

TABLE OF CONTENT

Contents:-

1. Introduction to the Industry
2. History of Banking in India
3. Introduction to the organization
4. Research Methodology
 - Title of the Study
 - Duration of the Project
 - Objective of the study
 - Type of the Research
 - Sample Size and Method of selecting Samples
 - Scope of the Study
 - Limitation of the Study
5. Facts and Findings
6. Analysis and Interpretation
7. SWOT
8. Conclusion
9. Appendix
10. Bibliography

INTRODUCTION OF BANKING INDUSTRY

Bank

A **bank** is license by a government. Its primary activity is to lend money. Many other financial activities were allowed over time. For example banks are important players in financial markets and offer financial services such as investment funds In some countries such as Germany, banks have historically owned major stakes in industrial corporations while in other countries such as the United States banks are prohibited from owning non-financial companies. In Japan, banks are usually the nexus of a cross-share holding entity known as the zaibatsu. In France, banc assurance is prevalent, as most banks offer insurance services (and now real estate services) to their clients.

The level of government regulation of the banking industry varies widely, with counties such as Iceland, the United Kingdom and the United States having relatively light regulation of the banking sector, and countries such as China having relatively heavier regulation (including stricter regulations regarding the level of reserves).

History

Banks have influenced economies and politics for centuries. Historically, the primary purpose of a bank was to provide loans to trading companies. Banks provided funds to allow businesses to purchase inventory, and collected those funds back with interest when the goods were sold. For centuries, the banking industry only dealt with businesses, not consumers. Banking services have expanded to include services directed at individuals, and risk in these much smaller transactions are pooled..

Origin of the word



Silver drachm coin from Trapezus, 4th century BC

The name *bank* derives from the Italian word *banco* "desk/bench", used during the Renaissance by Florentine bankers, who used to make their transactions above a desk covered by a green tablecloth. However, there are traces of banking activity even in ancient times.

ABOUT BANKING:-

Section 5(b) of the Banking Regulation Act, 1949 defines banking as 'the accepting, for the purpose of lending or investment, of deposits of money from the public, repayable on demand or otherwise, and withdrawal by cheque, draft, order or otherwise.'

Section 5(c) of the Banking Regulation Act, 1949 defines a banking company' as "any company which transacts the business of banking in India".

Definition of Banking:-

The definition of a bank varies from country to country.

Under **English common law**, a banker is defined as a person who carries on the business of banking, which is specified as:

- Conducting current accounts for his customers
- Paying cheques drawn on him, and
- Collecting cheques for his customers.

The borrowing, raising or taking up of money, the lending or advancing of money either with or without security;

Acting as agents for any government or local authority or any other person or persons.

Contracting for public and private loans and negotiating and issuing the same.

The effecting, insuring, guaranteeing, underwriting, participating in managing and carrying out of any issue, public or private, of state, municipal or other loans or of shares, stock, debentures or debenture stock of any company, corporation or association and the lending of money for the purpose of any such issue.

Examples of statutory definitions:

- "banking business" means the business of receiving money on current or deposit account, paying and collecting cheques drawn by or paid in by customers, the making of advances to customers, and includes such other

business as the Authority may prescribe for the purposes of this Act; (Banking Act (Singapore), Section 2, Interpretation).

- "banking business" means the business of either or both of the following:
 1. Receiving from the general public money on current, deposit, savings or other similar account repayable on demand or within less than [3 months] ... or with a period of call or notice of less than that period;
 2. Paying or collecting cheques drawn by or paid in by customers
 3. Since the advent of EFTPOS (Electronic Funds Transfer at Point Of Sale), direct credit, direct debit and internet banking, the cheque has lost its primacy in most banking systems as a payment instrument. This has led legal theorists to suggest that the cheque based definition should be broadened to include financial institutions that conduct current accounts for customers and enable customers to pay and be paid by third parties, even if they do not pay and collect cheques

Commercial role:-

The commercial role of banks is not limited to banking, and includes:

- issue of banknotes (promissory notes issued by a banker and payable to bearer on demand)

- processing of payments by way of telegraphic transfer, EFTPOS, internet banking or other means
- issuing bank drafts and bank cheques
- accepting money on term deposit
- lending money by way of overdraft, installment loan or otherwise
- providing documentary and standby letters of credit (trade finance), guarantees, performance bonds, securities underwriting commitments and other forms of off-balance sheet exposures
- safekeeping of documents and other items in safe deposit boxes
- currency exchange
- acting as a 'financial supermarket' for the sale, distribution or brokerage, with or without advice, of insurance, unit trusts and similar financial products

Economic functions:-

The economic functions of banks include:

1. Issue of money, in the form of banknotes and current accounts subject to cheque or payment at the customer's order. These claims on banks can act as money because they are negotiable and/or repayable on demand, and hence valued at par. They are effectively transferable by mere delivery, in the case of banknotes, or by drawing a cheque that the payee may bank or cash.

2. Netting and settlement of payments – banks act as both collection and paying agents for customers, participating in interbank clearing and settlement systems to collect, present, be presented with, and pay payment instruments. This enables banks to economise on reserves held for settlement of payments, since inward and outward payments offset each other. It also enables the offsetting of payment flows between geographical areas, reducing the cost of settlement between them.
3. Credit intermediation – banks borrow and lend back-to-back on their own account as middle men
4. Credit quality improvement – banks lend money to ordinary commercial and personal borrowers (ordinary credit quality), but are high quality borrowers. The improvement comes from diversification of the bank's assets and capital which provides a buffer to absorb losses without defaulting on its obligations.
5. Maturity transformation – banks borrow more on demand debt and short term debt, but provide more long term loans. In other words, they borrow short and lend long. With a stronger credit quality than most other borrowers, banks can do this by aggregating issues (e.g. accepting deposits and issuing banknotes) and redemptions (e.g. withdrawals).

Law of banking:-

Banking law is based on a contractual analysis of the relationship between the *bank* (defined above) and the *customer*—defined as any entity for which the bank agrees to conduct an account.

The law implies rights and obligations into this relationship as follows:

1. The bank account balance is the financial position between the bank and the customer: when the account is in credit, the bank owes the balance to the customer; when the account is overdrawn, the customer owes the balance to the bank.

2. The bank agrees to pay the customer's cheques up to the amount standing to the credit of the customer's account, plus any agreed overdraft limit.
3. The bank may not pay from the customer's account without a mandate from the customer, e.g. a cheque drawn by the customer.
4. The bank agrees to promptly collect the cheques deposited to the customer's account as the customer's agent, and to credit the proceeds to the customer's account.
5. The bank has a right to combine the customer's accounts, since each account is just an aspect of the same credit relationship.
6. The bank has a lien on cheques deposited to the customer's account, to the extent that the customer is indebted to the bank.
7. The bank must not disclose details of transactions through the customer's account—unless the customer consents, there is a public duty to disclose, the bank's interests require it, or the law demands it.

Entry regulation:-

Currently in most jurisdictions commercial banks are regulated by government entities and require a special bank licence to operate.

Usually the definition of the business of banking for the purposes of regulation is extended to include acceptance of deposits, even if they are not repayable to the customer's order—although money lending, by itself, is generally not included in the definition.

Unlike most other regulated industries, the regulator is typically also a participant in the market, i.e. a government-owned (central) bank. Central banks also typically have a monopoly on the business of issuing **banknotes**. However, in some countries this is not the case. In the UK, for example, the

Financial Services Authority licenses banks, and some commercial banks (such as the **Bank of Scotland**) issue their own **banknotes** in addition to those issued by the **Bank of England**, the UK government's central bank.

Some types of financial institution, such as **building societies** and **credit unions**, may be partly or wholly exempt from bank licence requirements, and therefore regulated under separate rules.

The requirements for the issue of a bank licence vary between jurisdictions but typically include:

1. Minimum capital
2. Minimum capital ratio

'Fit and Proper' requirements for the bank's controllers, owners, directors, and/or senior officers
The requirements for the issue of a bank licence vary between jurisdictions but typically include:

3. 'Fit and Proper' requirements for the bank's controllers, owners, directors, and/or senior officers
4. Approval of the bank's
5. Business plan as being sufficiently prudent.

The economic functions of banks include:

6. Issue of money, in the form of **banknotes** and current accounts subject to **cheque** or payment at the customer's order. These claims on banks can act as money because they are negotiable and/or repayable on demand, and hence valued at par. They are effectively transferable by mere delivery, in the case of **banknotes**, or by drawing a cheque that the payee may bank or cash.

7. Netting and settlement of payments – banks act as both collection and paying agents for customers, participating in interbank clearing and settlement systems to collect, present, be presented with, and pay payment instruments. This enables banks to economise on reserves held for settlement of payments, since inward and outward payments offset each other. It also enables the offsetting of payment flows between geographical areas, reducing the cost of settlement between them.

8. Credit intermediation – banks borrow and lend back-to-back on their own account as middle men

9. Credit quality improvement – banks lend money to ordinary commercial and personal borrowers (ordinary credit quality), but are high quality borrowers. The improvement comes from diversification of the bank's assets and capital which provides a buffer to absorb losses without defaulting on its obligations. However, banknotes and deposits are generally unsecured; if the bank gets into difficulty and pledges assets as security, to raise the funding it needs to continue to operate, this puts the note holders and depositors in an economically subordinated position.

10. **Maturity transformation** :-Banks borrow more on demand debt and short term debt, but provide more long term loans. In other words, they borrow short and lend long. With a stronger credit quality than most other borrowers, banks can do this by aggregating issues (e.g. accepting deposits and issuing banknotes) and redemptions (e.g. withdrawals and redemptions of banknotes), maintaining reserves of cash, investing in marketable securities that can be readily converted to cash if needed, and raising replacement funding as needed from various sources (e.g. wholesale cash markets and securities markets).

Banking law is based on a contractual analysis of the relationship between the *bank* (defined above) and the **Customer**:- defined as any entity for which the bank agrees to conduct an account.

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11.. The bank agrees to promptly collect the cheques deposited to the customer's account as the customer's agent, and to credit the proceeds to the customer's account.

12 . The banks have a right to combine the customer's accounts, since each account is just an aspect of the same credit relationship.

13. The bank has a lien on cheques deposited to the customer's account, to the extent that the customer is indebted to the bank.

14. The bank must not disclose details of transactions through the customer's account—unless the customer consents, there is a public duty to disclose, the bank's interests require it, or the law demands it.

15 . The banks must not close a customer's account without reasonable notice, since cheques are outstanding in the ordinary course of business for several days.

These implied contractual terms may be modified by express agreement between the customer and the bank. The statutes and regulations in force within a particular jurisdiction may also modify the above terms and/or create new rights, obligations or limitations relevant to the bank-customer relationship.

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(such as the Bank of Scotland) issue their own banknotes in addition to those issued by the Bank of England, the UK government's central bank.

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History of Banking in India

The first bank in India, though conservative, was established in 1786. From 1786 till today, the journey of Indian Banking System can be segregated into three distinct phases. They are as mentioned below:-

Early phase from 1786 to 1969 of Indian Banks

Nationalization of Indian Banks and up to 1991 prior to Indian banking sector Reforms.

New phase of Indian Banking System with the advent of Indian Financial & Banking Sector Reforms after 1991.

To make this write-up more explanatory, I prefix the scenario as Phase I, Phase II and Phase III.

Phase I

The General Bank of India was set up in the year 1786. Next came Bank of Hindustan and Bengal Bank. The East India Company established Bank of Bengal (1809), Bank of Bombay (1840) and Bank of Madras (1843) as independent units and called it Presidency Banks. These three banks were amalgamated in 1920 and Imperial Bank of India was established which started as private shareholders banks, mostly Europeans shareholders.

In 1865 Allahabad Bank was established and first time exclusively by Indians, Punjab National Bank Ltd. was set up in 1894 with headquarters at Lahore. Between 1906 and 1913, Bank of India, Central Bank of India, Bank of Baroda, Canara Bank, Indian Bank, and Bank of Mysore were set up. Reserve Bank of India came in 1935.

During the first phase the growth was very slow and banks also experienced periodic failures between 1913 and 1948. There were approximately 1100 banks, mostly small. To streamline the functioning and activities of commercial banks, the Government of India came up with The Banking Companies Act, 1949 which was later changed to Banking Regulation Act 1949 as per amending Act of 1965 (Act No. 23 of 1965). Reserve Bank of India was vested with extensive powers for the supervision of banking in India as the Central Banking Authority.

Phase II

Government took major steps in this Indian Banking Sector Reform after independence. In 1955, it nationalized Imperial Bank of India with extensive banking facilities on a large

scale especially in rural and semi-urban areas. It formed State Bank of India to act as the principal agent of RBI and to handle banking transactions of the Union and State Governments all over the country.

Seven banks forming subsidiary of State Bank of India was nationalized in 1960 on 19th July, 1969, major process of nationalization was carried out. It was the effort of the then Prime Minister of India, Mrs. Indira Gandhi. 14 major commercial banks in the country were nationalized.

Second phase of nationalization Indian Banking Sector Reform was carried out in 1980 with seven more banks. This step brought 80% of the banking segment in India under Government ownership.

The following are the steps taken by the Government of India to Regulate Banking Institutions in the Country:-

1949: Enactment of Banking Regulation Act.

1955: Nationalization of State Bank of India.

1959: Nationalization of SBI subsidiaries.

1961: Insurance cover extended to deposits.

1969: Nationalization of 14 major banks.

1971: Creation of credit guarantee corporation.

1975: Creation of regional rural banks.

1980: Nationalization of seven banks with deposits over 200 crore.

After the nationalization of banks, the branches of the public sector bank India raised to approximately 800% in deposits and advances took a huge jump by 11,000%. Banking in the sunshine of Government ownership gave the public implicit faith and immense confidence about the sustainability of these institutions.

Phase III

This phase has introduced many more products and facilities in the banking sector in its reforms measure. In 1991, under the chairmanship of M Narasimham, a committee was set up by his name which worked for the liberalization of banking practices.

The country is flooded with foreign banks and their ATM stations. Efforts are being put to give a satisfactory service to customers. Phone banking and net banking is introduced. The entire system became more convenient and swift. Time is given more importance than money. The financial system of India has shown a great deal of resilience. It is sheltered from any crisis triggered by any external macroeconomics shock as other East Asian Countries suffered. This is all due to a flexible exchange rate regime, the foreign

reserves are high, the capital account is not yet fully convertible, and banks and their customers have limited foreign exchange exposure.

INTRODUCTION TO THE ORGANIZATION

BANKING SYSTEM IN INDIA

The Banking System in India consists of:

1. Reserve Bank
2. Development Banks
3. Public Sector Bank.
4. Foreign Banks
5. Private Sector Banks
6. Cooperative Banks
7. Regional Rural Banks

The Reserve Bank of India:-

The Reserve Bank of India is the Central Bank of the Country and came into being by the Reserve Bank of India Act 1934. It was nationalized in 1948.

Reserve Bank of India is the bank that issues and regulates the issue of currency in India. The banker to the Government of India and the State governments. It manages the public debt. It has the obligation to transact the banking business of the Central Government. It undertakes to accept money on behalf of the Government and make payment on its behalf. The banker's bank. Commercial banks maintain their current account with the Reserve Bank of India.

The bank that manages the volume of credit created by the commercial banks to ensure price stability.

The bank that manages the external value of the currency (Indian rupee).

Development Banks:-

These were set up to give long term finance for the development of the country. These are the Industrial Finance Corporation of India and the Industrial Development Bank of India, The Industrial Reconstruction Bank of India and the National Bank for Agriculture and Rural Development. A former development bank, the Industrial Credit and Investment Corporation of India Ltd. by a reverse merger in 2002, became a normal commercial bank. It is expected that the other development banks, having outlived their utility would also be either converted to commercial banks or merged with commercial banks.

Public Sector Banks:-

These are banks which the Government either owns or has a majority stake in it.

The largest is the State Bank of India which was formed by the merger of the Presidency Banks – the Bank of Bengal, the Bank of Bombay and the Bank of

Madras in 1921. It was then known as the Imperial Bank. It was nationalized in 1955 by the passing of the State Bank of India Act, 1955. It has seven subsidiaries or associates.

Foreign Banks:-

These are branches of banks incorporated outside India. In 1995/96 many other foreign banks (optimistic in view of India's liberalization) opened branches in India. However, after banking began to become increasingly competitive and margins began to be squeezed coupled with large non performing assets, many banks closed their branches

Private Sector Banks:-

These are banks which are not government owned or controlled. Their shares are freely traded in the Stock Markets.

Cooperative Banks:-

Cooperative Banks are those that are created by a group of individual to support either a community or a religious group. They operate in metropolitan, urban and semi urban centers to cater to the needs of small borrowers.

Regional Rural Banks:-

These came into being on October 2, 1975 when 5 regional rural banks were established under what became the Regional Rural Banks Act 1975. These were to

bridge the gap in rural credit granting loans and advances to small and marginal farmers, artisans, small entrepreneur and persons of small means engaged in trade, commerce, industry or other productive activities within their area of operation.

Local Area Banks:-

Local Area Banks came into existence in 1999 and licenses were given for these banks as it was felt that regular commercial banks were not financial the rural/ agricultural sector adequately. Licenses were given to open branches in three districts. Branches in urban/ semi urban areas were granted only after ten branches were established in rural areas/ villages.

Sectors	Banks
Central Bank:-	Reserve Bank of India
Nationalized Banks:-	State Bank of India , Allahabad Bank , Andhra Bank , Bank of Baroda , Bank of India , Bank of Maharashtra , Canara Bank , Central Bank of India , Corporation Bank , Dena Bank , Indian Bank , Indian Overseas Bank , Oriental Bank of Commerce , Punjab & Sind Bank , Punjab National Bank , Syndicate Bank , IDBI Bank, Union Bank of India , United Bank of India , UCO Bank , Vijaya Bank.
Private Banks:-	Axis Bank , Bank of Rajasthan · Bharat Overseas Bank · Catholic Syrian Bank · Centurion Bank of Punjab · City Union Bank · Development Credit Bank · Dhanalakshmi Bank · Federal Bank · Ganesh Bank of Kurundwad · HDFC Bank · ICICI Bank · IndusInd Bank · ING Vysya Bank · Jammu & Kashmir Bank · Karnataka Bank Limited · Karur Vysya Bank · Kotak Mahindra Bank · Lakshmi Vilas Bank · Nainital Bank · Ratnakar

[Bank](#) · [SBI Commercial and International Bank](#) · [South Indian Bank](#) · [Tamilnad Mercantile Bank Ltd.](#) .

Foreign Citibank · HSBC · [Standard Chartered](#)

Banks:-

Regional Rural South Malabar Gramin Bank

Banks:-

Coo
perati The Andaman and Nicobar State Co-operative Bank Ltd. The
ve Arunachal Pradesh State co-operative Apex Bank Ltd. The Assam
Banks Co-operative Apex Bank Ltd The Bihar State Co-operative Bank
:- Ltd. The Chandigarh State Co-operative Bank Ltd.

INTRODUCTION OF SBI BANK

HISTORY OF SBI BANK:-

The evolution of State Bank of India can be traced back to the first decade of the 19th century. It began with the establishment of the Bank of Calcutta in Calcutta, on 2 June 1806. The bank was redesigned as the Bank of Bengal, three years later, on 2 January 1809. It was the first ever joint-stock bank of the British India, established under the sponsorship of the Government of Bengal. Subsequently, the Bank of Bombay (established on 15 April 1840) and the Bank of Madras (established on 1 July 1843) followed the Bank of Bengal.

An important turning point in the history of State Bank of India is the launch of the first Five Year Plan of independent India, in 1951. The Plan aimed at serving the Indian economy in general and the rural sector of the country, in particular. Until the Plan, the commercial banks of the country, including the Imperial Bank of India, confined their services to the urban sector. Moreover, they were not equipped to respond to the growing needs of the economic revival taking shape in the rural areas of the country. Therefore, in order to serve the economy as a whole and rural sector in particular.

The All India Rural Credit Survey Committee proposed the take over of the Imperial Bank of India, and integrating with it, the former state-owned or state-associate banks. Subsequently, an Act was passed in the Parliament of India in May 1955. As a

result, the State Bank of India (SBI) was established on 1 July 1955. This resulted in making the State Bank of India more powerful, because as much as a quarter of the resources of the Indian banking system were controlled directly by the State. Later on, the State Bank of India (Subsidiary Banks) Act was passed in 1959.

The State Bank of India emerged as a pacesetter, with its operations carried out by the 480 offices comprising branches, sub offices and three Local Head Offices, inherited from the Imperial Bank. Instead of serving as mere repositories of the community's savings and lending to creditworthy parties, the State Bank of India catered to the needs of the customers, by banking purposefully.

State Bank of India (SBI) (LSE: SBID) is the largest bank in India.

The bank traces its ancestry back through the Imperial Bank of India to the founding in 1806 of the Bank of Calcutta, making it the oldest commercial bank in the Indian Subcontinent. The Government of India nationalised the Imperial Bank of India in 1955, with the Reserve Bank of India taking a 60% stake, and renamed it the State Bank of India. In 2008, the Government took over the stake held by the Reserve Bank of India.

SBI provides a range of banking products through its vast network in India and overseas, including products aimed at NRIs. With an asset base of \$126 billion and its reach, it is a regional banking behemoth. SBI has laid emphasis on reducing the huge manpower through Golden handshake schemes, which led to a flight of its best and brightest managers which took to retirement allowances and then went on to become senior managers at new private sector banks, and computerizing its operations.

The roots of the State Bank of India rest in the first decade of 19th century, when the Bank of Calcutta, later renamed the Bank of Bengal, was established on 2 June 1806. The Bank of Bengal and two other Presidency banks, namely, the Bank of Bombay (incorporated on 15 April 1840) and the Bank of Madras (incorporated on 1 July 1843).. 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 Presidency banks amalgamated on 27 January 1921, and

the reorganized banking entity took as its name Imperial Bank of India. The Imperial Bank of India continued to remain a joint stock company.

Pursuant to the provisions of the State Bank of India Act (1955), the Reserve Bank of India, which is India's central bank, acquired a controlling interest in the Imperial Bank of India. On 30 April 1955 the Imperial Bank of India became the State Bank of India. In 1959 the Government passed the State Bank of India (Subsidiary Banks) Act, enabling the State Bank of India to take over eight former State-associated banks as its subsidiaries. On Sept 13, 2008, State Bank of Saurashtra, one of its Associate Banks, merged with State Bank of India.

Associate banks:-

There are six associate banks that fall under SBI, and together these six banks 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 in 1959. 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 along these lines occurred in September 2008 when State Bank of Saurashtra merged with State Bank of India, which reduced the number of state banks from seven to six.

- 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

Growth:-

State Bank of India has often acted as guarantor to the Indian Government, most notably during Chandra Shekhar's tenure as Prime Minister of India. With more than 11,111 branches and a further 6500+ associate bank branches, the SBI has extensive coverage. State Bank of India has electronically networked all of its branches under Core Banking System(CBS). The bank has one of the largest ATM networks in the region. More than 8500 ATMs across India. The State Bank of India has had steady growth over its history, though it was marred by the Harshad Mehta scam in 1992. In recent years, the bank has sought to expand its overseas operations by buying foreign banks. It is the only Indian bank to feature in the top 100 world banks in the Fortune Global 500 rating and various other rankings. *Group companies:-*

- SBI Capital Markets Ltd
- SBI Mutual Fund (A Trust)
- SBI Factors and Commercial Services Ltd
- SBI DFHI Ltd
- SBI Cards and Payment Services Pvt Ltd
- SBI Life Insurance Co. Ltd - Bancassurance (Life Insurance)
- SBI Funds Management Pvt Ltd
- SBI Canada

Establishment:-

The establishment of the Bank of Bengal marked the advent of limited liability, joint-stock banking in India. So was the associated innovation in banking, viz. the decision to allow the Bank of Bengal to issue notes, which would be accepted for payment of public revenues within a restricted geographical area. This right of note issue was very valuable not only for the Bank of Bengal but also its two siblings, the Banks of Bombay and Madras. It meant an accretion to the capital of the banks, a capital on which the proprietors did not have to pay any interest.

The concept of deposit banking was also an innovation because the practice of accepting money for safekeeping (and in some cases, even investment on behalf of

the clients) by the indigenous bankers had not spread as a general habit in most parts of India. But, for a long time, and especially upto the time that the three presidency banks had a right of note issue, bank notes and government balances made up the bulk of the investible resources of the banks.

The three banks were governed by royal charters, which were revised from time to time. Each charter provided for a share capital, four-fifth of which were privately subscribed and the rest owned by the provincial government. The members of the board of directors, which managed the affairs of each bank, were mostly proprietary directors representing the large European managing agency houses in India. The rest were government nominees, invariably civil servants, one of whom was elected as the president of the board.

Business:-

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 security for such loans was public securities, commonly called Company's Paper, bullion, treasure, plate, jewels, or goods 'not of a perishable nature' and no interest could be charged beyond a rate of twelve per cent. Loans against goods like opium, indigo, salt woollens, cotton, cotton piece goods, mule twist and silk goods were also granted but such finance by way of cash credits gained momentum only from the third decade of the nineteenth century. All commodities, including tea, sugar and jute, which began to be financed later, were either pledged or hypothecated to the bank.

Major change in the conditions:-

A major change in the conditions of operation of the Banks of Bengal, Bombay and Madras occurred after 1860. 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 from 1 March 1862 the sole power of issuing paper currency within British India. The task of management and circulation of the new currency notes was

conferred on the presidency banks and the Government undertook to transfer the Treasury balances to the banks at places where the banks would open branches. None of the three banks had till then any branches (except the sole attempt and that too a short-lived one by the Bank of Bengal at Mirzapore in 1839) although the charters had given them such authority. But as soon as the three presidency banks were assured of the free use of government

Presidency Banks Act:-

The presidency Banks Act, which came into operation on 1 May 1876, brought the three presidency banks under a common statute with similar restrictions on business. The proprietary connection of the Government was, however, terminated, though the banks continued to hold charge of the public debt offices in the three presidency towns, and the custody of a part of the government balances. The Act also stipulated the creation of Reserve Treasuries at Calcutta, Bombay and Madras into which sums above the specified minimum balances promised to the presidency banks at only their head offices were to be lodged. The Government could lend to the presidency banks from such Reserve Treasuries but the latter could look upon them more as a favour than as a right.

Bank of Madras:-

The decision of the Government to keep the surplus balances in Reserve Treasuries outside the normal control of the presidency banks and the connected decision not to guarantee minimum government balances at new places where branches were to be opened effectively checked the growth of new branches after 1876. The pace of expansion witnessed in the previous decade fell sharply although, in the case of the

Bank of Madras, it continued on a modest scale as the profits of that bank were mainly derived from trade dispersed among a number of port towns and inland centers of the presidency.

India witnessed rapid commercialization in the last quarter of the nineteenth century as its railway network expanded to cover all the major regions of the country. New irrigation networks in Madras, Punjab and Sind accelerated the process of conversion of subsistence crops into cash crops, a portion of which found its way into the foreign markets. Tea and coffee plantations transformed large areas of the eastern Terai, the hills of Assam and the Nilgiris into regions of estate agriculture par excellence. All these resulted in the expansion of India's international trade more than six-fold.

The three presidency banks were both beneficiaries and promoters of this commercialization process as they became involved in the financing of practically every trading, manufacturing and mining activity in the sub-continent.

While the Banks of Bengal and Bombay were engaged in the financing of large modern manufacturing industries, the Bank of Madras went into the financing of large modern manufacturing

industries, the Bank of Madras went into the financing of small-scale industries in a way which had no parallel elsewhere. But the three banks were rigorously excluded from any business involving foreign exchange. Not only was such business considered risky for these banks, which held government deposits, it was also 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 1935.

Presidency Banks of Bengal:-

The presidency Banks of Bengal, Bombay and Madras with their 70 branches were merged in 1921 to form the Imperial Bank of India. The triad had been transformed into a monolith and a giant among Indian commercial banks had emerged. The new bank took on the triple role of a commercial bank, a banker's bank and a banker to the government.

But this creation was preceded by years of deliberations on the need for a 'State Bank of India'. What eventually emerged was a 'half-way house' combining the functions of a commercial bank and a quasi-central bank. 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 latter ceased to be bankers to the Government of India and instead

Became agent of the Reserve Bank for the transaction of government business at centers at which the central bank was not established.

But it continued to maintain currency chests and small coin depots and operate the remittance facilities scheme for other banks and the public on terms stipulated by the Reserve Bank. It also acted as a bankers' bank by holding their surplus cash and granting them advances against authorized securities.

The management of the bank clearing houses also continued with it at many places where the Reserve Bank did not have offices. The bank was also the biggest

tendered at the Treasury bill auctions conducted by the Reserve Bank on behalf of the Government.

The establishment of the Reserve Bank simultaneously saw important amendments being made to the constitution of the Imperial Bank converting it into a purely commercial bank.

Imperial Bank:-

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 increases in some cases amounting to more than six-fold.

The financial status and security inherited from its forerunners no doubt provided a firm and durable platform. But 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. All these enabled the Imperial Bank to acquire a pre-eminent position in the Indian banking industry and also secure a vital place in the country's economic life.



Stamp of Imperial Bank of India

Subsidiaries:

The State Bank Group includes a network of eight banking subsidiaries and several non-banking subsidiaries. Through the establishments, it offers various services including merchant banking services, fund management, factoring services, primary dealership in government securities, credit cards.

The eight banking subsidiaries are:

11. State Bank of Bikaner and Jaipur (SBBJ)
12. State Bank of Hyderabad (SBH)
13. State Bank of India (SBI)
14. State Bank of Indore (SBIR)
15. State Bank of Mysore (SBM)
16. State Bank of Patiala (SBP)
17. State Bank of Saurashtra (SBS)

18. State Bank of Travancore (SBT)

Products

Personal Banking:-

- SBI Term Deposits SBI Loan For Pensioners
- SBI Recurring Deposits Loan Against Mortgage Of Property
- SBI Housing Loan Loan Against Shares & Debentures
- SBI Car Loan Rent Plus Scheme
- SBI Educational Loan Medi-Plus Scheme

Other Services:-

- Agriculture/Rural Banking
- NRI Services
- ATM Services
- Demat Services
- Corporate Banking
- Internet Banking
- Mobile Banking
- International Banking
- Safe Deposit Locker

- RBIEFT
- E-Pay
- E-Rail
- SBI Vishwa Yatra Foreign Travel Card
- Broking Services
- Gift Cheques

NETWORK OF SBI BANK:-

SBI Bank India has 52 Foreign Offices in 34 countries. SBI India serves the international needs of its foreign customers, in addition to conducting retail operations. The focus of the offices of SBI is India-related business. Few of the countries where SBI Bank has branches are as under:

- Australia
- Bahamas
- Bahrain
- Bangladesh
- Belgium
- Bhutan
- Canada
- France
- Germany
- Hong Kong
- Japan
- Maldives
- Mauritius
- Muscat
- Nepal
- Nigeria
- Oman
- Russia

- Singapore
- Sri Lanka
- South Africa
- UK
- USA

Structure of Organization:-

Central Board of State Bank of India

(As on 13th January 2009)

BOARD OF DIRECTORS

Sr. No.	Name of Director	Sec. of SBI Act, 1955
1.	Shri O.P. Bhatt Chairman	19(a)
2.	Shri S.K. Bhattacharyya MD & CC&RO	19(b)
3.	Shri R. Sridharan MD & GE(A&S)	19(b)
4.	Dr. Ashok Jhunjhunwala	19(c)
5.	Shri Dileep C. Choksi	19(c)
6.	Shri S. Venkatachalam	19(c)
7.	Shri. D. Sundaram	19(c)
8.	Dr. Deva Nand Balodhi	19(d)
9.	Prof. Mohd. Salahuddin Ansari	19(d)
10.	Dr.(Mrs.) Vasantha Bharucha	19(d)
11.	Dr. Rajiv Kumar	19(d)
12.	Shri Arun Ramanathan	19(e)
13.	Smt. Shyamala Gopinath	19(f)

PERFORMANCE OF SBI BANK

INVESTOR RELATIONS:-

State Bank of India, the country's largest commercial Bank in terms of profits, assets, deposits, branches and employees, welcomes you to its 'Investors Relations' Section. SBI, with its heritage dating back to the year 1806, strives to continuously provide latest and upto date information on its financial performance. It is our endeavor to walk on the path of transparency and allow complete access to all the stakeholders enabling total awareness about the Bank. The Bank communicates with the stakeholders through a variety of channels, such as through e-mail, website, conference call, one-on-one meeting, analysts' meet and attendance at Investor Conference throughout the world.

Please find below Bank's financial results, analysis of performance and other highlights which will be of interest to Investors, Fund Managers and Analysts. SBI has always been fundamentally strong in its core business which is mirrored

SBI FINANCIAL HIGHLIGHTS:-

**PAST 5 YEARS
TABLE I**

STATE BANK OF INDIA -FINANCIAL HIGHLIGHTS 2002-07

Rs. in Billion	FY2002	FY2003	FY2004	FY2005	FY 2006	FY2007
Deposits	2705.6	2961.24	3186.19	3670.48	3800.46	4355.21
Advances	1208.06	1377.58	1579.34	2023.74	2618.01	3373.36
Investments	1451.42	1723.48	1856.76	1970.98	1625.34	1491.49
Total Assets	3482.28	3758.76	4078.15	4598.83	4940.29	5665.65
Interest Income	298.10	310.87	304.60	324.28	359.80	394.91
Interest Expenses	207.29	211.09	192.74	184.83	203.90	234.37
Net Interest Income	90.81	99.78	111.86	139.45	155.89	160.54
Non-Interest Income	41.74	57.40	76.12	71.20	74.35	57.69
Total Operating Income	132.55	157.18	187.98	210.65	230.24	218.23
Staff Expenses	51.53	56.89	64.48	69.07	81.23	79.33
Overhead Expenses	20.58	22.53	27.97	31.67	36.02	38.91
Total Operating Expenses	72.11	79.42	92.45	100.74	117.25	118.24
Operating Profit	60.44	77.76	95.53	109.91	112.99	100.00
Total Provisions	36.14	46.70	58.72	66.86	68.93	54.59
Net Profit	24.30	31.06	36.81	43.05	44.07	45.41

TABLE II

STATE BANK OF INDIA -FINANCIAL HIGHLIGHTS 2002-07

(IN US \$)

In US\$ Billion	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007
Deposits	55.44	62.35	72.88	83.91	85.18	100.19
Advances	24.76	29.01	36.13	46.26	58.68	77.60
Investments	29.74	36.29	42.47	45.06	36.43	34.31
Total Assets	71.36	79.15	93.28	105.13	110.73	130.33
Interest Income	6.11	6.55	6.97	7.41	8.06	9.08
Interest Expenses	4.25	4.45	4.41	4.23	4.57	5.39
Net Interest Income	1.86	2.10	2.56	3.18	3.49	3.69
Non-Interest Income	0.86	1.21	1.74	1.63	1.66	1.33
Total Operating Income	2.72	3.31	4.30	4.81	5.15	5.02
Staff Expenses	1.06	1.20	1.47	1.58	1.82	1.82
Overhead Expenses	0.42	0.47	0.64	0.72	0.81	0.90
Total Operating Expenses	1.48	1.67	2.11	2.30	2.63	2.72
Operating Profit	1.24	1.64	2.19	2.51	2.52	2.30
Total Provisions	0.74	0.98	1.34	1.53	1.54	1.26
Net Profit	0.50	0.66	0.85	0.98	0.98	1.04

TABLE III

STATE BANK OF INDIA

KEY FINANCIAL INDICATORS(%)	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007
ROA	0.73	0.86	0.94	0.99	0.89	0.84
ROE	15.97	18.05	18.19	18.10	15.47	14.24
EPS(Rs.)	46.20	59.00	69.94	81.79	83.73	86.29
BVS(Rs.)	289	327	384	450	525	606
Dividend Pay out Ratio	12.98	14.40	15.73	15.29	16.72	16.22
Cost/Income Ratio	54.40	50.53	49.18	47.83	58.70	54.18
Capital Adequacy Ratio	13.35	13.50	13.53	12.45	11.88	12.34
Cost of Deposits	7.60	7.11	6.02	5.11	4.77	4.79
Yield on Advances	9.66	8.97	8.17	7.68	7.78	8.67
Yield on Resources Deployed	10.06	9.53	8.62	7.94	7.10	6.88
Net Interest Margin	2.91	2.95	3.04	3.39	3.40	3.31
Gross NPA Ratio	11.95	9.33	7.75	5.96	3.61	2.92
Net NPA Ratio	5.63	4.50	3.48	2.65	1.88	1.56

Provision Coverage	56	54	57	57	49	47
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TABLE IV

SUMMARY OF STATE BANK OF INDIA'S BALANCE SHEET

(Rs. in billion)	MARCH 2002	MARCH 2003	MARCH 2004	MARCH 2005	MARCH 2006	MARCH 2007
Capital	5.26	5.26	5.26	5.26	5.26	5.26
Reserves & Surplus	146.98	166.77	197.05	235.46	271.18	307.72
Deposits	2705.60	2961.23	3186.19	3670.48	3800.46	4355.21
Borrowings	93.24	93.04	134.31	191.84	306.41	397.03
Other Liabilities & Provisions	531.20	532.46	555.34	495.79	556.98	600.42
Total ASSETS	3482.28	3758.76	4078.15	4598.83	4940.29	5665.65
Cash & balances with Reserve Bank of India	218.73	127.38	190.41	168.10	216.53	290.76
Balances with bank and money at call & short notice	430.58	324.43	245.25	225.12	229.07	228.92
Investments	1451.42	1723.48	1856.76	1970.98	1625.34	1491.49
Advances	1208.06	1377.58	1579.34	2023.74	2618.01	3373.36
Fixed Assets	24.15	23.89	26.45	26.98	27.53	28.19
Other Assets	149.34	182.01	179.94	183.91	223.81	252.92
Total	3482.28	3758.77	4078.15	4598.83	4940.29	5665.65
Contingent Liabilities	1022.13	1061.06	1118.92	1593.97	2288.51	3065.90
Bills for Collection	101.77	75.71	101.94	167.77	205.93	233.68

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TABLE V

SUMMARY OF STATE BANK OF INDIA'S BALANCE SHEET

(In US \$ billion)	MARCH 2002	MARCH 2003	MARCH 2004	MARCH 2005	MARCH 2006	MARCH 2007
Capital	0.11	0.11	0.12	0.12	0.12	0.12
Reserves & Surplus	3.01	3.51	4.51	5.38	6.08	7.08
Deposits	55.44	62.35	72.88	83.94	85.18	100.19
Borrowings	1.91	1.96	3.07	4.39	6.87	9.13
Other Liabilities & Provisions	10.88	11.21	12.70	11.33	12.48	13.81
Total ASSETS	71.35	79.14	93.28	105.13	110.73	130.33
Cash & balances with Reserve Bank of India	4.48	2.68	4.35	3.84	4.85	6.69
Balances with banks and money at call & short notice	8.82	6.83	5.61	5.15	5.13	5.27
Investments	29.74	36.29	42.47	45.06	36.43	34.31
Advances	24.76	29.01	36.13	46.26	58.68	77.60
Fixed Assets	0.49	0.50	0.61	0.62	0.62	0.65
Other Assets	3.06	3.83	4.11	4.20	5.02	5.82
	71.35	79.14	93.28	105.13	110.73	130.33

Total						
Contingent Liabilities	20.95	22.34	25.59	36.44	51.30	70.53
Bills for Collection	2.08	1.59	2.33	3.83	4.62	5.38

TABLE VI

STATE BANK OF INDIA MARKET RELATED RATIOS

MARKET RELATED RATIOS	MAR 03	MAR 04	MAR 05	MAR 06	MAR 07
Market Price (Rs) (as on last day of the year/quarter)	270	606	657	968	993
Price to Book Ratio (%)	0.83	1.58	1.44	1.84	1.64
Market Capitalization (Rs in Billion)	142.05	318.78	345.75	509.48	522.56
Earning Per Share (Rs)	59.00	69.94	81.79	83.73	86.29
P/E Ratio (%)	4.58	8.66	8.03	10.40	11.51

Awards & Recognitions



Business Standard
has Awarded
**The Banker
of the Year
Award to Shri
O.P.Bhatt**
for his initiative to
re-energise the
Bank.
June '08



CNN IBN
Network 18 has
selected **Shri
O.P.Bhatt as
Indian of
the Year –
Business
2007** for
showing how a
public sector
behemoth can
flex its muscle in
the ferociously
competitive
banking Sector



Asian Centre for
Corporate
Governance &
Sustainability and
Indian Merchants
Chamber has
awarded the
**Transformation
al Leader
Award 2007 to
Shri O.P.Bhatt**
for leadership,
charisma, inspiration
and intellectual
stimulation for the
entire SBI team

Awards & Recognitions



**Awarded
Reader's Digest
"Pegasus
Corporate
Social
Responsibility
Award '07 in
recognition of
its contribution
towards Rural
Community
Development**



**Moved up to
59 from 61 in
Global 500
Financial
Brand
Recognition
Ranking by
Brand
Finance,
London.
February '08**



**Selected to
receive the
"Most Admired
Infrastructure
Financier"
Award at the
KPMG-
Infrastructure
Today Awards
'08**

Awards & Recognitions



SBI awarded jointly 'Best Bank' and 'Most Preferred Home Loan' By Outlook Money Awards, '08



SBI has bagged the awards for 'Most Preferred Bank' and 'Most Preferred Brand for Home Loan' of CNBC Consumer Awards, Sept.'08 (third year in a row)



Voted as "the Best Domestic Provider of FX Services" (2nd year in a row) & "The Best Domestic Provider of Single Bank Electronic Trading Platform" By Asia Money '08

Awards & Recognitions



**Awarded the
'Retail Core
Banking Award'
and 'Award for
Overall Retail
Technology
Project of the
Year', instituted
by Financial Times
publication, 'The
Banker'.**



**Awarded
the 'Bank
of the Year
2008 –
India' by
The Banker
Magazine,
London**



**Opened the
11,111th Branch
at Sonapur -
(Except in
China, no other
bank in the
world has such a
vast network**

SBI Personal Loans:-

SBI Personal Loans also known as State Bank of India personal finance schemes, aim to provide the necessary financial assistance to as many people as possible to help them realize their dreams or come out of situations of financial need. State Bank of India being India's largest bank is a trusted name and the SBI personal loan rates of interest are kept at the most competitive level to make a personal loan as approachable.

The most popular SBI personal loans include housing loans, car loans, education loan, loans against property, shares or debentures, reverse mortgage loans and more.

State Bank of India Housing Loan or SBI Home Loan is available in complete transparency and at no hidden costs. The interest rates are charged on daily reducing basis.

SBI Car Loans offer a lucrative deal of low interest rates, easy repayment facilities and inclusion of all additional charges like vehicle registration, insurance, one-time road tax and car accessories. State Bank of India offers car loans for purchase of all kinds of personal use and commercial vehicles. State Bank of India offers **Education Loan** to Indian nationals for pursuing higher studies within the country or abroad. The SBI education loan covers the travel expenses, tuition fees, examination fees, costs of books and other course material and stationery, refundable caution deposits, expenses for purchase of computers necessary for the course and also a two-wheeler conveyance up to Rs. 50, 000 in costs along with any other major expenses mandatory to the course.

Personal Loan against Third Party Security of NSC/ IVP/ RBI Relief Bonds etc.:-

Tenure	Rate of Interest
Up to 3 years	1.00% above SBAR i.e. 13.25% p.a.
Above 3 years upto 6 years	0.25% above SBAR i.e. 12.50% p.a.

(FAQ) PERSONAL LOAN

Q. What are my loan limits?

A. Your personal loan limit would be determined by your income and repayment capacity. Normally you can avail a loan upto Rs.2.50 lacs. However, if in metros of NewDelhi, Mumbai, Bangalore, Chennai, Hyderabad and Kolkata, salaried individuals or self-employed professionals can avail Personal Loan upto Rs.5.00 lacs. If the salary of a salaried individual is credited to his/her account with our Bank or a self-employed professional has been maintaining a satisfactorily conducted account with us, a Personal Loan of up to Rs.10 lacs can be sanctioned.

Q. Can my spouse's income be included for calculating the loan amount?

A. Yes, your spouse's income can be included provided he/she guarantees the loan or the loan is taken jointly.

Q. What are the important documents that I need to provide?

A. You will need to furnish only the following documents if you are an existing customer of the Bank:

- Passport size photograph

- Proof of official address for self employed individuals and professionals. This can include shop and establishment certificate/Lease deed/Telephone Bill

- Latest Salary clip and Form 16, in the case of salaried persons

Q. Do I have to pledge some form of security?

A. No security is required.

Q. What is the repayment schedule like?

A. The minimum amount that you are expected to pay every month is the EMI. You are allowed to pay more than the EMI if you wish to, and we do not charge any prepayment penalty.

Q. What is EMI?

A. EMI stands for Equated Monthly Installments. This installment comprises both principal and interest components. Use the EMI calculator to find out your monthly

payments based on the loan amount, the rate of interest and the repayment period. Choose the combination that best meets your financial resources and requirements.

Q. Can I prepay the loan? Are there any penalties?

A. Yes, you can prepay the loan partly or fully, at any stage, without any prepayment penalty.

Q. What is the processing fee? Are there any other charges?

A. Processing charges are 1 per cent of the loan amount. This is amongst the lowest fees in the industry. Processing fees have to be paid upfront. There are no hidden costs or other administrative charges.

Q. Do I have the option of choosing a fixed or floating rate for the loan?

A. You have the option to avail the loan with either a fixed interest rate or a floating one. In the case of a fixed rate loan, the interest rate on the loan will remain fixed through the entire tenure of the loan, whereas in the case of a floating rate loan, the interest rate could decline or rise in line with the changes in the Bank's Medium Term Lending Rate (SBMTLR).

Q. How does SBI Personal loan compare with those offered by other banks?

A. There is total transparency with regard to the rate of interest and the fees charged by us.

- We offer personal loans at the cheapest rates of interest, with no security or collateral
- We offer loans for the longest tenors (48 months), with the flexibility provided to reduce the tenor by prepaying the loan without any penalty.
- We provide finance for any personal need or requirement, the total amount being determined on the basis of repaying capacity.
- With an SBI personal loan you can choose between fixed rates of interest and floating interest rates.

INTRODUCTION OF HDFC BANK

Background

HDFC was incorporated in 1977 with the primary objective of meeting a social Need – that of promoting home ownership by providing long-term finance to households for their housing needs. HDFC was promoted with an initial share capital of Rs. 100 million.

Business Objectives

The primary objective of HDFC is to enhance residential housing stock in the Country through the provision of housing finance in a systematic and professional Manner, and to promote home ownership. Another objective is to increase the flow of resources to the housing sector by integrating the housing finance sector with the overall domestic financial markets.

Organizational Goals

HDFC's main goals are to

- a) Develop close relationships with individual households.
- b) Maintain its position as the premier housing finance institution in the country,
- c) Transform ideas into viable and creative solutions.
- d) Provide consistently high returns to shareholders.
- e) To grow through diversification by leveraging off the Existing client.

HISTORY OF HDFC BANK

The Housing Development Finance Corporation Limited (HDFC) was amongst the first to receive an 'in principle' approval from the Reserve Bank of India (RBI) to set up a bank in the private sector, as part of the RBI's liberalization of the Indian Banking

Industry in 1994. The bank was incorporated in August 1994 in the name of 'HDFC Bank Limited', with its registered office in Mumbai, India. HDFC Bank commenced operations As a Scheduled Commercial Bank on 16th January 1995. In the year 1998 HDFC Bank had tied up with the Ahmadabad Stock Exchange (ASE) to act as its clearing bank

Business Focus:-

HDFC Bank's mission is to be a World-Class Indian Bank. The objective is to build sound customer franchises across distinct businesses so as to be the preferred provider of banking services for target retail and wholesale customer segments, and to achieve healthy growth in profitability, consistent with the bank's risk appetite. The bank is committed to maintain the highest level of ethical standards, professional integrity, corporate governance and regulatory compliance.

Subsidiary and Associate Companies

The subsidiaries of HDFC consists of

1. HDFC Bank

2. HDFC Mutual Fund
3. HDFC Standard Life Insurance Company
4. HDFC Realty
5. HDFC Chubb General Insurance Company Limited.
6. Intel net Global Services Limited
7. Credit Information Bureau (India) Limited
8. Other Companies Co – Promoted by HDFC
 - HDFC Trustee Company Ltd.
 - GRUH Finance Ltd.
 - HDFC Developers Ltd.
 - HDFC Venture Capital Ltd.
 - HDFC Venture Trustee Company Ltd
 - HDFC Securities Ltd.
 - HDFC Holding Ltd.
 - Home Loan Services India Pvt. Ltd.

HDFC BANK

The Organization:-

The Housing Development Finance Corporation Limited (HDFC) was amongst the first to receive an 'in principle' approval from the Reserve Bank of India (RBI) to set up a bank in the private sector, as part of the RBI's liberalisation of the Indian Banking

Industry in 1994. The bank was incorporated in August 1994 in the name of 'HDFC Bank Limited', with its registered office in Mumbai, India. HDFC Bank commenced operations As a Scheduled Commercial Bank on 16th January 1995. In the year 1998 HDFC Bank had tied up with the Ahmadabad Stock Exchange (ASE) to act as its clearing bank.

Capital Structure:-

The authorized capital of HDFC Bank is Rs.450 crore (Rs.4.5 billion). The paid-up capital is Rs.311.9 crore (Rs.3.1 billion). The HDFC Group holds 22.1% of the bank's equity and about 19.4% of the equity is held by the ADS Depository (in respect of the bank's American Depository Shares (ADS) Issue). Roughly 31.3% of the equity is held by Foreign Institutional Investors (FIIs) and the bank has about 190,000 shareholders. The shares are listed on the The Stock Exchange, Mumbai and the National Stock Exchange.

Times Bank Amalgamation:-

In a milestone transaction in the Indian banking industry, Times Bank Limited (another new private sector bank promoted by Bennett, Coleman & Co./Times Group) was merged with HDFC Bank Ltd., effective February 26, 2000. As per the scheme of amalgamation approved by the shareholders of both banks and the Reserve Bank of India, shareholders of Times Bank received 1 share of HDFC Bank for every 5.75

shares of Times Bank. The acquisition added significant value to HDFC Bank in terms of increased branch network, expanded geographic reach, enhanced customer base, skilled manpower and the opportunity to cross-sell and leverage alternative delivery channels.

ORGANIZATIONAL STRUCTURE OF HDFC BANK:-

Board of Directors:-

1. Mr.Jagdish Kapoor
2. Aditya Puri
3. Ranu Kamad

4. Vineet Jain
5. Arvind Pande
6. Gautam Divan
7. C M Vasudav

Mr. Jagdish Kapoor took over as the bank's Chairman in July 2001. Prior to this, Mr. Kapoor was a Deputy Governor of the Reserve Bank of India. The Managing Director, Mr. Aditya Puri, has been a professional banker for over 25 years, and before joining HDFC Bank in 1994 was heading Citibank's operations in Malaysia.

The Bank's Board of Directors is composed of eminent individuals with a wealth of experience in public policy, administration, industry and commercial banking. Senior executives representing HDFC are also on the Board.

The management consists of the Chairman Mr Jagdish kapoor and 9 other Directors that assist him in achieving objectives of the bank.



MR. Jagdish Kapoor

Mr. Jagdish Kapoor holds a Masters degree in Commerce and is a Fellow member of Indian Institute of Banking and Finance. Prior to joining the Bank, Mr. Kapoor was the

Deputy Governor of the Reserve Bank of India. He retired as Deputy Governor of Reserve Bank of India after serving for 39 years. While with Reserve Bank of India, Mr. Kapoor was the Chairman of the Deposit Insurance and Credit Guarantee Corporation of India and Bharatiya Reserve Bank Note Mudran Limited. He also served on the boards of Export Import Bank of India, National Housing Bank, National Bank for Agriculture and Rural Development (NABARD) and State Bank of INDIA.



MR. Aditya Puri.

Mr. Aditya Puri holds a Bachelors degree in Commerce from Punjab University and is an associate member of the Institute of Chartered Accountants of India. Mr. Aditya Puri has been the Managing Director of the Bank since September 1994.



Mr. KeKi M. Mistry

Mr. Mistry is Vice Chairman & Managing Director of Housing Development Finance Corporation Limited and Chairman of GRUH Finance Limited. He is also a Director on the Board of HDFC Developers Limited, HDFC Standard Life Insurance Co. Ltd, HDFC General Insurance Company Limited, Infrastructure Leasing & Financial Services Limited, Sun Pharmaceutical Industries Limited, The Great Eastern Shipping Company Limited, NexGen Publishing Limited, India Value Fund Advisors Private

Limited, HDFC Asset Management Company Limited, Greatship (India) Limited, Griha Investments-Mauritius and Association of Leasing & Financial Services Companies.



Mr. Vineet Jain

Mr. Jain is Managing Director of Bennett, Coleman & Co. Limited and Director in Times Infotainment Media Limited, Entertainment Network (India) Limited, Optimal Media Solutions Limited, The Press Trust of India Limited, Times Internet Limited, Times Global Broadcasting Company Limited, Bharat Nidhi Limited, Times Journal India Private Limited, Worldwide Media Private Limited,.



Mrs. Renu Karnad

Mrs. Karnad is a Joint Managing Director of Housing Development Finance Corporation Limited and Chairperson of HDFC Venture Capital Limited, HDFC Property Ventures Limited and Home Loan Services India Private Limited. She is a Director of HDFC Asset Management Company Limited, GRUH Finance Limited, HDFC Realty Limited, Credit Information Bureau (India) Limited, HDFC General Insurance Company Limited, ICI India Limited, Indraprastha Medical Corporation Limited, HDFC Standard Life Insurance Company Limited, Sparsh BPO Services Limited, Mother Dairy Fruits & Vegetables Private Limited, Feedback Ventures Private

Limited, Motor Industries Co. Limited, Egyptian Housing Finance Company and Ascendas Pte. Limited, Singapore.



Mr. Arvind Pande

He was a Joint Secretary to the Prime Minister of India for Economics, Science and Technology issues. Mr. Pande has served as a Director, Department of Economic Affairs, Ministry of Finance, Government of India and has dealt with World Bank aided projects. Mr. Pande has also served on the Board of Steel Authority of India Limited as its Chairman and Chief Executive Officer (CEO).



Mr. Ashim Samanta

He has vast experience in the field of bulk drugs and pharmaceutical formulations. He is a Director of Samanta Organics Private Limited, Nautilus Trading & Leasing Private Limited, Ashish Rang Udyog Private Limited, Samanta Movies Private Limited and Shakti Cine Studios Private Limited. Mr. Samanta has also been engaged in setting up and running of film editing and dubbing studio.



Mr. Gautam Divan

Mr. Divan is on the Board of HDFC Standard Life Insurance Company Limited, Baltic Consultancy & Services Private Limited, Bell Ceramics Limited, Brady & Morris Engineering Company Limited, Chandanbhoy and Jassoobhoy Consultants Private Limited, Serendib Investments Private Limited and Ascent Hotels Private Limited.



Dr. Pandit Palande

Dr. Palande has extensive experience of working in the fields of business administration, management and agriculture. Under the guidance of Dr. Palande, YCMOU has become one of the green universities in India. As a project Director of Indian Space Research Organisation (ISRO) GAP-3 of YCMOU, Dr. Palande has been serving the agriculture community on a large scale through satellite.

Products and Services – HDFC Bank

Product range:

The following is the product range offered at HDFC: While various deposit products offered by the bank are assigned different names, the deposit products can be categorized broadly into the following types. Definition of major deposit schemes are as under: -

1. Demand deposits:

"Demand Deposits" means a deposit received by the bank which is withdrawn able on demand;

a) Savings Account:

"Savings Deposits" means a form of Demand Deposit which is subject to restrictions as to the number of withdrawals as also the amounts of withdrawals permitted by the bank during any specified period; HDFC provides with saving bank account with the usual facilities, and one also gets a free ATM card, intrbranch banking, bill payment facilities, phone banking and mobile banking.

2. Term Deposits:

"Term Deposit" means a deposit received by the bank for a fixed period withdraw able only after the expiry of the fixed period and includes deposits such as Recurring / Double Benefit Deposits .

3. Notice Deposit:

"Notice Deposit" means Term Deposit for a specific period but which can be withdrawn on giving at least one complete banking day's notice.

4. Current Account:

"Current Account" means a form of Demand Deposit wherefrom withdrawals are allowed any number of times depending upon the balance in the account or up to a particular agreed amount and will also include other deposit accounts which are neither Savings Deposit nor Term Deposit; The account holder gets a personalized cheque book, monthly account statements, and Inter-branch banking.

5. Corporate Account:-

These are more commonly known as Salary Accounts. These are account in HDFC bank with zero balance. These are given to salaried people. These accounts are opened by the employer for the employees to deposit the salary of the employee directly to the account.

6. HDFC Bank Preferred:-

A preferential Savings Account where in, one is assigned with a dedicated Relationship Manager, who's you're the one point contact. One also get privileges like fee waivers, enhanced ATM withdrawal limit, priority locker allotment, free Demat Account and lower interest rates on loans.

7. Sweep-In Account:-

A Fixed Deposit linked to one's Savings Account. So, even if one's Savings Account runs a bit short, one can issue a cheque (or use ATM Card).

8. Super Saver Account:-

It gives one an overdraft facility up to 75% of one's fixed deposit. In an emergency, you can access your funds while your fixed deposit continues to earn high interest.

9. HDFC Bank Plus:-

Apart from Regular and Premium Current Accounts HDFC also has HDFC Bank Plus, a Current Account and then something extra for the HDFC bank customers. One can transfer up to Rs. 50 lakh every month at no extra charges, between the four metros.

11. Demat Account:

One can conduct hassle-free transactions on the stock market for one's shares. The shares held by the customer are protected from damage, loss and theft, by maintaining these shares in electronic form. This account can be accessed through Internet too.

12. Loans:

There are a variety of loan schemes offered like personal loans, new car loans, used car loans, loan against shares, consumer loans, two wheeler loans, and home loans.

Performance of HDFC Bank

Awards and Achievements:

HDFC Bank began operations in 1995 with a simple mission: to be a **"World-class Indian Bank"**. We realised that only a single-minded focus on product quality and service excellence would help us get there. Today, we are proud to say that we are well on our way towards that goal.

It is extremely gratifying that our efforts towards providing customer convenience have been appreciated both nationally and internationally.

2009

Asian Banker **'Asian Banker Best Retail Bank in India Award 2009 '**
Excellence in
Retail Financial
Services

2008

Finance Country Awards for Achievement 2008	Asia	<u>'Best Bank and Best Cash Management Bank'</u>
CNN-IBN		<u>'Indian of the Year (Business)'</u>
Nasscom IT User Award 2008		<u>'Best IT Adoption in the Banking Sector'</u>
Business India		<u>'Best Bank 2008'</u>
Forbes Asia		<u>Fab 50 companies in Asia Pacific</u>
Asian Excellence in Retail Financial Services	Banker in Financial	<u>Best Retail Bank 2008</u>
Asiamoney		Best local Cash Management Bank Award voted by Corporates
Microsoft & Indian Express Group		<u>Security Strategist Award 2008</u>
World Trade Center Award of honour	Trade Award of	For outstanding contribution to international trade services.
Business Monitor survey	Today-Group	One of India's "Most Innovative Companies"
Financial Express-Ernst & Young Award		<u>Best Bank Award in the Private Sector category</u>
Global Excellence Awards - Pacific Congress:	HR - Asia HRM	<u>'Employer Brand of the Year 2007 -2008' Award - First Runner up, & many more</u>

2007

Dun & Bradstreet **'Corporate Best Bank' Award**

– American
Express
Corporate Best
Bank Award 2007

The Bombay **'Best Corporate Social Responsibility Practice' Award**
Stock Exchange
and Nasscom
Foundation's
Business for
Social
Responsibility
Awards 2007

Outlook Money & **Best Bank Award in the Private sector category.**
NDTV Profit

The Asian Banker **Best Retail Bank in India**
Excellence in
Retail Financial
Services Awards

Asian Banker **Our Managing Director Aditya Puri wins the Leadership
Achievement Award for India**

Credit Rating:-

HDFC Bank has its deposit programmes rated by two rating agencies - Credit Analysis & Research Limited. (CARE) and Fitch Ratings India Private Limited. The bank's Fixed Deposit programme has been rated 'CARE AAA (FD)' [Triple A] by CARE, which represents instruments considered to be "of the best quality, carrying negligible investment risk".

CARE has also rated the bank's Certificate of Deposit (CD) programme "PR 1+" which represents "superior capacity for repayment of short term promissory obligations". Fitch Ratings India Pvt. Ltd. (100% subsidiary of Fitch Inc.) has assigned the "tAAA (ind)" rating to the bank's deposit programme, with the outlook on the rating as "stable". This rating indicates "highest credit quality" where "protection factors are very high".

HDFC Bank also has its long term unsecured, subordinated (Tier II) Bonds of Rs.4 billion rated by CARE and Fitch Ratings India Private Limited. CARE has assigned the rating of "CARE AAA" for the Tier II Bonds while Fitch Ratings India Pvt. Ltd. has assigned the rating "AAA(ind)" with the outlook on the rating as "stable". In each of the cases referred to above, the ratings awarded were the highest assigned by the rating agency for those instruments.

Personal Loan Policies

Personal Loan Features & Benefits:-

1. Borrow up to Rs 15,00,000 for any purpose depending on your requirements.
2. Flexible Repayment options, ranging from 12 to 60 months.
3. Repay with easy EMIs.
4. One of the lowest interest rates.
5. Hassle free loans - No guarantor/security/collateral required.
6. Speedy loan approval.
7. Convenience of service at your doorstep

8. Customer privileges

- If you are an HDFC Bank **salary account holder**, we have a special offer for you
- If you are an existing **Auto Loan customer** with a clear repayment of 12 months or more from any of our approved financiers or us, you can get a **hassle free personal loan (without income documentation)**.
- If you are an existing HDFC Bank **Personal Loan customer** with a clear repayment of 12 months or more, we can **Top-Up your personal loan**.

Eligibility Criteria:-

- Minimum age of Applicant: 21 years
- Maximum age of Applicant at loan maturity: 60 years
- Minimum employment: Minimum 2 years in employment and minimum 1 year in the current organization
- Minimum Net Monthly Income: Rs. 10,000 per month (Rs. 15,000 in Mumbai, Delhi, Bangalore, Chennai and Hyderabad & Rs. 12,000 in Calcutta, Ahmedabad and Cochin)

Documents required:-

- Proof of Identity (Passport Copy/ Voters ID card/ Driving Licence)
- Address Proof (Ration card Tel/Elect. Bill/ Rental agr. / Passport copy/Trade licence /Est./Sales Tax certificate)
- Bank Statements (latest 3 months bank statement / 6 months bank passbook)
- Latest salary slip or current dated salary certificate with latest Form 16

Fees & Charges for Personal Loan

Description of Charges	Personal Loan
Loan Processing Charges	Upto 2% of the loan amount

Prepayment (upto 6 months of availing loan)	No pre-payment permitted
Pre-payment charges(after 6 months of availing loan)	4% of the Principal Outstanding
No Due Certificate / No Objection Certificate (NOC)	NIL
Duplicate no due certificate / NOC	Rs 250/-
Solvency Certificate	Not applicable
Charges for late payment of EMI	@ 24 % p.a on amount outstanding from date of default
Charges for changing from fixed to floating rate of interest	Not applicable
Charges for changing from floating to fixed rate of interest	Not applicable
Stamp Duty & other statutory charges	As per applicable laws of the state
Credit assessment charges	Not applicable
Non standard repayment charges	Not applicable
Cheque swapping charges	Rs 500/- per event
Loan Re-booking charges / Re-scheduling charges	Rs 1000/-
Loan cancellation charges	Rs. 1000/-
Cheque Bounce Charges	Rs 450/- per cheque bounce
Statement Charges (per statement)/ Repayment Schedule	Rs 500/-
Legal / incidental charges	At actual

FAQs:-

1. If you have any queries that are not answered here, please call us or Write to us.

2. What are the benefits of having a Salary Account for my personal loan?
3. How much loan can I avail of?
4. How do I repay my Personal loan?
5. What security do I need to provide to obtain this loan?
6. What are the loan tenure options?
7. How long will it take for me to get my loan?
8. Can I repay the loan earlier?
9. How do I get a Personal Loan?

METHODOLOGY OF THE STUDY

Research Methodology

Research as a mean of getting knowledge can be carried out either arbitrarily or in a systematic fashion. It is a purposive investigation.

Research may be a mean to know the small change and time forced upon us as individual or as a society. Research as process involves defining the problem, formulating the hypothesis, organizing and evaluating the data, deriving inference and conclusion after careful testing.

Data Collection

As data is required for any research activity, it is collected (for those both the Primary and Secondary) as follows:

Primary Data:

I have collected this data through questionnaire.

Secondary Data:

This data is collected from different sources available consolidated from book publication reports, websites where used as a source of secondary data in order to do this project and to collect necessary data. I have used the manuals and leaflets of the HDFC & S.B.I bank.

Title of the study:-

“Comparative Analysis of SBI & HDFC Bank Regarding Personal Loan”

Duration of the Study:-

30 day from 1st May to 30th May

Objective of study

Primary: -

1. Analysis and evaluation of customer s satisfaction with respect to personal loan performance.
2. To determine the main characteristic which customers look upon while taking personal loan?
3. To determine the other bank those are competing with the same product rang in personal loan.

Secondary: -

1. Service level and channel associate approach.
2. To find the level of brand awareness.
3. To find out the company market share.

Types of research:-

Descriptive research

Primary data collection

Through Questionnaire are filled by respondents.

Secondary data collection

Data collection through – Internet, Magazines.

Sample size & Method of selecting sample

Sample size:- 200 respondents

Method of selecting sample:- Convenience sampling , 100 customer
from each bank

Scope of study

- i. Special area to be focused for increasing the sales and for sales promotion activities to be adopted.
- ii. To make product more innovative and easy to understand
- iii. For providing maximum satisfaction to the customer by knowing their needs and requirement about product and services.
- iv. Steps to be taken at present for survival and facing the competition with other equivalent product.
- v. Continues improvement and for better management.
- vi. Maintaining good relation between manager and customer.

Limitations of the study

.

4. The study was limited only Jaipur city Hence findings may be differ from other part of country.

5. Many formalities and requirements during process of taking personal loan.

5.. Many times respondents were so busy that they didn't t give reply. There were biased replies also.

FACTS AND FINDINGS

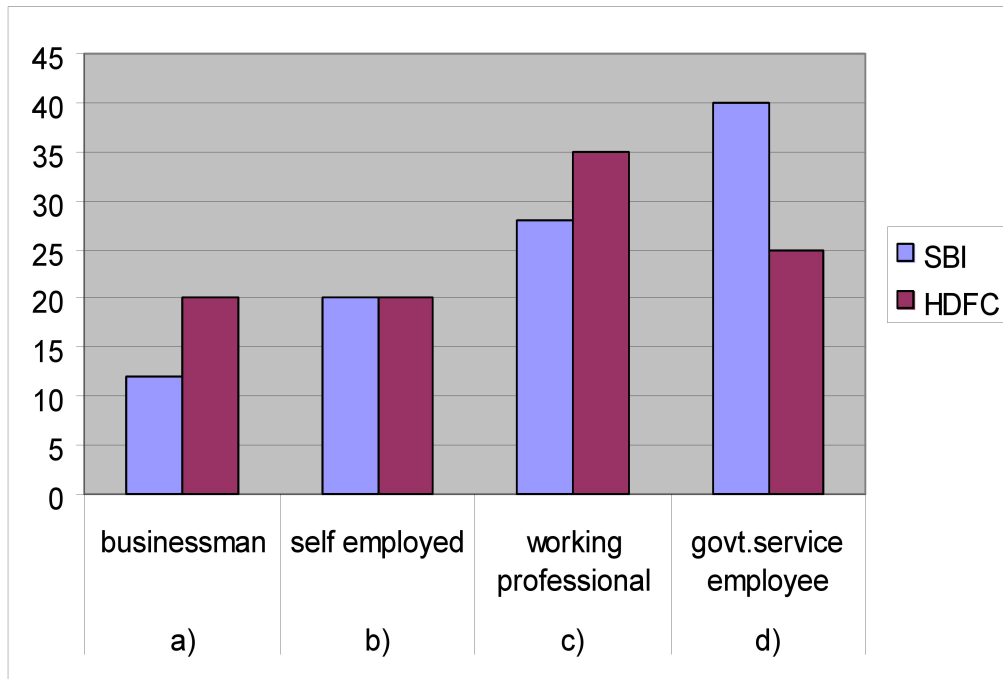
1. 45% customers are prefer the SBI Bank when taking personal loan and only 30% customers prefer HDFC Bank.
2. Family members are creating more effect on decisions regarding personal loan.
3. Interest rate is main factor consider by customers when taking loan.
4. Most of the customer prefers the repayment of loan in higher duration.
5. Most of the customers consider the policies of bank regarding personal loan.
6. 50 % customer's give the higher rating to SBI Bank.
7. In HDFC Bank only 30 % customers give the higher rating to HDFC Bank
- 8 Only governments employees are prefer the SBI Bank.
9. Similarly self employed & businessman's are prefer the HDFC Bank.
- 10 Low income class people face difficulty to taking personal loan

ANALYSIS AND INTERPRETATION

Sample size 100

Q.1 Type of customers.

		SBI	HDFC
a)	Businessman	12	20
b)	Self employed	20	20
c)	Working professional	28	35
d)	Govt.service employee	40	25

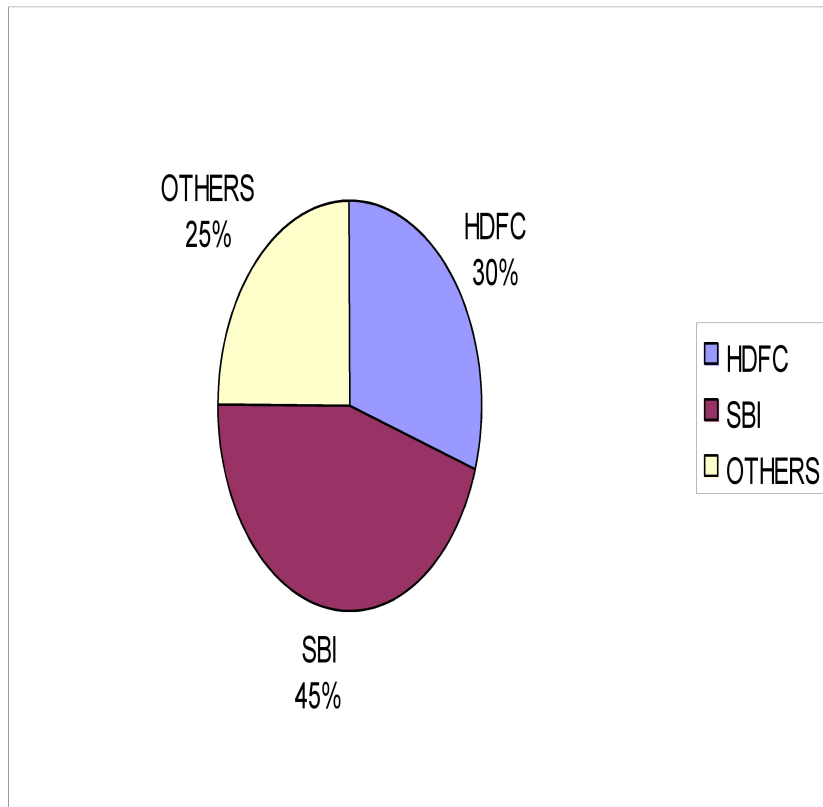


Interpretation:-

As per the study the govt. employees are main customers of SBI bank and businessman are less minimum. On the other side working professional are main customers of HDFC bank.

Q.2 Bank preference for personal loan.

a)	HDFC	30
b)	SBI	45
c)	OTHERS	25

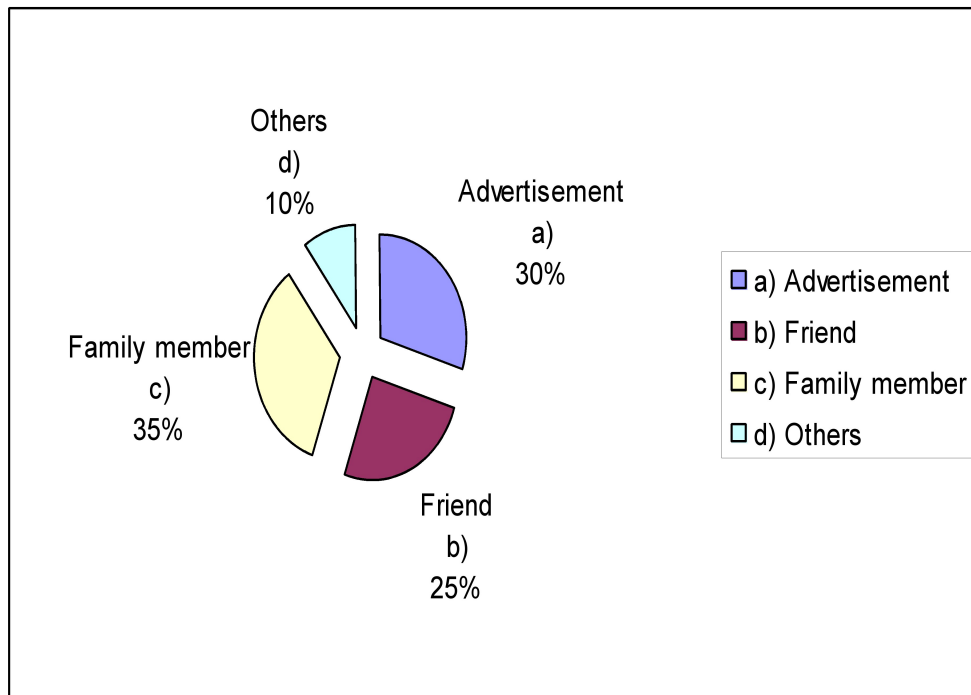


Interpretation:-

Maximum number of customers prefer SBI bank for taking personal loan compare to HDFC bank bcoz of low interest rate, good image, and public sector bank. 25% customers prefer other bank like ICICI, PNB, and Bank of Broad.

Q.3 Sours of communication (From where customers get the Information about bank).

a)	Advertisement	30
b)	Friend	25
c)	Family member	35
d)	Others	10

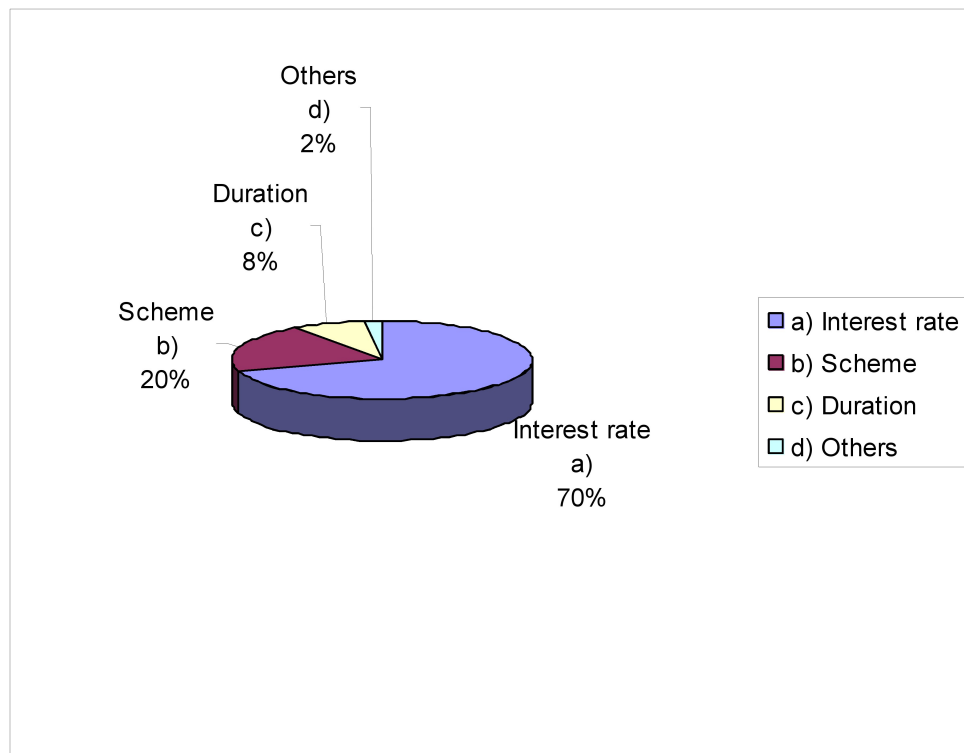


Interpretation:-

As per as my the study the family members are the main sources of Communication about bank and advertisement is other sources. Family members influence the decision related to taking personal loan.

Q.4 Factors consider by customers while taking loan.

a)	Interest rate	70
b)	Scheme	20
c)	Duration	8
d)	Others	2

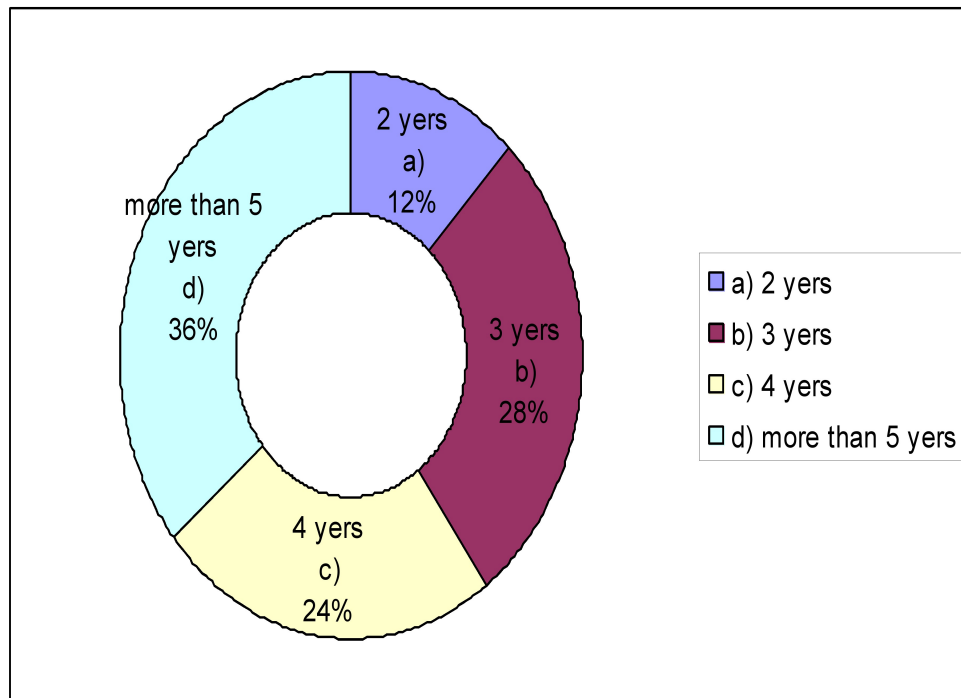


Interpretation:-

When any customers planning for taking personal loan from any bank they mainly consider the interest rate of the particular bank and they give second preference to duration & schemes.

Q.5 Loan duration preferred by customers.

a)	2 years	12
b)	3 years	28
c)	4 years	24
d)	More than 5 years	36

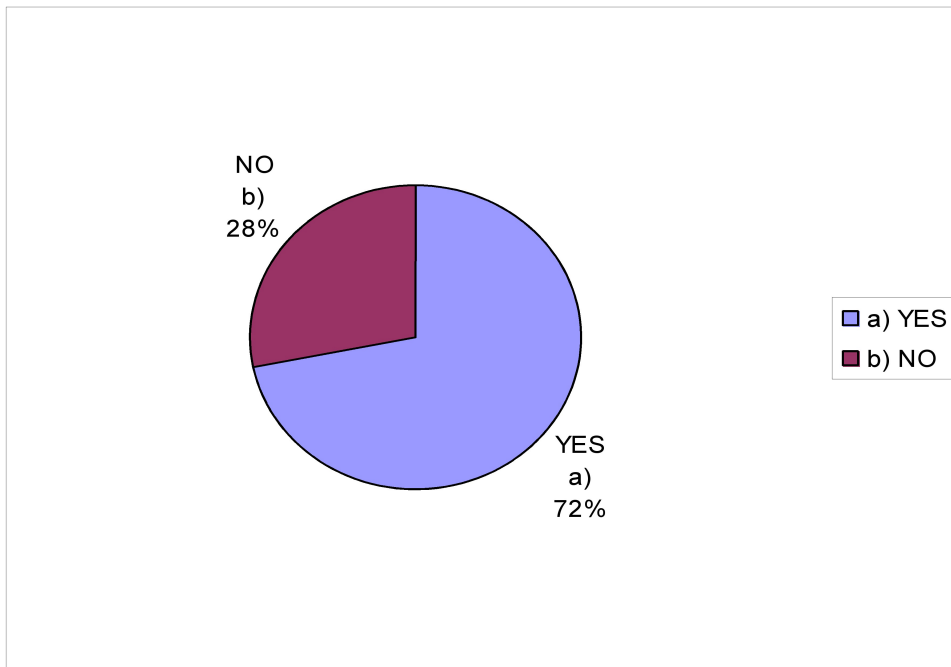


Interpretation:-

Maximum customers prefer the more than 5 years duration for personal loan because of long duration monthly installment can be affordable by the customers.

Q.6 Consideration on policies of bank regarding personal loan by customers.

a)	YES	72
b)	NO	28

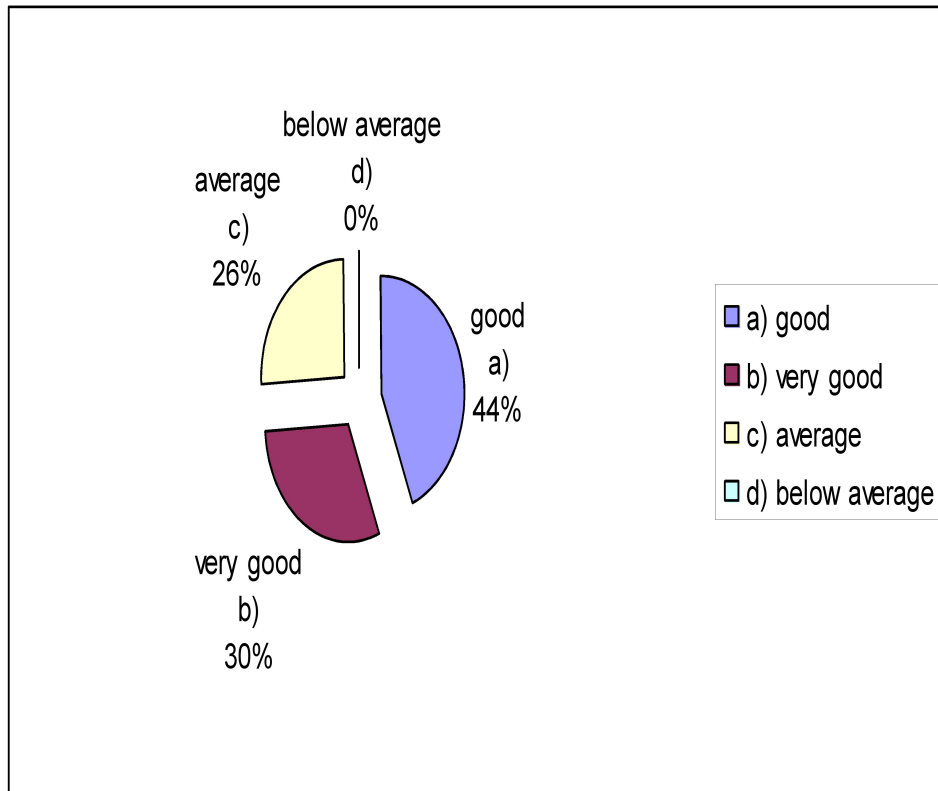


Interpretation:-

As per the my study when any customers planning for taking personal loan they consider the policies of bank regarding personal Customers want to about the all formalities and close related with loan process.

Q.7 Rating of HDFC bank.

a)	Good	44
b)	Very good	30
c)	Average	26
d)	Below average	0

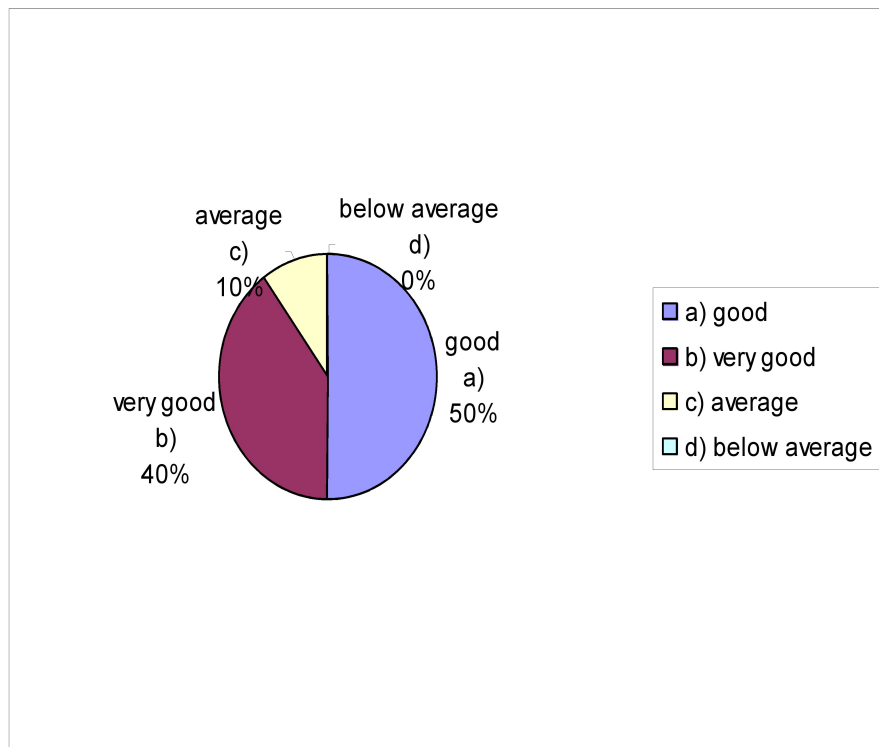


Interpretation:-

According to my study 75% customers are agree that HDFC bank is very good & good because of good services, more numbers of scheme.

Q.8 Rating the SBI bank.

a)	Good	50
b)	Very good	40
c)	Average	80
d)	Below average	10
		0



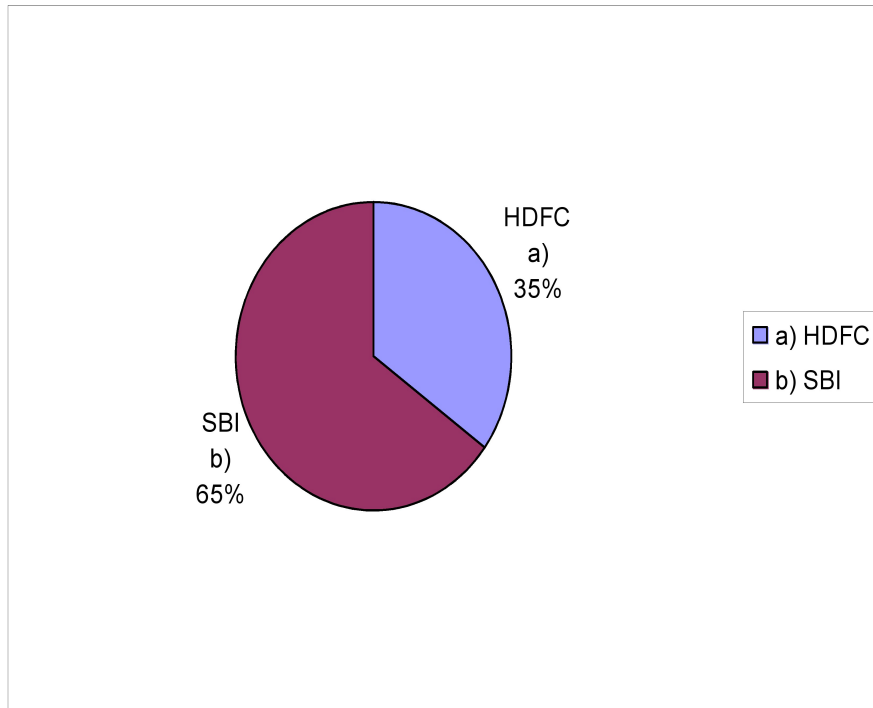
Interpretation:-

90% of customers agree that SBI bank is very good & good. because of good image, public sector bank, low interest rate. Comparison to HDFC bank more customers agree that SBI bank is very good.

Q.9 Over all preference on the basis of interest rate, image and scheme.

a) HDFC 35

b) SBI 65



Interpretation:-

65% of customers prefer the SBI bank and 35 % prefer HDFC bank on the basis of interest rate, image and schemes. The main reason is that the SBI bank is public sector bank so customers trust on SBI bank more than HDFC bank.

Q.10 Comment on bank formalities regarding to personal loan.

Interpretation:-

Maximum numbers of customers give the comment that the bank formalities should be reduce. They agree that the bank formalities are very struck so it must be easy. Some of the comments are follows

1. Reduce the loan formalities.
2. Bank formalities are very high.

SWOT ANALYSIS

Strengths:-

Brand Name:-

SBI Bank has earned a reputation in the market over the period of time (Being the oldest bank in India tracing history back to 1806)

Market Leader:-

SBI is ranked at 380 in 2008 Fortune Global 500 list, and ranked 219 in 2008 Forbes Global 2000. With an asset base of \$126 billion and its reach, it is a regional banking behemoth.

Wide Distribution Network:

Excellent penetration in the country with more than 10000 core branches and more than 5100 branches of associate banks (subsidiaries).

Diversified Portfolio

SBI Bank has all the products under its belt, which help it to extend the relationship with existing customer's Bank has umbrella of products to offer their customers, if once customer has relationship with the bank. Some Products, which SBI Bank is offering are: Retail Banking Business Banking Merchant Establishment Services (EDC Machine) Personal loans & Car loans Insurance Housing Loans

Government Owned:-

Government owns 60% stake in SBI. This gives SBI an edge over private banks in terms of customer security.

Low Transition Costs-SBI offers very low transition costs which attracts small customers.

Weaknesses:-

1. The existing hierarchical management structure of the bank, although strength in some respects, is a barrier to change.

2. Though SBI cards are the 2nd largest player in the credit card industry, it has the highest non performing assets (NPAs) in the industry, which stand out to be at 16.28 % (Dec 2007).
3. Modernisation: SBI lags with respect to private players in terms of modernisation of its processes, infrastructure, centralisation, etc.

Opportunities:-

1. Merger of associate banks with SBI: Merger of all the associate banks (like SBH, SBM, etc) into SBI will create a mega bank which streamlines operations and unlocks value.
2. Planning to add 2000 branches and 3000 ATMs in 2008-2009. This will further increase its reach.
3. Increasing trade and business relations and a large number of expatriate populations offers a great opportunity to expand on foreign soil.

Threats:-

1. Advent of MNC banks: Large numbers of MNC banks are mushrooming in the Indian market due to the friendly policies adopted by the government. This

can increase the level of competition and prove a potential threat for the market share of SBI bank.

2 Consumer expectations have increased many folds in last few years and the bank has not been responsive enough to meet them on time.

3 Private banks have started venturing into the rural and semi-urban sector, which used to be the bastion of the State Bank and other PSU banks

4. Employee Strike: There was an employee strike in the year 2006 which disrupted SBI's activities. This can be repeated in the future.

SWOT ANALYSIS OF SBI BANK

<p>STRENGTH</p> <ul style="list-style-type: none"> • BRAND NAME • MARKET LEADER • GOVERNMENT OWNED. • DIVERSIFIED PORTFOLIO 	<p>WEAKNESSES</p> <ul style="list-style-type: none"> • LESS MODERNISATION • HIGHER NPA • CUSTOMER HAVE NOT FULL INFORMATION ABOUT GETTING FACILITIES
<p>OPPURTUNITIES</p> <ul style="list-style-type: none"> • HIGH APPROCH OF ATM • 2000 BRANCHES COMING ON VARIOUS LOCATION • MERGED WITH ASSOCITED BANK 	<p>THREAT</p> <ul style="list-style-type: none"> • EMPLOYEE STRIKE • OTHER NATIONALIZED BANK AND PRIVATE BANKS • ADVENT OF MNC BANK

SWOT ANALYSIS OF HDFC BANK

STRENGTH <ul style="list-style-type: none"> • SEGMENTATION • PRODUCT FEATURES • WORK ENVIRONMENT • LOW DOCUMENTATION 	WEAKNESSES <ul style="list-style-type: none"> • TIMING SHORT • MAINTENANCE CHARGES HIGH • HIGH INTEREST RATE • CUSTOMER HAVE NOT FULL INFORMATION ABOUT GETTING FACILITIES
OPPURTUNITIES <ul style="list-style-type: none"> • MERGED WITH CENTURIAN BANK • 1300 BRANCHES COMING ON VARIOUS LOCATION • NAME AND LOGO WILL BE NEW 	THREAT <ul style="list-style-type: none"> • SBI BANK • OTHER PRIVATE BANK (ICICI,AXSIS etc)

CONCLUSION

Areas in Research:-

In my report I have tried to show the basic different between the Personal Loan of HDFC & SBI Banks. Both the Banks are good in terms of customer satisfaction's has an edge because it is the leading Government regulated bank in India. HDFC is new to this segment (when compared to SBI) .SBI is

preferred because it's a government bank. Procedure of loan financing is easy in HDFC Bank. Family members & increasing standard of living plays an important role in influencing the decision of taking home loan.

1. SBI Bank is Leading Bank in the country, it provides a variety of products and services to different segments of customers.

2. The Bank aims to serve customers from teenagers to senior citizens, hence different products designed to suit specific requirements of the above.

3. Aims to serve all classes of the society from the salaried middle class to the high income business class. Customers are categorized and segmented according to their requirements and needs.

For Example , the Saving Regular and Plus Account aims to serve middle class customers so minimum balance required to be maintained is RS.5,000/- or RS. 10000. While the Saving Max Account is targeted at high income customers, the minimum balance requirement is RS.25,000.

4. SBI Bank provides personal loan at low interest rate which good for customers.

5. The Bank prides itself with the ability to provide differentiate products in the crowded market of saving accounts. Bank offers free insurance, special co-branded debit cards which makes it's product unique.

APPENDIX

Personal Details:

Name: - _____

Address: _____

Age: - _____

contact no: - _____

(1) Profile of respondent

- | | |
|--------------------------|---------------------------------|
| (a) Businessman | (b) Self employed |
| (c) Working professional | (d) Government Service Employee |

(2) Which bank would you prefer for personal loan?

- (a) HDFC Bank
- (b) SBI Bank
- (c) Others

(3) What make you believe to take the personal loan from any particular bank?

- | | |
|-------------------|------------|
| (a) Advertisement | (b) friend |
| (c) Family member | (d) others |

(4) What will you consider while taking loan?

- | | |
|-------------------|------------|
| (a) Interest rate | (b) scheme |
| (c) Duration | (d) others |

(5) For what time interval you have taken loan?

- | | |
|---------------|-----------------------|
| (A) 1-2 years | (b) 2-3 years |
| (c) 3-4 years | (d) more than 4 years |

(6).Do you fully consider the policies of the bank regarding personal loan ?when taking loan.

(a) Yes

(b) no

(7).Rate the hdfc bank among following on the basis of bank scheme and services?

(a) Good

(b) very good

(c) average

(d) below average

(8).Rate the sbi bank among following on the basis of bank scheme and services?

(a) Good

(b) very good

(c) average

(d) below average

**(9).How will you see the formalities of the bank while taking the personal loan?
Comment**

(10) On the basis of interest rate, services, image, scheme. Which bank you prefer HDFC & SBI and why?

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- Business today

NEWSPAPER

- Economic times
- Times of India
- The Hindu

WEBSITES

- www.hdfcbank.com
- www.sbibank.com
- www.google.com

KNOWLEDGE THROUGH T.V.:-

Watched Ad's of Both the Banks, they helped us in Knowing about the banks & raised our interest in the topic. This Ad's were the first source of information about the banks. They helped in choosing the topic.

TELEVISION

- NDTV PROFIT
- ZEE BUSINESS
- TIMES NOW
- IBN7