CHAPTER-1

Introduction
INTRODUCTION

The banking system of India reached a stage of rapid transformation in its post-nationalisation era. During last two decades, new dimensions have been added to the banking system to provide it an absolutely new face. It will be no exaggeration to say that the magnificent growth of Indian banks in their post-nationalisation period, marked by geographical expansion and functional diversification, is without parallel in the history of international banking.¹

The banking system has significantly assumed the character of need-based and purpose-oriented activity from that of the profit-oriented and security-based activity. Now, it stands as a hope for all those millions of people who are still living below the officially identified poverty line. For the upliftment of these people, the banks have undertaken the tasks of mobilising surpluses from the society and channelising them to the pockets of its deficits. This way, the banks have justified their role as a catalyst for achieving faster rate of social reforms and general economic growth.

The banking sector has shown a remarkable responsiveness to the needs of planned economy. It has brought about a considerable progress in its efforts at deposit mobilisation and has taken a number of measures in the recent past to accelerate the rate of growth of deposits, the most important among them being the opening of a number of branches in urban, semi-urban and rural areas. They have also introduced a number of attractive schemes and free services to attract more deposits. This is evident from the fact that the aggregate deposits of commercial banks increased from 884 crores in 1950-51 to 5,025 crores in 1969-70, and further to Rs 2,99,876=00 crores as on December 24th, 1993. During the era of planning (1951-1993) banks have mobilised deposits to the tune of Rs 2,98,992=00 crores. This accelerated rate of the mobilisation of savings has been in keeping with the needs of the economic development of country.

A number of new financial institutions and finance leasing companies have also come up. There has also been diversification in the activities of banks. They have entered into newer areas such as merchant banking, leasing, project
appraisal, consultancy and other services. Banks have established Mutual Funds and are starting investment counselling services. All these have created the need for a new breed of bank managers who are motivated towards serving the masses and whose aptitudes are towards modern scientific approach on the one hand and desire to grasp the ethos of rural India, on the other. Though banks have amassed large deposits and are extending credit to farmers, rural and urban artisans, service classes and the like, who were hitherto unaffected by bank finance, there is a lot that remains to be done in the area of deposit mobilisation, credit appraisal, follow up of credit etc. So that in the wake of granting low interest loans to priority sectors, they maintain a reasonable level of profitability.

The demand for clerical and managerial personnel for banks has been growing at a rapid pace. During the past one decade, branch expansion has been over 3,000 per year on an average. During the next two decades the growth of bank branches will not, however, be of the same order. But even then it is not likely to be less than 2,000 to 2,100 per annum. Even a very conservative figure of 3 persons per branch (one officer, one accountant & one clerk) the need for new staff will not be less than 5,500 per annum. At present, there are about 60,000 branches with nearly one million employees. To be more precise bank's need for the increasing manpower input can be seen by the following figures;

**Manpower position in Banking Industry.**

<table>
<thead>
<tr>
<th>Date</th>
<th>No of Officers</th>
<th>No of Clerks</th>
<th>Total of Officers and clerks (No)</th>
</tr>
</thead>
<tbody>
<tr>
<td>01-01-1980</td>
<td>35,789</td>
<td>67,746</td>
<td>1,03,535</td>
</tr>
<tr>
<td>31-12-1986</td>
<td>2,22,678</td>
<td>4,69,143</td>
<td>6,91,821</td>
</tr>
<tr>
<td>Increase during seven years period</td>
<td>1,86,889</td>
<td>4,01,397</td>
<td>5,88,286</td>
</tr>
<tr>
<td>Increase as number of times of position as on 01-01-1980</td>
<td>5.22 Times</td>
<td>5.93 Times</td>
<td>5.68 Times</td>
</tr>
</tbody>
</table>

(Source State Bank of India Monthly Review, 1987 March)

From the above chart it is clear that due to branch expansion there has
been tremendous increase in the manpower requirements in the banking industry. By the end of 1998 manpower requirements of the banking industry is roughly expected to be of the order of 1 million.

The success of any organisation depends on the quality of its human resources. Studies in the growth pattern of advanced countries have shown that improvements in the quality and utilisation of personnel have played a major role in accelerating pace of economic growth. It is the effectiveness of human system, therefore, that differentiates successful, dynamic and progressive organisations from others. As noted by Thomas J. Peters and Robert H. Waterman in their Management Classic: In Search of Excellence, "Treat people as adults. Treat them as partners; treat them with dignity, treat them with respect. Treat them not capital spending and automation-as the primary source of productivity gains. These are fundamental lessons from the excellent companies research. In other words, if you want productivity and the financial reward that goes with it, you must treat your workers as your most important asset."

Thus, the human resource development is of crucial concern. This certainly does not indicate that physical resource development is not required, in fact the economisation and utmost usage of all types of resources are a prerequisite, to efficiency. Mr. Henry Ford II declared in a statement: "Executive talent is the most important asset we have. It doesn't appear on our balance sheet, but it will have more important effects on our progress, our profits and the prices of stock, than any other asset we posses or can acquire. Nor is this asset an expensive one to acquire. It is a bargain buy every day of the year, a low-cost risk with a high-return potential. If you will give as much thought to the acquisition and development of men with top management potential as you do to planning a plant or a product, nothing can stop this company."

The need for developing skills of Executives/Managers is being increasingly felt all over the world. The following factors are responsible for this:

(1) Managers being life giving element in every organisation, without their
leadership qualities resources of production will remain resources only. Thus, progress of companies are possible due to better quality management

In the changing commercial world, it is a managerial responsibility to keep itself abreast with new technological changes that take place. To ensure the survival & continued growth of the business system, effective education & development of managers must be planned in a systematic & continued manner.

One of the biggest problems faced by various organisations is shortage of qualified executives. Therefore, it becomes necessary for them to develop existing executives to avoid this problem.

There is a growing public demand for professional performance. Professionalism in management is the need of the hour. For the development of this professionalism, there is every need to provide ways and means for developing technical skills, and knowledge in the managerial hierarchy of an organisation.

In addition to these factors, as observed by Professor A Dasgupta, the need for developing the present managers has become pressing for two other considerations. We cannot expect managers to be enthusiastic about training their subordinates if they themselves have not been given such training, and secondly, the standard of acceptable performance is rising continuously. It is, therefore, essential that the existing managers are helped by constant training and updating their knowledge to meet the rising standards.

"Every manager makes assumptions about people. These assumptions operate as a theory in terms of which he decides how to deal with his superiors, peers, and subordinates. His effectiveness as a manager will depend on the degree to which his assumptions fit empirical reality." Managers perform in practice mostly the same functions irrespective of the type of organisation in which they are working as they are all concerned with getting the work done through and with the efforts of the people.

A manager need not be an expert in all the skills which he is directing.
However, he should have an idea about the work acquired either by reading or through experience. A Manager can successfully use the technical skill of others. Managers should know what type of skill is necessary for a particular job so that they can enlist the help of that skill or the department engaged in that skill. Also, a manager should know the inter-relationship between the skills. This is important when a number of departments are involved in a work. The task of management becomes easier if persons at different level in hierarchy understand in general terms about how others are engaged.

There is no job in modern society more vital than that of a manager. The manager/executive is the investor’s catalyst. He is a planner, producer, marketer; the man also is expected to make things happen. He is the primary instrument in the technical task of the creation of wealth, in that global task called “development”. And yet, the development of the manager has received perhaps less attention behind the facade of cognitive learning in management schools and the mechanistic ways of many management courses, than it did in some traditional models of leadership development in past cultures.

BANKING SECTOR IN INDIA

One of the most important development in the Indian economy after independence has been the development, growth and diversification of the banking sector. While development banking has been an entirely new phenomenon of commercial banking, especially since the nationalisation of 14 large banks in 1969. Rural and semi-urban areas have been opened up to organised banking, a new emphasis is being placed on meeting the financial requirements of poorer sections of the society.

Finance is an important and necessary factor for economic development. Though finance is by no means a substitute for real resources, it has a crucial role in the economic development of the country. The segment of capital and money market dealing with lending and borrowing of funds, essentially for short-term purposes, is represented by commercial banking institutions.
banks act as financial intermediaries, i.e., intermediaries of saving and investment. Saving intermediation is a process by which flow of saving of the community is allocated to finance investment in the economy. This process brings about consistency between the asset preferences of business firms, the fundamental investing units. Banks, although financial intermediary, do not act like an agent who puts a borrower in touch with a lender. According to Crowther, 'It collects money from those who have to spare or who are saving it out to those who require it. This is valuable and necessary in any community.'

However, the role of commercial banks is not limited to savings and investment intermediation; they are also the main instruments of credit creation. The role of commercial banks in economic development is exemplified by their principal function of credit creation. Banks are repositories of savings, and not safe deposit vaults. The unique function of the banker and the one that makes him important is the provision of convenient machinery by which people can make payments to each other without having to walk round to each others house with bags of coins. And in providing this mechanism he also provides, or creates money itself. He has discovered the secret, for which medieval alchemist strove, of manufacturing money. But credit creation is only an instrument and just a part of the process of furthering economic growth. A lot will also depend upon how the credit is utilised.

India in its economic development has assigned a pivotal role to banks to bring about desired changes towards economic growth. Banks play an important role in all economies. The role becomes more important in planned or developing economies like India. It is difficult to imagine, how an economic system will function without services of banks. Banking Industry is the blood vascular system of our economy. It has a positive role to play in the economic development of the country as repositories of people's savings and purveyors of credit, especially as the success of economic development depends on the mobilisation of resources and their investment in an appropriate manner. In a country like India, constitutionally committed to socialistic pattern of society-banks have important role to play,
i.e, in the reduction of regional disparities, which is an important objective of the economic planning. A very significant measure to reduce regional and state-wise disparities would be to reduce the imbalances in the credit-deposit ratios in the various states. In fact, it is revealed that the nationalised commercial banks have narrowed down interstate differentials during the period 1972-1982.

To quote Bhaba, "Banking is the kingpin of the chariot of economic progress. As such its role in expanding of a country like India can neither be underestimated nor overlooked. The success of our plan is dependent among other things, on the smooth and satisfactory performance of the role by banking industry of our country." Besides this, the global economic scenario is changing and thus to meet the international competition, banks have to adopt new techniques and resort to in-house training as a matter of necessity.

The beneficial effect of the banking sector reforms became visible from 1994-95 in the form of improved working results of banks. Under the new economic policy there has been continuing deregulation and liberalisation of the banking system and the financial sector during the year, making the business environment more challenging. For banks in India including State Bank of India, therefore, the need to improve efficiency and competitiveness is steadily increasing.

In recent times, there has been some sign of inadequacy of loanable funds at the disposal of banks in India. Nevertheless, the banking system responded vigorously to the demand of the commercial sector. The demand for credit has continued to grow strongly because of the sustained growth in industrial output and exports, as well as ongoing new investments. Despite pressure on resources, banks have been able to meet the requirements of their farming, manufacturing and exporting customers fully and hope to be able to do on an ongoing basis.

The process of economic recovery was bolstered with the GDP growth rate accelerating to 5.3% in 1994-95 from 4.3% in each of the preceding two years. This process was led by the industrial sector with a reassuring growth of over 8% and an estimated 4% rise in agricultural output.

It could not have been easy for public sector banks, after decades of
noncommercial orientation, to adopt to the new situation. The emerging results show that they certainly did not lose the battle as a group.

**Profitability Position**

In view of the above it shall be interesting to study the profitability position of the banking sector in India. The following table, accordingly brings out a comparative profitability position of Indian Public Sector Banks and State Bank of India (Group) during 1992-95.

*Profitability of Public Sector Banks & S.B.I. (group) during (1992-95).*

<table>
<thead>
<tr>
<th>Years</th>
<th>S.B.I. (Group)</th>
<th>Public Sector Banks (other than S.B.I.)</th>
<th>Total profits</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(Profits)</td>
<td>(Rs.in Billions)</td>
<td>(Rs.in Billions)</td>
</tr>
<tr>
<td></td>
<td>(Rs.in Billions)</td>
<td></td>
<td>Profits/Losses</td>
</tr>
<tr>
<td>1992-93</td>
<td>2.80</td>
<td>36.48</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(Loss)</td>
<td></td>
<td>(Loss)</td>
</tr>
<tr>
<td>1993-94</td>
<td>3.56</td>
<td>47.79</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(Loss)</td>
<td></td>
<td>(Loss)</td>
</tr>
<tr>
<td>1994-95</td>
<td>8.46</td>
<td>02.69</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(Profit)</td>
<td></td>
<td>(Profit)</td>
</tr>
</tbody>
</table>

Source: (The Journal of Indian Institute of Bankers January-March 1997 (Page No.28))

From the above data it is clear that the profits of State Bank group were (in billions of rupees) 2.80, 3.56 and 8.46 in 1992-93, 1993-94 and 1994-1995. During these years, the aggregate (profit/losses) of the public sector banks other than the state bank group were (36.48) (47.79) and 2.69. For all the public sector banks put together, the figures were a loss of (33.68) and (44.23) and a profit of (11.15). During the period, none of the members of the State Bank Group reported any loss. The number of loss making public sector banks came down from 13 to 8 during the three years. The number of PSBs declaring operating profits increased from 19 in 1992-93 to a significant 26 (out of 27) in 1994-95.
The most important change that has taken place is that "profit" is no longer a dirty word for public sector banks. Commercial banks, at least most of them, have started functioning commercially. There is a sense of urgency which is indicated by the serious efforts made in areas of computerization, in opening of specialized branches and in improving management structures. On the other hand, problems of low profitability, lack of technology, poor motivation of workforce continue to be terrible.

To sum up, the transition of the financial sector from a command economy to a market economy is far from complete; most of the domestic banks have negotiated the initial turbulence well. Prior to liberalization, banks had little control over their destiny and nobody seriously expected them to "perform" in the commercial sense of the word. The process of liberalization has not only offered freedom to the banks in substantial measure, but has also imposed on them an obligation to stand on their own legs. The customers have benefited by way of better rates and services, and the equity holders by way of better dividend. The new situation offers better scope for the well managed banks to grow, while making life difficult for the ones whose operations are not profitable, the grain is being separated from the chaff.

DEVELOPMENT OF BANKING INDUSTRY

Banking institutions in India have come to be recognised as vital catalytic agent engaged in the herculean task of stoking the engine of economic development and uplifting the teeming helpless and neglected masses of the country. During the period following the second world war, a number of important developments in Indian banking have taken place. The banking structure...... is very much stronger and considerably more sophisticated as compared to what it was at the end of the war.\(^{(10)}\)

In fact the developments in banking in the post independence era in India are quite fascinating. The number of bank branches in India which was nearly 5500 in 1947, have increased roughly ten fold since then. Only 55% of these branches being in rural areas. Similarly, the population served per branch office, which was roughly 87,000 in 1947 decreased to roughly 14,000 since then. Aggregate deposits of the commercial banks in India which was roughly Rs.980
crores in 1947 has increased many fold since then and stood at approximately 1,39,000 crores as at the end of January, 1989, and the credit outstanding which was around Rs.400 crores in 1947 has increased to nearly 81,000 crores by January, 1989. The number of deposit accounts handled by the commercial banks increased 32 lacs in 1947 to about 25 crores and the number of borrowal accounts handled also increased from nearly 3.5 lacs in 1947 to over 3 crores since then, besides, many fold increases in the business of banks. In the last two decades, the banking system has registered a spectacular and indeed unparalleled growth. The table below shows macro level profile of Banking Industry in India.

**Profile of Banking Industry in India**

<table>
<thead>
<tr>
<th>Growth Indicators</th>
<th>1969</th>
<th>1988</th>
<th>Quantum Jump</th>
</tr>
</thead>
<tbody>
<tr>
<td>Branches (No's)</td>
<td>8,300</td>
<td>54,500</td>
<td>07 times</td>
</tr>
<tr>
<td>Deposits (In crores of rupees)</td>
<td>5,100</td>
<td>1,30,000</td>
<td>26 times</td>
</tr>
<tr>
<td>Credit (in crores of rupees)</td>
<td>3,700</td>
<td>37,000</td>
<td>10 times</td>
</tr>
<tr>
<td>Credit to priority sector (in crores of rupees)</td>
<td>440</td>
<td>23,000</td>
<td>50 times</td>
</tr>
<tr>
<td>Number of Customers (In crores)</td>
<td>1.87</td>
<td>10</td>
<td>05 times</td>
</tr>
<tr>
<td>Number of staff (In thousands)</td>
<td>220</td>
<td>950</td>
<td>04 times</td>
</tr>
</tbody>
</table>

**Staff profile**

a) Officers/ 2.5 (Lacs)  
b) Clerical/ Sub-staff 7.0 (Lacs)  

**Gender**

a) Male 8.5 (Lacs)  
b) Female 1.0 (Lacs)  

**Population**  
(Bank Branch)

| Ratio                  | 65,000:1 | 13,000:1 | 05 times |

Source: (The Hindu, 3rd November, 1988, page 18, New Delhi Edition.)
Banks have achieved a commendable performance with regard to geographical coverage of branches. It can be seen from the above table that there was a sevenfold increase in the number of branches from 8300 in 1969 to 54,500 branches in 1988, rural and semi-urban areas accounts 76% while that of urban and metropolitan areas was 24%. The population coverage per branch office has also stepped up from 65 thousand in 1969 to 13 thousand in 1988. Moreover, the banks have already crossed the target of priority sector advances and it touched to 43.6% of total bank credit to December 1986. The achievements bring with them some more additional responsibilities. It requires to change and moderate traditional outlook and attitudes. It has to pull the heavy cart with the help of a thin string. Banking is a service industry. It is an important traditional intermediary and as such it has to perform twin roles of deposit mobilizer and deployer of surplus funds.

Recently reported statement of the chairman of State Bank of India, “Banking system in India has grown in an environment where it provides what it wants to provide, where it wants and when it wants. This has to change in favour of providing the customer what he wants,” Clearly is a pointer towards the new trends in Indian banking system. There is no gainsaying that the growth of banking in India, since nationalisation of the major banks in 1969, has been phenomenal and that it has no parallel elsewhere in the world. Apart from quantitative explosion, the spectrum of services offered by banks is perhaps the widest in India. For a commercial bank to be actively concerned with advances to the priority sector, to seek borrowers and lend money at a subsidised rate to the economically weaker sections, and yet compete with other banks for business and profit, these are the new trends in banking.

Banking institutions today form the “heart” of the financial structure of any country, whether it’s developed or developing, rich or poor, advanced, or backward in the fields of science and technology. The primary task of banks in a free enterprise economy is to mobilize the savings of the people and direct them into productive channels. In a developing country, where people are not
in the habit of depositing their savings with banks, the task of creating and spreading the banking habit and mobilizing the country's resources becomes a challenging one. As emphasised by PEP committee, "Banks being business organisations profit should continue to remain an important consideration. At no time should their operations result in a loss and act as a drag on the government revenue. The net result of the promotional activities which they are being called upon to undertake should not partake the nature of subsidy grants."(11)

Shanmugham(12) also expressed the view that it is a hazy concept and "that it is not an easily identifiable phenomenon in the banks". In his opinion it is due to a multi-product service industry character of the banking industry, in which raw-materials both men and money can be stretched indefinitely.

Banking and Hotel Industry have one common feature i.e. personal service and service with a smile. This calls for a well-trained and highly developed manpower to work in urban as well as rural branches of various banks. The experiences of most of the nationalised banks lend full support to the belief that the shortages of professional and occupational skills may constitute the most formidable bottleneck for banks in the successful implementation of the country's programmes of economic and social development. With the process of rapid branch expansion the shortages of developed manpower are likely to assume still serious proportions.

It is here that banks play a crucial role because they act as a bridge between those who require finance (which enable them to acquire the necessary resources) and those who have finance (in the form of savings) but are unable to make an effective and productive use of it. This way planning and human resources development (HRD) assumes a great significance in labour intensive industry like banking.

From a social standpoint as well, a bank employee has to be assured adequate opportunities for the fullest possible development of his knowledge, skills and aptitude. The development of human resources through education, training and management development should, therefore, be accorded a high
priority in the future planning by various nationalised and non-nationalised banks.

The human resource development in banks concentrate mainly on training whereas it is one of the many components. The usual practice is to impart training to fulfil the requirements of HRD. It has been seen that other components of HRD have been grossly neglected. Training for Bank Executives, Assistants and other type of employees has been considered as an important HRD function. It is obvious from the comments made by the banks.

Human beings are the most valuable assets of an organisation. They can, in no way, be replaced by computers. Talented, qualified, capable and motivated employees are essential for organisational survival, growth and excellence. Research, experimentation and experience in the field of human resources development (HRD) has grown enormously in the last two decades which symbolises the recognition of importance of people's competency development through various mechanisms of HRD. However, there is a lot more yet needed to be achieved in the field.

Human Resources Development is a process of developing head, heart and hands of people and helping them acquire competencies in a continuous and planned manner. Any organisation that is interested in promptness in services and achieving effectiveness in other ways (e.g. cost reduction, reduction in delays, increased customer satisfaction, improved quality and better marketing etc.) needs to develop the competencies of its human resources which can only be achieved by an efficient and effective HRD Programme.

K. Ramā Krishnan of the State Bank of India rightly remarked, "Training as a means to develop human resources and equipping them with knowledge, skills and attitudes essential for the effective job performance has increased tremendously in view of the vast expansion in staff strength, branch network and the scope of banking activities witnessed in recent times to keep pace with mounting expectations of society from banks."\(^{(13)}\)

**STATE BANK OF INDIA**

The State Bank of India has played a vital role in the economic transformation
of India. The Bank has crossed many vissitudes during last a few decades. A brief review of its performance since 1960 has been highlighted in the table to follow.

Progress of S.B.I. during past three & a half decades (1960-1995)

(Rs. in Crores)

<table>
<thead>
<tr>
<th>Particulars</th>
<th>As on December, 31st</th>
<th>As on March, 31st</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital &amp; Reserves</td>
<td>13</td>
<td>21</td>
</tr>
<tr>
<td>Aggregate Deposits</td>
<td>576</td>
<td>1,441</td>
</tr>
<tr>
<td>Advances</td>
<td>232</td>
<td>1,115</td>
</tr>
<tr>
<td>Priority Sector Advance</td>
<td>4</td>
<td>298</td>
</tr>
<tr>
<td>Investments</td>
<td>286</td>
<td>448</td>
</tr>
<tr>
<td>Net Profit</td>
<td>2.2</td>
<td>5.4</td>
</tr>
<tr>
<td>Offices</td>
<td>907</td>
<td>2,112</td>
</tr>
<tr>
<td>Overseas offices</td>
<td>8</td>
<td>10</td>
</tr>
<tr>
<td>Staff ('000)</td>
<td>25</td>
<td>67</td>
</tr>
</tbody>
</table>

Source: (State Bank of India, H.R.D. Department, central office Bombay: State Bank of India Day-1995.)

State Bank of India, one of the leading banks, presently having almost 8800 branches as per above table with 2.32 lacs work force, as on 31st March, 1995 which has increased to 2.5 lacs by the end of 1997, activised HRD mechanism in early eighties. However, excellent HRD practices at one time may prove redundant at another point of time and, therefore, does not guarantee effectiveness of the organisation for all times to come. This is because the human behaviour, their expectation and requirements are not static but go on changing with the changing environment. Consequently, HRD profile needs constantly to be reviewed.
and upgraded to adjust with the changing environment.

A study of the State Bank of India reveals that the HRD Department runs basic courses for clerks as orientation courses. For new clerical recruits, induction course and intermediate courses. The duration ranges between 3 days to 5 days. Similarly for officers orientation programme for officers in Junior Management scale I (newly promoted) is arranged for 5 days, programme for newly promoted Head cashiers for 10 days, course for rural development officers for 12 days, and programme for rural development officers in general banking 4 weeks.

The HRD department at various circle staff training centres run many special courses also. For messengers on customers service and deposit mobilisation a course for 4 days is arranged. Similarly special capsule course for clerks in State Bank of India segment is arranged for 6 days. On Small Scale Industries and Small Business at Branches, capsule courses for clerks on planning and budgeting for 4 days, capsule courses for clerks on Annual Closing and Yearly return for 4 days, capsule courses for clerks in customer service, Deposit Mobilisation and bank marketing for 5 days, Programme for cashier for 6 days, Special courses for Agricultural Assistants and clerks in Agricultural Banking Divisions/AD Branches for 6 days, Special programmes for tellers for 4 days, Special programme for Head Clerks for 6 days, Capsule course for clerks on Government for 4 days, Basic Level and Intermediate Level programme in International Banking for clerks for 7 days and 10 days respectively are also arranged for them.

In addition to the above, special courses for officers are also arranged. Under this category the main programme for officers on Personnel Management and Industrial Relations are for 6 days, special course for officers in Agricultural Banking Division for 12 days, special course for officers on planning, budgeting and 'p' reports for 4 days, special course for officers (S I B) for 14 days, Branch Management programme for newly posted branch managers for 12 days, special programme for officers on Nursing and Rehabilitation of sick units for 6 days, special programme for branch accountants for 6 days, programme on bank marketing for branch managers and managers of divisions for 6 days, programme on Internal
Housekeeping, inspection, Audit and control returns for 3 days, basic and intermediate level programme in International banking for officers for 8 days and 12 days, special programme in International Banking for Field officers / Dy. Managers and Managers of division for 10 days.

For probationary/trainee officers many intensive training courses for as many as 104 weeks is arranged, classified as institutional training, on the job training project work etc.

The course content of these programmes include customers service, Manpower planning, handling of grievances and disputes, job rotation, performance reporting, job knowledge, Internal House keeping and prevention of frauds, leadership, Bank Marketing, Foreign Exchange system etc.

The existing shortages of technical and skilled manpower in most of the banks could, by and large, be ascribed to the inadequacy of existing training facilities, lack of well organised training programmes and lack of motivation for bank employees to attend such programmes to meet the current and future requirements. In fact the existing situation in banking sector is characterised by acute shortage of competent, qualified and trained manpower at all levels of skills.

CONCLUSION:-

Indian banking has made remarkable progress in terms of geographical expansion, business growth and functional diversification in complex and challenging areas, all directed towards converting the banking system into an effective instrument of socio-economic change in consonance with national objectives and priorities. The number of commercial bank branches in the country has registered phenomenal increase and on a very modest estimate, the number of commercial bank branches has touched approximately to 60,000 by the end of the Eighth Plan. There has also been a large shift in the deployment of credit in favour of the priority sectors, weaker and underprivileged sectors of the community, which had in the past been virtually bypassed by the banking.
Banking has yet to play a very significant role in the effective mopping up of the savings and channelling them to the best socioeconomic advantage through a vastly dispersed branch network, reaching out even to the remotest corners of the country. This obviously will create need for a large number of personnel to perform various tasks. In a service-oriented industry like banking, manpower is the key input and sharper focus has therefore, to be given on human resources development so that the banking system can successfully meet the emerging challenges in the coming years.

What is desired is the provision of permanent well trained and experienced personnel. The development of human resource must get first priority as human machinery is most expensive and needs continuous development, formal as well as informal, and the investment from the point of view of return on it. Realising the importance of human resource development in the banking sector with a view to improving the performance of banks, an attempt shall be made in the next chapter to review the literature on the subject so as to find out the importance of human resource on the performance of the banks with regard to their functioning.
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