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Attitude of Stakeholders towards Selected Personal Finance Products of SBI (With Special Reference to Lucknow District of Uttar Pradesh)

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Abstract

A stakeholder is a person or group who has an interest - vested or otherwise - in an enterprise and whose support is required in order for an enterprise to be successful. Banking sector in India has expanded a lot which also focuses to fulfill the requirements of country and its people .So in order to make economic growth and development personal finance product must be used in best possible manner as it mobilizes the whole resources with in the economy.

The structure of stakeholders in State Bank of India is 62% shares of government whereas 38% includes domestic institutional investors, foreign institutional investors, retail public. Since the new changes bring competition in the present scenario, this present study consists over all comparison of personal finance products of SBI. After going through review of India, It is evident that although huge work has been done since the inception of SBI. Therefore as per my knowledge no study or research work conducted by any other researcher/author in this university and other university in this area, that is why I chose the topic, "Attitude of Stakeholders towards Selected Personal Finance Products of SBI".

Keywords: SBI, Stakeholders, Personal Finance Products.

Introduction

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. These three 7 banks dominated the modern banking scenario in India, until when they were amalgamated to form the Imperial Bank of India, on 27 January 1921. 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 Sir Isaac Newton.

Newton's First Law of Motion

Every object in a state of uniform motion tends to remain in that state of motion unless an external force is applied to it.

This is known as uniform motion. An object continues to do whatever it happens to be doing unless a force is exerted upon it. If it is at rest, it continues in a state of rest. If an object is moving, it continues to move without turning or changing its speed. Changes in motion must be imposed against the tendency of an object to retain its state of motion. In the absence of net forces, a moving object tends to move along a straight line path indefinitely. 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 recommended the formation of a state-partnered and state-sponsored bank. The All India Rural Credit Survey Committee proposed the takeover

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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 Act enabled the State Bank of India to make the eight former State-associated banks as its subsidiaries. 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. The bank served the heterogeneous financial needs of the planned economic development

Meaning of Stakeholder

A stakeholder is a person or group who has an interest -- vested or otherwise -- in an enterprise and whose support is required in order for an enterprise to be successful.

Who are Stakeholders of SBI?

The structure of stakeholders in State Bank of India is 62% shares of government whereas 38% includes domestic institutional investors, foreign institutional investors, retail public.

Why Personal Finance Product is Important?

Banking sector in India has expanded a lot which also focuses to fulfil the requirements of country and its people .So in order to make economic growth and development personal finance product must be used in best possible manner as it mobilises the whole resources with in the economy.

Personal Finance Products given by State Bank of India

1. NRI Services
2. Personal Banking
3. International Banking
4. Agriculture / Rural
5. Corporate Banking
6. SME
7. Government Business
8. Domestic Treasury

Products and Services

Personal Banking

1. SBI Term Deposits SBI Loan For Pensioners
2. SBI Recurring Deposits Loan Against Mortgage of Property
3. SBI Housing Loan Against Shares & Debentures
4. SBI Car Loan Rent Plus Scheme
5. SBI Educational Loan Medical-Plus Scheme
6. Other Services
7. Agriculture/Rural Banking
8. NRI Services
9. ATM Services
10. Demat Services
11. Corporate Banking
12. Internet Banking
13. Mobile Banking
14. International Banking
15. Safe Deposit Locker
16. RBIEF
17. T E-Pay
18. E-Rail
19. SBI Vishwa Yatra Foreign Travel Card
20. Broking Services
21. Gift Cheques

Objective of the Study

The objectives are proposed as under:

1. To analyse the financial performance of State Bank of India
2. To understand awareness, preference and behaviour of stakeholders towards personal finance products offered by SBI
3. To make comparative analysis of the financial performance of SBI in respect of its personal finance products and comparison with other leading bank also.
4. To suggest future prospect for SBI.
5. To find out some glaring reasons of lower efficiency in SBI and suggest ways and means to improve the efficiency of SBI.

Review of Literature

Angadi and Devraj (1983) measured productivity of Indian banks for the period 1970-80. They took total working funds (deposits and credits) as output indicator while establishment expenses as input indicator. They calculated return per rupee of establishment expenses. The results indicated that the productivity of the banking system as a whole witnessed a considerable decline during the years 1970-75. Between the years 1975 and 1978, the productivity improved but again in the year 1979 it declined. Among the bank-groups, the productivity of public sector banks, which declined to 45.5 per cent in 1975 from 53.3 per cent in 1970 improved in 1977. However, it showed a sharp decline in 1980. The productivity of private sector banks, which had been mostly lower than that of other bankgroups, showed an improvement in 1979. In the case of foreign banks, the productivity was always higher than other bank-groups. They concluded that the rapid expansion in rural and semi-urban commercial banks in the initial period of nationalization, without corresponding growth in business of these offices, contributed to the deceleration in productivity of these banks.

Kaur (1991) studied the profits and profitability of 20 Public Sector Banks during the period 1976 to 1985. The researcher employed trend analysis, ratio analysis and regression analysis for the study purpose taking 11 variables, which reflected different dimensions of banks' operations, and hence, affected the banks' profitability. The study was primarily based on the secondary data. The researcher was of the view that spread and burden were the two main factors, which influenced the profitability of a bank. The other factors determining bank's profitability were credit policy, priority sector lending, massive geographical expansion, increasing establishment 28 expenses, low non-fund income, deposit mobilization, etc. Further, she recommended that nationalized banks need to focus attention on the

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management of spread, burden, establishment expenses, ancillary income, deposit composition and diversification into wide range of financial services.

Subramanian and Swami (1994) in their paper, Comparative performance of public sector banks in india" Prjanan, Vol. XXII, have analyzed and compared the efficiency in six public sector banks, four private sector and three foreign banks for the year 1996-97. Operational efficiency is calculatedin terms of total business and salary expenditure per employee. The analysis revealed that higher per employee salary level need not result in poor efficiency and business per employee efficiency co-efficient was also calculated. Among the PSBs, Bank of Baroda registered the high efficiency and operating profit per employee. Among the private sector banks Indus Bank followed by Citibank Registered highest and second highest operating profit per employee respectively. However, among the Nationalized Banks there existed wide variations in efficiency.

Abhiman Das (1997), stated that "State bank group is more efficient that the nationalized banks. The main source of inefficient was technical in nature, rather than allocative inefficiency in public sector banks is due to under utilization or wasting of resources rather than incorrect input combination. Public sector banks improved +their allocative efficiency significantly in the post liberalization period".

Yash Paul Pahuja (2003) said, "SB! is one of the fast growing players in the Indian Banking Industry with around 13,000 branches (including its seven associate banks) and 51 foreign offices in 31 countries. These branches handle 25 million transactions a day. The cost of funds is lowest for SBI at 7.6% as compared to others".

Concepts and Hypothesis
Ho
Personal finance products offered by SBI affects the attitude of stakeholders.
Ha
Personal finance products offered by SBI do not affect or change the attitude of stakeholders.

Research Design
Comparative data based on personal finance products offered by SBI and different banks will be taken on the basis of the comparative chart (based on questionnaire) I will find whether the null hypothesis (H0) is true or false.

Sample Design
Different test X2, t- test, f test will be used in my research if they are needed. Graphs and charts with tables will prepare for accurate and reliable information regarding this.

Sample Size and Procedure
Banking sector in India is considered one of the fastest growing financial institutions in the world. As a case study I will choose Lucknow District, the capital of Uttar Pradesh for the research.

Data Collection
There are two types of data used,
Primary Data
This data will be collected from different branches of SBI in Lucknow district of U.P . Number of respondents and their views will be taken as sample for my research. I met with respondents personally with a preframed questionnaire.
Secondary Data
Data is collected from magazines, websites, books, journals etc.

Data Analysis and Presentation
To make study more reliable, various statistical techniques, analysis were used. The ratios were analyzed and interpreted to get a better picture of the stakeholder's attitude for personal finance products of SBI.

Hypothesis Testing
Attitude of Stakeholders towards Selected Personal finance Products
Experience wise classification of Stakeholders towards Selected Personal finance Products regarding SBI Brances in Lucknow on the basis of perception of opinion of retail public has been presented in Table 1.

TABLE 1
Attitude of Stakeholders towards Selected Personal Finance Products

Attitude of Stakeholders towards Selected Personal Finance Products Opinion of Retail Public→ Age↓	Positive	Negative	Total
Below 10Years	2	0	2
10 – 20 Years	10	1	11
20- 30 Years	23	2	25
30 - 40 Years	16	1	17
More than 40 Years	41	4	45
Total	92(92%)	8(8%)	100

Chi-Square value = 0.344,
d.f. = 4,
Insignificant at 5% level of significance

Table reveals that the calculated value of chi square is 0.344 is less than the table value at 5% level of significance with 4 degree of freedom i.e. 9.49. Hence, attitude of Stakeholders (Retail Public) does not significantly influence their perception towards Selected Personal finance Products of SBI.

Opinion of Bank Employees towards Selected Personal Finance Products
Experience wise classification of Bank Employees of different grades towards Selected Personal finance Products regarding SBI Brances in Lucknow on the basis of perception of opinion of bank employees has been presented in Table 2.

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Table 2
Opinion of Bank Employees towards Selected Personal Finance Products

Opinion of Bank Employees regarding Selected Personal finance Products Opinion→ Designation↓	Positive	Negative	Total
Senior Grade Officer	44	5	49
Junior Grade Officer	48	3	51
Total	92	8	100

Chi-square value = 0.634,
d.f. = 1,
Insignificant at 5% level of significance

The table reveals that the calculated value of chi square is 0.634 which is less than the table value at 5% level of significance at 1 degree of freedom i.e. 3.841 which leads to the conclusion that Opinion of Bank Employees does not significantly influence the attitude of Stakeholders in selected personal finance products.

Limitations

The researcher has to face certain difficulties while he/she carries out the research work. This study has the following limitations:-
1. The responses given by the respondents were not always accurate because the respondents gave the response according to their understanding
2. Sometimes the respondents are not willing to fill the questionnaire.
3. Researchers study the behaviour that is rational. Very often, they do not express their feelings correctly what they think. In such cases their habitual practice, preferences cannot be assessed correctly.

Conclusion

According to the result of the test, it is clear that Opinion of Bank Employees does not significantly influence the attitude of Stakeholders in selected personal finance products as well as attitude of Stakeholders (Retail Public) also not significantly influence their perception towards Selected Personal finance Products of SBI.

So, the opinion of individuals or groups (stakeholders) can not be same towards any choice of personal finance products offered by SBI in Lucknow district of Uttar Pradesh.

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