CHAPTER – III

HUMAN RESOURCE MANAGEMENT
IN URBAN CO-OPERATIVE BANKS
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**HUMAN RESOURCE MANAGEMENT IN URBAN CO-OPERATIVE BANKS**

<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.1</td>
<td>Introduction of human resource management.</td>
<td>149</td>
</tr>
<tr>
<td>3.2</td>
<td>Significance of human resource management in co-operative banking.</td>
<td>149</td>
</tr>
<tr>
<td>3.3</td>
<td>Organisational set up of human resource department.</td>
<td>152</td>
</tr>
<tr>
<td>3.4</td>
<td>Personnel policies in urban co-operative banks.</td>
<td>153</td>
</tr>
<tr>
<td>3.5</td>
<td>Recruitment and selection.</td>
<td>157</td>
</tr>
<tr>
<td>3.6</td>
<td>Promotions.</td>
<td>157</td>
</tr>
<tr>
<td>3.7</td>
<td>Performance appraisal.</td>
<td>157</td>
</tr>
<tr>
<td>3.8</td>
<td>Transfers.</td>
<td>158</td>
</tr>
<tr>
<td>3.9</td>
<td>Wages and salaries.</td>
<td>158</td>
</tr>
<tr>
<td>3.10</td>
<td>Motivation.</td>
<td>158</td>
</tr>
<tr>
<td>3.11</td>
<td>Human resource development in co-operative banks.</td>
<td>159</td>
</tr>
<tr>
<td></td>
<td>3.11.1 Training of bank employees.</td>
<td>159</td>
</tr>
</tbody>
</table>
3.1 **Introduction of human resource management**

Human resource management is a pervasive term, which includes the management of personnel, development of personnel, and retention of personnel. Human resource management is required everywhere and it is omnipresent.

3.2 **Significance of human resource management in co-operative banking**

Co-operative principle is based on higher-level human values. A co-operative organisation is a voluntary and democratic form of organisation.

A personnel is the main factor that affects the performance of co-operative organisations. Unfortunately in co-operatives not much attention is paid to personnel.

Personnel management provides definite policies about recruitment, selection, training, grievances handling etc. regarding the personnel. It is the employer-employee relations which if not handled properly, leads to strikes.

One of the greatest challenges before co-operative banks is to manage the motivation of workers properly. The traditional pattern of motivation, which was largely found on the economic rewards, has failed to deliver the expected results. The complexities arising out of labour welfare approach, growth of unions, rising standard of living, better educational background and awareness have raised the expectation level of the employees. Thus personnel management has a great role to play in co-operative banks.
Co-operative banks have their own characteristics, which differ from other business enterprises. The elected directors may not necessarily be well educated persons. Personnel management must therefore play a vital role in assisting management to frame policies relating to personnel, without affecting co-operative character in such a way, that both the organisation and its employees can get maximum benefits.

Technology and organizational behaviour affect the personnel in co-operative banks in a significant way.

It therefore demands highly qualified personnel managers who have specialised knowledge in the subjects of behavioral sciences to handle the personnel in co-operative banks. Co-operative banks in Maharashtra are rendering services and facilities to the masses. Small organisation cannot afford to adopt the specialised services but there has to be some central level organisation, which should undertake the task of manpower planning centrally and try to implement that; so that the individual unit can get the services of competent people.

The State Government also facilitates the managerial services to the co-operatives by sending Government officials to different banks. The co-operative societies have to appoint key personnel of co-operative banks to formulate the norms for manpower requirement and service conditions for the employees of various categories of personnel but encouraging results have not been achieved so far.

Co-operative banks are not providing scientific base for manpower planning, job analysis, recruitment, selection, performance appraisal and redressal.
Co-operative banks have full autonomy to prepare their Human Resource Development policies. If any problem arises, the state co-operative department has a right to interfere in such cases.

Reserve Bank of India can issue guidelines regarding banking practices or rules and regulations about lending, borrowings etc. Reserve Bank of India has no jurisdiction in the internal matters of co-operative banks.

In the co-operative banks the personnel management has threefold objectives of:-

1. Maintaining good relationship within the organisation
2. Motivating the individual employees to contribute their best to the organisation
3. To take steps for the welfare of their employees.

It is not compulsory and affordable to appoint a personnel manager for every co-operative bank. The appointment of separate personnel manager is done whenever the size of the bank is very large. A survey was conducted during the research work on a sample size of ten banks. Out of these Rupee Co-operative Bank Limited, Cosmos Co-operative Bank Limited, Shri Suvarna Sahakari Bank Limited, Bhagini Nivedita Sahakari Bank Limited, Janata Sahakari Bank Ltd, Janseva Sahakari Bank Limited, Pune District Central Co-operative Bank Limited had appointed the personnel manager or public relation officer to perform the personnel function but in other three banks namely Rajarshi Shahu Sahakari Bank Limited, Mahesh Sahakari Bank Limited, Vishweshwar Sahakari Bank Limited any person from administration looks after the personnel functions.

The appointment of the personnel Manager is not legally obligatory. There is no specific rule or law for appointment of personnel manager. This is
purely an internal matter, which is decided by the respective management of the co-operative bank.

### 3.3 Organisational set up of human resource department

It is been observed that the organisational set up of human resources department differs form bank to bank.

The conventional format is:

- Board of Directors.
  - Managing Director.
  - General Manager
  - Deputy General Manager
  - Manager (Personnel and Staff Training)
  - Chief Personnel Officer
  - 1st Grade Personnel Officer (Personnel, salary and allowances, leave, staff training, staff loan, inward and outward etc)
  - IIrd Grade Personnel Officer (Personnel staff, training Inward and outward)
  - IIrd Grade Personnel Officer (Salary all allowances, leave staff loan)
3.4 Personnel policies in urban co-operative banks

The urban co-operative banks are autonomous in structure with respect to the internal management of the banks. They are registered under the respective co-operative Act of the state. In Maharashtra, urban co-operative banks are registered under the Maharashtra Co-operative Societies Act 1960.

Unlike nationalised banks that have a wide network of branches spread all over India, the branches of urban co-operative banks are limited in number. They are established in the areas under the influence of the members of board of directors.

The branches are mostly concentrated at semi-urban, urban and metropolitan centers for financing trade and business.

Since there is a direct competition posed by commercial and nationalised banks, the situation puts restrictions on the expansion of the urban cooperative banks. The directors are also not very enthusiastic to go out of its area of influence.

Co-operative institutions enjoy autonomy in personnel policy formation. Reserve Bank of India, National Bank for agriculture and rural development (NABARD) and even Apex Bank cannot interfere in such matters.

Almost all the personnel decisions in urban co-operative banks are based on the technique of collective bargaining. The agreement includes the policies regarding pay scales and other service conditions of the employees, and is governed by the provisions of Bombay Industrial Relations Act 1946.
The detail discussions take place between the employee representatives and the management representatives, about the matters like the pay scales and allowances, medical allowances, special travel concession, closing allowance, uniform allowance, family planning benefits, bonus, ex-gratia and rules regarding staff traveling allowance and dearness allowance, leave rules, code of conduct and policies regarding staff welfare scheme, recruitment and promotion, transfer loan and staffing pattern etc. The detail provisions relating to these matters are enumerated in agreements of the banks, which is the result of discussion between management and recognised union.

Thus different banks have different agreements in operation. There are no uniform rules regarding recruitments, transfers, promotions etc. in all the banks.

The terms and conditions of the bilateral agreement are revised or modified every three years.

However some common elements can be observed in the agreements of different co-operative banks, which are discussed hereunder.

**Non-monetary incentives**

1. The employees get fixed dearness allowance, ranging from 100 to 250 percent of basic pay. There is variable dearness allowance, which varies with respect to the consumer price index (CPI) and varies from bank to bank.

2. All banks give house rent allowance @10 per cent and above. The house rent allowance can be a category-based fixed amount. The pattern changes from bank to bank.
3. All banks pay conveyance allowance and the amount varies from Rs.300/- to Rs.2,300/-, based on the category of the employee.

4. Washing allowance is given to those who wear uniforms (e.g. peons). Some banks where all employees have to wear uniforms also give washing allowance to all.

5. Telephone bill reimbursement facility is given to managers & above.

6. Medical allowance varies from Rs.1,800/- to Rs.13,000/- depending upon the grade of employee. Normally it is subject to production of medical bills.

7. Leave travel allowance varies according to the categories of employees and is different for different co-operative banks. There is no uniformity regarding this factor. The amount depends upon the grade and designation of employee. Usually the leave travel allowance ranges between Rs. 1,200/- to Rs.75,000/-. For e.g. In Rajarshi Shahu Sahakari Bank Limited, the leave travel allowance is given as follows: -

The leave travel allowance is paid to all employees of the bank in accordance to the grade. The employees are supposed to take minimum five days of earned leave continuously to avail this facility. This allowance is given along with the salary of April, pay in May. Those employees, who do not want to avail the facility every year, can avail the facility once in a block of four years.
Leave travel allowance is given as under-

<table>
<thead>
<tr>
<th>Grade</th>
<th>Amount Rs. (per annual)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chief Operating Officer</td>
<td>Rs. 6,500/-</td>
</tr>
<tr>
<td>Branch Manager</td>
<td>Rs. 4,500/-</td>
</tr>
<tr>
<td>Accountant/sub-accountant</td>
<td>Rs. 3,500/-</td>
</tr>
<tr>
<td>Clerk</td>
<td>Rs. 2,500/-</td>
</tr>
<tr>
<td>Peon</td>
<td>Rs. 1,500/-</td>
</tr>
</tbody>
</table>

Table 3.1 Grade-wise amount of leave travel allowance/assistance

8. Officiating allowance - If an employee works temporarily (for more than 15 days) on a senior position in the absence of that senior person, he/she is given officiating allowance.

9. Each employee gets earned leave up to 30 to 45 days. Employees also get privilege leave, casual leave, sick leave etc according to the policy of the bank.

10. Tea and food allowance - It ranges from Rs.150/- and above in case the employee is not provided tea at the work place. Food allowance is given in case of extra workload.

11. Closing allowance - Employees who have to work overtime at the time of half-yearly and yearly closing time are given closing allowance, which is equivalent to basic pay.

12. Loans - Loans are given at concessional rate of interest (from 6 to 8%) and the amount of loan varies from 3 to 5 lakhs depending on the category of the employee.
3.5 Recruitment and selection

There are three categories for recruitment & Selection:

1) Peon
2) Clerk
3) Manager

Recruitment consists of two parts. Generally 50% recruitment takes place by way of internal promotions and 50% by way of direct external sources. It is regularised in the agreement.

The basic qualification for peons is 10th standard passed while for clerks, the basic qualification is graduation and for managers it is graduation plus special qualifications as prescribed by National Institute of Bank Management. The manpower is finalised in consultation with representatives of the union.

3.6 Promotions

Promotions are based on performance appraisals; score in written examinations and interviews. Banks form committees to deal with matters related to promotion. These committees also include a representative from the union. Now a days all banks insist on computer literacy as an essential requirement for promotions. Some banks give stipend to employees to learn computer skills.

3.7 Performance appraisal

The performance appraisal system consists of –

1) Qualifications.
2) Work knowledge.
3) Efficiency (fast disposal of work).
4) Initiative.
5) Total behaviour with an emphasis on teamwork.
6) Leadership qualities and creativity (for higher posts).

There is an emphasis on the evaluation of the ability to make external independent correspondence for the rank of an officer and above.

3.8 Transfers
Transfers can be easily carried out within the city. Extra allowances are given to the employees who are transferred outside Pune. Normally employees are transferred from one branch to another branch after every three years.

The female employees are given special concession to join the branch, which is near to their place of residence, during the period of pregnancy. This facility is available to the male employee if he is suffering from some serious disease. (Certificate from the civil surgeon has to be provided)

It has been observed that an employee generally is rotated on equivalent posts.

3.9 Wages and salaries
Normally wages are paid on the first day of each month and the amount is credited to the employees' account. Wage scale varies bankwise. The wage revision is made after every three years in consultation with trade union.

3.10 Motivations
There is now an awareness that the banking service sector is emerging as a dominant sector in the economy and customers have become selective in their approach.
The co-operative banks have the role models of private banks such as ICICI Bank, HDFC Bank, which offer personalised service with twelve hours banking and seven days a week. This has created awareness among the cooperative banks.

It has been observed that general motivational level is low. There is a sort of fear psychosis in the minds of employees that deters good performance.

Most of the co-operative banks are politically oriented and run by directors who are affiliated to political persons. The policies of parent political body have definite impact on working of employees. The directors are not much concerned about the problems of the employees. The employees experience a feeling of insecurity regarding their employment.

3.11 Human resource development in co-operative banks-

3.11.1 Training of Bank Employees

In the era of globalisation and competition it is very essential to give training to co-operative bank employees. If proper training is given to bank employees, profit of the banks can be increased. Every bank's progress depends upon the intelligence and merit of bank employees. Bank training programme is very much essential for the development of every bank.

A co-operative bank has a large customer base than a commercial bank due to two main reasons. The first is that the co-operative banks usually give higher interest rate on the deposits than the commercial banks and the second is that there is a bond of belonging between customers and co-operative banks. It is necessary for the co-operative banks to treat the customers with proper care. This can be possible only by providing training, to the bank employees. Training can be given from top management to lower level management. If such training is given at the
beginning when a person joins the bank organisation he will be successful in his job and the training will be effective.

Nationalised banks have their own training centers for example State Bank of India, Central Bank of India, Canara Bank etc. But as far as the co-operative banks are concerned they do not have any such special training centre of their own. They outsource the training function to the organisations that specialise in this area.

Following are the Institutions that provide training to co-operative banks employees-
1. College of Agriculture Banking, (Reserve Bank of India) Pune.
3. Dr. V. V. Patil Institute of Co-operative Management Erandwane, Pune.
4. Co-operative Training Department B. J. Medical College Road Pune.
5. Maharashtra State Co-operative Department Pune.

These departments give trainings on different subjects like co-operative movement, co-operative laws, banking profession etc.

It is suggested that co-operative banks should develop their own training department. This will provide solution to each specific problem of that particular bank. Every bank can develop its own training programme suitable to its own requirement. The problem of absenteeism, for attending the training can be solved, as everybody has to attend the training programme, if that bank has its own department of training.
The contents of the training programmes should include the recent trends in banking field. It should take into consideration bank’s goal and objective. The training should be practical and not bookish.

It is expected that the employees must take interest in training and take lot of efforts on training. They must be able to solve their difficulties with the help of top management through trainings.

Many times it is observed that some of the co-operative banks do not send the trainees, for training programme. This approach of co-operative bank has to be changed and maximum attention should be paid to the training needs in order to develop their human resource.

Because of liberalisation, globalisation and privatisation the awareness is being created in co-operative banks regarding the importance of training. They are now starting different schemes for training but it is still in a developmental stage. Still many milestones are to be achieved.