

CHAPTER - III

PROFILE OF STATE BANK OF INDIA

ORIGIN OF STATE BANK OF INDIA

The origin of the State Bank of India goes back to the first decade of the nineteenth century with the establishment of the Bank of Calcutta in Calcutta on 2nd June 1806¹⁸⁶. Three years later the bank received its charter and was re-designed as the Bank of Bengal on 2nd January 1809. The Bank of Bombay on the 15th April 1840 and the Bank of Madras on 1st July 1843 followed the Bank of Bengal. These three banks were governed by Royal Charter, which were revised from time to time¹⁸⁷. These three banks received the exclusive right to issue paper currency in 1861 with the Paper Currency Act, a right they retained until the formation of the Reserve Bank of India.

The business of the banks was initially confined to discounting of bills, keeping cash accounts, receiving deposits and issuing and circulating cash notes. Loans were restricted to Rs.1 lakh and the period of accommodation confined to three months only. With the passing of the Paper Currency Act of 1861, the right of note issue of the presidency banks was abolished and the Government of India assumed the sole power of issuing paper currency from 1 March 1862. None of the three banks had till then any branches although the charters had given them such authority. By 1876, the Bank of Bengal had eighteen branches including its head office; seasonal branches and sub agencies, the Banks of Bombay and Madras had fifteen each¹⁸⁸.

The Presidency Banks Act, which came into operation on 1st May 1876, brought the three presidency banks under a common statute and the banks

¹⁸⁶ "Resource" Monthly Magazine, HRD Cell, LHO, Chennai, July, 2004, p.4.

¹⁸⁷ "Privarthan", Monthly Magazine, HRD Cell, LHO, Hyderabad, September, 2003, p.22.

¹⁸⁸ "Resource", Monthly Magazine, HRD cell, LHO, Chennai, September, 2004, p.6.

involved themselves in the financing of practically every trading, manufacturing and mining activity in the sub-continent. But the three banks were rigorously excluded from any business involving foreign exchange, as it was feared that these banks enjoying government patronage would offer unfair competition to the exchange banks, which had by then arrived in India. This exclusion continued till the creation of the Reserve Bank of India in 1935¹⁸⁹.

The Presidency Banks of Bengal, Bombay and Madras with their 70 branches were merged on 27th January 1921 to form the Imperial Bank of India¹⁹⁰. They took on the triple role of a commercial bank, a banker's bank and a banker to the government. The establishment of the Reserve Bank of India as the central bank of the country in 1935 ended the quasi-central banking role of the Imperial Bank. The business of the banks was initially confined to discounting of bills of exchange or other negotiable private securities, keeping cash accounts and receiving deposits and issuing and circulating cash notes. Loans were restricted to Rs. One lakh and the period of accommodation confined to three months only. The earlier restrictions on its business were removed and the bank was permitted to undertake foreign exchange business and executor and trustee business for the first time. The Imperial Bank during the three and a half decades of its existence recorded an impressive growth in terms of offices, reserves, deposits, investments and advances, the increase in some cases amounting to more than six-fold. The lofty traditions of banking which the Imperial Bank consistently maintained and the high standard of integrity it observed in its operations inspired confidence in its depositors that no other bank in India could perhaps then equal. When India attained freedom, the Imperial Bank had a capital base (including reserves) of Rs.11.85 crore, deposits and advances of Rs.275.14 crore

¹⁸⁹ R.P.Gupta, Reserve Bank and Monetary Management, Kalyani Publishers, New Delhi, 1994, p.119.

¹⁹⁰ *ibid.*

and Rs.72,94 crore respectively and a network of 172 branches and more than 200 sub offices extending all over the country¹⁹¹.

FIRST FIVE YEAR PLAN

In 1951, when the First Five Year Plan was launched, the development of rural India was given the highest priority. The commercial banks of the country including the Imperial Bank of India had till then confined their operations to the urban sector and were not equipped to respond to the emergent needs of economic regeneration of the rural areas. In order, to serve the economy in general and the rural sector in particular, the All India Rural Credit Survey Committee recommended the creation of a state-partnered and state-sponsored bank by taking over the Imperial Bank of India, and integrating with it, the former state-owned or state-associate banks. An act was accordingly passed in Parliament in May 1955 and the State Bank of India was constituted on 1 July 1955¹⁹². More than a quarter of the resources of the Indian banking system thus passed under the direct control of the State. Later, the State Bank of India (Subsidiary Banks) Act was passed in 1959, enabling the State Bank of India to take over eight former State-associated banks as its subsidiaries (later named Associates). On September 13, 2008, State Bank of Saurashtra, one of its Associate Banks, merged with State Bank of India.

SBI has acquired local banks in rescues. For instance, in 1985, it acquired Bank of Cochin in Kerala, which had 120 branches. SBI was the acquirer as its affiliate, State Bank of Travancore, already had an extensive network in Kerala.

The State Bank of India was thus born with a new sense of social purpose aided by the 480 offices comprising branches, sub offices and three Local Head Offices inherited from the Imperial Bank. The concept of banking as mere

¹⁹¹ Government of India, Annual Survey (various issues).

¹⁹² Website of State Bank of India, www.statebankofindia.com

repositories of the community's savings and lenders to creditworthy parties was soon to give way to the concept of purposeful banking sub serving the growing and diversified financial needs of planned economic development. The State Bank of India was destined to act as the pacesetter in this respect and lead the Indian banking system into the exciting field of national development.

The new state-owned bank now controlled more than one-fourth of India's total banking industry. That position was expanded at the end of the decade, when new legislation was passed providing for the takeover by the State Bank of eight regionally based, government-controlled banks. As such the Banks of Bikaner, Jaipur, Indore, Mysore, Patiala, Hyderabad, Saurashtra, and Travancore became subsidiaries of the State Bank. Following the 1963 merger of the Bikaner and Jaipur banks, their seven remaining subsidiaries were converted into associate banks.

In the early 1960s, the State Bank's network already contained nearly 500 branches and sub-offices, as well as the three original head offices inherited from the presidency bank era. Yet the State Bank now began an era of expansion, acting as a motor for India's industrial and agricultural development that was to transform it into one of the world's largest financial networks. Indeed, by the early 1990s, the State Bank counted nearly 15,000 branches and offices throughout India, giving it the world's single largest branch network.

SBI played an extremely important role in developing India's rural regions, providing the financing needed to modernize the country's agricultural industry and develop new irrigation methods and cattle breeding techniques, and backing the creation of dairy farming, as well as pork and poultry industries. The bank also provided backing for the development of the country's infrastructure, particularly on a local level, where it provided credit coverage and development assistance to villages. The nationalization of the banking sector

itself, an event that occurred in 1969 under the government led by Indira Gandhi, gave SBI new prominence as the country's leading bank.

Even as it played a primary role in the Indian government's industrial and agricultural development policies, SBI continued to develop its commercial banking operations. In 1972, for example, the bank began offering merchant banking services. By the mid-1980s, the bank's merchant banking operations had grown sufficiently to support the creation of a dedicated subsidiary, SBI Capital Markets, in 1986. The following year, the company launched another subsidiary, SBI Home Finance, in collaboration with the Housing Development Finance Corporation. Then in the early 1990s, SBI added subsidiaries SBI Factors and Commercial Services, and then launched institutional investor services.

MAJOR SHAREHOLDERS OF THE BANK

The major shareholder of the bank is the president of India with 59.41 per cent share holding (Table 3.1). The other major share holders include Life insurance corporation of India – Group with (11.83 per cent), the Bank of New York Mellon (3.54 per cent), HSBC global investment funds a/c HSBC global investment funds Mauritius limited (0.91 per cent), Europacific growth Fund (0.77 per cent), Goldman SACHS investments (Mauritius) Ltd. (0.65 per cent), Bajaj Allianz Life Insurance Co. Ltd. (0.61 per cent), General insurance corporation of India (0.54 per cent), Janus Overseas Fund (0.41 per cent) and Cophall Mauritius Investments Ltd. (0.32 per cent).

Table 3.1 Top Ten Share Holders of the Bank

Name	Equity held (%)
PRESIDENT OF INDIA	59.41
LIFE INSURANCE CORPORATION OF INDIA - GROUP	11.83
THE BANK OF NEW YORK MELLON (GDRs)	3.54
HSBC GLOBAL INVESTMENT FUNDS A/C HSBC GLOBAL INVESTMENT FUNDS MAURITIUS LIMITED	0.91
EUROPACIFIC GROWTH FUND	0.77
GOLDMAN SACHS INVESTMENTS (MAURITIUS) Ltd.	0.65
BAJAJ ALLIANZ LIFE INSURANCE CO. Ltd	0.61
GENERAL INSURANCE CORPORATION OF INDIA	0.54
JANUS OVERSEAS FUND	0.41
COPTHALL MAURITIUS INVESTMENT Ltd.	0.32

Source: SBI Annual Report - 2011-12

Vision of State Bank of India

- MY SBI.
- MY CUSTOMER FIRST.
- MY SBI: FIRST IN CUSTOMER SATISFACTION.

Mission of State Bank of India

- We will be prompt, polite and proactive with our customers.
- We will speak the language of young India.
- We will create products and services that help our customers achieve their goals.
- We will go beyond the call of duty to make our customers valued.
- We will be of service even in the remotest part of our country.

- We will offer excellence in service to those abroad as much as we do to those in India.
- We will imbibe state of art technology to drive excellence.

Strengths of State Bank of India

- Largest commercial bank in the country with presence in all time zones of the world.
- Macro economic proxy for the Indian Economy.
- Has emerged as a Financial Services Supermarket
- Group holds more than 25 per cent market share in deposits and advances
- Large base of skilled manpower
- SBI Group has more than 115 million customers – Every tenth Indian is a customer.

Values of SBI

The values of State Bank of India are:

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

Principal subsidiaries of State Bank of India

Bank of Bhutan (Bhutan); Indo Nigeria Merchant Bank Ltd. (Nigeria); Nepal SBI Bank Ltd. (Nepal); SBI (U.S.A.); SBI (Canada); SBI Capital Market Ltd.; SBI Cards & Payments Services Ltd.; SBI Commercial and International Bank

Ltd.; SBI European Bank plc (U.K.); SBI Factors & Commercial Services Ltd.; SBI Funds Management Ltd.; SBI Gilts Ltd.; SBI Home Finance Ltd.; SBI Securities Ltd.; State Bank International Ltd. (Mauritius); State Bank of Bikaner & Jaipur; State Bank of Hyderabad; State Bank of Indore; State Bank of Mysore; State Bank of Patiala; State Bank of Saurashtra; State Bank of Travancore.

Principal Competitors

ICICI Bank; Bank of Baroda; Canara Bank; Punjab National Bank; Bank of India; Union Bank of India; Central Bank of India; HDFC Bank; Oriental Bank of Commerce.

Associate Banks

SBI has five associate banks that with SBI constitute the State Bank Group. All use the same logo of a blue keyhole and all the associates use the "State Bank of" name followed by the regional headquarters' name. Originally, the then seven banks that became the associate banks belonged to princely states until the government nationalized them between October, 1959 and May, 1960. In tune with the first Five Year Plan, emphasizing the development of rural India, the government integrated these banks into State Bank of India to expand its rural outreach. There has been a proposal to merge all the associate banks into SBI to create a "mega bank" and streamline operations.

The first step towards unification occurred on 13 August 2008 when State Bank of Saurashtra merged with State Bank of India, reducing the number of state banks from seven to six. Then on 19 June 2009 the SBI board approved the merger of its subsidiary, State Bank of Indore, with itself. SBI holds 98.3% in the bank, and the balance 1.77% is owned by individuals, who held the shares prior to its takeover by the government [5].

The acquisition of State Bank of Indore added 470 branches to SBI's existing network of 12,448 and over 21,000 ATMs. Also, following the acquisition, SBI's total assets will inch very close to the Rs 10-lakh crore mark. Total assets of SBI and the State Bank of Indore stood at Rs 998,119 crore as on March 2009. The process of merging of State Bank of Indore was completed by April 2010.

The subsidiaries of SBI are:

- ❖ State Bank of Indore
- ❖ State Bank of Bikaner & Jaipur
- ❖ State Bank of Hyderabad
- ❖ State Bank of Mysore
- ❖ State Bank of Patiala
- ❖ State Bank of Travancore

Non-Banking Subsidiaries of SBI

1. SBI Capital Markets Ltd. (SBI CAP)
2. SBI Funds Management Pvt. Ltd (SBI FUNDS)
3. SBI Factors and Commercial Services Pvt. Ltd.
4. SBI DFHI (Discount & Finance House of India) Ltd.
5. SBI GILTS Ltd.
6. SBI Commercial and International Bank Ltd.
7. SBI Mutual Fund (A Trust)

Joint Ventures of SBI

1. SBI Cards and Payment Services Pvt. Ltd.
2. Gt.Capital Business Process Management Service Pvt. Ltd.
3. SBI Life Insurance Co. Ltd.
4. Credit Information Bureau (India) Ltd. (CIBIL)

Other Associates of SBI

1. Clearing Corporation of India Ltd.
2. Nepal SBI Bank Ltd.
3. Bank of Bhutan
4. UTI Asset Management Company Pvt. Ltd.

Foreign Subsidiaries

1. SBI International Mauritius Ltd, Offshore Bank
2. SBI Canada
3. SBI Lagos
4. SBI California

The total number of branches and ATMs of State Bank of India and its associates as on March 2011 is presented in Table 3.2. The total number of branches for rural, semi-urban, urban, and metropolitan for State Bank of India and its associates is discussed below. The total number of branches of State Bank group for all the four areas is 17,913. The total branches of State Bank of India are 13,284 of which 4,972 are in rural areas, 3,865 are in the semi-urban areas, 2,382 are in urban areas, and 2,065 branches are located in the metropolitan areas.

The total ATMs of the State bank group are 24,651 of which 14,104 are on-site ATMs and 10,547 are off-site ATMs. Further, the total number of ATMs of the State Bank of India is 20,084, while on-site ATMs are 10,826 the off-site ATMs are 9,258.

Also, from table 3.2 it can be seen that the per cent of Off-site to total ATMs is 42.8 for the state bank group as a whole and the per cent of Off-site to total ATMs for State Bank of India is 46.1. The per cent of ATMs to branches for the total state bank group is 137.6 and for only the State Bank of India is 151.2 per cent.

Table 3.2: Branches and ATMs of State Bank of India and its Associates (March 2011)

Name of the Bank	Branches					ATMs			Per cent of Off-site to total ATMs	Per cent of ATMs to Branches
	Rural	Semi-urban	Urban	Metropolitan	Total	On-site	Off-site	Total		
State Bank Group	6,202	5,417	3,415	2,879	17,913	14,104	10,547	24,651	42.8	137.6
State Bank of India	4,972	3,865	2,382	2,065	13,284	10,826	9,258	20,084	46.1	151.2
State Bank of Bikaner and Jaipur	317	256	164	172	909	586	391	977	40.0	107.5
State Bank of Hyderabad	311	387	292	220	1,210	997	273	1,270	21.5	105.0
State Bank of Mysore	213	141	152	194	700	532	203	735	27.6	105.0
State Bank of Patiala	334	280	249	150	1,013	574	178	752	23.7	74.2
State Bank of Travancore	55	488	176	78	797	589	244	833	29.3	104.5

Source : Master office file (latest updated version) on commercial Banks

Information Technology

The Bank has adopted and is pursuing effectively its IT policy with the aim of achieving efficiency in operations, meeting customer and market expectations and staying ahead in competition.

Thus, the technology initiatives would result in a) improved productivity, b) greatly reduced time-to-management in MIS, c) better risk management, d) efficient tracking of NPAs, e) better regulatory compliance, f) swifter reaction to market changes and customer needs, and g) reduction in transaction costs etc., to make the better functioning of SBI.

ORGANISATION STRUCTURE AND MANAGEMENT

The management of the State Bank¹ vests in a Central Board of Directors which consists of:

- A Chairman and a Vice-Chairman appointed by the Central Government in consultation with the Reserve Bank of India.
- Two Managing Directors appointed by the Central Board of Directors with the approval of the Central Government.
- Six directors to be elected in the prescribed manner by the shareholders other than the Reserve Bank.
- Eight directors to be nominated by the Central Government in consultation with the Reserve Bank of India to represent territorial and economic interests in such a manner that not less than two of them have special knowledge of the working of the cooperative institutions and of rural economy and the others have experience in commerce, industry, banking and finance;
- One director to be nominated by the Central Government;

¹¹ Varshney and Sundaram, "Banking Theory and Practice" (1987), S.Chand & Sons, New Delhi, p.264.

- One director to be nominated by the Reserve Bank; and
- Two directors to be appointed to represent the officers and the staff of the bank.

The Chairman, the Vice-Chairman and the Managing Director shall hold office for such terms not exceeding five years as the Central Government may fix when appointing them and shall be eligible for re-appointment. The directors elected by the shareholders and nominated by the Central Government will hold office for four years and are eligible for re-election or re-nomination. The other nominated directors shall hold office as per recommendations of the authority appointing them. Besides the Central Board, there are Local Boards of Management established at Calcutta, New Delhi, Kanpur, Ahmedabad, Bhopal and Patna. Each local board consists of the members of the Central Board residing in the area and directors not exceeding four elected shareholders whose names appear in the branch register. To keep the management free from politics, the Act stipulates that no member of the Central or State Legislatures shall be appointed as directors of the State Bank of India. Structural changes have been introduced by the bank in order to re-orient the business according to changing conditions in the market. One such step, for the first time, was initiated in 1971. In the year 1979, for the second time the structural changes were implemented. The major organizational change in structure took place in 1995, by the appointment of McKinsey Consultants. Through changes were introduced in strategies, structures, systems etc., in the organizational set up of SBI, as per recommendations of the consultant committee.

The organization structure of State Bank of India at National Level is shown in Exhibit.3.1. The Chairman is the Head of the Central Management Committee who is appointed by the Government of India in consultation with RBI. The Central Management Committee consisting of two Managing Directors - one belonging to Corporate Banking and the other to National Banking - and

seven Deputy Managing Directors representing the areas such as Banks, International Banking, Corporate Development, Finance, Credit, Information Technology, and Information and Management Audit. Along with the Committee the Chief Vigilance Officer at CGM cadre, will also work under the Chairman. The Managing Director and Group Executive of the Corporate Banking are responsible for the banking operations relating to big size companies and corporations. The Corporate Account Group (CAG) under the leadership of the Managing Director and Group Executive caters to a majority of top 100 companies/Corporations in Indian ranked in the order of turnover and market capitalization. The credit sanction of Rs.100 crore and above per company will fall under the jurisdiction of the managing director. The National Banking Group is headed by a Managing Director and Group Executive. This group consists of two distinct net works namely Development Banking and Personal Banking Network and Commercial Banking Network. About 90 per cent of the domestic deposits and 84 per cent of the domestic advances account for National Banking. The State Bank of India has seven Associate Banks and 7 subsidiaries one of them is Banking Subsidiary and the other six are Non-Banking subsidiaries. One Deputy Managing Director will monitor the activities of all Associate Banks and Subsidiaries at the national level. Another Deputy Managing Director will coordinate and promote International Banking through a net work of 83 overseas offices spread over in 33 countries covering all time zones. He is responsible for handling the country's foreign trade and related business and providing foreign currency resources to the Indian companies. The Deputy Managing Director (Corporate Development) is concerned with the development and growth activities of the bank. He is responsible for developing new products and schemes from time to time. The Accounting and Finance wing is headed by a Deputy Managing Director. He is also called Chief Financial Officer. The compilation of financial data, preparation of financial statement as per the regulations from time to time and monitoring the performance of the bank on the

financial front are his responsibilities. One Deputy Managing Director will take care of Audit activities. The Deputy Managing Director, Information Technology is responsible for IT operations in the Bank. Considering the importance of IT to promote efficiency in banking, this new position is created in the organization system at the top management level. There is one Chief Vigilance Officer reporting to the Chairman. The officer will look after the activities including fraud detection and prevention of frauds. The disciplinary action against errant officials up to the level of DGM will be taken by this office. The Chief Vigilance Officer will maintain direct relations with Ministry of Finance, Government of India and Vigilance Committee of Reserve Bank of India.

The State Bank of India has 14 Local Head Offices, which are also called 'Offices at the Circles' located at state head quarters. The heads of all LHOs are directly responsible to the Chairman of the bank. A model organization chart of a circle is shown in Exhibit No.3.2. The Circle Office has the jurisdiction of all Modules of the bank attached to it. The sanctions of above Rs.25 lakh and below Rs.100 crore are processed at the Circle Office. The Chief General Manager will be assisted by four Circle Officers at the DGM cadre in the areas of bank development, credit, finance and vigilance. The General Manager Personal and Development Banking is assisted by four Assistant General Managers (AGMs) in the areas of administration, personal, development and expansion. The General Manager Commercial and International Banking is assisted by four AGMs in the areas of premises, computers, accounts and policy and decision making.

There are 58 Modules operated by the bank. Each module will be headed by Deputy General Manager. The module organization chart of a Module is presented in Exhibit No.3.3. The Modules will co-ordinate the activities of the bank through regional offices. The heads of the regional offices and the branches headed by AGMs will directly report to the DGM of a Module.

Exhibit - 3.1

ORGANIZATION CHART AT NATIONAL LEVEL

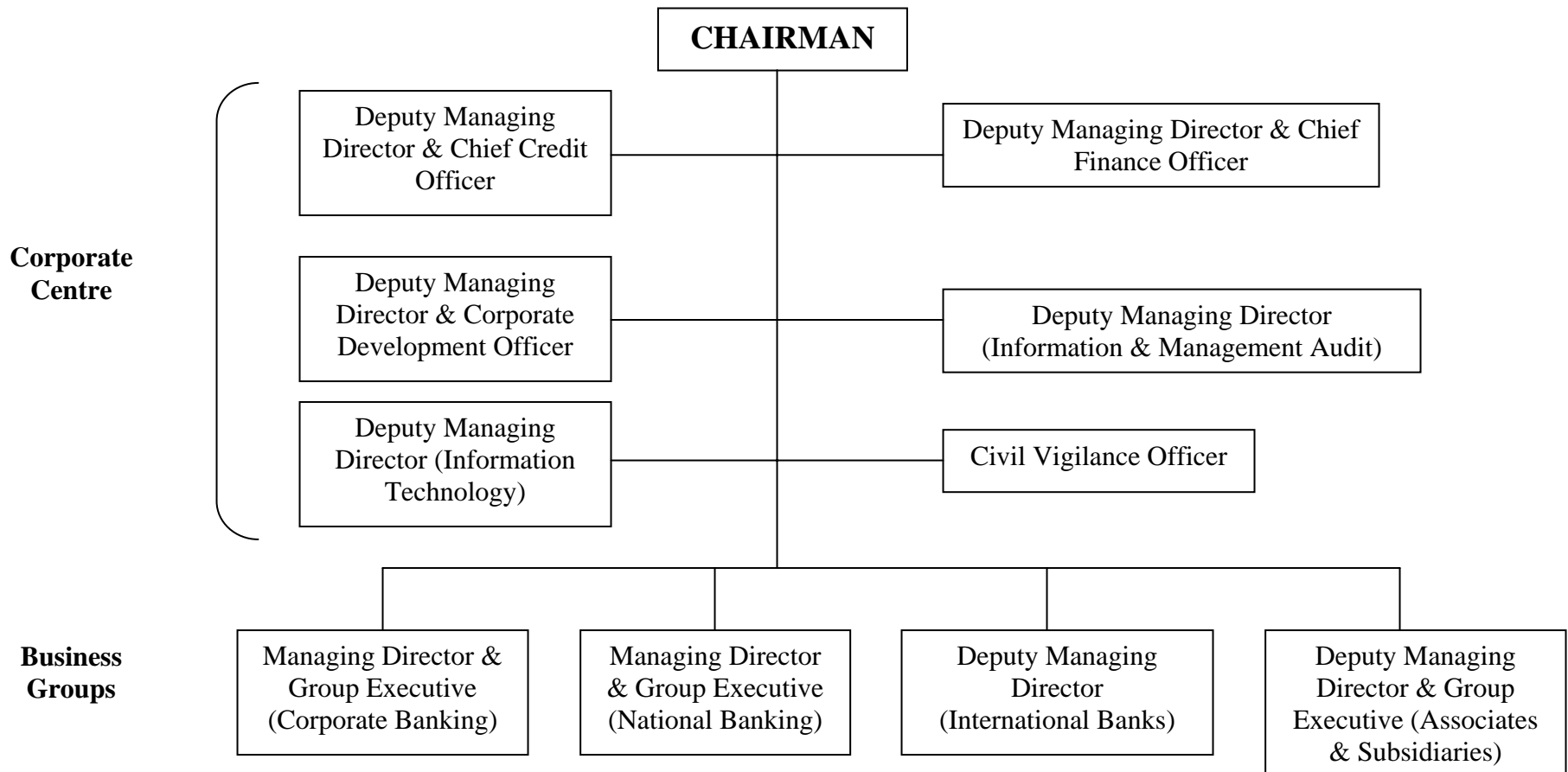
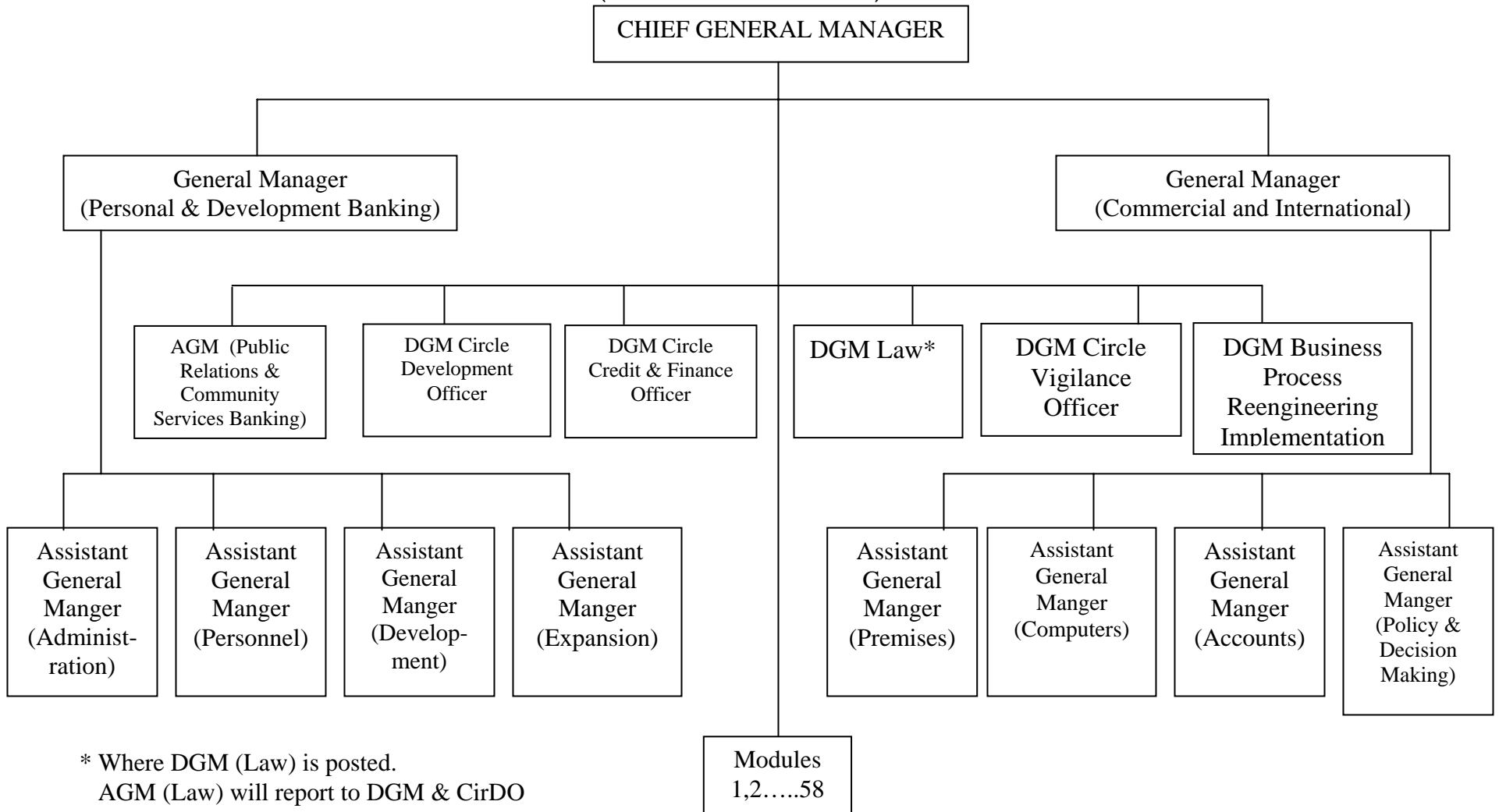


Exhibit - 3.2

ORGANIZATION CHART AT STATE LEVEL
(LOCAL HEAD OFFICE)



* Where DGM (Law) is posted.
AGM (Law) will report to DGM & CirDO

The regional office will be headed by an Assistant General Manager and takes the responsibility of co-ordination, developing and promoting the bank operations in a region. All Branch Managers in a region will report directly to the AGM. The functions such as credit support, sales planning, performance monitoring, general banking, personnel and HRD and NPA management and recovery are managed at this office. A model organization chart of regional office is shown in Exhibit No.3.4.

The organization chart of a branch is shown in Exhibit No.3.5. A branch is the first level office having direct interaction with large number of customers. The branch manager is the functional head of a branch. He is assisted by managers, officers and clerks and the size of the staff is based upon the volume of business.

Hence, during pre-nationalization period, the banking was popularly known as class banking era. The management of risk was very less in SBI as the major focus was on organizational development and process management. There was strict adherence to meticulous maintenance of accounts and inward looking approach in transacting the credit approvals. The post nationalization period was also known as development banking period.

Exhibit - 3.3
ORGANISATION CHART OF A MODULE

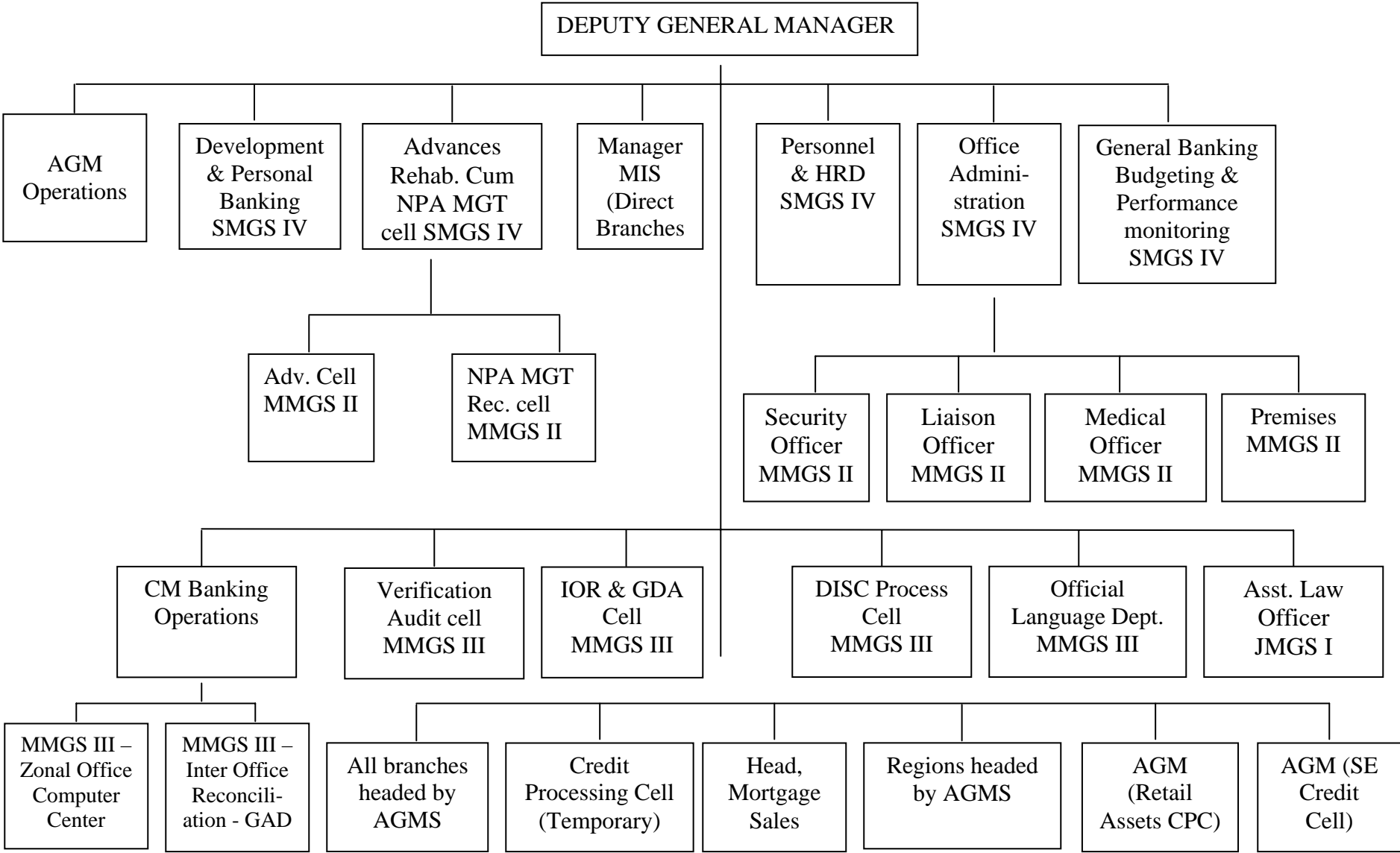


Exhibit - 3.4
ORGANISATION CHART OF A REGIONAL OFFICE

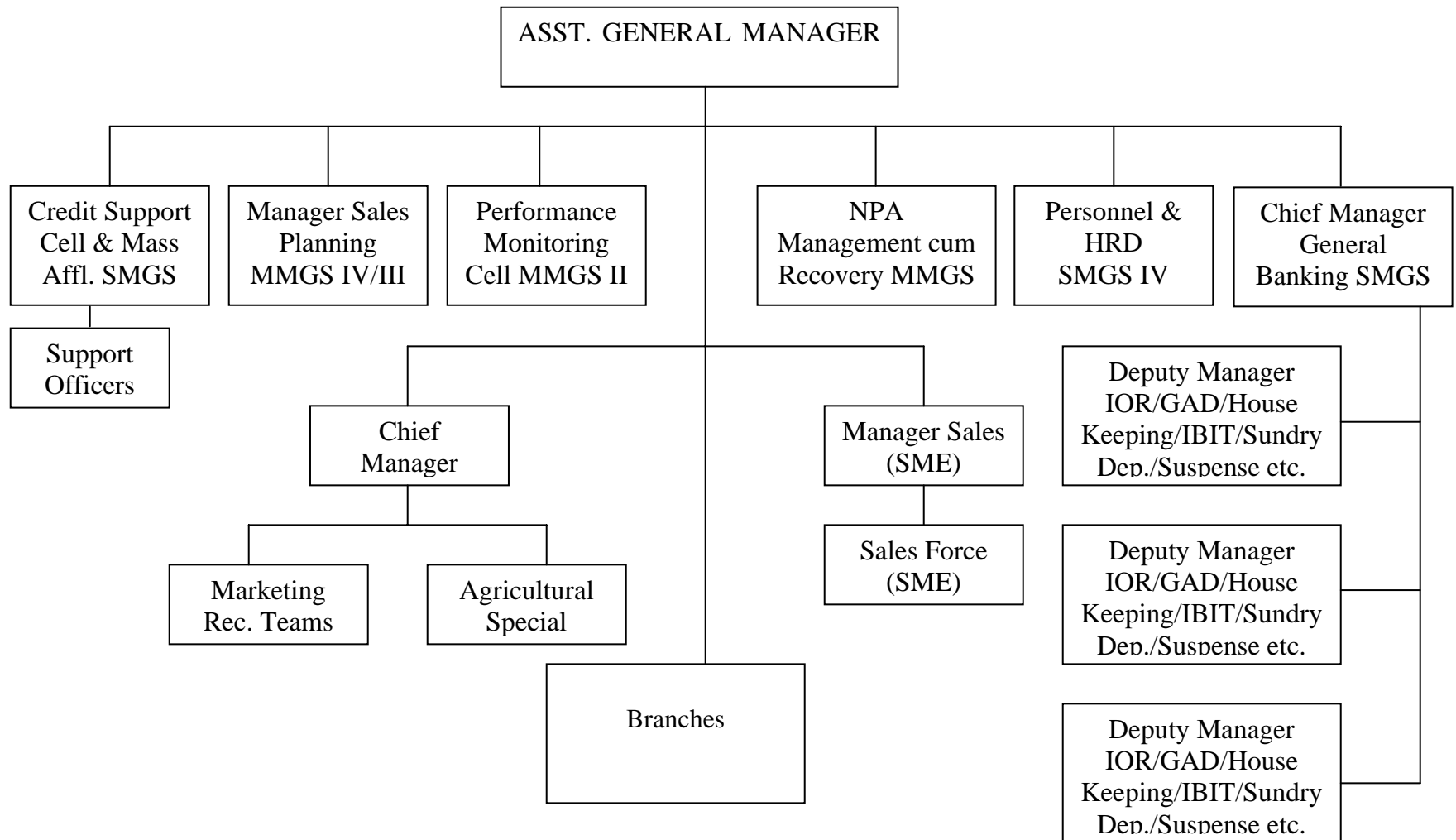
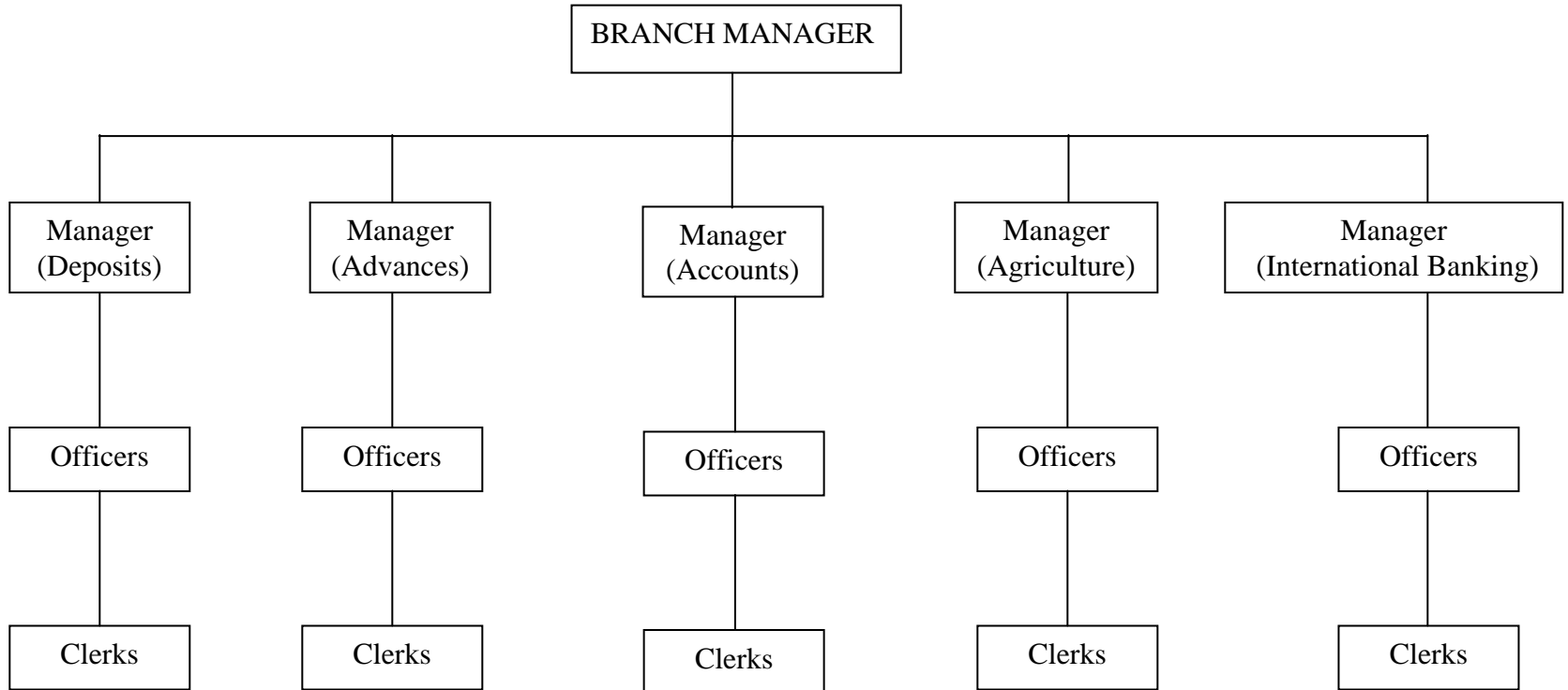


Exhibit - 3.5

ORGANIZATION CHART OF A BRANCH



CORPORATE GOVERNANCE

Corporate Governance facilitates effective management and control of business as this ensures transparency and integrity in communication. This in turn, enables the organizations to maintain a high level of business ethics and to optimize the value for all its stakeholders.

Banks Philosophy on Code of Governance

State Bank of India has complied in all material respects, with the Corporate Governance Code as per clause 49 of the Listing Agreement with the Stock Exchanges. The State Bank of India is committed to the best practices in the area of Corporate Governance. The objectives of Corporate Governance in State Bank of India are:

- To protect and enhance shareholder value.
- To protect the interest of all other stakeholders such as customers, employees and society at large.
- To ensure transparency and integrity in communication and to make available full, accurate and clear information to all concerned.
- To ensure accountability for performance and customer service and to achieve excellence at all levels.
- To provide corporate leadership of highest standard for others to emulate.

Thus, the SBI is well equipped with rendering its products and services to the customers at large.

State Bank of India Products and Services

State Bank of India offers a wide range of services in the Personal Banking Segment which are indexed here.

Term Deposits

SBI provide security, trust and competitive rate of interest. Flexibility in period of term deposit from 7 days to 10 years. It is affordable low minimum deposit amount with SBI for a nominal amount of Rs.1, 000 only. Customers can avail a loan/overdraft against their deposit. SBI provides loan/overdraft up to 90 per cent of their deposit amount at nominal cost.

Recurring Deposits

Recurring Deposit provides customers the element of compulsion to save at high rates of interest applicable to Term Deposits along with liquidity to access that savings any time. Recurring Deposit is flexibility in period of deposit with maturity ranging from 12 months to 120 months. It is low minimum monthly deposit amount. The customer can start a Recurring Deposit with SBI for a monthly installment of Rs.100 only.

SBI Home Loan

It offers interest rates concessions on Green Homes in accordance with SBI's commitment to Environment protection. The product gives the customers a onetime irrevocable option to choose one of the three customized combinations of fixed and floating interest rates and also to choose the order in which the fixed and floating rate will be availed. The minimum loan amount sanctioned is Rs.5 lakh. Its products are again segregated into different types on the basis of their term of repayment and their loan package: SBI-Maxgain Home Loans, Realty Home Loans, Home Equity Loans, NRI Home Loans, Tribal Plus, Gram Niwas, Sahyog Niwas, Green Home Loan, Surakshit Home Loan, Yuva Home Loan, Home Loan Pal. Thus, the bank provides its customers comfortable repayment obligations - Tenure of the loans equal to the residual maturity of the original Home Loans.

SBI Car Loan

The bank provides its customers the best car loan schemes with excellent service and lower costs. A quick view by the customers of similar schemes available with other banks shows that SBI Car Loans for new and old vehicles offer for the customers.

SBI Education Loan

A term loan granted to Indian Nationals for pursuing higher education in India or abroad where admission has been secured. All courses having employment prospects are eligible for getting education loans and they are briefed below.

SBI Loan to Pensioners

The customer can avail of a loan from their branch to meet their personal expenses. They can avail a loan of up to a maximum of 12 months pension, subject to a ceiling of Rs.1 lakh. The loan may be repaid over a 5 years and will carry a low interest rate of 13.25 per cent per annum.

SBI Loan against Shares/Debentures

The customers can avail of loans up to Rs.20 lakh against their shares/debentures to enable them to meet contingencies, personal needs or even for subscribing to rights or new issue of shares.

SBI Agricultural Loans

The Bank launched the new products, to increase the flow of credit to agriculture sector in the year 2003-2004. The advances of Agriculture Business Group increased from Rs.1,360 crore in 2003-04 to Rs.34,933 crore in 2006-07 showing an increase of 2468.6 per cent. Agricultural loans are provided for the purchase of assets connected with rural activities under agriculture, horticulture,

plantation, sericulture, animal husbandry, fisheries etc., where the loan amount is repayable over a period of time exceeding 3 years.

Under this agricultural loan there are other kinds of benefits provided by SBI through schemes such as the Kisan Credit Card Scheme, Land Development Schemes, Minor Irrigation Schemes, Farm Mechanisation Schemes, Krishi Plus Scheme for Customised Hiring of Tractor to Rural Youth, Lead Bank Scheme etc.

SBI Industrial Loans

SBI offers working capital finance to meet the entire range of short-term fund requirements that arise within a corporate's day-to-day operational cycle. The SBI working capital loans can help company in financing inventories, managing internal cash flows, supporting supply chains, funding production and marketing operations, providing cash support to business expansion and carrying current assets. The SBI corporate term loans can support company in funding ongoing business expansion, repaying high cost debt, technology upgradation, R&D expenditure, leveraging specific cash streams that accrue into a company, implementing early retirement schemes and supplementing working capital. Hence, the Bank extends financial assistance to help agriculturists, industrialists and common man in various modes.

HUMAN RESOURCES

Learning & Development

The bank has taken up several key initiatives to enthuse and motivate the employees to perform better so as to achieve the Bank's growth plans. As part of the initiative it has taken up a 'Leadership pipeline' initiative with the objective of grooming the officials from the level of Scale-IV up to GM for future leadership positions. Services of reputed institutions like ISB/Duke University/IIMs have been engaged for the purpose. Further, the Bank has gone

in for accreditation of one of the training institutions for training of debt recovery agents to facilitate the future appointments of recovery agents. As the accreditation process is mandatory for the recovery agents.

Personnel Management

To foster team spirit amongst the employees and to motivate them to excel in customer service the bank has set up the Performance Linked Incentive Scheme which also helped the Bank in exploiting the new emerging business opportunities to achieve the Bank's growth plans. The Bank has also gone for contract employment, on cost to company basis, of specialists like Chartered Accountants, Law Officers, Statisticians, Economists, Customer Relation Executives, Credit Analysts etc. to take care of Bank's growing needs to face competition.

The Bank also revised the Family Pension Scheme for the family pensioners of the Bank retrospectively from the 1st May 2005. The pension fund has been separated from the Banks' liability after obtaining necessary approval from the Board of Trustees. The fund will be managed by the Treasury Dept. of SBI for better returns.

HRMS Project

The Bank has implemented leveraging Technology in employee management area for automation of its HR process through SAP-ERP-HRMS software. A centralized database of all employees across SBI is now available where salary processing for 2.05 lakh employees across SBI and pension processing of approximately 1 lakh SBI/IBI pensioners has been centralized. The bank also introduced a variety of services like online request submission and viewing of data etc. to all the employees of the Bank on an online 'real time'

basis, which will increase efficiency in HR operations and help the management in making employee related decisions faster.

Recruitment

To meet the requirement of skilled manpower and to tap the emerging business opportunities the bank has recruited 66 Specialist Management Executives with qualification of CA/ICWA/MBA (Finance, Marketing) during the year. Also the bank has inducted 7 Special Technical Executives with B.E. / B.Tech qualification in the fields of Chemical, Mechanical, Electrical, Metallurgical Engineering appointed for manning consultancy cells in Circles. Further, 917 Probationary Officers and 118 other Specialist Officers have been recruited during FY 2011-12. This will take care of the Bank's requirements of officers in operations and specialized areas and helps in reducing the age profile of staff but will also provide an opportunity for greater mobility and marketing thrust across the Bank to achieve its growth plans.

Besides these the bank has also been successfully holding online examination for promotion from JMGS I to MMGS II, all promotion exercises in respect of officers up to the grade of Deputy Managing Director.

Training

The bank is making continuous efforts to impart knowledge, to develop skills and also to re-orient the attitude of its employees and to keep pace with the changing business environment. The bank's network of providing training to its employees consists of 4 apex level colleges viz. State Bank Staff College, Gurgaon; State Bank Staff College, Hyderabad; State Bank Institute of Rural Development and State Bank Institute of Information and Communication Management and over 50 training centres located across the country. The bank

also provides on-site training to its employees working in the branches under the visiting faculty scheme.

Support Systems and Internal Communication System

Adequate support systems have been provided by the bank to its employees for proper flow of information to them. The employees are also informed about the achievements in the business. The media used for internal communication includes: The SBI Monthly Review, Gurukula, SBI Economic Newsletter, and Choyanika

Industrial Relations

In view of garnering good and excellent relationships with the members of both the Staff and Officers Federations the State Bank of India sorted out various industrial relations issues through their consistent support and healthy dialogue/discussions during the year.

It also enhanced the limits under various staff loan schemes and other initiatives for providing better facilities / incentives to the employees, in order to create better industrial relations environment in the Bank.

Human Resources Management Solutions (HRMS)

The bank has set up a centralized platform for the processing and payment of salary of all the employees of SBI, SBP, SBM & SBH. It further introduced the automation of centralized Provident Fund related services to augment faster settlement of terminal benefits.

Strategic Training Unit (STU)

The bank's Strategic Training Unit (STU) has been fully operationalized on 5th April 2010. It has undertaken a number of initiatives during the year 2011-12 to increase the efficiency and effectiveness of the Bank's training system.

Some of the major initiatives in this regard are as follows:

1. Over 2 lakh (96.7 per cent of Bank's staff strength) employees were trained at 5 ATIs and 47 SBLCs.
2. State Bank Training Management System has been operationalized for creating a comprehensive database and tracking of training of all employees.
3. E-learning through HRMS portal has been expanded to over 213 courses and about 83% of the staff are now registered on the portal.
4. Leadership Development Programmes were organized for Top Executives and Senior Management.
5. Research studies by the Bank officials were recognized by various outside publications/agencies like Bancon, ICRIER, IBFA.

Staff strength

The Bank has total permanent staff strength of 2, 15,481 as on 31st March, 2012. Of this, 80,404 (37.32 per cent) are officers, 95,715 (44.42 per cent) clerical staff and the remaining 39,362 (18.26 per cent) are sub-staff. It has been further decided to recruit 9500 new clerical staff during the FY 2012-13 to meet the growing business needs of the Bank.

5 years comparison of staff strength

The category wise staff strength of the Bank for the year ending March 2008, 2009, 2010, 2011 and 2012 are presented in Table 3.3.

Table 3.3 Category-wise employees of State Bank of India from 2008 to 2012

	31.03.08	31.03.09	31.03.10	31.03.11	31.03.12
Officers	57765	64685	70622	79728	80404
Assistants	76818	96974	87356	102701	95715
Subordinates	44622	44237	42321	40504	39362
Total	179205	205896	200299	222933	215481
Addition during the year	6183(-)	26691	5597(-)	22634	7452(-)

Source: Annual report of State Bank of India 2011-2012

Intellectual capital

The academic qualifications of the employees of the State Bank of India are presented in Table 3.4. Out of total staff strength of 2, 15,481, it is found that around 53.34 per cent are graduates, 17.30 per cent of the staff are post graduates, and about 1.50 per cent have done their MBA. Further, it can also be seen that about 0.08 per cent of the total staff have done their engineering/technical courses. It is also found a very meager 0.08 per cent of the total staff have done their PhD.

Table 3.4 Academic qualifications of the employees as on 31-03-2012

Qualification	Frequency	Percentage (%)
Graduate	1,14,943	53.34 %
Post graduate	37,263	17.30 %
MBA	3,239	1.50 %
Engg/Technical	165	0.08 %
Doctorate	166	0.08 %

Source: Annual report of State Bank of India 2011-2012

Implementation of persons with disabilities (PWD) act 1995

In compliance with the guidelines of the Government of India the Bank is providing reservation to persons with disabilities (PWDs) under section 33 of the PWD Act 1995. The Bank undertook the work of identifying roles that could be handled by challenged employees, so as to ensure their better integration and productivity through suitable training. The total number of persons with disabilities who were employed as on 31.03.2012 was 2,332 and the details are presented in Table 3.5.

Table 3.5 Persons with Disabilities employed as on 31.03.2012

Category	Total	No. of Persons with disabilities
Officers	80,404	554
Assistants	95,715	1,557
Sub-staff	39,362	221
Total	2,15,481	2,332

Source: Annual report of State Bank of India 2011-2012

Representation of scheduled castes and scheduled tribes vis-a-vis other employees

In compliance with the Government of India rules for issues related to the reservation policy and the appointment of SC/ST candidates, Liaison Officers have been designated at all Local Head Offices of the Bank as also at the Corporate Centre at Mumbai. As on the 31st March, 2012, 41,019 (19.03 per cent) of the Bank's total staff strength belonged to Scheduled Caste, 15,267 (7.08 per cent) belonged to Scheduled Tribes and 1, 59,195(73.89 per cent) belonged to other categories (Table 3.6).

Table 3.6 Total number of employees of SC/STs as on 31.03.2012

Category	No. of Employees	Percentage (%)
Scheduled Caste	41,019	19.03
Scheduled Tribes	15,267	7.08
Other Categories	1,59,195	73.89
Total	2,15,481	100.0

Source: Annual report of State Bank of India 2011-2012

The Bank has been conducting workshops for SCs/STs/OBCs to impart up-to-date knowledge/latest operative instructions about the reservation policy and related areas to the SC/ST cell officers, representatives of SC/ST welfare Association and the Liaison officers. Further, it is also conducting pre-recruitment and pre-promotion training programmes to enable SC/ST candidates to achieve the prescribed standards to effectively compete with other candidates.

Employee Benefits

The bank in order to retain the talented and potential employees, offers its employees both financial packages and also welfare facilities.

Financial Benefits

Financial benefits to the employees of state bank of India are in the form of monthly salary. The pay scales are revised once in every four years. Based on the changes in the cost of living the dearness allowances are given. The pay structure at the state bank of India can be divided into three categories: Officers, clerical and cash department and the subordinate staff. The pay structure of the three categories of employees is presented below.

Supervising Staff , Scales of pay w.e.f. 01.11.2007

Scale I -	14500	600	18700	700	20100	800	25700
		7		2		7	
Scale II -	19400	700	20100	800	28100		
		1		10			
Scale III -	25700	800	29700	900	31500		
		5		2			
Scale IV -	30600	900	34200	1000	36200		
		4		2			
Scale V -	36200	1000	38200	1100	40400		
		2		2			
Scale VI -	42000	1200	46800				
		4					
Scale VII -	46800	1300	52000				
		4					

TEGSS-I Chief General Manager Rs.60600 - 1600/4 - 67000

TEGSS-II Deputy Managing Director Rs.67000 - 2000/4 - 75000

Clerical Staff

Scales of pay w.e.f. 01.05.2010

7200	400	8400	500	9900	600	12300	700
	3		3		4		7
17200	1300	18500	800	19300	(20 years)		
	1		1				

Subordinate Staff

Scales of pay w.e.f. 01.05.2010

5850	200	6650	250	7900	300	9100	350
	4		5		4		3
10150	400	11350 (20 years)					
							3

Short Term Employee Benefits:

The undiscounted amount of short-term employee benefits, such as medical benefits, casual leave etc. which are expected to be paid in exchange for the services rendered by employees are recognized during the period when the employee renders the service.

Post Employment Benefits:

Defined Benefit Plan

The Bank operates a Provident Fund Scheme. All eligible employees are entitled to receive benefits under the Bank's Provident Fund Scheme. The Bank contributes monthly at a determined rate (currently 10 per cent of employee's basic pay plus eligible allowance).

The Bank provides for gratuity to all eligible employees. The benefit is in the form of lump sum payments to vested employees on retirement, on death while in employment, or on termination of employment, for an amount equivalent to 15 days basic salary payable for each completed year of service, subject to a maximum amount of Rs. 350,000. Vesting occurs upon completion of five years of service.

The Bank provides for pension to all eligible employees. The benefit is in the form of monthly payments as per rules and regular payments to vested employees on retirement, on death while in employment, or on termination of employment. The pension liability is reckoned based on an independent actuarial valuation carried out annually. The Bank makes annual contribution to the pension fund at 10 per cent of salary in terms of SBI Pension Fund Rules. The balance is retained in the special provision account to be utilized at the time of settlement.

The cost of providing defined benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains/losses are immediately recognized in the statement of profit and loss and are not deferred.

Table 3.7: Details of Provisions made for various long Term Employees' Benefits during the year

Sr.No.	Long term Employees' Benefits	Current year	Previous year
1	Privilege Leave (Encashment) incl. Leave encashment at the time of retirement.	33.85	88.00
2	Leave Travel and Home Travel Concession (Encashment/ Availment)	0.81	25.12
3	Sick Leave	17.06	18.40
4	Silver Jubilee Award	6.35	1.22
5	Resettlement Expenses on superannuation	2.55	3.73
6	Causal Leave	5.78	2.02
7	Retirement Award	0.42	1.05
8	Total	49.05	133.40

Other Long Term Employee benefits:

All eligible employees of the bank are eligible for compensated absences, silver jubilee award, leave travel concession, retirement award and resettlement allowance. The costs of such long term employee benefits are internally funded by the Bank. This is shown in the Table 3.7.

The cost of providing other long term benefits is determined using the projected unit credit method with actuarial valuations being carried out at each balance sheet date. Past service cost is immediately recognized in the statement of profit and loss and is not deferred.

PROGRESS OF STATE BANK OF INDIA DURING 2000-01 TO 2011-2012

The progress of the State Bank of India is explained in terms of Assets, Deposits, Loans and Advances, Income, Expenditure, Net Profit, Branch Network, Number of Employees, Business per Employee and Profit per Employee.

The data presented in Table 3.8 shows the growth of assets during 2001-02 to 2011-12. The total assets of the bank valued at Rs. 348228.25 crore in 2001-02 registered an upward growth year by year and by the end of the year 2011-12 the value of the assets stood at Rs. 1335519 crore. In other words, the assets of the bank registered a growth of 283.351 per cent during the decade. The assets of the bank are in the form of advances, investments, balance with bank and money at call and short term notice, cash in hand and balance with RBI, fixed assets and other assets. Advances constitute major part of the total assets. The share of which varied between 34.69 per cent and 64.96 per cent during the period. The share of advances to the assets showed an increasing phenomenon during the years from 2009-10 to 2010-2011. Investments occupy second place with a share varied between 24.25 per cent and 45.85 per cent during the period. The share of

this asset was the lowest in 2011-12. The share of cash in hand and balance with RBI varied between 3.39 per cent and 7.71 per cent during the period, while the share of balance with bank and money at call and short term notice varied between 2.21 per cent and 12.36 per cent. The share of fixed assets was less than one per cent. The share of other assets varied between 4 per cent and 6.15 per cent.

Table 3.8: Assets of SBI during 2001-02 to 2011-12

Year / Item	Cash in Hand & Balance with RBI	Balance with Bank and Money at Call & Short term notice	Investments	Advances	Fixed Assets	Other assets	Total
2001-02	21872.53 (6.28)	43057.63 (12.36)	145142.03 (41.68)	120806.47 (34.69)	2415.23 (0.69)	14934.36 (4.29)	348228.25 (100.00)
2002-03	12738.47 (3.39)	32442.56 (8.63)	172347.91 (45.85)	137758.46 (36.65)	2388.55 (0.64)	18200.56 (4.84)	375876.51 (100.00)
2003-04	19041.28 (4.67)	24525.33 (6.01)	185676.48 (45.53)	157933.54 (38.73)	2645.12 (0.65)	17993.53 (4.41)	407815.28 (100.00)
2004-05	16810.33 (3.66)	22511.77 (4.90)	197097.91 (42.86)	202374.45 (44.01)	2697.69 (0.59)	18390.71 (4.00)	459882.86 (100.00)
2005-06	21652.70 (4.38)	22907.30 (4.64)	162534.24 (32.91)	261641.53 (52.98)	2752.93 (0.56)	22380.84 (4.53)	493869.54 (100.00)
2006-07	29076.43 (5.13)	22892.27 (4.04)	149148.88 (26.33)	337336.49 (59.54)	2818.87 (0.50)	25292.31 (4.46)	566565.25 (100.00)
2007-08	51534.61 (7.14)	15931.72 (2.21)	189501.27 (26.26)	416768.20 (57.76)	3373.48 (0.46)	44417.03 (6.15)	721526.31 (100.00)
2008-09	55546.17 (5.75)	48857.62 (5.06)	275953.95 (28.61)	542503.20 (56.25)	3837.84 (0.40)	37733.27 (3.91)	964432.08 (100.00)
2009-10	61290.86 (5.82)	34892.97 (3.31)	285790.07 (27.13)	631914.15 (60.02)	4412.90 (0.42)	35112.75 (3.33)	1053413.73 (100.00)
2010-11	94395.50 (7.71)	28478.64 (2.33)	295600.56 (24.25)	756719.44 (62.36)	4764.18 (0.38)	43777.84 (3.57)	1223736.20 (100.00)
2011-12	54075.94 (4.05)	43087.22 (3.23)	312198 (23.37)	867579 (64.96)	5467 (0.41)	53113 (3.98)	1335519 (100.00)

Source: Annual reports of SBI during 2001-02 to 2011-12.

Note: Figures in parentheses indicate percentages.

The deposits of SBI during the period of the study increased from Rs. 270560.14 crore in 2001- 02 to Rs. 1043647.36 crore in 2011-12 and recorded a growth of 285.73 per cent. Table 3.9 presents the growth of deposits during the period 2001-02 to 2011-2012. The bank has three types of deposits namely, term deposits, savings bank deposits and demand deposits. Term deposits occupied a major share when compared to the other two savings bank deposits and demand deposits. The share of term deposits varied between 15.24 per cent and 63.52 per cent during the period. The savings bank deposits occupied the second position with its contributed share ranging between 20.84 per cent and 35.37 per cent respectively. Further, the share of demand deposits varied between 15.12 per cent and 18.66 per cent during the period. Further, it can also be seen that the share of term deposits is declining from the 2003-04 onwards, whereas the share of savings bank deposits is on the increase.

Table 3.9: Deposits of SBI during 2001-02 to 2011-12

Year	Term Deposits	Savings Bank Deposits	Demand Deposits	Total
2001 - 02	171850.99 (63.52)	56396.36 (20.84)	42312.79 (15.64)	270560.14 (100.00)
2002 - 03	185568.19 (62.67)	65782.71 (22.21)	44772.39 (15.12)	296123.29 (100.00)
2003 - 04	188731.96 (59.23)	79595.88 (24.98)	50290.83 (15.778)	318618.67 (100.00)
2004 - 05	215528.05 (58.72)	94907.16 (25.86)	56612.32 (15.42)	367047.53 (100.00)
2005 - 06	199326.48 (52.45)	112723.92 (29.66)	67995.65 (17.89)	380046.05 (100.00)
2006 - 07	224386.62 (51.63)	129136.50 (29.71)	81120.64 (18.66)	434643.76 (100.00)
2007-08	285041.12 (53.04)	154229.65 (28.70)	98133.53 (18.26)	537404.30 (100.00)
2008-09	433095.28 (58.4)	198224.26 (26.7)	110753.57 (14.9)	742073.12 (100.0)
2009-10	122579.42 (15.24)	257460.29 (32.02)	424076.49 (52.74)	804116.22 (100.0)
2010-11	472411.41 (50.58)	33.326.06 (35.37)	131195.31 (14.05)	933932.81 (100.0)
2011-12	576040.72 (55.19)	369156.31 (35.37)	98450.31 (9.43)	1043647 (100.0)

Source: Annual reports of SBI during 2001-02 to 2011-12.

Note: Figures in parentheses indicates percentages

The data relating to the loans and advances of SBI during the period 2001-02 to 2011-12 is shown in Table 3.10. The total loans and advances were at Rs.120806.47 crore in 2001-02 and increased to Rs. 867578.89 crore in 2011-12 thus recording a growth of 618.16 per cent. The loans and advances of SBI are of three types: bills purchased and discounted, cash credits and over drafts and term loans. The cash credits and overdrafts share of the total loans and advances in the year 2002-03 was 69116.8 (50.17 %) and was 374143.24 (43.12 %) by the year 2011-2012. The share of term loans of the total loans and advances has captured a major part. The share of the term loans which was 37.31 in the year 2001-02 increased to 48.3 per cent in 2010-11.

Table 3.10: Loans and Advances of SBI during 2001-02 to 2011-12 (Rs. In Crore)

Year	Bills Purchased and Discounted	Cash Credits & Over Drafts	Term Loans	Total
2001-02	11555.36 (9.57)	64178.41 (53.12)	45072.7 (37.31)	120806.47 (100.00)
2002-03	12404.94 (9.00)	69116.8 (50.17)	56236.72 (40.82)	137758.46 (100.00)
2003-04	14858.55 (9.41)	69328.52 (43.90)	73746.47 (46.69)	157933.54 (100.00)
2004-05	21470.78 (10.61)	73915.21 (36.52)	106988.47 (52.87)	202374.46 (100.00)
2005-06	24853.75 (9.50)	95802.25 (36.62)	140985.54 (53.88)	261641.54 (100.00)
2006-07	30787.10 (9.13)	125476.17 (37.20)	181073.22 (53.68)	337336.49 (100.00)
2007-08	36733.49 (8.81)	152000.00 (36.47)	228034.71 (54.72)	416768.20 (100.00)
2008-09	47183.96 (8.7)	223679.92 (41.23)	271639.31 (50.1)	542503.20 (100.00)
2009-10	42774.73 (6.8)	275150.49 (43.5)	313988.92 (49.7)	631914.15 (100.0)
2010-11	51715.78 (6.8)	339825.33 (44.9)	365178.33 (48.3)	756719.45 (100.0)
2011-12	77138.60 (8.89)	374143.24 (43.12)	416297.03 (47.98)	867578.89 (100.0)

Source: Annual reports of SBI from 2001 to 2012.

Note: Figures in parentheses indicates percentages

Table 3.11 presents the income earned by SBI during the period 2001-02 to 2011-12. The total income earned by SBI during the period 2001-02 to 2011-12 has increased from Rs. 33,984.58 crore in 2001-02 to Rs. 120872.89 in 2011-12. The income of the bank has increased by 255.67 per cent. As can be seen from the table the total income earned by the bank has registered the highest growth rate of 32.67 per cent for the year 2008-09. The lowest growth of income was in the year 2006-07 with a growth rate of 1.91 per cent. From the table it can be stated that though the growth in income over the years is positive but was fluctuative.

The total income earned comprises of the interest earned by SBI and other income. The share of interest earned to the total income earned ranged from 80.01 per cent to 88.13 per cent. The share of the other income varied from 12.28 per cent to 19.99 per cent. The major share of the two in the total income earned was more for the interest earned when compared to other income.

Table 3.11: Income earned by SBI during 2001-02 to 2011-12 (Rs. In Crore)

Year	Interest Earned (Rs.)	Growth over Previous year (%)	Other Income (Rs.)	Growth over Previous year (%)	Total Income (Rs.)	Growth over Previous year (%)
2001-02	29810.09 (87.72)	14.64	4174.49 (12.28)	3.92	33984.58 (100.00)	13.20
2002-03	31087.02 (84.41)	4.28	5740.26 (15.59)	37.51	36827.28 (100.00)	8.36
2003-04	30460.49 (80.01)	(-) 2.02	7612.46 (19.99)	32.62	38072.95 (100.00)	3.38
2004-05	32428 (82.00)	6.46	7119.9 (18.00)	(-) 6.47	39547.9 (100.00)	3.87
2005-06	35794.93 (82.89)	10.38	7388.69 (17.11)	3.78	43183.62 (100.00)	9.19
2006-07	37242.33 (84.63)	4.04	6765.26 (15.37)	(-) 8.44	44007.59 (100.00)	1.91
2007-08	48950.31 (84.92)	31.44	8694.93 (15.08)	28.52	57645.24 (100.00)	30.99
2008-09	63788.43 (83.41)	30.31	12690.79 (16.59)	45.95	76479.22 (100.0)	32.67
2009-10	70993.91 (82.59)	11.3	14968.15 (17.41)	17.94	85962.07 (100.0)	12.39
2010-11	81394.36 (83.72)	14.65	15824.59 (16.28)	5.72	97218.95 (100.0)	13.09
2011-12	106521.45 (88.13)	30.87	14351.44 (11.87)	(-) 9.30	120872.89 (100.0)	24.33

Source: Annual reports of SBI during 2001-02 to 2011-12.

Note: Figures in parentheses indicates percentages

Table 3.12 presents the expenditure incurred by the bank for the period 2001-02 to 2011-12. The total expenditure of the bank was Rs. 31552.95 crore in 2001-02 increased to Rs. 109165.61 crore by the year 2011-12 recording an increase of 245.98 per cent. The percentage increase over the previous years varied from 1.78 per cent to 51.24 per cent.

The total expenditure incurred comprises of the interest expended, operational expenses, and provisions and contingencies. The interest expended by the bank is the major expenditure item. The share of the interest expended in the total expenditure varied from 51.19 per cent to 65.70 per cent. The share of the operational expenses in the total expenditure varied from 22.85 per cent to 30.24 per cent. The provisions & contingencies share varied from 11.45 per cent to 19.2 per cent.

Table 3.12: Expenditure Incurred by SBI during 2001-02 to 2011-12

(Rs. in crore)

Year	Interest Expended	Growth over previous year (%)	Operation Expenses	Growth over previous year (%)	Provisions & Contingences	Growth over previous year (%)	Total Expenditure	Growth over previous year (%)
2001-02	20728.84 (65.70)	16.75	7210.9 (22.85)	(-) 13.11	3613.21 (11.45)	52.94	31552.95 (100.00)	11.04
2002-03	21109.46 (62.60)	1.84	7942.42 (23.55)	10.14	4670.4 (13.85)	29.26	33722.28 (100.00)	6.88
2003-04	19274.18 (56.04)	(-) 8.69	9245.32 (26.88)	16.40	5872.46 (17.08)	25.74	34391.96 (100.00)	1.99
2004-05	18483.38 (52.44)	(-) 4.10	10074.17 (28.58)	8.97	6685.84 (18.97)	13.85	35243.39 (100.00)	2.48
2005-06	20159.29 (51.99)	9.07	11725.10 (30.24)	16.39	6892.56 (17.77)	3.09	38776.95 (100.00)	10.03
2006-07	22184.13 (56.21)	10.04	11823.52 (29.96)	0.84	5458.63 (13.83)	(-) 20.80	39466.28 (100.00)	1.78
2007-08	31929.08 (62.71)	43.93	12608.61 (24.76)	6.64	6378.43 (12.53)	16.85	50916.12 (100.00)	29.01
2008-09	42915.29 (63.71)	34.41	15648.70 (23.23)	24.11	8794.10 (13.06)	37.87	67357.99 (100.0)	51.24
2009-10	47322.47 (61.62)	10.27	20318.68 (26.46)	29.84	9154.85 (11.92)	4.10	76796.02 (100.0)	14.01
2010-11	48867.95 (54.9)	3.27	23015.43 (25.9)	13.27	17071.05 (19.2)	86.47	88954.05 (100.0)	15.83
2011-12	63230.36 (57.92)	29.39	26068.99 (23.88)	13.26	19866.24 (18.20)	16.37	109165.61 (100.0)	22.72

Source: Annual reports of SBI during 2001-02 to 2011-12

Note: Figures in parentheses indicates percentages

Table 3.13 below presents the net profits of the bank for the period 2001-02 to 2011-12. The net profit of the bank was Rs. 2,432 crore in the year 2001-02 and increased to Rs. 11707 in the year 2011-12. The bank registered a decline in profits in the year 2009-10. The growth in the net profits of SBI varied from 2.36 per cent to 48.18 per cent. The highest growth rate in the net profit was 48.18 per cent in the year 2007-08.

Table 3.13: Net Profit of SBI during 2001-02 to 2011-12 (Rs. in crore)

Year	Profit	Growth over Previous Year (%)
2001-02	2432	51.62
2002-03	3105	27.67
2003-04	3681	18.55
2004-05	4305	16.95
2005-06	4407	2.36
2006-07	4541	3.04
2007-08	6729	48.18
2008-09	9121	35.54
2009-10	9166	0.49
2010-11	8264	-0.09
2011-12	11707	41.66

Source: Annual reports of SBI during 2001-02 to 2011-12

Note: Figures in parentheses indicates percentages

The total number of branches of SBI both in India and in foreign countries is presented in the Table 3.14. The branches of State Bank of India are spread out all over the country in different locations. The total number of branches was 9,085 in the year 2001-02 which increased to 14,270 by the year 2011-12. The number of foreign branches is 51 in the year 2001-02 and increased to 173 in the year 2011-12.

Table 3.14: Total Number of Branches during 2001-02 to 2011-12
(Numbers)

Year	Total no. of Offices in India		Total	Growth over Previous Year (%)
	India	Foreign		
2001-02	9,034	51	9,085	0.08
2002-03	9,033	48	9,081	(-) 0.04
2003-04	9,039	54	9,093	0.13
2004-05	9,102	54	9,156	0.69
2005-06	9,177	70	9,247	0.99
2006-07	9231	83	9600	3.82
2007-08	10,186	84	10270	6.97
2008-09	11,448	92	11540	12.36
2009-10	12,496	142	12638	9.51
2010-11	13,542	156	13698	8.38
2011-12	14,097	173	14270	4.18

Source: Annual reports of SBI during 2001-02 to 2011-12

Note: Figures in parentheses indicates percentages

The data relating to the profit per employee for the period 2001-02 to 2011-12 is shown in the Table 3.15. The profit per employee was Rs.115.82 thousands in the year 2001-02 increased to Rs.531 in the year 2011-12. The profit per employee in the years 2009-10 and 2010-11 showed a negative growth rate over the previous years. The percentage growth of the profit per employee varied from 4.33 per cent to 65.71 per cent.

Table 3.15: Profit per Employee of SBI during 2001-02 to 2011-12 (Rs. thousands)

Year	Profit per Employee (Rs. Thousands)	Growth over Previous Year (%)
2001-02	115.82	65.71
2002-03	147.83	27.59
2003-04	176.61	19.59
2004-05	207.50	17.51
2005-06	216.76	4.33
2006-07	236.81	9.25
2007-08	372.57	57.33
2008-09	473.77	27.16
2009-10	446.03	-5.85
2010-11	384.63	-13.76
2011-12	531.00	38.05

Source: Annual reports of SBI during 2001-02 to 2011-12

Note: Figures in parentheses indicates percentages

The business per employee for the period from 2001-02 to 2010-11 is presented in the Table 3.16. The business per employee increased from Rs. 17,300 thousands in the year 2001-02 to Rs. 70,465 in the year 2010-11. The growth over the previous year varied from 10.40 per cent to 27.73 per cent.

Table 3.16: Business per Employee of SBI during 2001-02 to 2010-11
(Rs. thousands)

Year	Business per Employee (Rs. Thousands)	Growth over Previous Year (%)
2001-02	17300	26.28
2002-03	19100	10.40
2003-04	21100	10.47
2004-05	24300	15.17
2005-06	29900	23.05
2006-07	35700	19.40
2007-08	45600	27.73
2008-09	55600	21.93
2009-10	63600	14.38
2010-11	70465	10.79
2011-12	78000	10.69

Source: Annual reports of SBI during 2001-02 to 2010-11

Note: Figures in parentheses indicates percentages

Table 3.17 shows the key performance indicators of the bank for the period from 2001-02 to 2011-12. The return on average assets was 0.73 per cent in the year 2001-02 and 0.88 in the year 2011-12. The years 2007-08 and 2008-09 recorded an increase in the return on the average assets. The return on equity was fluctuating for the period from 2001-02 to 2011-12. It varied from 12.84 per cent to 18.19 per cent. The operating expenses to total income varied from 46.62 per cent to 58.70 per cent.

Table 3.17: Key performance Indicators of SBI during 2001-02 to 2011-12

Indicators	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Return on Average Assets (%)	0.73	0.86	0.94	0.99	0.89	0.84	1.01	1.04	0.88	0.71	0.88
Return on Equity (%)	15.97	18.05	18.19	18.10	15.47	14.24	17.82	15.07	14.84	12.84	14.36
Expenses to Income (%) (Operating Expenses to Total Net Income)	54.40	50.53	49.18	47.83	58.70	54.18	49.03	46.62	52.59	47.60	45.23
Earning per share (Rs.)	46.20	59.00	69.94	81.76	83.73	86.29	126.50	143.77	144.37	130.16	184.31
Capital Adequacy Ratio (%)	13.35	13.50	13.53	12.45	11.88	12.34	13.54	12.97	12.00	10.69	12.05
Net NPAs to Net Advances	5.63	4.50	3.48	2.65	1.88	1.56	1.78	1.79	1.72	1.63	1.82

Source: Annual reports of SBI during 2001-02 to 2011-12

Note: Figures in parentheses indicates percentages

The earning per share also witnessed sharp fluctuations for the period and varied from Rs.46.20 to Rs. 184.31. The capital adequacy ratio varied between 11.88 per cent to 13.54 per cent. The net NPA to Net Advances was 5.63 in the year 2001-02 and gradually decreased to 1.82 in 2011-12.