

Customer Services in Public Sector Banks A-Study on State Bank of Hyderabad and Andhra Bank



Commerce

KEYWORDS : Emergence of public sector banks, History and Products and services of State Bank of Hyderabad and Andhra Bank

Jaya Kagada

Lecturer in Commerce, Government City College, Near: High Court of Hyderabad, Hyderabad, Telangana State.

Introduction:

Public Sector Banks (PSBs) are banks where a majority stake (i.e. more than 50%) is held by a government. The shares of these banks are listed on stock exchanges. There are a total of 27 PSBs in India [19 Nationalized banks 6 State bank group (SBI 5 associates) 1 IDBI bank (Other Public Sector-Indian Bank) total 26 PSBs 1 recent Bhartiya Mahila Bank.

Emergence of public sector banks

The Central Government entered the banking business with the nationalization of the Imperial Bank of India in 1955. A 60% stake was taken by the Reserve Bank of India and the new bank was named as the State Bank of India. The seven other state banks became the subsidiaries of the new bank when nationalized on 19 July 1960. The next major nationalization of banks took place in 1969 when the government of India, under Prime Minister Indira Gandhi, nationalized an additional 14 major banks. The total deposits in the banks nationalized in 1969 amounted to 50 crores. This move increased the presence of nationalized banks in India, with 84% of the total branches coming under government control.

The next round of nationalization took place in April 1980. The government nationalized six banks. The total deposits of these banks amounted to around 200 crores. This move led to a further increase in the number of branches in the market, increasing to 91% of the total branch network of the country. The objectives behind nationalization where:

1. To break the ownership and control of banks by a few business families,
2. To prevent the concentration of wealth and economic power,
3. To mobilize savings from masses from all parts of the country,
4. To cater to the needs of the priority sectors.....
5. Public sector banks before the economic liberalization

The share of the banking sector held by the public banks continued to grow through the 1980s, and by 1991 the public sector banks accounted for 90% of the banking sector. A year later, in March, 1992, the combined total of branches held by public sector banks was 60,646 across India, and deposits accounted for Rs. 1,10,000 crore. The majority of these banks were profitable, with only one out of the 27 public sector banks reporting a loss.

State Bank of Hyderabad

State Bank of Hyderabad (SBH) is an associate bank of State Bank of India or (SBI), and is one of the scheduled banks in India. It was founded in 1941 as Hyderabad State Bank. Since 1956 it has been a subsidiary of State Bank of India and now is State Bank's largest associate bank.

The Bank's head office is situated at Gunfoundry Area, in Hyderabad, India. SBH has over 1,500 branches and about 12,800 employees. Assets are in excess of Rupees 767 billion. SBH has 1000 branches in Andhra Pradesh alone, giving it the third largest branch network in the state.

History

The bank originated as the central bank of the erstwhile Ni-

zam state under the name, Hyderabad State Bank. It was established on 8 August 1941 under the Hyderabad State Bank Act, during the reign of the last Nizam of Hyderabad, Mir Osman Ali Khan.

The bank managed the Osmania Sica, the currency of Hyderabad state, which covered the present-day Telangana region of erstwhile Andhra, Hyderabad-Karnataka of Karnataka and Marathwada of Maharashtra. The bank also carried out commercial banking. The bank opened its first branch at Gunfoundry, Hyderabad on 5 April 1942. The Imperial Bank of India, which had established a branch in Hyderabad in 1868 and another in Secunderabad in 1906, provided officers and clerical staff in the initial stages, and later trained provided training for new recruits. The first secretary of Hyderabad State Bank was Muhammad Saleh Akbar Hydari, son of Sir Akbar Hydari. After Partition, on 17 September 1948 the Indian Army conducted Operation Polo, which resulted in the annexation of Hyderabad to India. By 1950, the bank had some 50 branches, including branches in parts of the then Hyderabad State that would later be transferred to other states.

In 1953, the bank absorbed, by merger, the Mercantile Bank of Hyderabad, which Raja Pannalal Pitti had founded in 1935.^[2] (Other accounts give year of founding as 1946 and that of merger as 1952). In the same year, the Bank started conducting government and Treasury business as agent for the Reserve Bank of India.

In 1956 the Reserve Bank of India took over the bank as its first subsidiary and renamed it State Bank of Hyderabad. That same year saw the break-up of Hyderabad State. Aurangabad, Beed, Parbhani, Nanded, and Osmanabad merged with Maharashtra state. Gulbarga, Bidar, Raichur, and parts of Osmanabad were attached to Karnataka state. The remaining districts formed Telangana, part of Andhra Pradesh. After the trifurcation, the branches of Hyderabad State Bank continued to conduct government transactions in their new states as well.

The Subsidiary Banks Act was passed in 1959, so on 1 October 1959 it and the other banks of the princely states became subsidiaries of SBI.

Andhra Bank

Andhra Bank (BSE: 532418) is a medium-sized public sector bank (PSB), with a network of 2000+ branches, 15 extension counters, 38 satellite offices and 1563 automated teller machines (ATMs) as on 30 Nov 2013. During 2011–12, the bank entered the states of Tripura and Himachal Pradesh. The bank now operates in 25 states and three Union Territories.

The Government of India owns 58% of its share capital and is going to increase it to 62.14% by infusing ₹2 billion (US\$33 million) in capital.^[2] The state owned Life Insurance Corporation of India holds 10% of the shares.^[3] The bank has done a total business of ₹2230 billion (US\$37 billion) for the fiscal year ended 31 March 2013.

History

Dr. Bhogaraju Pattabhi Sitaramayya founded Andhra Bank in

1923 in Machilipatnam, Andhra Pradesh. The bank was registered on 20 November 1923 and commenced business on 28 November 1923 with a paid up capital of ₹100000 (US\$1,700) and an authorized capital of ₹1 million (US\$17,000) in 1956, linguistic division of States was promulgated and Hyderabad was made the capital of Andhra Pradesh. The registered office of the bank was subsequently shifted to Andhra Bank Buildings, Sultan Bazar, Hyderabad, Telangana. In the second phase of nationalization of commercial banks commenced in April 1980, the bank became a wholly owned Government bank. In 1964, the bank merged with Bharat Lakshmi Bank and further consolidated its position in Andhra Pradesh.

India First Life Insurance Company is a life insurance company in India. It is a joint venture between two of India's public sector banks – Bank of Baroda (44%) and Andhra Bank (30%), and UK's financial and investment company Legal & General (26%). It was incorporated in November 2009. It has its headquarters in Mumbai. India First Life made more than ₹2 billion (US\$33 million) in turnover in just four and half months since the insurance company became operational. India First Life insurance company is headquartered in Mumbai. India First is the first life insurance company to be recommended for ISO certification within 7 months of inception.

Products and services

The products and services provided by the bank mainly categorized into businesses of Retail, Corporate, NRI, MSME, and Agricultural industries. Under the Retail Business, the bank offers deposits, loans, cards, DMAT services, P payment services, insurance, and mutual funds to individual customers. Under the Corporate Business, the bank offers loans & advances, project appraisals, and loan syndication. Under the NRI business segment, the bank offers Deposit schemes, loans, remittance services, and investment services to the non-resident Indians. Under the MSME business segment, the bank offers different schemes that aimed at providing loan and transaction services to Micro Small and Medium Enterprises (MSME). Some of the MSME schemes available are OTS Scheme, Composite loan scheme, Open cash credit (OCC), Artisans Credit Card (ACC), AB Laghu Udhya Credit Card (LUCC),

Andhra Bank introduced Internet Banking Facility (AB INFI-net) to all customers of cluster linked branches. Rail Ticket Booking Facility is made available to all debit card holders as well as to internet banking customers through IRCTC Website through a separate gateway. Corporate Website is available in English, Hindi and Telugu Languages communicating Bank's image and information. Bank has been given 'BEST BANK AWARD' a banking technology award by IDRBT, Hyderabad for extensive use of IT in Semi Urban and Rural Areas on 2 September 2006. IBA

Jointly with TFCI has conferred the Joint Runner-up Award to the Bank in the Bet Payments initiative in recognition of outstanding achievement of the Bank in promoting ATM Channel. Bank successfully conducted "Bancon 2006", a two-day event at Hyderabad, deliberating on Inclusive Growth – A New Challenge. Kiddy Bank Scheme, with insurance benefits, was re-launched to inculcate savings habit among the children. Bank has mobilized nearly 90000 new accounts during 2007–08.

International expansion

Andhra Bank opened a representative office in Dubai in May 2006 and another at Jersey City, New Jersey (USA), in June 2009. A foothold in New Jersey is strategic for the bank as the state has a large number of Indians from Andhra Pradesh.

Andhra Bank entered MoU with Bank of Baroda and Legal & General Group of UK to form a joint venture life insurance company India First Life Insurance Company. The shareholders' agreement has already been signed and necessary formalities are being completed for setting up of the company. The JV Company is already incorporated in June'08 and is in the process of filing for approvals from IRDA etc. India First has commenced operations.

Andhra Bank was ranked 532nd for the year ended 31 March 2007 amongst Top 1000 Banks in the world by "The Banker" – a London based publication based on Tier I Capital as defined by Basel's Bank for International Settlements (BIS).

Community involvement

Andhra Bank, along with A P State Government, NABARD, Canara Bank, Indian Bank, IOB and SBH sponsored the Andhra Pradesh Banker's Institute of Entrepreneurship Development, which will offer training to unemployed youth for improving their skills in Andhra Pradesh.

Conclusion:

This article deals with the Customer services in Public sector banks in India A-study on State Bank of Hyderabad and Andhra Bank., in which the The Central Government entered the banking business with the nationalization of the Imperial Bank of India in 1955. A 60% stake was taken by the Reserve Bank of India and the new bank was named as the State Bank of India. It also gives the State Bank of Hyderabad (SBH) is an associate bank of State Bank of India or (SBI), and is one of the scheduled banks in India. It presents the Andhra Bank (BSE: 532418) is a medium-sized public sector bank (PSB), with a network of 2000+ branches, 15 extension counters, 38 satellite offices and 1563 automated teller machines (ATMs) as on 30 Nov 2013.

REFERENCE

1. "2011 ICICI Bank Ltd.". Yahoo. | 2. LIC buys 101,000 shares of Andhra Bank | 3. Draft Red Herring Prospectus of Andhra Bank filed with SEBI | 4. <http://www.rbi.org.in/commonman/English/scripts/banksinindia.aspx/> | 5. Banerjee, Abhijit V.; Cole, Shawn; Duflo, Esther (2004). "Banking Reform in India". India Policy Forum (1). Retrieved 31 October 2011. | 6. "Chapter 3: Public sector banks: an overview and identification of weak banks". Reports. Reserve Bank of India. 4 October 1999. Retrieved 31 October 2011 |