CHAPTER IV
A REVIEW OF PERSONNEL MANAGEMENT POLICIES AND PRACTICES IN CENTRAL COOPERATIVE BANKS - I

Introduction

The management structure of a cooperative consists of the General Body, the Board of Directors, and the Chief Executive. The ultimate authority in all matters relating to the administration of the cooperative society rests with the General Body of members. However, the strategic management of the society is vested with the Board of Directors. The members of the Board of Directors are elected on democratic basis by the General Body from among the members of the society. The Secretary, honorary or paid, functions as the Chief Executive of the Society. He is accountable to the Board of Directors. The Board of Directors must assume full responsibility for decision making while expert advice and suggestions are provided by the Chief Executive. The Board should lay down the major policies to ensure the achievement of the objectives of the society, set down goals to be achieved and change the operational policies from time to time in the light of changing situation.

Since June 10, 1976, with the enactment of the Tamil Nadu Cooperative Societies (Appointment of Special Officers) Act, 1976 the Cooperative Banks have been managed by the Special Officers. They are empowered to exercise all the powers given to the Board of Directors. The Special Officer is assisted by the Secretary and his subordinates. In Central Cooperative Bank, policy decisions are, at present, taken by the Special Officer based on the circulars issued by the Registrar of Cooperative Societies within the framework of the Tamil-
Nadu Cooperative Societies Act, and Rule and Bylaw of the bank. In this chapter certain core functions of personnel management, as practised by the Central Cooperative Banks have been reviewed. Since the 'Personnel Management Policies and Practices' cover a wide gamut of functions, the various aspects of the personnel management practices of the Central Cooperative Banks have been grouped into two broad categories, to obviate the unwieldy span of attention. Accordingly, in the present chapter those aspects of personnel management relating to organisation, planning, recruitment, selection and training have been dealt with, leaving other aspects to be covered under the next chapter.

**Personnel Department**

In small organisations, the personnel functions are usually performed by the Chief Executive. When his job becomes complex he may require a specialist to perform the personnel functions. Thus, in a medium or large organisations with a large number of employees, a separate department, namely, Personnel Department is set up for performing personnel functions. It is essentially a staff department and it assists the top management in formulating personnel policies, developing schemes and monitoring schemes and assist other departments in managing the personnel functions. However, within the personnel department, the personnel manager has the line authority over his subordinate.

The Personnel Manager is first of all an executive requiring essentially the same executive qualities as other executives. Like other executives, the Personnel Manager needs technical competence in
the areas of his division's specialities. He need not be a specialist in all the areas of the personnel division. Yet, he should have a high degree of skill and competence in at least one of the areas. He acts as the direct executive of the main personnel functions such as development of sources of labour supply, selection and placement, maintenance of personnel records, recommendation for transfer and promotion, training, incentives, rules and research. According to Northcott, the Personnel Executive should have the following qualities.²

* A trained intelligence
* Common sense and good judgement
* A sense of vocation
* Capacity for leadership
* A sense of social responsibility and a standard of social justice
* Personal integrity
* Capacity for persuasion
* A friendly, approachable nature
* Good personality - spontaneity of speech, absence of shyness, mobility of facial expression, courtesy and social awareness and personal dignity.

Against the theoretical perspectives, the departmental set up of the personnel management and the functions of Personnel Manager have to be appraised. Cooperatives in India, in the beginning, had no systematic and scientific personnel management functions. With growing


size and increasing number of employees they felt the need for greater attention to personnel functions, which are normally discharged by the Board of Directors with the assistance of Manager and establishment section of the cooperative. The Cooperatives which have grown further with larger number of employees have created specialised committee for personnel functions and also a separate department with a Personnel Manager as head of the department accountable to the Chief Executive of the Cooperative. Authority for performing various functions like manpower planning, recruitment, training and development and other routine functions is delegated to the Personnel Manager. The Board of Directors of the Cooperative enjoys ultimate authority over managerial and operative personnel functions who takes major decisions in respect of total requirements of personnel, their selection, remuneration, disciplinary action, promotion etc. In many Cooperatives, it has been observed that a special committee - temporary or permanent - is constituted for discharging personnel functions under the Board of Management. The decisions and actions of the Personnel Committee are approved by the Board.

In recent years, realising the importance of personnel management, many Cooperatives have started streamlining their organisation structure by creating personnel department for performing the personnel functions. They are in the process of adopting scientific personnel functions, and steps have been taken to create a separate personnel department headed by Personnel Manager in certain large Cooperatives.
Personnel Department in Central Cooperative Banks

None of the Central Cooperative Banks studied had separate personnel department. However, personnel functions are carried out by the establishment section which is a part of the administrative wing of the bank. This section is generally responsible for performing the functions of recruitment, selection, training, fixation of pay scales, sanction of increments, promotion, transfer, welfare facilities, maintenance of employee records, employee grievances, disciplinary action, deputation of bank employees to other organisations and performance appraisal. The administrative wing is headed by the Assistant Secretary (Administration) in most of the banks. Where the post of Assistant Secretary (Administration) is not sanctioned, the Personnel Manager is assigned the responsibility of carrying out the functions of personnel management. The Secretary of the bank is the immediate superior of the Personnel Executive. In a few banks, it is observed that the Personnel Manager is under the dual control of the Secretary and Chief Executive Officer. In about 80 per cent of the banks, Personnel Executive was promoted from within, whereas in 20 per cent of the banks deputationists in the cadre of Cooperative Sub-Registrar from Cooperation Department, Government of Tamil Nadu have been posted as Personnel Executive and serve under the direct control of the special officer.

Personnel Staff Ratio

The size of the personnel section varied from bank to bank. The total number of employees working in the section ranged from
The average personnel staff ratio* of the banks i.e., the number of employees of the personnel section to every 100 employees, was 2.1. The personnel staff ratio of the banks ranged from 1.1 to 3.5. This ratio depends on the management outlook towards personnel functions. Thus, if the management outlook is such that personnel functions are recognised to be important, the personnel staff ratio is likely to be higher.  

A survey conducted in Indian Industries revealed that the average personnel staff ratio was 0.49 in respect of units with less than 500 employees, it was 0.21 in respect of units employing 1000 or more while it was 0.24 in the units where the number of employees ranged between 500 and 1000. This shows that personnel ratio was relatively higher in smaller units and lower in relatively bigger organisations. Various studies made in foreign countries also revealed similar pattern. The average personnel ratio, according to a survey conducted in a western country, in smaller organisation is 1.5 whereas it is 0.8 in respect of larger organisations with 2500 employees.  

This pattern was revealed in the present study also. The average personnel ratio was 2.5 in respect of banks with less than 500 employees, 1.7 in the banks with above 500 employees. It may therefore be concluded that the personnel staff ratio is taken to be the ratio of the number of full time permanent employees in the personnel department per hundred employees in the bank.

4 See Edwin B. Flippo, op. cit., p. 42.
personnel staff ratio of the Central Cooperative Banks was higher, indicating adequate organisational arrangement for personnel function.

Personal Profiles of Personnel Executives

The efficiency of the banks in performing their personnel functions depends on the personal qualities of their Personnel Executive such as experience, education etc. Taking into account experience, 53.0 per cent of the Personnel Executives had 20 to 25 years of experience in the bank whereas 23.5 per cent of them had above 25 years experience. The remaining had only 15 to 20 years of experience. With regard to the educational qualification, 64 per cent of the Personnel Executives were graduates, 18 per cent each were non-graduates and post-graduates. Of the graduates, majority (91%) had studied commerce and arts subjects. All the executives had undergone foundation course i.e., Higher Diploma in Cooperation and Diploma in Cooperation in Cooperative Training College/Centres. In respect of additional qualification, 27 per cent of the executives possessed B.L., CAIIB., and Post Graduate Diploma in Personnel Management. Thus, majority of the Personnel Executives were graduates and all of them have undergone cooperative training and a few of them had additional qualifications.

Duties and Responsibilities of Personnel Executives

The duties and responsibilities of the Assistant Secretary (Administration) differ from bank to bank. In general, the duties and responsibilities of the Assistant Secretary (Administration) of a Central Cooperative Bank include recruitment, training, posting and transfer,
establishment, sanctioning of leaves, increments, administration of Provident Fund, stationary, furniture and vehicle, etc., (Appendix II. 4.1). In a few banks the Assistant Secretary (Administration) also attends all disputes pertaining to the establishment section. He deals with disciplinary matters of the employees and is responsible for conducting domestic enquiry. He places amendment proposals to the special bylaws relating to the service conditions of the employees and regulations of the bank in accordance with the instructions of Registrar of Cooperative Societies issued from time to time. Maintenance of various registers* relating to the personnel functions also fall within his jurisdiction.

Personnel Policy

Personnel policy provides guidelines for achieving the goals of personnel management. Personnel policies comprise the body of principles and rules of conduct which governs the enterprise in its relationships with its employees. The success of the personnel department will be evident in the process of interpreting personnel policies for the various departments of the organisation so as to help in implementing them in a fair manner. Sound and effective personnel

Service Register, increment due register, seniority register, earned leave register, casual leave register, TA bill register, attendance register, register of suspension, register for medical bills, register for educational bills, bonus register, register of fidelity, guarantee, acquittance register, library register, dead stock register, library issue register, register of journals and newspapers, establishment register, gratuity register, despatch register, local delivery register, stamp register and rotation register.

5 Walter Dill Scott, op. cit., p. 47.
management policies are sine-qua-non for harmonious employer
employee relationships in a business enterprise - private, public or
cooperative.

Personnel policies exist in every organisation. The extent to
which they are written, communicated and consistently applied may
differ from organisation to organisation. Organisations interested in
maintaining the trust and confidence of their employees strive to score
high on these three counts.

Formulation and Implementation of Personnel Policies

Personnel policies are formulated by the top management, on the
guidance and expertise of the personnel department. The personnel
department has to initiate policy formulation by identifying policy need
areas. It collects all available data - written records, decisions on
specific issues, circulars, any court/tribunal awards, legal enactments,
other company practices. The department elicits the opinions of
personnel at various levels through interviews and discussions. This
democratic process is slow but it does give people a chance to present
their view points and to the personnel department to formulate an
acceptable policy. The policy proposals so formulated by the personnel
department will be considered and approved by the top management
before it is taken up for initial implementation. The personnel
department has to monitor the implementation and collect feed back
information for evaluating the policy in terms of its appropriateness and

Lesser R. Bittel, Encyclopaedia of Professional Management,
73

contribution to better employer-employee relations and human resource
development. In the light of the evaluation, necessary changes are
made and the policy is finalised and circulated to all the departments.
At periodic intervals the policy is reviewed in the light of changing
circumstances and revised.7

The personnel policies may include policy on recruitment of
personnel, policy on working conditions, wage policy, promotion policy,
policy on termination and retirement, welfare and industrial relation.

**Personnel Policies in Cooperatives**

The cooperatives as business units, are to operate independently
and compete in the market, but their personnel policies are directed
externally by the Government. The personnel policies in cooperatives
are evolved by the board of directors. The personnel policies of a
cooperative is influenced by the external social environment,
organisation culture, pressure from employees and economic viability of
the organisation. While formulating personnel policy, the above factors
have to be taken into account and when there is change in the above
factors the Board of Directors have to change the personnel policy
suitably. Besides the Board of Directors, the external agencies like
the Registrar of Cooperative Societies, the Government or the federal
organisation also influence the personnel policy of a cooperative
organisation significantly. It has been observed that in many

Krishnaswami, O.R., *Human Resources Management and Industrial

National Cooperative Union of India, *op. cit.*, p. 4.
cooperative organisations sound personnel policies have not been developed as the personnel units are only establishment units which are concerned with only routine functions like appointment, transfer promotion, etc.

Personnel Policies in Central Cooperative Banks

In Central Cooperative Banks, the personnel policies are formulated by the Special Officer on the basis of instructions of the Registrar of Cooperative Societies issued from time to time. The Special bylaws* relating to the service conditions of the employees is framed based upon the model bylaws of the Government and it is amended from time to time on the basis of the circulars/orders issued by the Registrar of Cooperative Societies. The Registrar generally issues circulars with reference to the provisions made in the Cooperative Societies Act and rule and other allied laws affecting the cooperatives. Thus, personnel policies in Central Cooperative Banks are formulated within the legal framework of the cooperatives. The sections from 73 to 79 of the Tamil Nadu Cooperative Societies Act, 1983 and Rule 146 and from 148 to 152 of the Tamil Nadu Cooperative Societies Rule, 1988 facilitate the management of the Cooperatives including


The bylaws are the written document of a Society on the basis of which it is registered and functions as legal cooperative body. It is desired as the rules and regulations for the internal works of the Society adopted according to the nature of the business.
Central Cooperative Banks for formulating personnel policies under the Act. Provisions have been made for appointment of paid officers and servants and their conditions, recruitment bureaus, constitution of common cadre of service, suspension and removal of paid officers, Provident Fund and Gratuity fund of the employees. The rule provides for specifying the conditions of service of paid officers and servants of the societies. The rule inter-alia deals with classification of paid officers and servants of the societies, their mode of appointment, qualification of Managing Director, powers and functions of Managing Director and other employees, security to be furnished by paid employees of the societies, conditions of service of paid officers and servants of societies, leave rules, maintenance of confidential reports and seniority list of employees in each post.

Though the Tamil Nadu Cooperative Societies Act, 1983 and Rule 1988 came into existence with effect from 13th April 1988, actions have not been taken to amend the special bylaws of the Central Cooperative Banks. For instance recruitment bureau has not been constituted due to delay in the election to the Board of Management. Similarly, the appointment of Managing Director has not been made, as the Tamil Nadu Cooperative Societies (Special officers) Act, 1976 is in force.

Eventhough the Central Cooperative Banks have to function within the legal framework of the Cooperatives, they have autonomy to amend the special bylaws and make subsidiary regulations not inconsistent with the special bylaws, Act and rules. The special bylaws of the Central Cooperative Bank is consisting of the strength of
establishment, recruitment and selection, cooperative training, promotion, leave facilities, regulations for fixation of salary, probation, employee discipline and disciplinary action and retirement benefits.

As per the Special bylaw relating to service conditions of employees, a copy of the special bylaw should be given to each employee and an undertaking shall be taken from him that he would abide by the special bylaws as existing and as amended from time to time. If there is any amendment in the form of correction or omission or addition, it is communicated to each employee through circular. Thus, it is obvious that the Personnel Executive has only advisory role in framing the personnel policy and he serves as communication link with the employees of the Bank. Further, it is understood that in the Central Cooperative Banks there is very little scope for the individual banks and their top-management to formulate personnel policy, as the Registrar’s circular and Act and Rules and Special Bylaws take care of every aspect of personnel management.

**Personnel Planning**

One of the most important functions of the personnel department is personnel planning. Personnel planning is the process by which an organisation ensures that it has the right number of people at the right place, at the right time, capable of effectively and efficiently completing those tasks that will help the organisation to achieve its overall objectives.\(^\text{10}\) It is an analysis of present and projected future

David A. Decenzo, *op. cit.*, p. 79.
personnel requirements and the formulation of plans to meet forecast deficits or surpluses. It consists of personnel requirements and supply planning (see Exhibit 2).

Personnel planning serves many organisational and managerial purposes. It helps the management to determine recruitment level, to anticipate redundancies and avoid unnecessary dismissals, to determine optimum training levels, to provide a basis for management development programme, to cost the manpower in new projects, to assist productivity bargaining and to assess future accommodation requirements. Proper personnel planning is necessary to avoid overstaffing or understaffing.

Personnel planning can be classified into short-term and long-term. Short-term personnel planning is concerned with specific work programme and matching the existing jobs with existing individuals and filling current vacancies. Long-term personnel planning is concerned with matching all jobs with all persons and more concerned with filling future vacancies in the light of organisational changes.

Personnel Planning in Central Cooperative Banks

In Central Cooperative Banks, scientific manpower planning does not exist. The current and future demands of personnel in all Central Cooperative Banks are estimated on the basis of model regulations issued by the Registrar of Cooperative Societies. The model regulations (see Appendix II. 4.2.) govern the creation of additional posts under various

Rudrabasavaraj, M.N., op. cit., p. 86.

Personnel Planning

**Demand Forecast**
- Visualising business expansion
- Foreseeing the changes in the organisation
- Estimating the staff strength on work load norms basis

**Supply Forecast**
- Estimating the wastages such as:
  - Retirement
  - Resignation
  - Death in service
  - Dismissal from service
  - Suspension
- Assessing the staff strength for future period taking into account the wastages

**Matching demand and Supply**
- Placing the right man for the right job in right numbers, in right line & in right place by introducing suitable action programmes such as recruitment, transfer promotion programmes
categories on the basis of the work load norms. Under the establishment section, one post of assistant may be created for every 75 employees of the bank to look after their establishment matters. However, no norm has been fixed for the different level of the managerial personnel of the bank. These regulations are subject to the following conditions: (i) The management of the bank should not create any additional post even if it is within the norms prescribed in the regulations, if the establishment and contingency charges of the bank exceed 2 per cent of the working capital and 25 to 30 per cent of the gross income; (ii) The management should assess the staff strength with reference to the norms prescribed above, at the end of each cooperative year and send a comprehensive report including the details of number of posts (categorywise) at the beginning of the year, number of posts created during the year, number of posts at the end of the year, working capital at the beginning and at the end of the year, percentage of establishment and contingency charges to the working capital and gross income, to the Registrar of Cooperative Societies for his sanction.

The norms have been developed on the basis of the number of vouchers to be dealt by an assistant, number of pages to be typed by a typist, number of tapals to be despatched by a despatch clerk, number of notes to be counted by a Cashier and number of societies to be supervised by a supervisor.

The establishment charges include pay and allowances, employer Provident Fund (Bank contributions) travelling allowances, encashment of earned leave, medical allowance and gratuity. The contingency charges include expenses incurred for maintenance of office vehicle, rent and taxes for building, profession tax, lighting, telephone, audit fee and postage and telegraph.

The working capital here means such portion of the reserve fund, paid-up share capital, loans and deposits received by a society as have not been invested in building and other fixed assets.
The conditions imposed by the Registrar of Cooperative Societies are reported to be the stumbling blocks to the personnel planning in Central Cooperative Banks; and defeat the very purpose of personnel planning.

Due to the lack of scientific personnel planning the Central Cooperative Banks are not able to utilise the human resources available in the bank effectively. They are facing the problem of either overstaffing or understaffing. Majority (53 per cent) of the Central Cooperative Banks reported shortages in manpower resources as compared to the sanctioned strength of the bank as on 30th June 1988. In all, there were 7551 employees including employees deputed to other organisations as against the total sanctioned strength of 7427 employees in the state as on 30th June 1988. Thus, there was a surplus staff strength of 124 employees in the State (see Table 4.1). This reveals that though there was shortages in the individual bank level, the surplus staff strength was accounted as against the sanctioned strength in the state as a whole.

It may therefore be concluded that manpower planning and estimation of staff strength were done on the basis of Registrar's circulars and prescribed norms which have several restrictive elements. This might have led to manpower shortages in majority of the banks, though at the aggregate level manpower shortage was not found in this sector for the whole of Tamil Nadu.
### Table 4.1
**Estimation of Vacancies**
(As on 30th June, 1988)

<table>
<thead>
<tr>
<th>SI. No.</th>
<th>Category of employees</th>
<th>Sanctioned Strength</th>
<th>Existing staff strength</th>
<th>Vacancies (3 - 4)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Secretary</td>
<td>17</td>
<td>16</td>
<td>-1</td>
</tr>
<tr>
<td>2</td>
<td>Asst. Secretary/Asst. Executive Officers</td>
<td>77</td>
<td>64</td>
<td>-13</td>
</tr>
<tr>
<td>3</td>
<td>Manager/Field Managers</td>
<td>700</td>
<td>575</td>
<td>-125</td>
</tr>
<tr>
<td>4</td>
<td>Asst. Managers/Senior Supervisors</td>
<td>1261</td>
<td>1155</td>
<td>-106</td>
</tr>
<tr>
<td>5</td>
<td>Senior Assistant/Junior Supervisors</td>
<td>2702</td>
<td>3258</td>
<td>+556</td>
</tr>
<tr>
<td>6</td>
<td>Junior Assistant</td>
<td>1477</td>
<td>1370</td>
<td>-107</td>
</tr>
<tr>
<td>7</td>
<td>Subordinate Staff</td>
<td>1193</td>
<td>1113</td>
<td>-80</td>
</tr>
</tbody>
</table>

**Total**

| 7427    | 7551 | +124 |

- Vacancies + Surplus

### Employee Turnover

To estimate the supply position of human resources of any organisation, we must look at employee turnover data. In broad sense, the employee turnover refers to the movement of work force into and out of an organisation. This movement is an index of the stability of
the work force. An excessive movement is undesirable and expensive, as the organisation has to bear all the costs* associated with the leaving of personnel from any organisation.

The employee turnover rate can be worked out by means of the following formula: 13

\[
\text{Turnover rate (\%)} = \left( \frac{\text{Total Number of separation per year}}{\text{Average number of employees on pay roll}} \right) \times 100
\]

The turnover rate, on the basis of the above formula, in individual Central Cooperative Banks ranges from zero per cent to 3.2 per cent in the year 1987-88. The average rate of employee turnover per bank in 1987-88 was 1.6 per cent (see Appendix II. 4.3).

The employee turnover rate depends on two factors, namely, accessions, i.e., addition to pay roll', and separations which include quits, discharges, retirement and deaths. Retirements are predictable but other turnover must be computed on an assumed percentage basis. 14 Estimation of number of employees who actually retire from the services can easily be done if the retirement age policy and the date of joining of the employees are available in the records of the organisation. On the basis of the records, it is essential that the Personnel Executive

This include hiring cost, training cost, replacement cost, accident rates, pay of a learner, under utilisation of production equipment, scrap and waste records.

13 George Strauses, op. cit., p. 323.
know the actual number of employees likely to retire from their services in the years to come. To simplify it, a retirement chart (see chart 2) can be prepared. Retirement chart is useful in developing long-range personnel planning. The accession* and separation rates** of employee turnover of Central Cooperative Banks in Tamil Nadu from 1983-84 to 1987-88 are exhibited in the Table (4.2). It may be observed that there has been fluctuation in the employee turnover. However, the rate of turnover in Central Cooperative Banks is very low as compared to Regional Rural Banks. The Regional Rural Banks had 10 to 15 per cent turnover in the case of officers and 20 per cent in the case of Clerical staff. The low level labour turnover rate is due to the fact that there were fewer resignations, voluntary retirements and dismissals (see Appendix II. 4.4) while the terms and conditions of employment are attractive in the Central cooperative Banks.

* Accession rate = \( \frac{\text{Addition to pay roll}}{\text{Average number of employees}} \times 100 \)

** Separation rate = \( \frac{\text{Total Number of employees separated}}{\text{Average Number of employees per year}} \times 100 \)

\[
\text{Average No. of Employees} = \frac{\text{Number of Employees at the beginning of the year} + \text{Number of employees at the end of the year}}{2}
\]

## Table 4.2
Rate of Employee Turnover in Central Cooperative Banks

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Accession rate</td>
<td>0.92</td>
<td>0.88</td>
<td>1.66</td>
<td>0.87</td>
<td>2.50</td>
</tr>
<tr>
<td>2.</td>
<td>Separation rate</td>
<td>1.09</td>
<td>0.96</td>
<td>1.29</td>
<td>1.24</td>
<td>1.60</td>
</tr>
</tbody>
</table>

**Recruitment and Selection**

Recruitment and selection of personnel required in terms of number of kinds for meeting the demands of the organisation, are the vital functions of personnel management. Recruitment is the process of searching for prospective employees and stimulating them to apply for jobs in the organisation. It is different from selection, though these two terms are interchangeably used. Recruitment is often termed as "positive" in that its objective is to increase the selection ratio, that is the number of applicants per job opening. Selection, on other hand, is "negative" in that it attempts to eliminate applicants leaving only the best to be placed in the organisation. While recruitment is a process of attracting people, selection is a process of choosing a few among those who have been attracted. The end of the recruitment process is the beginning of the selection process (see Exhibit 3). The selection process starts only after performing the recruitment process. It starts with the screening of applications received from applicants, and ensuring that the job descriptions and job specifications made in the advertisement or communication sent seeking

Recruitment and Selection Process

**Recruitment**

- From within the organisation
- Employment Exchange
- Advertisement
- Professional Colleges/Universities/Institutes
- Casual applications
- Recommendations of the present employees, employees union, etc.
- Sister organisations

**Selection Process**

- Performance/Aptitude/Attitude tests
- Reference check
- Employment interview
- Physical Examination
- Final Selection in the order of merit providing for waiting list

**Short listing**

- Scrutinising the applications with reference to job specification and job description
- Discarding the disqualified applications
- Finalising the applications for selection
the suitable applicants conform to the qualifications of applicants. The selection process generally involves review of application forms, examination and tests administered to the applicants, reference check to confirm the personnel quality of applicant, interviewing the applicant to know their capability, face to face and verification of the relevant documents and examination of physical fitness of the applicants. The selection of the candidate is done temporarily and he is placed as a probationer for a period of not less than one year to test his ability and temperament in doing his job in the long run.

**Recruitment Policy**

The success in performing the functions of recruitment and selection depends on recruitment policy. Recruitment policy provides a framework for formulation and implementation of the recruitment programme in the form of procedures. The recruitment policy may embrace several issues such as extent of promotion from within, attitude of enterprise in recruiting its employees locally or outside, part-time or full-time and such other issues. The recruitment policy of an organisation should therefore conform to the personnel policies and organisational objectives.

Since cooperative institutions differ from other business enterprises, special attention should be paid in framing recruitment policy. Recruitment policy should be evolved taking into consideration the following factors.  

---

a) In localised institutions other than the provincial or the national federations, recruitment should be made largely from that locality.

b) In provincial or national level federations recruitment should be made on the basis of public advertisement in the important newspapers and giving wide publicity therefor.

c) The existing qualified employees should be given due importance in the recruitment of candidates for various categories of posts, particularly higher level positions.

d) Deputation of personnel to fill up an intermediate or high level post has to be considered when suitable candidates are not available from within the organisation or from open market. However, there should be a definite period of deputation and should not be prolonged beyond that period on any ground.

e) The ideal recruitment policy should aim at selection of employees of highest ability and good character to be utilised in positions best suited to their talents, education and training without regard to sex, religion or political preferences.

f) It will be the responsibility of the managing committee of cooperative organisation to delegate authority to its functionaries like selection committee for recruitment to various posts.
Recruitment and Selection in Central Cooperative Banks

Immediately after the appointment of the Special Officers in all Central Cooperative Banks in 1976 a Committee was appointed to assess the staff requirements of the Central Cooperative Banks. As a result, fresh appointments in the Central Cooperative Bank were banned by the Government. Later on realising the urgent need for personnel, a committee consisting of the Special Officer of the Tamil Nadu State Cooperative Bank, as Chairman, Special Officer of the concerned Central Cooperative Bank and the concerned Regional Joint Registrar of Cooperative Societies as members was appointed to assist the Special Officer of the bank for filling-up existing vacancies and anticipated vacancies of the bank. The committee was empowered for recruitment and selection of the candidates for the vacancies of the bank. Despite provisions made in the existing Act for constitution of Recruitment Bureaus at the district levels for recruitment of certain categories of employees, the existing committee is permitted to function till the Recruitment Bureaus are constituted. However, the banks should strictly comply with the provisions contained in Rule 149 of the Tamil Nadu Cooperative Societies Rules, 1988, in the matter of recruitment of paid officers and servants as the provisions in the said Rule 149 had come into effect from 13-4-1988. The recruitments for various categories of posts had been made from 1976 (see Table 4.3). In all, eleven banks have recruited 263 employees. The majority of the above

recruitments were made only during 1987-88. In the intervening five year period between 1976-77 and 1987-88, absolutely no recruitment was made.

Table 4.3
Direct Recruitment of the Employees from 1976-77 to 1987-88

<table>
<thead>
<tr>
<th>Year of last recruitment made by the bank</th>
<th>Number of Central Cooperative Banks made recruitment</th>
<th>Number of Employees Recruited</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Officers  Clerks  Sub-staff  Total</td>
</tr>
<tr>
<td>1977-78</td>
<td></td>
<td>27          10          40</td>
</tr>
<tr>
<td>1978-79</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1979-80</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1980-81</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1981-82</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1982-83</td>
<td></td>
<td>55</td>
</tr>
<tr>
<td>1983-84</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1984-85</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1985-86</td>
<td></td>
<td>-            10         3          13</td>
</tr>
<tr>
<td>1986-87</td>
<td></td>
<td>1            1          13         15</td>
</tr>
<tr>
<td>1987-88</td>
<td></td>
<td>7            95         26         128</td>
</tr>
</tbody>
</table>

Total 11 14 188 61 263

For selection of these candidates, the banks received 2208 applications through Employment Exchange. On an average eight applications for one post were received for selection. Interview was held for selection of the candidates in all banks. Besides, test was conducted in two banks. Except one bank, in all banks, within 3 months from the date of
commencement of recruitment, actions have been taken for selection of candidates. Job tests were held in two banks for the post of typist. This reveals that no concerted effort was made to strengthen the staff position of the bank, despite improvement in the volume of business in the banks during the period of more than ten years.

**Sources of Recruitment**

Before inviting applications to fill up some vacancies, the first task of personnel management is to consider the sources of recruitment, internal as well as external. Normally, the recruitment is made through employment exchange. Direct recruitment by means of advertisement is resorted to when the Cooperative Society has special obligation to the existing employees or the children of employees died in harness, etc.

**Table 4.4**

Sources of Employment for the Entry Post

<table>
<thead>
<tr>
<th>SI. No.</th>
<th>Sources of Employment</th>
<th>Number of Respondents</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Officers</td>
<td>Clerks</td>
</tr>
<tr>
<td>1</td>
<td>Through employment exchange</td>
<td>1</td>
<td>94</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(1.4)</td>
<td>(16.3)</td>
</tr>
<tr>
<td>2</td>
<td>Through direct recruitment and selection</td>
<td>69</td>
<td>466</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(95.8)</td>
<td>(80.9)</td>
</tr>
<tr>
<td>3</td>
<td>Ex-Employees</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(1.4)</td>
<td>(0.2)</td>
</tr>
<tr>
<td>4</td>
<td>Through Recommendation</td>
<td>1</td>
<td>13</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(1.4)</td>
<td>(2.3)</td>
</tr>
<tr>
<td>5</td>
<td>No Response</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(0.0)</td>
<td>(0.3)</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>72</td>
<td>576</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(100.0)</td>
<td>(100.0)</td>
</tr>
</tbody>
</table>
Table 4.5

Influence as a Source for getting Appointment

<table>
<thead>
<tr>
<th>SI. No.</th>
<th>Influence</th>
<th>Number of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Officers</td>
<td>Clerks</td>
</tr>
<tr>
<td>1.</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td></td>
<td>15</td>
<td>170</td>
</tr>
<tr>
<td></td>
<td>(20.8)</td>
<td>(29.5)</td>
</tr>
<tr>
<td>2.</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td></td>
<td>56</td>
<td>400</td>
</tr>
<tr>
<td></td>
<td>(77.8)</td>
<td>(69.4)</td>
</tr>
<tr>
<td>3.</td>
<td>No response</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>(1.4)</td>
<td>(1.0)</td>
</tr>
<tr>
<td>Total</td>
<td>72</td>
<td>576</td>
</tr>
<tr>
<td></td>
<td>(100.0)</td>
<td>(100.0)</td>
</tr>
</tbody>
</table>

Further, applications may also be received from candidates working in other societies by advertisement in one English daily or two Tamil dailies having circulation within the area of operation of the society approved by the Government for the purpose of issue of Government advertisement. No appointment by direct recruitment to any post shall be made except by calling for applications from the employees of the concerned societies, who possess the qualifications prescribed for the post and unless the Government have accorded special sanction for recruitment by advertisement in dailies and by also calling for a list of eligible candidates from the employment exchange. The details of the sources of employment for entry post exhibited in table (4.4) shows that 82.6 per cent of the sample employees were recruited through direct recruitment, 14.7 per cent through employment exchange, 2.1 per cent through recommendations. The recruitment through employment exchange is
insisted only in recent years. In earlier period direct recruitment was the main source of recruitment. It is a noteworthy feature that 28.5 per cent of the employees had used influence as a source of appointment (see Table 4.5). Therefore, it may be concluded that direct recruitment, backed by local influence was the principal source of recruitment in the banks.

Reservation of Appointment

The principle of reservation of appointment for scheduled castes/scheduled tribes and backward classes followed by the Government of Tamil Nadu* for recruitment to the state and subordinate services is applicable to cooperative banks as well.

Selection for appointment by direct recruitment to each category of post in the banks is expected to be made in the order of rotation specified in the schedule as noted in the special bylaw. If a qualified and suitable candidate belonging to any of the scheduled castes and scheduled tribes or backward classes is not available for selection for appointment in the turn allotted for them in the cycle, the turn so allotted to the backward classes shall lapse and the vacancy shall be filled by the next turn in the order of rotation, but the turn so reserved for scheduled castes and scheduled tribes shall not however

* Under Rule 22 of the General Rule is applied to any class or category of post to which appointment is made by direct recruitment. Reservation is made on the following basis:
   a) Schedule Castes/Scheduled Tribes - 18 per cent of the posts
   b) Backward Class - 50 "
   c) On merit basis for all including scheduled castes and scheduled tribes - 32 "


lapse. In case if the number of candidates available for selection falls short of the number of existing vacancies the unfilled vacancies reserved for scheduled castes and scheduled tribes shall be carried over to the next recruitment and selection for appointment to that post in the next recruitment shall be made first for the carried over turn and then the normal rotation shall be followed. If qualified Scheduled Castes/Scheduled Tribes candidates are not available even then the carried overturns shall lapse and the vacancy shall be filled by the next turn in the order or rotation.

Reservation of appointments to the handicapped persons is also provided in the special bylaw of the banks, to the extent of 3 per cent of the appointments.

Though as a policy, reservations have been made for scheduled caste and scheduled tribe candidates in the matter of appointment, the number of employees belonging to this category formed only 3.2 per cent of the total number of employees of the banks (see Table 4.6). This shows that sincere efforts were not taken to fill up the vacancies reserved for schedule castes and scheduled tribes, and to that extent the cooperative banks have failed to fulfil the social obligation.
Table 4.6
Distribution of Employees by Social Class

<table>
<thead>
<tr>
<th>SI. No.</th>
<th>Social Class</th>
<th>No. of employees as on 30th June 1988</th>
<th>% to total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Schedule Caste/Schedule Tribe</td>
<td>206</td>
<td>3.2</td>
</tr>
<tr>
<td>2</td>
<td>Backward Class</td>
<td>5153</td>
<td>79.3</td>
</tr>
<tr>
<td>3</td>
<td>Forward Class</td>
<td>1136</td>
<td>17.5</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>6495</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Recruitment on Compassionate Ground

The Central Cooperative Banks adopt the policy of the State Government in the matter of dependents of their employees dying in harness. The following guidelines are issued for adherence by the Central Cooperative Banks while appointing the dependents.

a) The candidates should possess all the qualifications prescribed for the posts in the special bylaws relating to the service conditions of the employees.

b) The power to waive the normal procedures of recruitment is vested with the concerned circle Deputy Registrar of Cooperative Societies and the concurrence of the Regional Joint Registrar of Cooperative Societies should be obtained before making such appointment.

Altogether, 14 Central Cooperative Banks have appointed 100 dependents* of employees who died in harness from 1978-79 to 1987-88, which reflects the extent of compassionate appointments over the years.

**Educational Qualification**

No person shall be eligible for appointment as per policy unless he possesses the prescribed minimum educational qualification. In general, for higher cadre of posts, the educational qualification prescribed was graduates and post graduates with cooperation as a special subject, while for clerical cadre, S.S.L.C., qualification with cooperative training was insisted.

For such posts of technical nature as typists, steno-typists, telephone operators, drivers, the candidate must produce relevant certificates.

However, the qualification prescribed are not strictly followed in respect of the employees of the bank and as such many were holding various categories of post without the qualifications commensurating with the post. This phenomenon was more obvious in respect of persons appointed to the posts by promotion.

Dependent in this context means son/unmarried daughter/wife/near relatives of the employee. The concession is also extended to the husband of the female employees subject to the condition that: (i) the female employees who die should have been the only bread winners in the family; (ii) the family should be in indigent circumstances and (iii) the candidate should possess all the prescribed qualifications for the post concerned as per the special bylaws.
Cash and Fidelity Securities

The paid employees of the Central Cooperative Banks in the categories mentioned below who were in service or to be employed were asked to furnish cash security ranging between Rs.200 to Rs.10,000 depending on the cadre as well as the nature of job, besides Fidelity bond which ranged between Rs.200 to Rs.5,000.

The new entrants to the services had to furnish the securities presented before joining the posts and the existing incumbents had to pay the balance amount of cash portion of the security, recoverable in 20 monthly instalments from their pay.

As per the Rule 148 of the Tamil Nadu Cooperative Societies Rule, 1988, no Bank shall appoint any person as its paid employee in any category of service unless such person furnishes security to the extent and in the form specified by the Registrar. No bank shall retain in service of any paid employee if he does not furnish security within a period of three months from the date of order of the Registrar. Security deposits received by a bank, from its employees shall not form part of the assets of the bank and shall be invested separately in the financing bank or a cooperative bank approved by the Registrar. Every bank shall lien on the security deposits received from its employees and shall adjust the security deposits of an employee towards any dues from him to the society.

Pre-conditions for Appointments

Besides the minimum educational qualifications, the persons to be recruited under officers and clerical cadres must have successfully undergone a full course of cooperative training namely, Higher Diploma in Cooperation or Diploma in Cooperation in Central Cooperative Institute, Madras or in any one of the Junior level cooperative training institutes or in any one of the cooperative training colleges which function under the aegis of National Council for Cooperative Training, New Delhi. Besides these, candidates who possess certain category* of university degrees have been exempted from undergoing the above training courses. Untrained employees of the banks were insisted by the management to successfully complete basic training in Cooperation i.e., HDC or D.Cop at their cost within a specified period.

The age limit for any post in the bank was 30 years. However, in the case of Scheduled Castes and Scheduled Tribes, it was relaxed upto 35 years, and further upto 40 years for handicapped persons, and upto 45 years for ex-servicemen and 50 years in the case of ex-servicemen belonging to scheduled castes and scheduled tribes and backward classes. The retirement age of employees was fixed at 58 years; and the same was extended upto 60 years in the case of sub-staff like messenger, watchmen, peons and gardener.

A person who has taken the M.Com., B.Com., degree of the Madras University with Cooperation as an optional subject and also M.A. (Coop) degree holders shall be exempted from undergoing the Cooperative Training noted above. Similarly a person who has passed B.Com., degree of any recognised University with Cooperation as optional subject and also B.A. (Coop) Degree holder is exempted from undergoing the Cooperative training. An employee holding the post of technical in nature or steno-typist or typist or sub-staff, is exempted from undergoing cooperative training.
A person is disqualified for appointment to any post in the services of the banks if he (i) is found guilty of any offence involving moral turpitude and (ii) is a near relative of a member of the committee of the bank.

**Examination and Interview**

Provision has been made in the Tamil Nadu Cooperative Societies Rule, 1988 to appoint through direct recruitment by holding written examination and interview or by holding interview only as decided by the board and on the basis of the marks or rank awarded thereof. However, in the case of the appointments of dependents of the employees who died or medically invalidated while in service, the above provision will not apply.

**Probation Period**

A person appointed to any post in the bank service, as per rule, should be on probation for a total period of two years from the date of joining the bank. On the completion of this period, he is confirmed in the post, if his work and conduct have been satisfactory. It may be extended by the authorities upto three years to enable them to decide whether the probationer is fit for regularisation and confirmation. In case, an employee's work or conduct is not satisfactory, he may be terminated from service before the expiry of six months of his service.

Thus, in most of banks under study, there were no direct recruitment, despite manifold increase in the volume of business. Since
there is no increase in staff strength commensurating with the increase in business of the banks, the employees had to undergo hardship in the form of heavy work load. Barring few postings in some of the Central Cooperative Banks there had been no recruitment at all and the vacancies caused by resignation, retirements and death of the employees have not been filled-up. This is a serious lacuna in the personnel management of Central Cooperative Banks.

Deputation

Borrowing of services of employees by one organisation from another organisation, namely deputation, constitutes one of the most commonly used sources of recruiting the personnel. Deputation in cooperatives has been in practice from the inception of the cooperative movement in India. Apart from this historical factor, the developmental compulsions have made the Government to assume larger responsibility of nurturing cooperatives through active assistance in various forms including managerial assistance.

A system of sending government officers on deputation to manage the cooperatives has been evolved. In some of the states, provisions in the cooperative societies Acts have been incorporated to empower the government to appoint Managing Directors and other key personnel in case of state aided cooperative institution. This system was advocated with a view to overcoming the internal limitations of

cooperatives and their inability to fill-up vacancies particularly at higher levels and to establishing easy liaison with Government. The tendency of lending the services of officials of various government departments to the cooperative organisations in the state is increasing. The Committee to Review Arrangements for Institutional Credit for Agriculture and Rural Development (CRIFICARD), in this context observed that there has been an increasing trend towards officialisation of the cooperative management by deputing government officials to hold top level positions of Chief Executives and key personnel. The deputation has provided an easy passage to government officials to get appointed to the position at the higher echelons of cooperatives and has led to bureaucratic vested interests in cooperatives. Thus, the practice which was started as a stop gap measure seems to have settled down as an accepted practice. Needless to say that situations, when the more attractive executive posts are blocked to those serving in the system, can lead to nothing but disappointment, if not frustration. Further, the officials deputed to the cooperatives bring with them their alien values, attitudes and outlooks. Consequently, they are not ideologically or emotionally committed to the policies and programmes of the organisations and cannot fully identify themselves with these organisations. The position becomes worse when deputation is made just

---

to suit administrative convenience, irrespective of the aptitude, business knowledge and managerial capacity of the official concerned for the job. A large body of expert opinion disfavours the deputation as it undermines the autonomy of cooperatives and adversely affects their personnel development.

Deputation in Central Cooperative Banks

In Central Cooperative Banks, officers deputed by the Government occupy the key positions such as Special Officer, Chief Executive Officer and Personal Assistant to the Special Officer. In all Central Cooperative Banks except one, officers in the rank of Joint Registrar of Cooperative Societies/Deputy Registrar of Cooperative Societies from Cooperative Department, Government of Tamil Nadu have been appointed as Special Officers. As on 30th June, 1988 in majority (76 per cent) of the Central Cooperative Banks, Joint Registrars of Cooperative Societies had been appointed as Special Officers, and in the smaller banks, Deputy Registrars of Cooperative Societies were acting as special officers. Similarly in most of the banks (82.3 per cent), officers in the rank of Deputy Registrar of Cooperative Societies were appointed as Chief Executive Officer. Besides, cooperative sub-registrar had been appointed as Personal Assistant to the Special Officer in 47 per cent of the Banks in the State. He is mainly dealing with the matters relating to establishment and assists the special officer.

Another problem associated with deputation is quick managerial succession weakening the top-management of the banks. During the years
from 1976-77 to 1987-88, 178 special officers had been appointed in 16 Central Cooperative Banks. On an average 11 officers had served in a bank during the period of 12 years. Thus, an officer has served as special officer on an average for 13 months in a Central Cooperative Bank. It is noteworthy to mention that officers, in spite of holding key positions could not be retained for long in a particular institution. As exhibited in Table 4.7 nearly 60 per cent of the Special Officers served the bank for a brief period of less than one year only and 32.58 per cent for one to two years. Only 7.87 per cent of the Special Officers of the bank served for more than three years. In one bank, 19 officers have served as Special Officers within a span of only 12 years (see Appendix II. 4.5). In another bank 7 Special Officers were appointed within a period of 18 months, of whom three officers were appointed within a short period of 10 days. This was not an isolated case in only one bank; frequent change in the appointment of Special Officer in a short period had been a common practice. This shows the absence of proper planning in the placement of government officers on deputation, and lack of clear-cut policy on the part of the government while deputing officers to the Central Cooperative Banks. In such a situation, it may not be possible for the officer deputed to concentrate more on the developmental activities of the Bank.
Table 4.7

Tenure of Special Officers of Central Cooperative Banks during 1976-77 to 1987-88

<table>
<thead>
<tr>
<th>SI. No.</th>
<th>Tenure of Service in the Bank</th>
<th>No. of Special Officers</th>
<th>% to total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Upto 6 months</td>
<td>71</td>
<td>39.89</td>
</tr>
<tr>
<td>2.</td>
<td>6 months to 1 year</td>
<td>35</td>
<td>19.66</td>
</tr>
<tr>
<td>3.</td>
<td>1 to 2 years</td>
<td>39</td>
<td>21.91</td>
</tr>
<tr>
<td>4.</td>
<td>2 to 3 years</td>
<td>19</td>
<td>10.67</td>
</tr>
<tr>
<td>5.</td>
<td>Above 3 years</td>
<td>14</td>
<td>7.87</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>178</td>
<td>100.00</td>
</tr>
</tbody>
</table>

Deputation of Bank Employees

Deputation is not only made by the Government to the banks but it is also made by the banks to their affiliated societies. About 88 per cent of the banks had deputed their employees to their affiliated societies mainly to safeguard their interests. The Central Cooperative Bank is the major financier to the Cooperatives organised in its area of operations. To assist the primary cooperatives and other societies in financial matters, the Central Cooperative Banks depute their officers on deputation basis. In all, 998 employees of the Central Cooperative Banks have been deputed as on 30th June 1988 to the different types of Cooperative Societies (Table 4.8). A large majority of the deputed
Table 4.8
Deputation of Bank Employees to other Organisations
as on 30th June 1988

<table>
<thead>
<tr>
<th>Si. No.</th>
<th>Name of the Organisations</th>
<th>Number of Employees</th>
<th>% to Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Agricultural Credit Societies</td>
<td>979</td>
<td>98.10</td>
</tr>
<tr>
<td>2.</td>
<td>Cooperative Spinning Mills</td>
<td>10</td>
<td>1.00</td>
</tr>
<tr>
<td>3.</td>
<td>Cooperative Guest House</td>
<td>1</td>
<td>0.10</td>
</tr>
<tr>
<td>4.</td>
<td>Urban Cooperative Bank</td>
<td>1</td>
<td>0.10</td>
</tr>
<tr>
<td>5.</td>
<td>Cooperative Super Market</td>
<td>5</td>
<td>0.50</td>
</tr>
<tr>
<td>6.</td>
<td>D.R. Office</td>
<td>2</td>
<td>0.20</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>998</strong></td>
<td><strong>100.00</strong></td>
</tr>
</tbody>
</table>

employees (i.e., 98.10 per cent) of the Central Cooperative Banks were assigned to the Primary Agricultural Service Cooperative Societies.

Thus, the key positions in the Central Cooperative Banks have been occupied by the officers from State Government which deny promotional avenues to the regular bank employees and this practice affects the morale and retards management development in the banks and quickens the managerial succession and reduce the tenure of top management which ultimately affect the efficiency of the banks.

As per the Registrar’s Proceedings RC 17242/88 ASC-3, dated 6-6-1988, all the deputationists of Central Cooperative Banks working in primaries were to be withdrawn in a phased manner for the reason that their cost was disproportionate to the income earned by the societies.
Training

Once the personnel required for an organisation are procured through various sources of recruitment, they should be made to fit into the job by providing training relevant to the job. Training is the process of improving the knowledge, skill and attitude of employees to achieve organisational objectives. It is only through a systematic programme of training that necessary professional knowledge is imparted, skills developed and attitudes attuned to work situation.

The training is a kind of investment. However, most of the business enterprises in India consider resources spent on training and development as current expenditure rather than investment which will yield continuous results in the years to come. Training is a continuous process. The purpose of training, according to Japanese approach is continuous improvement in the performance of whatever one does, benefiting the worker as well as the employer.

The training need of an organisation arises from three main factors. It is not always possible to have right man for the right job. Secondly, the need also arises from structural changes which alter the relationships among the people who man the organisation. Lastly, there is need for training in the organisation to bring about changes in performance, attitude, behaviour or relationships. The outcome of the


Ibid., p. 19.
training to any type of organisation includes increased productivity of employees, heightened morale, reduced supervision, reduced accidents, increased organisational stability and flexibility. Besides, training is also important to improve quality of work, to create an organisational climate, and to prevent obsolescence.

The first and foremost step in the training process is the identification of training needs. There are three basic ways of identifying training and development needs. They include: (1) monitoring personal flows, policy and procedural changes and organisational operations (2) asking supervisors and managers about the training and development needs of their subordinates and (3) accepting and analysing training requests from managers and others.

Organising appropriate training programmes for the employees is the next step. This may be done either through institutional training programme or on the job training. In institutional training, the employees are away from their routine work, get ample opportunity to improve their knowledge and skills.

Institutional training should be effectively supported by another type of training which is continuous and includes on the job experience. In this type of training supervisors must themselves be sufficiently oriented to enable a trainee to use his training for practical work. Job rotation, special assignments, inter-change of experience are other

elements which together with training for career development and personal building.

Evaluation of training programmes is an integral part of training. Normally, evaluation is done with reference to the training objectives and on the basis of the data gathered during and after training. The impact of the training be better understood by means of comparison of the performance of employees prior to and after the training. 29

Institutional Training Arrangements for Cooperative Employees in India

As the Cooperative Movement in India is diversifying and expanding, the need for improvement in training courses has become extremely important. The Cooperative training policy has therefore been fully reoriented in accordance with the national objectives. The main objective of the cooperative training policy is to strengthen the management structure of the Cooperative movement and help the cooperative institutions in building up professional management by improving the knowledge experience and skill of cooperative personnel through systematic programmes of training.

Since there are no efficient arrangements for internal training, training of the employees of cooperatives are arranged through a hierarchy of training institutions, namely, Vaikunth Mehta National Institute of Cooperative Management (VMNICM), Pune for senior personnel,

eighteen (18) Cooperative Training Colleges for intermediate personnel and 89 Cooperative Training Centres for junior personnel.

Apart from the training arrangements within the cooperative movement, external agencies like Reserve Bank of India, International Cooperative Alliance, International Labour Organisation, National Cooperative Development Corporation have training arrangement for employees of Cooperative Banks. Though training is principally the responsibility of NCCT and the state cooperative unions, the role of other agencies cannot be underestimated. Nevertheless it will be complementary and supplementary in nature rather than competitive.

The training institution, thus cater to the training needs at different levels, namely top executive, middle management and supervisory personnel. The training courses in all the three levels include core or foundation course and specialised sectoral and skill oriented training programmes.

**Training in Central Cooperative Banks**

As stated earlier, the new recruits for positions in cooperative banks should have undergone cooperative training in any of the cooperative training centres or colleges, mentioned earlier for being eligible for appointment in Central Cooperative Banks. The Tamil Nadu Cooperative Societies Rules, 1988 prescribes the nature of cooperative training. (Appendix II. 4.6).

It may be inferred from Table 4.9 that 83.2 per cent of the sample employees had undergone cooperative training, 9.7 pr cent had
been excepted from undergoing cooperative training as they have passed degree* with cooperation as optional subjects.

Table 4.9
Pre-recruitment Cooperative Training undergone by the employees

<table>
<thead>
<tr>
<th>SI. No.</th>
<th>Name of the Course</th>
<th>Number of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Officers</td>
</tr>
<tr>
<td>1.</td>
<td>H.D.C.</td>
<td>17</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(23.6)</td>
</tr>
<tr>
<td>2.</td>
<td>Supervisor' Course/D. Cop</td>
<td>32</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(44.4)</td>
</tr>
<tr>
<td>3.</td>
<td>Exempted from Training</td>
<td>20</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(27.8)</td>
</tr>
<tr>
<td>4.</td>
<td>No Cooperative Training</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td>No Response</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(4.2)</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>72</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>(100.0)</strong></td>
</tr>
</tbody>
</table>

75.6 per cent of the respondents had passed general basic course designated as D.Cop., and conducted by the Cooperative Training Institute/Centres, whereas only 7.6 per cent of the respondents had passed Higher Diploma in Cooperation' (HDC) in Cooperative Training Colleges. Only 2.6 per cent of the respondents had not undergone cooperative training as most of them were working as technicians, stenographers and typists who were exempted from Cooperative training.

It is worthwhile to note here that in seven colleges affiliated to different Universities and in one University Department cooperation is taught as the main subject at under graduate level; and in two of the above colleges and the University department the subject is taught at post-graduate level also.
Besides H.D.C., employees of the Central Cooperative Banks were imparted training in Cooperative Banking and other functional areas. The following table (4.10) shows the number of employees trained during the period between 1983-84 and 1987-88.

**Table 4.10**
Number of Employees Trained

<table>
<thead>
<tr>
<th>Year</th>
<th>Officer</th>
<th>Clerk</th>
<th>Total</th>
<th>Officer</th>
<th>Clerk</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1983-84</td>
<td>30</td>
<td>76</td>
<td>106</td>
<td>8</td>
<td>9</td>
<td>17</td>
</tr>
<tr>
<td>1984-85</td>
<td>6</td>
<td>10</td>
<td>16</td>
<td>1</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>1985-86</td>
<td>14</td>
<td>28</td>
<td>42</td>
<td>1</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>1986-87</td>
<td>75</td>
<td>128</td>
<td>203</td>
<td>7</td>
<td>12</td>
<td>19</td>
</tr>
<tr>
<td>1987-88</td>
<td>94</td>
<td>97</td>
<td>191</td>
<td>8</td>
<td>8</td>
<td>16</td>
</tr>
</tbody>
</table>

The number of training programmes conducted had been on the increase in recent years. The training given to employees per bank and per year ranged between 2 and 19 during the period between 1983-84 and 1987-88. The respondents have participated in one or more of the 71 training programmes organised by various institutions (see Appendix II. 4.7).

Apart from Cooperative Training Colleges in Madras and Madurai, other institutions also organised training courses in which the employees of the Central Cooperative Banks participated during the study period. They included National bank for Agriculture and Rural Development (NABARD), Madras, Tamil Nadu Institute of Labour Studies, Madras;
College of Agricultural Banking, Pune; National Institute of Personnel Management, Tamil Nadu State Land Development Bank, Madras; Salem Cooperative Training Centre and VMNICM, Pune. As such there was no dearth of training facilities to the employees of Central Cooperative Banks.

Table 4.11
Post-Recruitment Training to the Employees

<table>
<thead>
<tr>
<th>SI. No.</th>
<th>Details</th>
<th>Number of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Officers</td>
</tr>
<tr>
<td>1</td>
<td>Training given</td>
<td>53</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(73.6)</td>
</tr>
<tr>
<td>2</td>
<td>Training not given</td>
<td>19</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(26.4)</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>72</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(100.0)</td>
</tr>
</tbody>
</table>

Extent of Employees' Participation in Training

Generally, the banks did not show much interest in deputing their employees either to the Diploma Course in Cooperative Banking or to other short-term courses. It is evident from the table (4.11) that 55.7 per cent of the bank employees did not receive any training during their service period. Only 40.6 per cent of the employees belonging to the clerical cadre and 73.6 per cent belonging to the officer cadre were given opportunity to undergo training courses during their service period. It reveals that there was no systematic arrangements to train the employees of the bank, and the opportunity for training was availed disproportionately by the officers of the Central Cooperative Banks.
Procedures in Sponsoring Employees for Training

The training course is announced by the training institutions well in advance, say about two months before the commencement of the course with a view to providing adequate time to the Central Cooperative Banks for sponsoring employees for training. The notification carries the informations regarding duration of the courses, subjects taught, training techniques, interspersal of the course, eligibility for admission, facilities and incentives* to trainees and nomination form. However, it was observed that majority of the banks did not take immediate action to sponsor their employees to the training course. They generally determined the training needs of employees on the basis of the instruction of the Registrar of Cooperative Societies, request of the training institution and job requirements. In majority of the banks the selection for training was mainly on the basis of seniority and seniority-cum-suitability of the employees. In 12 per cent of the banks, no procedure was followed in selection of candidates for training. In about 50 per cent of the banks, the deputation of the candidates had been cancelled in the eleventh hour due to the unavoidable circumstances either on the request of the employees deputed for training or on the initiative of the bank. On such occasions, the banks either made immediate alternative arrangements by deputing another suitable employee or dropped the programme altogether.

Usually following facilities and incentives are provided to the trainees: Free tuition, boarding and lodging facilities, stipend at the rate of Rs.360/- per month; TA & DA at the existing rate of Cooperative Training College for joining the course, return journey and practical training tour; treating training period as on duty; salary protection during the training period etc.
During the period of absence of employee sponsored for training, either a substitute was appointed from the reserve staff or additional responsibility was assigned to the existing staff in the same department, where there was no reserve staff at their disposal. The evaluation of training was not done by the bank scientifically. However, in 53 per cent of the bank's employees were asked to submit report after the completion of training. This reveals a total lack of planning in manpower training in the Central Cooperative banks. Instead, training needs were determined just to satisfy the Registrar of Cooperative Societies and Cooperative Training Institutions. This often led to the last minute decision to depute the employees without ascertaining their interest in and aptitude for training.