CHAPTER III :: Manpower Planning Process in Public Sector Banks: (PSBs):

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3.1 Introduction:

As discussed in the preceding chapter, this study has its focus on Manpower Planning in Public Sector Banks. Major determinants of Manpower planning include, organisational objectives, business objectives and organisational structure.

This chapter explains the composition of Indian Banking Industry, describes in brief objectives of Nationalisation of Banks and factors leading to manpower planning as a result of Bank Nationalisation.

In the light of this background, it describes manpower planning practices in Public Sector Banks in general. It particularly deals with major component of Manpower planning process namely,

1. Assessment of manpower needs.
2. Recruitment & selection.
3. Placement & Postings of various categories
4. Training & development etc.

On all the above points a brief analytical discussion has been carried out in this chapter. Since promotions and transfers are governed by National level policy, these factors are discussed in detail, with reference to Bank of Maharashtra. However, a brief account of practices adopted by various Public Sector Banks (PSBs) is presented in this chapter.
3.2:: COMPOSITION OF BANKS IN INDIA::

Banks at the time of Nationalisation were principally classified as under:

1. National Bank i.e. Reserve Bank of India.
2. Public Sector Banks.
3. Indian Commercial Banks.
5. Co-operative Banks.
6. Foreign Banks.

National Bank means Reserve Bank of India, the Bank which acts as Bank for Central Government, State Governments, other semi-government bodies, agencies, corporations, undertakings etc. The Reserve Bank of India (RBI) which is also called as 'Central Bank of the country', was formed in the year 1934 as per the specially enacted 'Act', and started to function w.e.f. 1st April, 1935.

Though, it got a status of Central Bank of the Nation at the time of formation, the Bank was not owned by the Nation.
At the time of formation, RBI was a private commercial Bank, promoted by the British Bankers on the line of Bank of England. These promoters were also promoters of the then Imperial Bank of India (now state Bank of India, since the year 1955), so also these promoters were the share holders of the earstwhile East India Company. This Reserve Bank of India was nationalised in the year 1948 and started to function as a fully owned Government Bank w.e.f.1st January, 1949.

Public Sector Bank: As mentioned in the definition clause, in chapter II, A Public sector covers all undertakings, enterprises, which are fully controlled by or as per the policy of the Government, may be at Central or State level, may be with full or partial ownership in capital formation but necessarily constituted through passing of relative enactment through the Parliament at the Central level or through the Assembly at the State level. Public sector is an undertaking, taken under control by the Central or State Government in the general interest of the Public.

Public sector Bank is a Banking organisation which has been formed or converted from private sector to Public Sector as per the ordinance issued by the President of India for Central Government declaring a particular type of undertaking to be formed or to be taken over for full control as per the policy of the Government of India.
Prior to the year 1969, there were following Public Sector Banks existing in India:

1. Reserve Bank of India: A fully owned Bank by the Government of India as per the RBI nationalisation Act of 1948.

2. State Bank of India: This Bank was taken over for the purpose of overall control by the Government of India by converting the erstwhile Imperial Bank of India in the year 1955, by passing a special enactment in the Parliament and with this the Government Of India introduced 51% of the capital out of the newly structured total capital in the New Bank and as such took over the Management and control of the Bank.

In the year 1959, all the State Banks of Princely States functioning in India, established prior to independence, these Banks were brought under the direct control of State Bank of India from the year 1959 on passing an amendment in the SBI Act of 1955 and as such out of in all 9 State Banks of Princely states, seven Banks came in existence and these are now called as Associate Banks of SBI forming a SBI group with SBI and these 7 associate Banks.
3.3: SOCIAL CONTROL ORDER OF 1968:

The scheme of Social control on Banks was enforced through the Banking laws (amendment) Act, 1968. The sought to streamline the managerial and operational aspects of commercial Banks with a view to defusing the economic power and checking and misuse of Bank credit by vested interests.

The important provisions of the Act are given below:-

1. Reconstruction of the Board of Directors:
   51% of them to be qualified in special knowledge or practical experience in Banking, Agriculture, Small Scale Industry and rural economy.

2. Chairman: Whole time Chairman; necessarily should be a professional, knowing finance, Economics or business administration alongwith development Banking.

3. Foreign Banks: to work within the framework.

4. Restrictions on loans to Directors.

5. Government powers to take-over Banks.

This Act came into force on 1st February, 1969. Thereby National credit council was set-up in Feb.1969, by the Government of India, under the overall control of RBI and in co-ordination with major commercial Banks.
3.6

3.4:: BANK NATIONALISATION:

In the wake of sudden shift in the Government move, on 19th July, 1969 by a Presidential Ordinance, 14 Major commercial Private Indian Banks, with deposits of Rs.50 crores or more on 31st December, 1968 were nationalised. The ordinance became law by the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970; which received the assent of the President of India on 31st March, 1970. The Nationalisation was a momentous step in the history of Indian Banking.

The primary objectives of Nationalisation were set forth are:-

1. To extend Banking facilities in unbanked and underbanked centres, especially in Rural areas.

2. To ensure an increased flow of assistance to the hitherto neglected sectors.

3. To foster the growth of new and progressive entreprenuers.

4. To give a professional bent to the Bank's Management with a view to removing control by a few.

The 14 Nationalised Banks, after dropping the prefix 'THE' and sufffix 'LIMITED' from their names, are:

(1) Allahabad Bank; (2) Bank of Baroda; (3) Bank of India; (4) Bank of Maharashtra; (5) Canara Bank (6) Central Bank of India. (7) Dena Bank; (8) Indian Bank; (9) Indian Overseas Bank;
(10) Punjab National Bank, (11) Syndicate Bank;
(12) United Commercial Bank, (13) Union Bank of
India, (14) United Bank Of India.

Reasons for Nationalisation: The various
reasons which compelled the commencement in taking
the momentous decision of Bank Nationalisation,
may be summarised as under:

1. Concentration of wealth & Economic
   Power.
2. Resources utilisation by Directors.
4. Neglect of agriculture, Small scale
   Industries and other small Borrowers.
5. Linking Banking Business with five
   year plans.

Second round of Bank Nationalisation:

By Presidential ordinance promulgated
on 15th April, 1980, the Union Government Nationalised
six more Banks in the Private sector, whose demand
and time liabilities in India as on March 14, 1980
amounted to not less than Rs.200 crores. Six new
Nationalised Banks after dropping the prefix ,
'The' and suffix 'Limited' from their previous
names are:-

(i) Andhra Bank, (ii) Corporation Bank,
(iii) New Bank of India, (iv) Oriental Bank of
Thus, Public Sector Banks in India are in all 28. There are three categories of these Banks:

1. Banks Nationalised in first 14
2. Banks Nationalised in 2nd Phase-6
3. State Bank Group. 8
Total......28

These Banks recorded total manpower over 8.70 lakhs comprising of various categories, broadly; officers 21%, Clerks 53%, and substaff 26%.

3.5:: Factors leading to MANPOWER PLANNING IN
PUBLIC SECTOR BANKS:

Prior to Nationalisation of Banks, each Bank had its own approach towards manpower planning. The available information reveals lack of systems in this respect. Manpower was linked with voucher work load used to vary according to business volume and costs. Bank Nationalisation provided new dimensions to manpower aspects and necessiated planned approach. Public Sector Banks started expanding and experiencing rapid changes in Banking Policies and environment. It has given new responsibilities as a socio-economic BANKING BUSINESSMAN to Public Sector Banks in India. This change is the basic concept coupled with massive expansion invited more than usually paid attention for planning human resources; for transforming social objectives of Bank nationalisation. Factors leading to Manpower Planning in Public Sector Banks, may thus be summarised below:
Factors leading to Manpower planning in PUBLIC SECTOR BANKS:

Manpower planning in banking gained importance after nationalisation of major 14 commercial Banks in the year 1969. Banks were asked to involve themselves in the overall planning process of the National financial resources as well as development and certain targets were thrust on them to fulfill National commitments. Immediately after declaration of first phase of Bank Nationalisation, the Government introduced District Lead Bank Scheme for credit planning and effective credit delivery as well as monetary systems. As an effect of this scheme all the districts in India, were allotted to various Banks, on the strength of the spread of branches and the resources available in a particular area.

Under the new credit policy enunciated by the Government through the Reserve Bank, to strengthen credit to financially neglected sectors, which were termed as Priority Sectors; physical and figural/amount targets were insisted upon. Branch expansion programme of newly nationalised Banks was directed to be chalked out in accordance with the development plans given under various priority sectors and more stress was given to open banking outlets i.e branches in Rural and Semi-urban areas. Reserve Bank fixed a ratio of 1:4, while issuing licences to open new branches in non-rural areas.
As various banking activities are carried out through the Manpower at various levels, while determining various physical and monetary targets, Banks were compelled to give thought to preliminary aspects of available manpower, development of the same in view of the forthcoming business challenges to trace out the gaps and to plan to fill them, in due time and therefore, Manpower planning in Banking started.

At the initial stage, the process was initiated at the root level of functioning i.e. the Branch, when the branches were asked to undertake additional business challenges in view of the changed situation in banking due to nationalisation.

While reporting the reasons for non-fulfillment of the given targets, or while stating the reasons for the lapses created/occurred in the day-to-day working, pointed out through periodical Inspection reports and/or audit reports, branches started to justify their positions as 'Inadequate manpower'.

While comparing the previous position of workload and the then prevailing workload, even the mass level officers also concurred with the views of the branches and pleaded with the respective head offices of the Banks to provide additional manpower before thirsting any new business challenges.
This was the high time for the corporate level offices to give due weightage to the development of manpower planning. To start with Banks decided to impart suitable training to the existing manpower to mould them mentally to accept the new business challenges. New motivational processes were brought-in. Direct and indirect motivational processes were introduced in banking. Result achieving functionaries were rewarded and the defaults in any areas started to be punished. Salaries and perks were restructured and simultaneously Banks introduced Service Regulations for various classes of employees.

In addition to nationalisation of Banks, Government introduced several measures to change the face of the economy. Most of these measures aimed at Rural development and upliftment of economically backward classes. Nationalised Banks were assigned a major role in implementation of schemes like 20 point programme, I.R.D.P. etc.

Twenty point socio-economic development programme was announced by the Government in the year 1975. Differential rate of interest scheme to extend financial assistance to the poors was launched in the year 1972. Employment promotion programme was also launched in the same year.
New 20 point programme was launched in the year 1980, wherein more stress was given on Rural development. This programme was followed by introduction of Integrated Rural Development plan in all the blocks throughout the country. New schemes to develop young entrepreneurship was launched in the year 1983. Another new scheme to extend financial assistance to the urban-poor was launched in the 1986. This was an outcome of declaration of revised 20 point socio-economic development programme.

Concept of service area approach was launched by the Reserve Bank of India to change the village adoption scheme. District level credit planning was shifted to the village level credit plans and Block level development Plans.

All these things mounted pressure on the manpower to extend economic socio-Banking services, which brought higher workload with comparatively limited manpower, so as to keep the services cost in control; but simultaneously to give effective results for achievement thereof.

These factors forced Management of Public Sector Banks to bring more and more improvement in the available manpower.
In sum, Nationalisation assigned new role and responsibilities to Public sector Banks, which required manpower of different qualities committed to social development through banking. In view of existing challenges and challenges in future, manpower planning was accepted as necessity by the Public Sector Banks.

As such Public Sector Banks were required to:

1. Redefine jobs in view of new banking business concepts.

2. To provide suitable Manpower for undertaking branch expansion programme in Rural areas.

3. To recruit manpower of different categories and for this to redefine categories.

4. To adopt a suitable selection process in respect of manpower to be brought-in.

5. To make suitable positions in accordance with the -
   (a) Business needs,
   (b) categories of employees,
   (c) type of job,
   (d) experience & skill of a person.
   (e) educational background i.e. proficiency

6. To provide induction training before placing an employee on the job.
7. To place an employee on a particular job.
8. To evaluate job & performance.
10. To draw a suitable policy of change of job.
11. to devise a transfer policy;
12. to award promotions to the deserving manpower in view of :-
   (a) fulfilling the gaps in higher position
   (b) to motivate employees to rise;
   (c) to create a sense of responsible position.
13. To draw a suitable system of enrichment of job.
14. To draw a compensation plan for work done; in the form of salaries, allowances; perks and non-monetary facilities.
15. To encourage the manpower in promoting informal motivational processes such as employees study clubs; quality circles; sports and cultural activities, library, social activities, unions etc.

Each of these aspects are discussed here and in the forthcoming chapter, in the light of
1. year-wise positions of PSBs in respect
   (a) number of total branches;
   (b) categories of manpower with positions.
   (c) Organisational structure.
3.6: ORGANISATIONAL LEVELS:

Manpower planning in Public Sector Banks is an organisational concept to run and administer the overall banking business. Manpower is categorised in two stages:

1. Management or supervisory part;
2. Functioning/assisting or Award staff

Supervisory part of Management includes, Top management, senior Management, Middle Management, Junior Management, routine supervisors i.e. special assistants.

Award staff or assisting part includes clerks of all levels, subordinate staff of all levels.

In Banking organisations, the levels of organisations and Administration of business are determined as per the organisational needs of respective organisation. In general, as per the directives of Indian Banks' Association.

There are various levels constituted in Banking for effective Administration of business as well as Manpower at the business. These levels are:

1. Head office / Central office;
2. Zonal office;
3. Regional office; and
4. Branch office.
1. Central office level: All the subjects handled at the branches, the Regional and Zonal level offices as well as centrally managed and controlled through the Central office, which is the top most level in the organisation.

2. Zonal level comes under the Central office in the hierarchical order; which contains more than two upto six Regional offices along with the branches of the Regional level status. Regional Rural Banks sponsored by a particular bank within its Zone; are also monitored through this level office.

3. Regional level: offices are functioning under Zonal level office. Each Region constituted of 30 to 30 branches, depending upon the area and the business.

4. Branch level: For the purpose of effective results, manpower planning process at various branches is categorised as per different areas, size of business, and the age of the branches.

**AREAS:** Populationwise areas are classified as per the Government pattern. As such four areas have been classified as (i) Metropolitan; (ii) urban; (iii) semi-urban and (iv) Rural; as per the area, rate of deployment of manpower differs.

**SIZE OF THE BRANCH:** Branches are classified in terms of size. The rate of manpower deployment differs.

Branches according to sizes are classified as:-
a) Small branch having retained business upto Rs.1.5 crores.
b) Medium branch having retained business from Rs.1.5 crores upto Rs.7.5 crores.
c) Large branch having retained business from Rs.7.5 crores upto Rs.15 crores.
d) Exceptionally large branch having retained business from Rs.15 crores upto Rs.100 crores.
e) Very Exceptionally large branch, having retained business from Rs.100 crores upto Rs.250 crores.
f) Super Large Branch having retained business position over Rs.250 crores.

Here business means average position of deposits and advances as per weekly balances, during the preceding year of assessment.

In terms of the definition as per the provisions of Banking Regulations Act, 1949; the Banking has been defined as 'to accept the deposits from Public for the purpose of money lending and investment', therefore, basically banking business involves jobs of-
a) money lending
b) investment;
and to facilitate to do these basic jobs, banking also mean-
c) to accept the deposits from Public withdrawable on demand.
So also the scope of Banking business has been broadened to include collection and remittance of funds and through various modes and means for customers and also to carry out ancillary business of providing safe-deposit vaults & lockers; issue of travellers' cheques, credit cards; Bank guarantees, lease banking and factoring; portfolio Management and consultancy etc.

Banks are operating banking business through network of branches. These branches have got various job-counters according to the types of services rendered such as:-

1. Receiving cash counter;
2. Payment cash counter;
3. current account;
4. savings Bank account;
5. Bills for collection such as Inward and outward.;
6. Remittances by issue of Demand Drafts, Mail-transfer & Telegraphic Transfers.
7. Clearing: inhouse, home & other Banks.
8. Term deposits in lumpsum & of Recurring
9. Cash credits and overdrafts.
11. Term loans and advances.
To suit the needs of the customers, the Banks are coming forward with the new innovative and attractive schemes in the areas of deposits, advances and ancillary banking business. Accordingly job counters are opened at the branches.

Manpower is placed to perform the respective jobs. At the branch level actually the jobs of the customers are attended by the counter clerks, assisted by the sub-ordinate staff to bring the desired motion to the job in the shortest possible time and on the work of clerks and subordinate staff, officers are required to supervise the job and the jobers.

In between the clerks and officers, since the year 1969 a supervisory cadre has been created in Banking out of the experienced clerks based upon the seniority basis to work as Special Assistants. This cadre is expected to work for passing the normal routine transactions.

**FIELD LEVEL ADMINISTRATIVE OFFICES:** Above the branch level, masso level units are functioning. To guide and control the working of about 30 to 80 branches, a Regional office is constituted. This office is headed by Regional Manager. Above the Regional office, another masso level field controlling-cum-guiding Administrative office function which is named as Zonal office. This office is headed by the Zonal Manager.
Above all, the Head office or Central office functions as a supreme Authority in respect of policy decisions, plans and programmes. This office is headed by the Chairman & Managing Director.

At various controlling offices, jobs are divided as per the ranks and the Departments viz-

**AS PER RANKS:**

1. Chairman .
2. Managing Director;
3. Executive Director;
4. General Manager;
5. Deputy General Manager;
6. Assistant General Manager;
7. Regional / Chief Manager;
8. Deputy Chief Manager;
9. Deputy Manager;
10. Assistant Manager.

**AS PER DEPARTMENT:**

3.7::

ACHIEVEMENTS BY PUBLIC SECTOR BANKS:

Public Sector Banks in India have helped a lot in cultivating Human Resource Development climate in general. They have given ample opportunities to youths from different types of academic disciplines viz. Arts, commerce, Science, Agriculture, Engineering, Architects, Technology etc. It is estimated that total manpower in all the total 28 Public Sector Banks exceed the level of 8.6 lakhs (about 0.1% of India's total population) and about 0.2% of total working population. This is a position of providing direct employment opportunities.

In Public Sector Banks, the manpower is categorised as under:

1. Supreme Executive: Chairman & Managing Director and Executive Director.
2. Top Executives: General Manager and Deputy General Manager.
3. Senior Executives: Zonal Managers, Regional Managers and Branch Managers of Exceptionally large Branches and Chairman of RRBs sponsored by PSBs.
4. Middle Management officers in scale III, designated as Deputy Chief Manager; and officers in scale II designated as Deputy Manager.
5. Junior Management Scale I officers, designated as Assistant Managers.
6. Special Assistants: A supervisory class staff out of clerical Award.

7. Clerks;

8. Sub-ordinate staff;

9. Part-time sweepers;

Agents appointed purely on commission basis under the 'daily deposit schemes' are however, not considered as a part of regular manpower of the PSB.

Out of total PSB manpower, Executives are 1%, officers are about 21%; Special Assistants about 3%; clerks about 52% and sub-staff are about to the extent of 23%.

Jobs in accordance with the qualifications experience and merits are provided to the various categories of manpower. Roughly it is estimated that the manpower has indirectly provided employment to various other enterpreneurs, businessmen; self employeeds & professionals; Traders; Industriists, Agriculturists; etc. i.e practically to all sections of society. Roughly the proportion is 1:200 i.e per capita Banking manpower has indirectly provided earning/employment opportunities to 200 other aspirants. This constitutes providing of earning employment opportunities to about 40% of the working population in the country. This shows that Manpower in PSBs has to play a very important role in future also for the overall socio-economic development of this country.
3.23

ASSESSMENT OF MANPOWER NEEDS:

As pointed out earlier, Government of India directed the Public Sector Banks to prepare their credit deployment plans under Priority sectors from the year 1969 i.e. immediately after nationalisation of 14 major commercial Banks. The directives stipulated certain minimum levels of achieving the credits under priority sectors, as such out of total credit, Public Sector Banks were asked to extend 40% to the priority sectors; within priority sectors, out of total credit, 25% was to be maintained for the weaker sectors, 40% to the Agricultural sector etc. These directives compelled the Public Sector Banks, also to create resources by way of-

i) deposit mobilisation,

ii) refinance facilities;

iii) recoveries in credits;

iv) floating funds through ancillary business such as remittance of funds collection of inward/outward bills etc.

To discharge such non-traditional duties, Public Sector Banks started to feel the necessity of recruitment of specialised manpower, particularly in Officers' cadre. Normally, Banks prior to Nationalisation were assessing the needs on an adhoc basis. Process of preparation of business plan was not in existence till the year 1969.
Due to Bank nationalisation as various priority sectors credit *targets* were allocated every year on the lines of functioning of the Government departments, the Public Sector Banks were forced to draw a plan for -

i) Resources, including funds, infrastructure and manpower;

ii) deployment thereof.

The basis of arriving at the particular numbers of manpower in a particular category changed the old patterns. Average vouchers per day was the index of measurement of workload per service-counter employee. Effects of Bank nationalisation brought-in targets to be set in physical number of accounts to be dealt with and pre-determined amount of credit to be disbursed to these physical number of beneficiaries in various priority sectors. Thus, the index of measurement automatically shifted from average number of vouchers dealt per manpower per day to number of accounts and amount thereof. As the credit to be extended under priority sectors was a term basis (but not against 'on demand' repayable), the Banks were forced to consider the credit positions at the outstanding levels such as on the close of the last working day as such the resources were also measured at the retained position of the same day position.
This constituted total business i.e. working funds + deployments= Credit deposits (CD) and Manpower needs were calculated on the basis of the retained positions. This system is still in practice.

From the year 1976, the Government of India asked Public Sector Banks to prepare their performance Budgets for the next year and based upon the performance budgets, prepared by the branches Regional and Zonal levels consolidations were followed by preparation of Corporate Business plan of the Bank. As such Manpower needed is now calculated on the basis of :-

i) Past performance,
ii) Present available positions,
iii) New business challenges,
iv) Change in technology;
v) Change in working systems,
vi) Upgradation of physical business and business in monetary terms.
vii) Change in area of the business,
viii) change in business patterns.

So also, needs are assessed at various levels, such as:—
i) work counters, (ii) work section/department,
iii) Branch level (iv) Regional level (v) Zonal level (vi) Head office level.
Further change was introduced in the year 1985 with the introduction of perspective planning concept. Public Sector Bank, under this systems are required to link up their total plan with economic planing in the country. This initiated the beginning of Projecting business alongwith Manpower planning.

3.9:
RECRUITMENT & SELECTION OF MANPOWER IN PSBs:
THEN AND NOW.

As stated earlier, before Bank nationalisation, the Banks were recruiting the new officers from the internal as well as external i.e. open market sources. Normally, experience in Banking was given more preference over the age-group and academic qualifications etc. Therefore, prior to Bank nationalisation, even seniors with SSC standard or even non-SSC standards were also elevated to the officers' post, based upon their work experience and performance appraisal.

SELECTION PROCESS WAS ALSO NOT CERTAIN. At certain times Banks elevated clerks only on the basis of performance appraisal reports. At some times, interviews of the aspirants were conducted and selection was done on ranking basis. At some times, written test was conducted, followed by interviews of the successful candidates and combined ranking was done to declare the selections.
When the demand for weighing experience in number of years, out of state experience, qualifications was raised by the Unions, Banks started to give weightage marks to:-

i) Performance appraisal;

ii) Educational qualifications;

iii) Service experience in number of years.

iv) out of home-state service;

v) written test results; and

vi) interview.

Selection technique developed according to the time, the need of the business, changes in technology and demands of the Bank employees Unions. Systems were drawn and further developed in accordance with the guidelines received from:-

1) Department of Banking operations, Ministry of Finance, Government of India.

2) Reserve Bank of India (RBI).

2) National Institute of Bank Management (NIBM).

4) Banking Service & Recruitment Board. (BSRB).

5) Institute for Banking Personnel Selection (IBPS).

6) Indian Banks' Association (IBA).

7) Indian Institute of Bankers (IIB).
RECRUITMENT ::

Basis of Recruitment is vacancies declared by the Bank at Head office, calculated on the basis of various statements and reports, budgets submitted by the branches through the Regional and Zonal offices. As discussed earlier, internal and external are the sources of Recruitment. Internal sources mean, promotions to be given from the lower category to next upper category and/or transfers from one job to another. External sources mean fresh recruitment from the open market or by way of demanding services from the RBI or development agencies or directly from the Government of India.

After Bank nationalisation, full time Directors viz- (i) Chairman, (ii) Managing Director (where separately provided), (iii) Joint Managing Director (where separately given), (iv) Executive Director etc. ; these personnel from the Super Management categories are appointed directly by the Government of India as per the advise given by the Governor of RBI.

Executives in TOP Management scales viz- (i) Chief General Manager Scale VII(A) (when separately provided); (ii) General Manager, officer scale VII; (iii) Deputy General Manager, officer scale VI; these personnel are recruited through internal sources i.e. by way of awarding promotions to Senior Executives.
Executives in Senior Scales viz- (i) Assistant General Manager, officer scale V and (ii) Regional/Chief Manager, officer scale IV; these are recruited through internal sources i.e by way of awarding promotions from the Middle-Management officers.

Normally, Banks are recruiting officers in Middle Management Scales III and II out of internal resources only i.e. by way of awarding promotions from lower scale to next higher scale. But specialised officers such as:-

(i) Personnel officers; (ii) Computer EDP managers, (iii) Law officers; (iv) Security officers; (v) technical officers (vi) Chartered Accountants, (vii) Core faculty members (viii) official language officers etc.; these are taken from the external sources and as per the demand of the positions, they are placed in the higher scales.

Officers in Junior Management Scale I are recruited from both internal as well as external sources.

The Award staff unions enter into an agreement with the Indian Banks Association, a representative body of all the Banking Institutions and as per the agreed terms for the agreed period, Bank-wise arrangements are fixed to arrive at the proportion to be fixed for awarding promotions to the existing clerical staff out of total vacancies declared.
Normally, 75:25 is the proportion administered for internal (promotions) resources to external (fresh recruitment) sources.

**AWARD STAFF:** Three categories are listed under this, viz:-

i) Special Assistants / Head Clerks.

ii) Clerks; (iii) Sub-ordinate staff.

Considering the nature of job, the position of Special Assistant / Head clerk is of supervisory cadre. These persons are required to pass the normal routine Banking daily transactions including checking the work done by the counter clerks; authentication of the performed job, drawing and passing the monetary instruments to a certain extent etc. These personnel are recruited from the internal sources of the Bank i.e. by way of awarding promotions to the clerks on the basis seniority basis; some weightage marks are given as on the elevated qualifications.

**CLERKS:** These are the real functionaries in Banking. They have to perform jobs on various service counters/tables/machines, directly related to the customers' transactions. Again, they are recruited from the internal as well external sources. Internal sources are predetermined as per the tripartite agreement with the respective Bank, the IBA and the staff unions.

Subordinate staff employees of the respective Banks are given opportunity to get promotions in clerical cadre.
The proportion maintained in normal course is the reverse as applied for officers i.e. 25:75 i.e. external more and internal less in proportion. Internal by way of promotions from sub-staff to clerk and external, fresh by way of recruitment through BSRB. Prior to the formation of BSRB, the Banks were recruiting the clerks from open market directly.

SUBORDINATE STAFF: Non-SSC standard has been stipulated for recruitment. Basis is need of services in terms of movement of instruments, stationery, currency within the Banking hall and outside mailing duties within the township (in case of big cities upto 8 Kms) and for operation of machines, vehicles, instruments fixtures etc.

These persons are recruited mostly from the locally available market i.e. through the District Employment Exchange office of the state Governments.

3.10 MANPOWER PLACEMENT & POSTINGS IN PSBs:

Public Sector Banks in general try to adopt own system in placement & posting processes of Manpower. Each of the Banks has got own different system. Not only this but, even as per the change in time, situation in general and the leadership at the top in particular, each Bank has changed own systems from time to time.
The Placement here means to put a person duly assigned with a particular job. In banking, only for specially recruited manpower, the placement on job is specific otherwise the placement on any job is considered as prerogative of the Head of that concerned office. Irrespective of educational background, the experience gained, liking etc. are also many times considered by the skillful managers. Many Banks places the employee on the job, only because that a particular employee has resumed in the name of a particular table/job.

Normally, the persons put-on at the branches/offices in any PSB are not of the experience, knowledge as well as of liking; but these things are created by a skillful manager who places. In fact, before placement, this process is must in view of preparing a person mentally to accept, perform and enjoy the job.

According to the situations, placements are of following nature:-

1. Fresh placement;
2. Placement on change of job,
3. Placement on internal transfer;
4. Placement on higher positions;
5. Placement on promotion.
6. Placement as per new changes in-
   a) organisational structure.
   b) change in the nature of job,
c) Change in the scheme of the Bank.

7. Placement due to change in working methods.

8. Placement due to change in technology.

9. Placement due to introduction of new business concepts / schemes/ procedures

In general Placement is given as per the category of the concerned manpower constituent.

POSTINGS :: Public Sector Banks are having network at the national level and hence, the manpower in any category is required to serve any where, in India. In other words, it is always hinted through the appointment letter that a person can be posted any where in India irrespective of size shape, area of location of the working place.

3.11 TRAINING & DEVELOPMENT :: These two are very closely related concepts. Training is needed for each development process and prior to expecting any development, training is a must process. The word 'Training' denotes to impart additional knowledge to improve skill so as to improve the job performance. Therefore, learning and training are two different things. Again teaching and training are also two different things. Teaching and learning are inter-related terms. Training can be a 'Self learning process' through various means. Internal and external trainings are imparted in Banking services.
Banking is a business and every business is expected to develop from time to time. Development is a process of recording new positions through new changes. To prepare the factors of functioning for development, training process is must.

In Banking, Trainings are of following types:-

1. On the Job Training.
2. Correspondence Training.
3. In-house training (a) Internal (b) external.

Prior to Bank nationalisation, 'On the job' training was the only popular training existing in Banking. Reserve Bank of India started for the first time, 'inhouse' training, basically to the newly recruited officers. During the slack period of use of the training systems, RBI's Bankers' Training College, Bombay (BTC) started to offer training facilities to other Banks also.

State Bank of India started own training system from the year 1960. Other commercial Banks started to participate, in the initial stages, in the training programmes organised by the BTC of RBI and Staff Training College (STC) of State Bank. From the year 1962, commercial Banks independently as well as in groups, established own training systems.
Training to officers, was extended up to clerical level manpower and subsequently up to the substaff levels.

National Institute of Bank Management (NIBM) came in existence in the year 1971; since then, NIBM is conducting various training programmes for all levels and categories of officers in various subjects. In addition to this, to develop Banking, the NIBM is also engaged in carrying out researches, preparation of surveys of National as well as International importance.

Considering the importance of five defined priority sectors, the RBI and NIBM designed special training programmes. RBI established College of Agricultural Banking (CAB) for development of Rural Banking, through imparting training to officers those who are required to work in and for Rural Development, through various banking organisations in India, as well as other backward country Bank officers.

Duration of Banking training ranges from one day up to one year, depending upon the nature of subject and level of participants in general and the needs of the Banking business in particular.
In Banking, Training is considered as need based and hence, training is imparted at various stages, as under:-

1. Pre-recruitment.
2. Pre-selection.
3. Pre-placement,
4. Pre-posting,
5. Job induction,
6. Organisation Awareness,
7. Refreshers,
8. Job specialisation,
9. Pre-promotion,
11. Advanced job.

Manpower in banking, hence is expected to give a due response to the organisational objective set behind establishment of training system for overall socio-economic development of the country as committed by the PSBs.

3.12: TRANSFERS :: Manpower in Banking is expected to move in general, periodically from one job to another job. This does not only enriches a person in overall banking business, but also functions as indirect security measure to check and restrict probable frauds. So also another concept of movement of manpower from one job to another is this that his personal skill if any, should become beneficial to the institution for different jobs at different places.
Movement of a person from one job to another is considered as a job change, while a movement of a person from one work place to another is considered as 'Transfer'.

Transfers are of two types:–
1. Internal transfers,
2. Outside transfers.

Banking organisation in general and Public Sector Banks in particular, are having a typical organisational structure as such transfers are in accordance with such as under:–
1. Place transfer – from one place to another.
2. Area transfers – Metropolitan, urban, semi-urban, Rural areas, from one area to another area.

Normally transfers are either on –
1. Same post or
2. On promotion.

The same size is selected for the same post or same designation is considered for same post. From higher size to lower size, transfers are done in exceptional cases.

4. Level wise: there are various levels in Banking organisation: viz– Central, Zonal, Regional Branch, Training college/Centre-s; deputation in outside organisation.
PERIODICITY: In general officers are transferred as per the job assignments:

1. Branch Managers/ Head of the offices are transferred once in three years.

2. Section officers at Branches are transferred once in four years.

3. Officers at Administrative offices are transferred once in five years.

4. Award staff members are transferred as per the agreements with the majority union in the Bank.

5. Officers are transferred as per the transfer policy as defined by the Bank from time to time.

Bank does consider request transfers as per the predetermined policy. Transfer is a cost loading process to the Banking organisation.

It is estimated that PSB manpower is moved in general upto 20% every year and in each movement mandays lost are 10 per person; in addition to this mandays lost in handing over and taking over exceeds to 10 days per person. As such 1.5 lakhs employees consume 30 lakhs mandays per year.

Transfer is a horizontal movement, while promotion is a vertical movement of manpower. As per the general directives of Government of India, each Bank officer, may enter on promotion or as direct officer, has to serve in Rural area for one term of atleast two years.
3.13: **PROMOTION:** As mentioned earlier, 'Promotion is a process of vertical movement of existing manpower. Promotion is also an important incentive. Promotion is also important in view of to determine a:

1. Career path & Plan of an individual and
2. Succession & Management plan of an organisation.

Each Public sector Bank is required to provide, in time, right number of manpower in right category and in fulfillment of this; Bank management has to plan for promotion process, periodically. Growth in quantitative as well as qualitative business demands the additional manpower at various levels. Growth in network of organisation also demands additional manpower of different categories.

Periodicity of promotions ranges from 2 to 10 years in case of award staff and 3 to 10 years in case of officers staff. Pillai Committee Recommendations made applicable to PSBs officers w.e.f. the year 1979; standardised the promotion process. This aspect has been discussed in detail in chapter No. VI of this report.
Computerisation in the Banking Industry:

Computers have come to stay in the Indian Banking Industry. They have arrived in Banking, where a technological revolution is taking place. The computer is not going to be just a calculating device or a space efficient data storage system, it is going to alter the very ways of doing things. The core of the banking industry is going to be affected. The procedures and practices, which are the results of years' experience and so many trial and error runs, may not prove useful in the wake of this tide. Some of the rules and regulations with which bankers are familiar may be modified. The game will need new rules. Even some of the statutory provisions will have to be amended.

The real benefit of this technology would be in improving the quality and speed of Management decisions. It should be seen that this information explosion does not sweep the Bankers off their feet. It will not be an easy task to adopt this technology but will require a cultural change within the organisation. All these developments are taking place at a very rapid speed.

The historical documents from the point of view of mechanisation in banks are:-

i) Justice Dighe Award

ii) Settlement on computerisation & mechanisation in banks.

iii) Rangarajan Committee Report
I) Dighe Award: A major breakthrough in this impasse on the question of mechanisation came with the significant decision given by the National Industrial Tribunal (Dighe Award) towards the end of 1981.

In the Industrial dispute between the Management of the Reserve Bank of India and their workmen, the issue of mechanisation and computerisation was discussed in detail before the National Industrial Tribunal with reference to the functional areas of working to be supported by various types of machines and computers. The Reserve Bank of India argued that the need for computerisation/mechanisation is for:-

i) improved internal housekeeping;

ii) proper discharge of its obligations as the Central Banking Authorities of the country.

iii) better customer service.

Mechanisation would also result in increased efficiency of individuals and effective utilisation of staff and bring better job satisfactions and greater pride in work to all categories of bank employees.

The representative Association/Union of the employees opposed computerisation on the following grounds:-

-displacement / retrenchment of staff and reduction in job opportunities.
It may also hire time from or through other agencies for a specified time.

In so far as large computers other than mini-computers are concerned, only one will be installed at one centre in each bank and the capacity of such a large computer shall not be more than what is being used in the RBI. The banks can use mini-computers as are warranted by their needs and exigencies. The maximum number of computers including large computers that any bank can have will be one for every 200 branches/offices or major part thereof with a minimum of one or 18 computers whichever is lower. Any individual bank will be at liberty to install such number of computers at various places according to their administrative convenience.

The following points are also agreed upon:

There will be no retrenchment of staff as a result of the introduction of machines and computers. Any displacement of staff on this account shall be kept to the minimum and they will be absorbed in the same city or town.

Maintenance of present staff strength and flow of staff will be commensurate with the expansion in the banking industry.

In Banks with less than 500 branches, no large computers shall be installed for a period of 18 months.
If any categories of employees are appointed as a result of computerisation for performance of higher level duties than what is envisaged in the existing settlement, the same will be settled through mutual discussions. Until such time, such categories of employees would be paid special allowance as applicable to machine operators.

The parties have also agreed that considering the developments in the computer field the question of further extension of mechanisation/computerisation in the industry will be reviewed after the expiry of period of three years and a fresh agreement would thereafter be entered into within a period of six months. In the meantime it would be open to individual banks even during the currency of the settlement to enter into any understanding/agreement for further enlargement of the scope of mechanisation/computerisation.

With the signing of the settlement, the stage has been reached whereby the commercial banks will be able to extend mechanisation and computerisation to various operational areas in the pursuit of efficiency in operations and customer service.
The Tribunal gave an award in favour of the use of computers and other sophisticated machines in various functional areas enumerated by Reserve Bank of India, with the provision that:—

It should not cause displacement of more than 10% of the staff.

As a result more machines were allowed to be used in different departments of the Bank and mini-computers were allowed for operations and control purposes. Subsequent to this Award, Reserve Bank of India has gone ahead with the computerisation of clearing houses and has also installed other equipments.

II) Settlement on computerisation & mechanisation in Banks:::

As per the first Bi-partite settlement, the Unions had agreed that they will not object to introduction of machines and to the consequent reorganisation. The Management in turn agreed that there will be no retrenchment and displacement of staff, where such machines are introduced, will be kept to the minimum level. The question whether the scope of utilisation of these machines can be extended was agreed to be reviewed in December 1968. The issue could not be settled till Sept. 1983 because of various problems.
The settlement signed on 8th Sept. 1983 at New Delhi specified the areas of computerisation and mechanisation and the number of machines and computers available. It also provided for protection of existing provisions relating to the computerisation which were in existence at individual bank level.

The settlement covers two aspects:-

1) Computerisation,
2) Mechanisation.

1. Computerisation:

The settlement provides that computers including mini-computers may be used in banks for

i) Clearing operations in Area (i) centres.

ii) Reconciliation of inter-branch /agency/ Government accounts/ travellers cheque transactions/ credit cards.

iii) Transfer / remittance of funds through improved systems;

iv) Management of investment;

v) MIS including credit information, statistical and budgetary data and annual closing returns;

vi) Personnel inventory, provident fund and pension;

vii) Foreign exchange transactions;

viii) Inventory control;

ix) Merchant Banking;

x) Salary and payroll where this is already on computers or where the
matter is governed by any agreement between individual Bank and its union entered into already or hereafter.

2. Mechanisation:

The settlement also provides that accounting machine, electric/enectronic other than computers may be utilised in banks for:-

i) Current accounts;

ii) Savings Bank accounts;

iii) Cash credit & loan accounts;

iv) Other deposit accounts;

v) General ledger accounts;

vi) Salary & payroll.

It has also been provided that the items which can be processed through computers may also be processed through machines.

No machines will be used at rural branches and no electronic machines will be installed at semi-urban centres except as provided for below:-

i) Machines may be used at such branches for the limited purpose of MIS including General Ledger accounts.

ii) At rural and semi-urban branches where the total clerical strength exceeds 15, machines may be used for the specified purposes.
III) Dr. Rangarajan Committee Report:

Rajgarajan Committee was appointed by the Reserve Bank of India in 1983 to study the mechanisation and computerisation aspect of the banking industry. The Committee was headed by Dr. C. Rangarajan, Deputy Governor of Reserve Bank of India and it also represented nationalised banks, Finance Ministry, Department of Electronics and National Institute of Bank Management.

Terms of reference of the committee are as under:

1. To identify areas / functions;
2. To examine formats;
3. To suggest a phased programme;
4. To suggest a standardised procedure;
5. To recommend types of equipment;
6. To recommend infrastructure;
7. To recommend appropriate steps for exchange of information.
8. To suggest security arrangements.
9. Any other suggestions.

In 1984 the Rajgarajan Committee submitted its report on the mechanisation in the Banking industry. The summary of its recommendations is given below:

1. Three levels of mechanisation have been identified viz. branch, regional and head office.
2. At the branch level the system will be designed to ensure that data is only generated as a byproduct of operations at the branch level.

3. Two models are recommended for branch level mechanisation. The second model is mainly for large branches.

4. Model No. I: This comprises a stand alone electronic ledger posting machine, with two floppy disc drives and a printer. This will maintain ledger, work out and apply interest, prepare statement of accounts for customers and carry out periodical balancing and list any standing instructions.

   Different machines will be dedicated for different purposes. On an average each branch will have 3 to 4 machines.

5. Model No. II: Large capacity microprocessor based system will be used both for maintenance of general ledger accounts as well as electronic ledger posting of primary ledger accounts. It will also print statistical returns and branch level information.

6. The existing checks and counterchecks on transactions will be continued alongwith the introduction of additional safeguards.

7. Modified versions of cash registers may be introduced for recording cash transactions.

8. There will be one master office file containing all credit information.
9. Trials should be run on a pilot basis at a few branches. The existing system will be continued in paralleled during these trials.

10. The classification codes for all these procedures will be standardised.

11. The large centres where banks have more than 10 branches, special cheque service centres will be set up so as to speed up cheque clearance.

12. Wherever possible foreign exchange transactions be recorded on a Model II system in the large branches.

13. Each dealing room will have a separate machine. These machines will be capable of interconnections with the machines in other such dealing rooms.

14. The import of system for foreign exchange transactions will be allowed, if deemed essential.

15. Head office records will be kept on main-frames. The banks will computerise returns records, interbank transactions, cash and investment management and payrolls.

16. Regional offices will have Microprocessors based system and off line data entry machines. They will be used to process data received from branch offices and its submission to Head office as well as the work will be done for their own control purpose.
17. Input and output formats should be standardised.

18. The existing procedures for data transmission will continue.

19. The programme of mechanisation should be implemented in 5 (five) years in two stages:
   Stage I :: 1985-87,
   Stage II: 1988 & 89

20. In the first stage, installation of main frame systems in head office, microprocessor systems in zonal/regional offices covering about 200 branches should be completed. The configurations of these systems is also spelled out in the report.

21. Those branches which have about 1000 vouchers a day will generally be the first to use the electronic ledger posting systems.

22. Stage I of the programme will cover 2500 branches and stage II will cover a further 6000 branches.

23. The speed at which branch mechanisation takes place need not dictate the pace for head and Regional offices.

24. In stage I, installation of 10,000 ELPMs and 200 microprocessors based systems at Regional level and 25 mainframe systems at Head offices of Banks have been targeted. The hardware for this will cost about Rs.135 crores.
25. The Banking Industry will require 40 - 45000 operators and 1000 system analysts and programmers for the program's implementation. Personnel requirements will be met mainly from the existing staff.

26. Banks will set up EDP cell from within their staff. Banks may examine whether a separate cadre of EDP personnel should be created within banks.

27. RBI should set-up a standing committee to monitor implementation of this programme. The members of this committee will be largely drawn from the DOE, Finance Ministry and IBA.

28. The requirements of mechanisation will be met as far as possible from within India itself. The DOE will co-ordinate the activities of manufacturers of these equipments.
CHAPTER CONCLUSION:

The public Sector Banks in India are experiencing rapid changes since first nationalisation process. The ever changing banking policies have accelerated the rate of growth as well as generation of new banking activities, particularly expansion of Banking Services in Rural areas, that has given new responsibilities as a Socio-Economic Banking Businessman to the Public Sector Bankers in India.

After Nationalisation of Banks in India, Banking business from "Class Banking" to "Mass Banking". A new approach in banking business planning was introduced in the year 1969, under the title "Lead Bank Scheme". The targets were given to each branch as a part of District Credit Plan. This process was further integrated in the year 1975 when first 20 point socio-economic Development programme was introduced.

Financing scheme of "half a million jobs" was shifted to the public Sector Banks as a new challenge to curb the growing unemployment problem in India.

In the year 1980, second nationalisation process was followed with new 20 point Socio-economic Development programme, declared by the Prime Minister.
On 19th August, 1983, a revised new 20 point Socio-economic development programme aiming at removal of rural poverty as top priority was declared by the P.M., stressing therein on the commitments to be fulfilled by the nation towards removing the rural poverty on the top-most priority basis and subsequently gives therein much more importance to the production oriented development programmes in view of an overall control on the unemployment problem as well as rural development gaps in the country. Such massive socio-economic banking business expansion linked with major changes in the activities automatically invited for more than the usually paid attention for planning the Man-Power Resources in the committed service Industry like Public Sector Bank, for desired performance, necessary depending upon the performance of manpower involved.

Even though the past performance cannot be changed now, it can be moulded in such a structure, which can give a suitable hints about the stresses, the trends and areas of opportunities, Based as per these findings certain new practices can be adopted for the achievement or enhancement of present or ongoing Targeted performance and in consideration of the present response, future performance can definitely be projected as excellent as the organisation desires, projected as excellent as the organisation desired, provided proper precautions are taken to day, to plan for the quality and quantity of manpower needed in future.