CHAPTER - IV
HUMAN RESOURCE DEVELOPMENT POLICIES IN SELECTED BANKS

4.1 STATE BANK OF INDIA

4.1.1 Introduction

State Bank of India (SBI) is a multinational banking and financial services company based in India. It is a government-owned corporation with its headquarters in Mumbai, Maharashtra.

The origin of the State Bank of India goes back to the first decade of the nineteenth century with the establishment of the Bank of Calcutta in Calcutta on 2nd June, 1806. Three years later, the bank received its charter and was re-designed as the Bank of Bengal. The establishment of the Bank of Bengal marked the advent of limited liability, joint stock banking in India. So was the associated innovation in banking, viz. the decision to allow the Bank of Bengal to issue notes, which would be accepted for payment of public revenues within a restricted geographical area. Bank of Bengal along with Bank of Bombay (1840) and Bank of Madras (1843) were known as Presidency Banks. In 1921 these three Presidency banks were amalgamated to form Imperial Bank of India with altogether 70 branches. Till the establishment of RBI in 1935, the Imperial Bank of India was exclusively conducting Government business. RBI was established on the recommendations of Hilton Young Mission. Thereafter, the Imperial Bank of India started conducting Govt business and maintaining currency chest & small coin depot as RBI’s agent. On the recommendations of All India Rural Credit Survey Committee and through passing of an Act in parliament, the Imperial Bank of India was renamed as State Bank of India on 1st July 1955.

The concept of banking as a mere repositories of the community’s savings and lenders to creditworthy parties soon gave way to the concept of purposeful banking sub serving the growing and diversified financial needs of planned economic development. The State Bank of India was destined to act as the pace setter in this respect and lead the Indian banking system into the exciting field of national development.

Transformation Journey of SBI:
The State Bank of India, the country’s oldest Bank and a premier in terms of balance sheet size, number of branches, market capitalization and profits has gone through a momentous phase of change and transformation. The Bank entered into many new businesses and strategic tie ups with Pension Funds, General Insurance, Custodial Services, Private Equity, Mobile Banking, Point of Sale Merchant Acquisition, Advisory Services, structured products etc. Each one of these initiatives had a huge potential for growth.

The Bank moved ahead with cutting edge technology and innovative new banking models, to expand its rural banking base and proposed to cover 100,000 villages in the next two years. It also focused at the top end of the market, on wholesale banking capabilities to provide India's growing mid corporate/ large corporate with a complete array of products and services. It consolidated its global treasury operations and entered into structured products and derivative instruments. Today, the Bank is the largest provider of infrastructure debt and the largest arranger of external commercial borrowings in the country. It is the only Indian bank to feature in the Fortune 500 list.

4.1.2 Associate Banks
SBI has five associate banks that constitute the State Bank Group. All use the same logo of a blue keyhole and all the associates use the “State Bank of” name followed by the regional headquarters’ name, viz.

- State Bank of Bikaner & Jaipur
- State Bank of Hyderabad
- State Bank of Mysore
- State Bank of Patiala
- State Bank of Travancore

Non-Banking Subsidiaries of SBI

- SBI Capital Markets Ltd
- SBI Mutual Fund (A Trust)
- SBI Factors and Commercial Services Ltd
- SBI DFHI Ltd
- SBI Cards and Payment Services Pvt. Ltd
- SBI Life Insurance Company Limited
- SBI Funds Management Pvt. Ltd

Joint Ventures of SBI
4.1.3 Branches:
SBI alone has 15003 branches (including 157 foreign office), 27,032 ATMs (as on July, 2012).

Staff Strength:
The Bank had total permanent staff strength of 215,481 as on 31st March, 2012. Of this, 80,404 (37.32%) are officers, 95,715 (44.42%) clerical staff and the remaining 39,362 (18.26%) are sub-staff.

Table- 4.1
SBI Staff Strength from 2008-2012

<table>
<thead>
<tr>
<th>Cadre</th>
<th>31.03.08</th>
<th>31.03.09</th>
<th>31.03.10</th>
<th>31.03.11</th>
<th>31.03.12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Officers</td>
<td>57765</td>
<td>64685</td>
<td>70622</td>
<td>79728</td>
<td>80404</td>
</tr>
<tr>
<td>Assistants</td>
<td>76818</td>
<td>96974</td>
<td>87356</td>
<td>10270</td>
<td>195715</td>
</tr>
<tr>
<td>Subordinates</td>
<td>44622</td>
<td>44237</td>
<td>42321</td>
<td>40504</td>
<td>39362</td>
</tr>
<tr>
<td>Total</td>
<td>179205</td>
<td>205896</td>
<td>200299</td>
<td>222933</td>
<td>215481</td>
</tr>
<tr>
<td>Additions during the year</td>
<td>6183(-)</td>
<td>26691</td>
<td>5597(-)</td>
<td>22634</td>
<td>7452(-)</td>
</tr>
</tbody>
</table>

Source: SBI Annual Report 2011-2012

Intellectual Capital:
Out of total staff strength of 215,481 as on 31.03.2012, the academic qualifications of the Employees are as under: Graduate – 114,943 (53.34%), Post Graduate –37,263 (17.30%), MBA – 3,239 (1.50%), Engineering /Technical – 165 (0.08%) Doctorate – 166 (0.08%)

4.1.4 International Presence
The bank has 173 overseas offices spread over 34 countries as on 31st December 2012. It has branches of the parent in Moscow, Colombo, Dhaka, Frankfurt, Hong Kong, Tehran, Johannesburg, London, Los Angeles, Male in the Maldives, Muscat, Dubai, New York, Osaka, Sydney, and Tokyo. It has offshore banking units in the Bahamas, Bahrain, and Singapore, and representative offices in Bhutan and Cape Town. The Canadian subsidiary, State Bank of India (Canada) also dates to 1982. It has seven branches, four in the Toronto area and three in the Vancouver area.

4.1.5 Symbol

Symbol is the Key Hole, whose meaning is “Welcome to SBI”. The Slogans are:

- With You- All The Way
- Pure Banking, Nothing Else
- The Banker To Every Indian
- The Nation Banks On Us
- A Bank of the Common Man

4.1.6 Mission

- We will be prompt, polite and proactive with our customers.
- We will speak the language of young India.
- We will create products and services that help our customers achieve their goals.
- We will go beyond the call of duty to make our customers valued.
- We will be of service even in the remotest part of our country.
- We will offer excellence in service to those abroad as much as we do in India.
- We will imbibe state of art technology to drive excellence.

4.1.7 Recent Awards and Recognitions

- Best Online Banking Award, Best Customer Initiative Award & Best Risk Management Award (Runner Up) by IBA Banking Technology Awards 2010.
- The Bank of the year 2009, India (won the second year in a row) by The Banker Magazine.
- Best Bank – Large and Most Socially Responsible Bank by the Business Bank Awards 2009.
- Best Bank 2009 by Business India.
- The Most Trusted Brand 2009 by The Economic Times.
4.1.8 Broad Organizational Framework

**Organization Structure**

Chairman

Managing Director

Deputy Director (ED)

VII Senior Management Scale VII (GM)

VI Senior Management Scale VI (DGM)

V Senior Management Scale V (AGM)

IV Senior Management Scale IV (Chief Manager)

III Middle Management Scale III (Manager)

II Middle Management Scale II (Asst Manager/Deputy Manager)

I. Junior Management Scale I (Officers)

Clerk

**Figure 4.1:** Structural Arrangement of SBI

**Source:** website of SBI, www.statebankofindia.com/ SBI clerk promotion policy

The structural arrangements are outlined to facilitate better appreciation of the nature of the various managerial roles. The staff in the bank is divided into three hierarchical
levels executives, clerical and sub staff, with clerical staff as most populous. As on March 31, 2012, the bank had a total permanent staff strength of 215,481 -- which included 80,404 officers, 95,715 clerical staff and the remaining 39,362 were sub- staff. The Clerk entrant has to appear in-service written examination after completion of 3 years. Those who passed this exam will get promotion as Trainee Officer. Assistant Managers are also called Probationary Officer, when entrants are directly recruited by a competitive examination. Either in-service Trainee Officer or directly recruited Probationary Officer will be designated as Assistant Manager (Scale-I). The bank is characterized by strong hierarchy and a long chain of corporate ladder between the executives and chairman namely Officers, Managers, Senior Managers, Chief Manager, Assistant General Manager, Deputy General Manager, General Manager, Executive Director and, Chief Financial Officer, Managing Director, Chairman.

![Organisational Chart of SBI at National Level](image)

**Figure 4.2:** Organisational Chart of SBI at National Level

**Organisation Management**

SBI’s Registered Office & Central Accounts Office is in Kolkata. SBI’s Corporate Centre (Apex Office) is in Mumbai which is headed by the Chairman. The Chairman
is the Head of the Central Management Committee who is appointed by the
Government of India in consultation with Reserve Bank of India. The Central
Management Committee consisting of two Managing Directors – one belonging to
Corporate Banking and the other to National Banking – and seven Deputy Managing
Directors representing the areas such as Banks, International Banking, Corporate
Development, Finance, Credit, Information Technology, and Information and
Management Audit. Along with the Committee the Chief Vigilance Officer at CGM
cadre, will also work under the Chairman. The Managing Director and Group
Executive of the Corporate Banking are responsible for the banking operations
relating to big size companies and corporations. The Corporate Account Group
(CAG) works under the leadership of Managing Director and Group Executive. So a
Chairman is supported in his functioning by Managing Director & Chief Credit &
Risk Officer (MD & CCRO), Deputy Managing Director & Chief Financial Officer
(DMD & CFO), Deputy Managing Director & Corporate Development Officer (DMD &
CDO), DMD (Inspection & Management Audit), DMD (Information Technology),
Chief Vigilance Officer (CVO) and Chief Economic Advisor. To achieve focused
growth, undernoted Business Groups have been formed at Corporate Centre:

1. Corporate Banking Group
2. National Banking Group
3. International Banking Group
4. Associates & Subsidiaries

Corporate Banking Group consists of three Strategic Business Units viz., Corporate
Accounts Group, Project Finance & Leasing SBU and Stressed Assets Management
Group. Corporate Accounts Group has six branches at Mumbai, New Delhi, Chennai,
Kolkata, Ahmedabad and Hyderabad centres. National Banking Group comprises of
Metro & Urban branches of 14 Circles. NBG consists of three Strategic Business
Units– SMEBU, PBBU and GBU for taking care of the requirements of Small &
Medium Enterprises, Personal Banking Segment and Government Business. The
Deputy Managing Director (Corporate Development) is concerned with the
development and growth activities of the bank. He is responsible for developing new
products and schemes from time to time. The Accounting and Finance wing is headed
by a Deputy Managing Director. He is also called Chief Financial Officer. The
compilation of financial data, preparation of financial statement as per the regulations
from time to time and monitoring the performance of the bank on the financial front are his responsibilities. One Deputy Managing Director will take care of Audit activities. The Deputy Managing Director, Information Technology is responsible for IT operations in the Bank. Considering the importance of IT to promote efficiency in banking, this new position is created in the organization system at the top management level. There is one Chief Vigilance Officer reporting to the Chairman. The officer will look after the activities including fraud detection and prevention of frauds. The disciplinary action against errant officials up to the level of DGM will be taken by this office. The Chief Vigilance Officer will maintain direct relations with Ministry of Finance, Government of India and Vigilance Committee of Reserve Bank of India.

**Various Committees**

- Risk Management Committee of the Board is headed by - MD & CCRO
- Customer Service Committee of the Board is headed by - MD & CCRO
- Asset Liability Management Committee (ALCO) is headed by – DMD & CFO

**Central office:** The organizational framework provided for control by the central office, which is the corporate headquarters. The Chairman is the Chief Executive Officer who is assisted by a Managing Director and four Deputy Managing Directors. The Deputy Managing Directors have under them various Chief Managers, each looking after different aspects of the banking activities such as individual market segments, planning personnel, premises, public relations, law, internal audit, MIS etc. For managing purposes, the bank is divided into fourteen circles at Ahmedabad, Bangalore, Bengal, Bhubaneswar, Chandigarh, Chennai, Delhi, Hyderabad, Kerala, Lucknow, Mumbai, North-East & Patna. The circle is headed by Chief General Manager (CGM). Each circle contains certain number of zones under its supervision. For example Hyderabad is Circle which contains 4 zones i.e., Hyderabad Zone, Tirupati Zone, Vizag Zone, Vijayawada Zone. Zone is headed by Deputy General Manager (DGM). Each Zone is divided into Regions which is headed by Assistant General Manager (AGM). Each Region comprises 20 to 40 branches. Each employee is assigned a circle for administrative purposes. The jobs are transferable depending upon the need of the organization and thus the employee is exposed to varied job
conditions. Transfers help in providing an opportunity to employees of rich and varied experience in various functional areas.

**Figure 4.3: Organization Chart of a Module- SBI**

**Local Head Office:** Next to the central office are the Regional Headquarters, called Local Head Offices (LHO). Each of LHO controls several hundred branches within the designated sections of the country called Circles. A Chief General Manager is the top executive of a local head office with a General Manager, each for the operational side and planning side. The General Manager (Operations) has under him two or more Regional Managers located at the head office, each of whom is responsible for all operational aspects of around 75 branches situated in specific geographical regions. The General Manager (planning and staff) is assisted by 5 senior officials, designated as Development Managers to look after different banking segments. These Development Managers are responsible for formulating policies related to their specific market segment. All banking transactions are carried out in accordance with the broad customer groupings. For this bank’s customers are classified into four major groups, namely: commercial and institutional customers, small scale industries and
small business customers, agriculture customers, and individual customers. SBI has 14 regional hubs and 57 Zonal Offices that are located at important cities throughout the country.

**Branches:** All Branch Managers in a region will report directly to the AGM. A branch is the first level office having direct interaction with large number of customers. The branch manager is the functional head of a branch. He is assisted by managers, officers and clerks and the size of the staff is based upon the volume of business. The banking efforts were geared to meet the total range of the banking needs (deposits, loans, remittance of the funds, collection of checks and other instruments) of each of the four broad categories of the customers. A separate division is created, depending upon the volume of business to cater to each customer group. The accounting procedures are fashioned to elicit data about the major customer groups in order to facilitate market-oriented policy making. In branch, position of Chief Manager, Senior Managers, Managers, Officers and Clerks are there that depend upon the size of the branch (Website of State Bank of India, www.statebankofindia).

**ORGANIZATION CHART OF A BRANCH**

![Organization Chart of SBI Branch]

**Training and Development**

History of Training:

With four national level Apex Training Colleges and 54 learning Centres spread all over the country, the Bank is continuously engaged in skill enhancement of its employees.

**1917:** Indianization of the officer cadre had begun in the Bank of Bombay.
1921: Dinshaw Eduljee Wacha, founder member of Indian National Congress and a former employee of the Bank of Bombay, as a member of the Imperial Bank of India (IBI) Central board, raised for the first time the issue of placing Indian staff in the higher appointments in the IBI. The Central Board directed the managing governors to prepare a scheme for training young Indians for the banking profession.

1922: Secretary & Treasurer (S & T), Local Head Office (LHO), Calcutta issued a circular to branch agents for the training of the probationary assistants posted in the branches. As per the guidelines in the circular, the trainees were required to perform duties in all the sections of the branch.

1930: Local Head Office (LHO), Bombay and Madras directed to adopt recruitment & training procedure of Calcutta LHO.

1954: SBI's Staff Training College at Hyderabad, the 1st non-residential training college was established.

1956: Zonal Training Schools started at Kanpur and New Delhi.

1962: Setting up of a committee to review training programs.

1963: The College was renamed State Bank Staff College. Induction course of four weeks during probation was introduced for probationary officers.

1964: Opening up of permanent residential staff training centre.

1967: Organized training course in agricultural finance for the bank.

1974: Circle training committees set up at each LHO for assessing training needs, draw and review training plans. Number of Training Committees goes up to 28 to match the huge staff strength of SBI and their training requirements.

1981: Introduced State Bank Institute of Rural Development at Hyderabad

1982: Establishment of State Bank Staff College at Gurgaon known by the name State Bank Academy. This centre provides training to middle management and senior management officials of the State Bank group.

1984: Introduced visiting faculty scheme for clearing the backlog in training.
1987:- State Bank Institute of Information and Communication Management (SBIICM), was established in Hyderabad.

1988:- Introduction of Distance Learning and personal communication scheme by SBSC Hyderabad, to provide for self learning facilities for senior officers.

2000:- State Bank Staff College (SBSC), Gurgaon organized shaping Retirement program for the DGMs. It is rechristened as State Bank Academy.

2007:- Project “Parivartan” a mass internal communication program was launched to train about 131000 employees in about 100 days to make the attitude of employees more customer friendly. The journey did not end here. To acknowledge the success of Parivartan, a new program “Citizen SBI” was launched which focused on spiritual development of the employees. Thereafter, “Udaan” another program was accomplished that created a sense of difference and pride amongst the employees.

2008:- Web enabled virtual class room started by State Bank Academy, Gurgaon. It launched institution-wide E-learning programs for the employees working at various levels in the bank.

2010:- A unique event occurred in the history of training in SBI on 5th April 2010, when the Strategic Training Unit (STU) was created and the entire training system of the Bank for the first time was brought under a unified command. At this juncture, institutional training in the Bank was being provided at four Apex Training Institutes and 47 State Bank Learning Centres. STU now had to function as a guide, mentor, facilitator and change agent for the transformation of the Bank’s training system. It has undertaken a number of initiatives to increase the efficiency and effectiveness of the bank’s training system. Some of the major initiatives taken are as follows:

1. Over 2 lakhs employees (96.7% of Bank’s staff strength) were trained at 5 Apex Training Institutes and 47 State Bank Learning Centres.
2. State Bank Training Management System has been functioning for creating comprehensive database of employees and for tracking training records of all employees.
3. E-learning through Human Resource Management System portal has been expanded to over 213 courses and the staff is now registered on the portal.

4. Leadership Development Programmes were organised for Top Executives and Senior Management level.

5. Research studies by Bank officials were recognised by various outside Agencies like Bancon, ICRIER, IBFA.

STU’s mission is: Communicate... Collaborate... Change...

Training

The banks network of providing training to its employees consists of 4 apex level colleges viz. State Bank Staff College, Gurgaon; State Bank Staff College, Hyderabad; State Bank Institute of Rural Development and State Bank Institute of Information and Communication.

Management and over 50 training centres located across the country. The bank also provides on-site training to its employees working in the branches under the visiting faculty scheme. For officer cadre, bank is having an elaborate training arrangement where four months long institutional is given and On-the-Job training as well. Category-wise coverage of officers, clerical, Subordinate in the training programs is done at SBLCs. The topics and the venue for holding on-site programs are identified by concerned Controllers in consultation with SBLCs. Prior intimation for holding the program is given by controllers to the concerned branches. Chandigarh circle is controlling branches of five states i.e., Punjab, Haryana, Himachal, Jammu & Kashmir and Chandigarh. For northern region, training needs are being taken care of by State Bank Learning Centres in Panchkula, Karnal, and Jammu.

Identification of Training Needs of the Circle:

At Circle level, training needs are assessed on the basis of:

- Needs are identified by Circle Management & Corporate Centre.
- Demands raised by controllers/Business Units under STRAPS (Strategic Training Partners).
- Training needs are analyzed by Regional Manager in consultation with HR Department controlling branches under it.
- Training gaps identified by business heads of different areas.
Support of the Apex Training Institutes is required in the area of training. Quarterly training calendars are drawn for the Circle SBLCs in accordance with the need arrived at as above and after including the mandatory training programs such as Functional Hindi Program, Pre-promotion and Pre-recruitment program for SC/ST/Minority Community candidates etc.

Training Programs Launched:

- Gyanodaya (E-Learning) through internet was launched on 05.04.2011 by the Chairman. There are presently 171 e-Learning lessons available for learning in the new portal with easy accessibility through Internet. All the Branches ensure registration of all the employees/officials under e-learning and completion of various courses offered by Gyanodya to enhance their knowledge. At least one e-learning course is being administered to all the participants under training programs of one week or more for educating the participants about the usage of e-Learning.

- On-site Programs- With a view to address knowledge/skill gaps in specific areas and to save on time and costs, trainers are deputed to various locations to conduct “on-site programs” which are conducted by SBLCs.

- Recently included programs from 2011 onwards are SME Gyanshala, Krishi Gyan, Defence Salary Package for Army Clerks, Prerna, Risk Management Program for BMs heads upto MMGS-III to V, TFCPC program for officials of branches TFCPCs, programs for recently recruited frontline operators, NRI Nipun for newly posted Branch Managers etc. Numbers of programs conducted at SBLCs is based on the training needs of the Circle. Total number of training programs conducted in the SBLSC during the training year July 2010 to June, 2011 are given below:-

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Name of SBLC</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Panchkula</td>
<td>90</td>
</tr>
<tr>
<td>2.</td>
<td>Karnal</td>
<td>115</td>
</tr>
<tr>
<td>3.</td>
<td>Jammu</td>
<td>109</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>314</td>
</tr>
</tbody>
</table>

Table 4.2 Number of programs conducted in SBLSC during July 2010 to June 2011
Category-wise coverage

- During the training year July 2010 to June 2011, the details regarding category-wise number of programs and number of participants attended training programs at SBLCs, is given below:

Table 4.3: Category Wise Participation of employees in Training Programs from July 2010 to June 2011

<table>
<thead>
<tr>
<th>Category</th>
<th>Number of Programs</th>
<th>Percentage</th>
<th>Number of Participants</th>
<th>Percentage to Total participants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Officers</td>
<td>141</td>
<td>45</td>
<td>2976</td>
<td>39</td>
</tr>
<tr>
<td>Clerical</td>
<td>81</td>
<td>26</td>
<td>2582</td>
<td>33</td>
</tr>
<tr>
<td>Subordinate</td>
<td>21</td>
<td>7</td>
<td>479</td>
<td>6</td>
</tr>
<tr>
<td>Multi-level</td>
<td>71</td>
<td>22</td>
<td>1662</td>
<td>22</td>
</tr>
<tr>
<td>Total</td>
<td>314</td>
<td>100</td>
<td>7699</td>
<td>100</td>
</tr>
</tbody>
</table>

Selection & Development of Trainers:

Selection of trainers is done by Apex Training Institutes. After their selection, a road map is prepared for their development/grooming in the system. Trainers are exposed to Faulty Development Programs; regularly deputed at Apex Colleges/Institutes in other programs meant for Trainers to keep them updated; Faculty Exchange Programs, both inter and intra circle, with a view to improve perspectives and healthy cross pollination of ideas and methodologies. Inter circle faculty exchange are also taken up.

Measures to Improve the Acceptability of Training System:

Two/three days before commencement of the programs, telephone/fax message sent to Controllers/CMs (HR) requesting deputation of allotted number of trainees.

- SBLCs remain in touch with the operations regularly so that their requirements may be given due weightage in the training programs.
- The issue of low capacity utilization at SBLCs is being regularly discussed in circle meetings and other various forums.
• Learning Centre Management System (LCMS) helps in improving the capacity utilization of SBLCs.

• Regular review of performance of State Bank Learning Centres is done that includes consideration of infrastructure, augmentation of Training capacity at SBLCs, selection of trainers, interaction of SBLCs with the operating functionaries, technology upgradation at the SBLCs, and training techniques/inputs etc.

(Source: http://mybanklearning.sbi.co.in)

**Interaction with Operative Functionaries:**

Trainers interact with operative functionaries while visiting branches VFS or conducting on-site programs. Apart from this, AGMs (Learning Centre) attend Circle/Module P-Review Meetings to keep themselves abreast of the requirements of the operating functionaries. Method of staying in touch with operations as suggested by Strategic Training Units is:

i) Each SBLC adopt one poor performing Region. (A model already designed and implemented by State Bank Institutes for Rural Development. Branches are allotted to trainers. Trainers visit branches, and guide and mentor them for improvement. Quarterly progress report on branches adopted is put up by Regional Manager and AGM (SBLC) respectively to their controllers and remedial measures, where warranted, is taken up. The progress reports of such branches is put up in the Circle Progress-Review meetings also. This also helps AGM to keep them abreast of the requirements of the operative functionaries.

ii) AGMs (Learning), SBLCs are invited to Circle Progress-Reviews and Structured Meetings to share the information with his team.

iii) The trainers are deputed to actually work in a branch/CPC/Office pertaining to his area of specialization for 4-5 days every six months or so.

**Technology Use:**

With a view to take full advantage of new technologies in the field of training, centres are equipped with the following teaching aids which are used extensively at State Bank Training Centres:

• LCD Projectors
● Overhead Projectors
● Personal Computers
● Magnetic White Boards
● Local Area Network for imparting training CBS and Computer Appreciation.
● An Ultra-modern/High Tech. Lab at SBLC, Panchkula for Trade Finance and Core Banking Solutions.

In addition to the above equipments, high speed duplicators have been provided to facilitate fast copying of hand-outs and booklets being brought out by SBLC from time to time.

**Training Techniques/Inputs**

The training methodology adopted by SBLC’s includes lecture method, role-play, entry/exit level tests, brain storming, group discussions, field visits and quiz competitions. Different methods are properly blended to make the training interesting and effective. Besides:

● Guest speakers from within the Bank and outside are invited.
● Video Cassettes/CDs are regularly used as a prominent training tool.
● Handouts/Booklets/CDs are prepared ensuring availability of quality reading material. The responsibility of preparation of handouts/booklets on different subjects is distributed to all the faculty members.
● Evolution of new ideas/views is promoted through free and frank exchange of views during class rooms/pre-dinner talks with top Management/Guest speakers. Case studies are effectively used as medium for spreading awareness of surroundings and linking it to their responsibility areas. Due to their greater practical aspects and back-home utility and these are done to create interest among the participants.
● Question Banks (Questionnaires) are prepared at SBLC in respect of all schemes/products/Indian economy etc. which are also used as a teaching aid and are administered to the participants of the quiz programs conducted at Admin. Offices/LHO level.
● In every program, best trainee of the program is recognized and suitably awarded.
- Games/Puzzles are administered to the participants to make the topics/training more interesting.

**Implementation of Reward and Recognition Schemes in the Training System**

a) SBLCs conduct “Exit Test” in the training programs of the duration of 6 days and above. Prizes and Certificates are given to the first three best trainees.

b) SBLC Panchkula has been adjudged as one of the prize winners for the ”Best Learning Centre” for the year 2007-08 and 2nd Best Learning Centre for the year 2008-09 in the Bank.

c) SBLC Panchkula has been adjudged Best Satellite Centre for the year, 2008-09 and Super Centre of Excellence for the year, 2007-08.

**Learning Centre Management Systems:** Learning Centre Management Systems is a comprehensive website to cover all the aspects of the Learning Centre Management. The project was launched on 1st March 2011 in all the three SBLCs under Chandigarh Circle, viz. Panchkula, Jammu and Karnal. This has helped in bringing transparency at all the levels in the training system. Trainees, trainers, HR, SLC Administration and Controllers, all are made the stakeholders in the training system. Facilities of Online nominations, feedback system and the availability of the compiled information of each training now enable the Controllers at all the levels to view and evaluate the impact of the training on the employees and help the SBLC to improve program content. Also, analysis of feedback on the SBLCs will go a long way to improve the functioning of SBLC infrastructure, library, food quality and above all the improvement of trainers performance.

**Learning Practices in SBI:**

1. Self learning besides institutional learning is being promoted at all levels. For this purpose, the e-learning platform has been strengthened to service users and brought to the internet.

2. Leveraging IT facilities of the Bank for providing an on-line information regarding training is under development through the State Bank Training Management System which will soon be implemented.

3. Efforts for Standardization of Academic and Infrastructural facilities pertaining to training have been launched.
4. Considerable progress has been made in identifying various parameters relating to selection of faculty courses, categorization of State Bank Learning Centres, management of libraries etc.

5. In order to enhance institutional training capacity at the Apex level, a foundation institute for newly recruited officers, State Bank Foundation Institute, Chetana was established at Indore in July 2011.

6. In order to ensure back home utility of training, high intensity short duration programs were rolled out such as Back to Basics program on Forex business at branches/offices etc.

7. Strategic Training Units, headed by a Chief General Manager (L&D) is all set to become the enabling force for the Bank to deliver the best learning experience to the Bank employees for meeting its corporate goals.

8. SBI has a unique training system whereby faculty is not insulated from operational experience but is meticulously selected from the operations so that they bring in their skill and expertise to the area of the training.

9. “You are the key” which again established that the greatest asset for the bank are its employees. To create a sense of belongingness, education loans are provided to the children of the staff who demonstrate exceptional academic performance.

10. Unlike other public sector organizations, State Bank of India recognizes the power of recognition and appreciation which can work marvels to motivate the employees. To motivate employees, the bank initiated a practice for recognition of the top performers at a family event every month. The head of the 54 modules were urged to write letters of appreciation every month. The employees were recognized for the services they provided to the bank in these events. The gesture had a tremendous effect on the motivation of the employees.

11. Some of the employees who did exceptionally well were inducted to the Chairman club. Individuals were selected across the country and were called upon in the Chairman bungalow along with their families for a get together. The achievers got place in the SBI’s community magazine ‘Colleague’.

12. Another initiative to handle the employees’ grievances is to conduct an open house hour every week with Chief General Managers and General Managers. This practice provided a channel to the employees to freely share their views
with Chief General Managers and General Managers. It is a step towards a healthier staff relationship.

13. It was decided to give a reward of Rs. 500 to every employee who made any suggestions regardless of it merits. The payment is made as soon as the suggestion is made by clicking at an intranet site. A second and subsequent reward is given to the person whose suggestion is accepted. This practice served two ways; first it encouraged the employees to get more involved with the bank and second it showed to the employees how important their suggestions are for the bank.

**Future Action Plan**

The bank identified training gaps in the year 2011 while interacting with the SBU/NS New recruits. The participants desire more practical training inputs, CBS Lab training, more basic training than sessions for negotiation skills, marketing skills etc. The employees demanded more training and awareness of information security in bank applications. So, keeping in view the feedback given by participants, action plan was devised:

a. Training for Agri-business to be increased  
b. Training to all front line operations to be covered.  
c. No training between the period 20th March to 10th April  
d. Possibility of introducing two shifts of training are being explored  
e. Format for rating of trainers to be standardized  
f. Each employee should be trained at least once in a year.  
g. Emphasis on more STRAPS programs and on Functional/Basic training.  
h. Credit skills of new officials particularly Probationary Officers to be enhanced  
i. SBLCs to emphasize on hands-on/practical training.  
j. All JMGS-I, MMGS-II and III are to be covered in credit skills, marketing, technological related training programs in six months.  
k. State Bank Training Management System (SBTMS) launched by the Chairman on 22nd June, 2011 to be utilized fully for centralizing training management system under the overall control of STU. Classroom based training as well as web training (e-learning) models to be utilized.

4.1.10 **Performance Appraisal**
For any Performance appraisal (PA), corporate centre circulate the KRAs i.e., Key Result Areas which are developed by organizational Planning Department. PA is done by way of self appraisal and by reporting authority (Appendix 4 and 5).

Different Appraisal forms are used at different levels.

1. For self appraisal, performance appraisal on AAR Form-II i.e., Assignment Appraisal Report is done yearly. Self appraisal is done by the appraisee himself, where he highlights the performance during the year about his business performance, special tasks and achievements in the banking business or any other area. Also, the areas where he has not achieved are mentioned with supporting data and reasons. Under self appraisal form, the impediments and requirements to perform are arrived at by HR department.

2. Appraisal by Reporting Authority:- Two kinds of Appraisal forms are there for officers i.e. budget and without budget. The form used for appraising the performance by reporting authority is called AARF i.e. assignment appraisal report form. AARF is an important document that provides the basic and vital inputs for assessing the performance of an officer and his/her career development. Therefore, the officer reported upon, the Reporting authority and the Reviewing authority undertake the task of filling the forms with high sense of responsibility. It is used as tool for HRD. The various positions on the forms are mentioned in terms of roles for the sake of uniformity.

3. As per the Policy of the Bank, for assessing the performance, the standards are set up jointly by the name of action report at the beginning of the year. Action report is evolved by the officer concerned and the reporting authority jointly which is based upon KRAs. Only those KRAs are circulated which are passed by the corporate centre. Where necessary, midcourse review is also done to take care of changing needs and is then approved by the organizational planning department at the corporate centre.

4. Appraisal Reports are written by the Reporting Authority and then approved by the Reviewing Authority and where their views differ by more than 10%, they need to spell out the rationale clearly.

5. AARF Form-I is prepared as on 31st March every year. It consists of AARF form I, II, III, IV and V. Form I and II contains personal information as regards his name, position, education, qualification, CAIIB position, period of
assignment report, reporting authority, promotion, kinds of assignment allotted and training programs attended during the year.

6. Form III- A contains information regarding his
(a) KRAs- Marks for performance are given under 4 grades ranging from excellent, good, above average and poor by reporting authority. It carries total 40 marks.
(b) Qualitative aspect of performance is further divided into 6 categories. It carrier 20 Marks and again performance is ranked under 4 categories i.e. excellent, good, above average, poor.

7. Form IV- A contains:
(a) Appraisal based upon 10 attributes namely quality of output, conceptual skills, decision making skills, managerial skills, interpersonal and leadership skills, marketing, business development and appraising skills, sincerity, honesty and integrity, sociability, public relations and image building, emotional and stress management skills, and contribution to corporate thinking. Maximum marks allotted are 20.
(b) It also contains general comments on strength, potential and suitability for promotion under sub heading: - Adaptability to change, Aptitude and competence, Administration Skills, Leadership skills, Organizational Skills, Team work and capacity to move to higher positions. Maximum marks allotted are 20.

8. Form V contains:-
It contains the rating total of the forms i.e., III-A and IV-A, which is signed by the reporting authority and reviewing authority.

4.1.11 Promotion Policy
Government of India has come out with new promotion policy for officers in all Public Sector Banks. Earlier Government, vide circulars No. 4/5/6/84-IR dated 23/6/1986 and 14/15 09.1987 respectively, had laid down the promotion process to be followed in Public Sector Banks but banks had not only changed the eligibility in terms of experience but had also introduced various channels of promotion other than seniority such as “Fast Track” and Superfast Track”. This had created a large number of anomalies across banks in their promotion process such as difficulties in addressing the issues of severe shortage of manpower at top management levels. So the
Government in supersession of the earlier guidelines issued in this regard, issued the new promotion policy, which is also applicable to State Bank of India. It came into force as on January, 2012.

Table: 4.4 Promotion Criteria of SBI

<table>
<thead>
<tr>
<th>Scale</th>
<th>Promotion Channel</th>
<th>Min. Experience Requirement</th>
<th>Max. Relaxation (in years)</th>
<th>Min. Length of Service (in years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>I to II</td>
<td>Normal/Seniority</td>
<td>5</td>
<td>1</td>
<td>NA</td>
</tr>
<tr>
<td></td>
<td>Merit or Fast Track</td>
<td>3</td>
<td>1</td>
<td>NA</td>
</tr>
<tr>
<td>II to III</td>
<td>Normal/Seniority</td>
<td>5</td>
<td>1</td>
<td>NA</td>
</tr>
<tr>
<td></td>
<td>Merit or Fast Track</td>
<td>3</td>
<td>1</td>
<td>NA</td>
</tr>
<tr>
<td>III to IV</td>
<td>Merit or Fast Track</td>
<td>3</td>
<td>1</td>
<td>NA</td>
</tr>
<tr>
<td>IV to V</td>
<td>Merit or Fast Track</td>
<td>3</td>
<td>1</td>
<td>12</td>
</tr>
<tr>
<td>V to VI</td>
<td>Merit or Fast Track</td>
<td>3</td>
<td>1</td>
<td>15</td>
</tr>
<tr>
<td>VI to VII</td>
<td>Merit or Fast Track</td>
<td>3</td>
<td>1</td>
<td>18</td>
</tr>
</tbody>
</table>

No officer would be given the benefit of relaxation in the minimum required experience by the Board at two successive levels of promotion in Scale III and above.

*Dual career path in public sector banks is basically an attempt in these banks to link accomplishments with promotions

1. **Promotion from Scale I to II and II to III**
   
i. There shall be a requirement of minimum 75% marks in APAR i.e., Annual Performance Appraisal report, for each of the years of service eligible for promotion in case of promotion on merit/fast track channel.
   
ii. There shall be mandatory requirement of two years continuous service in rural areas for promotion from Scale I to II, and a total of three years in rural/semi-urban areas including the rural service in Scale I for promotion from Scale II to III. For the seniority channel officers who have put in more than the aforesaid service in rural areas will get an advantage of further relaxation of 50% weight age in minimum experience for each additional completed year of service while assessing their eligibility as per above Table.
2. Promotion from Scale – IV and above
   i. For promotion from Scale III to IV and IV to V, it is will be mandatory to pass an examination to test for computer literacy and computer knowledge.
   ii. It has become mandatory to have a Group Discussion to assess the communication, conceptual and leadership capabilities for promotion to Scale IV and V. For this purpose a Board consisting of outside experts and officers of the Bank should be constituted.
   iii. For being eligible for promotion to Scale V, the candidates should have been a Branch Head for at least three years. Officers recruited for specialized cadre would be required to have field experience in a branch or as branch head. In case of officers in specialized cadres, this requirement can be complied with over the next three years beginning with 2013-14 when experience of one year and two years for the year 2014-15 would be necessary.
   iv. For being promoted to Scale VII the officer should have been a Regional/Circle Head or must have worked in Scale III to V in the Regional/Circle office for two years.
   v. Bank shall make appropriate job retention policy exposure to all verticals for officers in Scale V and VI and get it approved from the respective Board.
   vi. The interview committee for promotion to Scale V, VII and VII should have two outside expert with domain knowledge approved by the Board of the bank for each year.
   vii. During interview of Scales V, VI and VII weight age should be given to the following:
      a. Whether the officer has worked in different specialized areas of the banks.
      b. Whether officer has been posted to different parts of India or has been posted in only one/few Region/Circle.
      c. Whether the officer has experience of working in the field as well as working in Regional/Zonal and Head Office.
      d. Whether the officer has professional qualifications and has the officer acquired additional qualifications after joining the service.
3. **Discretion of written examination**
Banks would be free to have a system of written examination for promotion at various levels as per their Board approved policies.

4. **Officers in specialist cadres:**
   i. For officers in specialist cadres namely forex, credit, technology, HR wealth management etc:- It shall be mandatory that prior to joining the main stream cadre, the officers joining these cadres should necessarily remain in that cadre for at least five completed years of service. Thereafter, the officer should gain an experience of at least two years in field operations. There will be exemption from posting to rural areas for these officers.
   
   ii. Officers recruited in the specialist cadre would be eligible for promotion in their respective cadre as per the eligibility and experience mentioned in the above table and shall be allowed to join the main stream in the event of completion of service as mentioned in 4(i) above. It must, however be ensured that suitable replacement are placed in the vacancies likely to occur in specialized cadres.

   iii. Banks should ensure that before moving the officer to a field position or to main stream cadre, they develop the capacities of other officers of the bank in order to ensure proper functioning of that specialized vertical. No officer shall be moved to the main stream cadre / field positions without ensuring this.

5. **Zonal consideration**
The zone of consideration for promotion should be strictly maintained at 1:3 ratios. However, in case the required number of suitable persons is not available, the banks may enhance this to 1:4 with prior approval of the Board.

4.2 **PUNJAB NATIONAL BANK**

4.2.1 Introduction
Punjab National Bank (PNB) is the second largest bank in India and it’s headquarter is at New Delhi. It was founded in 1894 and is currently the second largest state-owned commercial bank in India. PNB was founded on 19 May, 1894 under the Indian Companies Act at Lahore (presently in Pakistan) as an off-shoot of the Swadeshi Movement. The Bank opened for business on 12 April, 1895. Among the inspired founders were Sardar Dayal Singh Majithia, Lala Har Kishen Lal, Lala Lal
Chand (founding father), Shri Kali Prosanna Roy, Shri E.C. Jessawala, Shri Prabhu Dayal, Bakshi Jaishi Ram, Lala Dholan Dass.

With the passage of time the bank grew to strength spreading its wings from one corner of the country to another. Some smaller banks like, Bhagwan Dass Bank Limited, Universal Bank of India, Bharat Bank Limited, Indo-Commercial Bank Limited, Hindustan Commercial Bank Limited, and Nedungadi Bank were brought within its fold.

PNB has the privilege of maintaining accounts of the illustrious national leaders like Mahatma Gandhi, Shri Jawahar Lal Nehru, Shri Lal Bahadur Shastri, Smt Indira Gandhi besides the accounts of the famous Jalianwala Bagh Committee. Nationalization was done in 19th July 1969, with the other 13 commercial banks. The banks were expected to reach people in every nook and corner, meet their needs, and work for their economic upliftment. Removal of poverty and regional imbalances were accorded a high priority.

PNB has always responded enthusiastically to the nation's needs. It has been earnestly engaged in the task of national development. In the process, the bank has emerged as a major nationalised bank. Apart from offering banking products, the bank has also taken up Wealth Management Services viz. credit card/ debit card; bullion business; life/non-life insurance; Gold coins & Asset Management, etc. Marking its foray into Life Insurance business, Bank has acquired 30% stake in a existing profit making life insurer i.e. Metlife India Insurance Co, Ltd. With the acquisition of 30% stake, the company has been renamed as PNB Metlife India Insurance Co. Ltd.

Bank has also institutionalised Corporate Social Responsibility system for transforming the lives of those who are less privileged. Towards this, PNB Prerna, an association of the wives of the Senior Executives of the bank, has been set up. It aims at serving the society and destitutes on behalf of the bank by extending assistance to the poors/ disabled by way of distribution of articles of utility, computers, stationary, books, etc.

PNB is the largest Nationalized Bank in terms of Total Business, Advances, Operating Profit and Low Cost CASA Deposits. The CASA deposits share to the
Total Deposits of the Bank was at 35.6% as on June 2012. Bank achieved a Net Profit of 1246 crore during the Q1 FY’13. Total Business: 673363 Cr.
Total Income in (2012): 40631 Cr.
Total Expenses: 30016 Cr.
Earning Per Share: 154.02 Rs.

4.2.2 Associates and Subsidiaries

Domestic Associates: (Bank having 20% or more stake)
- Haryana Gramin Bank, Rohtak
- Himachal Gramin Bank, Mandi
- Punjab Gramin Bank, Kapurthala
- UP Gramin Bank, Meerut
- Principal PNB Asset Management Co. Pvt. Ltd.
- Trustee Co. Pvt. Ltd.
- Assets Care & Reconstruction Enterprise Ltd.
- India Factoring and Finance Solutions Pvt Ltd
- PNB Metlife India Insurance Company Ltd
- Madhya Bihar Gramin Bank, Patna

International:
- PNB International Ltd
- Druk PNB Bank Ltd
- JSC SB PNB Kazakhstan

Domestic Subsidiaries:
- PNB Gilts Ltd
- PNB Housing Finance Ltd.
- PNB Investment Services Ltd.
- PNB Insurance Broking Pvt. Ltd.
- PNB Life Insurance Company Ltd.

4.2.3 Branches
Total number of Branches (2012): 5937; Circle offices 68; ATM: 6050
Staff Strength:
PNB is the largest Nationalized Bank in the country in terms of Branch Network with total staff strength of 57000 in all cadres.

4.2.4 International Presence
The Bank has its global aspirations as well. Bank has expanded its footprint in 10 countries. Bank also has 4 overseas branches in Hong Kong, Dubai & Afghanistan and an Offshore Banking Unit (OBU) Branch in SEEPZ, Mumbai. Bank has one wholly owned overseas Banking subsidiary, PNB International Ltd. (UK) along with other two overseas subsidiaries are Druk PNB Bank Ltd, Bhutan and PNB Kazakhstan besides Representative Office in Sydney, Australia, Dubai, Almaty, China & Norway. Bank is planning to set up its second wholly owned subsidiary in Canada. Bank is also looking to upgrade its Representative Offices at Norway, China and Australia to full-fledged branches. Bank is also exploring possibilities for presence in Maldives, South Africa, Bangladesh, Myanmar, Pakistan, Singapore and Brazil.

4.2.5 Symbol
"Banking for the unbanked"

4.2.6 Mission
"To be a Leading Global Bank with Pan India footprints and become a household brand in the Indo-Gangetic Plains providing the entire range of financial products and services under one roof".

4.2.7 Recent Awards and Recognitions
- Best Bank Award 2011 amongst all the Banks in India by Business India.
- Most Productive Public Sector Bank’ Award 2011, by FICCI and IBA
- Technology Adoption Award under Public Sector Bank Category by Dun & Bradstreet and Polaris software.
- Best Bank Award among Large Banks for "IT for Internal Effectiveness" from IDRBT
- Global HR Excellence Award under the category "Organization with Innovative HR Practices" instituted by Asia Pacific HRM Congress
- Golden Peacock Award for HR Excellence instituted by Institute of Directors.
- Golden Peacock National Training Award 2011 by Institute of Directors.
- Most Socially Responsive Bank Award 2011 by Business World & PwC India Pride Award 2011 in CSR by Dainik Bhaskar.
- SKOCH Financial Inclusion Award 2012 for Jana Mitra Rickshaw Scheme
- MSME National Awards: Lending under PMEGP scheme in North Zone.
- Lending under Interest Subsidy Eligibility Certificate (ISEC) Scheme of KVIC.

4.2.8 Broad Organizational Framework

![Organization Structure](image)

**Figure 4.5:** Three Tier Structure of PNB

Presently, three-tier structure is there. But it is proposed to change it to four-tier structure because of its mammoth size.

**Proposed Four Tier Structure:**

![Proposed Four Tier Structure](image)

**Figure 4.6:** Proposed Four Tier Structure of PNB
The bank has its corporate office at New Delhi and supervises 68 Circle offices under which the branch function. The delegation of powers is decentralized till the branch level to facilitate quick decision making. The Chairman and Managing director is the Chief Executive Officer of the bank and shall exercise such powers and discharge such duties as may be delegated to him by the Board. The structural arrangements are outlined to facilitate better appreciation of the nature of various managerial roles. At the end of March 2012, the bank had 57000 staff in all cadres, which is divided into three hierarchical levels Executives, Clerical and Sub Staff, with Clerical Staff as most populous. The officers are recruited through an all India Probationary Examination and the successful candidates join the bank at the Assistant Manager level. The bank is characterized by the strong hierarchy and a long chain of corporate ladder between the Chairman and Executives namely Deputy Manager, Managers, Senior Managers, Chief Manager, Assistant General Manger, Deputy General Manager, General Manager, Executive Director and, Chief Financial Officer, and Managing Director. The financial and administrative power of officers depends upon their position in the hierarchy and committee approach. There is a well defined organizational structure and a clear system of accountability and control whereby the authority to make important decisions are retained by managers in top of the authority.

**Organization Structure:**

Chairman & Managing Director

Executive Director (ED)

VII Senior Management Scale VII (GM)

VI Senior Management Scale VI (DGM)

V Senior Mgmt Scales V (AGM)

IV Senior Mgmt Scales IV (Chief Manager)
III Middle management Scale III (Senior Manager)

II Middle management Scale II (Manager)

I Junior Management Grade scale I (Officers/Deputy Managers)

**Figure 4.7:** Organisational Structure of PNB


### 4.2.9 Training

- Bank has a three tier training set up comprising of Central Staff College (CSC) at Delhi at Apex level catering to training needs of Top / Senior / Middle Management Grade officers; three Regional Staff Colleges (RSCs) located at Belapur-Navi Mumbai, Lucknow and Panchkula for training needs of Senior / Middle /Junior Management officers as well as workman staff, and seven Zonal Training Centres (ZTCs) at Dehradun, New Delhi, Jaipur, Kolkata, Kozhikode, Ludhiana and Patna looking after the training needs of Middle / Junior Management Grade officers & Workman Staff. The specialized training programs are imparted at Regional Staff Colleges. Out of three Regional Staff College, the training needs of north is taken care of by Regional Training Centre, Panchkula, and Central and East India is being served by Regional Staff College, Lucknow and South & West India branches’ training needs are being served by Bellapur Regional Staff College. These Regional Training Centres are meant for conducting training programs for officer cadre.

IT Training centre located at Faridabad caters to the training needs of officers exclusively in the areas of Information Technology.

- As per the policy, training is to be imparted to each and every employee at least once in three years. One day training programs on soft skills must cover each and every employee ranging from peon to general manager level.
- PNB Pragati Program has recently been launched. The motto being “I am PNB” to instill the feeling in the employees that PNB is nothing but YOU.
- Zonal Training Centres are meant for imparting training to employees below officer cadre. Zonal Training Centres are situated in Calcutta, Patna, Dehradoon, Jaipur, Ludhiana, Delhi, Kozkot. Training related to information technology is given at IT centre of PNB situated in Lucknow and Faridabad as well. The content of the training mainly covers the subject matter and soft skills.
- Conducting seminars, workshops, one day program are regular feature in these training centres.

**HR Administration**

Executive Director HR controls two divisions:

a) Personnel Administration  
   b) Human Resource Development

For administration purpose, Personnel Administration Division takes charge of Scale III and below. And Human Resource and Development deals with Scale IV and above.

**HRMS System**

The Bank has introduced Technology in human resource area for automation of its HR process through HRMS software. A centralized database of all employees across bank is now available where salary processing and other database has been centralized. Human Resource Management System is operated by the HRD division, where each managerial level employee is assigned a unique user ID which is a secured way to obtain employment information of the employees. The HRMS also maintains the training record of employees which can also be used for giving training preference by employees in the required needful area. Even their daily attendance is maintained online by HRMS system, apart from physical maintenance of attendance at branch level. And whenever an employee gets nominated for a training program, he is automatically relieved from the job for the said training period. The bank also introduced a variety of services like online request submission and viewing of data etc. to all the employees of the Bank on an online ‘real time by feeding the identification number i.e., user ID in the system.
4.2.10 Promotion

A. Two channel system of promotion of officers is as follows:
   a) Normal Track – 70% vacancies are identified under this channel.
   b) Fast Track – Remaining 30% of vacancies identified are filled up under this channel.

Two channel system of promotion followed in bank is applicable till MMGS III level. Incase all the vacancies under fast track channels are not filled up due to non-availability of candidates with requisite qualifications, such vacancies may be filled up through normal track channel.

Eligibility criteria for promotion from JMGS-I to MMGS II:-
   a) For promotion from JMGS-I onwards, rural service or semi urban branch service is mandatory.
      Under Normal Track:- 5 years service
      Under Fast Track:- 3 yrs service
      *(Maximum relaxation of 1yr)

There shall be mandatory requirement of two years continuous service in rural areas for promotion from Scale I to II, and a total of three years in rural/semi-urban areas including the rural service in Scale I for promotion from Scale II to III. For the seniority channel officers who have put in more than the aforesaid service in rural areas will get an advantage of further relaxation of 50 % weight age in minimum experience for each additional completed year of service while assessing their eligibility.
   b) Promotion from MMGS II to III
      Normal Track:- 5 yrs satisfactory service in urban branch
      Fast Track:- 3 yrs of satisfactory service in MMGS (Including Appraisal Report Rating of 75% and above, for the last 3 yrs and should have computer awareness).

Minimum service of 3 yrs is required for an officer having CAIIB qualification for promotion to MMGS-II under fast track Channel. Rural service incentive is applicable for promotions in general banking side only.
   c) Promotion from MMGS III top SMGS IV
Normal Tracks: - 3 yrs of service in MMGS III including 3 yrs experience as Branch Head and must have worked in three states

Appraisal report rating of 75% and above for the last 3 yrs and computer literacy and it shall be mandatory to have a Group Discussion to assess the communication, conceptual and leadership capabilities for promotion to Scale IV

d) Promotions from SMGS IV to V and Above:

Normal Track – 3 yrs of satisfactory service in the last scale

Interview is done for promotion to scale IV & V and appraisal report ratings 75% and above for the last 3 years as well. The eligibility criteria in terms of minimum years of service can be relaxed for 1 year under certain condition with the approval of Board. For being eligible for promotion to Scale V, the candidate should have been a Branch Head for at least three years. For being promoted to Scale VII, the officer should have Regional/Circle Head or must have worked in Scale III to V in the Regional/Circle office for two years.

e) For promotion of officers, officers are segregated into two categories:

(i) General Banking Segment.

(ii) Specialized Segment of officers.

Officers whose career path has been restricted to scale IV only can participate in promotion process to higher grades on the basis of combined seniority list of officer in their respected scales. Officers recruited for specialized cadre would be required to have field experience in a branch or as branch head. In case of officers in specialized cadres, this requirement can be complied with over the next three years beginning with 2013-14 when experience of one year and two years for the year 2014-15 would be necessary.

Criteria for Promotions:

There used to be written tests for promotions up to Scale IV in the subject covering the relevant specialization field. Minimum qualifying marks in written tests is being, 50%. Only interview is introduced as an alternative selection process for scale IV promotions in lieu of written test and seniority basis promotion.

During interview of Scales V, VI and VII weight age should be given to the following:

a. Whether the officer has worked in different specialized areas of the banks
b. Whether officer has been posted to different parts of India or has been only one / few Region/Circle.

c. Whether the officer has experience of working in the field as well as working in Regional/Zonal and Head Office.

d. Whether the officer has professional qualifications and has the officer acquired additional qualifications after joining the service.

4.2.7 Performance Appraisal

Performance appraisal of PNB consists of self appraisal and appraisal by reporting authority which is then reviewed by reviewing authority and accepted by accepting authority. Reviewing authority analyses the training needs from the comments and marks awarded by reporting authority. This year the performance appraisal format has been changed by adding new parameters for performance and deleting some of them. Ranking criteria is also changed. The performance appraisal format has been given in the Appendix: 6.

The aim of PA is not only to evaluate the performance of the employees but also to focus and facilitate the T & D of officers. The appraisal format according to the policy of the bank helps in identifying and improving individual skills, training, right placement and creating a data bank. The Policy of the bank requires the appraisal to be done with utmost transparency and objectivity to achieve the above stated objective.

Annual Performance Review Report of PNB contains the following features:-

- Perforated Acknowledgement of receipt of PAF to be issued by the reporting authority. Training status format is required to be filled in by the appraisee officer as well as assessing authority.

- Part-I contains Bio data and self appraisal to be filled in by the appraisee officer. It contains the details of promotion from the respective cadre to prospective cadre, previous assignment of the last 5 yrs, present assignment and major training programs attended so far.

- This contains the assessment of performance by appraisee officer and his suggestions.
• Part-I contains Bio data and self appraisal to be filled in by the appraiseee officer. It contains the details of promotion from the respective cadre to prospective cadre, previous assignment covering preceding 5 yrs, present assignment and major training programs attended so far. Training requirements of trainees for next five years are also analyzed. Weightage is given to outstanding performances and achievements during the year and takes the constraints faced for performing into account.

• There is another report filled in by appraisor or Reporting Authority that contains the assessment of performance by appraisee in Key Responsibility Areas done by Reporting Authority. Maximum marks awarded to each appraise is based on KRA and is directly related to the importance of the task. KRA’s performance carries 50% marks.

• These marks are allotted on eight dimensions namely Job knowledge, Leadership, Decision making, Public relations and Marketing, Responsiveness to Corporate concern, Communication skills, willingness to assume Responsibility and Administrative skills. Maximum marks allotted being 50.

• The marks scored are ranked on five dimensions ranging from outstanding to below average.

• These are then reviewed by Reporting authority and Reviewing Authority.

Original copy of the Performance Appraisal Form of all the officers is sent to HRD division and Head office for reference and record every year. The Head Office and HRD division help in identifying the training needs, impediments in achieving the targets and improving the performance of the employees in the required area with the help of appraisal forms.

4.2.11 Rewards and Recognition

Number of rewards and incentives are instituted by HRD for effective performance of the employees. Awards being instituted are:

• Best training centre award. Recently, Regional Staff College, Panchkula has been awarded Best College Award. Financial incentives given to Principal were of Rs 2lacs, Chief Manager Rs70 thousand, Senior faculty Rs55,000,
Manager Rs 45,000, Clerk Rs 25000, Peon Rs 15,000 and to Sweeper Rs 10,000.

- CASA Deposit Campaign for opening maximum number of saving accounts and current accounts.
- Best Branch Award based on number of parameters. The benefits under award percolate to each one in the branch.
- “PNB Pariyas Award” for recovering bad debts. Certain percentage of bad debt recovery is given as reward to employees.
- Circle Award

4.3 ICICI BANK

4.3.1 Introduction

The Industrial Credit and Investment Corporation of India (ICICI) was established in 1955 as a development financial institution, an initiative of the World Bank, the Government of India and representatives of Indian industry, with the objective of creating a development financial institution for providing medium-term and long-term project financing to Indian industries. ICICI Bank was established in 1994. In 2002, both the entities were merged to make ICICI Bank India’s second largest bank in terms of assets.

It is an Indian financial services company headquartered in Mumbai, Maharashtra. It is the second largest bank in India by assets and third largest by market capitalization. ICICI Bank offers a wide range of banking products and financial services to corporate and retail customers through a variety of delivery channels and through its specialized subsidiaries in the area of investment banking, life and non-life insurance, venture capital and asset management. ICICI Bank equity shares are listed in India on the Bombay Stock Exchange and the National Stock Exchange of India Limited and its American Depositary Receipts (ADRs) are listed on the New York Stock Exchange (NYSE).

Social initiatives:
With deep roots in the Indian economy for over five decades, the ICICI Group is India's fastest growing financial services conglomerate. Its rapid growth, particularly in the last decade, has been accompanied by a long-term commitment to enhancing the economic, social as well as human development outcomes through a variety of initiatives for the weaker sections of society. It works in the area of development and is focused on facilitating wider participation by India's poorer communities in social and economic processes. The initiatives are broadly divided into two spheres—Initiatives that seek to make broader impact on society, which is pursued through a partnership approach; and initiatives that directly impact the economic well-being of individuals, where the bank have a more direct engagement.

**Key operating parameters in fiscal 2011:**

The strategic path was redesigned in 2009 by rebalancing assets and liability mix, improving cost efficiency, reducing credit costs while maintaining a strong financial position. And the bank successfully executed this strategy with robust growth in loan portfolio; improved profitability; and continued focus on key operating parameters.

1. ICICI Bank’s total advances grew by 19.4% in fiscal 2011. This was driven mainly by strong growth in domestic corporate advances and lending and international branches. The retail portfolio also stabilized and started growing in the second half of the year after several quarters of decline.

2. The net profit after tax for fiscal 2011 was 51.51 billion, representing a 28% increase over the previous year. The Return on Assets, or ROA, improved substantially to 1.34% in fiscal 2011 from 1.13% in the previous year.

3. The strong results are reflected in the higher level of proposed dividend of 14 per equity share compared to 12 per equality share in the previous year.

4. The above growth and profitability was achieved on the back of sustaining and enhancing the improvements achieved in Key operating metrics. The proportion of current and savings account deposits in total deposits, which has already increased from 28.7% at March 31, 2009 to 41.7% at March 31, 2010, was further improved to 45.1% at March 31, 2011. The net non-performing assets ratio was reduced substantially from 1.87% at March 31, 2010 to 0.94% at March 31, 2011. The cost-to-asset ratio was contained at 1.7% despite the...
expansion in the branch network and increase in business volumes. The Bank’s capital adequacy position continued to be very strong, with total capital adequacy of 19.5% and Tier-1 capital adequacy of 13.2%.

5. The major strategic initiative by the bank was the merger of Bank of Rajasthan with ICICI Bank during fiscal 2011. With this merger a combined network of over 2,500 branches was created, substantially expanding the presence of bank not only in Rajasthan but also in other major banking centers in the country. Following receipt of regulatory approvals for the merger in August 2010, the bank moved quickly to integrate the Bank of Rajasthan franchise with ICICI Bank. ICICI achieved integration of human resources and various aspects of operations seamlessly in a short span of time.

6. The non-banking businesses-insurance, securities, asset management and private equity—continue to build on the strong positions in the businesses and realign the strategies to the emerging market environment wherever required. In fiscal 2011, it achieved a 30.5% increase in the consolidated profit after tax, despite the impact of regulatory changes and volatility in financial markets on several businesses.

7. The bank executed a focused financial inclusion plan leveraging information & communication technology and the enabling regulatory framework to provide basic banking services to the unbanked. Through the ICICI Foundation for Inclusive Growth, it seek to improve the quality of school education and primary healthcare in a number of states, thereby paying its role in the strengthening of the soft infrastructure. Over the long term the ICICI Group therefore has a range of growth opportunities across its businesses and a strong platform to leverage these opportunities and create value for its stakeholders.

### 4.3.2 Subsidiaries:

**Domestic**

- ICICI Prudential Life Insurance Company Limited
• ICICI Lombard General Insurance Company Limited
• ICICI Prudential Asset Management Company Limited
• ICICI Prudential Trust Limited
• ICICI Securities Limited
• ICICI Securities Primary Dealership Limited
• ICICI Venture Funds Management Company Limited
• ICICI Home Finance Company Limited
• ICICI Investment Management Company Limited
• ICICI Trusteeship Services Limited
• ICICI Prudential Pension Funds Management Company Limited

International

• ICICI Bank UK PLC
• ICICI Bank Canada
• ICICI Bank Eurasia Limited Liability Company
• ICICI Securities Holdings Inc.
• ICICI Securities Inc.
• ICICI International Limited

Acquisitions

• 1996: SCICI Ltd. A diversified financial institution with headquarters in Mumbai
• 1997: ITC Classic Finance. Incorporated in 1986, ITC Classic was a non-bank financial firm that engaged in hire, purchase, and leasing operations. At the time of being acquired, ITC Classic had eight offices, 26 outlets, and 700 brokers.
• 1998: Anagram Finance. Anagram had built up a network of some 50 branches in Gujarat, Rajasthan, and Maharashtra that were primarily engaged in retail financing of cars and trucks. It also had some 250,000 depositors.
• 2001: Bank of Madurai
• 2002: The Darjeeling and Shimla branches of Grindlays Bank
- 2005: Investitsionno-Kreditny Bank (IKB), a Russian bank
- 2007: Sangli Bank. Sangli Bank was a private sector unlisted bank, founded in 1916, and 30% owned by the Bahte family. Its headquarter were in Sangli in Maharashtra, and it had 198 branches. It had 158 in Maharashtra and 31 in Karnataka, and others in Gujarat, Andhra Pradesh, Tamil Nadu, Goa, and Delhi. Its branches were relatively evenly split between metropolitan areas and rural or semi-urban areas.
- 2010: Bank of Rajasthan.

4.3.3 International Presence
The bank currently has subsidiaries in the United Kingdom, Russia and Canada, branches in United States. Singapore, Bahrain, Hong Kong, Sri Lanka, Qatar and Dubai International Finance Centre and representative offices in United Arab Emirates, China, South Africa, Bangladesh, Thailand, Malaysia and Indonesia. UK subsidiary has established branches in Belgium and Germany.

4.3.4 Symbols
Hum hain na!!

4.3.5 Vision:
To be the leading provider of financial services in India and a major global bank.

4.3.6 Branches
The Bank has a network of 3,130 branches and 10,486 ATMs in India, and has a presence in 19 countries, including India. ICICI Bank is India's largest private sector bank with total assets of Rs. 5,367.95 billion (US$ 99 billion) at March 31, 2013 and profit after tax Rs. 83.25 billion (US$ 1,533 million) for the year ended March 31, 2013.

Staff Strength:
The Bank had total permanent staff strength of 81,254 as on 31st March, 2012.
4.3.7 Recent Rewards and Recognitions

ICICI Bank has distinguished itself as a pioneer in the Indian banking community, rapidly adopting innovative business practices and technologies that have helped it become the second largest bank in India, in terms of assets. The Bank has various milestones which have contributed to this success.

- In the year 2012, Asia Investor Relations Perception Study ranked ICICI Bank 3rd from sell side in Asia and Mr. N.S. Kannan was ranked 2nd best CFO form business side in Asia, in the banking category.
- For the fifth year in a row, ICICI Bank was awarded the "Best Foreign Exchange Bank (India)" by Finance Asia Country Awards. The Bank also received the "Best Bond House (India)".
- ICICI Bank was awarded the Best Trade Finance bank in India by GTR Asia Leaders in Trade Awards 2012.
- ICICI Bank featured as the top Indian brand to be listed in the annual Brand's Top 100 Most Valuable Global Brands study.
- ICICI Bank won the "Best Bond House (India) 2011", by IFR Asia
- ICICI Bank awarded the Best Bank (India) by Global Finance
- ICICI Bank won the "Century International Quality Era Award" at Geneva. The award recognizes commitment towards Quality, Excellence, Customer Satisfaction, Leadership and Strategic Planning as established in the QC 100 model of Total Quality Management (TQM).
- For the second year in a row, Ms. Chanda Kochhar, Managing Director & CEO, is in the Power List 2012 of 25 most influential women professional in India, by India Today and was also awarded the 3rd Asian Corporate Director Recognition Award 2012 by Corporate Governance Asia. She was also ranked as the most powerful business woman in India in Forbes' list of The World's 100 Most Powerful Women 2013'.
- Mr. N.S.Kannan, Executive Director & CFO, received the "Best CFO", in the Banking / Financial Services category by CNBC - TV 18.
- ICICI Bank was recognized the first Credit Default Swap (CDS) deal in India at the Fimmda annual conference in Kuala Lumpur.
4.3.8 Broad Organizational Framework

**Organization Structure**

Managing Director and CEO

Executive Director & CFO

Senior General Manager (SGM)

General Manager (GM)

Assistant General Manager (AGM)

Cluster Manager Band 2

Cluster Manager Band 1

Manager 2

Manager 1

Assistant Manager 2

Assistant Manager 1

Senior Officer (S3, S4)

Officer (S2)
Within the corporate structure of ICICI, the branch structure is explained as above. Branch Operations Manager (BOM)- Reports to Branch Manager, and coordinates all operations at branch.
Customer Service Manager (CSM)- Reports to BOM, oversees day to day operations in the assigned area as cash, front office, back office and attends to escalated customer requests/queries and complaints.

Customer Service Officer (CSO); Reports to CSM, and attends to customer requests for all types of transactions/operations/service as assigned and is the first point of contact for any walk in customer.

Branch is headed by Branch Manager (BM) who is the overall in-charge of business and operations at branch. The role of branch manager towards employees includes:-

1. Align employees to organizational goal
2. Offer opportunities to improve skills and knowledge through training
3. Performance Recognition for Staff
4. Team building exercises like Saturday Branch Workshops.

Human resource department:

The group report to Executive Director is organized as follows:

Two General Managers are there:

A) General Manager-I is responsible for Human Resource function for Wholesale Banking Group, International Banking Group, Corporate Centre, Technology, Global Infrastructure & Administration Group and Human Resource Management Group. In addition to this, General Manager is also the Practice Head for Recruitment, Compensation & Benefits and HRMS (Human Resources Management Group) for the Bank.

General Manager is reported by:

- Two Deputy General Managers, one of whom is responsible for Wholesale Banking Group (WBG) and International Banking Group (IBG) and the other for Campus Recruitments and New Campus Initiatives.

- Three Chief Managers, one of whom is responsible for Business HR Manager for Corporate Centre, Global infrastructure & Administration Group and Technology, Central Recruitment Team and one responsible for Compensation function of the bank and the other for Talent Sourcing and Recruitment Service Group (RSG).

B) Second General Manager is responsible for the human resource function for the Retail Banking Group and the Global Operations Group. In addition to
this, he is also the Practice Head for Leadership Development, Talent Management, Learning & Development, Functional Training, and Employee Relations function for the bank.

C) General Manager II is reported by:

- Deputy General Manager1- who is the head of North, West, South and East Zones.
- Deputy General Manager2- who is responsible for Leadership Development Talent Management and Learning & Development.
- Deputy General Manager3- who is responsible for HR function of Customer Service Phone Banking Group. He is also responsible for Functional Training.
- Asst. General Manager1- who is responsible for Employee Relations function for the bank.
- Asst. General Manager2- who is Business HR Manager for Small Enterprises Group, Retail Asset Product Group, Debt Service and Management.
- Chief Manager1- who is the Business HR Manager Global Operations Group.
- Chief Manager2- who is the Business HR Manager for Retail Liabilities Group.

The group is focused on continuously innovating & delivering solutions ahead of time which act as enablers for the bank & enhance the performance of the organization.

4.3.9 TRAINING

Probationary Officer Training Programme is an initiative of ICICI Bank to attract young talent who wish to pursue a career in banking. It is designed to develop specialists with banking knowledge and skills to fulfil the future need of trained bankers. It is a one year full time residential training programme, conducted at ICICI Manipal Academy Campus, Bangalore. Applicants joining the Probationary Officer Training Programme will be enrolled for MBA in Banking and Finance with Manipal University, an UGC recognized University. Since its inception in 2007 more than 6,800 students have joined the Bank and currently 1,900 students are undergoing the training at the ICICI Manipal Academy Campus in Bangalore.
**MBA (Banking & Finance) program consists of two phases:**

Phase I (12 months)

This phase comprises of 9 months of on-campus classroom training & 3 months of internship in ICICI Bank. Upon successful completion of this phase, participants are awarded a Post Graduate Diploma in Banking (PGDB).

Salient Features of Probationary Officer Training Programme:

The training has a blended curriculum with instructor led classroom sessions, e-learning and internship at ICICI Bank branches/offices. The training imparts knowledge and skills in core banking (banking products, banking operations, channels and customers, receipts and payments, etc). The trainees will have the opportunity to specialize in one of the following areas in banking:

i) Trade Finance & CMS

ii) Branch & Relationship Management

iii) Private Banking & Wealth Management

iv) Rural and Inclusive Banking

v) Any other Profile as decided by ICICI Bank

The participants are put through a very rigorous training with special emphasis on application of knowledge and overall development of personality. The classroom sessions (9 months) are conducted at the ICICI Manipal Academy and internship (3 months) at any ICICI Bank branch or office (within India). The Probationary Officers are paid stipend for the first 9 months to meet the out of pocket expenses and a higher stipend during internship. The Probationary Officers will get an assured employment with ICICI Bank on successful completion of the Probationary Officer Training Programme.

The faculty is comprised of experienced professionals in the domain of banking and finance and behavioural sciences. There is a special focus on the overall grooming of the individuals and that is further facilitated through a learning environment that is created through lectures delivered by experts from ICICI Bank and the banking industry. The campus is equipped with the best educational infrastructure e.g. air-conditioned classrooms, video conferencing rooms, auditorium, well stocked library, boarding and lodging facilities, recreation and sports facilities, etc. The residential nature of the programme ensures that the Probationary Officers imbibe the culture and values of ICICI Group.
Phase II [Optional] (18-30 months)

This phase comprises of 18 months of online Training (3 Semesters). It is designed to provide managerial skills to the students. This phase commences after the students join the Bank. It provides an opportunity to complete the training programme while working. On completion of this phase by participants who opt for it and pay the requisite fee, an MBA (Banking and Finance) is awarded by the Manipal University. Students have the option of completing Phase II in 30 months. MBA degree will be conferred only on the successful completion of both Phase I and Phase II. (Source: ICICI20May_Aug202013.htm).

The training is delivered by Regional Training Manager who is headed by Regional Head Branch Banking who heads the training department. The placement of Regional Training Manager (RTM) in the hierarchy of Regional branch banking Group is as follows:-

![Regional Structure](image)

**Figure 4.11:** Regional Structure Depicting Placement of Regional Training Manager (RTM)
The BOM plays a critical role in ensuring that all staff members are adequately trained and each one follows the standard processes.

- Functional training is given to enhance competencies and better work life balance through controlling working hours of employees.

- Main motive of training is to lead better way of doing things, clarity in roles/responsibilities, remove obstacles, and generate motivation amongst people. Steps are taken to ensure that there is improvement in skills of the human resources, and to link rewards/punitive action to performance/productivity.

- Personal discussions are conducted with staff at the time of performance review and feedback, thus ensuring utmost fairness in procedure.

**Training Feedback:**

The organization takes different types of feedback from trainees at various times depending upon the intended goal as under:-

A) Effective feedback:- The Goal is to get the employees to internalize the effective feedback to use the suggested strategies independently on future
work. The feedback is intended to be used by the learner to independently move their reasoning to the next level. The criteria based phrases are used to describe the strengths and weaknesses of the learner’s work and is limited to one or two traits/aspect of quality at a time.

B) Descriptive feedback:- The Goal is to improve employees’ achievement by telling the learner how to move forward in the learning process. It is intended to tell the learner what needs to be improved.

C) Evaluative feedback:-The Goal is to measure and summarize the student’s achievement with a score or a grade.

D) Motivational feedback:-The Goal is to make learner feel good and is intended to encourage and support the learner as “I like how you completed the assignment.”

4.3.9 Performance Appraisal in ICICI:
As per the policy measures, the ICICI uses Balanced Scorecard at every level and every level has its own scorecard to rationally assess the performance of employees. The scorecard of the bank is explained diagrammatically below:

![Figure 4.13: ICICI Scorecard](image-url)
How these challenges are measured in Balanced Scorecard:

The balanced scorecard is well suited to the companies in the global knowledge economy. It establishes the goal but leaves the behaviour actions necessary to arrive at those goals to be decided by the individual themselves. The challenges will be measured by introducing various metrics in the Balanced Score card. The metrics will be grouped under four major perspectives. These are:

- Financial perspectives
- Customer perspectives
- Process perspectives
- People perspectives

**Financial perspectives:** To achieve profitability, every branch has to focus on Volume of deposits, Cost of deposits, Fee income, Operational Expenses and Audit and compliance. The focus is on revenue generation that includes selling investment products that generate fee based income – Life Insurance, General Insurance, Mutual Funds, Gold to walk in, and Fee income generated by selling investment products to customers from different segments.

**Process perspectives:** It includes cost reduction areas by ensuring employment of processes which help in reducing cost. It starts with branches opening customer accounts and controlling their overhead expenses by proper resource allocation and stationery management, and targeting to operate within cost budgets. The idea is not to save cost at the cost of customer service and convenience but to weed out unnecessary costs in operations by controlling critical areas of operations.

**Customer Perspective:** Customer service measurement in ICICI Bank is a structured effort to check the levels of services rendered by branches. Delivering consistent and quality service is a tool to build rapport with the customers and increase cross selling opportunities. It is equally important to check the status from time to time as “Customer Service is not only to be delivered. It is to be measured as well”.

Measurement of customer service for analysing Employees’ performance:

Customer service rendered through the branch channel in ICICI Bank is measured using various parameters. Customer Wait Time, Customer Feedback Surveys, ULSE,
Mystery Shopping, Customer Complaints escalated to Senior Management are the criteria to measure customer service. The parameters are detailed as follows:

- **Segmented Customer Wait time Analysis:** By introducing different wait time for different customers. Branch operations manager has to play a critical role in lobby management and has to ensure that the counters are mapped in Dynamic Queue Management as per the walk-in pattern of the branch. The BOM ensure that the team members are sufficiently trained on multi-skills to quickly resolve customer queries and control the wait time within desired norms.

- **Primary Unit Linked Scores for Excellence (PULSE):** It is the consolidated score of branch performance on the parameters sought from customer feedback.

![PULSE](image)

**Figure 4.14:** Consolidated Score of Branch Performance in ICICI Bank

- Customer complaints escalated to Senior Management: These are customer requests, which are critical from the customer’s point of view. These are requests such as cash deposit, address change, account activation etc. As bankers we must ensure to service customer for any such request without any error in the first instance itself and without any undue delay at our end. If the customer escalates complaint to senior management, then Root cause analysis
is done. If the branch is the erring unit then respective branch is penalised. -2 is reduced from Pulse Score in case of complaint escalation to senior management.

- **Mystery Shopping**: It is a survey conducted by outsourced agency on the transactions. The mystery shopper visits the branch for any of these regular transactions in the account held with the bank. He deals like any other customer with the front office/BOM/BM and notes the observations during the interaction and the feedback on customer issues is uploaded on service staff site.

**People Perspectives**: The people perspective include target completion by the staff and the subsequent training requirement. The system works as follow:

As per the policy measures, the ICICI uses Balance Scorecard at every level as every level has its own scorecard. The annual targets of corporate are split into branch targets. Then these annual targets are split into quarterly targets on some fixed %age basis as follows:

![Split of Annual Targets](image)

**Figure 4.15**: Split of Corporate Target
After splitting the branch targets, individual targets are decided. The individual performance of the employees is assessed by following the under mentioned steps:-

(a) Knowing the expectations from the individual
(b) Clearly defining standards
(c) Clearly defining the activities
(d) Providing enough rewards motivation and challenges.
(e) Structure the available time and efforts by prioritizing the activities.

The ICICI Bank measures the knowledge and skills of employees in balance scorecard by genesis score of the branch as follows:

Genesis Score is a software in which each staff member is mapped as green amber or red amber for each branch banking activity/process. The RTM then conducts functional training for all red amber employees and make them green by making them clear e-test. Also the employees need to clear e-test every month to deserve the green flag in the basic on the job activities.

Thus the corporate culture ensures that:

1. What gets measured gets improved
   What gets improved gets rewarded
   What gets rewarded gets reinforced in the organization
2. Productivity improvement efforts:- All the transactions are processed with due diligence to avoid frauds of any kind and image tarnishing of brand as well.
3. Branches to adequately display all the notices which are statutory for the customers to know about their rights and our offers.
4. Proper workload balancing and effective work roister in the branch ensures equated productivity from all staff members.
5. Providing equal opportunities to each of the staff members to make cross sell efforts which will enhance fee/staff ratio.
6. Performance appraisal system uses multiple levels of evaluation criteria (at the individual, group, and firm level) and multiple inputs from peers, customers, subordinates, etc.

4.3.10 Promotion
The promotion process has been designed on the principles of openness and transparency. Career progression is based on performance of employees being above an acceptable level emphasizing those with high business drive and potential. These exercises are carried out by the Career Development Centre, which offers a comprehensive competency building program. This process has been followed for the last 5 years. A high level of performance is rewarded by a system of performance bonus. The ratio of variable bonus to fixed salary is fairly high to attract and retain the best talent in the Bank. In the bank, there are larger pay differentials, fewer rewards for tenure, and individual incentives are high.

Customer Service Measurement is one of the tool to assess the employee performance level that help them to progress in their career. Customer service measurement in ICICI Bank is a structured effort to check the levels of services rendered by branch employees. Career progression based on employee’s performance makes it important to check the customer service status from time to time.

Further, to ensure that the Bank does not lose high performers and to increase the motivation level and to instill ownership feeling the bank introduced in an employee Stock Option Scheme. The first grant of stock options under the scheme was made during the year, 2000. The total number of staff of the Bank increased from 891 as on March 31, 1999 to 1344 as on March 31, 2000.

4.3.11 Rewards and Recognitions

The Human Resources Management Group works in line with the new initiatives & the thrust areas of ICICI Bank. The focus of the group is on strengthening capabilities in the area of Leadership Development, Talent acquisition, Employee growth and compliance. The strategy of the HR group is to make talent and not buy talent. And the group continually intervenes at an institutional level to make systemic changes in the banking industry.

1) Performance Bonus: All permanent employees of the Bank are eligible to participate in the Bank’s Performance Bonus Plan. There is no guaranteed performance bonus. Bonus payout to employees is done as per criteria approved by the Board every year.

2) Employee Stock Option Scheme:- ESOP is granted to employees as per criteria approved by the Board every year. These schemes cannot be availed
by knowledge workers at lower levels of management but such options are available at higher middle management or at top management.

3) Other rewards:- The employee of ICICI getting married to an ICICI employee only, is given a cash benefits of 3lacs to promote loyalty and productivity as it reduces the chances of exit.

Employees Benefit Policy:
Leave and Attendance Rules, Salary and Allowances, Leave Travel Allowance, House Rent Allowance, Additional House Rent Allowance, Conveyance Allowance/Car Maintenance, Lunch Allowance, Shift Allowance, Reimbursement of residential phone bills, Medical Insurance Scheme, Group Insurance Scheme, Corporate Lease accommodation Scheme, Corporate Cell Phone Policy, Reimbursement of expenses on Transfer, Staff Home Loan Scheme 2012, Employee Loan Scheme, Corporate Car Scheme, Soft Furniture Scheme, Employees Children Scholarship Scheme, Allotment and Maintenance of staff quarters, Domestic Travel and Local Conveyance Reimbursement Policy, International Travel Policy, Policy on Offsite/Business Review Meetings, Promotional Schemes/Contests for Employees, Staff Corporate Credit (SSC) scheme, Laptop Policy, Reimbursement of Expenses at the Time of Joining, Performance Bonus, Employee Stock Option Scheme, Working Hours and Extra Time Allowance, Retirement Age, Terminal Benefits, Notice Period, Ownership.

Basic pay and supplementary allowances are two components of salary and allowances. Employees have flexibility of choosing pay elements within the limit of supplementary allowance based on individual needs. They can ‘Plan their pay. The option to choose the pay elements will be available once in a year unless and until there is s change in the supplementary allowance. Lunch expenses reimbursement is part of the supplementary allowance and no other claim for reimbursement is allowed.

For Manager I and below:
- The salary and allowances includes, basic salary, location-specific house rent allowance, conveyance allowance and transport allowance, medical, additional HRA if opted for loan encashment and leave travel allowance. Lunch expenses reimbursement is payable along with salary.

Leave Travel Allowance:
For the grades Manager II and above, Leave Travel Allowance (LTA) is a part of supplementary allowance. The grade-wise eligibility for the grades Manager I and below is given below:

### Table 4.5: Grade Wise Eligibility of LTA per Annum

<table>
<thead>
<tr>
<th>Grade</th>
<th>Annual eligibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manager I/Management trainee</td>
<td>Rs. 24,000/-</td>
</tr>
<tr>
<td>Assistant Manager I &amp; II</td>
<td>Rs. 24,000/-</td>
</tr>
<tr>
<td>Senior Officer/Senior Secretary/S3/S4</td>
<td>Rs. 20,000/-</td>
</tr>
<tr>
<td>Officer/Secretary/S1 &amp; S2/Junior Officer</td>
<td>Rs. 12,000/-</td>
</tr>
<tr>
<td>Clerks</td>
<td>Rs. 12,000/-</td>
</tr>
<tr>
<td>Assistants</td>
<td>Rs. 12,000/-</td>
</tr>
<tr>
<td>Service Staff I &amp; II</td>
<td>Rs. 9,600/-</td>
</tr>
<tr>
<td>Jr. Service Staff</td>
<td>Rs. 8,000/-</td>
</tr>
<tr>
<td>Officer Trainees/Trainees/PTO</td>
<td>Not eligible for this benefit</td>
</tr>
</tbody>
</table>

*S1, S2, S3, S4 means Senior Staff

Source: Document ICICI Bank

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4.4 HDFC BANK

4.4.1 Introduction

HDFC Bank Limited is an Indian financial services company based in Mumbai, Maharashtra that was incorporated in August 1994. HDFC Bank is the fifth or sixth largest bank in India by assets and the first largest bank by market capitalization as of November 1, 2012. The bank was promoted by the Housing Development Finance Corporation, a premier housing finance company (set up in 1977) of India. As on December 2012, HDFC Bank has 2,776 branches and 10,490 ATMs, in 1,399 cities in India, and all branches of the bank are linked on an online real-time basis. As of December 2012 the bank had balance sheet size of Rs. 3837 billion. For the fiscal year 2011-12, the bank has reported net profit of ₹5,167.07 crore (US$940.41 million), up 31.6% from the previous fiscal.

HDFC Bank was incorporated in 1994 by Housing Development Finance Corporation Limited (HDFC), India's largest housing finance company. It was among the first companies to receive an 'in principle' approval from the RBI to set up a bank in the
private sector. The Bank started operations as a scheduled commercial bank in January 1995 under the RBI's liberalization policies.

Times Bank Limited (owned by Bennett, Coleman & Co, Times Group) was merged with HDFC Bank Ltd., in 2000. This was the first merger of two private banks in India. Shareholders of Times Bank received 1 share of HDFC Bank for every 5.75 shares of Times Bank. In 2008 HDFC Bank acquired Centurion Bank of Punjab taking its total branches to more than 1,000. The amalgamated bank emerged with a base of about Rs122000 crore and net advances of about Rs.89,000 crore. The balance sheet size of the combined entity is more than Rs. 1,63,000 crore.

**Business focus:**
HDFC Bank deals with three key business segments. - Wholesale Banking Services, Retail Banking Services, Treasury. It has entered the banking consortia of over 50 corporate for providing finance, trade services, corporate finance and merchant banking. It is also providing sophisticated product structures in areas of foreign exchange and derivatives, money markets and debt trading And Equity research. Distribution network.

The shares are listed on the Bombay Stock Exchange Limited and The National Stock Exchange working Finance of India Limited. The Bank's American Depository Shares (ADS) are listed on the New York Stock Exchange (NYSE) under the symbol 'HDB' and the Bank's Global Depository Receipts (GDRs) are listed on Luxembourg Stock Exchange under ISIN No US40415F2002.

HDFC Bank is a young and dynamic bank, with a youthful and enthusiastic team determined to accomplish the vision of becoming a world-class Indian bank.

The business philosophy is based on four core values - Customer Focus, Operational Excellence, Product Leadership and People. It believes that the ultimate identity and success of the bank resides in the exceptional quality of the people and their extraordinary efforts. For this reason, bank is committed to hiring, developing, motivating and retaining the best people in the industry.

**4.4.2 Mission**
The mission of the bank is to be “a World Class Indian Bank”, benchmarked against international standards and best practices in terms of product offerings, technology,
service levels, risk management and audit & compliance. The main objective is to build sound customer franchises across distinct businesses so as to be a preferred provider of banking services for target retail and wholesale customer segments, and to achieve a healthy growth in profitability, consistent with the Bank’s risk appetite. HDFC bank is committed to the highest levels of ethical standards, professional integrity, corporate governance and regulatory compliance. The business strategy emphasizes the following:

- Increase the market share in India’s expanding banking and financial services by following a disciplined growth strategy focusing on balancing quality and quantity and on delivering high quality customer service;
- Leverage technology platform and open saleable systems to deliver more products to more customers; Maintain high standards of asset quality through disciplined credit risk management; Develop innovative products and services that attract targeted customers and address inefficiencies in the Indian financial sector;
- Cost competitive
- Focus on high earnings growth with low volatility.

4.4.3 Slogan
We understand your world.

4.4.4 Branches
As on March 31, 2013, the Bank has a network of 3062 branches in 1845 cities across India. The Bank also has a network of 10743 ATMs across India. HDFC Bank's ATM network can be accessed by all domestic and international Visa / MasterCard, Visa Electron / Maestro, Plus / Cirrus and American Express Credit / Charge cardholders.

Staff Strength:
The total number of employees in HDFC Bank is 66,076 as of March 31, 2012

4.4.6 International Presence
HDFC Bank, opened its first full-fledged overseas commercial branch at a new financial district in Bahrain in the year 2008. Another branch is at Hong kong.

4.4.7 Recent Awards and Recognitions
The Bank continues to receive awards and gain recognition from various leading domestic and international publications. The Bank was selected as the Best Bank in India in the Business Today-KPMG Survey of the Best Banks in India. Asia money

4.4.8 Organisational Structure of HDFC Bank

Chairman (CEO)

Group Head (Managing Director)

Branch Banking Head (EVP1- Executive Vice President1; EVP2 )

Regional Head (Executive VP)

Zonal Head (Senior VP2)

Circle Head (Senior VP1)

Cluster Head Senior (Deputy Vice President) (Band D2)

Branch Manager (Assistant Vice President) (Band D1)

Figure 4.16: Organization Structure of HDFC Bank

Branch Structure

Branch Head (Assistant Vice President) (Band D1)

Back-Up Branch Manager, BBM (Senior Manager) (Band E4)
Composition and size of the Board

The present strength of Board of Directors is 5 Directors. The Board comprises of Non-Executive Directors, who through their expertise in financial markets, bring independent judgment in the Board’s deliberations and decisions. The Directors of the Company have wide experience in the field of finance, banking and broking. In the top management, 12 executive Vice Presidents are there in various areas of specialization as Credit, Market Risk, Operations, Information Technology, Treasury etc (Refer: Appendix VII). Then on the basis of Business and Functions, the Regional Heads are allocated.

4.4.9 Training

The bank business philosophy is based on four core values - Customer Focus, Operational Excellence, Product Leadership and People. It firmly believes that the ultimate identity and success of any organization resides in the exceptional quality of its people and their extraordinary efforts. To improve the quality of its internal customers, bank is committed to hiring, developing, motivating and retaining the best people in the industry. The bank does not exercise any gender biasness within the organization. Recruitment is based on transparent procedures such as newspaper advertisements, written tests and interviews. Recruitment decisions are based on qualifications, merit and capabilities. Priority is given to internal candidates when filling vacancies. The Bank encourages geographically diversified and multiethnic participation and recognizes the right of unionization. All material HR matters are referred to the Board HR subcommittee. New recruitments and promotions are
effected in accordance with the HR policy on recruitment and promotion and based on the carder plan approved under the corporate plan of the Bank. The Bank lists "people" as one of its stated core values.

**Training Department:**

HR department at HDFC Bank has 54 people, including the trainers. All the staff there in HR are MBAs, except for those handling HR operations. Its Training centers are located in Mumbai, Chennai, Delhi, Ahmedabad, Kolkata, Bangalore, Hyderabad, Chandigarh, Pune and Lucknow. These are Regional Training Centres providing training to employees working in the same region. Comprehensive training of employees is done on a continuous basis. Effective in-house training programmes are conducted at its specialized training centre in Lonavla. Bank have a strategic tie-up with IIM Ahmedabad for a 9 day program covering economics, quantitative, behavioral leadership, marketing, corporate communications, etc. Management and Executive trainees generally undergo up to eight-week training modules covering every aspect of banking. Training is conducted by both internal and external faculty. In addition to the ongoing on-the-job training, bank provides employees courses in specific areas or specialized operations on an as on need basis. Specific training needs for the staff especially in the areas of customer care, customer rights, industry practices, banking law, governance, anti-corruption, risk management, development regulations, organizational policies and procedures etc are imparted.

Training needs of employees are regularly analysed through various methods. As in the year 2010, in response to the training needs identified through customer survey, staff satisfaction surveys, and individual performance appraisals, customer care was identified as a priority area for training needs, for which over 1,800 hours was dedicated in 2011. Training programs are meant for staff (working at different levels) and substaff. For example, a special training program was conducted for all drivers of HDFC bank on cost effective and eco-friendly driving, vehicle maintenance, road ethics and related rules. The training program was conducted by a resource personal from the Motor Traffic Department of the Sri Lanka Policy and the Department of the Registration of Motor Vehicles. Training to one and all for better customer service - This is what sets apart the HDFC's customer service philosophy - 'With You, Right Through'.
Induction Training

- Induction training is imparted to all the employees for 10-15 days to acquaint the person of on the job requirements.
- Post joining the organization, employees are given Joining kit: access card, information on employee’s email and phone number, Bank account opening form, corporate insurance application form(if applicable),HR & Admin policy manual, other relevant reading material.
- Classroom Induction: Integration process also includes classroom training and induction where employees receive presentations and trainings on various topics that would further ingrain them into the organization.
- On the job training: Besides formal training sessions, the employees undergo on-the-job function specific trainings that are facilitated by the respective functions to help the new employee acquaint himself/herself with work in progress.

Awareness Creation of New Policies, Developments and Products

Training and Awareness Staff is kept well informed on product development, policies, procedures and regulatory changes and developments through circulars and internal memos. These communiqués are originated by the respective departments and communicated centrally by the operating department. The induction program – ‘Swagat’ - covers products and business of the bank. Procedure manuals are in place for all products and services and are updated regularly. Operational policies are periodically reviewed and updated and the effectiveness of this process is annually inspected by the Bank’s Supervision Department of the Central Bank. Training programs are conducted on all new products and procedures when necessary.

The new recruits were mainly school leavers on contract basis who were absorbed to the permanent cader based on their performance. These Training and Orientation Programs help provide a satisfactory career development.

4.4.10 Performance Appraisal

A staff appraisal system has been formulated to recommend annual salary increments and identify employee attitudes and training and development needs. Separate appraisal systems are in place for the following categories.
i) Managerial and Heads of divisions
ii) Executives, clerical and allied grades
iii) Promotional Assistants - mobile banking
iv) Office Assistants and drivers

So, Annual appraisals are conducted for the entire staff of the Bank. Employee feedback and results of the staff satisfaction surveys enables HR Department to identify specific training and development needs (Appendix VIII).

HDFC Bank has implemented Oracle Balanced Scorecard for its HR function to evaluate the effectiveness of its HR management. The scorecard is based on all the four dimensions of scorecard as mentioned earlier. The appraisal through scorecard is done only when employee becomes Asst Manager and is banded as E1. These appraisal scorecards are generated after three months of employee’s joining in the bank which is his first scorecard. Basically two types of scorecard are being used i.e., manager with less than 10 customers and managers with more than 10 customers.

Fund mobilization and recovery targets are given to all the staff members with the objective of creating a competitive environment for skill management and development of human capital. Branch wise loan, recovery and fund mobilization targets are some of the other strategies used in performance review and productivity development. The overall grading of manager’s performance has been divided into four categories for the convenience of the reporting officers. These four levels for assessing the employee performances are interpreted as; T1, T2, T3, and T4.

T1 stands for Top performer- who consistently meets performance criteria and exceeds in most areas.

T2 stands for Above Average Performer- Consistently meets performance criteria and exceeds in some areas.

T3 stands for Average performer- Just meets performance criteria.

T4 means out of the job- Does not meet performance criteria- Needs improvement.

These appraisal ratings take into account the continuous performance of the employees in to consideration as the policy indicates the consideration of quarterly targets and achievements for incentivizing the employees, which clearly indicates the immediate disbursement of benefits to employees on the basis of performance.
Quarterly bonus points are given to employee, if the success rate is 100% or more i.e., 25% of the monthly points for the parameter. The Appraisal system review, reward and recognize annual targets which is in place in respects of branch operations. Through this approach, the bank is able to measure and improve the effectiveness of support functions and quantify non-financial measures to better track those functions. It has also transformed the HR department from a purely administrative organization to one that has significant input in recruitment, development, and strategic planning. And it is able to track the effect of management systems on shareholder influence, flows, rewards, and work systems.

**Programs Initiated by Bank**

With the objectives of developing knowledge that support the continuity of internal staff and facilitating a successful career retirement, bank has initiated several programs as mentioned below.

- Granting interest free loans for professional examinations
- Reimbursing of course fees for examination passed and qualifications gathered while in employment
- Encouraging all new recruits to obtain a banking qualification within a specified period
- Financing industry training and workshops
- Continuous in-house and external training and orientation programs on new products, services and procedures
- Special programs to improve English and Tamil literacy
- Giving special recognition to the staff promotion policy for obtaining additional banking qualifications after joining the Bank
- Continuous strengthening of the staff engagement process

**4.4.11 Rewards and Recognition**

HDFC implement an incentive driven culture which adds more scope to individual capabilities while instilling a team based culture within the organization. For the first time, HDFC organized a Award Ceremony to recognize performance of the star performers in March 2011. The best performed branch and staff members in 2010, in the operational areas of credit, recoveries and fund mobilization were recognized rewarded.
Compensation Policy-Bank has consistently believed that broader employee ownership of its equity shares has a positive impact on its performance and employee motivation. For compensation, the Compensation Committee reviews the overall compensation structure and policies of the Bank with a view to attract, retain and motivate employees, consider grant of stock options to employees, reviewing compensation levels of the Bank’s employees viz-a-viz other banks and industry in general.

The Bank’s compensation policy is to provide a fair and consistent basis for motivating and rewarding employees appropriately according to their job/role size, performance, contribution, skill and competence. HDFC bank uses incentive system in structuring compensation packages and has established a performance-based bonus scheme under which permanent employees have a variable pay component of their salary. Apart from the basic salary and emoluments the following benefits are offered to the permanent carder of the Bank:

- Employee Share Ownership Program (ESOP)
- Comprehensive medical scheme
- Death donation and funeral assistance scheme
- Special loan scheme for housing, furniture and other housing related matters
- Vehicles loans at a special interest rates
- A distress loan scheme
- Two months bonus per annum
- Special risk allowance for cashiers
- Two month salary as bonus
- Holiday bungalow facilities owned by the Bank
- Housing Loan at concessionary interest rate

**Superannuation fund:** It is also set up to which bank contribute defined amounts. In addition, bank contributes specified amounts to a gratuity fund set up pursuant to Indian statutory requirements.

**Provident fund:** In accordance with the law, employees of the Bank are entitled to receive benefits under the provident fund. The Bank contributes monthly at a determined rate (currently 12% of employee’s basic salary). These contributions are
made to a fund set up by the Bank and administered by a board of trustees, except that in the case of employees who receive salary of up to Rs. 6,500 (specified employees). Leave Encashment: The bank does not have a policy of encashing unutilised/unavailed leave by its employees.

**Employee stock Option Scheme:** ESOPS are granted to all the employees from type grade of junior executive to Managing Director and the directors of the bank. The options will be granted on the basis of performance, Grade, Future potential contribution etc. Options will be granted at the closing market price of the immediately preceding working day of the date of grant of options by the compensation committee of the bank. The bank’s employee stock option scheme that extends to all the levels has covered 80% of the employees so far. On the recommendation of Compensation Committee of the company, the bank grants stock option to eligible employees of the Company. The shareholders of the Bank approved Plan “A” in January 2000, Plan “B” in June 2003, Plan “C” in June 2005 and Plan “D” in June 2007. Under the terms of each of these Plans, the Bank may issue stock options to employees and directors of the Bank, each of which is convertible into one equity share. Plan A provides for the issuance of options at the recommendation of the Compensation Committee of the Board (the “Compensation Committee”) at an average of the daily closing prices on the Bombay Stock Exchange Ltd. during the 60 days preceding the date of grant of options. Plans B, C and D provide for the issuance of options at the recommendation of the Compensation Committee at the closing price on the working day immediately preceding the date when options are granted.

**Gratuity:** It is provided by the company to all the employees. The benefit is in the form of lump sum Payment to vested employees on resignation, retirement, on death while in employment or on termination of employment of an amount equivalent to 15 days basic salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The Company makes annual contributions to funds administered by trustees and managed by insurance companies for amounts notified by the said insurance companies. The defined gratuity benefit plans are valued by an independent external actuary as at the balance sheet date using the projected unit credit method to determine the present value of defined benefit obligation and the related service costs. Under this method, the determination is based on actuarial calculations, which include assumptions about demographics, early
retirement, salary increases and interest rates. Actuarial gain or loss is recognized in the profit and loss account.

**Compensated Absences:** The Company provides for compensated absences in accordance with AS 15 (revised 2005) Employees’ benefits. The provision is based on an independent external actuarial valuation at the balance sheet date. The Company has established full services branches across various locations thus creating the right distribution network to sell company’s Products and Services. The Company has six collection centers for its Services Business. The company has its Data Centre at Bangalore and centralized operations at Hyderabad.

### 4.4.12 Promotion

The employee after getting selected in a bank is put on probation, which is a mutual opportunity for the employee as well as the bank to confirm suitability for continued employment. Further, promotion to higher levels has been designed on the principles of transparency, based on employee’s performance in scorecard. The parameters in the scorecard is based on factors related to work performance, work habits, productivity, attitude, compatibility, attendance and punctuality or any other manner that is linked to job performance. Promotion from one level to another higher level is based on employees grading system where an employee qualifies only if grades are above the acceptable level. The scorecard performance of the juniors is averaged into the performance count of his immediate superior. So at the end of the day, not only employees’ own performance is rewarded but also the scorecard performance results of his subordinates. The employee is due for promotion after a period of one year. Basically as one go higher up in the cadre, the experience as well as performance counts. The employee gets due for promotion after acquiring some minimum years of experience the period of which ranges from two to three years. These exercises are carried out by the Human Resource Department at Country Head level. A high level of performance is rewarded by a system of performance incentive. Through the implementation of a performance based Rewards & Recognition system coupled with external training, career development opportunities are carved out for employees in both local and overseas offices. In the bank there is large pay differentials due to high individual incentive and fewer rewards for tenure.
Further to ensure that the bank does not lose high performers and to increase the motivation level and to instill ownership feeling, the bank rewards the high performer with incentive driven scheme and employees Stock Option Scheme.

4.5 CONCLUSION

This chapter addressed the present HRD policy of the banks as intended by the management. It provided the general idea about the respective banks’ Training policy, Promotion policy, Rewards and Recognition policy, and Performance appraisal and Management policy. The next chapter will discuss the employees’ perception regarding these HRD practices in their respective banks.