CHAPTER---3rd

EVOLUTION
OF
HRM PRACTICES
IN
BANKING INDUSTRY IN INDIA
Indian Banking - An Overview

The origin of modern banking in India dates back to the year 1786, when the English Agency Houses had established the Bank of Bengal at Calcutta. In the year 1770, the Agency House of Alexander & Co, established the Hindustan Bank at Calcutta, but it was wound up in the year 1932. Subsequently, three more India Banks Calcutta (1806), Bombay (1940), and Madras (1943) were set up. These banks opened branches at various cities and towns like Bombay, Delhi, Simla, Banaras, Madras, Agra etc. As a result of introducing the concept of limited liability in banking in 1960, several joint sector banks like The Allahabad Bank, The Alliance Bank of Simla, The Punjab National Bank and The Oundh Bank. By the end of 1900, there were three classes of Banks in India viz,

- Presidency Banks numbering 3,
- Joint-sector Banks numbering 9,
- Exchange Banks or Foreign Banks Numbering 8.

Under the influence of Swadeshi Movement in the beginning of the twentieth century, Joint stock Banks like The People’s Bank of India and the Central Bank of India were established. Three Presidency Banks were merged to form the Imperial Bank of India in 1921. At the time of Independence in 1947, there were 648 commercial banks, which included 97 scheduled and 551 non-scheduled commercial banks, 2987 bank offices with total deposits and advances of Rs. 1080 and Rs.475 crore respectively.

Since many banks had failed during the period of 1900-1925, a Central Banking Committee was constituted by the Government of India in 1929 to examine the issue of establishing a Central Banking Authority for the whole country. On the basis of major recommendations of the said committee the Reserve Bank of India
Act was passed in 1934 and the Reserve Bank of India (RBI) came into existence in 1935 as the Central Banking Authority of the country. The Banking Regulation Act 1949 provided the framework for the RBI's regulation, supervision and development of banking system. The powers given by the Banking Regulation Act, 1949 to the RBI encompassed establishment of new banks, mergers and amalgamations of existing banks, closing of existing branches, as well as shifting of existing branches to other locations, on-site inspection of banks.

On the recommendations of All-India Rural Credit Survey Committee, which examined the issue of credit availability to the rural areas, State Bank of India Act, 1955 was passed. RBI took the control of Imperial Bank of India and renamed it as the State Bank of India (subsidiary Banks) Act, 1959 was passed, enabling SBI to takeover eight Princely- state- associated banks as its subsidiaries. The establishment of SBI and associated banks accelerated the pace of extending banking facilities across the country.

To ensure equitable and purposeful distribution of credit, the scheme of social control over Banks was announced in the Parliament in December 1967. Also National Credit Council was set up in the year 1968. The period from 1950 to 1969 witnessed further consolidation in banking. As against a total of 566 commercial (92 scheduled and 474 non-scheduled) banks in 1951 there were only 89 banks in 1969 (73 scheduled and 16 non-scheduled).

Another important development in the history of banking in India was the policy of Nationalization, under which 14 major scheduled commercial banks were nationalized in July 1969. Again in 1980, the Government Nationalized another six banks.
On the recommendations of a Working Group set up by the Government of India in 1973 to study the credit availability to rural areas, Regional Rural Banks Act 1976 was passed. Under this Act 196 RRBs were set up with the Joint ownership of Central Government, sponsoring commercial bank and the State Government concerned and with regional-based and rural orientation.

With the launch of extensive reforms programme in 1991, reform measures were also introduced in the financial sector. These reforms were based on the recommendations of the committee on Financial Sector, 1991 (Narasimham I) and Committee on Banking Reforms, 1997 (Narasimham II). The main objective of the reform is to promote efficiency of the banking system through competitive forces. To improve operational efficiency of the banking system, functional autonomy was imparted which ensured not only the greater transparency and reporting by the entities but also integrated the various segments of the financial system, such as money market, debt market, foreign exchange market and capital market.

**Evolution of HRM Practices in banking industry in India**

HRM Practices in banking industry in India have evolved over a long period of time through a reactive process. To understand the evolution of HRM Practices, it becomes necessary to examine the historical development of the establishment of these practices. To have an understanding of bank employees and their service conditions, one has to look back to early forties and fifties of the previous century and accept that the condition of bank employees vis-à-vis other middle and working class employees was worse. The employees in the sector were unorganized, had helplessly low
wages, worked in inhuman and intolerable working conditions for unlimited working hours, had no leave facility, no security of service and the policy of hire and fire was ruling the roost. Employers used all inhuman and tyrannical ways to extract work from the employees as there was fear of losing jobs and getting a new job else where. The bank employees would not be sanctioned a day’s leave for attending their own marriage ceremonies. “An example is cited of an employee whose minor son had died and the concerned Manager withheld the telegram from the employee till he finished his day’s job and in the evening was given the telegram, which announced his son’s death, (Lone,1992). Mankidy (2000) puts this situation as:-

“From a stage of extreme exploitation of the employees prior to 1940’s, the industrial relations process unfolded itself into labour militancy and crisis in the 60’s and 70’s. Most of the human resource management practices in the industry, such as the salary structure, promotion, transfer, placement, etc. are the by-products of this reactive process.”

Changing such conditions and circumstances could not wait the evolutionary process but required a catalyst that would hasten the decay of such unfavorable system. The catalyst was born on 20th April, 1946, when the suffering bank employees came together and founded an organization called All India Bank employees Association (AIBEA). The later part of the year 1946 saw a spate of bank employee’s militant actions and agitations, which forced the Government to intervene in the bank employees’ disputes in the shape of tribunals. Since Government policies favoured the employers and foiled the possibilities of bilateral negotiated settlements coming up in the industry, bank employees under the
militant banner of AIBEA struggled a lot against Government and bankers for achieving this bilateralism in banking industry.

A landmark in the history of this reactive process was when the Bank of India Staff Union called the first ever strike of the industry on June 26, 1946, which lasted for seventeen days. Justice H.U.Devatia was appointed as adjudicator in 1946 to resolve the dispute between Bank of India Ltd. and its employees. His award popularly known as the Devatia Award was published in the Bombay Government Gazette dated 9th April, 1947, which provided bank employees with a number of facilities like a pay scale, annual leave, casual leave, gratuity etc., that were hitherto absent. This led to many awards, like B.B. Singh Award in United Provinces, Gupta Award in Bengal and Chakravarty Award in Calcutta--- covering bank employees in different states as the banks were under state regulation. The passing of Industrial Disputes (Banking and Insurance Companies) Act, 1949, brought banks under Central Government and uniformity in human resource management practices began from then onwards.

Undeterred by Government interventions and chaotic service conditions created by multiple awards, the bank employees under the banner of AIBEA kept on struggling and fighting and in 1949 Government instituted an All India Tribunal under Sh K.C.Sen, as its Chairman, but soon a jolt for bank employees came when the Sen Award was declared void by the Supreme Court in April 1951. Thereafter the bank managements started another phase of repression, which was responded by a 49 days strike by the employees of Punjab National Bank.

The disputes between bank employees under the militant banner of AIBEA and bank managements led to a series of Awards like Sastri
Award 1953, Banking Award Commission 1954, Desai Award 1962
and Industrial Disputes (Banking Companies) Act 1955. The
Industrial Disputes Act allowed for settlements covering only the
clerical and subordinate staff categories. Bank employees succeeded
in improving wages, salaries and working conditions for all these
twenty years from 1946 up to 1966, when the first country-wide
industry-wise Bi-partite Settlement was signed between AIBEA on
the one side and Indian Bankers Association (IBA) and Exchange
Bank Association on the other, concerning the wage and service
conditions of bank employees. Starting with the first Bi-partite
Settlement, the industry went through a series of settlements and
agreements at the individual bank level covering a wide variety of
items relating to the service and working conditions. The industry-
wise uniformity in salary and service conditions for officers in
nationalized banks began later than clerical and subordinate staff
and it was only when Pillai Committee Report came in 1979.
During all these years, various awards, settlements and agreements
provided substantial benefits to bank employees and most of the HR
policies and practices, like promotions, transfer, placement, various
allowances, incentives and welfare facilities etc. were agreed upon
through this reactive process. Over a period of time, Human
Resource Management Practices were begun to be dictated to the
banks by the Unions because of their strong and militant nature
during late sixties. Their strength was furthered by the Government
due to the organized role they played during the independence
movement and also because of the socialistic principles guiding the
Government. Unions not only successfully fought for raising the
salaries and wages and improving service conditions, but also raised
such issues as promotion, medical benefits, other welfare measures,
different types of leaves, gratuity and other terminal benefits etc. Unions also fought relentlessly during 1970's and early 1980's against the introduction of technology but their militant approach began to dwindle from mid 1980's. The attitudinal change of unions led to the signing of the agreement in 1989 by SBI management with the unions on introduction of computers and subsequent liberalization of economy in 1991 made industrial relations in banking industry very conducive. Unions began to think about the effects of liberalization and number of strikes as well as their durations shortened drastically after the launch of economic reforms. Economic liberalization of 1991 and the financial sector reforms of 1997 saw a sea change in the overall HRM Practices and performance and efficiency of banks on individual as well as on industry level. The entry of private and foreign banks into the banking industry complicated the situation for the existing players in the industry and facilitated the pro-active approach on the part of bank managements to make changes in the existing HRM Practices and emulate the HRM Practices of foreign and private players.

The establishment of HRM Practices in the banking industry could be made possible not only with the sustained and continuous struggle of employees associations for decades, but also the managements introduced changes on pro-active basis over a long period of time. During 1950's "staff departments' were established to look after the employee matters. The same departments were changed into "personnel departments' with the enlarged function of manpower planning, employee training, performance appraisal of employees, employee discipline, employee administration and the like. Still further, during 70's and 80's of the last century, emphasis was laid on Human Resource Development (HRD), which provided
a new orientation to HRM in banking industry. HRD has been responsible for bringing about some changes in so far as the training and skill development of employees in banks is concerned. Various HRM Practices which were hitherto absent in banks were acquired by banks, with the help of changes introduced by the bank managements over a period of time. Since these HRM Practices by the banks were acquired under various circumstances and situations, inter-linkages and complementarities between the practices were missing. While evolving various HR Practices like induction, training, transfer policy, promotion, performance appraisal, placement etc., the need for expected future business development, expansion and diversification have never been considered. So, these HR practices were evolved in a truncated form and haphazard manner.

Summing up the developments in respect of HRM in banking industry during the second half of the last century, Mankidy (2000) observes:

- The employees in the early stages were exploited by bank managements who held traditional views about employees and employment relations. There was, therefore, hardly any personnel management worth the name in banks then.
- Emergence of trade unions was partly in response to these exploitative conditions which existed in banks.
- Most aspects of HRM in banks today, viz. promotion, wages and salaries including other monetary allowances, welfare measures such as medical aid and leaves of different types, superannuation facilities, etc., were taken out of the unwilling hands of managements through the organized efforts of
employees. In other words, a major part of banks' HRM is dictated to the banks by the trade unions.

- Banks have also adopted certain aspects of HRM like training, performance appraisal and related HRD activities. Some of these have had partial success in operation.
- The pressure-oriented development of HRM, to some extent, continues in banking even today.

Even in the non-bargainable areas of HR management like training, performance appraisal system, traces of reactiveness is clearly visible. For instance, training efforts are primarily carried out as a statistical process to satisfy the requirements of the Reserve Bank of India and the Banking Division. Performance appraisal systems have been adopted because they are in vogue in other organizations and are now viewed more as rituals than as effective means and preconditions for employee development.

Bipartite settlements and agreements in the banking industry are made between the IBA, which represents bank managements, and employees and officers associations, which include five major industry level associations for clerical and subordinate staff and four major industry level officers associations. The majority associations like AIBEA, NCBE and BEFI for clerical and subordinate staff and AIBOA for officers, which have a majority membership actually take part and dominate the bargaining power of employees and officers.

The RBI also intervenes in human resource practices, on the basis of recommendations of various committees and working groups. Likewise, the Government also has the power to issue directions and guidelines to public sector banks under Section 8 of Banking Companies (Acquisition and Transfer of Undertakings) Act 1970/1980 with regard to policy matters involving public interest.
On the directions of RBI, Banking Service Recruitment Boards (BSRBs) were established in the year 1978-79 by the government for recruitment in public sector banks. Prior to this, no standardized recruitment procedure was in practice. Recruitment for subordinate staff is being done by individual banks with the help of local employment exchanges. A competitive written examination, viva-voce, medical test are used for selection by the individual banks for the recruitment of subordinate staff. Subordinate staff includes peons, messengers, drivers, sweepers, watchmen, guards and cleaners.

There are two points of entry for direct recruitment in public sector banks. One is at clerical level and the other at Probationary Officers or Junior Management level. While 75% to 100% of the vacancies of clerical staff are filled by BSRBs, 20-25% vacancies at the Junior Management level are filled through direct recruitment. Clerical staff includes clerks, godown keepers, typists, stenographers, telephone operators, key punch operators etc. The number of vacancies for clerical staff and for officers are determined on the basis of branch expansion, business growth, pattern of staffing and future diversification. Government directions regarding the reservations of socially deprived classes are being complied with. However, as a result of economic reforms in 1991 and financial sector reforms in 1997, the recruitment policy has seen a drastic change. Now more emphasis is on the recruitment of officers and not on clerical staff and subordinate staff. Now the trend has changed in favour of officers so far as the composition of Human Resource is concerned. Since the stress is on enhancing productivity and efficiency, earlier designations as well as functions are witnessing a fast change. The private sector banks on the other hand
have a different composition and they are in the process of establishing all officers' branches, with no clerical staff or subordinate staff, no national level competition and no reservations whatsoever. Public sector banks and old generation private sector banks are under tremendous pressure to change the composition of human resource as well as their functions and designations. After the selection, formal induction is being provided to different levels of staff as per the needs. While subordinate staff requires only an induction programme of few days, the officers are put on probation for up to two years in public sector banks and old generation private sector banks; whereas in new generation private sector banks with no clerical or subordinate staff, officers are given a formal induction programme with some preliminary job training.

Before nationalization in 1969, training was haphazard and limited to a privileged few. As per the directions of the Reserve Bank of India, the apex institute for training and research namely the National Institute of Bank Management was set up in 1968. In the beginning of 1970, bank managements and the Government felt the pressing need for development of human resource through training. However, it was only in 1974, that the individual banks could establish their own staff training colleges. Today not only the training in being imparted to employees and officers of all cadres with the help of network of in-house training colleges but also specialized institutions like Administrative Staff College, Hyderabad, National Institute of Bank Management, Mumbai etc. However, it has been difficult to assess the impact of in-service training on the performance of bank employees as well as on the overall total performance of the bank.
The system of compensation in public sector banks is very different from private-sector and foreign banks. In public sector banks, the compensation system is such that pay-scales are given where tenure is rewarded, smaller pay differentials between employees, high basic pay, no relation with productivity and performance. In private and foreign banks there are huge pay differentials, pay is performance-linked, fewer rewards for tenure, high individual incentives, high additional benefits in the form of bonus, stock options etc.

The compensation in public sector banks is almost comparable with that of the Government. Since the salaries of RBI and SBI and Chairman and Managing Directors of other public sector banks are pegged with the Pay Commission Awards of Government employees, the clerical and subordinate staff associations as well as officers associations negotiate for narrowing the differences in salaries within the overall ceiling as set by the Government at the highest level. First the settlement is made with clerical and subordinate staff levels with the IBA and then the salaries of officers are fixed, which are sandwiched between the salary of clerical and subordinate staff on the one hand and salary of the Chairman and Managing Director on the other. Therefore, the salaries of officers are somewhat compressed as the relative increase in salary does not commensurate with the responsibilities as they move up the hierarchy.

The Government of India appointed a Committee in 1973 to standardize and regulate the services of officers, known as the Pillai Committee, which submitted its report in 1974. With modifications suggested by the Study Group of Bankers, the Pillai Committee report was adopted in 1979 and the Officers Service Regulation was
introduced. Among many other things guidelines for promotion of officers were recommended. Seven scales in four grades were suggested, i.e. Top Management (2 scales), Senior Management (2 scales), Middle Management (2 scales) and Junior Management (1 scale). Junior Management Level is concerned with the supervision at the operational level, while Middle Management is concerned partly with the operations and partly as support to senior management level, which is concerned with a particular function. Top level is the decision making level in the organization.

The promotion of subordinate staff to clerical staff and from clerical level to Junior Management level in nationalized banks take place at the discretion of the individual banks which have entered into settlements with employee organizations. Upto 25% of the vacancies at the clerical level and up to 75% of the vacancies at the Junior Management level are filled up through internal promotion.

With the economic reforms of 1991 and financial sector reforms in 1997, fast track promotions are now made at different levels through the medium of written tests, where minimum seniority is required. Promotions are now taking place at a fast rate as before, partly because the composition of workforce in public sector and private sector banks is tilted towards the clerical and subordinate staff as opposed to the officers, which is quite opposite to the composition in new-generation private sector banks and foreign banks. There is growing trend in banking industry to have majority of the human resource as officers.

The immediate thing to be considered with promotions is the performance appraisal. Though in theory performance appraisal system in public sector and old-generation private sector banks is believed to be objective, but doubts have been raised on its
objectivity. As against this, new-generation banks have a very much objective system of performance appraisal. Since, public sector organizations have a tall organizational structure which is not the case with new private sector banks.

So far as the staffing pattern in banking industry is concerned, the public sector banks and some old-generation private sector banks have permanent staff with complete job security, where in the new-generation private sector banks have a hire and fire policy and have usually a part time workforce on contractual basis.

As the system of induction, recruitment and promotion operates, it is a case of what has been termed as an internal labour market (Doeringer and Piore, 1971). Errol E D'souza (2000) observes, that the characteristics of internal labour market as it exists in public sector banks, can be identified with the following practices:-

- providing own, firm specific training;
- an attempt to adhere to the objective of making staff permanent;
- using internal promotion and job ladders;
- elaborate and systematic screening and recruitment of employee; and
- setting wages and salaries according to internal administrative procedures rather than market forces.

**Structure of the commercial banks in India**

Banks operating in India can be classified into two categories banks viz, commercial banks and co-operative banks. Within the category of commercial banks, there are two types of banks, namely scheduled commercial banks (i.e. which are listed in scheduled II of the Reserve Bank of India Act, 1934) and non-scheduled commercial
banks. Depending upon the pattern of ownership, commercial banks can be classified into three groups. These are:

1. Public sector banks which include State Bank of India, its associate banks and nationalised banks and other public sector banks,

*Fig. No.3.1 - Scheduled Banking Structure in India (as on March, 2006)*

*As included in the Second Schedule of the Reserve Bank of India Act, 1934. (Figures in brackets indicate number of banks in each group)*

Source: Indian Banking Year Book, 2006, Mumbai

2. Private sector banks, consisting of Indian private sector banks (which can be sub-divided into two i.e. banks existing prior to 1991 and the banks established after 1991) and Foreign Banks operating in India

3. Others, comprising of Regional Rural Banks and local Area Banks.
Of these, public sector banks have a country-wide network of branches and account for nearly seventy per cent of the total banking business. They have strong presence in rural and semi-urban areas. Private sector banks and foreign banks are more techno-savvy and have limited number of branches. Public sector banks sponsor RRBs and their activities are localized. Figure 3.1 above clearly explains the scheduled banking structure in India.

Profile of banks under study

After a brief overview of the history and structure of banking in India, a brief profile of the banking organizations under study needs some mention here.

State Bank of India

The exactly two-hundred years old banking organization under study has taken its lineage back to the Bank of Calcutta, Which came into existence on 2nd June, 1806. This was the first Presidency Bank, followed by the establishment of two more Presidency Banks viz Bank at Bombay (1940) and Bank at Madras (1943). The need for establishment of Central bank was continuously being felt right from the latter part of the nineteenth century and three Presidency Banks were amalgamated and the Imperial Bank of India formed in 1921.

The Imperial Bank of India was the biggest commercial bank, with its unique service to the people of the country as well as to different banks at the time of financial emergencies. The All India Credit Survey Committee, which examined the issue of credit availability at rural areas, recommended the creation of a state partnered/sponsored bank entrusted with the task of opening branches in rural areas. Consequently, the State Bank of India Act was passed in 1955 and the Imperial Bank of India was renamed as
the State Bank of India. Later, in 1959, the State Bank of India (Subsidiaries) Act was passed enabling SBI to take-over eight Princely-state-associated banks as its subsidiaries. The conversion of the Imperial Bank of India and the establishment of its associated banks accelerated the pace of extending banking facilities all over the country.

The state-owned commercial bank under study is the largest commercial bank in India in terms of assets, deposits, profits, branches and employees. The bank has a vast domestic network of 9177 branches and staff strength of 1,98,774. The bank also has a network of overseas offices spread over 30 countries covering all time ones. At the end of 2005-2006, the bank had total assets of Rs. 4,93,870 crore, global deposits of Rs. 3,80,046 crore and recorded a net profit of Rs. 4407 crore.

The bank along with its eight banking subsidiaries and six non-banking subsidiaries has emerged as the financial services supermarket offering the entire gamut of financial services including investment banking, insurance, asset management, securities trading, credit card, factoring and primary dealership in money market. All the branches of the bank are fully computerized and more than half of the business has been brought under Core Banking. The bank is changing business processes through initiatives such as strategic business units, specialized credit cells for loan processing, recruitment of agriculture officers, renewed focus on mid-corporates, greater customer orientation. State Bank of India is the only bank in India to be ranked among the top 100 banks in the world and the also among the top 20 banks in Asia in the annual survey by The Banker (U.K).
The bank has a network of 118 branches throughout the State of Jammu and Kashmir and the branches reasonably distributed throughout the State. This bank has been catering to financial needs of the State for the last almost six decades.

**Punjab National Bank**

Although the banking in India started in 1770, yet the banking facilities were very much limited to the people because of priorities in lending and the nature of the banking organizations, as these were the private banks of foreign businessmen and traders. Their motive being to earn more and more on the deposits and savings of people of India and make sure the benefits and profits accrue to the English. The need of the hour was to set up an Indian Bank for the overall benefit of the masses.

This became true when in 1894 with the setting up of an Indian bank with support from local traders and business men. This premier public sector bank was established on 12th April, 1895, with the first branch at Lahore, fully owned, managed and administered by Indians only. Established, with a small amount of authorized capital of Rs. 2,00,000 (Rupees two lac only), the bank has steadily grown into large bank with strong fundamentals. The bank is the second largest public sector bank in terms of employment, branch network, deposits and the capital. The bank has successfully merged six private sector loss-making banking organizations viz. Bhagwan Das Bank Ltd. (1940), Bharat Bank (1951), Indo commercial Bank (1961), Hindustan Commercial Bank Ltd. (1986), New Bank of India (1993) and Nedungadi Bank Ltd. (2003).

Throughout the more than one hundred years history, the bank has thought of and pioneered new concepts, encouraged innovations, reshaped management systems, took lead in the recruitment,
selection, training and promotion of employees on scientific lines and floated subsidiaries to maximize business opportunities. The bank had a total business of Rs. 1,94,312 crore, deposits of Rs. 1,19,685 crore, net profit of Rs.1,439.30 crore, branch network of more than 4500 branches the end of March 2006, 2100 CBS Branches in more than 540 cities.

The bank under study has a special position in the economic/financial history of the State of Jammu and Kashmir as it opened its first branch in the State as early as 1905, when the concept of banking was very much oblique in the State. For the last over a century now, the bank has a network of 70 branches with employee strength of 850 in the State of J&K.

The J & K Bank Ltd.

Till early twenties of the last century, the entire banking in the state of Jammu and Kashmir was performed by traditional moneylenders though some banks functioned, albeit in a limited scale such as Punjab National Bank, Grindleys Bank and Imperial Bank of India. However these banks could not grant loans as under the State laws prevailing at that time, they could not take properties as mortgage to secure loans granted by them. The economic condition of the people did not improve basically due to the reason that the private money lenders were charging exorbitant rates of interest on the loans granted by them. So, the need of the hour was to establish a bank that would be regional in character and would come to the support of people in a very big way. To overcome this, the then Maharaja of the State with some of the top bureaucrats of Industries and Commerce and Development Departments of his Government made consistent efforts right from the beginning of the year 1930 up to the 4th July, 1939, when the first branch of the Bank was opened at
Residency Road, Srinagar. The bank under study was established in the year 1938 with an authorized capital of Rs. 50 lac.

In the turmoil of 1947, the Bank received a serious setback, when two of its main branches at Muzaffarabad and Mirpur were lost to enemy, along with cash and assets. Keeping in view the decline in business the bank’s branch at Amritsar had to be closed. After the migration of people to this side, the displaced depositors filed claims and the bank had to appropriate profits of many years for meeting these obligations. Without the intervention of the Government and without the sanction of the relief of Rs. 6,00,000, the very existence of the bank would have seriously jeopardized. The bank stabilised and consolidated its position during fifties and sixties and grew steadily since seventies.

The bank as such occupies undisputedly an important position for the growth and development of the State economy with its capital base, branch network, deposits as well as advances and the employee strength as compared to other banks operating in the state. The bank enjoys a unique position in the banking industry in as much as it is the only non-nationalised bank in the country, which has been entrusted with lead bank responsibilities in four districts, convenorship of State-level Banker’s committee meeting in J&K, leadership of Customer Service Centre at Srinagar, Sponsorship of two Regional Rural Banks and last but not the least it is the only commercial bank in the country which serves as Bankers to the State Government. The Bank has 516 specialised branches devoted to business, with particular focus on serving segments, housing, SSI, corporate Borrowers and exports. The bank has an operational Debit/Credit Card base of 206719 as on 31st March, 2006. The Bank has network arrangements with Master Card International and
distributes Insurance and Mutual Fund Products of various Insurance and Asset Management companies. Most of its branches are networked and providing state-of-the-art hi-tech banking facilities. Bank is live on RTGS system of RBI.

**HDFC Bank Ltd.**

After the launch of economic programme in the year 1991, the Reserve Bank of India in the year 1994 announced the norms for establishment of Private Sector Banks in the Country to liberalise the Banking Industry. The Hindustan Development Finance Corporation was among the first few to receive the approval from the RBI. Accordingly, the Bank under study was incorporated in August 1994 and the bank commenced operations in January, 1995 as a Scheduled Commercial Bank. Within a short span of just over a decade now, the bank has reached to a total of 228 cities with a network of 531 branches and over a thousand ATMs and deposits of over Rs. 55000 crore with almost 70% advanced as loans to retail and household segments at competitive price with a customer-orientation.

The mission of the bank under study is to be a world-class Indian Bank, as it is sometimes called India’s foreign bank. The objective is to build sound customer franchises across distinct businesses so as to be the preferred provider of banking services to target retail and wholesale customer segments and to achieve healthy growth in profitability, consistent with Bank’s risk appetite. The bank is committed to maintain the highest level of ethical standards, professional integrity, corporate governance and regulatory compliance. The Bank's business philosophy is based on four core value— Operational Excellence, Customer Focus, Product Leadership and the People.