CHAPTER – I

INTRODUCTION

Introduction:

Human Resource Management is basically concerned with human beings and deals specifically with all intangible aspects i.e. feelings, emotions, attitude, perception, values, beliefs etc.

The Service sector has a crucial role to play in the society. Services create value by providing a bridge between the providers and beneficiaries. A major characteristic of modern socio-economic development has been the increasingly dominant role of the services sector. The emergence of the service sector has brought about a fundamental transformation in the socio and economic structures of modern society. This particularly has given a way to an emphasis on human and managerial competencies at the macro economic level and also at the organization level. Management development is a long term educational process. It utilizes a systematic and organized procedure for imparting conceptual, theoretical and practical knowledge. Development a relative process. It covers not only those activities which improve job performance, but also those, which bring about growth of personality. It helps individuals in progress towards maturity and actualization of their potential capacities. Its aim is not only to make good employees but also to make better human beings. In organizational terms, it is intended to equip a person to earn promotion and hold greater responsibilities. Training a person for a bigger and higher job is development.

Agriculture and agro-related activities in rural India are instrumental in promoting balanced, equitable and self-sustained pattern of development. Realizing the potential of agriculture sector, the Government of India (GOI), the Reserve Bank of India (RBI) and the National Bank for Agriculture and Rural Development (NABARD) have activated themselves in the process of institution
building in rural credit. The objective is to ensure such a system of rural credit that serves dual purpose of accelerated growth in production and income and of greater equity in the distribution of credit. There are several traditional and non-traditional institutions catering to the credit requirements of rural areas. These agencies suffer from structural organizational, managerial and public acceptance. Due care has been taken to look into all these deficiencies and rectify them to create a congenial system of rural financing.

Banks play an important role in the economy building of a nation keeping rural India in mind. RRBs were established in India in 1975 essentially for the purpose of taking banking services to the door steps of rural people, particularly, to those places where banking services do not exist. The quality of an organization basically depends on the quality of people serving in the organization. Employees make or mar an institution. Hence Human Resource Management and Human Resource Development is of utmost importance.

1. Importance of the study:

Human Resource Development is a subject of national importance, much more of great relevance in a developing and most populous Country like India. Of all the resources, the “Human Resource” is the most crucial and difficult to tackle but of great importance without this resource the development of country in terms of Physical, Financial, Technological resources is not possible. Thus, there is a need to Train the human resource with the purpose of organizational development and other multi-various activities. Training would include the need to develop the human resources - their skills, attitudes, aptitudes so that they can competently achieve the pre-determined goals. “HRD means the total knowledge, skills, creative abilities, talents and attitudes of organizations work force as well as the values, attitudes and beliefs of the individuals involved”.

Dynamic and growth oriented organizations do require HRD to succeed in a fast changing environment. Organizations flourish only through the efforts and competencies of their human resources. Personnel policies of organizations do provide the encouragement and motivation, but these efforts are not enough to
make the organization dynamic and take it in new directions. Employee capabilities must continuously be acquired, sharpened and used. When employees use their initiative, take risks, experiment, innovate and make things happen, the organization may be said to have a good culture. Even an organization that has reached its peak, has to adopt to the changing environment. All the organizations do require the need for processes that help to acquire and increase its capabilities for stability and renewal.

2. Regional Rural Banks:

The Regional Rural Banks in India and in Karnataka have had a long standing of nearly more than 35 years. The main objective of RRBs has been to promote the Agriculture and rural sector. But with the passage of time they were made to accept the functions of sponsor, commercial and nationalized Banks. The great inputs provided to rural development, specially after 1991-92 banking reforms compelled the RRBs to take up the task of financing rural industries, weaker sections and people below the poverty line. In the course of time RRBs faced multiple difficulties like financial crises, slow progress, limited scope of investment, delay in decision making, lack of co-ordination, capital inadequacy, poor recovery rate and lack of training facilities. The RBI and NABARD undertook a bailout programme through the sponsor Bankers. 2004-05 is an important year in the history of RRBs. They were subject to amalgamation. It resulted in the reduction of 196 banks to 133 banks. In Karnataka itself 13 banks were reduced to 07 banks. This amalgamation brought in radical changes in the structure and functions of RRBs.

A regional Rural Bank is a bank established under section 3 of the Regional rural Banks Act. 1976. These banks are rural financial institutions. They are considered as prominent segment of multi-agency credit structure in our country. The purpose of establishing such banks is to provide credit and other incidental services at reasonable terms and conditions for the upliftment of the rural poor people in areas where there are no banks and no adequate banking services. RRBs could reach and attract rural masses due to two resources. Firstly,
they provided local feel and familiarity with rural problems. Hence people accepted them like co-operative societies. Secondly, like commercial banks they imbibed features like strategic business environment. Commercial discipline, capacity to mobilize deposits, modernization and modern outlook. RRBs are regional based, rural oriented and commercially organized. The importance of RRBs lies in the fact that they have been instrumental in opening up new dimensions in rural agricultural structure and thereby contributing positively to the rural economy of India.

3 History of RRBs in India:

Narasimhan Committee that conceptualised the foundation of Regional Rural Banks in India in 1975 the committee felt the need of regionally oriented rural banks that would address the problems and requirements of the rural people with local feel, yet with the same level of professionalism of commercial banks. RRBs mobilize financial resources from rural/semi-urban areas and grant loans and advances mostly to small and marginal farmers, agricultural labourers and rural artisans for the purpose of classification of bank branches the Reserve Bank of India defines rural area as a place with a population of less than 10,000. RRBs are jointly owned by Govt. of India the concerned State Government and sponsor banks. The issued capital of RRB’s is shared by the owners in the proportion of 50 percent, 15 percent and 35 percent respectively. Initially five Regional Rural Banks were setup October 2nd 1975 with a total authorized capital of one crore, which was later augmented to 5 cores. The first five RRBs were setup in five states in Haryana, Rajasthan with one each and two in Uttar Pradesh, which were sponsored by different commercial banks namely Punjab National Bank, Bank of India and United Commercial Bank, the first five regional Rural Banks are as follows.

- Prathama Bank in Uttar Pradesh
- Gorakhpur Kshetriya Grameena Bank in Uttar Pradesh
- Haryana Krishi Grameena Bank in Haryana
- Jaipur, Nagpur Anchalik Gramin Bank Rajasthan.
In the wake of introduction of financial sector reforms in 1991-92, the commercial viability of RRBs emerged as the most crucial factor in deciding about their desired role due to their limited business flexibility with hardly any scope of expansion / diversification, smaller range of loans with higher exposure to risk prove advances and professional efficiency in financial deployment. To strengthen RRBs and improve their performance many initiatives have been taken by the Govt. of India and the Reserve Bank of India (RBI). As a part of the comprehensive restructuring programme recapitalization of RRBs was initiated in the year 1994-95, the process continued and covered 187 RRBs with aggregate financial support of Rs. 2,188.44 crores from the shareholders namely, Government of India, State Government and the sponsor banks in the ratio of 50 : 15 : 35. Further the branch licensing policy for RRBs has been liberalised. Under the new norms, empowered committees at the regional offices of RBI cleared RRB applications to open new branches. The branches of RRBs undertake government business including conducting foreign exchange business with the prior approval of the concerned Government authority and RBI.

These banks have also been allowed to open extension counters at the premises of the institutions of which they are main bankers after obtaining license from the concerned regional office of the RBI. The RRBs need not obtain permission of RBI for the installation of ATMs at the branches and extension counter for which they hold licenses issued by the RBI. They are also permitted to open off site. ATMs after assessing the cost and benefit. As against the earlier policy of opening a large number of branches on the remote rural areas, RRBs have been permitted merger/close down their unviable branches and the branch licensing policy for RRBs is almost at par with that of commercial banks. Now RRBs compete with the commercial banks in rural credit market of India. RRBs provide loans for agriculture and rural development while commercial banks serve needs of commerce and industry in rural areas.

In 2005-06, that Government of India initiated the process of structural consolidation of RRBs sponsored by the same bank within a state as per the
recommendations of the Vyas Committee (2004). The amalgamated RRBs were expected to provide better customer service due to better infrastructure computerisation of branches, pooling of experienced work force, common publicity, marketing efforts etc. and also derive the benefits of a large area of operation enhanced credit exposure limits and more diverse banking activities.

**List of Regional Rural Banks in India**

There are a 83 Regional Rural Banks in India. Following are the state wise list of Indian Regional Rural Banks.

**Andhra Pradesh:**
- Andhra Pradesh Grameena Vikas Bank
- Andhra Pragati Grameena Bank
- Deccan Grameena Bank
- Chaitanya Godavari Grameena Bank
- Saptagiri Grameena Bank

**Arunachal Pradesh:**
- Arunachal Pradesh Rural Bank

**Assam:**
- Assam Gramin Vikash Bank
- Langpi Dehangi Rural Bank

**Bihar:**
- Madhya Bihar Gramin Bank
- Bihar Kshetriya Gramin Bank
- Uttar Bihar Kshetriya Gramin Bank
- Samastipur Kshetriya Gramin Bank

**Chhattisgarh:**
- Chhattisgarh Gramin Bank
- Surguja Kshetriya Gramin Bank
- Durg –Rajnandgaon Gramin Bank

**Gujarat:**
- Dena Gujarat Gramin Bank
- Baroda Gujarat Gramin Bank
- Saurashtra Gramin Bank

**Haryana:**
- Harayana Gramin Bank
- Gurgaon Grmin Bank

**Himachal Pradesh:**
- Himachal Gramin Bank
- Parvatiya Gramin Bank

**Jammu and Kashmir:**
- Jammu Rural Bank
- Ellaquai Dehati Bank

**Jharkhand:**
- Jharkhand Gramin Bank
- Vanachai Gramin Bank

**Karnataka:**
- Karnataka Vikas Grameena Bank
- Pragati Gramin Bank
- Cauvery Kalpatharu Grameena Bank
- Krishna Grameena Bank
- Chimagalur-Kodagu Grameena Bank
- Visveshvaraya Gramin Bank

**Kerala:**
- South Malabar Gramin Bank
- North Malabar Gramin Bank

**Madhya Pradesh:**
- Narmada Malwa Gramin Bank
- Satpura Kshetriya Gramin Bank
- Madhya Bharath Gramin Bank
- Rewa-Sidhi Gramin Bank
- Sharda Gramin Bank
• Vidsha Bhopal Kshetriya Gramin Bank
• Mahakaushal Kshetriya Gramin Bank
• Jhabua Dhar Kshetriya Gramin Bank

**Maharashtra:**
• Marathwada Gramin Bank
• Wainganga Kshetriya Gramin Bank
• Vidharbha Kshetriya Gramin Bank

**Manipur:**
• Manikpur Rural Bank

**Meghalaya:**
• Meghalaya Rural Bank

**Mizoram:**
• Mizoram Rural Bank

**Nagaland:**
• Nagaland Rural Bank

**Orissa:**
• Klinga Gramya Bank
• Utkal Gramya Bank
• Baitaran Gramya Bank
• Neelachal Gramya Bank
• Rushikulya Gramya Bank

**Puducherry:**
• Pudvai Bharthaiar Grameena Bank

**Punjab:**
• Baroda Rajasthan Gramin Bank
• Marwr Ganganagar Bikaner Gramin Bank
• Rajasthan Gramin Bank
• Jaipur Thar Gramin Bank
• Hodoti Kshetriya Gramin Bank
• MGB Gramin Bank
Tamil Nadu:
- Pandyan Grama Bank
- Pallavan Grama Bank

Tripura:
- Tripura Gramin Bank

Uttar Pradesh:
- Purvanchal Gramin Bank
- Kashi Gomti Samyut Gramin Bank
- Sarva Uttar Pradesh Gramin Bank
- Shreyas Gramin Bank
- Lucknow Kshetriya Gramin Bank
- Ballia Kshetriya Gramin Bank
- Triveni Ksjetriya Gramin Bank
- Aryavart Gramin Bank
- Kshtriya Kisan Gramin Bank
- Baroda Western Uttar Pradesh Gramin Bank
- Prathama Bank

Uttarakhand:
- Uttaranchal Gramin Bank
- Nainital Almora Kshetriya Gramin Bank

West Bengal:
- Bangiya Gramin Vikash Bank
- Paschim Bangal Gramin Bank
- Uttar Bengal Kshetriya Gramin Bank
Establishment of KGB:

Krishna Grameena Bank established on 1st December 1978 under the RRBs Act, 1976 has been meaningfully, usefully & successfully serving the people of Gulbarga, Yadgir and Bidar Districts. During the year 2010-11. The bank crossed a major milestone by surpassing Rs.2500 crores of business by registering a growth of 19.46% over the previous year. Further the Bank has added Rs.269 crores to total business during the year 2010-11. At the end of the financial year 2010-11, the Bank is serving the people of these three districts through its Head office and 139 branches.

The Details are provided in the following table.

Table 1.1

<table>
<thead>
<tr>
<th>Sl. no.</th>
<th>Category of Branches</th>
<th>Gulbarga District</th>
<th>Yadgir District</th>
<th>Bidar District</th>
<th>Total</th>
</tr>
</thead>
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<tr>
<td>1.</td>
<td>Urban</td>
<td>11</td>
<td>02</td>
<td>05</td>
<td>18</td>
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<tr>
<td>2.</td>
<td>Semi-urba</td>
<td>06</td>
<td>04</td>
<td>04</td>
<td>14</td>
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<tr>
<td>3.</td>
<td>Rural</td>
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<td>24</td>
<td>33</td>
<td>107</td>
</tr>
<tr>
<td>4.</td>
<td>Total</td>
<td>67</td>
<td>30</td>
<td>42</td>
<td>139</td>
</tr>
</tbody>
</table>

Source: Krishna Grameena Bank- 33rd Annual Report. 2010-2011

The Success or failure of an institution depends mainly on the quality of man power it possesses. Krishna Grameena Bank has been serving the people of Gulbarga, Yadgir and Bidar Districts.

The success story of Krishna Grameena Bank is written by these people. Hence it is a matter of great importance to know the man-power policy, promotion & development policy and in general the HRD policy adopted by the bank. How has human resource contributed for the development of bank? What are the human resource strategies the bank has planned and what are the untapped resources? A detailed study and analysis is the need of the hour. Much work has not been done on macro and micro issues of Human Resource Development in the sector of Regional Rural Banks and particularly on KGB. This study will be of immense significance in improving the quality of services in rural credit and agricultural financing.
R.B.I. Guidelines for RRBs.

Study of Regional Rural Banks becomes more systematic if we understand the basic requirements for setting up RRBs. This can be done through studying the recommendations provided in Regional Rural Banks, Act, 1976. The Act provides for details regarding incorporation regulation and winding up of Regional Rural Banks. According to this Act, the RRBs have been set up “with a view to developing rural economy by providing credit and other facilities, particularly to the small and marginal farmers, agricultural labourers, artisans and small entrepreneurs and for matters connected therewith and incidental thereto for the purpose of development of agriculture trade commerce, industry and other productive activities in the areas.”

Thus, the objectives of RRBs can be listed as below.

- To provide cheap and liberal credit facilities to small and marginal farmers and other weaker sections.
- To save the rural farmers from the private money lenders.
- To facilitate economic growth in the concerned area.
- To cultivate the banking habits and mobilize savings in rural areas for economic development.
- To encourage employment & entrepreneurship in rural areas.
- To develop the backward areas which are not covered by other financial institutions.
- To play main role in the development of underdeveloped regions and in removing economic disparities.

Area of operation:

The jurisdiction of each RRB is within the specified districts in a state and for its branches certain blocks within the districts. Generally, a RRB for its activities will have a compact area of one to five districts with homogeneity in agro-climatic conditions. Normally, its branch officer will cover one to three blocks and finance five to ten Former Service Societies (FSS).

Capital structure:
The authorized capital of each RRB shall be Rs. One Crore and the issued capital shall be Rs. 25 lakhs. The issued capital shall be subscribed by the Central Government, the sponsoring bank and the state government in the proportions of 50%, 35% and 15% respectively.

The Regional Rural Banks (Amendment) Act 1987, which came into effect on 28th September 1988 has increased the authorized capital to Rs.5 crores and paid up share capital to Rs. 1 crore.

Sponsorship:

Every RRB is to be sponsored by a scheduled Commercial Bank mainly by a public sector bank. The RRB is established at the initiative taken by the State and Central Government. A Sponsor Bank in relation to a Regional Rural Bank, means a bank by which such Regional Rural Bank, means a bank by which such Regional Rural Bank has been sponsored. The sponsor Bank will “subscribe to the share capital of the RRB; it will assist the RRB in its establishment, recruitment and training of the RRB, and in general provide such managerial and financial assistance as may be mutually agreed upon between the sponsor Bank and the RRB”.

Management

The General superintendence, direction and management of the affairs and business of an RRB is vested in a Board of Directors. The Board of Directors is required to act on “Business principles and should have due regard to public interest”. Also, an RRB in the discharge of its functions will be guided by such direction in regard to matters of policy involving public Interest as the central Government may give after consultations with the Reserve Bank of India.

The Board consists of 9 directors including a chairman. The chairman is full-time professional executive, appointed by the Central Government. He is
usually a senior officer from the sponsor Bank. The Board constitution is as under:

- One chairman to be nominated by the central Government.
- Three directors to be nominated by the central Government.
- Two Directors to be nominated by the state Government.
- Three directors to be nominated by the Sponsor Bank.

The Central Government can increase the number of Board of Directors to a maximum of 15. The RBI and NABARD can also nominate one director each to the Board of RRBs. After the formation of NABARD in July 1982, most of the aspects relating to the RRBs are looked after by NABARD. The RBI as the central Banking Authority continues to prescribe various policy objectives and guide lines for RRBS.

**HRD facilities for RRB staff:**

Realising the need for efficiency in services and specialisation, Reserve Bank of India has made suitable arrangements for training the staff of RRBs at its own college of Agricultural Banking in Pune. Training arrangements have also been made at zonal and regional levels to impart training to officers of RRBs.

**Functions of the RRB:**

Every RRB has the status of a scheduled commercial bank and has been empowered to carry on and transact the business of banking as defined in clause (b) of section 5 of the Banking Regulation Act, 1949.

Every Regional Rural Bank is required to undertake the business of

1. “Granting of loans and advances to small and marginal farmers and agricultural labourers whether individually or in groups, and to co-operative societies, agricultural processing societies, Co-operative farming societies, primary agricultural credit societies or farmers service societies, for
agricultural purposes or agricultural operations or for other related purposes; and
2. Granting of loans and advances to artisans, small entrepreneurs and persons of small means engaged in trade, commerce or industry or other productive activities, within its area of operations”.

Special guidelines of RBI for RRBs

The guidelines and concessions were issued by the Reserve Bank of India to support the RRBs for better performance and smooth functioning. This was done to provide the initial push-up for pro-active functioning of these institutions. The noteworthy guidelines, Concessions & privileges are listed as under:

1. The RRBs can offer a uniformly higher rate of interest on deposits for all periods of maturity up to 5 years. The interest rate may be fixed by half a percent over the rates payable by the scheduled commercial bank; however, the rate should be on par with these offered by the District Central Co-operative Banks (DCCBs) functioning within the same area of operation of the RRBs and half a percent less than the rates on deposits payable by the village level primary agricultural credit societies.

2. The rates of interest to be charged by the RRBs on its direct advances to the beneficiaries belonging to the specified categories of the rural society would be at par with the rate charged by the primary agricultural credit societies operating within the same area of operation.

3. The RRBs are also allowed to lend up to 15% (percent) of its aggregate of paid-up capital and deposit mobilized. The rest are to be arranged through refinancing from the Government (50 percent) and from the sponsoring bank (upto 35 percent).

4. The RRBs are allowed to avail refinancing facilities from the RBI as is enjoyed by the co-operative banks. The RBI formulated a moderate refinancing scheme (with effect since 01-10-1976) by which the RRBs
could avail themselves of refinancing facilities at 2 percent below the bank rate.

5. The RBI enabled the RRBs, through amendment of the relevant act to enjoy refinance facilities from the two special funds of the Government. Eg: The National Agricultural credit (Long-term operatives) Fund and the National Agricultural credit (stabilizations) Fund.

6. The facilities accessible from the Deposit insurance corporation of India have also been extended to the RRBs subject to the condition that their depositors can avail insurance upto maximum Rs.20,000 of deposits.

7. From January 1977 the RBI designed a special scheme under which a RRB could freely transfer its own funds from its head office to the different branches through the branches of the public sector banks functioning within the areas of operation of the respective RRBs.

8. The RBI permitted certain relaxation as well to the RRBs in respect of the cash and liquidity requirements as applicable for the scheduled commercial banks. The cash reserve to be maintained by RRBs was fixed at 3% of their aggregate of demand and time liabilities are compared to 6% applicable to the commercial banks. Moreover, the definition of cash for determining the cash reserve was broadened to embrace the balance to be maintained by RRBs with the state Bank of India and also with any nationalized bank (i.e. all public sector banks). For minimum statutory liquidity requirements of eligible assets the RRBs are required to maintain a ratio of only 25% of their aggregate of total demand and time liabilities as compared to 33% as followed by the commercial banks.

9. For income tax benefits the RRBs are treated as equivalent in status to the co-operative credit institutions under the Regional Rural Banks Act.

Apart from these, following conditions have been laid down for the effective & smooth functioning of RRBs.
1. That the bank must have a regional character whereby its area of operation is restricted to that particular region. Region here means one or two districts of a state.

2. That the people familiarity or local feel be maintained. This can be done by recruiting local or regional people belonging to that particular region.

3. That simplicity be maintained in the infrastructural facilities as to ensure low cost credit agency structure. To be put straight, RRBs are an alternative to co-operative societies.

4. That RRBs are considered as miniatures of scheduled Commercial Banks and should provide the benefits of people familiarity and financial soundness, administrative and organizational skills of the commercial banks.

5. That the RRBs should serve the target group i.e. they must serve the credit needs of small and marginal farmers, agricultural labourers, rural artisans, petty traders, transport operators.

6. That RRBs be considered as rural development banks for small men and should help in removal of poverty in rural areas

**Facilities provided to Regional Rural Banks**

In order to encourage, motivate the RRBs and to make them function efficiently & effectively certain facilities are provided to them, they are

- All the Regional Rural Banks are recognised as scheduled banks and are included in the second schedule of Reserve Bank of India Act.

- The deposits in the hands of regional rural banks are covered by deposit insurance scheme

- The statutory liquid assets required to be maintained by a regional rural bank is fixed at a lower rate as compared to that maintained by a scheduled commercial bank

- Financial assistance is made available to regional rural banks at concessional rates from the NABARD.
For the purpose of income Tax Act (96) a regional rural bank is treated as a co-operative society. Hence, a regional rural bank is not liable to pay income-tax on its income.

CONCEPT OF HRD:

Human Resource Development (HRD) as a theory is a framework for the expansion of Human Capital within an organisation through the development of both the organisation and the individual to achieve performance improvement. Adam Smith states “The capacities of individuals depend on their access to education”.

M.M.Khan defines “HRD is the process of increasing knowledge capabilities and positive work attitudes of all people working of all levels in a business undertaking”.

Prof Nadler says “HRD is an organised learning experience within a given period of time with the objective of producing the possibility of performance change.

Employees who feel valued will add more value to their organisation. A well thought out and well run HRD plan will achieve more positive outcomes for the organisation. Hence HRD can be considered the job of helping employees develop their skills and knowledge especially by training them. The main aim is to improve employee productivity through human resource Development.

Human Resource Development is a framework for helping employees develop their personal and organisational skills, knowledge and abilities. HRD includes such opportunities as training performance appraisal and development organisation at development coaching, mentoring, career development etc.

Thus HRD refers to the function or discipline that focuses on the people who work for an organization. HRD specialists i.e. both internal employees and external consultants, use a variety of performance assessment and management
tools to help the employees improve their job skills, increase their job satisfaction and plan for a full and rewarding future.


**History of HRD In India:**

1974 is a historical year as it marked the emergence of a new system or discipline to the field of management in India. Prof. Udasi Pareek and Prof. T.V.Rao of Indian Institute of Management developed a new function - The HRD function. They are the pioneers who ventured the novel “Review Exercise of the performance Appraisal system” for L&T.

In 1974, these pioneers studied and analysed the organisation and prepared a new integrated system and used the term Human Resource Development System. The new system recognised & integrated and created mutual relation among various aspects like performance measurement & appraisal, employee counseling motivational training and etc.

Prof. Udai Pareek and Prof. T.V.Rao submitted an approach paper to top management of L & T. The company was pleased to accept and appreciate their new ideas.

Implementation of the ideas became a challenge for the company as the top brass felt that they may not have the internal resources within the company on human process. Hence the company requested these two consultants to take up the implementation also. But the consultants had confidence in the workforce of the organisation and requested them to form on internal team which will undertake the work of implementation. Their request was adhered to and the internal team headed by a general manager accomplished the task. Subsequently a new department HRD Department was established.
Since then much water has flown in. Necessary improvements and modifications as per the demands of the situation and time have been inculcated without disturbing the basic structure and philosophy. The original consultancy reports of Prof. Uday Pareek and Prof V.T. Rao resulted in the emergence of a new function and a profession. State Bank of India and its associates, Bharat Earth Movers Ltd, Bangalore followed L & T in establishing HRD Depts. The trend picked up the pace and has spread widely now.

**NEED FOR HRD:**

Human Resource Development means investment in human capital. Human capital means people who can act as capital assets and yield a stream of economic benefits over their employment career. Improvement in physical capacity & capability soft & hard skills and mental capability of the employees constitutes an increase in the human capital as it enables the employees to produce more. Hence there is a need to develop human resources. Main reasons for the HRD can be understood by the following points.

1. **Enhancement of efficiency and morale:**
   ‘Trial and error’ is a bygone concept. Today every one wants perfection. Equality & time are two integral ingredients of effective performance in today’s world. But how to ensure quality and time in performance? The simple answer is training. It makes the employees efficient and effective. New work culture and constant changes in technologies have made training inevitable. A trained employee is a confident, efficient & effective employee. Performance of assigned task effectively boosts the morale of employees.

2. **Technological Advancements:**

   Ever changing technological advancements have made the survival vulnerable in business world. If we have to survive the technological revolution, we need
continuous updation and training. Theoretical skills do not go a long way. Practical skills through perfect training methods ensure successful performance.

3. Development of skilled workforce

In a country like ours, labour & employees are available in plenty. But most of them are not employable due to the fact that they do not have the required skills. It is the job of HRD team to train the labour & employees and make them useful for the organisation. Different departments in the company require different set of skills for effective performance. HRD team has to train them according to the specific departmental needs. Remember, a permanent employee becomes a permanent liability if not trained well. Hence it is the responsibility of HRD team to build a workforce that is skilled, effective and efficient.

4. Maximisation of productivity

Productivity means maximum output with minimum input. Higher level of productivity is achieved through two important factors and they are economy and efficiency. Qualitative outputs within prescribed time limits by making economic use of inputs is the hallmark of an efficient organisation. Productivity can be maximised by instilling competitive spirit, team spirit, positive and work friendly atmosphere in the organisation.

5. Dominance & command over the markets

Ever changing social, economic, political and technological developments pose greater challenges for the organisations. Day to day changes & developments, entry of competitors, introduction of new strategies by the competing corporate houses have to be dealt head on to maintain supremacy in the markets. Without efficient workforce no domination is possible. If you have to succeed you must have successful workers. A confident well-trained and adaptable employee is a sure solid asset for the company. HRD team should prepare such solid workforce which can take care of and overcome all adversaries in the market.

Strengthening human relations
Oneness and belongingness are essential for smooth survival and progress. All other factors of production are life less. It is only men who bubble with life in the organisation. A methodical training can perennial liveliness in the organization and affectionate bondage among the work force. Better human relations create better understanding better understanding creates better life in the organization.

In conclusion, it can be said that HRD has become a useful and inseparable ingredient in the modern business and industry.

**Importance of HRD:**

Men are our real assets. The other truth is men are not machines. Same speed, same quantity, same quality and same specifications cannot be expected of men all the time and every time. The idea of thinking in such manner is that men can continuously improve, surpass, excel adjust, adopt, energise and outperform. It is because of such qualities that ‘Men’ become ever important. As there is something hidden in every one which if exposed can benefit the individual and the organization he serves. This is why Human Resource Development becomes all important. Moulding a person’s behavior, attitude, work style and thinking pattern is the crux of HRD. Active, enthusiastic, accommodating, accepting and innovative individuals always write the success stories of organizations. HRD plays an important role in creating such men in the organization. The following factors justify the above statements.

1. **Development of individuals:**

   Human Resource Development helps in strengthening the talents and skills of workforce. It is also builds, through efficient training, essential knowledge & skills among employees. This will help an organization in having employees who exactly suit the requirements of the organisation.

2. **Self awareness :**
HRD helps a person understand and judge his talents and skills. It creates self awareness in him as to where he fits in and where he can serve effectively. This awareness decides the organizational roles of every individual.

3. **Commitment to work:**

Commitment is a promise to do something or behave in a particular way, the hard work and loyalty that someone gives to an organization. Human Resource Development helps in making an employee a well mannered, responsible, skilled and duty conscious person.

4. **Congenial atmosphere**

It is seen that individually good workers many a times fail to be better team players. HRD helps in removing such inhibitions, clearing communication gaps and building up team work. It creates an atmosphere of trust and confidence among employees. Such an encouraging atmosphere boosts up the performance of organizational workforce.

5. **Quantity workforce:**

Human Resource Development helps people equip with company specific skills and problem solving techniques. It prepares employees to face challenges and unexpected business situations.

6. **Enhancement of productivity**

Maximisation of efficiency and minimisation of wastes of all kinds result in higher productivity. HRD should aim at making all people efficient. It should create a system in which there is no scope for wastages. All this men will do. HRD should build such workforce which will give the organisation best possible productivity.

7. **Maximum profits:**

A trained employee is a better equipped and confident employee. This makes him complete the given task in a belter manner and in lesser time. Timely and quality output will ensure maximum profits to the organisation.

8. **Team sense:**
A congenial atmosphere helps in free interaction among employees. This creates better understanding among them and ensures cordial human relations. Working with known people makes one confident and he can perform better & faster.

9. **Complements Human Resource Planning**

HRP is a continuous and never-ending process that supplies the organisation right type of people in the right time and at the right place, to effectively and efficiently complete these tasks that will help the organisation achieve its over all objectives. HRD helps in creating and fetching useful data of the employees and the respective jobs. This will complement effective HR planning.

**CONCEPT OF MANAGEMENT DEVELOPMENT**

**Programmes**

The dictionary meaning of the word ‘Development’ is the process of gradually becoming bigger better, stronger or more advanced. Management Development means the task of developing managerial force in the organisation. When we speak of management development we try to focus all our attention on managers and supervisors to make them better leaders. This is because all developmental efforts originate from them.

In the recent part, the significance of management development has reached new heights as organizations seek to compete through people. Talented leaders managers and supervisors are capable of turning the strides of organizational changes and strategic revitalizations in their favor. Management development is instrumental for giving managers & supervisors the skills, inputs and perspectives they need to be successful.

It is better to understand the conceptual framework of the words Training and Development.

According to Flippo, training is the act of increasing the knowledge and skills of an employee for doing a particular job. The main outcome of training is
learning. An employee under training learns new methods, habits, refined skills and useful knowledge that help him improve performance. In other sense, training helps an employee to do his present job more effectively and prepares him for a higher level job. Thus, training may be summed up as a planned programme designed to improve performance and bring about measurable changes in knowledge, skills, attitude and social behavior of employees.

Management Development is defined as “the attempt to improve managerial effectiveness through a planned and deliberate learning process, which seeks to develop in managers certain attitudes, skills and knowledge which would ultimately modify and prepare the executives to adapt themselves to the change”.

The distinction between training and development requires further clarifications.

1. Training is meant for non-managers where as Development is meant for managers.
2. Training focuses on technical & mechanical operations whereas Development focuses on theory and conceptual ideas.
3. Training provides and enhances specific job related information whereas Development provides & enhances general knowledge.
4. Training is usual a short-term course whereas Development is a long term & continuous process.
5. Training is the initiative taken by the management and is based on outside motivation, whereas Development is purely based internal motivation.
6. Training is a reactive process where as Development is proactive process.

Conceptual base for Human Resource Development

HRD is a process of assistance to the employees on a continuous and planned basis so as:

1. To help them acquire or sharpen capabilities to perform their allotted tasks, or the expected future tasks.
2. To develop their overall capabilities as individuals and tap their hidden talents and exploit their potential for their own self development and organisational development.

3. To develop an organisation culture which encourages team work and cooperation, and create a climate conducive to their professional well being, motivation and pride in their jobs.

Human Resource Development is a process, and not merely a bundle of tools and techniques like appraisal, counseling, training organisation Development etc. All tools and techniques facilitate the HRD process, which is infinite in its scope. However, the tools and techniques are reviewed time and again to see whether they facilitate the HRD process or not. HRD philosophy values human beings and promotes their development. Organisations have to systematically plan and practice HRD in a beneficial manner.

**Conclusion:**

It can be concluded that this chapter deals with the basic elements of the research topic like introduction, concept and definitions of Human Resource Development. History, significance and need for the establishment and service of the Regional Rural Banks in the area has been discussed. It is felt that, for the development of the service of the RRBs, proper and regular trainings are essential for the staff members, managers and management. Trainings are essential for the development of their overall capabilities as individuals and tap their hidden talents and exploit their potential for their own self development and organizational development.