CHAPTER II

TRAINING IN BANKS
- AN OVERVIEW
Introduction

Human Resource is distinct compared to other material resources and is well recognized and appreciated by the organizations. HRD always views that people working in the organizations are valuable assets with massive potential. Hence, any improvement in human capabilities would result in Human Resources Development and ultimately it would facilitate for organizational effectiveness. Banking industry is no exception to it. In the present chapter, the significance of training for the organizations in general and banking organization in particular is explained in brief.

An organization is a collective of individuals working together, whose activities are planned and co-ordinated to meet the organizational goals. An organization that exists to produce goods and services has a good chance to survive and prosper if it consists of the right people. Similarly, people need organizations to work and to meet their multifarious needs. In the process, organisations as well as the employees encounter several obstacles to fulfill their goals. The challenge of HRM is to minimize these obstacles and problems. The purpose of HRM is to improve the contribution made by people to organisations. Through effective and efficient use of resources, HRM is the process of bringing people and organisations together so that the goals of each other are met.

A nation with abundance of physical resources will not benefit itself, unless human resources make use of them. In fact, human resources are solely responsible for making use of national resources and for the transformation of traditional economies into modern and industrial economies.

It is often felt that the exploitation of natural resources, availability of physical and financial resources and international aid play a prominent role in the growth of modern economies. But, none of these factors is more significant than efficient and committed manpower. It is, in fact, said that all development comes from the human mind.

HRM deals with the human resource aspect of corporate policy, planning and business objectives. Human resources, along with financial and maternal resources contribute to the production of goods and services in an organization. Physical and monetary resources, by themselves, cannot improve efficiency or contribute to the increased rate of return on investment. The Management Guru, Mrityunjay Athreya, has quoted the law of the jargon as "marketing is crucial, finance, perhaps critical, but Human Resource is the cutting edge." It is through the combined and concerted efforts of people that monetary and maternal resources are harnessed to achieve the organisational goals. These efforts, attitudes and skills have to be sharpened from time.
to time to optimize the effectiveness of human resources and enable them to meet greater challenges and this is where HRM, in general, and HRD, in particular, play a crucial role.

The core of the concept of ‘Human Resource System’ is the development of human beings, i.e., human resource development. It assumes that the people working in the organisations are great assets with unlimited potential. Hence, any improvement in human capabilities would result in Human resources development, and ultimately, it facilitates organisational effectiveness.

Human resources to be dynamic acquire capabilities continuously, adopt values, beliefs and aptitude in accordance with changing requirements of the organisation. When employees take their initiative, take risks, experiment, innovate and make things happen, the organisation may said to have been enabling culture. The competent human resources are dynamic in an enabling culture. Thus, HRD plays a significant role in making the human resources vital, useful and purposeful.

HRD is a positive concept in HRM that aims at overall development of human resources in the form of knowledge, skills, attitudes, commitment, values and the likes of the people. HRD is a planned and continuous process of developing the competencies at the individual level, interpersonal level, group level and at the organizational level. HRD is a system and is an inter-disciplinary concept.

The concept of HRD was introduced by Prof. Leonard Nadler in 1969 in the Conference of American Society For Training and Development. In India, Larsen and Toubro Ltd (L and T) was the first company to introduce this concept in 1975 among private sector companies with an objective of facilitating growth of employees. In the year 1980, among the public sector companies, it was BHEL which introduced the HRD concept.

History of HRD in Banks

Indian Banks took lead in HRD in the mid-seventies and eighties. SBI and its associates were the first to take new initiatives in HRD. Most of the Indian Banks conducted a lot of experimentation in HRD in the early eighties. However, the HRD lost its significance due to some of the reasons like incompetent HRD staff, misplaced HRD priorities like Performance Appraisal and Training, frequent changes in the top management, lack of competition and compulsions to change, short sightedness and lack of vision of top management. The transformation in the nature of banking industry made HRD a strategic banking function since it was used as an instrument to build competent people with commitment and culture.
Development of competencies of employees and improvement of overall organizational climate is done through several HRD mechanisms or subsystems namely performance and potential appraisal, Career Planning and Career Development, Organisational Development (OD), Training and Development (T and D), Rewards, Employee Welfare and Quality of Work Life (QWL), Human Resource Information System (HRIS), Role Analysis, Job Enrichment, Succession Planning and the like.

The study deals with 'employee training', one of the basic components of HRD. Beach puts it more precisely, that 'Training is the organised procedure by which people learn knowledge and skills for a definite purpose'. Training enables us to move ahead in the right direction using right pace and the right tools while keeping sight of the target. Training is the process of learning a sequence of programmed behaviour. In other words, Training may be defined as a planned programme designed to improve performance and bring about measurable changes in knowledge, skills, attitude and social behaviour of employees. The major outcome of training is learning. A trainee learns new habits, refined skills and useful knowledge.

**Importance of Training**

Rao, Rao and Sekhar have mentioned the contributions of training as under:

- Increases productivity
- Reduces cost and hence greater profitability
- Improves quality and less operational mistakes
- Heights the morale of the personnel.
- Reduction of supervision and monitoring
- Reduction of accidents
- Obsolescence prevention
- Improvement of health and safety
- Increased organizational stability
- Improved organizational climate and culture
- Personal growth, career development and success
- Decrease in employee turnover, absenteeism, grievance and indiscipline
- Decrease in the number of discharges or dismissals
- Acquisition of specialized skills or general knowledge
- Induces high level of learner motivation
- Matching the employee specifications with the job requirements and organizational needs.
• Smooth and efficient working of different departments
• Enabling employees to keep abreast of the changing methods, techniques and use of sophisticated tools and equipments.

Collins\textsuperscript{12} explains the benefits of training as to keep ahead of competitors, enhancing organizations image, customer relations, creation of flexibility between jobs and to produce higher quality workforce by investing in individuals.

Thus, the programme of training becomes essential for the purpose of meeting the specific problems of a particular organization arising out of the introduction of new lines of production, changes in design, the demands of the competition and economy, the quality of materials processed, individual adjustments, promotions, career development, job and personnel changes and changes in the volume of business.

Training of any kind should have as its objective, an improvement of behaviour so that the performance of the trainee becomes more useful and productive for himself and for the organization of which he is a part. Harris\textsuperscript{13} states that training normally concentrates on the improvement of both operative skills, interpersonal skills and decision making skills or the combination of these. These skills are nothing but successful completion of a task, relating satisfactorily to others and arriving at the most satisfactory causes of actions respectively. Training is an integral part of the whole management programme with all its activities functionally inter-related. Training is the corner-stone of sound management, for, it makes employees more effective and productive.\textsuperscript{14}

The training programme should be planned in a logical manner so that each succeeding step builds upon the previous one. The probability of success increases because the trainee encounters the step in sequence.\textsuperscript{15} But, many a times, it so happens that training fails because of some of the following reasons:

- The benefits of the training are not clear to the top management and top management rarely plans and budgets systematically for training.
- Top management hardly rewards trainers and supervisors for carrying out effective training and naturally the training staff, without proper incentives from top management, are not accountable at all for the results.
- Without proper scheduling from the top, line managers have difficulty in meeting the production norms if employees are attending training programmes.
- Many of the external training materials and methods followed may be quite contrary to practices of the participant’s organization, and also, the timely information about external training may be difficult to obtain.
- Trainers' scope of operation may not be wide and they provide limited counselling and consulting services to the rest of the organization16.

- Quite often, many HRD mechanisms including training which are initiated to achieve developmental goals may become an end in itself. The HRD manager may walk into "Means-Ends trap" of getting obsessed with observable and easily measurable indications of systems and their implementation failing to achieve the objectives17.

Identifying the training needs is very much essential to make the training programmes effective. Identification of training needs must include three types of analysis—organizational analysis, operations analysis and man analysis18. As per Berliner and Mclarney19, discovering training needs involve five tasks:

- By utilising job description as a guide, list the tasks, duties and responsibilities of the job under consideration.
- List the standards of work performance on the job.
- Compare actual performance against the standards.
- Determine where an employee is falling down in his performance.
- Determine what kind of training is needed to overcome the specific difficulty or difficulties.

Training Needs Identification is one of the most sought after activities which, apart from satisfying development needs, will also lead to multi-skilling, fitting people to take extra responsibilities, increasing all-round competence and preparing people to take on higher level responsibilities in future.

**Making Training Effective**

Training programmes can be made effective and successful by following the guidelines provided by various researchers at the national and international levels.

Nile20 identifies that training should necessarily create the atmosphere of good working habits and should provide scope for understanding relationships and should help in building intelligent, and constructive attitude for promotion. However, achieving this is not very simple. Provision should be made to permit trainees to by-pass the instructions they don't need21. Important organizational conditions for training, such as organizational policy towards management development and training, the attitudes of people in the organization towards innovation and change, training programme, behaviour change on his job are some of the organizational perspectives which involve training strategy22. However, Hutchinson23 opines that the training department should review its role and can invert the typical approach of taking managers out of the work situation to take learning and development into the work situation.
Birnbrauer\textsuperscript{24} states that there are many obstacles that trainers have to overcome to achieve maximum success. Trainers must create a climate for training to take place. However, trainees should arrive at the programme with a desire to participate. Training can act as a double-edged sword if a company provides the opportunity for the employees to learn, it must also provide them the opportunity to use what they have learnt. Kapur\textsuperscript{26} expresses that different kinds of learning require different environments. He gives guidelines on the isolation of learning rooms, lighting control, ventilation and room arrangements and creativity of instructor. Paul\textsuperscript{27} opines that the organizations must create a stable and supportive environment that is conducive to learning. Training should lead to commitment, individual development through competency frameworks and provision of clear development pathways. The trainer, in designing the training programmes, should consider the participant as a person, seeking knowledge and skill. Intodia\textsuperscript{28} states that the format of training is to be placed before the trainees and an understanding is reached to change and develop the format according to the needs of the trainees and availability of resources in terms of men, material, money and time.

There are certain risky jobs and lots of safety norms will have to be followed by the employees. Occupational-safety-training\textsuperscript{29} provides skill and critical-at-risk behaviour thousands of times with no ill-effect. Managing diversity is highly valued in organisations. Garcia\textsuperscript{30} demonstrates multicultural diversity training which helps to communicate effectively and to help collaboratively with people of diverse cultural backgrounds. Diversity Training must be designed to dispel the myths of diversity, educate participants about the realities of diversity and offer ways to respond to the challenges of valuing and managing diversity in the workplace\textsuperscript{31}.

Gupta\textsuperscript{32} explains the systematic approach for Industrial Training such as determining individual training needs, curriculum needs, institutional needs, motivation of the teacher for training, selection of appropriate industries, development of operational plan in consultation with the industries, development of learning material, utilization of experiences and feedback. Training also should be more a personal session and the trainers should be attached to planning activities. Television monitors and microphones tend to make the session impersonal and detached. More and more interactive sessions with the trainer, with each other and discussion of the course material is recommended. Poppell\textsuperscript{33} recommends the use of John Keller's ARCS (Attention, Relevance, Confidence and Satisfaction) model of motivational design. However, Mark\textsuperscript{34} is of the opinion that combination of classroom training with video conferencing so that it allows participants to see and use the software on their computer screens as they were being taught.
Human Resource Management has a key role to play in the organization development programmes. The top management of an organization in consultation with the functional heads should be able to identify the areas needed for development training for the organization's employees by keeping in mind values and visions of the organization. Organizations should increase trainee's belief in controlling organizational outcomes in the form of increase the trainee's confidence in attaining anticipated performance, increase the trainee's job career expectations, increase various organizational supports and develop a continuous learning culture.

Acquiring the skills is of paramount importance for the employees of any type of organizations. Singh outlines that Skill Training Session should help the participants perform the skill correctly and should help the learners to develop smooth, confident and easy movements when performing the skills, with accuracy, speed and quality. T and D initiatives must seek to impart more than one class of skills to the same individual. This is in the light of galloping changes all over the world which has resulted in flattening of organizational hierarchies to the point of disappearance of middle management. Continual learning is the new responsibility of the employer and the employee, and leading edge companies are introducing new options for employees to build their skills. New approaches include interactive web-site training, interactive television and computer-based training. St George et al. recommended 'drama-based' training to mirror the human dynamics, to help people examine the intricacies of human behaviour and to provide life like simulations for participants to practice in a safe and controlled learning environment.

Organization to be successful should try to meet its objectives. Training and Development of an organization has to be driven by business objectives, and its success is judged by its ability to help the organization achieve these objectives. The business objectives can be translated into departmental, team and individual objectives. Training and Development needs are then identified by comparing these requirements with the existing skills and abilities of organization's employees.

Anyway, the trainers should sustain and maintain the respect from trainees and trainer's role lies in maintaining the balance between the management and training as well as trainees. Training need not always be through the conventional route. Hall has recommended a software package that organizes, delivers and establishes training through a central interface networking over a Local Area Network (LAN) in an organization. Intranet or Internet could serve as a focal point for corporate training through which e-learning is possible not only within the office but also in remote locations.
Maintaining the quality by determining the critical activities of training and development is highly essential so that it does not deviate from the standard. Ravi has attempted to put forth a model for ensuring quality by auditing. These are based on the needs of individuals, jobs and the organization in their endeavor to build competence and value added. These activities must be assessed regularly against the training standards through a system of audit. It is always essential to plan and implement training that is effective, need-based and continuous. While conducting the training programme, it is very important to review the effectiveness of the on-going training programmes on a regular basis to find out what participants are really learning, whether learning is being actually applied and what is the return on investment.

The programmes cannot be successful if they fail to help participants to confront the reality. Pattanayak attributes the failure of Management Development Programme (MDP) when the programmes are not linked specifically to strategies, challenges of the organization, the programmes are not competent enough, more attention on individuals rather than on the unit as a whole and especially when the participants attend the programme for various reasons other than personal or organizational needs. Various authors have suggested that the management training should be linked to the participant's needs, likes, tradition, culture and nativity. Umapathy opines that every human being is endowed with qualities, which could lead him to excellence towards the hidden factor (T-factor). Management education and training are the methods to accomplish it.

It is essential to establish a link between HR and the business strategy. In other words, Training and Development (T and D) Strategy is to be closely connected with organizational mission, vision and values and long-term goals. Reddy highlights on benchmarking strategies for HR, funding strategies and outsourcing strategies for effective human resource training and development. Many a times the outside coaches are advantageous for the company particularly if their internal capacity for coaching is underdeveloped. But, outside coaching should not be viewed as a substitute for the coaching role that the managers must play for their direct reports.

Organizations cannot function without able entrepreneurs. Educational and Training interventions are able to contribute to the supply of right type of entrepreneurs. In the process of entrepreneurship development, training is responsible for generating awareness, developing attributes and providing necessary linkages. The risk perceptions could help trainers evolve appropriate inputs and implement the same. Updating of concepts is a necessary condition for increasing the effectiveness of training and puts a caution to the trainers against possible dilutions. Any training
should enhance the performance of the employees. For this, there has to be a moderate emphasis on learning. A self-conscious model that helps in increasing training effectiveness not only focuses on Andragogy (Adult Learning Behaviour) but also on self-learning by expansion of Manas (Mental Processing) resulting in better grasping of Vigyan (Knowledge) and ever improved Samavedna (Behaviour and Performance). But as per Bunderson and Sutcliffe too great emphasis on learning spectrum can reduce the performance level. The skill development practices and training should not emphasize on learning beyond optimal point so that learning actually depresses performance.

People should check their individual abilities and try to assess their fitness in a training profile. Otherwise, people fall short of the requirements and expectations of the organization. Griffin stated that the companies typically use one-size-fits-all management training programmes. Hundreds of leaders in training would not stumble as they attempt to master the subtle and difficult task of management, if the individualized approach to training programmes is opted. Noted author of "Rethinking HR Strategy and HR Metrics", John Sullivan states that since change is an incredible machine, leadership and innovative thinking is that every employee has to develop through training.

**Emerging Functional Diversification in the Banks**

HRD is an emerging concept and its significance is felt in all types of organizations like manufacturing, trading, services, business houses and the like. Proper development of human resources is, in fact, more relevant in result-oriented organizations like banks that are not only service organizations but also are considered the instruments of enhancing the standard of prosperity of the society. HRD concept is much wider as it embraces almost all the areas of banking that lay emphasis on all-round development of individuals. The present study concentrates on one of the significant interventions of HRD, namely, 'Training' — in Commercial Banks.

Banking environment is undergoing fast changes in its trends. In the field of technology, there is a shift from mechanical and electromechanical devices to electronics and microelectronics, from economies of scale to miniaturization and from conversion of physical, material intensive devices to knowledge intensive devices. Information Technology (IT) is leading to globalization of finance and banking and breaking the barriers.

Deregulation is accelerated due to the forces of technological change. Liberalization, globalization and privatization have effects on competition in finance and banking more severe. Financial repression and directed finances are taking a
back seat everywhere. Competition has put spread under squeeze and banks are therefore trying to diversify and earn money through fee paying 'off balance sheet' business.

Maximization of profit has become a major concern in the face of highly competitive environment. Indian banks will have to compete with international and transnational banks both in domestic and international markets. Urban and Metropolitan markets, particularly large corporate and elite customer section will be under constant attack from international and domestic competition.

Indian banks will have greater opportunities abroad. Bold initiatives to spread the influence beyond ethnic market with innovative financial products and services will be needed to capture a large share of global market. Creating dynamic, vibrant, skilful, technologically competent and aggressive group of banks to greater heights is the need of the hour. In this context, it is a challenge for the HRD department of the bank to develop required skill among the bank employees by imparting training so as to enable them to meet the requirements of global competition.

HRD needs of the banks range from motivational issue, salary, reward, punishment system, methods of evaluation, recruitment, promotion, placement, training and interpersonal relationships. While these are very important, they are not within the scope of the present study. The training and education requirements are intricately linked with skill formation, approaches in decision-making. The system of training and education instils professional pride and organizational commitment among the trainees.

Changes taking place in the banking environment pose significant challenges to the management of bank organizations. Challenges arising from information technology, human resource diversity, changing orientations of bank unions, quality concerns and changing customer expectations, are becoming increasingly imperative for bank organizations to initiate newer approaches in managing human resources. This requires a high degree of professionalization of human resource management functions in banks and this, in turn, calls for a paradigm shift in managing human resources in banks.

**Identification of Critical Areas**

HRD, in general, and training, in particular, assumes top priority in the banking industry. Critical areas requiring HRD and strategies for transforming the skill of HR for ushering in a sound and strong banking cannot be overlooked.

**a. Rural Development:** In an agrarian economy like India, where about 70 per cent of the population depends on agriculture and allied activities, there is a need to...
penetrate the rural market. Various development measures like Lead Bank Scheme, Service Area Approach, Planning for Development of Villages (PDV), formation of Self Help Groups, Micro Credit Financing and Hi-tech agriculture enlarged the functions of banks in terms of scope, dimension and diversity. Thus, the bank staff in rural areas are expected to be professionally equipped to meet the ever-growing challenges in the rural front. The research in agricultural training institutions is found a very scanty use of participative training methodology, audio-visual aids, absence of in-depth monitoring, evaluation and feedback mechanisms and recommended for the improvement of the above Efffective operation of micro finance in rural areas stresses upon the need for HRD to actively involve in the formation of Self-Help Groups (SHGs), conduct of meetings, identification of local problems, people’s participation and emancipation of women and also the help of agriculture and rural banking trainings.

b. Customer Service: The term customer service means generation of a range of services designed to meet customer needs of not only the present but also the potential customer demands. The present slogan on customer service is not ‘customer satisfaction’ but ‘customer delight’. Various customized products are surfacing in the economy to satisfy various types of customers. It is the age of liberalization and moreover the age of transparency. The things should be done in a straightforward and transparent way and recorded and reported properly. The public servants should be vigilant themselves to do so and also ensure that others do so. What one thinks and believes does not matter, what matters is one’s action as seen by others. It is the duty of the banker to remain alert and vigilant, by which the wasteful exercise of disciplinary proceedings can be pre-empted. While providing customer service, the need of the hour is both minimum cost and maximum effective service, which should be both banker and customer friendly. Therefore, there is a need for training the mindset of Human Resources to tune the above requirements.

c. Internal Customer Orientation: The internal customers (employees) are the people who deliver the multifarious services to the external customers. The level of satisfaction of internal customers, will decide the quality of services the external customers receive. One cannot expect excellent service from the internal customer, who is dissatisfied. The HR interventions like training might have positive impact on the mind set of the employees and their level of satisfaction.

d. Innovative Banking: Innovative Banking has resulted in setting up of subsidiaries that include specialized branches on SSI, HI-Tech, Agriculture, Mutual Funds, Housing Finance, Lease Finance, Merchant Banking, Project Finance, Factoring...
and Agri Business Consultancy Wings and the like For managing these innovative aspects, it requires trained human resources with adequate expertise and skill. Mishra and Ganguly\(^60\) focus on current trends in the use of extension training methods and new electronic technologies. Instead of focusing exclusively on lecture method, apart from using case study, role play, simulation, role play and games, modern electronic technologies viz, Interactive Computer Video Technology (ICVT), Computer Aided Instruction (CAI), Interactive Video (IV) or Interactive Computer (IC), Broadcast Television, Indira Gandhi National Open University (IGNOU) is very well using this technology, namely, Cable Television, Capacitance Disc, Laser Disc, Teleconferencing, Tele-text, Interactive System, Video-tapes are growing at faster rate. Under advanced systems of banking, banks would strive to network the excellence and knowledge within the organization and make it freely accessible to all the employees\(^61\)

e. **Information Technology Revolution:** Use of IT in banking and financial services started as a productivity tool for automated book keeping and related works. Great innovation and achievements are taking place in the field of computers and telecommunications, which have paved the way for the IT revolution in banking. Some of these innovations include -

1. Emergence of Disk Technology ‘Index Sequential Access Method’ (ISAM)
2. Multi-programming ‘On-line-Process’
3. On line Real Time Machines
4. Inter-Process Communication (IPC)
5. Local Area Network (LAN)
6. Automated Teller Machines (ATMs)
7. Electronics Funds Transfer (EFT)
8. INTERNET Banking Facilities
9. Telebanking
10. Advanced Ledger Posting Machines (ALPMS)
11. Advanced Electronic Accounting Machines (AEAM)

These technology drives have helped the banking system towards virtual banking, convenience banking, relationship banking, and brick-less banking which is customer friendly\(^62\).

E-Commerce (A market place where IT and networking are used in the business to transact business, buy and sell goods and services and exchange information and data) through the Internet, which contradicts with the traditional distribution channels and diverts the need for a traditional branch banking. The changed situation encourages the integration of a Brick Strategy with Click Strategy\(^63\).

There is a synchronization of technology orientation with the traditional branch
networks. The convenience banking also includes use of plastic cards (Credit Card, Debt Card, and Smart Card), Anytime Anywhere Banking, Any Branch Banking and the like. Better use of technology has helped the banks to control risks and provide conventional services to meet the customer's demand. These areas provide scope for various methods of HRD to meet the requirements of matching man and machine for effective delivery in our banking industry.

f. Globalisation of Banking Industry: Globalization of banking industry demands the international wing of Indian Banks, where the need for marketing and customer service in the host country will have to be in the line of their culture, religion and needs. The need for tapping non-resident deposits and capital market will be called upon to evolve innovative schemes. A relook at the foreign network and its functioning so as to realign it with the emerging objectives and capabilities of the Indian banking system needs lots of trained manpower. HRD has to play a pivotal role in exposing the personnel to well-chalked-out learning programmes in International Banking.

g) Merchant Banking and Portfolio Management: Many banks have already entered the stock market and as the banks are entering into it through equities, there is much need for HRD intervention in scanning of stock market and in the area of sophisticated merchant banking.

h) Capital Account Convertibility (CAC) and Other Financial Sector Reforms: CAC is the world-wide recognized banking sector reform that is going to be implemented even though delay could be expected at any time. The management of CAC calls for huge well trained human resources. The Bipartite agreement of the 23rd Oct 1993, wherein the confederations of bank trade unions have made an agreement with the Indian Bank’s Association (IBA). This prepared the ground for most banks to update their work technologies. Significant improvements were made in communication technology where banks were connected through Banknet, a data communication network promoted by the RBI for the benefit of public sector banks in major cities. RBI implemented Society for World-Wide Inter Bank Financial Telecommunication (SWIFT) network in India and a number of banks were connected to SWIFT for the purpose of Electronic Funds Transfer (EFT). Further, many banks installed dish antennas at their offices in many cities to form a part of Remote Area Bank Message Network (RABMN) to exchange and transmit messages in between bank offices in India. IBA has promoted SWADHAN, a shared payment system that networks 136 ATMs across 31 banks. There was a replacement of outdated Foreign Exchange Regulation Act (FERA) of 1973 with
Recognizing the importance of training in the new operating environment, the Finance Ministry, Government of India (GOI), called for a Status report on training especially from public sector banks. This was backed by Memorandum of Understanding (MOU) between Reserve Bank of India (RBI) and Public Sector Banks (PSBs) as per which the banks are required to commit to RBI the course content, duration, nomination of trainees, newer methods of training and revision of old courses, participation in external programmes and details of untrained staff.

i) Precious Metal Trading: Banks in search of innovative business activities have also taken up the business of precious metal trading where bankers are dealing with gold, silver and platinum. For promoting such business, banks need personnel having more exposure in trend analysis in Bullion Trade in National and International markets.

j) Hindrances for Smooth Working: Some common problems bothering most banks are existence of NPAs (Non Performing Assets), i.e., the assets which do not generate any income and turn out to be bad and doubtful debt, loss making uneconomic branches, poor recovery, inadequate capital and provision of quality service to the customers. As per Vasan, the Indian Economy was passing through the crisis situation with dwindling Foreign Exchange reserves and declining credit rating. RBI along with top managements of nationalized banks framed guidelines for imparting training in the required problem areas and in the year 1990, there was a partial deregulation of the interest rate structure where by the individual banks had the freedom to fix interest rates for certain categories of deposits and advances, which was one of the greatest financial sector reforms that helped the bankers to keep pace with the changing banking scenario.

Having a bird's eye view on all these challenges and reforms, training in banks becomes imperative to equip the employees with skill in all these areas.

Development of Training in Banks

Even though, the banking system in the country had expanded considerably, prior to nationalization of 14 major banks on 19th July 1969, the contribution of the banks to the balanced development of the economy was far from satisfactory. Banks focused their attention on “classes” neglecting the “masses”. What made it worse was that every bank was considered to be a captive of one large industrial group or the other. Even though, the policy of Social Control gave a new dimension to the banking industry,
neglecting some of the prime sectors of the economy, suddenly, the industry was faced with the challenge for which it was doubtfully equipped

In a service Industry like banking, the new challenges of taking bank branches to the unbanked areas could be met with the programme of human resource development. The banking industry relied largely on the age-old system of apprenticeship and on-the-job training involving trial and error in learning for preparing the staff to perform the various routine and managerial functions. With the expansion of the banking system, it was realized that such training could not meet the complex needs of the banking industry and therefore a beginning was made for organizing institutional training for the staff. In the beginning institutional training was organized for the whole industry since the need for individual institutions did not appear to be large enough to justify the establishment of separate training institutions for them. The first industry-level institution to be set up for the training of the bank personnel was the Banker's Training College (BTC) of the RBI in Sept 1954. With further expansion of the banking activity, separate institutions were set up by the individual banks mainly for the training of clerical and junior supervisory staff. A notable exception was the State Bank of India, which by virtue of its size and status, felt justified in starting middle-level management programmes in 1964.

Following, the introduction of social control on banks, the need for developing management capabilities with right attitudes and the relevant technical skills was felt quite strongly. The working group on Training facilities for the senior and middle level personnel of commercial banks was constituted on 9th Dec 1967, under the Chairmanship of Shri B N Adarkar, the then deputy governor of the RBI. Following the recommendations of the working group, the National Institute of Bank Management was established under the sponsorship of GOI, RBI, SBI, and other banks in 1969.

In the wake of nationalization, the banking industry underwent drastic transformation. The nationalized banks embarked upon ambitious plans of branch expansion. A new class of clientele began to emerge and banks had to sponsor, support and take up programmes which would help in gaining the economic progress to the multitudes of people representing different sections over the length and breadth of the country. In quantitative terms, there was an unprecedented pace of recruitment for supervisory and managerial levels in banks. The banks suddenly became alive to the need for setting up their own institutions and revamping the existing set-ups for organizing training efforts on a scale, which will have very few parallels in other industries in India or elsewhere in the world. As a result, practically all banks in the country today have their own training institutions to take care of their training and human resource development requirements.
The infrastructure for training in the banking industry has been built up both at the industry level and the organizational level. At the industry level, the National Institute of Bank Management (NIBM - 1969), Bankers' Training College (BTC - 1954) of RBI, Co-operative Banker's Training College (CBTC - 1969), College of Agricultural Banking (CAB - 1974) were setup. In addition to the above, the private sector banks have two joint colleges set up in 1972, such as Northern India Bank's Staff Training College (NIBSTC) and Southern India Bank's Staff Training College (SIBSTC). The former at Coimbatore, which was later, shifted to Bangalore and later, to New Delhi. In 1982, the National Bank for Agriculture and Rural Development (NABARD) was established by GOI to monitor developmental work in agriculture and relevant areas and to provide training facilities in the field of rural banking, rural development, rural finance and agriculture. NABARD setup Banker's Institute of Rural Development (BIRD) at Lucknow, in 1984, to train the bankers in the field of agriculture and rural development.

Initially, training in banking industry was focused almost exclusively on skill development for better job performance. Gradually, it was realized that, service industry with marked social responsibilities and obligations working under increasing socio-economic pressures, could deliver the goods, only when the individual employees had the right level of sensitivity to the customers and peers and were supervised by managers having the requisite social and conceptual skills. Training in banking industry, therefore, aims at re-orientation of attitudes of the clerical and managerial staff, skill development and management development through training, as trained managers are seen as the real hope for creating a better work environment and improving productivity of workers in banking industry.

Self training techniques would, in the long run, help the banks to locate/find multiple talents within the bank rather than look outside. Retraining is also the need of the hour as banks are diversifying into insurance related areas and this helps to prepare individuals with higher competencies needed in a new or redesigned job, to attain different careers and also to perform efficiently.

**Conclusion**

Development of Human Resources through training becomes the core activity in the banking industry since it has undergone transformation phenomenally. This transformation is not only in terms of quantitative dimension but also in terms of its functional diversification and in terms of qualitative change. Consequent to the financial sector reforms, the banking activities have become market driven, market sensitive and technology based and all these events demand for effective HRD in the industry for adequate skill transformation via intensive weapon “Training.” In fine, the Commercial Banks would be able to sustain consistent good performance only by...
making required investment in the training of their personnel at various levels. In the long run, training would be the key parameter not only in reinforcing their operations but also in their efforts to grow and expand beyond national territories especially as some of them do have strategic plans to globalize their operations. The forthcoming chapter concentrates on the training systems and practices of the Corporation Bank, one of the leading public sector banks, Karnataka Bank Ltd., one of the leading private sector banks and Industrial Credit and Investment Corporation of India Limited (ICICI), a leading new generation private sector bank.

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