CHAPTER – 5

DATA COLLECTION-II: ORGANISATIONAL PROFILE

A general profile of the six banks (HDFC Bank, IDBI Bank, Citi Bank, UCO Bank, UBI and Indian Bank) taken up for detailed study, especially with reference to the organizational design and HR practices based on the information collected through visits, interviews and perusal of literature/publications is given below:

5.1. HDFC BANK – Profile

I. Background:
As part of liberalization and globalisation of the financial sector in India, the policy approach to Banking Sector underwent tremendous changes in the nineties. One significant development in this context has been the grant of permission to establish and operate banks in private sector with huge capital base and technology based services. The Central Bank of the country was extremely cautious about the promoters who were allowed to open these banks. In this backdrop, HDFC (Housing Development Finance Corporation), India’s premier housing finance company received approval for setting up a bank in 1994 and the bank commenced operations as a Scheduled Commercial Bank in January 1995. The authorized capital of the bank is Rs.450 crore and the paid up capital is Rs.311.9 crore. The HDFC group hold 22.1% of the bank’s equity while 19.4% is held by the ADRs depository and 31.3% by Foreign Institutional Investors. The remaining are held by public. The stock is listed in Mumbai Stock Exchange, National Stock Exchange and New York Stock Exchange. During the year 2000, Times Bank Limited, another new private sector bank merged with HDFC bank enabling its geographical expansion and higher business volumes.

II. Service Network:
The bank is head quartered in Mumbai. At present it has 531 branches spread over 228 cities across India. All branches are linked on an on-line real-time basis. Customers in over 120 locations are serviced through telephone banking.

III. Corporate Goals:
(a) **Vision:**
The vision of the bank is “to build a world class Indian Bank.”

(b) **Mission:**
Use enabling technology to provide value added products and services to customers at value for money price.

(c) **Corporate Goal:**
To build a sound customer franchise across distinct business so as to be the preferred provider of banking services in the niche segments that the bank operates in and to achieve a healthy growth in profitability, consistent with the bank’s risk appetite.

To ensure the highest level of ethical standards, professional integrity and regulatory compliance and to maintain an impeccable market reputation and corporate image.

(d) **Bank’s Value and Ethos:**
- Customer Focus
- Operational Excellence
- Product Leadership
- People

(e) **Organisational culture:**
The organization describes its culture as being:
- Diverse
- Technosavvy
- Result driven and performance oriented
- Young and dynamic
- Ethical Organisation

The Organization interprets ‘Performance oriented’ culture as one where the employees,
- feel directly accountable for their performance
- understand the big picture
- focus on their objectives – what, how and when.

The Organisation’s corporate culture has an underlying customer orientation.

(f) **Belief:**
The Organisation has spelt out their belief as under:
‘The ultimate identity and success of our bank will reside and it always has, in the exceptional quality of our people and their extraordinary efforts’.

IV. **Technology:**
HDFC Bank operates in a highly automated environment in terms of information technology and communication systems. All the bank's branches have on-line connectivity which enables the bank to offer speedy funds transfer facilities to its customers. Multi-branch access is also provided to retail customers through the branch network and Automated Teller Machines (ATMs). The bank has made substantial efforts and investments in acquiring the best technology available internationally, to build the infrastructure for a world class Bank. In terms of software, the Corporate Banking business is supported by Flexcube, while the Retail Banking business by Finware, both from I-flex Solutions Ltd. The systems are open, scaleable and web-enabled. Customers in over 120 locations are also serviced through Telephone Banking.

V. Organisational Design:

The Organisational design by definition may appear to be pyramidal in nature. However, the structure is considerably flat and is functionally organized as a vertical structure. The organizational design at the top/corporate level is as under:

Fig.18

Chairman

Managing Director

Head (Function-1)  Head (Function-2)  Head (Function-3)  Head (Function-4)
The organizational set up at Operational level is as under:

```
Country Head
   ↓
Zonal Head
   ↓
Branch Head
   ↓
Personal Banking (Administration)
   ↓
Personal Banking (Front-line)
   ↓
Teller
   ↓
Relationship Manager
```

The hierarchy provides for eight layers below the position of Managing Director. They are:

1. Executive
2. Assistant Manager
3. Deputy Manager
4. Manager
5. Senior Manager
6. Assistant Vice President-Level 1 & 2
7. Vice President
8. Senior Vice President
9. Group Head.

Though there are nine levels, the Senior Management Cadre has only four (4) levels, i.e., from Assistant Vice President to Country Head and hence the same could be considered as a relatively flat organizational set-up. The flatter organizational structure emphasizes a decentralized approach to management that encourage high employee involvement in
decisions. It enables rapid response to customer’s needs or changes in the business environment. The supervisor tends to have a more personal relationship with his or her employees. The design has a “Divisional Structure” approach where the divisions operate as relatively autonomous businesses under the large corporate umbrella with each division operating as a profit center. Each division has a product specialization which enables focus for excellence.

The workflow chains are functionally organized. Branches generally confine to retail banking. Corporate banking and other segments are primarily located at Corporate Office. The retail services required by such customers including maintenance of their accounts etc. are delivered through branches.

**VI. Human Resources Management:**

The organization has well defined Human Resources strategies and policies. There is integration of HR strategies and Corporate/business strategies. The organization based on the requirement of a division/office/branch to be opened assesses the man power requirement. For each position the skill requirement is defined and appropriate personnel are selected by a selection committee involving line and staff functionaries. The position available are made open to internal as well as external candidates. The employees/executives in a specific functional area are specifically recruited based on their experience/expertise/qualification. The front-line staff involved in service delivery are selected after ascertaining their skills considering the job profile. Though the organization offers a systematic career path taking into account the past performance and suitability, there are lateral recruitment to key positions or specialized areas. The bank has not drawn up a well-defined career plan for its employees.

The remuneration packages are job specific as well as person specific. The package takes into account the job profile, skills required and the profile of the person. The components of the pay include (1) Fixed pay, (2) Retirement benefits, (3) Loan and related components and (4) Performance related pay. In order to ensure that the organization’s remuneration packages are competitive, the bank adopts the system of ‘bench marking’. The process of bench marking is undertaken with the positions in the market as well as those within the organization.

The bank has a well-designed performance management system. The individual’s performance assessment is undertaken on an annual basis, taking into consideration the
performance of the individuals under various parameters. On the other hand business performance is reviewed at shorter intervals – Half yearly/monthly depending upon the area of performance. The performance assessment is taken into account while considering the employees for promotions/other positions as also for determining the performance-linked pay and performance-linked bonus.

The bank has a system of offering Rewards for higher performance levels. The bank offers to its employees performance-linked pay as well as performance-linked bonus. As the pay hike has limitations, performance-linked bonus is used as a flexible tool for rewarding better performance. The bank has also taken many initiatives to motivate the staff for better performance. The bank has instituted a trophy for group performance and star certificate for individual performance. High performers are invited to meet top management/senior executives. Informal meeting of functionaries of a group/division is held to foster comradarie and team spirit. Awards are given for performance in a functional area, parties are held where interactions are facilitated in an informal atmosphere. The concept of ‘mentoring’ is very much in vogue in the organization. The zonal heads/cluster heads keep meeting operational staff at the branches at frequent intervals.

VII. Products and Services:
The bank offers a wide range of commercial and transactional banking services and treasury products to wholesale and retail customers. The bank has three key business segments.

(a) Wholesale Banking Services:
The Bank’s target market ranges from large, blue-chip manufacturing companies in the Indian Corporate to small and medium-sized corporates and agri-businesses. The bank provides a wide range of commercial and transactional banking services including working capital finance, trade services, transactional services, cash management, etc. The bank is also a leading provider of structured solutions which combine cash management services with vendor and distributor finance for facilitating superior supply chain management for its corporate customers and is considered a leading service provider in this area of banking.

(b) Retail Banking Services:
The bank provides its target market for retail services a full range of financial products and banking services, giving the customer a one-stop window for all banking requirements. The delivery channels of the service include ATMs, Phone Banking, Net Banking and
Mobile Banking. The HDFC Bank preferred program for high net worth individuals, the HDFC Bank Plus and Investment Advisory Services Programs have been designed keeping in mind needs of customer who seek distinct financial solutions, information and advice on various investment avenues. The bank also has a wide array of retail loan products including Auto Loans, Loans against marketable securities, Personal Loans and Loans for two-wheelers. Bank also provides Depository Participant (DP) services for retail customers, providing customers the facility to hold their investments in electronic form.

The bank was the first in India to launch an International Debit Card in association with VISA and issues MasterCard Maestro debit card as well. The bank launched its credit card business in late 2001 and it has a card base of more than 5.2 million cards. The bank is also one of the leading players in the “merchant acquiring” business with over 50,000 point-of-sale (POS) terminals for debit/credit card acceptance at merchant establishments.

(c) Treasury:
This segment covers services relating to money market, debt market and Foreign Exchange as well as derivatives. The Treasury team, in addition to managing investment and liquidity for the bank offers advices to corporates on risk management and also provide information and product structures.

The various important products offered by the bank are as given below:

(d) Products:
I. Clientele: Large Corporates:
   i. Funded Services: Working Capital finance, short term finance, Bill discounting, structured finance, Export credit, Term Financing, etc.
   ii. Non-fund Services: Letters of Credit, Bank Guarantees, Collection of Documents, etc.
   iii. Value added Services: Structured Loan Syndication, Cash Management Services, Channel Financing, Foreign Exchange, Money Market desk, Derivatives desk, Bankers to Public Issue, etc.
   iv. Miscellaneous: (a) Internet banking including Corporate internet banking, supply chain management, payment gateway services; (b) Payment and Settlement System services such as Real Time Gross Settlement System (RTGS); (c) Agri- business Lending.
II. **Clientele: Small and Medium Enterprises:**

**i. Funded Services:** Working Capital Finance, Auto Finance, Equipment Finance, Short term Finance, Bill Discounting, Credit substitutes, Export Credit, Cash flow financing, Real Estate Initiatives, etc.

**ii. Non-funded Services:** Business Account, HDFC Bank Trade, Letters of credit, Guarantees, Collection of Documents, Cash Management Services, Forex Desk, Money Market desk, Derivatives Desk, Bankers to Rights/Public Issue, etc.

**iii. Miscellaneous:** (a) Value added Services, Merchant Services, Depository Services, Custody Services; (b) Specialised services such as Channel Financing; (c) Payment system services such as Real Time Gross Settlement (RTGS).

III. **Clientele: Financial Institutions:**

**i. For Banks:**
Clearing sub-membership, RTGS sub-membership, Fund Transfer, Cheque Truncation, Forex Desk, Depository Services, Bankers to public Issue, etc.

**ii. Financial Institutions:**
India Link, Services to Cash Surplus, Forex Desk, Money Market Desk, Derivatives desk, Custodial service, Correspondent banking, etc.

**iii. Mutual Funds:**
Collection Services, Payment Services, Depository Services, Custodial Services, Bankers to public issue.

**iv. Stock Brokers:**
Guarantees, Clearing Settlement, Loan against securities, Mutual Fund Services, Depository services, custodial services, etc.

**v. Insurance Companies:**
Money Market desk, Forex desk, Derivatives desk, Custodial Services, etc.

**vi. Miscellaneous:**
1. Custodial and depository services, participation in RBI auction and SGL maintenance for Trusts.
2. Banking Services for commodity Businesses.

IV. **Retail Banking: Clientele – Individuals and Others**

**i. Savings Bank Account**
Regular, No frills Retail Trust, Kids Advantage, Pension Savings, Family Savings, Salary, Classic, Pay roll, Regular, Premium, Defence, etc.

ii. **Current Account:**
Regular, Plus, Trade, Reimbursement, Premium, RFC domestic, etc.

iii. **Fixed deposit:**
Regular, Super saver, Sweep-in

iv. **Demat Account**

v. **Loans:**
Personal Loans, Home Loans, Two wheeler loans, Auto Loans, etc.

vi. **Credit Cards:**
Classic Cards, Premium cards, Special Benefit Cards, Co-branded cards.

vii. **Debit Cards:**
Classic Cards, Premium Cards

viii. **Prepaid Cards:**
Forex plus card, gift plus card

ix. **Foreign Exchange Services (To all clientele):**
Traveller’s cheques; Cash; Drafts; Cheque Deposits; Remittances; Door step delivery;
Cash to master; Trade Finance; Forex Card; Forex Services branch locator

V. **Financial Highlights**

The financial position of the bank as at the end of March 2005 was as under:

### Table: 28

<table>
<thead>
<tr>
<th></th>
<th>1995-96 *</th>
<th>2004-05</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deposits</td>
<td>685.70 crore</td>
<td>36354.25 crore</td>
</tr>
<tr>
<td>Loans</td>
<td>368.62 crore</td>
<td>25566.30 crore</td>
</tr>
<tr>
<td>Investments</td>
<td>314.28 crore</td>
<td>19349.81 crore</td>
</tr>
<tr>
<td>Equity</td>
<td>221.08 crore</td>
<td>4519.85 crore</td>
</tr>
<tr>
<td>Profit After Tax</td>
<td>20.28 crore</td>
<td>665.56 crore</td>
</tr>
<tr>
<td>Capital Ratio</td>
<td>23.53%</td>
<td>12.16%</td>
</tr>
<tr>
<td>Earnings per share</td>
<td>1.04</td>
<td>22.92</td>
</tr>
</tbody>
</table>
The position of gross and net NPA levels shows that the bank is financially sound. This view is further supported by the Capital Adequacy Ratio (CRAR) of 12.16%. The bank had made tremendous growth in business, profit, technology and range of services offered during the past 10 years of its existence.

VI. Awards:
The bank since its inception has been receiving awards/ recognition for its performance in various operational areas. Some of the most significant awards received during the last three years include the following:

2003:
- Forbes Global named the bank among the “200 best small companies for 2003”.
- Leading Indian Business Magazine ‘India Today’ rated the bank as the “Best Bank in India 2003”

2004:
- Bank won the award for “Operational Excellence in Retail Financial Services” as part of Asia Banker Awards
- Forbes Global named the bank among “100 best Smaller Size Enterprises in the Asia/Pacific and Europe.
- The bank was selected by Business World as “One of India’s most respected companies’ as part of ‘The Business World most Respected Company Awards 2004.

2005:
- The bank was adjudged as the ‘Best Domestic Commercial Bank’ by the Asia Money Awards
• The bank was awarded ‘Best-Bank-India’ award by Hongkong based Finance Asia Magazine.
• The bank received award being ‘Company of the year’ for corporate excellence instituted by Economic Times.

VII. Human Resources:
The bank has a total work force of 9030 employees as of March 31, 2005
Bank’s stock option scheme is extended to employees at all levels to broaden employee ownership and covers 95% of the employees.

VIII. Organisational Design and HR Practices:
Significant points for comparative study:

A. Organisational Design:
1. The Organisation has a comparatively flat organizational structure.
2. The functions are bifurcated in to two levels, i.e. (1) at branch level and (2) Corporate level. Some functions are undertaken at branch level only and some functions at Corporate level. This enables highest possible level of specialization. It also helps in focusing on a specific group of clientele – segment specialization.
3. Branches are specializing on Retail Banking business, wholesale banking in general and also business relating to large corporates, small and medium enterprises, etc. are dealt with directly by the Corporate Office (though delivery point may be branches for some services). This ensures highly focused, professional and competitive customer service.
4. Organisational design facilitates communication channel directly from the operational people to the corporate group without being routed through hierarchy which creates unproductive layers.
5. Functional Heads (Country heads for various operational groups) are reporting directly to the Managing Director without involvement of any administrative / hierarchical layer in between.

B. Human Resources Practices:
1. Absolute integration of Corporate/Business strategies and Human Resources Strategies.

2. The HR Department identifies the skill/competency required for each job and selects individuals possessing the same.

3. Front-line staff involved in service delivery are selected specially considering their skill/competency to perform the job.

4. There is lateral recruitment to all positions.

5. Compensation packages are not fixed amounts. The same are job specific as well as person specific. The package will include fixed as well as variable component.

6. The organization undertakes ‘bench marking’ to ensure that the compensation is competitive.

7. The organization rewards high performance through performance related pay and performance linked bonus.

8. Programmes for financial participation such as – Employee Stock Option Scheme is available to all employees.

9. Initiatives for motivation include the following:
   (i) Star certificate for individual performance and Trophy for group performance.
   (ii) High performers are invited to meet top management.
   (iii) Informal gatherings are organized for interaction and creating team spirit.

IX. Technology and Product range

Significant Points for comparison:

i. All branches are networked. The corporate banking and retail banking are supported by Flexcube and Finware (I-flex solutions). There are ATMs in various parts of the country.

ii. Bank offers wide range of cards in the category of debit cards, credit cards and prepaid cards.

iii. The bank offers internet banking, telephone banking and mobile banking.
5.2. **IDBI Bank - Profile**

I. **Background:**

Taking advantage of the globalisation of the financial sector and the liberalization in the Indian Banking Sector permitting establishment of banks in the private sector the apex development bank of India, viz. Industrial Development Bank of India (IDBI) promoted IDBI Bank Ltd. The bank, as envisaged in the RBI’s scheme, was to be a technology driven high capital based commercial bank.

The Bank was established as a subsidiary of IDBI in September 1994. The bank began with an equity capital base of Rs.100 crore from IDBI and Rs.20 crore by Small Industrial Bank of India (SIDBI). The first branch was established in Indore in 1995. With a public issue in 1999, the paid-up capital increased to Rs. 140 crore. The holding of IDBI and SIDBI was reduced to 57% and 14% respectively in the post public issue scenario. The bank continued as an independent commercial banking set up till its merger with IDBI in April 2005. The merged entity is named as “IDBI Ltd.” and is functioning as a commercial bank. During the period covered by this study, i.e. 2001-2005, the bank has remained as an independent commercial bank and the analysis has been made based on its status as a commercial bank in the pre-merger scenario.

During the year 2004, Industrial Development Bank of India, the institution whose subsidiary, the IDBI Bank Ltd. was, took a strategic decision to merge this commercial banking subsidiary with the parent institution, i.e. IDBI). Based on the application made in this regard, the Reserve Bank of India, in exercise of powers under Section 44 A of the Banking Regulation Act, 1949, approved a Scheme of Amalgamation of IDBI Bank Ltd. (the Transferor Bank) with IDBI Ltd. (the Transferree Bank).

The salient features of the scheme are as follows:

1. The consideration for the amalgamation is 100 equity shares of Rs.10 each of the Transferee Bank for every 142 equity shares of Rs.10 each held by the share holders of the Transferor Bank.

2. The appointed date of merger was October 1, 2004.

3. The effective date of Amalgamation for accounting purposes is October 1, 2004.

4. The effective date of the Scheme is April 2, 2005.

Following the merger of IDBI Bank Ltd., the organizational structure of the merged entity has been realigned as an interim measure. With a view to placing clear focus on retail
banking and development banking activities, the separate strategic business units, viz. the commercial Bank SBU (CBSBU) and the Development Bank SBU (DBSBU) have been formed. Some common operational areas such as Risk Management, Asset Liability Management and Treasury are to be combined. The SBU structure will continue until the Board of Directors of IDBI Ltd. determine that the Human Resources and operating policies of both the SBUs are sufficiently harmonized, subject to a maximum period of three (3) years. It may be observed from the above that despite the merger, IDBI Bank continue to function as a commercial banking entity with all the pre-merger characteristics. The situation is expected to continue as such for the next three years (i.e. 2008). Hence the changes arising out of the merger will not affect the observations and analysis of the study.

II. Network:
The bank has 185 branches. All the branches are net-worked and are connected in to an integrated accounting system. The bank has 330 ATMs and eight extension counters. Combining with 36 branch offices of IDBI Ltd., the bank has more than 500 outlets. The business model adopted is quite unique with the businesses being basically bifurcated into:

1. Retail Liabilities and Retail Assets.
2. Corporate Assets and other Assets.

The branches are treated as ‘sale outlets’ for services. The branches, essentially works on a Front office/Back Office concept.

III. Corporate Goals:

Vision:
The Vision statement of the IDBI Ltd. reads as under:

“To be the trusted partner in progress by leveraging quality human capital and setting global standards of excellence to build the most valued financial conglomerate”.

IV. Technology:

All branches are networked. The bank uses Core Banking Solutions on Finacle Platform. The technology provided by Infosys is the new generation technology. With the use of web technology enabling straight – through processing, the bank is able to undertake 24x7 days banking and service the retail customers effectively. The branch had 330 ATMs as at the end of March 2005.

The bank offers various technology-based services to the customers which include (1) Net Banking; (2) Phone Banking, and, (3) Mobile Banking. The bank offers facility for online direct tax collection. Arrangements are also available for sending statement of accounts
by e-mail. The bank was the first to offer insurance through ATMs. Another pioneering
effort for offering technology based services was to give particulars of market value
holding of the customer in demat accounts. The bank offers ‘Instant Banking’ facility and
also ‘Package Tracker’ facility. Among the techno-based banks, IDBI Bank was the first
to permit ‘Card to Card’ transfer services. The bank has introduced Debit card, World
Currency card in different currencies (to replace traveller’s cheques) and gift card (a
substitute for gift cheques).

V. Organisational Design:

The organizational structure of the bank is as follows:
The bank has a matrix structure. As per the design, at the corporate level, each division or segment will be in charge of a Country Head for that division. The hierarchy involves four (4) layers above the Branch Head, i.e. Cluster Head, Zonal Head, Country Head and CEO. The organization, hence, has a fairly flat structure at the top. The organisation’s business model provides for Function-wise modules with Retail Assets and Retail Liabilities on one side and Corporate Assets and other Assets on the other side. The branches are treated as pure sale outlets or points for sale of bank’s products and services. The branches are functionally bifurcated in to Front Office (FO) and Back Office (BO). The front office has Product team and Sales Team. This group is responsible for the sales of banks products and services. In order to provide competitive service the sales teams have Relationship Managers and Relationship Officers. With a view to ensure personalized services to various categories of employees, the bank engages Relationship Manager for each segment separately. This means that each of the segments, say Personal, Preferred Customers, Bulk Banking, etc. will have separate Relationship Managers and Relationship Officers. This model provides for excellent customer service systems leading to high standards in customer service. The back office (BO) has two teams to manage the operations, viz. Process Team and Technology Team. These teams are supported by Service Office Managers and Asst. Service Office Managers. In order to process the transactions and cash related dealings, there are customer Sales Executives and Teller Service Executives.

The matrix structure provides for dual reporting. For example from the branch level, the sales team will be reporting to the branch head as well as the Zonal Head. Similarly, the back office team will also be reporting to the Branch Head as well as Zonal Head. The organizational design adopted by the bank derives the benefits available to matrix structures. The structure utilizes functional and divisional chains of command simultaneously in the same part of the organization. This enables speed in the decision making process.

There is informal free flow of communication in the organization. Business related communication will be flowing to meet more than one executive as provided in the matrix structure. Inter-personal relationship are generally informal and cordial. The organizational design has an underlying customer orientation. The Relationship Managers are primarily responsible for the creation and maintenance of customer relations. A
significant aspect of this arrangement is that each customer is individually attached to a ‘Relationship Manager’.

VI. Human Resources Management:

The Human Resources Management function in the organization is managed by a professional HR team. The approach (mission) of the HR department with regard to its function has been stated as follows:

“Team HR will facilitate Business Performance through employee development and people friendly culture by being responsive.” The focus of HR is explained by the functional parameters such as ‘People performance’, ‘People development’ and ‘People engagement’. The ‘people performance’ function encompasses designing recruitment strategy, establishing productivity benchmarks, listing out key result areas and improving linkages for ‘pay for performance’. The ‘people development’ function is primarily associated with addressing organizational, business and individual needs, strengthening training functions, development and delivery of career and grooming programmes, leadership development and introduction of new development tools. The ‘people engagement’ programme introduces new reward and recognition schemes, strengthening employee administration initiatives for better retention, etc. The vision which is projected in the organizational context is ‘organisation for performance and performance for organisation’.

The Human Resources requirement is assessed based on need arising from opening of branches or the creation/expansion of the functional facilities at the Corporate Office. The employees/executives in a specific functional area are specifically recruited based on their experience/expertise/qualification. The position arising in the organization are made open to internal as well as external candidates. While, based on the performance and suitability, the internal candidates could be considered for promotion, the organization as a matter of policy do fill up key position by lateral recruitment. Customer Service is given substantial emphasis which is revealed by the fact that the Front-line staff dealing with customers are specially recruited based on their skill/expertise/experience in executing the job. The organization do no assure any career path though adequate opportunity is given to internal candidates while filling up positions.

Organisation has a system for providing performance related pay/compensation package. Remuneration/compensation package is finalized taking in to account the job profile, skill required for the job and profile of the person. The bank also has a well defined
Performance Management System. The Performance assessment structure has a 5-tier framework and the employees are placed in different categories based on their performance. The employees falling under the top Tiers, i.e. high performers are considered for promotions and performance related pay. The ‘performance pay’ which is given to high performers depends on their position among the tiers. The bank also gives bonus to the employees based on the performance assessment.

While emphasizing the expansion and growth of Retail Banking business which was not the core focus area of the bank in the beginning, the HR team introduced the concept of “Retail Organisation Performance Management”. The objective of the initiative was to provide clarity to the role and functionaries in the context of expanding retail business. This was also a part of the strategy to focus on retail banking for expansion and growth.

The primary values governing the initiative include:

1. All products and customers are important.
2. Emphasis is on operational efficiency, sales and service.

The factors identified as enablers for the initiative include: (1) People and culture, Brand Management and network, operation and technology and sales and service. The approach is customer driven, performance driven and emphasizes operational efficiency.

The bank offers scope for financial participation through Employees Stock Option Programme. However, this option has not been made available to employees at all levels. The bank does not have employees in the work-men category eligible to form unions. This ensures industrial peace to a great extent and obviates situations of conflict.

VII. Products and Services:

The bank offers its customers a wide range of services. Most significant items of products and services offered by the bank are:

i. Corporate Banking

(a) Lending Products:
Project Finance, Corporate Loans (Working Capital and Term Loans), Supply Chain Management which include Vendor Financing and Dealer Financing, Loan Syndication, etc.

(b) Government Business:
Tax collection, Pension disbursals, Stamp duty Collection, etc.

(c) Cash Management:
Current Account and Deposits, Collection and Disbursement Solutions, Debt servicing, e-banking solutions.

(d) **Trade Finance:**
International and Domestic Letters of Credit, Performance and Financial Guarantee, Import/Export Remittance and Collections, Trade Advisory Services, etc.

(e) **Trade Finance:**
Inward and Outward remittances, Forward Contracts, Travellers Cheques, Currency, Currency travel card, Customised risk management solutions, Interest rates and Currency Swaps, Rupee and Foreign currency options, Exotic Swaps and options, Constituent SGL accounts, Structured Financial Solutions, Debt Syndication and Distribution, etc.

### ii. Retail Banking:

(a) **Choice of Accounts:**
Instant Savings Account, Roaming Current Accounts, Demat Account, NRI Services, Corporate Payroll Accounts.

(b) **Anytime Anywhere Banking:**
SMS banking, Internet Banking, Phone Banking, ATM Banking, etc.

(c) **Loans:**
Home Loans, Personal Loans, Loans against securities, IPO Financing, ME overdraft.

(d) **Investment Advisory services:**
Mutual Funds, Insurance, Bonds and Debentures.

(e) **Beyond Banking:**
Talking ATMs, Easy Fill Prepaid Mobile Refill service, Bill payments, Account Alerts.

(f) **Card Products/Services:**
World Currency Card, International Debit-cum-ATM Card, Prepaid gift card, Cash card, Card to Card money transfer, Merchant Services, Internet payment gateway.

(g) **Privilege Banking:**
Preferred Customer Banking
VIII. **Financial Highlights:**

**Table: 29** (Combined Entity)

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<thead>
<tr>
<th>Capital and Liabilities</th>
<th>March 2005 (Rs. In Crore)</th>
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<tbody>
<tr>
<td>Capital</td>
<td>721.78</td>
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<tr>
<td>Reserve and Surplus</td>
<td>5204.49</td>
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<tr>
<td>ESO outstanding</td>
<td>2.13</td>
</tr>
<tr>
<td>Deposits</td>
<td>15102.64</td>
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<tr>
<td>Borrowings</td>
<td>50005.54</td>
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<tr>
<td>Other Liabilities and Provisions</td>
<td>10323.66</td>
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<td><strong>81360.24</strong></td>
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**Assets:**

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<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and balance with RBI</td>
<td>2375.89</td>
</tr>
<tr>
<td>Balance with banks and money at call and short notice</td>
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</tr>
<tr>
<td>Investments</td>
<td>45413.57</td>
</tr>
<tr>
<td>Advances</td>
<td>889.41</td>
</tr>
<tr>
<td>Fixed Assets/other assets</td>
<td>4349.41</td>
</tr>
<tr>
<td></td>
<td><strong>81360.24</strong></td>
</tr>
</tbody>
</table>

The combined entity generated a gross profit of Rs.307.26 crores during the year 2005-06. Along with the profits brought forward at Rs.878.91 crore, the total profit available for appropriation was Rs.1186.17 crore. The gross non-performing advances came down from Rs.1342.69 crores to Rs.1215.89 crores. The Net NPA as on 31-3-2005 was Rs.847.49 crore.

IX. **Organisational Design and HR Practices – Significant points for Comparative Study**
(A) **Organisational Design:**

1. The Organisation has a Matrix structure with more than one reporting points for functionaries.
2. At the top level the organization is relatively flat with only four levels between Branch Head and CEO. They are Branch Head, Cluster Head, Zonal Head and Country Head.
3. Branches are considered points of sale.
4. The organization is functionally structured.
5. The business model followed is customer oriented. The branch structure has two vertical segments – one takes care of Front office operations and the other Bank office operations.
6. The Front office has a product and sales team looking after customer interaction.
7. There is constant interaction between cluster Heads/ Zonal Heads and operational staff.

(B) **Human Resources Management:**

1. There is considerable integration of Corporate/business Strategies and Human Resources Strategies.
2. The recruitments are position based, as per requirement, taking into account the skill/competency of the personnel for that job.
3. Though the positions arising for recruitment are open to all, there is lateral recruitment to key positions.
4. Front-line staff who are working as Relationship Managers as well as other staff are selected based on their skill/competency to execute the job.
5. The remuneration depends on job specification, experience and expertise of the personnel. The Package will include fixed as well as variable components.
6. The bank facilitates financial participation by offering Employee’s Stock Option programme, though it is confined to some levels only.

**X. Technology and Product range**

**Significant points for comparative study**

1. All branches are networked. The bank uses Finacle core banking solutions.
2. There are 330 ATMs. The techno-based services include Net banking, phone banking and mobile banking.

3. The bank offers ‘Instant Banking’ facility and ‘Package Tracker’ facility.

4. Demat account holders get market value of their holdings.

5. Insurance if offered through ATMs.

6. The bank has Debit Card, World currency Card (in various currencies) and Gift Card (no credit card).

7. The bank provides card to card transfer services.

5.3. **Citi Bank – Profile**

1. **Background:**
Citi Bank belongs to the City group. Historically Citi Bank was established in 1812, with a capital of $2 million in New York City as ‘City Bank of New York’. It opened its business on 14 September 1812. In 1822 Farmers Fire Insurance and Loan Company was founded and the same was merged with City Bank. The bank joined the new US national banking system and became the City Bank of New York. The bank which became the largest bank in the US in 1894 with more activities added to its functioning expanded its operations into Asia, Europe and India with offices from Shanghai to Manila by 1902. The first foreign branch was opened in Buenos Aires in 1914 closely followed by opening an office in Rio de Janeiro, Brazil. By 1915, City Bank became America’s leading international bank with the largest overseas branch network. The bank grew in size with International Banking Corporation, a U.S. overseas bank becoming a wholly owned subsidiary of the bank. The business in the personal segment grew with more loan and deposit products during the period 1928 to 1936 and became the largest commercial bank in the world. The bank had, by 1939, 100 offices in 23 countries outside the U.S. In 1955 the bank changed its name to ‘The First National City bank of New York’. A new subsidiary formed in 1961, First National City Overseas Investment Corporation became the holding company for non-US based subsidiaries and affiliates. The bank entered new areas of operations such as leasing business, credit card business and Certificate of Deposits during the period 1961 and 1969. The First National City Corporation holding company changed its name to ‘City Corp’ to undertake its global business in 1974, while
the First National City Bank became ‘Citi Bank’ in 1976. The bank grew in size in the eighties (1980-1990) with acquisitions of savings and loan businesses in California, Florida, Illinois and Washington DC as also Diners Club. The bank also became the largest Foreign Exchange Dealer during this period. In 1994 the bank opened a fully foreign owned commercial bank in Russia. In 1998 all Citi Corp and Travelers Group divisions merged to become Citigroup Inc.

II. Organisation:
Citi group is organized in to three major business groups – global consumer group, corporate and Investment Banking and Global Wealth Management Group – in addition to two stand alone businesses, i.e. ‘Citi group Asset Management’ and ‘Citi group Alternate Investment’.

i. Citi group Global Consumer Group:
The Citi group Global Consumer Business Group comprise the financial service sector’s most diverse consumer product offerings and include banking services, credit cards, loans and insurance. It also offers industry – lending technology, a strong world-wide presence and a powerful global franchise in citi Bank.

ii. Corporate and Investment Banking Group:
In about 100 countries the bank advises Companies, Governments and Institutional Investors on the best way to realize their strategic objectives. The bank creates solutions and provide the broadest possible capital and market access to thousands of issue and investment clients.

iii. Global Wealth Management Group:
The Global Wealth Management division at Citi group comprises three of the most reputed brands in Wealth Management – the Citi group Private Bank, Smith Barney and Smith Barney Global Equity Research. Serving both private and individual clients, Global Wealth Management taps the strength and resources of Citi group to maximize value and service.
Citi group Inc. is today one of the most prominent financial services company with some 200 million customer accounts in more than 100 countries.

III. Service Net Work:
Citi bank has been offering Retail banking services in India for the past 20 years. The bank has 36 branches in 28 cities. All the branches are net worked and has an integrated accounting system.

IV. Corporate Goals:
It is understood that the bank does not have a specifically defined vision/mission/goals. However, the approach of the bank with regard to the business objectives has been spelt out in the statement of ‘Shared Responsibilities’ formulated and circulated. The details of the same are as under:

“Citi group’s goal is to be the most respected global financial services company. As a great institution with a unique and proud history, we play an important role in the global economy. Each member of the citi group family has three Shared Responsibilities.

i. We have a responsibility to our Clients.
We must put our clients first, provide superior advise, products and services and always act with the highest level of integrity.

ii. We have a responsibility to each other:
We must provide outstanding people the best opportunity to realize their potential. We must treat our team mates with respect, champion our remarkable diversity, share the responsibility for our success and accept accountability for our failures.

iii. We have a responsibility to our franchise:
We must put Citi group’s long term interest ahead of each unit’s short term gains and provide superior results for our shareholders. We must respect the local culture, take an active role in the communities where we work and live. We must honour those who came before us and extend our loyalty for those who will come after us.

V. Organisational Culture:
The organization maintains an open, friendly and informal culture. There is constant interaction between the senior management and the officials at the operational level. While the business reviews take place on a half- yearly basis, meetings are held with Junior Managers (designated as Junior Manager’s Conference). Reviews also take place based on functions and operations of various departments.

VI. Technology:
The branches in India, 36 in number, are net-worked. The bank’s systems and operations are supported by the software – Orbit-Polaris.

The bank issues various types of Credit cards. They include Cash back cards, Premium Cards, Double benefit cards, Diners Cards. Bank also issues special interest cards such as Citibank Cricket Visa Card, Citibank Women’s card, Citibank Women’s visa mini card, CRY Citibank card, WWF Citibank card, convenience cards such as Citibank silver card, Citibank choice card and also also Travel Card designated as ‘Citibank World money card’. The bank also issues debit card for withdrawal from ATMs and other merchant purposes. The technology based services offered by the bank include Net Banking, Phone Banking, ATMs and SMS banking. The bank has arrangements to send statement of accounts by e-mail. Facilities are available for payment of bills by electronic medium. Through the scheme of ‘Citi Alert’, the account status are given to the account holders who are on the move. The bank also provides facility for Re-charging the mobile on-line under Pre-paid charging system and E-commerce. On-line services are available for Non-Resident Indians.

VII. Organisational Design:

The Citibank, India is a part of citibank’s global operations. Globally, the organization has a Matrix structure with functional reporting channels. The Indian set-up essentially has a Pyramid structure though functionally organized. The basic birfurcation is as per the grouping of business of the citigroup and the same is as under:

**Fig.20**

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The diagram illustrates the organisational structure of Citibank, India, showing how different departments and divisions are interconnected to form a part of the global operations. The structure is depicted as a tree-like diagram, with various nodes representing departments such as Corporate and Investment Banking, Global Consumer group, Product Division, Credit Team, Finance Team, Operations & Technology, Treasury, Sales Division, Cards Division, Loans Division, and Branch Banking. Each node is connected to others, showing the hierarchy and relationships within the bank's organisational design.
Geographically the operations are bifurcated in to ‘North’, ‘West’, ‘South’ and ‘East’ Zones supervised by separate functionaries. The organizational structure from Management and Administration point is as under:

**Fig. 21**

The organization has a comparatively flat structure as there are only two Tiers in the Junior Level and four Tiers in the Senior Level. The details are as under:

**Junior Level:** 2 Tiers - Asst. Manager, Manager

**Senior Level:** 4 Tiers - Asst. Vice President, Vice President, Senior vice President, Country Head.
The structure is functionally organized with reporting channels for a division designed in vertical fashion. As happens in a Divisional structure, each division is self contained and operates as a unit, though within each division, the structure is more or less the same. The arrangement allows individuals to specialize and gain expertise in specific products and markets. The system allows and facilitates rapid decision making and unambiguous performance measurement. The set-up also provides for greater flexibility for growth and expansion.

VIII. Human Resources Management:

The bank’s HR Strategy is well integrated with bank’s business strategy. The organization has function oriented divisions. The bank recruits business graduates from the campus, though the number is not very large (15-20 every year). The employees / executives in a specific functional area are specifically recruited based on their experience/expertise/qualification. The requirement for recruitment is based on the retirement/exit of employees or expansion of business. The bank engages in lateral recruitment and the positions in the bank are made available to existing employees also. No definite career path is designed but career movement based on organizational requirement and suitability of the employee is available and selection of internal candidates are generally encouraged. Front-line staff is specifically recruited based on the skill requirement of the job.

Bank obtains information on remuneration in the field from the Annual Survey of market remuneration of Banks and Companies and bench marks the remuneration offered by the bank. The bank, therefore, makes efforts to give competitive remuneration to its employees. The remuneration has mainly two components; (1) The guaranteed amount, and (2) The performance based amount. Thus the bank has a system of offering performance based remuneration. The remuneration/ compensation packages are person/job specific taking into account the job profile, skill required and profile of the person.

The bank has various incentive schemes to boost the employee morale. Bank offers incentives for achievement of sales targets and also for achieving other targets. The bank also gives bonus to its employees. Bonus is a flexible tool and not a fixed amount. It depends purely on the performance of the employees.

Bank has a well defined performance management system. The performance is evaluated under four categories, viz. Financial, People related, Process related and contribution. The
performance evaluation system is used for considering for promotions, working out compensation and also for determining their training needs.

The bank has employees in the clerical cadre. These employees generally referred to as ‘award staff’ are eligible to form union and are organized under ‘Citi employees Union’. The compensation for these staff members are finalized based on the bipartite negotiated settlement.

The bank encourages specialization and people do move vertically in a functional stream. However, one significant HR policy is allowing the executives to move laterally to new areas of operations and grooming them for higher positions. Hence lateral and lateral-cum-upward movements are common in the bank.

The attrition rate in the bank is much below that of the industry average.

The bank has many initiatives to motivate the employees. In order to recognize contributions, the bank gives individual awards as well as group awards. Contests are conducted and also conferences of junior officers to promote team spirit. The bank conducts customer satisfaction surveys and the results are analysed by an external agency. The ratings given by the customers are considered while evaluating the performance of the branches/officials.

IX. Products and Services:

The significant products and services offered by the bank are as under:

(A) Loans and Credit Cards:
Personal Loans, Home loans, Loans against property, Auto Loans, Loan against shares, Ready credit, overdraft, etc.

(B) Credit Cards:

(a) Cash back cards: Citibank Cash Back Credit, Citibank cash back gold card.

(b) Premium Cards: Citibank Gold card, Jet airways Citibank gold card, Indian Oil Citibank gold card, Citibank Platinum card.

(c) Double Benefit Card: MTV Citibank card, First Citizen Citibank card, International Times Card, Indian Oil Citibank gold card, Indian Oil Citibank card, Hutch Citibank card, Jet airways Citibank card, Jet airways Citibank silver card.

(d) Diners Cards: Diners club corporate card, Diners club International Card, Taj Epicure Diners Club Card, Diners Club International British Airways Card.
(e) Special Interest Cards: Citibank Cricket visa card, Citibank’s woman card, Citibank woman’s visa mini card, CRY Citibank card, WWF Citibank card.

(f) Convenience Cards: Citibank silver card, Citibank choice card.

(g) Travel Card: Citibank world money card.

(C) Banking:
Citi Bank Account
Suvidha Account (salaried individuals)
Debit card
Citi Gold Wealth Management
Citi Bankers Women’s Account
Junior Account for Children
Corporate Accounts

(C) Foreign Exchange Services:
All types of foreign exchange services are offered by the bank.

(E) Investments:
Mutual Funds
Demat Accounts
Deposits
Government of India Bonds

(F) Credit Card Related Services:
Balance Transfer, Click an EMI, Loan on your Citibank credit card, Additional Card, Cash on click, Electronic Clearance services, Credit Shield plus, Good Healthy Policy.

(G) Miscellaneous:
Internet banking, statement on e-mail, Bill pay, Citi Alert (getting account status while on the move), Prepaid on-line mobile charging.

(H) Citibank Insurance Service:
Life Insurance Solutions, Credit Shield Plus, Credit Card Insurance, Suraksha, Shelter from Loan facility, Insurance on your home loan.

(I) Special NRI Services:
Resident Foreign Currency Account, FCNR India Deposit, Dollar Checking Account.

X. Financial Highlights:

The financial highlights of the bank is as under:
| Table 30 |
|-----------------|-----------------|
| Deposits        | Rs.21484 crore  |
| Loans and Advances | Rs.18110 crore  |
| Investments     | Rs.8119 crore   |
| Net Profit      | Rs.899.5 crore  |
| Net NPA         | 1.00%           |
| Capital Adequacy Ratio | 10.78%         |
| Business Per employee | Rs. 13.5 crore |
| Profit per employee | Rs.0.21 crore  |

XI. Organisational Design and HR Practices – Significant points for comparative study:

A. Organisational Design:
1. The organization has a comparatively flat organizational structure.
2. There are function-oriented divisions in the organization.
3. The business is grouped into three functional areas and the functions are bifurcated accordingly. This grouping enables segment-wise specialization.
4. Corporate and Investment banking is centralized and is directly dealt with at the corporate level. This ensures highly focussed, professional and competitive customer service.
5. The communication channel between the top management and the lower level functionaries are clear and informal. There is constant interaction between field/branch officials and the regional/functional heads.
6. Functional Heads report directly to the CEO without any administrative/hierarchical layer in between.

B. Human Resources Management:
1. There is integration of corporate/Business strategies and Human Resources strategies.
2. The HR team identifies the skill/competency required for each job and selects individuals possessing the same.
3. There is lateral recruitment to various positions.
4. Front-line staff involved in service delivery are selected taking into consideration their skills and competency for the job.
5. The bank resorts to benchmarking to ensure that the compensation/remuneration is competitive.
6. Remuneration/compensation packages are not fixed amounts. The package is arrived at based on various factors and has fixed and variable components.
7. The bank rewards high performance through performance related pay and performance linked bonus.
8. To motivate performance, the bank has instituted individual and group awards.

XII. Technology and Product range:
**Significant points for comparison**

1. All branches are net-worked. ATM are available in various points of the country for customers benefit.
2. There is integrated accounting system supported by designated software.
3. Bank offers wide range of cards in the category of debit cards, credit cards and prepaid cards.
4. The bank offers internet banking, telephone banking, mobile banking and forwards statement of accounts through e-mail.

5.4. **UCO Bank – Profile**

I. **Background:**
The bank which currently is a public sector institution was established in the private sector in 1943. The bank became an institution wholly owned by the Government of India when the bank was nationalized in 1969. The Board of Directors consists of representatives from Govt. of India, Reserve Bank of India as well as eminent professionals like accountants, management experts, economists, businessmen, etc. The bank has about 2000 service units spread all over India. The bank also operates in two major international Financial Centres, namely, Hongkong and Singapore. The bank has correspondents/Agency arrangements all over the world. The bank’s overseas operations
are profitable. The bank’s strength comes from country-wide presence, strong capital base, high proportion of long term liabilities and a well diversified asset portfolio. The bank offers foreign exchange dealings in more than 50 centres in India and has dealing rooms in four (4) centers. The bank has a large and diversified client base.

Headquartered in Kolkata, the bank has 35 Regional Offices and 1700 branches spread over the country. The Regional Offices are headed by Senior Executives ranging up to the rank of General Manager, depending on the size of business and importance of location. The Regional Offices report to General Managers (Operation) functioning at Head Office in Kolkata.

II. Network:
The bank has about 1700 branches and 35 controlling offices. There are 200 ATMs in about 86 cities. Anywhere banking is available with 102 branches. The bank is in the process of adopting technology support for its operation through ‘Core Banking Solutions’ which is expected to cover 80% of the branches. Currently, the branch banking is not supported by an integrated supporting software.

III. Corporate Goal:
The mission of the bank has been spelt out as under:
‘To be a top class bank to achieve sustained growth of business and profitability, fulfilling socio-economic obligations, excellence in customer service, through upgradation of skills of staff and their effective participation making use of state-of-the-art technology’.

The bank’s commitment to customers state that, ‘In all promotional activities, we will be fair and reasonable in highlighting the salient features of the scheme marketed by us. Misleading or unfair highlighting of any aspect of any scheme/service marketed by the Bank leading to unfair practice shall not be resorted to by the bank’.

To continue endeavour to serve customers better, the bank has considerably extended the business hours for public transaction at the branches on all week days. The bank has also introduced a number of ‘No holiday branches’ which are open on all the 365 days a year.

IV. Technology
The bank is in the process of undertaking technology upgradation in a large way. 102 branches have been linked and the bank is offering ‘Anywhere banking’ facility among these branches. The bank has established 200 ATMs in 86 citites. The bank has plans to introduce ‘Core Banking Solution’ in the bank and as per the scheme 80% of the 1700 branches will be covered initially. The bank is yet to introduce Net Banking, Phone
Banking, Mobile Banking and similar services. The Bank also does not have Debit Card and Credit Card business indicating limited use of technology for service delivery.

V. Organisational Design

The organizational design has a typical pyramid structure. The organization follows a – Head Office – Regional Office – Branches structure as given under:

![Organisational Design Diagram](image)

The hierarchy has positions ranging from Junior Management Level Officer Gr.I to Officer Gr.IV (Deputy General Manager) and Gr.V (General Manager). The grade of the manager who oversees a branch depends on the size of the branch. The Branch Manager, typically, reports to the Regional Manager and the Regional Manager to Head Office.

The structure at the Head Office is functionally organized with one General Manager supervising each function. However, the Regional Offices are purely administrative set-up with supervision over all functions undertaken by the branches. The Regional Offices do not have business targets or direct involvement in the operations. Nor do the Regional Office engage in marketing or business development in a large way. The basic function is to supervise the branches with regard to their targets and performance, managing personnel and HR functions of the region and also functions as a channel of communication and reporting authority to Head Office. Traditionally, this function was a necessity in view of the large number of branches without any connectivity and common accounting network. It was imperative that clusters are created to control small groups and for providing a consolidated picture to Head Office. The function such as financing is not centralized and each level has its own sanctioning powers. Within the Regional Office there are different sections handling different functional areas. However, the reporting of these functional areas are not directly to the concerned division in the Corporate Office. Hence there are administrative layers in the functional hierarchy and they have its own impact on smooth,
fast flow of communication to Corporate divisions. The Organisational set up of the bank is as under:

There are six (6) General Managers in the Head Office. Further, 3 General Managers control the operations in the metro areas of New Delhi, Mumbai and Kolkata. The General Managers of the metro areas report to the General Managers of the Corporate Office. There are 35 Regional Offices generally manned by Deputy General Managers.

The organizational structure presents a mechanistic structure, some what rigid with clearly delineated jobs. The hierarchy is well defined and rely heavily on the formal chain of command for control. The organization is all with six (6) cadres in the managerial positions. Some additional layers (eg. General Managers in charge of metros) are created in certain areas. The structure shows a goal directed hierarchy, impersonal decision making and formal controls. The structures of this kind are prone to delays in decision making, interdependence for changes/modification in functioning, etc.

At the branch level all functions are delivered without dividing them in to water tight compartments. Various sections handling the functions are treated as integral parts of the branch and the reporting to the next level, viz. Regional Office is undertaken through the Branch Manager. Branch Managers/ Regional Managers are treated as officials with knowledge of all functions undertaken at the Branch level/Regional Office level. At the
lower levels also there is constant movement of staff among various functions and there is no designated staff for any function including counter service, customer interaction, etc. The bank has a ‘Looping system’ for credit proposals where proposals which are to be handled at Corporate Office (as per the delegated authority) are sent to the Corporate office directly by the branches. Except this, all communications, proposals, business matters, etc. move through the hierarchy.

VI. Human Resources Management

The bank in the recent past has been bringing in far reaching changes to the otherwise traditional HR practices followed in the bank. As followed in general in the public sector banking scenario, the bank has been recruiting officers (as Probationary Officers) at the Junior Management level from the market through competitive selection process. The clerical staff are also recruited from the market. Recruitment in the clerical cadre has been minimum or negligible during the past one decade. The clerical staff recruited are trained and posted to various operational areas. The officers selected are given training and posted to various areas of functioning.

The organization does not have a system of specially recruiting a person for a job (except in exceptional areas like legal officers, agricultural officers, etc). The front-line staff are from the general pool and are not specially selected based on their skill, etc.

The organization offers a career path with definite stream of movement to their officers. There is no lateral recruitment upsetting the career movement of officers. The selection to higher levels is based on the performance and suitability. The remuneration packages are fixed based on the grade/position of the officer and are not flexible. There is no system of providing performance based pay nor there is any system of giving bonus, stocks, etc. The pay structure depends on the general industry levels and is an outcome of the agreement between the recognized unions/associations of the clerical staff/officers.

The bank has taken many initiatives to motivate the staff. The branch heads who perform well are made members of the ‘Chairman’s club’. The bank has also introduced a system of sending officials abroad who perform extraordinarily well. Further, a system of sending a team of officials/employees to a specific location for holidays/holiday-cum-training has been introduced in the bank.

No clear integration of HR strategies and business strategies has been observed in the functioning as the approach is more like that of ‘Personnel Management’ than professional ‘Human Resources Management’.
VII. Products and Services:
The significant products and services offered by the bank are as under:

(A) Deposits:
Money back recurring deposit, Friend in need scheme, Two-way deposit scheme, Lakshmi Yojana, Kuber Yojana, Flexible F.D, UCO diamond deposit scheme, special deposit scheme for senior citizens, current account in foreign currency, Fixed deposit in foreign currency.

(B) Loans:
UCO shelter, UCO trader, UCO super shopper, Educational loan, UCO Cash, UCO Mega cash, UCO Rent, UCO Nari shelter, UCO Real Estate, UCO Shopper, UCO Pensioners, Hirak Jayanti Krishi Yojana.

(C) International Banking:
Foreign Currency Loans, Finance/Service to Exporters and Importers, Remittances for importers, FOREX and Treasury service, RFC accounts, correspondence banking services.

(D) Non-Resident Indian Services:
(i) Deposits: FCNR(B), NRE accounts, NRO accounts, Rupee deposit accounts, etc.
(ii) Loans: Loans against deposits, NRI Home loans, etc.

VIII. Financial Highlights:

| Table: 31 |
|-----------------|-----------------|
| Deposits | Rs. 49470 crore |
| Advances | Rs. 28234 crore |
| Net Profit | Rs. 346 crore |
| Operating Profit | Rs. 819 crore |
| Business/Employee | Rs. 3.21 crore |
| Gross NPA | 4.96% |
| Net NPA | 3.65% |
| Return on Assets | 0.73% |
| Capital Adequacy Ratio | 11.26% |
| Share Capital | Rs. 79.93 crore |
| Government Holding | 74.9% (of capital) |

IX. Organisational Design and HR Practices:
Significant points for comparison:
(A) Organisational Design:
1. The organization has a comparatively tall and pyramidal structure.
2. The organizational structure is functional at the corporate level but functions are mixed at branch level. The communication on functions move upward through administrative channels.
3. Regional Offices (35 in number) in practice, functions as administrative layers than operational layers.
4. The hierarchy is well defined and rely heavily on the formal chain of command and control.
5. The design of the structure which has limited functional orientation at lower levels could lead to delay in decision making, etc. though authority and responsibility have been delegated to all levels.
6. The structure doesn’t provide for any specific designated customer service personnel at any level. All the branch level functionaries undertake customer dealing. Lack of designated “customer Relations Officials” restricts the service elements to counter interaction. Further, no designated officials are available for high Net Worth individuals, VIPs, NRI customers, etc.
7. While the ‘Products’ side is alright the ‘sale culture’ is lacking at all levels.

(B) Human Resources Practices:
1. Recruitments are not function specific or position specific. Recruitments for functions/operations are of general nature and the job skill/expertise is not matched at the time of recruitment. Recruits are assigned various jobs depending on the position in Branches/Regional Offices and keeps rotating among divisions/sections.
2. There is no special recruitment of front-line staff based on their skill/expertise.
3. There is no lateral recruitment to key positions/functions.
4. There is well defined career path which is followed as the scheme is not disturbed by lateral recruitment and posting.
5. Remuneration is based on bi-partite agreement with the officers’ association/employees’ union. There is no system of fixing up remuneration for an official based on job profile, skills required and experience/expertise of the official.
6. There is no system of offering performance related pay to the employees.
7. There is no system of giving bonus, stocks, etc. to employees for their outstanding performance.

8. There is a strong union of workmen employees. Hence, many initiatives need negotiation/discussion before implementation.

X. Technology and Product Range – Significant points for comparison

1. The bank has 1700 branches but all the branches are not networked. Anywhere banking is available only among 102 branches.

2. The bank does not have basic retail customer requirements like credit cards, debit cards, etc.

3. The bank is yet to introduce Net banking, Phone banking and Mobile banking.

4. The number of ATMs (200) is limited considering the geographic spread and branch network of the bank.

5.5. United Bank of India - Profile

I. Background:

United Bank of India (UBI) was set up in 1950 by amalgamation of four (4) banks, two each from East Bengal and West Bengal. The operational area of the bank is Bengal and eastern and north-eastern areas with their unique special economic characteristics. The bank was nationalized in 1969 and had 6th position among the fourteen (14) banks with Rs.100 crore of deposits and above which were considered for nationalization. The bank has lead bank responsibility in West Bengal, Manipur and Tripura. Of the 1317 branches, 83% are in semi-urban and rural areas while 85% are in East and North-East region.

The bank has sponsored four (4) Regional Rural Banks, one each in Assam, Tripura, Manipur and West Bengal. The bank has left a deep impact in its areas of operation for its efforts for social and economic upliftment of the people of this area.

The introduction of prudential norms of accounting in 1991-92 had affected the profitability of many banks in India and UBI was no exception. However, in the period starting with 2002, the bank has shown commendable improvement in profitability and could come out of its adverse financial position with a turnaround performance without recapitalisation by the owner, i.e. Government of India. The bank was congratulated recently by the Finance Minister for this feat who said the following words in appreciation, “It would not have been possible without Team work that right from the Chairman, Board
to the last employee of the Bank in the hinderland must have contributed to this outstanding performance”.

The financial position of the bank earlier had left accumulated losses of Rs.476 crores as of September 2004. The bank has drawn up a plan for wiping out these losses by 2007. With this objective, the bank is targeting a growth of 22% for 2006 and 2007.

**II. Network:**

The bank has 1317 branches spread all over the country. Of this, 200 branches are connected for multi branch banking facility. Telebanking facility has been made available in 25 branches. Automatic Teller Machines (ATMs) have been installed in 111 centres. Oltas (on-line tax payment system) and RTGS (Real time gross Settlement) are available at 39 branches.

**III. Corporate Goal:**

The bank’s vision statement is as under:

“The vision is to become nationally competitive banking organization while improving its prime position in niche area through a qualitative and quantitative growth with generation of surplus in an environment of growing professional and technological competence”.

The bank has embarked upon a growth oriented plan for the period 2005-07. The projected growth for 2006 and 2007 is 22% in the volume of business with deposit growth of 15% and 18% respectively for 2005-06 and 2006-07 respectively. This has to be supported by a credit-deposit ratio of 60% in 2006-07.

**IV. Technology**

Of the 1317 branches, 200 branches are connected for multiple banking. The bank has 111 ATMs and telebanking facility is available with 25 branches. Though the bank is yet to integrate all the branches with technological support, action has been initiated to implement software support of “Core Banking Solutions” in 600 branches by 2008.

**V. Organisational Design:**

The bank has a typical ‘pyramid’ structure. The organizational design followed is Head office – Regional Offices – Branches which is as under:

![Organisational Structure](image-url)
The hierarchy has positions ranging from Junior Management Level Officer Grade I to Senior Officers in Grade-V. The position of branch managers and Regional Managers are filled by officials in the junior grade or senior grade depending upon the size of the branch/regional office. Branches undertake all kinds of business though highly specialized areas such as foreign exchange may be confined to a few branches. The structure at the Head Office is functionally organized with each division under the control of a General Manager. Regional Offices are the controlling set up to which branches report on all areas of their functioning. Regional Office is the channel of communication for the branches. Except some loans proposals of very large amounts which can be directly sent to the Head Office, all correspondence/communication are through the Regional Office.

The bank has 28 Regional Offices manned by AGMs/DGMs. In addition, the metro regions are under the charge of General Managers. The organizational structure more or less exhibit a mechanistic structure, some what rigid with clearly delineated jobs. The hierarchy is well defined and rely heavily on the formal chain of command for control. The organization is tall with six (6) cadres in the managerial positions. The structure shows a goal directed hierarchy, impersonal decision making and formal controls. The structure of this kind are prone to delays in decision making, interdependence for changes/modifications in functioning, etc.

At the branch level, as is in traditional banking, all functions are simultaneously undertaken with uniform reporting channel. Branch Managers and Regional Managers are administrative authorities, generalists with supervisory roles. At the junior levels, officials are rotated among sections and are expected to handle the work assigned. There is no system of vertical upward movement in one area of operation. At the clerical level also there is constant movement of staff among various functions and there is no designated staff for any function including counter service, customer interaction, etc.

The organizational setup of the bank is as under:
VI. **Human Resources Management:**

The bank is in the process of rejuvenating its Human Resources function with the active involvement of the top-management. The chairman has introduced a practice of interacting with staff at branches. ‘Meeting in Groups’ is the strategy that has been adopted for this mass contact programme. The bank has also taken some new initiatives such as training the sub-staff in marketing of banking services, etc.

Traditionally the bank has been recruiting generalists in the Junior Management Cadre through competitive examination and they are posted to Regional offices/branches/Head office based on the requirement. Some strategy was adopted for recruitment and posting of clerical staff also. In the recent past, the bank visited some management schools and selected some officers directly.

The bank does not have a system of specifically recruiting a person for a job (except exceptions like Legal Officers, etc). The front-line staff are from the general pool and are not specially selected based on skills, etc.

There is no lateral recruitment for higher positions/posts in the organization. A well defined career path is available to the executives who are elevated to higher levels based on their performance and suitability. The remuneration to officials/employees are fixed based on the bipartite agreement with the association/union periodically and is not flexible. There is no system of performance based pay nor there are schemes such as payment of bonus, issue of stocks to employees, etc.
The bank has taken some initiatives to motivate people. The bank selects (based on geographic locations, viz. metro, urban, semi-urban, etc) the best sub-staff, best clerk, best officer, best branch manager and best branch on an annual basis. The awardees are felicitated in a function. The bank also conducts competition to assess the awareness on the bank and the winners are rewarded.

VII. Products and Services:
The significant products and services of the bank are as under:

(A) Deposits:
United Bank Saving Scheme, Re-investment plans, United Bank Current Deposits, Recurring Deposits, United Anand Deposit scheme, Home loan account, United Flexi Deposit Scheme, Stock Invest Instruments, Capital gains accounts scheme, savings bank account, United Suvidha scheme.

(B) Retail Credit:
United Housing Loan, United Consumer Loan Scheme, United Smart Loan, United Car Loan Scheme, United Personal Loan Scheme, United Educational Loan Scheme, United Professional Loan, United Trade Credit, United Mortgage Yojana, United Cash rental yojana, United Gramasree yojana, United Krishi Sahayak Yojana.

(c) Bank also offers term loans, working capital, bill discounting facilities, etc. to large corporates as well as small and medium enterprises.

(d) Bank also offers foreign exchange service including financing Imports/Exports, Remittances, Foreign currency deposits, Non-resident deposit, Agri-finance, etc.

VIII. Financial Highlights:
The financial performance of the bank as on 31-3-2005 under key parameters are as under:

<table>
<thead>
<tr>
<th>Parameter</th>
<th>As on 31-3-2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital</td>
<td>Rs. 1810.86 crore</td>
</tr>
<tr>
<td>Deposits</td>
<td>Rs. 23803 crore</td>
</tr>
<tr>
<td>Advances</td>
<td>Rs.14651 crore</td>
</tr>
<tr>
<td>Gross NPA</td>
<td>6.14%</td>
</tr>
<tr>
<td>Net NPA</td>
<td>2.43%</td>
</tr>
<tr>
<td>Capital adequacy ratio</td>
<td>18.16%</td>
</tr>
</tbody>
</table>
Return on Assets | Rs. 1.04 crore  
Ownership | 100% owned by Central Govt.

IX. **Organisational Design and HR Practices:**  
**Significant points for comparison:**  
(A) **Organisational Design:**  
1. The organization has a comparatively tall and pyramidal structure.
2. The organizational structure is functional at the corporate level but functions are mixed at branch level. The communication on functions move upward through administrative channels.
3. Regional Offices in practice, functions as administrative layers than operational layers.
4. The hierarchy is well defined and rely heavily on the formal chain of command and control.
5. The design of the structure which has limited functional orientation at lower levels could lead to delay in decision making, etc. though authority and responsibility have been delegated to all levels.
6. The structure doesn’t provide for any specific designated customer service personnel at any level. All the branch level functionaries undertake customer dealing. Lack of designated customer Relations Officials restricts the service elements to counter interaction. Further, no designated officials are available for high Net Worth individuals, VIPs, NRI customers, etc.
7. While the ‘Products’ side is alright the ‘sale culture’ is lacking at all levels.

(B) **Human Resources Practices:**  
1. Recruitments are not function specific or position specific. Recruitments for functions/operations are of general nature and the job skill/expertise is not matched at the time of recruitment. Recruits are assigned various job depending on the position in Branches/Regional Offices and keeps rotating among divisions/sections.
2. There is no special recruitment of front-line staff based on their skill/expertise.
3. There is no lateral recruitment to key positions/functions.
4. There is well defined career path which is followed as the scheme is not disturbed by lateral recruitment and posting.
5. Remuneration is based on bi-partite agreement with the officers’ association/employees’ union. There is no system of fixing up remuneration for an official based on job profile, skills required and experience/expertise of the official.
6. There is no system of offering performance related pay to the employees.
7. There is no system of giving bonus, stocks, etc. to employees for their outstanding performance.
8. There is a strong union of workmen employees. Hence, many initiatives need negotiation/discussion before implementation.

X. Technology and Product range:
Significant points of comparison

1. The bank has 1317 branches but all the branches are not net-worked. Multiple banking is available in 200 branches.
2. The bank is yet to introduce important retail instruments such as credit cards, debit cards, etc.
3. The bank is yet to introduce net banking, phone banking and mobile banking.
4. The number of ATMs (111) is limited compared to the geographic spread of the bank.

5.6. Indian Bank – Profile

I. Background:
The bank was established on 15 August 1907 as part of the Swadeshi movement which gripped the country at that time. The initiatives for establishing the bank was undertaken by Shri V.Krishnaswamy Iyer in 1906. The bank celebrated its silver jubilee in 1932 and also platinum jubilee in 1981. The bank will complete its Centenary Year in 2007. With 1385 branches spread all over the country with 22000 employees, the bank has significant presence in Southern India and representative Network in other areas. The bank has overseas branches in Singapore and Colombo including a foreign currency unit at Colombo. Bank of Thanjavur Ltd. a Private Sector Bank was amalgamated with Indian Bank in 1990. The bank eliminated the Zonal Offices (since 2000) for better operational efficiency. The bank has correspondent arrangement with 229 banks in 69 countries. The bank has three (3) subsidiary companies, viz. Indbank Merchant Banking Service Ltd., Indbank Housing Ltd and Indfund Management Ltd. The bank was nationalized along
with other Banks on 19 July 1969. In tune with the national objective of expanding coverage of bank network in rural and semi-urban areas, bank opened many branches in these areas. The bank has a 3-Tier structure with Branch offices, Regional Offices and Head Office as components. In order to improve the organizational effectiveness combined with service orientation, bank’s operation have been put under various market groups, i.e. Corporate, Commercial, personal and rural. Through Voluntary Retirement Scheme (VRS), the bank reduced staff strength by 3046 and in the post VRS scenario, it has a workforce of 22,000. In addition to traditional banking functions, the bank has tied up with HDFC Standard Life Insurance for sale of Insurance products. Indian Bank was a front runner in rural banking and social banking. Bank offers Agricultural Consultancy and Technical Services (ACTs) to assist entrepreneurs in this field.

II. **Network:**
The bank, as stated earlier, has 1385 branches – including two branches abroad. There are 88 Foreign Exchange authorized branches inclusive of three (3) specialized overseas branches at Chennai, Bangalore and Mumbai. In also has five (5) specialized NRI branches exclusively for serving Non-resident Indians. It has one specialized branch for Small scale Industrial units. There are 233 ATMs all over the country.

III. **Corporate Goal:**
The vision and mission statements of the bank are as under:

**Vision:**
“To be a competitive and strong bank with commitment to excellence and focus on adding value to customers, share holders and employees with adherence to best practices and core institutional values shared throughout the organization”.

**Mission:**
“To be a bank with total commitment to excellence in all endeavours, ensuring comprehensive customer care, consistent shareholders value, development of human capital and exemplary corporate governance.

IV. **Technology:**
The bank has made some efforts in the recent past to adopt technology for effective functioning. The bank has 233 ATMs spread all over the country. 300 branches have been brought under ‘Core Banking Solutions’ (CBS) support. Internet banking, phone banking and mobile banking services can be availed from CBS branches. Thus the bank has made appreciable progress in adoption of technology for effective operations and better customer
service. The bank issues IB Cash card for operations of ATMs. With arrangements linking other eight (8) banks the customers can access 2200 ATMs across the country. In addition, arrangements have been made with Andhra Branch and SBI enabling customers of Indian Bank use of their ATMs.

V. Organisational Design:
The bank essentially has a tall pyramidal structure. Though the divisions have been created at the Head Office level, the branches work as multi-purpose, multi-service units dealing with all types of customers. The bank had, earlier, Zonal Offices under Head office where a group of branches were allocated for control. The layer of Zonal offices has been eliminated and the bank has a 3-Tier structure at present, as given below:

![Diagram](image)

The circle offices work as administrative units and control a group of branches. Branches, most, report to circle offices and in turn the circle offices to Head Office. There is no vertical integration of functions and the divisional heads at the Head Office deal with Circle Heads. The structure is hierarchical and not purely functional. The circle offices coordinate the functions of the branches and thus supervise them. The organizational design in detail is given below:

![Diagram](image)
VI. Human Resources Management:

Post VRS (Voluntary retirement), the bank has about 22000 employees. The bank has been taking many initiatives to tone up the HR functions. There is clear indication of the integration of business strategies and HR strategies. The bank in the past has been recruiting officers at junior level and clerical staff from the market. These recruitments are of general nature and the selected individuals are absorbed at places where vacancies exist. There is no function specific or position specific recruitment other than highly specialized areas like legal officers, engineers, etc. There are no lateral recruitment to higher levels and people are chosen from the existing pool based on performance and suitability. The organization offers career to its employees through internal promotions. There is no system of selecting front-line staff based on their skill/expertise required by the job.

The remuneration/compensation to officers and employees are arrived at based on the negotiation with officers’ association/employees unions. The pay is fixed and is not based on the job profile, skill requirement and expertise of the person selected. There is no system of giving performance based pay or performance based bonus, etc. Stock option is also not available to the employees. In the recent past the bank had recruited from a few business schools at the junior management level. The bank is planning to recruit from campuses, officers in Grade I and Grade II.

Bank has taken many initiatives to motivate the employees. The bank has a scheme for reimbursement of fee paid by the employees for acquiring CISA and CISSP certification. Employees who acquire professional qualification such as CA/ICWA are promoted to officers cadre. The circle heads have constant interaction with the Branch Managers and other staff.

The bank has clerical staff at the lower level. The union of the staff generally negotiates with bank’s management on various industrial issues.

VII. Products and Services:

The most significant products and services of the bank are as under:

i. Deposits:

Fixed Deposits, Indstar deposit, unit deposit, Facility deposit, De-investment plan deposit, cash certificates, Recurring Deposit, Variable recurring deposit, special recurring deposit, Vidhya Nidhi Deposit, Savings bank, Health plus savings, Current Account, Advantage account, Special deposit scheme for senior citizens, Non-Resident Deposits.
ii. Loans and advances:
Home loan schemes for NRIs, Vehicle Loan, Educational Loan, Professional Loan, IB-BPO Finance, IB-Aayushman, Trade well – Term loan and Working capital facility for traders, IB pensioner’s loan scheme, IB-Shanti Niketan, corporate loans (Term loan/working capital, bills facility), Financing of Imports and exports.

iii. Foreign Exchange:
Financing Forex requirement of Importers/Exporters, Travellers, Miscellaneous remittances, etc.

iv. Miscellaneous
Remittance facility, clearing services, gift cheques, travelers cheque, safe deposit lockers, speed collection, Express way scheme, etc.

VIII. Financial Highlights:
The financial highlights of the bank as on 31-3-2005 is as under:

<table>
<thead>
<tr>
<th>Table: 33</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital</td>
</tr>
<tr>
<td>Deposits</td>
</tr>
<tr>
<td>Advances</td>
</tr>
<tr>
<td>Investments</td>
</tr>
<tr>
<td>Net Profit</td>
</tr>
<tr>
<td>Business per employee</td>
</tr>
</tbody>
</table>

IX. Organisational Design and HR Practices
Significant points for comparison:

(A) Organisational Design:
The organization has a comparatively tall and pyramidal structure.

i. The organizational structure is functional at the corporate level but functions are mixed at branch level. The communication on functions move upward through administrative channels.

ii. Regional Offices, in practice, functions as administrative layers than operational layers.

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iii. There is no lateral recruitment to key positions/functions.

iv. There is well defined career path which is followed as the scheme is not disturbed by lateral recruitment and posting.

v. Remuneration is based on bi-partite agreement with the officers’ association/employees’ union. There is no system of fixing up remuneration for an official based on job profile, skills required and experience/expertise of the official.

vi. There is no system of offering performance related pay to the employees.

vii. There is no system of giving bonus, stocks, etc. to employees for their outstanding performance.

viii. There is a strong union of workmen employees. Hence, many initiatives need negotiation/discussion before implementation.

X. Technology and Product range:

Significant points for comparison

i. The bank has linked only 300 branches through Core Banking Solutions. Large chunk (1000 odd) of branches are yet to be covered.

ii. Bank has introduced Net Banking, Phone Banking and SMS banking.

iii. The bank is yet to introduce various types of credit cards, etc. like the competitors.

iv. The product range has a comparatively narrow base.