CHAPTER 1

Introduction and Design of the Study
To-day's increasing complex and volatile business environment characterized by globalization, liberalization and the transnational invasion ensures that managing in India would not be the same again. Enhancing competitiveness in the global market place presents the ultimate challenge to policy-makers, business leaders and entrepreneurs in any industry including banking. The banking industry has also realized the fact that the human resources or the personnel are to play an important role to achieve a high rate of growth of the banking business. An employee is generally regarded as an innovator and supporter of innovations and a conscious development of business in any banking industry lies in effective utilization of the personnel they recruit from time to time.

Banking industry in our country is fast developing and it has been assigned a crucial role in country's economic development. Branch expansion and employment generation has touched new heights in this industry. In view of its expanding role in the national economy and huge public funds at the disposal of banks, it is the need of the hour for banking in general and to adjust to their operation. Human Resource Development acquires special meaning in the banking industry due to variety of factors. First, banking is a labour-intensive industry and labour turn-over is almost nil. Secondly expectation of job security of employees is very high even at this age of global competition. Besides, the quality of banking services and the objectives of banks in achieving its socio-economic goals are highly dependent on the employees who deliver the services. It is increasingly recognized that a sound personnel management is vital to high growth and development of banking services. The personnel of bank are the catalysts in fulfilling the objectives of the bank. The personnel are a resource of the bank just as its capital, deposits and assets are. For numerous functional aspects, the banks need a well-equipped human resource. To-day, the bank needs efficient, polite and enthusiastic bank-men capable of developing close contacts with people.
especially in the rural area and who are perfect in making and maintaining public relations.

Human Resource Development, in the context of banking, would mean not only the development of new knowledge and skills among the employees but also developing capabilities to manage both internal and external environment, cultivating self-confidence and motivation for public service. It also aims at laying greater emphasis on the human resource factor to encourage it to express creativity for better customer service. Besides providing functional skills and expertise in order to develop one's potential, Human Resource Development efforts in banks focus on building a strong character of honesty, integrity and truthfulness. Such efforts try to culminate in enhancing the bank's renewal capabilities through competitiveness, innovations and creativity. They help crystallize values that are goal-supportive and contribution-oriented. It emphasizes that the functional style, the ethos and culture and work ethics be built around people, manifesting a concern and be sensitive to the needs of the organization, its clientele and the community. The entire philosophy of developing an employee in the banks rests in building a holistic person by moulding his personality, character and way of life that would be modelled in its manifestation of qualities that could be considered as that of an ideal employee, a good family man and a responsible citizen.

REVIEW OF LITERATURE

Leslie. I. Rebello⁴, in his study on Union Bank of India, found that employees are knowledgeable but the decision-making process in Human Resource Management (HRM) as highly centralized. He recommended for decentralization of Human Resource Management functions.

The Study Group headed by James S. Raj⁵, made an attempt to study the branch expansion of commercial banks and observed that there should be a process of selective consolidation of gains achieved in branch expansion by each bank for a period of three to five years on the basis of the size of the bank.
as well as its performance in respect of its spread in rural areas. In regard to 
toning up the internal efficiency of the banks, it is suggested that (i) banks 
should evolve a suitable machinery to ensure that the procedures prescribed 
visits by the senior management and the procedures be modified, whenever 
necessary, so that new management techniques are sufficiently and widely 
adopted in all branches; and (ii) bank should make advance man-power 
planning for both recruitment and training to take care of the planned 
expansion in branches and in the concerned types of business. As for external 
efficiency, the Committee recommended that banks must try to dispel the 
general prejudice on the part of workmen unions against the use of computers, 
so that partial and judicious use of computers for selected services could be 
resorted to.

Kanath⁵, made an attempt to examine the issue of “Optimization of 
Bank’s Profits”, in order to frame guidelines for a scientific analysis of 
problem of profit optimization. He used maximization function in linear and 
non-linear equations and profit function. The study concluded that, in order to 
get optimization of profit, banks have to ensure good man-power planning, 
provide training to the personnel, creating new positions and allocate them to 
their respective function, motivate the employees, help reduce service charges 
and provide good customer service.

Chadda Anil⁷, in his study on Man-Power Planning at Corporate Level 
of the New Bank of India, observed that there is mismatch between staff 
requirement and staff availability.

Sundaram.⁸, suggested a particular composition of staff in a new 
branch in his study on ‘Man-power Planning and Development in Indian 
Bank’.

Kher A.C’s⁹, study found that by means of work measurement 
man-power costs can be cut-down and productivity in banking industry can be 
raised.
Merchant R.Y.\textsuperscript{10}, in his study, emphasized that people management skills are rated as important for most of the key positions like Regional Managers, Branch Managers and Staff Officers. He is of the view that, human resources are important assets of an organization and human beings have their own aspirations, expectations as well as needs for growth and are motivated more by prospects of earning higher incomes.

Khandekar N.C.\textsuperscript{11}, in his study on “Job and Employment Expectation Values of Bank Employees”, observed that the bank employees are not experiencing conducive climate for performance in their banks and they are satisfied with their inter-personal relations but not as much satisfied with the other rewards available to them and with the working of their unions.

Udeshi K.J.\textsuperscript{12}, in his study, stressed that an officer should make full use of the opportunities that exist for meaningful learning when, he performs his job. After he has availed of on-the-job training, he should be provided with institutional training and to reinforce this learning, he should be assured of proper placement.

\textsuperscript{3}Palanichamy\textsuperscript{13}, observed that there are too many programmes, within duration of each programme varying from three days to three weeks and sometimes traveling time is more than the number of training days.

Somasundaram K.N.\textsuperscript{14}, opined that bank should be aware of individual perceptions, expectations and talents so that challenging assignments could be given to them.

Vaidya S.A.\textsuperscript{15}, suggested that bank should train the Divisional Managers in respect of their role in assessing training needs of the staff so that training intervention serves its meaningful purpose.
Bhide S.S.'s\textsuperscript{16}, study identified the problems in the existing systems, namely, quick promotions in spite of inadequate work experience due to rapid branch expansion, high man-power costs due to wage revision as well as inflation and declining productivity.

Chander J.K.\textsuperscript{17}, in his study, pointed out that selection and training of personnel should be accorded first priority. This will facilitate development of systems and software well in advance. Personnel required at corporate and zonal level would comprise systems analysts, programmers, operators etc.

Indian Bank's Association (IBA)\textsuperscript{18}, conducted an All India Survey to rate the customer service provided by all the 27 public sector banks aimed at fostering healthy competitive spirit amongst banks to improve upon their customers of public sector banks and identify areas where the banks need to improve for achieving higher levels of customer satisfaction.

Diwan V.L.\textsuperscript{19}, points out that the existing employee performance review form is trait-based than performance-based. Promotional possibilities of officers should not be mentioned in the report since there are other norms of promotion.

The National Institute of Bank Management\textsuperscript{20}, in their review, study of training system, found that the training activities in the Punjab National Bank are sufficiently well-organized and well-established. Its coverage is high and is manned by a group of relatively more motivated and hard-working trainers. However, the study points out the lack of 'learning culture' in the organization.

Arvindekar U.V.\textsuperscript{21}, found that, improper deployment and distribution of man-power is a common problem in banks. Quick promotion and improper training diluted the quality of service in the banks. There is a general lack of proper orientation to staff about the banking service. Further, the deterioration of industrial relations is found to be due to nationalisation and frequent transfer of employees.
Subrata Sarkar, arrived at the conclusion that, the present-day corporate customers value efficiency more than the old connections and acquaintances. A well-equipped and modern bank which functions smoothly and efficiently would be the first choice of a corporate customer. The bank should create an image of efficiency so as to attract good corporate customers.

Mankidy Jacob, reveals in his study that participative management in Indian Banking Industry exits as three models, viz., \textit{political model}, which is aimed at replacing capitalistic ownership to working class socialistic ownership. \textit{Behavioral model} aimed at employees, at the unit and industry who are made to feel involved in management for increasing productivity and profitability and finally the \textit{conflict model} aimed at negotiating through collective bargaining method for resolving employee’s demands and problems.

Khandelwal A.K., in his edited work entitled “Human Resource Development in Banks” presents a clear view of the Human Resource Development practices and experiences in the banking industry. Khandelwal argues that despite several mechanical aids and gadgets available as facilitators for quick and efficient service; banking has remained an essentially people’s business i.e. managed by people. There lies a need for a well-integrated Human Resource Development policy for banks.

E.S.J. Abraham, in his article entitled “Human Resource Development Climate in Banks” surveyed 14 different banks and observed that there is a wide gap between the belief of top management and their practices with regard to HRD; whereas, the belief and philosophy are of the ideal order, the practice of it falls way below expectations. Besides, training the widely used mechanism in human resource development in banks needs to be evaluated from time to time to verify its effectiveness.

Khandelwal Anil K., in his study on “HRD for Rural Banking” highlighted that commercial banks, after nationalisation in 1969, are engaged in the process of accelerating the pace of rural development to a large extent.
To achieve the goal of providing needed finances to the rural poor for their economic upliftment, the banks are required to lay emphasis on Human Resource Development which means a planned change on a continuous basis and requires changing the perspective of the bank personnel and motivating them to undertake rural banking jobs with a sense of dedication and commitment. He opined that Human Resource Development process includes developing empathy, trust, a helping attitude, autonomy and a sense of collaboration and a capacity for problem solving amongst the bank personnel. Development of these traits encompasses suitable recruitment policy, sound transfer and promotion policies, developing reward and punishment system consistent with performance in rural areas.

Sharma Baldev R. identified three aspects of Human Resource Management in his study entitled “HRM in Banking Industry”. These aspects are, viz., managerial beliefs, work technology and organizational climate. He believes that all the three aspects need further improvement in the banking industry. In the sphere of managerial beliefs, a more positive attitude is required towards the employees in order to maintain good employee-employer relationship. In case of work technology, innovations should be made to reduce the boredom and alienation amongst the employees. And to maintain proper organizational climate, the personnel policies and procedures should be evaluated and accordingly required changes need to be brought into the extent that employer-employee relations are also influenced by the internal climate of an organization.

Pareek Uda, in his study entitled, “Introducing HRD in Banks”, advocates that the programme of Human Resource Development cannot be a standard, universal programme. According to Pareek, Human Resource Development must be relevant to an organization in terms of its culture and tradition. He draws attention to the need for internalization of the spirit of Human Resource Development and also suggests a phased plan for introducing Human Resource Development.
Krishna Prasad P.S.\textsuperscript{29} observed, in his study on the personal policies and practices in Union Bank of India, that most of the respondents felt that transfer policy is not rightly implemented. Transfer decisions are felt to be, by and large, discriminatory and arbitrary. Transfer is seen to be used as a weapon of punishment and as an instrument of threat.

Carl. G. Thor\textsuperscript{30} opined that productivity and quality are intimately inter-connected. An effective way to improve productivity is through total quality improvement which must be a comprehensive effort carefully linked to the strategic planning process. He also examined the factors responsible for providing a major enhancement to the organization by improving its quality and hence productivity. Very similar activities and initiatives carry a variety of names, depending on whether the major theme is quality, productivity, customer satisfaction, excellence, competitiveness or something else. Improvement flows from executive commitment, assessment and improvement of the teams activity. Assessment is often done poorly but a through an objective assessment involving customer identifications, bench-marking on training needs, and analysis will provide a basis for major improvement of an organization.

The Man-power Study\textsuperscript{31} in Mumbai main office of Bank of Baroda reveals that measurement of productivity in the Banking industry is not easy in the absence of specific indicators of output and input. The measure of output is more complicated than that of input. It is so because of variety of reasons in the banking services.

Shah R.R\textsuperscript{12}, in his study, found that customer service is not up to the mark, and the marketing concept in banks is totally missing. The business development depends entirely upon walk-in-business.
Bose P.K., in his study, revealed that there is no proper management information system for identification of training needs which are to be developed. Proper faculty development programmes are required. There is total mismatch between training and placement.

Dash S., in his study, observed that only few employees are agitative and they are against any change; but, by and large, employees are good and co-operative. To control a few disturbing people, most of the officer's time is wasted. Such recalcitrant employees do not put in their full effort at work. They attend to their duties late and leave their tables early. Most executives feel that posting to the Eastern sector is a sort of punishment.

Pakala Krishnoji, pointed out in his study that the present self-appraisal is not assessable or measurable in quantitative terms.

Ramani Natarajan, in her study, found that the staff meetings were not held satisfactorily and failed to achieve the desired results. It virtually became a ritual and a task to get over with.

Seshan M.Ramachandran, in his study, described training centre as temple of learning, a sort of knowledge, power-house of ideas, broad-costing station for corporate philosophy, center of creativity, laboratory of experiments, store-house of information and plat form to spread corporate culture. He suggests that changes in the 'work culture' of banks are pre-requisite for productive and efficient work practices.

Mathew T.Thamos, found out that the reasons for not aspiring for promotion are: transfer on promotions, fear of shouldering higher responsibilities, fear of managing others, insignificant salary differences, inadequacy in promotion processes, high improbability of reaching higher positions on account of long intervals between promotions, non-challenging nature of officer job, involvement in some other income generating activities and stake in the local area such as owning a house or having social life.
Sharma R.D. and Ashok Dogra\textsuperscript{39}, in their study on "HRD in Rural Banks- A Case Study of Jammu Rural Banks" opined that regional rural banks should make sincere and planned efforts for development of its human resources to enable them to develop more and more new rural development-orientated schemes which are quite viable and economically sound so that the beneficiaries feel comfortable not only to repay their loans but also to live a happy social life. The various components of Human Resource Development like training, education, development and career advancement and planning and performance appraisal ought to be linked with job so that the development of both banks and employees are highly responsive and correlated. This will finally lead to an all-round organizational development.

Rao, B. Prabhakar\textsuperscript{40}, in his study on "Personnel Management and Industrial Relations in Banking Industry" focused particularly on personnel aspects and industrial relations of the banks, with special reference to the State Bank of Hyderabad (SBH). He is of opinion that the attitude of employees reveals the main function of banks, and therefore, the thrust of the bank should be on proper recruitment, sound transfer and promotion policy. The State Bank of Hyderabad recognized this fact, and therefore, separate department of Human Resource Development was created to look after recruitment and selection procedure, promotion and transfer policy and also the training and development requirements of the bank. However, the bank does not involve its personnel in decision-making processes. Therefore, there is a felt need to evolve effective industrial relations in the Bank to achieve the objectives of public sector banks as in effecting socio-economic transformation of the country.

Ramana Murthy\textsuperscript{41}, reviewed the cost of banking services and pricing policy in public sector banks. The study, carried out for 10 years from 1980 to 1989-1990. Chose one of the public sector banks as sample. It used cluster analysis for study. The main conclusions drawn from the study are: (a) the cost information has to be permeated to all levels through issue of circulars and
training programmes conducted with focus on cost consciousness in banks, (b) the bank management has to control the controllable costs through scientific methods; (c) it seemed that there is no scientific profit planning system in the bank. The cost reports can also be used for evaluating a suitable transfer price mechanism for the bank. The individual cost reports, can be utilized for evaluating the performance of banks at branch level; (d) with the help of cost reports, the bank management can fix the prices of some bank activities like dividend warrants, interim warrants and safe deposit-lockers etc. (e) the optimum and effective utilization of man-power, in turn, improved the profitability of the bank; (f) the budget and continuous monitoring of expenditure will help the bank management to cut the expenditure to size; (g) the profitability of banks was mostly affected because of the unfavourable deposits mix; (h) the branch office of banks may divert efforts to maximize revenue to improve the profitability through regulatory measures; (i) in the present complex business environment, mechanization is the need of the hour. Computerization is not only imperative from the point of view of profits, but also to improve the management information system, which is the heart of the decentralized banking set-up; (j) regarding productivity and profitability, meticulous care in the recruitment of personnel is needed. Intensive job work training, scientific deployment of man-power resources and adequate degree of motivation would bring about improvements in productivity and in the process productivity will improve the profitability; (k) the most important aspect on the part of the banking industry is strengthening their capital base. It is suggested that; (l) there should be restructuring of banks and merger of the loss-making banks with strong banks; and (m) it is the need of the hour to introduce among the priority sector borrowers, the distribution between commercially viable units and those needing concessional assistance so that the units pursuing activities which are viable could be removed from the purview of the priority sector definition.
Gopinathan E.K.\(^{42}\), observed that employees are not aware of the criteria for training nomination. There is no set pattern for selection and identification of training needs. Training needs indicated in performance appraisals are not given importance.

Purohit\(^{43}\) observed in his study on "Human Resources Development yet to catch up with Banks", that the concept of development of human resources is yet to find its way in Indian banks. He associated this to the lack of properly trained personnel and inadequate interaction between top management and the Human Resource Development professionals. According to him, the post-nationalisation period, which was devoted to massive expansion, recruitment and promotion without concomitant efforts in human resource management, led to indiscipline and apathy of the staff, particularly towards customers.

Vijaykumar\(^{44}\) in his study on "Management Cost and Earnings in Commercial Banks", empirically examined the relationship between size and costs and examined whether economies of scale operate, and investigated the relationship between size and earnings of commercial banks; and identified the factors influencing cost and earnings of the commercial banks. It can be concluded from the study that there is positive relation between size and cost and size and earnings. Measurers such as ensuring high quality service, greater degree of control on human resource development, infusion of the spirit of work culture, streamlining internal control system to ensure high degree of supervision and infusion of high degree of morale among the employees are suggested for better working of scheduled commercial banks in India.

Avantika Chandra's\(^{45}\), study revealed that 33 per cent of the respondents did not receive any training during the last five years. 85 per cent of the respondents said that the training received by them was related to their area of work and 25 per cent of the respondents said that they were transferred to another department/function within three months of training. On the whole,
people felt that the training imparted was theoretical in nature and could not fully meet their expectation regarding practicality. She suggested that an exhaustive material may be included with the training programme with focus on practical aspects, latest techniques for business promotion, supervisory skills and methods of coping up with the increasing volume of work entrusted, and compulsory on-the-job training after the completion of class-room teaching.

Neena Agarwal and Sapna Bajpai, study revealed that the attitude of the officers was found to be neither very high nor very low but just average, thus indicating that attitude towards training, communicators, promotion policies and superiors were moderate. The attitude of the officers was found to be slightly better towards training system, followed by communication and promotion policies.

Arvind V Shukla's, study concluded that majority of the respondents, branch managers felt that the demands of the Trade Unions were never justified. The Branch Manager suggested that the institution of special monetary allowances for promoting consistent good performance. The provision of schemes for workers participation in management on day-to-day basis at the branch level has also been suggested. The study revealed a significant association between age of the employees and their satisfaction from the transfer policy. Likewise, a significant association between the marital status and transfer policy was found.

Ranade, P.S. et.al., in their study entitled "Banking on Better HR Policy", examined the various aspects of major determinants of behaviour pattern of employees in three major public sector banks in relation to different variables of job situation. They are of the view that the human element of maintaining status-quo often pushes aside an individual's natural aspirations for better career growth. While going through the study under reference, it was concluded that despite high educational levels and training, the employees
preferred to remain in the clerical cadre, pointing to the need for the management to follow a more realistic human resources policy, particularly, in case of transfers and promotions.

A survey conducted by Hemavathi Sekhar⁴⁹, in a few public and private sector banks, revealed the present trend of computerization in Indian Banks. Important findings from the survey are: (i) computers have greatly helped the banks in achieving arithmetic efficiency and hence given top priority in both the public and private banks; (ii) private banks seem to have given a comparatively higher ranking to the attribute of social prestige, while the public banks are reluctant to do so; (iii) lack of the trained staff was the main problem initially faced by both public and private sector bank; (iv) the percentage increase in overhead cost due to computerization was only between 10 per cent and 30 per cent in both the public and private sector banks respectively; (v) saving in employment cost was considerably low or otherwise nil in both the public and private sector banks; (vi) the use of computers would not be really very advantageous if it did not result in time being saved; (vii) there has also been considerable amount of time and energy saved both for the bankers as well as the customers, since cheques can be cleared and deposits made at a faster pace to-day due to computerization; (viii) very few banks have the use of integrated management systems to deal with other branches. Thus, the computerization of Indian banks is still in its infant stage; (ix) the highest ranked direct and indirect benefits of computers to the banking sector have been better customer service and better bank image and good will respectively; (x) higher capacity disks will greatly help in easier information access specially in decision-making; (xi) it was also felt that using complementary machines like the Automatic Teller Machine to check money would greatly complement the reduction in time in monetary transactions; (xii) most of the respondents were of the view that it would not take very long before banks were totally computerized that is within an average period of 5 years; (xiii) banks also admit the fact that computers can ensure efficient delivery and speedy transfer
of funds and in sending professional advisory services to Non-Resident Indians on investment opportunities.

Subodh Chandra Garai and Prabir Ghosh's study attempted to assign ranks to the scheduled commercial banks operating in India and belonging to different groups of ownership pattern on the basis of their over-all performance scores. The said scores were thought to be the weighted aggregates of operational efficiency and financial effectiveness based on accounting rations. The weights were objectively derived on the application of the multi-group discrimination analysis techniques using the said variables. Depending upon the availability of suitable data for the financial years 1994-1995, 1995-1996 and 1996-1997 for a considerable number for banks, two approaches to the empirical data analysis were carried out. Using five variables indicating operating efficiency and taking the data for eighty two banks belonging to five groups as Group-I: State Bank of India and its Associates (8 units), Group-2: Nationalised Banks (19 units), Group-3: Old Private Sector Banks (22 units), Group-4: New Private sector Banks (8 units), Group-5 :Foreign Banks (25 units), the ranking results confirmed the view that the operating performance of public sector banks was generally not good enough in comparison to those of the private sector and foreign banks, although the performance of foreign banks showed an improved position, with wide variation within the group. But taking balance sheet figures also, and calculating the values of the variables determining financing effectiveness in addition, the ranking result based on over-all performance (computed using line variables in two categories) indicated that the performances of public sector banks were not consistently bad, year after year. Rather if different reformed measures are taken to improve the socio-economic environment congenial to healthy administration and the non-performing asset position is strictly controlled, our nation may harvest a better yield from this strategic sector, in pursuit of the policy for efficient utilization of financial and human resources.
Yatoo N.A.\textsuperscript{31}, in his study entitled "Executive Development in Banking Industry" highlighted need for high degree of expertise, professional competence, managerial excellence and involvement of the staff at all levels. He studied the various programmes, policies and procedures adopted by the banking industry in general and State Bank of India in particular in developing its executives who share major burden of responsibilities for framing of various policies regarding Human Resource Development and their implementation. He is of the opinion that Human Resource Development practitioners should develop in bank employees an attitude of selfless dedication to work and quest for new knowledge as it is necessary to be dynamic and to cope with the changing world. Hence, it is necessary to understand the basic concept and philosophy of Human Resource Development including that of executive development. It is revealed in the study that State Bank of India has well-built executive development mechanism that includes well-framed training policy, job rotation and role analysis, performance appraisal, career development, transfer and promotion policy. It has been observed that Indian banking is facing certain problems in implementing executive development programmes like inadequate training system, lack of conceptual clarity, lack of commitment and co-ordination and defective executive resource planning and inadequate research and development. In State Bank of India, the situation is comparatively better but still its training system should be geared to design innovative and highly specialized programmes; lacunas in the appraisal system should be removed; and sound promotion and transfer policy be introduced in consultation with the employees union. All these mechanisms are essential for better Human Resource Development in organization.

K. Shivakumar and V. Samyoudha\textsuperscript{32}, study revealed that, the ratings given by the respondents in a sample survey for various services namely, customer responses towards counter services, pass book services, cheque services, demand draft services, depositary services etc. the study states that
customers are highly satisfied with the services that are provided by the private sector banks as compared to public sector and co-operative banks.

Vidya A Salokhe\textsuperscript{31}, observed that the Human Resource Development climate is near-excellent level ‘Good’ among the officer staff, mid-range ‘good’ among the sub-staff, and near-fail level ‘good’ among clerical staff. Training as on Human Resource Development process, is more effective with the officer staff than with the clerical staff and performance appraisal is excellent collectively in all the banks; It is rather more effective among the officer staff, followed by the sub-staff and the clerical staff. Career planning and development is more effective among the officers’ staff, followed by the sub-ordinate and the clerical staff. Employee welfare was evaluated for its impact on the quality of the employee’s quality of total life. In respect of employees association in the Human Resource Development effort, the public sector and scheduled banks staff collectively expressed an “excellent opinion, while the collective opinions stated by the co-operative bank staff are only in the lower range “Good”. Finally, she suggested that designing, implementing, monitoring and evaluating Human Resource Development interventions is a specialist function within the realms of Human Resource Management, for which the banks should have Human Resource Development professionals in their staff.

A.M. Rawani and M.P.Gupta\textsuperscript{34}, concluded from their study and empirically explores the differences in the role of I.S. (Information Systems) among public, private and foreign banks, Results indicate that while, at present, only private and foreign banks have obtained strategic advantages using I.T. (Information Technology), public sector banks, although of late have also realized the importance of Information Technology.

This paper had tried to locate the banks on the strategic grid. However, the level of computerization of various branches of a bank may be different and have their dependency on it may be different. Future research may involve
locating the various branches and departments of a Bank on the strategic grid and suggesting a suitable strategy for the branch.

Yash Paul Pahuja's study revealed that State Bank of India (SBI) is one of the rapidly growing players in the Indian Banking Industry with around 13,000 branches (including its seven associate banks) and 51 foreign offices in three countries. These branches handle 25 million transactions a day. The cost of funds is lowest for State Bank of India at 7.6 per cent compared to others.

K.C. Gupta and Tej Singh, observed that the training aspect of Human Resource Development in the Punjab National Bank (PNB) and Standard Chartered Bank (SCB) did not differ significantly as proved by the perception of managers categorized on the basis of hierarchy, qualifications and experience. This is also true in regard to the various dimensions of effectiveness of training viz. induction training and utilization training. Thus, the managers of the banks are, more or less, the same as regards training effectiveness on an over-all basis and its two dimensions, viz., induction training and utilization of training. However, the two dimensions of training effectiveness viz, need-based training and planned training are found different in Punjab National Bank and Standard Chartered Bank as perceived by certain categories of manager and population as a whole. Obviously, the performance of Standard Chartered Bank is better than that of Punjab National Bank in regard to need-based training and planned training. Therefore, the management of Punjab National Bank should give thought to improving need-based training and planned training in their organization so that the training sub-system of Human Resource Development can be strengthened in the banking system. The correlation study reveals that there is a positive correlation between Human Resource Development climate and training effectiveness, training effectiveness and performance appraisal and training effectiveness and counseling attitude of managers in the case of Punjab National Bank. In the case of Standard Chartered Bank, there is a positive correlation between Human Resource Development climate and training effectiveness, training
effectiveness and performance appraisal and training effectiveness and counselling attitude of managers. Further, the two banks are, more or less, on the same footing in regard to the relationship of training effectiveness with other sub-systems of Human Resource Development. It can be empathetically pointed out that the inferences of this study are applicable to Punjab National Bank and Standard Chartered Bank; however, these can be applied to the other Indian and foreign banks hypothesizing that, more or less, the same work culture and working conditions prevail in them. However, similar studies can be conducted on the other banks to confirm the findings of this study.

Dr. T.Raju\textsuperscript{57}, in his studies, concludes that, the involvement, commitment and support of top management must be genuine and spontaneous, the one-to-one relationship between the subordinate and immediate superior must be strong. The development capacities of superiors must be honed-up for effective bilateral relationship. Utilization of expertise from within as well as outside the banks in the various steps of training process is a pre-requisite. Latest gadgets/techniques make the training interesting and there must be adequate training designs for providing simultaneous programmes for two or more levels. Man-power planning and career planning are to be linked through training. Performance appraisal should have closer link with training and development programmes. Last but not the least, post-training assessment of productivity is of paramount importance.

Sushil Kumar and Shailendra Singh\textsuperscript{58}, concluded in their study that nationalised banks in India also have to compete with private and foreign banks for the skilled man-power in order of attract and retain qualified skilled man-power, banks have to offer competitive pay package, which also is perceived to be one of the factors significantly influencing competitiveness. On the whole, the study indicates that the nationalised banks have to develop sensitivity to changing competitive environment of the Indian banking sector and adopt new and innovative strategies to retain competitive spirit of this environment.
1.2 NEED FOR THE STUDY

There has been a considerable progress in Human Resource Development particularly in banks since 1980's. Hence it is time to make a practical evaluation of Human Resource Development in banks, particularly in public sector banks whose main objective is to develop the economy, particularly priority sectors, so that the problems could be solved in the light of experience. The study makes an attempt to answer the following issues: What is the need for and significance of Human Resource Development in banks? What is the impact of Human Resource Development on productivity of public sector banks? What are the problems that arise of Human Resource Development? To what extent the Human Resource Development in banks is the cause for profits or losses in public sector banks?

In India, several studies, both official as well as non-official, have been under-taken from time to time in the domain of Human Resource Development in the Public Sector Banks (PSBs) at the national level. These studies have provided solutions to some of the problems only. And still area and agency-specific studies are comparatively limited in number. Such studies are of great significance on account of vast regional and institutional variations in developing countries like India. The present study is an attempt to fill the gaps in this regard.

1.3 OBJECTIVES OF THE STUDY

The main objectives of the study are:

a. to examine the progress of Public Sector Banks in India, Andhra Pradesh and in Chittoor District;

b. to critically examine the methods followed by Public Sector Banks to develop human resources;

c. to analyse the impact of Human Resource Development on productivity of the public sector banks;
d. to examine the perceptions of the bank employees towards human resource developmental activities;

1.4 HYPOTHESES

The following hypotheses are tested.

a. The development of Public Sector Banks is not significant.

b. The methods adopted by the Public Sector Banks to develop human resources are not adequate.

c. The impact of Human Resource Development on productivity of the Public Sector Banks is not significant.

1.5 SOURCES OF DATA

The study has made use of both secondary and primary sources of data. The secondary data had been drawn from the reports of the Government of India and Andhra Pradesh such as reports of Reserve Bank of India Statistical Tables Relating to Banks in India, Banking Commission Reports, Reports on Currency and Finance, Annual Reports and Books, Documents, Files, Diaries from the Lead Bank of Chittoor District, various credit plans from the Managers, office of Lead Bank cell, Chittoor. Further primary data has been collected from sample respondents in the public sector bank branches in the district.

1.6 METHODOLOGY

Sample design

The study is based on stratified random sampling method. Initially, the total banks were broadly classified into State Bank of India (SBI) and group and other Nationalised Banks. Ten per cent of the branches were chosen for the study as shown in Table -1.1.
### Table-1.1
Sample Design

<table>
<thead>
<tr>
<th>Name of the Bank</th>
<th>Total branches</th>
<th>Total sample</th>
</tr>
</thead>
<tbody>
<tr>
<td>SBI &amp; Group</td>
<td>50</td>
<td>5</td>
</tr>
<tr>
<td>Other Nationalised Banks</td>
<td>122</td>
<td>12</td>
</tr>
<tr>
<td>Total Public Sector Banks</td>
<td>172</td>
<td>17</td>
</tr>
</tbody>
</table>

Source: Field survey.

The data were collected from all cadres (employees) of the selected branches and the category-wise respondents has been shown in Table -1.2

### Table-1.2
Category-wise Sample Respondents

<table>
<thead>
<tr>
<th>Category</th>
<th>Total</th>
<th>Respondents</th>
<th>Non-respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managers</td>
<td>17</td>
<td>17</td>
<td>-</td>
</tr>
<tr>
<td>Officers</td>
<td>44</td>
<td>41</td>
<td>3</td>
</tr>
<tr>
<td>Clerks</td>
<td>165</td>
<td>156</td>
<td>9</td>
</tr>
<tr>
<td>Total</td>
<td>226</td>
<td>214</td>
<td>12</td>
</tr>
</tbody>
</table>

Source: Field survey.

For the sample survey, two types of schedules were administered, viz.,

(i). Schedules for Managers and

(ii). Schedules for Officers and Clerks.

First schedule had been used for collection of information relating to policies, procedures and overall administration of the banks and attitude of bank managers.
The second schedule is used for the collection of information from the officers and clerks pertaining to full particulars about educational qualifications, performance appraisal, training, promotions, transfers, job rotation, job satisfaction, and job environment etc.

1.7 TOOLS OF ANALYSIS

Apart from simple averages and percentages, the following statistical tools were used to analyse both the primary and secondary data in the present study.

To study the trends in the growth of bank branches, employees, deposits, credit, income, expenditure, profits and advances to priority sectors, the linear and compound growth rates were used. The co-efficient of correlation and 't' test had been used, to study the correlation between branches and deposits, credit, income, expenditure, profit and advances to the priority sectors; and employees and deposits, credit, income, expenditure, profit and advances to the priority sectors. Per branch and per employee ratios and correlation co-efficient and 't' values have been used to assess the productivity of public sector banks in the study area.

**Linear Growth rate**

\[ Y = a + bX \]

Where \( y \) = index numbers of branches, deposits, advances, income, expenditure, profits, advances to the priority sector, agriculture, small-scale industries, small road and water transport operators, retail trade, small business, professional and self-employment, education, housing, Self-Help Groups (SHGs).

\[ X = \text{Time} \]

\( a \) and \( b \) are constants.
**Compound Growth Rate 'g' is**

\[ g = \left(\frac{B}{A} \right)^\frac{1}{n-1} - 1 \]

Let
- **A** = Beginning year value
- **B** = End period value
- **n** = Total number of years

To study the correlation between branches and deposits, deposits and advances, branches and advances, income and profit, income and expenditure, expenditure and profit, total advances and advances to the priority sector, total priority sector advances and advances to agriculture, advances to small-scale industries, small road and water transport operators, retail trade, small business, professional and self-employment, education, housing, Self-Help Groups for calculating the co-efficient of correlation and 't' test, the following formula/equation/test has been used.

**Correlation co-efficient**

\[ r = \frac{\sum xy}{\sqrt{\sum x^2 \times \sum y^2}} \]

Where **X** and **Y** stand for deviations of **x** and **y** series.

To test the significance of an observed correlation co-efficient, the following test has been used.

\[ t = \frac{r' \times \sqrt{n-2}}{\sqrt{1-r^2}} \]
Standard Deviation.

\[ \sigma = \sqrt{\frac{\sum d^2}{N}} \]

Where, \( \sigma \) = Standard Deviation

\( \sum d^2 \) = Sum of the squares of deviations of the observation from the mean

\( N \) = Number of respondents

Weighted Average

\[ X_\cdot = \frac{\sum WX}{\sum W} \]

Where, \( X_w \) = weighted arithmetic mean

\( W \) = Weights

\( X \) = Number of respondents

1.7 LIMITATIONS OF THE STUDY

A doctoral thesis is too small a study to examine the various factors that play their role in the Human Resource Development in public sector banks. Secondary data on Human Resource Development is, to some extent are scarce and inadequate. In spite of many efforts and contacts with the banking establishments, especially with the Lead Bank of Chittoor, the data collected was found to be inadequate because of the confidential nature of the banking operations. In order to overcome this deficiency, primary data were collected from the bank employees on training programmes, promotions and job rotation systems followed by the banks. The analysis made and the conclusions drawn in the study area are subject to the afore-said limitations.
1.8 PLAN OF THE STUDY

The chapter scheme of the present study is as follows:

The first chapter is introductory in nature wherein the objectives and hypotheses of the study, methodology and review of literature are presented. The second chapter provides the theoretical background of the Human Resource Development which covers the concept, measurement, objectives, instruments, processes and outcomes of Human Resource Development. The third chapter deals with the development of Public Sector Banks in India. The progress of Public Sector Banks in Andhra Pradesh and the study District are analysed in the fourth chapter. In the fifth chapter, the human resource development activities adopted by the public sector banks were critically evaluated. The impact of Human Resource Development on the productivity of Public Sector Banks in the study area was examined in the penultimate chapter. The summary of findings and major conclusions drawn and suggestions have been presented in the final chapter.
REFERENCES


