CHAPTER - I

Introduction

Morale in banking administration is very much importance considering. the Banking industries vital role in developing our Nation. One can not under estimate the contribution of banking sector to the society. The healthy banking sector is the mirror of healthy society. For a healthy baking system, "High Morale" employee is very much essential.

The RBI report says, that Private sector banks excels public sector banks in all parameters. Therefore, a study in both sector bank will give light and will be useful for the development of the banks and ultimately the development of the Nation.

Morale in banking administration is an important factor. High morale employee contributes well for achieving the goal of an organization. The part played by banking sector in developing the down drawdend and backward class society are very much significant. The study pertains to both employee productivity and personal growth. To find out cause of high and low morale and how increasing morale may increase employee productivity and personal growth. A comparative study of a public sector bank will help
to find out the reasons why private sector banks are more productive than the public sector bank. The study is not only work on secondary data, but also mainly based on scientific data and its analysis.

The term “morale” is defined in different ways by different authors. Simply put, morale is an attitude of mind or a state of mind of the employee which has impact on individual and company goals and purposes feelings, emotions, and motives combine to provide certain attitude and behavior on the part of the individual, which in turn represents the employee morale. Tanne Hill has defined Motivation as “Influence, a force that gives rise to behaviour”

Meaning and Definition of Morale

Dimock has stated broadly that “the morale of an enterprise is the totality of the elements of which it is compounded” (Marshall Dimock. The executive in Action). By this he means that morale is the condition of the organization which results from the total personality ability and effort of its executives when this condition is favourable in that it is conducive to attaining the objectives of the enterprises we speak of high moral. When prevailing conditions reduce the degree to which an organization attains its
objectives we refer to this as a situation of low morale. Davis points out that it is inaccurate to speak of morale as either present or absent in an organization. Morale is always presents exists in degree ranging from very bad to very good (Ralph C. Davis the Fundamental of Top management).

Morale in this sense must be regarded as a long run condition (Dimock o.p. cit) Those who point to business having low morale and good results may be taking a short run view of the total situation. Dimocks conception of morale emphasis the long run total situation: .... the total combination of components in an organization which produce a balanced healthy situation in which people may work with self respect and with opportunity for individual growth. Morale is a state of balance and health within an organization in which those who take part in it vie the total situation with favourable attitudes. Likert and Willits defined job morale as “an individuals’s mental attitude toward all features of his work and toward all of the people with whom he works.” similarly Guion has defined morale as “the extent to which the individual’s needs are satisfied and the extent to which the individual perceives that satisfaction s stemming from his total job situation.”
Morale in addition must be regarded as a group concept. By this we mean that the significance of morale is in the level at which it exist in the group at any given time or in changes which appear to be under way in the group as a whole. This does not mean that it is inaccurate to speak of individual moral. But only that the executive should be particulars concerned about the pattern of morale prevailing in the group or a significant part of the group with which he is working.

The concept of team work is often confused with morale, but the two are not the same. Team work is a condition in which individual are working together effectively in groups. Morale is the state of attitudes of members of the group. Teamwork may be high yet morale be low although high morale is usually helpful in developing team work. Team work may also be absent when morale is high in cases where worker prefer individual effort and find satisfaction in their own performance.

To this we should add that morale also including employees attitude toward their jobs and their immediate supervisors. The attitudes of individual employees may very considerably from one to another and from day to day. The term morale describes the character or the total attitude at any given time. Halloran Jack defined morale as “a state of mind and emotions. It affects the attitudes and willingness to work which in turn affects others.” The employee thinks his work is worth doing well and that he is doing a good job. High morale helps him to take minor irritants in stride and to work under pressure without bellowing up.

The attitudes of employees at all levels have both an intellectual and an emotional component. The intellectual component it a mental set a view of opinion that is formulated by a employee after sizing up his owe and the experience of others around him. The emotional components centre around the employees evaluations of these experience and his decisions about how he is feels concerning them. In actual situations it is not easy to separate the mental and emotional characteristics of an attitude. They go constantly together. Unless a manager is aware of both components however he may not deal with attitude successfully.
Morale is a relative concept, when an employee has few frustrations, he has ‘high’ morale and when he has many frustration or deep frustrations, he has low morale. Good employee morale is the mental attitude of the individual or of the group, which enables the employee to realize that the maximum satisfaction of hi drives coincides with the fulfillment of the objective of the company. In other words, the employee identifies his objectives with those of the company not merely subordinates his own desires to those of the company.

Importance of Morale

Herzberg (1959) identified motivation factors as, “leading eventually to state of self realization,” a conclusion arrived at through the utilization of scientific validated survey methods at pitsburg. He recorded his famous “Job Content and job context Theory” popularly known as the “The Factor Theory” (Hygiene and motivators).

Morale is fundamentally the result of good human relations, its promotion is the primary responsibility of the management. For management is genuinely interested in high production and higher productivity of workers to achieve the desired result it should know the
impact of its policies and practices on the attitude of the workers about work and be ready in promoting true good feelings about the work policies and practices and about the organization among the workers and stimulate them to get the predetermined objective willingly. Higher productivity is the direct result of the attitudes of the workers about work i.e. high morale will yield more production and better quality at low cost and is an index of good feeling about the follow workers and the organization. If workers appeal to feel enthusiastic optimistic about the group activities and friendly to each other they are described as having good or high morale. It they seem dissatisfied irritated crank critical restless and pessimistic these reactions are described as evidence of poor or low morals.

Shiv khera (1998) describes the need for motivation as, “Motivation is the driving force in our lives. It comes from a desire to succeed. Without success there is little pride in life; no enjoyment or excitement at work and at home. Often life becomes like a lopsided wheel giving a bumpy ride. The greatest enemy of motivation is complacence. Complacence leads to frustration and when people are frustrated they give up because they can not identify what is important”\textsuperscript{10}
Therefore from the viewpoint of management the problem of employee moral is always at the top priority. The enthusiastically and persistently make the effort for stimulating a feeling of togetherness a sense of identification with the elements of one job working condition fellow worker supervisor and the company which is conducive to the achievement of the company’s goal. It is essentially a responsibility of the management to maintain high morale.

The place of morale is no less important for an industrial undertaking. The success or failure of the industry much depends upon the morale with it employees. Keith Davis has compared the morale of the women according to him never underestimate to power of a women and the same certainly must be said about morale. Never underestimate the power of morale.

Lawler (1992)\textsuperscript{11} cautions that employees who do not value the higher order needs (of Maslow’s Theory) of achievement, competence and personal growth will be frustrated rather than motivated by the work structure of involvement oriented organization. And, those who cannot or will not grow will resist enlightened managements’ attempts to enable them to do so.
High morale assists the management to overcome several labour problem such as labour turnover absenteeism indiscipline grievance etc., It also helps seek cooperation of the workers in the running of the organization and thus getting higher production productivity at minimum prescribe cost by reducing the wastages of time man machines and materials. It is in other sense and index of good industrial relation.

A good management is always interested in having and maintaining a better work force with a loyal to the organization and its objectives. A group be it in industry or in some other sphere of human activity is organized with an eye on certain well achieved objective. But organization of a group in the sense of assignment of duties and functions to its members will not for obvious reasons leads to the attainment of the goals set for it. It is obvious that men can perform their task well only when they put their hearts into their works. It is possible only when the feel inspired by the organization the objectives and the people they are working for. They may work what might appear virtual miracles. If on the other hand the employee is indifferent if not having at all togetherness hostile attitude towards the work and the organization it will not prosper notwithstanding all its resources. It is therefore absolutely essential that the group as a whole
is charged with enthusiasm about the work entrusted to is. Such zeal or enthusiasm is usually referred to as morale. It is the subjective feeling of the employee. It may be regarded as an attitude or satisfaction with desire to continue in and willing to strike for the goods of a particular group or organization. A management which is really interested in motivating its employee must try understanding the impact of its policies and practices on the attitude of workers about the work to improve their morals by removing the causes of dissatisfaction among the workers. It is a continuous process that should be possess throughout the life of the organization.

Effects of Morale

1) What it is: an attitude of mind, an esprit de corps, a state of well (or unwell) being, and an emotional force.
2) What it does: Affects output, quality, costs, cooperation, discipline enthusiasm, initiative, and other aspects of success.
3) Where it resides in the minds attitudes and emotions of individuals themselves and in their group reactions.
4) Whom it affects: immediate employees and executives, in their international ultimate the customer and the community.
5) What it affects: willingness to work and to cooperative in the best interact of the enterprises and in turn of the individuals themselves.
A favourable attitude towards the job the group the boss and the company indicate good or high morale and an unfavourable attitude towards the job the group the boss and the company reflects a low or poor morale

Then there is individual morale and group morale and constant interplay between them which in turn affects the company and individual interest Milton L.Blum contends that industrial morale is a group phenomenon involving group solidarity group goal observable progress towards the goal and individual participation in reaching the goal moral motivation and attitudes are interrelated and personnel administrators seek to increase motivation by taking steps to improve attitude and morale and they strive to provide optimal employee morale. There is no doubt that modern management understands what impact good or bad morale of the employees will have on the organizational objective and it is not enough to say that a certain employee’s performance is bad or he has low morale. Increasingly top management Man to known through the aid of manpower managers why the employee behave the way he does and how to reshape and influences his attitudes his behavior and his morale. They also want to know how the employee feels and why he feels that way. More and more executives realize that there is need for considerable “empathy the ability to
put themselves in the shows of the other person in order to find on his feelings attitudes and emotions.

Allen Port (1943) Felt that “employees are more egoists and monetary incentives do not bring about desired motivation alone. What they want above all else is credit for work done, interesting tasks, appreciation, approval and congenial, relations with their employees and fellow workers.”

Whenever the management adopts the I-don’t care attitude or the employee is stupid attitude sooner or later it is bound to land the company in trouble. Many companies may feel that they simply do not have the time to care about what the other person feels and why he does so but in the long run the time spent on caring or the employee is well worth it. Admittedly the employee morale is a very complex phenomenon influenced by so many factors on or off the shop floor. Such factors as the job supervisor company and interpersonal relations certain coworker pay other benefits employees family life his social life his community life his friends top management policies and attitudes and his union have impact on employee morale. If the employees has a nagging wife or he is harassed by his debtors or he things he has a hostile foreman or he things his coworker fools around too much he may hit a low spot or his morale may be low.
While considering employee morale both the business character and non-business character of the individuals i.e. the whole person have to be reckoned with and as personnel execution pointed out. We cannot isolate the non-business character of the individual from the workplace and the individual carries with him to the shop floor his emotions, feelings, and attitudes induced at home. His emotions, feelings, and attitudes induce at home or in society. We have to contend with the whole person. It is necessary to understand the employee and his feelings and emotions with a desire to influence them positively for the good of the employee and the company. They can take the necessary steps to realize improved job performance, job satisfaction, and stability of employment.

Management is the key to the kind of organization which is conducive to high morale and productivity. Decisions made by management regarding patterns of administration and organization are of crucial importance to the employee attitudes and behaviour which develop in an organization. The manager who decides to operate his organization like a machine by that decision alone determines the pattern of supervision, division of labour, flow of work, and executive behaviour that will characterize the organization. The manager who relies on people rather
than on system infuse a totally different spirit into his organization and thereby initiates a different pattern of relations among employees on all levels (Burleigh B.Garner and David G.Moor Human relations in industry 3rd ed., Homwood Illionis Richard D.Irwin Inc 1955).

In recent years, the need for a strong military organization had made millions of people cognizant of the idea of moral among members of the armed services. Morale is found in all organizations large or small our task is to study it with respect to business organizations.

The Physiological Approach

Psychological approach emphasizes not only the basic needs of the people but psychological needs also influence the morale of the people psychological needs are motive morale. According to this view the attitudes and willingness to work is morale. The following definitions may be given in support of this approach.

1. Morale is a mental condition or attitudes of individual and group which determines their willingness to cooperate – Edwin B.Flippo
2. Morale is a state of mind and emotions affecting willingness of individual and organizational objectives – Jucius Slender.

3. For a group of worker moral refer to all tone climate and atmosphere of work, if workers appear to feel enthusiastic and optimistic about the group activities and mission and friendly to each other. They are described as having good or high morals. On the contrary, if they seem dissatisfied irritated critical restless and pessimistic these reactions are described as an evidence or proof of low morale.

M.S.Viteles defines morale as “an attitude of satisfaction, with a desire to continue in and willingness to strive for the goals of a particular group or organization” Mitton Blum describes morale as “The possession of feeling of being accepted by and the belonging to a group of employees through adherence to a common goal and confidence in the desirability of these goals” For a social scientific the morale is a social phenomenon which pull men to live in society or group in pursuit of a common goal. The following are the main supporters of the view.
1. Morale is the capacity of a group of people to pull together persistently and earnestly in pursuit of a common goal - Alexander Levinghton

2. Morale was the feelings of to getherness . There is a sense of identification with an interest in the element of one job, working condition fellow workers supervisor employer and the company black man ship.

From the analysis of the different approaches we can conclude that the morale indeed is willingness to work keith Davis has summed up with view in the following words.

Morale can be defined as the attitudes of individuals and groups towards their work environment and towards voluntary cooperation to the fullest extent of their Ability in the best interest of the organization.

**Importance of The Study**

We have taken a comparative study of a public sector bank and a private sector banks with regards to morale. In general and the reserve bank of India report reveals that private sector banks exceeds in all parameters including business growth, profitability Etc. What makes the Private sector
bans to function well when compare to public sector bank. An in depth study will through some lights. We have chosen Union Bank of India a Public Sector bank and Karur Vysya Bank for Private Sector Bank. Both the banks are almost having similar age and started more or less on the same period. Karur Vysya Bank is 3 years older than Union Bank of India. Union Bank of India was inaugurated during 1919 by our Father of Nation MAHATMA GANDHIJI and Karur Vysya was set up in 1916 by M. A. Venkatarama Chettiar and Athi Krishna Chettiar. Its current chairman is Mr P.T. Kuppuswamy. Therefore bothe the Banks have been taken for the study.

**Banking Importance**

**Banking and The Society**

The importance of Banking industry in the society is very much significant. Banking not only dealing with Business community, but also with everyday life of the individuals. Banking sector helps the Individual to grow and ultimately the society. The GDP growth of 8% for the year 2009 could not be achieved without the contribution of the banking industry. The study will further help to improve the working of the banks.
In the past banking started operating to serve particular communities or region. Only in the urban area most of the Banks concentrated. In the year 1969, Fourteen Private Banks were nationalized. After nationalisation this sector developed rapidly in branch expansion, realization of Banking, deposit growth and deployment of credit to needy sectors of the economy.

**Importance Of Banks In Every Social Life**

The banking system is central to a nation’s economy. Banks are special as they not only accept and deploy large amounts of uncollateralized public funds in a fiduciary capacity, but also leverage such funds through credit creation. In India, prior to nationalisation, banking was restricted mainly to the urban areas and neglected in the rural and semi-urban areas. Large industries and big business houses enjoyed major portion of the credit facilities. Agriculture, small-scale industries and exports did not receive the deserved attention. Therefore, inspired by a larger social purpose, 14 major banks were nationalized in 1969 and six more in 1980. Since then the banking system in India has played a pivotal role in the Indian economy, acting as an instrument of social and economic change.
Wages as a percentage of operating expenses of public sector banks is more than 60 per cent. This situation possibly calls for more at and pragmatic human resource policies and proper manpower planning for the future of these banks. Banks in the private sector both foreign and domestic, however, have reduced their wage component in the operating expenses and are spending more for other business boosting measures like image building, software development etc.

After nationalization of 14 major Banks in 1969 and 6 Banks during 1981 90% of the Banking business was controlled by the Nationalised Bank. Remaining 10% business was controlled by Private Banks foreign Banks and cooperative Bank. Before Nationalisation Banks are not within the reach of the poor people. Banks were controlled by certain group of people helping to a particular group of people and the Banks were located only in a selected places where big industrial companies were located.

After the Nationalisation the atmosphere was completely changed. Branches were spread every nook and corner of the country. Advance policy of the Bank was completely changed. 40 of the advanced were
earmarked for the upliftment of poor people, agriculture, artisan small industries, small traders, weaker section SC/ST etc.,

Nowadays most of the people are having an account with the Bank either in rural, semi-urban, urban, or metropolitan cities. Holding a cheque book is a pride. Nationalised Banks entered into everyday life of a man by way of personalized services. Service is the only product a Bank can produce. A Bank which is doing effective cordial pleasing and good customer service can only survive. Healthy competition among the Banks, will boost the good customer service. Unless and until good morale prevails among the employees, good customer service could not be expected. Therefore by analyzing various factors in a nationalized bank will reveal the true picture of the bank and we can find out in what areas the Bank has to concentrate to increase the morale of their employees and thereby increasing good customer service. The relationship between the employee and the customers. How the factor of the morale affects these relations? Why there are quarrels often among the employee and his superiors? Why often quarrels are erupted between the employee and the customer? What is the contribution of morale for the above raised question?
Everyone is aware that the employee of a bank works in a condition where factors contributing high morale prevails between them in any other industry. Since the morale in the nationalised banks appears to be low, common public prefers private banks rather then the Nationalised Banks. Why morale of the employee of a private bank is high even though they are lesser privileged than the employees of a nationalized bank.

A detailed study, survey is very much essential to find our the facts. A comparative study will give a clear picture and the findings will help the Banking to improve their business and at large the society which benefits out of it.

**Economic Development**

In the national economy, the banking sector holds an important position. It help economy to argument savings and also more efficient utilization of available investible resources. Banks mediate between ultimate borrowers whoa are inverters and the ultimate lenders who are the savers in a community.
These institutions provide the lenders financial assets which are liquid and less risky. A modern economy can not function efficiently unless the institution works well. The banking activities facilitates the economic process of production, distribution and consumption. The whole economy will close in the absence of banking services. The unexpected long holidays, strike are major source of inconveniences to all concerned, the public, the state and the bank itself.

Employees Morale Need Of The Hour In The Banking Industries

Due to fast growth in the banking sector, new complicated problems and challenges have emerged. This is because of nationalsation, liberalization, entry of foreign banks, and private banks. To meet this challengers the employees of the banking sector are required to be kept highly motivated and in higher state of morale.

Human Resources and Banking

Managing Human Resources, Productivity, Quality of your work Life, Profits written by Wayne F.Cascio discusses the quality of work life (QWL).
There are two ways of looking at what QWL means. One way equates QWL with a set of objective organizational conditions and practices (e.g., promotion – from – within policies, democratic supervision, employee involvement, and safe working conditions). The other way equates QWL with employee perceptions that they are safe, relatively well satisfied, and able to grow and develop as human beings. (Cascio, 1995,).

QWL gives employees ownership in the business by allowing them to participate equally with management in the decision making that affect their jobs. “The common denominator of QWL experiments is joint worker – management participation for the purpose of identifying problems and opportunities in the work environment, making decisions, and implementing changes” (1995). Studies have proven that QWL programs, when implanted correctly, increase productivity.

Banks are basically human organization. The employee large number of people of the society to fulfill and carryout their organizational and national objectives. The main task before the bank management is the Utilisation of human resources to the optimum for better result and to meet the new challenges. They have to be kept highly motivated and in higher state of moral. It is in this context the present study to understand the level
of motivation and morale of employees, has been undertaken in respect of Union Bank of India in public Sector bank Karur Vysya Bank in Private sector bank.

**Challenges faced by the human resource in banking**

The banking industry has progressed leaves and bounds but new complicated problems and challenges have emerged before it. Earlier the main problem concerned with the re-organasation of functioning due to nationalization but presently the nature, scale and dimension of problems have radically changed due to liberalization and entry of foreign banks etc. The rapid expansion of activities vis-a-vis the public expectations, assure significance for the banking which is service industry. To meet the new challenges the employees of the banking sector are requires to be kept highly motivated and in a higher state of morale.

The effectiveness of any organisation largely depends upon the employees and the motivational and moral boosting policies of the organization, this imploes to banks as well. The rapid expansion of banking industry has brought in the wake substantive employment vis-av-vis large section of society as its customers. The positive moral keeps the employees
energised to cope-up with increasing work load and responsibilities and rendering qualitative service to the customers which in turn helps in growth of business. The study of motivation and morale helps in analyzing and formulating policies for higher output, reduction in employees’ absenteeism and rendering qualitative service to the large section of the society.

It is generally perceived that the employees in the nationalized banking sector do not put their sincere efforts and the service provided to the customer is not so satisfactory as compared to foreign and private banks. The public sector banks are also losing profitable high value accounts to foreign as also to Indian private banks because public sector banks are unable to deliver quality services by adopting efficient and modern technologies. This has affected overall performance of these banks. It requires updating banking skills by way of sophisticated training and inculcating new banking culture. Although by and large the employees are knowledgeable and can do better and most of them already know what to do and how to do, but unfortunately they do not do so. The answer is very simple, they lack motivation, which is something that encourages and inspires for action. It can arouse conviction and may lead them into action.
BANKING HISTORY

Organized banking sector in India

Currently, India has 96 scheduled commercial banks (SCBs)-27 public sector banks (that is with the Government of India holding a stake), 31 private banks (these do not have government stake; they may be publicly listed and traded on stock exchanges) and 38 foreign banks. They have a combined network of over 53,000 branches and 49,000 ATMs. According to a report by ICRA Limited, a rating agency, the public sector banks hold over 75 percent of total assets of the banking industry, with the private and foreign banks holding 18.2% and 6.5% respectively.

Early history

Banking in India originated in the last decades of the 18th century. The first banks were The General Bank of India which started in 1786, and the Bank of Hindustan, both of which are now defunct. The oldest bank in existence in India is the State Bank of India, which originated in the Bank of Calcutta in June 1806, which almost immediately became the Bank of Bengal. This was one of the three presidency banks, the other two being the Bank of Bombay and the Bank of Madras, all three of which were
established under charters from the British East India Company. For many years the Presidency banks acted as quasi-central banks, as did their successors. The three banks merged in 1921 to form the Imperial of Bank, which, upon India's independence, became the State Bank of India.

Indian merchants in Calcutta established the Union Bank in 1839, but it failed in 1848 as a consequence of the economic crisis of 1848-49. The Allahabad Bank, established in 1865 and still functioning today, is the oldest Joint Stock bank in India. It was not the first though. That honor belongs to the Bank of Upper India, which was established in 1863, and which survived until 1913, when it failed, with some of its assts and liabilities being transferred to the Alliance Bank of Simla.

When the American Civil War stopped the supply of cotton to Lancashire from the Confederate States, promoters opened banks to finance trading in Indian cotton. With large exposure to speculative ventures, most of the banks opened in India during that period failed. The depositors lost money and lost interest in keeping deposits with banks. Subsequently, banking in India remained the exclusive domain of Europeans for next several decades until the beginning of the 20th century.
Foreign banks too started to arrive, particularly in Calcutta in the 1860s. The Comptoir Escompte de Paris opened a branch in Calcutta in 1860, and another in Bombay in 1862; branches in Madras and Pondicherry, then a French colony, followed. HSBC established itself in Bengal in 1869. Calcutta was the most active trading port in India, mainly due to the trade of the British Empire, and so became a banking center.

The Bank of Bengal, which later became the State Bank of India. The first entirely Indian joint stock bank was the Oudh Commercial Bank, established in 1881 in Faizabad. It failed in 1958. The next was the Punjab, established in Lahore in 1895, which has survived to the present and is now one of the largest banks in India.

20th Century Banking in India

Around the turn of the 20th Century, the Indian economy was passing through a relative period of stability. Around five decades had elapsed since the Indian Mutiny, and the social, industrial and other infrastructure had improved. Indians had established small banks, most of which served particular ethnic and religious communities.
The presidency banks dominated banking in India but there were also some exchange banks and a number of Indian Joint Stock banks. All these banks operated in different segments of the economy. The exchange banks, mostly owned by Europeans, concentrated on financing foreign trade. Indian joint stock banks were generally under capitalized and lacked the experience and maturity to compete with the presidency and exchange banks. This segmentation let Lord Curzon to observe, "In respect of banking it seems we are behind the times. We are like some old fashioned sailing ship, divided by solid wooden bulkheads into separate and cumbersome compartments."

The period between 1906 and 1911, saw the establishment of banks inspired by the Swadesh movement. The Swadeshi movement inspired local businessmen and political figures to found banks of and for the Indian community. A number of banks established then have survived to the present such as Bank of India, Corporation Bank, Indian Bank, Bank of Baroda, Canara Bank and Central Bank of India.

The fervour of Swadeshi movement lead to establishing of many private banks in Dakshina Kannada and Udupi District which were unified earlier and known by the name South Canara (South Kanara) district.
Four nationalised banks started in this district and also a leading private sector bank. Hence undivided Dakshina Kannada district is known as "Cradle of Indian Banking".

**From World War I to Independence**

The period during the First World War (1914-1918) through the end of the Second World War (1939-1945), and two years thereafter until the Independence of India were challenging for Indian banking. The years of the First World War were turbulent, and it took its toll with banks simply collapsing despite the Indian economy gaining indirect boost due to war-related economic activities. At least 94 banks in India failed between 1913 and 1918 as indicated in the following table:

<table>
<thead>
<tr>
<th>Years</th>
<th>Number of banks that failed</th>
<th>Authorised capital (Rs. Lakhs)</th>
<th>Paid-up Capital (Rs. Lakhs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1913</td>
<td>12</td>
<td>274</td>
<td>35</td>
</tr>
<tr>
<td>1914</td>
<td>42</td>
<td>710</td>
<td>109</td>
</tr>
<tr>
<td>1915</td>
<td>11</td>
<td>56</td>
<td>5</td>
</tr>
<tr>
<td>1916</td>
<td>13</td>
<td>231</td>
<td>4</td>
</tr>
<tr>
<td>1917</td>
<td>9</td>
<td>76</td>
<td>25</td>
</tr>
<tr>
<td>1918</td>
<td>7</td>
<td>209</td>
<td>1</td>
</tr>
</tbody>
</table>
Post-independence

The Partition of India in 1947 adversely impacted the economies of Punjab and West Bengal, paralyzing banking activities for months. India's independence marked the end of a regime of the Laissez-faire for the Indian banking. The Government of India initiated measures to play an active role in the economic life of the nation, and the Industrial Policy Resolution adopted by the government in 1948 envisaged a mixed economy. This resulted into greater involvement of the state in different segments of the economy including banking and finance. The major steps to regulate banking included:

- In 1948, the Reserve Bank of India, India's central banking authority, was nationalized, and it became an institution owned by the Government of India.
- In 1949, the Banking Regulation Act was enacted which empowered the Reserve Bank of India (RBI) "to regulate, control, and inspect the banks in India."
- The Banking Regulation Act also provided that no new bank or branch of an existing bank could be opened without a license from the RBI, and no two banks could have common directors.
However, despite these provisions, control and regulations, banks in India except the State Bank of Indian, continued to be owned and operated by private persons. This changed with the nationalization of major banks in India on 19 July 1969.

**Nationalisation**

By the 1960s, the Indian banking industry had become an important tool to facilitate the development of the Indian economy. At the same time, it had emerged as a large employer, and a debate had ensued about the possibility to Nationalise the banking industry. Indian Gandhi, the-then Prime Minister of Indian expressed the intention of the Go in the annual conference of the All India Congress Meeting in a paper entitled "Stray thoughts on Bank Nationalisation." The paper was received with positive enthusiasm. Thereafter, her move was swift and sudden, and the GOI issued an ordinance and Nationalised the 14 largest commercial banks with effect from the midnight of July 19, 1969. Jayaprakash Narayan, a national leader of India, described the step as a "masterstroke of political sagacity." Within two weeks of the issue of the ordinance, the Parliament passed the Banking Companies (Acquisition and Transfer of Undertaking) Bill, and it received the Presidential approval on 9 August 1969.
A second dose of nationalization of 6 more commercial banks followed in 1980. The stated reason for the nationalization was to give the government more control of credit delivery. With the second dose of nationalization, the GOI controlled around 91% of the banking business of India. Later on, in the year 1993, the government merged New Bank of India with Punjab National Bank. It was the only merger between nationalized banks and resulted in the reduction of the number of nationalised banks from 20 to 19. After this, until the 1990s, the nationalised banks grew at a pace of around 4%, closer to the average growth rate of the Indian economy.

The nationalized banks were credited by some, including Home Minister P. Chidambaram, to have helped the Indian economy withstand the global Financial Crisis of 2007-2009.

**Liberalisation**

In the early 1990s, the then Narshimha Rao government embarked on a policy of Liberalisation, licensing a small number of private banks. These came to be known as *New Generation tech-savvy banks*, and included Global Trust Bank (the first of such new generation banks to be set up),
which later amalgamated with Oriental Bank of Commerce, Axis Bank (earlier as UTI Bank), ICICI Bank and HDFC Bank. This move, along with the rapid growth in the economy of India, revitalized the banking sector in India, which has seen rapid growth with strong contribution from all the three sectors of banks, namely, government banks, private banks and foreign banks.

The next stage for the Indian banking has been setup with the proposed relaxation in the norms for Foreign Direct Investment, where all Foreign Investors in banks may be given voting rights which could exceed the present cap of 10%, at present it has gone up to 74% with some restrictions.

The new policy shook the Banking sector in India completely. Bankers, till this time, were used to the 4-6-4 method (Borrow at 4%; Lend at 6%; Go home at 4) of functioning. The new wave ushered in a modern outlook and tech-savvy methods of working for traditional banks. All this led to the retail boom in India. People not just demanded more from their banks but also received more.
Currently (2007), banking in India is generally fairly mature in terms of supply, product range and reach—though reach in rural India still remains a challenge for the private sector and foreign banks. In terms of quality of assets and capital adequacy, Indian banks are considered to have clean, strong and transparent balance sheets relative to other banks in comparable economies in its region. The Reserve Bank of India is an autonomous body, with minimal pressure from the government. The stated policy of the Bank on the Indian Rupee is to manage volatility but without any fixed exchange rate—and this has mostly been true.

With the growth in the Indian economy expected to be strong for quite some time—especially in its services sector—the demand for banking services, especially retail banking, mortgages and investment services are expected to be strong. One may also expect M &As, takeovers, and asset sales.

In March 2006, the Reserve Bank of India allowed Warburg Pincus to increase its stake in Kodak Mahindra Bank (a private sector bank) to 10%. This is the first time an investor has been allowed to hold more than 5% in a private sector bank since the RBI announced norms in 2005 that
any stake exceeding 5% in the private sector banks would need to be vetted by them.

In recent years critics have charged that the non-government owned banks are too aggressive in their loan recovery efforts in connection with housing, vehicle and personal loans. There are press reports that the banks’ loan recovery efforts have driven defaulting borrowers to suicide.

**REVIEW OF LITERATURE**

12.“Jerald green berg & robert a. Baron” in their book titled “Behaviour In Organisation” that Job satisfaction is the one of the key factors for increase in morale of an employee. Certain group of people are more satisfied with the job than the others”. While collar personnel (Eg.Managerial & Proposal people) trend to be more satisfied that the Blue Collar Personnel (Eg. Managerial & Proposal people) trend to be more satisfied that the Blue Collar Personnel (Eg. Physical Labour, Factory workers)”. “Older People are more satisfied than the young people satisfaction does not increase even spare. People are more satisfied ……… in their fifties”. Further he has stated that “People who are more experienced on their job are more highly satisfied.” “According to Two –
Factor the Dry Job Satisfaction is caused by a set of factors referred to a “Motivator”. (We call it is moral of an employee) whereas job dissatisfaction is cause by a different set of factors known’s “Hygiene Factors”. “Opportunity of personal Growth (career development) Promote Job satisfaction: 1) Make Jobs fun 2) Pay People fairly 3) Match People to Job that fit than interest. 4) Avoid boring, Repetitive Jobs.

In the book – ¹³ Organisaion behavior authored by “Raeandre” says, “Motivation is nothing but improving employee morale. The behaviour both mental and physical that individual exhibit in pursuit of organisation. Maslow set up Three Different office spaces and invited his subjects in to one of them. He then asked the subjects to study the photographs of Different People. “Manager to recognize issues of health and productivity.

1) Improving physical working condition, including, reducing employees exposure to noise, Toxins, and Chemicals. 2) Redesigning jobs to reduce the inside of Respective strain injuries. 3) Maintaining Job demands at healthy level. 4) Providing healthy work schedule includes rotating shifts, and reduce overtime. 5) Offering stress management training and encouraging social support from co-worker
and supervisors.” “Manage yourself and manage others”. “Management by objectives (MBO) emphasizes participatory set goals that are tangible, Variable, and measurable”. 

14 Book – Essential of Organizational Behaviour – Seventh Edition, By Stephen P.Robbins. Ob Mod Has been used to improve employee productivity and to reduce errors, Absentism, Tardiness, and Accident Rates, By adapting this, general electric, General mill, and Xerox have had considerable success and found that Average 17% improvement in Employee Performance.

“Organisations are increasingly recognizing what, Laura Schendell is Acknowledging” recognition can be a potent motivator. Developing people for better performance book “How to be a better decision make a by BARKER” has starter, “Your decision will change the way people work, giving them new responsibility, challenges and opportunities to meet this they will have to develop their competences the skill and behavior that will lead to improved results ……… Assessing and building competence is a matter of co-operation between managers and job holder.” “Customer satisfaction also one of the factors to improve the bank employee morale Berry (1983) for marry introduced. The concept customer relationship
management of Business world. But, the idea of relationship marketing was emerged much earlier (Mc.Garry 1950, 1951 1953, and 1958) To add to it more, Alderson 1956 focused on inter and interchannel co-operation.

John Arndt. C.1976, Expected business to business marketing in developing personal relationship between key suppliers. For managerial competence includes:1)Planning  2) Problem Solving 3) Budget Control 4) Setting Objectives  5) Face to Face Communication  6) Written Communication  7) Developing Individual  8) Team Building  9) Customer Relationship  9) Self Development”. For Increasing Competencies:1)Redress performance that resulted in failure to meet target. 2)Strengthen competencies that are capital to the Job.3)Develop Competencies that are important in key result areas. 4) Consociate competencies that are already well developed.

“In the Book How to motivate people” written by Patrick Forsyth performance = capability +Knowledge * Motivation a leveling.“Motivation is a core skill done well, it allows manages, and their staff to achieve more – potentially much more. If you want to be judged a successful manager you must evalulative suitable motivational skill. The rewards are in results that,
it helps ensure will follow”. The Satisfier or Motivators. These define the key factors that create positive motivation. They are in order of power: 1) Achievement 2) Recognition 3) The work itself 4) Responsibility 5) Advancement 6) Growth

In the Book Organisation Behavior By Stephen P. Robbins & Timothy says that “It is important that company’s monitor employee attitudes self perception theory. Attitudes are used after the fact to make sense out of an action that has already occurred”. He further states a positive feeling about one’s job resulting from an evaluation of its characteristic. The degree to which a person identifies with a job activity participate in it, and consider performance important to self growth.

In the book Management Theory and Practice, Author Misshauk says “it is hopped that this involved awareness and involvement will enable individuals to have a greater degree of understanding of and control over their job environment as a result to find the job more challenging and satisfaction”.

Implementation of Management By Objective relates to morale and both are aiming to achieve high performance. Establish clear, mutually
understood and agreed upon goals. Establish a place of action detailing how goals are to be achieved., Setup separate reward to be associated with achievements. Setup and conduct periodical reviews designed to discuss progress toward goal achievement.

**Objectives of The Research**

Banking sector is playing a vital role in the national economy Union Bank of India, a nationalized bank is also playing a key role in this direction. For attaining the designated goals, management has to ensure that the employees are continuously motivated and their morale is kept high. Otherwise, a frustrated lot can never provide good service and ultimately the reflection falls upon the organizational efficiency. Therefore, the present study focused its attention to achieve the following objectives

1. To trace the origin and growth of banks in general
2. To study the morale of the employees of public and private sector banks
3. To identify the factors promoting morale
4. To analyse the issues of Morale in the banks
5. To suggest recommendations to enhance morale of the employees in banks.

**Methodology**

For pursuing the work the scholar has used libraries as well as scientific method. The library method is used for collecting secondary data. The secondary data source are books, journals, reports and different studies in the field of morale. Beside, for collecting primary data, scientific method is use by the researcher. In this structure questionnaires are utilized for collecting data from the staff of Union Bank of India and Karur Vysya Bank. The scholar also is very careful to see that each question in the questionnaire, was properly, understood by them before making any response. For sampling, random sampling, method was used. Data were collected from Union Bank of India and Karur Vysya Bank staff members on working days for transacting business. Total 500 Questioners were received out of 900. 300 from Union Bank of India Staff 200 from Karur Vysya Bank.
CHAPTERIZATION

The whole gamut of the study / thesis is divided into six Chapters. The First Chapter is Introduction one; attempts have been made to provide some knowledge about morale and importance of study. A great care has been taken to present a review of available literature on the subject. The research methods utility and limitation of the study have been explained in Chapter I. In chapter II Profile of Union Bank of India a major nationalized public sector bank and profile of Karur Vysya Bank one of the oldest bank in private sector bank. Care has been taken to analyze the important factors of performance of both the banks. In Chapter III morale in banking administration has been explained and high and low morale and their causes have been explained. In Chapter IV Effective ways for improving morale has been dealt with many authors suggested so many ways to improve morale. In Chapter V private sector bank in India have been explained the number of banks and the factors leading for the growth of the private bank. In the same chapter public sector banks, reserve bank of India and banking history has been explained. Banking importance and Challenges based by human resource management in banking are dealt in details. In Chapter VI critical analysis of Union Bank of India regarding in survey have been
explained. Mainly the thesis is dependent on the prime data, perception and altitudinal view of the Staff of Union Bank of India and Karur Vysya Bank. The primary data were collected through questionnaires prepared by the scholar. Data have been analysed statistically with the help of computer. Further various tables, graphs have been figured for clarity of explanation.

Finally, concluding observation in the last chapter. In it the whole story has been summarized and suggestions have been provided for increasing morale among the staff member in general and in particularly for Union Bank of India and Karur Vysya Bank Staff.

**Limitations Of The Study**

There were several limitations to the study because of the size of the bank. Ensuring that all personnel were given the opportunity to fill out a survey was difficult and impossible. The amount of time it took the researcher to receive the surveys was lengthy. Further, the staff feel laborious in filling the forms as it contains many pages. The researcher feels all the particulars mentioned in the questioner are important. Many staff members returned the survey paper partially completed.
Compiling the data for the survey was time consuming. The researcher only here considered the opinion of staff working four branches, Regional Office, and Zonal Office, of Union Bank of India. And in Karur vysya Bank five branches have been taken for the study. The researcher received only five hundred questioners, three hundred from Union Bank of India and Two hundred from Karur vysya bank.
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