

A STUDY OF OVERSEAS OPERATIONS OF STATE BANK OF INDIA

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Abstract

Banking activities undertaken by domestic banks in foreign countries are basically retail business, similar to those undertaken in the home country and involve little or no country risks and international flow of funds. However, in recent years with the growing globalization of banking and finance, the integration of various national.....clear understanding of the ramifications of the changes which have taken place and are likely to take place in the international banking. The State bank of India has also made great articles in the field of International banking. With its 41 overseas offices spread over 27 countries in 1985, the bank was covered all time zones. Through these offices, the bank provides various services to Indian exporters, Indian joint ventures set up abroad as also the ethnic community abroad. The range of services provided by the bank's overseas offices include, in addition to finance for Indian joint ventures and other enterprises, assistance to exporters in exploration and development of new markets.

Key words: Overseas Banking, State Bank of India, Operation of Bank

Introduction

Overseas business of banks may consist of domestic business in foreign countries through branches, subsidiaries etc. and cross country business based either or both home and host countries banking activities undertaken by domestic banks in foreign countries are basically retail business, similar to those undertaken in the home country and involve little or no country risks and international flow of funds. However, in recent years with the growing globalization of banking and finance, the integration of various **national.....clear** understanding of the ramifications of the changes which have taken place and are likely to take place in the international banking. The international banking scene has been pretty muddy since the middle of 1982. The repayment problems of host of third world countries have left behind thousands of sick accounts.

State Bank of India

State bank of India is an Indian multinational public sector bank. The State Bank of India was established in 1806 as the Bank of Calcutta. Three years later the bank was issued a royal charter and renamed the Bank of Bengal. In 1921 the presidency banks (Bank of Bengal, Bank of Bombay and bank of Madras) were merged to form the Imperial Bank of India (IBI). In 1955 the government of India and the country's central bank (Reserve bank of India) assumed joint ownership of IBI which was renamed the State Bank of India.

Object of Study

To Know overseas operation of State Bank of India

To Know trends in investments of SBI's Overseas Offices

To Know Trends in Advances of SBI's Overseas Offices

Collection of Data

For the purpose of study secondary data has been taken by researcher which is collected from various published sources like Newspapers, Articles, Books etc.

Overseas operations of State Bank of India

State Bank of India is the largest commercial bank in India in terms of branch network, resources and manpower. Going by the number of branches, it has the largest office network of its kind in the whole world. In the world setting, it is the only Indian bank which finds a place within the 100 biggest banks in the world in terms of assets. The State bank of India has also made great articles in the field of International banking. With its 41 overseas offices spread over 27 countries in 1985, the bank was covered all time zones. Through these offices, the bank provides various services to Indian exporters, Indian joint ventures set up abroad as also the ethnic community abroad. The range of services provided by the bank's overseas offices include, in addition to finance for Indian joint ventures and other enterprises, assistance to exporters in exploration and development of new markets, advice to non resident Indians regarding investment facilities in India as well as merchant banking services to Indian companies which wish to raise funds in International financial markets.

Analysis and Interpretation

Table -1

Overseas offices of Branches of State Bank of India (1976-1985)

Year	Regular Branches	Off Shore Branches	Representative Branches	Contracts arrangements	Subsidiaries	Joint Venture Bank	Agency	Total	No. of Countries
1976	7	2	3	-	-	-	-	12	8
1977	10	3	7	-	-	-	-	20	13
1978	11	4	8	-	1	-	-	24	16
1979	14	5	11	-	2	-	-	32	21
1980	17	5	10	2	2	-	-	36	23
1981	18	5	11	2	3	-	-	39	25
1982	19	5	8	5	3	-	-	40	26
1983	20	5	9	3	4	3	-	44	28
1984	20	5	8	2	4	3	-	43	27
1985	19	5	7	2	4	3	1	41	27

Sources: Annual Report of SBI (1976-1985)

Above table refers that Overseas offices of Branches of State Bank of India(1976- 1985). Table shows that there were 12 offices spread over 8 countries as at the end of 1976. Of these offices, more than 50 percent were either regular offices, 3 offices were functioning as representative office and rest were off-shore branches. As a result of overseas expansion plan, as many as 8 new branches were opened during the 1977. Thus at the end of 1977, in all 20 overseas offices covering 13 countries were in operation. During 1978 the bank's overseas expansion plan was

being implemented at a satisfactory pace. Another 4 office were established during the year. At the end of 1985, the bank had 41 overseas offices operating in 27 countries, comprising 19 full services branches, 5 off shore banking units, 1 agency, 7 representative offices, 2 management contract arrangements, 4 branches of three wholly-owned subsidiaries and 3 joint venture banks.

Table 2
Trends in investments of SBI's Overseas Offices

Year	Amount (in crores)	Change		Index No.
		In Figure	In %	
1976	161	-	-	100
1977	239	78	48.4	148.4
1978	347	108	45.2	215.5
1979	514	167	48.1	319.3
1980	800	286	55.6	496.9
1981	1173	373	46.6	728.6
1982	1388	215	18.3	862.1
1983	1272	(116)	(8.4)	790.1
1984	1821	549	43.2	1131.1
1985	1976	155	8.5	1227.3

Sources: Annual Report of SBI (1976-1985)

Above table refers that investment amounted to Rs. 161 crores in 1976 and such investment have increased by Rs. 78 crores (48%) in 1977. most of the investments were in the form of foreign government securities. During the year 1978, the growth rate was somewhat lower as compared to 1977, though absolute increase in investment Rs 108 crores (45.2%) was of the high order. In

1979, total investments rose by 167crores(48.1%). The State Banks of India's overseas continued to acquire considerable diversification in investments in the money markets and have been very active in the floating rate notes of deposit market. Their investment portfolio increased by 286 crores (55.6%) at the end of 1980. The year 1981 witnessed a sluggish trend in the investment portfolio of the offices of State Bank of India. In this year, there was absolute growth in investments by Rs.373 Crores(46.6%). The investment of these offices grew by Rs.215 crores (18.3%) in 1982, which is comparatively very low in comparison of 1981. The year 1983 is characterized by over all decline in the operations of offices of state bank of India. There was decline of Rs. 116 crores(-8.4%)in investment. Investments of the overseas offices increased from Rs. 1272 crores at the end of 1983 to Rs. 1821 crores at the end of 1984 showing a growth rate of 43.2%. There was a small growth in investment portfolio of the bank's branches abroad during the year 1985. In this year investment of banks 155 crores(8.5%) in comparison of 1984. Over the period of study, the investment portfolio of the foreign offices of the S.B.I. was moved upward and its index no. of investments went up from 100 in 1976 to 1227.3 in 1985. This could be due to the availability of funds as well as bank's offices performance of foreign securities with an objective to maintain liquidity.

Table 3

Trends of Advances of SBI's Overseas Offices

Year	Amount (in crores)	Change		Index No.
		In Figure	In %	
1976	247	-	-	100
1977	314	67	27.1	127.1
1978	390	76	24.2	157.9
1979	519	124	31.8	208.1
1980	753	239	46.5	304.9

1981	1047	294	39.0	423.9
1982	1730	683	65.2	70.0
1983	2048	318	18.4	829.1
1984	2199	151	7.4	890.3
1985	2671	472	21.5	1081.4

Sources: Annual Report of SBI (1976-1985)

Above table refers that the bank's overseas offices granted advances of Rs. 247 crores in 1976 mainly through commercial loans and syndication of Euro currency loans. Such advances increased by 27.1% in 1977, total advances being Rs. 314 crores. Index no. of advances rose to 127.1 as compared to 1976. The SBI's overseas offices abroad allowed all round and substantial growth in advances during the year 1978. Their advances went up by 24.2%. Analysis also shows that total advances of the SBI's overseas offices increased from Rs. 390 crores in 1978 to rs. 514 crores in 1979, thus showing a rate of growth of 31.8%. There was continuous expansion of the overseas portfolio of the overseas offices of the S.B.I., both in range and content during the year 1980. Total advances of the overseas offices increased by Rs. 239 crores to Rs. 753 crores. In 1981 total advances of S.B.I overseas branch become 1047 crores. During 1982 and 1983 total advances increased to 1730 and 2048 respectively. Again in 1984 it increased to 2199(7.4%). The advances portfolio of foreign branches of SBI registered a moderate growth during the year 1985. In this year total advance of SBI overseas branch was 2671 crores.

Conclusion

The process of internationalization contributes to economic effects in Europe and occurs in different forms when a company goes international. The European Union has led to increased internationalization and a higher concentration of the banks. This have enlarged the competition in the banking industry and also increased the incentives for the banks to be more aware of their products and try to constantly improve strategies and products offered to the customers. On the basis of above study it can be concluded that overseas operation of State bank of India is in

growing position. Both investments and advances of banks are increasing year to year. It presents better operating and managerial efficiency of bank.

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