

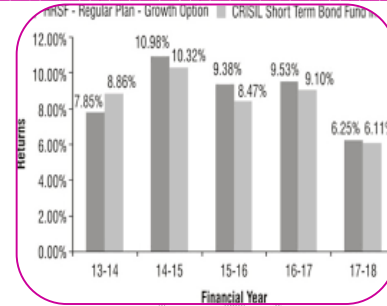


A STUDY ON COMPARES THE EMPLOYEE PRODUCTIVITY OF PNB AND HDFC BANK FROM MAY TO SEPTEMBER 2018 IN PHAGWARA

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ABSTRACT

Banking industry assumes a critical job in the economic development of a nation. It is the most seriously synchronized industry since it is profoundly managing others cash. For quite a long time, Indian banks have conveyed a noteworthy job in moulding the money related framework and in this way encourages for economic development. To keep up feasibility in exceedingly deregulated market banks are presently concentrating on customers. With expanding requests and developing refinement of customers, maintenance of customers has turned into the essential worry for each bank. With the end goal to guarantee client dedication, nature of interfacing with customers must be enhanced strikingly in light of the fact that the extent of item, cost and innovation separation is exceptionally restricted. It is the capacity of the bank employees that can convey speedy and gracious support of the customers. In this manner, it is important to assess gainfulness of banks as far as its employee's productivity. The productivity or the development of a bank can be estimated through different estimates like stores, propels, working assets, salaries, uses, benefits, resources, number of record and branches and so forth. The productivity of employees is urgent for the general effectiveness of the banks. Subsequently, employee productivity turns into a critical factor while estimating generally speaking proficiency and productivity of banks. In this manner, the present examination thinks about the employee productivity of PNB and HDFC bank from May 2018 to September 2018.

KEYWORDS: Business per Employee, Employee's Productivity, PNB, HDFC, Profit Per Employee.

INTRODUCTION

Globalization, deregulation and advances in data innovation amid recent months have achieved critical changes in the working environment for banks. In Current situation of diminishing client devotion past planning procedures to draw in new customers, banks have gone full scale to hold current customers and make dependable connections. The job of employees in such condition is of extraordinary essentialness as every single action of a bank is specifically identified with the mentality, inspiration and work culture of the employees. The nature of HR shows the capacity to convey the incentive to customers or customers. In this manner, it is important to assess benefit of banks as far as its employee's productivity. The present examination is an endeavour to assess the budgetary position of chosen banks based on two proportions Business for each Employee and Profit per Employee. It basically implies the commitment of employees in expanding the productivity of banks regarding business and benefit. The whole investigation has likewise been utilized to decide the change in the execution of the banks.

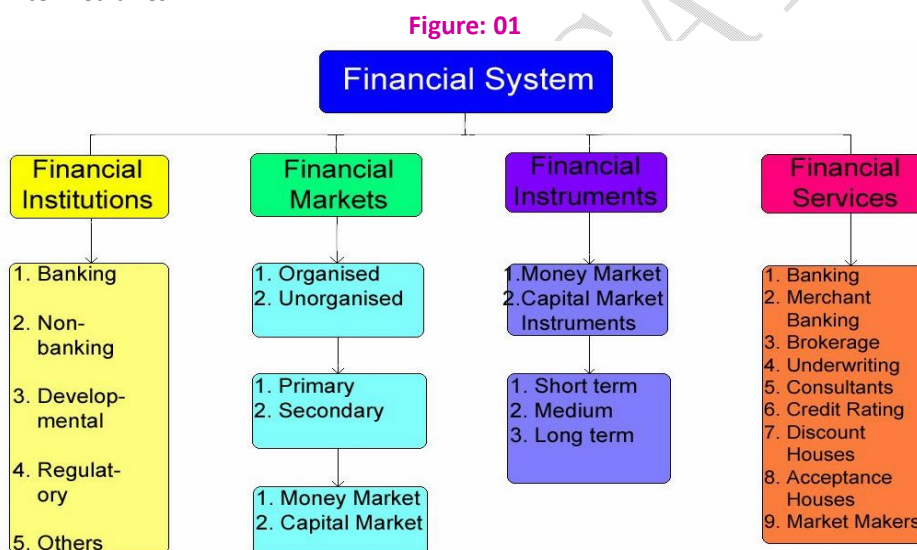
INDIAN FINANCIAL SYSTEM

The ‘Indian Financial System’ is an important topic in the general awareness section of banking exams. In this blog post, we bring to you everything you need to know about the financial system in India. While performing economic activities some units (such as shops, companies etc.) will be placed in surplus/deficit/balanced budgetary situations. A financial system or financial sector functions as an intermediary and facilitates the flow of funds from the areas of surplus to the areas of deficit. A Financial System is a composition of various institutions, markets, regulations and laws, practices, money manager, analysts, transactions and claims and liabilities. In other terms,

A financial system helps in wealth creation by linking savings with investments. It facilitates the flow of funds from the households (savers) to business firms (investors) and thus aids the development of both sides.

The financial system is mostly concerned about money, credit and finance – these terms are related but differ from each other as well. The **Indian financial system** primarily consists of the following:-

- Financial Services
- Financial Assets/Instruments
- Financial Markets
- Financial Intermediaries



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ORIGIN OF PUNJAB NATIONAL BANK

Punjab National Bank (PNB) is an Indian multinational banking and financial services company. It is a state-owned corporation based in New Delhi, India. The bank was founded in 1894. As of 31 March 2017, the bank has over 80 million customers, 6,937 branches (7,000 as on 2nd oct, 2018) and 10681 ATMs across 764 cities.

In February 2018, PNB was part of India’s biggest ever fraud in which two junior officers at a single branch had illegally steered \$1.77 billion in fraudulent loans to companies, most of them controlled by billionaire jeweller Nirav Modi. Based on the data available with Reserve Bank of India, among state run banks in India, PNB topped in the number of loan fraud cases across India with 389 cases totaling Rs 65.62 billion over the last five financial years.

PNB has a banking subsidiary in the UK (PNB International Bank, with seven branches in the UK), as well as branches in Hong Kong, Kowloon, Dubai, and Kabul. It has representative offices in Almaty (Kazakhstan), Dubai (United Arab Emirates), Shanghai (China), Oslo (Norway), and Sydney (Australia). In

Bhutan it owns 51% of Druk PNB Bank, which has five branches. In Nepal PNB owns 20% of Everest Bank Limited, which has 50 branches. Lastly, PNB owns 84% of JSC (SB) PNB Bank in Kazakhstan, which has four branches.

Origin of HDFC Bank

HDFC Bank Limited is an Indian banking and financial services company headquartered in Mumbai, Maharashtra. It has 88,253 permanent employees as on 31 March 2018 and has a presence in Bahrain, Hong Kong and Dubai. HDFC Bank is India's largest private sector lender by assets. It is the largest bank in India by market capitalization as of February 2016. It was ranked 69th in 2016 BrandZ Top 100 Most Valuable Global Brands.

In 1994 HDFC Bank was incorporated, with its registered office in Mumbai, India. Its first corporate office and a full service branch at Sandoz House, Worli were inaugurated by the then Union Finance Minister, Manmohan Singh.

As of October 9, 2018, the bank's distributions network was at 4,805 branches and 12,260 ATMs across 2,657 cities and towns. The bank also installed 4.30 Lacs POS terminals and issued 235.7 Lacs debit cards and 85.4 Lacs credit card in FY 2017

REVIEW OF LITERATURE

B. Janki (2002) concentrated on "Releasing Employee Productivity: Need for a change in perspective". He broke down in his article that how innovation is affecting employee's 51 productivity. There is no uncertainty; in India especially PSBs should utilize innovation to enhance working proficiency and client administrations. Tackling employee innovation collaboration is pivotal for releasing productivity and connecting with be the colossal base of retail customers, who are additionally, scattered in country and semi urban territories. Banks can utilize innovation to address client needs and enhance their association with customers staying in contact through phone and web. The emphasis on innovation will build more than ever to increase the value of client benefit, grow new items, fortify hazard administration and resources risk administration and enhance productivity. Anyway innovation is just an empowering device and whether banks really accomplish what they need to accomplish will be controlled by the drive and inspiration of their work power and reaction of the staff.

Komal Khalid Bhatti and Tahir Masood Qureshi, "Effect of Employee Participation on Job Satisfaction, Employee Commitment and Employee Productivity", International Review of business Research Papers: Vol.3. NO.2, (pp. 54-68), Month: June 2007: It is generally trusted that the employee investment may influence employee's activity fulfilment; employee productivity, employee responsibility and they all can make similar preferred standpoint for the association. The fundamental goal of this examination was to discover relationship among employee interest, work fulfilment, employee productivity and employee responsibility. Expanding employee support will positively affect employee's activity fulfilment, employee duty and employee productivity.

Jani and Raval (2012) have made endeavour to dissect productivity with the utilization of budgetary proportion of business per employee and benefit per employee in chose nationalized banks and give significant recommendations and discoveries for productivity enhancement.

Yadav (2012) utilized sixteen key parameters under four classifications, for example, staff productivity, cost viability, benefit and monetary administration, to quantify the productivity and effectiveness of banking framework in India.

Gupta and Kaur (2013) in their examination on 'productivity and execution of open area banks in India' based on Branch Productivity and Employee Productivity for the time of 1991-2010 recommended that banks need to enhance their productivity separated to this upgrades in gainfulness, keep up proficiency level and innovation and investigating accessible practical arrangements.

Singh and Kamlesh (2013) made an investigation on Employee's productivity of private segment banks in India amid the period 2002-2012. They saw that the performance of private segment banks has

expanded pattern amid 2004-05 to 2011-2012 and furthermore saw that the execution of new private part banks contend and superior to anything new private segment banks.

OBJECTIVES OF THE STUDY

The Study included following broad objectives:

1. To examine and analyze the productivity of selected banks during selected time period.
2. To compare the gap in productivity of selected banks.
3. To draw meaningful conclusion and offer necessary suggestions to improve the productivity of both the banks.

RESEARCH METHODOLOGY

With the end goal of the examination two driving open division banks i.e. Punjab National Bank (PNB) and HDFC Bank has been chosen. The examination has utilized information on the chose factors, for example, Business per Employee and Profit per Employee for Punjab National Bank and HDFC Bank which has been introduced in forbidden structures. The hole records have been filled in as the level of contrast of the estimation of factors between Punjab National Bank (PNB) and HDFC Bank as a proportion of their total esteem. The motivation behind Gap Index development was to see regardless of whether the whole between chosen banks is lessened after a few activities taken to enhance the productivity of employees amid the time of 3 months s i.e. from July 2018 to September 2018 under investigation.

PERIOD OF THE STUDY

The present study is carried out for a period of five financial months from May 2018 to September 2018.

DATA COLLECTION

Data had been collected through secondary sources. The major sources of data were published in Annual Reports of Punjab National Bank and HDFC Bank's websites.

SAMPLE SIZE

The universe of the study includes all the banks working in India. But for the purpose of the study, authors had selected two banks from May 2018 to September 2018.

TOOLS AND TECHNIQUES OF ANALYSIS

Trend analysis and percentage method had been executed to compare and analyze the employee productivity among two banks.

ANALYSIS

BUSINESS PER EMPLOYEE

Formula: Business per Employee = Deposit + Advance/ No. of Employees.

Purpose to apply this ratio: The normal business per employee could be a pointer of employee's productivity. The information is no. of employees and yield is the aggregate business. In this way, the proportion shows input-yield relationship. A higher proportion is marker of more noteworthy proficiency of employees.

PROFIT PER EMPLOYEE

Formula: Profit per Employee= Net Profit/ No. of Employees.

Purpose to apply this ratio: This is one of the markers to quantify the execution of the bank. It isn't just a Profitability pointer yet in addition shows the productivity. Higher this proportion, better the benefit per employee, which implies employees are using higher effectiveness in his/her workings in the firm/bank.

The ratio of Business per Employee and Profit per Employee for PNB and HDFC Bank has been calculated as under and can be analyzed with the help of following table:

TABLE 1: EMPLOYEE PRODUCTIVITY RATIOS ('in Crore)

Month	Business per Employee		Profit per Employee	
	PNB	HDFC	PNB	HDFC
1	2	3	4	5
May 2018	11.65	7.50	0.08	0.10
June 2018	12.83	8.90	0.05	0.12
July 2018	13.19	10.10	0.05	0.10
August 2018	13.59	11.39	-0.06	0.15
September 2018	14.17	12.36	0.02	0.16

It very well may be seen from Table.1 that Business per Employee of both the banks is consistently enhancing in chosen day and age. Business per Employee of Punjab National Bank has expanded 21.63% (Rs.11.65 Crores to 14.17 Crores) from May to September. If there should arise an occurrence of HDFC Bank, Business per Employee has expanded 64.8% (Rs 7.50 Crores to 12.36 Crores) amid a similar period. The rising pattern of Business per Employee of both the banks shows the expanding productivity of both the banks. Anyway the expansion is more critical if there should arise an occurrence of HDFC Bank because of a few activities taken to upgrade the level of employee inspiration, responsibility and productivity.

Table 1 additionally uncovers that Profit per Employee has expanded for both the banks. Punjab National Bank has indicated lessening of - 75% (Rs 0.08 Crores to 0.02 Crores). HDFC Bank of India has demonstrated an ascent of 60% (0.10 Crores to 0.16 Crores) amid the time of May to September under investigation. Anyway in the event of PNB Bank, Profit per Employee has indicated decay from July to September because of awful credits and possibilities. While HDFC Bank has indicated expanding pattern all through the investigation time frame because of higher net premium and charge wage and the bank has high CASA proportion attributable to broad branch organize.

GAP INDEX ANALYSIS

Hole Analysis is the way toward contrasting two associations all together with decide the distinction or "hole" that exists between them. When the hole is comprehended, the means required to cross over any barrier can be resolved. The Gap Index can be computed as the level of distinction of the estimation of factors as a proportion of their total esteem. The Gap Index of Business per Employee (BPE) and Profit per Employee (PPE) can be worked out as:

$$BPE (PNB)-BPE (HDFC)$$

$$\text{Gap Index of Business per Employee (BPE)} = \frac{\text{BPE (PNB)} - \text{BPE (HDFC)}}{\text{BPE (PNB)} + \text{BPE (HDFC)}} \times 100$$

$$PPE (PNB) - PPE (HDFC)$$

$$\text{Gap Index of Profit per Employee (PPE)} = \frac{\text{PPE (PNB)} - \text{PPE (HDFC)}}{\text{PPE (PNB)} + \text{PPE (HDFC)}} \times 100$$

$$PPE (PNB) + PPE (HDFC)$$

TABLE 2: GAP INDEX

Month	Business per Employee	Profit per Employee
May 2018	21.67	11.11
June 2018	18.08	41.18
July 2018	13.27	33.33
August 2018	08.81	233.33
September 2018	06.82	77.78
Percentage change from May to September	68.53%	600.09%

It very well may be dissected from the table 2 that regarding Business for each Employee the hole between Punjab National Bank and HDFC Bank has indicated diminish from 21.67 out of May to 06.82 out of September (68.53 percent). The hole in regard of Profit per Employee has indicated increment from 11.11 of every May to 77.78 out of September (600.09 percent). Be that as it may, the hole in supreme terms as at end August is very high in regard of benefit per employee (233.33). The diminishing hole if there should be an occurrence of Business for every Employee is showing the distinction in business created by the two banks. The expanding hole in Profit per Employee of both the banks is flagging the combination of practices embraced by the two banks to build their benefits. In this manner the PNB bank needs to find a way to enhance their working proficiency for rivaling the HDFC bank.

CONCLUSION & SUGGESTIONS:

While contrasting the multi month's information from May to September on productivity factors, for example, Business per Employee and Profit per Employee it is seen that the execution of HDFC bank is much better than PNB Bank. The hole between the execution of PNB and HDFC Bank on two factors has demonstrated expanding pattern amid the time of May to September under investigation. PNB Bank needs to find a way to control their non-performing resources. Enhanced operational proficiency alongside lower provisioning can be welcome advance for enhancing the execution of the bank. The bank additionally required to keep a mind their expanding work cost.

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