PART II

CHAPTER - 5

ORGANISATION STRUCTURE AND THE DETERMINENTS OF ADMINISTRATIVE MECHANISM FOR THE BANK

-- STATE BANK OF INDIA'S ORGANISATIONAL STRUCTURE
-- STRUCTURE OF TOP MANAGEMENT
-- ORGANISATIONAL PATTERN
-- ORGANISATIONAL SET-UP UNDER REORGANISATION
-- THE FORMATION OF MANAGEMENT COMMITTEE UNDER REORGANISATION
-- THE ACHIEVEMENTS AIMED AT BY REORGANISATION
-- THE WEAKNESSES OF THE BANK SET-UP BEFORE REORGANISATION
-- REVISED SET-UP UNDER REORGANISATION
-- THE CHANGES MADE IN THE CENTRAL OFFICE SET-UP UNDER REORGANISATION
-- SOME ORGANISATIONAL MATTERS OF THE BANK
-- BANKING SECTOR REFORMS
-- CONCLUSION
PART - II
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ORGANISATIONAL STRUCTURE AND THE DETERMINENTS OF ADMINISTRATIVE MECHANISM FOR THE BANK

5.1 STATE BANK OF INDIA'S ORGANISATIONAL STRUCTURE:

"Management is a process of designing and maintaining the internal environment for organised effort to accomplish group goals" *I. Administration is necessary to control the overall functional activities of the corporation. Central office is the central place where general control and supervision are exercised over different segments of the concern. Besides, the central office, there are Local Head Offices, Regional offices, Branch offices etc. Similarly, for a State Bank of India a scientific administrative mechanism is inevitable.

Administrative machinery has been assisting the State bank of India in maintaining a close liaison with prospective agriculturist and entrepreneurs outside the institution. Again, internal administrative mechanism helps to co-ordinate the activities of different sections within the institution to move them towards the accomplishment of the ultimate common object of the bank. The central point of administration harmonises them by moving and combining them towards common total goal.

The administrative set up thus implies the operational system by which objectives of the State Bank of India are worked out in practice and given its due shape. The State Bank of India was set up with the central office at Bombay along with its 13 Local Head Offices in different part of the country.

*I. Koontz and O'Donnel : Essentials of Management (1975) P-16.
At present, the State Bank of India group consists of the State Bank of India and its seven subsidiaries viz - (1) The State Bank of Bikaner and Jaipur, (2) the State Bank of Indore, (3) the State Bank of Hyderabad, (4) the State Bank of Mysore, (5) the State Bank of Patiala, (6) the State Bank of Saurashtra and (7) the State Bank of Travancore. These subsidiaries are now described as "Associate Banks".

The State Bank of India had an authorised share capital of Rs 20 crores and an issued capital of Rs 5.6 crores, over 92 per cent of its shares are held by the Reserve Bank of India. The trend of paid up capital and reserve as follows —

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<td>Paid up capital and Reserve</td>
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The State Bank of India, however, holds 100 percent share capital of the State Bank of Hyderabad, Patiala, and Saurashtra. In case of other associate banks, the SBI owns between 58-93 percent of their share capital. The SBI, thus, resembles a 'holding company'. But, the State Bank of India and its associate banks in practice work like members of a group. Indian economists thus, describe it as the SBI group. Each associate bank possesses full autonomy in its routine business and only general policies are laid down by the SBI.

The Bank is managed by the Central Board of Directors, in accordance with the State Bank of India Act 1955. The Central Board of Directors of the State Bank consist of:
1. Chairman and Vice-Chairman:

Both Chairman and Vice-Chairman are to be appointed by the Government of India in consultation with the Reserve Bank of India.

2. Managing Director:

Not more than two Managing Directors are to be appointed by the Central Board, with the approval of the Government of India.

3. Directors:

The Board comprises 18 Directors, of which 8 are nominated by the Central Government in consultation with the Reserve Bank, to represent economic and territorial interests and in such a manner that not less than two of them possess special knowledge about the working of co-operatives and of rural economy and the others have experience in commerce, industry, banking and finance. Six other directors are to be elected by the shareholders other than the Reserve Bank. Of the remaining two Directors, one each is to be nominated by the Government of India and the Reserve Bank.

The Chairman, Vice-Chairman and the Managing Director shall hold office for such terms not exceeding five years as the Central Government may fix when appointing them and shall be eligible for reappointment. The directors elected by the shareholders and nominated by the Central Government will hold office for four years and are eligible for re-election or re-nomination. The other nominated directors shall hold office during the pleasure of the authority appointing them.

Besides the Central Board, there are local boards at Calcutta, Bombay, Madras, New Delhi, Kanpur, Hyderabad, Ahmedabad, Bhopal and Patna. Each Local Board consists of the members of the
Central Board residing in its area and directors not exceeding four, elected by shareholders whose names appear in the branch register.

To keep the management free from politics, the Act stipulates that no member of the Central or state legislatures shall be appointed director of the State Bank.

5.2 STRUCTURE OF TOP MANAGEMENT:

Each bank will have a paid officer called General Manager whose position is only next to that of the Managing Director. He provides the vital link between the Board and top management and is responsible for the implementation of policies laid down by the Board. Sometimes there is a provision for the post of a Joint General Manager. Under the General Manager, there are Deputy General Managers, Assistant General Managers, Superintendents and Assistants. Some specialised departments of the Central office function under the supervision of specialists such as secretary, chief account officer, economist and personnel officer. Other departments are headed by Deputy General Managers and Assistant General Manager. Some Assistant General Managers report directly to the General Manager, while others report to Deputy General Managers.

5.3 ORGANISATIONAL PATTERN:

A change in the operational and organisational set up of the State Bank of India to measure up to the tasks is entrusted to it by the Nation and to play its role effectively in the economic development of the country. On 1st July 1972 in all circles except in Ahmedabad and Bombay circles where re-organisation was introdu-
ced from 1st July 1971. At the request of the Bank, the consultants viz the Indian Institute of Management, Ahmedabad, envisaged the scheme of reorganisation. The aim of the consultants was to design an organisational structure, which takes care of the operational character of branches and the administrative and control functions of the Local Head Offices and the central office. The scheme of reorganisational practicability was tested even earlier at two branches viz - Coimbatore and Poona.

The following important observations seem to be needed for reorganisation State Bank of India:
1. Administration became unwieldy and control of offices also found to be difficult and ineffective mainly due to rapid expansion.
2. Administration could not cope with the needs of vastly expanded and diversified activities.
3. Problems were posed by the keen competition with the other commercial banks particularly from Nationalised Banks.
4. Problems of growth were solved on an adhoc basis and there was no system to solve the problems permanently. The short term solutions sometimes gave rise to long-term deficiencies. The long view was somewhat neglected in the pressing atmosphere of unprecedented growth.
5. Decision-making was mostly centralised which in turn led to difficulties and delay in administration of offices and

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implementation of bank's policies and procedures. Partial delegation introduced later could not, however, completely solve the problems of administration, but led to the erosion of the concept of unified command.

6. The operating staff were functioning under multiple command with a result that progress was tardy and in some cases nothing moved at all.

7. No staff-involvement and no job-satisfaction.

8. In all the measures of the bank, however, not enough attention could be paid to a thorough-going assessment of the situation at any stage and no real endeavour could be made to critically examine the administrative philosophy and practices, and, most importantly, to do conscious planning for future growth. The bank found itself coursing its way into the future reluctantly but helplessly, largely by force of external circumstances.

9. Above all, customer service at the Bank was not that good as desired.

Diverse organisational patterns are prevalent among banks depending on the size, nature of business and number of branches for which, State Bank of India has thirteen local head offices (Nine full-fledged) under the overall control of the central office, because it had more than 497 branches in 1955 which are increased to 7577 in 1987. In the case of nationalised banks, it is usual to have a three tier organisational structure—the central office with overall charge, the regional office in charge of a region and the branch office incharge of the operations of the branch. The regional officers are sometimes designated as zonal officers, circle officers, etc. Some banks have one more tier between the regional office and the branch called the area office.
The regional offices function as mini head offices for the area under their jurisdiction. The regional offices is headed by the Regional managers and if the region is of importance, by an Assistant General Manager.

Following pictures are of the local head office, regional offices of the State Bank of India.

Local Head offices of SBI.


Regional offices of SBI

1. Under Ahmedabad Local Head office : (i) Ahmedabad
   (ii) Baroda
2. Under Bangalore Local Head office : (i) Bangalore
   (ii) Hubli
3. Under Bhopal Local Head office :
   (i) Bhopal
   (ii) Jabalpur
   (iii) Raipur
4. Under Bhubaneswar Local Head office :
   (i) Bhubaneswar
   (ii) Sambalpur
5. Under Bombay Local Head office :
   (i) Aurangabad
   (ii) Bombay
   (iii) Nagpur
   (iv) Pune
6. Under Calcutta Local Head office :
   (i) Bidhan Nagar (salt lake city)
   (ii) Burdwan
   (iii) Calcutta
   (i) Bareilly
   (ii) Kanpur
   (iii) Lucknow
   (iv) Varanasi
7. Under Kanpur Local Head office :
   (i) Coimbatore
   (ii) Madras
   (iii) Madurai
   (iv) Trivandrum
8. Under Madras Local Head office :
   (i) Agra
   (ii) Dehra Dun
   (iii) Delhi
   (iv) Jaipur
   (v) Meerut

131
10. Under North Eastern Circle (Gauhati) 
   Local Head offices
   (i) Gauhati
   (ii) Shillong

11. Under Patna Local Head office :
   (i) Bhayalpur
   (ii) Muzaffarpur
   (iii) Patna
   (iv) Ranchi.

12. Under Chandigarh Local Head office :
   (i) Chandigarh (Haryana & Union Territory of Chandigarh
   (ii) Punjab
   (iii) Simla
   (iv) Srinagar

13. Under Hyderabad Local Head office :
   (i) Hyderabad
   (ii) Tirupati
   (iii) Vijayawada
   (iv) Visakhapatnam

5.4 ORGANISATIONAL SET-UP UNDER REORGANISATION :

CENTRAL OFFICE :

There were the changes effected during the implementation of the scheme of reorganisation, not only in the central office but in the local head office and the regional and the branch office also.

The chief executive of the Central office will be the Chairman. Next in the hierarchy will be the managing director, who will have control over the four wings of central office viz. operations, Development and Planning, personnel & services and Associate Banks each of which will be headed by a Dy. Managing Director. The Managing Director will be provided with support by other specialised departments viz. Chief Vigilance Department, Inspection and Audit Department and Management Audit Department.

The Chairman, the Managing Director and the Dy. Managing Directors will be members of Central Management Committee.

LOCAL HEAD OFFICE :

The Chief Executive of the circle will be the Chief General Manager planning and operations will be the two wings of Local Head
office each of which will be headed by a General Manager. The Chief General Manager, the General Manager (Planning) and the General Manager (Operations) will be members of circle Management Committee.

While the General Manager (Operations) will exercise the operational control over the critical branches and the regional offices, the General Manager (Planning) with the assistance of specialists will be responsible for establishing desired business levels, increasing earnings and controlling expenses of the entire circle.

REGIONAL OFFICE:

Each Regional Office will be under the charge of a Chief Regional Manager. The operational control over the offices in the area of operation of the Regional office will be divided among a group of suitable member of Regional Managers, each Regional office will be provided with Planning functionaries.

BRANCH OFFICE:

At large and medium sized branches with one or more Divisions, the Managers have been charged with direct responsibility for planning and conducting all business pertaining to the respective market segments, whereas the Branch Manager performs the task of co-ordinating the activities of the Managers of the Divisions placed under him.

The Branch Manager and the Divisional Managers are the members of Branch Management Committee.
The organisational structure of the bank can be shown in the following chart.

Annexure

Organisational Chart of Central Office

Central Management Committee
(Chairman, Managing Director and Dy. Managing Directors)

Chairman

Managing Director

Chief Vigilance Officer
Inspection & Audit
Management Audit

Dy. Managing Director
(Operations)

International Division
Merchant Banking Division
Industrial Finance Department
Commercial & Institutional Banking Department
Operation Department
Personal & Services Banking Department
Inter Office Accounts Department
Central Accounts Office
Agency Clearing Department
Industrial Rehabilitation Department

Chief General
(Planning & Co-ordination)

Economic & Statistical
Research Department
Planning Department

Chief Economic Adviser
Agricultural Banking Department
Innovative Banking Department
Management science Department
Management Information Systems Department
Organisation & Methods Department
Organisational Planning Department
Official Languages Department
Small Industries & Small Business Banking Department

Dy. Managing Director
(Development & Planning)

Chief General
(Planning & Co-ordination)

Economic & Statistical
Research Department
Planning Department

Dy. Managing Director
(Personal & Services)

Premises Department
Law Department
Computer Centre
Office Managers Department
Public Relations Department
Security Department
Central Stationary Department
State Bank Staff College

Dy. Managing Director
(Associate Banks)

Subsidiary Banks Department

Local Head Office

134
5.5 THE FORMATION OF MANAGEMENT COMMITTEE UNDER REORGANISATION:

Under reorganisation, Management Committees are formed at Central Office, Local Head Office and at larger branches for the improvement of the quality of decisions through the sharing of responsibility in matters of major importance.

There would be six members in the committee of Central Office comprising the Chairman, the Managing Director and the four Deputy Managing Directors, while at each Local Head Office the committee would consist of only three members viz., the Chief General Manager and the two General Managers.

The function of the Management Committees would include the determination of growth targets, formulation and operation of personnel policies, review of performance, sanction of advances and capital expenditure up to the prescribed amounts etc.

The Management Committee at the larger branches would comprise of the Branch Manager, the Accountant and the Managers of various Divisions. These committees would be responsible for reviewing the branch performance, sanctioning advances within the specified limits, evolving improved procedures, etc.

The purpose of the Management Committee is to achieve the following:

(a) To ensure that quality of the decision that influences overall working of the Bank remains sound. The quality would be facilitated by the responsibility being shared by more than one person, these being drawn from different areas of responsibility.

(b) To make it possible for teams to develop sharing the responsibility and by collective decision making.
5.6 THE ACHIEVEMENTS AIMED AT BY REORGANISATION:

A set-up oriented towards the type of customers served, instead of on the traditional grouping of work according to the nature of activities and services, i.e. customer-orientation instead of job-orientation. In other words the main changes are centered round the customer who is the our ultimate master. Reorganisation was made to achieve the following few goals——
(a) Sustained profits for the bank and maintain its position of leadership in the Banking industry; (b) Deeper penetration and coverage of its markets by looking ‘outwards’; (c) Better control system for performance and co-ordination; (d) Better delegation of work so that senior management is released from routine work for more futuristic tasks; (e) Clear perspective of objectives and tasks shared by all employees of the bank; (f) Adequate flexibility of the organisation to accommodate growth and rapid change; (g) Development of Managers in the Bank’s administrative practices to cope with the plans of rapid growth.

Advantages of Branch Offices Under Reorganised Set-up:

The main advantages of reorganised set-up at branches which has given few points only.

(a) Greater thrust in business and penetration in the various market segments by virtue of the close knowledge and specialisation in the servicing of the particular customer needs;
(b) Planned business development by relating it to the growth in the economic activity in the respective market segments and assistance in the formulation of aggressive marketing strategies;
(c) Closer links with the customers for greater customer satisfaction; and
5.7 WEAKNESS OF THE BANK SET-UP BEFORE REORGANISATION:

The 'weaknesses' pointed out by the consultant viz, the Indian Institute of Management, Ahmedabad, of the bank set-up before the reorganisation were as under:

1. Absence of clear cut objectives;
2. Task boundaries are overlapping;
3. Supervisory controls are vague and largely ineffective;
4. Little or no feedback of data from managing to operating levels;
5. Inspite of obvious shifts in the nature of business there was no evidence of a corresponding shifts in the allocation of tasks and responsibilities;
6. At operating level, the employees seemed to have no feelings of belongingness to a unit. They had a general feeling of belongingness to the State Bank of India but not to a unit. In each unit the responsibility rests with the top executive and is seldom shared by other employees in the unit;
7. No plan to encourage growth of individuals at any level;
8. Complex system of carrying out operations remained unchanged. Much of the information, generated by reports or by other sources, was not used for management decision making;
9. Officers at all levels appeared to carry a feeling of persecution by their subordinate employees and had developed a negative attitude towards discipline;
10. Total lack of feedback of information at operating levels by their managing system.
5.8 REVISED SET-UP UNDER REORGANISATION:

No organisation can remain static. It should grow to establish desired business levels. A review has been made regarding the effectiveness and deficiencies of the reorganised Local Head office structure, in the matter of control over and guidance to the branches. The review has thrown out the need for further re-organisation of the Local Head office structure to make it more effective and purposive in achieving its objectives and accomplishing its functions.

So, the revised structure of the Local Head office has been introduced in Madras and Bhopal circles on a trial basis as from 2nd July 1979. Following are the features of the modular structure of Local Head office. * 3

1. The future Local Head office will be a Management control centre for the circle, except the operational control of General Manager (operations) over the very large branches which are Chief Managers' incumbencies and in respect of the control of the large Commercial and Industrial (LCI) advances of the circle which will continue to be with the Chief Manager (credit) at the Local Head office.

2. The operational control over the branches will be vested with regional offices.

3. The Regional offices will function as semi-autonomous operating control centres.

4. The Regional offices will be located away from Local Head office and located nearer to their respective areas of operations.

* 3. Various publication of SBI Guidelines
5. Each Regional office will be under the control of a Chief Regional Manager. The operational control over the office will be divided among suitable Regional Managers. The large branches under officer scale IV-A will be under the direct control of the Chief Regional Manager.

6. The number of branches under the control of the Regional Managers will be substantially reduced as compared to the existing position.

7. The posts of the Area Superintendents are abolished and each Regional Manager will be assisted by two Administrative officers, one for advances and the other for General Banking.

8. The Chief Regional Managers will be delegated with the financial and administrative powers of the General Manager.

9. To enable the Regional offices to function as a self-contained and semi-autonomous unit, each Regional office will be provided with planning officer, personnel officer, functional specialists (market segmentwise) and service functionaries such as Civil Engineers and sections like vigilance and audit section, disciplinary proceedings cell etc.

10. The General Manager (planning) will continue to be the overall-in-charge of the business operations of the entire circle and he will co-ordinate with and guide the activities of the Chief Regional Managers.

11. The General Manager (Planning) will continue to be the overall-in-charge of the planning and specialist activities of the entire circle and he will assist and guide the Chief Regional Managers in the planning activities of the Regional offices.

12. The present personnel department (now under the control of General Manager(Planning)) will be divided into three departments.
(a) Personnel Manager will function directly under the control of General Manager (operations) and he will attend the personnel matters like the industrial relations, service conditions, personnel administration, promotion etc. at the circle level. He will assist the Chief Regional Managers and Managers in the issues relating to personnel matters. He will be the Liaison point between the circle management and the circle officers' association and the Award Staff Union.

(b) A new functionary as Manager, Human Resources Development will function under the control of the General Manager (Planning) and he will look after the matters relating to career development of employees' training etc.

(c) The recruitment in future will be done by a separate Regional Recruitment Board for the circle, headed by the Secretary, Regional Recruitment Board.

13. The existing arrangement regarding appraisal, sanction and management of large C&I advances will continue to be attended by the credit department at LHO.

14. The Basic concept of the earlier reorganisation viz, 'The unity of command will continue without any change.

15. Any change in the organisational structure of the branches is not contemplated at present. The basic concepts of earlier reorganisation such as separation of planning and operations of LHO and the market segments in the business activities will not undergo any change.

(Presented in the Charts under modular structure below)
5.9 THE CHANGES MADE IN THE CENTRAL OFFICE SET-UP UNDER REORGANISATION:

Under the revised setup of the central office, there are two more Deputy Managing Directors one in charge of International Banking and the other in charge of management, audit & inspection. As such the management committee of the central office consists of 8 members instead of 6 in the post-reorganisation period.

(Presented in the chart)

ORGANISATIONAL CHART OF CENTRAL OFFICE (REVISED)
ORGANISATIONAL CHART OF INTERNATIONAL DIVISION

CHIEF GENERAL MANAGER

C.G.M.'S Secretariat

General Manager (Planning)

Manager (Foreign Offices) Manager (Domestic Expansion)

Manager (Overseas) Manager (Domestic Operations)

General Manager (Overseas Operations) General Manager (Foreign Department) General Manager (Domestic Operations)

Manager C.M. C.M. MGR.

Manager C.M. C.M. MGR.

Manager MGR. MGR. MGR. MGR.

Manager (Credit I) (Credit II) Loans Banking

Manager MGR. MGR. MGR. MGR.

Manager (Syndicated Credit) (General Finance) (Merchant Banking)

Manager MGR. MGR. MGR. MGR.

Manager (Import Finance) (Foreign Exchange Business)
5.10 SOME ORGANISATIONAL MATTERS OF THE BANK:

Currency chests:

The number of currency chests rose by 53 to 4,068 during the year 1993-94 (July-June) of which the State Bank of India maintained 2,861 currency chests, nationalised banks maintained 790 currency chests and 437 chests were maintained by treasuries and sub-treasuries. There was no change in the number of chests maintained by the Reserve Bank and Jammu and Kashmir Bank Limited at 17 and 5 respectively. The chests with the private sector banks rose by two to eight. The number of repositories maintained by the public sector banks increased by 5 to 499 which were also functioning along with these chests. A significant decision taken during the year was to permit the State Co-operative Banks and scheduled urban co-operative banks too to open currency chests but no chest has been established by them so far.

Currency Management:

In order to meet the shortfalls, the Bank had to salvage substantial number of reissuable notes and effect diversions from surplus chests to deficit ones. Moreover, the process of coinisation of lower denominations of notes of rupee one, rupee two and rupee five was continued. To facilitate error-free and quicker flow of data relating to currency chest transactions between chests maintaining bank branches and issue offices, it has been decided to make use of modern computer based communication technology. It has been proposed that the new reporting system would be implemented in phases so as to cover the transactions of all the currency chests spread over the country.
Department of Supervision:

An important development in the area of supervision and inspection of commercial banks during the year 1993-94 has been the setting up of a new department in the Reserve Bank viz - the Department of Supervision on December 22, 1993 with its central office at Bombay and 16 Regional offices at various centres. Initially the new Department has taken over the work relating to the supervision of commercial banks from the Department of Banking operations and Development. The department of supervision will in due course take over the supervisory functions relating to financial institutions of all-India and state levels and non-banking financial companies. The Department is presently designing an appropriate reporting system to enable it to exercise off-site surveillance over commercial banks. Special investigations including those connected with compliance and frauds and the work relating to appointment of statutory auditors for 27 public sector banks and 7 public financial companies at the Reserve Bank are being attended to by the new Department.

Committee on Technology Issue in the Banking Industry:

The Reserve Bank set up a 'Committee on Technology Issues relating to payments system, cheque cleaning and securities settlement in the Banking Industry' (Chairman: Shri W.S. Saraf) on June 1st 1994. The committee would undertake a critical review of the existing procedures and practices relating to transfer of funds, payments system and settlement procedures, cheque clearing and the related information flow which would help in adopting new technologies and improving the overall efficiency and productivity of the Indian financial system. The committee will have to make
recommendations within six months. The terms of reference of the committee are:

1. To review the remittance facilities available to bank customers and propose new procedures for quicker service.

2. To propose screen-based reporting of transactions in Government securities to the major Public Debt offices for Subsidiary General Ledger (SGL) operations.

3. To review the existing procedure of reporting of government transactions by bank branches to their link offices and the Reserve Bank and propose computer-based reporting in a time-bound manner.

4. To propose the use of computer and communication technology for daily reporting of currency chest transactions by chest branches to link offices/Reserve Bank.

5. To review the MICR cheque clearing procedures at the four metropolitan centres and suggest solutions for back-up arrangements, work decentralisation, etc.

6. To propose upgradation of cheque clearing operation at other centres (other than the four metropolitan centres) and strategies therefore.

7. To review the SWIFT operations and suggest steps for expansion of its access.

8. To propose steps for further extensive use of BANKNET.

9. To draw up training strategy in computer and communication technology for banks personnel and its implementation in various bank colleges and institutes.

10. To propose a reporting system between banks and the Reserve bank, based on computer communication network.
11. Any other issues relating to technology upgradation in the banking industry.

Progress of Computerisation:

The need for an aggressive technology orientation in the banking industry to improve customer service, quality of housekeeping, and generation of data for better management control is widely recognised. Significant progress has already been achieved in the recent past in computerisation of certain areas of banking. In this context, as has been mentioned already, the Reserve Bank has set up a committee to study all the aspects of technology upgradation and to recommend a suitable plan of action. The Reserve Bank on its part has extended the process of computerisation to all areas of operations and at the same time modified the existing software packages and replaced the old system. In order to promote computer literacy and awareness among the general staff, the Bank has installed 274 word processor system in various offices.

The Internal Accounting and currency Chest Accounting modules have been computerised at the Issue Department at two more centres in addition to the eight centres computerised earlier. Computerisation of payroll module has been fully operational at nine centres; it is at different stages of operation at other offices. The computerisation of Subsidiary General Ledger (SGL) transactions initiated in 1992 and extended to eight centres of Public Debt Office (PDO), has been stabilised. In six other centres, computerisation of SGL transactions have been implemented. The scope of the related computerised SGL system is being enhanced to provide prompt customer service and to prevent accumulation of arrears. The areas of operations of Internal Debt
Management Cell, Department of External Investment and Operations as also the accounting system of the bank in respect of various advances to the employees have all been computerised and the necessary software packages have been developed and operationalised.

Office Automation:

On office automation and mechanisation front, the bank has been inducting more sophisticated machines for improving productivity. A digital scanner cum fast printer has been installed for major user departments to take care of heavy load of copying.

Fax machines have been installed in all offices/training colleges of the Bank except in Srinagar office.

Development Research Group:

The Development Research Group which was set up in the Bank during the year 1991 with a view to provide a forum for collaborative research between the Bank's professional staff and the academic and professional experts from outside the bank, has so far published eight studies (According to RBI Bulletin 1994). A few more studies are at various stages of preparation.

Training:

The training needs, methodology and the curriculum needs to undergo fundamental changes so as to respond to the rapid changes taking place in the policy environment. The Bank has been taking important steps to revitalise the training skills, fill up the gap in the training content and coverage. During the 1993-94
the Bank's Training Institutions introduced many new programmes to suit the changing needs of the whole system.

Bankers Training College, Bombay:

The number of programmes conducted by the Bankers Training College during the year 1993-94 was 109 (including eight programmes in Hindi) benefitting 2,392 participants. The total number of participants trained in the 40 year period since its inception in 1954 rose to 48,264.

The new programmes introduced by the college during the year were in such areas as, role of Operating Agencies - Prudential Norms, Leasing and Hire Purchase Finance, Treasury Management, Data Communications and Computer Networks, Foreign Exchange Derivatives, Innovative Banking, Export Finance (subject to topical interest), Organisational Effectiveness, Computerised Network in the Reserve Bank and Research Methodology. The college also arranged seminars on Investment Management in Banks, Management of Computerisation in Bank, Balance of Payments Adjustment in the 1990s and Emerging Perspectives: Role in the Reserve Bank. One workshop each on Reservation Policy and procedure for Liaison officers and Managerial Effectiveness and value system was also conducted.

Reserve Bank Staff College, Madras:

The number of programmes conducted by the Reserve Bank staff college during 1993-94 was 101 benefiting 2,184 officers. The total number of officers trained since its inception in 1963 was 32,529.

The new programmes introduced by the college in this period include, Financial Instruments for Risk Management,

College of Agricultural Banking, Pune:

The number of programmes conducted by the college of Agricultural Banking between July 1993 and June 1994, was 176 which included 25 programmes conducted exclusively in Hindi. With 7,884 officers receiving training during this period, the total number of officers trained by the college since its inception in 1969 increased to 45,934.

During the year, the college conducted a series of new programmes on Developing Linkages with self-help groups, Rural Communication for Development Bankers, Financing of Brackish Water Fisheries, Financing and Marketing of Rural Produce, Special Programme on Rajbhasha, The Bank Finances to the Bio-technology project, Management Development Programme and the Development Programme for the officers of R.R.Ps. The college also organised two seminars on Bank Finance to Bio-Technology Projects and Natural Farming, two workshops - One on High-Tech Projects and the other for Directors of Urban Co-operative Banks and two weeks' programme on Management of Financing of small scale projects on behalf of the Asia Pacific Regional Agricultural Credit Association-Centre for Training and Research in Agricultural Banking.
Zonal Training Centres:

Zonal Training Centres, situated in four metropolitan centres, cater to the training needs of the employees in class III and class IV of the Bank. During 1993-94 the four Zonal Training Centres of the Bank conducted 108 programmes in all, including a programme on computer appreciation for class III staff. The number of employees trained during the year was 2,037 in class III and 106 in class IV raising the total number of employees trained so far to 45,539 and 3,274 respectively.

Training in Commercial Banks:

The Bank has been deputing its officers in the grades of A, B & C for training in various commercial banks since 1986, under this scheme 39 officers have been deputed for training so far.

Deputation of Officers for Training in India and Abroad:

During the year 1993-94 the Bank deputed, in all 389 officers to training programmes, seminars and conferences organised by various management/banking institutes in India. The Bank also deputed 51 officers during 1993-94 for training/study to banking and financial institutions in 14 countries, viz-U.S.A, UK, Switzerland, Germany, Japan, Thailand, France, South Korea, Philippines, Iran, Malaysia, Austria, Singapore and Taiwan.

Under the Golden Jubilee Scheme for the award of scholarship to the Bank's officers for higher studies abroad, the Bank had deputed four officers during in 1993 for pursuing higher studies abroad. The total number of officers availing the benefit of the scheme, since inception in 1985, has been 32.
Scheme for Higher Studies for Officers:

With effect from April 1st, 1994, based on the recommendations of the Expert Committee on Human Resource Development (Chairman: Sri S.S. Maratha, former Director of Central Board of the Bank), the Bank has structured and introduced a new scheme for granting study leave to the officers of the Bank for pursuing higher studies in India and abroad. Under the scheme the Bank selects every year a maximum of 10 officers for study leave. The officers who are confirmed and have been put on service for a minimum period of five years are eligible for study leave for pursuing Post-Graduate courses (like MBA, Ph.D. etc) at some well-known Universities in India and abroad in subjects directly related to the Bank’s main functions.

Training in Computer Technology:

Under the Bank’s incentive schemes of acquiring qualifications in the field of computers, 39 officers and 100 clerical staff have joined the courses at various institutions in the country during 1993-94 raising the total number of such beneficiaries to 167 and 637 respectively.

Incentives for Acquiring Professional Qualifications:

During 1993-94 six employees of the Bank derived the benefit under the scheme of offering incentives to employees who successfully completed the course of the Chartered Financial Analysts of India, Programme conducted by the Institute of Chartered Financial Analysts of India, Hyderabad taking the total number to 200 since inception of the scheme in 1989.
Employer-Employee Relation:

The industrial relation climate in the Bank during the period under review has been found peaceful.

The committee appointed by the bank in 1993, April, to reviewed the transfer policy was under the chairmanship of M.S. Patwardhan.

5.11 BANKING SECTOR REFORMS:

Steady progress has been made over the last years in implementing the programme of banking sector reform. The Bank financial result for 1992-93 and the available results for 1993-94 have incorporated the more objectives and transparent accounting standard announced in 1992 (Analysis made in Chapter No.1). Apart from more accurately portraying the financial condition of the banks, those new standards have helped to sensitize the banks to the issue of credit risk (and loan recovery) to a greater degree than in the past, and to lay greater stress on preservation and allocation of capital and on profitability.

Other noteworthy developments have been the agreements between the Reserve Bank and the top management of the Nationalised Banks of performance criteria, which have been used to guide the provision of capital issued by the government to the nationalised banks and the successful approach by the State Bank of India to the Capital markets for mobilization of both debt and equity. Further important measures have been the passage of the Banking Companies (Acquisition and Transfer of Undertakings Acts) 1970 & 1980 permitting minority private sector equity holdings in the nationalised banks for the first time.
These measures to improve the condition of public sector banks have been complemented by measures to facilitate entry of additional participants in the commercial banking area, and the announcement of policy towards foreign equity participation in domestic private banks. In approving entry of new private sector banks, financial institutions and other who have built up expertise in credit appraisal have been given preference. Proposal by professional bankers with a good track record have also been considered on a priority basis. Ten approvals have been granted, and three banks have already commenced operations.

The public sector banks, which will remain the backbone of the Indian banking system for the foreseeable future, thus face rising competitive pressures. The prime responsibility for responding to these challenges lies within each individual bank. At the level of the individual banks, urgent attention has to be given to the concurrent development of management information and control systems, decision support system, and communication and information technology that supports such systems. There has to be a parallel initiative on the human resource side, both in upgrading the overall skill levels of the staff to operate in the new environment, and to increase the flexibility of staff deployment. Such flexibility will also require increased speed in decision making and greater freedom in recruitment for specialised functions.

While the above internal management agenda is common to most of the public sector banks, it is also true that a greater differentiation is developing among the banks. At one end some of the larger, stronger banks are positioning themselves to seize the new opportunities, and are actively preparing to tap the capital
markets, through public offerings of equity and debt. A somewhat paradoxical situation is arising in this regard; while banks were clamouring for large infusions of Government capital as recently as a year ago, to meet their minimum capital requirements, in preparing themselves for public offerings, some banks have found that their existing equity base is over sized in comparison with projected earnings streams. Attempts are now being made to reduce the Government equity stake, either through write-offs against losses, or conversion of common equity into subordinate debt that would qualify as Tier II capital. A careful review of various options will be necessary.

While these issues of corporate finance are preoccupying the stronger public sector banks, at the other end of the spectrum there are several banks where the combination of poor quality assets, excessive staff costs, weak management systems and poor industrial relations make it difficult to project any financial recovery even over the medium-term. In the case of one such bank, the solution found was merger with a stranger bank, but this route may not be available in all cases. Innovative and even radical solutions will, therefore, need to be found, consistent with the established policy of maintaining the government's majority stake and the interest of employees.

A further item on the agenda has to do with the foreign operations of the public sector banks. While in principle such foreign branches should play an increasingly important role with the greater international link of Indian business, the reality is that the foreign operations of many of the banks, have imposed huge losses on them. Clearly, improvement will be needed in the monitoring and control of the foreign branches of the public
sector banks before any necessary and legitimate expansion can be considered.

The establishment of a Board for Financial Supervision (BFS) to give undivided attention of supervision over different segments of the financial sector. During the year 1993-94 a decision was taken to establish the board as a committee of the Central Board. At the operational level the board will be assisted by a newly constituted Department of supervision which will initially exercise supervision over the commercial banking segments. The board would later extend its jurisdiction over financial institutions and finance companies. The regulations for establishment of the Board for Financial supervision have been approved by the Government of India and a notification to this effect has been published recently.

5.12 CONCLUSION:

The Term "organisation" essentially refers to the overall design and structure of a body or entity that undertakes the task of implementing economic development programmes. The organisational structure reflects the objectives of the bank: the organisation planner begins by knowing where his institution wants to go. Organisation is a plan for reaching there. The objectives determine the structure needed.