PREFACE

Banking industry has been an instrument for the economic development of any nation and its role is very crucial in a developing economy, like India. In fact, globally the banking industry is under transition and the Indian industry has also been part of this unending transformation. During the last two decades, many changes have been taken place in the domestic industry. The government has liberalized its policies leading to privatization in the domestic market. As a result, new private sector banks and foreign banks were established in India creating a big menace to the existing public sector and private sector banks. However, there has been an enormous increase in the business, due to competition and dramatic advances in information and communication technology resulted in increased customer- awareness. In this context, there is a continuous urge for upgradation of skills, technical expertise and a high degree of professionalism among bank personnel.

Of course, human capital needs to be viewed as a valuable resource for the achievement of dynamic competitive advantage. In order to survive in the present highly competitive and changing environment, banking organizations have to continuously develop their human resources. In fact, the quality and amount of productivity mainly depends on the skills of the employees. Therefore, they should take the lead for upgrading skills and knowledge of their personnel for their own development.
Besides, the new private sector banks and foreign banks are cash rich and have the technological advantage. Further, to retain their human resources these new banks also pay high salaries to them. On the other hand, public sector banks as well as old generation private sector banks have to fulfill social responsibility and pay comparatively very less salaries to their personnel. Hence, the relative attrition rate in these banks is high. Therefore, the public sector banks as well as old generation private sector banks are supposed to have an efficient Human Resource Development System to win the race.

Indeed, the motivation of people at work is highly dependent on the quality of HRD system in any organization. An effective implementation of HRD practices will result in quality of manpower and a better organizational climate for the people to be efficient and productive. Not only the implementation but also their review from time to time is essential for the banks to maintain stability.

With this background, this comparative study on HRD climate in the Indian banking industry has been undertaken. Review of HRD climate in the two banks under the study unveils some implications in the execution of HRD systems. The HRD climates of both the banks have been empirically tested for their contribution toward human resources development. The findings of the study would enable the selected banks, identify the flaws in the existing system so that improvements can be made.

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