An Organization Study on STATE BANK OF INDIA

(18MBAOS3 07)

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1CR19MBA89

Submitted to

VISVESVARAYA TECHNOLOGICAL UNIVERSITY, BELAGAVI

In partial fulfilment of the requirement for the award of the degree of

MASTER OF BUSINESS ADMINISTRATION

Under Guidance of

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2019-2021

CERTIFICATE BY THE INSTITUTION

This is to certify that **Vidyashree C** bearing **USN 1CR19MBA89** is a bonafide student of Master of Business Administration of our Institution during 2019-21 batch, affiliated to Visvesvaraya Technological University, Belagavi. The organization study report of "**STATE BANK OF INDIA**" is prepared by her under the guidance (Internal) of **Ms. Preksha Yadav** in partial fulfillment of the requirements for the award of the degree of Master of Business Administration of Visvesvaraya Technological University, Belagavi Karnataka.

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DECLARATION

I, **Ms. Vidyashree C** bearing **USN 1CR19MBA89** hereby declare that the organization study conducted at **STATE BANK OF INDIA** is record of independent work carried out by me under the guidance of **Prof**. **Preksha Yadav** faculty of M.B.A Department of CMR Institute of Technology, Bengaluru. I also declare that this report is prepared in partial fulfillment of the university Regulations for the award of degree of Master of Business Administration by Visvesvaraya Technological University, Belagavi. I have undergone an organization study for a period of four weeks. I further declare that this report is based on the original study undertaken by me and has not been submitted for the award of any degree/diploma from any other University /Institution.

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Vidyashree.c

Place: Bangalore

Signature of the Student
USN:1CR19MBA89

Date:30/09/2020

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Ms. Vidyashree C
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TABLE OF CONTENTS

WEEKLY PROGRESS REPORT

Student Name	Vidyashree C
USN	1CR19MBA89
Title of the Study	STATE BANK OF INDIA
Organization	STATE BANK OF INDIA
WEEK-1	
Duration (start date - End date)	**6.8.2020 - 12.8.2020**
Chapters covered	Chapter 1 and Chapter 2
Descriptions of activities performed during the week	Introduction to organization, Industry profile and company profile
WEEK-2	
Duration (start date - End date)	**13.8.2020 - 18.8.2020**
Chapters covered	Chapter 3
Descriptions of activities performed during the week	McKensy's 7S framework, Porter's Five Force Model.
WEEK-3	
Duration (start date - End date)	**19.8.2020 - 26.8.2020**
Chapters covered	Chapter 4 and Chapter 5
Descriptions of activities performed during the week	SWOT Analysis and analysis of financial statements
WEEK-4	
Duration (start date - End date)	**27.8.2020 - 30.8.2020**
Chapters covered	Chapter 6
Descriptions of activities performed during the week	Learning experience and Bibliography

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Signature of the Student **Signature of the Guide**

CHAPTER 1

Introduction about the Organisation & Industry

State Bank Bhavan', Nariman Point, Mumbai

Formerly- Imperial Bank of India

Type- Public Sector Undertaking

Traded as:

NSE: SBIN

BSE: 500112

LSE: SBID

BSE SENSEX Constituent

NSE NIFTY 50 Constituent

ISIN-INE062A01020

Industry- Banking, financial services

Headquarters- Mumbai, Maharashtra, India

Number of locations-22,141 Branches, 58,555 ATMs

Area served-Worldwide

Key people-Rajnish Kumar (Chairman)

The world of commercial banking is undergoing a deep transformation a result of marketable instruments competing with loan sand demand deposits. Because of this strong competition, commercial banks are struggling to make acceptable margins from their traditional Business entering into investment banking. Increasing competition has forced banks to search for more income at the expense of more risk. Banks that lent heavily to Asia in search of better returns than those available in Western markets are now being blamed for bad credit decisions. The Asian crisis has renewed interest non-credit risk management casting doubts on the effectiveness of current credit regulations. Technological changes have also heightened competition by making it easier to imitate bank services. The traditional advantage of physical proximity to clients given by extended networks of branches has vanished. Banks have to compete with money market mutual funds for deposit business, commercial papers, and medium-term notes for bank loans. As margins are squeezed, commercial banks in the United States and Europe have been forced to cut costs and branches while diversifying into pensions, insurance, asset management, and investment banking. In the United States, many banks call themselves financial service companies even in their reported financial statements. Diversification, however, has not always proved to be an effective strategy, and many banks have had to revert to a concentrated business. These examples illustrate how commercial banks are reinventing themselves, not just once but Many times. All these changes are creating an identity crisis for old fashioned bankers, leading to the key question, ―What is a bank today? The question is difficult, but evidence suggests that the concept of banking is being modified and the traditional barriers among financial service sub industries (retail banking, private banking, investment banking, asset management, insurance, etc.) are vanishing.

State Bank of India (**SBI**) is an Indian multinational, public sector banking and financial services statutory body headquartered in Mumbai, Maharashtra. SBI is ranked 236th in the ***Fortune Global 500*** list of the world's biggest corporations of 2019. It is the largest bank in India with a 23% market share by assets and a 25% share of the total loan and deposits market.

The bank descends from the Bank of Calcutta, founded in 1806 via the Imperial Bank of India, making it the oldest commercial bank in the Indian subcontinent. The Bank of Madras merged into the other two presidency banks in British India, the Bank of Calcutta and the Bank of Bombay, to form the Imperial Bank of India, which in turn became the State Bank of India in 1955. The Government of India took control of the Imperial Bank of India in 1955, with Reserve Bank of India (India's central bank) taking a 60% stake, renaming it State Bank of India.

About the Industry:

Introduction to Banking: What is a Bank?

A bank is a financial intermediary for the safeguarding, transferring, exchanging, or lending of money. Banks distribute “money” - the medium of exchange. A bank is a business and banks sell their services to earn money, and they need to market and manage those services in a competitive field. Learn more about the fundamentals of banking.

A bank is a financial institution and a financial intermediary that accepts deposits and channels those deposits into lending activities, either directly by loaning or indirectly through capital markets.

A bank may be defined as an institution that accepts deposits, makes loans, pays checks and provides financial services. A bank is a financial intermediary for the safeguarding, transferring, exchanging, or lending of money. A primary role of banks is connecting those with funds, such as investors and depositors, to those seeking funds, such as individuals or businesses needing loans. A bank is a connection between customers that have capital deficits and customers with capital surpluses.

Banks distribute the medium of exchange. Banking is a business. Banks sell their services to earn money, and they must market and manage those services in a competitive field. Banks are financial intermediaries that safeguard, transfer, exchange, and lend money and like other businesses that must earn a profit to survive. Understanding this fundamental idea helps you to understand how banking systems work and helps you understand many modern trends in banking and finance.

Nationalized banks such as State Bank of India (SBI), though pygmies in the international banking market, are banking behemoths of India. They have branches spread over the entire length and breadth of the country. SBI in particular is all-pervasive enjoying a sprawling network of 9000 branches. Its blue and white shingle is visible to the smallest hamlet. It has assets understood to be worth about Rs2, 22,500 crores ($52 billion). SBI has a very conservative approach to accounting particularly when it comes to declaration of its assets. Probably modesty does not permit the bank to exhibit its strengths. In particular, it has real estate properties some of which are heritage sites all over the country. These are estimated to collectively command a value of Rs.30,000 crores. This, it is believed, does not get reflected in its book of accounts. SBI enjoys a monopoly of the government business. The Reserve Bank of India owns about 60% of the bank's equity. To its credit, SBI mobilized $4.2 billion through the Resurgent India Bonds (RIB) issue in just 3 months down the post-Pokhran sanction period. This was the difficult time when the international credit rating agencies had downgraded the country. SBI, time and again, does a rescue act in the forex market to contain any volatility of the rupee. SBI was formed under the SBI Act in 1955 with the takeover of Imperial Bank and amalgamation of Bank of Bengal, Bank of Bombay, and Bank of Madras. The government mopped up around 93% of the equity, leaving 7% to private ownership. By this act the equity of RBI cannot be diluted below 55%. SBI enjoys a pool of best managerial talent, assured government business, a countrywide network of branches and strong brand credibility in the Indian market. But that numerous Uno position is sliding with the entry of sleeker private and foreign banks into the Indian Banking scene. The bank is continuously restructuring itself and for this, they even hire the services of foreign consultants but the pace has to be hastened.

<u>**Banking is a Unique Business**</u>

The services banks offer to customers have to do almost entirely with handling money or finances for other people. Banks are critical to our economy. The primary function of banks is to put their account holders' money to use by lending it out to others who are in need of the same.

Money is a medium of exchange, an agreed-upon system for measuring the value of goods and services. Once, and still in some places today, precious stones, animal products, or other goods of value might be used as a medium of exchange. This system was used for centuries, before the invention of money. People used to exchange goods or services for other goods or services in return. This system is also known as “Barter System” and an age-old method that was adopted by people to exchange their services and goods. Roman soldiers were sometimes paid in salt because it was critical to life and was a scarce commodity at those times.

How Banks are created?

Banks and money are essential to maintaining economies and they impact the entire societies and nations. Hence, they are closely regulated and strict procedures and principles are advised to be followed by the banks by various authorities and governments. In the United States, banks may be chartered by federal or state governments and in India government decides the rules for opening any banks or its branches.

From a business structure perspective, most of the Banks are corporations or cooperative societies and may be owned by groups of individuals, corporations, or some combination of the two. Around the world, banks are supervised by governments to guarantee the safety and stability of the money supply and of the country.

Types of Banks

Commercial, retail, and central banks are three main types:

Commercial Banks: Provide familiar services such as checking and savings accounts, credit cards, investment services, and others. Historically, offered their services only to businesses, including credit and debit cards, bank accounts, deposits and loans, and secured and unsecured loans. Due to deregulation, commercial banks are also competing more with investment banks in money market operations, bond underwriting, and financial advisory work.

Retail Banks: Developed to help individuals not served by commercial banks. Provide basic banking services to individual consumers. These institutions help customers save money, acquire loans, and invest. They also offer a wide range of financial services to a broad customer base. Examples include savings banks, savings and loan associations, and credit unions and examples of products and services include safe deposit boxes, checking and savings accounting, certificates of deposit (CDs), mortgages, and car loans.

Central Banks: Banks formed, owned, and regulated by the government to manage, regulate, and protect both the money supply and the other banking institutions. Guarantee stable monetary and financial policy from country to country. Typical functions include implementing monetary policy, managing foreign exchange and gold reserves, making decisions regarding official interest rates, acting as banker to the government and other banks, and regulating and supervising the banking industry. Central banks serve as the government's banker. Central banks issue currency and conduct monetary policy.

Financial services

Financial services are the economic services provided by the finance industry, which encompasses a broad range of businesses that manage money, including credit unions, banks, creditcard companies, insurance companies, accountancy companies, consumer-finance companies, stock brokerages, investment funds, individual managers and some government-sponsored enterprises.[1] Financial services companies are present in all economically developed geographic locations and tend to cluster in local, national, regional and international financial centres such as London, New York City, and Tokyo.

The term "financial services" became more prevalent in the United States partly as a result of the Gramm-Leach-Bliley Act of the late 1990s, which enabled different types of companies operating in the U.S. financial services industry at that time to merge.

Companies usually have two distinct approaches to this new type of business. One approach would be a bank which simply buys an insurance company or an investment bank, keeps the original brands of the acquired firm, and adds the acquisition to its holding company simply to diversify its earnings. Outside the U.S. (e.g. Japan), non-financial services companies are permitted within the holding company. In this scenario, each company still looks independent, and has its own customers, etc. In the other style, a bank would simply create its own brokerage division or insurance division and attempt to sell those products to its own existing customers, with incentives for combining all things with one company.

The financial sector is traditionally among those to receive government support in times of widespread economic crisis. Such bailouts, however, enjoy less public support than those for other industries.

Commercial banking services

A commercial bank is what is commonly referred to as simply a bank. The term "commercial" is used to distinguish it from an investment bank, a type of financial services entity which instead of lending money directly to a business, helps businesses raise money from other firms in the form of bonds (debt) or stock (equity).

Investment banking services

- Underwriting debt and equity for the private and public sector in order for such entities to raise capital.
- Mergers and acquisitions - Work to underwrite and advise companies on mergers or takeovers.
- Structured finance - Development, intricate (typically derivative) products for high net worth individuals and institutions with more intricate financial needs.
- Restructuring - Assist in financially reorganizing companies

Foreign exchange services:

Foreign exchange services are provided by many banks and specialist foreign exchange brokers around the world. Foreign exchange services include:

- Currency exchange - where clients can purchase and sell foreign currency banknotes.
- Wire transfer - where clients can send funds to international banks abroad.
- Remittance - where clients that are migrant workers send money back to their home country.

London handled 36.7% of global currency transactions in 2009 – an average daily turnover of US$1.85 trillion – with more US dollars traded in London than New York, and more Euros traded than in every other city in Europe combined.

Investment services

- collective investment fund - A fund that acts as an investment pool so investors can put money into a fund that will reinvest it into a variety of securities based upon their common, outlined investment goal.
- Investment Advisory Offices - Run by Registered Investment Advisors who advises clients in financial planning and invests their money.
- Hedge fund management - Hedge funds often employ the services of "prime brokerage" divisions at major investment banks to execute their trades.
- Venture capital - Private equity capital typically provided by professional, outside investors to new, high-growth-potential companies in the interest of taking the company to an IPO or trade sale of the business. Start-up companies are typically fuelled by an angel investor.

CHAPTER 2

ORGANISATION PROFILE

(i) BACKGROUND

The origin of the **State Bank of India** goes back to the first decade of the nineteenth century with the establishment of the Bank of Calcutta in Calcutta on 2 June 1806. Three years later the bank received its charter and was re-designed as the Bank of Bengal (2 January 1809). A unique institution, it was the first joint-stock bank of British India sponsored by the Government of Bengal. The Bank of Bombay (15 April 1840) and the Bank of Madras (1 July 1843) followed the Bank of Bengal. These three banks remained at the apex of modern banking in India till their amalgamation as the Imperial Bank of India on 27 January 1921.

Primarily Anglo-Indian creations, the three presidency banks came into existence either as a result of the compulsions of imperial finance or by the felt needs of local European commerce and were not imposed from outside in an arbitrary manner to modernise India's economy. Their evolution was, however, shaped by ideas culled from similar developments in Europe and England, and was influenced by changes occurring in the structure of both the local trading environment and those in the relations of the Indian economy to the economy of Europe and the global economic framework.

Bank of Bengal H.O

The establishment of the Bank of Bengal marked the advent of limited liability, joint-stock banking in India. So was the associated innovation in banking, viz. the decision to allow the Bank of Bengal to issue notes, which would be accepted for payment of public revenues within a restricted geographical area. This right of note issue was very valuable not only for the Bank of Bengal but also its two siblings, the Banks of Bombay and Madras. It meant an accretion to the capital of the banks, a capital on which the proprietors did not have to pay any interest. The concept of deposit banking was also an innovation because the practice of accepting money for safekeeping (and in some cases, even investment on behalf of the clients) by the indigenous bankers had not spread as a general habit in most parts of India. But, for a long time, and especially up to the time that the three presidency banks had a right of note issue, bank notes and government balances made up the bulk of the investible resources of the banks.

The three banks were governed by royal charters, which were revised from time to time. Each charter provided for a share capital, four-fifth of which were privately subscribed and the rest owned by the provincial government. The members of the board of directors, which managed the affairs of each bank, were mostly proprietary directors representing the large European managing agency houses in India. The rest were government nominees, invariably civil servants, one of whom was elected as the president of the board.

Group Photograph of Central Board (1921)

The business of the banks was initially confined to discounting of bills of exchange or other negotiable private securities, keeping cash accounts and receiving deposits and issuing and circulating cash notes. Loans were restricted to Rs.one lakh and the period of accommodation confined to three months only. The security for such loans was public securities, commonly called Company's Paper, bullion, treasure, plate, jewels, or goods 'not of a perishable nature' and no interest could be charged beyond a rate of twelve per cent. Loans against goods like opium, indigo, salt woollens, cotton, cotton piece goods, mule twist and silk goods were also granted but such finance by way of cash credits gained momentum only from the third decade of the nineteenth century. All commodities, including tea, sugar and jute, which began to be financed later, were either pledged or hypothecated to the bank. Demand promissory notes were signed by the borrower in favour of the guarantor, which was in turn endorsed to the bank. Lending against shares of the banks or on the mortgage of houses, land or other real property was, however, forbidden.

Indians were the principal borrowers against deposit of Company's paper, while the business of discounts on private as well as salary bills was almost the exclusive monopoly of individuals Europeans and their partnership firms. But the main function of the three banks, as far as the government was concerned, was to help the latter raise loans from time to time and also provide a degree of stability to the prices of government securities.

Old Bank of Bengal

Major change in the conditions

A major change in the conditions of operation of the Banks of Bengal, Bombay and Madras occurred after 1860. With the passing of the Paper Currency Act of 1861, the right of note issue of the presidency banks was abolished and the Government of India assumed from 1 March 1862 the sole power of issuing paper currency within British India. The task of management and circulation of the new currency notes was conferred on the presidency banks and the Government undertook to transfer the Treasury balances to the banks at places where the banks would open branches. None of the three banks had till then any branches (except the sole attempt and that too a short-lived one by the Bank of Bengal at Mirzapore in 1839) although the charters had given them such authority. But as soon as the three presidency bands were assured of the free use of government Treasury balances at places where they would open branches, they embarked on branch expansion at a rapid pace. By 1876, the branches, agencies and sub agencies of the three presidency banks covered most of the major parts and many of the inland trade centres in India. While the Bank of Bengal had eighteen branches including its head office, seasonal branches and sub agencies, the Banks of Bombay and Madras had fifteen each.

Bank of Madras Note Dated 1861 for Rs.10

The presidency Banks Act, which came into operation on 1 May 1876, brought the three presidency banks under a common statute with similar restrictions on business. The proprietary connection of the Government was, however, terminated, though the banks continued to hold charge of the public debt offices in the three presidency towns, and the custody of a part of the government balances. The Act also stipulated the creation of Reserve Treasuries at Calcutta, Bombay and Madras into which sums above the specified minimum balances promised to the presidency banks at only their head offices were to be lodged. The Government could lend to the presidency banks from such Reserve Treasuries but the latter could look upon them more as a favour than as a right.

Bank of Madras

Bank of Madras

The pace of expansion witnessed in the previous decade fell sharply although, in the case of the Bank of Madras, it continued on a modest scale as the profits of that bank were mainly derived from trade dispersed among a number of port towns and inland centres of the presidency.

India witnessed rapid commercialisation in the last quarter of the nineteenth century as its railway network expanded to cover all the major regions of the country. New irrigation networks in Madras, Punjab and Sind accelerated the process of conversion of subsistence crops into cash crops, a portion of which found its way into the foreign markets. Tea and coffee plantations transformed large areas of the eastern Terais, the hills of Assam and the Nilgiris into regions of estate agriculture par excellence. All these resulted in the expansion of India's international trade more than six-fold. The three presidency banks were both beneficiaries and promoters of this commercialisation process as they became involved in the financing of practically every trading, manufacturing and mining activity in the sub-continent. While the Banks of Bengal and Bombay were engaged in the financing of large modern manufacturing industries, the Bank of Madras went into the financing of large modern manufacturing industries, the Bank of Madras went into the financing of small-scale industries in a way which had no parallel elsewhere. But the three banks were rigorously excluded from any business involving foreign exchange. Not only was such business considered risky for these banks, which held government deposits, it was also feared that these banks enjoying government patronage would offer unfair competition to the exchange banks which had by then arrived in India. This exclusion continued till the creation of the Reserve Bank of India in 1935.

Bank of Bombay

<u>Presidency Banks of Bengal</u>

The presidency Banks of Bengal, Bombay and Madras with their 70 branches were merged in 1921 to form the Imperial Bank of India. The triad had been transformed into a monolith and a giant among Indian commercial banks had emerged. The new bank took on the triple role of a commercial bank, a banker's bank and a banker to the government.

But this creation was preceded by years of deliberations on the need for a 'State Bank of India'. What eventually emerged was a 'half-way house' combining the functions of a commercial bank and a quasi-central bank.

The establishment of the Reserve Bank of India as the central bank of the country in 1935 ended the quasi-central banking role of the Imperial Bank. The latter ceased to be bankers to the Government of India and instead became agent of the Reserve Bank for the transaction of government business at centres at which the central bank was not established. But it continued to maintain currency chests and small coin depots and operate the remittance facilities scheme for other banks and the public on terms stipulated by the Reserve Bank. It also acted as a bankers' bank by holding their surplus cash and granting them advances against authorised securities. The management of the bank clearing houses also continued with it at many places where the Reserve Bank did not have offices. The bank was also the biggest tenderer at the Treasury bill auctions conducted by the Reserve Bank on behalf of the Government.

The establishment of the Reserve Bank simultaneously saw important amendments being made to the constitution of the Imperial Bank converting it into a purely commercial bank. The earlier restrictions on its business were removed and the bank was permitted to undertake foreign exchange business and executor and trustee business for the first time.

Imperial Bank

The Imperial Bank during the three and a half decades of its existence recorded an impressive growth in terms of offices, reserves, deposits, investments and advances, the increases in some cases amounting to more than six-fold. The financial status and security inherited from its forerunners no doubt provided a firm and durable platform. But the lofty traditions of banking which the Imperial Bank consistently maintained and the high standard of integrity it observed in its operations inspired confidence in its depositors that no other bank in India could perhaps then equal. All these enabled the Imperial Bank to acquire a pre-eminent position in the Indian banking industry and also secure a vital place in the country's economic life.

Stamp of Imperial Bank of India

When India attained freedom, the Imperial Bank had a capital base (including reserves) of Rs.11.85 crores, deposits and advances of Rs.275.14 crores and Rs.72.94 crores respectively and a network of 172 branches and more than 200 sub offices extending all over the country.

First Five-Year Plan

In 1951, when the First Five Year Plan was launched, the development of rural India was given the highest priority. The commercial banks of the country including the Imperial Bank of India had till then confined their operations to the urban sector and were not equipped to respond to the emergent needs of economic regeneration of the rural areas. In order, therefore, to serve the economy in general and the rural sector in particular, the All India Rural Credit Survey Committee recommended the creation of a state-partnered and state-sponsored bank by taking over the Imperial Bank of India, and integrating with it, the former state-owned or state-associate banks. An act was accordingly passed in Parliament in May 1955 and the State Bank of India was constituted on 1 July 1955. More than a quarter of the resources of the Indian banking system thus passed under the direct control of the State. Later, the State Bank of India (Subsidiary Banks) Act was passed in 1959, enabling the State Bank of India to take over eight former State-associated banks as its subsidiaries (later named Associates).

The State Bank of India was thus born with a new sense of social purpose aided by the 480 offices comprising branches, sub offices and three Local Head Offices inherited from the Imperial Bank. The concept of banking as mere repositories of the community's savings and lenders to creditworthy parties was soon to give way to the concept of purposeful banking sub serving the growing and diversified financial needs of planned economic development. The State Bank of India was destined to act as the pacesetter in this respect and lead the Indian banking system into the exciting field of national development.

Employees

SBI is one of the largest employers in the country with 209,567 employees as on 31 March 2017, out of which 23% were female employees and 3,179 (1.5%) were employees with disabilities. On the same date, SBI had 37,875 Scheduled Castes (18%), 17,069 Scheduled Tribes (8.1%) and 39,709 Other Backward Classes (18.9%) employees. The percentage of Officers, Associates and Subordinates was 38.6%, 44.3% and 16.9% respectively on the same date. Around 13,000 employees joined the Bank in FY 2016–17. Each employee contributed a net profit of ₹511,000 (US$7,200) during FY 2016–17.

(ii)NATURE OF BUSINESS

In order to clearly differentiate banks versus other nonfinancial institutions, a bank is a financial institution that provides banking and other financial services to their customers. A bank is generally understood as an institution which provides fundamental banking services such as accepting deposits and providing loans. There are also nonbanking institutions that provide certain banking services without meeting the legal definition of a bank. Banks are a subset of the financial services industry. Almost in any country, banks represent main pillar of financial stability. Beside financial intermediaries, banks play an important role as national financial institutions which in every day of its activities deal with humans.

A banking system also referred as a system which provide and offer cash management services for customers, reporting the transactions of their accounts and portfolios throughout the day, trade with financial and bank’s financial instruments, offer exchange of currency and disburse different type of fund. The Banks are the main participants of the financial system in any country. The Banking sector offers several facilities and opportunities to their customers. All the banks safeguard the money and valuables and provide loans, credit, and payment services, such as checking accounts, money orders, and cashier’s checks. The banks also offer investment and insurance products. As a variety of models for cooperation and integration among finance industries have emerged, some of the traditional distinctions between banks, insurance companies, and securities firms have diminished. In spite of these changes, banks continue to maintain and perform their primary role accepting deposits and lending funds from these deposits. On the other side, main advantages which differentiate bank from any other institutions, banks are offering and deliver payment system domestically and internationally.

This advantages that other institutions are not able to perform. Next fields are covering general banking activities:

Banks take deposits and give the loans as financial instruments:

Besides giving a loan and taking the deposits, banks can be differentiated from another financial institutions because they are only institution which can provide transaction accounts. Accounts can be opened for the retail clients, SME clients (small and medium clients) and for the corporate clients or enterprise clients. Deponents deposit their funds in the banks and latter those funds will be used for the dispersion and creation of other loan and financial instruments. Banks are institutions which provide and hold liquidity sustainable flow for all other financial and non-financial institutions. Best and easiest way to understand banking system and how is it working through the mere example of taking big funds as deposits from the “big guy” companies, and later on disbursed them to the retail clients into smaller loans and financing instruments. Differences between prices are considered as profit margin to the banks. Banks at the same time represent transitional lawyer for the monetary politics. Through the monitoring and controlling of the banks, central bank can sustain and provide impact on countries financial situations.

The banks are dealing with humans

Main players of the banks are: retail divisions, small and medium companies, big companies, multinational companies, international companies, security and insurance institutions, conglomerate institutions, other banks, non-financial institutions and many others. General pillar of all above mentioned institutions is human being – humans (people). Even though the financial activities can be set up for the buying properties and other liquid asset, but still will be linked with the humans, they are those who apply for the loans or letter of grantee. Linkage between the loans, deposits and all other banking products cannot be denied with its usage of clients, humans.

(iii)VISSION, MISSION, QUALITY POLICY

VISION STATEMENT

“Be the Bank of Choice for a Transforming India”

MISSION STATEMENT

“Committed to providing simple, responsive and innovative financial solutions”

State Bank of India VALUES

Service

Transparency

Ethics

Politeness

Sustainability

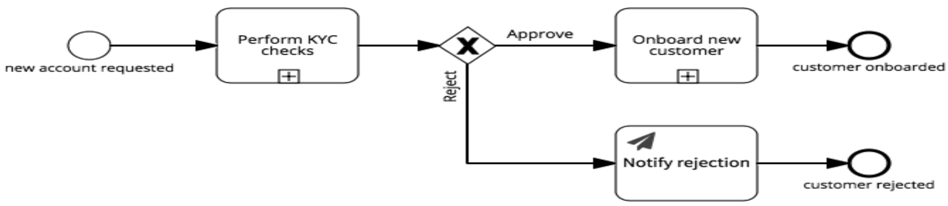
We will always be honest, transparent and ethical. We will respect our customers and fellow associates. We will be knowledge driven. We will learn and we will share or learning. We will never take the easy way out. We will do everything we can to contribute to the community we work in. We will nurture pride in India.

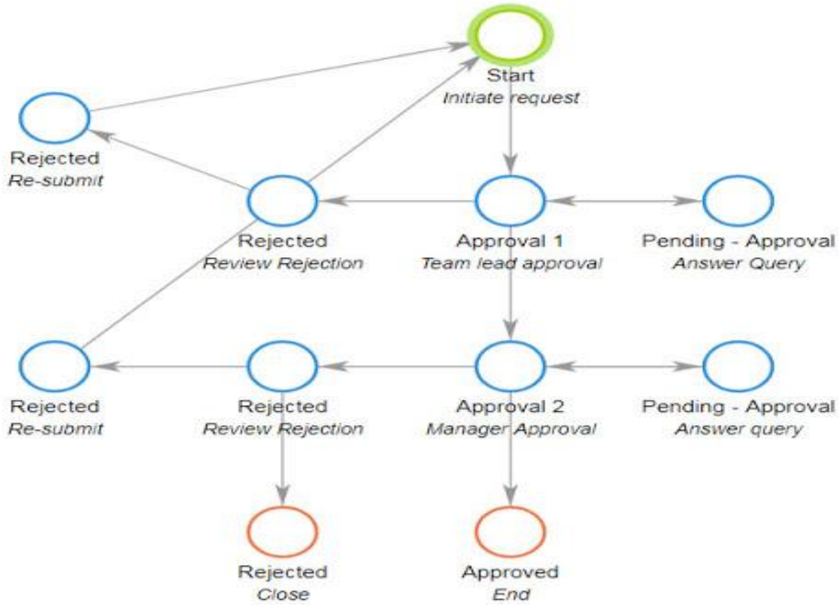
State Bank of India Logo resemblance like a key hole. The logo depicts the common man - being the centre of the bank's business. Meaningful Design and Thoughtful Inspiration. Slogan… “PURE BANKING, NOTHING ELSE" "WITH YOU - ALL THE WAY", "A BANK OF THE COMMON MAN” “THE BANKER TO EVERY INDIAN”.

(iv)WORKFLOW MODEL:

Banking flow charts (also called workflows or process maps) capture the sequence of work activities that occur when performing tasks like loan application processing or new account opening. Banks use these flow charts as tools to improve employee productivity, customer service and profitability.

Banks can also use workflows to identify automation opportunities, and capture the details required to automate selected tasks (i.e., keystrokes, business rules, logic, etc.)





(v) Product/service profile:

- Retail banking
- Corporate banking
- Investment banking
- Mortgage loans
- Private banking
- Wealth management
- Credit cards
- Finance and Insurance

Retail banking, also known as **consumer banking**, is the provision of services by a bank to the general public, rather than to companies, corporations or other banks, which are often described as wholesale banking. Banking services which are regarded as retail include provision of savings and transactional accounts, mortgages, personal loans, debit cards, and credit cards. Retail banking is also distinguished from investment banking or commercial banking. It may also refer to a division or department of a bank which deals with individual customers.

An **investment bank** is a financial services company or corporate division that engages in advisory-based financial transactions on behalf of individuals, corporations, and governments. Traditionally associated with corporate finance, such a bank might assist in raising financial capital by underwriting or acting as the client's agent in the issuance of securities. An investment bank may also assist companies involved in mergers and acquisitions (M&A) and provide ancillary services such as market making, trading of derivatives and equity securities, and FICC services (fixed income instruments, currencies, and commodities).

A **mortgage loan** or simply **mortgage** is a loan used either by purchasers of real property to raise funds to buy real estate, or alternatively by existing property owners to raise funds for any purpose while putting a lien on the property being mortgaged. The loan is "secured" on the borrower's property through a process known as mortgage origination. This means that a legal mechanism is put into place which allows the lender to take possession and sell the secured property ("foreclosure" or "repossession") to pay off the loan in the event the borrower defaults on the loan or otherwise fails to abide by its terms. The word *mortgage* is derived from a Law French term used in Britain in the Middle Ages meaning "death pledge" and refers to the pledge ending (dying) when either the obligation is fulfilled or the property is taken through foreclosure.[1] A mortgage can also be described as "a borrower giving consideration in the form of a collateral for a benefit (loan)".

Private banking is banking, investment and other financial services provided by banks and financial services firms primarily to high-net-worth individuals (HNWIs) with high levels of income or sizable assets and increasingly the Mass Affluent market as well.

Private banking forms a more exclusive (for the especially affluent) subset of wealth management. The term "private" refers to customer service rendered on a more personal basis than in mass-market retail banking, usually via dedicated bank advisers. It does not refer to a private bank, which is a non-incorporated banking institution.

Wealth management (**WM**) or **wealth management advisory** (**WMA**) is a form of investment management and financial planning that provides solutions to a wide array of clients ranging from affluent to high-net-worth (HNW) and ultra-high-net- worth (UHNW). It is a discipline which incorporates financial planning, portfolio management and a number of aggregated financial services offered by a complex mix of investment banks, asset managers, custodial banks, retail banks, and financial planners. There is no equivalent of a stock exchange to consolidate the allocation of investments and promulgate fund pricing and as such it is considered a fragmented and decentralised industry.

A **credit card** is a payment card issued to users (cardholders) to enable the cardholder to pay a merchant for goods and services based on the cardholder's promise to the card issuer to pay them for the amounts plus the other agreed charges.[1] The card issuer (usually a bank) creates a revolving account and grants a line of credit to the cardholder, from which the cardholder can borrow money for payment to a merchant or as a cash advance.

Financial services are the economic services provided by the finance industry, which encompasses a broad range of businesses that manage money, including credit unions, banks, credit-card companies, insurance companies, accountancy companies, consumer-finance companies, stock brokerages, investment funds, individual managers and some government-sponsored enterprises.

(vi)Ownership pattern: As on 31 March 2017, Government of India held around 61.23% equity shares in SBI. The Life Insurance Corporation of India, itself state-owned, is the largest non-promoter shareholder in the company with 8.82% shareholding.

Shareholders	Shareholding
Promoters: Government of India	56.92%
FIIs/GDRs/OCBs/NRIs	10.94%
Banks & Insurance Companies	10.63%
Mutual Funds & UTI	13.72%

Others	07.79%
Total	100.0%

The equity shares of SBI are listed on the Bombay Stock Exchange, where it is a constituent of the BSE SENSEX index, and the National Stock Exchange of India, where it is a constituent of the CNX Nifty. Its Global Depository Receipts (GDRs) are listed on the London Stock Exchange.

Board of Directors

Sl. No	NAME	Designation	Under Section of SBI Act 1955
1.	Shri Rajnish Kumar	Chairman	19(a)
2.	Shri Dinesh Kumar Khara	Managing Director	19 (b)
3.	Shri Arijit Basu	Managing Director	19 (b)
4.	Shri C.S. Setty	Managing Director	19 (b)
5.	Shri Ashwani Bhatia	Managing Director	19 (b)
6.	Shri B. Venugopal	Director	19 (c)
7.	Dr Ganesh Natarajan	Director	19 (c)
8.	Shri Ketan S. Vikamsey	Director	19 (c)
9.	Shri Mrugank M Paranjape	Director	19 (c)
10.	Dr. Pushpendra Rai	Director	19 (d)
11.	Dr. Purnima Gupta	Director	19 (d)
12.	Shri Sanjeev Maheshwari	Director	19 (d)
13.	Shri Debasish Panda	Director	19 (e)
14.	Shri Chandan Sinha	Director	19 (f)

(vii) Achievements/awards if any: As of 2020 and 2019 (only)

Life Insurance Provider of the Year

SBI Life Insurance wins the Gold Award under the category, ‘Life Insurance Provider of the Year’ (in the Private Sector) at the Outlook Money Awards 2019.

Financial Services Company of the Year

SBI Life Insurance wins the VC Circle Award for 2020 under the category ‘Financial Services Company of the Year’

India's Leading Life Insurance Company - Private

SBI Life Insurance wins the Company Performance Award under the category 'India's Leading Life Insurance Company - Private' at the BFSI Summit & Awards by Dun & Bradstreet

Gold Shield from ICAI for FY 2018-19: SBI Life won Gold Shield from Institute of Chartered Accountants of India (ICAI) for excellence in Financial Reporting for FY 2018-19. SBI Life won the Gold Shield from ICAI for the 2nd consecutive year.

SMART Award-Life Insurance in Large Category

SBI Life Insurance won the 'SMART Award-Life Insurance in Large Category' at the ET Insurance Summit held in Mumbai on Friday, Nov 29, 2019.

ICC Emerging Asia Insurance Conclave & Awards 2019

SBI Life wins 'Best Life Insurance Company' Award at ICC Emerging Asia Insurance Conclave & Awards 2019.

Foxglove Awards 2019

SBI Life wins ‘Gold’ in ‘Best Content Marketing Launch (National)’ Foxglove Awards 2019 for the inspiring story of Pabiben taking her ‘Main se Hum ka Kadam’

Indian Television BrandVid Awards 2019:

SBI Life wins ‘Silver’ Award in the ‘Best Brand Film: BFSI’ Category at the Indian Television BrandVid Awards 2019.

(viii) Future growth and prospects

With the banking and financial sector likely to outperform the market this year, it's no wonder that investors are eagerly awaiting State Bank of India's (SBI) rights issue. The bank is raising funds to augment its capital base to meet RBI's capital adequacy needs. Investors can take this opportunity to increase their exposure to this stock, given SBI's sustained business growth, promising future prospects and attractive valuations.

Business: SBI has seven associate banks and five subsidiaries. On a standalone basis, SBI is the largest constituent of the group by assets and net income. It contributed 70% to the consolidated group assets as on September 30 and 74% to the consolidated net profit for the nine months ended December.

Its associate banks and subsidiaries, though relatively small, are doing well in their respective businesses. SBI is India's largest bank in terms of number of domestic and international branches and business volume. By end December 07, its total business (excluding that of its associates) touched Rs 9,05,475 crore, nearly double that of ICICI Bank, the second-largest bank in India, at Rs 4,45,296 crore. SBI commands a market share of 15.3% and 15.5% for deposits and advances respectively.

Despite a slow growth in credit offtake and easing deposit rates, by end December 07, SBI had recorded a 26% growth each in advances and deposits, better than the industry average of 22-23%.

Financials: In the past five years, SBI has seen slower growth in profit compared to its peers. SBI recorded a five-year compound annual growth of 13% and 10% in net profit and operating profit, respectively. The average growth for the rest of the industry was around 22% during the period. The slower growth in profit is largely because of higher operating expenses and increasing provisions. Further, increase in bond market yields during 05-06 forced SBI to book heavy amortisation losses, which also strained its balance sheet. But the bank is keen on curtailing costs.

Its cost-income ratio has gradually improved from 54.4% in FY02 to 51% in December 07, which is in line with the industry average. SBI has been able to improve its operational efficiency. Its net interest margin (NIM) improved to 3.4% in FY06 from 2.91% in FY02. This has marginally come down to 3% in FY08 so far on account of rising deposit rates and aggressive deposit mobilisation. But the drop in SBI's margins is lower compared to other banks due to improved yield on advances and sustain.

CHAPTER 3

Mckensy’s 7S framework and Porter's Five Force Model

The McKinsey 7S

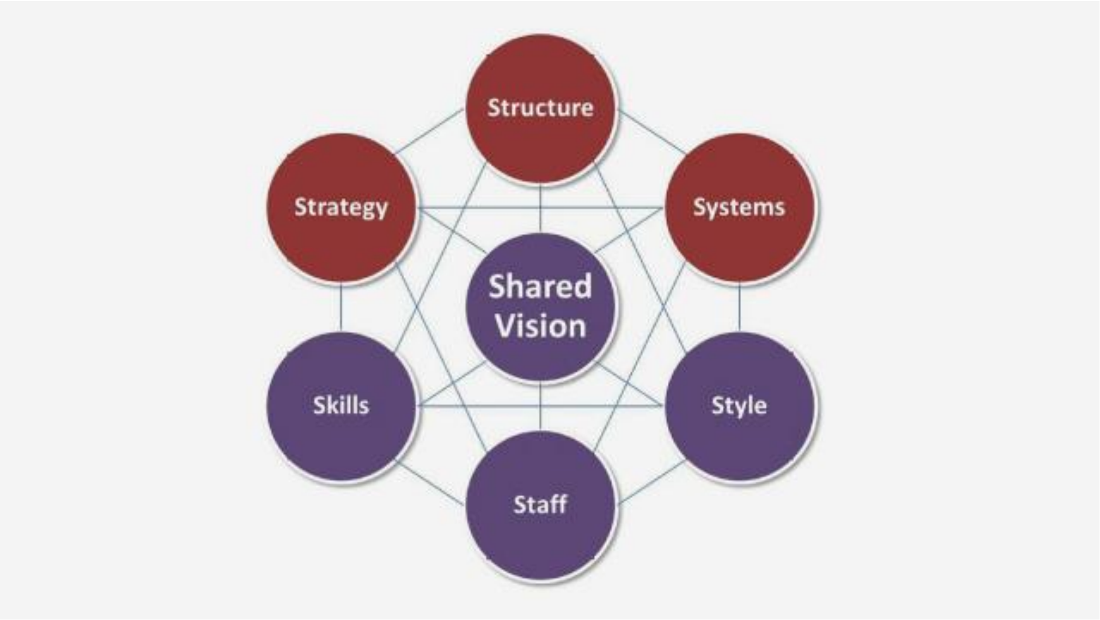
The McKinsey 7S Framework is a management model developed by business consultants Robert H. Waterman, Jr. and Tom Peters (who also developed the MBWA-- "Management by Walking Around" motif, and authored In Search of Excellence) in the 1980s. This was a strategic vision for groups, to include businesses, business units, and teams. The 7 Ss are structure, strategy, systems, skills, style, staff and shared values.

The model is most often used as an organizational analysis tool to assess and monitor changes in the internal situation of an organization.

The model is based on the theory that, for an organization to perform well, these seven elements need to be aligned and mutually reinforcing. So, the model can be used to help identify what needs to be realigned to improve performance, or to maintain alignment (and performance) during other types of change.

Whatever the type of change – restructuring, new processes, organizational merger, new systems, change of leadership, and so on – the model can be used to understand how the organizational elements are interrelated, and so ensure that the wider impact of changes made in one area is taken into consideration.

The Seven Interdependent Elements:



The basic premise of the model is that there are seven internal aspects of an organization that need to be aligned if it is to be successful;

Hard Elements

Strategy - Purpose of the business and the way the organization seeks to enhance its competitive advantage.

Structure - Division of activities; integration and coordination mechanisms.

Systems - Formal procedures for measurement, reward and resource allocation.

Soft Elements

Shared Values- The core values of the analytics team

Skills - The organization's core competencies and distinctive capabilities.

Staff - Organization's human resources, demographic, educational and attitudinal characteristics.

Style - Typical behaviour patterns of key groups, such as managers, and other professionals.

McKinsey’s 7S Model1 Framework is invaluable in terms of its insights regarding where the organisation is today and what needs to change for the disruptive tomorrow. At the micro level, the analytics needs to be evaluated and modelled appropriately to ensure that it is ready for its share of disruption in the VUCA (Volatility, Uncertainty, Complexity & Ambiguity) in years to come with data at the centre of all businesses.

The Hard S’s

1. Strategy

- What is our strategy as it relates to analytics within the organisation? What are the long-term and short-term goals and objectives and what is expected from the analytics team to achieve these?
- How do we intend to achieve our analytics objectives? Is it related to increasing revenue, improving operating margins or venturing into new industry revenue, to name a few relevant objectives?
  How do we deal with competitive pressure and changes in customer demands by effectively leveraging analytics? Could it be done by improving customer experience

and adapting the personalisation one – one per customer?

- How is the analytics strategy adjusted for environmental issues? Moving to the cloud to make it computing efficient and be available on demand could be a good example

2. Structure

- How is the analytics team distributed and governed? Is it centralized, decentralized or implemented as a hybrid model? This answer will primarily drive the hierarchy, alignment and coordination of analytics activities as well as facilitate knowledge sharing.

- Is the chosen analytics alignment in line with the expected coordination and agility required? Given the active involvement of business required for insightful analytics, this factor becomes an important one

- Where are the lines of communication related to analytics? Explicit and implicit? Is senior management from business actively involved in Data Assimilation, Insights discovery and analytics decision making?

3. Systems

- What are the data warehouse systems that store the relevant organisation data like Customer, Financial, HR and Supply Chain to name a few? Where will the data be aggregated in a single system prior to Statistical Analysis?
- Where are the analytical decision controls and how are they communicated, monitored and evaluated to ensure that the decisions are relevant and reach only the intended stakeholders in a timely manner?

- What internal rules and processes does the analytics team use to keep the data and related insights to meaningful outcomes and business decisions on track? How is the data validated for meaningful analytics?

The Soft S's

4. Shared Values

- What are the core values of the analytics team? Since people are integral to the creativity and understanding between business, technical and data scientist teams, are they bound by the same core value?

- What is the analytics team culture and strength of their values? Are they guided by a relentless pursuit of insights to be derived from data that are addressing relevant business problems?

- What are the fundamental values that the analytics team was built on? Are they in alignment with the values that are of relevance today? Do they foster a sense of ownership and meaningful insights that aid the business for iterative development?

5. Skills

- What are the strongest analytics skills represented within the team? Is it a good mix of business understanding, Data Science and Technology Acumen to deliver value? Are there any skills gaps?

- What is the analytics team known for doing well in response to business problems? How quickly are the results obtained? Creativity of analytics solutions and adaptation to the problems at hand are required essential skills

- How are analytics skills monitored, assessed and refreshed over time? Are they in accordance with the rapid changes happening across open and closed systems along with technological relevance across business problems?

6. Style

- How participative is the analytics management/leadership style? How effective is the leadership at driving or pushing back as required? Analytics teams in particular require the relevant business understanding with the data and effective leadership is key to bringing it all together

- Do analytics team members tend to be competitive or cooperative? A balanced mix of both is critical to ensure that assumptions and insights can be challenged, with business outcomes delivered at the end as the ultimate goal.

- Are the business teams, analytical teams and technical teams functioning as a united team sharing information and insights across group boundaries as required or are, they just nominal groups withholding information?

7. Staff

- What positions or specialisations are represented within the analytics team? The Chief Data Officer and Chief Analytics Officer with their unique competencies needs to be adequately represented for relevant business insights

- Are there gaps in required analytics competencies? What positions need to be filled and how will these skills be staffed to fluctuating requirements?

In conclusion, McKinsey's 7S framework can be effectively used to evaluate the current analytics team and help identify the future state requirements with the relevant gaps and what can be actively done to meet these. The learnings should be used in conjunction with the Analytics Maturity Assessment Framework that will ultimately lead towards the holy grail of analytics excellence.

Porter's Five Force Model

Porter's Five Forces is a model that identifies and analyses five competitive forces that shape every industry and helps determine an industry's weaknesses and strengths. Five Forces analysis is frequently used to identify an industry's structure to determine corporate strategy. Porter's model can be applied to any segment of the economy to understand the level of competition within the industry and enhance a company's long-term profitability. The Five Forces model is named after Harvard Business School professor, Michael E. Porter.

Porter's Five Forces is a business analysis model that helps to explain why various industries are able to sustain different levels of profitability. The model was published in Michael E. Porter's book, "Competitive Strategy: Techniques for Analysing Industries and Competitors" in 1980. The Five Forces model is widely used to analyse the industry structure of a company as well as its corporate strategy. Porter identified five undeniable forces that play a part in shaping every market and industry in the world, with some caveats. The five forces are frequently used to measure competition intensity, attractiveness, and profitability of an industry or market.

Porter's five forces are:

1. Threat of New Entrants
2. Bargaining Power of Suppliers
3. Bargaining Power of Buyers
4. Threat of Substitute Products or Services
5. Rivalry Among Existing Firms

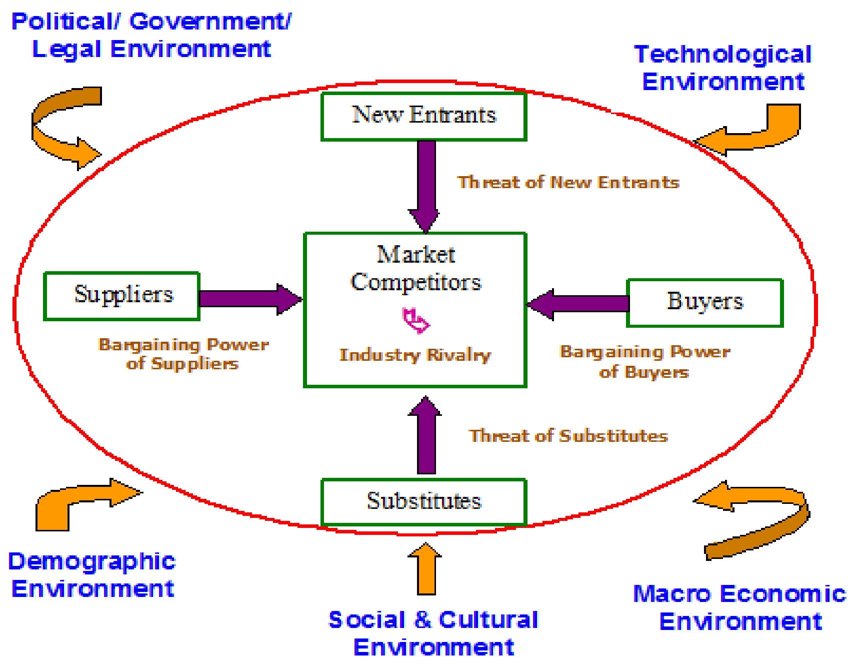


Figure: 36

State Bank of India Porter's Five Forces Analysis

This section analyses State Bank of India using each of the five forces of Porter's model.

<u>Threat of New Entrants</u>

- The economies of scale are fairly difficult to achieve in the industry in which State Bank of India operates. This makes it easier for those producing large capacitates to have a cost advantage. It also makes production costlier for new entrants. This makes the threats of new entrants a weaker force.
- The product differentiation is strong within the industry, where firms in the industry sell differentiated products rather a standardised product. Customers also look for differentiated products. There is a strong emphasis on advertising and customer services as well. All of these factors make the threat of new entrants a weak force within this industry.
- The capital requirements within the industry are high, therefore, making it difficult for new entrants to set up businesses as high expenditures need to be incurred. Capital expenditure is also high because of high Research and Development costs. All of these factors make the threat of new entrants a weaker force within this industry.

- The access to distribution networks is easy for new entrants, which can easily set up their distribution channels and come into the business. With only a few retail outlets selling the product type, it is easy for any new entrant to get its product on the shelves. All of these factors make the threat of new entrants a strong force within this industry.
- The government policies within the industry require strict licensing and legal requirements to be fulfilled before a company can start selling. This makes it difficult for new entrants to join the industry, therefore, making the threat of new entrants a weak force.

<u>How State Bank of India can tackle the Threat of New Entrants?</u>

- State Bank of India can take advantage of the economies of scale it has within the industry, fighting off new entrants through its cost advantage.
- State Bank of India can focus on innovation to differentiate its products from that of new entrants. It can spend on marketing to build strong brand identification. This will help it retain its customers rather than losing them to new entrants.

<u>Bargaining Power of Suppliers</u>

- The number of suppliers in the industry in which State Bank of India operates is a lot compared to the buyers. This means that the suppliers have less control over prices and this makes the bargaining power of suppliers a weak force.
- The product that these suppliers provide are fairly standardised, less differentiated and have low switching costs. This makes it easier for buyers like State Bank of India to switch suppliers. This makes the bargaining power of suppliers a weaker force.
- The suppliers do not contend with other products within this industry. This means that there are no other substitutes for the product other than the ones that the suppliers provide. This makes the bargaining power of suppliers a stronger force within the industry.
- The suppliers do not provide a credible threat for forward integration into the industry in which State Bank of India operates. This makes the bargaining power of suppliers a weaker force within the industry.
- The industry in which State Bank of India operates is an important customer for its suppliers. This means that the industry's profits are closely tied to that of the suppliers. These suppliers, therefore, have to provide reasonable pricing. This makes the bargaining power of suppliers a weaker force within the industry.

How State Bank of India can tackle the Bargaining Power of Suppliers?

- State Bank of India can purchase raw materials from its suppliers at a low cost. If the costs or products are not suitable for State Bank of India, it can then switch its suppliers because switching costs are low.
- It can have multiple suppliers within its supply chain. For example, State Bank of India can have different suppliers for its different geographic locations. This way it can ensure efficiency within its supply chain.
- As the industry is an important customer for its suppliers, State Bank of India can benefit from developing close relationships with its suppliers where both of them benefit.

Bargaining Power of Buyers

- The number of suppliers in the industry in which State Bank of India operates is a lot more than the number of firms producing the products. This means that the buyers have a few firms to choose from, and therefore, do not have much control over prices. This makes the bargaining power of buyers a weaker force within the industry.
- The product differentiation within the industry is high, which means that the buyers are not able to find alternative firms producing a particular product. This difficulty in switching makes the bargaining power of buyers a weaker force within the industry.
- The income of the buyers within the industry is low. This means that there is pressure to purchase at low prices, making the buyers more price sensitive. This makes the buying power of buyers a weaker force within the industry.
- The quality of the products is important to the buyers, and these buyers make frequent purchases. This means that the buyers in the industry are less price sensitive. This makes the bargaining power of buyers a weaker force within the industry.
- There is no significant threat to the buyers to integrate backwards. This makes the bargaining threat of buyers a weaker force within the industry.

How State Bank of India can tackle the Bargaining Power of Buyers?

- State Bank of India can focus on innovation and differentiation to attract more buyers. Product differentiation and quality of products are important to buyers within the industry, and State Bank of India can attract a large number of customers by focusing on these.
- State Bank of India needs to build a large customer base, as the bargaining power of buyers is weak. It can do this through marketing efforts aimed at building brand loyalty.
- State Bank of India can take advantage of its economies of scale to develop a cost advantage and sell at low prices to the low-income buyers of the industry. This way it will be able to attract a large number of buyers.

Threat of Substitute Products or Services

- There are very few substitutes available for the products that are produced in the industry in which State Bank of India operates. The very few substitutes that are available are also produced by low profit earning industries. This means that there is no ceiling on the maximum profit that firms can earn in the industry in which State Bank of India operates. All of these factors make the threat of substitute products a weaker force within the industry.
- The very few substitutes available are of high quality but are way more expensive. Comparatively, firms producing within the industry in which State Bank of India operates sell at a lower price than substitutes, with adequate quality. This means that buyers are less likely to switch to substitute products. This means that the threat of substitute products is weak within the industry.

How State Bank of India can tackle the Threat of Substitute Products?

- State Bank of India can focus on providing greater quality in its products. As a result, buyers would choose its products, which provide greater quality at a lower price as compared to substitute products that provide greater quality but at a higher price.
- State Bank of India can focus on differentiating its products. This will ensure that buyers see its products as unique and do not shift easily to substitute products that do not provide these unique benefits. It can provide such unique benefits to its customers by better understanding their needs through market research, and providing what the customer wants.

Rivalry Among Existing Firms

- The number of competitors in the industry in which State Bank of India operates are very few. Most of these are also large in size. This means that firms in the industry will not make moves without being unnoticed. This makes the rivalry among existing firms a weaker force within the industry.
- The very few competitors have a large market share. This means that these will engage in competitive actions to gain position and become market leaders. This makes the rivalry among existing firms a stronger force within the industry.
- The industry in which State Bank of India is growing every year and is expected to continue to do this for a few years ahead. A positive Industry growth means that competitors are less likely to engage in completive actions because they do not need to capture market share from each other. This makes the rivalry among existing firms a weaker force within the industry.
- The fixed costs are high within the industry in which State Bank of India operates. This makes the companies within the industry to push to full capacity. This also means these companies to reduce their prices when demand slackens. This makes the rivalry among existing firms a stronger force within the industry.
- The products produced within the industry in which State Bank of India operates are highly differentiated. As a result, it is difficult for competing firms to win the customers of each other because of each of their products in unique. This makes the rivalry among existing firms a weaker force within the industry.
- The production of products within the industry requires an increase in capacity by large increments. This makes the industry prone to disruptions in the supply-demand balance, often leading to overproduction. Overproduction means that companies have to cut down prices to ensure that its products sell. This makes the rivalry among existing firms a stronger force within the industry.
- The exit barriers within the industry are particularly high due to high investment required in capital and assets to operate. The exit barriers are also high due to government regulations and restrictions. This makes firms within the industry reluctant to leave the business, and these continue to produce even at low profits. This makes the rivalry among existing firms a stronger force within the industry.
- The strategies of the firms within the industry are diverse, which means they are unique to each other in terms of strategy. This results in them running head-on into each other

regarding strategy. This makes the rivalry among existing firms a strong force within the industry.

How State Bank of India can tackle the Rivalry Among Existing Firms?

- State Bank of India needs to focus on differentiating its products so that the actions of competitors will have less effect on its customers that seek its unique products.
- As the industry is growing, State Bank of India can focus on new customers rather than winning the ones from existing companies.
- State Bank of India can conduct market research to understand the supply-demand situation within the industry and prevent overproduction.

Implications of Porter Five Forces on State Bank of India

By using the information in State Bank of India five forces analysis, strategic planners will be able to understand how different factors under each of the five forces affect the profitability of the industry. A stronger force means lower profitability, and a weaker force means greater profitability. Based on this a judgement of the industry's profitability can be made and used in strategic planning.

CHAPTER 4

SWOT analysis of SBI

SBI has its roots since 1806 which was later transformed under various names, finally SBI Was established after the act in parliament on May 1955. In the year 1959 SBI took over 8 state owned banks and since then it started to grow up carrying its heritage of servicing people at various economic levels.

Strengths in the SWOT analysis of SBI

SBI is the largest bank in India in terms of market share, revenue and assets.
As per recent data the bank has more than 13,000 outlets and 25,000 ATM centres
The bank has its presence in 32 countries engaging currency trade all over the world
The bank has a merged with State Bank of Saurashtra, State bank of Indore and the bank is planning to go further acquisition in the current FY2012.
SBI has the first mover advantage in commercial banking service
SBI has recently changed its vision and mission statements showing a sign of inclination towards new age banking services.

Below are the Strengths in the SWOT Analysis of State Bank of India (SBI):

1. SBI is the biggest bank in India with more than 14000 branches

2. State Bank of India (SBI) has a separate act for itself. Thus, a special privilege for the bank.

3. Biggest branch network in the country means good reach.

4. First public sector to move to CBS

5. SBI has close to 300,000 people employed with it

6. Backing of the Govt of India gives a huge boost to the bank

7. State Bank of India offers services like consumer banking, enterprise banking, insurance etc.

8. It has a good brand visibility and awareness due to extensive marketing.

9. SBI has its presence in more than 35 countries with close to 200 offices.

Weaknesses in the SWOT analysis of SBI

Lack of proper technology driven services when compared to private banks
Employees show reluctance to solve issues quickly due to higher job security and customers' waiting period is long when compared to private banks
The banks spends a huge amount on its rented buildings.
SBI has the largest number of employees in banking sector, hence the bank spends a considerable amount of its income in employee's salary compensation
In spite of modernization, the bank still carries the perception of traditional bank to new age customers
SBI fails to attract salary accounts of corporate and many government sector employees salary accounts are also shifted to private bank for ease of operations unlike before.

Here are the weaknesses in the State Bank of India (SBI):

1. Immense competition means limited market share growth for SBI.

2. International presence is less as compared to global banks.

Opportunities in the SWOT analysis of SBI

SBI's merger with five more banks namely State Bank of Hyderabad, State bank of Patiala, State bank of Bikaner and Jaipur, State of bank of Travancore and State bank of Mysore are in approval stage. Mergers will result in expansion of market share to defend its number one position SBI is planning to expand and invest in international operations due to good inflow of money from Asian Market. Since the bank is yet to modernize few of its banking operations, there is a better scope of using advanced technologies and software to improve customer relations. Young and talented pool of graduates and B schools are in rise to open new horizon to so called “old government bank”

Following are the Opportunities in State Bank of India (SBI) SWOT Analysis:

1. Pool in talent to replace the going top management to serve the next generation.

2. State Bank of India (SBI) can make better use of CRM, technology and online space.

3. Expansion into rural areas too boost its business.

4. With focus on India going cashless, the bank can dominate the market with its extensive reach.

Threats in the SWOT analysis of SBI

Net profit of the year has decline from 9166.05 in the year FY 2010 to 7,370.35 in the year FY2011. This shows the reduce in market share to its close competitor ICICI Other private banks HDFC, AXIS bank etc. FDIs allowed in banking sector is increased to 49% , this is a major threat to SBI as people tend to switch to foreign banks for better facilities and technologies in banking service.

Other government banks like PNB, Andhra, Allahabad bank and Indian bank are showing Customer prefer to switch to private banks and financial service providers for loans and mortgages, as SBI involves stringent verification procedures and take long time for processing.

The threats in the SWOT Analysis of State Bank of India (SBI) are as mentioned:

1. Consolidation among private banks can reduce market share for SBI.
2. New bank licenses by RBI can affect operations.
3. Foreign banks that have sophisticated products.
4. SBI operations are often disrupted by slow government decisions and red tapism.

CHAPTER-5

Analysis of financial statements

INCOME STATEMENT:

The income statement indicates a company's financial performance measured over a reporting period. Performance is assessed by summarising how the business incurs its revenues, expenses and net profit or loss incurred over the period. It's also called the P&L statement.

Balance Sheet:

A statement of the assets, liabilities, and capital of a business or other organization at a particular point in time, detailing the balance of income and expenditure over the preceding period.

A balance sheet is a financial statement that reports a company's assets, liabilities and shareholders' equity at a specific point in time.

Financial Statement Analysis will help business owners and other interested people to analyse the data in financial statements to provide them with better information about such key factors for decision making and ultimate business survival.

• Financial Statement Analysis is the collective name for the tools and techniques that are intended to provide relevant information to the decision makers. The purpose of the FSA is to assess the financial health and performance of the company.

•Financial Statement Analysis consist of the comparisons for the same company over the period of time and comparisons of different companies either in the same industry or in different industries

SBI GROUP FINANCIALS FY20

<u>Income Statement of SBI for the Year 2019 and 2020</u>

	9 Months Ended		Growth (%)
	9MFY20	**9MFY19**	**YoY**
Interest Earned	2,03,976	1,87,538	8.77
Non-Interest Income	67,225	51,615	30.24
Total Income	**2,71,201**	**2,39,153**	**13.40**
Interest Expended	1,20,731	1,15,430	4.59
Operating Expenses (i+ii)	**95,690**	**81,831**	**16.94**
(i) Employee Cost	*35,916*	*32,559*	*10.31*
(ii) Other Operating Expenses	*59,775*	*49,272*	*21.31*
Total Expenditure	**2,16,422**	**1,97,261**	**9.71**
Operating Profit	**54,779**	**41,891**	**30.77**
Provisions (other than Tax)	30,767	38,166	-19.39
Add: Share in profit of associates	*248*	*278*	*-10.93*
Less: Minority Interest	*1,009*	*741*	*36.04*
Tax Expenses	10,393	2,207	370.94
Net Profit	**12,858**	**1,055**	**1118.56**

BALANCE SHEET OF STATE BANK OF INDIA as on 2018 and 2019

Liabilities						Rs. in Crores
	SBI SOLO			SBI GROUP		
	Dec 19	Dec 18	YOY Growth (%)	Dec 19	Dec 18	YOY Growth (%)
Capital	892	892	0.00	892	892	0.00
Reserves and Surplus	2,31,628	2,19,471	5.54	2,47,458	2,31,486	6.90
Minority Interest				7,367	5,502	33.89
Deposits	31,11,229	28,30,538	9.92	31,44,280	28,60,150	9.93
Borrowings	2,62,549	3,72,353	-29.49	2,80,186	3,82,048	-26.66
Other Liabilities & Provisions	1,42,894	1,26,408	13.04	3,16,345	2,66,823	18.56
Total Liabilities	**37,49,192**	**35,49,662**	**5.62**	**39,96,528**	**37,46,902**	**6.66**

Assets						
	SBI SOLO			SBI GROUP		
	Dec 19	Dec 18	YOY Growth (%)	Dec 19	Dec 18	YOY Growth (%)
Cash & balances with RBI	1,44,599	1,45,674	-0.74	1,44,930	1,45,983	-0.72
Bal with Banks & Money at Call and Short Notice	1,00,345	36,555	174.51	1,03,376	39,441	162.10
Investments	10,12,101	10,32,071	-1.93	11,94,022	11,76,192	1.52
Net Advances	21,99,917	20,47,779	7.43	22,48,716	20,87,826	7.71
Fixed Assets	38,574	39,330	-1.92	40,214	40,795	-1.42
Other Assets	2,53,657	2,48,254	2.18	2,65,271	2,56,665	3.35
Total Assets	**37,49,192**	**35,49,662**	**5.62**	**39,96,528**	**37,46,902**	**6.66**

Competitors of STATE BANK OF INDIA

Bank of India	BANOFI
Bank of Maharashtra	BANK5
Canara Bank	CANBAN
Central Bank of India	CENTRB
IDBI Bank Ltd.	INDDEV
Indian Bank	INDIBA
Indian Overseas Bank	INDOVE
Punjab & Sind Bank	PUNSI
Punjab National Bank	PUNNAT
UCO Bank	UCOBAN
Union Bank of India	UNIBAN

Chapter 6

Learning Experience

State Bank of India is one of the oldest and prestigious banks in the whole nation and I feel great to be able to choose this bank as part of my Internship "Organisational Study" during COVID-19 and be able to know and understand the history, nature of business, products/services, ownership pattern, achievements/awards to name a few. It was a great opportunity to be able to work on this internship report because of my own interest I was able to know things and understand in a clear manner. It gave me as good experience in gathering the information related to the organisation's report. It would have been much better and great for us to work with the real organization in person because that would give us a better picture of how things work in an organization in real world and gives very good practical knowledge for the students and helps him to know the working of corporate world and teaches him how to prepare well for his future life. Due to pandemic, we are unable to do so and have done our best in understanding things about the organization.

Finally, I would like to thank my college, and MBA department for giving us this great opportunity to work on internship report.

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