CHAPTER-IV

ORGANISATIONAL STRUCTURE OF STATE BANK OF INDIA
4.1 INTRODUCTION

Organisation is a group of people working together to achieve common goals. Top management determines the direction of the organization by defining its purpose, establishing the goals to meet that purpose and formulating strategies to achieve the goals.  

Organisation structure is the system of task, reporting and authority relationship within which the work of the organisation is done. Thus structure defines the form and function of the organisations activities. Structure also defines how the parts of an organisation fit together, as is evident from an organisations chart. The purpose of an organisations structure is to order and coordinate the actions of employees to achieve organisational goals. The premise of organised effort is that people can accomplish more by working together than they can separately. The work must be coordinated properly, however if the potential gains of collective effort are to be realized. Consider what might happen if the thousands of employees at Compaq computer worked without any kind of structure. Each person might try to build a computer that he or she thought would sell. Now two computers would be alike and each would take months or years to build. The costs of making the computers would be so high that no one would be able to afford them. To produce computers that are both competitive in the market place and profitable for the company, Compaq must have a structure in which its employees and managers work together in a coordinated manner. The task of coordinating the activities of thousands of workers to produce computers that do the work expected of them but are guaranteed and easy to maintain may seem monumental. Yet whether the goal is to mass produce computers or to make soap, the requirements of organisation structure requirements of organisation structure are similar.
First the structure must identify the various tasks or processes necessary for the organisation to reach its goals. This dividing of tasks into smaller parts is often called "division of labour". Even small organisations (those with fewer than 100 employees) use division of labour. The organisation structure is concerned with the establishment of positions and the relationship between positions. It provides an appropriate framework for authority relationships. Organisational structure involves arrangement of activities and assignment of personnel to these activities in order to achieve the organisational goals. It is a way by which various parts of an organisation are tied together in a coordinated manner and it illustrates the various relationships among various levels of the hierarchy within the organisation as well as horizontal relationships among various aspects of organisational operations. A well planned organisation structure results in the better use of resources.

An organisational structure defines how job tasks are formally divided, grouped and coordinated. These are six key elements that managers need to address when they design their organisation's structure. These are: work specialisation, departmentalization, chain of command, span of control, centralisation, decentralisations, and formalisation. A good organisational structure is needed so that:

- Each individual in the organisation is assigned a role, responsibility and necessary authority. Each person who is assigned to an activity must know his position, his role and his relationship with others.

- The activities of all individuals are coordinated and integrated into a common pattern in order to achieve the organisational objectives.

- The optimum use of human skill and efforts is achieved. A good organisation requires the right person for the right
job and this avoids misapplications of human resources thus resulting in optimal utilisation of employee efforts. This would ensure efficiency in the functioning of the enterprise.

4.2 ORGANISATION STRUCTURE OF INDIAN BANKING

Chart No. 4.1

Structure of Indian Banking

Commercial Banks

Scheduled Commercial Banks

Non-Scheduled Commercial Banks

Local Area Banks

Public Sector Banks

Private Sector Banks

State Bank of India and its Associates

Nationalized Banks

Indian Private Banks

Foreign Banks

Urban Co-operatives

Rural Co-operative Credit Institutions

Scheduled Urban Co-operative Banks

Non-Scheduled Urban Co-operative Banks

Multi State Operating in Single State

Multi State Operating in Single State

State Co-operative Banks

District Central Co-operative Banks

Primary Agricultural Credit Societies

State Co-operative Agriculture and Rural Development Banks

Primary Co-operative Agriculture and Rural Development Banks

Source: RBI monthly bulletin October, 2007
The structure of Indian banking is organised under two terms first is commercial banks and second is co-operative credit institutions. Commercial banks are also divided into two heads one is scheduled commercial banks and second is non-scheduled commercial banks. Scheduled commercial banks have also two branches (i) Public sector banks (ii) Private sector banks.

Public sector banks again divided into two heads, state bank of India (8) Nationalized banks (20). On the same ground private sector banks have two branches. Indian Private banks (27) and foreign banks (29). Now, Co-operative credit institutions have several stages. First stage is urban co-operative banks and Rural co-operative credit institutions. Then urban co-operative banks have schedule UCBs and Non-scheduled UCBs. Scheduled UCBs have two parts (i) Multi-state (ii) Operating in single state. Non- scheduled UCBs have also single branch (1) Multi-state opening in single state. On the hand rural co-operative credit institutions have short term and long term institutions.
4.3 ORGANISATIONAL STRUCTURE OF STATE BANK OF INDIA

4.3.1 The Central Office

Chart No. 4.2
The apex body of the bank, the central office is headed by a chairman who is assisted by a managing directors. The Chairman and the Managing Directors are appointed by the govt. of India. Besides there are positions of Deputy Managing directors, one each for commercial banking, HR and OD, international banking associate banks and planning, industrial rehabilitation, personal and services. Banking and computer system and technology corporate operations, personnel, development banking and treasury and investment management. The activities of the deputy managing director (DMD) are co-ordinated by the managing director (M.D.) A central Management committee comprising of chairman, MD and DMD's exists for the purpose of taking important policy decisions. The central office is mainly concerned with corporate policy and planning, development of critical resources, large advances, investments and control of foreign offices. The organizational structure of central office is shown in Chart No. 4.2
The central office has circles working directly below it. The apex body of a circle is the local head office (LHO). LHO is headed by chief general manager (CGM). The CGM is the chief executive of a circle stationed at local head office and he is envisaged as an extended arm of the corporate management on location. There are two general manager (GM) one for operations and the other for planning in each circle. The CGM is also the member secretary of the local Board and in addition, discharge the responsibility of coordinating the activities of operations and planning wing for achieving optimum results at a circle level. GM (operations) primarily attends to all operational matters emanating from regional offices and assume total operation responsibility for the circle. GM (planning) is the chief executive in the circle and is charged with the responsibility of providing inputs to the central office for the evolution of the banks policies as also to make on going assessment of its policies and procedures keeping in view of requirements of the operations wing. The detailed organisation structure of LHO is shown as Chart No. 4.3.
4.3.3 Zonal Office

Chart No. 4.4
At the zonal level, the office is headed by deputy general manager (DGM) and a team of regional managers called assistant general manager (Region) and is responsible for operation control over branches in their region. They provide necessary support to the branches by prompt attendance to the financial needs of customers which fall outside the purview of the branch manager. They also convey the bank expectations and priorities in the area of business development and provide necessary support to the branch staff in implementation of policies and co-ordinate the functioning of branches. The organisation structure of zonal offices is shown in chart No. 4.4.
4.3.4 Branch office

Chart No. 4.5

Organisation structure of Branch
The bank being a service sector organisation, its internal setup should reflect and respond to the needs of its customers. In 1971, State bank made a shift from the traditional tasks of accepting deposits and granting loans and re-organised the organisaiton structure according to market segments by identifying various customer groups. At the branch level as shown in chart 4.5 the banks domestic operations are grouped into five categories to achieve a focused business thrust at the branch level. There market segments are-

a) Commercial and institutional banking
b) Small industries and small business banking
c) Agriculture banking
d) Personal and services banking
e) Government banking

Each segment provides as complete a banking service to their customer as possible understands their special needs and come out with special scheme to satisfy there needs. The regional managers or AGM (regions) officer are kept closer to their operational area (contiguous Districts) comprising 35-40 branches.

Since its insception State Bank has been striving to blend its business goals with social obligations by actively participating in the country's development efforts to improve the living conditions of the people. The bank has made significant contribution to the geographical expansion of banking facilities in embanked under banked region of the country. The bank is a pioneer in the field of financing agriculture and small scale industries with innovative and imaginative approach. The bank is serving as change agent in the service of the community. It has willing by accepted the challenge of developing the most economically backward districts in the country under the lead
bank scheme. The bank's mission has been spelt out as "A premier commercial bank committed to serve the national development" and to achieve the goal of "profit with growth" and all these have become possible by creating a well-designed organisational structure for the branches, regional offices, LHOs, and central office as described earlier.

4.4 MANAGEMENT OF STATE BANK OF INDIA

The management of the bank vests in a central board of directors which consists of appointees of the government of India, nominees from the government of India and reserve bank, and elected representatives of private shareholders. The constitution of the central board of directors is shown in Table 4.1 as follows.

**Table No. 4.1**
Constitution of central board of directors

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Appointed by</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Chairman and Deputy Chairman</td>
<td>Central government in consultation with RBI</td>
</tr>
<tr>
<td>2.</td>
<td>Managing Director</td>
<td>Central Board of directors with approval of central government</td>
</tr>
<tr>
<td>3.</td>
<td>Ex-officio Directors</td>
<td>Under section 19 (bb) of SBI Act 1955</td>
</tr>
<tr>
<td>4.</td>
<td>Elected Director</td>
<td>Under section 19 (c) of SBI Act, 1955</td>
</tr>
<tr>
<td>5.</td>
<td>Appointed Directors</td>
<td>Central government under 19 (a) and (cb) of SBI Act 1955</td>
</tr>
<tr>
<td>6.</td>
<td>Nominated Director</td>
<td>Central government under section 19 (d) and 19 (c) of SBI Act 1955</td>
</tr>
<tr>
<td>7.</td>
<td>Nominated Director</td>
<td>Reserve Bank of India sec. 19 (f) of SBI Act 1955</td>
</tr>
</tbody>
</table>
The Chairman, Deputy Chairman and managing directors hold office for such term not exceeding 5 year as the central govt. may fix at the time of appointed them. They are eligible for reappointment. The ex-officio director and those nominated by the central government hold office for 4 years and are eligible for re-election and re-nomination. Other nominated director hold office during the presence of nominated authority.

4.4.1 Hierarchy of management

The term level involves person’s arranged in series. Thus levels of management suggest the arranged managerial position in an organisation. In State bank of India there are four management level or grades except board of directors. Directors are nominees of government, Reserve bank of India, Shareholders and workers or employees. These management levels are constituted from seven scales of managers. Scale of managers and their name is hierarchy of management is given below.

Table No. 4.2
Hierarchy of management

<table>
<thead>
<tr>
<th>Scale</th>
<th>Name in management as per scale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scale I</td>
<td>Officers or Deputy manager</td>
</tr>
<tr>
<td>Scale II</td>
<td>Manager or branch manager</td>
</tr>
<tr>
<td>Scale III</td>
<td>Senior manager or branch manager</td>
</tr>
<tr>
<td>Scale IV</td>
<td>Chief manager or regional manager or branch manager</td>
</tr>
<tr>
<td>Scale V</td>
<td>Assistant general manager or branch manager</td>
</tr>
<tr>
<td>Scale VI</td>
<td>Deputy general manager or zonal manager</td>
</tr>
<tr>
<td>Scale VII</td>
<td>General manager or zonal manager</td>
</tr>
<tr>
<td>Scale</td>
<td>Pay Structure</td>
</tr>
<tr>
<td>------------</td>
<td>---------------------------------------------------</td>
</tr>
<tr>
<td>Scale II</td>
<td>Rs. 13820–500–14320–560–19920</td>
</tr>
<tr>
<td>Scale III</td>
<td>Rs. 18240–560–21040–620–22280</td>
</tr>
<tr>
<td>Scale IV</td>
<td>Rs. 20480–560–21040–620–24140</td>
</tr>
<tr>
<td>Scale V</td>
<td>24140–620–26620</td>
</tr>
<tr>
<td>Scale VI</td>
<td>26620–680–29340</td>
</tr>
</tbody>
</table>

**Clerical Staff**


**Subordinate Staff**


**Source:** [http://en.wikipedia.org/wiki/banking_in_India](http://en.wikipedia.org/wiki/banking_in_India)
4.2.2 Organisational Control Centres

Table No. 4.4

Organisational control centres

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Control centre</th>
<th>Responsibilities</th>
<th>Headed by</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Top Management</td>
<td>Corporate and strategic control</td>
<td>Chairman and managing directors</td>
</tr>
<tr>
<td>2.</td>
<td>Circle management</td>
<td>Management control</td>
<td>Chief general manager and general manager</td>
</tr>
<tr>
<td>3.</td>
<td>Zonal management</td>
<td>Operational control</td>
<td>Deputy general manager and Assett. General manager</td>
</tr>
</tbody>
</table>

4.4.2 Organisational control centres

From the table 4.4 it is clear that top management is headed by chairman and managing director. They are responsible for corporate and strategic control. Second level of management is circle management headed by chief general manager and general manager with the responsibilities of management control. After that zonal management is headed by deputy general manager and assistant general manager with the responsibilities of operational control.

4.5 RECRUITMENT OF STAFF IN STATE BANK OF INDIA

In the matter of recruitment of clerical and subordinate staff, subsidiaries follow a more or less uniform policy based on
the guidelines issued by the state bank of India on matters like notification of vacancies through employment exchanges, minimum qualifications relaxations to certain categories of candidates etc. Subsidiaries are encouraged to adopt modern techniques in selecting proper candidates for these jobs. As regards recruitment of officers taken directly a selection board has been constituted by the State Bank of India which makes selection of candidates on an all India basis both for the State Bank of India and subsidiaries. Besides saving costs for the subsidiaries, it is stated that the board ensures that officers of right type with good academic qualification are taken in the service of the subsidiaries.

4.6 TRAINING OF STAFF IN STATE BANK OF INDIA

The State Bank of India's experience in training span more than four decades and is based on an in-depth understanding of the business and banking environment, domestic as well as international. The State Bank of India also provides training to officers of the subsidiaries in their various specialized departments at their central office and local head offices. Training in the State Bank of India is a proactive, planned and continuous process as an integral part of organisation development. It seeks to impart knowledge improve skills and re-orient attitudes for individual growth and organizational effectiveness. Some of the officers of the subsidiaries are also taken on deputation by the State Bank of India. So that these officers may in due course be equipped to take up responsible assignments in the respective subsidiaries. Periodical conferences of the Central office of State Bank for discussion of business strategies, personnel, policies, new techniques in development of business etc. In view of the rapid expansion programme of the subsidiaries, due attention is given to the aspect of training of personnel in the subsidiaries. All the
subsidiaries have been encouraged to open residential and non residential training centres in the lines of the State bank.

4.6.1 Training System Goals

- Training updating, maintenance, and renewal
- Proactive, progressive, preparative and educative
- Reorienting attitudes for better management marketing
- A change agent
- Feed back to corporate office to assist in policy formulation and product development
- To act as a think tank
- An internal consultant
- Organizational development interventions
- To conduct customised on site programmes at our branches
- Interventions at branch level for organisational development
- Research and development
- Programmes conducted
- Credit management
- Credit appraisal and management
- Project appraisal and project finance
- Risk management
- NPA management and industrial rehabilitation.
- International banking
- Foreign exchange and Euromarkets
- Trade finance- trade settlements, financing techniques
Derivatives

- Management development programme
- Branch management programme
- Executive development programmes
- Leadership and motivation
- Professional effectiveness
- Stress management
- Role efficacy

Personnel management and industrial relations

4.7 CONCLUSION

An ideal organisation supposed to be a place where highly motivated people can work together to achieve both their individual goals as also the goals of the organisation. It is well known fact that optimum results can be achieved unless the organisation structure is consistant with objectives. A good organisation structure also facilitates the progress of decision making. From the above discussion it is very clear that the organisation structure which has been shown in different tables has adopted from recommendation of consultancy group (USA).

Highest body in the zone is general manager and under him there is long layer of officers, those who are responsible for their decisions and facts directly to general manager. So it is not possible for the officer to handle this type of big organisation. Although, proper delegation of power and authority has been implemented in the bank, but it is suggested that more power should be given to different level officers, more over they should be held responsible for their authority. Further, any decision taken by the government has to effect the functioning of banking industries. It is suggested that any
decision taken by the government related to the bank should be adopted after consulting the banking experts. Although highly competitive have been appointed as managers in the bank but it could be better some consultancy services may be taken at different level.

Although bank has with its routes of excellence in human resources, values and tradition excelled and realised a loudable performance of business and has subsequently contributed to the realisation of corporate and national goals during past years. It has improved its deposits, advances, and profit subsequently.

Customer satisfaction has always remained primary concern. Suggestions and complaints boxes are available at all the branches and offices. Action is immediately taken to the complaint lodged by customer.
REFERENCES


