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AN ASSESSMENT OF STRATEGIES AND OPERATIONAL EFFICIENCY OF PUNJAB NATIONAL BANK WITH SPECIAL REFERENCE TO GAZIABAD DISTRICT

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ABSTRACT
Banking in India, in the modern sense, originated in the last decades of the 18th century. Among the first banks were the Bank of Hindustan, which was established in 1770 and liquidated in 1829-32, and the general bank of India, established in 1786 but failed in 1791.The largest bank and the oldest still in existence, is the Punjab National Bank. This was one of the three banks funded by a presidency government; the other two were the Bank of Bombay in 1840 and the Bank of Madras in 1843. The three banks were merged in 1921 to form the Imperial Bank of India, which upon India's independence, became the Punjab National Bank in 1955. In 1969 the Indian government nationalized 14 major private banks. In 1980, 6 more private banks were nationalized. These nationalized banks are playing a key role to enhance the growth of Indian economy. The Indian banking sector is broadly classified into scheduled banks and non-scheduled banks. Both scheduled and non-scheduled commercial banks regulated under the Banking Regulation Act, 1949. This paper delineates the operational efficiency of Punjab National Bank in comparison to other nationalized banks.

Key Words: Productivity, Operational Efficiency, Scheduled Commercial bank,

INTRODUCTION
The banking sector is one of the major beneficiaries of the Internet revolution and the growth of banking technology products have been remarkably increasing. The prevalent gain of Internet banking is that people can pay out the services sitting at home, without visiting the branch. This helps customers to complete their transactions in the fraction of time, thus saving both time and effort. Internet banking system proves to be very versatile in completing transactions like balance inquiry, withdrawal, deposits, viewing the bank statement, and record of recent transaction. Considering all the advantages, security of the financial information of customers is a very major concern of all banks. In this dynamic age, banking is also witnessing rapid changes. In the Indian Context, it has been happening most as ours is a developing socialistic economy in which all the major commercial banks are in the public sector. The process of development in each field of the economy, especially in the sphere of finance and banking, has to assimilate innovations in styles and techniques; whether imported or indigenous, to suit various needs of the society.

Banks have traditionally been in the forefront of harnessing technology to improve their products, services and efficiency. They have, over a long time, been using electronic and telecommunication networks for delivering a wide range of value added products and services. The delivery channels include direct dial – up connections, private networks, public networks etc and the devices include telephone, Personal Computers including the Automated Teller Machines, etc. With the popularity of PCs, easy access to Internet and World Wide Web (WWW), Internet is increasingly used by banks as a channel for receiving instructions and delivering their products and services to their customers. This form of banking is generally referred to as Internet Banking, although the range of products and services offered by different banks vary widely both in their content and sophistication.

Broadly, the levels of banking services offered through INTERNET can be categorized in to three types: (i) The Basic Level Service is the banks' websites which disseminate information on different products and

services offered to customers and members of public in general. It may receive and reply to customers' queries through e-mail, (ii) In the next level are Simple Transactional Websites which allow customers to submit their instructions, applications for different services, queries on their account balances, etc, but do not permit any fund-based transactions on their accounts, (iii) The third level of Internet banking services are offered by Fully Transactional Websites which allow the customers to operate on their accounts for transfer of funds, payment of different bills, subscribing to other products of the bank and to transact purchase and sale of securities, etc. The above forms of Internet banking services are offered by traditional banks, as an additional method of serving the customer or by new banks, who deliver banking services primarily through Internet or other electronic delivery channels as the value added services. Some of these banks are known as 'virtual' banks or 'Internet-only' banks and may not have any physical presence in a country despite offering different banking services.

From the perspective of banking products and services being offered through Internet, Internet banking is nothing more than traditional banking services delivered through an electronic communication backbone, viz, Internet. But, in the process it has thrown open issues which have ramifications beyond what a new delivery channel would normally envisage and, hence, has compelled regulators world over to take note of this emerging channel.

The structure of Indian banking as it exists today has evolved slowly and steadily. Initially the structure of Indian banking was very simple. It included only a few banks whose simple function was to accept deposits and lend money. By and by, banks of several types have come into existence. Now the structure has become a complex one as shown below:

LITERATURE REVIEW:

Organized Sector of Banking: In India it governs nearly 98 per cent of the total baking operations in the country. It remains sensitive and responsive of the Government's planned objectives, priorities and credit policies. The developmental activities in the economy are greatly influenced by the method of functioning of this sector. This organized sector include all the member bank of the RBI, all post offices engaged in operating post office saving bank account under the schemes of National Small Savings Corporation and all financial non-banking and non-financial-non-banking companies. Under the Companies (Acceptance of Deposits) Rules, 1975, non-financial companies are entitled to accept deposits from the public to 25 per cent of their net owned funds.

Several studies bring out the importance of security in Internet banking. Broderick and Vicharapornpuk (2002) studied the importance of customer role in designing and providing quality service in Internet banking. Guraau (2002) analyzed the state of affairs of online banking and its services. The study also pays attention more towards the virtual banking system.

Karjaluoto, Mattila, and Pento (2002) made an attempt to determine those factors that influence the formation of consumer attitude toward electronic banking. Hutchinson and Warren (2003) studied the financial service of electronic commerce, Internet Banking and its benefits to the customers. In the study, internet banking security measures and various techniques for privacy of customers' data has been discussed. Rotchanakitumnuai and Speece (2003) in their research work found that corporate customers do not accept electronic form of banking, which can assist banks to implement this self-service technology more efficiently in the various banking transactions.

Lympero and Chaniotakir (2004) evaluated the allusion of Internet – banking technology and the existence of different distinct factors which affect the market. Li and Worington (2004) in their working paper described linkage between internet banking and electronic activities in the business and industrial events.

Pikkarainen, Pikkarainen, Karjaluoto, and Pahnila, (2004) highlighted that electronic banking know-how had created newer usages of banking especially via online banking direct methodology. The authors adopted technology approval model to control the online environment.

Singh (2004) in his study examined the collision of online banking and internet banking trends.
The study also concentrated on the latest banking technology products and services for the economic growth. Gupta (2006) in his study analyzed the potential of Internet banking and found that its capability to reach each and every cranny and gap of the world holds great significance for a realm like India.

Flavián, Guinalíu, and Torres (2006) explored how customers' sensitivity of conventional bank guided them to take up the services of the internet. The researchers found that if the customer trusted the traditional bank then it was feasible that they feel more forced to use the online services offered by the same bank.

Lichtenstein and Williamson (2006) explained the factors that influence the consumer decision, to choose internet banking services in the Australian context. Ndubisi and Sinti (2006) discussed the impact of internet banking on customers' stance, their needs and activities. The intent of the study was to see the internet banking adoption in Malaysia.
Abu-Shanab and Pearson (2007) investigated the key determinants of the adoption of internet banking in Jordan.
Kamakodi and Khan (2008) found an exemplar shift in the Indian banking services in about 15 years since the Indian banking sector was liberalized.

Uppal (2008) described that the Post – LPG (liberalization, privatization and globalization) era and information technology (IT) era, revolutionalized the face of Indian banking, as banks are stepping towards e-banking from traditional banking. Lifen, Zhao, Koenig Lewis, Hanmer-Lloyd, and Ward (2010) in their study explained the roles of reliance and perceived the risk on client's/customer's usage purpose.
Khare (2010) in his study described the importance of technology in civilizing customer service levels in being used deliberately and progressively more by service organizations.

There are substantial amount of studies conducted at the Indian level and international level but, very few works have focused on the Internet banking, its usage, safety measures and its perceptions, attentiveness level, satisfaction levels, attitudes and behavior of the internet banking, security issues, and financial frauds Additionally, studies relating to the Internet banking security specifically in the Southern Region of Tamil Nadu are extremely limited. The present study is an attempt to bridge this research gap by studying Internet banking security among the selected Indian Bank customers.

Unorganized Sector of Banking: It includes chit funds, Nidhis, hire purchase establishments and investment companies. It is a very small sector and has no conspicuous impact on the functioning of economy of the country. Yet the Government of India in constituents with the RBI has either tried to extinguish its various constituents or to regulate them in order to protect the interest of the general public involved with them through deposits.

The Reserve Bank of India: The Reserve Bank of India Act was passed in 1934, and the Reserve Bank of India was established in 1935.As back as in 1920, the International financial Conference held in Brussels, recommended setting up of a central bank in each country for ensuring the efficient functioning of banking system in the country. Since then there had been repeated demands in this country for the establishment of a central bank. In 1913, Lord Keynes was also in favor of a central bank for India. The Royal Commission on India Currency and finance, 1924, popularly known as 'Hilton Young Commission' also joined the same line of thinking.

The Reserve Bank of India was established as a 'central bank' with an initial capital of Rs.5 crores as shareholders' bank. It was nationalized in 1948.
Amongst the institution in the organized sector of the money market the commercial banks are the oldest institution. Join stock companies established as bank and accepting deposits from the public and providing credits to businessmen, small entrepreneurs, self-employed persons, artisans, handicapped persons and persons of economically weaker sections are termed as 'Commercial Bank' These banks also render a host of other services such as keeping safe custody of valuables, providing safe deposit lockers, remittance of funds, payment of rent, rates and insurance premium, as the standing instructions of customer, and so on. The number of scheduled commercial bank in India has been increasing steadily. According to Prof. Kenly, "A bank is an establishment which makes to individuals such advances of may be required and safely made, and to which individuals entrust money when not required by them for use," Commercial banks with its wide network of branches, commanding utmost public confidence and having the lion's share in the total banking operations. Initially, they were established as corporate bodies with shareholdings by private individuals, but subsequently there has a drift towards State ownership and control. Today 27 banks constitute the strong public sector in Indian commercial banking. Amongst these banks PNB Bank of India is one.

Punjab National Bank was originally incorporated on 1 July 1955 and nationalized on 2 June 1956. Until 2008 60 percent stake of PNB was held by RBI, government of India took over this stake in the same year. Punjab National Bank is a banking behemoth and has 20% market share in deposits and loans among Indian Commercial Banks.

PNB provides a range of banking products through its network of branches in India and overseas. PNB has 18,354 branches in India, in the financial year 2012-2013, its revenue was ₹2.005 trillion, out of which domestic operations contributed to 95.35% of revenue. As of 2014-2015, the bank had 191 overseas offices spread over 36 countries. The bank is actively involved in non-profit activity called Community Services Banking. All the branches and administrative offices of PNB throughout the country sponsor and participate in large number of welfare activities and social causes.

Punjab National Bank (PNB) is an Indian multinational banking and financial services company. It is a state-owned corporation based in New Delhi, India. The bank was founded in 1894. As of 31 March 2019, the bank has over 110 million customers, 7001 branches (7,000 as on 2nd Oct, 2018) and 10681 ATMs across 764 cities

PNB has a banking subsidiary in the UK (PNB International Bank, with seven branches in the UK), as well as branches in Hong Kong, Kowloon, Dubai, and Kabul. It has representative offices in Almaty (Kazakhstan), Dubai (United Arab Emirates), Shanghai (China), Oslo(Norway), and Sydney (Australia). In Bhutan it owns 51% of Druk PNB Bank, which has five branches. In Nepal PNB owns 20% of Everest Bank Limited, which has 50 branches. Lastly, PNB owns 84% of JSC (SB) PNB Bank in Kazakhstan, which has four branches. Punjab National Bank has 60 branches in Ghaziabad's catering to different needs of customers.

STATEMENT OF THE PROBLEM:

Banks are answering towards the commercial issues in a different way. The efficiency of banks be contingent upon the functioning level due to the changes in business operations and make profits more or less with respective of total income received and total expended of paid for various activities with effective utilization of bank resources do play a key role in the maximizing the banking efficiency.

OBJECTIVES

1. To know the strategy as well as efficiency of public and private banks operating in India.

2. To know the bank efficiency in terms of bank sizes and causes for inefficiency with a given level of variables.

DATA AND METHODOLOGY:

We apply non-parametric operation research based Data envelopment Analysis to assess the efficiency of banks. Efficiency scores are obtained by using DEA model. The data collected from scheduled commercial banks operating in India for the period of 2013-2018 is applied to assess efficiency of banks. Therefore our sample size is public sector Punjab National Bank and Syndicate Bank. The data obtained from the various published reports of RBI and Capitalize financial database.DEA model is more appropriate for practical scenario.

Table-1.1

Output Variables	Input Variables
1. Interest Income to Total asset	Interest Expenditure to Total asset ratio
2. Total Income to Total asset	Total Expenditure to Total asset ratio

PUNJAB NATIONAL BANK:

Average of Interest earned to total assets ratio is 7.48 percent and Total Income to total asset ratio is 8.83 percent as a output and Interest expended to total asset ratio is 4.78 percent, average of Total expenditure to total asset ratio is 8 percent, here the output one is greater than the input one and output two is greater than the input two and the average efficiency of banks are 97.54 percent.

SYNDICATE BANK:

Average of interest earned to total asset ratio is 8.12 percent as an output 1 and Average Total Income to total asset ratio is 9.48 percent as an output 2 and Average of interest expended to Total asset ratio is 5.32 percent as a input 1 and Total expenditure to total asset ratio is 8.93 percent and average efficiency of bank is 99.56 percent for the study period 2013-2018.

This indicates that Syndicate Bank has 99.56 percent more efficiency in terms of generating the output with controlling of input variables. Punjab National Bank has average efficiency is 97.54 percent indicating less efficiency in terms of generating output with given level of controlling the input variables.

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