

# A Study on Employees Efficiency in selected Public and Private sector Banks in India

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## Abstract

The contribution of the banking sector to the Indian economy from Independence onwards is noteworthy. Although the past of the Indian economy is full of many ups and downs, after each up and down, it still emerges as a more reinforcing market. The Indian Banking Sector is considered the backbone of the Indian economy in the current scenario. This paper analyzes the comparative performance of employees efficiency of selected Indian public and private sector banks during 2006-07 to 2015-16. A researcher has tried to attempt Employees Efficiency Ratios in the Public and private Sector banks using financial ratios like Business per Employee, Profit per Employee and Interest income per employee. For the study purpose, three public sector and three private sector banks like Bank of Baroda, Bank of India, Canara Bank, Federal Bank, Axis Bank, HDFC Bank have been selected.

**Keywords:** Public sector bank, private sector bank, ANOVA, Employee efficiency.

## Introduction

Banks play the important role of financial intermediaries between creditors and depositors. Therefore, the efficient functioning of banks is essential for the general economic health of the country. Productivity, efficiency and profitability are three important indicators to measure the financial performance of any organization. Productivity controls the growth of any business, which helps to make the business more profitable. It shows the economic growth, competitiveness and standard of living of a country. The thought of productivity is easily useful in industry and productivity can be measured in technical terms. However, it is very tricky to apply and measure productivity for the service sector like the banking sector. The term productivity refers to the goods or services produced per unit of capital, labor, or both over a period of time. It is the relationship between output per unit and the input used. The Employees Productivity in banks can be judged by using some of the selected financial ratios by RBI. The following ratios are used by researcher for the analysis of Employees Productivity.

1. Business per Employee
2. Net Profit per Employee
3. Interest income per employee

## Review of literature

Shri Sharda Tripathi (2004) said that in her research the bank of India attaches great importance to the human resources department to increase the efficiency and productivity of its employees. She believes that making employee's knowledge and skill high-quality improves the performance of the banks employee. During the year 2001-02, the training college of the bank of India organized training programme to improve the knowledge and skill of the employees. They organized short-term computer courses to improve the skill of employees. They certainly believe that the bank can be increased by paying more attention to the knowledge and skill of the employees.

Shri Saji kumar (2004) in his research stated that the productivity of employee is known by the business per employee and profit per employee. The profitability and efficiency of a bank can be truly determined by this ratio. He said that public sector banks were far behind than the private banks and foreign banks in the business per employees form 2000-

01 to 2003-04 whereas public sector banks were ahead than private sector banks in profit per employee but the far behind from foreign banks.

Shri urvi Bhatt (2005) has stated in her research that in order to increase the efficiency of the employees, they should provide programme by the banks so as to improve the efficiency of the employees. In her research she shows that banks employee want team work, meaningful participation and development in the banks. She said that public sector banks spend 0.05% of their total investment for such type of training programs. In which she has obtain good result. She also considering of training in computer program, to enhance the knowledge of various programs and increasing the efficiency of employees.

The IBA (2006) report shows that the competitiveness of the banking sector has increased in the last ten years in terms of productivity and efficiency. Here the returns on investment and productive property have been taken in to account to improve operational efficiency. The report stated that the performance of public sector banks and foreign banks has been very good in term of return on investment. This contains more than one percent. While the performance of public sector banks in non-performing assets is good so that the productivity and efficiency of public sector banks have increased and improve over other banks.

Kumar (2013) studies the total factor productivity in Indian banking sector and impact of information technology on productivity. It outcome that improved electronic transactions in the banking sector leads the higher productivity.

Das & Patra (2016) examined the change in productivity and efficiency of public sector banks after the financial crises of 2008. In the time of globalization, deregulation, advancement in IT and financial sector reforms made major changes in operating situation of banks. Therefore, there is a need to assess the performance of productivity of Indian banking.

**Objective of the study**

1. To measure employee’s productivity of selected Indian public and private sector banks.
2. To compare employee’s productivity of selected Indian public and private sector banks.

**Data collection and tools and technique of analysis**

The analysis is based on secondary data and necessary data has been collected from annual reports of respective banks, Various Books to subjects and Reserve Bank of India websites. for the period of 2001 to 2015. The collected data has been processed by employing statistical tools like arithmetic mean, coefficient of variation, and ratio analysis by using of Ms-Excel. For the testing of hypothesis Ratio Analysis and F-test One Way ANOVA (Analysis of Variance) have been used.

**Sample Size**

Present study contained 6 bank units out of them 3 banks selected from the public sector and rest of 3 banks form private sector banks randomly.

Public sector banks                      private sector banks

- |                   |                 |
|-------------------|-----------------|
| 1. Bank of Baroda | 1. Federal Bank |
| 2. Bank of India  | 2. Axis Bank    |
| 3. Canara Bank    | 3. HDFC Bank    |

**Hypothesis of the Study**

**Ho:** “There is no significant difference in Business per employee of selected Indian public and private sector banks.

**Ho:** “There is significant difference in Net profit per employee of selected Indian public and private sector banks.

**Ho:** “There is significant difference in Interest income per employee of selected Indian public and private sector banks.

**Limitation of the Study**

The research conducted here also could not be excluded from the limitation. The following limitations are also present in the context of this research.

1. The present study includes only Indian public and private sector banks.
2. The present study restricted only 3 public sector and 3 private sector banks.
3. The research here study only 10 year of the data from 2006-07 to 2015-16 during the study period.
4. The study here evaluate only productivity of selected India public sector and private sector banks
5. In this research only the ratio analysis method and the statistical method are used.

**Data Analysis**

**Business per employee**

Table:1 Business per employee ( Figure in crores)						
Year	public sector			Private sector		
	BOB	BOI	CANARA	FEDERAL	AXIS	HDFC
2006-2007	5.40	4.94	5.20	6.05	9.58	5.37
2007-2008	6.94	6.50	5.77	6.45	9.99	4.39
2008-2009	9.22	8.28	7.37	7.21	9.65	4.59
2009-2010	10.91	10.04	9.31	7.98	11.35	5.65
2010-2011	13.56	12.87	11.63	9.07	12.59	6.61
2011-2012	16.22	13.65	13.24	9.91	12.28	6.69
2012-2013	18.61	15.85	14.01	10.11	11.86	7.72
2013-2014	21.00	45.74	14.79	9.86	12.05	9.83
2014-2015	21.18	20.62	14.89	11.12	14.29	10.70
2015-2016	18.41	18.79	14.90	11.67	13.90	11.55
Average	14.14	15.73	11.11	8.94	11.75	7.31
SD	5.50	11.12	3.69	1.84	1.57	2.44
CV	38.86	70.69	33.19	20.57	13.33	33.32

Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	491.7324456	5	98.34649	2.963888	0.019526	2.38607
Within Groups	1791.805528	54	33.18158			
Total	2283.537974	59				

**Net profit per employee**

Year	public sector banks			Private sector banks		
	BOB	BOI	CANARA	FEDERAL	AXIS	HDFC
2006-2007	0.03	0.03	0.03	0.05	0.07	0.05
2007-2008	0.04	0.05	0.03	0.05	0.07	0.04
2008-2009	0.06	0.07	0.05	0.07	0.09	0.04
2009-2010	0.08	0.04	0.07	0.06	0.12	0.06
2010-2011	0.11	0.06	0.09	0.07	0.13	0.07
2011-2012	0.12	0.06	0.08	0.09	0.13	0.08
2012-2013	0.10	0.06	0.07	0.08	0.14	0.10
2013-2014	0.10	0.15	0.05	0.08	0.15	0.12
2014-2015	0.07	0.04	0.05	0.09	0.17	0.13
2015-2016	-0.10	-0.13	-0.05	0.04	0.16	0.14
Average	0.06	0.04	0.05	0.07	0.12	0.08
SD	0.06	0.07	0.04	0.02	0.03	0.04
CV	103.35	150.12	80.64	24.68	28.52	43.08

Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	0.042746056	5	0.008549	3.713286	0.005825	2.38607
Within Groups	0.124325845	54	0.002302			
Total	0.167071901	59				

**Interest income per employee**

Year	public sector banks			Private sector banks		
	BOB	BOI	CANARA	FEDERAL	AXIS	HDFC
2006-2007	0.24	0.22	0.25	0.30	0.46	0.32
2007-2008	0.32	0.30	0.31	0.36	0.48	0.27
2008-2009	0.41	0.41	0.39	0.44	0.53	0.31
2009-2010	0.44	0.45	0.43	0.47	0.54	0.31
2010-2011	0.56	0.55	0.53	0.49	0.58	0.36
2011-2012	0.72	0.69	0.73	0.64	0.69	0.41
2012-2013	0.82	0.75	0.80	0.61	0.72	0.51
2013-2014	0.85	2.05	0.81	0.66	0.72	0.60
2014-2015	0.87	0.96	0.81	0.68	0.84	0.64
2015-2016	0.85	0.90	0.82	0.66	0.82	0.76
Average	0.61	0.73	0.59	0.53	0.64	0.45
SD	0.23	0.50	0.22	0.13	0.13	0.16
CV	37.93	68.33	37.13	24.46	20.82	35.43

Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	0.448745583	5	0.089749	1.190859	0.325944	2.38607
Within Groups	4.06971088	54	0.075365			
Total	4.518456464	59				

**Finding of the study**

The above tables show that the Employees efficiency ratio and one-way Analysis (F-test). The following are the finding of the study.

Employees Efficiency Ratio	F cal and F tab Value	Conclusion	Findings
<b>Business per employee</b>	F cal- 2.96389 F tab- 2.38607	H0: Rejected H1: Accepted	It is concluded that there is no significant difference in Business per employee of selected Indian public and private sector banks.
<b>Net profit per employee</b>	F cal- 3.71329 F tab- 2.38607	H0: Rejected H1: Accepted	It is concluded that there is no significant difference in Net profit per employee of selected Indian public and private sector banks.
<b>Interest income per employee</b>	F cal- 1.19086 F tab- 2.38607	H0: Accepted H1: Rejected	It is concluded that there is significant difference in Interest income per employee of selected Indian public and private sector banks.

**Conclusion**

Based on the above data analysis it can be examine that in Business per employee ratio value conclude that during study period banks Axis bank is better than other banks, Net Profit per Employee ratio value says that Federal bank is better than other banks and Interest income per employee value says that Axis banks is superior than other banks. The performance of public sector banks is poor than private sector banks during the study period. The public sector banks must organize training and development session more frequently to have more efficiency and better productivity.

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