CHAPTER - VI

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS
Productivity is a vital indicator of economic performance and resilience of an economic system. This complex but key indicator has provided explanation for swings in the fortunes of different economies. Productivity is not an end in itself, in fact, it is a mechanism for improving the material quality of life. Wherever, people struggle to make a life for themselves, they have to rely more upon higher productivity than on harder labour. Productivity is fundamental to progress throughout the world. It is at the heart of economic growth and development, improvement in standards of living and quality of life.

It should be clearly understood that although productivity is a technical relationship between inputs and outputs, it cannot and indeed should not, be treated independently from the socio-economic environment within which the concept permeates into the policy framework of national development. Therefore, the role of various sources of productivity growth or factors, which hinder or help productivity may differ from country to country. In fact, identification of factors that hinder or help productivity will also depend upon plan objectives and priorities. Furthermore the role and significance of any such factor can not be the same at all levels. With
such a clarity it is worthwhile to identify main sources of productivity growth.

**Sources of Productivity Growth**

Productivity is influenced by a large number of sources and not by a handful of determinants. Any factor which reduces the waste in any form or increases efficiency can be called a source of productivity. Anything notable happening in the society or economy may be helping or hindering productivity. However, the main sources of productivity and its growth are — (i) Changes in the capital/labour ratio (ii) Improvement in technological knowledge (iii) Improvement in managerial knowledge (iv) Education (v) Demographic changes like, age and sex composition of the labour, changes in the quality of labour etc. (vi) Changes in hours of work (vii) Changes in quality of land (viii) Reallocation of resources (ix) Regulations (x) Economies of scale and increased specialisation (xi) Entrepreneurship and social attitudes (xii) Irregular factors and (xiii) Miscellaneous determinants. In addition to these major sources of productivity, numerous factors determine or influence productivity at micro or organisational level. The role of these factors in the productivity growth in U.S. has been examined by number of economists, for example, Denison, Fabricant and Kendrick etc.
Concept of Productivity

In earlier accounts of economic history the term productivity was hardly used. However, Plato, Aristotle and Adam Smith used the concepts akin to the concept of productivity. Karl Marx also fully elaborated the importance of productivity from the point of view of social and economic development. However, productivity was not assigned a major role in economic activities before 20's and 30's of present century, although from the end of nineteenth century productivity measurement has been gradually gaining ground, particularly in the United States.

The literature is replete with definitions and explanations of productivity, giving thereby an impression that there is no agreed upon definition of the term. Perhaps, these different definitions are legitimate, and indeed necessary, for different purposes. This leads to situation where two persons talking about productivity might be talking about different things. Interestingly, despite concern about productivity, there is no universally accepted definition of what productivity is. There is no single set of measures or indicators which a business or government agency can use to measure its productivity. In fact, different measures are used in different situations. The reason for this is that some of the questions relating
to productivity are best answered with one kind of productivity measurement and others with another kind. This adds up to the confusion relating to the concept of productivity.

However, there is rather clear acceptance of the fact that productivity should be thought of as a ratio concept - the ratio of the output of goods and services produced or generated by an organisation divided by the input used to produce them.¹

**Definition**

Productivity as is understood in common parlance, is the output per unit of input employed. The basic definition of productivity is

\[
\text{Productivity} = \frac{\text{Total Output}}{\text{Total Input}}
\]

According to Kopleman, "Productivity is the relationship between physical output and one or more of the associated physical inputs used in production. Broadly conceived - it is a systems concept, it can apply to various entities, ranging from individual or machine to a company, industry or national economy".²

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2. Kopleman, op.cit., p.3.
When single input is used to measure productivity, it is called 'factor productivity' and when all factors are combined together, it is called 'total factor productivity'. Generally, factor productivity is determined in relation to the input of labour. In fact, labour productivity is so commonly used that it has been suggested that when the term productivity is used without further qualifications, the productivity of labour is understood.1

There is little difficulty in accepting the concept or definition of productivity primarily as an output input ratio, since it is the underlying thought in all the definitions, the problem seems to be of its measurement.

**Measurement of Productivity**

Measurement is essential in almost all aspects of life. According to the definition of productivity, it is measured by the ratio relationship between output and input, where numerator is the measure of output and the denominator is a measure of one or more inputs combined. It is clear that to measure productivity firstly output and input must be measured. Measurement of

productivity poses problems when output is not homogenous and more than one measure of input is available. Measurement of total factor productivity is favoured on the ground that it takes into consideration most of the inputs used. However, labour productivity, especially in the case of labour intensive industries is considered to be the most important measure of productivity.

**Development of Indian Banking Industry**

Banking is the kingpin of the chariot of economic progress. As such its role in expanding economy of a country like India can neither be underestimated nor over looked. The success of Indian planning depends among other things, on the smooth and satisfactory performance of the role by banking industry. During the second world war there was mushroom growth of bank offices. Ultimately some of these were bound to die under the shadow of others. Failure of number of banks and partition of the country were two major jolts to Indian banking industry in the forties.

In the post independence era first major development was the enactment of the Banking Regulations Act 1949. It was followed by setting up of State Bank of India by taking over of Imperial Bank in 1955. State

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owned banks were brought under the umbrella of State Bank of India as its subsidiaries in 1960. Later on 14 major commercial banks were nationalised in July 1969 and 6 banks were nationalised in April 1980. As a result, at present there are 28 public sector banks in India, i.e. 20 nationalised banks, SBI and its' seven subsidiaries. Nearly 95 per cent of the banking business is conducted by these public sector banks.

Concept of Productivity in Banking

The concept and definition of productivity as applied in manufacturing industries cannot be applied in banking industry, which is primarily a service industry. Identification and measurement of output in banking is very difficult exercise, as banking is a multiproduct service industry. However, banking being an important economic activity, can not afford to lose sight of the concept of productivity. Application of the concept in the Indian banking industry becomes all the more difficult, as it gets associated with such diverse aspects like operational cost effectiveness, profitability, customer services, priority sector lending, mobilisation of deposits, deployment of credit in rural and backward regions and so on. Obviously, difficulty is not in applying the broader concept of productivity as ratio of output and input, but is in measuring output in the form of services.
Measurement of Bank Productivity

Profit, although an important parameter, has lost its importance as a measure of productivity, especially since nationalisation, as emphasis shifted to 'mass banking' instead of 'class banking'. In contrast, importance of volume of business with the passage of time went up considerably. Therefore, business levels are preferred as being more representative of productivity.

In the present study indicators used for measuring employee productivity are - deposits, credit, business, total income, total expenditure, spread and establishment expenses per employee. Indicators used for measuring branch productivity are - deposits, credit, business, total income and total expenditure per branch. In addition, total earnings as percentage of total advances, establishment expenses as percentage of total expenditure and, as percentage of total income, business per Rs.100 of establishment expenses and business per Rs.100 of total expenditure have been used as financial indicators of productivity.

It needs to be remembered that it is not possible to give an all exhaustive list of productivity indicators. Measurement of productivity at bank and industry level may differ from the indicators of productivity at branch level. Furthermore, measures of
productivity in banks has certain limitations because - (i) it is a multiproduct service industry whose performance greatly depends upon the performance of entire economy (ii) product differentiations and diversity in size and age creates certain problems (iii) it is very difficult to take into account all aspects of productivity.

Number of economists, especially, in the developed countries have worked on measurement of productivity and its growth. However, the concentration has been on economies, agriculture and manufacturing sector. Sector of services has not attracted much attention. As far as bank productivity is concerned even in the USA, the work began only in 1980's. In India, bank economists have discussed the importance of productivity and have produced some research papers. However, in most of the cases figures at current prices have been taken. Obviously, the results obtained at current prices cannot be reliable as deposits, credit and other financial figures go up with rise in prices, thereby giving an impression of improvement in productivity.

The Present Study

The present study is an attempt to prepare ground for future research by understanding what has been
happening to productivity of the Indian banking industry, since nationalisation of 14 major banks in 1969. SBI and its subsidiaries alongwith banks nationalised in 1969 have been taken up for analysis. Six banks nationalised in 1980 have been excluded as, during the greater part of the study period they were in the private sector. Before a systematic and scientific effort to improve productivity in banks through intensive research into its various aspects is made, a beginning has to be made by determining what is the level of productivity, and what has been happening to it. The study attempts to accomplish it by pursuing following objectives:

1. To study the time trends in productivity in 22 public sector banks since the 1969 nationalisation of 14 commercial banks.

2. To examine the intra group and inter bank differentials of productivity by classifying banks into two groups i.e. SBI Group and 14 major commercial banks (nationalised in 1969).

3. To compute the productivity trends in bank groups and study the inter group differentials.

4. To study productivity performance of the industry as represented by aggregate of the 22 public sector banks.
The thrust of the study is on what happened?, Why it happened? Can be the subject of separate dissertations and research. However, the study suffers from the usual limitations arising out of the concept and measurement of output, limitations of financial accounting and distortions brought in by window dressing by banks towards the closure of accounts etc.

**Methodology**

The study attempts to accomplish its objective by making cross-sectional and inter-temporal analysis on the basis of 17 indicators, and their compound growth rates per annum. The study period (1969-85) was divided into four subperiods i.e. 1969-73, 1973-77, 1977-81 and 1981-85. The figures are at constant prices of 1969 (base-year). In addition to the comparison of growth rates of various indicators, assessment of relative position performance has been made on the basis of average T-scores and ranking based on it. The main source of data is IBA's Financial Analysis of Banks and annual reports of banks.

**Summarised Conclusions**

**Productivity Growth in Banks**

On the basis of analysis of growth rates of
Various indicators it can be concluded that —

1. Placing greater confidence in BUS/E, it can be said that INDIAN, SBI, UNION, IOB and SBH in that order had best growth in employee productivity during the period 1969-85. Although according to D/E, SBBJ, and according to CR/E, CANARA, find place amongst top four banks according to growth rate. UCO is the only bank out of 22 banks, which according to all the three ratios - D/E, CR/E and BUS/E showed decline in employee productivity according to these three indicators were MAHA, ALLAHA, SBP, BOI and SBS.

Close association between TER/E and TEXP/E, and also their growth rates is established. On the basis of difference between their growth rates it can be inferred that only SBT and IOB showed some marginal improvement in per employee profitability. UNION and INDIAN were almost successful in maintaining it. UBI recorded the maximum decline and it was followed by SBM, UCO, SBH and SBI.

The only bank which showed lesser amount of spread being available for meeting establishment expenses was SBS. BOI and ALLAHA showed almost no change in position on this account. IOB and SBI showed maximum improvement in this aspect of productivity and profitability.
Decline in ESTB/E ratio of PNB, BOI and ALLAHA needs to be investigated.

(2) According to BUS/BR, which is relatively more reliable as compared to D/BR and CR/BR, maximum growth in branch productivity was recorded by IOB, INDIAN, SYNDI, CANARA and SBBJ in that order. Seven nationalised banks indicated decline in branch productivity. These banks in the decreasing order of rate of decline of BUS/BR are - ALLAHA, UCO, BOI, UBI, CBI, DENA and MAHA. As no bank from SBI group has indicated decline in branch productivity, it appears that role of bankers' to the Government(s) might be an influencing factor.

As in the case of TER/E and TEXP/E, the close relationship between TER/BR and TEXP/E, and their growth rate is established. The difference between the growth rates of these two ratios suggests that only S.B. INDORE and SBT (both from SBI group) showed marginal increase in branch profitability. Three nationalised banks i.e. IOB, INDIAN and UNION nearly maintained branch profitability. All other banks showed decline in branch profitability. The highest decline was recorded by UBI, SBM and UCO. The trends are understandable in the light of vast expansion of branches into rural and semi-urban areas.
(3) Growth in ESTB % TEXP read in conjunction with rates of growth of TER/E vis-a-vis TEXP/E and, TER/BR vis-a-vis TEXP/BR, suggests improvement in productivity of IOB, INDIAN, UNION and SBT. Opposite is the indication in the case of SBM, UCO and MAHA. Similarly, growth in ESTB % TER read along with rate of growth in TER % TCR, suggests improvement in the productivity of IOB and INDIAN, and deterioration in the productivity of MAHA, SBS, UCO and DENA.

(4) BUS/TEXP of all the banks showed decline during the period 1969-85, thereby giving an impression that there was decline in productivity of all the banks, when it is measured on the basis of 'business fetched' for every ₹.100 of total expenditure i.e. when total expenditure is taken as proxy for all inputs converted into monetary terms. However, the main reason for the decline in BUS/TEXP, was hike in 'interest paid' on account of increased interest rates on deposits. This factor is beyond the control of individual banks, because interest rates are regulated by RBI. Therefore, it will be desirable to depend on the results of BUS/ESTB ratio.

(5) Increase in BUS/ESTB, is desirable from the viewpoint of productivity. Increase in the ratio indicates that there was increase in the business procured
for every Rs.100 of establishment expenses. Relatively higher growth in this ratio was recorded by INDIAN, IOB, PNB, UNION and SBH in that order. In fact, growth in the ratio of INDIAN (@2.58 per cent) and IOB (@2.24 per cent) was much higher as compared to growth in BUS/ESTB ratio of other banks. Therefore, these banks show much better growth in productivity. From the nationalised banks, MAHA, DENA and UCO showed decline in productivity on the basis of this ratio. From the subsidiaries of SBI, with the exception of SBH and SBBJ, all indicated decline in the ratio.

(6) When the level of productivity, as determined by business parameters, is compared, it is revealed that despite slow growth in BUS/E and decline in BUS/BR, BOI continued to lead in the level of productivity. It was followed by BOB. INDIAN and IOB due to higher growth achieved during 1969-85, were following BOI and BOB in 1985.

(7) The analysis of TER/E and TEXP/E indicates that, SBT and IOB showed marginal improvement in per employee productivity. UNION and INDIAN maintain per employee profitability of 1969 in 1985. All other banks had decline in per employee profitability. Relatively there was higher decline in the case of UBI, SBM, UCO, SBH and SBI. Similarly analysis of branch profitability
on the basis of rates of growth in TER/BR and TEXP/BR, shows that S.B. INDORE and SBT recorded improvement in branch profitability. IOB, INDIAN and UNION were able to maintain it. However, all other banks lead by UBI, SBM and UCO registered decline in branch profitability.

From the above discussion it emerges very clearly that on almost all accounts, UCO's performance was the poorest. It was the only bank which showed decline in employee productivity. Even per branch, and financial indicators of productivity show that it recorded one of highest decline in productivity. The results suggests that unless corrective actions are taken, bank will soon be in the red. In fact, according to recent reports\(^1\) bank is already in deep trouble. According to these reports, "The long suspected financial distortions, handled through assiduous window dressing, have finally unfolded themselves so forcefully as to compel the statutory auditors of the bank to sign a qualified annual report for 1988-89. Otherwise, the bank could not have shown a profit of Rs.6 crores and thus ranked sixth in the banking industry. Perhaps, for the first time, in 1988-89 the bank had to draw from its investment reserve and had to keep a substantial debt burden on account of wage hike off from the 1988-89 (15 month period)"

1. (i) 'UCO Bank fails to curb indiscipline', Indian Express, Nov. 20, 1989, p.13.
accounts just to survive the red level". Further, "according to the audit reports, while computing profit and loss, the bank has not provided expenses aggregating approximately Rs.17 crores on account of wage revision, the incremental gratuity, provident fund and bonus, on account of such wage revision".¹

Other banks with poor growth in employee productivity were MAHA, ALLAH, SBP, BOI and SBS. The banks which showed decline in branch productivity were (in the decreasing order of decline rate) - ALLAH, UCO, UBI, BOI, CBI, DENA and MAHA. When TER % TCR, ESTB % TEXP and ESTB % TER are analysed together, decline in the productivity of UCO, MAHA, SBM, SBS and DENA is indicated. Growth in BUS/ESTB suggests decline in the productivity of MAHA, DENA, UCO, SBS, S.B.INDORE, SBP, SBT and SBM. Out of these banks, last five were from the SBI group. Therefore, in addition to UCO, there is need to go into reasons for poor productivity growth, especially, of MAHA, ALLAH and DENA.

Banks which showed higher growth in employee productivity were (in the order of decreasing growth rate) - INDIAN, SBI, UNION, IOB and SBH. Banks which showed relatively higher growth in branch productivity were

¹. Indian Express, Ibid. 1(ii)
(in the order of decreasing growth rate) - IOB, INDIAN, SYNDI, CANARA and SBBJ. Combined analysis of TER % TCR, ESTB % TEXP and ESTB % TER suggests improvement in the productivity of IOB, INDIAN, UNION and SBT. According to BUS/ESTB relatively higher growth in productivity (in order of decreasing growth rate) was suggested in the case of INDIAN, IOB, PNB, UNION and SBH. Evidently, INDIAN and IOB stand out in productivity growth. Others which showed good performance were UNION, SBI, SBH, SYNDI and CANARA. Certain indicators show some improvement in productivity of SBBJ, SBT and PNB, however, no definite inferences can be drawn on the basis of one or two indicators.

Inter-group comparison of productivity shows that -

1. Employee productivity of nationalised banks as measured by ratios relating to business parameters, was higher than that of SBI group and the average of the industry in 1969 as well as 1985. The difference between the levels of productivity of two groups was more at the time of nationalisation. In post nationalisation period, the gap narrowed down considerably. The narrowing down of the difference was due to relatively higher growth in SBI group.
Relatively speaking, ESTB/E ratio of SBI group grew at a much faster rate, indicating thereby a much higher growth in establishment expenses of SBI group. For understanding its implication a deeper enquiry into the aspect, especially wage structure is required. In the year of first nationalisation, nationalised banks were earning a higher spread per employee in comparison to SBI group. However, during the course of study period, the advantage almost disappeared. When growth in ESTB/E and SPR/E is analysed together, it is revealed that in both the groups spread per employee grew faster than the growth in establishment expenses per employee. Therefore, as far as meeting establishment expenses out of spread is concerned SBI group and industry moved from the position of 'deficiency' to 'sufficiency' and nationalised banks from position of 'sufficiency' to the position of 'surplus'. Comparison of the growth rates of TER/E and TEXP/E, shows that there was marginal decline in per employee profitability of SBI group, nationalised banks and industry.

2. In 1969, nationalised banks had a higher level of branch productivity in comparison to SBI group and industry average. Due to better growth in branch productivity, SBI group overtook the nationalised banks in 1985. On the basis of analysis of difference between
TER/BR and TEXP/BR, it emerges that at constant prices average branch profitability of SBI group declined approximately by 25 per cent. The average branch profitability of nationalised banks declined by 8.33 per cent, and that of industry by 16.66 per cent.

3. The growth in volume of business per Rs.100 of establishment expenses was almost similar in SBI group, nationalised banks and the industry. Slow growth in the productivity was indicated. However, absolute ratios reveal that level of productivity was better in nationalised banks.

Regarding industry position it can be said that –

1. According to business parameters, there was reasonably good growth in employee productivity of the industry. The growth can be considered to be good as productivity in service sector tends to grow slowly. There is need to go into the determinants of productivity. Some decrease in per employee profitability is also revealed. There was considerable increase in spread per employee.

2. Despite rapid expansion of network of branches into semi-urban and rural areas, a growth in branch productivity was revealed. However, there was slight
decline in branch profitability. Volume of business per Rs.100 of establishment expenses recorded a slow growth over the period 1969-85.

On the basis of rankings based on average T-scores it can be concluded that -

1. In employee productivity BOB moved ahead of BOI. Despite decline in its branch productivity BOI was ahead of others. According to measures of total productivity BOI and BOB maintained their 1st and 2nd position. The banks which made all round improvement in their productivity were INDIAN, IOB, CANARA and SBH. However, despite improvement, SBH had a lower ranking.

2. Most significant improvement in the ranking was achieved by INDIAN and IOB. In each aspect of productivity these banks made notable achievements. For instance, according to employee productivity INDIAN moved from 13th to 2nd position and IOB moved up from 14th to 5th position. CANARA improved its rank from 9th to 6th in employee productivity, from 12th to 4th in branch productivity, from 9th to 6th position according to financial indicators, and from 11th to 5th position in terms of total productivity. CBI and SBH improved their ranking in employee productivity by four positions while SBI making advancement moved from 18th to 10th position. SBI improved its branch productivity ranking
from 6th to 2nd. Some other banks showed improvement in certain aspects of productivity.

3. The bank which recorded maximum deterioration was UCO, which in terms of employee productivity was ranked 15th in 1985 as compared to its 4th position in 1969. As discussed earlier bank is in deep trouble at present. There was notable slide down in the position of ALLAHA, MAHA and SBP, some other banks which recorded poor performance according to certain indicators were DENA, S.B. INDORE, SBS, SBM, UBI and CBI.

4. Another, interesting feature was that it was SBI which from its group made notable improvement in its ranking. The other bank from SBI group, which showed better performance was SBH. Relatively speaking, subsidiaries of SBI had poorest ranks according to most of criterions. This would require further investigation. Changes in ranking according to productivity are presented in the Table 6.1.

Recommendations to Government of India and the Banks

1. The results showed that UCO was the one bank which from all angles was giving poor performance after nationalisation. Its employee, branch and total productivity declined during the course of study period,
### Table 6.1
Changes in Banking According to Productivity at a Glance

<table>
<thead>
<tr>
<th>Name of Banks</th>
<th>Employee Productivity</th>
<th>Extent of change</th>
<th>Branch Productivity</th>
<th>Extent of change</th>
<th>Productivity according to Financial Indicators</th>
<th>Extent of change</th>
<th>Total Productivity</th>
<th>Extent of change</th>
</tr>
</thead>
<tbody>
<tr>
<td>S.B.I.</td>
<td>XVIII</td>
<td>+8</td>
<td>VI</td>
<td>II</td>
<td>+4</td>
<td>XX</td>
<td>XVIII</td>
<td>+3</td>
</tr>
<tr>
<td>S.B.I.I.</td>
<td>XX</td>
<td>+6</td>
<td>XXI</td>
<td>XV</td>
<td>+6</td>
<td>XXI</td>
<td>XVIII</td>
<td>+3</td>
</tr>
<tr>
<td>S.B.I.I.</td>
<td>XXII</td>
<td>+1</td>
<td>XXII</td>
<td>XVIII</td>
<td>+4</td>
<td>XXIII</td>
<td>XX</td>
<td>+2</td>
</tr>
<tr>
<td>S.B.I.</td>
<td>XII</td>
<td>-6</td>
<td>IX</td>
<td>XI</td>
<td>-2</td>
<td>II</td>
<td>I</td>
<td>+1</td>
</tr>
<tr>
<td>S.B.I.</td>
<td>XVI</td>
<td>-4</td>
<td>XVI</td>
<td>XIX</td>
<td>-3</td>
<td>IX</td>
<td>XIX</td>
<td>-10</td>
</tr>
<tr>
<td>S.B.I.</td>
<td>XIX</td>
<td>-</td>
<td>XV</td>
<td>XIV</td>
<td>+1</td>
<td>XIV</td>
<td>XXI</td>
<td>-8</td>
</tr>
<tr>
<td>S.B.I.</td>
<td>XXI</td>
<td>-1</td>
<td>XIV</td>
<td>XX</td>
<td>-6</td>
<td>XVI</td>
<td>XXI</td>
<td>-5</td>
</tr>
<tr>
<td>S.B.I.</td>
<td>XVII</td>
<td>-2</td>
<td>XVIII</td>
<td>XVI</td>
<td>+1</td>
<td>XVIII</td>
<td>XVI</td>
<td>+1</td>
</tr>
<tr>
<td>S.B.I.</td>
<td>XX</td>
<td>+4</td>
<td>IV</td>
<td>X</td>
<td>-6</td>
<td>XII</td>
<td>XI</td>
<td>+1</td>
</tr>
<tr>
<td>S.B.I.</td>
<td>I</td>
<td>-2</td>
<td>I</td>
<td>I</td>
<td>-</td>
<td>III</td>
<td>III</td>
<td>-</td>
</tr>
<tr>
<td>S.B.I.</td>
<td>II</td>
<td>+1</td>
<td>III</td>
<td>V</td>
<td>-2</td>
<td>IV</td>
<td>V</td>
<td>-1</td>
</tr>
<tr>
<td>S.B.I.</td>
<td>II</td>
<td>+1</td>
<td>III</td>
<td>V</td>
<td>-2</td>
<td>IV</td>
<td>V</td>
<td>-1</td>
</tr>
<tr>
<td>S.B.I.</td>
<td>P.N.B.</td>
<td>-2</td>
<td>VII</td>
<td>VIII</td>
<td>-</td>
<td>VII</td>
<td>VIII</td>
<td>+2</td>
</tr>
<tr>
<td>S.B.I.</td>
<td>CANARA</td>
<td>+3</td>
<td>XII</td>
<td>IV</td>
<td>+8</td>
<td>IX</td>
<td>X</td>
<td>-1</td>
</tr>
<tr>
<td>S.B.I.</td>
<td>U.B.I.</td>
<td>-2</td>
<td>II</td>
<td>IX</td>
<td>-7</td>
<td>XII</td>
<td>VIII</td>
<td>+5</td>
</tr>
<tr>
<td>S.B.I.</td>
<td>SYNDI</td>
<td>+2</td>
<td>XVIII</td>
<td>VI</td>
<td>+1</td>
<td>X</td>
<td>X</td>
<td>-1</td>
</tr>
<tr>
<td>S.B.I.</td>
<td>UNION</td>
<td>+4</td>
<td>XIII</td>
<td>XII</td>
<td>+1</td>
<td>XVIII</td>
<td>IX</td>
<td>+3</td>
</tr>
<tr>
<td>S.B.I.</td>
<td>INDIAN</td>
<td>+1</td>
<td>XX</td>
<td>VII</td>
<td>+13</td>
<td>XV</td>
<td>IV</td>
<td>+11</td>
</tr>
<tr>
<td>S.B.I.</td>
<td>DENA</td>
<td>-</td>
<td>XI</td>
<td>XXI</td>
<td>-10</td>
<td>VI</td>
<td>XV</td>
<td>-9</td>
</tr>
<tr>
<td>S.B.I.</td>
<td>ALLAHA</td>
<td>-11</td>
<td>XIII</td>
<td>XIV</td>
<td>+11</td>
<td>VII</td>
<td>VII</td>
<td>+1</td>
</tr>
<tr>
<td>S.B.I.</td>
<td>MARHA</td>
<td>+6</td>
<td>X</td>
<td>XVI</td>
<td>-4</td>
<td>I</td>
<td>VII</td>
<td>-11</td>
</tr>
<tr>
<td>S.B.I.</td>
<td>U.C.C.</td>
<td>-11</td>
<td>VII</td>
<td>XIII</td>
<td>-4</td>
<td>V</td>
<td>XIV</td>
<td>-9</td>
</tr>
</tbody>
</table>

Notes: (+) stands for upward movement and (-) stands for downward movement.
indicating thereby that bank was heading for serious trouble. This turned out to be true in post 1985 period. At present industrial relations in the bank are at a low ebb and its statutory auditors have been forced to give an qualified report for the year 1988-89. It is recommended that Government of India should immediately take appropriate steps to improve its productivity and profitability. Some major changes in the structure and working of the bank have to be made, otherwise it may become a drag on the public exchequer.

2. Other two banks which need immediate attention of the Government of India are ALLAHA and MAHA. Attention may also be paid to DENA and UBI. On the contrary INDIAN, IOB, and CANARA have made tremendous strides during the period, BOI and BOB were also able to maintain their position. It is recommended that Government of India should appoint an expert committee to go into the causes of poor performance of UCO, MAHA and ALLAHA and determinants of good growth in the productivity of INDIAN, IOB and CANARA. Identification of sources of productivity or factors hindering growth of productivity would enable to develop productivity improvement programmes.

3. It was observed that SBI was able to make considerable improvement in its productivity. However,
its subsidiaries lagged behind in productivity growth and occupied lowest ranks amongst public sector banks. An expert committee should examine the reasons for differences in productivity growth of SBI and its subsidiaries. It should particularly go into the role played by its structure. It should be examined in detail that whether acting as bankers to the Government has any important role in their performance. There seems to be considerable scope for improvement in their productivity. It is recommended that possibility of merger of SBI subsidiaries into SBI should be examined. This will enable the placement of competent SBI officials in the branches being run by its subsidiaries. Scattering of existing staff of subsidiaries over different branches of SBI, and vice versa can change the work culture prevailing in their branches. This may enable to improve their productivity considerably. The problem of the growth in size can be taken care off by the existing structure, whereby LHO's (Local Head Office) of SBI act independently in most of the matters. Merger may necessitate setting up of few more Local Head Offices.

4. It is further recommended that all the banks should set up productivity cells. These cells should
monitor the productivity and its growth on the basis of key indicators. These cells should develop and implement productivity improvement programmes. Information relating to productivity performance should be made a part of the annual reports.

Recommendations regarding Future Research

1. Productivity research should be based on the basis of data at constant prices. Researchers may take up research into the causes or determinants of productivity performance of each bank. This research should firstly concentrate on best and poor performers as this will enable the identification of certain sources of productivity, which will be helpful in the development of productivity improvement programmes.

2. Researchers may examine in particular the role played by the structure of SBI subsidiaries in their relatively poor productivity performance. There is a need to examine the role of wage structure of SBI and its subsidiaries in productivity growth. Another aspect which needs to be looked into is the contribution of 'acting as bankers' to the Government(s).

3. Researchers may concentrate on employee and branch productivity only. Out of financial indicators only volume of business per ₹.100 of establishment expenses
may be used on continuing basis. Other financial indicators like total earnings as percentage of total advances, establishment expenses as percentage of total expenditure or total earnings may be ignored as these are greatly influenced by RBI's decisions on interest rates. Alternatively, these may be used only after determining the contribution of interest rates.

4. Study of social productivity in the light of social objectives may be taken up. Social productivity during a particular period should be measured in the light of targets of social banking. In other words operational efficiency in terms of social objectives may be examined. The relationship between social productivity and commercial productivity may also be examined.

5. After examining the productivity of industry and banks, attention should be paid to the measurement of productivity at branch level. It is the improvement in productivity at branch level which will get reflected in bank productivity, and productivity of the industry.