CHAPTER - II

PROFILE OF THE UCO BANK
AND SAMPLE BRANCHES
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PROFILE OF THE UCO BANK AND SAMPLE BRANCHES

2.1. Introduction

As a backdrop to our study on various aspects of Human Resource Management in the UCO Bank, an attempt is made in this chapter to give a brief profile of the UCO Bank in general and Orissa Zone and Bhubaneswar Division in particular. Among other things, our analysis covers such aspects as the financial performance, human resource position, organisational structure, and age and educational mix of sample respondents.

2.2. Profile of the Corporate Office

2.2.1. History and Growth

UCO Bank formerly known as the United Commercial Bank Limited. It was incorporated on January 6, 1943 with its corporate office at the then Royal Exchange place, Calcutta as private Bank by Birla brothers to cater to the needs of the industries of eastern India. In 1969, after nationalisation it was named as ‘United Commercial Bank’; and later in December 1985, the Bank was renamed as ‘UCO Bank’ in order to avoid operational complexity in its international transactions because of existence of another Bank with the same
name in Bangladesh. Although the Bank was quite successful in its earlier days it had to face setbacks after partition and independence because of changes in political and economic scene of the country. In the post-Independence period the Bank could quickly recover from the shock and sustain its growth. In view of the social control imposed by the Government of India in 1967, the Bank had to reconstitute its Board of Directors and diversify its lending activities to preferred sectors such as agriculture, small industry, small traders, export, retail trade etc. Consequent upon nationalisation in 1969, as a public sector bank, it had to undergo a radical change in its structure and business policy in line with the Government directives. In 1971 the organisation underwent restructuring on the basis of functional specialisation, decentralisation and personnel development. Consequent upon this, the head office was reorganised under three functional parameters namely administration and accounts, banking operations, planning and development, each division being headed by a Deputy General Manager. As the size of the Bank increased due to its diversified activities, further reorganisation and decentralisation became inevitable. As a result, a four tier organisational set up came into operation in 1985 consisting of Branches, Divisional Offices, Zonal Offices and the Head Office.

After nationalisation, the Bank has reshaped and streamlined its objectives. The main objectives are:

- to provide adequate finance for productive activities in the priority sector such as agriculture, small scale industry etc., in order to fulfil its social objective.
• to mobilise the saving resources of the rural community in order to generate more funds.

• to eradicate regional and economic disparity.

• to accelerate employment generation through several self employment financing schemes.

• to open large number of branches in rural areas in order to serve the poor and neglected people.

• to adopt the policy of 'consolidation and growth' with social and innovative banking.

• to diversify the Bank's network in the field of international and foreign exchange business, merchant banking leasing, mutual fund, housing finance etc.

The business of the Bank at the initial stage was confined within the country but later on the Bank extended its activities outside the country. The Bank opened its first overseas branch in Rangoon in 1947; by that time it had sixty branches and was ranked as one of the 'big five banks' of the country on the basis of deposit resources and working funds. The Bank has made substantial progress in branch expansion and deposit mobilisation after nationalisation. It has also registered a marked increase in its advance and gross earnings during this period (see Table 2.1). From the table it may be noticed that the Bank has achieved remarkable increase in deposit mobilisation and lending. Its performance in lending to priority sector and in gross earnings has been quite impressive. While the total number of branches of the Bank was 378 till nationalisation, it had increased significantly during the last two and half decades. At
The Bank has 1793 branches, Indian and foreign branches taken together. The Bank has fourteen Zonal Offices, out of which five are in northern India, four in eastern India, three in western India, and two in southern India to oversee and supervise the implementation plans and programmes set up for each Zone. There are also forty one divisional offices spread over in various parts of the country located mostly in state capitals to guide, assist, monitor, and supervise the activities of the branches under their control. (see Figure 2.1)

### TABLE 2.1

**GROWTH OF THE UCO BANK SINCE NATIONALISATION**

<table>
<thead>
<tr>
<th>Period</th>
<th>Rural and Semi-Urban Branches</th>
<th>Urban Branches</th>
<th>Foreign Branches</th>
<th>Total No. of Branches</th>
<th>Deposit</th>
<th>Advance</th>
<th>Lending to Priority Sector</th>
<th>Gross Earnings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Till 1969</td>
<td>184</td>
<td>188</td>
<td>6</td>
<td>378</td>
<td>257.53</td>
<td>162.82</td>
<td>20.38</td>
<td>17.54</td>
</tr>
<tr>
<td>As on March 31, 1995</td>
<td>1214</td>
<td>572</td>
<td>7</td>
<td>1793</td>
<td>10328.00</td>
<td>4876.00</td>
<td>1229.00</td>
<td>1172.00</td>
</tr>
</tbody>
</table>

Source: Compiled from the data supplied by the UCO Bank.

However, the growth of the Bank in the above fields is more due to the changing policy of the Government after nationalisation rather than the operational efficiency of the Bank.
<table>
<thead>
<tr>
<th>Head Office</th>
<th>Zonal Office</th>
<th>Divisional Office</th>
<th>Branch Office</th>
<th>State</th>
</tr>
</thead>
<tbody>
<tr>
<td>10 BTM Sarani.</td>
<td>Lucknow</td>
<td>10. Burdwan</td>
<td>27</td>
<td></td>
</tr>
<tr>
<td>15. Dharamasala</td>
<td>15. Meghalaya</td>
<td>15. Meghalaya</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>27. Madras</td>
<td>1. Andam Nicobar</td>
<td>27. Madras</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>30. Patna-II</td>
<td>4. Daman &amp; Due</td>
<td>30. Patna-II</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>32. Ranchi</td>
<td></td>
<td>32. Ranchi</td>
<td>Outside India</td>
<td>7</td>
</tr>
<tr>
<td>33. Raipur</td>
<td></td>
<td>33. Raipur</td>
<td>Outside India</td>
<td>7</td>
</tr>
<tr>
<td>34. Saltlake</td>
<td>1. United Kingdom</td>
<td>34. Saltlake</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>35. Sambalpur</td>
<td>2. Singapur</td>
<td>35. Sambalpur</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>37. Shimla-II</td>
<td></td>
<td>37. Shimla-II</td>
<td></td>
<td></td>
</tr>
<tr>
<td>38. Silchar</td>
<td></td>
<td>38. Silchar</td>
<td></td>
<td></td>
</tr>
<tr>
<td>39. Suri</td>
<td></td>
<td>39. Suri</td>
<td></td>
<td></td>
</tr>
<tr>
<td>40. Tiruchirapalli</td>
<td>40. Tiruchirapalli</td>
<td>40. Tiruchirapalli</td>
<td></td>
<td></td>
</tr>
<tr>
<td>41. Varnasi</td>
<td></td>
<td>41. Varnasi</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
2.2.2. Organisation Structure

The UCO Bank being a public sector nationalised bank its policies are subject to control by the Parliament and the Ministry of Finance of the Government of India. Although its day-to-day management is looked after by a Board of Directors, the Ministry of Finance, Government of India is the final authority. The requirement of accountability of the Bank is satisfied by the submission of its reports and annual accounts to the Parliament.

A sound organisation structure is considered important for a vibrant organisation. The organisation structure of the Bank is based on the clearly defined line of authority, responsibility and principles of delegation and decentralisation.

At present, the Bank has a four-tier pyramid like organisation structure. (see Figure 2.2.)

The topmost tier of the management is represented by Head Office of the Bank. The Head Office is responsible for formulating organisational plan, setting up of goals, providing guidelines besides maintaining macro-level liaison with Reserve Bank of India (RBI), Government of India and the public in general. The Head Office is responsible for overall performance of the Bank.

The second tier consists of the Zonal Office. The Zonal Office has to oversee the implementation of the plans and programmes set up for the Zone both on long term and short term, besides monitoring and controlling the functions of the Divisional Offices. It also provides guidelines and support service to the Divisional Offices under its control and collects necessary information from the Divisional Offices for submission to the Head Office, RBI, Government etc.
Fig. 2.2 Pyramid Structure of the Organisation
The Divisional Offices constitute the third tier in the organisation structure. Lying in between the Zonal Offices and the branches, these offices are under the control of the Zonal Office. The Divisional Offices, in turn, are the controlling authority over the functioning and performance of the basic business units, namely the branches. It is also the responsibility of the Divisional Offices to collect, combine, and consolidate requisite information for transmission to higher authority as well as to outside authorities like RBI, Government etc.

The Branches, the lowest tier in the organisation structure, are most vital from the performance and business points of view. It is the combined performance of the branches that makes the performance of the organisation as a whole. In fact branches are direct contact points for the customers. It is only through the branches that the business plan, policy, and programme set up at the corporate level are implemented.

The UCO Bank is managed by a Board of Directors appointed as per the provisions of the Nationalised Banks (Management and Miscellaneous Provisions) Scheme, 1970. The Board of Directors include:

1. Two whole time Directors-- Chairman-cum-Managing Director (CMD) and Executive Director (ED)
2. One Director from among the workmen employees
3. One Director from among the Officers
4. Two Directors from among the farmers, workers and artisans
5. Four Directors from among the specialists in the fields of finance, agriculture and economics
6. One Director from the officials of RBI
7. One Director from the officials of central government.
<table>
<thead>
<tr>
<th>Hierarchical Levels of Manpower in the UCO Bank</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) Chairman cum Managing Director.</td>
</tr>
<tr>
<td>2) Executive Director.</td>
</tr>
<tr>
<td>3) General Manager (GM).</td>
</tr>
<tr>
<td>4) Deputy General Manager (DGM).</td>
</tr>
<tr>
<td>5) Assistant General Manager (AGM).</td>
</tr>
<tr>
<td>6) Divisional Manager / Officer Grade - A /</td>
</tr>
<tr>
<td>Chief Officer / Chief Manager.</td>
</tr>
<tr>
<td>7) Senior Manager / Officer Grade - B.</td>
</tr>
<tr>
<td>8) Manager / Officer-Grade - C.</td>
</tr>
<tr>
<td>9) a) Manager / Officer-Grade - D.</td>
</tr>
<tr>
<td>b) Manager / Officer-Grade-E</td>
</tr>
<tr>
<td>(Less than six years).</td>
</tr>
<tr>
<td>10) Clerical Staff.</td>
</tr>
<tr>
<td>11) Sub-ordinate Staff.</td>
</tr>
</tbody>
</table>

Source: Data Supplied by the UCO Bank.
The CMD is the chief corporate executive who runs the affairs of the Board. He is the supreme authority of the Bank and exercises such powers and discharge such duties as may be delegated to him by the Board.

The ED is next to the CMD in the hierarchy. His main duty is to execute the policy matters as decided in the Board meetings and to look after the smooth functioning of the Bank. He acts as a linking pin between the CMD on one hand and the General Manager and other employees of the Bank on the other. He is mainly concerned with the internal activities of the Bank.

The ED controls affairs of the Bank with the help of eight General Managers (GMs) who are the principal officers/top executives of the Bank. The GMs are assisted by nine Deputy General Managers (DGMs), ten Assistant General Managers (AGMs), twenty nine Chief Officers (COs). The COs are answerable to the AGMs, the AGMs to DGMs and the DGMs to the GMs of their respective Departments.

The GM (Planning and Development) is assisted by two DGMs, one AGM and four COs to look after the Planning and Development work of the Bank. Out of the two DGMs, one is entrusted with the planning and development of Regional Rural Banks (RRBs) and the other looks after computer policy and planning and management services. The AGM is in charge of the economics and statistics relating to the Bank; and the COs are in charge of budget and management, customer relations, business development and Regional Rural Banks.
The GM (Credit) is assisted by two DGMs— one for Credit and the other for Merchant Banking. There are two AGMs to look after the credit matters, including credit to the priority sector. Besides there are ten COs— three for three different segments— Credit, Credit to Priority Sector; and Merchant Banking; two for law section; two for small scale industries and one each for rehabilitation, agriculture and trade section of the Bank.

The Treasury and Investment Management Department is headed by a GM who is assisted by a DGM (Fund Management), an AGM and a CO.

The GM (Accounts) is the head of the Accounts Department. He is assisted by one DGM, two AGMs and two COs. One of the AGMs is in charge of special follow-up unit, whose job is to take follow-up action in respect of the pending accounts matters.

The International Banking Department is headed by a GM, who is assisted by a DGM and a CO. The Department looks after the foreign exchange business of the Bank. Further, it co-ordinates the functioning of the foreign branches of the Bank.

The Personnel Department is functioning since the inception of the Bank. Headed by a General Manager (GM), this Department has one DGM, two AGMs and three COs and other staff. Besides personnel functions (manpower planning, recruitment, selection of human resources, training and development etc.) the GM looks after other matters including salary administration, welfare of the employees and employees' provident fund. Thus, the Personnel Department of the Bank is an extended department.1 Although the

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1 When a single department looks after various functions besides the functions that it is originally required to carry out, it is called an extended department. See Dalton F. McFerland, Personnel Management: Theory and Practice, London: The Macmillan Company, 1969, p. 81.
GM is a staff functionary, he acts as a line executive in his own department. He directs, commands, delegates and controls the executives and staff of the Personnel Department of the Bank.

At the Zonal and Divisional levels, separate Personnel Departments are functioning and the heads of these departments are answerable to the Zonal/Divisional managers.

The Vigilance Department deals with the prevention and punitive aspects of vigilance cases. The chief of the Vigilance Department is a GM who is assisted by an AGM and a CO.

The Inspection Department is headed by a GM who is assisted by a DGM and two COs. Being responsible for the regular inspection of the branches of the Bank, this Department has to ensure the smooth and effective functioning of the branches. This Department is also associated with the internal auditing of accounts of the Bank as a whole.

The General Administration Department is headed by an AGM. He is assisted by five COs. This is the service department of the Bank. Among other things, the COs are in charge of the general administration matters, premises of the Bank, printing and stationery, publicity, public relations and promotion of the national language (Hindi).

2.2.3 Business Details

The UCO Bank being a nationalised Bank, its business policy is regulated according to the RBI norms and the Government of India guidelines, issued from time to time. Like any other commercial bank, the UCO Bank primarily deals with the acceptance of deposits from the public and grants advances/credit to different sectors of the
economy. Besides this, the Bank also renders other ancillary services like granting and issuing of letter of credit, underwriting of shares and stocks, provision of safe deposit lockers, travellers' cheque facilities, merchant banking etc.

In addition to the usual fixed current, savings bank and recurring deposit schemes, the Bank has special deposit schemes and schemes for Non-Resident Indians (NRIs). The notable among the special deposit schemes are Lakpati Deposits Scheme, Money Multiplier Scheme, (UCO Double and UCO Treble), Money Back Recurring Deposit Scheme, Two-way Deposit Scheme, Friend in Need Deposit Scheme, Laghu Bachat Yojna etc.

Some of the schemes that are in operation for the NRIs are the Non-Resident Ordinary Account (NRO), Non-Resident Rupee Deposit, Non-Resident (non-repatriable) Rupee Deposit Scheme, Foreign Currency (non-resident) Account, Foreign Currency Ordinary Deposit Scheme, Resident Foreign Currency Account for Returning Indians.

The Bank in its initial days was selective in lending, but the nationalisation of banks has widened its scope of lending. To attune to the national objective and to abide by the RBI guidelines, the Bank's top priority is to extend loans and advances to the priority areas such as small scale industries, agriculture, transport, retail trade, small business, professional and self-employed persons, education, housing for the weaker section, state sponsored organisations for scheduled castes and tribes. In addition to these, the Bank also lends money for financing medium and large scale industries, wholesale trade, export and import and other personal loans.
After nationalisation, the Bank has adopted the concept of social banking and in order to fulfil its social objectives, it has come forward in a big way to finance the needy and neglected people of the society. Various programmes such as Integrated Rural Development Programme (IRDP), Self-Employment for Educated Unemployed Youth (SEEUY), Self-employment Programme for Urban Poor (SEEUP) etc. launched by the Government are given top priority while lending.

At present the Bank has widened its scope in business to attract more customers. It has promoted a leasing company jointly with NICCO group with equity participation of Rs. 45 lakhs known as NICCO-UCO-Financial Services Ltd., to promote merchant banking business. It also opened an NRI Bureau at Mumbai in December 1988 for better services of its NRI customers.

2.2.4. Capital Structure

The UCO Bank started with a paid up capital of Rs. 1 Crore. Upto 1988-89, the paid up capital was Rs. 117 Crores. In 1994-95 it was Rs.1551 Crores making an increase of Rs.1334 Crores. Thus the paid up capital increased by 11.4 times within seven years. During this period, the total deposits had grown from Rs. 7288 Crores to Rs. 10328 Crores, an increase of 42 per cent and the total capital had increased from Rs. 7872.53 Crores to Rs. 13312.00 Crores, an increase of 68 per cent. The details of capital structure are given in Table 2.3.
TABLE 2.3

CAPITAL STRUCTURE OF THE UCO BANK AS ON MARCH 31, 1995

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Particulars</th>
<th>Amount (Rs. in Crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Equity Capital</td>
<td>1551</td>
</tr>
<tr>
<td>2.</td>
<td>Reserve and Surplus</td>
<td>155</td>
</tr>
<tr>
<td>3.</td>
<td>Borrowings from RBI, other Banks, other Institutions and Agencies</td>
<td>235</td>
</tr>
<tr>
<td>4.</td>
<td>Deposits</td>
<td>10328</td>
</tr>
<tr>
<td>5.</td>
<td>Other liabilities and provisions</td>
<td>1043</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>13312</strong></td>
</tr>
</tbody>
</table>

Source: Compiled from the data supplied by the UCO Bank.

2.2.4.1 Financial Performance of the UCO Bank

Management of human resources in the Bank is in a way linked to the financial performance in the Bank. As can be seen from Table 2.4 and Fig. 2.4., there was an upward trend in the UCO Bank financial performance during the period 1988-89 to 1991-92; and in the subsequent years (1992-93 to 1994-95) the business of the Bank exhibited a fluctuating trend. This trend in recent years has been on account of fluctuations in advances. The income of the Bank also shows a similar trend. It increased from Rs. 796.03 crores in 1988-89 to Rs. 1179.22 crores in 1991-92 and decreased to Rs. 1037.00 crores in 1993-94 and again it increased to Rs. 1172.00 crores in 1994-95 (an increase of 13 per cent).
<table>
<thead>
<tr>
<th>Year</th>
<th>Owners' Fund</th>
<th>Outsider's Fund</th>
<th>Capital employed/ working</th>
<th>Advances</th>
<th>Total income</th>
<th>Expenditure Profit/ Operating losses</th>
<th>No.of employees</th>
<th>Expenses towards payment of salary and provisions</th>
<th>Advance + idle fund investment total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1988-89</td>
<td>117.00</td>
<td>14.74</td>
<td>131.74</td>
<td>346.80</td>
<td>7208.00</td>
<td>105.99</td>
<td>7746.79</td>
<td>7872.53</td>
<td>3925.41</td>
</tr>
<tr>
<td>1988-89</td>
<td>267.00</td>
<td>14.74</td>
<td>283.40</td>
<td>670.22</td>
<td>8582.51</td>
<td>101.43</td>
<td>9154.16</td>
<td>9457.56</td>
<td>4974.32</td>
</tr>
<tr>
<td>1990-91</td>
<td>500.00</td>
<td>14.74</td>
<td>516.40</td>
<td>650.79</td>
<td>8346.93</td>
<td>1113.90</td>
<td>10109.70</td>
<td>10462.10</td>
<td>5586.05</td>
</tr>
<tr>
<td>1991-92</td>
<td>500.00</td>
<td>14.74</td>
<td>516.40</td>
<td>749.42</td>
<td>9607.31</td>
<td>980.13</td>
<td>11344.86</td>
<td>11861.26</td>
<td>6472.57</td>
</tr>
<tr>
<td>1991-93</td>
<td>500.00</td>
<td>15.91</td>
<td>515.91</td>
<td>822.57</td>
<td>10000.82</td>
<td>1148.71</td>
<td>1197.12</td>
<td>12488.01</td>
<td>5012.72</td>
</tr>
<tr>
<td>1993-94</td>
<td>1035.00</td>
<td>15.91</td>
<td>1050.91</td>
<td>165.46</td>
<td>9299.16</td>
<td>1030.00</td>
<td>10491.60</td>
<td>11542.51</td>
<td>4577.50</td>
</tr>
<tr>
<td>1994-95</td>
<td>1551.00</td>
<td>155.00</td>
<td>1706.00</td>
<td>255.00</td>
<td>10528.00</td>
<td>1945.00</td>
<td>11604.00</td>
<td>13512.00</td>
<td>4876.00</td>
</tr>
</tbody>
</table>

Source: Compiled from the data supplied by the UCO Bank.
Fig. 2.4 Graph Showing the Income & Expenditure of the UCO Bank
The expenditure had increased in alarming proportions i.e. from Rs.790.30 crores in 1988-89 to Rs.1583.00 crores in 1993-94. But in 1994-95 it decreased to Rs.1256.00 Crores (a decrease of 16 per cent). The decrease in the expenditure was due to streamlining of operating expenses and reorganisation of workforce by the management.

An analysis of the performance of the Bank during the period under study shows that the Bank made a nominal profit of Rs. 5.73 Crores in 1988-89. But in the subsequent three years i.e. for 1989-90 to 1991-92, it incurred losses to the tune of Rs. 54.59 crores, Rs.42.96 crores, and Rs. 20.99 crores respectively. Just at a time when the losses were reducing, the years 1992-93 and 1993-94 accounted for heavy losses. These losses, according to the management of the Bank, were on account of introduction of prudential norms of accounting1 rather than its own lapses. However, in the year 1994-95 the losses reduced considerably owing to economy in operating expenses, decrease in the number of employees and improvement in the employee productivity.

The above inferences are also supported by the trend of operating expenses. The operating expenses increased from Rs.215.45 crores in 1988-89 to Rs. 354.32 crores in 1993-94, an increase of (64 per cent). But in 1994-95 it reduced to Rs. 245.96 crores (a decrease of 30.58 per cent). However, the expenditure towards salary and provisions of the employees had shown an increasing trend throughout the period under study. During 1988-89 to 1994-95, the idle fund balances showed an increasing trend except in the year


An asset would be considered non-performing if interest on such asset remains past due for a period exceeding 180 days at the Balance Sheet date and no income should be reorganised in the accounts in respect of non-performing assets.
1993-94. In case of idle fund, the Bank is following the policy of conservatism by keeping a large amount of funds unutilised.

It may be noticed that the Bank resorted to heavy borrowings (ranging from Rs. 346.80 crores to Rs. 822.57 crores) during 1988-89 to 1992-93. But in 1993-94 and 1994-95 it was Rs. 163.46 crores and Rs. 235.00 crores respectively. This indicates that the management became more cautious in utilising borrowed funds in recent years.

The above analysis depicts a discouraging trend in the financial performance of the Bank. The causes that may be attributed to the unhealthy financial performance of the Bank are both managerial as well as human. The managerial causes cut across a wide array of business activities like unwarranted borrowings, improper cash management, defective accounting policy (inflated deposit figures), directed investment, directed credit programme imposed by the Government and unorganised massive expansion of branches especially in rural areas. The human causes include, among other things, lack of sincerity and personal involvement among the Bank staff in the recovery of loans and customer service.

The analysis of the financial performance of the Bank can also be made with the help of ratio analysis\(^1\) as projected in Table 2.5 and Appendix V.

The ratio analysis reveals that the debt to equity ratio considerably declined from 58.76 in 1988-89 to 19.57 in 1990-91. During 1991-92 to 1992-93 it had shown an increasing trend. In 1993-94 and 1994-95 there was a sudden downward trend. This indicates the margin of safety to the creditors had increased in recent years.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Debt to Equity Ratio</td>
<td>58.76</td>
<td>32.30</td>
<td>19.57</td>
<td>21.96</td>
<td>23.20</td>
<td>9.95</td>
<td>6.80</td>
</tr>
<tr>
<td>2</td>
<td>Return on owner's fund</td>
<td>4.35</td>
<td>MIL</td>
<td>MIL</td>
<td>MIL</td>
<td>MIL</td>
<td>MIL</td>
<td>MIL</td>
</tr>
<tr>
<td>3</td>
<td>Return on capital Employed (in percentage)</td>
<td>7.37</td>
<td>5.96</td>
<td>7.04</td>
<td>7.40</td>
<td>6.38</td>
<td>5.95</td>
<td>6.90</td>
</tr>
<tr>
<td>4</td>
<td>Operating Ratio (in percentage)</td>
<td>27.06</td>
<td>31.09</td>
<td>25.46</td>
<td>25.52</td>
<td>28.80</td>
<td>34.2</td>
<td>21.0</td>
</tr>
<tr>
<td>5</td>
<td>Operational Productivity Ratio</td>
<td>14.18</td>
<td>15.55</td>
<td>13.30</td>
<td>13.39</td>
<td>10.11</td>
<td>8.80</td>
<td>12.10</td>
</tr>
<tr>
<td>6</td>
<td>Credit Deposit Ratio (in percentage)</td>
<td>53.50</td>
<td>58.00</td>
<td>67.00</td>
<td>67.00</td>
<td>58.00</td>
<td>47.20</td>
<td>47.20</td>
</tr>
<tr>
<td>7</td>
<td>Labour Productivity Ratio (Rs. in Lakh)</td>
<td>32.00</td>
<td>38.00</td>
<td>39.00</td>
<td>45.30</td>
<td>44.80</td>
<td>39.50</td>
<td>43.60</td>
</tr>
<tr>
<td>8</td>
<td>Ratio of Salary to total Expenditure (in percentage)</td>
<td>19.50</td>
<td>21.20</td>
<td>18.00</td>
<td>18.67</td>
<td>15.85</td>
<td>17.00</td>
<td>24.05</td>
</tr>
</tbody>
</table>

Notes: For Calculation of ratios see Appendix V.
The operating ratio increased from 27.06 per cent in 1988-89 to 31.09 in 1989-90. But it had decreased to 25.46 in 1990-91 and from this period onwards it had shown an increasing trend except in 1994-95 when it was 21.00. On the other hand, the operational productivity ratio decreased from 14.18 in 1988-89 to 12.10 in 1994-95 except in 1989-90 when it was 15.55. The above two ratios indicate that the expenditure of the Bank in comparison with the income is increasing, while the operational efficiency of the Bank is decreasing.

In respect of the return on owner's fund, the Bank's performance was dismal, as the Bank failed to register any returns during the last several years. The return on capital employed shows a very uncertain trend because it fluctuated between 5.96 to 7.40 per cent. This indicates that the rate of return on capital employed/working fund is unsatisfactory. It is further seen from the table that the Credit Deposit Ratio increased from 53.50 per cent in 1988-89 to 67 per cent in 1991-92, but it decreased to 58 per cent in 1992-93 and 47.20 per cent in 1993-94 and 1994-95. However, during the period of the study the employee productivity ratio increased from Rs. 32 lakh in 1988-89 to Rs. 44.8 lakh in 1992-93. In 1993-94 it declined slightly and increased again in 1994-95. Although this trend appears to be quite encouraging, in real practice it is a temporary phenomenon. The deposits that are mobilised for meeting the Bank's annual targets during the period of preparation of financial statements; and often withdrawn immediately.

2.2.5 Human Resource Position the of UCO Bank

As can be seen from Table 2.4, there was no significant change in size of workforce in the UCO Bank during the period 1988-89 to
1994-95. At the end of 1994-95, the workforce was 34,834. The category-wise break-up of the human resource position is given in Table 2.6 and Fig. 2.5.

**TABLE 2.6**

**HUMAN RESOURCE POSITION IN THE UCO BANK, 1994-95**

<table>
<thead>
<tr>
<th>Category</th>
<th>Total Number</th>
<th>DC%age to the total workforce</th>
</tr>
</thead>
<tbody>
<tr>
<td>Officers</td>
<td>9,061</td>
<td>26.30</td>
</tr>
<tr>
<td>Clerical Staff</td>
<td>18,112</td>
<td>51.90</td>
</tr>
<tr>
<td>Sub-staff</td>
<td>7,661</td>
<td>21.80</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>34,834</strong></td>
<td><strong>100.00</strong></td>
</tr>
</tbody>
</table>

Source: Compiled from the data supplied by the UCO Bank.

Note: Clerical staff include Clerks, Cashiers, Clerk-cum-Typists, Typists. Sub-staff include Sweepers, Messengers, Watchmen etc.

The clerical staff of the Bank constitutes more than half of the total workforce.

In line with the Governments' reservation policy the, UCO Bank reserves 18.50 per cent of the posts for scheduled castes and tribes; 4.60 per cent for ex-servicemen, and more than 1 per cent of the jobs for physically handicapped persons. Women employees constitute 8 per cent of the total workforce of the Bank.¹

Fig. 2.5 Pie Diagram Showing The Human Resource Position in the UCO Bank 1994-95

- Clerical staff: 51.80%
- Officers: 26.30%
- Sub-staff: 21.80%
2.2.6. Future Business Plans

After the introduction of reforms in the financial sector, the Bank reoriented its plan of action to utilise the opportunities offered by the changing environment. The Bank proposes to rationalise its business policy and go for branch expansion, deposit mobilisation, foreign exchange business, computerisation, better customer service, mutual fund business, etc., including human resource development. It proposes to achieve a deposit growth of 20 per cent. Accordingly, it has revised the interest rates in term deposits. It also proposes to increase its foreign exchange turnover by 200 per cent; miscellaneous business by 100 per cent and non-fund based business by 200 per cent. In order to tone up its administration and minimise its operational expenses, the Bank is aiming to restrict the increase in the overhead expenses to 5 per cent. Further, the Bank is planning to adopt proper steps to improve the performance of the loss-making branches; and recover at least 50 per cent of agricultural loans. Furthermore, the Bank intends to strengthen credit management by improving the quality of appraisal, monitoring, and follow-up. In respect of information system, the Bank has introduced computerisation and it is in the process of bringing more branches under its computer-network. In order to improve customer service the Bank provides Advanced Ledger Posting Machines (ALMPs). The Bank proposes expansion of its area of business through diversification by establishing Merchant Banking Division, Mutual Fund, Financial Services, Credit Card, Portfolio Management.

The Bank claims that as its employees are its greatest assets it is taking appropriate steps for improving the quality of its human resources.
From the above analysis it appears that the UCO Bank is taking some steps to expand its business base. But, the Bank needs to improve its financial performance by reducing its expenses and improving the efficiency of its staff. Otherwise, its very existence will be at stake as its financial losses are mounting year after year.

2.2.7 Overview

1. The UCO Bank, formerly a private bank, established by Birla Brothers, was incorporated on January 6, 1943. In 1969, consequent upon nationalisation, the Bank underwent a radical change in its structural and business policy. It is a four tier organisation consisting of Branches, Divisional Offices, Zonal Offices and Head Office.

2. The Bank has made a substantial progress in branch expansion and business performance after nationalisation. Although on the surface, it appears that the Bank has made a remarkable growth, in reality the progress of the Bank is attributed more to the changing policy of the Government than to its operational efficiency.

3. The organisation structure of the Bank shows that its Board of Directors includes government nominees, employees' representatives, specialists from industry, finance, economics, agriculture etc. The CMD is in the overall charge of the Bank. The administration of the Bank is divided into eight functional areas-- Accounts, Credit, Planning & Development, Personnel Treasury and Investment, International Banking, Vigilance, and Inspection, and looked after by eight General Managers who are accountable to the CMD through the ED.

4. The Personnel Department of the Bank is headed by the General Manager (Personnel). Besides a Deputy General Manager, there are
two Assistant General Managers and three other supporting officers and staff. The Personnel Department is an extended department.

5. The Bank, in addition to its normal functions of accepting deposits and lending advances also extends various special schemes for the welfare of the socially backward and neglected people of the community. It has also various schemes for NRIs and has gone for Merchant Banking, Leasing, Mutual Fund business etc.

6. The total business as well as the income of the Bank had shown a fluctuating trend during the period 1988-89 to 1994-95. During the same period the expenditure increased in alarming proportions. The Bank incurred losses continuously from 1989-90 to 1994-95 its loss increased to abnormal proportions in 1992-93 and 1993-94. Thus, the Bank shows a downward trend in its financial performance. The management refuses to shoulder the responsibility on the ground that the retardation of its performance is due to introduction of prudential norms of accounting rather than its own lapses. The financial position of the Bank as reflected through the ratio analysis reveals that the safety margin to the creditors is increased from 1993-94 onwards. It is also found that the expenditure of the Bank as compared to its income is increasing while the operational efficiency of the Bank is considerably decreasing. The ratio analysis also shows that the rate of return on the capital employed is unsatisfactory. On the other hand, during the same period the employee productivity had increased. Although it is an encouraging trend, in reality it is a temporary effort of the management to dress up its financial statements.

7. The Bank proposes to take a number of steps in the future to increase its business base through restructuring and rationalisation of
administration, introduction of new schemes, improvement of customer services, etc. But the greatest need of the hour is that it has to administer a number of stringent financial measures by minimising expenses and increasing efficiency reflecting marked financial improvement if it is to exist as a viable financial organisation.

8. The business policy of the Bank is formal and codified but meant only for internal circulation. This is obvious in case of a financial institution. However, most of the policy directives are regulated under the Government of India guidelines and RBI directives. As a result of all this the Bank is, in reality, devoid of autonomy as well as accountability in business matters. To a large extent, this affects the working efficiency of the Bank leading to erosion of profitability. For example, during the Janata regime at the Centre, the Public Sector Banks in India had to wipe out large sums of loans upto Rs. 10,000 per individual, aggregating an amount of Rs. 1000 crores in the Banking Sector.

2.3 Profile of Zonal Office and Divisional Office

2.3.1 Zonal Office, Orissa

In November 1985, 14 Zonal Offices were created by the UCO Bank. The Zonal Offices play a vital role in the policy making in their respective zones, thereby leaving the Head Office to concentrate on strategy formulation, overall policy making and dealing with operational matters of high criticality and complexity. The Zonal Office represents the management control tier in the organisation structure.
Fig. 2.6
Zonal Office, Orissa

- Bhubaneswar Division
  - 55 Branches
- Cuttack Division
  - 73 Branches
- Sambalpur Division
  - 27 Branches
  - 4 Branches
The Orissa Zonal Office was started during the last week of November 1985 at C-2 Ashok Nagar, Bhubaneswar to cater to the needs of the three divisions situated at Bhubaneswar, Cuttack and Sambalpur (See Fig.2.6). The Zonal Office being an extension of the Head Office, controls, supervises and assists in solving various problems faced by the Divisions and Branches. There are 159 branches under the Orissa Zonal Office, out of which 155 branches are controlled by the Zonal Office through their respective Divisional Offices. Besides this, there are four very large branches in Orissa situated at Bhubaneswar and Cuttack, and they are directly controlled and looked after by the Zonal Office. The UCO Bank is acting as a lead Bank in four districts of Orissa namely Puri, Dhenkanal, Cuttack, and Balasore which are under the supervision of Orissa Zonal Office. Two Regional Rural Banks of Orissa namely Cuttack Gramya Bank and Balasore Gramya Bank are sponsored by the UCO Bank. Besides, the Zonal Office acts as convenor for Orissa State Level Bankers' Committee (SLBC).

The Orissa Zonal office has made a substantial progress in deposit mobilisation and business turnover. It has also reflected an increase in lending, gross earning and branch expansion during 1988-89 to 1994-95 (See Table 2.7).

An analysis of Table 2.7 reveals that the total business of the zone increased from Rs. 555.51 crores in 1990-91 to Rs. 768.12 crores in 1994-95, making an increase of Rs. 212.61 crores (38.27 per cent). As regards the profit and loss position, the Zone has been earning very marginal profits. As can be seen from the Table, there was a gradual increase in the DCOage of profits upto 1994-95 except in 1992-93.
TABLE 2.7  
Performance of Zonal Office, Orissa 1988-89 to 1994-95 (Rs. in crores)

<table>
<thead>
<tr>
<th>Year</th>
<th>Deposit</th>
<th>Advance</th>
<th>Total Business (Adv + Dep)</th>
<th>Profit</th>
<th>No. of Employees</th>
<th>Labour Productivity</th>
<th>No. of Branches</th>
<th>Credit Deposit Ratio in Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1988-89</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>1.99</td>
<td>NA</td>
<td>--</td>
<td>147</td>
<td>---</td>
</tr>
<tr>
<td>1989-90</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>2.25</td>
<td>NA</td>
<td>--</td>
<td>156</td>
<td>---</td>
</tr>
<tr>
<td>1990-91</td>
<td>347.23</td>
<td>208.28</td>
<td>555.51</td>
<td>2.65</td>
<td>NA</td>
<td>--</td>
<td>158</td>
<td>60.00</td>
</tr>
<tr>
<td>1991-92</td>
<td>376.97</td>
<td>224.11</td>
<td>601.08</td>
<td>3.33</td>
<td>NA</td>
<td>--</td>
<td>159</td>
<td>60.00</td>
</tr>
<tr>
<td>1992-93</td>
<td>437.82</td>
<td>219.13</td>
<td>656.95</td>
<td>2.22</td>
<td>1755</td>
<td>Rs.37.43</td>
<td>159</td>
<td>50.00</td>
</tr>
<tr>
<td>1993-94</td>
<td>460.56</td>
<td>245.86</td>
<td>706.42</td>
<td>3.02</td>
<td>1977</td>
<td>Rs.35.73</td>
<td>159</td>
<td>53.38</td>
</tr>
<tr>
<td>1994-95</td>
<td>516.42</td>
<td>251.70</td>
<td>768.12</td>
<td>3.25</td>
<td>1980</td>
<td>Rs.38.79</td>
<td>159</td>
<td>48.74</td>
</tr>
</tbody>
</table>

N A. Not Available

NOTE: Figures in brackets in Col-5 indicate percentage of increase /decrease in the profit over the previous year.

SOURCE: Complied from the data supplied by the UCO Bank, Zonal Office Orissa, Bhubaneswar.
The decrease in the profit in 1992-93, as pointed out by the management, was due to the introduction of prudential norms of accounting.

The labour productivity ratio of the zone shows a fluctuating trend. In the year 1994-95 it was Rs. 38.79 lakh which was much less than that of the UCO Bank as a whole (Rs. 43.65 lakh) for the year 1994-95.

2.3.1.2 Organisation Structure

The Zonal Manager (ZM) is the head of the Zone. He is accountable to the CMD through the ED. He manages, controls and supervises the affairs of the zone with the help of 9 Deputy Chief Officers (DCOs) who are in charge of Accounts, Credit, Budget and Management Information System, Personnel, Enquiry, State Level Banker's Committee, General Administration, Inspection and Vigilance. All the DCOs are accountable directly to the ZM except the DCO (Inspection and Vigilance) whose immediate reporting authority is the Chief Zonal Inspecting and Vigilance Officer (See Fig. 2.7). There is one Assistant Chief Officer (ACO) under each DCO except DCO (Credit) under whom there are three ACOs and two ACOs each under DCO Enquiry and Personnel. There are eighteen officers to help and assist the ACOs for effective management and control.

The Chief Inspecting and Vigilance officer comes next to the Zonal Manager in hierarchical order. He is the sole authority for inspection and Vigilance affairs of the Zone. He also assists the ZM in the administration of the zone.
FIG 2.7
ORGANISATION STRUCTURE OF THE UCO BANK ZONAL OFFICE
ORISSA, BHUBANESWAR

ZONAL MANAGER

Dy.chief Officer
Accounts
Asst.Chief Officer
Chief Officer
Dy.chief Officer
Credit
Dy.chief Officer
Budget & MIS (Enquiry)
Dy.chief Officer
Personnel
Dy.chief Officer
SLDC
Asst. Chief Officer
Officer

Chief Zonal Inspecting & Vigilance Officer

Dy. Chief Officer
Vigilance
Asst. Chief Officer
Officer

Dy. Chief Officer
Inspection
Asst. Chief Officer
Officer
The Personnel Department is functioning since the inception of the Zone. The Deputy Chief Officer (Personnel) is the head of the department. Besides his usual personnel functions of manpower planning, training, temporary postings, transfer etc., the DCO (Personnel) looks after other matters like salary, travelling allowances, medical, entertainment bills, social welfare etc. He is a line officer in his own department and exercises authority in matters of personnel management and human resource development of the Divisions and branches. Assisted by ACOs and other officers, the DCO (Personnel) is answerable to the Zonal Manager.

2.3.1.3 Human Resource Position

Table 2.8 gives the particulars of the human resource position in the Orissa Zone as on March 31, 1995. The total workforce of the zone was 1980. This constitutes 5.4 per cent of the UCO Bank’s total work force. If we compare the figures of the UCO Bank as a whole and the Orissa Zone in terms of percentage of strength of officers, clerical and sub-staff to the total work force; we find that while in the entire Bank the officers constitute 26.30 per cent, in Orissa Zone the corresponding percentage is 35.86. So far as the clerical staff is concerned, while the entire Bank employs 51.90 per cent, the Orissa Zone employs 43.78 per cent.

The ratio between officers and clerical staff and sub-staff (taken together) at the Zonal Office comes to 1:2.
TABLE 2.8

Human Resources Position of the Orissa Zone as on 31 March 1995

<table>
<thead>
<tr>
<th>Category</th>
<th>No. in Position</th>
<th>Percentage to total workforce</th>
</tr>
</thead>
<tbody>
<tr>
<td>Officers</td>
<td>710</td>
<td>35.86</td>
</tr>
<tr>
<td>Clerical Staff</td>
<td>867</td>
<td>43.78</td>
</tr>
<tr>
<td>Sub-staff</td>
<td>403</td>
<td>20.36</td>
</tr>
<tr>
<td>Total</td>
<td>1980</td>
<td>100.00</td>
</tr>
</tbody>
</table>

Source: Compiled from the data supplied by the UCO Bank, Zonal Office, Orissa, Bhubaneswar,

2.3.2 Divisional Office, Bhubaneswar

The Divisional Office, Bhubaneswar is one of the three Divisions in Orissa which started functioning from July 1985. There are 55 branches under its control, spread over in three districts of Orissa: Puri, Dhenkanal and Ganjam. (See Figure 2.8).

The Divisional Office represents the third tier which is the operational control tier in the organisation structure of the UCO Bank. The Divisional Office not only executes corporate decisions in the branches which are under its control but also helps the top management as a feedback centre. Besides this, this office supervises and monitors the activities of the branch offices. This office has the distinction of being a co-ordinator of the customers' committee of all nationalised commercial banks operating in Bhubaneswar. It assists the Zonal Office in convening the State Level Bankers' Committee. As a step towards improvement of customers' service and speedy redressal of Customers' Grievances, a Customer
Fig. 2.8
Divisional Office
Bhubaneswar

- Puri District
  - 22 Branches
    - 5 Urban
    - 2 Semi-Urban
    - 15 Rural

- Dhenkanal District
  - 27 Branches

- Ganjam District
  - 6 Branches
    - 1 Urban
    - 2 Semi-Urban
    - 4 Rural

    - 3 Semi-Urban
    - 24 Rural

Source: The UCO Bank, Divisional Office, Bhubaneswar.
<table>
<thead>
<tr>
<th>Year</th>
<th>Deposit</th>
<th>Advance</th>
<th>Total Business (dep+adv)</th>
<th>Profit/Loss</th>
<th>Number of Employees</th>
<th>Labour Productivity</th>
<th>Number of Branches</th>
<th>Total Expenditure</th>
<th>Credit Deposit Ratio (in percentage)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1988-89</td>
<td>82.32</td>
<td>43.85</td>
<td>126.17</td>
<td>NA</td>
<td>NA</td>
<td>---</td>
<td>NA</td>
<td>NA</td>
<td>53.00</td>
</tr>
<tr>
<td>1989-90</td>
<td>91.42</td>
<td>53.43</td>
<td>144.85</td>
<td>NA</td>
<td>NA</td>
<td>---</td>
<td>NA</td>
<td>NA</td>
<td>58.00</td>
</tr>
<tr>
<td>1990-91</td>
<td>106.84</td>
<td>56.80</td>
<td>163.64</td>
<td>+1.08</td>
<td>644</td>
<td>Rs. 25.40 lakh</td>
<td>54</td>
<td>0.42</td>
<td>53.00</td>
</tr>
<tr>
<td>1991-92</td>
<td>114.98</td>
<td>64.61</td>
<td>179.59</td>
<td>+0.90</td>
<td>648</td>
<td>Rs. 27.71 lakh</td>
<td>55</td>
<td>0.42</td>
<td>56.00</td>
</tr>
<tr>
<td>1992-93</td>
<td>131.66</td>
<td>62.51</td>
<td>194.17</td>
<td>+0.56</td>
<td>655</td>
<td>Rs. 29.64 lakh</td>
<td>55</td>
<td>0.55</td>
<td>47.50</td>
</tr>
<tr>
<td>1993-94</td>
<td>148.40</td>
<td>66.22</td>
<td>214.62</td>
<td>+0.81</td>
<td>642</td>
<td>Rs. 33.43 lakh</td>
<td>55</td>
<td>0.60</td>
<td>44.60</td>
</tr>
<tr>
<td>1994-95</td>
<td>169.66</td>
<td>67.58</td>
<td>237.44</td>
<td>+0.92</td>
<td>658</td>
<td>Rs. 36.08 lakh</td>
<td>55</td>
<td>0.65</td>
<td>39.80</td>
</tr>
</tbody>
</table>

N A : Not available

Source: The UCO Bank, Bhubaneswar Divisional Office.
Grievance Redressal Cell has been set up at the Divisional Office. The UCO Bank is the lead Bank in four districts of Orissa, including Puri and Dhenkanal. The Bhubaneswar Divisional Office made a steady progress in its total business including deposit mobilisation during 1988-89 to 1994-95.

An analysis of Table 2.9 shows that the total business of the Division increased from Rs. 126.17 crores in 1988-89 to Rs. 237.44 crores in 1994-95, making an increase of Rs. 111.27 crores (88 per cent). The total business of the Division in 1994-95 comes to around 31 per cent of the total business of Orissa Zone (See Table. 2.7). The expenditure of the Division increased from Rs. 42 lakh in 1990-91 to Rs. 65 lakh in 1994-95 making an increase of Rs. 23 lakh (59 per cent). The net profit of the Division shows decreasing trend upto 1992-93 but marginally increased during the period 1993 to 1995. The decrease in the profit was due to the changed in the accounting norms as pointed out by its management and also sudden increase in the expenditure of the Division in 1992-93 following the revision of Dearness Allowance, House Rent Allowance of the employees etc. It can be seen from the Table that there was a fluctuating trend in the credit deposit ratio of the Division during 1988-92 and decreasing trend during 1993-95, the average ratio being 50 per cent during 1988-89 to 1994-95. The Employee Productivity of the Division marginally increased from Rs. 25.40 lakhs in 1990-91 to Rs. 36.08 lakh in 1994-95. This is much less than the Orissa Zonal and Corporate Office ratios (Rs. 38.79 lakh and Rs. 43.65 lakh respectively). This shows that the Division's efficiency was not up to the mark.
2.3.2.1. Organisation Structure

The Divisional Manager (DM) is the Head of the Division. He is accountable to the Zonal Manager, Orissa Zone. He controls and supervises the affairs of the Division with the help of one Dy. Chief Officer (DCO), five Assistant Chief Officers (ACOs) and thirteen Officers (See Fig.2.9). The Accounts, Credit, Planning and Development, Personnel, and General Administration Departments are headed by the ACOs. There are 13 officers five in credit, three in General Administration Department, two each in Budget and Management Information System and Personnel and one in Accounts Department to assist the ACOs and the DCO in the smooth functioning of the Division.

The Personnel Department of the Bhubaneswar Division is functioning since its inception. The ACO (Personnel) is the head of the Department. Besides personnel functions like manpower planning, training, temporary posting, transfer, handling grievances, disciplinary cases etc., he looks after matters such as salary, travelling allowance, welfare, medical and entertainment allowance bills of the Division. The ACO (Personnel) with his subordinates is answerable to the Divisional Manager. Separate Personnel Departments do not exist in the Branch Offices. Branch Managers look after personnel matters in their respective Branch offices, and report the same to the Divisional Office.

2.3.2.2 Human Resource Position

Table 2.10 gives the particulars of the human resource position of the Bhubaneswar Division as on March 31, 1995. The work force of the Division (658) constitutes 33.23 per cent of the total workforce
FIG. 2.9

ORGANISATION STRUCTURE OF THE UCO BANK, DIVISIONAL OFFICE, BHUBANESWAR, ORISSA

DIVISIONAL MANAGER

Officer

Chief Officer

Budget and MIS

Chief Officer

Officer

Chief Officer

Credit

Officer

Chief Officer

Planning & Development

Officer

Chief Officer

General Administration

Officer

Chief Officer

Development

Officer
of the Orissa Zonal Office. If we compare the figure of the Orissa Zone and the Bhubaneswar Division in terms of percentage of strength of officers, clerical staff and sub-staff to the total workforce, we find that while in the Orissa Zone the officers constitute 35.86 per cent, in Bhubaneswar Division the corresponding figure is 32.37. So far as the clerical staff is concerned, while the Orissa Zone employs 43.78 per cent, the Bhubaneswar Division employs 38.75 per cent.

**TABLE 2.10**

**Human Resource Position of the Bhubaneswar Division as on 31st March 1995**

<table>
<thead>
<tr>
<th>Category</th>
<th>Number in Position</th>
<th>Percentage to the total workforce of the division</th>
</tr>
</thead>
<tbody>
<tr>
<td>Officers</td>
<td>213</td>
<td>32.37</td>
</tr>
<tr>
<td>Clerical Staff</td>
<td>255</td>
<td>38.75</td>
</tr>
<tr>
<td>Sub-staff</td>
<td>190</td>
<td>28.88</td>
</tr>
<tr>
<td>Total:</td>
<td>658</td>
<td>100.00</td>
</tr>
</tbody>
</table>

Source: The UCO Bank, Bhubaneswar Divisional Office.

The ratio between officers and clerical staff and sub-staff (taken together) at the Divisional Office comes to 3:7

**2.4. Profile of the Sample Branches**

While a brief idea about the sample branches is given in Table 1.1, in the following paragraphs we shall outline the profiles of these branches. Table 2.11 (gives information about the sample branches in respect of the total population served, financial performance etc.). From the Table it can be noticed that while an urban
branch serves to a population of 1.5 to 2.5 lakhs; a semi-urban branch serves to a population of 50 to 60 thousand. On the other hand, a rural branch serves to a population of 12 to 30 thousand, which is above the RBI norm of one branch for every 10 thousand population.

A cursory look at the Table shows that in terms of business, Sahid Nagar branch ranks first with an annual turnover of Rs. 1557.44 lakh from among the urban branches and the Nimapara branch ranks highest among the semi-urban branches with an annual turnover of Rs. 627.14 lakh. From among the rural branches, Kaniha ranks first with an annual turnover of Rs. 556.58 lakh. It is disheartening to note that all the three urban branches were running on loss in the year 1992-93. On the contrary all the semi urban branches could make profits in the same year. However, out of the 11 rural branches 4 made profits and 7 incurred losses. Thus, 10 out of 17 sample branches i.e. (59 per cent) were running on loss. The reasons that can be attributed to the loss are lack of autonomy, directed credit to priority sector, directed investment, frequent changes in accounting norms, lack of sincerity and personal involvement of the staff and non-recovery of Bank loans. One of the major causes for loss in the rural branches is, admittedly, posting staff who are unwilling to work in the rural areas.

The labour productivity of the rural branches, except Balaram Prasad, Banarpal and Kaniha branches which are located in industrial areas, was, below the labour productivity of the Bhubaneswar Division as a whole. (see Table 2.9)
2.4.1 Business Performance of the Sample Branches

The business performance of the sample branches is reflected in Table 2.12. For the purpose of clarity, the business performance of the urban, semi-urban and rural branches is discussed separately. This is followed by a comparative account of the business performance of the three categories of branches.

(i) Urban Branches

Table 2.12 indicates that the business turnover of the three urban branches increased substantially during the period 1988-93.

An analysis of the financial results of these branches shows that Sahid Nagar and Berhampur branches made profits continuously for four years (1988-92). The loss in these branches in 1992-93 was due to the sudden introduction of prudential norms of accounting. On the other hand, Puri branch incurred loss in all the five years.

The Credit Deposit Ratios (CDRs) of the Puri branch were not upto the mark\(^1\) during the entire period of the study (1988-93). While the Sahid Nagar branch, the CDRs were upto the mark only during 1988-89 and 1991-92, in Berhampur branch the same were upto the mark during 1989-93. Compared to Bhubaneswar division's performance, the performance of Berhampur and Sahid Nagar Branches in terms of CDRs, were better during 1989-93 (Berhampur) and 1988-89, 1991-92 and 1992-93 (Sahid Nagar). The performance of Puri branch during the entire period of 1988-93 was far below that of the Bhubaneswar division.

\(^1\) If a branch is registering 60% Credit Deposit Ratio (which is the national standard), it can be said that the branch's performance is upto the mark.
Although the CDRs of Berhampur branch appear to be more impressive than that of the other two branches, we cannot conclude that its actual performance was good, as it depended more on outside funds for payment of advances (as the figures in Table 2.12 indicate). In case of Puri, the poor performance was on account of its inability to utilise the deposits. On the other hand, the performance of the Sahid Nagar branch measured in terms of deposits and advances, was reasonably good.

The labour productivity of Sahid Nagar branch was the highest among the urban branches and much above that of the Bhubaneswar Division (See Table 2.9).

The above analysis shows that Sahid Nagar branch recorded better performance in comparison to the other two branches. On the other hand, Puri branch presented a dismal picture in spite of having good business turnover and efficiency record. Further, it lagged behind Berhampur branch in terms of profitability and credit deposit ratios.

(ii) Semi-Urban Branches

All the three semi-urban branches -- Nimapara, Dhenkanal and Angul, had shown an improvement in their performance in terms of the total business turnover during 1988-93, although there were fluctuating trends in the percentage increase over the previous years during this period in all the branches. A comparison of the total business turnover figures indicates that the Nimapara branch had a high turnover than the other two branches in recent years (1991-92 and 1992-93).
In terms of profitability and CDR, the Dhenkanal branch comes above the Nimapara and Angul branches. The net profit of Dhenkanal branch had shown an upward trend, while the other two branches had exhibited a fluctuating trend. The CDRs of all the three branches were not upto the mark; and barring the CDR of the Nimapara branch in 1988-89, they were far below that of the Bhubaneswar division, indicating improper utilisation of the deposits in general. In the area of labour productivity all the three branches had witnessed an upward movement barring the Nimapara branch in 1992-93 as did the Bhubaneswar division.

(iii) Rural Branches

The business turnover figures of all the 11 sample rural branches showed an upward trend during 1988-93, with the Kaniha and Itamatti branches occupying first and second positions in recent years, owing largely to the establishment of the National Thermal Power Corporation (at Kaniha) and a sugar factory (near Itamatti).

Although there was an upward movement in the business turnover of all the sample rural branches, majority of them could not earn profits most of the years. The few branches that earned profits are the ones that are located in/near industrial areas. It was reported that whereas the rural branches located in/near industrial areas are able to recover regularly the loans (which are advanced both under the government-sponsored schemes and various schemes of the Bank), the other branches (which advance loans mostly under the government-sponsored schemes) are unable to do so. The reason for this could be the people living in/near industrial areas have a better paying capacity than those living in other rural areas.
The CDRs of all the sample branches, except Kaniha and Balaramprasad in recent years, were upto the mark. The main reason for the downward movement of the CDRs in Kaniha and Balaramprasad is that most of the customers of these branches rarely avail loans as they are employed directly or indirectly by the NTPC (Kaniha) and National Aluminium Company Limited (Balaramprasad).

An evaluation of the working efficiency of the rural branches in terms of productivity during 1988-93 revealed that the branches situated in/near the industrial areas had better productivity than those situated in other rural areas. The average number of persons employed in all the rural branches being more or less same, the relatively better business turnover in the former group of branches than that in the latter group of branches appears to be the main reason for this position.


From the foregoing analysis it may be observed that the urban branches in general had a better business performance than the semi-urban and rural business performance than the semi-urban and rural branches. The reasons that could be attributed to this position, among other things, are: (i) in the urban, the number of customers is more; (ii) the requirement of the customers are high; (iii) the customers of these branches include institutions-- Government and non-Government, shops, commercial and industrial establishments etc., (iv) the customers are educated and they are aware of the facilities available to them through the banks.

The business of semi-urban branches generally suffers on account of the locational disadvantage. The places where these
branches are located neither have any large size commercial and industrial establishments nor do have any big institution—Government and non-Government. The average customer is not fully aware of the facilities available.

In case of rural branches the proximity of the branches to the industrial areas appears to be the decisive factor in so far as their business is concerned.

2.5. Organisation Structure Of The Sample Branches

Figs. 2.10, 2.11 and 2.12 respectively show the organisation structures of a large sample urban branch (Scale III branch), (Sahid Nagar Branch); a typical sample other urban/semi-urban branch (Scale II branch); and a typical sample rural branch (Scale I branch).1

2.5.1. Organisation Structure Of a Typical Large Urban Branch

As can be seen from Fig. 2.10 the Branch Manager who heads the Sahid Nagar Branch is a senior manager of middle management grade of Scale III and Grade B. The Branch Manager is assisted by a Deputy Manager of Middle Management Grade in his day to day affairs. However, the Deputy Manager independently looks after the two vital sections — Accounts and Establishments. There are 8 officers of Junior Management Grade, 17 Clerical staff and 6 Sub-Staff employees in the Branch.

1 The Sahid Nagar branch is categorised as a large urban branch on the basis of its volume of business. The categorization of the branches has been made on the basis of the RBI guidelines. According to the RBI, a branch having business less than Rs. 1.5 crores to Rs. 7.5 crores is categorized as scale II branch; and a branch having business above Rs. 7.5 crores but less than Rs. 15 crores is known as scale III branch.
Fig. 2.10
A Typical Organisation Chart of a
Large Urban Branch

Bank Manager
(Grade - B/Middle Management Grade Scale III)

Deputy Branch Manager

- Accounts Section
  - Officer
    - Clerical Staff(3)

- Establishment Section
  - Officer
    - Clerical Staff(3)

- Deposit Section
  - Officer
    - Clerical Staff(3)

- Cash Section
  - Officer
    - Clerical Staff(3)

- Credit Section
  - Officer
    - Clerical Staff(3)

Note: All the Officers are Grade-D/Junior Management Grade
Fig. 2.11
A Typical Organisation Chart of other Urban/Semi-Urban Branch

Bank Manager
(Grade - C/Middle Management Grade, Scale II)

Accounts Section  Establishment Section  Deposit Section  Cash Section  Credit Section

Officer  Officer  Officer  Officer  Officer  Officer  Officer

Clerical Staff  Clerical Staff  Clerical Staff  Clerical Staff  Clerical Staff  Clerical Staff  Clerical Staff

Note: All the Officers except the Cash Officers are Grade-D Officers/Junior Management Grade. The Cash Officers are from Grade E/Junior Management Grade in Puri, Berhampur & Dhenkanal Branch.
Fig. 2.12
A Typical Organisation Chart of
Rural Branch

Branch Manager
(Grade -D/Junior Management Grade Scale I)

Account, Establishment & Deposit Section
Officer
Clerical Staff

Credit Section
Officer
Clerical Staff

Note: All the Officers are Grade D Officers/Junior Management Grade.
The Deposit, Cash and Credit sections are headed by the Branch Manager. The Credit section is again divided into four sub-sections, namely, agricultural, commercial/industrial/consumer, and assistance to weaker sections. All the officers and other staff are responsible to the Branch Manager, who in turn is accountable to the Divisional Manager.

**Organisation Structure Of a Typical Other Urban/Semi-Urban Sample Branch**

There are 2 other urban and 3 semi-urban branches out of the sample branches chosen for the study. A typical organisation structure of an other urban/semi-urban branch is given in Fig. 2.11. Out of these 5 branches Puri, Dhenkanal and Berhampur branches are headed by Managers of Grade-C / Scale -II, (of Middle Management Grade). The other 2 branches namely Nimapara and Angul are headed by Managers of Grade-D / Scale - I ( of Junior Management Grade). A typical other urban/semi-urban branch has four sections namely Credit, Accounts, Establishment and Deposit, each headed by an officer of Grade-D/Scale -I (Junior Management Grade). However, in 3 big Urban branches namely Puri, Dhenkanal and Berhampur there is a separate cash section headed by an Officer of Grade-E (Junior Management Grade).

**Organisation Structure Of a Typical Rural Branch**

A typical sample rural branch (Fig.2.12) is headed by a manager of Grade-D/Scale I, (Junior Management Grade). The Branch Manager is accountable to the Divisional Manager. A typical rural branch has two sections-- Accounts, Establishment, and Deposit.

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1. The Grade-D and Grade-E officers are of equal rank. The only difference is that the Grade-E officers always look after Cash the Sections.
Section (which is looked after by one officer) and the Credit Section (which is independently looked after by an officer). All the officers in a rural branch are of Grade-D/Scale-I (Junior Management Grade). A typically rural branch has two clerks and two sub-staff members (a Messenger and Sweeper or Night Watch man).

2.6. Manpower Profile of the Sample Branches

The required total manpower for the 17 sample branches was 249. But the employed manpower (permanent) as on March 31, 1993 was 241. The number of officers/managers employed were 71 constituting 30 per cent of the total human resource of all the sample branches as against the requirement of 73 officers/managers. The number of clerical staff and other staff was 170 constituting 70 per cent of the total human resource strength of the sample units as against the requirement of 176 (see Table 2.13). The percentage of the total employees of the sample units was 36.63 to the total employees of the Bhubaneswar Division. The Managerial, Clerical and Sub-staff constitute 10.79 per cent, 16.87 per cent and 8.97 per cent respectively of the total number of employees of the Bhubaneswar Division. The deficit of 2 managerial staff was one each in Nimapara and Kaniha; and the shortage of clerical staff was 2 in Nimapara, 2 in Kaniha, 1 in Balaram Prasad and 1 in Sadashivpur branch. There was no shortage of sub-staff in any of the sample branches.

The clerical staff constitute the highest percentage (46.06 per cent) of the total employees of the sample branches. This shows that the sample units being service organisations give much importance to the clerical staff who are its core staff as they directly deal with the customers. There are 71 Officers/Managerial staff in the sample units
### TABLE 2.13

Categorywise Distribution of Manpower in the Sample Branches

<table>
<thead>
<tr>
<th>No.</th>
<th>Name of the Branch</th>
<th>Managerial</th>
<th>Clerical staff</th>
<th>Sub-staff</th>
<th>Total staff</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No. required</td>
<td>No. in</td>
<td>Per-</td>
<td>Surplus/ Deficit</td>
<td>No. required</td>
</tr>
<tr>
<td>1</td>
<td>Puri</td>
<td>9</td>
<td>9</td>
<td>32.14 1.36</td>
<td>NIL</td>
</tr>
<tr>
<td>2</td>
<td>Sakid Nagar</td>
<td>10</td>
<td>10</td>
<td>50.50 1.52</td>
<td>NIL</td>
</tr>
<tr>
<td>3</td>
<td>Minapara</td>
<td>6</td>
<td>5</td>
<td>23.81 0.76</td>
<td>(-1)</td>
</tr>
<tr>
<td>4</td>
<td>Jala</td>
<td>3</td>
<td>3</td>
<td>42.86 0.40</td>
<td>NIL</td>
</tr>
<tr>
<td>5</td>
<td>Itanadi</td>
<td>4</td>
<td>4</td>
<td>26.67 0.60</td>
<td>NIL</td>
</tr>
<tr>
<td>6</td>
<td>Vasapala</td>
<td>2</td>
<td>2</td>
<td>20.00 0.30</td>
<td>NIL</td>
</tr>
<tr>
<td>7</td>
<td>Bhutanabar</td>
<td>8</td>
<td>8</td>
<td>34.78 1.21</td>
<td>NIL</td>
</tr>
<tr>
<td>8</td>
<td>Angul</td>
<td>5</td>
<td>5</td>
<td>27.78 0.76</td>
<td>NIL</td>
</tr>
<tr>
<td>9</td>
<td>Balram Prasad</td>
<td>3</td>
<td>3</td>
<td>50.00 0.48</td>
<td>NIL</td>
</tr>
<tr>
<td>10</td>
<td>Hanapal</td>
<td>2</td>
<td>2</td>
<td>40.00 0.50</td>
<td>NIL</td>
</tr>
<tr>
<td>11</td>
<td>Deopur</td>
<td>2</td>
<td>2</td>
<td>33.33 0.60</td>
<td>NIL</td>
</tr>
<tr>
<td>12</td>
<td>Kanika</td>
<td>5</td>
<td>4</td>
<td>43.33 0.60</td>
<td>(-1)</td>
</tr>
<tr>
<td>13</td>
<td>Sudashipur</td>
<td>2</td>
<td>2</td>
<td>40.00 0.50</td>
<td>NIL</td>
</tr>
<tr>
<td>14</td>
<td>Talak</td>
<td>1</td>
<td>1</td>
<td>16.67 0.15</td>
<td>NIL</td>
</tr>
<tr>
<td>15</td>
<td>Berhampur</td>
<td>7</td>
<td>7</td>
<td>21.21 1.07</td>
<td>NIL</td>
</tr>
<tr>
<td>16</td>
<td>Nabanda</td>
<td>2</td>
<td>2</td>
<td>28.57 0.50</td>
<td>NIL</td>
</tr>
<tr>
<td>17</td>
<td>Gabanan</td>
<td>2</td>
<td>2</td>
<td>33.33 0.50</td>
<td>NIL</td>
</tr>
</tbody>
</table>

| TOTAL | 73 | 71 | 29.46 10.79 | (-2) | 117 | 111 | 46.06 16.87 | (-6) | 59 | 59 | 70.48 8.97 | 241 | 36.68 |

Source: Compiled from the data supplied by the UCO Bank.
comprising Grade-B (Senior Manager), Grade-C (Middle Management), Grade-D and E (Junior Management Grade). Thus, the proportion of the managerial staff and the other staff was 3:7.

2.7 Educational Mix of Human Resources in Sample Branches

A cursory glance into Table 2.14 reveals that in the sample branches graduates constituted 39 per cent of the total workforce, followed by post-graduates (24.07 per cent and below matriculates 24.48). While the Graduates and Post Graduates occupy mostly clerical and managerial posts, the below-matriculates were employed for lower jobs such as messengers, sweepers, night watchmen etc.

From the table it is also seen that Talmul branch has the highest percentage of below metric employees (50 per cent) and Balaram-prasad has the lowest percentage (16.67). All the sub-staff employees of the sample branches are below matriculates. This is obvious because the requisite qualification for a sub-staff employee is class VIII. The matriculates and intermediates constitute only 4.98 per cent of the total employees of the sample branches. While 80 per cent of the employees of Banarpal branch were graduates, the Sahid Nagar branch had the lowest percentage (15.15) of graduates. Although matriculation is the minimum qualification for recruitment of clerical staff, it was reported that majority of the clerical staff were graduates. It was further noticed that graduates constituted the highest percentage in rural areas with 39 per cent; the semi-urban branches had 33 per cent of graduates; and the urban branches had the lowest percentage of graduates (28 per cent). This is contrary to the belief that more qualified people are reluctant to work in rural areas. Post-Graduates/Professionals constitute 24.07 per cent of the total employees of the sample branches. Sahid Nagar branch has the
highest number (45.45 per cent) of Post-Graduates/Professionals. While Itamati branch has the lowest percentage (13.33 per cent) of Post-Graduates. The Table also reveals that more than 60 per cent of the employees having Post-Graduate / Professional qualifications were in urban branches. Employees having technical qualification constituted only 7.47 per cent of the total number of employees. Sahid Nagar branch had the largest number of technically qualified persons. Most of the technically qualified persons were agricultural graduates and were posted in the credit section of the branches. It can be concluded that the quality of the manpower of the sample branches was upto mark, as graduate, post-graduate/professional and technical persons constituted more than 70 per cent of the total employees.

2.8. Age-Mix of Human Resources in Sample Branches

The age-mix of human resources as given in Table 2.15 shows that out of 241 employees in the sample branches, 18.26 per cent belong to the age group 20-30 years; 51.87 per cent to 30-40 years age group, 25.3 per cent to 40-50 years and the rest 4.56 per cent to 50-60 years.

From the Table it may be noticed that majority of the employees (51.87 per cent) belong to the age group 30-40 years. This indicates that the sample branches have more number of young, energetic, and experienced human resources. 25.31 per cent of the employees of the sample branches belong to the age group of 40-50 years, who can be regarded as highly experienced. On the other hand, only 4.56 per cent of the employees belong to the age group of 50-60 years. It can be concluded that on the whole about 70 per cent of the employees of the sample branches are young, energetic and experienced who can be treated as long lasting assets of the Bank.
2.9. An Overview

1. The UCO Bank Zonal Office, Orissa is one of the fourteen Zones, which started functioning at Bhubaneswar since November 1985. The Zonal Office primarily controls and supervises the three Divisions namely Bhubaneswar, Cuttack and Sambalpur. It also directly manages four very large branches.

2. The Zone made a substantial progress (38.27 per cent increase) in its total business during the period of the study. Unlike at the corporate level the Orissa Zone made profits in all the seven years of the study (1988-95). The labour productivity of the Zone was below that of the UCO Bank as a whole.

3. The organisation structure of the Zone shows that the Zonal Manager is the head of the Zone, who is accountable to the CMD through ED. He is assisted by a CO, 9 DCOs, 13 ACOs, 18 Officers and other Clerical and Sub-staff employees.

4. The Personnel Department of the Zone is headed by a DCO (Personnel), who is accountable to the GM (Personnel), through the ZM. He is assisted by 2 ACOs, 4 Officers and other staff.

5. The total work force of the Zone as on March 31, 1995 was 1980 (5.68 per cent of the corporate strength). The ratio of officers to clerical staff and sub-staff (taken together) was 1:2.

6. The Bhubaneswar Division of the Bank was created in July, 1985 to control and supervise the activities of the branches in Puri, Dhenkanal and Ganjam districts.

7. The total business of the Division increased by 88 per cent during the period 1988-89 to 1994-95. The profitability of the Division
showed a decreasing trend up to 1992-93 but marginally increased in the subsequent two years. The decrease in profitability is due to change in accounting norms as pointed out by its management and increase in the expenditure of the Division from 1992-93 to 1994-95 following the revision of emoluments of the employees like DA, HRA etc.

8. The organisation structure of the Division shows that the DM is the head of the Division who is accountable to the ZM of Orissa Zone. He is assisted by a DCO, 5 ACOs, 13 Officers, and Clerical and Sub-staff.

9. The Personnel Department is looked after by an ACO (Personnel) and 2 Officers. The ACO (Personnel) with his sub-ordinate staff are answerable to the DCO (Personnel) at the Zonal level through the DM.

10. The total work force at the Division as on March 31, 1995, was 658 (33.23 per cent of the total strength of the Orissa Zone). Officers and clerical staff constitute 32 per cent and 39 per cent respectively. The ratio of Officers to all other staff comes to 3:7.

11. Out of 3 urban, 3 semi-urban, and 11 rural sample branches Sahid Nagar from among the urban branches, Dhenkanal from among the semi urban branches, and Kaniha from among the rural branches, can be noted for their performance in all respects such as business turnover, profitability, labour productivity, etc. The urban and semi-urban branches have a better business performance than the rural branches.

12. The organisation structure of the sample branches is broadly categorised into Large Urban Branch, other Urban/Semi-Urban
Branch, Rural Branch basing on the RBI guidelines and volume of business. The Sahid Nagar branch is the only large branch from among the sample branches headed by a Manager of scale III. This branch has the distinction of being assisted by a deputy Manager of scale II, besides other officers and sub-staff.

An Urban/Semi-Urban branch is normally headed by a Manager of Scale II. There are 5/6 officers to look after different sections such as Accounts, Establishment, Deposit, Credit, Cash etc.

A rural branch is headed by a manager of Scale I. There are normally two officers to assist the Branch Manager. The Managers of all the sample branches are accountable to the Divisional Manager of Bhubaneswar Division.

13. The total work force of the sample branches as on March 31, 1993 was 241. The percentage of managerial and clerical staff of the sample branches comes to 30 and 46 respectively. The ratio of managerial to other staff comes to 3 : 7.

14. The sample branches have more number of young employees as 70 per cent of the employees are between the age group of 30 to 50 years.