

Performance and Prospects of State Bank of India for Economic Development of Dharwad – District –A Case study

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Abstract:

The speedy growing of the function banks originated to an sudden stop in 1886, when a innovative member of legislature, the Function Banks Act, located all three banks below a public contract and a shared set of limitations. As portion of the legislature, the British majestic govt offered up its possession dangers in the banks, though they continuous to afford a quantity of facilities to the management, and booked some of the administration's treasurer investment. The common of that, conversely, was transported to the three new shaped Replacement Assets, positioned in Calcutta, Bombay, and Madras. The Bank and treasury constant to lend money to the function banks but on a more constricting base. The smallest equilibrium now certain under the Presidency finance Banks Act was appropriate only to the bank fundamental functions.

Key Words:- Bank, Banking, Treasury, Economic Development, Performance and prospects

Introduction:-

In the year 20th century Indian financial system was developed a crowd of original appearances, and predominantly overseas financial institutions and banks sanctioned to conversation money. The development of financial bank sector are growth of local bank in chance produced a necessity for a greater "financiers". At the similar period the Indian administration took expanded its foreign related and currently obligatory a more national investment institution. These issues controlled to the result to amalgamate the three function banks hooked on a innovative distinct and federal investment organization the Imperial Bank of India.

Produced in 1951 the Imperial Bank of India looked to install a different era in India's history concluding in its announcement of individuality after the British

Territory. The Imperial financial Bank appropriated on the character of fundamental bank for the Indian government, whereas substitute as a financiers bank for the increasing Indian investment segment. At the similar period, the Imperial Bank, which despite its character in the administration monetary construction continued self-governing of the administration approved on its own profitable banking processes.

OBJECTIVES OF THE STUDY

1. To study the various measures adopted by S.B.I for the economic development.
2. To analyse the impact of these measures on the beneficiaries in particular.
3. To assess the overall situation of industrial development of Dharwad district.
4. To study resources position available in the district for further growth of the region.
5. To offer suggestions in the light of findings.

LIMITATIONS OF THE STUDY

Though the resources seen sufficient enough to achieve high standard for this research, still the researcher foresee the following limitations of the study:

1. The sector is very vast and it was not possible to cover every nook and corner of this sector.
2. The variability and availability of the data was also a limitation.
3. The data were linear and possessed multi co linearity, so each and every data was not considered for analysis.

Key Dates:

In the year 1806 Bank of Calcutta first foreign type of banking in India.

1809: The bank collects a contract from the imperial administration and deviations its appellation to Bank of Bengal.

1840: A associated finance companies, ie Bank of Bombay, is designed.

1843: One more associated finance company (bank) is made: Bank of Madras which composed with Bank of Bengal and Bank of Bombay developed recognized as the function banks, which had the correct to problem money in their states.

1861: The Role Banks Act receipts absent money delivering freedoms but suggestions inducements to instigate speedy growth, and the three financial institutions banks open nearly 100 subdivisions between them by the year 1870.

1876: The establishment of Dominant Reserves trimmings the development point of the role banks.

1921: The role bank are compound to procedure a only object Imperial Bank of India.

1955: Nationalized banks in India outcomes in the development of the State Bank of India, which then develops a principal influence on overdue of loan in the nation's manufacturing, cultivated, and nation expansion.

1969: The Indian government establishes a monopoly over the banking sector.

1972: SBI inaugurates contribution commercial financial facilities.

1986: SBI Investment Markets is produced.

1995: SBI Profitable and Worldwide financial Bank Ltd. are inaugurated as portion of SBI's stepped-up worldwide investment processes.

1998: SBI inaugurates recognition postcards in corporation with GE Investment.

2002: SBI classifications 8,000 divisions in a enormous knowledge employment.

2004:A interacting exertion influences 5,000 subdivisions.

Group companies:

- ✓ SBI Capital Markets Ltd
- ✓ SBI Mutual Fund (A Trust)
- ✓ SBI Factors and Commercial Services Ltd
- ✓ SBI DFHI Ltd
- ✓ SBI Cards and Payment Services Pvt Ltd
- ✓ SBI Life Insurance Co. Ltd - Bancassurance (Life Insurance)
- ✓ SBI Funds Management Pvt Ltd
- ✓ SBI Canada

Performance and Prospects of State Bank of India for Economic Development of Dharwad

In the country, the attention of the economic insertion at existing is restricted to confirming a smallest admission to a investments in bank explanation deprived of accompaniments, to all. Worldwide, the monetary attachment has stayed observed in a considerable broader outlook. Consuming a recent version savings explanation on its individual is not observed as an correct pointer of economic attachment. 'Financial Inclusion' determinations would proposal at a smallest, admission to a variety of economic facilities comprising investments, extended and small term acknowledgment, assurance, incomes, hypothecations, currency transfers etc.and all this at a sensible price.

ECONOMIC DEVELOPMENT:

Economic development is a process of increasing the real national income of the country over the period of time. It implies improvement in the material welfare of the masses by bringing about a change in the existing pattern of their standard of living. It aims at improving the quality of life of the people by generating employment and raising the productivity by enchasing the use of modern technology and by supplying the essential commodities necessary for comfortable living. It relates to the activity of developing and conserving the available resources in land, men and material for enhancing the quality of life of the community. Economic development is thus a process of development resulting in the advancement of community towards the attainment of certain specific goals.

The objectives of economic development are:

- a. Rise in national and per capita income.
- b. Improvement in the skill, efficiency and earning power of labors.
- c. Better organization of production.
- d. Development of social overheads.

- e. Growth of financial institutions.
- f. Rise in the standard of education and expectation of life.
- g. Greater leisure and recreational facilities.
- h. Widening the mental horizon of the people.
- i. Removal of unemployment and poverty.
- j. Reducing inequalities of income and wealth distribution.
- k. Bringing about a total change in the socio economic scenario in the country.

ECONOMIC FACTORS:

1. AVAILABILITY OF NATURAL RESOURCES:

The economic development of any country is largely determined by the availability and the use of its natural resources. The quantity and quality of natural resources affect vitally the process of economic development of a country. A country's productive capacity largely depends on the availability of natural resources. However, mere availability of natural resources is not enough. A country may be rich in natural resources. But if these natural resources are not properly used, economic development may not be possible. Natural resources are in themselves passive in their influence on economic development. They remain dormant and largely unknown till such time as the general culture including technology reveals their use value. They acquire their dynamic character largely through changes introduced by man. India provides the instance where plenty of natural resources are available but they have not been properly harnessed, there by causing poverty to stay longer amidst plenty – a highly paradoxical situation. The type and level of technology determine the use and contribution of natural resources to economic development.

2. CAPITAL FORMATION:

Capital formation is the core of economic development. It is the essential condition of economic development. By capital formation we mean the amount of capital the community adds to the existing stock of capital during a given period, generally one

year. Every community has some capital and it makes addition to it every year. This process is also known as capital accumulation. Capital does not imply only money capital but also capital in the form of real assets such as plant, machinery, building, etc. Capital accumulation therefore implies the creation of real assets. Capital formation depends mainly on savings. Savings can be increased by restricting consumptions. Higher the rate of capital formation, speedier is the rate of economic development and vice-versa. The capital formation is of a vital importance in developing countries as it helps in breaking the vicious circle of poverty. Capital formation results in investments leading to generation of employment and income. This drags people out of the vicious circle and enables them to participate actively in the furtherance of development of the country.

3. CAPITAL – OUTPUT RATIO:

Another important determinant of economic development is the capital-output ratio. It may be defined as the relationship of investments in a given economy or industry for a given time period to the output of that economy or industry for a similar period. The capital – output ratio shows the productivity of the capital. It shows the rate at which the production increases due to the growth of capital investment. A lower capital – output ratio results in a higher rate of growth of output. since the productivity of capital is determined by a number of forces, it is rather difficult to measure accurately the capital-output ratio. In an underdeveloped country the capital-output ratio starts declining. This is the sign of decreased productivity. The capital-output ratio depends on such factors like degree of technological development, the efficiency with which capital equipments are handled, the quality of managerial and organizational skills, the existence and extent of use of economic overheads and the pattern of rate of investment.

4. TECHNOLOGY AND RESEARCH:

Technological advancement enhances the ability to make maximum use of available natural resources. Industrialization is the key stone of economic development, the rate

of growth of which depends heavily on the technological advancement. Technology theatres a vital role in the monetary expansion of a country. The American economic development since 1900 is mainly due to the technological advancement that the American economy could make over these years.

5. DYNAMIC ENTREPRENEURSHIP:

It is the dynamism and the creativity of the entrepreneurs in the country which promotes economic development. An entrepreneur acting a vital role in the monetary enlargement. A dynamic entrepreneur believes in adopting new technology and improved methods of production for time to time. This it self is the greatest contribution to the economic development.

6. RATE OF GROWTH OF POPULATION:

The size, composition and ratio of growing of populace also determine the level of economic development in any country. When population is too small, it reduces the scope of specialization and does not provide proper market for the goods produced. If population is too large, it becomes a hurdle in the monetary progress of a country. A higher rate of growth of population reduces the per capita income by swallowing the increases in the national income. Economic development gets retarded with faster growth of population. The evil consequences of the rapidity of the growing population are scarcity of food, increased number of unproductive consumers, labor inefficiency and reduction in the per capita income. The phase of development is slowed by rapidly growing population.

7. SOCIAL OVERHEADS:

The provision of social overheads also has an important bearing on economic development. In the furtherance of development we need some critical skills. These skills will have to be developed within the country. For this purpose we must provide public expenses like departments, schools, methodological establishments, therapeutic universities, infirmaries and municipal fitness amenities. These overheads supply

healthy, efficient and responsible citizens who would contribute to the economic development of the country.

NON- ECONOMIC FACTORS

Non economic factors like social, political and other factors likewise subsidize to the economic expansion of a nation. These include factors such as social institutions and their characteristics, urbanization, social reforms, functioning of the government, maintenance of the law and order, social justice and the desire for development. A change in the economic order is a function of non economic factor too. The existences of social institutions like caste, joint family and law of inheritance have hindered the rate of growth of development of the economy in the initial stages of development. Still these factors are predominant in rural India. Good government and social peace are essential for economic development.

The most important of the non-economic variable is the “desire for development” / “developmental attitudes”, unless people have a strong will to develop and participate actively in the program of development, economic development would remain a distant dream.

ROLE OF SBI THE WAY FORWARD:

Private Properties Study designated that in 2011/12 around were 2.3 billion families short of a bank explanation of any nice, covering from place to place 3.1 billion children. The Indian families can be approximately separated in to binary central collections, rustic and urban. To have operational monetary connection, the banks want constantly convertible in attentiveness these impartial groups and conveying them to investment double in such a method that it is a win win condition for together. Marketable groups can footstep in to supplement monetary attachment in double behaviors (i) providing investment and additional connected facilities and (ii) as long as non-banking amenities and sustenance to confirm banking amenities are smart to persons with low profits,

finance goods necessity have structures that run into the requirements of this collection

of customers. The banks obligate to progress:

- ✓ Elementary Investment Explanation
- ✓ Small price notice expense organizations
- ✓ Knowledge motivated crops
- ✓ Bio-metric ATMs
- ✓ Pre-paid Cards
- ✓ Internet Booths
- ✓ Payment books, which agreement an overdraft and an informal direction to obligation.
- ✓ Reasonable assurance goods
 - For persons
 - For commercial innovativeness
 - For Agro actions such as, climate/ steers/rooster
- ✓ Marketing Advances at all insides by complex certification and events finished:
 - Nature Assistance Clusters
 - Micro Investment Organizations
 - Advances to Minor Average Innovativeness

❖ Openhanded recommended facilities

As soon as the groups need approximately obvious on the assortment of crops, they necessity convert it to uniform the client as per environmental area, technique, and method to be accepted.

RURAL AREAS:

India has a rustic people of around 874 billion with restricted or no contact to economic facilities. The office of investment method actually is not identical applied owing to the massive price of inaugural the subdivisions concerning capacities

estimated, high prices of processes, education, obtainability of alternative stations in country interiors, etc. Additional, monetary addition finished subdivision system might unfavorably touch consumer amenity at divisions outstanding to improved circulation and greater statistics of persons to be joined to inside the inadequate entrances of finance. Consequently, the groups resolve to deliver skill motivated foodstuffs such, ATMs, internet booths for effectively employing economic attachment. The engrossment of Clusters and small Economics establishments is correspondingly necessity for expansion of actual monetary attachment reproductions by marketable groups. In the situation of India attractive one of the major small business bazaars in the creation, particularly in the part of females' investments and recognition clusters and the supporting achievement of such organizations as established by the achievement of other financial services in divisions of the state, small price investment is not automatically an impracticable proposal.

URBAN AREAS:

Conflicting to standard conceptions of a primarily rustic India, an growing proportion of Indian populace exists in the town parts. Terminated the previous fifty centuries, whereas the nation's populace has grown-up by 3.5 periods, in urban parts it has developed by six times. Extraordinary occurrence negligible occupation and town scarceness as replicated in 51 of NSS open that 58.8 billion town persons existed under the shortage line. In malice of its projecting person in Indian reduced, town India outsides thoughtful difficulties in line for to populace compression. Affording to an assessment, almost one third of the city India exists under deficiency mark. Around 25 out of a hundred of the residents do not obligate admission to innocuous consumption rainwater and around 60 out of each hundred are not enclosed by clean services. In this environment, groups essential to deliver monetary facilities which have to comprise investments, recognition, assurance, hire, currency transmission, impartiality operation etc. to monetary requests, lifecycle financial occasions and alternative with the only

requirement that (i) business assessment is lesser clients are deprived. For banks can deal the similar creation assortment as in country parts and can similarly deliver smooth cards such as pre-paid cards or refill capable cards. This method knows the near reciprocal relations among shortage and deficiency on the unique pointer and existence impotent to invention and use suitable monetary produces and facilities on the further.

The banks necessity recommend on:

- ✓ Decreasing the weakness of low revenue relations to monetary eliminations.
- ✓ Stop them from attractive ended obligated or to boost them obtainable of insufficiency.
- ✓ Educating contact to from top to toe excellence conveniences for the maximum underprivileged assemblages and personalities in country groups.
- ✓ Handling problematic obligation and the additional intertwined problems that persons frequently aspect.
- ✓ Fortification from advance double-dealers. Statistics around somewhere to go to grow skilled assistance when persons are in trouble.

Occupational connected subjects such as finest assurance transactions, obtainability of fresh measurable, vegetable and equipment, agro contributions, serving in creating advancing and diffident associations, on condition that evidence on numerous marketplaces native as glowing as overseas and provided that promotion involvements to deliver overhead stated facilities, banks determination must to reorganize and appearance for IT allowed provision benefactors such as, collaborating internet stands, help counter at planned positions, anywhere desirable operated Kiosk, and receiver help defenses call centers.

SBI'S INITIATIVES FOR FINANCIAL INCLUSION:

Objective of State Bank of India in the current era framework is to guarantee monetary addition of the entire populace regardless of parts and areas. The significant

interrogation is growing outreach and developing dissemination. There are double traditions of exploit:

- i) Mortar rustic subdivisions,
- ii) Subcontracting all the occupations to a professional communicator in a specific zone, viz.,
 - a. In local level
 - b. State level

Commercial implementers at a indigenous equal. Economic attachment is the 'SBI Small project', which can in guileless footings be clear as a "Bank in a Container.

DIFFERENT PRODUCTS OF STATE BANK OF INDIA:

Table no. 5.1: "Different products of State Bank of India"

DEPOSITS	ADVANCES	CARDS	CREDIT CARDS
SB ACCOUN	HOUSING LOANS	CUSTOMER CARD	SBI INTERNATIONAL CARDS
SENIOR CITIZENS CARD	MORTAGAGE LOANS	CREDIT CARDS	SBI GOLD CARDS
DEPOSITS IN VARIOUS	SALARY LOANS	TRAVELLING CARDS	SBI GOLD MASTER CARDS
SENIORS SECURITY DEPOSITS	VEHICLE LOANS	NORMAL CARDS	YOUR CITY YOUR CARDS
MONTHLY DEPOSITS	LOAN AGAINST DEPOSITS	BUSINESS CARDS	
TAX SAVINGS CARD	MINI VEHICLE LOAN	INDUSTRIAL CARDS	
ZERO BALANCE ACCOUNT	APROVED LOANS	ADVANCE PAID CARDS	PARTNERSHIP CARDS
VILLAGE SAVINGS ACCOUNT	AGRICULTURAL FINANCE	GENERAL CARDS TO FORMER	SBI EMPLOYEE CARDS
WOMENS SAVINGS BANK ACCOUNT	INSTALLMENT LOANS	BUSINESS CARDS	

SMALL SAVINGS DEPOSIT	PETTY LOANS	-DO-	SBI ADVANTAGE CARDS
STUDENT SAVING DEPOSIT	EDUCATION LOANS	NORMAL CARD	

Source: Field Survey

PERFORMANCE HIGHLIGHTS CORE OPERATION OF SBI:

1. GLOBAL MARKETS

Trust with its incorporated method to all capital undertakings in several arcades in dissimilar period regions i.e., Interest Charges, Silver, Impartiality and Different Properties, the Bank restructured its Capital Processes into International Market A original contemporary Production Area with connected connectivity to all vigorous share concentrated Divisions crossways the republic was installed at Business Centre in Mumbai with amenities corresponding the finest in the business. This capability confirms incessant accessibility of flea market resolute merchant banking charges rates to clients. The Bank expanded its interchange movement to Impartiality and Mutual Fund collection to encase the occasions obtainable completes the floating principal marketplaces throughout the financial year.

2. WHOLESALE BANKING GROUP

Bank Comprehensive Investment Collection contains of three Calculated Occupational Components viz., Business Financial records Assemblage, Development Investment & Rental and Strained Possessions Administration Collection. The Group has newly thrown the Comprehensive Investment Creativity to connect the SBI Group interaction for the assistance of the business clientele by on condition that those with a One Break Workshop ability for all their investment requirements. The creativities aim at as long as complete, modified and particular finance explanations to the company thereby attractive Banks portion of trade with them.

3. PROJECT FINANCE & LEASING SBU

Assignment investment bank concentrate on lending finance to the industries like builders, contractors, power industries, spare parts industries, industries located on special economic zones. And bank also concentrated that non infrastructure industries with the minimum costs. During the year the bank the project loans of R. 1,02,876crores and achieved the target of Rs. 67,987 in the year 2014-15. For nationalized bank like SBI achieved the target what the management is given and easily customer attract the bank loan system for low interest and Govt schemes and subsidies etc.

4. MID-CORPORATE GROUP

Mid corporate Group has been enormously positive in inviting the commercial of Mid Company elements finished association organization and earlier recognition handling.

Table: 5.2: "Advance and deposits given to mid corporate units by SBI

Amount in Rs. cr			
Details	on 31.03.2014	on 31.03.2015	Growth %
Loans	68,345	76,987	11.5
Loans	60,193	73,456	23.0
Offsite loans	27,909	35,983	28.0
Overall advances	87,583	1,09,002	24.0
Deposits	10,011	11,648	16.0

Source: SBI Fundamental details about Directors Report Indiainfoline_com.mht

INITIATIVES TAKEN

- Help Desks must stood produced at two Local Headquarters, Mumbai and Chennai.
- Openings existing for syndicating occupied investment services.
- Development Money Compartments have been set up in Chennai and New Delhi Areas.
- Given branch power to sanction loans upto 25 lakhs to small industries.
- Help taken from CEDOK and DIC for sanctioning of loans.
- Recommendations and suggesation are accepted from State Govt.

NEW PRODUCTS

- Construction Paraphernalia Loan
- Mobilization advance loan for reputed builders
- Contractor and contratee loans
- Agreement loan for industries owners.
- Purchase of machinery loans to industrial owners.
- Heavy Vehicle loans

CONCLUSION:

True to its tradition.State Bank of Indiahas astrong commitment to fulfill the aims and objectives ofnationalization. It still considers the customer as 'Master'.It murmurs silently with a feeling of self satisfaction. At the time of nationalization the socio-economic objectives were explicitly laid down and the banks were asked to contribute to the maximum possible extend towards economic and social development of the country. It was realized that the traditional banking ethics were not compatible with the needs of economic development and that balanced development was not possible without strengthening the hold of commercial banks in the backward and neglected areas. Various developments taking place in Indian economy are influencing Indian banking in a major way. The major contributors towards the economic development is banking sector by way of financing major projects like construction of building, laying down roads, etc. as well as major projects like providing finance to small scale industries, partnership firms, cottage industries, poor artisans, etc. State bank of India being a leading public sector bank also initiated a number of measures to respond to the

changes taking place in the economy and banking. Launching of various services in it self is no business objective; successful positioning and resultant positive response from the consumers determine the extent of success of the services that ultimately leads to economic development. Because the role of commercial banks in the economic development involves a great amount of invisible delivery, monitoring and further planning to improve them became a very challenging task.

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