

An assessment of employment opportunities in the scheduled commercial banks since reforms period

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Abstract: *As per the Report of the Narasimham Committee on Financial System (CFS) 1991, the Indian banking sector should be open for private and foreign banking institutions and allow them to operate their banking operations in the Indian banking industry. After these recommendations, the Government of India and Reserve Bank of India accepted the recommendations and implemented it in the Indian banking industry. Since then the Indian banking sector opened up for the private and foreign banking institutions. After the implementation of these reforms, the Indian banking sector entered into the world of a competitive environment where they have to face the stiff competition from their new counterparts who recently entered into the Indian banking industry. This paper is attempted to examine the growth trends of employment in the Scheduled Commercial Banks since reforms period. It also examines the banking group wise employment per branches of the Scheduled Commercial Banks in India since reforms period.*

Keywords: Banking Branches, Employment, Employment per Branch

Introduction

Prior to the economic and financial sector reforms, Indian Commercial banking was dominated by public sector banks including Nationalized and State Bank of India and its associate's banks. The role of private and foreign banks was less in Indian banking system as their presence was not visible in Indian banking system. Public sector banks acted as monopoly banks due to its dominance in terms of banking branches and overall employment in the total banking system. The productivity and profitability of public sector were not up to the mark. To overcome these issues and increase the productivity, profitability and competitive environment in Indian banking sector, the government of India appointed a committee under the M. Narasimham in 1991. The committee recommended various measures which have been implemented by the Government of India since 1991. The present study is attempted to examine the banking group wise expansion of banking branches, employment opportunities and employment per branches of the Scheduled Commercial Banks since reforms period.

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Research Objectives

This paper attempts to examine the growth trends of employment of the Scheduled Commercial Banks since reforms period. It also examines the banking group wise employment per branches of the Scheduled Commercial Banks in India since reforms period.

Research Hypothesis

The present research is based on the assessment of the expansion of banking branches and also finds out the employment per branches of the Scheduled Commercial Banks in India since reforms period. The research is based on the following research hypothesis.

1. There is no significant difference between expansions of banking branches of Scheduled Commercial Banks in India since reforms period.
2. The banking group wise employment per branches of the Scheduled Commercial Banks in India has declined since reforms period.

Research Methods and Data Collection

The present research is based on the data obtained from the various national and international journals, publications of RBI such as Handbooks of statistics of the Indian economy, basic statistical returns of the Scheduled Commercial Banks. Various ratio methods are used to analyze the data with the help of MS. Excel sheet.

Data Analysis and Interpretations

The current study is attempted to examine the analysis based on the expansion of banking branches according to banking group wise, banking group wise share proportion to overall Scheduled Commercial Banks, trends of banking group wise employment of the Scheduled Commercial Banks and their share proportion to overall banks, banking group wise employment per branches of the Scheduled Commercial Banks, compound annual growth rate of the banking branches and employment based on two period, first 1991-92 to 2002-03 and 2003-04 to 2014-15. These data interpretations are given below:

The banking group wise expansion of banking branches of the Scheduled Commercial Banks is shown with the help of Table No. 1 from 1991-92 to 2014-15. At the time of banking sector reforms in 1991-92 the total number of banking branches of Scheduled Commercial Banks was 60121 which included 12499 of the State Bank of India and its associate banks, 30833 of the Nationalized Banks, 150 of the Foreign Banks, 14719 of the Regional Rural Banks and 3970 of the other scheduled banks etc. at the end of 2014-15 the expansion of banking branches of Scheduled Commercial Banks up to 130482 which includes 23947 of State Bank of India followed by 65764 of Nationalized Banks, 332 of Foreign Banks, 20005 of Regional Rural banks and 20434 of the other Scheduled Banks etc.

Table 1: Banking Group Wise Expansion of Banking Branches Of The Scheduled Commercial Banks

Year (end-March)	State Bank of India and its Associates	Nationalised Banks	Foreign Banks	Regional Rural Banks	Other Scheduled Banks	All Scheduled Commercial Banks
1991-1992	12499	30833	150	14719	3970	62121
1992-1993	12626	31224	151	14731	4042	62774
1993-1994	12827	31496	154	14727	4154	63358
1994-1995	12947	31817	157	14683	4213	63817
1995-1996	13027	32180	167	14672	4410	64456
1996-1997	13148	32522	184	14639	4618	65111
1997-1998	13268	32896	194	14619	4851	65828
1998-1999	13374	33400	184	14640	5079	66677
1999-2000	13481	33623	187	14639	5131	67061
2000-2001	13578	33799	198	14651	5299	67525
2001-2002	13641	33842	201	14664	5549	67897
2002-2003	13700	33979	197	14671	5531	68078
2003-2004	13699	34220	208	14663	5855	68645
2004-2005	13859	34839	226	14645	6400	69069
2005-2006	14016	35225	245	14607	6683	70776
2006-2007	14388	36873	258	14652	7228	73199
2007-2008	15621	38921	264	14825	8068	77699
2008-2009	16570	40576	279	15265	9112	81802
2009-2010	17861	42965	295	15548	10291	86960
2010-2011	18704	45450	301	15898	11764	92117
2011-2012	19573	50454	324	16629	13825	100805
2012-2013	21200	54301	334	17482	15962	109279
2013-2014	22893	60825	315	18539	18393	120965
2014-2015	23947	65764	332	20005	20434	130482

Source: Basic Statistical Returns of the Scheduled Commercial Banks, Various Issues

Table 2: CAGR of Banking Group wise Employment per Branches of the Scheduled Commercial Banks since Reform Period

Year (End-March)	SBI and its Associates	NBs	FBs	RRBs	Other SBs(Private)	All SCBs
1991-92 to 2002-03	0.8	0.9	2.5	0.0	3.1	0.8
2003-04 to 2014-15	5.2	6.1	4.3	2.9	12.0	6.0

Source: Compiled from the Data Obtained from Basic Statistical Returns of the Scheduled Commercial Banks, Various Issues

The CAGR of banking group wise expansion of banking branches of the Scheduled Commercial Banks is shown with the help of Table No. 2 from the 1991-92 to 2002-03 and 2003-04 to 2014-15. The table shows that the growth rate of all Scheduled Commercial Banks in thesecond half of the study period is more as compared to first half of the study period.

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Table 3: Banking Group wise Share Proportion (%) of Banking Branches of the SCB

Year (end-March)	State Bank of India and its Associates	Nationalised Banks	Foreign Banks	Regional Rural Banks	Other Scheduled Banks	All Scheduled Commercial Banks
1991-1992	20.1	49.6	0.2	23.7	6.4	100
1992-1993	20.1	49.7	0.2	23.5	6.4	100
1993-1994	20.2	49.7	0.2	23.2	6.6	100
1994-1995	20.3	49.9	0.2	23.0	6.6	100
1995-1996	20.2	49.9	0.3	22.8	6.8	100
1996-1997	20.2	49.9	0.3	22.5	7.1	100
1997-1998	20.2	50.0	0.3	22.2	7.4	100
1998-1999	20.1	50.1	0.3	22.0	7.6	100
1999-2000	20.1	50.1	0.3	21.8	7.7	100
2000-2001	20.1	50.1	0.3	21.7	7.8	100
2001-2002	20.1	49.8	0.3	21.6	8.2	100
2002-2003	20.1	49.9	0.3	21.6	8.1	100
2003-2004	20.0	49.9	0.3	21.4	8.5	100
2004-2005	20.1	50.4	0.3	21.2	9.3	100
2005-2006	19.8	49.8	0.3	20.6	9.4	100
2006-2007	19.7	50.4	0.4	20.0	9.9	100
2007-2008	20.1	50.1	0.3	19.1	10.4	100
2008-2009	20.3	49.6	0.3	18.7	11.1	100
2009-2010	20.5	49.4	0.3	17.9	11.8	100
2010-2011	20.3	49.3	0.3	17.3	12.8	100
2011-2012	19.4	50.1	0.3	16.5	13.7	100
2012-2013	19.4	49.7	0.3	16.0	14.6	100
2013-2014	18.9	50.3	0.3	15.3	15.2	100
2014-2015	18.4	50.4	0.3	15.3	15.7	100

Source: Compiled from the Data Obtained from Basic Statistical Returns of the Scheduled Commercial Banks, Various Issues

The banking group wise share proportion of the expansion of Scheduled Commercial Banks are shown with the help of Table No. 3 from the period of 199-92 to 2014-15. At the end of March 1991-92, the nationalized banks were ranked first with 49.0 percent followed by Regional Rural Banks with 23.7 percent, State Bank of India and its associates with 20.1 percent, other scheduled banks with 6.4 percent and foreign banks with 0.2 percent. As per the above data which shows the analysis of since reforms period, the share proportion of nationalized banks is in between 49 percent to 50 percent and drastic change in the proportion of regional rural banks. The share proportion of regional rural banks declined and proportion of other scheduled which include old and new private sector banks increased since reforms period. As per the latest analysis based on the data published by Reserve Bank of India in 2014-15, the proportion of nationalized banks again ranked first with 50.4 percent followed by State Bank of India and its associate's banks with 18.4 percent, other scheduled banks with 15.7 percent, regional rural banks with 15.3 and foreign banks with 0.3 percent.

Table 4: Banking Group wise Employment Opportunities of the Scheduled Commercial Banks

Year (end-March)	State Bank of India and its Associates	Nationalised Banks	Foreign Banks	Regional Rural Banks	Other Scheduled Banks(Private)	All Scheduled Commercial Banks
1991-92	284910	562502	13081	66121	50317	976931
1992-93	287922	565959	13435	66795	51102	985213
1993-94	293834	568278	13051	66990	52306	994459
1994-95	297516	568020	13262	66974	51829	997601
1995-96	310607	569816	12870	67765	57967	1019025
1996-97	310077	570202	13255	68991	58498	1021023
1997-98	308817	570595	15354	67535	61670	1023971
1998-99	307862	564190	15505	67089	62844	1017490
1999-00	306198	555756	14602	67006	63069	1006631
2000-01	287245	498581	13232	65022	62438	926518
2001-02	281950	473102	11959	65481	68796	901288
2002-03	281389	471471	11785	65433	71071	901149
2003-04	264346	463471	11053	65753	77099	881722
2004-05	263787	471567	13221	65599	86259	900433
2005-06	259744	464545	16796	64389	94650	900124
2006-07	267179	448516	19109	63614	100989	899407
2007-08	228605	436163	18227	63822	91952	838769
2008-09	237551	420716	16046	58249	92097	824659
2009-10	276171	451604	20807	65239	112207	926028
2010-11	300628	475060	24240	79886	171071	1050885
2011-12	285370	582029	21622	83382	202746	1175149
2012-13	292358	594132	20836	84281	229124	1220731
2013-14	301471	541342	24727	82559	303856	1253955
2014-15	285101	574591	25790	87010	319050	1291542

Source: Basic Statistical Returns of the Scheduled Commercial Banks, Various Issues

The banking group wise employment of the Scheduled Commercial Banks shows with the help of Table No. 4 from 1991-92 to 2014-15. As per the Table No. 2 at the end of 2014-15, the total number of employment in Scheduled Commercial Banks has increased up to 1291542 as compared with 976931 number of employment at the end of 1991-92. The banking group wise employment also increased as compared to reforms period. As per the contribution made by the banking sector, it has been observed that the banking sector is also playing an important role in providing employment opportunities for increasing labour force in the country.

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Table 5: CAGR of Banking Group wise Employment of the Scheduled Commercial Banks since Reform Period

Year (End-March)	SBI and its Associates	NBs	FBs	RRBs	Other SBs(Private)	All SCBs
1991-92 to 2002-03	-0.1	-1.6	-0.9	-0.1	3.2	-0.7
2003-04 to 2014-15	0.7	2.0	8.0	2.6	13.8	3.5

Source: Compiled from the Data Obtained from Basic Statistical Returns of the Scheduled Commercial Banks, Various Issues

The CAGR of banking group wise employment of the Scheduled Commercial Banks shows with the help of Table No. 5 from the 1991-92 to 2002-03 and 2003-04 to 2014-15. At the revealed that the first half of the study period the employment opportunities in banks was less as compared with second half of the banking sector. In the second half, the growth trends of employment in other Scheduled Commercial Banks and foreign banks are more as compared with public and regional rural banks.

The banking group wise share contributions of the employment of the Scheduled Commercial Banks are showing with the help of Table No. 6 from the period of 1991-92 to 2014-15. At the end of 1991-92, in terms of banking group wise share proportion of banking branches of the Scheduled Commercial Banks, the nationalized banks stood first with 57.6 percent of employment followed by 29.2 percent of State Bank of India and its associates banks, 6.8 percent of the regional rural banks, 5.2 percent of other scheduled banks and 1.3 percent of foreign banks.

Table 6 revealed that the banking sector reforms have changed the banking composition of the employment contributions among the banking system from 1991-92 to 2014-15. The contribution of nationalized banks declined from 57.6 percent in 1991-92 to 44.5 percent at the end of 2014-15. The same trends have also being seen in State Bank of India and its associates which has contributed around 29.2 percent in 1991-92 to 22.1 percent at the end of 2014-15. There is positive trend that has being seen with other Scheduled Commercial Banks from 1991-92 to 2014-15. At the end of 2014-15, the other Scheduled Commercial Banks are contributing around 24.7 percent to overall banking employment if compared with only 5.2 percent in 1991-92.

Errol D'Souza (2002) says that the sub sector had to resort to downsizing as the banks found the operating cost to be significantly high due to the extraordinary wage bill. Most banks found the cost of maintaining employee to be higher than the cost of maintaining and upgrading technology; hence they resorted to investment in technology and reduction in the wage bill. In addition to improving the profitability of business operations, downsizing was necessary to improve productivity. On the other hand, the total number of employees in the private and foreign banks saw a steep rise in employment.

Table 6: Banking Group wise share Proportion (%) of Employment Opportunities of the Scheduled Commercial Banks

Year (end-March)	SBI and its Associates	NBs	FBs	RRBs	Other SBs(Private)	All SCBs
1991-92	29.2	57.6	1.3	6.8	5.2	100
1992-93	29.2	57.4	1.4	6.8	5.2	100
1993-94	29.5	57.1	1.3	6.7	5.3	100
1994-95	29.8	56.9	1.3	6.7	5.2	100
1995-96	30.5	55.9	1.3	6.6	5.7	100
1996-97	30.4	55.8	1.3	6.8	5.7	100
1997-98	30.2	55.7	1.5	6.6	6.0	100
1998-99	30.3	55.4	1.5	6.6	6.2	100
1999-00	30.4	55.2	1.5	6.7	6.3	100
2000-01	31.0	53.8	1.4	7.0	6.7	100
2001-02	31.3	52.5	1.3	7.3	7.6	100
2002-03	31.2	52.3	1.3	7.3	7.9	100
2003-04	30.0	52.6	1.3	7.5	8.7	100
2004-05	29.3	52.4	1.5	7.3	9.6	100
2005-06	28.9	51.6	1.9	7.2	10.5	100
2006-07	29.7	49.9	2.1	7.1	11.2	100
2007-08	27.3	52.0	2.2	7.6	11.0	100
2008-09	28.8	51.0	1.9	7.1	11.2	100
2009-10	29.8	48.8	2.2	7.0	12.1	100
2010-11	28.6	45.2	2.3	7.6	16.3	100
2011-12	24.3	49.5	1.8	7.1	17.3	100
2012-13	23.9	48.7	1.7	6.9	18.8	100
2013-14	24.0	43.2	2.0	6.6	24.2	100
2014-15	22.1	44.5	2.0	6.7	24.7	100

Source: Compiled from the Data Obtained from Basic Statistical Returns of the Scheduled Commercial Banks, Various Issues

Table 7: CAGR of the Employment and Banking Branches of the Scheduled Commercial Banks since Reforms Period

Year (End-March)	All Branches of SCBs	All Employees of SCBs
1991-92 to 2002-03	0.84	-0.73
2003-04 to 2014-15	6.01	3.53

Source: Compiled from the Data Obtained from Basic Statistical Returns of the Scheduled Commercial Banks, Various Issues

The CAGR of banking group wise the expansion of the banking branches and employees of the Scheduled Commercial Banks shown with the help of Table No. 7 from the 1991-92 to 2002-03 and 2003-04 to 2014-15. The compound annual growth rate of banking branches and employment of all Scheduled Commercial Banks from 1991-92 to 2002-03 was 0.84 percent and -0.73 percent. The negative growth rate of employment in Scheduled Commercial Banks was due to the various measures adopted by nationalized and the State Bank of India due to a sizeable number of employees opting for VRS, during this period. The total number of employees has reduced from public sector banking sector since 2000-01.

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Table 8: Banking Group wise Employment per Branches of the Scheduled Commercial Banks since Reforms Period

Year (end-March)	SBI and its Associates	NBs	FBs	RRBs	Other SBs(Private)	All SCBs
1991-92	22.79	18.24	87.21	4.49	12.7	15.73
1992-93	22.80	18.13	88.97	4.53	12.6	15.69
1993-94	22.91	18.04	84.75	4.55	12.6	15.70
1994-95	22.98	17.85	84.47	4.56	12.3	15.63
1995-96	23.84	17.71	77.07	4.62	13.1	15.81
1996-97	23.58	17.53	72.04	4.71	12.7	15.68
1997-98	23.28	17.35	79.14	4.62	12.7	15.56
1998-99	23.02	16.89	84.27	4.58	12.4	15.26
1999-00	22.71	16.53	78.09	4.58	12.3	15.01
2000-01	21.16	14.75	66.83	4.44	11.8	13.72
2001-02	20.67	13.98	59.50	4.47	12.4	13.27
2002-03	20.54	13.88	59.82	4.46	12.8	13.24
2003-04	19.30	13.54	53.14	4.48	13.2	12.84
2004-05	19.03	13.54	58.50	4.48	13.5	13.04
2005-06	18.53	13.19	68.56	4.41	14.2	12.72
2006-07	18.57	12.16	74.07	4.34	14.0	12.29
2007-08	14.63	11.21	69.04	4.31	11.4	10.80
2008-09	14.34	10.37	57.51	3.82	10.1	10.08
2009-10	15.46	10.51	70.53	4.20	10.9	10.65
2010-11	16.07	10.45	80.53	5.02	14.5	11.41
2011-12	14.58	11.54	66.73	5.01	14.7	11.66
2012-13	13.79	10.94	62.38	4.82	14.4	11.17
2013-14	13.17	8.90	78.50	4.45	16.5	10.37
2014-15	11.91	8.74	77.68	4.35	15.6	9.90

Source: Compiled from the Data Obtained from Basic Statistical Returns of the Scheduled Commercial Banks, Various Issues.

Banking Group wise employment per branches of the Scheduled Commercial Bank has shown with the help of Table No. 8 from 1991-92 to 2014-15. At the time of banking sector reforms 1991-92, the average employment per branches of the Scheduled Commercial Banks in India was 15.73 per branches. According to the banking group wise employment per branches of the Scheduled Commercial Banks, the foreign banks had larger number of employment (87.21) per branches followed by State Bank of India and its associate's bank (22.79), nationalized banks (18.24), other scheduled banks (12.7) and regional rural banks (4.49). At the time of reforms in the banking system, excessive manpower and their utilization issues were raised by Narasimham Committee in his report and recommended the measures to utilize these labour in efficient ways.

Table 9: CAGR of Banking Group wise Employment per Branches of the Scheduled Commercial Banks since Reform Period

Year (End-March)	SBI and its Associates	NBs	FBs	RRBs	Other SBs(Private)	All SCBs
1991-92 to 2002-03	-0.9	-2.5	-3.4	-0.1	0.1	-1.6
2003-04 to 2014-15	-4.3	-3.9	3.5	-0.3	1.5	-2.3

Source: Compiled from the Data Obtained from Basic Statistical Returns of the Scheduled Commercial Banks, Various Issues

The CAGR of banking group wise employment per branches of the Scheduled Commercial Bank shown with the help of Table No. 7 from the 1991-92 to 2002-03 and 2003-04 to 2014-15. Table 9 revealed that the compound annual growth rate of the employment per branches of the Scheduled Commercial Banks during 1991-92 to 2002-03 was negative except other scheduled commercial bank which shows 0.1 percent per annum. During the second half of the study period, the growth rate per annum had declined further compared to first half of the study period. In the second half, only foreign banks and other scheduled banks have shown positive growth trends which mean the number of employees per branches of the foreign banks and other scheduled banks increased and other Scheduled Commercial Banks such as nationalized banks, State Bank of India and its associates, regional rural banks has decreased.

Conclusion

As per the data analysis and their interpretation, the study is summing the following results:

- ❖ In terms of banking group wise the branches of nationalized banks are more as compared to other banks.
- ❖ The employment of the Scheduled Commercial Banks according to the banking group wise also increased since reforms period.
- ❖ The compound annual growth rate of banking branches has increased from 1991-92 to 2014-15
- ❖ The compound annual growth rate of employment in the banking sector during first half was negative but positive and impressive growth during the second half of the study period.
- ❖ The employment per branches of the public sector banks declined and private or other scheduled banks and foreign banks increased since reforms period.

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