

TRANSFORMATION IN INDIAN BANKS THROUGH CHANGING WORK-CULTURE AND ECONOMIC ENVIRONMENT IN BANKS -EMERGING ISSUES AND NEW OPPORTUNITIES

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ABSTRACT

In this paper an attempt has been made that how changing dimensions of the work culture and economic parameters are responsible for the recent bank transformation. On the basis of selected parameters paper finds some issues and also new opportunities for the Indian banking industry, particularly for the public sector banks. The paper discussed mainly two aspect of changing work culture- changing composition of work force in banks and complaints made by the customers regarding various activities. Female ratio in banks is increasing particularly in public sector banks and foreign banks. The maximum complaints made in public sector banks are related to deposits. In case of private sector banks, they are related to credit cards and housing loans. In economic parameters, ROA has increased in all the bank groups. But more increase is observed in new private sector banks and foreign banks. Non-performance assets are declined in all bank groups. The paper also discussed some emerging issues and new opportunities for the Indian banking industry.

Keywords: Work Culture, Economic Parameters, Issues and Opportunities

INTRODUCTION

The significant transformation of the banking industry in India is clearly evident from the changes that have occurred in the financial markets, institutions, and products. While de-regulation has opened up new vistas for banks to augment revenues, it has entailed greater competition and consequently greater risks. Cross-border flows and entry of new products, particularly derivative instruments have impacted significantly on the domestic banking sector, forcing banks to adjust the product mix, as also to effect rapid changes in their processes and operations in order to remain competitive to the globalized environment. These developments have facilitated greater choice for customer, who has become more discerning and demanding compelling banks to offer a broader range of products through diverse

distribution channels. The traditional face and banks as more financial intermediaries has since altered risk management has emerged as their defining attribute. Mohan, R, p-23 If Indian banks are to compete globally, the time is opportune for them to institute sound and robust risk management practices. Krishnamurthy, K.V, p-37 what we need to do is to put dreams back in the eyes and our employees, instigate their hunger for achievements, convince them that the challenges we face are opportunities and arouse their instincts for winning and survival. Pandey, A.S, p-72 concluded that transformation is taking place in work-culture and modern is replacing traditional system. Mundargi,K, p-77 the most critical factor in the successful restructuring and the organizational structure will be the support extended by the employees for the change. K,Ashok, p-95 A product to be successful, it shall be 'attractive' with a process that is smoothly and effective delivered and priced competitively. Chachadi,A.H, p-114 we have to hone our skills in developing an appropriate culture, which is characterized by teamwork commitment and a problem solving approach. Garg, I.K, p-121 continue change must be adopted as a culture and appropriate institutional arrangements must be made and fascinate it. Triuedi, A.K, p-124 Indian banks have always proved beyond doubt their adoptability to change and it would be possible for them to mould themselves into agile and resilient organization by adopting fine-tuned customer relationship management strategies, operations based on asset-liability and risk management system, the required technological capabilities and developing human resources to meet the challenges and the paradigm shift.

The Indian banking has undergone many transformations since independence. But LPG and IT are currently transforming the Indian banking radically. The metamorphosis in the Indian banking is taking place significantly in the areas and ownership, structure, system, process, market place,

delivery channel, products, technology and work-culture. Sahoo, B.P, p-127 Equipping bank personnel with requisite knowledge and skills for coping with the new millennium banking is one of the biggest challenges for the banking system. The banking in our country is no longer the same as it used to be a couple of years ago. It is neither expected to remain the same a couple of years after. The manifestation and changes in the system is large and vivid in all its forms; be it structural, attitudinal or qualitative. This transformation in banking system has been possible mainly because of the following factors.

- Liberalized monetary, economic and banking policies.
- Level playing fields for both public and private sector banks.
- High level of mechanization and increased use of IT.
- Dolon-sizing the work-force through (VRS).
- Reducing Government stake and more public participation in the equity of banks.
- Stringent prudential norms and transparent accounting practices.
- Increased customer expectations following acute competition among banks.
- Change work-culture in banks.

Transformation is a dynamic process during all knows tenors undergo metamorphosis. It is a fluid state with uncertain outcome. Due to its fluidity it is difficult to determine its course. Hence, during transformation all known parameters and the earlier regime continuously change. When the required outcome of the transformation is pre-set, as in Indian banking today, managing transformation present both a great challenge and an opportunity.

The current transformation process in the Indian banking has many facets. They pertain to capital restructuring, financial re-engineering, technology absorption, work-culture, and of course human resources development. Each of these has several ingredients, presents formidable threats, but also offers excellent opportunities.

Bank Transformation/Stages and Transformation in Indian Banks

Stage of transformation	Structure of Banks	Objectives of the Banks	Nature of Technology used
<ul style="list-style-type: none"> • Pre-Nationalized of banks(before 1969) • Post-Nationalized of banks (1969-90) • Economic Reforms (1991-2000) • Current Stage 	<ul style="list-style-type: none"> • Private control of banks • Control of Govt. • Entry of foreign and NPSBs -Social Banking to IT Based banks • Implementation of various committees report 	<ul style="list-style-type: none"> • Higher profitability • Social banking • Higher profitability-Fierce Competition • -New Products and services - Entry in insurance-CRM with IT 	<ul style="list-style-type: none"> • Manual Work • Limited Computerization • E-Banks • -Maximum use of IT -Mobile ATMs

Process of Transformation

Parameters of Transformation	Process	Implications
<ul style="list-style-type: none"> • Structure • Business Re-engineering • Human Resources development • Work Culture • Information Technology • System, Process and procedure • Ethos/Philosophy 	<ul style="list-style-type: none"> • IT as the catalyst of Transformation 	<ul style="list-style-type: none"> • Improved and efficient structure • Improved vision for business • Productivity, Profitability and efficiency has increased • Innovation are taking place • International Outlook • Inspire employees • -More ethical work culture -Vision for global economy

Changing Dimensions of Work-Culture in Indian Banking Industry

Work-culture is a prominent factor which affects the financial performance as well as reputation of the banks. Some internal and external factors are responsible for the changing work-culture in Indian banks. New private sector banks and foreign banks have adopted very hi-fi culture in the day to day work and this culture is responsible for recent bank transformation and potential customers are shifting towards them. Many dimensions of this work-culture has become motivation and at the same time threat for the public sector banks. They have started to follow this culture. Young staff (particularly female),the maximum working hours, encouragement to employees, more facilities to customers, better infra-structure, politeness, solution of the complaints, customer care centre, customer grievance meeting, CRM etc. are some factors which are attracting the customers. These factors are responsible for the current transformation in the banks. Modern banking system is replacing the traditional system.

Transformation from Traditional Banking to Modern Banking

Transformation Banking

1. Sell product
2. Product research
3. Product sale & profitability target
4. Introduce new offering
5. Banking hours only
6. Personal contacts
7. Focus-Customer acquisition

Modern Banking

1. Meet customer needs
2. Customer Research
3. Customer segment sale & profitability target
4. Introduce customer specific new every few months/years offering every week/day
5. Any time banking
6. Personnel and electronic contacts

7. Focus-deepen existing customer Relationship

SCHEME OF THE PAPER

This paper has been divided into five sections. After the brief introduction, second section deals with the objectives, research methodology and database. Third section deals with result and discussion. Section IV finds some issues and opportunities, whereas section V concludes the paper.

II

OBJECTIVES, RESEARCH METHODOLOGY AND DATABASE

Objectives

- To study and analyze the changing dimensions of work-culture in Indian Banking Industry
- To analyze the changing economic environment in Indian Banking Industry in comparison with global banking system
- To highlight the emerging issues and new opportunities for the banks

Research Methodology

The present paper is concerned with Indian banking industry, which comprises of the following five bank groups.

G-I SBI & its associates (08)

G-II Nationalized banks (20)

G-III Old private sector banks (20)

G-IV New private sector banks (07)

G-V Foreign banks (29)

The study is confined to the secondary data which have been collected from performance highlights of Indian banking association and basic statistical returns of scheduled commercial banks in India, various issues, published by RBI. This study mainly covers the period 2001 to 2007.

Parameters of study

All the parameters are divided into two parts.

Part-A Changing dimension of work-culture in banks

- Changing work-force.
- Activity wise complaints in various bank groups.
- Region-wise complaints by the customers.

Part-B Economic environmental factors

- Return on assets of Indian banks vis-à-vis selected countries.
- Ratio of gross Non-Performance loans to gross advance of Indian banks vis-à-vis selected countries.
- Provision to non-performing loans ratio- Indian banks vis-à-vis selected countries.
- Capital adequacy ratio- Indian banks vis-à-vis selected countries.

- Capital to assets ratio- Indian banks vis-à-vis selected countries.

All the economic parameters have been compared with the global ranges.

DATABASE

- Report on Trend and Progress of Banking in India, 2006-07
- Basic Statistical Returns of SCBs in India Various Issues

III

RESULT AND DISCUSSION

1. (a) Changing Dimension of work-culture Customer Service and financial inclusion

The Reserve Bank has taken several measures in recent years aimed at providing customer service at reasonable cost. These measures include enhancing protection disclosures, code of ethical and grievance redressal, among others. Simultaneously the Reserve bank has also made concerted efforts to expand the banking outreach to the wider sections the population. During 2006-07, the Reserve Bank further fine-tuned its guidelines towards financial inclusions.

Complaints received against commercial banks Located in the jurisdiction of various Banking Ombudsman offices for the period July 1, 2006 to June 30, 2007 have been collated and Categorized into ten broad heads, viz, deposit accounts, remittances, credit cards, Loans/advances (general to housing loan), charges without prior notice, pension failure on commitments made, direct selling agents, notes of coins & others. While the maximum number of Complaints in respect of public sector banks and old private sector banks related to deposit accounts during 2006-07, Among public sector banks, Punjab national bank received 366, Canara Bank received 179 Bank of India, 166 similarly, among prominent are old private sector banks prominent are, ING Vysya Bank 32, Feder Bank 29 & Catholic Syrian Bank received 15 complaints regarding deposit accounts. The Largest number of complaints in the case of new prints seeter banks & foreign banks related to credit cards. Among new private sector banks, ICICI bank -1451, HDFC Bank-621 & Axis Bank-51. In case of foreign banks China trust Commercial Bank-636, Standard Chartered Bank-529 & ABN Amro Bank Ltd. received 520 complaints related to credit cards. Many complaints are also related & loans & advances (general) & charges without prior notice. A significant number of complaints also related to pension (especially for private sector banks) & direct selling agents (especially for new private sector banks).

Region-wise complaints

Region-wise, the highest numbers of complaints at banking Ombudsman Offices were received in Mumbai (5525), which was closely followed by New Delhi (5481) & Kanpur (4321). Guwahati (170) and Bhubaneswar (689) offices receive the least number of complaints. Complaints received by all other offices ranged between 1000 and 3000.

The Reserve Bank has made constant efforts since 2004 to promote financial inclusion. Accordingly, to expand the outreach of banking services to vast sections and the population, banks, in November 2005, were advised to make available a basic “no frills” account with 1000 or nil balance as well as charges. Following this, several banks have introduced “no-frills” accounts. Between end-March 2006 and 2007, about 6 million new “no-frills” bank account were opened. Public sector banks accounted for bulk of these new accounts due to their vast branch network in rural and semi-urban areas. Financial inclusion is being viewed by these banks as a huge business opportunities in rural and semi-urban areas in an environment and intense competition (Report on Trend and Progress of Banking in India 2006-07, PP.112).

(b) Changing work-force in banks

Due to the introduction of information technology number of employees are decreasing in many bank groups. Particularly, in public sector banks. Table (a) indicates ratio of female employees in all bank groups. In 2007 female ratio to the total employees has increased in new private sector banks and in the foreign banks as compared to 2002. But in this rural sector this ratio declined in G-I and G-II bank group. Table (b) indicates female ratio to total employees in semi-urban areas. There is a marginal increased in this ratio in G-I, G-V. Overall this ratio has been declined.

In case of urban sector this ratio declined expect G-I. Overall this ratio increased in all bank groups.

Overall the ratio of female to total employees has declined in G-II and G-III bank groups. But increased in G-I and G-V bank groups.

2. Changing dimensions of economic environment in banks

After the introduction of first and second banking sector reforms, Indian banking industry has made significant and remarkable progress in various economic indicators. Indian banking industry which is today will not remain tomorrow.

Benchmarking of the Indian banking sector

The financial soundness of the banking and financial institutions is a pre-requisite for financial stability. The

increasing degree of financial globalizes puts domestic banking and financial institutions on international platform of competitions, thereby compelling them to meet international standards in respect of financial soundness. The competition in the Indian banking system has intensified with the entry of private banks and increased presence of foreign banks and the margins have come under pressure.

In view of these developments, it is imperative that Indian banking system needs the international benchmarks of efficiency, profitability and financial soundness. The return on total assets (ROA) of banks defined as the ratio of net profit to total assets, is one of the most widely used indicator of profitability. Higher ROA indicates the commercial soundness of banking system. From the financial stability point of view, high ROA provides a levels of comfort against potential shocks to the system i.e. banks would be able to operate without jeopardizing the process of financial intermediation even in the wake of adverse shocks. ROA of Indian scheduled commercial banks recorded a significant improvement in recent years to reach 0.9 percent at end-March 2007; globally, the range varied from 0.2 percent to 4.3 percent in 2006. In scheduled commercial banks, public sector banks and foreign banks have made remarkable progress in this indicator in 2007 (i.e. ROA was 0.4 in 2001 which has become 0.8 in 2007 in case of public sector banks. Similarly, in case of foreign banks it has become from 0.9 to 1.7 in 2007). In 2007 some markets are emerging like Argentina, Brazil, Mexico, Korea, and South Africa.

Comparative Soundness of Indian Banks (Gross Non-Performing Loans to Gross Advances of Indian Banking)

Quality of assets of banks is a crucial indicator of financial health of banking system and hence, financial stability. The ratio of non-performing loans (NPLs) to total advances is a common measure to assess the quality of assets of banks. A lower NPL ratio indicates prudent business strategy followed by a bank. The legal framework for recovery of loans also plays an important role in the burden of NPLs on the banking system in a country. In India, several measures taken by the Government and the Reserve Bank have enabled SCBs to substantially reduce their level of gross NPLs from 15.7 percent of total advances at end-March 1997 to about 11 percent at end-March 2001 and further to 2.5 percent at end-March 2007. The global range for gross NPLs varied between 0.2 percent and 24.7 percent in 2006.

Although, there is a declined in NPLs but it is still

high in case of old private sector bank 3.1 percent. Similarly, in case of public sector bank 2.7 percent. Provision to Non-Performing Loans Ratio in Indian Banks vis-à-vis selected countries

The ratio of provisioning to NPLs reflects the ability of a bank to withstand losses in asset value. The vulnerable of a bank's balance sheet is mitigated to the extent of non-performing loans are covered by loan loss provisions. A low ratio of provisioning to NPLs makes the banking system vulnerable to shocks. Indian SCBs maintained provisioning of 56.1 percent of gross NPLs at the end-March 2007 which was comparable with global standards. Among the scheduled commercial banks this ratio has declined in case of foreign banks from 54.8 percent to 51.1 percent and similarly, it has declined in public sector banks 58.4 percent to 56.8 percent in 2007.

Capital Adequacy Ratio

Bank capital is used as an indicator of bank soundness because of its role as the final buffer against losses that a bank may suffer. The minimum amount of capital that a bank should have to meet future losses was specified differently by national regulators until the successful harmonization of this by the Basel Accord of 1988. Recognizing that capital at a minimum must be commensurate with the amount of risk that a bank took, a minimum capital to risk-weighted asset ratio (CRAR) of 8 percent was specified by the Basel Committee on Banking Supervision (BCBS). Capital requirements are now almost universally accepted and most countries use the Basel-like risk weighted approach. This degree of harmonization has made the CRAR a useful indicator for analyst in making both inter-bank and inter-country comparison of bank strength. In the Indian context, the overall capital adequacy of the SCBs improved from 11.4 percent in 2001 to 12.3 percent in 2007. Which was much above the Basel norm of 8 percent and the stipulated norm of 9 percent for banks in India? The ratio was comparable with most emerging markets and developed economies. The global range of CRAR in 2006 varied from 7.1 percent to 34.9 percent.

Capital to Asset Ratio

The simple capital to asset ratio of banks indicates the extent of leveraging enjoyed by banks. A low capital to asset ratio implies higher leverage and greater vulnerability of a bank. Globally the ratio varied between 3.7 percent and 22.9 percent in 2006. Indian banks have lower leverage as compared with many other countries.

IV EMERGING ISSUES

The ongoing analysis indicates that changing work-culture and economic environment is responsible for recent bank transformation. The results reveals the following issues:

- Sex-wise increasing gap among various bank groups is a very serious issues in new private sector banks and foreign banks female ratio of employees dominates and continuously increasing.
- Level of employeement in the banking industry almost in the declined trend.
- The hi-fi culture of new private sector banks and foreign banks has become threat for the other bank groups.
- Young generation due to the technical skill is more preferred by the private sector banks.
- Private and foreign banks are tech-know-how oriented banks. Whereas public sector banks are partially IT oriented.
- Lack of leadership traits in public sector banks.
- Lack of organizational vision in public sector banks.
- Poor work culture in public sector banks.
- Work environment is not conducive in public sector banks.
- Non-Identification of talent in public sector banks.
- Administrative problem
- Non-team work concept.
- No system of reward and punishment in public sector banks.
- No proper recruitment and staff re-orientation.

The above said areas need to be given proper thrust in revitalizing the work force to encounter the challenges and to bring about the desired improvements in the system.

NEW OPPORTUNITIES FOR THE BANKS

No doubt, changing work culture and fastly changing economic environment has thrown many challenges for the banking industry, particularly for the public sector banks vis-à-vis new opportunities are also available for the banking industry.

- Cultivate leadership traits among the employees.
- There should be a proper organizational vision.
- Building an organizational culture.
- Creative conducive work environment.

- Identifying talent among the employees.
- Improvement in administrative structure.
- Team work should be given top-priority.
- Employees who are adding values in the banks should be honored and undisciplined employees should be punished.
- Proper recruitment and staff orientation policy.
- The complaints of the customers should be removed immediately.
- Indian banks should expand their network in the global market.
- Along with the expansion of e-channels employment opportunities should be created.

IMPLICATIONS

The major implication of the paper is that dimensions of the work culture are rapidly changing and new economic parameters in the banking industry are taking place which are transforming Indian banking industry and preparing it face the global severe competition. The emerging challenges have also given new opportunities for the banking industry, particularly for the public sector banks.

FUTURE AREAS OF RESEARCH

A comprehensive research is required for the following areas.

- All dimensions of work culture and Indian banking industry.
- Comparison of economic indicators of Indian banks with global markets.
- Can Indian economy grow without foreign banks.
- Business re-engineering and bank transformation.
- IT and bank transformation.
- HRM and bank transformation.

LIMITATION

The present study has left some work culture parameters (for which data is not available) and concentrate only few economic indicators of the banks.

V

CONCLUSION

The paper on the basis of certain parameters of work culture and changing economic environment in the banks conclude that recent bank transformation is due to the many factors, but work-culture and changing economic environment is also responsible for this transformation. Female ratio of employee is increasing a new private sector banks and in the foreign banks. Return over assets is increasing rapidly in all bank groups, but speed is very high in case of

new private sector banks and foreign banks. Non-performance assets ratio to advances has remarkable declined in all bank groups. Similarly, the maximum complaints are made in public sector banks. They are related to deposits, credit cards, loans. Region-wise the maximum complaints are in Mumbai, New Delhi and Kanpur. The increasing female employees ratio, hi-fi culture in new private sector banks and foreign banks, lack of leadership traits in public sector banks, poor work-culture, no organization vision, no team work, lack of identification of talent, no rewards are the emerging major issues in the banking industry, particularly, in public sector banks. To overcome these issues or challenges vast opportunities are also available for the banks. Public sector banks should cultivate leadership traits among employees, organizational vision and organizational culture, conducive work environment, identifying talent, team work and globalization of there branches are the opportunities for the public sector banks.

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Table 1
Customer Service and Financial Inclusion

Nature of complaints	SCB	G-I	G-II	G-III	G-IV
• Total No. of Complaints Received (1 to 10)	34,499	21,660	825	8,211	3,803
1 Deposit Account	5,578	3,664	182	1,409	323
2 Remittances	3,919	2,918	94	719	188
3 Credit Cards	7,669	3,265	54	2,163	2,187
• Loans/Advances(a+b)					
• General	4,169	2,842	159	887	281
• Housing loans	649	366	13	220	50
5 Charges Without prior Notice	2,527	1,434	47	868	178
6 Pension	1,056	1,039	6	8	3
7 Failure on commitments Made	1,402	1,006	41	273	82
8 Direct selling Agents	1,026	628	40	317	41
9 Notes and Coins	126	104	2	18	2
10 Others	6,378	4,394	187	1,329	468

Source: Report on Trend and Progress of Banking in India, 2006-07

Table 2
Region wise complaints

Sr.NO	Office	No. of complaints received
1.	Ahmedabad	2,107
2.	Bangalore	2,406
3.	Bhopal	2,731
4.	Bhubaneswar	689
5.	Chandigarh	2,006
6.	Chennai	2,387
7.	Guwahati	170
8.	Hyderabad	2,767
9.	Jaipur	2,976
10.	Kanpur	4,321
11.	Kolkata	2,011
12.	Mumbai	5,525
13.	New Delhi	5,481
14.	Patna	1,481
15.	Thiruvananthapuram	1,580
	Total	38,638

Source: Basic Statistical Returns of SCBs in India Various Issues

Table 3(a)
Female Employees Ratio in Rural Sector

Bank Group	2002	2004	2007	Percentage
G-I	6.58	5.70	6.05	91.94
G-II	7.24	6.33	5.92	81.76
G-III	--	--	--	--
G-IV	1.80	1.89	1.91	106.11
G-V	7.64	8.15	8.19	107.19
All	5.73	5.12	4.97	86.73

Source: Basic Statistical Returns of SCBs in India Various Issues

Table 3(b)
Female Employee Ratio in Semi-Urban Sector

Bank Group	2002	2004	2007	Percentage
G-I	10.84	10.84	10.99	101.38
G-II	11.95	11.89	10.93	91.46
G-III	--	--	--	--
G-IV	7.39	7.70	6.71	90.79
G-V	16.71	15.69	16.86	100.89
All	11.60	11.49	11.17	96.29

Source: Same as Table 3(a)

Table 3(c)
Female Employee Ratio in Urban Sector

Bank Group	2002	2004	2007	Percentage
G-I	15.00	16.09	16.43	109.53
G-II	18.01	18.19	17.97	99.77
G-III	33.28	33.15	29.24	87.86
G-IV	12.73	13.84	12.03	94.50
G-V	24.13	23.63	24.12	99.95
All	17.94	18.46	18.70	104.23

Source: Same as Table 3(a)

Table 3(d)
Female Employee Ratio All Bank Groups

Bank Group	2002	2004	2007	Percentage
G-I	12.44	12.80	13.62	109.48
G-II	14.93	14.82	14.68	98.32
G-III	33.25	33.15	29.22	87.87
G-IV	3.93	4.22	4.01	102.03
G-V	20.63	20.60	22.07	106.98
All	14.03	14.16	14.75	105.13

Source: Same as Table 3(a)

Table 3(d)
Female Employee Ratio All Bank Groups

Bank Group	2002	2004	2007	Percentage
G-I	12.44	12.80	13.62	109.48
G-II	14.93	14.82	14.68	98.32
G-III	33.25	33.15	29.22	87.87
G-IV	3.93	4.22	4.01	102.03
G-V	20.63	20.60	22.07	106.98
All	14.03	14.16	14.75	105.13

Table 4
Benchmarking of the Indian banking sector

Bank Group/Country	As at end-March	
	2001	2007
India		
Public sector banks	0.4	0.8
Private banks	0.7	0.9
Old private banks	0.6	0.7
New private banks	0.8	0.9
Foreign banks	0.9	1.7
Scheduled Commercial Banks	0.5	0.9
Emerging Markets		
Argentina	0.0	2.1
Brazil	-0.1	2.1
Mexico	0.8	3.2
Korea	0.7	1.1
South Africa	0.8	1.4
Developed Countries		
US	1.1	1.2
UK	0.5	0.5
Japan	-0.6	0.4
Canada	0.7	1.0
Australia	1.3	1.8
Global range for 2006 [0.2(Tunisia) to 4.3 (Saudi Arabia and Ghana)]		

Source: Same as Table 1

Table 5
Gross Non-Performing Loans to Gross Advances of Indian Banks

Bank Group/Country	As at end-March	
	2001	2007
India		
Public sector banks	12.4	2.7
Private banks	8.4	2.2
1 Old private banks	10.9	3.1
2 New private banks	5.1	1.9
Foreign banks	6.8	1.8
Scheduled Commercial Banks	11.4	2.5
Emerging Markets		
Argentina	13.1	3.2
Brazil	5.6	4.0
Mexico	5.1	2.2
Korea	3.4	0.8
South Africa	3.1	1.1
Developed Countries		
US	1.3	0.8
UK	2.6	0.9
Japan	8.4	2.5
Canada	1.5	0.4
Australia	0.6	0.2
Global range for 2006 [0.2 (Estonia, Luxembourg and Australia) to 24.7(Egypt)]		

Source : Same as Table 1

Table 6
Provision to Non-Performing Loans Ratio Indian Banks

Bank Group/Country	As at end-March	
	2001	2007
India		
Public sector banks	58.4	56.8
Private banks		
1 Old private banks	47.0	66.0
2 New private banks	40.6	49.1
Foreign banks	54.8	51.1
Scheduled Commercial Banks	55.9	56.1
Emerging Markets		
Argentina	102.9	132.3
Brazil	177.5	153.0
Mexico	201.8	194.7
Korea	104.5	177.7
South Africa	61.3	64.3
Developed Countries		
US	168.1	129.0
UK	64.5	56.1
Japan	26.8	30.3
Canada	47.7	55.3
Australia	182.9	204.5
Global range for 2006: [23.1 Ukraine to 229.1 (Venezuela)]		

Source: Same as Table 1

Table 7
Capital Adequacy Ratio-Indian Banks

Bank Group/Country	As at end-March	
	2001	2007
India		
Public sector banks	11.2	12.4
Private banks		
1 Old private banks	11.9	12.1
2 New private banks	11.5	12.0
Foreign banks	12.6	12.4
Scheduled Commercial Banks	11.4	12.3
Emerging Markets		
Argentina	-	-
Brazil	14.8	18.5
Mexico	13.9	16.1
Korea	11.7	13.0
South Africa	11.4	12.7
Developed Countries		
US	12.9	13.0
UK	13.2	12.9
Japan	10.8	13.1
Canada	12.3	12.4
Australia	10.4	10.4
Global range for 2006: [7.1 Sweden to 34.9 (Armenia)]		

Source : Same as Table 1

Table 8
Capital to Asset Ratio-Indian Banks

Bank Group/Country	As at end-March	
	2001	2007
India		
Public sector banks	4.8	5.8
Private banks	5.4	6.8
1 Old private banks	5.4	6.7
2 New private banks	5.5	6.8
Foreign banks	8.8	11.9
Scheduled Commercial Banks	5.2	6.3
Emerging Markets		
Argentina	11.9	13.7
Brazil	8.9	9.4
Mexico	9.4	13.2
Korea	7.2	9.5
South Africa	9.0	7.8
Developed Countries		
US	9.0	10.6
UK	9.7	8.9
Japan	3.9	5.3
Canada	4.6	5.6
Australia	5.3	4.9
Global range for 2006: [4.0(Bangladesh, Netherlands) to 22.0 (Armenia)]		

Source: Same as Table 1