

## **BANKING SECTOR -AN ANALYTICAL STUDY ON PRODUCTIVITY AMONG THE EMPLOYEES REGARDING THEIR PERFORMANCE**

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### **ABSTRACT**

**Introduction** – Banks are performing out the significant capacity of financial delegates between the creditors and depositors. Hence, the effective activity of banks is a basic component for generally monetary soundness of the nation. Effectiveness and productivity are the significant markers of evaluating the qualities and shortcomings of the banking system.

**Aim of the study** – The main aim of this study is to discuss the productivity of employee's performance in banking sector.

**Research methodology** – The center of the study has been to investigate the productivity of banks in India. Data is collected from the chosen banks are State Bank of India, Bank of Baroda and Punjab National Bank from PSBs, Axis Bank, ICICI and HDFC from PVTBs and Citi Bank, Bank of America and State Bank of Mauritius from FBs.

**Conclusion** – It can, therefore, be concluded that Bank has the most reduced productivity yet has most noteworthy number of branches and number of Employees likewise high

**Keywords:** Indian banking sector, productivity, employees, financial, bank industry.

### **1. INTRODUCTION**

Banks are playing out the significant capacity of financial mediators between the creditors and depositors. Hence, the effective activity of banks is a fundamental component for in general financial soundness of the nation. Proficiency and productivity are the significant pointers of surveying the qualities and shortcomings of the banking framework. Consequently, it assists with proposing protection ventures for directing the business any place vital. Subsequently, the estimation

of productivity in banking sector is urgent for the general advancement of the economy. The idea of productivity is handily applied in industry and one can gauge the productivity in specialized terms. In any case, it is hard to apply and quantify the productivity for administration industry like banking sector. "There is no single measure that has been all around acknowledged as speaking to banking productivity. Banks are commonly multi-input and multi-yield firms. Banking productivity speaks to the consolidated presentation of

staff, capital and management. Be that as it may, solid between linkages between the exhibitions of the three variables of production – high productivity of staff will bring about effective use of capital, while a proficient management capacity would bring about prevalent execution by work and capital." In banking sector human resources are more huge and valuable resource. The productivity of bank relies on the capacity and aptitude of representatives to convey excellent administrations to clients. Subsequently, how much help stretched out by per representative is estimated by the worker productivity. In the article of Kumar and Sreeramulu it is expressed that, various measures have been taken by the banks to decide a correct size of workers for improving their productivity. The endeavors have been capably upheld by business measure reengineering and innovation usage other than different measures taken for human resource development.

### 1.1 Indian Banking System

The banking sector in India is comprehensively partitioned into two gatherings: business banks and agreeable banks. Based on proprietorship shape, business banks are assembled into three classifications - state possessed or public sector banks (PSBs), private banks under Indian proprietorship and unfamiliar banks. There are 27 PSBs, which all record for 80% of business banking resource. At the highest point of the banking

framework is the Reserve Bank of India (RBI). RBI is the national bank of the nation depended with money related solidness, management of cash and oversight of financial just as installments framework. Set up in 1935, its capacities and center have advanced because of the changing monetary climate. Its set of experiences is characteristically entwined with the monetary and financial history of the nation.

### 1.2 Productivity of the employee

As indicated by the definition by European Productivity Agency with change of Japan Productivity Center (JPC), productivity is as a social idea and presented as a "disposition of brain". It searches to improve things which as of now exists persistently and focused on that one can improve in for quite a while contrasting the earlier day, as such consistently become well. In 1995, represents three definitions which identified with productivity: (1) Productivity is yield/contribution, at the end of the day is proportion of efficiency (techno-monetary view); (2) Productivity is piece of adequacy and efficiency brings up to yield/input +output/objective as productivity); and (3) It is alluding to more extensive idea that whatever makes the association has a superior capacity. Besides, Asia Productivity Organization (APO) characterizes the productivity as:

Productivity = Efficiency + Effectiveness  
=“Doing things right” + “Doing the right things”

The productivity is counted as huge factor in breaking down, observing, and directing the exhibition which there is an agreement among researchers that the presentation management is significant part in nonstop improvement and effective management. Likewise, it can help firms to follow the missions, vision, strategies, destinations and targets. In like manner, empowering to distinguish the shortcoming and qualities alongside circumstances and dangers which developing from market can be the other explanation regarding why productivity is significant in this level. Organizations' butts their shaky area and attempt to redress and deliver what things they expect. This way causes them to control the yield driving different division. Despite the fact that, over productivity in some cases prompts come up short in organization development. Then again, a few analysts accept that the benefit report of the organization isn't sufficient and it is just the last outcome, while the productivity decides either efficiency or viability of cycle and strategies. In light of this explanation they state benefit and income report doesn't gauge the exhibition of individual and the organization all in all. The other explanation is the report to be material just for organizations which produce anticipated outcome. Else, they should empower to check the report of

productivity rather than benefit report and perceiving the reasons for imperfections and deformities. Thusly, the productivity report finishes the consequence of benefit report.

## 2. LITERATURE REVIEW

**Ehsan, Muhammad & Ali (2019)**The study explored the effect of work weight on representative productivity. The study tried to discover how business-related pressure could influence the productivity of banking staff of Faisalabad, Pakistan. What's more, it recognized certain variables which add to work pressure among banking. The objective populaces contained all representatives from the five to six bank of Faisalabad city (Bank AL Habib, Faysal restricted bank, MCB, Meezan Bank, J.S Bank, Bank Al-Falah). The separated arbitrary inspecting strategy was utilized to choose 50 members for the study. Poll was the instrument used to inspire data from the respondents. Unmistakable measurement of table and rate were utilized to address the exploration addresses raised to direct the study while relapse and connection strategy was embraced to investigate the examination theories created for the study. To check the effect of work pressure, the pressure related factors are effect of outstanding task at hand, effect of job vagueness, effect of job struggle. The discoveries of this study uncovered that there is critical connection between work pressure and worker's productivity in banking sector.

**Boateng, Kwadwo (2019)** The principle motivation behind the paper was to look at the effect operational efficiency, and productivity has on the benefit of Ghanaian banks. Optional information got from the yearly financial reports of nine inspected banks for a very long time was utilized for the study. Various relapse was utilized for the analysis through SPSS form 23. The consequences of the analysis demonstrated that, the main factors that influence the productivity of banks in Ghana are net revenue edge, non-premium pay edge; working costs to pay proportion; benefit per representative; and business per worker. Value to resources proportion and faculty costs to working costs proportion then again, had an irrelevant relationship with the benefit of Ghanaian banks. The ramifications of the discoveries is that management ought not depend on interest pay as the sole wellspring of income but instead put a lot of exertion in expanding income through non-interest revenue sources. The outcomes again suggest that Ghanaian bank management should put accentuation on having lean representatives size, and increment the banks' business by preparing more deposits and propelling greater quality credits. Management ought to again guarantee a decrease in operational use through minimization of wastages and cost slicing to improve operational efficiency.

**Prof. Dr. N. M. Kanani, (2017)** Business banks assume a significant part in the any nation's economy by financing the

prerequisites of exchange, industry and farming with a more prominent level of duty. Banks mop up deposits by bringing the network investment funds into the coordinated sector, which are then needs set somewhere near the RBI in consonance with the financial approaches of the GOI. Business banks can be portrayed as a kind of financial mediator. Business banks give various import financial and exchanging records, for example, letters of credit, execution bonds, reserve letters of credit, security endorsing responsibilities and different kinds of accounting report ensures. They likewise assume liability for protecting such reports and different assets by safe deposit boxes. For as long as thirty years India's banking framework has a few exceptional accomplishments framework amazingly. The most striking is its broad reach. It is not, at this point kept to just metropolitans or cosmopolitans in India. Actually, Indian banking framework has reached even to the far off corners of the nation. In this way, Growing Indian economy is the consequence of powerful Indian banking framework among numerous other mindful inward and outer components, in which the pretended by public business banks in the nation is additionally a vital one.

**Bhatia and Mahendru (2015)** inspected the efficiency of public sector banks in India and noticed a huge distinction in the presentation of banks in pre and post reformatory period. Tina Zhang and Wang (2014) examined the

productive efficiency of Chinese banks with the assistance of DEA and MPI and saw that public sector banks in China are less proficient than private sector banks. Additionally, the fundamental explanation of inefficiency was discovered to be scale as opposed to unadulterated specialized inefficiency. Arjomandi et al. (2012) examined the efficiency and productivity of banks in Iran and noticed a ruin in productivity after the presentation of administrative changes. In another study by Wahab and Rahim Abdul Rahman (2012) for Malaysian banks the complete factor productivity was discovered improved by 2.4 % and the fundamental driver of this expansion was credited to innovative headway of banks during the study time frame. Chatzoglou et al. (2010) estimated the productivity of Greek banks and found a consistent execution of banks over the study time frame. However, a positive connection among size and banks execution was noticed. Further, the study inferred that if at least two little banks are consolidated it might make banks more proficient and productive.

**Karam Pal NARWAL (2015)**The motivation behind this paper is to talk about the various determinants of productivity and benefit of banks working in India. The exhibition of public and private sector banks as far as productivity and benefit is being surveyed in two distinctive time-frames (2003-04 to 2008-09 and 2009-10 to 2013-2014). The direct programming model Data Envelopment

Analysis (DEA) based Malmquist list is utilized to quantify complete factor productivity of gatherings and sub-bunch banks. The disintegration of absolute consider productivity unadulterated specialized and scale efficiency is done to get an extensive understanding of the impact of these two on the general productivity. Further, relapse analysis finds the determinants of various bank gatherings. The consequences of the study reveal that private sector banks are more productive than public sector banks over the entire study time frame. In any case, no critical distinction exists in the productivity of two bank gatherings. The primary explanation of greater productivity of private sector banks is the preferred usage of innovation over the public sector banks. Further, the productivity of banking sector of India isn't found fundamentally unique in the two sub-periods despite the fact that the banks have performed better in the sub-time frame II (2009-10 to 2013-14).

### 3. OBJECTIVES OF THE STUDY

1. To study the productivity of banks in Indian banking sector
2. To analysis the employees and branches in Descriptive statistics and CAGR

#### 4. RESEARCH METHODOLOGY

This study depends on secondary data which have been collected from different sources like Statistical Tables Relating to Banks in India for a long time from 2014-2015 to 2017 - 2019, Reports on Currency and account (yearly reports), Report on Trends and progress of Banking in India and furthermore from Annual reports of different banks, IBA release and sites identifying with banking. The main three banks from every sector as far as deposits been intentionally chosen for investigating the productivity

##### 4.1 Sample

They chose banks are State Bank of India, Bank of Baroda and Punjab National Bank from PSBs, Axis Bank, ICICI and HDFC from PVTBs and Citi Bank, Bank of America and State Bank of Mauritius from FBs. The current study is scientific in nature. The center of the study has been to investigate the productivity of banks in India.

##### 4.2 Data Collection

The data collected for the study have been dissected by utilizing suitable factual apparatuses, bookkeeping proportions concerning explicit goals. Synopsis insights, Compound Annual Growth Rate, Ratio Analysis and connection, have been utilized to dissect the data.

#### 5. DATA ANALYSIS

##### 5.1 Analysis of Productivity of Banks

The average Net profit, total income, total expenditure, deposits, advances and all out business is discovered to be the most noteworthy in SBI in PSB gathering, ICICI in PVTB gathering and Citibank in FB gathering. These factors are discovered to be the most minimal in PNB in PSB, Axis Bank in PVTB and SMAU in FB. SMAU is profoundly fluctuating and PNB is predictable in net benefit, SMAU is exceptionally fluctuating and Citi bank is steady in complete pay and BOA is fluctuating and Citi Bank is reliable in absolute use since these factors CV is high and low individually. Weave is profoundly fluctuating in deposits and complete business where HDFC is exceptionally fluctuating in progresses. Citi bank is profoundly predictable as far as deposits, advances and absolute business. The CAGR of net benefit, all out pay and all out consumption of SMAU is the most noteworthy and the CAGR net benefit is the least and negative in PNB, complete pay is least in Citi Bank and the all out use is the least and negative in BOA. The CAGR of deposits and advances are the most noteworthy in HDFC and complete business is the most noteworthy in BOB, and the CAGR of deposits and advance are discovered to be the

least in Citi bank and all out business is least in SMAU

**Table 1 Descriptive statistics and CAGR**

Sector	Variable name	Employees in no.			Branches in no.		
		AVG	CV (%)	CAGR (%)	AVG	CV (%)	CAGR (%)
PSB	SBI	217808	4.96	2.08	13572.4	5.08	2.53
	BOB	41618.6	7.45	3.81	3622.6	10.47	4.73
	PNB	60081.6	4.84	1.3	5153.4	5.41	2.53
PVTB	ICICI	56958.4	23.75	15.42	2492.8	18.23	10.1
	HDFC	62256.4	12.71	5.61	2254.4	17.21	8.16
	Axis Bank	100327	155.69	14.41	1436.2	19.61	10.83
FB	Citibank	5234.2	7.41	4.15	43	0	0
	BOA	357.4	14.45	7.25	5	0	0
	SMAU	44	25	15.28	3	0	0



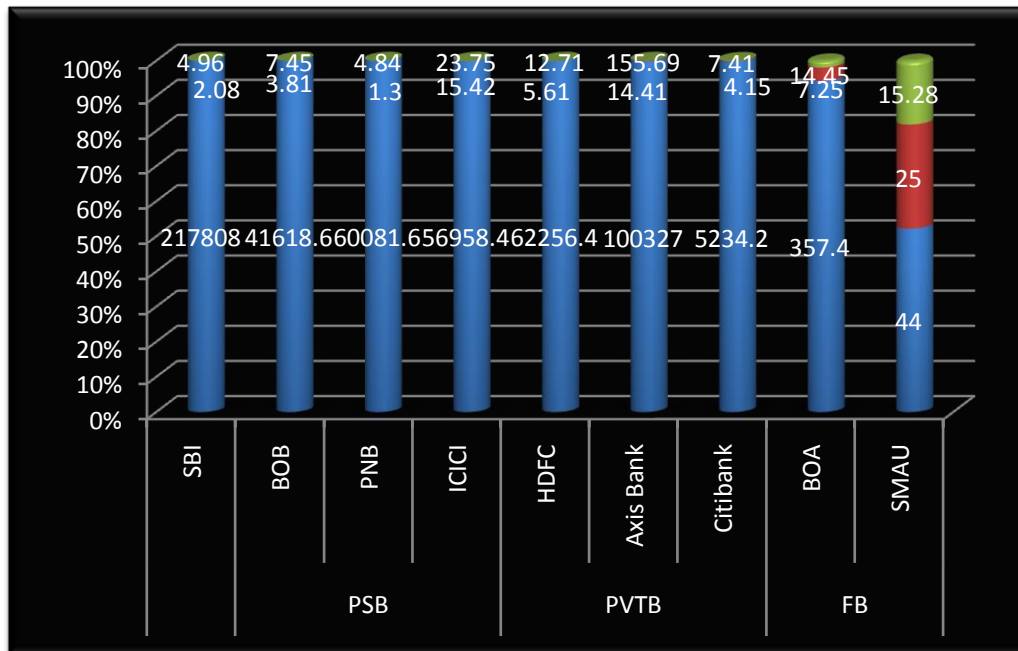


Figure 1: Employees in no.

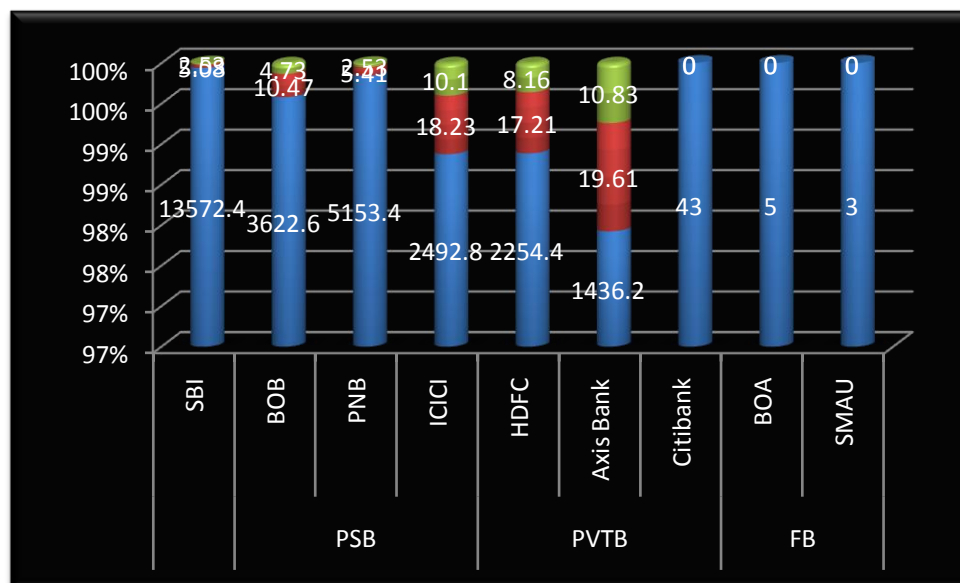


Figure 2: Branches in no.

From table 1 it is seen that the normal number of employees and the normal number of branches are discovered to be the most elevated in SBI (PSB) and it is the least in SMAU (FB).

Citibank in FB bunch have the most noteworthy normal number of employees and Axis bank in PVTB bunch has most noteworthy number of employees as against the quantity of branches in ICICI. The most



reduced Number of employees is discovered to be in SMAU (FB). Axis bank is exceptionally fluctuating in Number of employees just as the quantity of branches. There are least varieties found in these factors in SBI and BOB. The CAGR of these factors is likewise least in these banks as against Axis bank in PVTB.

### 5.2 Productivity of Employees

To discover the employee level productivity, the accompanying formulae have been applied

- 1) Net Profit per employee = Net Profit after interest and tax / No of Bank employees

- 2) Income per employee = Total income per branch / No of Bank employees
- 3) Expenditure per employee = Total expenditure / No of Bank employees
- 4) Deposit per employee = Total deposits / No of Bank employees
- 5) Advances per employee = Total Advances / No of Bank employees
- 6) Business per employee = Total business / No of Bank employees

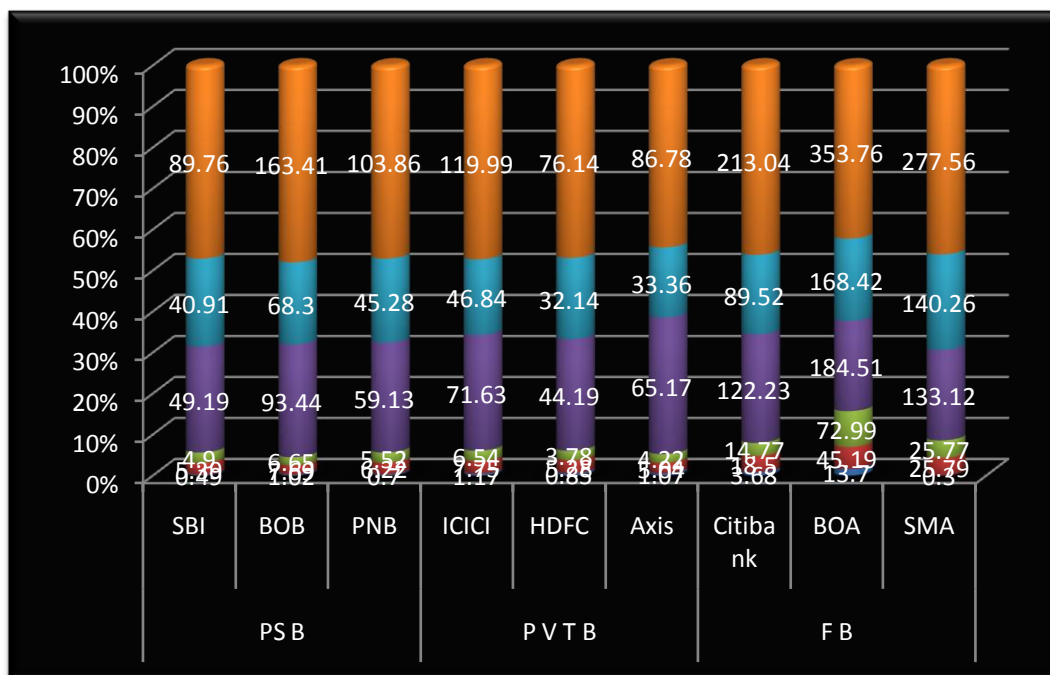


Figure 3: Employee level Productivity

The Net benefit per Employee is the most elevated in BOB in PSB gathering, ICICI in PVTB gathering and BOA in FB gathering.

The most reduced Net benefit per Employee is discovered to be in SMAU among all banks and bank gathering .The Income per Employee

is the most elevated in BOB in PSB gathering, ICICI in PVTB gathering and BOA in FB gathering. The most minimal Income per Employee is discovered to be in Axis bank (PVTB) among all banks and bank gathering. The Expenditure per Employee is the most noteworthy in BOB in PSB gathering, ICICI in PVTB gathering and BOA in FB gathering. The least Expenditure per Employee is discovered to be in HDFC (PVTB) among all banks and bank gathering. The Deposit per Employee is the most noteworthy in BOB in PSB gathering, ICICI in PVTB gathering and BOA in FB gathering. The most minimal Deposit per Employee is discovered to be in HDFC (PVTB) among all banks and bank gathering. The Advances per Employee is the most noteworthy in BOB in PSB gathering, ICICI in PVTB gathering and BOA in FB gathering. The most reduced Advances per Employee are discovered to be in HDFC (PVTB) among all banks and bank gathering. The Business per Employee is the most elevated in BOB in PSB gathering, ICICI in PVTB gathering and BOA in FB gathering. The least Business per Employee is discovered to be in HDFC (PVTB) among all banks and bank gathering.

From this it is induced that BOA (FB) is discovered to be the best bank regarding employee productivity followed by SMAU (FB) and Citi bank (FB). Despite the fact that SMAU is to be the least in all the chose factors, it is discovered to be the subsequent

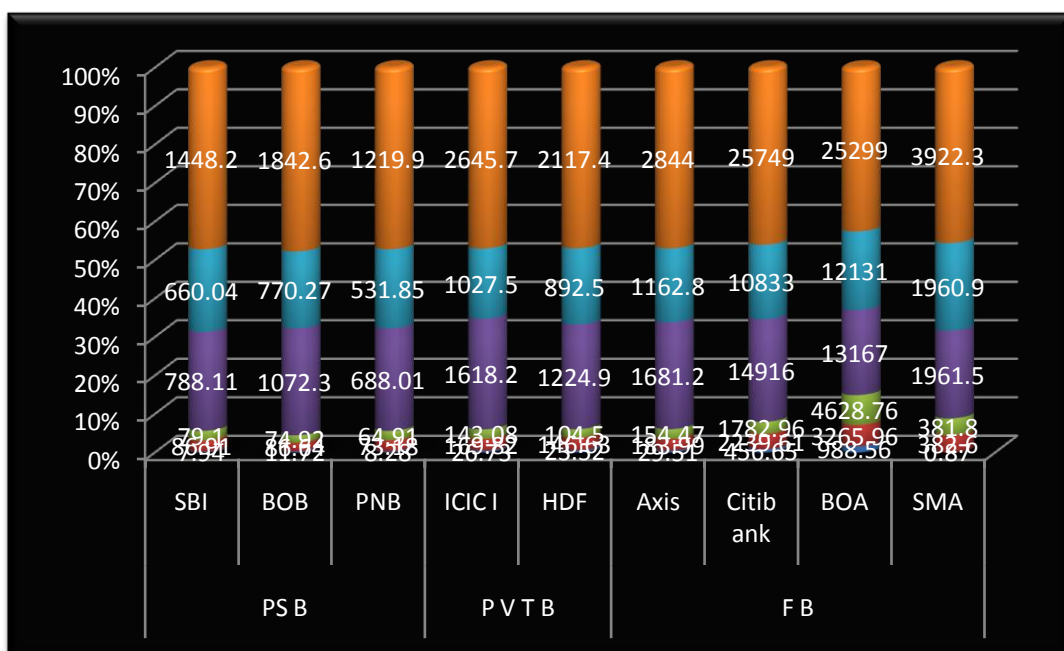
best bank regarding all out pay per employee, deposits per employee, progresses per employee and absolute business per employee. This shows that the employee productivity is discovered to be acceptable in SMAU. Simultaneously, the absolute net benefit just as the net benefit per employee in this bank is discovered to be extremely low and consumption per employee is high which shows that this has neglected to control its expense. In spite of the fact that the volume of deposits, advances and business is found to second among PVTB, HDFC is discovered to be minimal bank as far as deposits per employee, progresses per employee and all out business per employee. Simultaneously it has successfully deal with its expense. This shows that this bank ought to improve its employee productivity by expanding its volume of deposits, advances and business. Among all gathering, PVTB bunch has successfully controlled its cost which might be one reason where these banks can rival banking magnet like SBI, other enormous PSBs and FBs with ever new innovation.

### 5.3 Productivity of Branch

To discover the branch level productivity, the accompanying formulae have been applied

- 1) Net Profit per Branch = Net Profit after interest and tax / No of Bank Branches

- 2)  $\text{Income per branch} = \frac{\text{Total income per branch}}{\text{No of Bank Branches}}$
- 3)  $\text{Expenditure per branch} = \frac{\text{Total expenditure}}{\text{No of Bank Branches}}$
- 4)  $\text{Deposit per branch} = \frac{\text{Total deposits}}{\text{No of Bank Branches}}$
- 5)  $\text{Advances per branch} = \frac{\text{Total Advances}}{\text{No of Bank Branches}}$
- 6)  $\text{Business per branch} = \frac{\text{Total business}}{\text{No of Bank Branches}}$



**Figure 4: Branch level Productivity**

The Net benefit per branch is the most noteworthy in BOB in PSB gathering, Axis bank in PVTB gathering and BOA in FB gathering. The most minimal Net benefit per branch is discovered to be in SMAU among all banks and bank gatherings. The Income per Branch is the most noteworthy in SBI in PSB gathering, Axis bank in PVTB gathering and BOA in FB gathering. The most reduced Income per Branch is discovered to be in PNB (PSB) among all banks and bank gatherings.

The Expenditure per Branch is the most elevated in SBI in PSB gathering, Axis bank in PVTB gathering and BOA in FB gathering. The very most minimal Expenditure per Branch is discovered to be in PNB (PSB) among all banks and bank gatherings. The Deposit per Branch is the most noteworthy in BOB in PSB gathering, Axis bank in PVTB gathering and Citibank in FB gathering. The most reduced Deposit per Branch is discovered to be in PNB (PSB) among all

banks and bank gatherings. The Advances per Branch is the most noteworthy in BOB in PSB gathering, Axis bank in PVTB gathering and BOA in FB gathering. The most reduced Advances per Branch are discovered to be in PNB (PSB) among all banks and bank gatherings. The Business per Branch is the most noteworthy in BOB in PSB gathering, Axis bank in PVTB gathering and Citibank in FB gathering. The most minimal Business per Branch is discovered to be in PNB (PSB) among all banks and bank gatherings.

From this it is derived that as far as Net benefit per branch, Income per Branch, Expenditure per Branch and Advances per Branch the BOA (FB) stands first among all banks and bank gatherings. Citi Bank (FB) is discovered to be the greatest bank as far as Deposit per Branch and all out Business per Branch. PNB (PSB) is discovered to be the least in all the above examined factors among all banks and bank gatherings. In spite of the fact that the volume of net benefit, deposit, advance and complete business is the most noteworthy in SBI (PSB), the net benefit per branch, deposit per branch, advance per branch and business per branch is discovered to be the most elevated in BOB (PSB). From this it is induced that BOB is discovered to be the best in Branch Productivity. Additionally, however SMAU (FB) is discovered to be the least in net benefit, deposit, advance, and absolute pay regarding volume, the Per branch deposit, advance, and pay is discovered to be low in

PNB (PSB). From this it is induced that PNB is discovered to be poor in Branch Productivity. Regarding cost management, PNB (PSB) is successful trailed by BOB (PSB) and SBI (PSB) since their use per branch is low contrasted with different banks and bank gatherings. In any case, FB bunches have neglected to do as such. The volume of use just as the quantity of branches is discovered to be the most noteworthy in SBI, simultaneously the consumption per Branch positioned as third. This shows that SBI is wasteful to control its use which might be the explanation behind low Net benefit per branch and low absolute pay per branch. This proposes that the SBI needs to control its working costs. Likewise FB bunch need to likewise find a way to decrease their consumption with the goal that they might be more productive.

## 6. CONCLUSION

After detailed analysis it tends to be inferred that number of branches and number of employees of are profoundly impacting the Productivity of banks. The enormous banks with gigantic number of branches have the least Productivity and the other way around. In India the Public Sector Bank has the most reduced productivity yet has most noteworthy number of branches and number of Employees likewise high. The Banks must focus on per branch Productivity just according to employee productivity. In nutshell, rightsizing

of banks is the main answer for improve productivity in Indian banking industry to satisfy the objective of Indian financial sector changes and to improve the Indian banking sector to the global norm.

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