CHAPTER II

RECRUITMENT AND TRAINING

2.0 Introductory

There has been considerable expansion of banking facilities in India during the recent years both as regards the geographical coverage and the number of customers served. This unprecedented growth of the banking industry has created in its wake a number of administrative and organisational problems for the bank management. For instance, banks will find it difficult to get adequate trained staff to meet the requirements of the new offices and the increased business at the existing ones. The supervision and control over the branches will become inadequate unless the organisational set up at the Head Offices is adequately strengthened.

2.1 Man-Power Planning

Man-power planning is the most important problem faced by the bank managements. The forecast must lead to appropriate action, otherwise it is of no value. A programme of recruitment and selection has to be designed so that the organisations requirements of the human resources are met adequately and in time. In preparing the plan, allowance will have to be made for Sectors such as: time taken for recruitment, time taken for training, training
facilities available, etc.

In a pamphlet on 'Management Development for the Banking Industry' published by the National Institute of Bank Management, it has been stated:

"... Looking at the quantitative side of manpower planning it is vital to recognise the link between manpower planning and the overall business programme of a bank. Unless each bank was sufficiently clear of its business activities of the future, it could not possibly make an assessment of its managerial manpower requirements. It would be necessary to provide for a proper inventory of jobs at the branch level and each higher level of managerial activity such as region or the circle. The personnel inventory should contain not only the existing job positions in the bank but also the names of the present incumbents of each job. On the qualitative side the need was to attract the best talent from outside as well as to develop talent from inside through formal and non-formal training ......."

2.2 Recruitment

Though recruitment and training are two key ingredients of the management development, their full potential was not being properly utilised in the banking industry. These tools are particularly important in view of the fact that 75% of the recruitment of officers in most of the banks was from the clerical staff with the banks.
For the purpose of using these instruments effectively the entire process of recruitment should attempt to attract the most suitable talent into the industry. Proper recruitment policies and procedures are essential for the success of the recruitment process. As far as selection problem is concerned, selection should be carried out quickly so that the time lag between the receipt of application and selection was reduced to a reasonable period of two or three months. To meet the man-power needs of the industry, recruitment for clerical levels should be made on regional basis. There should be industry wide examination for recruitment of officers. Appropriate tests and examination should be developed and administered centrally to prepare a list of eligibles. The individual bank could select their probationary officers from a list of such eligibles.

2.3 Selection

In the selection of candidates to officers' cadre the ratio of directly recruited candidates to be promoted from amongst the staff varies from bank to bank between 50:50 and 0:100, depending upon the agreement of the bank management with their respective staff unions. In majority of banks the ratio is around 25:75. The detailed qualification prescribed for recruitment varies from bank to bank. The selection procedure for recruitment of clerical
staff in most of the banks is to conduct an examination. But in some banks interview is the sole criterion for selection. The criterion generally followed by most of the banks for promotion from one grade to another is seniority-cum-merit and the weightage in favour of merit, increases as the officer moves up the ladder. Some banks also have a system of rewarding extraordinary performance of the staff, by awarding cash prizes, granting special increments and promotions.

2.4 Performance

Some banks use performance appraisal as a yardstick for rewarding good performance. The banks sought to make appraisal objective and to minimise subjective element by various methods such as:

(1) By having the appraisal done by the supervising officer and its review by another officer.

(2) By making the appraisal from the reports of two independent officers' record, which were reviewed by a Committee at the Head Office.

(3) By checking reports which were either very favourable or unfavourable.

(4) By calling self-evaluation sheets from the concerned officers.

(5) By asking branch inspectors to make appraisal of branch managers.
2.5 Training Need

Banks are operating throughout the country by a network of branches. An efficient and effective training programme for both officers and clerical staff could alone sustain vigorous branch expansion and all-round business development. Many of the banks, realising this, have re-oriented training courses and programmes with a view to making them job-oriented. New techniques of training and training plans have been evolved by some banks. Training courses for clerical staff were redesigned so as to groom them for taking up responsible jobs in coming days. In addition, training courses had been devised for various categories of officers. In some banks, executives have been deputed for attending the training programme conducted by various institutions of management, like the All India Management Association, the Vaikuntha Mehta Institute of Co-operative Management, the National Productivity Council, the National Institute of Bank Management, etc. Most of the banks participate in research projects conducted by the National Institute of Bank Management.

2.6 Training : New Perspective

In some banks Branch Reconciliation system has been computerised. For effective implementation of such scheme, training programmes were organised for both clerks and officers at each branch. The personnel inventory has
also been computerised with a view to meeting the growing requirements of officers for various projects in future. Training programmes have also been arranged for officers in the field of agricultural finance, financing small scale industries and other fields. In some banks even officers have been sent abroad for training.

Training facilities have been augmented and intensified. Training Centres were set up at many places like Delhi, Ahmedabad, Baroda, Calcutta, Poona, Nagpur, etc. In some banks a mobile squad of instructors has also been appointed for training of clerks at a number of other centres. Apart from short induction courses, carefully planned condensed courses have been adopted, aimed at imparting expeditiously to the new recruits the basic training in banking procedures. Specially designed courses were organised for junior officers. The training courses mainly aim at giving the trainees the necessary orientation in outlook and at developing in them the special skill and the right attitudes needed to deal with the emerging new class of customers and handle their problems.

Significant efforts have been made by many banks to bring about far-reaching and qualitative changes in the training programmes conducted for the staff at the various levels. The training programmes have been geared not only to cope up with the quantitative growing requirements but also to equip the bank personnel in handling,
operational and organisational problems that have assumed new dimensions in recent years. In many banks the training programmes have been redesigned. Besides, new specialised courses for financing agriculture and small scale industries, a new programme for senior personnel to develop decision making skills have also been introduced by some banks.

2.7 Rural Staff and Training Needs

In recent years, the commercial banks and the fourteen nationalised banks have not only extended their banking activities in rural areas but have accepted a challenge to contribute significantly towards the development of agriculture in India. Five years ago, the rural branches accounted for 25% of the total bank branches but by the end of 1974 they increased 36.5%. This has made imperative for the bank managements to take policy decision about the qualifications of the staff, working in rural branches as well as Agricultural Credit Departments. It is necessary to know what type of in-service training, on the job training and refresher courses are required for the old and the newly recruited personnel, how can the rural staff be integrated with the banking staff in general, in respect of promotions and whether any special facilities, allowances, etc. are necessary for such staff. The importance of right personnel, with
right qualifications, experience and training and right aptitude to work cannot be over-emphasised for the success of this new programme. It is necessary to consider the nature of duties required of the rural staff and their working and living conditions for arriving at a decision in respect of their qualifications, experience and training. In some banks, the head of the Agricultural Credit Department is M.Sc. (Ag.) Specialising in Agricultural Economics, Farm Management and Rural Sociology.

It is clear that for the betterment of the small and marginal farmers, the Bank’s rural personnel has to function as a friend, advisor and guide to the farmers. They should have competence in:

1. Knowledge of new farm technologies.
2. Understanding farm plans and preparing annual budget.
3. An agricultural background and education.

2.8 Role in Development Process

Banking system is now expected to play a pivotal role in the development process. The success of banks to play such a role depends on their ability to mobilise deposits and offer banking services to all. This they can do by expanding their coverage both geographically and functionally but the major limitation in this rate of expansion is, the non-availability of trained personnel.
It is therefore necessary that the banks should work out schemes of training for their staff at all the levels. Further, commercial banks are now making available increased credit to the sectors such as small-scale industry, agriculture, retail trade, etc. which in the past were not receiving adequate attention. The new concept of lending to such sectors also requires special training for a large number of middle level personnel. Their aptitude to shoulder responsibility has to be developed to enable them to render useful service to the community. This can be done only if they are equipped with the requisite knowledge of advances, especially to the priority sectors like agriculture, small-scale industry, etc. It would be seen that the bank agents in general do not appreciate much the relationship between credit expansion and the inflationary situation. More important, there is no doubt that commercial banks in general are not yet equipped to do the job of credit planning. Effective credit planning calls for a large staff that is familiar with modern techniques of financial analysis and also technical appraisal of new projects that the banks seek to assist.

2.9 Training Institutions and Banks

The commercial banks are now fully aware of the need of building up the kind of expertise required and they
are taking some steps in this regard. But the process would appear to be very slow. There is need of large scale recruitment of the technical personnel and financial analysts. Apart from the fact that such men are available plenty, the banks cannot afford to employ on large-scale such staff as nearly all of them are overstaffed. So what the banks have to do is to train the existing staff in the project appraisal and financial analysis. The training institutions of the commercial banks must concentrate on these matters. Short but very intensive programme must be drawn in this respect. The services of independent management institutions must also be mobilised for this purpose. If the job is done with determination, is the course of the next four or five years the commercial banks will be equipped with the staff that is ready to shoulder the new responsibilities of banking.

2.10 Regional Training Centres

In one bank, six Regional Training Centres have been established. This represents a major departure from the existing training system both in the terms of training objectives and training strategy. At these Centres, staff members below the level of branch accountants will be trained for the specific job that they will do after the course. Placement, job rotation and training are thus linked. The courses are of short periods and are oriented
towards work practices. They will also serve as communication centre for face-to-face meetings with the staff members conveying new policies, practices and schemes. A group of experienced young officers have been trained to head the six Regional Training Centres. The centres have been planned in close consultation with the National Institute of Bank Management.

The Regional Training Centres constitute the first tier. The second tier will be the Joint Staff Training College. Following the large promotions of staff to the officers cadre, induction courses have been conducted in all the regions for the new officers. The third tier is the courses conducted by the external institutes to which officers of the Banks have been sent for training including training in banks abroad. The fourth tier is the National Institute of Bank Management to whose courses senior executives have been nominated.

2.11 Bankers' Training College: Their Role

The Bankers’ Training College have also been established in September, 1954 imparting practical training to the supervisory staff of the commercial banks in India. It is essential that Directors take adequate interest in the affairs of the banks and exercise effective supervision over the Chief Executive Officers in order to ensure that the investments and advances which they make, conform to
the requisite criterion of liquidity. It is also neces-
sary for the Head Office to exercise effective control
and supervision over the branches. For this purpose,
the importance of employing staff with the requisite
training and experience cannot be overemphasized.

Public Sector banks have colleges/centres for train-
ing their officers and/or clerical staff and these colleges/
centres have arranged courses for training the staff
in matters such as: (a) deposit mobilisation, public
relations, (b) financing of exports, agriculture, etc.
(c) personnel relations. Some banks have their own train-
ing colleges. The banks having such training facilities,
intended to train all the newly recruited clerks and
officers through induction courses. On the job training
has been imparted to the clerical and supervisory staff,
by transferring them to the different departments, sections
at periodical intervals. For audit and inspection, staff
is mostly trained by giving them on-the-job- training.

2.12 Staff Training Activities

Till a few years back, when the banks had only limited
branches, they continued to follow such systems and pro-
cedures of operation and administration which were developed
decades ago. The tremendous expansion has taken place
especially after the nationalisation of major banks, with
the result that the time has come for the banks to revise.
basically the existing organisation methods, systems of and procedures to cope with the present day requirements. It is the time that the banks should delegate powers to the lower ranks, so that an efficient and expeditious service is rendered to the community at large. With the increased activities of the banks in different directions, it was estimated that the personnel which was about 2.35 lakhs in 1970 would increase to 5 lakhs by 1980 and 7.50 lakhs by 1985. The banking system today is charged with the most revolutionary objective of bringing better life to the masses and with a view to achieving this, the age-old traditional practices have got to be re-designed.

For achieving these objectives, it is necessary that proper training facilities are made available to the staff and with this end in view, all big banks in the country have established various staff training colleges. The Reserve Bank of India through its Bankers' Training College and the National Institute of Bank Management have also contributed their best by conducting both regular and refresher courses.

2.13 Training and Education for Bank Managements

In the Reserve Bank of India Report it has been stated:

".... In recent years management's efforts have been intensified to harness a more effective use
of human resources. It is increasingly recognised that a sound management development programme is vital to a high rate of growth of the economy. Unless the management and other employees of the banks are well trained and adequately educated sound banking cannot develop. The Reserve Bank of India may guide the bankers, but ultimately the responsibility lies with the management to take necessary steps in time. The periodical and systematic inspection conducted by R.B.I. Inspectors had revealed that many of the defects found in the working of commercial banking were not in a large number of cases due to consciously practised dishonesty, but due to the lack of experience and proper training in the methods of banking. Many of the executives in charge of the smaller banks were ignorant of the recognised principles of sound banking and in many cases functioned as money lenders...."

For the smooth working of the banks it is essential that the management should be familiar with the sound banking principles. It can be achieved only by proper banking education and training. Owing to a lack of co-ordination between banks, educational and training institutions there are at present, on one hand many men trained in banks in business of banking, but devoid of the theory of banking and on the other hand there are graduates well versed in theory but devoid of practical knowledge who are not readily taken up by the banks.

The following institutions have been established for
providing banking training and education:

(1) Indian Institute of Bankers in 1928. Its contribution in training banking personnel is of high magnitude.

(2) Banker's training colleges in 1954. It aims at making available to the commercial banks a nucleus of trained supervisory and executive staff to enable them to proceed with their branch expansion programme and improve the working and quality of banking service.

2.14 Training Schools and Colleges

Some commercial banks, have also taken lead in setting up, training colleges and schools for the benefit of the employees. In order to equip the staff to shoulder new responsibilities the State Bank of India had opened its own training colleges, schools and zonal training centres. This tendency shows that the commercial banks are not lagging behind in providing adequate training facilities to their staff. The banks can cope with the challenging functions which they are increasingly expected to perform in a modern economic world only if they take up prompt steps to develop their management on scientific lines instead of allowing forces of evolution to take care of it. To achieve the goal, more training centres should be started to cope with the increasing demand of bank officials. The duration and syllabus of courses of different colleges
should be drafted by the R.B.I. It would bring uniformity in training. Universities should also manage to give practical training in banking to students offering the subject.

2.15 Training at Different Levels

In the translation of national objectives and banking policies into effective implementation programmes, training at all levels will have to play a crucial role in meeting the needs of development banking. The goals of training efforts are manifold: effective communication of the new policy, motivation of the personnel, not only to passively accept but to actively promote the new role and infusion of new skills and knowledge to create confidence in handling areas of finance. Training involves proper orientation of the officer to a job, developing the necessary skills in him—technical and conceptual and giving him a wide range of experience by proper placement on the job, adequate delegation of authority and supervision and guidance and finally linking it to the performance appraisal system leading to proper promotional policies and practices. The ultimate objective of all such efforts is to make an officer not merely a good banker but also to develop his potential as a leader in the profession of banking.
2.16 EMERGING ROLE

It has been remarked in the Report of an International Seminar on 'Banking and Development':

".... The greatest asset of a bank are its men. The performance of the banks in the new developmental role is closely linked with the attitude, training, achievement, motivation and imagination of their personnel. A continuous overhaul of the human machinery by an integrated, conscious, long-term strategy of effective manpower planning and human resources development through training can ensure a speedy and sensitive translation of social goals into sound banking....."

Many banks have set up Joint Training Colleges, but it is the fact that a joint training college set up at an enormous cost could not function fully as they did not have sufficient furniture or the required number of staff and it took over six months to decide whether the hostel for the trainees should have dunlopillo beds or cotton mattresses while the banks want on adding to their branch network.

Training can be regarded as the process of bringing bank officers to a desired state of efficiency in specific duties by instruction and practice. It can produce competent clerks but by itself it will not and it cannot produce able and competent managers, for management even in its humblest forms calls for so much more than, technical knowledge and close knowledge of a bank's own rules and procedures.
2.17 On the Job Training

Training on the job must always remain the heart of the matters, for however valuable courses may be, they add up to no more; at the most than any; say a year of a working life of forty five years. There must be climate in which self-development can flourish, in which challenges and opportunities are created, in which friendly counsel is available and encouragement given. The student should know what is expected of him when he goes to the course. But if maximum benefit is to be achieved, then it is of very essence, for on his turn, the student must be able to apply his new knowledge. Knowledge left uncultivated is a wasting asset. It is important that the training methods must be constantly reviewed to take the advantage of educational research, for the target is: training for operational day-to-day effectiveness—possibly training for tomorrow. The following three points must be taken into account while drafting the training programme:

(a) that the teaching must be student centred,
(b) that group work by students is essential,
(c) that the students must work with concrete problems, not only with the problems stated abstractly.

In other words 'The student learns doing - and he learns what he does'. This holds good in all phases of training and management education.
Banks in modern times should maintain a Research Staff to make a progressive study of the market conditions to devise methods for improving their service and to simplify procedures for reducing operating expenses. Individual bank may find it difficult to establish a separate Research Department for itself. In such a case banks in a particular region may, with an active co-operation, establish a Research Organisation so that the benefits are shared by all. Besides, a Central Research Organisation may be set up with the help of the regional organisation and the latter may work in collaboration with the former. After procuring and selecting personnel the next important task of personnel administration is to train and develop the employees so that they will realise their fullest potentialities. The primary objective of training is to develop the skills, habits, attitudes and knowledge which contribute to the growth of the individual as well as the organisation. All training programmes aim at making the employees more effective and productive on their jobs and increasing their potential on higher level jobs.

2.18 Need for Scientific Management

Before drafting out training programme it is most important to establish the need for training for different individuals because, individual needs for training are
different. The challenges offered by the new role of the bank are many and diverse. Training and equipping employees with the skills necessary to meet these challenges are the matters of utmost importance to the banking industry. Towards this and training centres have been established by most of the banks for enabling the employees to discharge their duties more efficiently. However, for obvious reasons the arrangements made in this regard fall too short of the requirements. At clerical level alone about 15,000 new entrants are being absorbed in the industry annually. To train such an influx of personnel, the conventional class-room method of teaching will prove inadequate. The other difficulties apart from the magnitude are: the employees to be trained belong to varying age groups, and have diverse academic background. In the above method the employee to be trained is required to be relieved from his job for the training period, resulting in dislocation in the concerned office. However, as the employee cannot be relieved from his job again and again an effort is made during the training programme to feed him everything about banking in the short period. Last is the enormous cost involved in bringing all the employees to the training centres periodically. Due to the above difficulties some modern scientific technique must be adopted. Programme learning is one of them. In this the subject matter is broken down into small steps called
'frames' which are arranged in a carefully considered sequence. A frame consists of small amount of information along with a question posed to the learner to which he is expected to give an answer. The desired or correct response is imprinted either at the end of the frame or on some nearby location. The skill of the programme lies in ensuring that the response made by the learner is generally the desired response. At the same time the learner should not be able to give the desired response unless he goes through the information provided in the frame carefully. The frames are so arranged that each frame prepares the learner to understand the information in the next frame. A well constructed programme therefore, ensures active participation on the part of the learner.

2.20 Summing Up

Basically, the training that imparted through these management institutes is of two kinds. One for those fresh young men who seek fresh careers in management and the other is for practising managers. By and large the educational training in this country has remained somewhat crystalgasing type with a great deal of text-book knowledge but without much of practical touch in what is being taught.

In respect of the practising managers the emphasis should obviously be on their periodical exposures to newer developments in their fields and experiences of
others in those fields. This is essential because in their day-to-day working the practising managers may not have the time and resources to keep themselves informed of the development elsewhere. In devising the curricula and in imparting the necessary training it is useful to bear in mind that the practising managers should be aware of improved practices as well as malpractices both of which are current in the business world. This would provide them with a better insight into the working of commercial and business world. These training programmes should be result-oriented and if a record is kept of those who undergo such training and with a lapse of a period of five years or so the same team could be brought again to speak out how their earlier training has been useful in their practical working.

In his article on 'Professionalisation of Management', Mr. K. R. Puri has remarked:

"...... In the present day context training facilities will have to bring about necessary motivational changes. Workers participation in management is now being increasingly adopted. It is necessary that such participants in corporate management get necessary training bring about proper motivational adaption. Workers are now partners in management and with this motivational training they could also contributed a great deal for the achievements of national objectives."
This training cannot be of the type that is today imparted through western-oriented institutions. Persons so trained would become a white elephant on the scarce resources of the community. This training should be entirely result-oriented and attuned to our requirements of a growing but yet a poor society...."