CHAPTER 1
INTRODUCTION

Work place attitude, stress and performance of employees working in commercial organizations are vital parameters for overall performance; improving productivity; organizational behaviour and economic development. When an employee works in an organization, he has a place to work and conditions prevailing there have a profound impact on his performance; attitude; productivity of the organization and also his individual as well as family life. On the other hand, the attitude and performance of an employee affects the functioning and productivity of an organization and also the economic growth of a country region.

1.1 WORKPLACE

Workplace is defined as “the environment (as place, tools, social connections, physical well being) enabling work to be done”. It is a physical place where a person usually works in an organization. An employee spends at least eight hours and usually more time everyday at the work place. Work place affects the work performance of the employee; his behaviour and also how he modifies or adapts himself to the work assigned to him.

The workplace has changed dramatically in recent years, particularly in banks and other commercial organizations. The conditions at work place have also changed in the last few decades as use of Information Technology (IT) has increased manifold. This could change as an employee could be transferred from one location to the other; one branch to the other or his duties could change.

1.1.1 FACTORS AFFECTING WORK PLACE

Many different factors affect the workplace. These include the following:

a- As business grows, the work place environment is also undergoing tremendous change. There is an enhanced use of IT in most work place in
business organizations today, particularly in banks, where considerable information is stored in servers physically located elsewhere. Today, most offices have a predominant presence of computers rather than files and racks in the past. New technological innovations are influencing work place at a very rapid pace and employees need to keep pace with these developments.

b- Competition between organizations including banks has become very fierce and this is expected to increase as economic growth takes place in India. As a result, the pressure to perform is increasing. Work place could thus become a very vibrant place where every employee is busy to meet the pressure generated by intense competition. There also exists competition amongst employees at work place to perform better.

c- The physical conditions available at the work place also have a bearing on it. This includes light, ventilation, space between work stations of employees, general ambience, cleanliness, availability of drinking water and toilet facilities etc.

d- The nature and background of employees at a particular work place also affects its general environment. Mature supervisors have a knack of making the atmosphere of a work place relaxed no matter how severe is the work pressure. On the other hand, a irritating supervisor can lead to tensions at work place. Experience of senior employees at the work place make it a better and more conducive place to work in.

1.1.2 EFFECTS OF WORK PLACE CONDITIONS

The conditions prevailing at the work place have an effect on the following:

i- Work attitude.

ii- Work stress.

iii- Work performance.

These three variables have an important effect on the output of the employees as well as that of the organization. It is important that work attitude, work stress and work
performance are analysed together for giving vital inputs to Human Resources Managers of an organization.

1.2 WORK ATTITUDE

Work attitude is the way of doing things in the work place, not just the way the employees perform their work but also the way they think and feel. Work place attitude influences the following forms of behaviour in an employee:

a- The way the employee thinks and feels.

b- The way the employee performs his duties or the task assigned to him to her.

c- It may bring about behavioural changes in the employee.

1.2.1 FORMS OF WORK ATTITUDE

There are two major forms of work attitude. This may be positive or negative work attitude.

**a-Positive attitude:** Positive attitude is a condition when the employees are fully committed towards their work. This attitude helps the organization in many ways while negative attitude harms the organization. Positive attitudes in the workplace have many benefits, including improved communications, better teamwork, increased morale, and higher productivity. The salesperson who sells more, the manager who inspires the employees, the manufacturing supervisor who sets the tone for everybody around them, are all good examples of what attitude does for us and everybody around us.

**b-Negative attitude:** One of the challenges facing management and co-workers today is dealing with difficult people—those who have negative attitudes. It is important to note that a person with a negative attitude has the same power to influence others as a person with a positive attitude. The difference appears in the results. The opposite is true for negative attitudes. They dismantle teamwork, increase stress and cripple productivity. In the workplace, the big difference between the winners and the losers is often attitude.
1.2.2 FACTORS INFLUENCING WORK ATTITUDE

The work attitude of an employee is influenced by a number of factors either singly or in a combination with each other (Sarii and Judge 2004). The degree of influence may vary from time to time but these have a significant effect on work attitude of an employee. These factors have been described in the following text.

a-Job satisfaction: Job satisfaction, which is a state of appraisal of a person’s job either in positive or negative sense, has a major influence on employee attitude. This varies widely from person to person and could change in different situations. Evidence given by Arvey et. al (1989) shows that job satisfaction differs in identical twins who have been brought up in different conditions.

b-Cultural influences: Sarii and Judge (2004) also state that there is influence of cultural background on work attitude and job satisfaction. In this era of globalization, the study of cultural influences on work attitude is important for HR managers. Cultural influences have an impact on the ability of employees from a particular background to adjust to their work place conditions or have complaints about the work place. Employees from sincere and hard working background tend to have a more positive work attitude as compared to others.

c-Work situation: Work situation means the overall situations prevailing at the work place. This includes team work, handling different types of work as a team, helping each other in performing duties, limited competition between employees at the same work place, healthy relationship between employees at the same or different levels at the work place and capacity of the senior members of team to take work from everyone at a team.

Different work situation influences which may affect work attitude are supervision, pay, promotion, career growth opportunities, co-workers and also nature of work.
d-Dispositional factors: Dispositional influences have been cited by Sarii and Judge (2004) as a factor affecting work attitude and job satisfaction. How a person thinks and what are his personal likes and dislikes also has an effect on his work attitude.

d-Work place conditions: The conditions prevailing at the work place also have an effect on work attitude. A pleasant work place tends to give a positive work attitude amongst employees of an organization. Organizations, tend to ensure that the work place conditions are positive. This means light, ventilation, space between work stations of employees, general ambience, cleanliness, availability of drinking water and toilet facilities etc.

e-Nature of work: Nature of the work or duties also affect work attitude of an employee in an organization. It clear that the work itself influences work attitude of a person in a work place. When an employee like a particular work, his attitude toward it certainly become positive no matter how much intense is the pressure of the work on the employee.

1.3 WORK STRESS

Work stress is a phenomenon that comes from variety of reasons and affects people working at various places in different ways. It is a harmful, emotional or physical response that develops in employees of an organization due to various causes such as work pressure; working conditions, mismatching capabilities, resources and needs. (Park 2007) It is a common problem amongst employees in business organizations and affects their work performance; organizational climate; family and personal life. Stress at workplace is emerging as a major problem in India, more so as economic activities increase, there is pressure on employees to enhance their performance. Employers need to know about the factors causing stress amongst their employees as this problem has long term effects on the functioning of the organization and also on the health of the employees.

1.3.1 CAUSES OF WORK STRESS

According to a review paper by Negi (2015) work stress may be caused by many different causes, either singly or in association with each other. The main causes of work stress are:
**a-Job insecurity:** Lack of job security makes a person insecure and leads to stress. Lack of job permanency occurs when employees are engaged on contract or thorough outsourcing and this makes him insecure. Nowadays, the usually method of engagement of employees is to outsource them or hire them on contract.

**b-Fear of skill redundancy:** As technology changes and economic development takes place, new skills are required by the employees to perform their work satisfactorily. They need to learn new skills and if this does not happen, they existing skills become less useful for their job functions. As a result, their skills become redundant and this leads to work stress.

**c-Frequent job change:** The change in job by the employee during the short term period leads to the stress in the mind of the employee and it affects his/her working in the organization. When an employee frequently changes his job, there is bound to be stress on his body and mind.

**d-Unrealistic deadlines and expectations:** Often, employees at different levels may be asked to do their work within short time frames and meet unrealistic deadlines and expectations. When this happens over a long period of time, there occurs work stress.

**e-Technology overloads:** Change in technology or expecting the employees to use newer technology which changes very quickly is a reason for stress. Example change in the technology in the banking sector from manual book entry to the software entry provides difficulty to the employee to work and this leads to the stress in the employee to cope with new technology which may be difficult to learn quickly. Employees who have not learnt computers in their schooling days may find it difficult to pick up the latest softwares being used no matter what is the level of training provided to them by the organization they work for.

**f-Lack of involvement in decision making:** Lack of involvement in the decision making in the organization without providing his/ her opinion on decisions leads to the stress in the employee and he/ she is not able to perform their work/duties properly.
g- Aggressive management style is also the cause of the stress in the employees: If the management style is aggressive and keeps on commenting or pushing the employee, he/she will get demoralized and this will lead to stress and cause impact on the working of the organization.

h- Harassment of the employee: Some of the organization cause harassment to the employee and make him do work or use abusive languages to harass the employee in front of the others employees. Employer may also harass the employee by delaying salary and other benefits. This causes stress and makes the person feel insulted.

i- Competition: Peer to peer competition is also increasing in all organizations this is the cause of the stress to the employees. It affects the performance and the attitude of the employee becomes negative when there is a cutthroat competition amongst the team members.

j- Increasingly diverse workforce: The diverse workforce consists of the people coming from different cultural backgrounds. This also leads to the stress amongst the team as well as the single individuals as the person does not adjust according to the culture and habit of the other person from different background.

k- Downsizing: Downsizing leads to the stress in the mind of the employees when the organization at certain stage makes a change or downsizes the business by terminating the employee from his/her job after a certain period from the organization.

l- Work/home conflict: At certain stage the work/home conflict occurs when the person works more in office and puts in extra time, thus neglecting his/her personal and family life. This causes stress which is related to his workplace.

1.3.2 EFFECTS OF WORK STRESS

The effects of work stress are many, which usually act together. These have been outlined in the following text:

a- Physiological effects: These include the physiological effects of work stress on human beings. These may be in the form of health problems like increased blood pressure; persistent headaches and cardiological disorders.
b-Psychological effects: Work stress also affects the psychology of the employee. It may cause tension, anxiety and irritability in the person affected by work stress.

c-Behavioural effects: There could occur behavioural effects of work stress on the employee. These could be changes in behaviour such as absenteeism, employee turnover, lack of motivation, alcoholism, smoking habit, irritability and frequent loss of temper. Work stress may also cause problems like absenteeism; job change and could create problems of discipline in an organization. It also has an effect on the family life of the employee.

Employers need to know about the factors causing stress amongst their employees as this problem has long term effects on the functioning of the organization and also on the health of the employees. A stress free employee who tends to give his best is highly preferred by the organization as it helps them to improve productivity and meet the overall organizational goals.

1.3.3 WORK STRESS MANAGEMENT

Managing work stress is an important process which is required to be done both at the level of the individual and also by the business organization. Often, both these approached need to be followed together and this helps in tackling the problem of work stress in an organization.

a-INDIVIDUALISTIC APPROACH

The individualistic approach for work stress management includes the following:

- Time management-managing time by the individual in such a manner that the work is performed on time and also there is enough time for meeting the personal and family needs. This needs a considerable level of planning on behalf of the organization as well as on the part of the employee.
• **Physical activity**- More physical activity like games should be played to reduce stress. Often, walking to work also helps to relieve work stress in an employee.

• **Relaxation techniques**- Relaxation techniques need to be adopted. The most favourable technique of relaxation is yoga. Others could be long walks or spending time with the family or picnics or cinema.

• **Building social support**- Employees under work stress to take support from the society including friends and colleagues. At least two or three times a week, stress employees should spend time with supportive friends or family.

**b-ORGANIZATIONAL APPROACH**

• **Selection and placement decisions**:- the selection decision must be appropriate and should be according the rules defined in the organization

• **Goal setting**:- the goals which the team or the department give to his team members or the employee should have proper procedures and techniques.

• **Redesigning jobs**:- the redesigning of the job means redefining the job description and making certain changes in the job profile and the working

• **Increasing employee involvement**:- employee involvement means making the person to involve himself in the decision making process for the development and making the employee to adjust in the working decision

• **Increasing organizational communication**:- there should be proper communication amongst the employees and there should be proper feedback it can be either done through formal or informal communication followed in the business workings

• **Providing organizational wellness programs**:- making the employee feel better in the working by giving him appreciation and providing better facilities to his/ her family members
1.4 WORK PERFORMANCE

Work performance, in simple terms means how an employee performs a particular job or work that has been assigned to him. Performance in an important input for assessing organizational behaviour and success. Campbell (1990) and Campbell et. al (1993) have described job performance as an individual-level variable, or something a single person does. This differentiates it from more complex variables like organizational performance or national performance that are higher level variables. Performance is a type of individual behaviour of the employee following the work given to him as a part of his duties.

1.4.1 FEATURES OF WORK PERFORMANCE

There are many features of work performance. These have been described below (after Campbell, 1990 and Campbell et. al 1993)

a- Outcomes: Outcome is the result of the work of an employee in an organization based on the duties which have been assigned to him. However, all outcome may not be due to work performance. Example even though a sales person puts in very hard work the outcome may not be as per his expectations as sales could also be affected by market conditions; time of the year and other factors. Under these conditions, even though work performance of an employee is satisfactory, the outcome in terms of sales could still be low.(Campbell et. al. 1970). Thus outcome cannot be the sole criterion for judging work performance.

b- Linkages with organizational goals: Work performance is linked to organizational goals. Performance of the employee should be relevant to the goals of the organization. It is evident that performance does not include activities that are not directly related to the goals of the organization.

c-Multidimensional nature: Campbell (1990) has proposed an eight factor model of work performance based on factor analytic research. It brings out the different features of work performance very clearly. These have been listed in brief below:
i- Task specific behaviour which is related to the behaviour of an employee as a part of his work or job. Example a salesman shows a number of products to the customer directly as a part of his work.

ii- Non-task specific behaviour which is not directly related to the behaviour of an employee as a part of this work or job. Example a salesman trains new members of the staff of an organization.

iii- Performance related to written and oral communication.

iv- Performance in terms of efforts put in by the employee for achieving organizational goals.

v- Personal discipline of the employee in terms of general behaviour both during duty hours and off-duty hours.

vi- Degree or extent to which an employee helps his or her colleague in performance of their duties or work.

vii- Willingness to supervise and take the leadership role.

viii- Managerial and administrative performance.

1.4.2 FACTORS INFLUENCING WORK PERFORMANCE

Campbell (1990) has outlined the following main factors the influence work performance:

a- **Knowledge**: Knowledge refers to the knowledge about facts, principles, objects, domain knowledge for performing the work allotted to an employee. It also includes technical and procedural knowledge; skills including interpersonal skills required for the job.

b- **Motivation**: The refers to the motivation of the employee for performing a particular work.

c- **Quality**: The quality of performance may be average or of a high level. This influences the overall performance.

d- **Emotional intelligence**: Emotional Intelligence or EI also has an influence on work performance of an employee.
1.5 LINKAGES BETWEEN WORK ATTITUDE, STRESS AND PERFORMANCE

There is a complex linkage between work attitude, stress and work performance. This has been summarized in the following points:

a- Positive work attitude resulting from various factors creates conditions for less or no work stress and high levels of work performance.

b- On the other hand, negative work attitude borne out from various factors causes work stress, resulting in less than normal work performance.

c- The latter condition is not suitable for an organization as it is unable to meet its goals; overall business will suffer; there will be employee absenteeism and turnover and their health and family life will be adversely affected.

It is thus important that any HR manager should study work attitude, work stress and work performance together to bring out meaningful results that will help them in formulating strategies for improving employee performance; employee satisfaction; employee retention and also meeting the goals of the organization.

1.6 BANKING SECTOR AND COMMERCIAL BANKS IN INDIA

1.6.1 HISTORICAL BACKGROUND

The banking sector in India perhaps formally started in the closing decades of the 18th century with the first bank being the Bank of Hindustan which was established in 1770 though it was liquidated in 1829. In this period, the General Bank of India was set up in 1786 but this bank too failed in 1791. State Bank of India is the oldest bank of India which is still in existence and is also the largest bank of India. It was established as the Bank of Calcutta in 1806, renamed as the Bank of Bengal in 1809. This was one of the three banks, the others being Bank of Bombay and Bank of Madras which were merged in 1921 to form the Imperial Bank of India, later becoming the State Bank of India in 1955. Till the established of the Reserve Bank of India in 1935, the Imperial Bank of India also acted as the central bank of the country.
The Allahabad Bank was set up in 1865 and is still functioning today while Union Bank of Calcutta established in 1869 merged with other banks. Other major banks established in this period were the Bank of Upper India in 1862 which failed in 1913, though some of its liabilities were transferred to Alliance Bank of Simla. The Oudh Commercial Bank was established in 1881 but failed in 1958. However, the Punjab National Bank established in 1894 has grown to become one of the largest banks in India today.

Foreign banks first began to open their branches in India in 1860 when the Comptoir d’ Escompte de Paris open a branch at Calcutta in 1860 and branches at Bombay, Madras and Pondicherry in 1862. HSBC opened a branch at Calcutta in 1869. After this many foreign banks opened their branches in other parts of India including New Delhi.

Many Indian banks were established in the period from 1906 to 1911. Amongst these are Bank of India, Corporation Bank, Indian Bank, Bank of Baroda, Canara Bank and Central Bank, all of which are surviving to this day.

Another important development of the banking sector in India took place in July 1969 when the Government of India nationalized 14 major banks in the country. Before that, even though banks were regulated by the Reserve Bank of India, all banks except the State Bank of India were privately owned. However, with the nationalized of banks taking place in 1969, the major banks which together held about 85% of bank deposits in the country at that time came under the ownership of the government. Later on in 1980, another 6 banks were nationalized with the result that together these banks controlled 91% of the banking business in India at that time.

The process of liberalization of the 1990’s saw the setting up of many privately owned banks in India. The new generation private banks which were set up during this period are the Global Trust Bank; UTI Bank (now Axis Bank), ICICI Bank and HDFC Bank.
1.6.2 CLASSIFICATION OF COMMERCIAL BANKS IN INDIA

The Indian banking sector can be broadly grouped into scheduled and non-scheduled banks. The scheduled banks are those which have been included in the 2nd schedule of the Reserve Bank of India Act 1934. The scheduled banks are further classified into the following:

a- Nationalised banks.
b- State Bank of India and its associated banks.
c- Regional Rural Banks
d- Foreign Banks
e- Other Indian private sector banks.

The classes of banks at a, b and c are classed as public sector banks while d and e are classed as private sector banks. Scheduled and non-scheduled banks are also known as commercial banks. Amongst banks, the public sector banks account for bulk of the transactions in India. They dominate the banking sector in India, mainly because of their size and country wide network which helps them in providing maximum banking services.

1.6.3 BANKING SERVICES IN INDIA

In today’s fast changing business world, the role of banks has become very important as they provide the mechanism for almost all financial transactions to take place. Besides this, the banks also provide many other services. Amongst them are:

- Finance and insurance.
- Consumer banking.
- Corporate banking to business organizations.
- Personal banking to individuals and groups of individuals.
- Mortgages.
- Credit cards and debit cards.
- Gold coins.
- Foreign exchange services.
1.6.4 RECENT DEVELOPMENTS IN THE BANKING SECTOR IN INDIA

In recent years, development of many new services has taken place in the banking sector in India. These have been summarized below (after Kuruppasamy and Venkadesh (2014)) :

1.6.4a- Real Time Gross Settlement (RTGS):

The Real Time Gross Settlement or RTGS process was introduced in India in 2004. It is a system which enables banks to give instructions for transfer of funds from one account to another by giving electronic instructions. The RTGS system in operated and maintained by the Reserve Bank of India. It is a method by which funds are transferred from one bank to the other efficiently and quickly, thus helping in financial operations. There is transfer of funds from one bank to the other on real time basis.

1.6.4 b- Electronic Funds Transfer(EFT):

This system enables a person or organization to make payment to another person or organization directly from his account to the account of the receiver. This system is also operated by the Reserve Bank of India. The person or organization transferring the funds has to give the bank account number, address of the receiving bank, account type and other details. The funds are thus transferred directly to the account of the receiver.

1.6.4 c- Electronic Clearing Service( ECS):

This is a retail payment system for bulk payments / receipts of a similar nature where payments are of repetitive nature and of a relatively small amount are made. This facility helps companies and government departments to make or receive large number of payments of similar nature.

1.6.4 d- Automatic Teller Machine( ATM):

This is a device or machine which enables customers to withdraw money from their bank accounts at any time without any interface with human beings. ATM’s have been installed at thousands of locations all over the country and this has become very popular with Indians.
1.6.4 e-Point of Sale Terminal:

This is a computer terminal linked online to the computerized customer information files in a bank and magnetically encoded plastic transaction card that identifies the customer to the computer. The customer's account is debited with the amount of transaction and this is credited to the receivers account by the computer as a part of the transaction.

1.6.4 f- Electronic Data Interchange( EDI):

This is a system of electronic exchange of business documents like purchase orders, invoices, shipping notices etc which is done in a standard, computer processed, universally accepted format between trading partners. This system is also used for transmitting financial information and payments in electronic form.

1.6.4 g-Tele Banking:

This is a method of banking that enables the customer to undertake financial transactions with the help of telephones.

1.6.4 h-Mobile and Internet banking

Mobile and internet banking is recent another innovation which helps customers to undertake financial transactions through mobile phones or the internet by using passwords.

1.6.5 HUMAN RESOURCE MANAGEMENT IN THE BANKING SECTOR IN INDIA

Thousands of employees of all levels are working in banks in India and they contribute significantly for meeting the long and short term objectives of the organization as a whole; also for industrial growth; rural development; growth of the small and medium scale sector and promoting entrepreneurship. Most of these employees are fairly well educated and trained, passing through a specified recruitment process which includes written test and interviews.
Human Resource Management has a major role to play in meeting the objectives of the commercial banks in India and the human resources available working in these banks can contribute significantly for focused delivery of banking services. Thus the need for studying the work place attitude, stress and performance in employees so that recommendations may be drawn for focused outcomes. These help in attaining the long and short term goals for benefit for the society.

1.6.5 a-JOB PROFILE

The job profile of an employee in the banking sector involves the following aspects:

i- Extensive customer interface particularly in respect of the employees manning the counters. This requires patience and tact while attending to the banking needs of different types of customers.

ii- Handling large amounts of cash, mainly in the cash departments of the banks.

iii- Extensive use of Information Technology as bulk of transactions are being done electronically by banks.

iv- Interaction with commercial organization including companies for approving, disbursing and recovering loans.

v- Field visits by bank officials who give reports used for processing financing loan proposals.

1.6.5 b- RECRUITING, TRAINING, DEVELOPMENT AND RETENTION

According to Singh and Garg (2013) banks have to plan for the following:

- a steady and calibrated recruitment programme.
- continuous skill up gradation programme as technological changes occur in the banking sector.
- building team work as new generation employees work with the senior employees belonging to the previous generation.
- a policy for retaining skilled and experience employees so that turnover is reduced to the extent possible.
1.6.5 c- PERFORMANCE MANAGEMENT

Most banks in India are laying stress on performance management mainly to improve productivity, morale, enhance performance and maintain a high level of morale amongst their employees. RBI is in the process of introducing a performance management system that will work on goal setting, potential appraisal of performers and developing talent. Many other banks too have formulated performance management policies in this regard.

1.6.5 d- ISSUES OF FOCUS IN HRM

Singh and Garg (2013) have given the following suggestions for HRM in Indian banks which need to be focussed upon:

i- A balance between organizational and individual needs. Insensitivity towards individual issues leads to work stress and frustration.

ii- Since there is a high level of interface of bank employees with customers, they must be patient and polite at all times, even though some customers may be more demanding than others.

iii- Banks need to follow a clearly defined system of succession planning and career growth in order to retain employees, improve their morale and reduce work stress amongst them.

iv- Work stress is also a matter of concern amongst bank employees which needs to be addressed appropriately.

v- A positive work attitude helps to maintain high levels of motivation amongst employees. This would go a long way in improving productivity in the bank.

vi- Many banks do not have HR professionals at the very senior level. This is another issue of concern as professional HR input at the highest is required for meeting the HR challenges in the banks today.
vii- Openness and transparency in HR matters, two-way communication, creating belongingness and trust is also needed for improving work performance of the employees in the Indian banking sector.

viii- Banks also need to have award schemes at all levels for encouraging good work.

1.6.5 e- HRM INITIATIVES

According to the study of Singh and Garg (2013), several banks have launched initiatives in HRM. These include:

i- Banks like Bank of Baroda are conducting grooming and etiquettes programmes for frontline staff and also those selected for overseas posting. This aims at improving their service levels and interaction with customers. This bank has started a programme known as SEED (Self Efficiency and Effectiveness Development) for its frontline staff for improving their service skills.

ii- Punjab National Bank has felt the need for a succession policy in view of the fact that there is need to have senior level staff as and when the existing senior managers retire.

iii- Most banks have their network of training institutions to cater to the training needs of all levels of employees. There are National/ Central Staff Colleges and Zonal Training Institutions.

1.6.6 CHALLENGES FACED BY THE INDIAN BANKING SECTOR

In recent years, the Indian banking sector is undergoing major changes, which has thrown many challenges. These are of similar or different in nature for public and private sector banks. The major challenges faced by this sector have been summarized in the text below (modified after Muraleedharan 2009 and Kuruppasamy and Venkadesh 2014):
i- In the recent decades, many banks have come up both in the public as well as private sectors. This has generated very fierce competition amongst them for deposits and also lending. Indian bankers are under tremendous pressure to perform otherwise they run the risk of being in the red.

ii- Most public sector banks in India have Non-Performing Assets (NPA’s). These debts have been growing over time and are bleeding several banks. It is difficult for the banking sector in India to sustain itself at these high levels of debt.

iii- The use of Information Technology (IT) is growing very rapidly in the banking sector and now systems are being developed for virtual banking where the personal interface of bank employees with the customers would be minimized. This would require very high levels of IT skills amongst their employees, thereby needing IT skill enhancement and updation at regular intervals.

iv- Due to the increased use of IT in banking, banks would need to constantly update their technology and address data security concerns as most of the data or information is now stored in servers at different locations.

v- Opening of new branches or extension counters of existing branches would need to be examined from the point of view of the emerging scenario of e-banking or virtual banking.

vi- Banks need to bring about reforms and enhance transparency in their businesses to compete and also to include the best practices in the banking sector being followed in other parts of the world.

vii- Another challenge facing the banking sector is how to improve their presence in far flung rural and less developed parts of the country. At present, there is concentration of banks in the cities, towns and semi-urban areas of the country, while more banks are needed in rural and backward areas. The challenge is to increase banking in these areas where business is less; most employees are not willing to be posted there; internet connectivity is not satisfactory and customers often prefer the use of local language for their banking needs.