



Labour Productivity of Selected Private Sector Banks in India

Mrs. L. KAVITHA

Assistant Professor in Commerce, Padmavani Arts and Science College for Women, Opp. Periyar University, Salem.

Dr. C. MUGUNTHAN

Assistant Professor, PG Extension Centre, Periyar University, Dharmapuri

ABSTRACT

The Indian Banking sector has been facing a lot of challenges in the recent past, especially during the post economic crisis period. The new private sector banks and foreign banks have been permitted to enter into the Indian Banking Sector due to the adoption of Liberalisation, Privatisation and Globalisation policy. It could be a signal for the existing banks to perform better in order to survive in this competitive environment. The human resources have been considered as the major factor contributing towards the growth of any organization as for commercial banks. The private sector banks recruit young and skilled employees with a view to perform well. The banks provide training to their employees to utilize the technology to a greater extent to improve their efficiency. The efficiency of human resources management of the banks could be measured in terms of labour productivity. The labour productivity is adjudged by the selected per employee parameters which include interest income per employee, net profit employee and business per employee. The labour productivity of the selected private sector banks has been analyzed in this paper.

KEYWORDS

Interest; Labour; Private; Productivity; Profit

INTRODUCTION

The Banking Sector has been contributing more towards the economic development of a country. The history of Indian Banking sector dates back to the ancient period. With a view to safeguard the borrowers from the moneylenders who have been charging a huge rate of interest, 14 banks were nationalized in the first phase of nationalization of banks during the year 1969 followed by the nationalization of 6 more banks in the second phase during the year 1980. Since then, there have been a lot of changes in the Indian Banking sector. Reforms have been taken from time to time. The Government of India has been taking initiatives for inclusive growth to all the citizens of the country through Financial Inclusion. Technology advancement has paved the way for providing innovative and value added services to the customers of banks. The banking services have reached the unreached places and excluded people. The customers are now enjoying a nice banking experience due to the IT enabled services. ATMs, credit and debit cards, internet banking, mobile banking, etc. have taken the customers to an amazing banking sector. It has attracted the customers as well as the employees of banks.

The Indian Banking sector has been facing a lot of challenges in the recent past, especially during the post economic crisis period. The new private sector banks and foreign banks have been permitted to enter into the Indian Banking Sector due to the adoption of Liberalisation, Privatisation and Globalisation policy. It could be a signal for the existing banks to perform better in order to survive in this competitive environment. The human resources have been considered as the major factor contributing towards the growth of any organization as for commercial banks. The private sector banks recruit young and skilled employees with a view to perform well. The banks provide training to their employees to utilize the technology to a greater extent to improve their efficiency. The efficiency of human resources management of the banks could be measured in terms of labour productivity. The labour productivity is adjudged by the selected per employee parameters which include interest income per employee, net profit employee and business per employee.

REVIEW OF LITERATURE

Hawa Singh and Kamlesh (2013), in their study, made an attempt to assess the employee productivity of private sector banks in India. They have computed the selected ratios for examining the productivity of all the 20 private sector banks in India for the period from 2002-03 to 2011-12. They have observed that the performance of new private sector banks was better than the old private sector banks during the first half of the study period while the old private sector banks have performed better in the rest of the study period.

Neha Saini (2014) conducted a case study of selected commercial banks in India for measuring the profitability and productivity of Banking Industry. The author has compared the profitability and productivity of the selected public sector and private sector banks. She has concluded that the productivity of public sector banks and private sector banks made no significant difference whereas the profitability of private sector banks was significantly different from that of public sector banks.

Karam Pal Narwal and Shweta Pathenja (2015) analyzed the determinants of productivity and profitability of Indian Banking sector. They have selected all the 26 public sector banks and 20 private sector banks for their study. The study covers a period of 10 years from 2004-05 to 2013-14. The results of the study concluded that the productivity of private sector banks was higher than that of public sector banks during the period of study.

STATEMENT OF THE PROBLEM

An overview of the previous studies showed that they have contributed a very little to the available literature regarding the productivity of the private sector banks. The productivity of the banks depends upon the efficient performance of their employees. The role of employees in the profitability is crucial by means of high productivity. The following research questions have been probed in this study:

1. What is the trend in productivity with reference to interest income per employee of the selected banks?

- How efficient are the selected banks in respect of productivity with reference to net profit per employee?
- What is the growth in productivity of the selected banks with reference to business per employee?

OBJECTIVES OF THE STUDY

The following are the objectives of the present study:

- To examine the productivity of the selected banks with reference to interest income per employee.
- To analyze the productivity of the selected banks with reference to net profit per employee.
- To study the productivity of the selected banks with reference to business per employee and
- To offer suggestions to increase the labour productivity of the selected banks.

PERIOD OF STUDY

The present study has analyzed the productivity of the selected private sector banks for a period of five financial years commencing from 2011-12 to 2015-16.

DATA SOURCE

The present study is dependent upon the secondary data obtained from the annual reports of the selected banks, RBI bulletins and websites of the selected banks.

TOOLS OF ANALYSIS

The statistical tools like mean, standard deviation, coefficient of variation and growth index have been used to analyze the data obtained from the secondary sources.

LIMITATIONS OF THE STUDY

The following are the limitations of the present study:

- The study is undertaken with reference to the selected four private sector banks only.
- The study has covered a period of five financial years from 2011-12 to 2015-16 only.

RESULTS AND DISCUSSION

The data obtained from the annual reports and websites have been regrouped and tabulated wherever necessary. The data so obtained have been analyzed by using the appropriate statistical tools. The results have been discussed hereunder:

INTEREST INCOME PER EMPLOYEE

The income of commercial banks has been classified as interest income and other income. The interest income has been the major source of revenue for commercial banks. The interest income includes the interest earned by banks on loans and advances issued by them to their customers. It is analyzed to understand the efficiency of employees in maximizing the interest income of the banks.

TABLE 1: INTEREST INCOME PER EMPLOYEE

Years	AXIS		ICICI		YES		HDFC	
	Interest Income/Employee (Rs.)	Growth Index	Interest Income/Employee (Rs.)	Growth Index	Interest Income/Employee (Rs.)	Growth Index	Interest Income/Employee (Rs.)	Growth Index
2011-12	57.33	100.00	57.56	100.00	111.79	100.00	41.30	100.00
2012-13	71.72	125.10	64.57	112.18	118.08	105.63	50.77	122.93
2013-14	72.23	125.99	61.17	106.27	113.42	101.46	60.35	146.12
2014-15	84.01	146.54	74.01	128.59	107.05	95.76	63.54	153.84
2015-16	81.76	142.60	73.07	126.95	90.22	80.71	68.78	166.54
Mean	73.41		66.08		108.11		56.95	
SD	10.55		7.26		10.75		10.93	
CV	14.37		10.99		9.94		19.20	

It could be observed from the Table 1 that the highest average interest income per employee (Rs. 108.11) was registered by Yes Bank. The coefficient of variation was at the lowest of 9.94 per cent in respect of Yes Bank. It denotes that the bank has managed the employees in such a way that the bank has earned the highest and the most consistent interest income per employee. However, the growth index reveals that the growth index of interest income per employee relating to Yes Bank was the lowest (80.71 per cent) among all the selected banks. On the other hand, HDFC Bank has recorded the highest growth index of interest income per employee at the end of the study period (166.54 per cent). It implies that even though the interest income per employee of HDFC was inconsistent, it has recorded a positive and the highest growth index. Hence, it is concluded that HDFC Bank has effectively managed the employees towards earning more interest income than that of the other banks.

TABLE 2: NET PROFIT PER EMPLOYEE

Years	AXIS		ICICI		YES		HDFC	
	Net Profit/Employee (Rs.)	Growth Index	Net Profit/Employee (Rs.)	Growth Index	Net Profit/Employee (Rs.)	Growth Index	Net Profit/Employee (Rs.)	Growth Index
2011-12	12.82	100.00	11.09	100.00	17.32	100.00	7.82	100.00
2012-13	13.67	106.60	13.41	120.96	18.52	106.91	9.74	124.54
2013-14	14.66	114.33	13.58	122.48	18.38	106.14	12.44	159.05
2014-15	17.42	135.91	16.85	151.93	18.55	107.11	13.39	171.25
2015-16	16.40	127.95	13.48	121.51	16.93	97.75	14.04	179.59
Mean	14.99		13.68		17.94		11.49	
SD	1.90		2.05		0.76		2.63	
CV	12.70		15.00		4.24		22.86	

Table 2 evinces that the growth index of net profit per employee relating to AXIS Bank has recorded a fluctuating trend during the study period. The growth index of net profit per employee gained by ICICI Bank and Yes Bank also has been found to be varying during the period of study. However, the growth index of net profit per employee in respect of HDFC Bank has shown an increasing trend throughout the study period. It denotes that HDFC Bank has observed better performance with reference to net profit per employee during the study period than any other banks selected for this study.

TABLE 3: BUSINESS PER EMPLOYEE

Years	AXIS		ICICI		YES		HDFC	
	Business/ Employee (Rs.)	Growth Index	Business/ Employee (Rs.)	Growth Index	Business/ Employee (Rs.)	Growth Index	Business/ Employee (Rs.)	Growth Index
2011-12	1254.57	100.00	873.82	100.00	1544.49	100.00	669.12	100.00
2012-13	1186.19	94.55	939.12	107.47	1622.37	105.04	776.03	115.98
2013-14	1204.65	96.02	928.50	106.26	1475.28	95.52	983.40	146.97
2014-15	1429.14	113.91	1129.38	129.25	1542.33	99.86	1070.04	159.92
2015-16	1389.73	110.77	1186.96	135.84	1399.53	90.61	1154.72	172.57
Mean	1292.86		1011.56		1516.80		930.66	
SD	110.21		137.63		83.72		202.93	
CV	8.52		13.61		5.52		21.81	

According to Table 3, AXIS Bank, ICICI Bank and HDFC Bank have maintained a positive growth index at the end of the study period. Among them, HDFC Bank has tremendously increased its business per employee to 172.57 per cent during the study period. It denotes that HDFC Bank has sound policies regarding Human Resources Management.

RECOMMENDATIONS

The following recommendations have been offered on the basis of results and discussions made relating to interest income per employee, net profit per employee and business per employee of the selected private sector banks during the study period:

The policies governing employees relating to human resources management should be redesigned by the banks in order to motivate their employees in such a way that they would render their services in a productive way.

It is also recommended that the banks have to adopt coping strategies to combat stress among the employees with a view to increase the labour productivity.

CONCLUSION

The labour productivity of the selected private sector banks has been analyzed in this paper in three dimensions – interest income per employee, net profit per employee. Among the four private sector banks selected for the study, HDFC Bank has proved its efficiency in respect of labour productivity with the selected parameters. Even though the labour productivity of Yes Bank was found to be consistent, the growth index was declining during the period of study.

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