INTRODUCTION

At the time of independence Indian economy was predominantly agricultural economy and the contribution of agricultural sector was highest in the GDP. Slowly the agricultural contribution started decreasing and the contribution of Industrial sector started increasing. The contribution of service sector was almost insignificant. During that period it was an assumption that service is just an augmentation of the physical product. In the 1980s, as the quality concern gained drive throughout the world; researchers like Berry and Christian Gronross began to realize that quality was a critical factor in the success of service marketing. As a result of this, the eminence in thinking shifted to the service quality.

A successful marketer is one who observes the change, recognizes and exploits the opportunities that it has to offer in changing marketing environment. Services are the growing sector of the Indian economy showing a subtle shift towards service dominance. Banking, Insurance, Treasury and Telephone facility, public conveyance, dry cleaning, radio transmission, hair cutting, tailoring, retailing etc. are all service.

Banking in India has witnessed a paradigm shift in the wake of the new economic reforms ushered in the year 1991. The reforms have created positive impact on the banking system which has become more
resilient competitive and efficient with better productivity. Its role of primary in financial intermediation has not been challenged by other financial entities. On the contrary it has become more entrenched and diversified having made forays into insurance and investment banking. Indian banks are now profitable, strong and stable with impressive performance indices. They have become tech-savvy and as well. They need strategies like clear customer segmentation and product offerings, focus on cost effectiveness and entrepreneurial ability to face stiff competition.

1.1 STATEMENT OF THE PROBLEM IN STUDY

Banking system occupies an important role in the economic system of a country. In fact, banking sector of any country is the lifeblood of an economy. A banking institution is indispensable in the modern society. It plays a pivotal role in the economic development of a country and forms the core of the money market for the country (Montek Singh, Ahlu Walia, 2002). The banking sector performs three primary functions in an economy, first the operation of the payment system, second the mobilization of savings and third the allocation of savings to investment projects. The banking system which constitutes the core of the financial sector plays a critical role in transmitting monetary policy impulses to the entire economic system. An efficient banking structure can promote greater amount of investment which can further help to achieve a faster growth rate of economy. Worldwide experience confirms that countries
which well developed and market oriented free banking system grow faster and more consistently (Jain, et al, 2011).

The health of the economy is closely related to the soundness of its banking system. Although banks create no new wealth but their borrowing, lending and related activities facilitate the process of production, distribution, exchange and consumption of wealth. In this manner they become very effective partners in the process of economic development. In the present scenario, modern banks are very useful for the utilization of the resources of the country. The banks are mobilizing the savings of the people for the investment purposes. The savings are encouraged and saving rate increases. In the absence of banking system a great portion of a capital of country would remain idle.

A bank as a matter of fact is just like a heart in the economic structure and the capital provided by it is like blood in it. As long as blood is in circulation the organs will remain sound and healthy. If the blood is not supplied to any organ then that part would become useless. So if the finance is not provided to Agriculture sector or industrial sector, it will be destroyed. Loan facility provided by banks works as an incentive to the producer to increase the production. Financial institutions provide finance at convenience of the customers. Banks provide the service to people to deposit their surplus money to earn interest. Further, it extends loan to the needy person at higher rate of interest. Banking sector started its development almost a century back.
The Indian banking can be broadly categorized into nationalized (government owned), private banks and specialized banking institutions. The Reserve Bank of India acts as a centralized body monitoring any discrepancies and shortcoming in the system. Since the nationalization of banks in 1969, the public sector banks or the nationalized banks have acquired a place of prominence and have since then seen tremendous progress. The need to become highly customer focused has forced the slow-moving public sector banks to adopt a fast track approach. Further the focus of government policy was to develop cooperative sector and rural areas. At present the Indian financial system consists of public, private, cooperative, development and foreign banks. Reserve Bank of India is the central controlling authority for all banks in India.

The human capital is a key intellectual and strategic asset which increases the efficiency of banks. Performance of the banks depends upon the efficiency of its human resources. High level of human capital efficiency (HCE) leads to the high performance of the banks. Efficient employers are not a sufficient criterion to measures the performance of the banks. It should also be ensured that employees are efficient satisfied both, because the dissatisfaction of employees may turn their efficiency into inefficiency at any time. Employee satisfaction is crucial in achieving quality and profitability in the service industry. Employee satisfaction leads to higher service quality and it influences customers satisfaction directly. Service quality and customer satisfaction eventually leads to financial gains. A powerful performance of any banks is the
outcome of a talented and hardworking set of employees constantly motivated towards driving bank's success.

The fast moving competitive environment unleashed by the Government policy of liberalization and globalization has brought about significant changes in the working of Indian banking industry. The role of employment is of great significance as each and every activity of a bank is directly related to the attitude, motivation and work culture of the employees. It is the ability of the banks employees that can deliver prompt and courteous service to the customers. Therefore, it is necessary to evaluate the profitability of banks in terms of its employee's productivity. It simply indicates the contribution of employees in increasing the efficiency of banks in terms of business and profit.

In Indian banking sector, public, private, foreign, development and cooperative banks are performing banking service very well under competitive situation. In this situation for survival and growth management in banks every is adopting different strategies to improve employee productivity. The growing Indian economy is the result of effective Indian banking system, amongst many other responsible internal and external factors in which the role played by commercial banks in the country is also crucial one.

Banking in India has its design as early or Vedic period. It is believed that the transitions from money lending to banking must have occurred even before Manu, the great Hindu furriest, who has devoted a
section of his work to deposit and advances and laid down rules relating to the rate of interest. During the Mughal period, the indigenous banker played a very important role in lending money and financing foreign trade and commerce. During the East India Company, regime it was the turn of agency house to carry on the banking business. In the first half of the 19th Century the East India Company established three banks, The Banks of Bengal in 1809, The Bank of Bombay in 1840 and The Bank of Bombay 1843. These three banks were amalgamated in 1920 and new bank, the imperial Bank of India was established on 27th January, 1921 with the passing of the State Bank of India Act in 1955 the undertaking of the Imperial Bank of India was taken over by the newly constituted S.B.I. The R.B.I. was established in April, 1935 in Mumbai and it controls all other banks in the country.

In the wake of Swadeshi movement number of banks were established in the country namely (1) Punjab National Bank Ltd.; (2) Bank of India Ltd.; (3) Bank of Baroda Ltd.; (4) Canara Bank Ltd. On 19th July, 1969, 14 major banks of the country were nationalized and on 15th April, 1980, 6 more commercial private sector banks were taken over by the government. At present the scheduled banking structure has 26 public sector banks operating in India, 20 private sector banks, 40 foreign banks out of the 20 private sector banks there are 13 old private sector banks and of new private sector banks.

The concept of productivity analysis in banking sector may give misleading results, if not used carefully. Productivity at the National level
is dependent on various factors like per capita increase saving and banking habits. In addition to it, there are regional variations which affect the productivity of various players in the banking field. Hence in order to have a reliable idea of productivity, it is necessary, to analyse every segment different sizes of banks and region wise positions of banks.

After independence, the development of banking sector picked up momentum. Since 1991, public and private sector banks are co-exiting and providing banking service to the customers. Banks are playing very important role for overall economic development. In service sector, involvement of human element is of very high and this is application in banking service too. Attitude, interest, motivation, skills and knowledge, behavior, promptness, response to call etc. all are related to employees. These factors affect the individual and organizational performance. Hence, the concept of workforce productivity in banking sector has great significance in present time. In the present stiff competitive situation, it has become difficult to attract customers, retain and motivate them for further business. Only on the better performance by the employees the profitability of the banking unit will enhance. Therefore, the output per worker is a major factor. Hence the importance of productivity concept has been felt everywhere. It is due this season that the present topic entitled "Analytical Study of Workforce Productivity in Banking Sector: A Critical Study" has been selected for study purpose.
1.2 RATIONALE OF THE STUDY

Under present situation, not only in banking sector but also all sectors, tough competition is being faced and need for higher workforce productivity is felt. It is difficult to an organization to do the business as it wants. It is not possible to produce and sell as it wants. Every banking organization is putting its efforts but the result is not in favour of everyone. The banking organization that foresees the things better will perform better good performance. That will become the leader in the market. In order to provide the satisfaction and services better to customers and serve them in better way, the skill and commitment of employees is needed. High quality and better performance of every individual is needed to contribute in attaining the objectives of banking organization. Therefore, output per worker, system, money etc. are required and that is called workforce productivity.

Management is putting best efforts to utilize every resource effectively and efficiently and specially the workforce. Management realized the importance of human resource and its better performance at job. Due to motivated and talented workforce the banking sector is giving good results every year. The importance of workforce cannot be ignored in present competitive situation. Over and above the output given by them contribute a lot in the progress of the banking sector. In Indian banking sector public, private, foreign, development and cooperative banks are performing banking service very well under competitive situation. In this situation, for survival and growth management in banks is adopting
different strategies to improve workforce productivity. It provides one short solution in the competitive situation. Due to the magnificent contribution of workforce productivity in banking sector the researcher has been attracted by this topic and selected it for the research study.

1.3 OBJECTIVES OF THE STUDY

The main objectives of the study are:

a.) To examine the levels of workforce with their performance and productivity.

b.) To study the causes of lower workforce productivity, strategies to improve it and its involvement of different parties and satisfaction.

c.) To find out the practices adopted in banking and analyse the workforce productivity in banking sector and the problem faced if any for its eradication.

d.) To provide suggestions for further improvement of workforce productivity and customers’ satisfaction in banking sector of Uttar Pradesh

1.4 SCOPE OF THE STUDY

Banking organizations are is utilizing the human and physical resources like manpower, money and concerned information to carry out their business effectively and efficiently. Of these resources the manpower is the major resource. It is due to this reason that the resource
is focused in the present research work. The present literature relates to the workforce or human resource and its productivity in banking sector in India. Further, the relation of workforce productivity and its impact on business performance of bank will be analysed. It can be summarized that the scope of this study will include the areas of productivity, workforce productivity, impact on performance and progress of banking sector in India.

1.5 EXPECTED CONTRIBUTION FROM THE STUDY

It was expected that the study on this topic would contribute in clarifying all the concepts relating to human resource, performance and workforce productivity very well. After the in depth study on the related subject the fundamental concepts will be more comprehensive and clear. The beneficiary from the study of the topic would be the academicians, practicing managers, prospects researchers and the commercial banks operating both in publics well as private sector in India. The academicians will highly benefit from this research from the various finding generated from the research analysis. If these parties refer this research study in future may take advantage of the finding and suggestions. Academician, practicing managers and research students may take benefits for academic purpose and on the jobs. The banks if feel may implement the suggestions for improvement of performance and productivity of manpower, hence it can be interpreted that the benefits of the present study would be multidimensional. The present research work is divided into 6 chapters
**Chapter 1** deals with the introductory approach about the Indian banking system and the conceptual framework of the work force productivity in the Indian banks. The chapter further highlights the rationale, objectives of the study and their hypothesis duly formulated along with the scope of the present research and the expected contribution which this comprehensive study will contribute in the academic world.

**Chapter 2** makes an honest attempt to outline the contribution made by the eminent scholars on the present subject and their views so as to analyse their approach on workforce productivity in the banking sector.

**Chapter 3** deals with the research methodology being adopted in the present research. The chapter highlights the samples banks along with the number of employees being employed in them during the survey period.

**Chapter 4** imbibes the conceptual framework on the workforce productivity in the banks. The chapter highlights the determinants which affect the productivity in the banking system.

**Chapter 5** deals with the analysis of both the primary and secondary data collected by the researcher. The data was analysed by the application of various statistical tools and software packages like SPSS and Matlab as and where desired.

**Chapter 6** deals with the various findings and suggestion being drawn from the analysis of data and the literature being incorporated in the study.