Opportunity for advancement is considered to be fundamental to any progressive organisation and also for the function of personnel development. A person has little incentive toward self development if she or he has no opportunity for advancement. Advancement within an organisation is ordinarily labelled as "promotion". A promotion involves a change from one job to another that is better in terms of status and responsibility.

8.1 DEFINITION

Promotion is an upward mobility of an individual in an organisation's hierarchy, accompanied by increased responsibilities, enhanced status, and usually with increased income, though not always so. On being promoted, the promotee's duties and responsibilities increase, and the higher one goes in an organisation the greater the implications of the individual's decisions on the viability of the enterprise. The National Commission on Labour defined promotion as follows: "Promotion means movement of a worker to a position of higher responsibility and the consequential improvement in his emoluments. It is a reward for his hard work and an incentive to give of his best to the employer, it also serves to maintain the requisite morale among workers. Promotion provides a stimulus to the employee to cultivate the qualities that are necessary for advancing in life".
The personnel function that seeks to reconcile individual career plans and needs with organisational needs is known as career planning, or career management. Career planning includes: (1) assessment of employee abilities and potential; (2) determination of logical paths of progression between jobs; and (3) efforts to channel individual career interests in directions compatible with an organisation's future human resource needs.

8.2 WHY PROMOTION?

Many of today's workers have high expectations about their jobs. An individual with managerial possibilities joins an industrial organisation not for a job but for a career. An ambitious mind can never remain stagnant and the growing family can never sustain itself on an inadequate income. Moreover, career planning reduces turnover and ensures the retention of good people. Most of the people feel more secure, and identify their long term interests with those of the company if they expect a good career in the company itself.

The organisation's main concern relating to career planning is to assure the development of competent replacements for outgoing employees, especially at the middle and upper levels of management. By developing employees for future positions, an organisation is assured a supply of qualified, committed employees to fill higher-level positions becoming vacant. In addition, a career planning strategy enables organisations to develop and place employees in positions compatible with their individual career interests, needs and goals. This promotes employee
satisfaction and optimal use of employee abilities.

The following reasons for promoting employees have been
mentioned by many business executives:6

(1) Promotion is the stepping up of an employee to a position
in which he can render greater service to the company and derive
increased personal satisfaction and income from his work.

(2) The knowledge that deserved promotions are being made
increases the interest of other employees in the company.

(3) Such knowledge causes other employees to believe that
their turns will come next, and so they remain with the company
and reduce the labour turnover.

(4) It creates a feeling of content with the present con-
ditions and encourages ambition to succeed within the company.

(5) It increases interest in training and in self-development
as necessary preparation for promotion.

(6) Promotions from within the company are not so apt to be
mistakes as are selections from without.

8.3 PROMOTION POLICY

A corporate policy on promotion helps to state formally the organi-
sation's broad objectives, and to formulate both the organisation's
manpower and individual career plans. One of the first require-
ments of a promotion policy is a statement of the ratio of inter-
nal promotions to external recruitment at each level, the method
and procedure of selection (trade test, interview) and the qualifi-
cations desired. The second exercise is to identify the network
of related jobs and the promotional channels of each job, taking
into account job relatedness, opportunities to interact with higher
placed executives to foster job learning and the qualifications - both academic and work experience - required.7

Every organisation should have some type of formal and systematic promotion programme. There are two basic essentials to such a programme. First, clear paths of advancement must be charted through the organisation. Dead-end jobs should be labelled, and the path upward well marked. The second essential is that a definite system should be established for the identification and selection of the particular people who are to be advanced. This involves not only the establishment of the means for obtaining and recording data about individuals, but also a policy decision concerning the bases of selection for promotion. The latter question must certainly involve consideration of the old controversy of merit or performance versus seniority.8

Job analysis provides the fundamental information required to chart the lines of promotion within an organisation. A careful analysis of the duties of the lower job indicates the adequacy of preparation for higher jobs. Analysis of job duties generally leads to the discovery of multiple lines of promotion to several jobs in different areas. Some jobs may well be dead ends, and a person hired for this type of job should be informed of its nature.9

Trade unions frequently demand and get a say in promotions. But industrial courts have hitherto held that promotion is a management function, though they interfere in promotion which involved transfer to another unit/branch/location if disputed as a case of victimisation.10

8.4 BASES OF PROMOTION

Organisations which have a stock of promotional talent spread over
several departments, require a systematic approach to promotion as the talent must be identified even if it is available in a department where it is not needed. One systematic approach to this problem is to have a job description for every position within the organisation outlining in detail the duties and responsibilities of the incumbent as well as educational background and experience required of him. Such a job or position requirement can be used as a parameter for a search by the personnel specialists through the files of the employees within the organisation to ascertain the individuals who fit such parameters and are thus fit for promotion. Promotion decisions involve assessment of skills and abilities and such assessment is called for whenever there is a fundamental change in the skills required for the position to which promotions are contemplated. A formal promotion system would try to use objective evaluation of the responsibilities of a position and an appraisal of the individual’s capabilities in terms of potential performance.

Though programmes differ, four distinct elements of career planning programmes emerge. They include (1) individual assessments of abilities, interests, career needs, and goals; (2) organisational assessments of employee abilities and potential (3) communication of information concerning career options and opportunities with the organisations, and (4) career counselling to set realistic goals and plan for their attainment.

Organisations have adopted a variety of criteria for promoting employees, depending to a large extent on the company culture. Each criteria has its own advantages and disadvantages. The two
formal bases on which a decision can be made concerning promotion are (1) seniority and (2) merit.

8.4.1 Seniority
Distinguishing persons on the basis of seniority is as old as civilization itself. Seniority is defined as the length of recognized service in an organization. Unless one believes that seniority and merit are always present in equal degree in the same person, there is likely to be a conflict between these factors, particularly when we attempt to establish the basis for promotion. The seniority promotion plan is universally accepted from time immemorial. The oldest son succeeded his father as chief, king, emperor, lord of the estate and as inheritor of the wealth and the power of his father. Seniority provides certainty and dependability. It reduces rivalry and struggle. Utilization of seniority in making various employment decisions has a number of advantages the most outstanding being that it is an objective means of distinguishing among personnel. The measurement is exact. It is also contended that the measurement is simple. In the realm of human relations, seniority has the value of being accepted by employees.

All seniority-based promotions are automatic in nature. What happens in the case of such automatic promotions is that merely by the qualification of having spent a certain number of years in the organization, one becomes eligible to be promoted. One disadvantage with all types of automatic promotions is that an aspirant for promotion has always to go on waiting in queue for promotions. Smarter guys especially the better qualified and ambitious ones among the employees often get fed up waiting for their turn to come for pro—
motions. Employees' organisations traditionally have the tendency to be votaries of the creed of such automatic promotions. There are several reasons against the use of seniority, particularly when it becomes the sole base for decision making. In the first place, seniority often ignores merit or ability. The job must be done if the organisation is to accomplish its objective. Length of service will not do it, and there is no guarantee that the experience indicated by seniority will produce ability. The concept of seniority was really evolved as an escape from the painful process of assessment of merit. In the case of manual workmen, it would be safe to consider seniority as the major criterion for effecting promotion. In modern business, however, seniority is quite inadequate as a universal promotional system. It survives merely because no better system has been developed that has won public confidence.

A study conducted by Varde showed that rural branches operating at an unusually low volume were generally headed by branch managers over 40 years of age. He observed that this is an obvious result of promotions strictly by seniority.

8.4.2 Merit

From a scientific management view point, promotion should be used to place on a job, the employee who is most productive and competent to do the job. Promotion systems necessitate a two fold balance between the choice of the individual most suited to fulfil the job role and thus contribute effectively to the organisation's mission, and individual aspirations for promotional opportunities which need to be satisfied. Management personnel generally prefer merit as
determined by job performance and by analysis of employee potential for development. The argument for merit has little foundation unless conscientious and systematic attempts are undertaken to measure merit.  

Large numbers of people distrust the management's integrity to promote on merit. There is also the question of the ability of some supervisors to recognize merit. The notorious lack of reliability in determining merit criteria objectively is the main obstacle to its becoming the sole basis for promotion. As suggested by Devasthali, promotions must be purely on merit, decided not by the immediate superior alone, who may have favours and prejudices, but by some well defined objective criteria which would inspire confidence amongst the employees as a fair and judicious deal warranting adequate recognition of their capabilities.

The Working Group on Customer Service in Banks recommended that promotion policies of banks should take into account performance of employees in the field of customer service - lapses and errors committed, complaints received and good work done, all should have due weightage. The Pillai Committee suggested: 'a programme of career development must be based on the discovery and development of talent, and opportunities for the meritorious to reach the levels by dint of sheer ability and efficiency'.

3.4.3 Merit-cum-Seniority

It has been generally accepted as a principle that promotion should be strictly on the basis of merit. But in practice, it has been found difficult to measure merit, and promotions by and large, have
been taking place on the basis of seniority. In some cases where promotions have taken place on the basis of merit, there has been some sort of a suspicion among the employees with regard to the objective assessment made. In any case it is true that a greater part of the employees prefer the seniority basis to the merit criterion, and this is quite understandable as the really meritorious would form only 10 percent or less of the total employees in a given category. Where trade unions exist, the trend is towards giving more weight to seniority in promotions. Trade unions tend to argue in favour of seniority because they think in terms of their membership as a whole, and are constantly suspicious of favouritism.

In practice, a compromise solution is often adopted which can be termed merit-cum-seniority method. This however, does not solve the problem and might actually complicate it by having to balance the conflicting claims of merit and seniority. A suitable system would perhaps be to provide minimum performance standards. Where such standards are achieved, promotion should be based on seniority. However, in case of persons who have shown substantially higher performance and aptitude, they should be promoted earlier. In this way, the stress on increased productivity is not reduced.

Many compromises have been worked out in practice between the extremes of pure seniority and pure merit, one of which can be phrased, "when ability is substantially equal, seniority will govern". (This compromise is weighted in favour of ability). A second type of compromise is written more in favour of seniority.
This would be an agreement that the senior person able to do the job should be assigned to it. It is possible to have a spectrum of criteria on a continuum on which promotional decisions can be based, ranging from merit and ability systems to length of service. Several other criteria could be formed by mixing the two with varying weightages:

1. Merit and ability
2. Ability and seniority
3. Seniority and ability
4. Minimum length of service
5. Seniority except for incompetents

The National Commission on Labour recommended that seniority-cum-merit should be the basis of promotions where merit can be objectively tested.

8.4.4. Assessment of Merit

Merit is understood differently by different people and this has been one of the reasons why a merit-based promotion system has been slow to develop. In one sense, merit can be said to consist of three components. These are (a) Knowledge (b) Performance and (c) Potential. The content of knowledge would naturally vary from level to level.

Organisations have several sources of information for making assessment of employee abilities and potential. First is selection information including ability tests, interest inventories and biographical information such as education and work experience. Second
is current job history information, including performance appraisal information, records of promotions and promotion recommendations, salary increases and participation in various training and development programmes. The personnel record, or qualification card, in some form is a necessary part of any organised procedure to promote on merit in a large enterprise. The qualification card is a condensation of the important facts pertaining to the capacities, experiences and interests of each worker.

A special promotion test is the most widely used source of information for assessing the merit of the aspirants. The assumption is that there is a correlation between the score of the employee in written test and his abilities. In evolving purely 'objective' promotion systems based mostly on written examination, organisations virtually delink promotions from performance. Promotions should be based not only on what an employee 'knows' but also on what he 'does'. In many cases the subjective element in judgement has been eliminated from the process to such an extent that even the worst trouble monger can get promoted by passing the test. One who knows the principles does not necessarily qualify for a managerial position. Execution and administration of policies based on economic principles involves personal traits and qualifications on which the success or failure of an organisation will largely depend.

The ideal test would be one which would look for knowledge which the employee ought to have acquired through application of normal diligence and enquiry in his day to day working and not an abstract knowledge which would be gleaned through resort to
books and guides. The Pillai Committee (1974) suggested that it would be desirable to set uniform standards for promotion to the officers grade in respect of qualifications, experience and promotion tests, so that the quality of the promoted officers may be broadly comparable with that of the direct recruits.

8.4.5 Other Criteria
Organisations have traditionally relied on performance appraisal data as the primary basis for assessing employee potential. The use of performance appraisal data to assess employee potential assumes that past performance is a good predictor of future performance in a different capacity. This assumption can be faulty for a number of reasons. Efficiency in the present job does not necessarily predict ability to do well in a job with greater responsibility. Nor does inefficiency in the present job necessarily preclude ability to function effectively at a higher level. Hence, it is insufficient that a candidate was good in his present job. It is important to assess his suitability for the job for which he is recommended. A careful "Potential Appraisal" should be made of all employees, following which individuals with managerial potential should be chosen for training and development as junior managers. By potential we mean the characteristics, abilities and skills that are considered relevant for the positions to which promotions are contemplated.

Nepotism in promotions to higher managerial positions was all too frequent in early years. It may be argued that this is relatively "costless" in an industrially underdeveloped economy, where managerial skills are scarce and sons and relatives of the
wealthy get most of the advanced training.\textsuperscript{42}

Vaghul suggested that promotion decisions should be based not merely on the achievement or non-achievement of the results, but also the efforts put in by the employee. Age, educational qualifications and professional qualifications are some other criteria which are commonly employed in the context of promotions. According to Vaghul, age is relevant, if at all only at the entry point in the senior management positions, and promotions to first level senior management positions beyond an age of 55 years may not be really functional.\textsuperscript{44} He suggests that one of the functions of the promotion policy would be to ensure that a substantial number of executives of the desired age group reach the senior management positions sufficiently early so that a wider choice is available for the selection of the top management personnel.\textsuperscript{45}

Regarding weightage for educational qualifications it was observed: "We believe that educational qualifications should really have no weightage either in promotion decisions or in the constitution of the eligibility group of employees. We are aware that there is a practice amongst several banks to have two streams of promotions from the clerical cadre - one for graduates and post-graduates and the other for matriculates. For the former group the minimum length of service is normally lowered. While there is no doubt about some merit in this distinction for promotion from clerical to supervisory cadre, strictly speaking the assessment procedures for both the categories ought to be common. In regard to professional qualifications like CAIIB examinations
the decision to adopt this as an eligibility criterion would depend mainly on the organisations' assessment of the relevance of these examinations to the needs of the bank". 46

A pattern that has been followed in some organisations, is to have a promotion committee which is the final selecting body. The committee prepares the final list on a basis which assigns weightages to various segments, for instance, seniority, written tests, trade tests, warning notes, leave/absenteeism records, disciplinary charges and so on. 47

8.4.6 Accelerated Promotions
Each person has qualities, desires and experiences peculiar to him or her. It may be that some qualities and experience qualify one for promotion outside normal channels. 48 Sonalkar 49 suggested that while accelerated promotions should be given to those who do well, normal promotions should not become routine. According to him, promotions should come early in one's career before physical and mental inertia gets firmly entrenched.

The Committee on Functioning of Public Sector Banks (1978) 50 also favour accelerated promotions. They say in their report:

"The unions must agree to the induction of efficiency bar every four/five years in the 20 years grade to filter out the inferior workers and accept the principle of accelerated promotion for good work, and stagnation in promotion for bad work within each grade of four/five years". The Pillai Committee (1974) recommended that the pay structure should provide for accelerated promotions for the meritorious by reserving at least 25 percent of the vacancies
in the higher grades for it. It also suggested that it would be desirable to lay down norms and procedures for selection of officers for accelerated promotions at different levels.51

8.5 THE PROBLEM OF UNPROMOTED EMPLOYEES

No discussion on promotion system would be complete without a discussion on the problem of unpromoted employees. The 'vacancy' approach to promotions which has become part of the management philosophy may not always satisfy the important individual need of growth and development. Some employees will not get promotion due to lack of available positions. In such cases, where employees perform adequately in their present jobs, wage increments should be forthcoming annually. In other words, promotion should not be the only means of a wage rise for an employee in a pyramid type of organisation. This problem is not so acute in a flat organisation which has a larger number of levels below that of the chief executive to which promotion is possible.52

Under a system of promotion giving weightage for merit, very often some employees are not promoted due to their not reaching the required standard. If the promotion system is seen not as a process of elimination but as one facilitating career growth through achieving the desired level of performance and acquisition of certain standards of potential, there is a chance that non promotion would be viewed as a challenge to the individual to sharpen his efforts to reach the desired standards. Such a process may be made possible through feedback of the evaluation of the employee supported by appropriate counselling and training.53
8.6 PROMOTION SYSTEM IN INDIAN BANKS

Vaghul describes the present promotion system in Indian commercial banks as the result of a development in three phases: The first phase was typical of organisations of small size. Promotions were made on the basis of the recommendations of the superiors, and in view of the small size of the organisations there was fairly intimate knowledge not only of the superiors who made the recommendations but also the persons who were recommended. Promotion decisions thus posed no major problems to the managements. The second phase is the period of growth in size of the organisations bringing in several problems. One was the growth in promotion opportunities and consequently greater expectations from employees. Secondly, the intimate knowledge of supervisors and employees was lost and the management was hard-put to assign relative weightages to the various recommendations. Thirdly, the emergence of unions and their demand for a promotion policy exerted pressures on the management for moving away from adhocism to formulation of some systems. The systems that got developed due to these pressures fell into three broad streams: (1) based purely on seniority (2) based on an assessment of merit through written examination and interview and (3) a combination of these two systems. In the third phase, as the organisations became larger in size, there was a growing realization that weightage for service record may not be objective from the employees' point of view. Gradually, there developed a system under which the weightage for service record was given up.
Promotions are a major attraction in bank jobs. The unprecedented growth of banks in the recent past has in its wake brought about a spate of promotional chances to its employees in all cadres. A career in banking is considered quite lucrative these days. It was not so in the past. Years back people joined banks as clerks or cashiers only when they could not secure similar jobs elsewhere. Many of them left bank jobs to take up appointment as clerks or typists in government departments and other similar organisations. Over the years when they came rot as upper division clerks or head clerks in government or other offices, their counterparts in banks went on climbing the rungs to occupy managerial and executive positions. The promotion system existing in the Indian commercial banks in early seventies was described by Aggarwal, thus: "The criterion generally followed by banks for promotion from one grade to another was seniority-cum-merit and the weightage in favour of merit increased as the officer moved up the ladder. A few banks had prescribed written tests followed by interview for promoting staff from clerical to junior officer cadre but in a number of banks the selection for promotion was made only through interview by staff committees consisting of senior executives or on the basis of their performance as appraised by their superiors. Some banks had a system of rewarding extraordinary performance of the staff by awarding cash prizes, granting special increments and effecting accelerated promotions. As, however, staff unions resented the system of accelerated promotions, some of these banks had to discontinue this system." Sastry award describes the promotion
practice prevailing in the Imperial Bank of India in early fifties, as follows: "Ordinarily persons who have not shown aptitude for work of higher type and responsibility before attaining the age of 35 are not generally considered for such posts. The practice is said to be based upon the experience of the bank that if an employee after about 15 years service has not shown aptitude for a higher type of work even by the time he reaches the age of 35, it is unlikely that he would show fitness for such work after attaining the said age". The Award describes the general position thus:58 "We find that in actual practice a large number of the present officers of the banks except perhaps in the case of Exchange Banks are persons who had been promoted from the clerical cadre. In this connection our attention was invited to the fact that no less than 1,004 out of 1,165 officers working in the Central Bank of India Ltd. are persons who started their career as clerks". It also expressed the hope that 'the Exchange Banks also will in their own interests as well as those of their employees provide wider opportunities for promotion of the senior clerks to responsible posts'.

A study by Vaghul in 197559 showed that 'for the higher levels in management, promotions are made by banks on the basis of service record. However, in view of the strong limitations of the reporting system, seniority becomes the predominant consideration for promotion decisions at these levels and deviations from seniority are more an exception than the rule. This tendency to rely on seniority becomes more and more pronounced as one moves up higher in the hierarchy'.
8.7 RECOMMENDATIONS OF COMMISSIONS AND COMMITTEES

It would be appropriate to go through the observations/recommendations of various bodies regarding promotion of personnel.

(1) Sastry Award (1953) 60 "We do not think that any hard and fast rules can be laid down in connection with promotions. We are definitely opposed to the suggestion that employees' unions should be consulted in connection with promotions. It cannot be supported on principle. We do not think that such consultation is likely to be helpful either. While there is no doubt that seniority in service should be one of the most important factors to be taken into account for the purpose, we are unable to agree that more length of service alone irrespective of efficiency, educational qualifications, character and nature of responsibility required in connection with the vacancies to be filled in should be the sole or even the main criterion for promotion. Promotion is certainly not a matter which could be made automatic and a good deal of discretion by its very nature must rest with the management in this connection. It is not only difficult but very undesirable to lay down any one single principle for the exercise of this discretion. In our opinion, there must be cases of employees in the banking industry as elsewhere in which efficiency of some employees does not necessarily improve with mere length of service. Nor do all employees in all cases show capacity for work involving higher responsibilities. The apprehension of the employees underlying the demand for length of service to be the sole governing factor for promotion may be due to apprehensions of nepotism and victimi-
sation of employees who take active interest in the trade union movement. We further direct that in the case of employees who are not found fit for promotion, the decision should be born out by service records of the employees and that when a person senior in service is superseded it should be for good and cogent reasons. We recommend that such an employee should have the right to appeal to the General Manager or the Managing Director who should consider the appeal with an open mind and revise the decision if necessary, and that such appeal should not be treated as an act of indiscipline on the part of the employee by the officer under whom he may be working. Regarding promotion of subordinate staff to clerical cadre, the Award recommended that 'such members of the subordinate staff who are sufficiently literate and intelligent should be considered for promotion to clerical grade'.

The Sen Award had prescribed the passing of matriculation or an examination equivalent to it as the minimum qualification for promotion to appointments in the lower clerical cadre. (2) The Tripartite Committee for Non-award Banks, Kerala State (1958): While there is no doubt that seniority in service should be one of the most important factors to be taken into account for the purpose of promotion, it should not be taken for granted that mere length of service alone irrespective of efficiency, educational qualifications, character and nature of responsibility required in connection with the vacancies to be filled in should be the sole or even the main criterion for promotion. (3) The National Commission on labour (1969): "As a general rule we recommend that in the lower rungs particularly among the operative and clerical cate-
gories, seniority should be the basis for promotion. In respect of middle management technical, supervisory and administrative personnel, seniority-cum-merit should be the criterion. For higher, managerial, technical and administrative positions, merit alone should be the guiding factor". (4) The Banking Commission (1972): "Once an employee has either been selected or promoted as a junior officer, he may be allowed to reach the middle management level, without further screening, on the basis of seniority-cum-ability. Every person however, comes to a stage in his career when he has reached the top of his curve of usefulness as an executive and, therefore, there should be a selection grade for posts carrying senior executive responsibility". The Commission suggested the following procedure for promotion of clerical staff as junior officers: 'For filling in the posts of junior officers reserved for internal promotions, a qualifying examination should be conducted at various centres by a National Banking Service Commission, for national banks. As regards banks in the private sector, they may either hold their own examinations or make an arrangement with the Commission in this regard. The employees who have completed at least five years' service in the clerical cadre with satisfactory performance record, irrespective of their age, should be allowed to appear for the qualifying examination which should mainly be designed to judge their aptitude, supervisory skill and knowledge of procedures. Those who pass the examination should be ranked on the basis of seniority for the purpose of promotion. The maximum number of chances to be allowed to an employee to appear for these tests should be three'. (5) The Pillai Committee (1974):
It recommended a system purely based on seniority for promotions to officer grades up to scale V. According to the Committee, the eligibility of an officer for being promoted to a higher scale is his reaching the maximum in the lower scale. However, the recommendation was only partially accepted by the Government. It was modified on the following grounds/lines: "Seniority rule cannot be accepted for promotion to middle management and senior management grades. In the banking industry the executive pyramid is wide-based and fairly narrow at the top. This would imply that the promotion channel for the top posts in senior positions in banking industry has to be highly selective and only merit should be the criterion for promotion, particularly to the senior management levels. It is with this view in mind that, the Pillai Committee itself has recommended a long salary scale for the junior management grade....While merit should be the criterion for promotions, it was desired that objective procedures should be devised by the management for selection to higher grades, so that there should be no feeling that special favours are being shown to individual officers on grounds other than merit".

The Committee suggested for eligibility in promotions to Scale II in officer cadre, a satisfactory service of 12 years, CAIIB parts I and II being given two years and three years weightage respectively. It also recommended that, while promotion from one scale to a higher scale in the same grade will be exclusively the function of the managements concerned, promotions from one grade to the higher grade should be on the advice of a promotion committee constituted by the bank concerned with which
a member of the National Banking Service Commission should be
associated. It also suggested that, for all selections to the top
executive positions, the Chairman of the Commission should preside
over the Selection Committee. The Fourth Bipartite Settlement (1984):
'Suitability be determined in member banks having
the post of Special Assistant by interview of senior employees
with weightage for qualifications. Where assessment is only on
the basis of interview, there shall be a probation period of
six months. If, in any bank there is the system of written test,
the same may continue'.

8.8 RESERVATION

One of the first requirements of a promotion policy is a statement
of the ratio of internal promotions to external recruitment at
each level. Such a statement would help individuals as well as
manpower planners to project numbers of internally available can-
didates for vacancies. In some organisations such a ratio is
fixed by a collective bargaining agreement.

A common feature of the promotion policy of the banks under
study is a system of reservation of vacancies to be filled by pro-
motion from lower cadre. However, the rate varies from bank to
bank, and cadre to cadre. The present reservation practices and
the rates in the different banks are as follows:

FBL: 70 percent of the vacancies arising in the lowest grade
in officer cadre are reserved to be filled by promotion from
clerical cadre. If sufficient number of eligible candidates are
not available, these positions are filled by direct recruitment.
However, such vacancies will be carried over to the next year, and if eligible candidates are not available that year also, reservation of those vacancies lapses. All the vacancies arising in higher grades of officer cadre are generally filled by promotion only. Regarding the vacancies in clerical cadre, there is no reservation for promotion. However, the vacant positions are filled first by promotion of eligible subordinate staff, and direct appointment is made only to the remaining vacancies.

As per the provisions of an agreement signed between the management and the employees' union in 1972, the reservation for promotion to the lowest grade in officer cadre was only 50 percent. In addition, the unfilled vacancies in the reserved quota lapsed in the same year itself and were filled by direct recruitment, without the number being carried over to the next year. The present practice is in terms of an agreement signed in 1980.

SIR: 75 percent of the vacancies in the lowest grade of officer cadre are filled by promotion from clerical cadre. All the vacancies in higher grades are also filled generally by promotion. In addition, as per the terms of an understanding with the Officers' Association, the Bank has agreed to effect irrespective of the vacancy position, at least five promotions from the lower grade of 'branch manager' to the higher grade every year. Before 1974, all appointments to officer cadre were by promotion. Regarding promotion of subordinate staff, there is no standing policy. The management and the union by mutual agreement decide the number of promotions to be made each time when it is agreed to effect promotions. For example, in 1987 it was agreed to promote 25 subordinate
staff. Prior to this, the agreement was in 1983.

**CSB:** As per the terms of an agreement signed in 1980, the reservation of vacancies in junior officer cadre, to be filled by promotion, is 70 percent. Before 1976, all appointments in officer cadre were by promotion only. Now also all appointments to higher grades in officer cadre are generally by promotion. For promotion of subordinate staff, there is no reservation of vacancies in clerical cadre. Neither, there is any agreement. The practice is to promote all who are found eligible.

**NBL:** The bank had the system of direct recruitment to officer cadre even in the sixties. As per an agreement signed in 1969, sixty percent of the vacancies in 'accountant' and 'agent' cadres were reserved for promotion, and the rest were filled by open recruitment. At present all appointments to officer grades other than accountant grade are usually by promotion only. Reservation of vacancies for promotion to accountant cadre was raised to 70 percent in 1971, and to 80 percent in 1985 by agreements with employees' unions. There is also reservation of vacancies in clerical cadre for promotion of subordinate staff. Since 1985, 20 percent of the vacancies arising in clerical cadre are being filled by promoting subordinate staff.

**PCB:** The bank started recruiting officers only in 1978. Before that, all appointments to officer cadre were generally by promotion. In terms of an agreement signed in 1983, 70 percent of the vacancies in accountant cadre and 20 percent of the vacancies in clerical cadre are to be reserved for promotion of employees in the lower cadre.
Vacancies in higher grades of officer cadre continue to be completely filled by promotion from the lower grade.

Table 8-1 shows the reservations of vacancies in accountant cadre and clerical cadre for promotions in the different banks.

**TABLE 8-1**

**RESERVATION OF VACANCIES FOR PROMOTION FROM THE LOWER CADRE**

(In percentage)

<table>
<thead>
<tr>
<th>Bank</th>
<th>In Accountant cadre</th>
<th>In Clerical cadre</th>
</tr>
</thead>
<tbody>
<tr>
<td>FBL</td>
<td>70</td>
<td>*</td>
</tr>
<tr>
<td>SIB</td>
<td>75</td>
<td>*</td>
</tr>
<tr>
<td>CSB</td>
<td>70</td>
<td>*</td>
</tr>
<tr>
<td>NBL</td>
<td>80</td>
<td>20</td>
</tr>
<tr>
<td>PCB</td>
<td>70</td>
<td>20</td>
</tr>
</tbody>
</table>

* No reservation, all the candidates found eligible are promoted.

In all the banks, it is agreed by the employees' union that, 'the management will be free to make open recruitment to any cadre, in case of necessity'. However, such recruitments were very rare and were limited to the appointment of the very few specialist officers.

The above practices could be summarised as follows: In all banks appointments to higher grades in officer cadre are only by promotion. In the lowest grade in officer cadre also, between 70 percent and 80 percent of the vacancies are reserved for appointment by promotion. In the clerical cadre only two of the banks reserve vacancies for promotion and the quota is 20 percent in both the cases.
However, in the other banks also promotion is made according to eligibility.

Table 8-2 shows the total number of officers and clerks in these banks and the number of promotees. Due to non-availability of data relating to the same points of time, the table has been prepared including data pertaining to different years of the seventies and eighties, for different banks. However, they are considered sufficient to highlight the trend in the proportion of promotees among officers and clerks. For one bank data relating to the seventies are not available for comparison, and hence only the rates in 1987 are shown. It could be seen from the table that the proportion of promotees among officers varied between 36 percent and 91 percent in late seventies. However, leaving the bank with the rate of 36 percent, the rate varied between 75 percent and 91 percent. In the middle/second-half of the eighties the rates vary between 55 percent and 80 percent. In the bank with the lowest rate in the seventies, the rate increased; and in the bank with the highest rate, it came down. But in the two banks with medium rates in the seventies, the rates remain unchanged. In the increase in total number of officers during the period, the proportion of promotees was between 65 percent and 87 percent in different banks. In the bank with the lowest rate of promotees (36 percent) in the seventies, this rate is highest (87 percent) and in the bank with the highest rate (91 percent) in the seventies this rate is lowest (65 percent). In the two banks with medium rates in the seventies, this rate also is at about the same level, with the result that the rates
# TABLE 8-2
NUMBER OF PROMOTED EMPLOYEES AMONG TOTAL EMPLOYEES (OFFICERS AND CLERKS)

<table>
<thead>
<tr>
<th></th>
<th>FBL</th>
<th>SB</th>
<th>CSB</th>
<th>NBL</th>
<th>PCB</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>BANK</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>OFFICERS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Total number</td>
<td>713</td>
<td>1,127</td>
<td>579</td>
<td>1,039</td>
<td>312</td>
</tr>
<tr>
<td>2. Appointed by promotion</td>
<td>260</td>
<td>620</td>
<td>462</td>
<td>834</td>
<td>283</td>
</tr>
<tr>
<td>3. Percentage of promotoes to total number</td>
<td>36</td>
<td>55</td>
<td>80</td>
<td>80</td>
<td>91</td>
</tr>
<tr>
<td>4. Rise in total number</td>
<td></td>
<td>441</td>
<td></td>
<td>460</td>
<td></td>
</tr>
<tr>
<td>5. Rise in the number of promotoes</td>
<td></td>
<td>360</td>
<td></td>
<td>372</td>
<td></td>
</tr>
<tr>
<td>6. Percentage of rise in the number of promotoes to rise in total number</td>
<td></td>
<td>87</td>
<td></td>
<td>81</td>
<td></td>
</tr>
<tr>
<td><strong>CLERKS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Total number</td>
<td>1,599</td>
<td>2,037</td>
<td>1,228</td>
<td>1,957</td>
<td>573</td>
</tr>
<tr>
<td>2. Appointed by promotion</td>
<td>160</td>
<td>393</td>
<td>62</td>
<td>193</td>
<td>67</td>
</tr>
<tr>
<td>3. Percentage of promotoes to total number</td>
<td>10</td>
<td>19</td>
<td>5</td>
<td>10</td>
<td>12</td>
</tr>
<tr>
<td>4. Rise in total number</td>
<td></td>
<td>438</td>
<td></td>
<td>729</td>
<td></td>
</tr>
<tr>
<td>5. Rise in the number of promotoes</td>
<td></td>
<td>233</td>
<td></td>
<td>131</td>
<td></td>
</tr>
<tr>
<td>6. Percentage of rise in the number of promotoes to rise in total number</td>
<td></td>
<td>53</td>
<td></td>
<td>18</td>
<td></td>
</tr>
</tbody>
</table>

---

*P.305*
at the middle of eighties also continues to be at the same level.

Regarding clerical staff, the proportion of promotees varied between 5 percent and 13 percent in the seventies. At the middle of eighties it varies between 6 percent and 19 percent. It is interesting to note that while in three of the banks the rates got doubled during the periods covered, in the fourth bank the rate went down to one half i.e. from 12 percent in 1976 to 6 percent in 1986. The banks with both the highest and lowest rates in the seventies, have a rise by 100 percent in this rate.

The proportion of promotees in the increase in total clerks during the periods under review varied between 3 percent and 53 percent. Both of these banks - with the lowest and the highest rates - had medium rates of promotees to the total clerks in the seventies. Thus no correlation is observed for generalisation. The bank with the highest rate (53 percent) of promotees among additional clerks during the period under analysis (late seventies till mid eighties) had prescribed S.S.L.C. in first class as the qualification required for the subordinate staff in the seventies.

8.9 PROMOTION PRACTICES IN THE BANKS

The promotion practices in the banks are described and analyzed below under three heads as follows:

(a) Promotion of subordinate staff to clerical cadre
(b) Promotion of clerical staff to officer cadre, and
(c) Grade promotion of officers

8.9.1 Promotion of Subordinate Staff to Clerical Cadre

All the banks offer opportunities to eligible employees in the
subordinate cadre for promotion to clerical cadre. Such pro-
visions were incorporated into the service rules by settlements
with employees unions. The practices in the banks are:—

Promotion opportunities available for subordinate staff in
this bank are of three types.

(a) General promotion: Matriculates with two years' service
and non-matriculates with five years' service are eligible to
apply for promotion to clerical cadre through this channel. A
written test of a model as agreed between the management and the
union is held by the bank. Those who come out successful in
the test retain their original interse seniority, and in this
order appointment is made in clerical cadre. All the candidates
who are successful in the written test are promoted without any
interview or other formalities. This procedure was adopted by
an agreement with the employees' union in 1972. Promotion test
is usually held every year.

(b) Automatic promotion: An employee of subordinate cadre
acquiring higher qualification is entitled to automatic promotion
as follows, with effect from the date of result:

(i) those graduating while in service are promoted as clerks
(ii) those qualifying in typewriting (Higher) examination
are promoted as typist-clerks.

(c) Vacancies in the post of record keeper (in clerical cadre)
are filled by promoting subordinate staff with more than 20 years'
service. Selection for promotion is by interview.
There are three channels for promotion as follows:

(a) General promotion: Subordinate staff with a minimum service of five years are promoted after written test and interview. Ranking of candidates for promotion is in the order of marks awarded under the criteria shown in Table 8-3.

### TABLE 8-3

**CRITERIA FOR RANKING CANDIDATES FOR PROMOTION IN SIB**

<table>
<thead>
<tr>
<th>Service: 2 marks for every completed year beyond 5 years</th>
<th>15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Qualification: for S.S.L.C.</td>
<td>10</td>
</tr>
<tr>
<td>for first class in S.S.L.C.</td>
<td>5</td>
</tr>
<tr>
<td>Written test (Minimum marks required for eligibility is 25)</td>
<td>60</td>
</tr>
<tr>
<td>Interview</td>
<td>10</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

(b) Seniority based promotion for those with a minimum of 20 years' service. Only those who appear for the written test held for general promotion are eligible for promotion through this channel. Selection is on the basis of an interview. The 'overall performance' of the employee is also taken into account.

(c) Special promotion for those graduating while in service. They are promoted if found suitable by the Board of Directors in an interview.
Matriculate subordinate staff with four years' confirmed service, and non-matriculates who have passed Standard V and having six years' service are eligible to appear for the written test for promotions. A pre-determined number of candidates are promoted in the order of the rank obtained in written test. However, a candidate scoring less than 40 percent marks in written test is not qualified to be promoted. Previously, promotion was based on a general assessment without any written test. Such promotees were posted mainly as cashiers and godown clerks.

20 percent of the vacancies in clerical cadre are reserved for promotion of subordinate staff - 10 percent through seniority channel and 10 percent through merit channel.

(a) Seniority channel: Sub-staff with at least 5 years' service are eligible to appear for the promotion test in 'dummy banking', carrying 100 marks. For service above five years, bonus marks at the rate of 2 marks per year are also awarded subject to a maximum of 15 marks. Those who get 40 marks in aggregate are ranked in accordance with seniority. This list remains valid for five years. Those who remain in the expired list have to appear for the written test again.

(b) Merit channel: Matriculates with a service of three years and non-matriculates with that of five years are eligible to compete in a written test. The written test is held in general English and Arithmetics - each paper carrying 50 marks. Candidates scoring at least 40 percent marks in each paper are ranked on the basis of the marks in written test and weightage marks as follows:
Typewriting Lower - 5 marks for each paper
Typewriting Higher - 15 marks for each paper

The rank list remains valid for one year.

(c) Automatic promotion: Subordinate staff with a service of at least two years and qualifying in a degree examination while in service are promoted to clerical cadre. Before 1987, matriculates qualifying in Typewriting (H) also were eligible for such promotion. Automatic promotions are accounted as promotions against the quote under merit channel.

Under the practice in the sixties, only those who had studied upto S.S.L.C. could appear for the written test, and they were promoted only if found suitable in the test. The number of chances was also limited to two. In early eighties an employee could avail himself of only five chances. But now there is no such restriction.

PCB: 20 percent of the vacancies arising in clerical cadre are reserved to be filled by promotion of subordinate staff. Matriculates with three years' service and non-matriculates with seven years' service are eligible. Written test carries 100 marks. Bonus marks at the rate of 1½ marks for each year of service above 5 years subject to a maximum of 15 marks are also added. Those getting 40 percent marks in aggregate are called for an interview which carries 50 marks. Candidates getting not less than 50 marks are ranked according to the marks scored. The rank list remains valid for one year. The number of chances to appear for promotion test is limited to five.

In all the banks the norms were adopted by bilateral negotiations.
between the management and employees' unions.

An analysis of the practices reveals the following:

(1) Provision for promotion: All the banks have provision for promoting employees in the subordinate cadre to clerical cadre. While one bank makes promotions according to availability of eligible candidates, two have reserved 20 percent of the vacancies for appointments by promotion. The other two banks promote a pre-determined number of candidates each time.

(2) Criteria: For selecting the candidates to be promoted, banks make use of various criteria including service, seniority, written test, interview and academic qualifications.

(3) Eligibility to compete: Eligibility of an employee to participate in the competition for promotion is decided on the basis of service, in all banks. The minimum service required varies from two years to seven years in different banks. Four of the banks distinguish between matriculates and non-matriculates, fixing a higher minimum service for non-matriculates.

(4) Role of written test: The role of written test varies from bank to bank. A minimum score in written test is necessary in all banks to make a candidate eligible for promotion. In one bank, bonus marks awarded for service are also added to the test marks to determine eligibility.

(5) Role of interview: Only two of the banks hold interview. In both these banks, it is used as a supplementary tool without any stipulation regarding minimum score for eligibility.

(6) Ranking: Rank list of candidates found suitable for
promotion is prepared by following different criteria. All the criteria are admixtures of merit and seniority norms in various proportions. The various methods of ranking followed by these banks are listed below:

(a) All the candidates qualified in written test are ranked in the order of seniority.

(b) Ranking of candidates taking into account the aggregate marks for (i) written test (ii) interview and (iii) bonus marks for service above the minimum requirement.

(c) Ranking on the basis of aggregate marks for (i) test (ii) interview and (iii) bonus marks for higher qualification and additional service.

(d) Ranking on the basis of marks in written test.

(e) Ranking on the basis of aggregate marks in written test plus bonus marks for special qualification.

(7) Expiry of rank list: In one bank all the eligible candidates are promoted, in two banks list of only the required number of candidates is prepared, in the fourth bank the rank list remains valid for one year, and the validity of the lists in the other bank is for five years and one year respectively in seniority and merit promotions.

(8) Special promotions: Three of the banks have provision for special promotion of candidates acquiring higher qualifications graduation or typewriting – while in service. In one bank such promotion is automatic with effect from the date of publication of the results of the examination, in the second bank such employees should have put in a minimum service of two years, and in the third
they should be found suitable after an interview.

On the whole, it could be seen that the practices and norms followed by the different banks vary in all respects.

8.9.2 Promotion of Clerical Staff to Officer Cadre

All the banks have well defined norms and practices in the matter of promotion of clerical staff to officer cadre. Invariably in all the banks, these norms were adopted through negotiations with employees’ unions. The practices of the different banks are explained below:

PBL: Graduate clerks with five years service and under-graduates with seven years service are eligible for promotion. For candidates who have passed CAIIB Part I, minimum service required is only 2 years and 6 years respectively i.e. relaxation by three years and one year. Under-graduate clerks get a further relaxation by one year for CAIIB Part II. The applicants are administered a test consisting of (i) Banking Practice and Procedures and (ii) Banking Correspondence and General English. Employees who have completed 20 years of service are exempted from written test. Candidates with more than the minimum service required for eligibility are entitled to bonus marks which would be added to the marks for written test to determine success in test. Those who are successful in written test are called for an interview by the directors, and the rank list is prepared on the basis of marks scored by the candidates in interview. The rank list remains valid for one year. However, a candidate qualified in written test once, need not appear for the written test again.
If more candidates get the same marks in interview, seniority would decide the rank inter se. Prior to 1980, ranking was on the basis of seniority among the candidates who were successful in written test and interview. Thus within the bank, the shift in policy has been in favour of merit, from seniority.

SIB: Promotions are made through two channels - seniority channel and merit channel - with reservation of ten percent and 65 percent respectively of the total vacancies (25 percent of the total vacancies are filled by open recruitment). In promotions through seniority channel, selection is made on the basis of interview held for clerks with a service of 15 years or more. Selection of candidates for promotion through merit channel is on the basis of marks for written test, interview and bonus marks for (i) service above minimum requirement and (ii) additional qualifications including graduation and CAIIB. Marks allotted under each factor in 1972 and in 1986 are shown in Table 8-4.

<table>
<thead>
<tr>
<th>TOOLS USED IN PROMOTION OF CLERKS IN SIB</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>Written test</td>
</tr>
<tr>
<td>Interview</td>
</tr>
<tr>
<td>Service above minimum requirement</td>
</tr>
<tr>
<td>Special qualifications</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>
Only clerical staff with at least four years' service are eligible for promotion. A minimum of 25 marks in written test is also essential. The subjects for written test include 'principles and practice of banking' and 'general knowledge'. Only the existing vacancies are filled from the rank list, and no waiting list is maintained.

Under the scheme that existed in 1971, written test was held for candidates numbering only four times the number of vacancy, called on the basis of seniority. Under the scheme of 1970, the minimum service required for eligibility was five years for graduates and seven years for undergraduates. Merit list was prepared on the basis of marks scored in written test.

It could be seen that in this bank also, on the whole, between 1972 and 1986 the shift has been in favour of merit. For example, service required for eligibility has been reduced, and the marks allocated for interview and special qualifications have been enhanced reducing the marks for service.

CSB: Non-matriculate clerks with a pass in CAIIB I and all matriculate clerks are eligible for promotion provided they have at least four years' service and have scored not less than 35 percent marks in written test. Merit list is prepared on the basis of marks scored under a scheme as given in Table 8-5.

Under the scheme that existed in 1970, eligibility was eight years' service for matriculates and five years' service for graduates. Selection was on the basis of performance in written test, qualifications and service records.

In this bank, there are no separate channels for promotions
TABLE 8-5

SCHEME FOR RANKING CANDIDATES FOR PROMOTION AS OFFICERS IN CSB

<table>
<thead>
<tr>
<th></th>
<th>Maximum Marks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Written test</td>
<td>45</td>
</tr>
<tr>
<td>Bonus marks for total service</td>
<td>40</td>
</tr>
<tr>
<td>Bonus marks for qualifications (Graduation and CAIIB)</td>
<td>10</td>
</tr>
<tr>
<td>Past performance</td>
<td>5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

on the basis of merit and seniority. But on the whole the bank gives comparatively more weightage for seniority. For example, the bonus marks for service comes to 40 percent of the total marks.

**N.B.:** Promotion is made through two channels - through seniority channel to 50 percent of the vacancies and through merit channel to 30 percent of the vacancies.

Seniority channel: Matriculate clerks with eight years notional service (including weightage for higher qualifications) can appear for a written test in 'Practice and Law of Banking' and 'General English'. Notional service is calculated at two years for graduation and one year for each part of CAIIB. Bonus mark is also awarded for actual service above six years with a maximum of 15 marks and it is added to the test marks. All the candidates who get 35 percent marks in aggregate are ranked according to actual service. The list remains valid for one year and those remaining in the list
have to appear for the written test again. The number of chances is limited to five excluding the tests passed. A non-matriculate can avail of only two chances and they should be availed within three years of attaining eligible service.

Merit channel: All matriculate clerks with an actual service of four years and not above forty years of age are eligible. Selection is on the basis of (a) Written test in (i) Banking Law and Practice (ii) General Knowledge and (iii) English, (b) Interview, and (c) Weightage for service and service record. A minimum score of 35 percent marks in each paper and 40 percent marks in aggregate is essential to qualify in written test. The criteria adopted for ranking of candidates in the merit list, before and since 1984 are shown in Table 8-6. The merit list remains valid for one year and those not promoted are allowed to appear for the test and interview again. However, the number of chances is limited to five excluding the tests passed.

The promotion practice that existed in the seventies was as follows:

Seniority channel: A written test was held to eliminate the unsuitable. But such elimination was in any case not to exceed 20 percent of the candidates. Others were ranked according to seniority and a new test was held only when the number of candidates in the existing list was not sufficient. The new list was prepared including those remaining in the old list, but reranked on the basis of seniority in the new group.

Seniority-cum-merit channel: For promotion through this channel, CAIIB or graduation and five years actual service were necessary
TABLE 8-6
CRITERIA FOR RANKING CANDIDATES FOR PROMOTION TO OFFICER CADRE IN NBL

<table>
<thead>
<tr>
<th></th>
<th>Before 1984 (Since 1971)</th>
<th>Since 1984</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Written test</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Interview</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General knowledge</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Banking Law and practice</td>
<td>20</td>
<td>30</td>
</tr>
<tr>
<td>Personality</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Speech</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Total Actual Service</td>
<td>60</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Service record</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General service record</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Leave record</td>
<td>5</td>
<td>10</td>
</tr>
<tr>
<td>Health record</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>20</td>
</tr>
<tr>
<td>Total Actual Service</td>
<td>80</td>
<td>80</td>
</tr>
<tr>
<td></td>
<td></td>
<td>200</td>
</tr>
<tr>
<td></td>
<td></td>
<td>250</td>
</tr>
</tbody>
</table>

for eligibility. However, minimum qualification was reduced to matriculation in 1973.

Under the rules of 1969, eligibility was matriculation and ten years' service including notional service calculated for qualifications. A minimum of thirty five percent marks in written test was also necessary. Existing non-matriculate staff were given one
chance to appear for the test. Ranking of candidates was on the basis of marks awarded in interview. Those who failed in the test were eligible for only one more chance. Test was held once in every three years or when the existing merit list exhausted.

In this bank, though greater weightage is given for seniority (marks for service even in promotions through merit-channel comes to 32 percent), over the years a shift in favour of merit can be seen. The ceiling of 20 percent regarding elimination in 'seniority-promotion' was given up, and the share of marks for written test and interview has been enhanced in merit-promotions. There are also restrictions regarding upper age in the matter of promotions through merit channel and regarding number of chances through seniority channel. Even in promotions through seniority channel, merit gets weightage through the system of notional service for higher qualification.

PCB: Fifty percent of the vacancies reserved for appointment by promotion are filled by promotion through seniority channel and the other fifty percent by promotion through merit channel.

Seniority channel: Matriculate clerks with 15 years total service including notional weightage are eligible to seek promotion through this channel. Notional service is given for graduation (Two years) and CAIIB (one year for each part). Non-matriculates are also given one chance to compete. Selection process comprises of written test (100 marks) and interview (30 marks). All those who secure at least 30 percent marks in written test are called for interview. Also bonus marks are given for service above the minimum required for eligibility (maximum - 30 marks). Candidates are
ranked on the basis of aggregate marks for written test, interview and excess service. The rank list remains valid for one year. The number of chances to seek promotion through this channel is limited to three.

Merit channel: Matriculate clerks with at least five years' service and not above forty years of age are eligible. Merit list is prepared on the basis of marks in written test (Maximum 100), interview (Maximum 50) and bonus marks (Maximum 15 marks) for service above five years. To become eligible for promotion, the candidate should have got a minimum of 50 percent marks in each subject. Candidates numbering three times the number of positions are called for interview in accordance with the marks obtained in written test. The rank list remains valid for one year. The number of chances for a candidate is limited to three.

Written test for promotion through both the channels is in
(1) Practice and Law of Banking (ii) General English/Business Communications and (iii) Banking Mathematics. The present system of promotions through two channels was introduced in 1983.

The practices in different banks as described above can be summarised as follows:

(1) Criteria: The criterion adopted by the banks for selecting candidates for promotion is an admixture of (a) seniority as measured by service (b) merit as assessed by qualifications and performance in written test, and (c) assessment on the basis of interview and service records.

(2) Service: Service is given credit in four respects by different banks: (a) eligibility of candidates is primarily judged
on the basis of service by all the banks (b) bonus mark is awarded for service, by certain banks (c) candidates with more than a specified service are exempted from written test by one bank, and (d) eligible candidates are ranked on the basis of seniority by another bank.

(3) Bonus marks for service: Bonus marks for service are of two types: (a) bonus marks added to the marks awarded in written test and taken into account to determine success in the test, and (b) marks included in the aggregate points to decide the rank of the candidate. Bonus marks are awarded on two bases: (a) based on total service (b) based on service above minimum requirement.

(4) Weightage for qualifications: Qualifications get weightage in certain banks in the form of (a) relaxation in minimum service required for eligibility or (b) bonus marks which are taken into consideration in ranking. The special qualifications that get weightage are graduation and CAIIB. At the same time, lower qualification leads to lower number of chances or ineligibility in certain banks.

(5) Written test: Written test is held by all the banks except one which avoids it in promotions through seniority channel. While written test is eligibility test in some cases, in others it is competitive and influences the rank of the candidate. The pass mark varies between 30 percent and 50 percent in different banks. One bank adds the bonus marks for service to the test marks to determine pass in written test. In all the banks except one a candidate has to pass the test each time irrespective of the results in previous attempts. Written test generally covers banking practice and
procedures and general English.

(6) Interview: The role played by interview varies from bank to bank: (a) one bank does not hold interview at all (b) another bank avoids interview in promotions through seniority channel (c) the third bank makes selection for promotion through seniority channel only on the basis of interview (d) in the fourth bank the candidates successful in written test are ranked on the basis of marks awarded for interview. In all other cases interview plays the role of a supplementary tool in determining the rank of a candidate. The proportion of marks awarded for interview varies between 10 percent and 30 percent of the total marks considered for ranking of candidates. None of the banks prescribe any minimum score in interview as a requisite.

(7) Performance: Weightage for performance or performance appraisal reports is rare and negligible. In one bank 'past performance' gets five percent marks, in another, 'service record' gets eight percent marks. The other banks do not have any such provision.

(8) Ranking of eligible candidates: There are various methods of ranking used by the different banks. Banks having two-channel system of promotion follow different norms for seniority and merit channels. An analysis of the methods of ranking shows that various factors are taken into account by the different banks. These factors include performance in interview, performance in written test, total service, service in excess of the eligibility requirement, seniority, special qualifications, past performance and service record.
(9) Merit list: Two of the banks make the merit list with only the required number of candidates. The other three banks maintain a waiting list which remains valid for one year.

(10) Merit vs Seniority: Three of the banks maintain a two-channel system with specific norms favouring merit and seniority respectively. Another bank has incorporated a special provision within its general system to favour seniority by exempting those with 20 years' service from written test. The fifth bank has only one system. The banks which operate the two-channel system also make an allocation of the vacancies between the two channels. However, there is wide disparity between the banks in the allocation, as is shown in Table 8-7

### Table 8-7

<table>
<thead>
<tr>
<th></th>
<th>SIB</th>
<th>NBL</th>
<th>PCB</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promotion through merit channel</td>
<td>65%</td>
<td>30%</td>
<td>35%</td>
</tr>
<tr>
<td>Promotion through seniority channel</td>
<td>10%</td>
<td>50%</td>
<td>35%</td>
</tr>
<tr>
<td>Percentage of merit channel promotions on seniority channel promotions</td>
<td>650%</td>
<td>60%</td>
<td>100%</td>
</tr>
</tbody>
</table>

(11) Two of the banks have fixed a ceiling regarding the age of candidates seeking promotion through merit channel. The limit is 40 years in both cases.

(12) Only one bank has well defined norms regarding awarding of
In conclusion, it could be said that the system of promotion to clerical cadre in the different banks is characterised by wide disparities and dissimilarities. No two systems are similar. However, the essence of all the systems is merit, seniority and potentials combined in various proportions and weightages. Merit is assessed mainly on the basis of written test covering Banking Practice and Procedures and General English. Performance appraisal reports do not in any way directly influence selection and ranking of candidates.

8.9.3 Grade-promotion of Officers
In all the banks, officer cadre comprises different grades. The number of grades varies between three and seven in different banks. All appointments to vacancies in higher grades are made by promotions from officers of the lower grade. Open recruitment to higher grades is usually made only in the case of specialists requiring special qualification/experience. The systems and practices prevailing in the sample banks in grade promotion of officers are described below. For convenience, the grades are referred to by using numerical codes as Grade I, Grade II etc. - Grade I representing the lowest grade, Grade II, the next higher grade and so on.

FBL: Officer cadre in this bank comprises six grades. Promotion to a higher grade is made on the combined basis of seniority, educational qualifications, performance and potentials. Allocation of marks for ranking of candidates in promotions from the first two grades is given in Table 8-8.
TABLE 8-8

NORMS FOR GRADE PROMOTION OF OFFICERS IN PBL

<table>
<thead>
<tr>
<th>Factors</th>
<th>Gr. I to II (Marks)</th>
<th>Gr. II to III (Marks)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seniority</td>
<td>30</td>
<td>20</td>
</tr>
<tr>
<td>Educational qualification</td>
<td>25</td>
<td>10</td>
</tr>
<tr>
<td>Performance</td>
<td>20</td>
<td>40</td>
</tr>
<tr>
<td>Potential</td>
<td>25</td>
<td>30</td>
</tr>
</tbody>
</table>

100  100

In both cases, a minimum service of 5 years in the present grade is necessary. Marks for seniority are given for service above the minimum required for eligibility. The educational qualifications that attract marks are graduation, post-graduation, professional qualification and CAIIB. Performance is assessed on the basis of personal records and performance appraisal reports, and potentials on the basis of personal interview.

The number of candidates to be considered for promotion is restricted to three times the number of vacancies. Ranking is in the order of aggregate marks awarded as above. However, notwithstanding the order of merit of an officer, if the committee of directors specially constituted for the purpose considers in its judgement that such officer is not promotable on the grounds arising out of the performance report and/or the interview assessment and/or such other reasons, the committee may, after recording specific
reasons for reaching such judgement, either exclude the name of the officer from the merit list or hold his promotion in abeyance'. An officer refusing to accept a promotion posting stands disqualified for three years.

There are no specific norms laid down for promotions to the higher grades. Selection is made by a committee of directors on the basis of assessment of performance and potentials.

Under the norms that existed in the seventies, an officer could be considered for promotion to Grade III only if he was qualified in CAIIB examinations. In the sixties, probationary officers were placed in a separate junior officer pay scale with a span of nine years, and on reaching the maximum in that scale they were automatically promoted to Grade I.

It could be seen that the weightage in favour of seniority and qualification diminishes, and that in favour of performance and potential increases with rise in the grade of post. At the higher grades, selection is mainly on the basis of performance and potentials.

SIX: There are seven grades in officer cadre. Promotion from Grade I to Grade II is strictly on the basis of seniority. Promotion to higher grades is on the basis of assessment by a screening committee of directors. There are no fixed norms with regard to selection by the screening committee. However, the committees generally follow a system of giving weightage for service, educational qualifications and the assessment by the committee. The weightage given in promotion to Grade III by the committees constituted in 1981 and 1984 was as given in Table 8-9. Weightage is given only for the
service in officer cadre. Qualifications attracting special points are graduation and CAIIB. Regarding the criteria followed for assessment, the committee of 1981 reported that it was made 'on the basis of qualification, deposit mobilisation, management of advances, character and conduct, dealings with staff, public relations and ability to hold higher positions. The short falls, lapses and misconduct on the part of the officer and punishments given if any, as recorded in the personal files and known from other reliable sources have also been taken into account'. Very often a minimum service in the present grade and a higher minimum total service in officer cadre are also prescribed for promotions to Grade III and above.

Regarding the norms adopted for promotion from Grade II to Grade III in 1977, a note states 'seniority linked with performance is the criterion taken for recommending candidates for promotion. Performance is evaluated by taking several factors into consideration,'
such as qualification, performance in deposit mobilisation, advance, profit etc. In the case of officers at head office, the criteria cannot be applied fully as the nature of work is different. Therefore the number of new posts is divided between head office and branches in the ratio of number of officers in the lower grade and separate list is prepared for each category.

The above analysis shows that in this bank promotion from Grade I is strictly on the basis of seniority, in promotion from Grade II service gets about two thirds of the total points, and in promotion from higher grades also service gets similar weightage. 

**CSB:** Officer cadre consists of seven grades. The promotion policy of the bank identifies four factors as relevant for ascertaining the suitability of officers for promotion—seniority, educational qualification, performance, and potential as identified in an interview by a committee of directors. Points awarded under each factor in promotions to various grades are shown in Table 8-10.

The points for performance are awarded for performance in the present grade based on appraisal reports of the past five years or the number of years for which data are available. Points are awarded for each year and the average is worked out. Points for outstanding, above average, average, and below average ratings are 10, 8, 6, and 0 respectively. Qualifications that attract points are graduation, post-graduation, professional qualifications, CAIIB and diplomas recognised by the Government of India as relevant to banking. The points for service are now awarded for total service in the present cadre though prior to 1986 it was awarded only for excess service over the minimum required for eligibility.
TABLE 8-10
NORMS FOR GRADE PROMOTION OF OFFICERS IN CSB

<table>
<thead>
<tr>
<th>Factors</th>
<th>Grade II</th>
<th>Grade III</th>
<th>Grade IV</th>
<th>Grade V</th>
<th>Grade VI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seniority</td>
<td>40</td>
<td>30</td>
<td>10</td>
<td>..</td>
<td>..</td>
</tr>
<tr>
<td>Qualification</td>
<td>10</td>
<td>..</td>
<td>..</td>
<td>..</td>
<td>..</td>
</tr>
<tr>
<td>Performance</td>
<td>30</td>
<td>40</td>
<td>50</td>
<td>50</td>
<td>40</td>
</tr>
<tr>
<td>Potential</td>
<td>20</td>
<td>30</td>
<td>40</td>
<td>50</td>
<td>60</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

Minimum service required for promotions to Grade II, III, IV, V and VI are seven years, six years, five years, four years and three years respectively in the lower grade. However, the management reserves the right to reduce the minimum service in the case of officers whose performance is considered outstanding.

Since the year 1986, all those who secure 65 percent points and above for promotions to Grade II and Grade III are eligible for automatic promotion. At the same time for promotions to Grade IV and above at least 50 percent points are necessary. The norms for promotion from Grade VI to Grade VII are not laid down. Selection is made by a committee of directors and the Chairman.

An analysis brings out the following features of the promotion system in the bank: (a) weightage for qualifications is little and is given only in promotion from the lowest grade, (b) seniority gets
greater weightage, but it gets diminished at higher grades, and at the highest two grades the weightage is nil. (e) performance and potential get weightage at all levels. Both these factors get increased weightage at higher grades. But between them, 'performance' gets overriding importance in the three lower grades, and at the highest grade 'potential' ranks first.

In spite of the provision for automatic promotions to Grades II and III, it could be found that the promotion system in this bank is, on the whole, more merit-oriented than seniority-oriented. At none of the grades seniority has predominance over merit. The shift also has been in favour of merit. For example, an employee cannot become eligible for automatic promotion with the credit of service alone. The change to a system of giving points for total service in the cadre also favours the junior employees with more ability.

One interesting feature of the promotion system in the bank is a contaminated system of awarding points for performance. Under the performance appraisal system of the bank the lowest point in the final merit rating scale is 'below average'. Under the norms for promotion, a consistent 'below average' rating also gets 40 percent of the points allocated for performance.

NBL: There are five grades in officer cadre. Promotions are on the basis of interview. The number of candidates called for interview is three times the number of vacancies, and they are called strictly on the basis of seniority. Interview is held by a committee of directors and senior executives in promotions to lower grades, and by a committee of directors and the Chairman in promotions to higher grades. The committee is provided with a report on each employee.
showing length of service, qualification, date of birth, training received, positions and posts held etc.

PCB: There are three grades of officers in this bank. An officer is eligible for promotion to higher grade if he completes the specified period of service in the lower grade. Selection is on the basis of evaluation of the previous service and performance, and interview. The norms with regard to these are decided by the management each time.

The above descriptions show that in the promotion of officers to higher grades, the managements enjoy greater freedom and discretionary powers. The right of the managements to select the promotees also gets widened at higher grades. In the matter of formulation of policies also the managements enjoy greater freedom.

An analysis of the norms show that the major factors that influenced the selection of candidates for promotion to higher grades in officer cadre are service, qualifications, performance and potential. The role of each of these is analysed below:

(1) Service: The basic eligibility for promotion in most cases is a minimum service. In three of the banks a minimum service in the present grade is essential. In another bank the number of candidates considered is only three times the number of vacancy, selected on the basis of seniority. In the fifth bank though there is no firm policy with regard to service, only candidates with a certain service in the lower cadre were considered for promotion in the last few years. Two of the banks have provision to award bonus marks for service - in one bank for service above minimum requirement and in the other, for total service.
(2) Qualification: None of the banks has prescribed any minimum academic qualification. But three of the banks have specific provisions to favour candidates possessing certain specified qualifications by awarding bonus marks or special points. The qualifications preferred by the different banks are graduation, post graduation, professional qualifications and CAIIB.

(3) Performance: All the banks give consideration to performance. One bank bases the assessment regarding performance on personal records and performance appraisal reports, another bank on the special evaluation by a committee of directors, and the third bank exclusively on performance appraisal reports of the past years. The other two banks have no specified norms.

(4) Potentials: In four of the banks, interview is the tool to assess the potentials of a candidate. In the other, no interview is held and the potentials are assessed by a committee of directors. In all the banks where interview is conducted, the interview board comprises directors except in one bank where for promotions to lower grades, interview is held by a committee of directors and senior executives.

(5) Number of candidates considered: In two of the banks all the candidates with a specified service in the lower grade are considered, in other two banks the number is limited to three times the number of vacancies (selected by seniority in the lower cadre) and in the other bank, there are no clear norms. A bank once considered all the employees in the lower cadre, irrespective of service.

(6) Ranking in merit list: In two banks, the rank of a
candidate is determined on the basis of the aggregate points awarded under the different factors, in another on the basis of marks awarded in interview, in the fourth on the basis of points awarded by an assessment committee without any interview or test, and in the last no fixed norms have been laid down.

8.9.4 Fixation of Pay on Promotion
Promotion is the upward reassignment of an individual in an organisation's hierarchy accompanied by increased responsibilities and enhanced status. Enhanced status itself may not be sufficient motivation for an employee to take up the greater responsibilities. For this reason employers provide higher pay scales for positions involving greater responsibility. Though the higher pay scale provides the long standing incentive, to provide the necessary stimulus an immediate monetary benefit is assured when the employee is shifted from the lower pay scale to the higher pay scale. With this object the banks adopted different formulae to fix the employees' pay in the pay scale for the higher post. The different formulae followed by the banks are stated below:

A. On promotion of subordinate staff to clerical cadre:

(a) Present basic pay of the employee
Add one increment
Add Dearness Allowance

----------------
Total

----------------
Then, fix the basic pay in the clerical scale at the lowest stage which ensures the total pay as calculated above.

(b) Present basic pay
Add Dearness Allowance

---------------------
Total ... 
---------------------

Fix in the clerical scale at the lowest stage which ensures the total pay as calculated above. Also add one increment in the higher scale.

(c) Fix in the clerical pay scale at a stage which would ensure him the total emoluments he would have drawn as a 'daftry' in subordinate cadre. Also give an additional increment.

B. On promotion of clerical staff to officer cadre.

(a) Fix the pay of the employee in the pay scale of officer Grade I at a stage which ensures that total emoluments at any time will not be less than what he would have drawn as a 'special assistant' in clerical cadre.

(b) Present basic pay
Add one increment

---------------------
Total ... 
---------------------

If this is a stage in the higher scale, fix at that stage, otherwise at the higher stage. If the total emoluments at this stage is less than what he would have drawn in the clerical cadre, protect the difference as 'personal pay'. This personal pay is
not adjusted against future increments.

(c) Present basic pay

Add: a specified amount

---------

Total ...

---------

Fix at the next higher stage in officers' pay scale.

(d) Following a formula as given in (b) under 'promotion to clerical cadre'.

(e) Present basic pay

Add: special allowance drawn, if any

---------

Total ...

---------

If this is a stage in the higher scale fix at that stage, otherwise at the next higher scale. Also give one increment in the new scale.

C. On grade promotion of officers:

(a) Add one increment in the present scale and if this is a stage in the higher pay scale fix at that stage. Otherwise fix at the next higher stage.

(b) If the present basic pay is a stage in the higher pay scale fix at that stage, otherwise in the next higher stage. Also give one additional increment in the new pay scale.

(c) After the initial fixation as in (b) above, give two additional increments.
8.9.5 Certain Notable Practices

Some past and present practices relating to promotion of personnel in the different banks are stated below:

(1) In early seventies one bank used to give special marks for early submission of answers in the written test for promoting subordinate staff to clerical cadre.

(2) The employees' union of one bank complained in 1981 that:
(a) marks of each question were not stated in the question paper for the promotion test held for subordinate staff. (b) the questions were too academic. In this bank, the marks scored by the candidates in written test are not published, though rank list is prepared on this basis.

(3) An employee who declined promotion is not eligible to appear for the promotion test in the next two chances.

(4) If an employee in clerical cadre does not appear for the written test for promotion to officer cadre through seniority channel on two consecutive occasions, the right of promotion under the channel is forfeited.

(5) In one bank, typists and stenographers are not eligible for promotion to officer cadre. But they can opt for the general stream after three years' service, and become eligible on acquisition of the total required service. However, at present, as the bank is not able to grant them conversion to the general stream, such candidates are given exemption from the application of the aforesaid provision.

(6) Under the norms that existed in a bank in the seventies, an officer could be considered for promotion to Grade III only if
he was qualified as CAIIB. However, officers holding DEMM/MBA were exempted PROVIDED the bank had sponsored them for the course.

(7) Under the norms of promotion in one bank, 'potential' as assessed on the basis of interview has 25 percent of the total marks considered for ranking. However in 1984, no interview was conducted 'to save time and to effect transfers before academic session'. The potential of the candidates was assessed by a committee of senior officials on the basis of the data furnished by the candidates in a prescribed form.

(8) In one bank, an employee who refuses to accept promotion, will not be entitled to stagnation increments. However, he will continue to draw any stagnation increments already granted.

(9) Till early seventies, in one bank subordinate staff promoted to clerical cadre were not assigned clerical duties. They were posted only as cashiers and godown clerks. But in another bank, three of the present officers started their career in subordinate cadre.

(10) The employees' union in a bank complains that: (a) publication of the results of a written test for promotion to officer cadre took about five months (b) the number of vacancies to be filled by promotion are not notified and (c) marks secured by the candidates in written test are not published.

(11) The promotion policy of a bank stated in 1969: 'Promotion of an officer from one grade to a higher grade shall not be as of right, but only on the basis of personal efficiency, quality of leadership, service, enterprising nature, educational and/or technical qualifications and/or other merits of an officer'.
(12) One bank declared its policy in 1977 as follows: 'We have a definite policy in the recruitment and promotion of staff. The objective of the bank is to catch them young to the lowest cadre so that they can be groomed for higher and higher responsibilities'.

(13) As the post of 'Agricultural Officer' is in specialist cadre, such officers are not eligible for promotion through the general stream. However, in one bank they can apply for a change over to the mainstream on completion of five years, and within three years of becoming eligible. Such requests would be allowed only if they are found suitable in an interview.

(14) In one bank, officers who do not avail themselves of three consecutive chances to appear for promotion interview forfeit their chance for promotion.

8.10 FINDINGS

1. In contrast to the other personnel management areas, 'promotion' is characterised by having a well-defined policy regarding many aspects. The promotion policy is more clear and fixed as far as it concerns the award staff. As regards the supervisory staff, it is less precise giving more discretionary powers to the management.

2. The employees' unions have played the leading role in framing the policy and norms regarding promotion of award staff.

3. One basic feature of the promotion policy of all banks is a system of reservation of vacancies for being filled by promotion from lower post. It seems to follow a law of increasing promotions
and diminishing recruitments at higher levels - at lower levels reservation is less and at executive positions it is almost complete. Thus there is no infusion of fresh blood into the stream at higher levels in the hierarchy. By the reservation system the banks undertake to promote the required number of employees irrespective of availability of suitable hands.

4. Though the banks follow various criteria to select employees for promotion to various cadres, the essence of all criteria is merit-cum-seniority basis - each criterion combining merit and seniority in a different proportion.

5. The major tools used to assess merit are written test, educational qualifications of the employee, and to some extent interview. The focus is on what the employee knows rather than on what he does or would do.

6. Performance of the employee in the present cadre has hardly any direct influence in promotion. Even where performance is considered, it is based on an instant general assessment by a committee for promotions. Only one bank takes into consideration the annual performance appraisal reports. Even in that bank, it is considered only in promotions of officers.

7. There is wide disparity between the eligibility requirements prescribed by different banks for posts involving similar responsibilities.

8.11 SUGGESTIONS

1. While formulating the promotion policy, it is desirable that the managements first prepare a draft of the promotion policy
taking into account the needs of the organisation and the expectations of the employees. This draft of the policy can be supplied to the employees' unions, and circularized among the employees for constructive criticism and suggestions. On the basis of the suggestions, necessary amendments can be made in the draft before formal approval and implementation. A policy so adopted would be more fair and capable of winning the confidence of the employees. A policy framed through bargaining and reconciliation between the management and the employees' unions would reflect more the relative strength of the bargaining parties than the interest of the organisation or the employees. Similarly, a policy adopted by the management in a unilateral style would very often fail to recognise the expectations of the employees.

2. Under a system of reservation of vacancies for promotion, the organisation undertakes an obligation to promote the required number of employees, irrespective of eligibility and suitability. This may not be desirable in the interests of the organisation. Hence it is advisable to do away with the reservation system. However, if sufficient number of suitable candidates are available internally, the management should be willing to fill all the vacancies through promotions. For the exceptionally meritorious employees, opportunities for advancement may be provided even by creating appropriate positions. At the same time, if a suitable person is not available within the organisation, the management should be free to explore external sources.

3. A promotion policy giving due consideration for ability, performance and potentials would be appropriate in the interests
of the organisation and the employees who really deserve advance-
ment. To start with, an objective and reliable system of assessing
merit should be developed with the co-operation of employees' unions.
If the assessment of performance for the purpose of promotion deci-
sions bases itself on the periodic performance appraisal reports,
it would be more realistic and would also impart added prominence
to the annual performance appraisal system. In addition to gran-
ting special points for extraordinary performance, the promotion
regulations should also impose disqualification for below standard
performance.

4. If the eligibility requirements for various promotion
posts are prescribed on the basis of job analysis and job speci-
fication, consistency within the bank and between banks can be
ensured.

5. Promotion test would be more meaningful/objective if it
evaluates the skills and abilities which an employee is expected
to acquire from his experience in the present post, and are of
significance in discharging the duties of the higher post.

6. A seniority-based promotion system would be more valid
if it can be ensured that an employee develops his skills and
abilities with the experience gained because of his service.
Periodic performance appraisals, and feedback to the employee may
be helpful in this respect.

7. It would be advantageous to prepare the designates to
senior executive positions by use of 'under-study' system. This
gives them opportunity to get fully acquainted with the new res-
ponsibilities by the time they are to take over complete charge
of the position. To facilitate the under-study to work under the direction, guidance and supervision of the current incumbent for some time it would be necessary to have an executive succession plan identifying the successor in advance.

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22. Flippo op cit p.249.

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