PERFORMANCE EFFECTIVENESS OF NATIONALISED BANKS: A CASE STUDY OF SYNDICATE BANK.

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I certify that the thesis entitled "**Performance Effectiveness of Nationalised Banks: A Case Study of Syndicate Bank**", is a record of bonafide research work carried out by Sri. Zacharias Thomas (Part-time Research Scholar- Reg. No.972) under my guidance. This has not been previously submitted for the award of any degree, diploma, associateship or other similar title. The thesis is worth submitting for the degree of Doctor of Philosophy in Social Sciences.

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INTRODUCTION

The banking system is an integral part of any economy. It is one of the many institutions that impinges on the economy and affect its performance. Economists have expressed a variety of opinions on the effectiveness of the banking systems in promoting or facilitating economic development. As an economic institution, the bank is expected to be more directly and more positively related to the performance of the economy than most non-economic institutions[1] Banks are considered to be the mart of the world, the nerve centre of economies and finance of a nation and the barometer of its economic perspective.[2] They are not merely dealers in money but are in fact dealers in development.

Banks are important agencies for the generation of savings of the community. They are also the main agents of credit. They divert and employ the funds to make possible fuller utilisation of the resources of a nation. They

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[1] Cameron Rondo, Banking and Economic Development- Some Lessons of History, Oxford University Press, New York, 1972, p.7.

[2] Sharma B.P., The Role of Banks in India's Developing Economy, S.Chand & Co., New Delhi, 1974, pp.85-86.

transfer funds from regions where it is available in plenty to where it can be efficiently utilised: the distribution of funds between regions pave the way for the balanced development of the different regions. They are thus catalytic agents that create opportunities for the development of the resources to speed up the tempo of economic development.

In the Indian financial system, commercial banks are the major mobilisers and disbursers of financial resources. They have an all pervasive role in the growth of a developing country like India. The role of banks in accelerating the economic development of a country like India has been increasingly recognised following the nationalisation of fourteen major commercial banks in July 1969 and six more banks in April 1980. With nationalisation, the concept of banking has undergone significant changes. Banks are no longer viewed as mere lending institutions. They are to serve the society in a much bigger way with a socio-economic development oriented outlook[3]. They are specially called upon to use their resources to attain social upliftment and speedier economic development.

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[3] Thomas Zacharias, 'Nationalised Banks: A Decades Evaluation of Performance', Facts For You, (June 1995), p.41.

To achieve the varied objectives of nationalisation, the nationalised banks have introduced innovative schemes in the mobilisation of resources as well as its disbursement.Nationalisation resulted in a comprehensive programme of branch expansion, innovations in mobilisation of savings, lending to priority sectors and' weaker sections of the society and so on.

The horizon of commercial banking in India that enlarged with nationalisation has further widened with the implementation of the Banking Sector Reforms in the year 1992-93. Banks are now increasingly identifying themselves with national problems and thereby trying to bring about social and economic transformation in the country. To quote Bhabha, " Banking is the kingpin of the chariot of economic progress. As such its role in expanding the economy of a country like India can neither be underestimated nor overlooked."[4]

1.1. Statement of the Problem

The nationalised banking sector in India has produced commendable results in the decades of the seventies

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[4] Bhabha C.H., Better Climate for Expansion of Indian Banking Needs, Commerce, (Annual Number 1956), p.50.

and eighties in achieving the socio-economic objectives entrusted to them. However some disturbing trends have emerged towards the end of the eighties and at the dawn of the nineties. Against the achievement in a few areas of business, the overall business performance as well as financial performance of the banks are not encouraging. Even the market share of the deposits of nationalised banks showed a decelerating trend. The market share of the total deposits of the nationalised banks which was 63.30 percent of the total deposits of the banking sector in India as on 31st December 1984 has come down to 62.75 percent by 31st March 1991 and decelerated further to 57.10 percent as on 31st March 1994.[5]

On the basis of the major recommendations of the Narasimham Committee on Financial System (1991), the Government of India introduced certain Banking Sector Reforms from the fiscal year 1992-93. These reform measures, especially the capital adequacy standards and prudential accounting have in particular changed the entire complexion and character of Indian banking almost overnight. It has brought to light the alarmingly low capital base, high and growing non-performing assets and relatively low profitability

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[5] Indian Banks Association, Financial Analysis of Banks 1984,1990-91 and 1993-94, Indian Banks Association, Bombay.

position of the nationalised banks. The capital of the nationalised banks is inadequate in relation to the risk assets and the off-balance sheet liabilities. Non-performing assets (NPA) which do not create any real income to the banks are eroding enormously their profitability. Non-performing assets of the nationalised banks were estimated by the Finance Ministry, Government of India to be Rs. 22,08,900 lakhs[6] and Rs.23,74,115 lakhs[7] as on 31st March 1993 and 31st March 1994 respectively. An increase in non-performing assets is detrimental not only to profitability, but also to the deployment of funds for productive purposes. The observations of the Estimates Committee of the Lok Sabha on Customer Services and Security System in the nationalised banks (1989-71st Report) hold good even now: 'the quality of the loan portfolio , the end use of credit and the rate of recycling of funds continue to constitute an area of concern.[8]

The poor state of affairs of the nationalised banks could be well understood from the fact that the twenty

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6   Economic Times, 3rd May 1994, p.15.

7   Business Line, 29th August 1995. p.7.

8   The Estimates Committee of the Lok Sabha, 71st Report on Customer Services and Security System in Nationalised Banks, The Hindu, April 2, 1989, p.4.

nationalised banks showed an aggregate net loss of Rs. 3,64,292 lakhs and Rs. 3,44,664 lakhs during 1992-93 and 1993-94 respectively. All these banks have in fact showed negative profits during the year 1992-93. According to the classification of the Reserve Bank of India, seven of the nationalised banks- Bank of Baroda, Canara Bank, Corporation Bank, Oriental Bank of Commerce, Punjab National Bank, Union Bank of India and Vijaya Bank belonged to the list of Category A Banks during 1993-94: they reported net profits. The banks which reported operating profits but net loss during the period and belonged to the list of Category B Banks consisted of the following six banks- Allahabad Bank, Bank of India, Dena Bank, Indian Bank, Indian Overseas Bank and Syndicate Bank. The banks which reported net loss as well as operating loss during the year 1993-94 were Andhra Bank, Bank of Maharashtra, Central Bank of India, Punjab and Sind Bank, U Co Bank and United Bank of India: they belonged to the list of Category C Banks.

The average net profit of the twenty nationalised banks during the years 1984, 1989-90, 1992-93 and 1993-94 reveal a negative rate of growth. The poor growth in net profits is further aggravated through increased growth in net losses.

Like profitability, productivity of the banks too shows deceleration: productivity and profitability are closely inter-related.

Not only capital adequacy, quality of assets, productivity and profitability, but also growth, social banking and customer service are areas of concern where a wide difference in performance exists among the nationalised banks. The business indicators of the banks have failed to attain substantial growth. The rise in bank charges, the long waiting at counters, the unhelpful attitude of the bank staff, the inordinate delay in the collection of outstation cheques, discounting bills, the failure to comply with the genuine instructions of the customers, the non-availability of necessary forms and so on continue to trouble the customer. The casual manner in which the employees deal with the public is a clear indication of the fall in general efficiency. Social banking had imposed substantial financial and managerial burden on the banking sector and the economy. In the name of helping the under-privileged, the banks have been helping the privileged classes: over the last few years there was gross-subsidisation instead of cross-subsidisation.[9]

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[9] Patel I.G., 'Inaugural Address, Bank Economists Conference', in N.K.Thingalaya (ed), On Bankers and Economists', Macmillan India Ltd., Bombay, 1980, pp.14-15.

Though nationalisation has aimed at professional management, it has actually brought the banks to a dismal state of affairs, for, the post nationalisation period witnessed the replacement of 'professional bent' by 'political bent'.[10] With this background, the actual performance of our nationalised banks and the problems if any they face are to be evaluated through a scientific study.

Syndicate Bank, once regarded as a model bank by the Reserve Bank of India and other sister banks in the country, is chosen for a case study. With its roots in the rural soil, it has earned a name and fame for itself as the 'small man's big bank'.It has performed tremendously well during the pre-nationalisation and early post-nationalisation periods. But in recent years, along with many other nationalised banks, there is deceleration in its performance.To obtain a clear picture, it is worthwhile to have a close look at the performance effectiveness of Syndicate Bank, which will further reflect the state of affairs in the rest of the nationalised banks in the country.

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[10] Krishn Iyer V.R., 25 years of Bank Nationalisation, Indian Express, July 20, 1994, p.5.

1.2 Objectives of the Study

The important objectives of the present study are,

1) To examine the growth and development of banking industry in India

2) To examine the extent of achievement of Syndicate Bank in relation to:

    a. Capital adequacy, quality of assets and profitability

    b. Social banking and growth

    c. Productivity and customer service

3) To make a comparative analysis of the performance effectiveness of Syndicate Bank in relation to the rest of the nationalised banks.

4) To put forward concrete suggestions and recommendations to make the performance of Syndicate Bank and other nationalised banks effective and efficient.

1.3 Scope of the study

A close look at the performance effectiveness of Syndicate Bank since 1984 is undertaken through a case study. For a comparative analysis, the performance of all the other nationalised banks in India (Appendix I) is also evaluated

since 1984. A period of ten years from 1984 to 1993-94 is taken for the study. The present study is undertaken by reviewing and analysing the performance effectiveness of Syndicate Bank and other nationalised banks in India by using an Economic-Managerial-Efficiency- Evaluation Model (EMEE Model) developed by the researcher.

1.4 Significance of the Study

The performance effectiveness of the nationalised banking industry that controls more than 90 percent of the banking business in India is an issue of serious concern to the Government of India, the national and international monetary authorities such as the Reserve Bank of India, the World Bank, the International Monetary Fund and so on: it is a seriously debating topic among academicians and public at large.

Though a number of studies are available on banking industry, there is dearth of a comprehensive academic study on the performance effectiveness and managerial efficiency of the nationalised banks. A review of the available literature on banking reveals that no exclusive study on the performance effectiveness of banks has so far been attempted in India. In this context the present study may fill the gap to a certain

extent. Further, it would throw some light on the performance of Syndicate Bank and other nationalised banks on the basis of the Banking Sector Reforms introduced in the country since 1992-93, as the study also covers a period of two years since the introduction of the reform measures.

1.5 Methodology

Performance evaluation is an important pre-requisite for sustained growth and development of any institution. As in the case of any institution, the evaluation of a bank's performance too has to be undertaken in relation to its goals and objectives. Though many studies have been undertaken in India for evaluating the performance of banks, no single or universally acceptable technique/methodology has emerged so far. Assessment of a bank's performance is beset with many difficulties on account of its diverse objectives that influence its performance: the affairs of the nationalised bank are conducted not merely on financial or business considerations in which case it would have been easier to evolve suitable parameters and thereby evaluate its performance.

The researcher, after much deliberations has attempted to convert the broad objectives of the nationalised

banks in terms of certain specific parameters to facilitate the evaluation of their performance. This is done in the light of the objectives of nationalisation as well as on the basis of the recommendations of the Narasimham Committee on the Financial System.

After observing the various performance evaluation studies and assessing the gaps/deficiencies that exist in this field, the researcher has used six broad parameters in this study to evaluate and assess the performance of Syndicate Bank and other nationalised banks so as not to overlook the various aspects of the problem. The following are the six basic parameters used in the study to evaluate the performance of the individual nationalised banks.

1. Capital adequacy and quality of assets
2. Profitability
3. Social banking
4. Growth
5. Productivity
6. Customer service

The above basic parameters are the aggregate of a number of sub-parameters. All the basic parameters and sub-parameters are important in varying degrees towards an

evaluation of the all round performance. However, it is hard to determine the influence of each of them independently towards performance. An optimum mix of these parameters would provide a comprehensive picture. Development of a proper Model incorporating the parameters and giving due weightage to them would provide a good measure of all round performance. Such a Model would avoid the limitations of evaluating performance on separate parameters too.(Detailed analysis of the Model is presented in chapter V)

1.6 Sources of Data

The data required for the study is collected from both primary and secondary sources. Data pertaining to customer service, which is mostly qualitative in nature is collected by a survey covering eight percent of the branches of the nationalised banks in Kerala using an interview schedule. The schedule consisted of twenty nine questions brought under eleven sub-headings or areas of concern to customers. Reliable secondary data is made use of in areas where primary source is not accessible. The Financial Analysis of Banks and Performance Highlights of Public Sector Banks both published by Indian Banks Association form the most important source based on which the present study is accomplished. The Annual Reports of the twenty nationalised

banks, Reserve Bank of India publications, publications of the Indian Banks Association Bombay, Indian Institute of Bankers Bombay, National Institute of Bank Management Pune, Individual Bank's publications-Pigmy Economic Review of the Syndicate Bank, State Bank of India Monthly Review etc. form some of the secondary sources of data for the present study.

1.7 Scheme of the Study

Chapter I. Introduction

The first chapter starts with a brief introduction characterising the importance of banking in economic development. It is followed by statement of the research problem, objectives, scope, significance of the study, methodology and sources of data of the study. The scheme of the research report and limitation of the study are also incorporated in the introductory chapter.

Chapter II. A Review of Studies on Banking

A brief review of the available literature related to the problem under investigation is given in chapter two.

Chapter III. Development of Banking in India

In the third chapter an overview of the growth and development of banking in India is given. Nationalisation of banks and its objectives are outlined here. A reference to the Banking Sector Reforms introduced in India on the basis of the recommendations of the Narasimham Committee on Financial System (1991) and its impact on Indian banking, especially on the nationalised banking sector also is outlined in chapter three.

Chapter IV. A Profile of Syndicate Bank

A review of the history of Syndicate Bank is carried out in chapter four. The growth and development as well as organisation and management of the Bank is outlined in this chapter.

Chapter V. Performance Effectiveness of Banks: The Theoretical Approach

Chapter five presents the theoretical foundation of the study. The Model developed by the researcher for the evaluation of the performance effectiveness of nationalised banks is discussed in detail here.

Chapter VI. Performance Effectiveness of Syndicate Bank and other Nationalised Banks: An Analysis

Chapter six outlines the analytical part of the present study- analysing the performance of Syndicate Bank and other nationalised banks based on the parameters identified in the Model.

Chapter VII. Summary, Conclusions and Recommendations

A summary of the entire research study, the important conclusions of the study, as well as the recommendations are included in chapter seven.

1.8 Limitation of the Study

A comprehensive picture of the impact of Financial Sector Reforms on Syndicate Bank and other nationalised banks could not be fully revealed by the present study, for, the study could cover a period of two years only since the introduction of the reform measures ie, 1992-93 and 1993-94.

CHAPTER II

A REVIEW OF STUDIES ON BANKING

An academic study on the performance of the nationalised banking sector in India is very important and pertinent in the context of its structural existence. Before taking up such an exercise, an attempt is made in this section to present a review of the available studies in the relevant area of banking.

Organised or formal research in banking and related areas is of recent origin in India. The research studies conducted in the field of banking in India and abroad relate mostly to institutional, functional and developmental activities of banks.

Karkal[1] in his book 'Perspectives of Indian Banking' has dealt with the various problems and difficulties of the banking activities after the introduction of the new social policy in banking. He analyses the implications of the changed situation in the organisation and functions of banks

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[1]   Karkal, Gopal, Perspectives of Indian Banking, Popular Prakashan Private Limited, Bombay, 1977.

and the techniques the banks should adopt for achieving optimum efficiency.

Mathur[2] in his book 'Public Sector Banks in India's Economy - A Case Study of State Bank of India' has evaluated the role of the public sector banks as an instrument for the rapid growth of the Indian economy. In the process of analysing that role he has made a thorough study of the working of the State Bank of India and its seven subsidiaries.

Agarwall[3] in his book 'Management of Nationalised Commercial Banks in India with Reference to their Social obligations' has assessed the performance of nationalised banks in discharging the various social obligations. There being no absolute line of measurement in this regard, an effort has been made to evaluate the performance of the nationalised banks in discharging the various social obligations on the basis of a comparison with the performance of other bank groups. For the assessment of their individual

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[2] Mathur, O.P., Public Sector Banks in India's Economy-A Case Study of State Bank of India, Sterling Publishers Private Limited, New Delhi, 1978.

[3] Agarwall, H.N., Management of Nationalised Commercial Banks in India with Reference to their Social Obligations, Inter-India Publications, Delhi, 1979.

performance, the line of assessment adopted was the average performance of all the nationalised banks in toto.

Seshadri[4] in her book 'Banks Since Nationalisation' has analysed the achievements of the nationalised banks with those that were left in the private sector. The progress achieved by these banks in the sphere of branches, deposits, advances etc. were analysed with secondary data available from various banks, the Reserve Bank of India and so on. The efficiency and profitability of the nationalised banks too were analysed.

Agarwall[5] in his book 'Commercial Banking in India After Nationalisation- A Study of their Policies and Progress' analysed the performance of commercial banks in India after nationalisation. It was neither an empirical study nor the study of a particular aspect of commercial banking. It was only a study of banking development in the light of nationalisation. Annual reports of banks, periodical reports

[4] Seshadri, I.J.H., Banks Since Nationalisation, Birla Institute of Scientific Research, New Delhi, 1981.

[5] Agarwall, B.F., Commercial Banking in India After Nationalisation - A Study of their Policies and Progress, Classical Publishing Company, New Delhi, 1982.

of the Reserve Bank of India, personal discussion with bank officials and so on were the major sources relied on for the study.

Hussain[6] in 'A Study of New Roles of the Public Sector Commercial Banking in India' analyses the major problems faced by the public sector banks in India. As national public sector institutions, they are required to face new challenges. How can the new developmental, organisational, managerial and functional problems be solved? How best can they serve the priority sectors for economic regeneration and what should be the strategy for dynamic commercial banking policy in India - were some of the basic problems discussed in the book.

Chawla[7] in his book 'Nationalisation and Growth of Indian Banking' has investigated the development and growth of banking activities in India with particular reference to the state of Punjab. The analysis was carried out with the help

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[6] Hussain, Farhat, A Study of New Roles of the Public Sector Commercial Banking in India, Deep and Deep Publications, New Delhi, 1986.

[7] Chawla, A.S., Nationalisation and Growth of Indian Banking, Deep and Deep Publications, New Delhi, 1987.

of different types of growth rates; indices of changes were also calculated. Certain statistical tools like co-efficient of variation and rank correlation too were used in the study.

Chandrayya[8] has undertaken a study 'Structural Changes in the Credit Deployment Policies and Practices of Commercial Banks in India- A Case Study of Andhra Bank'. The study was confined to the period 1969 - 1984. The researcher has examined the various changes that took place in the structure, organisation and composition of credit deployed by the commercial banks in India and the varied problems experienced both by the lending authorities as well as the borrowers and suggested feasible ways and means to overcome these problems.

Prabhu[9] in 'Excellence Through People: The Canara Bank Way', explains how an organisation can achieve its changing goals from time to time by following the right type of policies. He has made an attempt to share his experiences,

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[8] Chandrayya, V., Structural Changes in the Credit Deployment Policies and Practices of Commercial Banks in India- A Case Study of Andhra Bank, Discovery Publishing House, New Delhi, 1990.

[9] Prabhu, N.D., Excellence Through People: The Canara Bank Way, Konark Publishers Pvt. Ltd., New Delhi, 1991.

thoughts and views on creating and sustaining organisational excellence through people.

Jagwant[10] in his book 'Indian Banking Industry: Growth and Trends in Productivity' examines the trends in productivity in public sector banks excluding the six banks nationalised in 1980. He has analysed the trends and changes in productivity, with particular emphasis on labour productivity and branch productivity. The trends, changes and differentials in productivity in different banks and bank groups are examined in detail based on seventeen indicators. The main source of data for the study was Financial Analysis of Banks published by Indian Banks Association and Annual reports of banks.

Rajendran[11] in his comparative study of the public sector and private sector banks during the year 1990-91 has chosen three profitability ratios and six balance sheet

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[10]   Singh, Jagwant,   Indian Banking Industry: Growth and Trends in Productivity, Deep and Deep Publications, New Delhi, 1993.

[11]   Rajendran, K.A., 'Comparative Study on Public and Private Sector Banks',in N. Vinayakumar (ed.),A Peep into Private Sector Banks, Kanishka Publishers and Distributors Delhi, 1993.

ratios. He has brought eight scheduled private sector banks, three nationalised banks and the State Bank of India within the purview of his study.

Giridhari[12] in his paper has narrated the growth of private sector banks and public sector banks as a whole for a three year period - 1989 to 1991. The growth is narrated both figure-wise and percentage wise. The important variables considered in the study include - paid up capital, deposits, advances, priority sector credit, investment, income, expenditure, profit as also per employee deposits, advances, profit, investment, branch, expenditure etc. Though the study is empirical in nature, the individual performance of the banks is outside the purview of the study. An integrated picture of the performance of the two sectors too is beyond the scope of the study.

The Banking Commission[13] undertook a comprehensive research study of the entire banking system of the country and

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[12] Giridhari, D.G., 'An Evaluatory Study of Performances of Private and Public Sector Banks,' in N. Vinayakumar, (ed.), A Peep into Private Sector Banks', Kanishka Publishers, Distributors, Delhi, 1993.

[13] Report of the Banking (Saraiya) Commission, Government of India, 1972.

came out with salient policy level recommendations in 1972.
It reviewed bank operating methods and procedures and made
recommendations for improving and modernising operating
methods and procedures, particularly relating to customer
service, credit procedures and internal systems. The various
possible ways in which the banking system could assist
economic development was explored.

The PEP Committee on Banking[14] constituted to study
the productivity, efficiency and profitability of commercial
banks has used four criteria; namely, productivity, social
objectives-spatial, social objectives-sectoral and
profitability. Under each criterion, it used a set of
indicators. It also examined aspects like planning,
budgeting, marketing, management information systems, annual
accounts, audit systems, procedures and so on. It analysed
banking costs, profitability of operations, pricing of bank
services, trends in earnings and expenditures etc. and made a
number of recommendations. The study was experimental in
nature and it categorically stated that the set of indicators

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[14] Report of the Productivity, Efficiency and Profitability
(PEP) Committee on Banking, (Headed by J.C. Luther),
Reserve Bank of India; 1977.

used by it does not represent either the first or the last choice.

The Committee on the Functioning of Public Sector Banks[15] appointed by the Reserve Bank of India in 1977 has made a broad evaluation of the performance of public sector banks in the country covering the spheres of branch expansion, deposit mobilisation, credit disbursal, priority sector lending, efficiency, management - employee relations and so on and made recommendations to ensure improvement in the efficiency of their operations and to restore their financial health. The Committee made a pragmatic evaluation of the actual performance and functioning of the public sector banks during the period 1969 to 1977. It collected data from banks, bank staff, other financial institutions, commercial associations and so on.

The Committee on the Financial System[16] appointed by the Government of India (Narasimham Committee), in 1991

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[15] Report of the Committee On the Functioning of Public Sector Banks (Headed by James Raj), Reserve Bank of India, 1978.

[16] Report of the Committee on the Financial System (1991), (Headed by M. Narasimham), Reserve Bank of India Bulletin, February 1992.

examined all aspects relating to the structure, organisation
and functions of the Indian financial system. It made wide
ranging recommendations with a view to ensuring flexibility,
functional autonomy and thereby enhancing efficiency,
productivity and profitability of the banking sector and the
financial system. It examined the cost, composition and
adequacy of the capital structure of the various financial
institutions and reviewed the relative roles of the different
types of financial institutions in the financial system and
recommended ways to improve the efficiency and effectiveness
of the system with the emerging credit needs of the economy.
Its recommendations include, inter alia capital adequacy
norms, prudential norms for income recognition, provisioning
for bad debts, transparency of bank balance sheets, liberal
branch licensing policy and so on.

By integrating the field of commercial banking with
economic planning in India, Basu[17] in his research study
presented a picture of the dynamic role which the commercial
banking system can play to help in the process of economic
development in the country. The study underlined in detail

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[17] Basu, C.R., The Role of the Commercial Banking in the
Planned Economy of India, Ph.D Thesis, Burdwan
University, Burdwan, 1977.

the development of the commercial banking sector in the
pre-nationalisation period and evaluated the diversified role
the commercial banks have been called upon to play.

Nayan[18] in his research study has made a comparison
of the performance of individual nationalised banks with that
of the banking system as a whole. An attempt was made to
build up a model for the performance evaluation of the banks.

Rastogi[19] in his study evaluated the trends in Indian
banking after nationlisation. He made an effort to ascertain
how the banks were in a position to cater to the banking needs
of the Indian masses . He made an effort to suggest ways and
means for further development of banking. The data for the
study were collected from the Reserve bank of India and
different other agencies directly or indirectly engaged in the
task of developing banking facilities in the country. The
reports of the various committees and study groups appointed

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[18] Nayan, Kamal, Performance Evaluation of Commercial Banks:
Development of an Evaluation Model, Ph.D Thesis,
Himachal Pradesh University, Simla, 1982.

[19] Rastogi, Peeyush Kumar, Post Nationlisation Trends in
Indian Banking, Ph.D Thesis, Rohilkhand University,
Barielly, 1982.

by the Government of India and the Reserve Bank of India too were extensively used in the study.

Yadav[20] evaluated the working of Syndicate Bank in its northern zone and ascertained whether it was working on the lines suggested by the Government of India and the Reserve bank of India. With the help of an analytical and comparative study, the researcher has ascertained whether Syndicate Bank has been successful in the northern part of the country and how far it has been able to achieve the objectives of nationalisation by accelerating banking facilities in the rural, remote and the neglected areas.

Jain[21] in his research study has made an attempt to examine and analyse the funds management policies in selected nationalised banks. The study examined how the funds have been acquired and utilised by banks since nationlisation to achieve the stipulated objectives. Various published sources such as The Reserve Bank of India Bullettins, Statistical

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20   Yadav, Bal Ram Singh, An Evaluation of the Working of the Syndicate Bank in Northern Zone, Ph.D Thesis,Rohilkhand University, Bareilly, 1983.

21   Jain, Mohinder Kumar, Funds Management in selected Nationlised Banks, Ph.D Thesis, Kurukshetra University, 1984.

Tables relating to banks in India, Trends and Progress of Banking in India, Report on Currency and Finance, Annual reports of nationalised banks, Indian Banks Association publications, etc. provided the required data for the study.

Prasad[22] in his study examined the entire activities and operations of the State Bank of India with particular emphasis on the various aspects viz. deposit growth, credit expansion, branch expansion merchant banking and so on. The study made also an appraisal of the performance of the entire nationalised commercial banks.

Shete[23] and Karkal in their study analysed the performance and prospects of the Regional Rural Banks in extending rural credit and in profitability performance. The study was based on the secondary data published by the Reserve Bank of India and NABARD. The study covered 196 RRB's in respect of geographical spread, business performance, and financial performance.

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22 Prasad, Narendra, 'Performance of State Bank of India Ph.D. Thesis, Magadh University, Bodh-Gaya, 1984.

23 Shete, N.B. and Gopal, Karkal, 'Profit and Profitability of Regional Rural Banks,' National Institute of Bank Management, 1989-90.

Chawla[24] in his study focussed on the policy making and management practices in relation to deployment of funds in banks in the context of the rapidly changing environment. He focussed on the objectives and strategies of funds management, structure of roles-and relationships and organisation set up of the banks. Twenty six Indian banks, both in the public as well as private sector, were covered in the study. The study was based on detailed structured interviews with head of Funds and Investment Departments of the banks, preceded by discussions with top management personnel. The study brought out the major systematic deficiencies in the banks funds, planning, co-ordination and control systems.

Chawla[25] in his study focused on several segments of banks financial statements to provide an assessment of the financial health of different bank groups. The study was based on an analysis of financial and related data available in the Annual reports of banks and the Reserve bank of India

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24 Chawla, O.P., 'Funds Planning and Control in Banks,' National Institute of Bank Management, 1989-90.

25 Chawla, O.P., 'Aspects of Financial health of Public Sector Banks: An Exploratory Study of on-balance sheet and off-balance sheet Business Performance,'National Institute of Bank Management, 1990-91.

publications. The study covered a period of twenty years from 1969 to 1989.

Bose[26] in her study on 'Trend and Progress of Banking in India' has tried to analyse the connection between banking and economic development during the first three five year plan periods. The problem was studied under two aspects, viz. the impact that economic development had on banking in India and secondly, the role the banking system could play in economic development. To study the problem, she analysed the changes in the volume, character and composition of bank deposits and loans. A survey too was conducted to know the changing character of commercial banking in India.

Rangarajan[27] in his paper examined the extent to which the common man has been helped by the banking system in India since the nationalisation of the major banks in 1969. The study revealed that the disparities which existed with respect to banking infrastructure in the country was very

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26 Bose, Manjula, 'Trend and Progress of Banking in India,' Ph.D Thesis, Calcutta University, Calcutta, 1991.

27 Rangarajan, V., 'Nationalisation Banking Development Since Nationalisation,' T.N. Srinivasan and T.N. Bardhan (eds.), 'Poverty and Income Distribution in India,' Statistical Publishing Society, Calcutta, 1974.

large. It revealed that the fruits of banking are even now enjoyed mostly by the 'elite'.

Shetty[28] critically examined the extent to which the banking system in India has been able to achieve the objectives set before it initially by the scheme of social control and subsequently by the nationalisation of banks. It was observed that no major structural change has occurred in the composition of deposits and the banks have failed to improve their credit-deposit ratio over the time. Obviously rural areas were neglected in the opening of bank branches too.

Divatia[29] and Venkatechalam in their study of operational efficiency and profitability of banks proposed to create a composite index, which would explore certain indicators that would suitably represent varied aspects of banks performance. They recognised the problems in creating

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[28] Shetty, S.L., "Performance of Commercial Banks since Nationalisation of major Banks, Promise and Reality", Economic and Political Weekly, Vol.XII, No.31, 32,33, Special Number, (August, 1978) pp.1407-1447.

[29] Divatia, V.V. and T.R. Venkatachalam, "Operational Efficiency and Profitability of Public Sector Banks', RBI Occassional Papers, (June, 1978), pp.1-16.

such a composite index. The indicators chosen for the study were divided into (a) operational efficiency, in terms of productivity (b) operational efficiency in terms of social objectives and (c) profitability.

Shah[30] in various papers discussed bank profitability and productivity. He disapproved the attitudes of banks that higher profitability can result from increased spread and that innovations have a limited role. He emphasised also on reduction of costs, creation of a team spirit, improvement in the management for improving bank profitability and productivity.

Varde and Singh[31] in a study of profitability of commercial banks over a period of fifteen years gave consideration to two types of factors that affect interest

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[30] Shah, S.G., 'Bank Profitability: The Real Issue,' Journal of Indian Institute of Bankers, (July-Sept. 1979), pp.130-144.

——,Concern with three P's -Performance, Productivity and Profitability, Commerce, (July 31, 1982), pp.2-4.

[31] Varde, V.S., and S.P. Singh, 'Profitability of Commercial Banks,' Management Accountant, (August 1979), pp.778-788.

rate levels, i.e., external factors like monetary policy, fiscal policy, interest rate policy etc. and internal factors, including operational and managerial efficiency of individual banks.

Kulkarni[32] in his study on developmental responsibility and profitability of banks stated that while considering bank's costs and profits - social benefits arising out of bank operations cannot be ignored. He claimed that profit maximisation approach is out of place while referring to profitability of banks. He recognised that while fulfilling the social responsibility, the banks should try to make the developmental business as successful as possible, reduce costs, improve banking system and increase the overall productivity.

Angadi[33] in his paper puts forth a proposition that operational efficiency of a bank is inversely related to the responsiveness of operating costs to the changes in output.

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[32] Kulkarni, L.G., "Development Responsibility and Profitability of Banks", Economic and Political Weekly, (August 1979), pp.99-102.

[33] Angadi, V.B., "Measurement of Efficiency in banking Industry, RBI, Occassional Papers, (June 1983), pp.110-112.

The ratio of proportionate change in operating cost due to proportionate change in output is treated as a measure of responsiveness of operating costs. Recognising the external and internal factors that affect productivity, he expressed the view that operating cost measures most of them. In his opinion efficiency is an important yardstick for measuring bank performance.

Ojha[34] in his paper gave a detailed description of the concepts, productivity and profitability of public sector banks and outlined the difficulty of measuring those concepts. He studied these aspects with a number of indicators and outlined that the profitability of the banks has not been improving despite increases in productivity. On an international comparison our public sector banks showed very low level of productivity and profitability. He emphasised that a more comprehensive and multi-dimensional approach has to be adopted to increase productivity and profitability.

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[34] Ojha, J., 'Productivity and Profitability of Public Sector Banks in India: An International Comparison, State Bank of India Monthly Review, (July, 1987).

Varde[35] in his conference paper distinguished between effectiveness, efficiency and productivity. He classified the efficiency of a bank into four categories, i.e., (1) manpower efficiency (2) operational efficiency (3) commercial efficiency and (4) efficiency of ancillary business. Efficiency under each category can be measured separately, and measure of efficiency can be considered as productivity.

Bankers Training College[36] in its conference paper made an attempt to bring out the factors generally affecting efficiency and productivity. It recognised that business per employee and ratio of average business to establishment expenses are the most popular indicators of productivity. However it favoured a 'Disagrregated Approach' for measuring the efficiency and productivity of banks.

Department of Banking Operations and Development,

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[35] Varde, V.S., 'Effectiveness, Efficiency and Customer Service in Banks,' Conference paper, National Conference on Banking Development organised, by Reserve bank of India, Bombay, 12th November, 1988.

[36] Bankers Training College, Reserve bank of India, 'Efficiency Productivity and Customer Service in Banks', Conference paper, National Conference on Banking Development, Bombay, November 12, 1988.

The Reserve Bank of India[37] in its conference paper observed that the rapid expansion of baking activities called for a phase of consolidation to improve the quality of banks' operational efficiency, productivity and customer service. It noted that poor quality of bank assets continues to be a cause for concern in view of large scale industrial sickness and wide spread defaults in repayment of banks dues. It emphasised the need for sustained efforts to improve bank productivity and profitability.

Sooraj and Ganti[38] in their paper 'Comparative performance of Public Sector Banks in India' used the taxonomic method to measure inter-bank comparisons of performance of twenty eight public sector banks in India. In their study the bank performance index is based on three income indicators - percentage of interest and discount income, commission and brokerage-income and other income - and three expenditure indicators - percentage of interest

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37 Department of Banking Operations and Development, Reserve Bank of India, 'Efficiency, Productivity and Customer Service in Banks,' Conference Paper, National Conference on Banking Development, Reserve Bank of India, Bombay, November 12, 1988.

38 Swami, Sooraj B. and Subrahmanyam Ganit, "Comparative Performance of Public Sector Banks in India.' Prajnan, (July-September 1993), p.185.

expenses, manpower expenses and other expenses. The analysis was carried out with the help of differential weights and equal weights to each variable.

Bhattacharyay[39] in his research article examined whether customer service in the banking industry was really deteriorating. He examined the issue using data from two filed surveys, conducted by the National Institute of Bank Management in 1974 and 1984. Based on the study he concluded that an unqualified assertion that customer services have deteriorated in the post-nationalisation phase was empirically untenable.

Reserve Bank of India Committee on Customer Service in Banks (1991) (Goiporia Committee)[40] undertook a detailed customer survey covering different categories of bank customers. The Committee has made 97 wide ranging recommendations to improve the customer service in banks.

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[39] Bhattacharyay, B.N., 'Is Customer Service Deterioratory in the Indian Banking Industry?,' Vikalpa, Vol.15, (July-September 1990).

[40] Reports of the Committee on Customer Services in Banks (1991), (Headed by Goiporia), Indian Banking Year Book, 1994.

The forgoing review reveals that, with the exception of a few, no systematic and scientific effort has ever been made towards a critical analysis of the performance effectiveness of the nationalised banking industry in India. While there have been several piecemeal studies on some aspects of the banking performance, the results fail to bring out the overall resultant picture about the performance. No systematic effort has been made to review the extent of performance of the nationalised banks which are bound to play a dominant role in the national economy. Further, none of the studies covered an evalution of the impact of the Financial Sector Reforms on the banking sector. In this context, the present study would be a pioneering venture at analysing the performance effectiveness of the nationalised banks in India.

CHAPTER III

DEVELOPMENT OF BANKING INDUSTRY IN INDIA

3.1 Early Periods

Commercial banking of the western type is a recent development in India. But banking was not unknown to India. From very ancient times indigenous banking and money lending existed in India in the form of family or individual business. The ancient Hindu Scriptures refer to their existence in the Vedic period.

Chanakya's Arthasasthra (about 300 B.C.) has several references to show that there were in existence powerful guilds of merchant bankers who received deposits, advanced loans and carried on other banking functions. During the Moghul period, bankers were fairly prominent in the financing of trade and the use of instruments of trade. They rendered great service to the East India Company in the early days of British occupation. The revenue of the East India Company was collected primarily through the indigenous bankers of various districts. From the early Vedic period right through the Moghul period as well as that of the East India Company's rule

the money lenders and the indigenous bankers conducted business similar to that of modern bankers.

All through the period of ancient Indian history, moneylenders who were called either bankers, or seths, or shroffs are recorded to have carried on a roaring business in moneylending and banking[1].

The first European Bank in India was started in Calcutta in 1770 by one of the leading agency houses viz., Messers Alexander & Company under the name "The Bank of Hindoostan". The Bank was started mostly to meet the financial needs of foreign trade during the period. The Bank of Hindoostan failed in the year 1832, with the fall of the agency house of Messers. Alexander & Company.

Banking in the modern sense came to be established in India with the setting up of three Presidency Banks - The Bank of Bengal in 1806, The Bank of Bombay in 1840 and The Bank of Madras in 1843 by the respective Presidency Governments of Bengal, Bombay and Madras. The Presidency Banks were successors to agency houses which invariably

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[1] Davar. S.R., Law and Practice of Banking, Progressive Corporation Pvt. Ltd., Bombay, 1986, p.3.

combined banking with their commercial and trading activities,
and were floated by the East India Company to facilitate the
borrowings of the Government and maintenance of credit. These
Presidency Banks were really like central banks for their
respective areas as they performed central banking functions
and each was the Government's banker in its area.

3.2. Pre-Independence Period

With the enactment of the Joint Stock Companies Act
1850, Indian joint stock banks began to be floated. The first
Indian bank was Oudh Commercial Bank started in 1881. It was
followed by the Punjab National Bank in 1894.

The Swadeshi Movement, prompted Indians to start
many new banking institutions. The number of joint stock
banks in India increased remarkably during the boom of
1906-13. The Peoples Bank of India Ltd., The Bank of India
Ltd., The Central Bank of India Ltd., The Indian Bank Ltd.,
and The Bank of Baroda Ltd., were started during this period.
The boom continued till it was overtaken by the crash of
1913-17, a severe crisis faced by the Indian joint stock
banks.

The Indian Companies Act was passed in 1913. It contained only very few regulations specially applicable to banks. In 1920, the Imperial Bank of India Act was passed which brought into existence on January 27, 1921 the Imperial Bank of India. The Imperial Bank of India was the result of the fusion of the three Presidency Banks. The Reserve Bank of India was started as a private shareholders bank in April 1935 to act as the central bank of the country.

The Indian Companies Act 1913 was amended in 1936 to bring in control over the mushroom growth and failure of the banks in the country. But it was not sufficiently effective.

The two World Wars proved a boom to the banking industry when many large and small banks were started. A good proportion of them stood the test of time and survived the subsequent crises, but at least an equal number of them failed. Though the Reserve Bank of India was constituted in 1935, much could not be done in respect of bank failures.

3.3 Post-Independence Period

The post-independence period had witnessed a massive growth of the Indian banking system. The first step taken in

this direction was nationalisation of the Reserve Bank of India in September, 1948.

To have sound and balanced growth of banking business in the country, the Banking Regulation Act 1949 was passed. The Act, the first of its kind to regulate the banks has extensively enlarged the control of the Reserve Bank of India over the banking industry. It came into effect from March 16, 1949. The Banking Regulation Act gave wide powers to the Reserve Bank of India to regulate, supervise and develop the banking system. The fifties witnessed the consolidation of banking structure and the emergence of big commercial banks through amalgamations and mergers.

The All India Rural Credit Survey Committee appointed by the Reserve Bank of India, reviewed the rural credit scene in India in 1954 and made a few major recommendations for improving rural credit. On the basis of its recommendations, the Imperial Bank of India was nationalised and renamed as State Bank of India from July 1, 1955 based on the provisions of the State Bank of India Act 1955. The State Bank of India (Subsidiary Banks) Act was passed in 1959 enabling State Bank of India to take over the then eight state-associated banks as its subsidiaries. Of the

eight banks, the State Bank of Bikaner and State Bank of Jaipur were merged into one bank: the other state-associated banks which were made subsidiaries consisted of State Bank of Patiala, State Bank of Saurashtra, State Bank of Indore, State Bank of Hyderabad, State Bank of Mysore and State Bank of Trvancore.

To maintain the confidence of the public in the banks and to stabilise the banking system, the Deposit Insurance Corporation was formed in 1962. Compulsory mergers and amalgamation of the banks of weak financial structure with other healthy banks were undertaken on a massive scale since the sixties.

The Indian banks made rapid progress in the sixties. In a very limited scale, a few of the Indian banks established their branches abroad.

In December 1967, the scheme of Social Control over banks was announced in the Parliament. The basic objectives of social control were to ensure an equitable and purposive distribution of credit within the resources available, keeping in view the relative priorities of developmental needs in the country. It was to ensure without actual take over of banks

into public ownership, the achievements of those social ends that nationalisation could conceivably secure.

Social Control brought about a change in the outlook of bankers. The Boards of Directors of the banks were reconstituted giving adequate representations to various interests like agriculture, small scale industries etc. Banking was professionalised by making the Chief Executive of the banks as a full-time employee.

3.4 Post-Nationalisation Period

The scheme of Social Control initiated in December 1967 was found to be unsatisfactory and inadequate by the Central Government. Banks were to be adequately motivated towards speedy achievements of the social objectives of meeting the legitimate requirements of the weaker sections of society. Accordingly fourteen major Indian commercial banks each with a deposit of Rs.5000 lakhs or more, were nationalised on 19th July, 1969.

The list of the 'existing banks' whose business was taken over in 1969 and the corresponding new banks is as follows:

	Existing banks	Corresponding new banks
1.	The Central Bank of India Ltd.	Central Bank of India
2.	The Bank of India Ltd.	Bank of India
3.	The Punjab National Bank Ltd.	Punjab National Bank
4.	The Bank of Baroda Ltd.	Bank of Baroda
5.	The United Commercial Bank Ltd.	United Commercial Bank (UCO Bank)
6.	The Canara Bank Ltd.	Canara Bank
7.	The Dena Bank Limited.	Dena Bank
8.	The United Bank of India Ltd.	United Bank of India
9.	The Syndicate Bank Ltd.	Syndicate Bank
10.	The Union Bank of India Ltd.	Union Bank Of India
11.	The Allahabad Bank Ltd.	Allahabad Bank
12.	The Indian Bank Ltd.	Indian Bank
13.	The Bank of Maharashtra Ltd.	Bank of Maharashtra
14.	The Indian Overseas Bank Ltd.	Indian Overseas Bank

After eleven years of the first phase of banks nationalisation, on 15th April, 1980, the ownership of six more Indian private sector banks each having deposits of Rs.20000 lakhs or more were taken over by the Government of India. The names of the existing banks whose business was taken over in 1980 and the names of the corresponding new banks are furnished here as follows:

	Existing banks	Corresponding new banks
1.	The Andhra Bank Ltd.	Andhra bank
2.	The Corporation Bank Ltd.	Corporation Bank
3.	The New Bank of India Ltd.	New Bank of India
4.	The Oriental Bank of Commerce Ltd.	Oriental Bank of Commerce
5.	The Punjab and Sind Bank Ltd.	Punjab and Sind Bank
6.	The Vijaya Bank Ltd.	Vijaya Bank

What prompted the Government of India to nationalise the fourteen major banks in July 1969 was spelt out by the then Prime Minister Smt. Indira Gandhi in the Parliament: According to her the nationalisation of major banks was an important step for the mobilisation of people's savings, to be channalised towards productive purposes: There is an added assurance about the development of the national resources under Government ownership[2].

The statement of objects and reasons appended to the Banking Companies (Acquisition & Transfer of Undertakings) Bill 1969 says:

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[2] Radhaswami M. and S.V. Vasudevan , A Text Book of Banking, S. Chand and Company, New Delhi, 1984, p.6.

The banking system touches the lives of millions and has to be inspired by a larger social purpose and has to subserve national priorities and objectives, such as rapid growth in agriculture, small industries and exports, raising of employment level, encouragement of new entrepreneurs and the development of the backward areas. For this purpose, it is necessary for the Government to take direct responsibility for the extension and diversification of banking services and for the working of a substantial part of the banking system[3].

The main consideration that led to the nationalisation of the second batch of banks in April 1980 were to speed up the implementation of the 20-point Economic Programme, raising the share of priority sector advances in the total bank credit and secure effective control over the implementation of credit policy by the banking system.

The preamble to the Ordinance for the Acquisition and Transfer of six banking undertakings in 1980 states that these banks have been taken over "having regard to their size,

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[3] Bank Economists Meet , Proceedings and Papers, Vijaya Bank, 1987, p.230.

resources, coverage and organisation in order further to control the economy, to meet progressively and serve better the needs of the development of the economy and promote the welfare of the people in conformity with the policy of the state towards securing the principles laid down in clauses (b) and (c) of Article 39 of the Constitution."[4]

Dealing with the socio-economic objectives underlying the nationalisation of banks, the Ministry of Finance (Department of Economic Affairs) Government of India has stated:

> ... Banks have, infact, traversed a long distance in terms of territory, function and segments of society they serve. They have moved from towns to villages, from large and medium industry to small business and to peddlers of sundryware; from qualified professionals to rickshaw-pullers, to barbers and washermen, to convicts still in jail and ex-convicts, to tribals and physically handicapped, from the privileged to under-privileged and on to

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[4] Vasant,Desai, Indian Banking: Nature and Problems, Himalaya Publishing House, Bombay, 1987, pp.122-123.

un-privileged; in short to all those who work for a living or looking for opportunities to work for a living and believe in dignity of labour and self-respect.[5]

The broad objectives of nationalised banks can be summarised as under:

1. To usher in faster economic growth of the country through mobilisation of savings and channelising them into productive uses.

2. To improve the economic well- being of the society at large and to help the socially and economically downtrodden people in particular.

3. To reduce the imbalance in economic growth among different regions and there by facilitate a more balanced growth.

4. To manage properly, as trustees, the funds mobililsed from the public.

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[5]   Nigam Raj K., "Banking in India in the Eighties", Documentation Centre, New Delhi, 1986..

5. To maintain efficiency both in terms of

    (a) rendering service to various types of customers and

    (b) operations.

6. To render professionalised management services.

    As a result of the nationalisation of banks in 1969
and 1980, the total number of public sector banks in the
country has increased to 28.   These include State Bank of
India, its seven subsidiaries and the twenty nationalised
banks. The public sector banks accounted for 91 percent of
the total deposits and credits of all the commercial banks in
India in April 1980[6].

    The focus of banks since nationalisation primarily
has been on "widening and deepening the banking system and
effecting a structural transformation in the deployment of
commercial bank credit in pursuance of the plan objectives of
increasing the financial savings, alleviation of poverty,
modernisation of agriculture, small and cottage industries.

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[6] Annual Report, Reserve Bank of India, 1979-80, pp.28-29.

Banking has thus emerged as an effective catalytic agent of social and economic change[7].

A series of measures were taken in close succession, enabling the nationalised banks to play an effective role in economic development. Nationalised banks were directed to identify centres for branch expansion by selecting the hitherto unbanked areas. The Lead Bank Scheme was initiated in 1970 assigning the responsibility of developing the banking activities in the district allotted to each of the nationalised banks. The commercial banks in collaboration with the Central and State Governments sponsored Regional Rural Banks in different parts of the country. As on 31-3-1994 there are 196 Regional Rural Banks in different parts of the country with a network of branches numbering 14561 and deposits and advances to the extent of Rs.830000 lakhs and Rs.510700 lakhs respectively.

As a step towards strengthening the banking sector in India, four Private Sector Banks - United Industrial Bank Ltd.. Bank of Tamil Nadu Ltd.. Bank of Thanjavur Ltd.. and the Paravur Central Bank Ltd.. were amalgamated during the

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[7] Malhotra, R.N., "Inaugural Address" at Bank Economists Meet, 1986.

financial year 1989-90 with Allahabad Bank, Indian Overseas Bank, Indian Bank and Bank of India respectively.

In addition to the traditional commercial banking functions, banks, as part of the process of diversification of their activities have developed specific divisions or promoted subsidiaries and have assisted widely the promotion of leasing, merchant banking, housing finance, factoring, mutual fund, venture capital, portfolio management, consumer finance and so on.

The kaleidoscopic change in the Indian banking system after nationalisation can be seen from the fact that the equity of the banks which was Rs.4308 lakhs as on 31st December 1969 rose to Rs.234048 lakhs as on 31st March 1990 showing an average annual growth rate of 21 percent in equity during the period.

TABLE 3.1

EQUITY POSITION OF BANKS IN INDIA 1969 AND 1990[+]

(Rs. in lakhs)

	Equity in:		Market share in %		Average growth rate 1969 to 1990
	1969	1990	1969	1990	%
Nationalised Banks	3005	204636	69.75	87.43	23
Public Sector Banks	4068	231036	94.43	98.71	22
Other Banks[*]	240	3012	5.57	1.29	13
Total of all the Banks	4308	234048	100	100	21

* Private sector banks, both Indian and foreign.

+ 31st December 1969 and 31st March 1990.

Source: Market share of Banks in Key Areas of Business — IBA Publication.

As shown in Table 3.1, the market share of equity of the nationalised banks and the public sector banks which was 69.75 percent and 94.43 percent respectively during 1969 has risen to 87.43 percent and 98.71 percent respectively in 1990. The growth in equity of the private sector banks- both Indian and foreign was in fact comparatively low.

TABLE 3.2

RESERVES POSITION OF THE BANKS IN INDIA 1969 AND 1990

(Rs in lakhs)

	Rserves in:		Market share in %		Average growth rate 1969 to 1990
	1969	1990	1969	1990	%
Nationalised Banks	4210	120610	59.35	48.79	18
Public Sector Banks	6024	223785	84.93	90.52	19
Other Banks	1069	23425	15.07	9.48	17
Total of all the Banks	7093	247210	100	100	19

Source: Ibid.

As shown in Table 3.2, the market share of reserves
of the nationalised banks showed a deceleration from 59.35
percent in 1969 to 48.79 percent in 1990. But the share of
public sector banks as a whole in this respect was 84.93
percent in 1969 and 90.52 percent in 1990. The reserves of
all the banks in India which was Rs.7093 lakhs in 1969 rose to
Rs.247210 lakhs in 1990 showing an average growth rate of
nineteen percent during the period.

TABLE 3.3

DEPOSITS POSITION OF THE BANKS IN INDIA 1969 AND 1990

(Rs. in lakhs)

	Deposits in:		Market share in %		Average growth rate 1969 to 1990
	1969	1990	1969	1990	%
Nationalised Banks	318300	12899900	60.54	63.78	19
Public Sector Banks	462300	18582400	87.92	91.88	19
Other Banks	63500	1642400	12.08	8.12	17
Total of all the Banks	525800	20224800	100	100	18.5

Source: Ibid.

The total deposits of the banks in India, as given in Table 3.3, which was Rs. 525800 lakhs in 1969 rose to Rs.20224800 lakhs by 1990 showing an annual average growth rate of 18.5 percent. The annual average growth rate of deposits of the nationalised banks and the public sector banks during the period 1969 to 1990 was 19 percent. The market share of deposits of nationalised banks and public sector banks in 1969 was 60.54 percent and 87.92 percent respectively. It rose to 63.78 percent and 91.88 percent respectively by 1990. The share of private sector banks came down from 12.08 percent in 1969 to 8.12 percent in 1990.

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TABLE 3.4

ADVANCES POSITION OF THE BANKS IN INDIA 1969 AND 1990

(Rs. in lakhs)

	Advances in:		Market share in %		Average growth rate 1969 to 1990
	1969	1990	1969	1990	%
Nationalised Banks	216500	7337400	58.01	58.70	18
Public Sector Banks	328500	11541200	88.02	92.33	18
Other Banks	44700	958500	11.98	7.67	16
Total of all the Banks	373200	12499700	100	100	18

Source: Ibid.

Table 3.4 presents the growth in advances of the banks in toto during 1969 to 1990. The total deposits which was Rs.373200 lakhs in 1969 rose to Rs. 12499700 lakhs by 1990 showing an annual average growth of 18 percent. The growth rate of nationalised banks as well as the public sector banks during the period was 18 percent. However the private sector banks, both Indian and foreign registered a growth of 16 percent only during the period 1969 to 1990. The market share of advances of nationalised banks in 1969 and 1990 was 58.01 percent and 58.70 percent respectively and that of Public sector banks as a whole was 88.02 percent in 1969 and 92.33

percent in 1990. The market share of private sector banks in this respect was 11.98 percent in 1969 and 7.67 percent in 1990.

TABLE 3.5

INCOME POSITION OF THE BANKS IN INDIA : 1969 AND 1990

(Rs. in lakhs)

	Income in:		Market share in %		Average growth rate 1969 to 1990
	1969	1990	1969	1990	%
Nationalised Banks	22800	1366800	56.72	59.14	21
Public Sector Banks	34600	2073500	86.07	89.78	21
Other Banks	5600	236100	13.93	10.22	19.5
Total of all the Banks	40200	2309600	100	100	21

Source: Ibid.

As presented in Table 3.5, the total income of the banks in India showed an annual average growth of 21 percent during the period 1969 to 1990. The nationalised banks and the public sector banks showed the same growth rate during the period. However the growth rate of the private sector banks during the period recorded a growth of 19.5 percent only. The market share of income of nationalised banks was 56.72 percent

in 1969 and 59.14 percent in 1990. In the case of public sector banks as a whole, it was 86.07 percent in 1969 and 89.78 percent in 1990.

TABLE 3.6

NET PROFITS POSITION OF BANKS IN INDIA 1969 AND 1990

(Rs. in lakhs)

	Net profit in:		Market share in %		Average growth rate 1969 to 1990
	1969	1990	1969	1990	%
Nationalised Banks	590	18510	52.91	36.68	18
Public Sector Banks	910	30240	81.79	59.92	18
Other Banks	210	20220	18.21	40.08	23.5
Total of all the Banks	1120	50460	100	100	22

Source: Ibid.

As per Table 3.6, the annual average growth in profits of all the banks was 22 percent during the period 1969 to 1990. The growth rate in profits in respect of nationalised banks and public sector banks during the period 1969 to 1990 was below this average: it was only 18 percent. The private sector banks showed a growth rate of 23.5 percent in profits during the period under reference. The market share of profits of the nationalised banks and the public

sector banks too showed deceleration. In 1969 it was 52.91 percent and 81.79 percent respectively for nationalised banks and public sector banks. It came down to 36.68 percent and 59.92 percent respectively by 1990. The private sector banks showed considerable acceleration that the market share was 18.21 percent in 1969 and 40.08 percent in 1990.

As presented in Table 3.7, the market share of nationalised banks in total branches increased from 59.2 percent in 1969 to 64.46 by 1990 and that of public sector banks as a whole from 88.9 percent in 1969 to 91.31 percent in 1990. However the market share of private sector banks has come down from 11.1 percent in 1969 to 8.69 percent in 1990.

TABLE 3.7

BRANCH POSITION OF BANKS IN INDIA 1969 AND 1990

	Branches in:		Market share in %		Average growth rate 1969 to 1990
	1969	1990	1969	1990	%
Nationalised Banks	5197	29,393	59.2	64.46	8.34
Public Sector Banks	7799	41,633	88.9	91.31	8.00
Other Banks	978	3,963	11.1	8.69	6.67
Total of all the Banks	8777	45,596	100	100	7.86

Source: Ibid.

3.5 Financial Sector **Reforms** and the Banking Sector

In August 1991, the Government of India appointed a high-level committee to look into the structure, organisation and functions of the financial system. The nine-member Committee headed by Mr.M. Narasimham, former governor of the Reserve Bank of India, a deputy governor of the Reserve Bank of India (Banking operations), Chairmen of State Bank of India, Industrial Development Bank of India and ICICI, Mr Manu Shroff, Mr. Y.H. Malegam, Mr. Mrinal Datta Chaudhuri and the additional secretary, Ministry of Finance (Banking). The Committee submitted its report on November 16, 1991 to the Government of India. The Committee (Narasimham Committee) made a detailed review of the structure, organisation, functioning and procedure of the financial system and made recommendations with far reaching effects relating to the Indian banking system.

The recommendations of the Committee formed the basis of the Financial Sector Reforms introduced in the country in 1992-93 and pursued since then to improve the competitiveness and operational efficiency of the financial sector. In pursuance of the recommendations of the Narasimham Committee, the Reserve Bank of India, among other measures of

reform, issued new prudential norms relating to income recognition, classification of assets, provisioning for bad debts and capital adequacy level to be attained by banks. The new income recognition norms laid down that overdue interest not actually received by banks cannot be shown as accrued. Norms were also laid down for categorising non-performing accounts and making provisions for sub-standard, doubtful and loss-making assets at specified rates. The Statutory Liquidity Ratio (SLR) for scheduled commercial banks which was 38.5 percent on April 3, 1992 has been brought down in a phased manner to 34.24 percent of the outstanding net demand and time liabilities as on 31st March 1994. It has been further reduced to 31.50 percent.

Revised formats for balance sheet and profit and loss accounts of banks have been introduced from the year 1991-92 with a view to reflect the true financial health of the banks. To meet the capital requirements of the nationalised banks, the Government has provided for funds in the budgets of 1992-93, 1993-94 and 1994-95 to the extent of Rs.470000 lakhs, Rs. 570000 lakhs, and Rs.560000 lakhs respectively. They are also permitted to raise share capital from the public by maintaining at least 51 percent of the share capital under government ownership.

As a part of the exercise relating to strengthening and restructuring of the public sector banks, the Government, on 4th September 1993 merged the loss making New Bank of India with Punjab National Bank thereby bringing down the number of nationalised banks to nineteen.

Guidelines for the setting up of new private sector banks and Special Recovery Tribunals were introduced. The commercial banks that started under the new guidelines/policy and are functioning as on 31-3-94 are:

	Name of the banks	Registered office
1.	UTI Bank Ltd.	Ahmedabad
2.	Indusland Bank Ltd.	Pune
3.	ICICI Banking Corporation ltd	Baroda

The following new banks have received "in principle" approval and started functioning since then.

1.	HDFC Bank Ltd.	Bombay
2.	Global Trust Bank Ltd.	Secunderabd
3.	Bank of Gujarat Ltd.	Ahmedabad
4.	IDBI Bank Ltd.	Indore
5.	Bank of Punjab Ltd.	Chandigarh
6.	Centurion Bank Ltd.	Panaji
7.	The Times Bank Ltd	Faridabad.

In tune with the recommendations of the Narasimham Committee, the Reserve Bank of India granted freedom to banks to rationalise their existing branch net work by relocating branches, opening specialised branches, spinning off business at other locations, setting up of controlling offices and establishing extension counters. Banks attaining the prescribed capital adequacy norms and prudential accounting standards were allowed to set up new branches without prior approval of the Reserve Bank of India. Of the various measures introduced as part of the Banking Sector Reforms, the prudential accounting and capital adequacy standards have in particular changed the entire complexion and character of Indian banking. The majority of the nationalised banks as on 31st March 1992 had turned out with good performance. Only three banks showed a net loss as on 31-3-1992. With the implementation of the new norms in 1992-93, out of twenty nationalised banks, thirteen banks reported a net loss: out of nineteen banks, twelve banks reported a net loss in 1993-94. Highly profit making banks have shown reduced profits as is shown in Table 3.8.

TABLE 3.8

NET PROFIT OF THE NATIONALISED BANKS: 1984-1993-94

(Rs. in lakhs)

Year	1984	1985	1986	1987	88-89	89-90	90-91	91-92	92-93	93-94
ALHA	180	272	401	602	1112	1403	1984	2811	-10589	-36772
ANDHRA	264	384	697	873	929	775	821	842	-14109	-16225
BOBR	701	986	1901	2175	2350	2500	5666	9510	823	6615
BOI	530	853	1430	1615	2208	1811	1949	5663	-33112	-108915
BOMA	120	227	304	290	312	302	310	404	-19651	-29693
CORP	110	137	200	351	450	460	465	520	412	2703
CANARA	551	1101	1816	4497	5494	6127	13604	15659	2607	12035
CNTRL	307	675	2408	1328	1520	1024	948	3049	-38331	-71193
DENA	81	175	300	400	573	150	126	910	-9046	-6984
INDIN	141	352	625	1053	1429	1608	3184	3650	651	-39065
IOB	482	500	535	562	624	70i	674	905	-75274	-35118
NEWB	26	76	141	201	311	-989	-5489	-9642	-7579	Nil
UTAL	82	149	251	351	651	1285	2283	2678	2050	3211
PNB	901	1200	1501	2500	2719	2867	736?	11244	3801	7452
PN&SB	65	68	85	49	104	90	-545	-477	-19519	-17599
SYNDI	508	599	651	710	801	822	284	446	-67008	-29940
UCO	236	50	507	521	573	-5459	-9755	-11854	-44419	-54645
UNION	311	506	1055	2041	2411	2196	1005	2945	1126	5027
UNTD	118	22	23	21	50	115	578	668	-27936	-61806
VIJYA	6	31	266	554	795	724	25	184	-9788	410
TOTAL	5923	8363	15097	20694	25416	18512	22080	40115	-364892	-344664
No. of Loss Banks	Nil	Nil	Nil	Nil	Nil	2	3	3	13	12

Source: Annual Reports of the Banks and IBA Publications.

However the picture is quite different if the rate of growth in net profit is considered. All the nationalised banks reported negative growth in net profits during the year 1992-93 (See Table 6.4 in chapter VI).

The reform process the Indian banks are now passing through has been experienced by many countries of the world, both developed and developing like the USA, Spain, Colombia, Chile, Thailand, Philippines, Malaysia, Guinea, etc. From the experience of the developed and developing countries, the success of Indian banking in the era of transformation would depend on how effectively the individual banks function.

Though with deficiencies, the banking sector in India has succeeded in extending the banking and financial facilities to a cross section of the people by receiving deposits through attractive schemes and lending them in conformity with the priorities. This is all the more true in the case of nationalised banks. The nationalised banks occupy the dominant position in the major business parameters viz. deposits, advances and also in branch position.

Table 3.9 presents the relative position of the different banking groups in the country as on 31st March 1994.

There are 275 banks in the country with a net work of 61852 branches. Nationalised banks account for 49.2 percent of the branches. The share of deposits and advances of the nationalised banks is almost in conformity with their market share in branches. They have 57.1 percent share in total deposits and 51.8 percent share in total advances. The public sector banks constituting the nationalised banks and the State Bank of India group have a net work of 43161 branches with a market share of 69.8 percent in total branches, and deposits and advances to the extent of Rs.2,67,46,800 lakhs and Rs.1,53,70,000 lakhs respectively as on 31st March 1994. The market share of the public sector banks in deposits and advances on 31-3-1994 are 84.1 percent and 85.4 percent respectively. The dominant position of the public sector banks in the Indian commercial banking scenario and the relative position of the other banking groups are revealed in Table 3.9.

TABLE 3.9

STRUCTURE OF INDIAN COMMERCIAL BANKING AS ON 31st MARCH 1994*

	Number of Banks	Number of Branches	Deposits (Rs. in Lakhs)	Advances (Rs. in lakhs)	Market share in Branches %	Deposits %	Advances %
State Bank of India Group	8	12711	8592800	6048200	20.6	27	33.6
Nationalised Banks	19	30450	18154000	9321800	49.2	57.1	51.8
Regional Rural Banks	196	14561	830000	510700	23.5	2.6	2.8
Foreign Banks	24	138	2452200	1198400	0.2	7.7	6.7
Private Sector Banks	28	3992	1762800	922600	6.5	5.6	5.1
Total	275	61852	31791800	18001700	100	100	100

Source: Indian Banking Year Book 1994, Indian Banks Association, Bombay, p.15.

*   Data relates to Banks operations in India only.

The market share of deposits and advances of the bank branches in the rural sector which was six percent and three percent respectively as on 31st December 1969 has shown an increase to the extent of 15 percent and 14 percent respectively by 31st March 1994. The market share of the rural and semi-urban branches of the banks together constituted 62 percent of the total branches in 1969. It has risen to 76 percent by 31st March 1994. Though the major share of deposits as well as advances of the banks are from the metropolitan and port centres. as revealed in Table 3.10, an accelerated level of 76 percent branches in the rural and semi-urban areas reveal the social orientation of the Indian banks.

TABLE 3.10

SECTOR-WISE POSITION OF BRANCHES, DEPOSITS AND ADVANCES OF THE BANKING SECTOR: 1969 AND 1994[*]

Sector	Braches		Deposits		Advances	
	1969	1994	1969	1994	1969	1994
	Market share	Market share	Market share	Market share	Market share	Market share
Rural	22	57	6	15	3	14
Semi-urban	40	19	22	19	13	14
Urban	18	14	27	23	22	20
Metropolitan Port Town	20	10	45	43	62	52
Total	100	100	100	100	100	100

* 31st December 1969 and 31st March 1994.
Source: Ibid.

The achievements of the Indian banking system are unique in many respects. However, considering the needs of the Indian economy and its population, banks have still a long way to go.

CHAPTER IV

A PROFILE OF SYNDICATE BANK

Founded in a small town in South Kanara District in 1925, Syndicate Bank today occupies a prominent position among the nationalised banks in the country. Serving the common man has been the forte of Syndicate Bank from the very beginning. It has inculcated the saving habits among a large section of the Indian rural society. The Bank considered that 'No man is too small for a bank account'. It has come to be recognised as the 'small man's big bank'. The nationalisation of the Bank in 1969 has enabled it to pursue its various programmes with the backing and support of the state.

4.1 Emblem and Motto

Since the early thirties, the logo of the Bank was the letter CIBS (Canara Industrial and Banking Syndicate) interlocked and positioned in a circle, with the words 'Service', 'Security' and 'Sincerity'. In 1965, a more animate emblem was adopted by selecting a dog, the most faithful animal in the world in a sitting posture, within a circle with the words - 'Faithful and Friendly' - written around the circle.

The Bank treats its customers in an extremely polite and courteous manner and lends an attentive ear to their problems and a helping hand with their solutions. "Service

with a smile" is essential for good banking service. Syndicate Bank is the best example to be cited in serving the people in the very best way. Their emblem - containing the picture of a faithful and friendly animal i.e., the dog indicates the motto and the way in which they deal with the public. The dog is identified as a companion and a trustworthy and faithful servant. So is the Syndicate Bank. It serves its masters, i.e., the customers in a most friendly and faithful manner.

4.2 Genesis of the Bank

The genesis of Syndicate Bank may be traced back to the efforts of Mr. Upendra Ananth Pai, a handloom businessman who wanted to solve the financial problems of the poor weavers in and around Udupi in South Kanara District of Karnataka state. He, with the active support of three of his brothers, Mr.T. Purushottama Pai, Dr. T.M.A. Pai and Mr. T.R.A. Pai, started a joint stock bank called the "Canara Industrial & Banking Syndicate Limited". It was registered on 20th October 1925. The three founder directors of the Bank were, Mr.Upendra Ananth Pai, Mr. V.S. Kudva and Dr. T.M.A. Pai - a businessman, an engineer and a doctor respectively. Among the early shareholders there were quite a large number of weavers also.

4.3 Development of the Bank: Pre-Nationalisation Period

The business of the Bank commenced on 10th .November 1925 in a small room in Udupi with only one employee.   The P.A. Pai Brothers were the managing agents of the Bank.   The authorised capital of the Bank was one lakh rupees and the paid up capital was Rs.8,000/-.

During the first year of its operation the Bank's deposits amounted to Rs.5.758/- and the advances stood at Rs.11,142/-. There were no restrictions then regarding the ratio between the deposits and the advances.   The lending policy of the Bank was firmly based on the philosophy of catering to the common man's needs. In 1926.the Bank earned a net profit of Rs.978/- enabling it to pay a dividend of   6ι⁄₄ per cent for the year.

In 1928 the Bank took up "branch banking".   The first branch of the Bank was opened at Brahmavar, a village about 13 kilometers from Udupi. In 1928 the Bank started the 'Pigmy' Deposit Scheme. Under this scheme, an amount as low as two annas (Rs.0.12) could be deposited by the depositor daily for a period of seven years to receive a cumulative amount with attractive rate of interest.   The deposits collected by the Pigmy collectors from the doors of the depositors have contributed abundantly to the popularisation of banking habits among the poor sections of society.   To

provide greater incentives to save, the Bank in the early thirties introduced the "prize chitties" in which prizes were given on monthly draws. "Laxmi Cash Certificates" and "Laxmi Provident Deposit" were some of the other saving schemes introduced by the Bank during the early periods to mobilise savings.

During the first decade of its operations the Bank has extended its attention to the land market and the life insurance. In order to arrest the decline in the land values due to depression, a land investment company known as the Canara Land Investments Limited, was established by Dr. T.M.A. Pai and his associates. The Bank rendered all help to promote the company and was appointed as the managers of this company. To mitigate the economic problems arising out of the the sudden demise of the bread winner of the family, the Pai's in 1935 established an insurance company by name "The Canara Mutual Assurance Company Limited". The Bank was appointed as its Secretaries. The financial position of the Bank considerably improved with the deposits reaching a level of Rs.14.13 lakhs in 1935. Similarly, the spurt in advances was remarkable - from Rs. 0.11 lakhs in 1926 to Rs.14.10 lakhs in 1935. The investment of the Bank at the end of 1935 amounted to Rs.3.24 lakhs. Details of a few selected indicators of growth of Syndicate Bank from 1926 to 1935 is shown in Table 4.1.

TABLE 4.1

SELECTED INDICATORS OF GROWTH OF SYNDICATE BANK: 1926-1935

(Rs. in lakhs)

Year +	Paid-up capital	Reserves	Deposits	Advances	Investments	Net profit	Number of branches
1926	0.08	--	0.06	0.11	--	0.01	1
1927	0.10	--	0.16	0.15	--	0.01	1
1928	0.12	0.01	0.29	0.28	--	0.01	2
1929	0.14	0.01	0.66	0.66	0.07	0.02	3
1930	0.20	0.06	1.89	2.08	--	0.02	3
1931	0.20	0.06	4.33	4.44	0.03	0.07	5
1932	0.20	0.20	8.20	7.09	1.34	0.13	6
1933	0.40	0.20	10.69	9.93	2.27	0.23	9
1934	1.30	0.34	11.44	12.27	2.03	0.21	15
1935	2.15	0.46	14.13	14.10	3.24	0.21	16

Source: Saga of Sixty years, Diamond Jubilee Commemoration Volume, Syndicate Bank, Manipal, 1985.

+ Figures represent the position as on the end of the respective years.

The authorised capital of the Bank was increased to Rs.5 lakhs by the creation of 4,000 fully paid preference shares of Rs.100 each bearing 6 percent cumulative dividend, free of income tax. With additions to the capital in the preceding years, the total paid up capital stood at Rs.2.15 lakhs as on 31st December 1935.

At the end of the first decade of its functioning in December 1935, the Bank had sixteen branches - five each in

South Kanara and North Kanara and the remaining in other parts of the country.

In the second decade of 1936-1945, a number of changes took place in the management, status and business operations of the Bank. The authorised capital was increased from Rs.5 lakhs to Rs.10 lakhs. The paid up capital became Rs.3.68 lakhs as on 31st December 1937; the reserves improved and reached Rs.2.10 lakhs. The Bank was included in the Second Schedule of the Reserve Bank of India Act from June 18, 1937. With the opening of its Bombay branch in 1937, Syndicate Bank became a member of the Bombay clearing house.

As the amendment to the Indian Companies Act 1936 prohibited banking companies from managing other companies and banking companies being managed by managing agents, the Canara Industrial and Banking Syndicate Limited severed its connections with Canara Land Investments Limited and Canara Mutual Assurance Company Limited in January 1939. The P.A.Pai Brothers retired as the Managing Agents in January 1939 and Dr. T.M.A. Pai became the Chairman and Managing Director of the Bank since then.

It was felt by the Bank that instead of developing a monolithic organisation, it would be better to decentralise its operations by promoting subsidiary banks. Accordingly, the Bank promoted the Southern India Apex Bank Limited with

its head office in Udupi in 1942. In 1943 the Maharashtra Apex Bank Limited was established at Udupi. Each Bank had its own Board of Directors comprising eminent businessmen and financiers from the respective regions. The purpose of this move for decentratlisation was to develop the branch banking activities on a more firm footing on the basis of the active participation of the local business interests.

The details of a few selected indicators of growth of Syndicate Bank from 1936 to 1945 is shown in Table 4.2.

TABLE 4.2

SELECTED INDICATORS OF GROWTH OF SYNDICATE BANK: 1936-1945

							(Rs. in lakhs)
Year	Paid-up capital	Reser-ves	Depo-sits	Advan-ces	Invest-ments	Net profit	Number of bra-nches
1936	2.20	0.52	21.50	18.82	12.04	0.27	27
1937	3.68	2.10	28.63	30.22	11.91	0.33	31
1938	3.79	2.00	24.87	27.84	10.17	0.49	32
1939	4.60	2.06	24.49	24.14	13.93	0.38	32
1940	5.21	2.02	23.14	21.44	7.33	0.49	32
1941	6.10	2.10	33.82	25.70	15.58	0.50	39
1942	7.25	2.02	58.92	36.62	21.07	0.61	44
1943	15.66	3.52	111.64	48.22	47.41	1.36	47
1944	19.23	3.75	140.35	66.23	60.34	1.58	48
1945	19.39	4.91	235.33	106.39	115.86	2.18	53

Source: Ibid

The deposits increased from Rs.21.50 lakhs in 1936 to Rs.235.33 lakhs in 1945. The advances as well as the investments crossed a hundred lakhs level generating a net profit of Rs.2.18 lakhs as on 31st December 1945.

In 1946 Syndicate Bank with its rural orientation and its commitment to improve the lot of the rural masses, has decided to open a large number of its branches in the rural areas with a population of less than 5000. Selecting a group of villages from the coastal and interior parts of Karnataka, twenty seven branches were opened during the year 1946, of which twenty were opened on a single day. Instead of appointing full-fledged managers for the new bank offices, a prominent person of the village was appointed as "rural representative" in-charge of the branch on a commission basis.

To organise the banking sector in the country in a uniform manner conducive to the growing needs of the economy, the Banking Companies Act 1949 was passed by the Government of India. Soon after independence, Syndicate Bank seriously considered the issue of taking over smaller banks in the country. In 1953, the assets and liabilities of the Southern India Apex Bank Limited and the Maharashtra Apex Bank Limited were taken over by Syndicate Bank. Through the process of merger, the Bank added eight new branches to its existing group of branches.

In July 1953, Syndicate Bank, in pursuance of the Banking Companies Act 1949, obtained formal licence from the Reserve Bank of India to carry on banking business. The financial position of Syndicate Bank has substantially improved towards the end of the third decade of its existence with the deposits reaching a level of Rs. 667.03 lakhs, advances Rs. 393.78 lakhs, investments Rs. 307.71 lakhs and the net profit reaching a level of Rs. 5.96 lakhs. The details of a few selected indicators of growth of Syndicate Bank from 1946 to 1955 is presented in Table 4.3.

TABLE 4.3

SELECTED INDICATORS OF GROWTH OF SYNDICATE BANK: 1946-1955

Year	Paid-up capital	Reser- ves	Depo- sits	Advan- ces	Invest- ments	Net profit	Number of bra- nches
1946	21.68	7.08	278.12	154.86	147.97	3.83	73
1947	22.15	7.36	333.20	189.34	160.57	4.03	78
1948	22.69	7.76	341.45	194.04	147.90	4.15	78
1949	22.81	10.00	339.10	151.00	148.96	4.08	79
1950	23.56	9.00	368.99	183.63	133.34	4.21	79
1951	24.38	10.00	361.71	252.53	128.69	4.01	79
1952	25.11	11.00	401.07	242.71	130.69	3.52	84
1953	25.34	12.10	471.51	308.17	148.59	4.01	92
1954	25.52	13.50	542.37	316.80	208.86	5.21	92
1955	26.76	15.00	667.03	393.78	307.71	5.96	93

(Rs. in lakhs)

Source: Ibid

Mergers, acquisitions and the expansion of Syndicate Bank's activities in various new fields enabled it to achieve a rapid rate of growth during the fourth decade (1956-1965). As many as twenty big and small banks were merged with Syndicate Bank during the decade.

Table 4.4 provides the details of the banks that merged with Syndicate Bank in the fifties as well as in the early sixties.

Growth and diversification of the activities of the Bank necessitated the formation of a number of departments or divisions, and in the sixties the Investors Agency Department, the Industrial Finance Department and Agricultural Finance Department were formed in the Head Office.

Syndicate Bank was one of the first banks to provide employment to women in the banking sector[1]. It started employing women since 1942. An innovation in the banking industry was made by Syndicate Bank in 1962 by opening up "All Women's Branch". The first 'All Women's Branch' was opened at Sheshadripuram, Bangalore. Thereafter ten more "All Women's Branches" have been opened in various parts of the country.

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[1]   Saga of Sixty Years, Syndicate Bank, Manipal, 1985, p.50.

TABLE 4.4

DETAILS OF BANKS MERGED WITH SYNDICATE BANK: 1953-1964

Sl. No.	Name & Head office of the Bank	Year of establi-shment	Year of merger	Paid up capi-tal*	Rese-rves*	Depo-sits*	Adva-ces*	Net profit*
1.	Maharashtra Apex Bank Ltd.. Udupi	1943	1953	14.37	1.25	18.87	21.98	0.73
2.	Souther Indian Apex bank Ltd., Udupi	1942	1953	2.00	0.75	14.59	9.83	0.29
3.	Nagarkars Bank Ltd.. Mangalore	1934	1959	1.46	0.75	22.17	11.16	0.20
4.	Bank Of Mangalore Ltd., Mangalore	1931	1959	1.51	0.60	20.13	12.26	0.20
5.	Asiatic Mercantile Bank Ltd.., Cochin	1946	1960	1.67	0.36	2.88	1.36	0.05
6.	Moolky Bak Ltd.. Moolky	1929	1961	0.48	0.20	3.71	2.80	0.07
7.	Pie-Money Bank Ltd.. Mangalore	1934	1961	0.46	0.15	6.40	4.62	0.10
8.	Catholic bank Ltd.. Mangalore	1925	1961	2.37	1.81	79.18	46.62	0.19
9.	Peoples Bank Ltd.. Thirthahalli	1925	1961	2.57	0.87	7.96	8.73	0.07
10.	Hindu Bank Ltd.. Karur	1932	1962	2.39	2.06	33.01	26.13	0.30

Sl. No.	Name & Head office of the Bank	Year of establi- shment	Year of merger	Paid up capi- tal*	Rese- rves*	Depo- sits*	Adva- ces*	Net profit*
11.	Salem Ammapet SaganderBank Ltd., Salem	1933	1962	0.50	0.49	5.34	3.88	0.13
12.	Kerala Service Bank Ltd., Trivandrum	1928	1962	5.25	0.50	35.39	21.97	0.64
13.	Citizen's Bank Ltd., Robertsonpet	1937	1963	0.80	0.45	4.48	1.75	--
14.	Pollachi Town Bank Ltd., Pollachi	1917	1963	0.53	0.55	2.97	2.23	0.05
15.	Coimbatore Sri Kannikaparameshawari Bank Ltd., Coimbatore	1927	1963	0.36	0.39	4.89	2.69	0.05
16.	The Oriental Union Bank Ltd., Kaduthuruthy	1929	1964	0.62	0.11	0.83	1.18	0.10
17.	The Kottagiri Bank Ltd., Kottagiri	1929	1964	0.45	0.59	1.34	0.05	0.07
18.	Sri Ranga Raja Bank Ltd., Mettupalayam	1921	1964	0.40	0.24	0.60	0.30	--
19.	The Kothamangalam Namboodiri Bank Ltd., Quilandy	1929	1964	0.35	0.26	2.96	2.20	0.03
20.	The South Travancore bank Ltd., Neyyoor	1929	1964	0.58	0.12	2.21	1.17	0.01

Source: Ibid

In April 1963, Syndicate Bank obtained licence from the Reserve bank of India to do foreign exchange business. The foreign Exchange Division of the Bank is located in Oberoi Centre, Bombay.

The name of the Bank was changed in 1964. Its name was changed into "Syndicate Bank Limited" from 1st January 1964. The expansion in the number of departments and personnel created the need for a more spacious office accommodation for the Bank. The Head Office of the Bank was shifted from Udupi to the present building at Manipal in 1964. Syndicate Bank is the only bank of its size in the country which has its Head Office in a remote rural area[2].

Through mergers, amalgamations, consolidations, and through growth and diversification, Syndicate Bank grew into a big bank towards the end of the decade 1956-1965. Table 4.5 presents the details of a few selected indicators of growth of Syndicate Bank from 1956-1965.

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[2]   Ibid, p.51.

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Table 4.5

SELECTED INDICATORS OF GROWTH OF SYNDICATE BANK: 1956-1965

							(Rs. in lakhs)
Year	Paid-up capital	Reser-ves	Depo-sits	Advan-ces	Invest-ments	Net profit	Number of bra-nches
1956	27.81	18.00	846.18	511.92	342.55	8.95	96
1957	28.47	22.00	1031.07	634.41	384.19	10.62	104
1958	28.96	26.50	1311.30	800.63	609.72	10.22	115
1959	47.02	35.00	1708.82	1089.52	735.06	20.22	129
1960	47.21	42.50	1886.89	1223.61	616.94	25.23	139
1961	48.07	53.50	2463.20	1545.32	894.17	32.10	155
1962	76.65	66.00	3265.37	1827.42	1203.53	30.33	173
1963	80.58	75.25	4549.17	2782.93	1647.07	39.91	189
1964	93.58	85.00	5145.38	3348.03	1821.66	48.49	203
1965	99.73	100.00	5911.12	3725.38	1894.30	31.00	204

Source: Ibid

The deposits of the Bank reached a level of Rs.5911.12 lakhs. advances Rs. 3725.38 lakhs and investments Rs.1894.30 lakhs with a net work of 204 branches as on 31.12.1965.

Many changes have taken place in the administration as well as operations of Syndicate Bank during the quinquennium 1966-1970. In the wake of the Social Control on

banks introduced in December 1967, Syndicate Bank reconstituted its Board of Directors giving adequate representation to various interests. The Bank's operations during the years of Social Control, as in the past, were in conformity with the framework recommended by the National credit Council for the implementation of the Social Objectives. As on 31st December 1968, the paid up capital of Syndicate Bank stood at Rs. 136.33 lakhs, reserves Rs. 157.76 lakhs, deposits Rs. 11219.26 lakhs, advances Rs.7060.98 lakhs and investments Rs.3113.31 lakhs. It had a net work of 254 branches, mostly rural and semi-urban as on 31.12.1968.

4.4 Development of the Bank - Post nationalisation Period

It was on July 19, 1969 that the Government of India nationalised the Bank along with thirteen other leading commercial banks in the country.

During the post-nationalisation period, Syndicate Bank was able to achieve all round progress by expanding its activities in deposit mobilisation, credit disbursement, and also in extending its net work of branches far and wide. Syndicate Bank is the sole bank in the Union Territory of

Lakshadeep[3]. It has opened its branches in the Andaman and Nicobar islands.

In the seventies the Bank organised the "Doctors week", "Teachers Week", "Students Week", "Lawyers Week" and similar programmes to mobilise the savings of the different professional groups in an intensified manner. 'Adarsh Deposit Scheme' which is a modified version of the 'Pigmy Deposit' scheme was introduced during the year 1971. On the occasion of its Golden Jubilee in 1975, the Bank has introduced 'The Golden Jubilee Certificates'.

In October 1975, the first Regional Rural Bank sponsored by Syndicate Bank - 'Prathma Bank' was opened at Moradabad. The Bank received in 1974, the Indian Merchant's Chamber Award for 'Outstanding contribution in the promotion of savings'. The Federation of the Indian Chambers of Commerce and Industry selected the Bank to receive their 1974 Award for 'Outstanding achievements in Agriculture'. The National Alliance of Young Entrepreneurs has given their Award to the Bank 'Laghu Udyog Sahakari' in recognition of the Bank's useful services.

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[3]   Ibid p.57.

Table 4.6 shows that as on 31st December 1975, Syndicate Bank had a deposit of Rs. 53659.69 lakhs, advances of Rs.38109.21 lakhs and investments of Rs.15135.90 lakhs. The number of branches of the Bank considerably increased: it increased from 254 branches in December 1968 to 778 branches by December 1975. Table 4.6 presents the details of few indicators of growth of Syndicate Bank from 1966 to 1975.

TABLE 4.6

SELECTED INDICATORS OF GROWTH OF SYNDICATE BANK: 1956-1965

(Rs.in lakhs)

Year	Paid-up capital	Reser-ves	Depo-sits	Advan-ces	Invest-ments	Net profit	Number of bra-nches
1966	100.55	133.85	7402.52	4791.16	2613.37	32.94	217
1967	122.84	144.91	8015.23	4643.01	3027.19	25.26	218
1968	136.33	157.76	112.19.26	7060.98	3113.31	32.25	254
1969	141.97	155.54	14472.22	10492.42	4567.95	28.89	355
1970	141.97	169.79	16774.70	12282.23	4627.00	35.60	461
1971	141.97	193.83	21963.89	15016.23	6138.57	46.98	507
1972	141.97	217.84	27114.26	17909.91	7699.71	47.04	564
1973	141.97	242.25	34377.99	23040.80	10991.5i	47.15	638
1974	141.97	285.48	42606.39	28137.05	12768.17	66.53	711
1975	141.97	361.00	53659.69	38109.21	15135.90	68.72	778

Source: Ibid

In 1976 Syndicate Bank opened its first overseas branch in London. In 1976 as part of its diversified

activities. Syndicate Bank, in collaboration with the Life Insurance Corporation of India, marketed Army Group Insurance Scheme among the defence forces of the country. A new deposit scheme entitled 'Suraksha Deposit Scheme' for the general public was launched. Under the scheme, personal accident insurance benefits were extended to the depositors in association with the units of the 'General Insurance Corporation of India.

A scheme for financing bullock carts was introduced by the Bank in 1976. With a view to encouraging improvements in the designs of bullock carts, the Bank conducted a national competition for better designs of the bullock cart.

The deposits of Syndicate Bank increased from Rs.11219 lakhs as on 31st December 1968 to Rs.107625 lakhs by the year ending 1978. By 1978 Syndicate Bank became one among the top ten banks in India[4].

In 1978, the Bank introduced the Management Information System to collect and disseminate uptodate information.

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[4]   Ibid, p.70.

During the year 1978 the Bank in collaboration with the Khadi and Village Industries Commission, prepared a special scheme to popularise and install gobar gas plants in rural areas. Innovative social and farm forestry programmes, were implemented during the year. A scheme of production linked housing credit was designed and implemented by the Bank.

During the 1982, Syndicate Bank in collaboration with the Canara Bank, Shree Dharmasthala Manjuathesware Education Trust and Syndicate Agricultural Foundation established the Rural Development and Self-employment Training Institute in Dakshina Kannada district. It aimed at motivating unemployed rural youth to take up self-employment activities in rural areas and to ensure that the trained youth are given advisory and credit support by the Bank's branches. Financial assistance was extended by the Bank on easy terms for the development of infrastructural facilities required for fishing. The Bank, through the Syndicate Agriculture Foundation organised regular extension programme for spreading the new agricultural technology among the farmers.

During the period 1975-1985 the Bank has sponsored nine Regional Rural Banks in different parts of the country in addition to 'Prathama Bank' sponsored by it in 1975.

Table 4.7 presents the details of the Regional Rural Banks sponsored by Syndicate Bank. The Regional Rural Banks sponsored by Syndicate Bank are operating in five states, viz. Haryana, Uttar Pradesh, Andhra Pradesh, Karnataka and Kerala and cover altogether nineteen districts.

During the year 1984 the global deposits of Syndicate Bank showed a growth rate of 23 percent over the previous year[5]. So too advances showed a growth rate of twenty four percent during the period. The rate of growth in deposits during 1984-85 in fact dwindled and it was fifteen percent during the year under reference. A corresponding change in advance was noticed during the year 1984-85. The rate of growth in net profits during 1983-84, and 1984-85 had in fact a different trend. It was three percent and eighteen percent respectively during the period under reference. Table 4.8 furnishes the details of a few selected indicators of growth of Syndicate Bank from 1975 to 1985.

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[5] Financial Analysis of Banks - 1985. Indian Bank's Association, Bombay.

TABLE 4.7
REGIONAL RURAL BANKS SPONSORED BY SYNDICATE BANK

No.	Name of the Bank	Date of establishment	Jurisdiction
1.	Prathama Bank Morababad	2.10.1975	Moradabad & Rampur Dists. of Utta Pradesh
2.	Gurgapm Gramin Bank Gurgaon	28.3.1976	Faridabad, Gurgaon & Mahendragarh Dists.
3.	Rayalaseema Grameena Bank, Cuddaph	6.8.1976	Cuddapah & Kurnool Dists. and Giddalur, Bestavaripet, Marka-puram & Yerragondapa-lem taluks of Parak-asam Dists.
4.	Malaprabha Grameena Bank, Dharwar	31.8.1976	Dharwar & Begum Dists. in Karnataka
5.	North Malabar Grameena Bank, Cannanore	12.12.1976	Cannanore & Kasargod Dists. and Manantody taluk of Wynad Dist. in Kerala.
6.	Sree Anantha Grameena bank, Ananthapur	1.11.1979	Ananthapur Dist. in Andhra Pradesh.
7.	Pinalomo Grameena Bank, Nellore	11.6.1982	Nellore Dist. and Ongloe, maddipadu, Addanki, Santhamagalur, Chirala, Purcheru, Kandukur, Kudurpi, Kanigiri, Pedili, Tali-paramba, Darsi of Pra-kasam Dist. in Andhra Pradesh.
8.	Bijapur Grameena Bank, Bijapur	31.3.1993	Bijapur Dist. in Karnataka.
9.	Netravati Grameena bank, mangalore	11.10.1984	Dakshina Kannada Dist. in Karnataka.
10.	Varada Grameena Bank, Kumta	12.10.1984	Utta kannada Dist. in Karnataka.

Source: Ibid

TABLE 4.8

SELECTED INDICATORS OF GROWTH OF SYNDICATE BANK: 1976-1985

(Rs. in lakhs)

Year	Paid-up capital	Reser- ves	Depo- sits	Advan- ces	Invest- ments	Net profit	Number of bra- nches
1976	141.97	450.00	69082.23	50062.86	20281.88	112.96	851
1977	300.00	350.00	84510.94	56036.58	26231.64	80.89	944
1978	300.00	565.00	107625.78	67340.24	35505.37	90.00	1005
1979	300.00	750.00	130965.60	81896.34	42789.15	126.66	1024
1980	500.00	750.00	169235.36	107005.59	49972.69	149.59	1118
1981	750.00	755.00	217835.12	146712.67	57450.96	355.00	1207
1982	1050.00	1450.00	243669.88	168657.32	63414.08	403.05	1225
1983	1050.00	2050.00	293939.65	196358.59	84721.97	494.05	1301
1984	1050.00	2700.00	362556.82	242376.10	103182.79	507.77	1361
1985	3300	3000	417563	271938	108143	599	1435

Source: Ibid

As on 31st December 1985, Syndicate Bank had a deposit of Rs.417563 lakhs, advances of Rs.271938 lakhs and investments to the tune of Rs.108143 lakhs. The number of branches of the Bank was 1435 and net profit Rs. 599 lakhs as on 31-12-1985.

Syndicate Bank has one of the largest number of clientele served by any public sector bank in India[6]. It became the sixth biggest nationalised bank in India by the eighties[7]. It figured in the list of the 'Top 500 Banks' of the world with the 444th rank during the eighties[8].

All out efforts are made by Syndicate Bank to maintain good standards in customer service. The Bank has constituted Customer Service Committees at all its branches and conducts 'Customer Meets'. The 'Customers Fortnight' was observed in all the branches of the Bank in 1993. The Bank has implemented the various recommendations of Gopioria Committee on customer service. Customers grievances redressal has been accorded top priority and efforts are made to attend to all complaints within the shortest period so as to extend the best service.

In order to identify and motivate scheduled caste/scheduled tribe unemployed youth for taking up self-employment ventures, special training programmes were

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[6]   Syndicate Bank. Annual Report, 1987, p.6.

[7]   Saga of Sixty years. Op.Cit., p.79.

[8]   The Banker, London, (July, 1985), p.177.

organised. An SC/ST cell is operating at the corporate office to oversee the implementation of the Government of India instructions relating to SC/ST matters. The cell is functioning under the direct supervision of one of the General Managers.

To make rural operations more effective and meaningful, the Bank has organised a number of Agricultural Extension Programmes, through hundreds of technically qualified personnel posted at its rural and semi-urban branches. This effort aims at bridging the technology gap between the 'land and lab.'

With the commissioning of the ICIM 29C4/50 computer system in 1984 at the corporate level, the Bank entered the era of electronics. Since then all major functions in the corporate office and zonal offices have been brought under the fold of computerisation. The Bank is a member of the SWIFT, an international communication network.

The Bank has introduced the STOCKINVESI scheme for the benefit of small investors. Recognising the potentiality in credit card business, the Bank has launched 'CANCARD' as an affiliate member of the scheme introduced by Canara Bank.

The poverty alleviation programmes sponsored by the Government of India received the Bank's support on a priority basis.

In keeping with the National Policy in the promotion of housing, the Bank assisted in the development of housing both by lending directly to individuals and indirectly through investing in Bonds of the State Housing Boards, National Housing Bank and Housing and Urban Development Corporation. The Bank has laid special emphasis on the promotion of small housing units for the weaker sections.

As a step in improving its operational efficiency and profitability, Syndicate Bank has merged some of the chronically loss incurring branches with the nearby branches. It has merged eight of its branches with other viable branches. The total number of branches of the Bank stood at 1558 at the end of the year 1993-94. The Bank has 180 Extension Counters. The operations of the Bank is spread over 20 states and 4 union territories[9]. Of the 1558 branches, 705 are located in rural area, 346 in semi-urban area, 254 in urban area, 252 in metropolitan and port town areas and one is an overseas branch[10]. The rural and semi-urban branches together constitute 67.5 percent of the total branches. The number of branches operating in the Lead Districts of the Bank are 660, constituting 42.3 percent of the total branch network of the Bank.

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[9] Syndicate Bank, Annual report, 1993-94, p.9.

[10] Ibid, p.48.

TABLE 4.9
STATE-WISE POPULATION/ GROUP-WISE DISTRIBUTION OF BRANCHES/ EXTENSION COUNTERS AS ON 31.03.1994

State/Union Territory	Rural	Semi urban	Urban	Metro Poli- tan	Port town	Total	No.of Dist. covered	E.C.
Andhra Pradesh	174	50	29	30	1	284	20	22
Assam	1	1	3	–	–	5	4	–
Bihar	10	–	12	–	–	22	16	1
Delhi	3	2	–	48	–	53	1	44
Goa	11	5	–	–	1	17	2	3
Gujarat	12	8	12	11	–	43	14	2
Himachal Pradesh	–	1	–	–	–	1	1	–
Haryana	27	7	8	–	–	42	10	3
Jammu & Kashmir	–	–	2	–	–	2	2	–
Karnataka	233	113	39	46	12	443	20	62
Kerala	20	65	14	–	8	107	14	5
Maharashtra	30	15	30	53	–	128	24	7
Meghalaya	–	–	1	–	–	1	1	–
Madya Pradesh	8	2	12	–	–	22	14	–
Orissa	14	6	7	–	–	27	12	1
Punjab	–	6	4	–	–	10	7	1
Rajasthan	–	–	10	–	–	1ũ	9	2
Tamil Nadu	18	28	23	19	2	90	18	9
Uttar Pradesh	117	33	42	3	–	195	22	13
West Bengal	14	4	5	16	–	39	10	4
Union Territories								
A & N Islands	4	–	–	–	1	5	2	1
Chandigarh	–	–	1	–	–	1	1	–
Lakshadweep	8	–	–	–	–	8	1	–
Pondicherry	1	–	–	–	1	2	2	–
Total	705	346	254	226	26	1557	227	180
London	–	–	–	–	–	1	–	–
Grand total	705	346	254	226	26	1558	227	180

Source: Ibid, p.48.

E.C. - Extension Counter

Table 4.9 provides statewise, sector wise distribution of branch offices of Syndicate Bank as on 31st March 1994.

An analysis of the performance of the Regional Rural Banks (RRBs) sponsored by Syndicate Bank vis-a-vis the other RRBs, reveals that the performance of the RRBs sponsored by the Bank is comparatively better: five RRBs sponsored by Syndicate Bank find a place among the top ten RRBS in the country in respect of the major business parameters viz., deposits and outstanding advances.

Special emphasis was laid on the recovery of advances falling under non-performing assets, and specific recovery targets were fixed for each branch, division and zone. A General manager exclusively in charge of recoveries had been appointed to monitor the recovery performance.

The Bank has initiated innovative measures to extend prompt service to the foreign business clients. It has designated export financing as a thrust area in line with the 'National Priority' status accorded by the Government of India. Syndicate Bank is a category I Merchant Banker.

As per the guidelines of the Reserve bank of India, total branch mechanisation was introduced in seven key branches - Nehru Place Delhi, South Block Delhi, Transport

Bhavan Delhi, Vayu Bhavan Delhi, Fort Bombay, Industrial Finance Branch Bombay and Industrial Finance Branch Bangalore. Besides, the Bank has drawn up a plan of mechanising its 150 branches.

The total staff strength of the Bank as at the end of 1993-94 was 36,357 (excluding 1895 part - time employees) comprising 9,158 officers, 21,889 clerks and 5,310 attenders. Out of the total staff strength, 6,399 belonged to scheduled castes and 1,763 belonged to scheduled tribes constituting 16.7 percent and 4.6 percent respectively.

The Bank has a vigilance cell which is functioning directly under the administrative control of the General Manager (Vigilance and Inspection) who exclusively looks after all the vigilance matters, and is reporting directly to the Chairman and Managing Director of the Bank. The inspection of offices are conducted without any backlog and every effort is taken to improve the internal control system. The system of concurrent audit is followed by the Bank based on the recommendations of the Ghosh Committee[11].

The paid up capital of Syndicate Bank was Rs.83900 lakhs as on 31.3.1994. The reserves of the Bank stood at

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[11] Reserve Bank of India Committee on Bank Accounts, (Ghosh Committee), 1982.

Rs.17569 lakhs. Table 4.10 shows a few selected indicators of
growth of Syndicate Bank during 1986 to 1993-94

Table 4.10

SELECTED INDICATORS OF GROWTH OF SYNDICATE BANK: 1986-1993-94

							(Rs. in lakhs)
Year	Paid-up capital	Reser- ves	Depo- sits	Advan- ces	Invest- ments	Net profit	Number of bra- nches
1986	4200	3200	495113	311001	140352	651	1439
1987	4200	3430	521443	314351	159496	710	1442
1988-89	7400	3670	601074	349313	187114	801	1475
1989-90	7400	3920	679161	388626	209685	822	1528
1990-91	7400	4100	737719	394625	242507	525	1543
1991-92	15900	2961	757976	385177	275355	446	1548
1992-93	15900	2961	886513	422654	299449	-67008	1558
1993-94	83900	17569	1011179	398124	496404	-29940	1558

Source: Ibid

'——' denotes loss.

As on 31-3-1994 the deposits of the Bank reached the
level of Rs.1011179 lakhs, advances to the level of Rs.398124
lakhs and investments to the extent of Rs.496404 lakhs. The
highest loss reported by the Bank was in 1992-93. It has
improved its net profit position in 1993-94. It has showed an
operational profit of Rs.410 lakhs during 1993-94 against an
operational loss of Rs. 10410 lakhs during the year 1992-93.

After fully providing for bad and doubtful debts, tax liability, depreciation and so on as per RBI guidelines, the net loss of Syndicate Bank as on 31.3.1994 is to the order Rs.29940 lakhs: the loss as on 31.3.1993 was infact Rs.67010 lakhs.

A few indicators of performance of Syndicate Bank during a period of ten years from 1984 to 1993-94 is presented in Table 11 for a better understanding of the growth and development of the Bank during the last decade of its existence.

TABLE 4.11

SYNDICATE BANK: PRODUCTIVITY INDICATORS (i) : 1984-1993-94

(Rs in lakhs)

	Per Employee:			
Year	Deposits	Advances	Income	Spread
1984	11	7	1.05	0.30
1985	12	8	1.19	0.34
1986	14	9	1.32	0.36
1987	14	8	1.48	0.43
1988-89	16	9	2.08	0.57
1989-90	17	10	1.97	0.51
1990-91	19	10	2.20	0.60
1991-92	20	10	2.61	0.65
1992-93	24	12	2.59	0.43
1993-94	26	10	2.94	0.77

Source: Syndicate Bank Annual Reports, 1984-1993-94.

The labour productivity indicators such as per employee deposits, per employee advances, per employee income and per employee spread are found to be stagnant in certain years. In certain other years a definite deceleration is also indicated; of course not forgetting the acceleration in many other years.

TABLE 4.12

SYNDICATE BANK: PRODUCTIVITY INDICATORS (ii) – 1984-1993-94

(Rs in lakhs)

	Per Branch:			
Year	Deposits	Advances	Income	Spread
1984	266	177	23	7.39
1985	291	190	29	8.49
1986	344	216	34	9.08
1987	362	218	40	11.47
1988-89	408	237	55	15.04
1989-90	445	255	51	13.37
1990-91	478	256	56	15.06
1991-92	490	248	62	16.00
1992-93	569	271	61	10.00
1993-94	649	256	72	19.00

Source: Ibid.

In Table 4.12 productivity indicators such as per branch deposits, per branch advances, per branch income and

per branch spread during a period of ten years from 1984 to 1993-94 is presented. Though there is acceleration in the per branch deposits, there is deceleration in the per branch advances, per branch income and per branch spread. The fall in per branch advances and per branch spread are mostly due to change in portfolio policy of the Bank and the fall in per branch income is due to overall poor performance of the Bank.

TABLE 4.13

SYNDICATE BANK: PRODUCTIVITY INDICATORS : 1984-1993-94

	Ratio of net profit to:			
Year	Total income	Spread	Total deposit	Working fund
1984	1.46	5.05	.14	.12
1985	1.43	4.92	.14	.12
1986	1.33	4.98	.13	.11
1987	1.24	4.29	.14	.12
1988-89	0.99	3.61	.13	.12
1989-90	1.05	4.03	.12	.10
1990-91	0.61	2.26	.07	.04
1991-92	0.46	1.75	.05	.05
1992-93	-71.00	-421.00	-7.55	-6.73
1993-94	-27.00	-102.00	-2.96	-2.47

Source: Ibid.

Table 4.13 presents the profitability indicators of Syndicate Bank. The ratio of net profit to total income and spread of Syndicate Bank has shown deceleration from 1984to

1993-94 except during the year 1989-90 where a slight improvement from 1988-89 can be observed. The highest deceleration in respect of all the four ratios were indicated during 1992-93. The year 1993-94 shows improvement in all the ratios from the 1992-93 level. Similar deceleration and acceleration trends are indicated by almost all the nationalised banks in the case of all the ratios outlined here.

The growth indicators of the Bank outlined in Table 4.14 reveals the rate of growth in deposits, advances, investment, equity and reserves.

TABLE 4.14

SYNDICATE BANK: PRODUCTIVITY INDICATORS : 1984-1993-94

Year	Rate of growth in (percentage)				
	Total deposit	Total advances	Invest-ments	Equity	Reserves
1984	23	24	22	0	32
1985	15	12	5	214	11
1986	19	14	30	27	7
1987	5	1	14	0	7
1988-89	15	11	17	76	7
1989-90	13	11	12	0	77
1990-91	9	2	16	0	5
1991-92	3	-2	14	115	-28
1992-93	17	10	9	0	0
1993-94	14	-6	66	428	493

Source: Ibid.

The negative growth in advances in 1991-92 and 1993-94 can be attributed to the change in the portfolio management of Syndicate Bank. Equity and reserves show the highest growth during 1993-94: equity growth with contribution from the Central Government to the extent of Rs.68000 lakhs and growth in reserves with compulsory apportioning and provisioning.

4.5 Organisation and Management

Syndicate Bank has a Board of Directors which is responsible for the management of the Bank. According to the Banking Companies (Acquisition and Transfer of Undertakings) Act 1970, the general superintendence, direction and management of the affairs and business of a nationalised bank is to be vested in a nominated Board of Directors which shall be entitled to exercise all such powers and do all such acts and things as the bank is authorised to do and exercise. The Board of the bank consists of the representatives of the Central Government, The Reserve bank of India and various other interests including the workmen. The Board consists of two whole time directors of whom one is the Chairman and the Managing Director. The second whole time director is designated as the Executive Director and he is required to assist the Managing Director in executing and implementing the policies and decisions of the Board and to discharge the

duties of the Managing Director in his absence, or to act as directed by the Managing Director.

The Chairman and managing Director has a two fold function: on the one hand, he frames the policies along with other members of the Board and on the other, he is directly responsible for the implementation of the polices. He works under the guidance of the Board of Directors and yet he enjoys considerable authority. He exercises such authority for the smooth running of the Bank. He places before the Board periodically the details of all important developments for their approval.

The Board and the executives are assisted by the General Managers and a number of other line managers. The General Managers are responsible for the smooth running of the administration and have to maintain effective control over the banking departments put under their charge. They have an overall accountability for all the aspects of the Bank's business. In all their activities, the General Managers are assisted by the deputy or assistant general managers to whom the necessary powers and responsibilities are delegated with definite authority and rights.

In the past, with limited number of branches, the head office of the Bank could directly communicate and pass instructions even on minor issues. With the growing branch

net work, there is the need for setting up of regional and zonal offices and the need for increased delegation is greater than ever before. Decentralisation of the administrative pattern of the Bank was effected for the first time during the year 1977. The Bank adopted a four tier system comprising the branch, regional office covering about 90-130 branches, zonal office having two or three regions and the head office. The organisation structure of Syndicate bank has undergone many a changes over the years. At present in the organisational hierarchy of Syndicate Bank, zonal and divisional offices act as the representatives of the head office. As the zonal and divisional offices of the Bank control the branches, so is the head office control over the zones and divisions. These controls are inevitable to promote and achieve the objectives and goals of the Bank. However, since the objectives and priorities are subject to change and the Bank as a living organisation grows, there is the necessity of continuous organisation review and change.

The organisation set up of Syndicate Bank is at present composed of four distinct tiers, namely, 1) Head Office 2) Zonal Offices 3) Divisional Offices and 4) Branches. The organisation set up as on 31-3-1994 is diagrammatically represented below:-

THE FOUR-TIER ORGANISATION SET UP OF SYNDICATE BANK
AS   ON 31-03-94

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                    ┌──────────────────────┐
                    │     HEAD OFFICE      │
                    └──────────────────────┘
                               │
                               ▼
            ┌──────────────────────────────────┐
            │          ZONAL OFFICES           │
            └──────────────────────────────────┘
                               │
                               ▼
        ┌──────────────────────────────────────────┐
        │            DIVISIONAL OFFICES            │
        └──────────────────────────────────────────┘
                               │
                               ▼
    ┌──────────────────────────────────────────────────┐
    │                  BRANCH OFFICES                  │
    └──────────────────────────────────────────────────┘
```
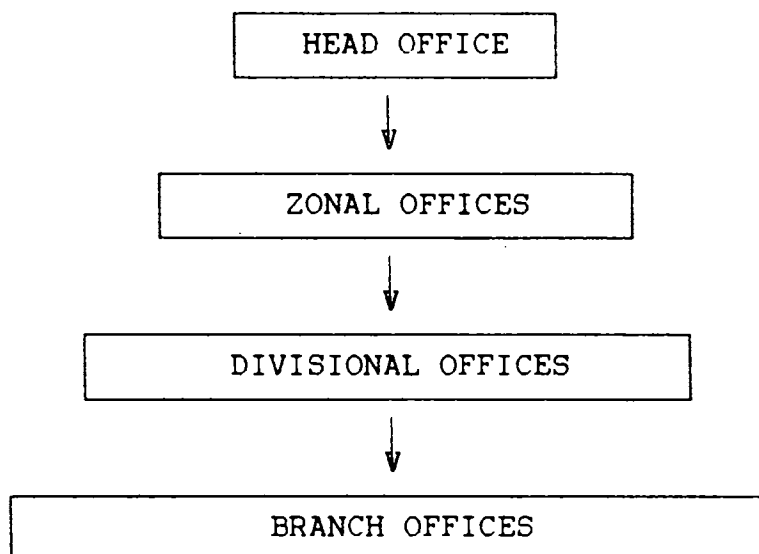
Fig.4.1.

In a bid to improve the operational efficiency and to reduce the expenditure and costs, twelve divisional offices of the Bank were merged with the zonal offices during 1993-94.

There are eleven zonal offices and forty Divisional Offices for the Bank as on 31st March 1994. The average number of branches controlled by each zonal office is around one hundred and forty and the average number of branches controlled by each Divisional Office is around forty. Each zone is under the charge of a Deputy General manager. In tune with the recommendations of the study team[12] on organisational restructuring, steps are being initiated by the Bank at present to revamp the strucutre.

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[12] Study team from National Institute of Bank Management Pune, submitted its report in the year 1992-93.

Syndicate Bank which had put to practice the objectives of nationalisation even before the advent of nationalisation had served the common man with maximum earnestness. It gained expertise in merger and acquisition at a time when even the European banks were not practising mergers or consolidation. It is a champion of mass banking and innovations. It displayed a dismal picture in all of its activities only during the period 1990-94. This, infact was a common feature of the Indian banking system.

Now the Bank is looking forward with confidence to excel itself in all areas of banking in the days to come. It is reasonable to think that the fruits of liberalisation coupled with the changes in the internal structure and a new dynamism in management would take the Bank to greater heights in performance. True to its tradition, Syndicate Bank has a strong commitment to fulfil the aims and objectives of nationalisation. It still considers the customer as 'Master'. It murmurs silently with a feeling of self satisfaction, 'OUR CUSTOMERS OUR PRIDE'!

CHAPTER V

PERFORMANCE EFFECTIVENESS OF BANKS: THE THEORETICAL APPROACH

5.1 Need of a New Approach

Performance evaluation is an important pre-requisite for sustained growth and development of any institution.   As in the case of any institution, the evaluation of the performance of banks has to be undertaken in relation to their goals and objectives.

In recent years the evaluation of performance of commercial banks, particularly those in the public sector, has attracted considerable attention. Banks are expected to work towards several objectives which can sometimes appear to be inconsistent. They have to abide by monetary and credit policy regulations, achieve social and economic goals, and operate on commercial considerations. Their affairs are not conducted merely on economic or financial considerations. Hence it is not easy to evolve a definite set of parameters to evaluate their overall performance. About bank performance, Shri. R.N. Malhotra, the former Governor of the Reserve Bank of India observed that banks with satisfactory growth in deposits that fulfil the lending criterion to the various

sectors and meet the requisite reserve requirements and provide for bad and doubtful debts with a proper track record in making profits would be acclaimed as 'good'. Such a performance if associated with a good image in customer service would be regarded as 'highly creditable'[1].

The researcher has thoroughly examined the various studies pertaining to the evaluation of the performance of the banks. None of the existing studies on the evaluation of the performance of the banks has succeeded in assessing the overall performance. On the basis of one or a few parameters, the evaluation of performance is made and findings and conclusions arrived at. Such a piecemeal approach has failed to provide a comprehensive picture of the nationalised banking sector of our country. It is to fill such a gap that a new methodology is evolved which could provide a comprehensive picture of all the vital aspects concerning the functioning of the individual nationalised banks and the nationalised banking sector as a whole.

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[1] Malhotra R.N., "Inaugural Address", at Bank Economists Meet,1987.

5.2 Economic-Managerial-Efficiency-Evaluation Model (EMEE Model)

The Economic-Managerial-Efficiency-Evaluation Model (EMEE Model) is evolved as a comprehensive tool to evaluate the performance effectiveness of the nationalised banks. Six basic parameters are incorporated in the Model to evaluate and assess the performance of Syndicate Bank and other nationalised banks so as not to overlook the various important aspects of the problem.

1.	Capital adequacy and quality of assets	HEALTH PERFORMANCE
2.	Profitability	(HP)
3.	Social banking	PRIORITY PERFORMANCE
4.	Growth	(PP)
5.	Productivity	EFFICIENCY PERFORMANCE
6.	Customer service	(EP)

The above six basic parameters are the aggregate of a number of sub-parameters. All the basic parameters and sub-parameters are important in varying degrees towards an evaluation of the allround performance of the banks. However it is hard to determine the influence of each of them

independently towards performance. An optimum mix of these
parameters would provide a comprehensive picture. This calls
for the adoption of an integrated approach keeping in mind the
various socio-economic objectives and management
responsibilities to weave them coherently. The development of
a proper Model incorporating the parameters and giving due
weightage to them would provide a good measure of allround
performance. Such a Model would avoid the limitations of
evaluating the performance on separate parameters too. Hence
the Model, an Economic-Managerial- Efficiency-Evaluation Model
(EMEE) is developed for the study to arrive at a Composite
Performance Score (CPS). It would reveal the overall
performance of Syndicate Bank and other nationalised banks.

5.2.1.The Composite Performance Score (CPS)

The Composite Performance Score is formulated by
incorporating the six basic parameters identified for the
study and assigning them equal weights/scores. Every basic
parameter is assigned a score of 100. The sum total of the
scores for the six basic parameters gives the Composite
Performance Score The total score ie., Composite
Performance Score is 600. The scores are assigned on the
basis of subjective but considered judgement of the

researcher, not only after thorough scanning of available literature and reports of committees on the subject , but also after interaction with banking practitioners and experts.

The Composite Performance Score (CPS) is presented under three broad classifications, viz. Health Performance Score (HPS), Priority Performance Score (PPS) and Efficiency Performance Score (EPS). The aggregate score of the basic parameters viz., capital adequacy, quality of assets and profitability is the Health Performance Score (HPS), that of social banking and growth is the Priority Performance Score (PPS), and that of productivity and customer service is the Efficiency Performance Score (EPS). The aggregate scores of the various basic parameters or in other words the aggregate of HPS, PPS and EPS is the CPS. Hence HPS+PPS+EPS=CPS. This can be presented in the form of a chart:

Composite Performance Score (CPS)

Health Performance Score (HPS)		Priority Performance Score (PPS)		Efficiency Performance Score (EPS)	
Capital adequacy and quality of assets	Profita- bility	Social Banking	Growth	Produ- ctivity	Customer service

Sub-Parameters: Assignment of Scores

The basic parameters considered in the study are the aggregate of a number of sub-parameters. Hence the scores of the respective basic parameters are apportioned among their respective sub-parameters. The scores for the different levels of achievement in respect of the different sub-parameters are arrived at by taking the mean value of the achievement of the sub-parameters of all the twenty nationalised banks from 1st January 1984 to 31st March 1994. Such mean values of the sub-parameters concerned stand as the basis to find out the standard deviation to fix the ranges for assigning the eligible scores to every bank in each of the sub-parameters. A detailed description of the assignment of the scores is given below.

The mean value of the achievement of every sub-parameter in respect of all the twenty nationalised banks pertaining to the ten year period from 1984 to 1993-94 is first taken. The mid-value of the scores of the concerned sub-parameters are assigned to the mean values of the respective sub-parameters. The actual scores of the respective banks for their achievement in the sub-parameters concerned are assigned on the basis of mean, mean plus

standard deviation, mean minus standard deviation, mean plus two standard deviation, mean minus two standard deviation, mean plus three standard deviation and mean minus three standard deviation except in the sub-parameters under capital adequacy and quality of assets and customer service. The scores of the respective sub-parameters under the different basic parameters are aggregated separately.

The mean value of the aggregate scores of the concerned sub-parameters under the respective basic parameters give the score of the various basic parameters. The scores of the basic parameters are aggregated appropriately to arrive at the bank wise Health Performance Score (HPS), Priority Performance Score (PPS) and Efficiency Performance Score (EPS). The aggregate of HPS, PPS and EPS gives the CPS. The Composite Performance Score (CPS) indicates the overall performance of the bank/banks. Banks are ranked on the basis of the CPS to understand vis-a-vis their overall performance.

A detailed analysis of the basic parameters and the sub-parameters considered under the basic parameters and the details of the apportionment of the scores to the various sub-parameters are outlined in the following paragraphs.

Capital Adequacy and Quality of Assets

Capital Adequacy is seen as the measure of a bank's strength to absorb credit risks i.e. its strength to provide for losses that may arise upon its advance going bad. It is expressed as a proportion of capital to assets weighted according to the risk of default attached to them.

The Reserve Bank of India has come out with capital adequacy norm for banks on the strength of Narasimham Committee recommendations and in the light of Basle Committee[2] framework.

To strengthen the capital base of banks, the Reserve Bank of India introduced in April 1992, a risk-weighted assets ratio as the basis of assessment of capital for commercial banks, including foreign banks. It was stipulated that (i) Indian banks having branches abroad should achieve capital

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2   The Committee on Banking Regulations and Supervisory practices set up under the aegis of Bank for International Settlement (BIS) headed by Peter Cooke, known as Cooke Committee/Basle Committe recommended guidelines on capital adequacy and risk assessment. The recommendations of this Committee formed the basis of the capital adequacy and risk assessment provisions introduced in all the countries, including India.

adequacy norm of 8 percent by March 1995. (ii) foreign banks operating in India should achieve the ratio of 8 percent by March 1994 and (iii) other banks to achieve 4 percent ratio by March 1993 and 8 percent ratio by March 1996.

Along with the above capital adequacy norm, the Reserve bank of India introduced a new system called Income Recognition and Asset classification to be followed by the banks. The main object of this system is to ensure booking of profit in respect of non-performing assets[3] (NPA) only when it is realised.

Other than the classification of assets either as performing assets or non-performing assets, to ensure a uniform, consistent and logical basis for reflecting the true financial position, banks as per the Reserve bank of India guidelines are required to classify their assets under four categories viz., Standard Assets., Sub-Standard Assets, Doubtful Assets and Loss Assets and appropriate provisions are to be made. In terms of the guidelines issued by the Reserve

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[3] If interest charged to a borrowal account remains unpaid for a period of four quarters during the financial year 1992-93, three quarters during 1993-94 and two quarters from 1994-95 onwards, it has to be treated as a non-performing asset(NPA) as per RBI guidelines.

Bank of India, no provision is required for standard assets, as, they are performing assets. In the case of non-performing assets viz. sub-standard assets and doubtful assets the banks are required to make a minimum provision of 30 percent of such assets for the financial year ended on 31st March 1993: loss assets required 100 percent provision for 1992-93.

The provisioning requirements for 1993-94 is given in Table 5.1

Table 5.1

PROVISIONING REQUIREMENTS OF BANKS: 1993-94

Classification of Assets	Provision required
Standard Asset	: Nil
Sub-Standard Asset (NPA for not more than two years)	: 10% of outstanding
Doubtful Assets (NPA for more than two years)	: 100% of unsecured portion plus 20% if doubtful for one year, 30% if doubtful for more than one year but less than three years, 50% if doubtful for more than three years.
Loss Assets	: 100% of outstandings.

Source: Reserve Bank of India Bulletin.

The performance in capital adequacy and quality of assets indicates the 'health' of the banks. An evaluation of the performance of Syndicate Bank and other nationalised banks will not give a clear picture without examining the extent of their achievement in 'health'. Hence capital adequacy and quality of assets are incorporated in the 'Model' developed for measuring the Health Performance and in assessing the Composite Performance.

The following pertinent issues are raised in relation to the performance of capital adequacy and quality of assets of Syndicate Bank and other nationalised banks in the present study.

(1) Whether Syndicate Bank and the rest of the nationalised banks attained the minimum four percent capital adequacy ratio during 1992-93 and 1993-94 irrespective of their national and international presence.

(ii) Whether 100 percent provision for unsecured doubtful debts and loss assets were made during 1992-93 and 1993-94.

(iii) The extent of provision for sub-standard assets/doubtful assets during 1992-93 subject to a minimum of 30 percent of those assets. Regarding 1993-94, whether a general provision of ten percent is made for sub-standard assets.

The scores are assigned to the three sub-parameters, viz. capital adequacy, loss assets and sub-standard assets considering their relative importance and with maximum objective consideration in the ratio of 2:1:1, subject to the ceiling of a score of 1C0 earmarked for the basic parameter 'capital adequacy and quality of assets'. The scores are assigned to the three sub-parameters in the following manner:

Capital adequacy and Quality of Assets : Sub-parameters		Score 1992-93	Score 1993-94
(i) Capital adequacy ratio	4% & above 4% :	50	50
(ii) Loss assets and unsecured doubt-ful debts:	Provision of 100% : Less than 100% provision :	25 0	25 0
(iii) Sub-standard assets and secured doubtful debts:	1992-93 Provision of 100% : Provision of 50% : Provision of 30% : Less than 30%	25 20 15 0	NA NA NA NA
	1993-94 Provision of 10% Less than 10% provision :	NA NA	25 0

Since capital adequacy and quality of assets are recognised as important sub-parameters of bank performance only with the introduction of the recommendations of the Narasimham Committee in April 1992,the data in respect of these sub-parameters are collected for the financial years 1992-93 and 1993-94. The scores are assigned on the basis of the performance of the sub-parameters during these two years. The average score of the two years is taken to arrive at the score of the sub-parameter for the period of study. These scores are aggregated to arrive at the score of the basic parameter 'capital adequacy and quality of assets'. The score attained is aggregated with the score of 'profitability' to arrive at the Health Performance Score, which form part of the Composite Performance Score.

Profitability

The concept of profitability in banks assumes greater significance in the present day context. Like any other business institution, profit is necessary to the banks for their survival. A viable and profit making bank reflects operational efficiency and effective and efficient resource management. There is adoptability of well-planned systems and

procedures and a successful organisation[4].

Profitability is mainly based on the concept of profit: it is the profit making ability of an enterprise. The profitability earned by an organisation over the years is a barometer reflecting organisational performance[5].

Management of profitability is a broad concept which consists of many factors, viz. efficient management of assets, moderate cost of funds, attractive yield on advances, effective investment portfolio, faster liquidity of funds, optimum level of productivity, required control on operational expenses etc. The level of profitability of banks would largely depend on developing a spirit of cost consciousness at all levels and strengthening overall monitoring arrangements. A thorough examination of the profitability performance of the nationalised banks in India is undertaken in the present study. 'Profitability' as a parameter is incorporated in the 'Model' developed for assessing the Composite Performance Score of the nationalised banks.

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[4] Sinha Kanhaiya, "Profit Planning in Banks" in: S.S.Hugar(ed.), Trends and Challenges to Indian Banking, Deep and Deep Publications, New Delhi, 1993, p.43.

[5] Kolay M.K., "Measuring the total Performance of an Organisation", Productivity, Vol.34, No.2, (July — September, 1993), p.275.

The following are the sub-parameters brought under the basic parameter, 'profitability' and the maximum scores assigned to them, to assess the extent of contribution of profitability towards the overall performance of nationalised banks.

Profitability: Sub-Parameters	Score
1. Rate of growth in net profits	20
2. Ratio of net profit to working fund	10
3. Ratio of net profit to total deposits	10
4. Ratio of net profit to total income	10
5. Ratio of net Profit to spread	10
6. Ratio of spread to working fund	10
7. Ratio of non-interest income to total income	10
8. Ratio of operating expenses to total income	10
9. Ratio of cash to total deposits	10
Total	100

The nine sub-parameters under profitability are assigned scores considering their relative importance and with maximum objective considerations subject to the ceiling of a score of 100 earmarked for profitability. The score values of

the sub-parameters pertaining to the ten year period of study is arrived at in conformity with the methodology in the present study. The score value of profitability attained is aggregated with the score value of 'capital adequacy and quality of assets' to arrive at the Health Performance Score which forms part of the Composite Performance Score.

Social Banking

Social Control on banks is a measure to employ prudently and purposefully the bank deposits along productive and socially desirable channels. It was introduced with the objective of achieving economic growth, combined with stability and social justice, as envisaged in the national plan and an accepted policy of the Government.

Under social banking, banks are required to assist increasingly the neglected sectors such as agriculture, small scale industries, self-employment, small business, education, etc., which had hardly any access to the banking system prior to the nationalisation of the major commercial banks in 1969. For ensuring a progressively increasing flow of bank credit to the economically backward sectors of the economy, targets for lending were laid down. In September 1979, Indian Public

Sector Banks were asked to lend at least 33₁/₃ percent of their total credit to the above mentioned priority sectors and this target was raised to a minimum of 40 percent to be achieved by March 1985. The target is being continued thereafter. As a measure of further social justice, separate sub-targets were prescribed within the specified priority sectors, to be achieved by the banks, particularly by the public sector banks.

The Differential Interest Rate Scheme was introduced in 1972 by the Public sector banks where loans were granted at the concessional rate of four percent to the weakest among the weaker section. The 20-point Economic Programme, and various other socio-economic programmes for the benefit of backward communities, minority communities and women have been launched by the Government through the banks.

To what extent the individual nationalised banks were able to excel in Social banking? An examination of the social baking performance of the individual nationalised banks in India is undertaken in the present study. Social banking is incorporated as a parameter in the 'Model' developed for assessing the Composite Performance Score of the nationalised banks.

The following are the sub-parameters or variables brought under the basic parameter 'social banking' and the maximum scores assigned to them, to assess the extent of contribution of social banking towards the overall performance of the various nationalised banks.

Social banking: Sub-parameters	Score
1. Share of rural and semi-urban branches in total branches	35
2. Ratio of priority sector advances to total advances	35
3. Ratio of DRI advances to total advances	30
Total	100

These three sub-parameters under social banking are assigned scores considering their relative importance and with maximum objective considerations subject to the ceiling of a score of '100' earmarked for 'social banking'. The score of the sub-parameters pertaining to the ten year period of study is arrived at in conformity with the methodology in the present study. The score of 'social banking' attained is aggregated with the score of 'growth' to arrive at the Priority Performance Score, which forms part of the Composite Performance Score.

Growth

The aim of every institution is to grow. During the post nationalisation period, the banks have grown functionally, geographically and multi-dimensionally in various business parameters.

With an increase in branch offices, the banks attracted a lot of deposits. Whatever be the type of deposits, an increase in the quantity of deposits of banks is an index of their growth. The growth in deposits naturally tempt the banker to increase his advances and investment portfolio. The growth in advances or investment is really an index of bank's growth. Banks cannot survive without balanced growth in these variables: the growth of one variable affects other variables too.

The growth in deposits and advances if managed properly will contribute to the growth of profits, and if not cared, may lead to the growth in losses. Growth in profits can lead to growth in reserves and consequently to growth in equity. A growth in a number of variables in the right direction is hence required for an allround growth and sound performance of the banks. A thorough examination of the

'growth' performance of Syndicate Bank and other nationalised banks is undertaken in the present study. 'Growth' is incorporated as a parameter in the 'Model' developed for assessing the Composite Performance Score of the nationalised banks.

The following are the sub-parameters brought under the basic parameter 'growth' and the maximum scores assigned to them to assess the extent of the contribution of 'growth' towards the overall performance of the nationalised banks.

Growth: Sub-Parameters	Score
1. Rate of growth in deposits	10
2. Rate of growth in advances	10
3. Rate of growth in investments	10
4. Credit – deposit ratio	10
5. Rate of growth in equity	10
6. Rate of growth in reserves	10
7. Rate of growth in branches	10
8. Per branch deposits	10
9. Per branch advances	10
Total	100

The nine sub-parameters under 'growth' are assigned scores considering their relative importance and with maximum objective considerations, subject to the ceiling of a score of 100 earmarked for 'growth'. The score values of the sub-parameters pertaining to the ten year period of study is arrived at in conformity with the methodology in the present study. The score value for 'growth' arrived at is aggregated with the score value of 'social banking' to arrive at the Priority Performance Score, which forms part of the Composite Performance Score.

Productivity

Productivity as understood in common parlance, is the output per unit of input employed: it is the output/input ratio. The basic definition of productivity is the ratio of output to input[6].

The commercial banks in India as a whole had given only little emphasis to productivity in the seventies and the

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[6] Srivastava T.N., and A.K. Sharma, 'Productivity in Banks-Comparative Evaluation of Fourteen nationalised Banks', Bank Economists Meet, Collection of Papers presented at the Madras Conference, 1984, pp.232-45.

eighties. Now the emphasis started shifting towards efficiency and productivity. It is recognised that with increasing emphasis on social banking, it is impossible to increase profit without improving efficiency and productivity. As emphasized by Productivity, Efficiency and Profitability Committee on Banking, (PEP Committee) banks being business organisations, profit should continue to remain an important consideration[7]. Under the given circumstances profit is to be improved by improving productivity.

The approach of Narasimham Committee (1991) has been to ensure that the financial services industry operates on the basis of operational flexibility and functional autonomy with a view to enhancing efficiency, productivity and profitability.

The concept and definition of productivity as applied in other industries cannot be applied in banking industry, which is primarily a service industry. It enabled service industries like banking to avoid the question of productivity for a long time.

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[7]   Reserve Bank of India, Report of the Productivity, Efficiency and Profitability (PEP)Committee on Banking, 1977, p.42.

As banks produce services, the measurement of their output may pose conceptual difficulty[8]. In fact, productivity indicated by per employee, per office and some financial indicators are popular all over the world and are mostly relied upon. According to Cunningham, 'the universal yardsticks of banking economies are, profit, profit per square foot and profit per employee'[9].

Productivity as a parameter is incorporated in the 'Model' developed for assessing the Composite Performance of the nationalised banks.

The following are the sub-parameters brought under the basic parameter 'productivity' and the maximum scores assigned to them to assess the extent of the contribution of Syndicate Bank and other nationalised banks:-

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[8] Ismail, Abdul Halim, "Productivity in Banking and Finance", Banker's Journal, Malaysia, (October, 1982), p.34.

[9] Cunningham, Annual Report, Grindlays Bank (India branches), 1985.

Productivity: Sub-parameters	Score
1. Deposits per employee	15
2. Advances per employee	15
3. Income per employee	20
4. Income per branch	20
5. Spread per branch	15
6. Spread per employee	15
Total	100

The six sub-parameters under 'productivity' are assigned scores considering their relative importance in productivity and with maximum objective considerations subject to the ceiling of a score of 100 earmarked for productivity. The score of the sub-parameters pertaining to the ten year period of study is arrived at in conformity with the methodology in the study. The score of 'productivity' arrived at is aggregated with the score of Customer Service' to arrive at the Efficiency Performance Score, which forms part of the Composite Performance Score.

Customer Service

Since nationalisation, tremendous responsibility has been cast on the banking system to meet the wide variety of

needs of the vast and varied clientle. The clientle vary from the smallest and the weakest in society to the corporate giants in the public or private sector. The customers tend to assess a bank's working and its responsiveness mainly on the basis of the speed and quality of service delivered at its branches and counters, rather than on other functional parameters. Competing banks provide the same type of service, but they do not provide the same quality of service is becoming a great differentiator – the most powerful competitive weapon banks possess[10].

'Customer Service' is an extremely dynamic concept. What is good customer service today may be considered as an indifferent one tomorrow and a bad service the day after. It is essential for banks to continuously assess how customers perceive bank services, what are their expectations and how they can be satisfied. There is always room for improvement in customer service.

To quote the words of the former Chairman of the State Bank of India "Banking system in India has grown in an environment where it provides what it wants to provide, where

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[10] Gupta Shekhar, "Improving Customer Service in Banks", Banking Finance, 1992, p.34.

it wants and when it wants. This has to change in favour of providing the customer what he wants, when he wants and where he wants[11]. This will not only mean developing new services and new instruments to meet the emerging needs of customers: it will also mean rendering services in an efficient and effective manner.

'Customer service' as a parameter is incorporated in the Model developed for assessing the Composite Performance of Syndicate Bank and other nationalised banks. A systematic and scientific study of the customer service extended by the nationalised banks was carried out with he aid of an interview schedule consisting of 29 questions that matter the customer (Appendix II for schedule).

The universe for the selection of branches for collection of data on customer service is restricted to Kerala. The survey on the customer service extended by the branches of the nationalised banks in Kerala was conducted in 1993 based on the branch position as on 31st March 1992. Of the total 1125 branches of the nationalised banks in Kerala comprising 130 rural branches, 715 semi-urban branches and 280 urban branches, 90 branches constituting eight percent of the

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[11] Sreenivasan P.B., "Marketing Approach to Banking Services", The Journal of the Indian Institute of Bankers, Vol.58, (July-September 1987), p.129.

total branches were selected for the survey, by giving due representation wherever possible to rural, semi-urban and urban centres. Where the number of branches of a nationalsied bank in Kerala was less than ten as on 31-3-1992, one branch was chosen without any sectoral consideration. The twenty nine questions in the schedule are brought under eleven sub-parameters or areas of concern to customers.

The following are the eleven sub-parameters considered under the basic parameter 'customer service' and the maximum scores assigned to assess the extent of contribution of customer service towards the overall performance of Syndicate Bank and other nationalised banks.

Customer Serive: Sub-parameters	Score
1. Opening and closing of bank counters	10
2. Information and guidance to customers	10
3. Display of time norms and adherence there to	10
4. Updating of pass book and statement of records	10
5. Settlement of claims of deceased depositors	10
6. Display of information on facilities available	5
7. Collection of outward instruments	10
8. Credit of outstation cheques upto Rs.2500/-	10
9. Disposal of advance proposals to samllscale industries	10
10. Grievance and redressal machinery	10
11. Attitude and efficiency of staff	10
Total	100

The various questions under the eleven sub-parameters are assigned scores on the basis of their relative importance and objective considerations subject to the ceiling limit of a score of '100' earmarked for 'customer service' in the computation of the Composite Performance Score.

Thus the EMEE Model comprising of the six vital parameters of bank performance identified in the study – capital adequacy and quality of assets, profitability, social banking, growth, productivity and customer service brought under three sub-headings – Health Performance, Priority Performance, and Efficiency Performance and eventually under Composite Performance provides an overall picture of the performance of Syndicate Bank and the rest of the nationalised banks in India. The assignment of the scores to the forty one sub-parameters, the six basic parameters and their aggregation under three sub-headings and eventually under the Composite Performance Score is done most judiciously to arrive at a score that is capable of indicating the true performance. The Composite Performance Score arrived at covering a period of ten years is capable of providing a definite picture of the performance of Syndicate Bank and other nationalised banks.

The comparative performance position of the nationalised banks could be better understood by their respective Composite Performance Scores.

CHAPTER VI

PERFORMANCE EFFECTIVENESS OF SYNDICATE BANK AND OTHER NATIONALISED BANKS: AN ANALYSIS

The Economic Managerial Efficiency Evaluation Model (EMEE Model) developed by the researcher for the accomplishment of the present study is outlined in chapter V. In the present chapter an attempt is made to evaluate the Economic Managerial and Efficiency performance of Syndicate Bank and other nationalised banks on the basis of the different parameters identified and included in the Model. The performance is analysed under the following headings, viz. Health Performance, Priority Performance, Efficiency Performance and Composite Performance.

6.1. Health Performance (HP)

As already explained, Health Performance is the aggregate of the performance of 'capital adequacy and quality of assets' as well as 'profitability'.

6.1.1. Capital Adequacy and Quality of Assets:

Table 6.1 indicates the capital adequacy ratio attained by Syndicate Bank and other nationalised banks during the two financial years, 1992-93 and 1993-94. Wherever the banks attained a higher capital adequacy ratio in relation to the minimum of four percent prescribed by the Reserve Bank of India, the exact ratio attained is shown in the table. Where the ratio attained is less than the minimum prescribed, it is shown with an (*). The two financial years about which information about capital adequacy is available reveal that Syndicate Bank has failed to attain the prescribed ratio during 1992-93 and 1993-94. Of the other eighteen (excluding New Bank of India) nationalised banks, seven banks achieved the minimum level of four percent prescribed by the Reserve Bank of India for 1992-93', eight of the banks achieved four percent during 1993-94, the minimum ratio prescribed for banks incorporated in India and are operating in the country alone. Though the Reserve Bank of India has stipulated a minimum capital adequacy ratio of eight percent to be attained by Indian banks with international presence by the end of the financial year 1993-94, for the present study four percent ratio is stipulated irrespective of their national or international presence. Of the seven nationalised banks with

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TABLE 6.1

CAPITAL ADEQUACY RATIO OF NATIONALISED BANKS (%)

1992-93 & 1993-94

| Name of the banks | Years | |
	1992-93	1993-94
ALHA	4*	4*
ANDHRA	4*	4*
+BOBR	4.54	9.03
BOI	4*	4*
BOMA	4*	4*
CORP	9.4	9.4
+CANARA	6.52	12.06
CNTRL	4*	4*
DENA	5	6.2
+INDIN	4*	4*
+IOB	4*	4*
NEWB	4*	NA
ORTL	7.32	10.2
PNB	5	8
PN&SB	4*	4*
+SYNDI	4*	4*
+UCO	4*	4*
UNION	4.78	9.75
UNTD	4*	4*
VIJYA	4*	5.87

Source: Annual Reports of the banks.

+ Banks with foreign branches.
* Stands for less than the prescribed minimum.

international presence, Syndicate Bank and four other banks, could not attain even the four percent ratio in 1993-94 as is revealed from Table 6.1. The attainment of the minimum capital adequacy ratio ensures the soundness and financial health of the banks. It is the outcome of the banks performance in the areas covered by the other parameters too. The Table discloses the poor 'health' and dismal state of affairs in Syndicate Bank and the other nationalised banks.

Table 6.2 on the quality of assets furnishes the extent of provision made by the nationalised banks in respect of doubtful and loss assets and sub-standard assets during 1992-93 and 1993-94. As per the prudential accounting norms prescribed by the Reserve Bank of India, and which is followed in the present study, a provision of hundred percent is to be made for loss assets and to the unsecured part of the doubtful debts during 1992-93 and 1993-94. Syndicate Bank and all the other nationalised banks made a provision of hundred percent for 1992-93 and 1993-94. The minimum stipulated for sub-standard assets was thirty percent during 1992-93 and ten percent during 1993-94. All the nationalised banks including Syndicate Bank made the minimum stipulated provision for 1992-93 and 1993-94. Canara Bank and Vijaya Bank made a provision of 100 percent and Dena Bank to the extent of 50

percent in 1992-93. The extent of provision made by the banks
in this regard determines the extent of 'quality assets'
maintained by them. The extent of provision for the assets in
fact has its own bearing on the overall performance of the
banks. It has its bearing on the various basic parameters and
sub-parameters identified in the present study.

TABLE 6.2

QUALITY OF ASSETS OF NATIONALISED BANKS:1992-93 and 1993-94

Name of the Banks	Provision for doubtful* and loss assets (%)		Provision for sub-standard assets (%)	
	1992-93	1993-94	1992-93	1993-94
ALHA	100	100	30	10
ANDHRA	100	100	30	10
BOBR	100	100	30	10
BOI	100	100	30	10
BOMA	100	100	30	10
CORP	100	100	30	10
CANRA	100	100	100	10
CNTRL	100	100	30	10
DENA	100	100	50	10
INDIN	100	100	30	10
IOB	100	100	30	10
NEWB	NA	NA	NA	NA
ORTL	100	100	30	10
PNB	100	100	30	10
PN&SB	100	100	30	10
SYNDI	100	100	30	10
UCO	100	100	30	10
UNION	100	100	30	10
VIJAYA	100	100	30	10
TOTAL	100	100	100	10

Source: Annual reports of the banks.

* Unsecured doubtful debts.

Table 6.3 presents the scores in respect of capital adequacy and quality of assets of the nationalised banks. Column two of the Table denotes the score secured by the banks on the basis of the extent of capital adequacy ratio acquired by them during 1992-93 and 1993-94. Since Syndicate Bank has failed to attain the four percent capital adequacy ratio even by 1993-94, the contribution of this parameter to the Health Performance Score of Syndicate Bank is zero. Columns three and four of Table 6.3 contain the scores won for the extent of provision made by the banks in relation to loss assets and sub-standard assets during 1992-93 and 1993-94. The total of the scores pertaining to capital adequacy, provision for loss assets, and sub-standard assets determines the score in respect of the basic parameter capital adequacy and quality of assets and are given in column six of the Table. Canara Bank got the full score of 100 followed by Dena Bank getting a score of 97.5 and five other banks, a score of 95 and Vijaya Bank a score of 75. As indicated in Table 6.3 Syndicate Bank and eleven other nationalised banks got only a score of 45. All these twelve banks had in fact failed to achieve the four percent capital adequacy ratio in 1992-93 and 1993-94. Thus Syndicate Bank along with eleven other nationalised banks show the lowest performance level in capital adequacy and quality of assets and Canara bank indicates the highest performance.

TABLE 6.3

SCORES: CAPITAL ADEQUACY AND QUALITY OF ASSETS OF NATIONALISED BANKS

Name: Banks	Capital adequacy	Provision for loss assets.	Provision for sub-standard assets	Aggregate score of loss and sub-standard assets.	Aggregate score of capital adequacy and quality of assets
1	2	3	4	5	6
				3+4	2+5
	Max. Score: 50	Max. Score: 25	Max. Score: 25		
ALHA	0.0	25.0	20.0	45.0	45.0
ANDHRA	0.0	25.0	20.0	45.0	45.0
BOBR	50.0	25.0	20.0	45.0	95.0
BOI	0.0	25.0	20.0	45.0	45.0
BOMA	0.0	25.0	20.0	45.0	45.0
CORP	50.0	25.0	20.0	45.0	95.0
CANARA	50.0	25.0	25.0	50.0	100.0
CNTRL	0.0	25.0	20.0	45.0	45.0
DENA	50.0	25.0	22.5	47.5	97.5
INDIN	0.0	25.0	20.0	45.0	45.0
IOB	0.0	25.0	20.0	45.0	45.0
NEWB	0.0	25.0	20.0	45.0	45.0
ORTL	50.0	25.0	20.0	45.0	95.0
PNB	50.0	25.0	20.0	45.0	95.0
PN & SB	0.0	25.0	20.0	45.0	45.0
SYNDI	0.0	25.0	20.0	45.0	45.0
UCO	0.0	25.0	20.0	45.0	45.0
UNION	50.0	25.0	20.0	45.0	95.0
UNTD	0.0	25.0	20.0	45.0	45.0
VIJYA	25.0	25.0	25.0	50.0	75.0

Based on Table 6.1 and Table 6.2.

6.1.2 **Profitability**

The rate of growth in net profit of the nationalised
banks has shown many ups and downs during the ten year period
of 1984 to 1993-94 as indicated in Table 6.4   The average
growth of net profit of all the nationalised banks showed the
highest deceleration during 1984, 1989-90,   1992-93   and
1993-94, the maximum deceleration being in 1992-93.   All   the
nationalised banks including Syndicate Bank recorded   the
highest negative growth in net profit in 1992-93:   the   only
exception was Indian Bank which had its highest negative
growth in net profit in 1993-94.   Though the increased
deceleration in net profit in 1992-93 and 1993-94 can be
attributed to the new provisioning and accounting methods,
such a huge deceleration is definitely the result of the
deteriorating profit making capacity of the nationalised
banks.

TABLE 6.4

RATE OF GROWTH OF NET PROFIT OF NATIONALISED BANKS:(%) 1984 TO 1993-94

Year	1984	1985	1986	1987	88-89	89-90	90-91	91-92	92-93	93-94
Average of N.B	-3	46	81	37	23	-27	19	54	-753	-245
ALHA	6	51	47	50	85	26	50	42	-476	-247
ANDHRA	6	45	82	25	6	-17	6	3	-1776	-15
BOBR	-18	41	93	14	8	6	40	68	-91	704
BOI	4	61	68	13	37	-18	24	191	-684	-230
BOMA	-38	89	34	-5	8	-3	36	30	-4964	-51
CORP	18	25	46	76	28	2	1	12	-21	+556
CANARA	11	100	65	148	22	12	24	15	-83	362
CNTRL	-23	120	257	-45	14	-33	22	222	-1357	-86
DENA	-33	116	71	33	43	-74	467	25	-1094	22
INDIN	1	150	78	68	36	13	31	15	-82	-5900
IOB	2	4	7	5	11	12	49	34	-8416	53
NEWB	-64	192	86	43	55	-418	-355	76	-83	NA
ORTL	14	82	68	40	85	97	84	17	-23	57
PNB	6	33	25	67	9	5	52	53	-66	96
PN & SB	5	5	25	-42	112	-13	-705	-12	-28834	10
SYNDI	3	18	9	9	13	3	-36	57	-15127	55
UCO	0	-79	914	3	10	-1053	21	-22	-2016	-23
UNION	7	63	109	93	18	-9	-47	193	-62	346
UNTD	-13	-81	5	-9	138	130	403	16	-4282	-121
VIJYA	20	417	758	108	44	-9	-97	636	-5425	96

Source: Compiled from IBA Publications

'-' denotes negative growth.

TABLE 6.5

RATIO OF NET PROFIT TO WORKING FUND OF NATIONALISED BANKS: 1984 TO 1993-94

Year	1984	1985	1986	1987	88-89	89-90	90-91	91-92	92-93	93-94
Average of N.B	0.08	0.10	0.17	0.20	0.21	0.12	0.20	0.30	-1.72	-1.98
ALHA	0.10	0.11	0.14	0.17	0.24	0.23	0.27	0.36	-1.19	-3.80
ANDHRA	0.17	0.20	0.30	0.36	0.31	0.21	0.21	0.19	-2.98	-2.86
BOBR	0.11	0.14	0.24	0.22	0.19	0.17	0.34	0.44	0.03	0.25
BOI	0.08	0.10	0.15	0.14	0.15	0.10	0.10	0.24	-1.43	-4.27
BOMA	0.07	0.11	0.12	0.10	0.10	0.08	0.08	0.10	-4.19	-5.30
CORP	0.15	0.15	0.17	0.28	0.29	0.25	0.22	0.19	0.13	0.58
CANARA	0.11	0.16	0.22	0.78	0.48	0.43	0.90	0.95	0.13	0.52
CNTRL	0.04	0.09	0.31	0.15	0.14	0.08	0.07	0.21	-2.48	-3.92
DENA	0.04	0.09	0.13	0.15	0.18	0.04	0.20	0.22	-1.82	-1.14
INDIN	0.04	0.10	0.14	0.21	0.22	0.19	0.32	0.33	0.04	-2.86
IOB	0.12	0.13	0.11	0.11	0.10	0.09	0.08	0.10	-6.98	NA
NEWB	0.02	0.05	0.10	0.12	0.15	-0.43	-1.87	-1.69	-2.72	-2.72
ORTL	0.10	0.13	0.18	0.21	0.29	0.47	0.70	0.67	0.43	0.54
PNB	0.15	0.17	0.17	0.24	0.22	0.20	0.44	0.58	0.18	0.30
PN & SB	0.04	0.04	0.04	0.02	0.04	0.03	-0.18	0.02	-5.05	-3.65
SYNDI	0.12	0.12	0.11	0.12	0.12	0.10	0.04	0.05	-6.73	-2.47
UCO	0.05	0.01	0.11	0.09	0.07	-0.57	-0.40	-0.18	-3.56	-4.73
UNION	0.09	0.14	0.25	0.43	0.42	0.32	0.13	0.34	0.11	0.39
UNTD	0.04	0.00	0.00	0.00	0.01	0.02	0.09	0.10	-3.81	-7.42
VIJYA	0.00	0.02	0.17	0.29	0.31	0.26	0.01	0.06	-2.60	0.09

Source: Compiled from IBA Publications

The ratio of net profit to working fund (return on asset or investment) of the nationalised banks presented in Table 6.5 presents almost a replica of the trend observed in the rate of growth of net profits indicated in Table 6.4. The lowest ever ratio of -6.73 recorded by Syndicate Bank was in the year 1992-93. Among all the nationalised banks, United Bank of India has the lowest ratio of net profit to working fund of -7.42 recorded by it during 1993-94. Canara Bank with a ratio of 0.95 is the highest ever ratio in this respect recorded by any nationalised bank during the ten year period of 1984 to 1993-94.

Ratio of net profit to total deposits of Syndicate Bank and the rest of the nationalised banks as presented in Table 6.6 shows almost a negative trend during 1992-93 and 1993-94. There is a negative growth in net profits of the nationalised banks during 1992-93 and 1993-94 as indicated by Table 6.4. The decelerating trend in the ratio of net profit to deposits of Syndicate Bank and other nationalised banks during 1992-93 and 1993-94 is due to their negative growth in net profits during 1992-93 and 1993-94. The lowest ratio of net profit to deposits is indicated by United Bank of India in 1993-94 and the highest ever ratio of 1.13 in this regard was indicated by Bank of Baroda during 1984. Syndicate Bank has

TABLE 6.6

RATIO OF NET PROFIT TO TOTAL DEPOSITS OF NATIONALISED BANKS: 1984 TO 1993-94

Year	1984	1985	1986	1987	88-89	89-90	90-91	91-92	92-93	93-94
Average of N.B	0.11	0.13	0.20	0.23	0.23	0.14	0.15	0.25	-2.02	-2.31
ALHA	0.11	0.13	0.15	0.18	0.28	0.27	0.33	0.42	-1.37	-4.34
ANDHRA	0.19	0.22	0.34	0.41	0.35	0.24	0.23	0.21	-3.36	-3.28
BOBR	1.03	0.16	0.26	0.25	0.22	0.19	0.24	0.49	0.03	0.29
BOI	0.09	0.11	0.16	0.15	0.17	0.12	0.13	0.27	-1.69	-5.08
BOMA	0.08	0.13	0.14	0.11	0.11	0.09	0.12	0.11	-5.07	-6.62
CORP	0.17	0.17	0.19	0.31	0.35	0.30	0.25	0.22	0.14	0.65
CANARA	0.13	0.20	0.27	0.57	0.59	0.56	0.60	1.09	0.16	0.60
CNTRL	0.06	0.11	0.34	0.16	0.16	0.09	0.10	0.23	-2.20	-4.50
DENA	0.06	0.11	0.15	0.17	0.21	0.05	0.26	0.26	-2.18	-1.41
INDIN	0.06	0.11	0.16	0.24	0.25	0.23	0.26	0.40	0.05	-3.30
IOB	0.15	0.15	0.13	0.12	0.11	0.11	0.14	0.11	-7.91	-3.25
NEWB	0.03	0.07	0.11	0.13	0.17	-0.48	-2.19	-4.51	-3.20	NA
ORTL	0.11	0.15	0.20	0.23	0.32	0.52	0.79	0.74	0.47	0.61
PNB	0.18	0.19	0.19	0.27	0.25	0.23	0.29	0.69	0.20	0.34
PN & SB	0.06	0.05	0.05	0.03	0.05	0.04	-0.20	-0.16	-5.70	-4.37
SYNDI	0.14	0.14	0.13	0.14	0.13	0.12	0.07	0.05	-7.55	-2.96
UCO	0.08	0.01	0.12	0.10	0.08	-0.64	-0.47	-1.23	-4.40	-5.87
UNION	0.11	0.15	0.28	0.47	0.47	0.35	0.16	0.37	0.12	0.42
UNTD	0.05	0.01	0.01	0.01	0.01	0.03	0.11	0.12	-4.50	-8.83
VIJYA	0.01	0.03	0.19	0.33	0.38	0.31	0.01	0.06	-2.95	0.09

Source: Compiled from IBA Publications

the lowest ratio of net profit to deposits during 1992-93. It
was -7.55. Since 1988-89 unlike other nationalised banks.
Syndicate Bank was showing a deceleration trend in the ratio
of net profit to deposits as can be seen in the Table 6.6.

Ratio of net profit to total income (interest income
and other income) of Syndicate Bank and other nationalised
banks as furnished in Table 6.7 indicates almost a
decelerating trend. The average ratio of net profit to total
income of all the nationalised banks recorded negative ratio
during 1992-93 and 1993-94. Among all the nationalised banks,
the lowest ratio recorded in this respect is -92.63 in 1993-94
by United bank of India. The highest ratio of net profit to
total income recorded is 7.85 by Oriental Bank of Commerce in
1990-91. Syndicate Bank has recorded its highest ratio of net
profit to total income of 1.46 in 1984 and the lowest ratio of
-71 in this respect in 1992-93.

TABLE 6.7

RATIO OF NET PROFIT TO TOTAL INCOME OF NATIONALISED BANKS: 1984 TO 1993-94

Year	1984	1985	1986	1987	88-89	89-90	90-91	91-92	92-93	93-94
Average of N.B	1.08	1.32	2.02	2.35	1.89	1.36	1.39	1.90	-16.32	-20.16
ALHA	0.14	1.40	1.75	2.16	2.47	2.85	5.33	3.23	-11.00	-38.18
ANDHRA	2.07	2.44	3.62	3.80	2.76	2.33	2.07	1.84	-30.00	-30.68
BOBR	1.28	1.57	2.70	2.59	1.72	1.70	2.05	3.95	0.31	2.16
BOI	0.92	1.28	1.78	1.71	1.50	1.18	1.19	2.13	-14.28	-0.48
BOMA	0.79	1.22	1.43	1.15	0.81	0.86	1.04	0.87	-44.00	-59.15
CORP	1.69	1.72	2.04	2.99	2.48	2.63	2.35	1.81	1.21	5.84
CANARA	1.24	1.89	2.51	4.95	4.06	4.66	5.17	7.66	1.08	5.04
CNTRL	0.62	1.17	3.50	1.76	1.36	0.94	1.00	1.92	-23.00	-44.67
DENA	0.53	0.93	1.43	1.58	1.57	0.43	2.29	2.01	-18.00	-11.60
INDIN	0.63	1.25	1.77	2.51	2.11	2.07	2.12	2.60	0.40	-26.75
IOB	1.48	1.37	1.35	1.25	0.93	1.01	1.22	0.88	-72.00	-28.62
NEWB	0.28	0.69	1.03	1.26	1.28	-4.07	-19.30	-33.98	-31.00	NA
ORTL	1.15	1.56	2.09	2.33	2.63	5.23	7.85	5.98	3.82	5.01
PNB	1.74	2.00	2.13	2.95	2.07	2.24	3.00	5.53	1.64	2.92
PN & SB	0.58	0.51	0.54	0.28	0.40	0.36	-1.84	-1.34	-55.00	-39.79
SYNDI	1.46	1.43	1.33	1.24	0.99	1.05	0.61	0.46	-71.00	-26.62
UCO	0.77	0.15	1.28	1.10	0.72	-6.68	-4.46	-10.05	-40.00	-53.28
UNION	1.14	1.59	2.72	4.67	3.80	3.55	1.59	2.96	0.99	3.70
UNTD	0.53	0.08	0.07	0.06	0.10	0.23	1.03	0.98	-42.00	-92.63
VIJYA	0.06	0.27	1.86	3.00	2.68	2.09	0.07	0.43	-23.00	0.85

Source: Compiled from IBA Publications

TABLE 6.8

RATIO OF NET PROFIT TO SPREAD OF NATIONALISED BANKS: 1984 TO 1993-94

Year	1984	1985	1986	1987	88-89	89-90	90-91	91-92	92-93	93-94
Average of N.B	4.17	5.19	8.31	10.09	8.53	6.20	6.92	10.44	-85.89	-91.00
ALHA	4.07	5.38	7.10	9.97	12.69	14.77	19.00	17.34	-95.61	-195.00
ANDHRA	8.28	9.27	14.40	15.46	11.10	9.05	8.71	7.73	-216.00	-175.00
BOBR	5.77	6.99	12.52	13.44	10.08	10.84	17.61	15.13	1.23	8.13
BOI	4.58	6.47	9.51	9.64	9.74	7.53	8.92	10.40	-78.51	-207.00
BOMA	2.88	4.40	5.61	5.06	3.41	3.40	4.16	3.19	-306.00	-299.00
CORP	5.45	5.43	6.64	10.30	8.78	9.30	8.60	5.61	4.57	20.88
CANARA	4.39	6.92	9.88	19.33	16.06	17.71	19.73	21.52	3.69	20.36
CNTRL	2.43	4.52	13.79	7.49	5.90	3.79	4.25	7.56	-133.00	-269.00
DENA	1.78	3.31	5.61	6.46	6.23	1.60	8.40	6.83	-80.00	-45.00
INDIN	2.73	5.70	9.45	13.76	11.69	10.05	12.25	16.58	2.49	-160.00
IOB	6.94	6.17	5.98	5.78	4.70	5.43	8.79	5.57	-1128.00	-268.00
NEWB	0.86	2.16	3.62	4.76	4.67	-18.56	-151.67	-54.52	-305.00	NA
ORTL	3.62	5.39	7.50	8.49	9.68	18.78	25.80	15.61	15.27	16.27
PNB	7.05	8.07	8.97	12.54	9.02	8.82	12.51	17.07	6.28	10.92
PN & SB	1.78	1.68	1.76	1.01	1.55	1.48	-8.39	0.75	-787.00	-205.00
SYNDI	5.05	4.92	4.98	4.29	3.61	4.03	2.26	1.75	-421.00	-102.00
UCO	2.53	0.50	4.46	4.38	3.28	-39.51	-31.59	-9.16	-693.00	-488.00
UNION	4.21	6.11	10.15	17.21	14.36	12.70	6.31	8.79	42.93	13.25
UNTD	1.92	0.32	0.30	0.25	0.41	1.24	4.15	4.49	-680.00	-1316.00
VIJYA	0.19	0.82	6.17	11.19	11.57	8.88	0.31	1.84	-124.00	3.11

Source: Compiled from IBA Publications

As shown in Table 6.8, the ratio of net profit to spread (interest earned - interest paid) of all the nationalised banks showed deceleration. Among all the nationalised banks, Union Bank of India indicated the highest ratio of net profit to spread: it being 42.93 in the year 1992-93. The lowest ratio of net profit to spread was recorded by Indian Overseas Bank in 1993-94. It is -1128. The highest ratio of net profit to spread of Syndicate Bank was 5.05 in 1984 and the lowest being -421 in 1992-93. Unlike the eight years from 1984 to 1991-92, in 1992-93 and 1993-94, the average net profit to spread of all the nationalised banks showed a negative ratio. Syndicate Bank recorded negative ratio of net profit to spread during 1992-93 and 1993-94--421 in 1992-93 and -102 in 1993-94.

The average ratio of spread to working fund of the nationalised banks during the ten year period 1984 lo 1993-94 showed ups and downs as indicated by Table 6.9. The highest average ratio of spread to working fund of all the banks was 2.86 during 1991-92: the lowest average ratio of 1.92 was indicated during 1990-91. Syndicate Bank recorded the highest ratio of spread to working fund of 3.32 during 1988-89 and the lowest of 1.59 during 1992-93. Among all the nationalised

TABLE 6.9

RATIO OF SPREAD TO WORKING FUND OF NATIONALISED BANKS: 1984 TO 1993-94

Year	1984	1985	1986	1987	88-89	89-90	90-91	91-92	92-93	93-94
Average of N.B	2.29	2.26	2.15	2.08	2.45	2.04	1.92	2.86	2.00	2.17
ALHA	2.37	2.22	2.04	1.74	1.96	1.60	1.50	2.70	1.24	1.94
ANDHRA	2.09	2.22	2.15	2.39	2.85	2.39	2.37	2.50	1.37	1.62
BOBR	1.99	2.08	1.93	1.70	1.98	1.57	1.22	2.91	2.77	3.03
BOI	1.80	1.63	1.58	1.47	1.57	1.41	1.30	2.24	1.81	2.06
BOMA	2.42	2.62	2.26	2.02	2.97	2.53	2.50	3.03	1.36	1.77
CORP	2.66	2.82	2.70	2.75	3.42	2.78	2.52	3.43	2.83	2.79
CANARA	2.60	2.39	2.25	-2.42	3.04	2.45	2.55	4.42	3.44	2.57
CNTRL	2.22	2.20	2.28	2.02	2.42	2.14	2.06	2.79	1.86	1.46
DENA	2.80	2.83	2.48	2.38	3.02	2.80	2.74	3.23	2.40	2.54
INDIN	1.91	1.76	1.59	1.59	1.90	1.91	1.74	2.01	1.76	1.79
IOB	1.93	2.17	1.99	1.92	2.13	1.70	1.39	1.73	0.61	1.00
NEWB	3.14	2.75	2.84	2.54	3.32	2.32	1.23	3.09	0.89	NA
ORTL	2.75	2.52	2.50	2.51	3.05	2.55	2.79	4.20	2.82	3.28
PNB	2.26	2.16	1.95	1.97	2.45	2.31	2.09	3.42	2.86	2.70
PN & SB	2.90	2.76	2.83	2.53	2.92	2.26	2.09	2.66	0.64	1.77
SYNDI	2.44	2.54	2.35	2.90	3.32	2.72	2.90	3.02	1.59	2.42
UCO	2.85	2.78	2.51	2.07	2.22	1.46	1.28	1.93	0.51	0.97
UNION	2.36	2.35	2.55	2.53	2.96	2.52	2.33	3.81	2.53	2.92
UNTD	2.32	2.36	2.31	2.27	2.76	1.72	2.26	2.29	0.55	1.77
VIJYA	3.28	3.10	2.87	2.66	2.69	2.96	2.44	3.20	2.09	2.74

Source: Compiled from IBA Publications

banks, Canara Bank recorded the highest ratio of 4.42 during 1991-92. The lowest ratio of 0.51 being recorded by UCO Bank during 1992-93.

The average ratio of non-interest income to total income of the nationalised banks as presented in Table 6.10 shows an acceleration trend and it is the highest during 1993-94: the average ratio in this respect was 6.1 in 1984 and 11.91 in 1993-94. Banks are increasingly getting income from sources other than the mere interest income from advances. The general change in portfolio management of the nationalised banks is accountable for this changing trend. Though the average ratio of non-interest income to total income of the nationalised banks in toto shows a consistent acceleration trend throughout the ten year period of 1984 to 1993-94, the ratio of Syndicate Bank in this respect has substantially decelerated in 1992-93 and 1993-94 as presented in Table 6.10. Among the nationalised banks the highest ratio of non-interest income to total income of 20.66 was attained by Indian Overseas Bank in 1993-94 and the lowest, 0.25 being recorded by Punjab and Sind Bank in 1985.

TABLE 6.10

RATIO OF NON-INTEREST INCOME TO TOTAL INCOME OF NATIONALISED BANKS: 1984 TO 1993-94

Year	1984	1985	1986	1987	88-89	89-90	90-91	91-92	92-93	93-94
Average of N.B	6.10	6.41	7.36	7.67	7.68	7.74	8.35	9.72	9.85	11.91
ALHA	6.28	6.72	7.60	8.74	7.18	9.30	10.58	11.24	10.80	8.34
ANDHRA	5.56	5.47	7.06	6.89	7.82	7.56	7.90	9.31	9.47	11.29
	6.52	6.76	8.22	9.34	9.07	8.44	12.03	10.48	8.45	16.65
BOI	7.35	7.89	8.14	8.16	8.47	7.38	8.14	11.10	9.97	12.03
BOMA	5.40	5.08	6.24	6.31	6.25	5.81	6.26	7.74	8.72	8.23
CORP	6.90	7.38	7.80	9.00	7.87	8.34	8.66	13.41	12.35	17.32
CANARA	5.80	5.78	6.40	6.55	6.33	6.33	6.35	12.08	11.32	13.12
CNTRL	6.37	6.62	7.79	7.66	7.50	7.08	7.96	9.18	8.57	9.45
DENA	5.37	5.96	6.96	7.07	6.52	6.45	7.35	8.66	8.95	8.81
INDIN	7.40	8.23	8.70	10.07	9.37	7.72	8.37	10.20	8.72	10.82
IOB	6.59	6.82	7.08	7.31	7.55	9.59	11.91	12.76	16.98	20.66
NEWB	5.65	5.35	6.49	6.27	5.81	7.06	7.21	8.44	8.14	NA
ORTL	6.29	6.54	7.43	7.91	7.23	6.10	5.60	6.73	7.71	7.43
PNB	4.99	5.71	6.94	8.18	7.84	6.28	6.26	4.61	7.31	11.21
PN & SB	5.12	0.25	5.47	6.08	6.61	7.47	8.42	7.65	9.22	10.74
SYNDI	5.68	5.42	6.91	6.50	6.54	7.70	8.04	11.31	10.11	8.46
UCO	5.04	5.83	7.31	7.04	5.86	7.51	7.96	9.07	12.95	7.85
UNION	7.41	7.92	9.07	8.87	8.70	8.71	8.90	9.24	9.86	9.56
UNTD	4.60	4.65	5.40	4.87	5.48	14.80	6.44	8.07	6.35	7.89
VIJYA	5.70	5.99	7.65	8.21	11.36	6.93	8.01	8.54	14.75	12.96

Source: Compiled from IBA Publications

The average ratio of operating expenses to total income of the nationalised banks as presented in Table 6.11 shows a deceleration from 30.89 in 1984 to 24 in 1991-92. In 1992-93 and 1993-94 the ratio has gone up to 25 and 27 respectively. In the case of Corporation Bank and Oriental Bank of Commerce, the trend from 1984 to 1993-94 is clearly decelerating. These banks are able to keep operating expenses within the manageable limits. In the case of Syndicate Bank, from the lowest ratio of 31 in 1986, the ratio has accelerated to 38 in 1992-93 and came down to 34 in 1993-94. This means an increase in operating expenses and no corresponding increase in total income. The lowest ratio among the nationalised banks in this respect is 18 recorded by Bank of India in 1991-92 and Indian Bank in 1992-93.

TABLE 6.11

RATIO OF OPERATING EXPENSES TO TOTAL INCOME OF NATIONALISED BANKS: 1984 TO 1993-94

Year	1984	1985	1986	1987	88-89	89-90	90-91	91-92	92-93	93-94
Average of N.B	30.89	30.58	29.00	28.00	27.00	27.00	26.00	24.00	25.00	27.00
ALHA	33.15	31.00	30.00	27.00	26.00	25.00	24.00	22.00	22.00	26.00
ANDHRA	28.50	29.00	27.00	27.00	29.00	30.00	29.00	28.00	31.00	32.00
BOBR	27.51	28.00	26.00	25.00	23.00	22.00	21.00	19.00	21.00	20.00
BOI	26.53	26.00	24.00	23.00	21.00	21.00	20.00	18.00	24.00	26.00
BOMA	32.20	32.00	29.00	27.00	28.00	30.00	30.00	30.00	35.00	35.00
CORP	36.22	37.00	35.00	32.00	32.00	33.00	32.00	26.00	25.00	22.00
CANARA	32.88	31.00	28.00	26.00	26.00	27.00	26.00	23.00	21.00	24.00
CNTRL	31.19	31.00	29.00	29.00	28.00	30.00	30.00	27.00	29.00	34.00
DENA	34.74	33.00	30.00	29.00	29.00	32.00	31.00	31.00	31.00	29.00
INDIN	29.72	29.00	24.00	24.00	23.00	25.00	22.00	19.00	18.00	24.00
IOB	26.38	28.00	27.00	26.00	25.00	26.00	24.00	25.00	28.00	28.00
NEWB	37.85	37.00	33.00	30.00	31.00	32.00	38.00	35.00	46.00	NA
ORTL	36.79	34.00	32.00	30.00	30.00	27.00	27.00	23.00	22.00	21.00
PNB	27.95	28.00	27.00	28.00	28.00	28.00	26.00	23.00	22.00	27.00
PN & SB	37.21	35.00	34.00	32.00	31.00	31.00	31.00	30.00	36.00	31.00
SYNDI	33.08	33.00	31.00	33.00	32.00	32.00	34.00	33.00	38.00	34.00
UCO	34.55	35.00	34.00	30.00	26.00	31.00	26.00	26.00	29.00	35.00
UNION	33.38	32.00	32.00	30.00	30.00	32.00	31.00	27.00	27.00	25.00
UNTD	31.65	30.00	30.00	28.00	29.00	33.00	30.00	27.00	31.00	33.00
VIJYA	40.31	39.00	35.00	30.00	30.00	27.00	28.00	28.00	33.00	32.00

Source: Compiled from IBA Publications

The ratio of cash to total deposits of the nationalised banks is presented in Table 6.12. Though in individual bank cases some variations are observed, the average ratio of the nationalised banks for the entire period of 1984 to 1993-94 is 16. In the case of Syndicate Bank, it maintained its ratio of cash to deposits at 14, during the period 1990-91 to 1993-94. The highest ever ratio of cash to deposits maintained was 27 in 1991-92 by Corporation Bank and the lowest ratio being maintained by Vijaya Bank in 1989-90 and 1991-92 to a level as low as half of the average ratio of the nationalised banks taken together during those years.

TABLE 6.12

RATIO OF CASH TO TOTAL DEPOSITS OF NATIONALISED BANKS: 1984 TO 1993-94

Year	1984	1985	1986	1987	88-89	89-90	90-91	91-92	92-93	93-94
Average of N.B	16.18	16.00	16.00	16.00	15.00	16.00	16.00	16.00	16.00	16.00
ALHA	17.18	17.00	21.00	20.00	17.00	16.00	17.00	11.00	11.00	9.00
ANDHRA	23.97	20.00	16.00	18.00	17.00	19.00	17.00	20.00	18.00	21.00
BOBR	16.05	15.00	17.00	16.00	16.00	15.00	15.00	19.00	15.00	21.00
BOI	16.70	18.00	18.00	14.00	13.00	13.00	9.00	20.00	21.00	19.00
BOMA	13.90	15.00	19.00	19.00	11.00	16.00	14.00	17.00	20.00	17.00
CORP	19.77	23.00	18.00	15.00	15.00	18.00	21.00	27.00	14.00	14.00
CANARA	19.13	17.00	15.00	20.00	16.00	22.00	20.00	13.00	18.00	19.00
CNTRL	15.79	17.00	14.00	16.00	15.00	16.00	19.00	12.00	12.00	20.00
DENA	13.90	14.00	14.00	18.00	15.00	18.00	17.00	17.00	18.00	16.00
INDIN	14.96	11.00	13.00	14.00	13.00	13.00	15.00	10.00	17.00	16.00
IOB	13.97	11.00	14.00	12.00	15.00	13.00	13.00	9.00	9.00	8.00
NEWB	16.22	23.00	13.00	19.00	14.00	12.00	18.00	17.00	20.00	NA
ORTL	21.67	20.00	19.00	20.00	18.00	19.00	21.00	21.00	18.00	12.00
PNB	15.42	14.00	18.00	16.00	16.00	17.00	16.00	17.00	13.00	16.00
PN & SB	20.41	18.00	20.00	19.00	18.00	17.00	17.00	16.00	13.00	13.00
SYNDI	10.73	17.00	15.00	13.00	16.00	17.00	14.00	14.00	14.00	14.00
UCO	17.31	17.00	18.00	16.00	16.00	16.00	14.00	15.00	19.00	12.00
UNION	14.38	16.00	15.00	18.00	19.00	20.00	17.00	16.00	14.00	14.00
UNTD	17.62	16.00	15.00	17.00	14.00	19.00	17.00	11.00	13.00	11.00
VIJYA	18.09	19.00	11.00	14.00	15.00	8.00	18.00	8.00	17.00	15.00

Source: Compiled from IBA Publications

Table 6.13 provides the scores in respect of the sub-parameters under 'profitability'. The scores in respect of five out of the nine sub-parameters referred to in Tables 6.4 to 6.8 i.e., rate of growth of net profit, ratio of net profit to working fund, ratio of net profit to total deposits, ratio of net profit to total income and ratio of net profit to spread are directly related to the net profit of the banks during the ten year period under reference. The other sub-parameters are directly related to the efficiency and profitability of the banks. The total score of profitability as indicated in column 11 of Table 6.13 reveals that among the nationalised banks. Canara Bank has the highest profitability performance with a score of 63.31 followed by Union Bank of India with 62.26. Syndicate Bank has the fifteenth position in profitability performance among the nationalised banks with a score of 41.30. Punjab and Sind Bank has the lowest profitability performance with the score of 29.39 in 'profitability'.

TABLE 6.13

SCORES: PROFITABILITY – SUB-PARAMETERS OF NATIONALISED BANKS

Name: Bank	Growth of net profit / Working fund	Ratio of Net Profit to: Working fund	Total Deposits	Total Income	Spread	Ratio of: Spread to working fund	Non-interest income to total income	Operating expenses to total income	Cash to total deposit	Aggregate of the sub-parameters: Aggregate of 2 to 10
1	2	3	4	5	6	7	8	9	10	11
	Max.Score:20	Max.Score:10	Max.Score:10	Max.Score:10	Max.Score:10	Max.Score:10	Max.Score:10	Max.Score:10	Max.Score:10	Max.Score:100
ALH	11.86	5.68	5.34	5.68	5.00	3.64	6.02	5.68	4.74	53.64
ANDHRA	9.32	6.43	6.43	6.68	6.75	4.83	3.64	4.66	2.65	51.39
BOMH	10.68	6.36	6.69	6.36	7.28	4.32	7.18	8.20	4.92	61.99
BOI	12.04	3.98	3.73	4.32	5.68	1.80	6.27	8.77	4.73	51.32
BOMA	8.82	3.14	2.97	2.47	3.05	6.18	1.80	3.06	4.08	35.57
CORP	11.18	6.44	6.27	6.61	6.02	7.95	7.20	1.92	3.35	56.94
CANARA	12.00	8.35	8.09	7.59	7.20	7.10	4.07	5.68	3.23	63.31
CNTRL	10.00	3.89	4.06	4.57	3.89	4.07	4.32	3.22	4.93	42.95
DENA	9.32	3.81	4.32	4.41	4.07	7.95	3.30	2.55	4.66	44.39
INDIN	11.20	5.51	5.34	5.34	6.02	2.30	6.93	7.95	6.94	57.53
IOB	8.82	3.66	3.66	3.73	4.24	2.55	6.89	5.93	8.17	47.65
NEWB	10.22	2.07	1.82	1.57	1.39	6.00	2.55	0.68	3.75	30.05
ORTL	12.54	6.95	6.94	6.86	5.68	8.20	3.91	3.74	2.39	57.21
PNB	10.68	7.03	6.61	7.20	7.20	5.17	2.91	5.51	4.83	57.14
PN & SB	8.14	2.05	2.05	2.30	1.73	6.18	2.49	1.05	3.40	29.39
SYNDI	8.68	3.66	3.66	3.73	2.89	7.11	3.98	1.41	6.18	41.30
UCO	8.82	2.23	1.66	1.72	0.97	3.57	3.14	2.81	4.91	29.83
UNION	12.54	7.11	7.03	7.20	6.52	7.70	6.52	2.89	4.75	62.26
UNTD	9.98	1.98	1.84	1.59	1.40	5.09	1.83	3.56	5.67	32.94
VIJYA	15.00	4.33	4.66	4.50	4.16	7.84	5.57	2.74	5.99	54.79

Based on Tables 6.4 to 6.12.

Table 6.14 gives the Health Performance Score (HPS) of Syndicate Bank and other nationalised banks. It is the aggregate of the scores based on the extent of the performance in the basic parameters capital adequacy and quality of assets and 'profitability'. The aggregate of the scores of all the nationalised banks in respect of the two basic parameters, 'capital adequacy and quality of assets' as well as 'profitability' is shown in column four of the Table indicating the Health Performance Score of the individual nationalised banks. Syndicate Bank has a Health Performance Score of 86.3. In relation to other nationalised banks, it has the fifteenth position in respect of Health Performance. Canara Bank with the highest score of 163.31 is the Bank with the best Health performance. Punjab and Sind Bank with a health performance score of 74.39 is the Bank with the least Health Performance. The first position of Canara Bank in Health Performance is the outcome of its highest performance position in capital adequacy and maintenance of quality of assets and the first performance position in profitability. As revealed in Table 6.4, the highest negative growth rate in net profit i.e., highest percentage growth in net loss during the period 1984 to 1993-94 is attributable to the lowest performance of Punjab and Sind Bank in respect of 'Health'. It has the lowest score in 'profitability' as well as in 'capital adequacy an quality of assets'. (See Fig.6.1. in Appendix III)

TABLE 6.14

HEALTH PERFORMANCE SCORE (HPS) OF NATIONALISED BANKS

Name: Banks	Score of capital adequacy and quality of assets.	Score of Profitability	Total score (HPS) (2+3)	Rank
1	2	3	4	5
	Max.Score:100	Max.Score:100	Max.Score:200	
ALHA	45	53.64	98.64	10
ANDHRA	45	51.39	96.39	11
BOBR	95	61.99	156.99	3
BOI	45	51.32	96.32	12
BOMA	45	35.57	80.57	16
CORP	95	56.94	151.94	6
CANARA	100	63.31	163.31	1
CNTRL	45	42.95	87.95	14
DENA	97.5	44.39	141.89	7
INDIN	45	57.53	102.53	9
IOB	45	47.65	92.65	13
NEWB	45	30.05	75.05	18
ORTL	95	57.21	152.21	4
PNB	95	57.14	152.14	5
PN & SB	45	29.39	74.39	20
SYNDI	45	41.3	86.3	15
UCO	45	29.83	74.83	19
UNION	95	62.26	157.26	2
UNTD	45	32.94	77.94	17
VIJYA	75	54.79	129.79	8

Based on Tables 6.3 and 6.13.

The fifteenth position of Syndicate Bank in 'Health Performance' is due to the low performance in capital adequacy and quality of assets and the relatively poor profitability performance. It has failed to attain the minimum stipulated capital adequacy ratio. Though it has international presence, it cannot even attain the four percent capital adequacy ratio during 1993-94. Syndicate Bank has provided for hundred percent on loss assets during 1992-93 and 1993-94. However the provisioning in respect of substandard assets fell short of the extent of provision made by highly health performing banks like Canara Bank. Next to Punjab and Sind Bank, Syndicate Bank has shown the highest negative growth in net profits during the ten year period under reference (See Table 6.4). The poor performance of Syndicate Bank in the matter of 'Health' is reflected in the low score secured by it in the relevant basic parameters and their sub-parameters and the relevant scores as depicted in Tables 6.3 and 6.13.

6.2. Priority Performance (PP)

The Priority Performance Score (PPS) represents the performance of Syndicate Bank and the rest of the nationalised banks in relation to 'social banking' and 'growth'.

6.2.1. Social Banking

The study of the performance of social banking is based on the share of the rural and semi-urban bank branches to the total branches of the individual banks, the ratio of their priority sector advances to total advances, as well as the share of advances of these banks under the Differential Interest Rate Scheme (DRI scheme).

Table 6.15 contain details of the share of rural and semi-urban branches of Syndicate Bank and the other nationalised banks in relation to their total branches from 1984 to 1993-94. The social orientation of the banks under this sub-parameter is mostly based on the policy laid down by the Reserve Bank of India in this respect. Allahabad Bank has achieved the highest share of 74 percent in rural and semi-urban branches in 1985 and maintained it around 74 percent except in 1993-94. Vijaya Bank, Corporation Bank and Punjab and Sind Bank had only a share around 60 percent during the ten year period of 1984 to 1993-94. Syndicate Bank maintained a share around 70 percent during the ten year period.

TABLE 6.15

SHARE OF RURAL AND SEMI-URBAN BRANCHES TO TOTAL BRANCHES OF NATIONALISED BANKS: 1984 TO 1993-94

Year	1984	1985	1986	1987	88-89	89-90	90-91	91-92	92-93	93-94
Average of N.B	68	68	67	67	68	69	69	68	68	68
ALHA	73	74	74	73	73	73	74	73	73	71
ANDHRA	68	68	68	69	70	71	71	70	70	70
BOBR	68	65	65	66	66	68	68	67	67	69
BOI	69	69	68	69	69	71	72	71	71	71
BOMA	69	68	66	66	67	68	68	68	67	67
CORP	60	58	59	60	60	60	60	60	59	60
CANARA	65	65	63	63	64	64	65	65	64	64
CNTRL	71	69	69	70	70	72	72	72	72	72
DENA	65	64	64	63	64	64	64	64	63	63
INDIN	64	64	64	64	64	65	65	65	65	65
IOB	68	68	68	65	67	67	67	67	67	67
NEWB	60	62	61	63	62	63	62	62	63	NA
ORTL	66	62	61	64	63	64	64	64	65	65
PNB	70	70	69	70	71	73	73	72	72	71
PN & SB	62	62	62	62	62	62	60	57	56	59
SYNDI	69	70	68	67	67	68	68	68	67	68
UCO	73	73	73	72	72	68	68	68	68	68
UNION	67	68	68	68	69	70	70	70	69	69
UNTD	65	66	66	66	67	70	69	69	69	69
VIJYA	58	62	58	58	58	60	60	60	59	59

Source: Compiled from IBA Publications

Though there is a stipulated target of forty percent every year in respect of priority sector advances to total advance, Table 6.16 shows the non-adherence to the stipulated target by almost all the nationalised banks during the period 1984 to 1993-94.Such a variation was entirely at the discretion of the banks: either too much emphasis on this sub-parameter or the least emphasis. In the case of Syndicate Bank where it had a rise in priority sector advances to the extent of 45.51 percent during 1985, it had even come down to 26.12 percent during 1992-93. Bank of India, Bank of Baroda, Indian Overseas Bank, Uco Bank, Indian Bank and so on too followed the same trend extending credit to the priority sectors. Only very few banks like Oriental Bank of Commerce, Dena Bank and Bank of Maharashtra maintained a consistently satisfactory performance in priority sector advances as is revealed by Table 6.16.

TABLE 6.16

RATIO OF PRIORITY SECTOR ADVANCES TO TOTAL ADVANCES OF NATIONALISED BANKS: 1984 TO 1993-94

Year	1984	1985	1986	1987	88-89	89-90	90-91	91-92	92-93	93-94
Average of N.B	40.50	44.45	43.60	49.01	44.60	42.74	38.40	37.00	31.04	32.62
ALHA	39.45	41.05	39.00	47.00	43.05	42.05	42.10	41.60	38.78	35.14
ANDHRA	41.69	41.87	40.00	46.00	41.25	39.78	39.31	38.00	40.90	33.53
BOBR	39.05	43.25	42.00	44.00	43.87	40.87	41.60	41.20	26.49	25.98
BOI	40.08	45.33	42.00	45.00	46.33	45.32	40.40	40.00	21.04	24.14
BOMA	41.64	45.38	45.00	48.00	47.38	45.76	40.30	41.64	39.41	40.01
CORP	41.56	46.48	47.00	45.00	47.48	45.27	14.26	41.24	38.31	39.71
CANARA	39.97	42.25	45.00	47.00	44.25	43.75	40.00	36.28	34.35	36.24
CNTRL	40.67	42.83	44.00	48.00	45.83	44.63	40.50	40.40	37.04	43.84
DENA	41.08	39.25	44.00	47.00	40.25	41.08	43.00	42.40	40.96	39.14
INDIN	40.16	43.44	45.00	44.00	44.40	42.16	41.00	43.60	28.07	30.73
IOB	39.39	43.42	43.00	45.00	43.42	42.48	40.30	41.20	25.94	25.32
NEWB	36.64	43.38	46.00	45.00	44.38	44.96	42.40	42.70	44.85	Nil
ORTL	47.82	46.29	45.00	46.00	46.21	44.37	43.60	40.43	40.79	40.75
PNB	41.03	40.98	45.00	46.00	42.00	41.23	42.00	43.40	35.28	39.10
PN & SB	42.91	41.81	45.00	47.00	42.71	42.75	39.48	40.20	37.47	40.21
SYNDI	42.56	45.51	42.00	45.00	45.51	44.39	37.00	37.00	26.12	28.77
UCO	41.63	40.46	41.00	42.00	40.98	38.46	20.87	20.87	21.42	24.73
UNION	40.17	43.96	44.00	46.00	44.96	44.29	40.23	38.77	35.96	36.08
UNTD	37.29	41.01	45.00	47.00	44.72	40.72	37.00	37.40	34.67	37.55
VIJYA	42.96	41.20	41.00	44.00	42.30	42.96	40.00	43.53	40.68	35.87

Source: Compiled from IBA Publications

As presented in Table 6.17 the share of advances under Differential Interest Rate Scheme (DRI scheme) has shown wide fluctuation in the case of all banks as is the case with priority sector advances. There are instances as revealed in Table 6.17 where there are more than hundred percent rise in DRI advances from the prescribed target of one percent of the total advances and in certain other cases nearly 75 percent fall in the prescribed target. Syndicate Bank had a share of 1.40 percent of DRI advances in 1984 which has come down to 0.52 percent in 1992-93. Vijaya Bank with a share of 2.14 percent of the total advances in 1987 accounted for the highest advances by any bank under DRI scheme.

Table 6.18 contains the score of all the nationalised banks in respect of 'social banking' during the period 1984 to 1993-94. Syndicate bank has the fifteenth position in 'social banking' among the nationalised banks with a score of 51.15 characterising a comparatively uncomfortable position in 'social banking'. The poor performance score of Syndicate Bank in Social banking is the outcome of its poor performance in the sub-parameters considered under social banking (See Tables 6.15, 6.16 and 6.17). Allahabad Bank with the highest score of 81.45 is the best nationalised bank in 'social banking'. The management of social banking was most

TABLE 6.17

RATIO OF DRI ADVANCES TO TOTAL ADVANCES OF
NATIONALISED BANKS: 1984 TO 1993-94

Year	1984	1985	1986	1987	88-89	89-90	90-91	91-92	92-93	93-94
Average of N.B	1.20	1.20	1.20	1.13	1.08	1.05	0.98	0.60	0.70	0.65
ALHA	1.10	1.00	1.20	1.27	1.13	1.07	1.00	1.06	1.00	0.90
ANDHRA	0.80	1.00	1.20	1.03	1.00	1.00	1.25	1.02	1.00	1.00
BOBR	1.10	1.10	1.10	1.12	1.00	0.95	0.75	0.42	0.85	0.80
BOI	0.90	1.00	1.00	1.01	0.95	0.95	0.55	0.29	0.55	0.52
BOMA	1.00	0.80	0.90	1.02	0.98	0.90	1.23	1.05	1.00	0.90
CORP	1.30	1.40	1.60	1.30	1.12	1.05	0.75	0.57	0.85	0.80
CANARA	1.10	1.30	1.20	1.24	1.05	1.00	0.90	0.70	0.70	0.72
CNTRL	1.20	1.10	1.10	1.03	0.95	0.90	1.00	0.56	1.05	1.00
DENA	1.10	1.00	1.00	1.00	0.97	0.95	0.95	0.55	0.95	0.90
INDIN	0.90	0.90	1.10	0.95	0.95	1.00	0.75	0.28	0.80	0.70
IOB	1.30	1.30	1.20	1.10	1.00	0.95	0.65	0.28	0.65	0.60
NEWB	0.90	1.00	1.40	1.07	0.97	0.95	1.41	1.21	1.10	0.90
ORTL	0.60	1.00	1.10	1.00	1.00	1.00	1.00	0.93	1.05	0.80
PNB	1.10	1.00	1.10	1.16	1.05	0.95	1.05	1.00	1.00	0.70
PN & SB	0.80	0.90	1.00	1.02	1.00	1.05	0.95	0.43	0.90	0.70
SYNDI	1.40	1.20	1.20	1.06	1.00	0.95	0.85	0.63	0.52	0.55
UCO	1.40	1.40	1.20	1.19	1.08	1.00	0.90	0.28	0.80	0.70
UNION	1.50	1.30	1.20	1.19	1.10	1.05	1.00	0.95	1.05	0.90
UNTD	0.80	1.00	1.10	1.20	1.15	1.07	1.00	0.92	0.95	0.70
VIJYA	1.50	1.50	1.80	2.14	1.95	1.55	1.27	1.12	1.05	0.65

Source: Compiled from IBA Publications

TABLE 6.18

SCORES: SOCIAL BANKING – SUB-PARAMETERS OF NATIONALISED BANKS

Name: Banks	Rural and Semi-urban branches to total branches	Priority sector advance to total advances	DRI advances to total advances	Aggregate score of sub-parameters (2=3+4)
1	2	3	4	5
	Max.Score:35	Max.Score:35	Max.Score:30	Max.Score:100
ALHA	30.45	25.00	26.00	81.45
ANDHRA	21.67	26.25	26.00	73.92
BOBR	13.93	20.00	22.00	55.93
BOI	23.45	20.00	24.00	67.45
BOMA	13.93	23.75	28.00	65.68
CORP	1.58	19.38	12.00	32.95
CANARA	8.05	23.75	20.00	51.80
CNTRL	24.33	26.25	24.00	74.58
DENA	5.43	27.50	26.00	58.93
INDIN	8.93	20.63	24.00	53.55
IOB	14.53	20.00	18.00	52.53
NEWB	2.80	21.25	24.00	48.05
ORTL	7.18	22.50	26.00	55.68
PNB	23.45	23.75	28.00	75.20
PN & SB	1.82	26.25	22.00	50.07
SYNDI	16.91	16.25	18.00	51.16
UCO	23.66	15.00	12.00	50.66
UNION	21.67	25.00	20.00	66.67
UNTD	16.91	21.25	26.00	64.16
VIJYA	1.09	27.50	8.00	36.59

Based on Tables 6.15 to 6.17.

judiciously undertaken by Allahabad Bank. Vijaya Bank with a score of 36.58 is the least performing bank in 'social banking'. It has lagged behind all other banks in opening rural and semi-urban branches as is revealed by Table 6.15 and has an improper performance in the DRI advances as is shown in Table 6.17.

6.2.2. Growth

'Growth' is generally considered as the most important parameter of performance. 'Growth' is the outcome of a bank's general management function. Of course the policies and priorities of the Reserve Bank of India and the Government of India play an important role in this respect. The general economic environment, prudential funds management and so on too have its bearing on 'growth' of the banks. The performance of 'growth' of Syndicate Bank and other nationalised banks is assessed on the basis of the performance of a number of sub-parameters. Tables 6.19 to 6.27 put forth the identified sub-parameters of 'growth' and their performance during the ten year period of 1984 to 1993-94.

Table 6.19 shows that, except for the years 1984, 1992-93 and 1993-94, the rate of growth in deposits of

Syndicate Bank was below the average rate of growth of deposits of all the nationalised banks taken together. A negative rate of growth in deposits during the ten year period of study is shown by UCO Bank during 1993-94. The highest rate of growth in deposits during the ten year period was recorded by Oriental Bank of Commerce during 1985. Oriental Bank of Commerce has in fact maintained all throughout the ten year period, a rate of growth above the average rate of growth of all the nationalised banks.

The rate of growth of advances of Syndicate Bank and other nationalised banks show many ups and downs during the ten year period of 1984 to 1993-94 as is presented in Table 6.20. Syndicate Bank has the highest rate of growth in advances of 24 percent during 1984 and the lowest rate of growth during 1993-94 - a negative growth rate of six percent. It has a negative growth of two percent during 1991-92, the year when it recorded the lowest rate of growth in deposits as indicated in Table 6.19. Among the nationalised banks, the highest negative growth of twenty one percent in advances during the ten year period was recorded by UCO Bank in 1993-94: the highest rate of growth of forty five percent in advances during the ten year period was recorded by Indian bank in 1988-89.

TABLE 6.19

RATE OF GROWTH IN DEPOSITS OF NATIONALISED BANKS (%): 1984-1993-94

Year	1984	1985	1986	1987	88-89	89-90	90-91	91-92	92-93	93-94
Average of N.B	19	19	20	16	20	19	13	13	12	14
ALHA	19	22	25	25	24	30	22	6	16	10
ANDHRA	26	25	21	3	24	22	9	11	9	18
BOBR	8	10	18	17	25	21	13	33	10	10
BOI	22	26	18	18	24	19	13	11	2	10
BOMA	19	15	16	22	11	14	14	8	15	16
CORP	27	20	30	10	15	18	23	25	22	44
CANARA	25	30	21	16	19	17	15	15	16	20
CNTRL	16	17	17	16	15	21	12	7	6	16
DENA	16	13	21	18	14	11	9	16	21	19
INDIN	33	33	23	14	28	24	13	17	28	3
IOB	18	6	21	13	20	19	9	11	21	14
NEWB	16	30	9	22	17	15	1	4	11	NA
ORTL	23	36	23	23	30	23	23	22	20	22
PNB	12	23	24	19	17	16	18	13	12	13
PN & SB	20	19	16	13	19	16	11	9	20	18
SYNDI	23	15	19	5	15	13	9	3	17	14
UCO	13	10	25	29	34	18	7	15	4	-7
UNION	21	16	14	17	18	23	14	16	17	27
UNTD	24	11	14	10	18	14	11	9	15	14
VIJYA	27	20	31	22	26	12	8	9	21	30

Source: Compiled from IBA Publications

TABLE 6.20

RATE OF GROWTH IN ADVANCES OF NATIONALISED BANKS (%): 1984-1993-94

Year	1984	1985	1986	1987	88-89	89-90	90-91	91-92	92-93	93-94
Average of N.B	20.00	13.00	15.00	11.00	28.00	20.00	12.00	10.00	6.00	-1.78
ALHA	23.00	16.00	10.00	10.00	45.00	35.00	24.00	14.00	15.00	-8.00
ANDHRA	20.00	16.00	22.00	0.18	27.00	18.00	12.00	1.00	0.18	1.00
BOBR	17.00	12.00	12.00	16.00	35.00	28.00	11.00	17.00	13.00	7.00
BOI	17.00	16.00	20.00	21.00	33.00	20.00	11.00	12.00	-8.00	-5.00
BOMA	21.00	8.00	19.00	14.00	14.00	9.00	11.00	-1.00	2.00	-3.00
CORP	34.00	12.00	16.00	11.00	30.00	18.00	4.00	8.00	22.00	15.00
CANARA	31.00	27.00	17.00	12.00	25.00	12.00	9.00	13.00	0.53	3.00
CNTRL	17.00	11.00	10.00	0.80	23.00	23.00	11.00	7.00	2.00	-11.00
DENA	24.00	8.00	8.00	9.00	23.00	6.00	13.00	6.00	19.00	9.00
INDIN	38.00	18.00	19.00	15.00	45.00	31.00	13.00	17.00	20.00	-12.00
IOB	24.00	-1.00	11.00	11.00	24.00	20.00	13.00	14.00	4.00	-0.63
NEWB	21.00	27.00	13.00	10.00	31.00	16.00	-10.00	-7.00	-1.00	NA
ORTL	18.00	33.00	16.00	17.00	39.00	20.00	21.00	21.00	26.00	16.00
PNB	7.00	13.00	16.00	13.00	26.00	17.00	18.00	8.00	19.00	1.44
PN & SB	10.00	8.00	15.00	3.00	26.00	19.00	15.00	6.00	7.00	9.00
SYNDI	24.00	12.00	14.00	1.00	11.00	11.00	2.00	-2.00	10.00	-6.00
UCO	13.00	5.00	18.00	22.00	43.00	27.00	19.00	16.00	-10.00	-21.00
UNION	24.00	6.00	9.00	1.00	23.00	22.00	17.00	5.00	22.00	15.00
UNTD	25.00	17.00	3.00	0.50	21.00	18.00	13.00	9.00	4.00	-13.00
VIJYA	23.00	25.00	25.00	17.00	35.00	20.00	12.00	-7.00	4.00	14.00

Source: Compiled from IBA Publications

The average rate of growth in investments of all the nationalised banks showed the highest level of thirty three percent during 1993-94 as depicted in Table 6.21. This, as noted earlier is the outcome of the change in portfolio policy of the banks consequent on the introduction of norms relating to provisioning of assets. Syndicate Bank had a growth rate of sixty six percent in investments during 1993-94 from a mere nine percent growth in 1992-93. Syndicate Bank recorded the lowest growth rate in investments during 1985. Among all the nationalised banks, Corporation Bank has recorded the highest growth rate in investments of 120 percent during 1993-94 and the lowest growth rate of zero percent by Bank of Baroda in 1984.

TABLE 6.21

RATE OF GROWTH IN INVESTMENTS OF NATIONALISED BANKS (%): 1984-1993-94

Year	1984	1985	1986	1987	88-89	89-90	90-91	91-92	92-93	93-94
Average of N.B	11	25	29	26	20	19	15	16	16	33
ALHA	6	26	34	43	32	22	18	9	22	27
ANDHRA	1	47	25	16	23	19	13	16	7	36
BOBR	0	20	16	33	13	22	13	31	24	20
BOI	10	25	29	32	16	21	21	14	6	31
BOMA	20	23	17	23	24	7	12	16	6	37
CORP	11	35	67	8	18	16	18	41	26	120
CANARA	18	21	44	26	13	37	5	19	48	19
CNTRL	6	32	25	26	26	6	13	9	7	20
DENA	23	23	25	22	19	8	9	11	20	40
INDIN	16	42	27	23	23	36	26	14	24	1
IOB	15	25	29	15	22	26	18	14	11	56
NEWB	9	25	35	20	26	21	5	13	13	NA
ORTL	15	41	31	31	31	21	18	27	19	62
PNB	9	38	25	24	22	15	22	21	3	42
PN & SB	42	40	13	36	18	19	17	11	16	35
SYNDI	22	5	30	14	17	12	16	14	9	66
UCO	6	21	43	39	32	17	13	4	13	23
UNION	12	13	40	26	15	15	17	22	15	52
UNTD	6	15	25	31	20	27	12	7	10	25
VIJYA	20	25	52	23	32	19	5	11	15	43

Source: Compiled from IBA Publications

Table 6.22 presented the credit-deposit ratio of the nationalised banks during the period 1984 to 1993-94. The percentage of advances to total deposits of all the nationalised banks in toto have come down during 1993-94. The reason again is the shift in the portfolio policy of the banks. The effect of this shift is already shown in Table 6.20. The shift from the advances portfolio to investment portfolio is evident from the details furnished in Table 6.21. Syndicate bank has its lowest credit-deposit ratio of thirty nine percent during 1993-94 and its highest ratio was during 1984. Among all the nationalised banks, the lowest ratio recorded during the ten year period is seventy two percent in 1991-92 by Indian bank. It is also the Bank which is maintaining the highest ratio of fifty seven percent during 1993-94. In the changed circumstances, this policy is one among the reasons for the highest negative growth in net profits of Indian bank during 1993-94 (See Table 6.4).

TABLE 6.22

CREDIT-DEPOSIT RATIO OF NATIONALISED BANKS (%): 1984-1993-94

Year	1984	1985	1986	1987	88-89	89-90	90-91	91-92	92-93	93-94
Average of N.B	61	58	55	53	56	57	57	56	53	46
ALHA	53	50	44	39	45	47	47	52	51	44
ANDHRA	59	54	54	53	54	52	53	49	46	39
BOBR	57	58	55	54	59	62	61	55	56	55
BOI	63	58	59	60	65	65	64	65	59	51
BOMA	58	55	56	52	53	51	54	54	48	40
CORP	62	58	52	52	59	59	49	43	43	35
CANARA	65	63	61	59	62	60	56	56	49	42
CNTRL	60	57	54	47	50	51	51	51	49	38
DENA	61	59	52	49	52	50	51	49	48	44
INDIN	67	59	57	58	66	70	70	72	67	57
IOB	70	65	69	59	60	61	63	65	57	49
NEWB	56	55	56	51	57	57	52	46	41	NA
ORTL	53	52	49	46	50	49	48	49	52	49
PNB	58	53	50	47	51	52	52	51	54	45
PN & SB	57	52	51	45	49	50	52	51	45	42
SYNDI	67	65	63	60	58	57	53	50	48	39
UCO	59	57	53	50	54	58	64	67	58	49
UNION	62	56	54	47	48	48	50	46	48	44
UNTD	54	57	51	47	49	50	51	52	48	36
VIJYA	57	60	57	55	59	63	65	56	49	43

Source: Compiled from IBA Publications

Table 6.23 indicates substantial growth in equity of all the nationalised banks, during the period under reference·. As depicted in Table 6.23, Syndicate Bank has recorded a rate of growth in equity of 428 percent during 1993-94 -the highest growth rate in equity recorded by a nationalised bank during the year. Among the nationalised banks, the highest rate of growth in equity of 1268 during the ten year period of 1984 to 1993-94 was reported in the case of Allahabad Bank during 1985. There was no addition to the equity of the nationalised banks during 1987.

The growth in reserves of Syndicate Bank and the rest of the nationalised banks during 1984 to 1993-94 as depicted in Table 6.24 reveals a growth rate of 493 percent for Syndicate Bank during 1993-94. Among all the nationalised banks, for the ten year period of 1984 to 1993-94 Punjab and Sind Bank recorded the highest growth in reserves during 1993-94 with 941 percent increase over the previous year. The lowest growth i.e., the highest negative growth of reserves is shown by Dena Bank during 1993-94.

TABLE 6.23

RATE OF GROWTH IN EQUITY OF NATIONALISED BANKS (%): 1984-1993-94

Year	1984	1985	1986	1987	88-89	89-90	90-91	91-92	92-93	93-94
Average of N.B	3	339	77	0	44.66	54	37	29	21	131
ALHA	11	1268	63	0	121	0	0	87	60	52
ANDHRA	200	300	42	0	29	0	0	182	48	163
BOBR	0	271	31	0	29	10	28	93	38	124
BOI	0	307	47	0	42	118	39	31	0	135
BOMA	5	540	52	0	89	90	30	37	23	81
CORP	7	275	33	0	50	0	42	118	81	67
CANARA	0	321	41	0	18	18	30	52	82	183
CNTRL	0	576	55	0	75	0	0	38	0	268
DENA	10	995	47	0	91	71	35	0	52	88
INDIN	0	200	37	0	51	0	111	42	21	108
IOB	0	154	97	0	69	127	28	16	0	191
NEWB	4	246	89	0	53	115	45	56	48	NA
ORTL	400	627	75	0	100	0	0	71	63	64
PNB	0	380	108	0	0	1	0	2	66	94
PN & SB	0	508	113	0	73	71	41	20	69	77
SYNDI	0	214	27	0	76	0	0	115	0	428
UCO	0	306	175	0	31	128	87	0	0	107
UNION	0	400	47	0	32	0	0	86	28	145
UNTD	4	790	300	0	23	114	38	0	0	59
VIJYA	8	603	111	0	42	0	93	48	65	51

Source: Compiled from IBA Publications

TABLE 6.24

RATE OF GROWTH IN RESERVES OF NATIONALISED BANKS (%): 1984-1993-94

Year	1984	1985	1986	1987	88-89	89-90	90-91	91-92	92-93	93-94
Average of N.B	21	24	50	35	31	26	31	40	16	41
ALHA	11	10	16	31	63	83	121	210	-55	-1
ANDHRA	2	30	43	38	29	18	19	16	0	0
BOBR	22	21	70	27	9	5	16	52	3	130
BOI	24	32	35	33	30	25	18	29	0	147
BOMA	5	9	13	9	9	11	23	22	0	368
CORP	24	23	24	32	29	26	20	16	13	100
CANARA	60	47	70	67	48	36	31	27	31	12
CNTRL	2	9	68	-17	14	10	14	51	-34	-3
DENA	1	4	18	37	37	3	55	41	-89	-8
INDIN	16	48	95	60	46	42	40	31	109	-6
IOB	18	11	10	9	9	9	16	18	1	453
NEWB	4	14	20	10	14	0	0	0	0	NA
ORTL	-26	45	55	48	75	129	163	57	30	36
PNB	30	27	95	35	28	23	48	50	11	18
PN & SB	17	16	16	8	17	4	0	59	0	941
SYNDI	32	11	7	7	7	7	5	-28	0	493
UCO	5	5	14	11	11	11	0	0	-3	0
UNION	-18	25	47	92	55	32	13	38	12	47
UNTD	23	4	4	3	7	14	64	45	505	-3
VIJYA	-18	9	61	63	54	46	2	12	0	0

Source: Compiled from IBA Publications

Table 6.25 shows the branch position of the nationalised banks as on 31.12.1984 and 31.3.1994. There is an average growth of 39.33 percent in the total branch expansion of the nationalised banks during the ten year period under reference. The growth of Syndicate Bank in this respect was hardly 19.77 percent. The highest rate of growth of 69.73 percent in branches during the ten year period was shown by Allahabad Bank and the lowest in this respect during the period was that of Punjab and Sind Bank with a rate of growth of 12.89 percent.

The per branch deposits of the nationalised banks as depicted in Table 6.26 indicate that the per branch deposits of Syndicate Bank which was above the average of the nationalised banks as a whole from 1984 to 1989-90 has come down significantly from 1990-91 onwards. From 1990-91 to 1993-94 it was below the average, indicating clearly the deceleration in performance in this sub-parameter. The highest per branch deposits of Syndicate Bank was Rs.649 lakhs achieved during 1993-94 and the lowest recorded was Rs.266 lakhs during 1984. Among the nationalised banks, the highest per branch deposits of Rs.950 lakhs was achieved by Bank of Baroda and Canara Bank during 1993-94 and the lowest of Rs.397 lakhs was recorded by Bank of Maharashtra in 1993-94.

TABLE 6.25

GROWTH IN BRANCH OFFICES OF NATIONALISED BANKS (%): 1984 TO 1993-94

Year	1984	93-94	Growth %
Total of N.B	22325	30549	36.84
ALHA	1087	1845	69.73
ANDHRA	749	969	29.37
BOBR	1762	2433	38.08
BOI	1684	2389	41.86
BOMA	924	1130	22.29
CORP	370	471	27.30
CANARA	1443	2089	44.77
CNTRL	2226	3062	37.56
DENA	929	1121	20.67
INDIN	964	1407	45.95
IOB	980	1339	36.63
NEWB	480	600	25.00
ORTL	406	583	43.60
PNB	1982	3676	85.47
PN & SB	605	683	12.89
SYNDI	1300	1557	19.77
UCO	1516	1796	18.47
UNION	1409	1895	34.49
UNTD	918	1332	45.10
VIJYA	635	777	22.36

Source: Compiled from IBA Publications

TABLE 6.26

PER BRANCH DEPOSITS OF NATIONALISED BANKS (%): 1984-1993-94

(Rupees in Lakhs)

Year	1984	1985	1986	1987	88-89	89-90	90-91	91-92	92-93	93-94
Average of N.B	230	255	302	343	396	440	489	535	595	666
ALHA	139	161	200	234	267	297	361	368	426	458
ANDHRA	173	208	251	247	292	341	375	405	436	510
BOBR	310	315	373	423	510	579	632	805	871	950
BOI	341	393	463	533	627	691	748	817	819	896
BOMA	164	184	214	256	265	290	306	300	341	397
CORP	173	198	256	275	301	350	430	531	636	874
CANARA	283	306	370	423	480	545	623	702	804	950
CNTRL	222	247	285	321	349	394	429	433	454	521
DENA	150	165	199	232	253	275	298	310	370	439
INDIN	227	287	352	395	489	520	584	657	835	839
IOB	312	311	376	420	485	519	563	605	726	813
NEWB	173	210	273	270	314	349	349	361	393	NA
ORTL	176	225	231	317	400	468	569	675	778	899
PNB	244	279	322	363	395	424	493	531	590	597
PN & SB	182	212	243	271	320	363	401	421	446	588
SYNDI	266	291	344	362	408	445	478	489	569	649
UCO	193	196	244	314	416	486	516	536	558	518
UNION	187	202	230	262	296	343	391	429	498	622
UNTD	257	255	288	310	342	352	388	408	464	525
VIJYA	135	154	202	246	300	328	352	378	445	553

Source: Compiled from IBA Publications

The per branch advances of the nationalised banks from 1984 to 1993-94 is furnished in Table 6.27. The per branch advances of Syndicate Bank as in the case of per branch deposits too was above the average per branch advances of all the nationalised banks from 1984 to 1989-90. It has shown deceleration from 1990-91 to 1993-94. The shift in portfolio policy of the banks consequent on the introduction of the prudential norms relating to provisioning of assets etc. based on the Narasimham Committee recommendations, has its bearing on the per branch advances during 1992-93 and 1993-94. During the ten year period under reference the highest per branch advances of Rs.563 lakhs was recorded in 1992-93 by Indian Bank and the lowest of Rs.73 lakhs was recorded in 1984 by Allahabad Bank. The highest per branch advances of Rs.271 lakhs in the case of Syndicate Bank was recorded by it in the year 1992-93 and the lowest per branch advances of Rs.178 lakhs reported by it during 1984.

TABLE 6.27

PER BRANCH ADVANCES OF NATIONALISED BANKS

(Rupees in Lakhs)

Year	1984	1985	1986	1987	88-89	89-90	90-91	91-92	92-93	93-94
Average of N.B	140	147	167	181	222	250	277	301	317	305
ALHA	73	81	88	91	121	138	170	190	219	202
ANDHRA	101	112	136	130	158	178	200	200	199	199
BOBR	176	182	204	230	299	358	387	443	489	520
BOI	214	228	272	322	406	451	481	535	485	457
BOMA	95	101	119	133	142	148	164	162	164	160
CORP	107	114	132	143	177	206	213	229	275	302
CANARA	184	193	226	250	298	324	350	395	393	397
CNTRL	133	140	153	150	174	200	217	222	224	197
DENA	91	97	104	113	132	137	152	152	178	193
INDIN	152	170	202	229	321	362	407	473	563	481
IOB	217	202	224	247	293	314	354	398	411	402
NEWB	97	114	153	137	178	200	180	167	162	NA
ORTL	93	116	113	147	199	228	274	330	401	440
PNB	141	148	160	172	202	219	254	273	321	268
PN & SB	103	109	124	126	157	182	208	200	203	248
SYNDI	178	190	216	218	237	255	256	249	271	256
UCO	115	111	130	158	224	282	332	362	325	255
UNION	115	114	124	122	143	166	194	199	240	272
UNTD	138	145	148	146	166	176	199	213	220	190
VIJYA	77	92	115	135	177	207	230	213	216	235

Source: Compiled from IBA Publications

Table 6.28 furnishes the score in respect of the performance of the sub-parameters of growth outlined in Tables 6.19 to 6.27. The 'growth performance' as indicated by column eleven of Table 6.28 is a true indicator of the performance achieved by the nationalised banks during the ten year period from 1984 to 1993-94. As indicated in the Table, the growth performance score of Syndicate bank is 43.91. Indian Bank with a score of 68.91 is the best performing bank in 'growth' and Bank of Maharashtra with a score of 29.88 is the lowest performing bank in 'growth'. Syndicate Bank has the ninth position among the nationalised banks in 'growth' performance as is revealed by Table 6.28.

TABLE 6.28

SCORES : GROWTH - SUB-PARAMETERS

Name:Banks	Growth in Deposits	Growth in Advances	Growth in Investments	Credit-deposit ratio	Growth in equity	Growth in Reserves	Growth in Branches	Per branch Deposits	Per branch Advances	Aggregate of Sub-parameters Aggregate of 2 to 10
1	2	3	4	5	6	7	8	9	10	11
	Max.Score:10	Max.Score:10	Max.Score:10	Max.Score:10	Max.Score:10	Max.Score:10	Max.Score:10	Max.Score:15	Max.Score:15	Max.Score:100
ALLA	6.42	6.50	6.18	1.34	5.32	5.31	9.20	1.58	2.33	44.17
ANDHRA	5.27	4.41	4.48	2.72	4.48	3.98	3.30	4.20	4.95	37.79
BOBR	4.65	5.59	4.16	5.93	3.90	4.41	6.70	13.05	12.30	60.69
BOI	4.75	5.17	4.66	7.78	4.58	4.32	6.70	14.43	14.43	66.82
BORA	4.33	3.57	3.99	3.39	5.26	2.89	3.30	1.20	1.95	29.88
CORP	7.00	5.67	6.42	3.49	4.99	4.15	3.30	6.35	4.95	46.32
CANARA	6.35	5.59	5.57	6.51	4.31	6.67	6.70	11.93	11.93	65.55
CNTRL	3.65	3.39	3.90	2.55	4.08	3.41	6.70	4.95	4.95	37.58
DENA	4.75	4.32	4.07	3.73	5.49	3.91	3.30	1.20	1.20	31.97
INDIN	6.99	7.43	5.91	8.73	4.23	6.18	6.70	9.92	12.41	68.49
IOB	4.32	5.17	5.09	8.02	4.58	3.14	5.00	10.80	11.55	57.67
NEWB	3.34	4.26	4.24	3.40	5.60	3.05	3.30	3.45	3.08	33.72
ORTL	7.68	7.76	7.70	1.89	5.25	6.93	6.70	8.76	5.22	57.89
PNB	4.41	5.17	5.25	3.14	3.49	5.42	9.90	7.50	6.48	50.76
PN & SB	4.74	4.24	5.92	2.05	5.26	3.81	0.80	4.95	4.95	36.72
SYNDI	3.15	2.73	4.66	5.75	4.32	3.23	3.30	8.01	8.76	43.91
UCO	4.05	5.34	4.82	5.50	4.74	2.80	0.80	6.99	7.50	42.54
UNION	5.68	5.00	4.92	2.39	4.08	5.25	3.30	3.83	3.83	38.27
UNTD	3.65	3.50	3.73	2.05	5.50	3.99	6.70	5.46	4.58	39.16
VIJYA	6.50	6.11	5.25	5.76	5.26	4.59	3.30	2.33	3.83	42.92

Based on Tables 6.19 to 6.27.

Table 6.29 presents the Priority Performance Score (PPS) of Syndicate Bank and the rest of the nationalised banks. It is the aggregate of the scores in Tables 6.18 and 6.28. The score given in Table 6.29 indicate the extent of performance of the nationalised banks in the field of 'social banking' and 'growth' which are considered in the present study as 'priority parameters'. Syndicate Bank has a Priority Performance Score of 95.06. This score is the aggregate of the performance scores in respect of 'social banking' and 'growth' as outlined in Tables 6.18 and 6.28. Based on the score, Syndicate Bank has the fourteenth position among the nationalised banks in its 'priority performance'. The highest performing bank in 'Priority Performance' is Bank of India with a Priority Performance Score of 134.27 and the least performing bank based on this score is Corporation Bank with a score of 79.26. Though Allahabad Bank was the highest performing bank in 'social banking' it has come down heavily in respect of 'growth'. But Bank of India with its comparatively better performance score in social banking and with its highest performance score in 'growth' could secure the maximum score on their aggregation, to attain the highest performance position in 'priority performance'. (See Fig.6.2. in Appendix III)

TABLE 6.29

PRIORITY PERFORMANCE SCORE (PPS) OF NATIONALISED BANKS

Name: Banks	Score of Social Banking	Score of growth	Total Score (PPS) (2+3)	Rank
1	2	3	4	5
	Max.Score:100	Max.Score:100	Max.Score:200	
ALHA	81.45	44.17	125.62	3
ANDHRA	73.92	37.79	111.71	9
BOBR	55.93	60.69	116.62	6
BOI	67.45	66.82	134.27	1
BOMA	65.68	29.88	95.56	13
CORP	32.95	46.32	79.27	20
CANARA	51.80	65.55	117.35	5
CNTRL	74.58	37.58	112.16	8
DENA	58.93	31.97	90.90	16
INDIN	53.55	68.49	122.04	4
IOB	52.53	57.67	110.20	10
NEWB	48.05	33.72	81.77	18
ORTL	55.68	57.89	113.57	7
PNB	75.20	50.76	125.96	2
PN & SB	50.07	36.72	86.79	17
SYNDI	51.16	43.91	95.07	14
UCO	50.66	42.54	93.20	15
UNION	66.67	38.27	104.94	11
UNTD	64.16	39.16	103.31	12
VIJYA	36.59	42.92	79.51	19

Based on Tables 6.18 and 6.28.

6.3. Efficiency Performance (EP)

The Efficiency Performance of Syndicate Bank and other nationalised banks is assessed in the present study by incorporating 'productivity' and 'customer service' as the basic parameters and evaluating their performance by assigning scores to these parameters. The Efficiency Performance Score (EPS) implies the extent of efficiency of the banks in relation to their productivity and customer service. In fact the 'Health Performance' as well as 'Priority Performance' of the banks is the result of its 'Efficiency Performance'. The extent of capital adequacy ratio attained, the maintenance of quality assets, attainment of high profitability, best performance in social banking and the highest growth in the relevant growth factors are the result of the extent of performance in the 'productivity' of the banks. This is dependent on the extent of efficient customer service imparted by the banks.

6.3.1. Productivity

The productivity performance of Syndicate Bank and other nationalised banks is assessed on the basis of six sub-parameters which are outlined in Tables 6.30 to 6.36.

TABLE 6.30

DEPOSITS PER EMPLOYEE OF NATIONALISED BANKS: 1984-1993-94

(Rupees in Lakhs)

Year	1984	1985	1986	1987	88-89	89-90	90-91	91-92	92-93	93-94
Average of N.B	11	13	15	17	20	23	25	28	31	35
ALHA	10	11	14	18	21	24	29	30	34	37
ANDHRA	11	13	14	14	17	20	23	25	27	30
BOBR	14	15	17	20	25	30	33	43	47	53
BOI	13	16	18	21	26	29	33	36	36	40
BOMA	10	11	13	15	16	19	20	19	22	24
CORP	9	10	12	13	15	17	21	26	32	45
CANARA	10	12	14	16	19	21	25	28	32	38
CNTRL	12	14	15	17	19	23	25	25	27	29
DENA	10	10	13	15	17	18	20	21	25	30
INDIN	2	15	17	20	24	28	31	35	44	44
IOB	13	13	15	17	21	23	26	27	33	37
NEWB	8	10	13	13	15	16	17	17	19	NA
ORTL	10	12	11	16	20	23	29	33	38	44
PNB	12	13	14	17	19	21	25	27	30	30
PN & SB	10	12	13	15	17	20	22	22	27	32
SYNDI	11	12	14	14	16	17	19	20	24	26
UCO	9	10	12	16	21	24	26	27	28	27
UNION	10	11	12	14	16	19	22	24	29	36
UNTD	12	13	15	16	18	20	23	24	27	31
VIJYA	7	9	11	13	16	18	19	20	24	31

Source: Compiled from IBA Publications

Table 6.30 indicates the deposits per employee, a labour productivity indicator of the nationalised banks from 1984 to 1993-94. The average per employee deposits of the nationalised banks during the ten year period showed an increasing trend. In the case of Syndicate Bank the rising trend continued even during 1993-94 when its rate of growth in deposits showed a deceleration of three percent as indicated by Table 6.19.The deposit per employee in respect of Syndicate Bank showed the highest level of Rs.26 lakhs in the year 1993-94 and the lowest level of Rs.11 lakhs during 1984. Deposit per employee implying labour productivity has come down only in the case of UCO Bank in the year 1993-94 as indicated in Table 6.30. This is due to the negative growth in deposits of the bank during the year 1993-94 as indicated in Table 6.19. Bank of Baroda with Rs.53 lakhs in 1993-94 stands as the bank with the highest deposit per employee and New Bank of India with Rs.8 lakhs in 1984 stood at the lowest level.

Advances per employee, another labour productivity indicator of Syndicate Bank and the other nationalised banks is presented in Table 6.31. The average per employee advances of the nationalised banks have come down in 1993-94. In the case of Syndicate Bank the same phenomena prevailed. The

TABLE 6.31

ADVANCES PER EMPLOYEE OF NATIONALISED BANKS: 1984-1993-94

(Rupees in Lakhs)

Year	1984	1985	1986	1987	88-89	89-90	90-91	91-92	92-93	93-94
Average of N.B	7	7	8	9	11	13	14	16	17	16
ALHA	5	6	6	9	10	11	14	15	17	16
ANDHRA	7	7	8	8	9	10	12	12	12	12
BOBR	8	9	9	11	15	18	20	23	26	29
BOI	8	9	11	13	17	19	21	23	22	20
BOMA	6	6	7	8	8	10	11	10	11	10
CORP	6	6	6	7	9	10	10	11	14	16
CANARA	7	8	9	10	12	13	14	16	15	16
CNTRL	7	8	8	8	9	12	13	13	13	11
DENA	6	6	7	7	9	9	10	10	12	13
INDIN	8	9	10	11	16	20	22	25	30	25
IOB	9	8	9	10	12	14	16	18	18	18
NEWB	4	5	7	7	8	9	9	1	8	NA
ORTL	5	6	5	7	10	11	14	16	20	22
PNB	7	7	7	8	10	11	13	14	17	14
PN & SB	6	6	7	7	9	10	11	11	12	13
SYNDI	7	8	9	8	9	10	10	10	12	10
UCO	5	6	7	8	11	14	17	18	16	13
UNION	6	6	7	7	8	9	11	11	14	16
UNTD	6	7	7	7	9	10	12	12	13	11
VIJYA	4	5	6	6	10	11	12	11	12	13

Source: Compiled from IBA Publications

highest advances per employee of Rs.11 lakhs in the case of Syndicate Bank was recorded during 1992-93 and the lowest level of Rs.7 lakhs was recorded by it during 1984. Among the nationalised banks, the highest advances per employee is recorded by Bank of Baroda in 1993-94. It is Rs.29 lakhs. The lowest per employee advances was Rs.4 lakhs reported by New Bank of India and Vijaya Bank during 1984.

The income per employee of Syndicate Bank and other nationalised banks as an indicator of labour productivity is shown in Table 6.32. The average per employee income of the nationalised banks in toto indicate an increasing trend. The highest per employee income of Rs.2.94 lakhs in respect of Syndicate Bank was recorded by it in the year 1993-94 and the lowest of Rs.1.05 lakhs was reported in 1984. Among all the nationalised banks, the highest per employee income of Rs.6.99 lakhs was recorded by Bank of Baroda in 1993-94 and the lowest of Rs.0.82 lakhs was recorded by New Bank of India in 1984.

TABLE 6.32

INCOME PER EMPLOYEE OF NATIONALISED BANKS: 1984-1993-94

(Rupees in Lakhs)

Year	1984	1985	1986	1987	88-89	89-90	90-91	91-92	92-93	93-94
Average of N.B	1.09	1.23	1.40	1.63	2.42	2.40	2.79	3.66	3.84	3.99
ALHA	0.93	1.08	1.24	1.50	2.36	2.27	2.88	3.90	4.21	4.21
ANDHRA	1.05	1.16	1.33	1.56	2.12	2.03	2.54	2.93	3.00	3.21
BOBR	1.38	1.49	1.66	1.97	3.18	3.34	3.84	5.36	5.85	6.99
BOI	1.26	1.38	1.63	1.89	2.88	2.90	2.54	4.96	4.31	4.20
BOMA	0.93	1.13	1.27	1.51	2.13	2.03	2.28	2.64	2.60	2.65
CORP	0.89	0.98	1.13	1.34	2.04	1.55	2.20	3.15	3.75	5.06
CANARA	1.03	1.25	1.50	1.88	2.74	2.58	2.88	4.05	4.63	4.52
CNTRL	1.14	1.27	1.46	1.56	2.20	2.19	2.47	3.07	3.18	2.92
DENA	0.99	1.19	1.33	1.59	2.25	2.11	2.26	2.74	3.04	3.63
INDIN	1.16	1.34	1.58	1.85	2.81	3.09	3.91	5.36	6.36	5.42
IOB	1.36	1.38	1.48	1.67	2.46	2.43	3.00	3.54	3.59	4.21
NEWB	0.82	0.96	1.45	1.35	2.00	1.96	1.88	2.28	1.97	NA
ORTL	0.96	1.16	1.02	1.56	2.42	2.31	2.91	4.12	4.72	5.38
PNB	1.16	1.24	1.31	1.54	2.31	2.18	2.47	3.41	3.85	3.51
PN & SB	0.98	1.14	1.34	1.48	2.14	2.04	2.40	2.86	2.86	3.51
SYNDI	1.05	1.19	1.32	1.48	2.08	1.97	2.20	2.61	2.59	2.94
UCO	0.93	1.00	1.14	1.37	2.29	2.31	2.71	3.32	3.15	2.93
UNION	0.97	1.10	1.27	1.41	1.99	1.90	2.21	3.04	3.46	4.15
UNTD	1.08	1.32	1.46	1.59	2.25	2.19	2.50	2.99	2.91	2.94
VIJYA	0.77	0.92	1.14	1.45	2.29	2.60	2.78	3.12	3.05	3.44

Source: Compiled from IBA Publications

Table 6.33 provides income per branch, a branch productivity indicator of Syndicate Bank and other nationalised banks. The average of the income per branch of the nationalised banks showed acceleration. Syndicate Bank too showed the same trend. But a few of the other banks showed a slump in certain years. The highest per branch income in respect of Syndicate Bank is Rs. 72 lakhs recorded in 1993-94. This is below the average per branch income of the nationalised banks in toto during 1993-94 by Rs.4 lakhs. The lowest income per branch of Syndicate Bank was recorded as Rs.23 lakhs in 1984. Among all the nationalised banks, Bank of Baroda has the highest per branch income of Rs.125 lakhs recorded during 1993-94. The lowest per branch income being Rs.13 lakhs was recorded by Allahabad Bank in 1984.

TABLE 6.33

INCOME PER BRANCH OF NATIONALISED BANKS: 1984-1993-94

(Rupees in Lakhs)

Year	1984	1985	1986	1987	88-89	89-90	90-91	91-92	92-93	93-94
Average of N.B	23	25	29	34	49	47	54	70	73	76
ALHA	13	15	18	20	30	28	36	48	53	52
ANDHRA	16	19	23	27	37	35	42	48	49	55
BOBR	30	32	36	41	65	65	74	102	109	125
BOI	33	35	42	48	71	69	81	113	97	95
BOMA	16	19	22	25	36	32	35	41	40	44
CORP	17	20	24	29	42	40	45	65	76	98
CANARA	29	32	39	49	70	66	73	102	117	114
CNTRL	21	23	28	29	41	38	42	53	54	52
DENA	16	19	21	25	34	32	34	41	45	54
INDIN	22	25	32	37	58	57	73	100	119	104
IOB	24	33	36	41	58	54	66	79	80	92
NEWB	18	20	30	28	43	41	40	48	41	NA
ORTL	17	21	22	31	49	47	57	84	97	110
PNB	25	26	29	33	48	43	48	67	74	69
PN & SB	18	21	24	27	39	37	44	49	47	65
SYNDI	23	29	34	40	55	51	56	62	61	72
UCO	20	20	23	28	45	46	54	65	63	57
UNION	18	20	24	26	36	34	40	54	60	72
UNTD	23	26	29	32	42	38	43	51	50	50
VIJYA	14	17	21	27	42	48	52	59	56	62

Source: Compiled from IBA Publications

Table 6.34 indicates the spread per branch, an
indicator of branch productivity of the nationalised banks.
The average of all the nationalised banks showed an
acceleration during the ten year period of the present study,
except during 1992-93. The new provisioning of assets led to
a heavy fall in the spread of many of the banks. This is
clearly reflected in Table 6.8. The highest spread per branch
of Rs.19 lakhs in respect of Syndicate Bank was recorded by it
in 1993-94. Its lowest spread per branch was Rs.7 lakhs
recorded in 1984. Among the nationalised banks, the highest
spread per branch was Rs.34 lakhs, recorded by Oriental Bank
of Commerce in 1993-94 followed by Bank of Baroda which
recorded Rs.33 lakhs in 1993-94. The lowest spread per branch
of Rs.4 lakhs was recorded by Andhra Bank, Allahabad Bank and
Bank of Maharashtra in 1984.

TABLE 6.34

SPREAD PER BRANCH OF NATIONALISED BANKS: 1984-1993-94

(Rupees in Lakhs)

Year	1984	1985	1986	1987	88-89	89-90	90-91	91-92	92-93	93-94
Average of N.B	6	6	7	8	11	10	11	18	14	17
ALHA	6	4	4	4	6	5	6	9	6	10
ANDHRA	4	5	6	7	9	9	10	11	7	10
BOBR	7	7	8	8	11	10	9	26	28	33
BOI	7	7	8	8	11	11	11	22	18	22
BOMA	4	5	6	6	9	8	9	11	6	9
CORP	5	6	8	8	12	11	12	21	20	27
CANARA	8	9	10	12	18	17	19	36	34	28
CNTRL	5	6	7	7	9	9	10	13	9	9
DENA	5	5	5	6	9	9	9	12	10	14
INDIN	5	6	6	7	10	12	13	16	19	17
IOB	7	7	8	8	12	10	9	13	5	10
NEWB	6	7	9	7	12	9	5	13	4	**NA**
ORTL	5	7	6	8	13	13	17	31	24	34
PNB	6	7	7	8	11	11	12	22	20	19
PN & SB	6	6	7	7	10	9	10	13	3	13
SYNDI	7	8	9	11	15	13	15	16	10	19
UCO	6	6	7	7	10	8	8	13	4	6
UNION	5	5	6	7	10	9	10	18	14	20
UNTD	6	7	7	8	11	7	11	11	3	4
VIJYA	5	6	6	7	10	11	11	14	11	17

Source: Compiled from IBA Publications

Table 6.35 indicates spread per employee, an indicator of labour productivity of Syndicate Bank and other nationalised banks. The average spread per employee of the nationalised banks showed a slump during 1992-93. Syndicate Bank has its highest spread per employee of Rs.0.77 lakhs during 1993-94, the lowest being Rs.0.30 lakhs recorded by the bank in 1984. Among the nationalised banks, the highest spread per branch of Rs.1.86 lakhs is recorded by Bank of Baroda in 1993-94, and the lowest of Rs.0.18 lakhs recorded by United Bank of India in 1992-93.

Table 6.36 reveal the score secured by the sub-parameters of productivity, viz., deposits per employee, advances per employee, income per employee, income per branch, spread per branch and spread per employee outlined in Tables 6.30 to 6.35 based on their performance. Column eight under Table 6.36 indicates the aggregate of the scores for the various sub-parameters that collectively contribute towards the 'productivity performance' of the banks. Syndicate Bank with a score of 43.96 has the eighth position in 'productivity performance' among the nationalised banks. Bank of Baroda has the highest productivity performance with a score of 85.09 and Bank of Maharashtra with a score of 20.64 has the least 'productivity performance' among all the nationalised banks.

TABLE 6.35

SPREAD PER EMPLOYEE OF NATIONALISED BANKS: 1984-1993-94

(Rupees in Lakhs)

Year	1984	1985	1986	1987	88-89	89-90	90-91	91-92	92-93	93-94
Average of N.B	0.28	0.31	0.34	0.38	0.54	0.52	0.56	0.92	0.73	0.88
ALHA	0.26	0.28	0.31	0.32	0.46	0.44	0.50	0.73	0.48	0.82
ANDHRA	0.26	0.30	0.34	0.38	0.53	0.52	0.60	0.69	0.41	0.56
BOBR	0.3	0.34	0.36	0.38	0.54	0.53	0.45	1.39	1.49	1.86
BOI	0.25	0.27	0.31	0.34	0.45	0.45	0.48	0.97	0.78	0.98
BOMA	0.25	0.31	0.32	0.34	0.47	0.52	0.57	0.72	0.36	0.52
CORP	0.27	0.31	0.35	0.39	0.58	0.55	0.60	1.02	0.99	1.42
CANARA	0.29	0.34	0.38	0.48	0.69	0.68	0.75	1.41	1.35	1.12
CNTRL	0.29	0.33	0.37	0.37	0.51	0.54	0.58	0.78	0.55	0.48
DENA	0.29	0.34	0.34	0.39	0.57	0.57	0.62	0.80	0.68	0.94
INDIN	0.29	0.30	0.30	0.34	0.51	0.64	0.68	0.86	1.01	0.34
IOB	0.28	0.31	0.33	0.36	0.49	0.45	0.42	0.56	0.22	0.45
NEWB	0.27	0.30	0.41	0.36	0.55	0.43	0.24	0.61	0.20	0.20
ORTL	0.3	0.34	0.28	0.43	0.66	0.64	0.88	1.54	1.18	1.66
PNB	0.28	0.31	0.31	0.36	0.53	0.56	0.59	1.10	1.00	0.93
PN & SB	0.32	0.35	0.41	0.41	0.56	0.49	0.53	0.67	0.19	0.68
SYNDI	0.3	0.34	0.36	0.43	0.57	0.51	0.60	0.65	0.43	0.77
UCO	0.28	0.29	0.33	0.34	0.50	0.39	0.38	0.64	0.18	0.32
UNION	0.26	0.28	0.34	0.38	0.53	0.53	0.56	1.02	0.80	1.16
UNTD	0.29	0.33	0.36	0.39	0.51	0.41	0.62	0.65	0.18	0.21
VIJYA	0.26	0.31	0.34	0.39	0.53	0.61	0.60	0.72	0.57	0.94

Source: Compiled from IBA Publications

TABLE 6.36

SCORES: PRODUCTIVITY – SUB-PARAMETERS OF NATIONALISED BANKS

Name: Banks	Per employee Deposits	Per employee Advances	Per employee Income	Per branch Income	Per branch Spread	Spread per employee	Aggregate of Sub-parameters Aggregate of 2 to 7
1.00	2.00	3.00	4.00	5.00	6.00	7.00	8.00
	Max.Score:15	Max.Score:15	Max.Score:20	Max.Score:20	Max.Score:15	Max.Score:15	Max.Score:100
ALHA	8.52	4.85	8.32	3.10	2.01	3.08	29.87
ANDHRA	4.83	5.46	6.60	4.60	4.20	5.85	31.54
BOBR	13.74	13.16	18.46	18.06	10.67	11.01	85.09
BOI	12.68	12.99	15.72	17.40	10.05	4.98	73.82
BOMA	2.70	2.70	4.10	2.10	4.20	4.85	20.65
CORP	4.47	3.71	4.14	7.46	9.41	9.66	38.84
CANARA	5.24	8.01	13.72	17.90	14.75	13.37	72.98
CNTRL	6.74	5.97	8.64	6.60	4.95	7.50	40.40
DENA	3.45	3.45	5.60	2.60	4.20	9.15	28.45
INDIN	12.06	13.74	17.18	14.22	6.74	6.62	70.55
IOB	8.78	10.43	13.04	13.08	6.12	4.34	55.78
NEWB	2.46	1.37	2.78	6.78	6.24	4.47	24.10
ORTL	7.77	5.37	10.16	9.50	11.28	12.86	56.94
PNB	6.23	5.21	8.64	8.98	9.03	8.01	46.09
PN & SB	4.58	4.20	6.60	6.60	5.85	8.46	36.29
SYNDI	2.96	5.10	4.10	11.02	11.66	9.14	43.97
UCO	5.73	5.99	5.10	7.28	4.71	3.33	32.14
UNION	3.96	4.08	5.28	5.10	5.60	7.01	31.02
UNTD	6.23	5.09	7.96	7.46	5.36	6.38	38.46
VIJYA	1.74	3.35	6.00	5.78	6.23	7.50	30.59

Based on Tables 6.30 to 6.35.

6.3.2. Customer Service:

Table 6.37 indicates the percentage of marks secured by the nationalised banks for extending 'customer service'. The interview schedule for collecting data on customer service through survey consisted of eleven main questions/sub-parameters. Marks are expressed in percentages. The important findings of the survey are furnished below, parameter vise -

(1) "Opening and closing of counters" - Bank of Maharashtra, Dena Bank, and Union Bank of India have secured 100 percent marks, being the highest and Indian Bank 84 percent, being the lowest marks. Syndicate Bank has secured 86 percent marks.

(2) 'Information and guidance to customers' - Dena Bank and Bank of India have secured 90 percent marks being the highest and Allahabad Bank 40 percent being the lowest marks. Syndicate Bank has secured 70 percent marks.

3. 'Display of time norms and adherence there to' - Bank of Maharashtra secured 95 percent marks being the highest and Andhra Bank, Dena Bank and Uco Bank 56 percent being the lowest marks. Syndicate Bank has secured 77 percent marks.

TABLE 6.37

MARKS IN PERCENTAGES: SURVEY RESULTS ON CUSTOMER SERVICE OF THE NATIONALISED BANKS

Name: Banks	Question No.1	Question No.2	Question No.3	Question No.4	Question No.5	Question No.6	Question No.7	Question No.8	Question No.9	Question No.10	Question No.11
1	2	3	4	5	6	7	8	9	10	11	12
	Max:100	Max:100	Max:100	Max:100	Max:100	Max:100	Max:100	Max:100	Max:100	Max:100	Max:100
ALHA	90	40	80	90	75	80	70	100	60	100	90
ANDHRA	95	80	56	80	100	80	70	80	100	65	50
BOBR	93	63	81	100	100	60	91	100	65	60	60
BOI	98	90	82	84	100	56	81	100	13.3	62	37
BOMA	100	60	95	90	50	60	60	80	50	31	75
CORP	96	78	91	96	79.2	79.4	75	82	50	63	71.5
CAMARA	92	80	83	86	80.5	78	73	84	44.1	55	65
CNTRL	90	70	81	86	92	84	78	77	27.5	40	69
DEHA	100	90	56	68	33.3	40	83	60	40	63	50
INDIN	84	69	81	86	36	66	76	86	36	40	37
IOB	89	62	74	92	50	90	66	50	40	20	65
NEWB	0	0	0	0	0	0	0	0	0	0	0
ORTL	86	70	70	80	70	78	72	80	65	60	64
PNB	90	60	83	100	75	90	60	100	68	20	63
PN & SB	90	62	74	78	80	86	89	64	60	40	66
SYNDI	85	70	77	80	72	64	80	80	29	43	64
UCO	92	69	56	92	76	80	73	64	69	60	50
UNION	100	76	74	88	67	74	72	100	57	63	87
UNTD	87	82	71	86	72	64	64	63	56	70	87
VIJYA	90	72	71	92	50	76	64	64	44	43	66

4. 'Updating of pass book and statement of records' – Bank of Baroda and Punjab National Bank secured 100 percent marks being the highest and Dena Bank 68 percent being the lowest marks. Syndicate Bank has secured 80 percent marks.

5. 'Settlement of claims of deceased depositors' – Andhra Bank, Bank of Baroda, and Bank of India secured 100 percent marks being the highest and Dena Bank 33.3 percent being the lowest marks. Syndicate Bank has secured 72 percent marks.

6. 'Display of information of facilities available' – Indian Overseas Bank and Punjab National Bank secured 90 percent marks being the highest and Dena Bank 40 percent being the lowest marks. Syndicate Bank, secured 64 percent marks.

7. 'Collection of outward instruments' – Bank of Baroda secured 91 percent marks being the highest and Bank of Maharashtra and Punjab National Bank 60 percent being the lowest marks. Syndicate Bank has secured 80 percent marks.

8. 'Credit of outstation cheques upto Rs.2500/' – Allahabad Bank, Bank of Baroda, Bank of India, Punjab National Bank and Union Bank of India secured 100 percent marks being

the highest and Indian Overseas Bank 50 percent being the lowest marks. Syndicate Bank has secured 80 percent marks.

9. 'Disposal of advance proposals relating to small scale industries/priority sector advances' - Andhra Bank has secured 100 percent marks being the highest marks. Syndicate Bank has secured 29 percent marks.

10. 'Grievance and redressal machinery' - Allahabad Bank has secured 100 percent marks being the highest and Indian Overseas Bank and Punjab National Bank 20 percent being the lowest marks. Syndicate Bank has secured 43 percent marks.

11. 'Attitude and efficiency of staff' - Allahabad Bank secured 90 percent marks being the highest and Bank of India and Indian Bank 37 percent each being the lowest marks. Syndicate Bank has secured 64 percent marks.

Table 6.38 brings to light the scores secured by the nationalised banks for their performance in 'customer service'. The percentage of marks marked in Table 6.37 is the basis for awarding the scores. Syndicate Bank has a score of 67.3 which gave it the fifteenth position in 'customer service' among the nationalised banks. The highest

TABLE 6.38

SCORES: CUSTOMER SERVICE OF NATIONALISED BANKS

Name: Banks	Question No.1	Question No.2	Question No.3	Question No.4	Question No.5	Question No.6	Question No.7	Question No.8	Question No.9	Question No.10	Question No.11	Total score Aggregate of 2 to 11
1	2	3	4	5	6	7	8	9	10	11	12	13
	Max.Score:10	Max.Score:10	Max.Score:10	Max.Score:10	Max.Score:5	Max.Score:10	Max.Score:5	Max.Score:10	Max.Score:10	Max.Score:10	Max.Score:10	Max.Score:100
ALHA	9.00	4.00	8.00	4.50	7.50	4.00	7.00	10.00	6.00	10.00	9.00	79.00
ANDHRA	9.50	8.00	5.60	4.00	10.00	4.00	7.00	8.00	10.00	6.50	5.00	77.60
BOBR	9.30	6.30	8.10	5.00	10.00	3.00	9.10	10.00	6.50	6.00	6.00	79.30
BOI	9.80	9.00	8.20	4.20	10.00	2.80	8.10	10.00	1.33	6.20	3.70	73.33
BOMA	10.00	6.00	9.50	4.50	5.00	3.00	6.00	8.00	5.00	3.10	7.50	67.60
CORP	9.60	7.80	9.10	4.80	7.92	3.97	7.50	8.20	5.00	6.30	7.15	77.34
CANARA	9.20	8.00	8.30	4.30	8.05	3.90	7.30	8.40	4.41	5.50	6.50	73.86
CNTRL	9.00	7.00	8.10	4.30	9.20	4.20	7.80	7.70	2.75	4.00	6.90	70.95
DENA	10.00	9.00	5.60	3.40	3.33	2.00	8.30	6.00	4.00	6.30	5.00	62.93
INDIN	8.40	6.90	8.10	4.30	3.60	3.30	7.60	8.60	3.60	4.00	3.70	62.10
IOB	8.90	6.20	7.40	4.60	5.00	4.50	6.60	5.00	4.00	2.00	6.50	60.70
NEWB	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
ORTL	8.60	7.00	7.00	4.00	7.00	3.90	7.20	8.00	6.50	6.00	6.40	71.60
PNB	9.00	6.00	8.30	5.00	7.50	4.50	6.00	10.00	6.80	2.00	6.30	71.40
PM & SB	9.00	6.20	7.40	3.90	8.00	4.30	8.90	6.40	6.00	4.00	6.60	70.70
SYNDI	8.60	7.00	7.70	4.00	7.20	3.20	8.00	8.00	2.90	4.30	6.40	67.30
UCO	9.20	6.90	5.60	4.60	7.60	4.00	7.30	6.40	6.90	6.00	5.00	69.50
UNION	10.00	7.60	7.40	4.40	6.70	3.70	7.20	10.00	5.70	6.30	8.70	77.70
UNTD	8.70	8.20	7.10	4.30	7.20	3.20	6.40	6.30	5.60	7.00	8.70	72.70
VIJYA	9.00	7.20	7.10	4.60	5.00	3.80	6.40	6.40	4.40	4.30	6.60	64.80

Based on Table 6.37

performer in 'customer service' is Bank of Baroda with a score of 79.3 followed by Allahabad Bank with a score of 79. Indian Overseas Bank has the lowest score of 60.7 in customer service, keeping aside New Bank of India which did not exist during the period when the survey was conducted using the schedule specially prepared for evaluating the performance of customer service of the nationalised banks.

Table 6.39 denotes the 'Efficiency Performance Score' (EPS) of Syndicate Bank and other nationalised banks. It is the aggregate of the scores in Table 6.36 and 6.38. The scores presented in 6.39 indicates the extent of performance of Syndicate Bank and other nationalised banks in respect of two efficiency parameters, viz., productivity and customer service. The efficiency performance of Syndicate Bank denoted by the score achieved by it is 111.26. Among the nationalised banks, Syndicate Bank has eleventh position in efficiency performance. The bank with the highest 'efficiency performance' is Bank of Baroda with a score of 164.39 and the lowest performer in this category is New Bank of India. Bank of Maharashtra is the least performing bank in 'efficiency' next to New Bank of India. The high 'efficiency performance' of Bank of Baroda is evident from its high performance in productivity and customer service furnished by the scores in

TABLE 6.39

SCORES: EFFICIENCY PERFORMANCE SCORE (EPS) OF NATIONALISED BANKS

Name : Banks	Score of Productivity	Score of customer service	Total score (EPS) 2+3	Rank
1	2	3	4	5
	Max.Score:100	Max.Score:100	Max.Score:200	
ALHA	29.87	79.00	108.87	13
ANDHRA	31.54	77.60	109.14	12
BOBR	85.09	79.30	164.39	1
BOI	73.82	73.33	147.15	2
BOMA	20.65	67.60	88.25	19
CORP	38.84	77.34	116.18	8
CANARA	72.98	73.86	146.84	3
CNTRL	40.40	70.95	111.35	9
DENA	28.45	62.93	91.38	18
INDIN	70.55	62.10	132.65	4
IOB	55.78	60.70	116.48	7
NEWB	24.10	NA	24.10	20
ORTL	56.94	71.60	128.54	5
PNB	46.09	71.40	117.49	6
PN & SB	36.29	70.70	106.99	15
SYNDI	43.97	67.30	111.27	11
UCO	32.14	69.50	101.64	16
UNION	31.02	77.70	108.72	14
UNTD	38.46	72.70	111.16	11
VIJYA	30.59	64.80	95.39	17

Based on Table 6.36 and 6.38.

Table 6.36 and 6.38. Efficiency Performance Score (EPS) definitely justifies the efficiency of the banks. (See Fig.6.3 in Appendix III)

6.4. Composite Performance

The Composite Performance Score (CPS) of Syndicate bank and other nationalised banks is presented in Table 6.40. The Composite Performance Score truly represents an index of the performance effectiveness of Syndicate Bank and other nationalised banks. Table 6.40 shows the aggregate of the scores presented vide Tables 6.14, 6.29 and 6.38. It is the aggregate of Health Performance Score (HPS), Priority Performance Score (PPS) and Efficiency Performance Score (EPS). These scores, as already explained, are the aggregate of the scores attained in the study for the basic parameters—Capital adequacy and quality of assets, profitability, social banking, growth, productivity and customer service. The scores of the six basic parameters are in fact the aggregate of the scores of forty sub-parameters including eleven sub-parameters under customer service. The extent of their performance during the ten year period of study are presented in the various Tables dealt with in this chapter. The Composite Performance Score (CPS) of Syndicate Bank and other

TABLE 6.40

COMPOSITE PERFORMANCE SCORE (CPS) OF NATIONALISED BANKS

Name: Banks	Health Performance Score (HPS)	Priority Performance Score (PPS)	Efficiency Per-formacne Score (EPS)	Total (CPS) 2+3+4
1	2	3	4	5
	Max.Score:200	Max.Score:200	Max.Score:200	Max.Score:600
ALHA	98.64	125.62	108.87	333.13
ANDHRA	96.39	111.71	109.14	317.24
BOBR	156.99	116.62	164.39	438.00
BOI	96.32	134.27	147.15	377.74
BOMA	80.57	95.56	88.25	264.38
CORP	151.94	79.27	116.18	347.39
CANARA	163.31	117.35	146.84	427.50
CNTRL	87.95	112.16	111.35	311.45
DENA	141.89	90.90	91.38	324.17
INDIN	102.53	122.04	132.65	357.22
IOB	92.65	110.20	116.48	319.32
NEWB	75.05	81.77	24.10	180.91
ORTL	152.21	113.57	128.54	394.31
PNB	152.14	125.96	117.49	395.59
PN & SB	74.39	86.79	106.99	268.17
SYNDI	86.30	95.07	111.27	292.63
UCO	74.83	93.20	101.64	269.67
UNION	157.26	104.94	108.72	370.92
UNTD	77.94	103.31	111.16	292.41
VIJYA	129.79	79.51	95.39	304.69

Based on Tables 6.14, 6.29 and 6.39.

nationalised banks secured by aggregating their respective Health Performance Score (HPS), Priority Performance Score (PPS) and Efficiency Performance Score (EPS) are recorded against their names in column five of Table 6.40. (See Fig.6.4 in Appendix III)

Table 6.41 presents rank wise Composite Performance Score (CPS) of the nationalised banks. Syndicate Bank has the fifteenth position in Composite Performance with a Composite Performance Score of 292.63. The highest Composite Performer is Bank of Baroda with a score of 438. It is the 'best performing bank' among the nationalised banks. It is followed by Canara Bank with a score of 427.49. It is the second best performer. The lowest performer is New Bank of India. It has a score of only 180.91 to keep it in the twentieth position. Bank of Maharashtra with a score of 264.37 out of the total score of 600 stands in the nineteenth position in Composite Performance. The relative position of other nationalised banks is evident from Table 6.41.

TABLE 6.41

COMPOSITE PERFORMANCE SCORE (CPS) OF NATIONALISED BANKS:
ARRANGEMENT OF BANKS - RANKWISE

Name: Banks	HPS	PPS	EPS	CPS	Rank
1	2	3	4	5	6
	Max.Score:200	Max.Score:200	Max.Score:200	Max.Score:600	
BOBR	156.99	116.62	164.39	438.00	1
CANARA	163.31	117.35	146.84	427.50	2
PNB	152.14	125.96	117.49	395.59	3
ORTL	152.21	113.57	128.54	394.31	4
BOI	96.32	134.27	147.15	377.74	5
UNION	157.26	104.94	108.72	370.92	6
INDIN	102.53	122.04	132.65	357.22	7
CORP	151.94	79.27	116.18	347.39	8
ALAH	98.64	125.62	108.87	333.13	9
DENA	141.89	90.90	91.38	324.17	10
IOB	92.65	110.20	116.48	319.32	11
ANDHRA	96.39	111.71	109.14	317.24	12
CNTRL	87.95	112.16	111.35	311.45	13
VIJYA	129.79	79.51	95.39	304.69	14
SYNDI	86.30	95.07	111.27	292.63	15
UNTD	77.94	103.31	111.16	292.41	16
UCO	74.83	93.20	101.64	269.67	17
PN & SB	74.39	86.79	106.99	268.17	18
BOMA	80.57	95.56	88.25	264.38	19
NEWB	75.05	81.77	24.10	180.91	20

Based on Table 6.40.

The performance position of Syndicate Bank in relation to the other nationalised banks is briefly furnished below:-

Capital adequacy and quality of assets	:Fifth position (lowest)
Profitability	:Fifteenth position
Health Performance (HP)	:Fifteenth position
Social Banking	:Fifteenth position
Growth	:Ninth position
Priority Performance (PP)	:Fourteenth position
Productivity	:Eighth position
Customer service	:Fifteenth position
Efficiency Performance (EP)	:Eleventh position
Composite Performance (CP)	:Fifteenth position

The comparatively poor composite performance of Syndicate Bank is the outcome of its poor performance in the various basic parameters outlined in the present study. The poor performance of the basic parameters have resulted in poor Health Performance, Priority Performance and Efficiency Performance. Hence Syndicate Bank Could present only a poor Composite Performance.

The Composite Performance of Syndicate Bank is capable of showing improvement only if the Bank takes earnest efforts of enhance its performance in areas such as internal management, asset management, technology upgradation, customer service and so on. This could go a long way in improving its overall performance.

CHAPTER VII

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

The banking system is indispensable in the modern society. It plays a key role in the economic development and forms the core of the money market in an advanced economy. Realising the crucial role of the banks in the national economy, the Government of India nationalised fourteen major commercial banks in July.1969 and six more in April,1960. As a result of this 'banking revolution', the old concepts, attitudes and methods of banking in India have changed. Now the credit institutions in the country are required to participate in the nation building activities and help in bringing about socio-economic changes. Banks, as social institutions have to go out to the people and assist the weaker and neglected sections of the society in achieving their socio-economic aspirations. They are to act as catalysts in the development of the country mobilising resources whrerever they may be, and channelising them towards productive purposes. The role of the public sector banks in India is all the more enhanced with the implementation of the Banking Sector Reforms introduced on the basis of the recommendations of the Narasimham Committee on the Financial System.

Though with some silver linings here and there, the individual performance of all the nationlised banks in India are far from satisfactory. The poor state of affairs of the banks is all the more brought to light with the introduction of the Financial Sector Reforms. All the nationalised banks incurred a net loss during the year 1992-93. The aggregate net loss of the nationalised banks came to Rs.3,64, 292 lakhs and Rs.3,44.664 lakhs during 1992-93 and 1993-94 respectively. Syndicate Bank, a bank that performed unusually well during the pre-nationlisation and early post-nationalisation periods and which show the same decelerating trend in performance along with other nationalised banks is taken as a case study.

The present study which evaluated the overall individual performance of all the twenty nationalised banks (now nineteen) over a period of ten years from 1984 to 1993-94 comprises of seven chapters. The first chapter provides an introduction outlining the importance of banks in the economic development of the country. A statement of the problem investigated, the objectives of the study, the methodology and sources of data as well as the limitation of the study are presented in this chapter.

A review of the relevant studies in the area of banking is presented in the second chapter.

In the third chapter an overview of the growth and development of Indian banking industry, outlining the major phases, viz. nationlisation of the banks, the Banking Sector Reforms introduced on the basis of the Narasimham Committee recommendations and their impact on the banking sector, are discussed with special emphasis on the nationalised banking industry.

A profile of Syndicate Bank including its origin, history, development and its organisation and management are outlined in the fourth chapter.

The theoretical foundation of the present study is outlined in chapter five. The EMEE Model developed for the study is discussed in detail in this chapter.

The sixth chapter provides the analysis of the performance effectiveness of Syndicate Bank vis-a-vis with the rest of the nationlised banks in the country. The nationlised banks are ranked on the basis of their Health Performance, Priority Performance, Efficiency Performance and Composite Performance as delineated in the EMEE Model.

The seventh chapter presents an overview of the entire study. The findings and conclusions as well as the recommendations drawn on the basis of the detailed analysis are presented in the chapter.

7.1. Findings and Conclusions

The findings of the study based on the EMEE Model is outlined below, parameter wise.

Capital Adequacy and Quality of Assets

Among the nationalised banks, Canara Bank obtained the first position in capital adequacy and quality of assets by attaining the full score of 100 earmarked for the parameter followed by Dena Bank obtaining a score of 97.5 and five other banks a score of 95. Vijaya Bank with a score of 75 occupy the fourth position in the performance of this parameter. Syndicate Bank and eleven other banks got only a score of 45, being the lowest.

Profitability

Canara Bank has the highest score of 63.31 in profitability followed by Union Bank of India occupying the second position with a score of 62.06. The fifteenth position of Syndicate Bank in profitability with a score of 41.30 is the outcome of its poor performance in the various vital sub-parameters considered under the basic parameter 'profitability'. The lowest performing bank in profitability is Punjab and Sind Bank with a score of 29.39.

Health Performance (HP)

Canara Bank with its best performance in capital adequacy and quality of assets and profitability, is able to attain the first position in Health Performance by a score of 163.31 out of maximum of 200 earmarked for Health performance. Canara Bank is followed by Union Bank of India in Health Performance with a score of 157.26. Syndicate Bank has fifteenth position in Health Performance with a score of 86.3. Punjab and Sind Bank has the lowest position in Health Performance with a score of 74.39.

Social Banking

Allahabad Bank has the highest score in social banking with a score of 81.45 followed by Punjab National Bank with a score of 75.2. Syndicate Bank has a score of 51.15 to keep it at the fifteenth position in its performance in social banking. Corporation Bank with a score of 32.95 is the least performing bank in social banking.

Growth

Though Syndicate Bank has the lowest performance position in capital adequacy and quality of assets along with eleven other banks and it has only the fifteenth position in profitability, health performance, and social banking, it has the ninth position in 'growth' with a score of 43.91. Other than 'productivity', discussed under Efficiency Performance, 'growth' is the only parameter for which Syndicate Bank has a rank position below ten. Only in these two parameters Syndicate Bank has a comparatively better performance. Indian Bank with a score of 68.49 is the best performer in growth and Bank of Maharashtra with a score of 29.88 is the least performing bank in 'growth'.

Priority Performance (PP)

In priority performance, which is the outcome of a bank's performance in social banking and growth as per the present study, Syndicate Bank has the fourteenth position with a score of 95.06. The Bank's low performance in this aspect is the result of its uncomfortable performance position in social banking as indicated by the relevant score. Syndicate Bank is said to have a rural heritage and it functions mostly in a rural environment. But it has a poor performance in social banking as indicated by the management of the sub-parameters identified under this basic parameter. Hence its poor performance in priority performance. Bank of India with a Priority Performance Score of 134.27 is the best performer and Corporation Bank with a score of 79.26 stands in the lowest position in priority performance.

Productivity

Syndicate Bank has the eighth position in productivity performance with a score of 43.96. It is one among the two basic parameters for which Syndicate Bank has a relatively better performance position, the other being growth: Bank of Baroda has the highest productivity

performance with a score of 85.09 and Bank of Maharashtra with a score of 20.64 has the lowest productivity performance.

Customer Service

In customer service Syndicate Bank could not enjoy a comfortable position with a score of 67.3: it has only the fifteenth position in the performance of this basic parameter. The highest performer in customer service is Bank of Baroda: it has a score of 79.3 followed by Allahabad Bank with a score of 79. Indian Overseas Bank has the lowest score of 60.7 in customer service.

Efficiency Performance (EP)

The eleventh position of Syndicate Bank in Efficiency Performance with a score of 111.26 is the outcome of its performance in productivity and customer service. Unlike Health Performance and Priority Performance where Syndicate Bank has only the fifteenth position and the fourteenth position respectively, it has a slightly better performance position in Efficiency Performance. Though it has the eighth position in productivity performance, this is offset through its low performance in customer service which

took it to the eleventh position in Efficiency Performance. The Bank with the highest Efficiency Performance is Bank of Baroda with a score of 164.39 out of a total score of 200. The high efficiency performance of this Bank is the result of its high performance in productivity and customer service. The lowest performing bank in this respect is New Bank of India with a score of 20. Of course, this score of New Bank of India is the score of productivity alone, for, it has no score in customer service. It was non-existent at the time of the survey on customer service by the researcher. Bank of Maharashtra with a score of 88.24 is the least performing bank in efficiency, next to New Bank of India.

Composite Performance (CP)

Composite Performance Score (CPS) denoting the aggregate scores of all the six identified basic parameters or the aggregate of HPS, PPS and EPS is an index of the allround performance. Syndicate Bank has the fifteenth position in Composite Performance with a score of 292.63 out of the maximum score of 600 earmarked for the six basic parameters: the highest performer is Bank of Bardoa with a CPS of 438 followed by Canara Bank with a score of 427.49. The lowest performing bank is New Bank of India.with a score of 180.91.

Bank of Maharashtra with a score of 264.37 in Composite Performance is the least performing bank next to New Bank of India.

The study reveals the overall performance of all the nationalised banks in India. The relatively poor performance of Syndicate Bank in the various parameters identified in the present study resulted in its dismal picture in allround performance. Except for the two parameters, 'growth' and 'productivity', the Bank's performance in all the other parameters are really uncomfortable. When compared to Syndicate Bank fourteen banks fared better in overall performance as indicated by their Composite Performance Score (CPS). Only four nationalised banks exhibit poor performance in relation to Syndicate Bank.

Thus it can be concluded that the performance of the nationalised banks especially banks like Syndicate bank leaves scope for improvement. The Cmposite Performance Score of the individual nationalised banks including that of Syndicate Bank is capable of showing improvement if the banks take earnest efforts to enhance their performance in the vital areas viz, internal management, asset management, technology upgradation and customer service. Such an effort would lead to the

enhancement of the performance in all the parameters and eventually to the Composite Performance/overall performance of the banks.

7.2. Recommendations

In the light of the observations and findings of the study, it is but fitting and proper to put forward the following recommendations to improve the performance effectiveness of the Indian banking sector, especially the nationalised banking sector:

I   Low performing banks should take every effort to improve their quality of assets, capital adequacy, profitability, and customer service. Steps should be taken to improve their Health Performance, Priority Performance and Efficiency Performance.

II   The operational efficiency of the banks is to be ensured, maintained and improved through modern technology, systems and better staff management on an on-going basis.

III The Board of Directors of the low performing banks should be reconstituted, with people having expertise, vision and mission.

IV   New avenues of viable projects are to be identified by the nationalised banks to invest effectively and profitably the funds tapped through various sources, so that profitability and productivity can be improved.

V   The internal management system of the nationalised banks are to be toned up.

VI   All top and senior executives should be placed in duly earmarked areas of responsibility and should be held answerable and accountable for all that happens within their respective areas. Persons who exploit their power, authority and position should be severely dealt with.

VII   Political affiliations in the appointment of the top executives and the political interference in the management and day to day administration is to be eliminated to achieve maximum efficiency and effectiveness.

VIII Management audit is to be introduced as a tool for an objective evaluation of the management performance of the nationalised banks in the overall functioning of the organisation. Such an audit should clearly reveal the

lapses in the organisation structure, systems and procedures, so that corrective actions can be taken.

IX   Nationalised banks should be permitted to operate on the basis of operational flexibility and functional autonomy within the broad framework of the guidelines issued by the Reserve bank of India: the approach to management of the resources should not be mere target-oriented. A 'need based' and 'credit worthy' policy instead of a 'directive based' lending could only minimise accumulation of non-performing assets.

X   The banks should make every endeavour to enhance customer satisfaction. They should try to improve quality service through effective staff training, service monitoring, orientation and recognition programmes. Banks should offer the customer what he wants rather than offering what they have in stock, for, every customer has a different need.

To conclude, let us hope, in the coming years through dedication and hard work the nationalised banks in India would improve their performance and march towards the achievement of their corporate mission and goals in a better way.

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