CHAPTER II

THE BANKING SCENE IN INDIA

In this Chapter, I have first of all described in brief the growth of banking in India. This is followed by a discussion on nationalisation and the new role of banks today. Thirdly, I have explained the organisational structure of the banks, and lastly the recruitment, promotion and training facilities in the banks is described.

Banking along modern lines in India began only in the 18th century. Formerly, there existed the money lenders who carried on a roaring business in money lending and banking. It is the English Agency Houses which finally paved the way for the establishment of the Joint Stock banks and thus the three Presidency banks were established in the first half of the 19th century. The need for an overall coordinated banking policy prompted the Government to amalgamate the three Presidency banks into the Imperial Bank of India in 1920, and this was later transformed into the State Bank of India in 1955. The Reserve Bank of India which is the central bank of
the country, was established in 1935, so as to leave the State Bank entirely free to extend commercial banking facilities in the country. It was the consideration of the profit motive and the service to the established industrial houses which was the guiding principle behind the functioning of the 14 banks till they were nationalised in 1969, and the 6 banks which have been nationalised in 1980.

2.1 Growth of Banking in India:

Today, the Indian banking industry has grown in size tremendously. The quantitative picture of the size of the industry is very striking. There are approximately 30,000 branches with deposits of ₹28,000 crores. These branches have advanced approximately ₹18,000 crores in the economy of our country. The industry now employs 5 lakhs persons with their wages amounting to ₹400 crores per year.

The organised banking system of the country is composed of the Indian commercial banks (scheduled and
non scheduled), Foreign banks (scheduled and non scheduled) and Cooperative banks. Though these various types of banks are constituted and governed by separate Acts and Rules, their activities are monitored by the Reserve Bank of India as the apex banking institution. Commercial banks can be classified into "scheduled" and "non-scheduled". However, this distinction has lost much of its significance now since most of the banks come into the jurisdiction of the Banking Regulation Act of 1949 and of the Banking Companies (Amendment) Act, 1962. The Banking Regulation Act of 1949 requires that to be "scheduled", the bank must satisfy the Reserve Bank that its' affairs are being conducted in a manner which is not detrimental to the interests of its' depositors. Moreover, the Banking Companies (Amendment) Act 1962 requires that all banking companies starting their business after that date must have a paid-up capital of not less than Rs.5 lakhs. In addition to satisfying these two requirements, each "scheduled" bank classified as "scheduled" must also be incorporated. Although there were 474 non-scheduled commercial
banks in 1951, today there are only 12 such banks in operation. They conduct barely one percent of the banking business and account for one percent of the bank branches. The non-scheduled banks along with the 30 private scheduled commercial banks account for 3% of the deposits and 2% of the bank credit.

National banks play a crucial role in the Indian economy. The All India Rural Credit Survey Committee, 1954 recommended the survey of "one strong, integrated, state sponsored, state partnered commercial banking institutions with an effective machinery of branches spread over the whole country". This led to the establishment of the State Bank of India in 1955 which took over the Imperial Bank of India. During 1956 to 1959, the other associated banks were taken over and reorganised as subsidiary banks of the State Bank. They were not merged with the State Bank. The 14 major commercial banks ("new banks") were taken over by the Central Government in
July 1969 and another 8 in 1970 with the intention of fulfilling certain social and commercial objectives.

The entire capital of these 20 "new banks" is held by the Central Government. The Reserve Bank, a wholly owned statutory corporation of the Central Government, holds largely the capital of the subsidiaries. The State Bank, its subsidiaries and the "new banks" which are all in the public sector, are termed as "national banks" in order to differentiate them from those banks in whose capital there is a substantial participation by the public (Govt. of India, Report of the Banking Commission, 1972). The nationalised banks account for over 87% of the banking business in India. Thus they occupy an important position in the Indian banking system.

Cooperative banks came into existence with the introduction of the Act of 1904, which officially launched the cooperative movement in India. The business of the cooperative banks was conducted mainly according to the principles of cooperation. It is mainly with the rural field that cooperative banking is concerned, even though
there are a few urban cooperative banks. In India, which is primarily a land of agriculture, the source of credit for agriculture has centered around the cooperative societies and the land mortgage banks. The cooperative credit structure for short-term and medium-term credit is a three-tier federal one - at the village level, we have the primary credit societies; at the district level, we have the Central Cooperative banks and at the state level, we have the State Cooperative banks which forms the apex level in each state. While the long-term credit needs of the agricultural sector is met by the land mortgage banks, the short-term credit needs are mainly financed by the cooperative credit societies.

The Urban Cooperative banks are close to the commercial banks in so far as their operations are concerned. Although paid deposits form a major portion of their total deposits, these banks also accept current and savings deposit. There also exist a few industrial cooperative banks in some States which function at the
state or district levels and primarily cater to the credit needs of industrial cooperatives. In general, however, the orientation of cooperative credit to production needs has not been adequate and the cooperative banking sector remains a 'sick unit' of the Indian banking system contributing but a little to the total financial requirements of cultivators and non-cultivators. Though the Cooperative banks have been included in the Second Schedule of the Reserve Bank of India Act, and thus have gained both in status and respectability, there has been a negligible change in their function. As of now, they act mainly as a distributive link through which the Reserve Bank of India credit is transferred to the Primary Credit Societies at a concessional rate.

Foreign banks also termed as exchange banks, are the oldest and the most closely knit group of banks in the structure of Indian banking. These banks have their head offices outside India and for the most part their methods are derived primarily from British and particularly Scottish experience. Most of the banks are English banks,
though there are some from other countries as well. They are mainly located in the metropolitan cities of Bombay and Calcutta and to a smaller extent in Delhi and Madras. These exchange banks are primarily concerned with the financing of foreign trade. However, the vastness of their resources and the cheaper terms offered by them have increased their clientele and now a great deal of their resources are also used to finance internal trade within the country. With the introduction of the Banking Companies Act (1949) the same regulations are applicable to the foreign and other banks as far as their Indian business is concerned.

The Industrial Finance Corporation was established in 1948 for providing financial assistance to large-scale industrial concerns. Till 1948, no special institutions existed for financing of industries. The State Financial Corporations were then set up in all the States between 1953 and 1961 to render financial assistance to small and medium scale industries. In 1954 was also established the
National Industrial Development Corporation for the financing of risky and huge capital consuming projects not touched by the private sector. The Industrial Credit and Investment Corporation of India was set up in 1955 for the purpose of financially assisting the industrial enterprises within the private sector. Lastly, the Refinance Corporation for Industry came into existence to fill the gap that exists in the institutional arrangements available at present for assisting medium-sized industrial units, in regard to their medium-term requirements. All these Corporations which have come into existence in the last twenty-five years, have adequate financial resources and have done good work in their own area.

2.2. Nationalisation and the New Role of Banks

On 19th July, the 14 major banks each having deposits of Rs. 50 crores or more on the last Friday of June 1969 were nationalised. Another 6 banks with deposits of Rs. 200 crores or more were nationalised on April 10, 1980. The nationalisation did not merely bring all the commercial
banks under the control of the Government, but it also changed their role. According to the radio broadcast (on the evening of 10th July, 1969) and the then Prime Minister's statement, the main objectives of nationalisation of commercial banks (Agrawal, 1980:61) may be listed as follows:

1. Expansion of bank credit to priority sectors which had hitherto been ignored.
2. The removal of direct control by a few which meant snapping of relations of big business people and industrialists with banks.
3. The giving of a professional bent to bank management by appointing professional bankers as chairmen, and economists, lawyers, chartered accountants, agriculturists and small industrialists, etc., on the board of directors of commercial banks as members.
4. The encouragement of new classes of entrepreneurs, probably by extending liberal credit for new schemes, as for instance, the Differential interest Rate Scheme which was introduced to
finance productive economic activities of the poorest sections of society (e.g., vegetable vendors, rickshawallahs etc.)

5. The provision of adequate training as well as responsible terms of services for bank staff for ensuring efficient personnel oriented to the needs of a socialist economy.

Thus these banks were nationalised "in order to control the heights of the economy, and to meet progressively and serve better, the needs of the development of the economy in conformity with national policy and objectives and for matters connected therewith or incidental thereto". (Preamble to the Banking Companies Act, 1970).

The last ten years of banking in the public sector have led to a much better realisation of all aspects of these objectives. Thus according to Raghupathy (1980) the average deposit mobilised by each office of the bank shot up from Rs.37 lakhs to Rs.86 lakhs. Similarly the average performance of each bank office in disbursing credit has
improved from 8.44 lakhs to 8.57 lakhs. The most striking feature of all, however, is the major role of commercial banks in their branch expansion activities, especially in the period immediately after nationalisation and after the introduction of the Lead Bank Scheme in 1970. This rapid expansion has enabled the banks to cater to a larger number of people. In contrast to every 85,000 people who on an average were being served by a branch in 1969, today there is a branch for every 21,000 people.

One of the prime objectives of bank nationalisation was the need for the spreading of banking activities into the rural and unbanked areas. Prior to 1969, banking was largely concentrated in the cities and towns with the metropolitan areas accounting for a major share of the total branch network in the country. A significant achievement has been the pronounced spurt in the bank branches which is more visible in the rural and semi-urban areas. The share of rural branches to the total branches has increased from 22 to 43 percent in ten years. Today
rural and semi-urban branches together constitute 70 per cent of the total branches operating in the entire country.

Better regulation of the flow of bank credit into various sectors designated as priority sectors has been another important objective of bank nationalisation. Thus financial assistance to such crucial and hitherto neglected sectors like agriculture, small business, retail trade, transport, small scale industries, education and export has more than doubled in the last ten years. Moreover, as Raghupathy (1980:5) puts it, "virtually there is a ten-fold increase in bank lending to the weaker sections and depressed sections of the society in less than ten years after the nationalisation? In addition to this, the loans disbursed under the Differential Interest Scheme (whereby loans are made available at a concessional rate of 4%) have reached a total of ₹.90 crores at the end of 1978. Thus the lending policies of the banks have become increasingly rural-biased and development oriented so that the rural economy may become resurgent and re-vitalised.
The above trends support the view that within a short span of a decade, the picture of the banking industry has altered beyond recognition. Whereas formerly, the banks' activities were primarily geared to maximising profits, the situation has changed now such that the banks have ceased to be purely commercial ventures and act as a catalytic agent in stimulating the economy. The performance of the banks must therefore be judged in the background of the social objectives that they are now expected to serve. Since the early 50's the banker's role has extended from financing trade and commerce to financing large and small industries, and thereafter, to providing financial support to all types of developmental activities including agriculture, handicrafts, tourism, promotion of services, etc. Bankers today are involved in all facets of economic development because they provide finance for activating and accelerating all forms of economic activities (Bandyopadhyay et al., 1977:405). According to them, the developmental functions of the banks in the new environmental context may be stated as follows:
1. They are to act as active agents for fostering and developing economic activities in rural and urban areas.

2. In discharging the above role, special stress has to be laid in developing hitherto undeveloped regions of the country, thereby contributing to the reduction of regional disparities.

3. Banks should extend support to the neglected sections of the community (tribals, marginal and small farmers, landless agricultural labour, urban poor, scheduled castes and tribes, women etc.) in making them self-reliant.

These functions have to be carried out in the present day environment, which is becoming more complex day by day. After nationalisation, the public sector banks have been assigned the developmental role in specific areas. The Lead Bank Scheme, for instance, was specifically evolved to enable banks in playing the developmental role in these districts. After the preliminary step of initiating impressionistic surveys to assess the banking
potentialities of the entire district, the banks were required to formulate the District Credit Plans. Such plans have been prepared and launched for most of the districts in the country by now. (Navlakha, 1978).

The present emphasis is thus on the promotional role of the banks. As Panandikar and Mithani (1975:586) put it, "nationalisation has given birth to a socially motivated banking system whose credit policy is purpose-oriented with the avowed objective of spreading the banking habit throughout the country".

2.3 Organisational Structure

The organisational structure of the commercial banks in India has undergone some major changes over the past decade. This has been necessitated because of the shift in the major objectives of the bank towards playing a significant role in national development. During the period there has also been a very rapid growth in the business volume of the banks. This growth has been both quantitative and qualitative in nature and it has
been a contributing factor for bringing about a major change in organisational structure of the banks.

In all the banks, the Board of directors is the apex body which represents the various interest groups, e.g., depositors, shareholders, government, borrowers, staff, officers etc. In case of the nationalised banks, the directors are nominated from amongst the various interest groups. The Board of directors functions within the framework of the Reserve Bank of India guidelines to the bank and enjoys a wide range of powers for ensuring efficient utilisation of the resources. The Board of directors is fully occupied in policy and other important considerations and manages the day-to-day affairs of the bank through the Managing Director and in some instances, through an additional full time Executive Director.

In the organisational hierarchy of a modern bank thus there are three levels of management with well-defined responsibilities and functions. At the apex is the top
management (Chairman, Managing Director, Deputy General Manager, Assistant General Manager etc.) who are mainly responsible for laying down broad policy guidelines in accordance with the national objectives and the changing economic environment. At the second level which is the zonal/regional level, the functions of the Regional manager, for instance, is to interpret the policies as outlined by the top management and to assist the branches which come under their jurisdiction, in their effective implementation. At the third level, which is the branch level, the Branch Manager is the chief executive. He is assisted by several officers including an Accountant, who is the second in charge in the branch, and several clerks who handle mainly the routine work of the branch. Even at the officers' level, the nature of work is largely routine and it would be no great exaggeration to call these officers as "routine checking machines" for their work is largely confined to the checking of entries and vouchers and the supervision of the clerks who work under them.
ORGANIZATIONAL STRUCTURE IN A BANK

CHAIRMAN AND MANAGING DIRECTOR

EXECUTIVE PERSONNEL
  ├── REGIONAL MANAGER
  │    └── PERSONNEL OFFICER
  │         ├── BRANCH MANAGER
  │         │    └── BRANCH MANAGER

EXECUTIVE OPERATIONS
  ├── REGIONAL MANAGER
  │    └── DEVELOPMENT OFFICER
  │         └── BRANCH MANAGER

EXECUTIVE PLANNING and DEVELOPMENT
  ├── REGIONAL MANAGER
  │    └── EXECUTIVE AUDIT and INSPECTION

Figure 2.1
With increasing size and complexity of the business, most of the nationalised banks have adopted a hierarchical-cum-functional organisational structure. The line functions are strengthened by providing specialist functional departments at various points in the hierarchy. By and large, the organisational structure of the nationalised banks has three levels, namely, the Central Office, the Zonal/Circle Offices and the Branch Offices. At each of these levels, certain line functions as well as staff functions are performed. Figure 2.1 gives a generalised form of the organisational structure of a bank. Various areas of banking activities are described in Appendix A.

At the Central Office, depending upon the size of the bank, the functions of operations, personnel and planning/development are assigned to different executives. Sometimes Heads of additional departments like audit/inspection also report directly to the Managing Director. Heads of different regions report directly to the executive in charge of operations. Various specialised
sections at the regional office, however, report to the respective executives at the Head Office. In some banks, an additional layer of hierarchy is introduced between the Regional Manager and Branch Manager. Managers at the additional layer mainly guide the branches in business development activity.

Unlike the State Bank of India, the process of decentralisation has not made much headway in other nationalised banks. The regional offices do not have their own boards and the central office has considerable powers in respect of the regional operations. In some instances where there are very large branches, the branch manager is designated as the Regional manager and reports directly to the executive in charge of operations. Similarly, in some regions, the branch managers report directly to the Regional managers rather than going through the additional level of the manager guiding the branches in development function.
2.4 Recruitment, Promotion and Training:

Employment in a bank has always been a prized job. According to Deshpandé and Gadre (1974:263),

"the fifteen public sector banks alone have been recruiting annually about 18,000 educated youths in the clerical and allied cadres, and about 1,500 officers from the most talented graduates and post-graduates. The wage structure in the banking industry is comparatively very attractive and a bank job is perceived as quite secure. Further, due to the rapid expansion of the country after nationalisation, more opportunities sprung up for progression of the new recruits. The recruitment in the banking industry has, therefore, attracted attention and interest of the educated youths, their parents, educational institutions, social and political organisations and the Government."

The persons joining the banking industry nowadays belong to a much wider range of social and cultural backgrounds than about a decade or two earlier with the result that each branch has a varied mix of personnel having diversified aptitudes for work. It is very evident even to the casual observer that banks today are able to attract a much superior talent at all levels than in the past, due to the relatively attractive conditions of service which compare with the best in the country.
Moreover, banks have also streamlined their recruitment systems and are able to choose the best from those available in the market.

The efficient functioning of any bank largely depends on the quality of manpower available to it. Since the clerical cadre personnel form a large proportion of the total manpower and are responsible for directly reaching the banking service to the public and also because most banks operate under a 'closed career system' in which most of the supervisory positions are filled by the personnel promoted from the clerical cadre, their recruitment assumes added importance. The majority of the public sector banks advertise the clerical vacancies in the newspapers. In addition to this, the employment exchanges of each respective district submit a list of the eligible candidates and the bank conducts a test at a district place for candidates from two/three adjacent districts. Most of the banks utilise the services of the National Institute of Bank Management for their
clerical recruitment. In the light of the recommenda-
tions of the Task Force comprising of university profe-
ssors of Psychology/Education, bankers and the National
Institute of Bank Management faculty, a clerical selec-
tion test battery (a group of tests) has been evolved
by the NIBM (Deshpande and Gadre, 1974). The test
battery includes a test of reasoning ability, a test
of numerical ability, a test of English language and a
test of clerical aptitude. The candidates who are
called for the test in most banks are graduates with at
least 45% marks or first class matriculates. Those
selected in the written examination are then called for
an interview and the final selection then depends on
the number of people qualifying in the interview.

In the selection of the candidates to the offi-
cers' cadre, "the ratio of directly recruited candidates
to promotoes from amongst the staff varies from bank to
bank depending upon the agreement/understanding of the
bank management with their respective staff associations."
However, in the majority of the banks, the ratio is around 25:75". (Khandelval, 1976:63). For the recruitment of officers, generally candidates with high second class at the graduation examination are considered eligible. From these either first class or higher second class graduates are generally recruited as officers.

There are no formally laid down rules for promotion. In our present set-up, banks by evolving purely 'objective' promotion systems based mostly on written examinations have unwittingly delinked promotions from performance. There is one aspect of the promotional policy, whereby in many banks, a clerk is generally promoted to the officer's grade after four or five years of services. In fact, the change is at times so sudden and abrupt that the clerical staff carry with them the mentality to the officers' cadre. There is a growing practice of promotion by seniority and not by merit, and moreover, there is practically no infusion of new blood by direct recruitment at higher levels due to the career
staffing system adopted by banks. As Vaghul (1975:582) puts it,

"the concept of seniority was evolved as an escape from the painful process of assessment by merit. It was convenient from the point of view of unions as a neutral criterion which does not involve discrimination of employees. To management also this concept came in handy as this obviated the necessity of a conscious choice based on merit from amongst executives who are working fairly close to them."

Various training programmes are conducted by public sector banks for clerks, cashiers and officers of various levels; and although there is no uniform nomenclature for the various courses conducted by different banks, the course contents are more or less similar. At the clerical level, the emphasis in courses is more on the routine functions of the banks. Very few banks conduct specialised courses for clerks in such areas like rural banking, small scale industries, foreign exchange etc. In the case of officers' training, there are basic courses for junior officers, small branch managers and accountants and middle level managers holding charge of
medium sized and large branches as also middle level officers at the Head Office and other controlling offices. In the basic courses, while routine banking operations and developmental activities form the main curri­
culum, development of the managerial skills by inclusion of subjects on behavioural science is also aimed at, the relative importance of developing job skill and managerial skill being different in different courses depending upon the level of officers trained. Besides the basic courses, a few specialised courses are also conducted by most of the banks with a view to developing skills amongst selected officers, in credit management, foreign exchange, farm finance, small scale industries etc.

Moreover, as Kehirsagar (1975:516) puts it, "excepting a few banks the primary stress of the banks' training programmes has been on equipping a person in terms of knowledge and skills for his current or immediately planned job assignment. The executive development
programmes if at all they have been conceived, are in the infant stage in most banks." Thus, there is ample scope for improving training facilities in the banks.

Discussion

The origin of the modern banking in India can be traced to the latter half of the last century. Prior to nationalisation in 1969, the banks were in the hands of private industrial entrepreneurs, and the commercial banking system had grown in a manner tailored to the requirements of the established industrialists and businessmen. However, remarkable changes have occurred in the last decade. A reorientation of the working of the system was attempted in 1968, and "the nationalisation of the 14 major commercial banks in July 1969 was an explicit recognition of the strategic role of bank finance in achieving the plan objectives" (Raghupathy, 1980:4). For similar reasons, 6 additional banks have been nationalised in April 1980. Banking thus is no longer a monopoly of the elite. According to
Navdakha (1976:64) "the past was heavily weighted in favour of the bank's debtors than its depositors. Trader was the pivot around which the commercial banking system revolved. Service to all and small man in particular, has replaced the much avowed motto 'selected and respected customer only'? The banks thus are instruments of development and rural justice, and their social responsibilities are to be in line with that of national government. In fact, their very existence, continuation and development has a social purpose. The present day banking system has taken on the role of a catalyst and development agent of the country's economy.

The public sector banks have emerged as the pace setters of banking development. The nationalisation of the banks constitutes an important landmark in the history of banking in our country. The major thrust of the banks were in the field of deposit mobilisation, branch expansion particularly in the rural and unbanked areas, and dispensation of credit to the comparatively weaker
sections of the society and to the priority and neglected sectors like agriculture, small scale industries, transport, retail trade, small business, education and export. The consideration of the profit motive and the service to the established industrial houses which dominated the working of the system has now largely given way to the growth of a development-oriented banking industry.

The nationalised banks have responded to their phenomenal expansion and change of role by enhancing their organisational structure to include an additional tier in the organisational hierarchy. They have also attempted to specify clearly the role requirements at various levels in the organisation. This attempt on the part of the banks, however, has not been completely satisfactory. There are several factors which are responsible for the unsatisfactory transition from the old organisational structure to the new one. For instance, the role and the powers of the top management are constrained in the nationalised set-up. Although an additional
tiers has been added in the bank's hierarchy, the delegation of the powers has been far from satisfactory, thereby possibly affecting the effective functioning at the middle management level. In view of the changed roles, the bank management has been making heavy demands on the Branch Managers for effective performance. Rapid branch expansion has also resulted in giving more promotion opportunities at the lower level of the bank's hierarchy. Thus lack of adequate experience coupled with job demands arising out of the new role of the banks may be responsible for the difficulties experienced at the junior management level. As Singh (1978:41) puts it,

"Growth and development give rise to a number of somewhat unfamiliar and new managerial problems. They keep continuously throwing up challenges, opportunities and threats. Our organisational structures, philosophies, styles, processes, systems, procedures and even skills and attitudes of people in the banks need to change and adapt".

It is apparent therefore, from the earlier discussion that except at the upper two levels of management - that is, the top management level and the regional/
sonal level – where there is ample scope for the people
to exercise their initiative and powers of decision
making, the people at the lower level are mainly concerned with doing routine branch work. Thus, for instance, in the deposits department, it is the clerical staff who do all the routine work of writing the particulars of the customer in the Account opening register (both in the case of a Current or Savings Account) preparing the pass book, issuing the token (as in the case of cash payments) scrutinising the cheques, verifying the balance and other particulars of the account holder in case he wants to withdraw money, posting the cheques into the ledger into the relative account, entering the details of the vouchers in the Payment Scroll etc., etc. The officer in charge of the department is concerned mainly with the work of supervising the work of his subordinates. For instance, all the vouchers relating to say a Savings or to a Current Account are passed by an authorised officer of the branch. In the case of with-
drawl of money by cheque, after the clerk affixes the
"Pay Cash" stamp on the cheque, he has to send it to the
officer for passing. As Baldev Sharma (1979:14) puts it,

"the nature of work in the banking industry is
such that there are no major differences between
the officers and the clerks. Although the
officers do not themselves perform the basic
operations that are handled by the clerks, they
are required to check and counter-check these
operations. For most of the officers, therefore,
the nature of work is basically similar to that
of clerks although the officers enjoy a little
more autonomy in executing it".

Thus the large majority of the jobs in the banks
do not pose much challenge, whatsoever, and there is
little scope for exercising one's creativity. It is for
this reason, therefore, that dissatisfaction creeps in
and it is largely confined to the clerical and junior
management level. It has been observed that white-collar
work, in general, is becoming more like manual work and
many lower-level white collar workers are beginning to
realise that there is almost no likelihood of much
advancement. For managers, the problem comes at middle
management level, where there can be a great deal of responsibility without the corresponding authority.

There is also an age factor here with managers in their late 30s frequently feeling that they have reached a plateau with little further movement up the organisation possible (Hall, 1978).

Although the organisation structure as described above is aimed at effectively utilizing the bank resources, it often overlooks some human considerations. The situation is further aggravated whenever there is a lack of sound personnel policy. Strong unions and weak managements further contribute to individual frustrations. In the absence of job rotation policy only a select few get good portfolios while others have to content themselves with less challenging jobs. In view of a lack of appropriate training policy, a sense of frustration may accompany taking up of new assignment. The merging of specialist functions with generalist functions also pose several motivational problems. Conflicting/inconsistent
Instructions from various functional executives may also result in building up frustrations among the employees. The balance between the promotions by seniority and merit is very critical for containing frustrations.

The rapid growth in the banking industry has, therefore, led to the banks working under severe stresses and strains. Some of the stresses which have been listed below (Bandyopadhyay, 1978:31) may perhaps be responsible for causing increasing feelings of disenchantment or alienation from work.

a) It has been difficult to get adequately motivated and trained staff for our newly opened branches and specially for our rural and semi-urban branches.

b) Staff are unwilling to move to the rural areas because of certain modern amenities being not available.
c) Due to rapid expansion, staff with relatively less experience have been promoted to supervisory and junior officers' level. Time for adequate training is not available. The operational and executive experience of the managers in many branches are minimal. Often the management of branch suffers due to this. Often such a person cannot provide the dynamic leadership which is so much needed for the success of rural banking and nation's new banking policy.

d) Job rotation is present only in name in many banks. Due to ever increasing pressure of work, relatively experienced person in one position is not transferred to a different position. When the time for promotion comes (due to expansion most of the clerks have to be promoted to officers' cadre within 4/5 years) the promotion exposes the staff to a new type of work about which he has very
little or no idea. He becomes diffident and the work suffers. This is a representative picture though some bank's position may be relatively better. This weakness in terms of skill is demotivating the officers at the junior level.

e) Introduction of performance budgeting and planning to rectify some of the problems faced did not prove quite satisfactory because the systems have not been introduced with proper care and coordination. As a result, whole concepts of planning and performance budgeting have come into dispute.

f) Credit portfolio has undergone change, volume and diversity have increased but the system of appraisal and follow-up have not been adequately changed. Though most of the banks have introduced some changes in this area often these are not adequate and this is particularly so in the follow-up area.
g) Information system in the banks which was designed to cater for the decision making needs of the earlier times has been found quite inadequate for the changed decision making needs. Thus decision making often gets delayed; often decisions are made without taking into consideration the relevant information even though the relevant information may be available within the system.

h) System, procedures, rules etc. have not been streamlined to meet the changed needs of the growing business and also to cater for the new areas of business that are being continuously assigned to banks.

i) The unprecedented branch expansion particularly in the rural and semi-urban areas have created problem of staffing, control and coordination. Older structures with more stress on centralised decision making has to give way
to the decentralised structure. Most banks therefore went through some sort of an experiment to restructure the organisations to make them more effective. However, quite often such exercises were carried out in hurry (without proper analyses and design and phased implementation programme) and stresses and strains in the structure are getting developed.

These are some of the weaknesses arising out of the existing organisational structure of the banks as pointed out by Bandyopadhyay. It is hoped that this study will throw some light and confirm whether such an imbalance between the new role of the banks and the present organisational structure does in fact exist. The adequacy of the available human resources and their utilisation for role fulfillment will hopefully emerge from the perceptions and attitudes of the respondents of this study.