or other real property was, however, forbidden.

Indians were the principal borrowers against deposit of Company's paper, while the business of discounts on private as well as salary bills was almost the exclusive monopoly of individuals, Europeans and their partnership firms. But the main function of the three banks, as far as the government was concerned, was to help the latter raise loans from time to time and also provide a degree of stability to the prices of government securities.

**Photo – 3.2**
Old Bank of Bengal

**Photo – 3.3**
Bank of Madras Note Dated 1861 for Rs.10

**Major Change in the Conditions**

A major change in the conditions of operation of the Bank of Bengal, Bombay and Madras occurred after 1860. With the passing of the Paper Currency Act of 1861, the right of note issue of the presidency banks was
abolished and the Government of India from 1st March 1862 assumed the sole power of issuing paper currency within British India.

**Presidency Banks Act**

The presidency Banks Act, which came into operation on 1st May 1876, brought the three presidency banks under a common statute with similar restrictions on business. The Act stipulated the creation of Reserve Treasuries at Calcutta, Bombay and Madras into which sums above the specified minimum balances promised to the presidency banks at only their head offices were to be lodged. The Government could lend to the presidency banks from such Reserve Treasuries but the latter could look upon them more as a favour than as a right.

**Photo – 3.4**

Bank of Madras

**Photo – 3.5**

Bank of Bombay

**Imperial Bank**

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

Photo – 3.6
Stamp of Imperial Bank of India

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

First Five Year Plan (1951-1956)

In 1951, when the First Five Year Plan was launched, the development of rural India was given the highest priority. The commercial banks of the country including the Imperial Bank of India had till then confined their operations to the urban sector and were not equipped to respond to the emergent needs of economic regeneration of the rural areas. In order to serve the economy in general and the rural sector in particular, the All India Rural Credit Survey Committee recommended the creation of a state-partnered and state-sponsored bank by taking over the Imperial Bank of
India, and integrating with it, the former state-owned or state-associate banks. An act was accordingly passed in Parliament in May 1955 and the State Bank of India was constituted on 1st July 1955. More than a quarter of the resources of the Indian banking system thus passed under the direct control of the State. Later, the State Bank of India (Subsidiary Banks) Act was passed in 1959, enabling the State Bank of India to take over eight former State-associated banks as its subsidiaries (later named Associates). The State Bank of India was thus born with a new sense of social purpose aided by the 480 offices comprising branches, sub offices and three local head offices inherited from the Imperial Bank. The concept of banking as mere repositories of the community's savings and lenders to creditworthy parties was soon to give way to the concept of purposeful banking sub serving the growing and diversified financial needs of planned economic development. The State Bank of India was destined to act as the pacesetter in this respect and lead the Indian banking system into the exciting field of national development.\(^2\)

**Table.3.1**

**Status of State Bank of India**

<table>
<thead>
<tr>
<th>Name of Bank</th>
<th>Bank of India</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of Branches</td>
<td>2934</td>
</tr>
<tr>
<td>No. of Employees</td>
<td>40155</td>
</tr>
<tr>
<td>Business per Employee</td>
<td>83.30</td>
</tr>
<tr>
<td>(in Lakh)</td>
<td></td>
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<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>--------------------------------</td>
<td>-------</td>
</tr>
<tr>
<td>Profit per Employee (in Lakh)</td>
<td>7.49</td>
</tr>
<tr>
<td>Interest Income (in Crore)</td>
<td>16347</td>
</tr>
<tr>
<td>Other Income (in Crore)</td>
<td>3052</td>
</tr>
<tr>
<td>Interest Expended (in Crore)</td>
<td>10848</td>
</tr>
<tr>
<td>Operating Expenses (in Crore)</td>
<td>3094</td>
</tr>
<tr>
<td>Return on Assets</td>
<td>1.49</td>
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<tr>
<td>CRAR</td>
<td>13.01</td>
</tr>
<tr>
<td>Net NPA Ratio</td>
<td>0.44</td>
</tr>
</tbody>
</table>

Source: Business maps of India.com

VISION, MISSION & VALUES

Vision

- My SBI.
- My Customer first.
- My SBI: First in customer satisfaction

Mission

- We will be prompt, polite and proactive with our customers.
- We will speak the language of young India.
- We will create products and services that help our customers achieve their goals.
- We will go beyond the call of duty to make our customers feel valued.
• We will be of service even in the remotest part of our country.
• We will offer excellence in services to those abroad as much as we do to those in India.
• We will imbibe state of the art technology to drive excellence.

Values
• We will always be honest, transparent and ethical.
• We will respect our customers and fellow associates.
• We will be knowledge driven.
• We will learn and we will share our learning.
• We will never take the easy way out.
• We will do everything we can to contribute to the community we work in.
• We will nurture pride in India

Table. 3.2

List of Directors on the Central Board of State Bank of India
(As on 1st December, 2014)

<table>
<thead>
<tr>
<th>Sl.No</th>
<th>Name</th>
<th>Designation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Smt. Arundhati Bhattacharya</td>
<td>Chairman</td>
</tr>
<tr>
<td>2.</td>
<td>Shri P. Pradeep Kumar</td>
<td>Managing Director</td>
</tr>
<tr>
<td>3.</td>
<td>Shri.B.Sriram</td>
<td>Managing Director</td>
</tr>
<tr>
<td>4.</td>
<td>Shri.V.G.Kannan</td>
<td>Managing Director</td>
</tr>
<tr>
<td>5.</td>
<td>Shri Sanjiv Malhotra</td>
<td>Director</td>
</tr>
<tr>
<td>6.</td>
<td>Shri Sunil Mehta</td>
<td>Director</td>
</tr>
<tr>
<td>7.</td>
<td>Shri M.D. Mallya</td>
<td>Director</td>
</tr>
</tbody>
</table>
The bank is entering into many new businesses with strategic tie ups – Pension funds, General insurance, custodial services, private equity, mobile banking, point of sale merchant acquisition, advisory services, structured products etc., each one of these initiatives having a huge potential for growth.

It is also focusing at the top end of the market, on wholesale banking capabilities to provide India’s growing mid and large corporate with a complete array of products and services. It is consolidating its global treasury operations and entering into structured products and derivative instruments. Today, the bank is the largest provider of infrastructure debt and the largest arranger of external commercial borrowings in the country. It is the only Indian bank to feature in the Fortune 500 list.

The bank is actively involved since 1973 in non-profit activity called Community Services Banking. All branches and administrative offices
throughout the country sponsor and participate in large number of welfare activities and social causes. Their business is more than banking because they touch the lives of people in many ways.

State Bank of India (SBI) has received an approval from the Government of India (GOI) for acquisition of SBI Commercial and International Bank (SBICI Bank). The government had issued the 'Acquisition of SBICI Bank Order 2011’ vide order dated July 29, 2011.

**Services Offered by the Bank**

- NRI Services
- Personal Banking
- International Banking
- Agriculture/ Rural
- Corporate Banking
- Government Business
- Domestic Treasury

**Subsidiaries**

**Banking Subsidiaries**

- State Bank of Bikaner and Jaipur
- State Bank of Hyderabad
- State Bank of Indore
- State Bank of Mysore
- State Bank of Patiala
- State Bank of Saurashtra
- State Bank of Travancore
Foreign Subsidiaries

- SBI International (Mauritius) Ltd.
- State Bank of India (California)
- State Bank of India (Canada)
- INMB Bank Ltd, Lagos
- BANK SBI Indonesia (SBII)

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 General Insurance Company Limited

Joint Ventures

- SBI Life Insurance Company Ltd. (SBI LIFE)
- SBI General Insurance Company Limited

Achievements/ Recognition

- Asian Centre for Corporate Governance & Sustainability and Indian Merchants Chamber has awarded the Transformational Leader Award 2007.

- State Bank of India ranked as No.1 in the 4Ps B & M & ICMR Survey on India's Best Marketed Banks in August-2009.

- Shri Om Prakash Bhatt was declared as one of the '25 Most Valuable Indians' by The Week Magazine for 2009.
• State Bank of India has been adjudged The Best Bank 2009 By Business India in August-2009.

• It bagged ‘Most Preferred Bank’ and ‘Most Preferred Brand for Home Loan’ at CNBC Awaaz Consumer Awards.

• It became the only Indian bank to get listed in the Fortune Global 500 List.

• SBI was at the 70th slot in the top 1000 bank survey by Banker Magazine.

• It was awarded Golden award for being among the two most trusted banks in India by Readers Digest.

• SBI was ranked 6th in the Economic Times Market Cap List.

• State Bank of India also improved its ranking in “Fortune” 500 Global List,


• Asia’s Best CSR Practices Award 2013-Singapore, was awarded by CMO Asia.

• SBI was awarded for best use of mobility technology, best use of technology in financial inclusion, best use of technology for e-learning and training, best customer management, best internet bank, best use of technology in payment system in “IBA Banking Technology Awards-2014”.
STATE BANK OF MYSORE

In 1913, at the instance of Sir M. Visveshvaraya, the Engineer Statesman, a state aided Bank, under the patronage of His Highness the Maharaja of Mysore, Sri Krishnaraja Wodeyar IV, Mysore Bank Ltd., was established. During 1953, "Mysore Bank" was appointed as an agent of Reserve Bank of India to undertake Government business and treasury operations, and in March 1960, it became a subsidiary of the State Bank of India under the State Bank of India (subsidiary Banks) Act 1959. In March 1960, the State Bank of Mysore became an associate of State Bank of India. State Bank of India holds 90% of shares. The Bank's shares are listed in Bangalore, Chennai and Mumbai stock exchanges. [6]

Photo 3.7 Photo – 3.8 Photo – 3.9 Photo – 3.10

Sri.Krishnaraja Wodeyar IV Sri M. Visveshvaraya
Old Mysore Bank, Present State Bank of Mysore

Mission

A premier commercial Bank in Karnataka, with all India presence, committed to provide consistently superior and personalised customer service backed by employee pride and will to excel, earn progressively high returns for its shareholders and be a responsible corporate citizen contributing to the well being of the society.
Branch Network

The Bank has widespread network of 997 branches as on 30th September 2014 and 09 extension counters spread all over India including 20 small and medium enterprise branches, 04 industrial finance branches, 03 corporate accounts branches, 07 specialized personal & services banking branches, 09 agricultural development branches, 03 government business branches, 02 specialized NRI branches, offering wide range of services to the customers besides 05 Service branches and 01 asset recovery branch rendering backup support to the Bank.

Financial Profile

The paid up capital of the bank as on 30th September 2014 was Rs 48.01 crores of which State Bank of India holds 90% share. The Bank has achieved a capital adequacy ratio of 10.73% under Basel III guidelines. The Bank has an enviable track record of continuously earning profits and payment of uninterrupted dividend since its inception in 1913. The Bank earned a net profit of Rs.177 crores for six months period ended in September 2014.

Business Profile

Total deposits of the bank as at the end of September 2014 stood at Rs. 62,451 crores and the total advances stood at Rs. 49,695 crores including an export credit of Rs. 1,676 crores. The bank is a major player in foreign exchange dealings and has recorded a merchant turnover of over Rs. 24,455 crores and a trading turnover of over Rs. 1, 48,849 crores for the six months period ended in September 2014.
**Human Resources**

The Bank has a dedicated workforce of 10,479 employees consisting of 3,738 supervisory staff and 6,741 non-supervisory staff as on 30\textsuperscript{th} June 2013. The skill and competence of the employees have been kept updated to meet the requirement of the customers keeping in view the changes in the business environment.

**Organizational Setup**

The Chairman of the State Bank of India is also the Chairman of the State Bank of Mysore. Managing Director is assisted by two Chief General Manager and 12 General Managers.

*Chart.3.2*

**Management Committee of the SBM Bank**

- Chairman
- Managing Director
- Chief General Manager (2)
- General Manager (12)
Table. 3.3

List of Board of Directors of State Bank of Mysore as on 1st Dec. 2014.

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Smt. Arundhati Bhattacharya</td>
<td>Chairman</td>
</tr>
<tr>
<td>Mr. Sharad Sharma</td>
<td>Managing Director</td>
</tr>
<tr>
<td>Mr. Kalyan Mukherjee</td>
<td>Chief General Manager (Retail Banking)</td>
</tr>
<tr>
<td>Mr. Saswata Chaudhuri</td>
<td>Chief General Manager (Commercial Banking)</td>
</tr>
<tr>
<td>Mr. Bibhupada Nanda</td>
<td>General Manager (Human Resource &amp; General Administration)</td>
</tr>
<tr>
<td>Mr. Samad M. A.</td>
<td>General Manager (SAMG)</td>
</tr>
<tr>
<td>Mr. K. Lakshmisha</td>
<td>General Manager (Priority Sector, Rural Banking &amp; Financial Inclusion)</td>
</tr>
<tr>
<td>Mr. Rajiv Mathur</td>
<td>General Manager (Corporate Banking - Head Office)</td>
</tr>
<tr>
<td>Mr. Parthasarathy. N.</td>
<td>General Manager (Risk Management and Credit Policy and Procedures, IT)</td>
</tr>
<tr>
<td>Mr. M.P. Sridharan</td>
<td>General Manager (Treasury) &amp; Chief Financial Officer</td>
</tr>
<tr>
<td>Mr. Nageswara Rao</td>
<td>General Manager (Retail NW Bangalore)</td>
</tr>
<tr>
<td>Mr. Vijay Dube</td>
<td>General Manager (Vigilance)</td>
</tr>
<tr>
<td>Mr. A. Karunanithi</td>
<td>General Manager (New Business, Govt. Business &amp; BPR)</td>
</tr>
<tr>
<td>Mr. Ashok K. Pradhan</td>
<td>General Manager (New - Delhi)</td>
</tr>
<tr>
<td>Mr. S. Bangara Raju</td>
<td>General Manager (Retail Network Mysore)</td>
</tr>
</tbody>
</table>
Services Offered by the Bank

Deposits

- **Saving Plus** - In order to provide value added services to personal segment customers, a new specialized auto sweep product for personal segment savings bank customers was introduced.

- **Saral Savings Bank account** (No frills account) - This account comes with very low minimum balances as well as low/nil charges, to cater to the needs of individuals from the vast sections of population who are, otherwise, not fulfilling certain conditions of existing Savings Bank requirements.

- **My Bank Surakhshna** - A unique deposit scheme linked with insurance cover was introduced. Insurance cover to a maximum of Rs. 5 lakh on deposits held for 5 years and more.

- **SBM Tax Saver Scheme** (Tax saving scheme under Sec 80c of the IT Act). A bank term deposit scheme 2006 was introduced by the Central Government commencing from the financial year 2006-07 wherein time deposits made up to Rs.1.00 lakh for a period of 5 years were exempted from payment of Income tax under Sec 80C.

Advances

- Personal Banking schemes

- Commercial & Institutional Banking schemes
- Agricultural Banking schemes
- Micro and Small Enterprises schemes (MSE)

**NRI Services**

It provides NRI deposits, international banking - Forex services, proforma for foreign currency remittances, account opening form for non-resident Indians, interest rates on NRI deposits and schemes. It also provides the services of money transfer to India through western union – remittance facility through State Bank of India, New York branch.

**STATE BANK OF HYDERABAD**

State Bank of Hyderabad was constituted on 8th August 1941 under Hyderabad State Bank Act, 1941. The Bank started with the unique distinction of being the Central Bank of the erstwhile State of Hyderabad, covering present day Telangana region of Andhra Pradesh, Hyderabad-Karnataka of Karnataka state and Marathwada of Maharashtra state, to manage its currency - Osmania Sikka and public debt apart from the functions of commercial banking. The first branch of the bank was opened at Gun foundry, Hyderabad on 5th April, 1942.

In 1953, the Bank took over the assets and liabilities of the Hyderabad Mercantile Bank Ltd. In the same year, the Bank started conducting Government and treasury business as agent of Reserve Bank of India. In 1956, the Bank was taken over by Reserve Bank of India as its first subsidiary and its name was changed from Hyderabad State Bank to State Bank of Hyderabad. The Bank became a subsidiary of State Bank of India on 1st October 1959. The bank's major network of branches continues to be the erstwhile state of the Nizam of Hyderabad comprising of Telengana region
in Andhra Pradesh, Hyderabad-Karnataka region in Karnataka and Marathwada region in Maharashtra. It is now the largest associate bank of State Bank of India.

State Bank of Hyderabad is an associate bank of State Bank of India (SBI), and is one of the scheduled banks in India. The Bank's head office is situated at Gun foundry area, in Hyderabad, India.

**Branches and Human Resource**

SBH has over 1,500 branches and about 12,800 employees. Assets are of Rupees 767 billion. SBH has 1000 branches in Andhra Pradesh alone, giving it the third largest branch network in the state.

**Photo – 3.13**

State Bank of Hyderabad, Head Office at Gun foundary, Hyderabad

**Vision**

“To be the most preferred and trusted Bank”

**Mission**

“To achieve value based operational excellence providing customer delight
resulting in consistent superior financial performance”

Values
Transparency and ethics in all dealings
Respect and empathy for customers
Competence and dedication in all that we do
Nurturing a culture of learning and technological excellence
Commitment to national and social objectives

Chart 3.3

Board of Directors of State Bank of Hyderabad as on 1st Dec. 2014

Chairman
Smt. Arundhati Bhattacharya

Managing Director
Shri Santanu Mukherjee

<table>
<thead>
<tr>
<th>Directors</th>
</tr>
</thead>
</table>

<table>
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<tr>
<th>Appointed by</th>
<th>Appointed by</th>
<th>Appointed by</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reserve Bank of India</td>
<td>Government of India</td>
<td>State Bank of India</td>
</tr>
<tr>
<td>3. Dr. Syed Mazher Hussain</td>
<td>4. Shri. M. Harshavardhan</td>
<td>2. Shri. B. Ramesh Babu</td>
</tr>
<tr>
<td>5. Smt. N. Laxmi Srinivas</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

141
<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>5&lt;sup&gt;th&lt;/sup&gt; April, 1942</td>
<td>The Bank opened its door to the public by opening its first branch at Gun foundry, Hyderabad.</td>
</tr>
<tr>
<td>27&lt;sup&gt;th&lt;/sup&gt; October, 1947</td>
<td>The HSB became a ‘Scheduled Bank’ by inclusion in the second schedule of the Reserve Bank of India Act, 1934.</td>
</tr>
<tr>
<td>1&lt;sup&gt;st&lt;/sup&gt; April, 1950</td>
<td>The Government of India assumed control over several subjects including management of currency and public debt after the financial integration of the State of Hyderabad with the Union of India on 1&lt;sup&gt;st&lt;/sup&gt; April, 1950. With this the HSB lost its character of Banker to the Government.</td>
</tr>
<tr>
<td>1953</td>
<td>In the year 1953 the Hyderabad State Bank became the agent of the Reserve Bank of India for maintaining currency chest, handling Government transactions and remittance facilities under a tripartite agreement entered among the Hyderabad State Bank, Government of Hyderabad State and RBI. In the same year, with effect from 1&lt;sup&gt;st&lt;/sup&gt; April, HSB took over the assets and liabilities of the Hyderabad Mercantile Bank Ltd.</td>
</tr>
<tr>
<td>22&lt;sup&gt;nd&lt;/sup&gt; October, 1976</td>
<td>The HSB became a fully owned subsidiary of the Reserve Bank of India under the name of State Bank of Hyderabad (SBH) (vide State Bank of Hyderabad Act 79 of 1956)</td>
</tr>
<tr>
<td>1&lt;sup&gt;st&lt;/sup&gt; October, 1959</td>
<td>The SBH became a fully owned subsidiary of State Bank of India under the State Bank of India (Subsidiary Banks) Act, 1959.</td>
</tr>
<tr>
<td>Year</td>
<td>Event</td>
</tr>
<tr>
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<td>----------------------------------------------------------------------</td>
</tr>
<tr>
<td>1st January 1964</td>
<td>SBH became an ‘A’ class bank in terms of Desai award in terms of the award ‘A’ class banks, those who’s working funds amount to Rs.25 crores or more.</td>
</tr>
<tr>
<td>1970</td>
<td>The Bank opened a fully fledged training centre at Hyderabad.</td>
</tr>
<tr>
<td>1971</td>
<td>The Bank opened its first agricultural development branch at Beed in Marathwada.</td>
</tr>
<tr>
<td>1974</td>
<td>A regional development office was opened at Aurangabad. The bank also set up a consultancy cell at head office to give expert advice and guidance on production, planning, inventory control, marketing and financial management problems of small scale industries.</td>
</tr>
<tr>
<td>1975</td>
<td>SBH won the President's award for employing differently abled persons.</td>
</tr>
<tr>
<td>1976</td>
<td>Bank's operations were reorganized on the lines adopted by State Bank of India.</td>
</tr>
<tr>
<td>1977</td>
<td>Introduced performance budgeting based on the MBO process of planned business growth.</td>
</tr>
<tr>
<td>1978</td>
<td>SBH introduced of participative management system with one representative each from the officers and staff cadre nominated to the Board.</td>
</tr>
<tr>
<td>1981</td>
<td>Bank's 50th branch was opened at Gruhakala, Hyderabad. In the same year deposits crossed 500 crore mark.</td>
</tr>
<tr>
<td>1982</td>
<td>Modular structure was adopted. The three zonal offices were opened at Hyderabad, Warangal and Kalaburagi.</td>
</tr>
<tr>
<td>1982</td>
<td>Introduction of front office mechanization at 25</td>
</tr>
<tr>
<td>Year</td>
<td>Event</td>
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<td>-------------------------------------------------------------------------------------------</td>
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<tr>
<td>1982-1985</td>
<td>The SBH sponsored four “Regional Rural Banks (RRBs)”. The first RRB - Saraswathi Grameena Bank started operating in Adilabad district from 1982 onwards, the second - Sri Sathavahana Grameena Bank in Karimnagar district from 1983 onwards. Two more RRBs were sponsored by the bank during the year 1985, one for Ranga Reddy district viz., Golconda Grameena Bank and the other for Nizamabad district viz., Sreerama Grameena bank.</td>
</tr>
<tr>
<td>1989-1990</td>
<td>Overseas branches were opened at Hyderabad and Mumbai.</td>
</tr>
<tr>
<td>1991</td>
<td>i) Bank was reorganized as Category-I Merchant Banker by SEBI.</td>
</tr>
<tr>
<td></td>
<td>ii) Two dealing rooms were set up at Mumbai and New Delhi.</td>
</tr>
<tr>
<td></td>
<td>iii) Industrial Finance branch was opened at Hyderabad.</td>
</tr>
<tr>
<td></td>
<td>iv) Deposits crossed 2500 crore mark.</td>
</tr>
<tr>
<td>1992</td>
<td>Merchant Banking Bureau was opened at Mumbai. In the same year the bank celebrated its Golden Jubilee.</td>
</tr>
<tr>
<td>1993</td>
<td>NRI branch was opened at Hyderabad and also a dividend of 14 percent was declared by the Bank.</td>
</tr>
<tr>
<td>1995</td>
<td>i) Deposits crossed 5000 crore mark.</td>
</tr>
<tr>
<td></td>
<td>ii) The bank had its representation at all the districts of Andhra Pradesh.</td>
</tr>
<tr>
<td>1996</td>
<td>i) The bank’s bonds/ deposits were rated by ICRA indicating the highest safety to the investors.</td>
</tr>
<tr>
<td>Year</td>
<td>Events</td>
</tr>
<tr>
<td>------</td>
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</tr>
</tbody>
</table>
| 1997 | i) The bank's aggregate deposits crossed 7000 crore.  
     ii) The branch network touched 800. |
| 1998 | i) Partial computerisation was completed at 154 branches.  
     ii) Full computerisation was done at 20 branches. |
| 1999 | i) New facilities like quick collection service, relationship banking and corporate terminals were introduced to improve customer service. |
| 2000 | i) Operating profit crossed 400 crore mark.  
     ii) Deposits crossed 12000 crore mark.  
     iii) Advances crossed 6000 crore mark.  
     iv) Net NPAs reduced to 7.30 percent.  
     v) Investments surpassed 7000 crore mark.  
     vi) Bank had 236 computerised branches. |
| 2001 | i) The Bank had launched the depository services at its |
Gun foundry branch in January 2000 as a depository participant with NSDL.

ii) Deposits crossed 14000 crore.

iii) Advances crossed 7000 crore.

iv) Net profit surpassed 150 crore.

v) Investments surpassed 8000 crore.

vi) 100 percent investments marked to market.

vii) Capital adequacy ratio of 12.28 percent was achieved.

viii) Total network of branches increased to 878.

ix) 117 branches were fully computerized.

x) 193 branches were partially computerized.

<table>
<thead>
<tr>
<th>Year</th>
<th>Events</th>
</tr>
</thead>
</table>
| 2002 | i) Net profit crossed 200 crore mark.  
      | ii) Advances crossed 8,000 crore mark.  
      | iii) The bank completed 60 eventful years on 5th April 2002. |
| 2003 | i) Investments crossed 12,000 crore.  
      | ii) Profit per employee crossed 2 lakh.  
      | iii) Net Profit crossed 300 crore.  
      | iv) Specialised branches were opened in the districts of Adilabad, Khammam, Karimnagar and Rangareddy in Andhra Pradesh where the Bank holds the lead bank responsibility.  
      | v) 139 more branches were fully computerized.  
      | vi) Deposits crossed 20,000 crore. |
| 2004 | i) The bank had become a corporate agent for marketing SBI life Products.  
<pre><code>  | iii) 250 ATMs were installed and all the ATMs were |
</code></pre>
<table>
<thead>
<tr>
<th>Year</th>
<th>Events</th>
</tr>
</thead>
</table>
| 2006 | i) Advances crossed 15,000 crore.  
     | ii) Agricultural advances crossed 2,000 crore.  
     | iii) Credit cards crossed 20,000.  |
| 2007 | i) Paid up capital crossed 2,000 crore mark.  
     | ii) Deposits crossed 30,000 crore mark.  
     | iii) Advances crossed 20,000 crore mark.  
     | iv) The aggregate deposits of the four sponsored RRBs crossed 1,000 crore mark.  |
| 2008 | i) Net Profit crossed 5000 crore.  
     | ii) Four sponsored Regional Rural Banks merged into one entity by name Deccan Grameena Bank.  
     | iv) International Service Branch (ISB) was opened during the year.  |
| 2009 | i) Deposits crossed 50,000 crore.  
     | ii) Bank achieved 100 percent Financial inclusion in the lead districts of Nizamabad, Rangareddy, Koppal and Raichur.  
     | iii) Number of branches crossed 1000.  |
iv) All the 1,001 branches were on core platform.

v) 610 ATMs were installed by the Bank and were providing access to over 10,000 ATMs under the State Bank ATM network.

<table>
<thead>
<tr>
<th>Year</th>
<th>Events</th>
</tr>
</thead>
</table>
| 2010 | i) Advances crossed 50,000 crore.  
     | ii) Investments crossed 20,000 crore.  
     | iii) Introduced an online Supply Chain Management Product. |
| 2011 | i) Net Profit crossed 1,000 crore.  
     | ii) Business per employee crossed 1,000 lakh. |
| 2012 | i) 1600th branch was opened |
| 2013 | i) Aggregate deposits of the bank grew by 3.07% to reach a level of Rs.117270 Cr.  
     | ii) Banks total business crossed Rs.2.20 Cr. lakh reaching a level of Rs. 210680 Cr. |
| 2014 | i) Aggregate deposits of the bank grew by 3.07% to reach a level of Rs.120868 Cr.  
     | ii) Banks total business crossed Rs.2.20 lakh crore reaching a level of Rs. 220910 Cr.  
     | iii) 136 new branches were opened.  
     | iv) The bank contributed funds for ambulances, school vans, etc., as a part of CSR.  
     | iii) The bank had allocated Rs.10 crore towards CSR programme to take up social activities. |

Source: Various Records and Annual Reports of State Bank of Hyderabad
Types of Accounts Offered by SBH

SBH offers personal accounts, corporate accounts, MSME accounts, institutional accounts, Government account and agriculture account.

Types of Services Offered

Cheque Collection Policy, Demat/Depository Services, Electronic Fund Transfer System, National Pension System, Safe Deposit Lockers.

Online Services

Apply Online, ATM Locator, Branch Locator, Complaint Form, Feedback Form, RD Installment Calculator, SBH - Retired Employees Portal.

Human Resources Development Activities undertaken by SBI, SBM and SBH

The banks have accorded due dominance to Human Resources Development (HRD) as a Corporate Philosophy. The HRD process was directed towards,

i. Providing skill-based training to the employees especially in the areas of funds management, credit, merchant banking, leasing, computers etc. In addition, the visiting faculty of the STC covered almost all the branches imparting training on specific topics as required by the employees at these places.

ii. Job enrichment through a collaborative approach at a few select branches was undertaken.

iii. Introduction of distance learning, providing study materials to a target group of officers in order to equip them with the necessary knowledge and skills.
iv. Arranging workshops on corporate management for senior officers and stress management for top executives.

v. The Banks have a number of welfare schemes for its employees that covered education for their children, health-care for the employees and their families, group insurance and facilities for sports and recreation.
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10. www.sbhyd.com

