INTERNATIONAL JOURNAL OF RESEARCH IN COMPUTER APPLICATION & MANAGEMENT

IJRCM

A Monthly Double-Blind Peer Reviewed (Refereed/Juried) Open Access International e-Journal - Included in the International Serial Directories

Indexed & Listed at:

Ulrich's Periodicals Directory ©, ProQuest, U.S.A., EBSCO Publishing, U.S.A., Cabell's Directories of Publishing Opportunities, U.S.A.,

Open J-Gage, India [link of the same is duly available at Inflibnet of University Grants Commission (U.G.C.)],

Index Copernicus Publishers Panel, Poland with IC Value of 5.09 & number of libraries all around the world.

Circulated all over the world & Google has verified that scholars of more than 4255 Cities in 176 countries/territories are visiting our journal on regular basis.

Ground Floor, Building No. 1041-C-1, Devi Bhawan Bazar, JAGADHRI – 135 003, Yamunanagar, Haryana, INDIA

http://ijrcm.org.in/

CONTENTS

CALL FOR MANUSCRIPTS

We invite unpublished novel, original, empirical and high quality research work pertaining to recent developments & practices in the areas of Computer Science & Applications; Commerce; Business; Finance; Marketing; Human Resource Management; General Management; Banking; Economics; Tourism Administration & Management; Education; Law; Library & Information Science; Defence & Strategic Studies; Electronic Science; Corporate Governance; Industrial Relations; and emerging paradigms in allied subjects like Accounting; Accounting Information Systems; Accounting Theory & Practice; Auditing; Behavioral Accounting; Behavioral Economics; Corporate Finance; Cost Accounting; Econometrics; Economic Development; Economic History; Financial Institutions & Markets; Financial Services; Fiscal Policy; Government & Non Profit Accounting; Industrial Organization; International Economics & Trade; International Finance; Macro Economics; Micro Economics; Rural Economics; Co-operation; Demography: Development Planning; Development Studies; Applied Economics; Development Economics; Business Economics; Monetary Policy; Public Policy Economics; Real Estate; Regional Economics; Political Science; Continuing Education; Labour Welfare; Philosophy; Psychology; Sociology; Tax Accounting; Advertising & Promotion Management; Management Information Systems (MIS); Business Law; Public Responsibility & Ethics; Communication; Direct Marketing; E-Commerce; Global Business; Health Care Administration; Labour Relations & Human Resource Management; Marketing Research; Marketing Theory & Applications; Non-Profit Organizations; Office Administration/Management; Operations Research/Statistics; Organizational Behavior & Theory; Organizational Development; Production/Operations; International Relations; Human Rights & Duties; Public Administration; Population Studies; Purchasing/Materials Management; Retailing; Sales/Selling; Services; Small Business Entrepreneurship; Strategic Management Policy; Technology/Innovation; Tourism & Hospitality; Transportation Distribution; Algorithms; Artificial Intelligence; Compilers & Translation; Computer Aided Design (CAD); Computer Aided Manufacturing; Computer Graphics; Computer Organization & Architecture; Database Structures & Systems; Discrete Structures; Internet; Management Information Systems; Modeling & Simulation; Neural Systems/Neural Networks; Numerical Analysis/Scientific Computing; Object Oriented Programming; Operating Systems; Programming Languages; Robotics; Symbolic & Formal Logic; Web Design and emerging paradigms in allied subjects.

Anybody can submit the **soft copy** of unpublished novel; original; empirical and high quality **research work/manuscript** ***anytime*** in ***M.S. Word format*** after preparing the same as per our **GUIDELINES FOR SUBMISSION**; at our email address i.e. infoijrcm@gmail.com or online by clicking the link **online submission** as given on our website (***FOR ONLINE SUBMISSION, CLICK HERE***).

GUIDELINES FOR SUBMISSION OF MANUSCRIPT

1. **COVERING LETTER FOR SUBMISSION:**

DATED: _____________

THE EDITOR

IJRCM

Subject: **SUBMISSION OF MANUSCRIPT IN THE AREA OF _______________________.**

(e.g. Finance/Mkt./HRM/General Mgt./Engineering/Economics/Computer/IT/ Education/Psychology/Law/Math/other, please specify)

DEAR SIR/MADAM

Please find my submission of manuscript entitled '____' for possible publication in one of your journals.

I hereby affirm that the contents of this manuscript are original. Furthermore, it has neither been published elsewhere in any language fully or partly, nor is it under review for publication elsewhere.

I affirm that all the co-authors of this manuscript have seen the submitted version of the manuscript and have agreed to their inclusion of names as co-authors.

Also, if my/our manuscript is accepted, I agree to comply with the formalities as given on the website of the journal. The Journal has discretion to publish our contribution in any of its journals.

NAME OF CORRESPONDING AUTHOR :

Designation :

Institution/College/University with full address & Pin Code :

Residential address with Pin Code :

Mobile Number (s) with country ISD code :

Is WhatsApp or Viber active on your above noted Mobile Number (Yes/No) :

Landline Number (s) with country ISD code :

E-mail Address :

Alternate E-mail Address :

Nationality :

NOTES:

a) The whole manuscript has to be in ***ONE MS WORD FILE*** only, which will start from the covering letter, inside the manuscript. ***pdf. version is liable to be rejected without any consideration***.

b) The sender is required to mention the following in the **SUBJECT COLUMN of the mail**:

New Manuscript for Review in the area of (e.g. Finance/Marketing/HRM/General Mgt./Engineering/Economics/Computer/IT/ Education/Psychology/Law/Math/other, please specify)

c) There is no need to give any text in the body of mail, except the cases where the author wishes to give any **specific message** w.r.t. to the manuscript.

d) The total size of the file containing the manuscript is expected to be below **1000 KB**.

e) **Abstract alone will not be considered for review** and the author is required to submit the **complete manuscript** in the first instance.

f) ***The journal gives acknowledgement w.r.t. the receipt of every email within twenty four hours*** and in case of non-receipt of acknowledgment from the journal, w.r.t. the submission of manuscript, within two days of submission, the corresponding author is required to demand for the same by sending a separate mail to the journal.

g) The author (s) name or details should not appear anywhere on the body of the manuscript, except the covering letter and the cover page of the manuscript, in the manner as mentioned in the guidelines.

2. **MANUSCRIPT TITLE**: The title of the paper should be **bold typed**, **centered** and **fully capitalised**.

3. **AUTHOR NAME (S) & AFFILIATIONS**: Author (s) **name**, **designation**, **affiliation** (s), **address**, **mobile/landline number** (s), and **email/alternate email address** should be given underneath the title.

4. **ACKNOWLEDGMENTS**: Acknowledgements can be given to reviewers, guides, funding institutions, etc., if any.

5. **ABSTRACT**: Abstract should be in **fully italicized text**, ranging between **150** to **300 words**. The abstract must be informative and explain the background, aims, methods, results & conclusion in a **SINGLE PARA**. ***Abbreviations must be mentioned in full***.

6. **KEYWORDS**: Abstract must be followed by a list of keywords, subject to the maximum of **five**. These should be arranged in alphabetic order separated by commas and full stop at the end. All words of the keywords, including the first one should be in small letters, except special words e.g. name of the Countries, abbreviations.

7. **JEL CODE**: Provide the appropriate Journal of Economic Literature Classification System code (s). JEL codes are available at www.aeaweb.org/econlit/jelCodes.php, however, mentioning JEL Code is not mandatory.

8. **MANUSCRIPT**: Manuscript must be in ***BRITISH ENGLISH*** prepared on a standard A4 size ***PORTRAIT SETTING PAPER***. *It should be free from any errors i.e. **grammatical, spelling** or **punctuation.** It must be thoroughly edited at your end*.

9. **HEADINGS**: All the headings must be bold-faced, aligned left and fully capitalised. Leave a blank line before each heading.

10. **SUB-HEADINGS**: All the sub-headings must be bold-faced, aligned left and fully capitalised.

11. **MAIN TEXT**:

THE MAIN TEXT SHOULD FOLLOW THE FOLLOWING SEQUENCE:

INTRODUCTION
REVIEW OF LITERATURE
NEED/IMPORTANCE OF THE STUDY
STATEMENT OF THE PROBLEM
OBJECTIVES
HYPOTHESIS (ES)
RESEARCH METHODOLOGY
RESULTS & DISCUSSION
FINDINGS
RECOMMENDATIONS/SUGGESTIONS
CONCLUSIONS
LIMITATIONS
SCOPE FOR FURTHER RESEARCH
REFERENCES
APPENDIX/ANNEXURE

The manuscript should preferably range from ***2000 to 5000 WORDS***.

12. **FIGURES & TABLES**: These should be simple, crystal **CLEAR**, **centered**, **separately numbered** & self explained, and **titles must be above the table/figure**. **Sources of data should be mentioned below the table/figure**. *It should be ensured that the tables/figures are referred to from the main text.*

13. **EQUATIONS/FORMULAE**: These should be consecutively numbered in parenthesis, horizontally centered with equation/formulae number placed at the right. The equation editor provided with standard versions of Microsoft Word should be utilised. If any other equation editor is utilised, author must confirm that these equations may be viewed and edited in versions of Microsoft Office that does not have the editor.

14. **ACRONYMS**: These should not be used in the abstract. The use of acronyms is elsewhere is acceptable. Acronyms should be defined on its first use in each section: Reserve Bank of India (RBI). Acronyms should be redefined on first use in subsequent sections.

15. **REFERENCES**: The list of all references should be alphabetically arranged. ***The author (s) should mention only the actually utilised references in the preparation of manuscript*** and they are supposed to follow Harvard Style of Referencing. **Also check to make sure that everything that you are including in the reference section is duly cited in the paper**. The author (s) are supposed to follow the references as per the following:

- All works cited in the text (including sources for tables and figures) should be listed alphabetically.
- Use (**ed.**) for one editor, and (**ed.s)** for multiple editors.
- When listing two or more works by one author, use --- (20xx), such as after Kohl (1997), use --- (2001), etc, in chronologically ascending order.
- Indicate (opening and closing) page numbers for articles in journals and for chapters in books.
- The title of books and journals should be in italics. Double quotation marks are used for titles of journal articles, book chapters, dissertations, reports, working papers, unpublished material, etc.
- For titles in a language other than English, provide an English translation in parenthesis.
- ***Headers, footers, endnotes** and **footnotes** should **not be used** in the document.* However, **you can mention short notes to elucidate some specific point**, which may be placed in number orders after the references.

PLEASE USE THE FOLLOWING FOR STYLE AND PUNCTUATION IN REFERENCES:

BOOKS

- Bowersox, Donald J., Closs, David J., (1996), "Logistical Management." Tata McGraw, Hill, New Delhi.
- Hunker, H.L. and A.J. Wright (1963), "Factors of Industrial Location in Ohio" Ohio State University, Nigeria.

CONTRIBUTIONS TO BOOKS

- Sharma T., Kwatra, G. (2008) Effectiveness of Social Advertising: A Study of Selected Campaigns, Corporate Social Responsibility, Edited by David Crowther & Nicholas Capaldi, Ashgate Research Companion to Corporate Social Responsibility, Chapter 15, pp 287-303.

JOURNAL AND OTHER ARTICLES

- Schemenner, R.W., Huber, J.C. and Cook, R.L. (1987), "Geographic Differences and the Location of New Manufacturing Facilities," Journal of Urban Economics, Vol. 21, No. 1, pp. 83-104.

CONFERENCE PAPERS

- Garg, Sambhav (2011): "Business Ethics" Paper presented at the Annual International Conference for the All India Management Association, New Delhi, India, 19–23

UNPUBLISHED DISSERTATIONS

- Kumar S. (2011): "Customer Value: A Comparative Study of Rural and Urban Customers," Thesis, Kurukshetra University, Kurukshetra.

ONLINE RESOURCES

- Always indicate the date that the source was accessed, as online resources are frequently updated or removed.

WEBSITES

- Garg, Bhavet (2011): Towards a New Gas Policy, Political Weekly, Viewed on January 01, 2012 http://epw.in/user/viewabstract.jsp

AN OVERVIEW OF OPERATING EFFICIENCY OF BANKS: A STUDY WITH SPECIAL REFERENCE TO SBI, CANARA, HDFC AND KARUR VYSYA BANKS

DR. N. LALITHA
ASST. PROFESSOR
DEPARTMENT OF FINANCE
GITAM INSTITUTE OF MANAGEMENT
GITAM UNIVERSITY
VISAKHAPATNAM

ABSTRACT

Efficiency of emerging financial system largely depends upon the quality and variety of financial services provided by financial intermediaries. Commercial banks have come to play a significant role in the development of countries. Banks have become the prime movers and pace setters for the achievement of socio-economic objectives of the country. The operations of commercial banks record the economic pulse of economy of almost all countries big or small, rich or poor, socialist or capitalist. Present study has been undertaken to evaluate financial and operating efficiency of selected banks from public and private sector banks. Various parameters have taken to study the performance of the banks.

1. KEYWORDS
Business Per Employee, Gross Profit, Net Profit, Interest earned, Interest Expended, Net Interest Margin, Profit Per Employee.

2. INTRODUCTION
In India, the financial sector comprises of banking and non-banking financial institutions. Banking institutions simply accept the long term deposits from the public and then lend to the borrowing community. Banking institutions are creators and purveyors of credit. While the liabilities of banks are part of the money supply, this may not be true of non-banking financial institutions. The banking system is the heart of the financial system. The Indian financial system comprises of a large number of commercial and cooperative banks and specialized developmental banks for industry, agriculture, external trade and housing, social security institutions, collective investment institutions, etc. A developing country faces many problems like poverty, scarcity of capital, lack of entrepreneurship, etc. There is a high dependence on agriculture and at the same time agriculture is not modernized and the means of transport is underdeveloped. There are inter-regional and inter-sectoral disparities. There is also unequal distribution of wealth.

Banking system is also referred to as a system provided by the bank which offers cash management services for customers, reporting the transactions of their accounts and portfolios throughout the day. The banking system in India should not only be hassle free but also be able to meet the new challenges posed by the technology and any other external and internal factors. For the past three decades, India's banking system has had several outstanding achievements to its credit. The Banks are the main participants of the financial system in India. Although deregulation and liberalization in the banking sector have resulted in enhanced efficiency and systematic resilience, they have also raised legitimate concerns with regard to the quality of customer services provided by banks. The Banking sector offers several facilities and opportunities to their customers. Banks safeguard the money and valuables and provide loans, credit and payment services, such as checking accounts, money orders and cashier's cheques. Banks also offer investment and insurance products. As a variety of models for cooperation and integration among finance industries have emerged, some of the traditional distinctions between banks, insurance companies and securities firms have diminished. In spite of these changes, banks continue to maintain and perform their primary role - accepting deposits and lending funds from these deposits.

3. ROLE OF BANKING SECTOR
Commercial banks have come to play a significant role in the development of countries. The two basic functions of commercial banks are: mobilization of the savings of the people and disbursement of credit according to direction. The world over, banking system is the focal point in the financial set-up of any developing country. In India too economic development has evolved around the banking system. Indian banking industry is divided into two parts, organized and unorganized sectors. The organized sector consists of Reserve Bank of India, Commercial Banks and Co-operative Banks and Specialized Financial Institutions (IDBI, ICICI, IFC etc). The unorganized sector, which is not homogeneous, is largely made up of money lenders and indigenous bankers. The banking system is an integral part of the financial sector of our country. India has a long and cheque red history of financial intermediation, particularly Commercial Banking. At the beginning of the 20th Century, India had insurance companies, (both life and general) and a functional stock exchange. Even before the setting up of the Reserve Bank of India in 1935, the country had market for money, Government securities and foreign exchange. The financial system was, however, characterized by paucity of funds and instruments, limited number of players and lack of depth and openness. It was primarily a back based system.

The Indian financial sector has considerably widened and depends there by on lending strong support to capital accumulation and overall economic growth. And the commercial banks in India constitute the single most important component of the Indian Financial System in bringing about the financial intermediation process in India. Within the banking institutions, the role of commercial banks has occupied a new meaning and significance, in view of the changing structure and requirements of a developing economy. The increasing horizon of commercial banks identifies itself with the problems and responsibilities for making banking an instrument for bringing about social and economic transformation of a developing country, Social responsibilities have undergone far-reaching changes. In modern economy, bankers are to be considered not merely as "dealers in money" but move realistically as the "lenders in development". Similarly, banks are not just the storehouses of the country's wealth but are the reservoirs of resources necessary for economic development. Banks are the purveyors of money and credit to the factors of production in every country and thus help in the acceleration of growth. The commercial banks help the agricultural sector in a number of ways. They open a network of branches in rural areas to provide agricultural credit. They also finance agricultural sector for the modernization and mechanization of farms, for the marketing of their products, for providing irrigation facilities, for high yielding seeds and fertilizers.

The industrial sector is also not away from the help of the commercial banks. They finance the industrial sector in many ways. They provide short term, medium term and long term loans to industry, to secure labour and other factors of production. In this way, the commercial banks not only help in the industrialization process, but also have a say in the type of economic development, the community would like. This is so because banks prefer only those entrepreneurs whose products are in great demand by the public. In India, Commercial banks grant loans to small scale industries for expansion, modernization and renovation and also provide them with working finance. Besides industrial units, loans are also granted to technocrats, technologists, technicians and entrepreneurs to set-up small scale industrial units. Banks also give finance to promotion of industrial estates for purchase of land and construction of sheds. Besides, they underwrite the shares and debentures of large scale industries. The Commercial banks help in developing both internal and external trade of a country. The banks provide loans to retailers and wholesalers for their inventory. They also help in the movement of goods from one place to another, or between the countries, by providing all types of facilities such as discounting and accepting bills of exchange, providing overdraft facilities, issuing drafts, etc. Moreover, they finance both exports and imports of developing countries, by providing foreign exchange facilities for export of goods. In India, financing of exports by commercial banks have been given top priority. Commercial Banks have refinance facilities against loans granted to this sector. Besides, in order to make available credit at a cheaper rate to this sector, the Reserve bank of India has fixed ceiling on interest rates to be charged from exporters.

Commercial Banks also facilitate the activation of the Government motive and force for economic development by providing help in arranging finance to the Government through various methods like: direct credit to the Government undertakings and through subscribing public debt and investing money in various Government securities. This process of credit supply enables the Government to implement various schemes for development. The Commercial Banks may also help the Planning Commission to achieve its targets through their coordinated working with the commission by providing credit to the needy in the country side. They help in the balancing of economic development, thereby decentralizing it. Their working also indirectly helps the Government to solve many problems of development, like: shortage of savings, rising prices, unemployment, unbalanced economic development, lack of entrepreneurship etc. The Commercial Banks help the economic development of a country by faithfully following the monetary policy of the Central Bank. They represent the focal point of monetary policy of the Central Bank. In fact, the Central Bank depends upon the Commercial Banks for the success of its monetary policy in tune with the requirements of a developing economy. Thus, banking is a basic industry, which not only caters to the development of a trade, commerce and industry, but also helps in removing many obstacles in the way of economic development.

4. REVIEW OF LITERATURE

The Banking sector is an indispensable financial service sector supporting development plans through channelizing funds for productive purpose, intermediating flow of funds from surplus to deficit units and supporting financial and economic policies of government. Therefore analyzing performance has always been a popular research area. Various researchers have analysed the performance of banking sector from time to time. **Prasuna (2004)** analysed the performance of 65 banks for the year 2003-04 and found that the competition was tough and customers benefited from it. Better service quality, innovative products, better bargains are all greeting the Indian customers. **Satish, Sharath (2005)** analysed the performance of 55 banks for the year 2004-05. They concluded that the Indian banking system grow in the future. Bank IPO's will be hitting the market to increase their capital and gearing Basel II norms. **Bolda and verma (2006)** made a comparative analysis of performance of SBI and ICICI fron 2000-01 to 2004-05 using the parameters of CAMEL model. The study concluded that both the banks have performed excellently. **Ritu Goyal and Rajinder Kaur (2008)** stated that a new chapter in the history of Indian banking began with the report of a committee on the financial system head by M. Narasimham. The committee concerned with efficiency and productivity of Indian banking industry. **Dr. D. Sudarsana Murthy and Dr. P.V. Narasaiah (2009)** were identified that RRBs are the most important weapon for the development of rural areas. In geographical coverage, RRBs are playing a predominant role in collecting deposits and credit deployment. The sponsoring banks must take measures for strengthening the viability of RRBs with the help of its other organizations. They stated that the performance of some of the RRBs are not satisfactory due to lack of operational viability.

5. SIGNIFICANCE OF THE STUDY

Today the Indian banking system has undergone significant transformation following financial sector reforms, adopting international best practices. Several prudential, payment, integrating and provisioning norms have been introduced, and these are pressurizing banks to improve efficiency and trim down NPAs to improve the financial health of the banking system and also to improve operating efficiency of the banks. In this background, the present study has been attempted to make a study on their operational performance of four banks, two each selected from Public and Private sectors banks.

6. STATEMENT OF THE PROBLEM

Economic Development needs an appropriate monetary policy. But a well-defined banking sector is a necessary pre-condition for the effective implementation of the monetary policy. Therefore, performance of the banks plays a very important role in any developing country. Banks are the pivot of modern commerce. Industrial innovations and business expansions become possible through finance provided by banks. Hence, it is very essential to study operating and financial performance of the banks.

7. OBJECTIVES OF THE STUDY

The present study has been taken up with the following objectives:

- To study the operating efficiency of selected banks from public and private sector banks.
- To study the financial performance of the selected banks.
- To offer suggestions wherever necessary.

8. METHODOLOGY

To achieve the objectives set-forth the study is based on secondary data. The data has been obtained for a period of thirteen years starting from 2001-02 to 2011-12. The data has been collected from Annual Reports and accounts of Public Sector Banks and Private Sector Banks, RBI bulletins, RBI Reports on Trend and Progress of Banking in India, RBI Annual Reports, RBI Reports on statistical Tables Relating to Banks in India. The secondary data were also collected from IBA publications on performance highlights of Public Sector Banks and performance highlights of Private Sector Banks. Data thus obtained has been analysed in tune with the set objectives of the study and the observations were tabulated to facilitate easy understanding. Four banks have been selected, two from public sector and two from private sector Banks. SBI, Canara, HDFC Bank and Karur Vysya bank have been selected to study the operating efficiency using percentages and other relevant statistics.

9. DATA ANALYSIS AND FINDINGS

Past three decades have witnessed a tremendous growth in financial services like banking both in absolute terms and in financial terms. The scheduled commercial banks have an accumulation of assets and wealth through their long years of existence and wide-spread of branches and product offering. The total assets of any bank mainly comprises of the loans and advances investments etc., which are expected to generate a desirable rate of return at a minimum cost and expenditure. To assess the relative efficacy of the different categories of the banks under umbrella schedule commercial banks, different ratios of return on total assets and various heads of expenditures to total assets of schedule commercial banks are analyzed for a grasp. Ratio is the relationship expressed in mathematical terms between two figures connected with each other in some logical manner and ratio analytical approach to evaluate the performance or operational scenario of the banks is time tested and. Profitability is most commonly used criteria to determine the efficiency of banks and this can be measured by using different methods following different concepts. The following indicators have been selected to assess the performance of the four selected banks during the 13 years period preceding the date of survey i.e. 2001-02 to 2011-12.

9.1 GROSS RETURNS AS PERCENTAGE OF TOTAL ASSETS

The gross return on total assets of the four selected banks during 2001-02 to 2011-12 is presented in Table-9.1. The average GRTA for the two public sector banks considered in the present study – SBI (2.07 percent) and Canara bank (2.07 percent). Similarly, the average GRTA for the two private sector banks considered here – HDFC bank (2.70 percent) and Karur Vysya bank (2.57 percent). HDFC bank has recorded the highest average GRTA (2.70 percent) compared to the other three banks for the period 2001-02 to 2011-12. This was followed by the Karur Vysya bank (2.57 percent), SBI (2.07 percent) and Canara bank (2.07 percent).

TABLE – 9.1: GROSS PROFIT AS PERCENTAGE OF TOTAL ASSETS OF BANKS DURING 2001-02 TO 2013-14 (In Percentage)

Year	Banks Covered in the Study			
	Public Sector		Private Sector	
	SBI	Canara	HDFC	Karur Vysya
2001-02	1.74	2.30	2.29	3.17
2002-03	2.07	2.43	2.33	3.20
2003-04	2.34	2.88	2.38	3.02
2004-05	2.39	2.34	2.61	2.53
2005-06	2.29	1.92	2.69	2.54
2006-07	1.77	1.75	2.81	2.47
2007-08	1.82	1.64	2.83	2.11
2008-09	1.90	1.80	2.80	2.50
2009-10	1.82	2.09	3.17	2.38
2010-11	2.23	2.03	3.09	2.39
2011-12	2.36	1.59	2.65	1.93
Average	**2.07**	**2.07**	**2.70**	**2.57**
Source: RBI: Report on Trend and Progress of Banking in India: Relevant issues.				

Performance in terms of GRTA appears good in the case of the two private sector banks compared to the two public sector banks during the reference period. This indicates that the mean GRTA is more or less similar in two selected public sector banks as well as the two private sector banks. However, the GRTA varied among the four selected banks may be due to differential gross returns. Performance in terms of Gross Returns on Total Assets appears good in the case of the two private sector banks compared to the two public sector banks during the reference period (2001-2002 to 2011-2012).

9.2 NET RETURNS AS PERCENTAGE OF TOTAL ASSETS

Net profit to total assets indicates the efficiency of the bank is utilizing its assets in generating profits. It is arrived at by dividing the net profits by total assets. A higher ratio indicates the better income generating capacity of the assets and better operating efficiency of the management. The net return on total assets of the four selected banks during 2001-02 to 2011-12 is presented in Table-9.2.

TABLE – 9.2: NET RETURN AS PERCENTAGE OF TOTAL ASSETS OF BANKS DURING 2001-02 TO 2011-12 (In Percentage)

Year	Banks Covered in the Study			
	Public Sector		Private Sector	
	SBI	Canara	HDFC	Karur Vysya
2001-02	0.70	1.03	1.25	2.12
2002-03	0.83	1.24	1.30	2.00
2003-04	0.90	1.40	1.20	2.30
2004-05	0.94	1.01	1.30	1.30
2005-06	0.89	1.00	1.20	1.50
2006-07	0.80	0.90	1.30	1.40
2007-08	0.93	0.90	1.20	1.40
2008-09	0.90	0.90	1.20	1.40
2009-10	0.88	1.14	1.33	1.53
2010-11	0.71	1.20	1.42	1.47
2011-12	0.88	0.88	1.53	1.33
Average	**0.85**	**1.05**	**1.29**	**1.61**

Source: RBI: Report on Trend and Progress of Banking in India: Relevant Issues.

Among the two public sector banks considered in the present study, the average net return on total assets is higher in Canara Bank (1.05 percent) than in the SBI (0.85 percent). In the same way, the average ROTA for the two private sector banks considered here is more in the case of Karur Vysya bank (1.61 percent) than in the HDFC bank (1.29 percent). The average ROTA is recorded to be high in Karur Vysya bank (1.61 percent). This is followed by the HDFC bank (1.29 percent), Canara bank (1.05 percent) and SBI bank (0.85 percent). The net return on total assets appears good in the case of the two private sector banks compared to the two public sector banks. This variation between selected public sector and private sector banks studied was due to the difference in establishment costs etc. in these banks. The Net Return on Total Assets appears good in the case of the two private sector banks compared to the two public sector banks during the reference period.

9.3 INTEREST INCOME AS PERCENTAGE OF TOTAL ASSETS

This ratio measures the income from lending operations as a percentage of total assets by bank in a year. Interest income includes income on advances, interest on deposits with RBI. A detail relating to the Interest Income on total assets of the four selected banks during 2001-02 to 2011-12 is presented in Table-9.3. The main source of income as interest on assets is through the core banking activities. The 'Interest Income' among the two public sector banks considered, the average 'Interest Income' was higher in Canara Bank (7.54 percent) than in the SBI (7.34 percent). In the same way, among the two private sector banks considered here, the average 'Interest Income' is more in the case of Karur Vysya bank (8.30 percent) than in the HDFC bank (7.18 percent).

TABLE -9.3: INTEREST INCOME AS PERCENTAGE OF TOTAL ASSETS OF BANKS DURING 2001-02 TO 2011-12 (In Percentage)

Year	Banks Covered in the Study			
	Public Sector		Private Sector	
	SBI	Canara	HDFC	Karur Vysya
2001-02	8.56	8.83	7.16	9.44
2002-03	8.27	8.16	6.62	8.35
2003-04	7.47	7.11	6.02	9.11
2004-05	7.05	6.86	6.02	7.49
2005-06	7.28	6.56	6.09	7.23
2006-07	6.57	6.85	7.29	7.83
2007-08	6.78	7.87	7.60	7.78
2008-09	6.60	7.80	8.90	8.50
2009-10	7.04	7.79	7.97	9.00
2010-11	7.15	6.86	7.19	7.86
2011-12	7.98	8.25	8.07	8.69
Average	**7.34**	**7.54**	**7.18**	**8.30**

Source: RBI: Report on Trend and Progress of Banking in India: Relevant Issues.

During the reference period, i.e. the period 2001-02 to 2011-12, the average 'Interest Income' was recorded to be high in Karur Vysya bank (8.30 percent). This was followed by the Canara (7.54 percent), SBI (7.34 percent) and HDFC bank (7.18 percent). The interest income on total assets appears good in the case of Karur Vysya bank among the two private sector banks and in Canara bank among the two public sector banks during the reference period. Interest earned varies with deposits mobilized. The observations show that there is a variation in the deposits mobilized in the four selected banks. This may be due to both the public and private sector banks have diversified their activities and are focusing more on other than the core-banking activities - loans and advances - for generating income, rather than on core banking activities. The Interest Income on Total Assets appears good in the case of Karur Vysya bank among the two private sector banks and in Canara bank among the two public sector banks during the period from 2001-2002 to 2011-2012.

9.4 INTEREST EXPENDED AS PERCENTAGE OF TOTAL ASSETS

The ratio of interest expended as a percentage of total assets shows the rate which a private bank incurs expenditure by borrowing funds. Interest expenses by bank refer to fund bases expenditure which consists of interest paid on total deposits (time deposit plus saving plus demand deposit and interest paid on external borrowings (debt). Lesser the ratio, greater is the profit margin and efficiency of a bank. Information on the Interest Expended as percentage of total assets of the four selected banks during 2001-02 to 2011-12 is shown in Table-9.4. The 'Interest Expended' in the case of the public sector banks during the reference period ranged between 3.88 per cent (2004-05) and 5.99 per cent (2001-02) with an average of 4.78 per cent for the 11 year period. The same for the private sector banks ranged between 3.76 per cent (2005-06) and 6.29 per cent (2002-03) with an average of 4.88 per cent.

Among the two public sector banks considered, the average 'Interest Expended' is higher in Canara Bank (5.02 percent) than in the SBI (4.58 percent). In the same way, among the two private sector banks considered here, the average 'Interest Income' was more in the case of Karur Vysya bank (5.45 percent) than in the HDFC bank (3.72 percent). During the period 2001-02 to 201-12, the average 'Interest Expended' was recorded to be high in Karur Vysya bank (5.45 percent). This was followed by the Canara bank (5.02 percent), SBI (4.58 percent) and HDFC bank (3.72 percent). These findings reflect that the interest accrued is expended in selected public sector banks and selected private sector banks show different expended of interest. These observations reflect that when compared to the private sector banks, the public sector banks are cautious in interest expenditure. The variations in interest expenditure across the 11 year period may be attributed to the changes in interest rates on deposits. The Interest Expended as percentage of total assets appears better in the case of Karur Vysya bank among the two private sector banks and in Canara bank among the two public sector banks during the reference period.

TABLE – 9.4: INTEREST EXPENDED AS PERCENTAGE OF TOTAL ASSETS OF BANKS DURING 2001-02 TO 2011-12 (In Percentage)

Year	Banks Covered in the Study			
	Public Sector		Private Sector	
	SBI	Canara	HDFC	Karur Vysya
2001-02	5.95	5.62	4.83	7.21
2002-03	5.62	6.31	4.51	6.22
2003-04	4.73	5.39	3.92	5.61
2004-05	4.02	4.35	2.86	4.93
2005-06	4.13	4.01	2.56	4.24
2006-07	3.92	3.86	2.62	4.08
2007-08	4.43	4.42	3.48	4.70
2008-09	4.40	5.60	4.86	6.07
2009-10	4.49	4.94	3.50	5.44
2010-11	3.99	4.53	3.38	5.14
2011-12	4.73	6.19	4.44	6.29
Average	**4.58**	**5.02**	**3.72**	**5.45**

Source: RBI: Report on Trend and Progress of Banking in India: Relevant Issues.

9.5 NET INTEREST INCOME (SPREAD) AS PERCENTAGE OF TOTAL ASSETS

Net interest margin (NIM) is defined as the difference between interest earned and interest expanded includes interest paid on deposits, loans from RBI, and other short-term and long term loans. Higher the ratio better is the earnings from total assets. Information on the 'Net Interest Income' as percentage of total assets of the four selected banks during 2001-02 to 2011-12 is shown in Table – 9.5.

TABLE – 9.5: NET INTEREST INCOME / MARGIN (SPREAD) AS PERCENTAGE OF TOTAL ASSETS OF BANKS DURING 2001-02 TO 2011-12 (In Percentage)

Year	Banks Covered in the Study			
	Public Sector		Private Sector	
	SBI	Canara	HDFC	Karur Vysya
2001-02	2.61	2.52	2.65	3.22
2002-03	2.65	2.76	2.70	2.74
2003-04	2.74	2.76	3.16	4.18
2004-05	3.03	2.86	3.46	3.26
2005-06	3.16	2.70	3.46	3.14
2006-07	2.66	2.43	3.80	3.13
2007-08	2.36	1.96	3.93	2.53
2008-09	2.20	2.10	4.00	2.40
2009-10	2.35	2.35	4.13	2.89
2010-11	2.86	2.60	4.22	3.06
2011-12	3.24	2.06	3.64	3.08
Average	**2.71**	**2.46**	**3.56**	**3.06**

Source: RBI: Report on Trend and Progress of Banking in India: Relevant Issues.

The 'Net Interest Income' in the case of the two selected public sector banks considered, the average 'Interest Income' was higher in the SBI (2.71 percent) than in Canara Bank (2.46 percent). In the same way, among the two private sector banks considered here, the average 'Interest Income' was more in the case of HDFC bank (3.56 percent) than in the Karur Vysya bank (3.06 percent). During the period 2001-02 to 2011-12, the average 'Interest Income' (spread) was recorded to be high in HDFC bank (3.56 percent). This was followed by the Karur Vysya bank (3.06 percent), SBI (2.71 percent) and Canara bank (2.46 percent). The interest income appears better in the case of two private sector banks compared to the two public sector banks during the reference period. Net interest margin of HDFC bank and Karur Vysya bank depends more on CASA and the quality of assets was also good. Management has taken care of the capital structure of the banks as they depend more on cheaper form of debt. Hence, it can be said that the net interest (minus interest expended) showed no variation between selected public sector banks while this different among four banks and also same in between two selected banks. This difference may be attributed due to the variations in interest rate charged and paid by the banks. The average net interest income (spread) appears better in the case of two private sector banks compared to the two public sector banks during the reference period.

9.6 PROVISIONS AND CONTINGENCIES AS PERCENTAGE OF TOTAL ASSETS

Details about the 'provisions and contingencies' as percentage of total assets of the four selected banks during 2001-02 to 2011-12 is shown in Table-9.6. The 'Provisions and Contingencies' of the selected two public sector banks considered, the average 'provisions and contingencies' is higher in the SBI (1.19 percent) than in Canara bank (0.99 percent).

TABLE – 9.6: PROVISIONS AND CONTINGENCIES AS PERCENTAGE OF TOTAL ASSETS OF BANKS DURING 2001-02 TO 2011-12 (In Percentage)

Year	Banks Covered in the Study			
	Public Sector		Private Sector	
	SBI	Canara	HDFC	Karur Vysya
2001-02	1.04	1.27	1.04	1.04
2002-03	1.24	1.19	1.06	1.17
2003-04	1.44	1.53	1.18	0.75
2004-05	1.45	1.34	1.32	1.19
2005-06	1.40	0.91	1.51	1.04
2006-07	0.96	0.90	1.56	1.03
2007-08	0.88	0.77	1.63	0.68
2008-09	0.90	0.90	1.60	1.10
2009-10	0.87	0.77	1.56	0.58
2010-11	1.39	0.62	1.37	0.65
2011-12	1.49	0.71	1.12	0.60
Average	**1.19**	**0.99**	**1.36**	**0.89**

Source: RBI: Report on Trend and Progress of Banking in India: Relevant Issues.

In the same way, among the two private sector banks considered here, the average 'provisions and contingencies' is more in the case of HDFC bank (1.36 percent) than in the Karur Vysya bank (0.89 percent). The average 'provisions and contingencies' were recorded to be comparatively high in HDFC bank (1.36 percent) during the reference period. This was followed by the SBI (1.19 percent), Canara bank (0.99 percent) and Karur Vysya bank (0.89 percent) during the 11 year reference period. This indicates that the mean provisions and contingencies more or less similar in selected public sector banks. But there is a variation in case of selected private sector banks and also among four selected banks. This is because of the variation in providing provision due to variation in NPAs.

9.7 OPERATING EXPENSES AS PERCENTAGE OF TOTAL ASSETS

This ratio is calculated as a proportion of operating expenses to total assets. Be it a bank or a manufacturing firm, controlling overheads costs is a critical part of any organization. In case of banks, keeping a close watch on overheads would enable salaries, branch rationalization and technology up gradation account for a major part of operating expenses for new generation banks. The lower the ratio, the better it is for a bank as it would help prop up its projects and return ratios. Information relating to the 'operating expenses' as percentage of total assets of the four selected banks during 2001-02 to 2013-14 is shown in Table – 9.7.

The 'Operating Expenses' of the two public sector banks considered, the average 'operating expenses' is higher in the SBI (2.02 percent) than in Canara Bank (1.65 percent). In the same way, among the two private sector banks considered here, the average 'operating expenses' is more in the case of HDFC bank (2.38 percent) than in the Karur Vysya bank (1.76 percent). The average 'operating expenses' is recorded to be comparatively high in HDFC bank (2.38 percent) during the reference period. This was followed by the SBI (2.02 percent), Karur Vysya bank (1.76 percent) and Canara bank (1.65 percent). However, Operating expenses to total assets varies with the variation in establishment and other operating expenses. It is more or less similar between selected public sector banks. But there a variation between selected private sector banks and also among four selected banks.

TABLE – 9.7: OPERATING EXPENSES AS PERCENTAGE OF TOTAL ASSETS OF BANKS DURING 2001-02 TO 2011-12 (In Percentage)

Year	Banks Covered in the Study			
	Public Sector		Private Sector	
	SBI	Canara	HDFC	Karur Vysya
2001-02	2.07	2.21	1.76	2.10
2002-03	2.11	2.13	1.90	1.69
2003-04	2.27	1.91	1.91	2.21
2004-05	2.19	1.91	2.11	2.16
2005-06	2.37	1.77	2.30	1.94
2006-07	2.09	1.55	2.65	1.74
2007-08	1.75	1.55	2.81	1.48
2008-09	1.60	1.40	3.00	1.50
2009-10	1.93	1.13	2.67	1.59
2010-11	1.88	1.31	2.58	1.53
2011-12	1.95	1.25	2.54	1.44
Average	**2.02**	**1.65**	**2.38**	**1.76**

Source: RBI Report on Trends and Progress of Banking in India: Relevant Issues

9.8 OTHER INCOME AS PERCENTAGE OF TOTAL ASSETS

This ratio is calculated as proportion of other income to total assets. Other income is largely constituted of fee income such as commission, exchanges and brokerage fees. Other income also includes profit from sale of investments and other miscellaneous income, amongst others. Fee based income accounts for a major portion of a bank's other income. A bank generates higher fee income through innovative products and adapting the technology for sustained services levels. The higher ratio indicating increasing proportion of fee based income. The ratio is also influenced by gains on Government securities, which fluctuates depending on interest rate movement in the economy.

TABLE – 9.8: OTHER INCOME AS PERCENTAGE OF TOTAL ASSETS OF BANKS DURING 2001-02 TO 2013-14 (In Percentage)

Year	Banks Covered in the Study			
	Public Sector		Private Sector	
	SBI	Canara	HDFC	Karur Vysya
2001-02	1.26	1.98	1.39	2.05
2002-03	1.59	1.80	1.53	2.14
2003-04	1.94	2.02	1.13	1.04
2004-05	1.64	1.40	1.27	1.43
2005-06	1.56	1.08	1.80	1.43
2006-07	1.28	0.97	1.84	1.19
2007-08	1.41	1.28	2.03	1.43
2008-09	1.31	1.16	2.08	1.68
2009-10	1.48	1.18	1.96	1.27
2010-11	1.39	0.90	1.73	1.05
2011-12	1.07	0.78	1.55	0.93
Average	**1.45**	**1.32**	**1.66**	**1.42**

Source: RBI: Report on Trend and Progress of Banking in India: Relevant Issues.

Information relating to the 'other income' as percentage of total assets of the four selected banks during 2001-02 to 2011-12 is shown in Table – 9.8. The 'Other Income' of the selected two public sector banks considered, the average of 'other income' is higher in the SBI (1.45 percent) than in Canara Bank (1.32 percent). In the same way, among the two private sector banks considered here, the average 'operating expenses' is more in the case of HDFC bank (1.66 percent) than in the Karur Vysya bank (1.42 percent). The average of 'other income' is recorded to be comparatively high in HDFC bank (1.66 percent) during the reference period. This is followed by the SBI (1.45 percent), Karur Vysya bank (1.42 percent) and Canara bank (1.32 percent) during the 11 year reference period. There is a general dropping in the ratio of other income to total assets which may be due to their concentration of Retail Banking activities. This indicates that there is a variation in other income between public sector and private sector banks. The reason may be all the selected banks are concentrating on various fee based services to earn more income from various sources.

9.9 RETURN ON EQUITY

Return on equity reflects the efficiency of banking institutions in using capital. It was thus an indicator of banks' conduct of business in the interests of shareholders, reflecting the combined impact of lower net profits and higher capital base. A detail of 'Return on equity' in the four selected banks during 2001-02 to 2011- 12 was shown in Table – 9.9.

TABLE – 9.9: RETURN ON EQUITY IN SELECTED BANKS DURING 2001-02 TO2013-14 (In Percentage)

Year	Banks Covered in the Study			
	Public Sector		Private Sector	
	SBI	Canara	HDFC	Karur Vysya
2001-02	17.0	23.6	20.8	28.6
2002-03	19.2	26.7	18.5	25.3
2003-04	18.2	28.5	20.6	25.4
2004-05	18.1	19.5	18.5	14.3
2005-06	17.0	20.3	17.7	16.6
2006-07	15.4	16.3	19.5	16.5
2007-08	16.8	15.0	17.7	18.5
2008-09	17.1	18.3	17.2	18.6
2009-10	14.8	22.5	16.3	22.6
2010-11	12.6	23.2	16.7	22.1
2011-12	14.4	18.7	22.1	22.2
Average	**16.4**	**21.2**	**18.7**	**21.0**

Source: RBI: Report on Trend and Progress of Banking in India: Relevant Issues.

The 'Return on equity' in case of theselected two public sector banks considered, the average of 'return on equity' was higher in the Canara Bank (21.1 percent) than in SBI (16.4 percent). In the same way, among the two private sector banks considered here, the average 'return on equity' was more in the case of Karur Vysya bank (21.0 percent) than in the HDFC bank (18.7 percent). The average 'return on equity' was recorded to be comparatively high in Canara bank (21.1 percent) during the reference period. This is followed by the Karur Vysya bank (21.0 percent), HDFC bank (18.7 percent) and SBI (16.4 percent). This shows that there is no significant variation between public and private sector banks as a whole. All these banks have return on equity more or less similar. But results depicts that there is a variation between selected public and private sector banks and also among four selected banks. This is due to all selected banks were able to employ funds efficiently and effectively. But there is a general dropping in the 'return on equity' from 2001-02 to 2011-12 which may be due to high maintenance cost of the banks and its employees.

9.10 CAPITAL ADEQUACY RATIO

It was necessary for a bank ton have sufficient capital to absorb operational losses without infringing upon the depositors' interest. Therefore, a provision has been made under Section 11 of the Banking Regulation Act, 1949 to stipulate certain absolute minimum capital requirement. The capital adequacy ratio reflects the ability of a bank to deal with probable loan default. The RBI guidelines stipulates bank to maintain a CAR of minimum 9%. It was arrived at by dividing the Tier-I and Tier-II capital by risk weighted assets. Tier-I capital includes equity capital and free reserves. Tier-II capital comprises subordinated debt of 5-7 year tenure. The higher the CAR, the stronger is the bank. A detail regarding the 'Capital Adequacy Ratio' computed for the four selected banks during 2001-02 to 2011-12 is shown in Table – 9.10. The 'Capital Adequacy Ratio' in case of the selected two public sector banks considered, the average capital adequacy ratio was slightly higher in the Canara Bank (13.2) than in SBI (13.0). In the same way, among the two private sector banks considered here, the average capital adequacy ratio was more in the case of Karur Vysya Bank (15.2) than in the HDFC Bank (14.2). The average capital adequacy ratio was recorded to be comparatively high in Karur Vysya bank (15.2) during the reference period. This is followed by the HDFC bank (14.2), Canara bank (13.2) and SBI (13.0) during the reference period. Higher the ratio higher is the risk taking capabilities of banks due to any unexpected loss in the banking portfolio. The main reason for a higher capital is less disbursement of funds so that any unexpected loss can be handled properly by banks. Hence, among all banks, Karur Vysya Bank has high CAR i.e. 15.2. This indicates the mean CAR was not similar between public and private sector banks. There is a variation in maintaining adequate capital in these categories of banks. But no variation is observed between selected public and private sector banks and also among four selected banks. This shows that all the selected banks are having adequate capital base more or less similarly. However, all selected banks are maintaining 9 percent CAR as per prudential norms.

TABLE – 9.10: CAPITAL ADEQUACY RATIO IN SELECTED BANKS DURING 2001-02 TO 2013-14 [In percentage]

Year	Banks Covered in the Study			
	Public Sector		Private Sector	
	SBI	Canara	HDFC	Karur Vysya
2001-02	13.4	11.9	13.9	16.9
2002-03	13.5	12.5	11.1	17.0
2003-04	13.5	12.7	11.7	17.1
2004-05	12.5	12.8	12.2	16.1
2005-06	11.9	11.2	11.4	14.8
2006-07	12.3	13.5	13.1	14.5
2007-08	12.6	13.3	13.6	12.6
2008-09	14.3	14.1	15.7	14.9
2009-10	13.4	13.4	17.4	14.5
2010-11	12.0	15.4	16.2	14.4
2011-12	13.9	13.8	19.9	14.3
Average	**13.0**	**13.2**	**14.2**	**15.2**

Source: RBI: Report on Trend and Progress of Banking in India: Relevant Issues.

9.11 BUSINESS PER EMPLOYEE

This ratio shows the productivity of human force of the bank by dividing total business to total number of employees arrives at this ratio. Human capital plays a vital role in the success/failure of a bank as it shows the effectiveness of the bank in using its resources. Higher the ratio, better it is for the bank. Details regarding 'Business per Employee' computed for the four selected banks during 2001-02 to 2011- 12 is shown in Table - 5.11. 'Business per Employee' in case of the four selected banks also there was a continuous increase in 'business per employee' from 2001-02 to 2011-12, with minor fluctuations in the case of SBI and HDFC. In the case of SBI, the business per employee is ₹173 Lakhs in 2001-02 and has increased to ₹798 Lakhs by 2011-12. In the same way, the business per employee in Canara bank increased from ₹215 Lakhs (2001-02) to ₹1374 Lakhs (2011-12) while in Karur Vysya bank this has increased from ₹ 219 Lakhs (2001-02) to ₹984 Lakhs (2011-12). HDFC recorded a ₹778 Lakhs business per employee during 2001-02 which was ₹634 Lakhs during 2011-12. The variations in these figures reflect partly, the variations in the number of employees due to expansion etc.

TABLE – 9.11: BUSINESS PER EMPLOYEE IN SELECTED BANKS DURING 2001-02 TO 2011-12 (In ₹ Lakhs)

Year	Banks Covered in the Study			
	Public Sector		Private Sector	
	SBI	Canara	HDFC	Karur Vysya
2001-02	173	215	778	219
2002-03	191	250	865	288
2003-04	211	298	866	330
2004-05	243	351	806	387
2005-06	299	442	758	439
2006-07	357	549	607	489
2007-08	456	609	506	604
2008-09	556	780	446	638
2009-10	636	983	590	789
2010-11	705	1228	653	935
2011-12	798	1374	634	984
Average	**420**	**644**	**683**	**555**

Source: RBI: Report on Trend and Progress of Banking in India: Relevant Issues.

Among the two public sector banks considered, the average business per employee was slightly higher in the Canara Bank (₹644 Lakhs) than in SBI (₹ 420 Lakhs). In the same way, among the two private sector banks considered here, the average business per employee was more in the case of HDFC bank (₹683 Lakhs) than in the Karur Vysya bank (₹ 555 Lakhs). The average business per employee was recorded to be comparatively high in HDFC bank (₹ 683 Lakhs) during the reference period. This was followed by the Canara bank (₹ 644 Lakhs), Karur Vysya bank (₹ 555 Lakhs) and SBI (₹ 420 Lakhs). This indicates that there is no variation between selected public sector banks and private sector banks and also among four selected banks. This is may be due to all the banks are employed sufficient staff and carried business activities effectively and efficiently to meet competition between banks.

9.12 PROFITS PER EMPLOYEE

This ratio measures the efficiency of the employee at the branch level. It also gives valuable inputs to assess the real strength of a bank's branch network. It is arrived at by dividing the net profits of the bank by total number of branches. Revenue per employee is a measure of how efficiently a particular bank is utilizing its employees. Ideally banks wants highest profit per employee possible, as it denotes higher productivity. In general, rising revenue per employee is a positive sign that suggests the bank is finding ways to squeeze more revenue out of each employee. Information relating to the 'Profit per Employee' computed for the four selected banks during 2001-02 to 2011-12 was shown in Table-9.12.

TABLE – 9.12: PROFIT PER EMPLOYEE IN SELECTED BANKS DURING 2001-02 TO 2011-12 (In Percentage)

Year	Banks Covered in the Study			
	Public Sector		Private Sector	
	SBI	Canara	HDFC	Karur Vysya
2001-02	1.2	1.6	9.8	3.8
2002-03	1.5	2.3	10.1	4.4
2003-04	1.8	3.0	9.4	5.7
2004-05	2.1	2.5	8.8	3.8
2005-06	2.2	3.0	7.4	4.7
2006-07	2.4	3.2	6.1	4.9
2007-08	3.7	3.7	5.0	5.8
2008-09	4.5	5.0	4.2	6.0
2009-10	4.5	7.4	6.0	8.1
2010-11	3.9	9.8	7.4	9.1
2011-12	5.3	8.2	8.1	8.8
Average	**3.0**	**4.5**	**7.5**	**5.9**

Source: RBI: Report on Trend and Progress of Banking in India: Relevant Issues.

In the case of SBI, the profit per employee is 1.2 percent in 2001-02 and has increased to 5.3 percent by 2011-12. In the same way, the profit per employee in Canara bank increased from 1.6 percent (2001-02) to 8.2 percent (2011-12) while in Karur Vysya bank this has increased from 3.8 percent (2001-02) to 8.8 percent (2011-12). HDFC bank recorded a 9.8 percent profit per employee during 2001-02 which is 8.1 percent during 2011-12. Here also the variations in these figures are partly due to the variations in the number of employees. Among the two public sector banks considered, the average of 'profit per employee' was higher in the Canara Bank (4.5 percent) than in SBI (3.0 percent). In the same way, among the two private sector banks considered here, the average 'profit per employee' was more in the case of HDFC bank (7.5 percent) than in the Karur Vysya bank (5.9 percent). The average 'profit per employee' was found to be comparatively high in HDFC bank (7.5 percent) during the reference period. This was followed by the Karur Vysya bank (5.9 percent), Canara bank (4.5 percent) and SBI (3.0 percent). The maximum amount of profit that the employee generates would determine the skill of the employee as well as HR policies of the bank. Good HR policies would benefit the banks with respect to profit increment. It was evidently clear that there was a variation in profit per employee between public sector and private sector banks and also among four selected banks. This may be attributed due to variation in profit earning capacity and also control on expenses. But there was no variation between selected two public sector banks and between two private sector banks. The reason may be due to rate of profit earned may be more or less similar between two selected public sector and between two private sector banks.

10. SUGGESTIONS

- Banks should examine the viability of the project before providing financial assistance. It is required to ensure that the project will generate sufficient returns on the recourses invested in it.
- Banks should minimize the cost of maintenance of lendable funds.
- Banks should always maintain effective monitoring and control system for collecting loans periodically.
- It is suggestible to minimize bad debts as it effects the performance of the banks.

11. CONCLUSION

The banking institutions, especially in the Indian setup, cannot be judged, just by the profitability or turn over ratios in isolation. Banking in India, historically and even at present is not merely an organization with profit motive only, it is a multi objective organization working to achieve some economic and social objective. With the world-wide activities getting closely integrated and globalization gaining greater importance, internationally accepted norms become the standards for bench marking the performance of domestic entities. It is envisaged that the rapport between the banker and the borrowers improves and the administration of credit portfolio is made more effective, efficient and transparent and above all free from all possible malpractices like corruption, ever greening of advances, extending undue favors and connected lending.

13. SCOPE FOR FURTHER RESEARCH

Further research may be aimed at the following:

1) Studying the strength and weakness of legal system and to suggest legal reforms required for debt recovery.
2) Developing a Borrower's Credit Rating System to enable banks to have effective Credit Appraisal.
3) Developing comprehensive software for appraisal and monitoring of borrowers.

REFERENCES

1. Agarwal B.P., "Commercial Banking in India", Classical Publishing Company, New Delhi, 1988, p.252.
2. Dr. Bihari S.C., "Indian Banking – A Case of Resilience in turbulence", International Journal of Research in Commerce and Management, Vol.No.1, Issue No.5, 2010.
3. Jhingar M.L., "Money, Banking and International Trade", Konark Publications, New Delhi, 1986, p.252.
4. Misra S.K., and Puri V.K., "Indian Economy, Himalaya Publishing House", Mumbai, 1983, pp.30-31.
5. Mithani D.M., "Money, Banking, International Trade and Public Finance", Himalaya Publishing House, Mumbai, 2008, p.224.
6. Probodh Kumar, "Banking and Economic growth", Subrahmanyam N.K., "Modern Banking in India", Deep and Deep Publication, New Delhi, 1985, p.54.
7. Sha S.G., "Agricultural Finance by Commercial Banks", Vikas Publications, 1986, p.66.
8. Share B.P., "The Role of Commercial Banks in India's Developing Economy", S.Chand and Company Private Limited, New Delhi, 1974, p.289.
9. Somashekar N.T., "Banking", New Age International, karnataka,2009, p.25.

REQUEST FOR FEEDBACK

Dear Readers

At the very outset, International Journal of Research in Computer Application & Management (IJRCM) acknowledges & appreciates your efforts in showing interest in our present issue under your kind perusal.

I would like to request you tosupply your critical comments and suggestions about the material published in this issue as well as on the journal as a whole, on our E-mail**infoijrcm@gmail.com** for further improvements in the interest of research.

If youhave any queries please feel free to contact us on our E-mail **infoijrcm@gmail.com**.

I am sure that your feedback and deliberations would make future issues better – a result of our joint effort.

Looking forward an appropriate consideration.

With sincere regards

Thanking you profoundly

Academically yours

Sd/-
Co-ordinator

DISCLAIMER

ABOUT THE JOURNAL

In this age of Commerce, Economics, Computer, I.T. & Management and cut throat competition, a group of intellectuals felt the need to have some platform, where young and budding managers and academicians could express their views and discuss the problems among their peers. This journal was conceived with this noble intention in view. This journal has been introduced to give an opportunity for expressing refined and innovative ideas in this field. It is our humble endeavour to provide a springboard to the upcoming specialists and give a chance to know about the latest in the sphere of research and knowledge. We have taken a small step and we hope that with the active co-operation of like-minded scholars, we shall be able to serve the society with our humble efforts.

Our Other Journals