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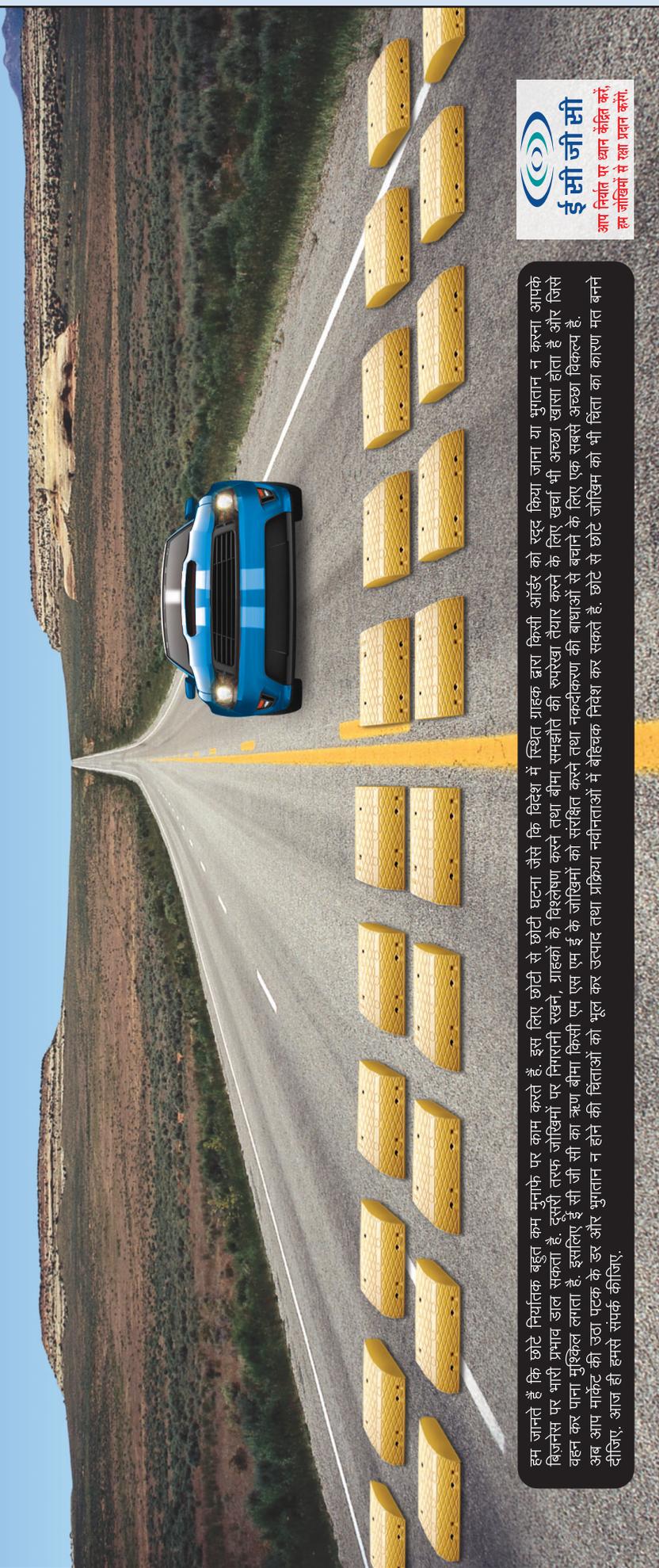
The Journal of Indian Institute of Banking & Finance

खंड. / Vol. 82 • अंक. / No. 3 • जुलाई - सितंबर 2011 / July - September 2011

Transformation
in

Banks

एक छोटे निर्यातक होने के नाते
आप प्रभावित होते हैं कहीं ज्यादा.



हम जानते हैं कि छोटे निर्यातक बहुत कम मुनाफे पर काम करते हैं. इस लिए छोटी से छोटी घटना जैसे कि विदेश में स्थित ग्राहक द्वारा किसी ऑर्डर को रद्द किया जाना या भुगतान न करना आपके बिजनेस पर भारी प्रभाव डाल सकता है. दूसरी तरफ जोखिमों पर निगरानी रखने, ग्राहकों के विश्लेषण करने तथा बीमा समझौते की रूपरेखा तैयार करने के लिए खर्चा भी अच्छा खासा होता है और जिसे वहन कर पाना मुश्किल लगता है. इसलिए ई सी सी का ऋण बीमा किसी एम एम ई के जोखिमों को संरक्षित करने तथा नकदीकरण की बाधाओं से बचाने के लिए एक सबसे अच्छा विकल्प है. अब आप मार्केट की उठा पटक के डर और भुगतान न होने की चिंताओं को भूल कर उत्पाद तथा प्रक्रिया नवीनताओं में बेहिकक निवेश कर सकते हैं. छोटे से छोटे जोखिम को भी चिंता का कारण मत बनने दीजिए. आज ही हमसे संपर्क कीजिए.



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Bank Quest

Vol. : 82 ♦ No. : 3
July - September 2011
(ISSN 0019 4921)

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ध्येय

संस्थान का ध्येय मूलतः शिक्षण, प्रशिक्षण, परीक्षा, परामर्शिता और निरंतर विशेषज्ञता को बढ़ाने वाले कार्यक्रमों के द्वारा सुयोग्य और सक्षम बैंकरों तथा वित्त विशेषज्ञों को विकसित करना है।

Printed by Shri R. Bhaskaran, published by Shri R. Bhaskaran on behalf of Indian Institute of Banking & Finance, and printed at Quality Printers (I), 6-B, Mohatta Bhavan, 3rd Floor, Dr. E. Moses Road, Worli, Mumbai-400 018 and published from Indian Institute of Banking & Finance, 'Kohinoor City, Commercial-II, Tower-I, 2nd Floor, Kiro Road, Kurla (W), Mumbai - 400 070. Editor Shri R. Bhaskaran.



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Indian Public Sector Banks have undergone a near total transformation over the last decade moving seamlessly from manual, scale-constrained organizations to a technologically enabled business leaders. This journey of transformation is far from over. The changes in the market space and technology environment are continuous and these will be necessitating more transformation for some more time. Further the banks need to keep pace with the fast changing global environment to become globally more competitive. The catalysts for transformation are many, yet it is the human resource that has to play a key role.

About a decade or so back, people had almost written off the PSBs. The government ownership, poor adoption of technology and traditional bank products coupled with poor customer orientation were, possibly the reasons for customers flocking to the new private banks which came into being in the early 90's. The new banks started with technology driven, attractive customer oriented service products. They had no legacy issues.

Today, the PSBs are the toast of the market, post global financial crisis, thanks to the way they have withstood the crisis. They are as much in the forefront and adopt as much technology as the private banks. Products and services are almost similar. There is apparent competition among the banks, though the executive compensation at higher levels is not similar. The PSBs have maintained a market share of about 75% over the last six years which clearly shows that the novelty of new private sector banking is no more the driver of banking business. Not only in terms of business, but the PSBs seemed to be an attractive destination for job seekers also. Today, the largest recruiter in the market is PSBs. For every one vacancy in the PSU banks, the aspirants run into thousands. Yet in the not so distant past it appeared that Private Banks will swamp the banking scene in India. What happened? PSBs have transformed. The transformation has come about on account of a number of reasons including some good HR and leadership initiatives. Clearly, not all the transformation could be attributed to leadership initiatives as overall policy and market events seem to have played an important role. The arrival of risk as the prime mover of regulation has played a major role in the transformation. The following are some of the reasons for the transformation.

In terms of importance the first and foremost reason for the transformation is adoption of technology and consequent ability to use multiple delivery channels. Initially, the new private banks had started with an IT advantage and used new delivery channels. However, in the past decade the PSBs have invested heavily in automation such that IT is no

more a differentiator among banks. Yet technology has impacted the PSBs more than the Private Banks. Adoption of core banking solutions, offering internet based products, improved remittance system, installation of ATMs across the country, use of outsourcing for card business and technology, have impacted the working style of the banks. By allowing technology firms employees work shoulder to shoulder with its staff, banks have crossed a huge culture divide. In the wake of IT packages and BPR, PSBs have adopted many delivery channels to reach the customers. Almost all of them have started cross selling mutual fund and insurance products. The ubiquitous mail transfers and DDs are becoming obsolete. The Private Banks had, initially resorted to the DSA / DMA as a delivery channel. The complaints about miss-selling and possibly the high NPA they witnessed in the recent years in the retail segment has brought about a rethinking on the DSA / DMA concept. Today branch banking and relationship banking are certain concepts which are adopted by all banks.

Anticipating the arrival of technology, PSBs had introduced VRS (2000). Though VRS was announced by IBA on account of mechanization, it was some time before the automation started paying off. VRS was announced as a common programme for all PSBs including the State Bank group. An estimated 10% of the staff accepted the VRS. VRS has worked in favour of IT companies (who were looking for domain experts to develop software and market banking solutions) and new private banks (who were looking for people to drive their business). Post VRS there have been widely varying comments/findings about the efficacy of the VRS. Many years later, today the PSBs find that VRS had indeed resulted in a talent crunch with them and many of them are today finding a huge gap in the middle and senior management levels. VRS has made many of the banks rethink their strategies.

The second issue is the divestment of shares by the GOI and consequent listing in Stock Exchanges. As of now majority of the PSBs are listed in the market and need to be as much stake holder conscious as the private sector banks. The PSBs are unique in the sense that they are worried about the quarterly results and also about the white collared unions.

The third issue that had substantial influence in the way banking is done in the country is the 'banking and financial sector reforms'. In the initial phase of reforms it was the deregulation that brought about the change in management styles and work culture. Today the increasing volumes of regulations (re-regulations!) have made it necessary for the bank managements to proactively develop and adopt appropriate policies to run the banks. It is said that 'the reform process is well calibrated'. This statement is often interpreted to mean that the reform process is slow and at times painfully slow. There are, however, certain advantages of this as the aftermath of recent financial crisis have shown and certain disadvantages as evidenced by the fact that our banks are woefully inadequate to finance growth. Regulation while ensuring financial stability has brought about a compliance mindset which seems to impede growth. It is, however, very

evident that reforms have definitely made the bank managements and Boards more responsible than the pre-reform era when the banks had almost nothing much to manage!

A mile stone in the deregulation / re-regulation is the introduction of Capital Adequacy norms and the Income Recognition and Asset Classification norms. The introduction of these norms, albeit in a phased manner, showed that the net worth of the banks stands eroded and the Government had to recapitalize the banks. These norms made the banks look afresh into the way of doing business. Even as the banks grapple with the issue of credit risk and move towards better credit management, waiver, CDR and interest subventions tend to impact the efficacy of ALM and Loan policies.

A related issue is the risk management and introduction of Basel norms. PSBs are highly constrained in this because of the 51% GOI ownership. This warranted innovations by RBI in developing new capital instruments. Globalization and adoption of technology has brought about a renewed sense of risk and security which were hitherto of lesser importance. KYC is a key concern. The need for elaborate AML procedures and increased focus on IT Security has also changed the way banks do business. Going forward the issue will be the inclusion agenda. Given the vastness of the issue, past experiences in the case of IRDP, this may not be an easy agenda to complete.

Today, the private banks, foreign banks and PSBs target the same audience - the burgeoning middle class- and retail banking. It appears that the typical 'private banking' (which is practiced in the West and which was one of the main causes for the financial crisis) focused on HNI may not happen in a big way, though some of the private banks have started special funds and many new private fund houses are being set up. As such, it seems all banks will tend to do similar things in future. Further it appears that the DSA / DMA model may not come back in the near future. Branch banking with technology seems to be the current driver and will be the way forward. It is in this background that PSU banks have opted for massive recruitment.

In view of the above, what were the drivers of transformation? Does the fact that the performance of PSBs is somewhat similar; is the transformation of PSBs a function of policy changes? It seems the answer is that the PSBs are transforming without any major internal push or drive. Yet, in terms of inter se ranking, if there was one, some of them have done better than the past.

Indian bank is a case in the point. This bank was facing a crisis of sorts not only due to reasons mentioned above but also on account of a high level of NPA. Employee morale was low. The transformation story ("A New Beginning"- Ranjana Kumar) clearly shows the importance of HR strategies and leadership in achieving the turn around.

In the case of SBI, the first stimulus was the introduction of core banking solutions (Case study by TCS -The Tower Group). SBI accounts for not only a fourth of business in the country but it also employs a share more than a fourth of the work force of banking industry. It was losing market share and toying with the idea of consolidating the group. The well documented

transformation happened with the launch of 'PARIVARTAN' a HR initiative. SBI gained back the market share and went on to add many new products. SBI also made it clear that it is the leader and would like to be treated as one. (State Bank of India: Transforming a State Owned Giant: HBR). The need for HR initiatives to sustain the technology and policy events has been made evident.

In the case of Bank of Baroda (Dare to Lead : Dr. Anil Khandelwal) the bank did not have issues like Indian Bank, nor it was a giant like SBI. Yet the bank had slipped in its market position and the bank could definitely perform better. In a text book like transformation the CMD tried re-branding, launched process re-engineering and HR initiatives, and changed the way of doing business and today BOB holds a prize place among the PSBs.

Some of the other PSBs have tried re-branding (Canara bank and Union bank). Some of the banks had also launched, though not much publicised, HR initiatives. Evidently the feel is that the human resources must rise to the occasion such that the banks maintain their market share. Banks have also accessed consultants to help them reposition.

It is not that the private banking domain was not active in this period. The backward merger of ICICI with ICICI bank, use of technology by ICICI bank to usher in new products, ICICI banks foray, through its subsidiaries into insurance, merchant banking, mutual funds, technology and education making it the second largest bank is in fact a transformation story. From being a new private bank in the 90s to the second largest bank in the country ICICI's share in shaping the banking landscape is indeed crucial. Both ICICI and HDFC have adopted the takeover / merger route to grow. Another backward merger is that of IDBI and IDBI bank. IDBI also took over another commercial bank. This period also saw new private banks define their focus on exclusive areas (Yes Bank & Kotak Bank) and the old private sector banks (South Indian - Dhanalakshmi) reshaping themselves. Here again the regulatory prescription of minimum subscribed capital had a role to play in the transformation.

Today almost all leading banks have insurance, mutual fund and other subsidiaries. This approach is possibly because of the existence of multiple regulators. Given the urgent need for bigger banks merger of the subsidiaries into one universal bank could be of immense value for the country. Will this happen? Only time will tell.

The past decade has witnessed many transformation efforts. It appears that more transformation will happen in the next few years due to issues such as :

- *Technological upgrades / modifications and technology invading the rest of the banking functions.*
- *Regulation and Compliance impacting the way banking is done.*
- *Growth in business- merger or tech driven.*
- *Customer segmentation and new delivery channels*

- *Customers becoming more tech savvy - demanding.*
- *Internet and mobile banking - the next big thing waiting to happen.*
- *Business Correspondent model.*

The current issue of Bank Quest is mainly focused on 'Business Transformation and HR issues' capturing the issues discussed in the 11th Bank Human Resource Conference organized by the Institute on the theme 'Managing Transformation for Achieving Growth' at Nairobi, the capital city of Kenya on April 28th, 2011. The articles included are Transformation of Banks in Kenya, Transformation Story of State Bank of India, Managing Transformation for Achieving Growth by Canara Bank, Managing Transformation for Growth : A journey of excellence of Bank of Baroda, Managing Transformation for Achieving Growth by Syndicate Bank and IBPS : Transformation of Services.

Further, this issue also carries the lecture delivered by Mr. N. Vaghul, Former Chairman, ICICI Bank Ltd. on the topic of 'The Future of Finance in India' in the 5th R. K. Talwar Memorial Lecture organized by the Institute on behalf of State Bank of India on September 7th, 2011 in Mumbai and an article by Rajendra Sinha on 'Talent Management in Public Sector Banks' in Hindi.

This issue carries three book reviews; 'Business Communication' written by Mr. R. K. Madhukar, 'India's New Development Agenda: Building a Value-based Society' written by Dr. N. A. Majumdar, and 'Dare to Lead' written by Dr. Anil K. Khandelwal. We hope it will be of great use to you.

We solicit your suggestions and feedback for improvement.

(Dr. R. Bhaskaran)

The Future of Finance in India

 N. Vaghul *

Ladies and Gentlemen,

I deem it really a privilege and honour to be called upon to deliver the Talwar Memorial Lecture. Mr. Talwar was easily the most outstanding banker of our times and the State Bank of India and the Indian Institute of Banking and Finance deserve to be complimented for organizing the Annual Memorial Lecture to perpetuate his memory. During his tenure in the State Bank of India, Mr. Talwar was responsible for a lot of achievements, but what stands out most, is his strict adherence to values which he refused to compromise under any circumstances. The fearlessness with which he dealt with the political system, which was seeking to micro manage the affairs of the Bank, used to be the talking point of the industry during his time. This fearlessness stemmed from his strong belief that he was only an instrument of God and that in every task he performed he was merely carrying out the dictates of the Divine Will. His life and work inspired a large number of young officers in the Bank, quite a few of whom rose to occupy senior positions in the banking industry with distinction. The State Bank of India faced a serious challenge when large private sector players such as HDFC Bank, Axis Bank and the ICICI Bank emerged on the banking scene in 1993 with state of the art technology. That the Bank could not only take the challenge head-on, but was quick to re equip itself to protect its market share within a space of a decade, was attributable not only to the quality of its management and manpower, but also to the strong foundation laid by Mr. Talwar during the 1970s.

The global economy is in a state of turmoil following the global financial crisis in 2008. It was widely expected that the prompt measures initiated by the various Governments in the developed markets in the aftermath

of the crisis, would not only prevent a recessionary situation but would trigger a speedy recovery. Three years down the road, there are considerable fears and anxieties in the principal markets, more particularly, United States and Europe, where there are as yet no signs of recovery. In this context the performance of the Indian economy during this period was indeed commendable. Despite severe bottlenecks in physical infrastructure and lack of political support necessary to push through the economic reform process, the economy continues to grow at close to 8 - 9%. Equally impressive was the stability witnessed in the Indian financial system during this period. It is true that the Indian financial system was not fully integrated with the global economy and this to some extent insulated it from the crisis which enveloped the global financial markets. But, credit should also be given to the Reserve Bank of India which had kept a watchful eye on the financial system and ring-fenced it from getting contaminated by the global crisis. Some of the measures of the Reserve Bank of India might, on the face of it, have appeared overly conservative, but the situation demanded that the bankers did not go overboard in pursuing their growth objectives. Amongst the global financial systems, the Indian financial system is perhaps the most closely regulated one, but there can be no doubt that this is one of the major factors contributing to the stability of the system.

It is not as though that the financial system did not at all have to face shocks, but these shocks took place much before the present global crisis. During the late 1990s and the early decade of this century, there was significant increase in the non-performing assets not only in the priority sector but also in the conventional lending to the corporate sector. The non-performing assets in the

* Former Chairman, ICICI Bank Ltd.

priority sector were a continuation of the trend that was noticeable since the nationalization of the banks in 1969, but the deterioration in the quality of the assets of the corporate sector was principally due to stagnation in the industrial growth in the post 1995 period. More particularly, the Development Financial Institutions, which were engaged in long term project lending, faced serious difficulties, affecting their solvency and liquidity. Quite a few state owned banks also were pushed to a position of negative net worth necessitating recapitalization of such banks by the Government. The Government had also to come out with farm loan waivers of significant dimensions, principally to provide relief to the farming community but this also helped to rescue the banks from growing non-performing assets in the priority sector. After these measures by the Government, the banking system acquired a measure of stability and when the growth momentum picked up in the early part of this century they were adequately equipped to reap the dividends of the growth.

The seeming stability of the Indian financial system, however, masks some serious deficiencies, which if not resolved within a reasonable time frame, could prevent it from catering to the growing needs of the economy, including households, firms and infrastructure. Banks and debt markets in India are not large enough to fulfill the needs of the real economy adequately. A number of our largest companies are unable to access an adequate amount of local currency finance even though much of their revenues are local currency denominated. Banks are reaching exposure limits both in terms of their exposure to large corporate houses as also to specific sectors like power. A comparison of the asset size of the top 10 corporates and the capital base of the top 10 banks would reveal that banks in India are unable to meet the scale or sophistication of even the current needs of large corporate India. Studies comparing the financial systems of India and China show that the financial depth in India's economy measured by the ratio of stock of the financial assets to GDP was just 137%, far below China's 323%. This reflects the much lower degree of monetization in the Indian economy and its supply of intermediated capital.

The Isher Ahluwalia Committee on Urban Infrastructure and Services, has recently estimated the total long term investments for urban infrastructure in India for the 20 year period from 2012-13 to 2031-32 to be in the range of US \$ 1 trillion. It is not clear where these resources will come from. The fact that we have so far not faced any heat on this issue can largely be attributed to the slow pace of growth of infrastructure. The policy environment for the growth of infrastructure continues to remain weak. The Government has not been able to make up its mind clearly on the role of the private sector in the various segments of infrastructure. Land acquisition continues to be a major problem and there are as yet no indications, when a comprehensive Land Acquisition Bill would be brought to the Statute book. Similarly, the issue of access to natural resources like coal which is critical for development has also become fraught with concerns, both environmental and social, thereby slowing down investment in sectors like power. But this sort of negative comfort is unlikely to last long. Past experience has shown that the Indian political and administrative system responds effectively to crisis situations and in the sphere of infrastructure the crisis is waiting to happen. When the policy bottlenecks are removed, the demands on the financial system would be overwhelming and the system would find it difficult to respond to the needs of the situation.

The absence of large banks in the Indian financial system is only one part of the problem. The other equally important aspect is the lack of depth in the financial markets. Despite the fact that for over two decades bankers have been talking about the need to develop a vibrant, large, fully integrated financial markets, this had been only a pipe dream so far. While incremental changes have been made in bond markets like corporate bond repo and so on, the core issue is really the fiscal deficit and consequent huge predominance of the Government securities market, with financial entities like Banks and Insurance companies being mandated to hold such securities. This makes the market both illiquid and distorted. Banks and the markets have been functioning in watertight compartments, with the result that the banks not only originate the loans, but are obliged to hang on to

the loans till maturity without attempting any possible diversification of the risks through the mechanism of the markets.

There is, therefore, an imperative need for the banks and markets in India to evolve in size. The issue of the size of the individual banks has been a subject matter of discussion since the time of the Banking Commission in mid 1970s and there have been periodical suggestions for, what used to be called, a consolidation in the banking system to take care of the size factor as also achieve economies of scale. Nothing much has come out of such an exercise during the last thirty years; neither does this seem to be desirable. Large banks are systemically important and this systemic risk must be managed well. The systemic risk will get accentuated, if in addition this also leads to a concentration risk. This is precisely what would happen if there is a forced merger between some of the state owned banks. While the size of the bank is important, this has to be achieved through organic growth and the regulatory environment will have to facilitate such a growth process. Thanks largely to a rigid, banks versus market approach, the organic growth of the banks remains stifled. It is only through a facilitating regulatory environment, which permits the Banks to concentrate on their core strengths without being compelled to move in directions where they are ill-equipped to do so, it would be possible to develop a financial system consisting of very large banks and equally large financial markets which would complement each other in meeting the needs of the economy.

This is not to suggest that the control of the regulator and its oversight of the banks should in any way be compromised. In fact, with the growth in the size of the banks, there has to be a stricter regulatory environment to ensure that the banks do not become adventurous and place themselves at serious risk. They must not be forced into markets and activities that are opaque. Systemically important institutions must be shielded against moral hazard and from becoming "too big to fail". Our current institution-specific regulatory architecture that is already revealing some cracks in terms of regulatory overlaps must evolve to mirror the reality of the financial institutions that will span multiple product

markets. Also, we need to exercise due caution in blindly adopting in India the emerging global regulations without checking whether these will be consistent with the requirements of the Indian economy. For instance, the emerging Basel-III norms appear to actively discourage banks from doing lower rated, long term lending - which conflicts with our national need for infrastructure financing. Adoption of such regulatory framework could seriously impede our economic development.

We also need good legal frameworks, particularly for consumer protection so that, as the complexity of the financial system increases which it is bound to, households and corporates are able to meaningfully participate and benefit from financial development. An approach that emphasizes financial literacy of the customer alone is inadequate. There is no substitute for expertise on the part of the financial institution and its staff. Traditionally, our financial system has shifted much of the complexity to the customer leaving him / her to manage the risks. In the future, sophisticated financial institutions will have to absorb complexity through well designed products and contracts, so that the customer's life becomes a lot easier. It is necessary for the Regulator to take care of this.

Another area where there is a glaring deficiency in the financial system, relates to its reach. The financial system is barely able to reach significant numbers among the urban population of the country leave alone the vast rural population. For example one of the issues that constantly hinders the electronic payments from the Central and State Governments to Panchayats, Schools and Hospitals is that it is not possible to guarantee that either these institutions or individuals residing in those parts have bank accounts. The North eastern part of the country continues to be distinctly under - banked relative to other parts of the country. Access to basic financial products such as insurance and equity, have reached only a very small fraction of the country. As per the assessment of the Raghuram Rajan Committee on Financial Sector Reforms, less than 35% of the lowest income quartile have access to savings; only 14% of the lowest income quartile have life insurance; only 1% of the population has medical insurance; and 70% of the lowest

income quartile borrows from informal sources such as friends, relatives and moneylenders at interest rates upwards of 24% per annum. Small enterprises also tend to be excluded from the financial system: the share of bank lending to Small Scale Industry in India declined from 17.5% in 1998 to 8.5% in 2006. Therefore, the smaller the firm, the higher its dependence on alternative, informal financing sources, which are considerably costlier than formal sources. Even for large firms, the corporate bond market has failed to reach a scale that is meaningful.

The emergence of large private sector banks in the early 1990s saw an upsurge in the coverage of the middle income households in the urban areas. Earlier, the largest non-banking financial institution, HDFC was one of the very few institutions catering to the needs of the home mortgages. The private sector banks emerged as strong competitors in this sphere and this led to a steep growth in the home mortgages. Simultaneously, there was growth in the automobile and two wheeler loans as well as unsecured credit to the middle-class households. Along with the banks, other NBFCs which were either already in place or which were started afresh, catered to the requirements of these sectors, and it is fair to say that the needs of the middle class households in the urban areas were substantially met and their recourse to the informal sources of funding was gradually eliminated. Other non-banking finance companies also came up on the scene to meet the requirements of the infrastructure needs of the country providing support to the banking system. These were primarily sponsored by the Government. Asset reconstruction companies were also set up to relieve the banks of the non-performing assets and ensure speedy recovery taking advantage of a special legislation. While these were indeed welcome developments, the rural and urban poor remained outside the purview of the financial system and the dependence of the farmers on informal channels at much higher interest rates continued to remain high.

The consistent growth at around 9% in the Indian economy, during the last few years, has created a significant improvement in the living conditions of the urban middle class households as well as the rich

landholders in the rural areas. The widening disparity at income levels between the various sections of the population is creating a serious political and social problem. This problem gets manifested in a spate of farmers' suicides and disenchantment of the poor with the prevailing situation. While the Government is seeking to address the problem through a set of direct anti-poverty measures, there is a clear recognition on the part of all concerned that the solution would really lie in economic improvement of these sections of people and this would call for a significant support from the financial system. The debate on "financial inclusion" has understandably gathered considerable momentum in recent times, and there is growing pressure on the financial system to respond to this demand in a meaningful way. While the underlying rationale behind the "financial inclusion" is no longer a subject matter of debate, the issue boils down to how exactly this could be achieved without damaging the fabric of the financial system. It would be useful in this context to trace the various mechanisms adopted since independence to address this problem and the lessons that have been learnt from these experiences.

The nationalization of the Imperial Bank of India in 1955 by the Reserve Bank of India acquiring controlling interest in that bank leading to the formation of the State Bank of India could be identified as the first major step by the Government to address this problem. The nationalization followed the recommendations of the All India Rural Credit Survey to create a large powerful institution to provide funding support to replace the money lenders whose financing activities were considered responsible for perpetuating the indebtedness of the farmers. The mechanism through which the funds were to be channelized was the co-operative system with the primary co-operative credit societies at the village level being responsible for extending direct credit to agriculture. The District Co-operative Banks and the Apex bank at the State level were responsible for oversight as also to provide funding support to the primary societies. The State Bank's role was to link up the co-operative system with the Bank by taking care of the financial requirements. It was explicitly

understood that the State Bank would not provide direct finance to agriculture. The Bank was mandated to go into what was then thought of as an aggressive branch expansion policy but this was more for the purpose of taking over the treasury and sub-treasury operations of the Government than to meet the credit needs of the farmers.

As is now well known the experiment with the co-operative system did not succeed. Except for a couple of States, the system was politicised and the intended beneficiaries did not receive any real assistance. The failure of this experiment was one of the factors leading to the nationalization of the private sector banks in 1969. The mandate for the newly nationalized banks was clearly to extend their branch network and engage in direct rural finance including all sections of the society, agriculture, small enterprises and tiny sector. The State Bank of India also was asked to fall in line with the rest of the nationalized banks and change its policy of lending. It soon became obvious that the banks did not have the requisite expertise and knowledge, nor were they in a position to acquire this expertise within a reasonable time frame. The issue got further complicated with political interference in the distribution of loans through what came to be known as Loan Melas. The cost of operations of the banks in the rural areas tended to be very high, supervision very lax, and motivation very low. The combination of these factors led to an alarming increase in the level of non-performing assets of the banks threatening the viability of the system.

In the mid 1970s there was a realization that in order to achieve viability, it was necessary to have a local organization employing local manpower at a much lower cost than the banking industry. Also, to achieve the social objective of catering to the needs of the small and marginal farmers, a large chunk of the finance should go to this sector. The Regional Rural Banks were set up in each of the districts as a result of this strategy. The very structure of the Regional Rural Banks which consisted of ownership by the Central Government, State Government with a state sector Bank functioning as a sponsor Bank with part ownership, was the subject matter of serious debate between the members of the

Committee appointed by the Government to examine the proposition. There was a strong feeling that it would be a matter of time before the cost of the manpower in the Regional Rural Banks would converge with that of the sponsor bank given the union dynamics. In the end this prophecy turned out to be right and while a few of the Regional Rural Banks did indeed succeed, on an overall level the scheme did not appear to serve its purpose.

The success of the Grameen style micro finance model in Bangladesh led to the development of a similar micro finance industry in India since late 1990s. These micro finance institutions were specialized non-banking finance companies focusing exclusively on financial inclusion. These institutions met the short term liquidity needs of low income households either directly by way of jewel loans or backed by group guarantees by specially formed Self Help Groups. Because of the group guarantee mechanism, the recovery rate of these institutions was close to 100%. They accessed liquidity from the banking industry which preferred this route to direct lending as the micro finance institutions were closer to the customer, which facilitated the recovery process. The micro finance industry started booming with private equity funds willing to provide equity capital to meet their growing capital requirements. The industry also got a boost with an endorsement from the Narasimham Committee in 1998. Even though the micro finance industry appeared to have provided an ideal solution for the problem of financial inclusion, it suffered from some serious drawbacks as well. Its ticket sizes were too small; it was narrowly focused on a small segment of the rural poor; and had only a single product to offer to its clients. Further, the interest rates on the loans started climbing up due to a variety of factors even though the total cost of lending still continued to be lower than that of money lenders. Despite these drawbacks, there was no denying the fact that the industry addressed the problems posed by the inequalities of income to a reasonable degree. The industry, however, received a sharp setback because of the challenge posed by the Andhra Pradesh Government to RBI on the regulation of these institutions. The default rate in Andhra Pradesh started rising and the banks which were willing to extend

facilities to the industry became nervous about a possible backlash in the other States as well.

The official policy has since become considerably more hawkish towards these specialized NBFCs despite the fact that Narasimham Committee, originally envisioned them as innovators and risk takers that would cushion the banks from credit losses and costs. The official policy seems to have been dictated by difficulties in regulatory oversight and the prevalence of some unhealthy practices in quite a few institutions. As a result of this, rather than encourage the deployment of additional capital by these non-banks and the naturally emerging specialization in roles between banks and non-banks, the official policy would appear to have veered around to be much more supportive of direct efforts by the banks through owned branch networks or agents who do not have capital at risk. In fact there seems to be an element of compulsion requiring the banks to extend their branch network to step up their direct lending efforts. In pursuing this policy, the lessons of the earlier years would not appear to have been kept in mind. The direct effort by the banks to lend through their branches, particularly when they do not feel upto this task can only result in sharp rise in costs and ballooning non-performing assets which had been a feature in the post nationalization period. The lending through the business correspondent model intended even though as a cost effective alternative, may not turn out to be so, as the BCs may demand parity of wages with their banking counterparts as is now being widely reported.

We are thus back to square one and will have to think through this problem afresh to find a solution. It is my firm belief that “one model fits all” approach would not be appropriate given the different characteristics of the rural population in different States. It is also not conducive to growth of innovation in addressing this problem. Financial entrepreneurs could come up with a wide variety of alternatives that would be appropriate in given circumstances and it would be in the larger interests of the country to encourage such innovation, subject however to a strong prudential regulation.

However, all these models would need to have something in common. Firstly, the activity has to be

carried out by an institution which has necessarily to be a local institution catering to a defined geographical area. Secondly, the institutions should develop a deep understanding of the needs of the clients which would include all the households and enterprises in their service areas. In addition to providing financial services to these sectors, they could also explore the possibilities of financing local public infrastructure such as village roads, warehouses and sanitation utilities. Thirdly, these local financial institutions must have physical branches that reach into remote pockets and target every last household in its geography. It is this branch network that would provide them with depth of penetration into local areas. And this depth will enable them to develop the kind of granular understanding needed to design the wide range of financial products and services required by households and enterprises. Fourthly, the profitability of these institutions would stem from two factors - multiple products and technology. With the development of local insight about its clients, through the branch network, it should be able to translate this insight into financial products that serve the immediate needs of the clients. Even with smaller-ticket finance, the ability to offer multiple products to each client enables the institutions to capture economies of scope and spread its costs across a much greater spread of products.

The effective use of technology can drive improved efficiencies. For instance, the use of biometric identification, automated customer management, core banking systems and automated payment systems ensures that the branch staff leverages technology to perform their most repetitive day-to-day tasks, freeing up their time to perform their core duty of understanding the needs of clients and recommending appropriate solutions. In addition, developments in mobile technology combined with improved authentication through UID could form the basis of new financial services delivery models. While such technologies certainly involve upfront costs, they have the potential to generate tremendous returns over the medium to long term. Because, enabling the branch staff the time to develop deeper insights into the needs of their clients provides the spur to innovative product development and

improved customer service. Given the limited geographical coverage of each Bank, one would expect that there would be large number of institutions in the country providing financial services to the remotest parts of the country.

The most critical responsibility of an institution like this will be the financial well-being of the clients it serves. It is essential that it takes responsibility to provide its clients with sound financial advice based on understanding of the client's needs and aspirations and not merely with the objective of pushing its products and services. Such an approach to financial services delivery requires that the institution trains its local branch staff with the approaches required to analyse each client's situation and recommend appropriate solutions. This approach tightly customises a portfolio of financial products for a household, depending on its unique needs and in the process, transfers complexity from the household to the financial services provider, while holding the provider responsible for the quality of guidance and the appropriateness of the products offered to the household on a longer term basis.

These institutions, which will not be allowed to take deposits, will link up with the banking system and

markets for access to equity as well as funds and will be subject to regulation and oversight by the Reserve Bank of India.

Overall, I believe that an approach to financial inclusion that incorporates branch-based penetration into local areas, developing deep local insight, leveraging technology, designing multiple products to invoke economics of scope, and using a wealth management approach would have a greater chance of success than relying on models, which have not worked in the past.

In conclusion, I would re-iterate that we have a considerable distance to go as a financial system, if one looks at the dimensions of size, scope, depth and innovations. Our approach to financial systems development needs to be characterised by a willingness to try multiple approaches. We must not remain wedded to historical directions. The country is too large and diverse for any one approach to hold sway. While developing large-sized financial institutions and markets that can meet the burgeoning needs of households, firms and infrastructure in India, we also need to ensure that systemic stability is at all times an important concern.



IT Vision Document : 2011 - 17

The IT Vision of the Reserve Bank of India 2011-17 was prepared by a High Level Committee, chaired by Dr. K. C. Chakrabarty, Deputy Governor with experts from varied backgrounds within and outside Reserve Bank as members.

The objective of the IT Vision for 2011-17 is to enable IT as a strategic resource for (i) enhancing enterprise knowledge, (ii) improving customer service, (iii) strengthening governance, (iv) increasing overall efficiency, and (v) ensuring environment friendly systems.

The steps to attain the envisioned state have been identified as :

- Adopting appropriate business process re-engineering and allocating resources before taking up the development of any new project;
- Conforming to internationally accepted data standards;
- Using business intelligence tools for analysing information;
- Ensuring automated flow of data from the source systems of banks to their Management Information Systems (MIS) and then to the Reserve Bank without any manual intervention;
- Improving IT governance;
- Effective project management;
- Evolving well defined information policies as well as information security framework; and
- Better vendor management and outsourcing practices.

For commercial banks, enhanced use of IT in areas like MIS, regulatory reporting, adoption of technology based strategies for financial inclusion, need for risk mitigation, use of analytics for improved customer relationship management (CRM) have been set as priorities.

The vision document discusses the need to move towards an integrated IT environment. Desirability of evolving a Centre of Excellence (CoE) for serving the technical and technological needs of the banking sector, which may also serve as a laboratory for research and development activity has also been mentioned in the document.

Department of Information Technology (DIT) in RBI would be the nodal department for coordinating and monitoring the progress of implementation of the recommendations of vision document.

(Source : RBI, Annual Report 2010-11)

Transformation of Banks in Kenya

 Prof. Njuguna Ndung'u, CBS *

Ladies and Gentlemen :

I am delighted and honoured to have been invited to preside over the opening ceremony of this Conference organized by the Indian Institute of Banking and Finance. At the onset, kindly allow me to extend a warm welcome to all participants attending this important Conference. The theme : "Managing Transformation for achieving Growth" is indeed compelling. Growth is driven by fundamental factors, but key among them is the transformation of markets and institutions to guard the market and define appropriate incentives. One such market is the financial market, guided and regulated by several institutions. Today, I will share my thoughts on how the Central Bank has transformed the banking sub-sector as a means of transforming and deepening the financial sector in line with Kenya's development goals. Let me parade at least seven of them :

1) Rollout of branch networks to provide financial services to remote and lower income areas :

The expansion of branch networks in the financial services industry has registered significant growth over the last 4 years and is well distributed across all regions in both rural and urban centres. Currently, we have 1064 branches from 740 in 2007.

2) Allowing mobile phone financial services to provide a new technological platform :

This entails approval for banks to leverage on mobile phone technology to present convenience and lower costs to their customers without compromising quality of service. Through mobile phone banking, customers are now able to perform their transactions "anytime, anywhere". Mobile phone money transfer has evolved from the initial concept of transferring

money from one individual to another to include other functions such as payment of utility bills, disbursement and repayment of loans, payment of salaries and deposit mobilization.

3) Introduction of Agent Banking mechanism :

This is the "banking beyond branches" model where commercial banks are allowed to engage third parties to provide certain banking services to increase outreach of the banks to the vast under-banked and unbanked Kenyan populace. In a nutshell, Agency Banking enables banks to leverage on additional cost effective distribution channels to offer financial services. So far 5552 Agents have been approved and are providing financial services.

4) Credit Reference Bureaus (CRBs) :

Through licensing of Credit Reference Bureaus, the CBK has enabled credit providers to collect, collate, analyse and disseminate credit information. Credit information sharing provides an opportunity for individuals and businesses to rely on their credit history (information capital) to support the process of collateralization and even change the collateral technology in the country. Individuals will also be able to use their positive credit history to negotiate for better terms and conditions from their banks. On the other hand, banks will benefit from the mechanism since it will address the problem of information asymmetry and by extension the problem of non-performing loans which has in the past threatened the stability of the banking sector. The traditional challenges of the moral hazard and adverse selection can hinder financial sector growth. As a result, credit appraisal by bank staff will greatly

* Welcome address at the 11th Bank Human Resources Conference held in Kenya by the Governor, Central Bank of Kenya.

benefit from credit information sharing. What staff need to do is appreciate how the mechanism operates, its benefits and embrace it as a tool to enhance relationship with their clients.

5) Lowering the cost of doing business through Currency Centres :

CBK believes that through cost reduction, banks will be able to extend credit to the productive sectors of the economy at reasonably cheaper costs. Consequently, CBK has in partnership with the Kenya Bankers Association, established currency centers in towns outside the Central Bank branch networks.

6) Licensing Deposit Taking Microfinance Institutions (DTMs) :

The Central Bank is also actively pursuing a policy of licensing DTMs as a means of reaching out to all segments of the market. DTMs are free to choose to be Nationwide or Community Based.

7) Capacity Building through HR training and development :

CBK assists industry players empower their employees to embrace strategies aimed at making the banking sector safe, efficient, effective and all inclusive. The strategic initiatives include :

a) Playing a leading role in the Human Resources Sub-committee of the Monetary Affairs Committee of East African Central Banks - Through this forum, partner central banks are addressing emerging HR issues by revising the frameworks governing HR policies and strategies such as recruitment, retention policy and succession plans among others, in line with international best practice.

b) Facilitating capacity building through the Kenya School of Monetary Studies (KSMS) - The KSMS was established to provide capacity building programmes for the financial sector in Kenya and the Region and I am happy to note that the School has offered relevant programmes in Banking and IT at Certificate and Diploma levels for over 10 years. We believe that by partnering with the Indian Institute

of Banking and Finance, new programs and new initiatives can be developed in future.

c) Advanced Academic and Management Development Programs - The KSMS has responded to new demand-driven capacity needs of the financial services sector by introducing advanced academic and management development courses, including the following programs :

- (i) A Masters degree in Banking and Finance through a grant from the African Capacity Building Foundation (ACBF);
- (ii) Postgraduate Diploma in Financial Management in collaboration with Moi University targeting the Eastern and Southern Africa Region;
- (iii) Academic programmes through a collaborative agreement with the Jomo Kenyatta University of Agriculture and Technology, targeting the financial services and other related disciplines; and lastly,
- (iv) A Multilingual Diploma in Business Sciences and Islamic Financial Services approved by the Ministry of Higher Education.

Ladies and Gentlemen :

Moving forward, CBK and the industry players are in the process of developing a national strategy for financial education and consumer protection in Kenya as another avenue of taking financial inclusion to the next frontier. The starting point for financial education is at the level of individual players - the agents for disseminating the knowledge. I would like to commend the Indian Institute of Banking and Finance for organizing annual conferences like this which present an opportunity for banks to not only share experiences but to also exchange ideas on innovations and other emerging issues that require bank staff to prepare themselves to handle. This is an important platform to also inform the regulators the emerging challenges and opportunities not only for growth but further improvements on capacity for growth.

I urge other similar institutes such as the Kenya Institute of Bankers to embrace the idea as an avenue to bring together HR practitioners and policy makers in the banking sector to share ideas on

innovations that require proactive HR training and development. This is an important avenue to transform institutions and create capacity for growth. Successful banks are those that proactively prepare their staff to cope with the ever evolving trends in the global financial scene.

With these few remarks, let me wish all participants of the 11th Bank Human Resources Conference, fruitful deliberations and a joyous stay in Kenya.



Liquidity Management Measures taken by the Reserve Bank in 2010-11

Time Period / Event	Measures
End-May 2010 : Larger than anticipated collection from 3G / BWA spectrum auctions in addition to advance tax outflows resulted in migration of liquidity to central government's cash balance account with the Reserve Bank	<p>For the period May 28, 2010-July 2, 2010, SCBs were :</p> <ul style="list-style-type: none"> (i) Allowed to avail additional liquidity support under the LAF to the extent of up to 0.5 per cent of their NDTL (for any shortfall in maintenance of SLR arising out of availment of this facility, banks were allowed to seek waiver of penal interest). (ii) Given access to second LAF (SLAF) on a daily basis. With the persistence of deficit liquidity conditions, measure (i) was extended up to July 16, 2010 and measure (ii) up to July 30, 2010.
End-October 2010 : Frictional liquidity pressure due to autonomous factors	<ul style="list-style-type: none"> (i) The Reserve Bank conducted special SLAF on October 29 and November 1, 2010, a special two-day repo auction under the LAF on October 30, 2010, and allowed waiver of penal interest on shortfall in maintenance of SLR (on October 30-31, 2010) to the extent of 1.0 per cent of NDTL for availing additional liquidity support under the LAF. (ii) The Reserve Bank extended these liquidity easing measures further and conducted SLAF on all days during November 1-4, 2010 and extended the period of waiver of penal interest on shortfall in maintenance of SLR (to the extent of 1.0 per cent of NDTL) for availing additional liquidity support under the LAF till November 7, 2010. (iii) The Reserve Bank purchased government securities under OMO from November 4, 2010. (iv) On November 9, 2010, the Reserve Bank reintroduced daily SLAF and extended the period of waiver of penal interest on shortfall in maintenance of SLR to the extent of 1.0 per cent of NDTL for availing additional liquidity support under the LAF till December 16, 2010. (v) On November 29, 2010, the Reserve Bank extended the daily SLAF and allowed additional liquidity support to the SCBs under the LAF to the extent of up to 2.0per cent of their NDTL till January 28, 2011.
Mid-December 2010 : Continued build up in government balance on account of third quarterly advance tax collections	<p>In the MQR, the Reserve Bank :</p> <ul style="list-style-type: none"> (i) Reduced the SLR of SCBs from 25 per cent of NDTL to 24 per cent with effect from December 18, 2010. Given the permanent reduction in the SLR; additional liquidity support of 1.0 per cent of NDTL was made available from December 18, 2010 to January 28, 2011. (ii) Announced conduct of OMO auctions for purchase of government securities for an aggregate amount of ₹48,000 crore over the next one month (staggered as purchases of ₹12,000 crore per week).
End-January 2011 : Frictional structural liquidity pressure	<p>In the Third Quarter Review of January 2011, the Reserve Bank extended the daily SLAF and additional liquidity support to SCBs of 1.0 per cent of NDTL under the LAF till April 8, 2011.</p> <p>Subsequently, both the measures were extended till May 6, 2011.</p>

(Source : RBI, Annual Report 2010-11)

Transformation Story of State Bank of India

 Neeraj Vyas *

“To exist is to change, to change is to mature, to mature is to go on creating oneself endlessly.”

- Leo Tolstoy

The early 1990s saw the dawn of a new era in the Indian economic landscape. The old socialist, license raj business model gave way to deregularised, liberalised, capital oriented market. The old way of doing business was transformed and leaders in all the fields of business were facing pressure of competition from new players. This was more evident in some industries compared to others. Telecom sector saw the rise of Bharti, Vodafone, Idea, Reliance and others. State run telecom companies were finding it difficult to compete with these new players. Aviation witnessed emergence of Jet, Sahara, Kingfisher, Air Deccan, Spice Jet and others. State run Airlines were again at a loss to compete with these creations of liberalisation.

Similarly, late 1990s and early part of the millennium saw rise of many private sector and foreign banks, particularly ICICI Bank and HDFC Bank, which challenged the leadership position of State Bank of India (SBI) in our country. The new generation private sector banks changed the way of doing business. These banks aggressively chased business rather than waiting for it to come to them. New and higher benchmarks were being set in the standard of service delivery and customer service. Customers pampered by new banks started demanding faster and better service delivery. Rich and young customers started moving to private banks who understood their needs better and aligned their service model for them. Enhanced service quality of these new private banks could be attributed primarily to technology, process and people (young and motivated workforce).

The Indian economy is projected to grow at a rate of 8-9% during the next few years. During the next 20-30 years, the Indian economy is expected to become the third largest in the world after United States of America and China. It is inevitable that Indian banks will play as dominant a part in the world economy as Chinese or American banks do today. SBI being the largest bank in the country is, therefore, poised to play a major role in reshaping of the economy.

The liberalization policy adopted by the government in 1991 saw the entry of new generation private sector banks in India. These banks had superior IT infrastructure and a much leaner organisational structure resulting in speedier service delivery as well as faster decision making.

SBI was slow to adopt the use of technology and was more comfortable on pen and paper based system. Inertia to adoption of technology to some extent could be attributed to its ageing staffs that were not tech savvy. Inflexible (restrictive) industry level compensation and benefits policies coupled with rigid hiring and firing policy place severe restrictions on the competitiveness of SBI. The difference in salaries is more pronounced at the senior and top management level. These policies, created absence of level playing field between public sector banks and private sector banks which severely constrained ability of SBI to attract and retain talent.

SBI, by virtue of being a public sector bank, serves two purposes. It being the largest public sector bank, is a tool for the government to provide financial access to the remotest parts of the country and also serve unprofitable segments for fulfilling its social mandate. At the same time, it has to keep in mind interests of

* Deputy General Manager, State Bank of India.

all other shareholders and aim for profit maximisation. SBI, at the start of this millennium, faced with these challenges and constraints, decided to meet them head on and thus started its transformation concomitantly through following five areas :

I) Technology

The first task before State Bank India was to build a robust IT infrastructure and bring in the best technology at par with best global banks. SBI, therefore, embarked upon the ambitious task of computerising its vast network of branches and putting them on the Centralized Online Real-time Environment (CORE) banking platform / system (CBS). It meant that all the branches of the Bank were connected with a centralised IT centre thereby making all the bank account details available anywhere, irrespective of the branch of origin. This single masterstroke made a customer of a particular branch, customer of the entire bank. While the Bank started computerisation under Bank Master, it was still not real time as branches were not inter-linked. The real effort in direction of connecting the branches started in 2003-04 when Bank started implementation of CORE banking. CORE banking brought benefit to the customers as well as to employees and management of the Bank. The customer now have the advantage of anywhere and anytime banking. It also enabled integration of alternate channels of business like ATMs, Internet Banking, Mobile Banking, Green Channel etc. leading to convenience to customers and savings of time and effort. This effort relieved branches of periodical closing of accounts, inter branch reconciliation and by July 2006 more than 50% of the Bank's business was on CBS platform. By February 2010, the whole of the Bank was on CBS platform covering more than 28 crore accounts. The problems faced during CBS implementation were as varied and as complex as the Bank itself. However, the biggest challenge to success of roll out of CBS was on the human capital front. Training and familiarising about 1,80,000 employees on a new system was unheard of anywhere in the world. Groundwork for new initiatives has been laid down.

II) BPR and Organisational restructuring

The emergence of new private sector banks posed a stiff challenge to SBI by way of affording much faster service delivery and enhanced customer service. The Bank which has stood the test of time and warded off numerous challenges since imperial times, was once again faced with a challenge to sustain its numero-uno position. The Bank had to answer the question "How could we transform into a customer friendly, business focussed modern Bank?". To meet this challenge head on, SBI undertook a massive redesign of work processes and branch and administrative level set ups through Business Process Re-engineering (BPR) initiatives. BPR initiative was started in 2002. The primary focus of BPR was centralisation. The Core Banking under Information Technology initiative had laid down ground work for redesign of business processes. Changing the well established processes and changing the mindset of the nearly 2 lac employees to embrace this change proved to be the toughest hurdles to cross. BPR brought about changes on the following fronts :

- Shifting of back office activities like processing of loan proposals, opening of new accounts, calculation of pension, cash remittance, recovery and follow up etc. from branches to various processing centres. As a result, branches of today can now concentrate on marketing / selling / delivery activities whereas the processing centres are specialised outfits handling a particular type of back office activity. This has resulted in speedier service delivery and enhanced level of customer satisfaction.
- Change in branch layout and improvement in ambience: Branch layout has been redesigned keeping customer convenience and comfort in view. Space identified as customer area increased as against the earlier design where customer area was too congested.
- In order to give greater focus and thrust in specific business areas, new business verticals like Mid corporate Group, Corporate Strategy and New businesses, Government Business Unit were created.

III) HR Initiatives

Having thus prepared the foundation, in 2006 another major transformation initiative, 'Parivartan' was launched. It was basically a mass communication programme directed at awakening nearly 2 lakh employees to both the challenges and the opportunities of the liberalized economic environment in the country. SBI took the step of taking the employees on board to explain to them in great detail the changed competitive environment and drove home the need to re-orient their mind sets to meet the emerging challenges from competitors. Information shared in the Parivartan workshops proved to be an eye opener for many in the organisation and infused a new energy in the staff. Positive results started showing in the areas of customer service and business growth and an internal study done by internal Inspection and Audit department showed a remarkable improvement in various customer service parameters. A study by Xavier Institute of Management, Bhubaneswar revealed that there was a 20% improvement in customer service accompanied by re-orientation in employee attitude. Thus, the Bank embarked on a journey to transform it into a customer friendly, business focussed, modern bank from a conservative, control oriented Bank; from a hierarchical, bureaucratic Bank, to a friendly, inclusive Bank; from a laid back approach to a fight back approach; from selling only banking products to extensively cross selling; from old outmoded processes to customer oriented new processes; from using technology to a limited extent to leveraging technology to increase volumes and cut down costs. In late 2010, an organization wide one-day programme, "Udaan" - a sequel to Parivartan, covering 1.75 lakh employees from clerical cadre up to chief manager rank was carried out.

- To make sustainable mindset change amongst SBI employees, it was important for every employee to look upon SBI as more than an employer. They needed to look upon the Bank as a platform for them to receive a sense of self-fulfillment. Thus, another self discovery programme called 'Citizen SBI Project' was conceptualised. The Citizen SBI Programme was a programme oriented towards creating a sense of purpose amongst the employees of SBI as also

increasing the contribution that the Bank makes towards the development of our country.

This broadly had three elements. First, celebration and understanding of what had been achieved in the transformation, relating it to individual contribution. Second, communication of the challenges ahead for the Bank. Third, how the participants can contribute towards self, unit, bank, customer, and society - a connect to Citizen SBI. Udaan ensured that SBI's rank and file became aware of what has been achieved, shook off any despair, and focused on the path ahead.

Udaan ensured that SBI's employees became aware of what has been achieved and marched with renewed vigour and enthusiasm on the path ahead.

It was premised on the belief that everyone has two needs- one external and the other internal. External needs receive all our attention - we seek promotion, bonuses, perquisites, social recognition but internal needs are often ignored by us. These internal needs of ours can be met if we stop being self-centered and become more inclusive in our approach to our work. We need to move from narrow self interest to enlightened self-interest. It is still self-interest. But if we want to satisfy both our external and internal needs. We have to expand our ambitions and become inclusive in our desires. The moment we start engaging ourselves with the welfare of others, we start getting a sense of satisfaction and we start feeling good within us.

The Citizen SBI project, has been broadly divided into 4 interventions with different but closely integrated objectives, and aimed at including all employees in one or the other. The focus of the four interventions is individuals (staff), the customers, the market and the Bank's internal environment, respectively.

IV) Development and Communication of Vision, Mission and Values

In its Vision statement, an organization should assimilate the thought process and feelings of all its employees. With this philosophy in mind, the Bank launched a communication campaign in 2007 to involve all employees in "co-creating" SBI's new Vision. The exercise consisted of the following steps :

- 5 attractive triggering posters with messages leading to the creation of the new vision were placed at prominent places at all branches / offices at weekly intervals on pre-determined common dates. These triggered the employees to think about a common vision and prepared them to respond to a questionnaire that followed.
- This 5 week campaign was followed up by a letter addressed to all the employees by the Chairman. A ten-point questionnaire containing questions and three possible responses leading to the emergence of a new vision was attached to the Chairman's letter. The employees were asked to respond to the questionnaire by ticking any one of the options against each question.

The participation in the survey was overwhelming. Over 1,41,000 responses came in. The response rate exceeded 90% in almost half offices, half of the Circles of the SBI all across the country. After the responses were collated and consolidated, the recommendations for the new vision statement were put up to the top management, who deliberated over the same and finalized the Vision, Mission and Value statements. Thus the new Vision, Mission and Value statements were co-created and reflect the combined efforts and ideas of all employees in the Bank. By developing the statement together, staff of the bank now have ownership towards it. It brings about integration of the staff across the Bank through individual reflection on a common theme. The new Vision, Mission and Value statements, which were unveiled formally on 1st July 2008 (Bank's foundation day), brought a new focus and direction at State Bank of India.

V) CONSOLIDATION

To capitalize on economies of scales, save on duplication of effort and wastage of resources, consolidation of associate banks was given strategic focus. It was a mammoth challenge. In this post liberalized India, competitiveness demanded consolidation. While the benefits of mergers were very evident, the bank faced challenges in many spheres. Convincing shareholders,

merging organisational hierarchies, matching accounts, difference in systems and procedures, and technologies were prominent challenges. Further, Associations and Unions from both parent and associates were not convinced of the merger because of their own political reasons. Aware of these challenges and with no significant experience in merger, SBI took a leap of faith and decided for merger of State Bank of Saurashtra, the smallest of its associates banks, also wholly owned by SBI. The merger brought benefits to both customers of both the Banks and the Banks alike. There were significant rationalization gains and resultant productivity improvements. A nine member merger team ensured flawless integration of the consolidation. SBS finally merged into SBI on 13th August 2008, thus bringing closure to first of such merger. State Bank of Indore, the smallest of the remaining associate banks, was next in line for merger. Learning from SBS merger proved to be of immense benefit in the next merger. By the end of August 2010, State Bank of Indore has ceased to exist and had been integrated into SBI. This was followed with a tiny merger of SBI Commercial and International Bank Ltd. (SBICI) with SBI.

Now is a time to pause and reflect on the transformation of this 205 years old public sector behemoth. The Bank has successfully overcome the challenges, warded off competition and defended its leadership position in the Indian financial sector. It is comfortably placed as leader by both assets size and profits. However, it is in a dynamic business, where change is the order of the day. Therefore, it has to keep reinventing itself and adapting to change to stay on top. The process may be difficult, even painful but it's inevitable.



Managing Transformation for Achieving Growth

 A. K. Nahar *

HR - The New transformational Role

Human Resources Management has undergone a “Paradigm Shift” in the recent years. From being mere support system, HR has gravitated towards a more strategic role. Organizations have now started to realize the fact that its employees are truly the most valued assets and success lies in developing and transforming them to act as strategic business partners. Many progressive corporations have begun to internalize this new reality and are re-orchestrating the role of HR, in order to get the best out of their intellectual capital. Treating people as resources, rewarding them equitably and integrating their goals with that of the organization through suitable HR policies are the present mantras to “Organizational Excellence”. The HR functions, across the world, are getting tuned in this direction and are moving ahead to don this new transformational role.

The Challenges

The 4 HR topics that stand out as most critical are :

- Managing Talent - identifying, attracting and retaining talent continue to be the most important in future HR functions. Further keeping the young minds constantly motivated and attuning them with the corporate vision / goals is also a huge challenge.
- Improving Leadership Development - There is a critical talent gap in the Top Management. In volatile times, leaders who can convey the organization's vision and motivate employees are invaluable. It is generally easier for homegrown talent to step into leadership roles. The internal leadership-development programmes needs to be improved to provide impetus to the development of a robust leadership pipeline.

- Employee Engagement - needs to be strengthened and improved. The middle managers, who are critical elements in engagement structure, needs to be utilized effectively to improve and popularize the engagement measures. People should be made more customer centric.
- Strategic Workforce Planning - is the cornerstone of fact based HR Management. The organization requires an actual picture of the composition, age profile and competencies of its work force. Only then it will be able to place the right talent at the right place.

To address the above challenges, HR has to position itself in the transformational role as “Strategic Business Partners”. It should be the responsibility of HR to support the line managers in becoming better people managers rather than acting as a substitute for them.

Human Resources Development initiatives in Canara Bank

Canara Bank, right since its inception in 1906, is one of the harbingers of people management initiatives. The organization has withstood the test of time and grown to a mighty conglomerate only because of its dedicated and competent work force. The pristine HR practices, conceptualized in the early 80s, led to the formation of an immaculate system of Human Resources Development initiatives. The concepts are consistently evolved and revisited to be in tandem with the latest trends in the banking industry.

The prime objective of the HRD policy of the Bank is :

- To develop a competent workforce through an effective developmental plan which includes proper selection, effective coaching and training, effective

* General Manager, Canara Bank.

dissemination of knowledge and corporate objectives within the framework of a well designed service regulations.

- To evolve a proper career plan and provide opportunities for the employees to scale the organizational hierarchies through a well designed promotion system, are the other priorities of the Wing.
- To frame HR policies, in tandem with the best in HR, to make the employees feel wanted and motivate them to contribute towards organizational as well as individual excellence.

Our bank follows a unique participative culture, where in, employees are given the opportunity to contribute towards decision making and organizational development. Each new entrant is ushered into the family by giving adequate support and affection.

There is effective dissemination of knowledge and information which makes it possible for the employees to attune themselves with the corporate objectives and vision and strive to achieve the same through concerted efforts.

The following are the key aspects of HR, which the Bank religiously undertakes to ensure development of a competent work force.

Resource Mobilization

Recruitment

We believe that effective manpower planning sets the stage for good human resource system. Taking into account the impending large scale exits (superannuation) across the cadre, the bank has embarked on a focused recruitment drive. The Recruitment Project 2010 resulted in around 1000 Generalist Officers and 2000 Clerks joining the rolls of the bank. We are also in the process of recruiting Specialist Officers viz Chartered Accountants, Computer Programmers, Agriculture Extension Officers (AEOs), Rural Officers, Technical Field Officers (TFOs) etc.

Campus recruitments are also in the pipeline to gain the competitive advantage of getting the best talent from the market.

Resource Development

Training

Canara Bank has got an immaculate Training System which caters to the training requirements of its work force. There is an APEX College in Bangalore which formulates and conceptualizes various training programmes in tandem with the Industry Standards.

The APEX College is assisted by an array of 13 Regional Staff Training Colleges which percolate the corporate training initiatives to every nook and corner of the country.

The bank's Officials are also posted to various institutes of repute like ISB, IIMs, MDI Gurgaon, and NIBM to enable them to gain expertise in various functional areas like Risk Management, Treasury, IT, HR, and Forex. The bank also invites resource people from various institutes which cater to certain niche areas like Risk Management, Statistical Analysis / Data Interpretation and Human Resources Management, to conduct "In Company Programmes" for our employees.

We also post our officials in Senior Management Level / Top Management Level to various Foreign Institutes to undergo various specialized trainings of significance. We have been able to add substantially to the gamut of knowledge of our officials through this training intervention and it has also done wonders in motivating them to perform with renewed vigor and enthusiasm.

A total of 26,415 trainings were given to the employees during the period from 01/04/2010 to 31/03/2011. The details are furnished below.

Training details for the year 2010- 2011

Type of Training	No. of Trainings imparted
Internal	25,258
External	1,157
Total	26,415

Learning Initiatives

The training model has under gone a "Paradigm Shift" with most of the organizations going for the 70:20:10 model of training, which means that 70% of the training is conducted "On the Job", 20% External and the remaining 10% Internal. The Bank is also in the process of giving

more impetus to “On the Job” training and the training concepts and practices are being re-conceptualized to give more thrust to personal effectiveness.

NIBM, Pune has been engaged as the principal consultant of the Bank to remodel and restructure the training system and evolve a pristine Corporate Training Initiative in tandem with the current industry standards / requirement.

Pratibha

An ingenious scheme, christened as “Pratibha”, has been conceptualized by the Bank to provide opportunities for Generalist Officers to step into Specialist roles.

The identified officials are given extensive training in their respective chosen area of specialization and given befitting roles to enable maximum utilization of their skills / expertise. Pratibha is the corporate initiative towards the bank's succession planning endeavor. The number of officials trained so far under the 7 streams of Pratibha Viz Corporate Credit, Foreign Exchange, Treasury Operations, Risk Management, Information Technology, Human Resources Management & Marketing is furnished below.

Stream wise details of officials trained

Pratibha Stream	No. of Officials trained
Corporate Credit	168
Foreign Exchange	215
Treasury Operations	105
Risk Management	82
Information Technology	303
Human Resources Management	193
Marketing	100
Total	1166

Executive Grooming

Executive grooming is done by the bank to all the officials, immediately on their elevation to higher scales. The promotee executives are sent to institutes like IIMs / NIBM etc. for Executive Development Programme / Management Development Programme, wherein their skills and competencies are fine tuned and care is taken to get them acclimatized with their new roles

and functions so as to equip them to shoulder higher responsibilities.

For the year 2010-2011, 390 officials have undergone Executive Development Programmes at various institutes of repute.

Dissemination of Knowledge

The various knowledge portals maintained by the Bank through intranet enables the employees to keep abreast with the latest changes in the various banking streams and helps them to augment their learning curve. Further, the Manual of Instructions and circulars about the latest updates in different banking streams are floated to the employees through the intranet to augment their knowledge level.

Our Corporate publications on HR (Personally Speaking & HRD-e-Lights) delve deep into the subtle nuances of various HR concepts and practices and helps in effective transference of knowledge. We have a House Magazine & Library Section, which caters to the literary talents of our employees and enables them to harness their latent potentials. “Shreyas”, our in-house corporate magazine has won many literary awards at National Level and is considered to be one of the best in the Banking industry today.

Incentives for higher learning

The bank's educational incentive scheme encourages the employees to augment their learning curve.

On successful completion of selected courses by the employees, the bank reimburses the course fee. In addition to that, if they happen to score 60% and above, a one time cash incentive of ₹5000/- is given to the employees for Post Graduate courses and ₹3000/- for Certificate courses. Depending upon the newly acquired competencies, the employees are also given suitable posting where their expertise / skill can be utilized to the maximum.

Intensive Credit Management Programme

The Intensive Credit Management Programme (ICMP) is an in depth and exhaustive programme on credit matters for Officers in Scale-I, II and III, conducted by Apex College Bangalore. The programme was

conceived in the year 2001 with a view to create a pool of trained manpower to handle the Credit portfolio of the bank with finesse. ICMP is conducted in 3 phases spanning over 6 weeks. The focus / brief coverage of the programme is furnished below.

PHASE	COURSE COVERAGE
FIRST	Fundamentals of Credit Area, Analysis of Annual Reports, Credit Risk Rating and the entire gamut of Working Capital Finance.
SECOND	Term Lending, Project Finance and Foreign Exchange.
THIRD	Advanced concepts in Credit field with On the Job training at Head Office / Circle Office.

Around 530 Officers have so far undergone all 3 phases of ICMP. Further, the Bank has also trained around 400 Officers in Foreign Exchange through its Intensive Foreign Exchange Programme (IFEX). Post training, the officials are posted at places where their expertise can be utilized fully.

Human Resources Management Solution

Canara Bank's endeavor to improve the Human Resources Management processes has been started with the implementation of PeopleSoft HCM 9.0, the world's numero uno Human Capital Management ERP (Enterprise Resource Planning) solution.

We have partnered with Hewlett-Packard (HP) for implementing the HCM Package. The package facilitates around 69 modules / functionalities and approximately 900 reports through integrated system handling.

This integrated software application combines many HR functions into one package.

Apart from centralizing the data base of various legacy systems that work as stand alone packages it caters to various other HR functions through separate modules.

The package facilitates the effective roll out of a proper Career and Succession Plan based on the individual competencies, thus enabling us to post people with right skill at the right places.

Succession Planning is inbuilt in the system and future requirements for key roles are identified well in advance and the prospective candidates, who are endowed with specific skill sets, are trained and coached to enable

them to step into these vital roles at the opportune time, without any hassles.

The Bank is tied up with various other institutes like IIMs, NIBM Pune etc to provide exclusive skill based training to its staff.

Performance Management

The Performance Appraisal System for Officers in Scale-I, II and III is evolved with an objective to assess the qualities and potentials of the officers to discharge their supervisory / managerial functions effectively at the given roles and responsibilities. Objective evaluation reflects the strengths and weaknesses which will enable the organization to assign responsibilities.

- The existing Performance Appraisal System was revised and a modified Annual Performance Appraisal (APA) system has been introduced w.e.f. 2008-09 to Officers in Scale-I / II / III to bring in more objectivity and to make evaluation more realistic.
- "Extraordinary Rating" was introduced in APAS for Officers in Scale-I, II and III whose performance were characterized by sustained exemplary accomplishments throughout the rating period.
- The Moderation Authority for APAS has been reconstituted to review the appraisals of Officials who have been rated Outstanding and above and where there is a variation of +/-10% in total marks or two steps or more in overall rating between the Appraiser & the Reviewing Authority.
- A Review Committee at Head Office has been constituted for officials who have been rated as "Extraordinary". The committee will again review such appraisals.
- Further, a new Executive Performance Appraisal System (EPAS) has been introduced for Executives in Scale-IV to VII.
- The new system enables the Executives to record their performance against the corporate objectives.

Competency Mapping

We have set up an Assessment Development Centre to map the competencies of Executives and to train 12 Internal Assessors.

In the I Phase, competency mapping of 59 DGMs and 176 AGMs was undertaken and their developmental needs were identified and the gaps were addressed by providing them necessary trainings.

The objective of conducting competency mapping was to cover the following areas.

- Identification of critical competencies for the identified roles.
- Assessing level of identified critical competencies present.
- Suggesting developmental needs and course of action for Competency building for the present and future roles.
- Providing data base of the individuals to help proper deployment, promotion and addressing training needs.

The assignment was sequenced as follows :

Phase-I : Development of a Competency Framework

The Consultants met people across functions to gain an understanding of organization challenges - business, focus areas and expectations. Post the completion of the exercise across functions, a validation was sought with respect to the emerging Competency Framework.

Phase-II : Competency mapping exercises

Two days Assessment Development Centre exercise for each Executive participating in the process was conducted in batches. Individual as well as group exercises were also undertaken.

Behavioral Interviews were then conducted for each participant to know more about their strength and weakness and their needs and aspirations.

Once the process was over, one to one interaction with the participants was done to make them understand about their behavioral traits and also to draw a road map on how to plug their competency gaps in the days to come.

A pen picture, on each participant, was provided to the management, explaining in detail about their character traits and their strength and weaknesses.

DELPHI

DELPHI (Developing Excellence through Learning Process for Higher Involvement) - the Distance

Education Programme of our Bank, which is complementary to the regular training has been playing a positive role in improving the knowledge and skill of the staff with the twin objectives of "INDIVIDUAL EXCELLENCE" & "ORGANISATIONAL SUCCESS".

It provides a platform for structured learning. The contents are specially developed with the practical requirements in mind, by competent faculties and is always under the dynamic process of constant revision by up gradation, inclusion & / or exclusion based on the requirements of the changing scenario.

THE DIFFERENT TYPES OF COURSES ON OFFER :

Foundation Courses	Cover preliminary and fundamentals of Banking.
Development Courses	Cover the area beyond the purview of functional subjects.
Specialised Courses	Possession of basic knowledge of the subject is desirable.

As a token of appreciation and encouragement to staff members to take up voluntarily and complete the DELPHI course, "DELPHI Incentive Scheme" has been introduced. Members who have completed 4 DELPHI courses are issued with "DELPHI Certificate" and a cash incentive of ₹1000/- is given for purchase of Books / CDs.

So far, 7654 employees have become member of DELPHI and 274 incentives released.

Mentoring

A new concept "Mentoring" has been introduced by the bank for the benefit of the newly recruited Officers, who have joined the Bank recently, to help them get acclimatized with the bank's culture, tradition and ethos. The mentors are competent executives in the rank of Divisional Managers and they assist these young minds in understanding the nuances of the various facets of banking and learning more about the intricacies of day to day operations. 36 Mentors have been identified for this endeavor and each mentor is allotted 6-7 mentees.

Resource Deployment

Mobility Policy

The deployment policy of the Bank takes care of movement of employees. The transfers are effected in tandem with the manpower requirement and periodically changes are effected to give the employees the required exposure in all genres of banking.

Cross country transfers are also effected to give the employees exposure in different business environment.

Workforce Dynamics

The present scenario augurs a leaner workforce with focused business implications. Workforce consolidation needs to be addressed by not only having a leaner workforce but also by properly redeploying the workforce for the benefit of the organization. The deployment needs to be effected in a manner as to favor the development of the various strategic business entities.

Our Bank had taken a giant step in this regard by revisiting the laid down principles / doctrines of Manpower planning and reconceptualising the same to fit into the present scenario. The workforce at various administrative units have been pruned and redeployed to give impetus to business development. The deployment is done invariably taking into account the skill / competency / knowledge level of the individual so that we can do justice to the principle of "Placing the right talent at the right place". The present administrative staff strength accounts for nearly 8-9% of the total staff strength.

Skill Management

The HRMS package provides for maintenance of a skill inventory.

The competencies / skills of the employees are mapped at different levels viz Corporate Training, Performance Management etc, which propitiates effective utilization of manpower.

Post Training utilization is another area which the bank seriously delves on. The employees who have undergone specialized trainings are invariably posted to places / departments where their expertise can be utilized to the fullest.

Post training evaluation is also undertaken to assess how far the trainees have comprehended the subject and any lacuna is covered through follow up workshops. There is a separate department in Staff Training College (APEX) in Bangalore which caters to the above requirement.

Managing Core Competencies

The core competencies for critical roles are mapped and officials who fare well in the competency parameters are only identified and developed to take over the critical roles in the years to come.

Employee Engagement

Transparency facilitates a healthy organizational climate. We need to build confidence in our workforce and keep their morale high which will not only help in increasing their efficiency but also improve their allegiance towards the organization.

The operational strategy of the Bank is to invest in systems, cultures and customer experience so that a change will flow automatically from the core of the organization.

The Bank is continuously focusing on developing a positive organizational culture which is conducive for the growth and welfare of the employees.

Family Culture

Our organization has got a unique family culture. Each new entrant is welcomed into the family and groomed. Every employee contributes towards decision making and organizational development. This family concept is percolated from the corporate office to each and every unit of the Bank. Founder's Day is celebrated every year and the great man, Sri Ammembal Subba Rao Pai, who laid the foundation of this institution is honored and remembered by the staff members.

In every branch, there is a photograph of our founder and a typical business day starts with lighting the lamp by the branch staff and offering floral tribute to the founder. This distinctive Organizational Culture has resulted in creating a sense of belongingness in the workforce.

Employee Suggestion Scheme

The Bank believes in Participatory Management where in the employees are also given the opportunity to come out with their ideas and suggestions about modifications in the systems and procedures followed by the bank. The best suggestions, which add to the bank's initiative for Business Process Re-engineering, are rewarded.

Employee Productivity and efficiency

Organizations should always review the way they work. Innovation is the order of the day. HR can play a key role in building an environment and culture of innovation within the organization. The Bank has formed a sub committee to the Board of Directors on HR to review and improvise the existing HR policies and come out with suggestions to accelerate the employee engagement initiatives.

The following thought papers on HR related issues were placed before the Committee for their deliberations and the suggestions evolved were implemented to address such issues.

- HR Climate in the bank : the note dealt at length on the present scenario, the challenges confronted, manpower position, front office management for best customer service, performance management initiative, etc.
- On deliberation, the Committee recommended to look into strategies for reduction of age profile of the workforce. Accordingly, we have placed a detailed discussion paper on the age profile of staff where need for succession planning, career development plan, competency mapping, long term recruitment plan, etc. were discussed.
- Clerical / Officer Recruitment : A thorough study was made to highlight the need for recruitment of Clerks / Officers, based on the business expansion plans, retirement statistics , promotion matrix etc.
- Conducting an employee engagement survey for the Bank - To know about how driven our employees are and their aspirations, expectations and involvement, we have conducted an “Employee

Engagement Survey” across the cross section of staff. A survey questionnaire was designed and to fine tune the same, we had taken the help of IIM Bangalore.

- The survey was floated to the employees through our Intranet and was kept live for a period of 30 days. Around 6620 employees, across the cadres have responded to the survey. The survey analysis is being done and the HR initiatives are fine tuned, wherever it is warranted.
- Succession Planning - A detailed study has been made on succession planning initiatives that needs to be undertaken by the bank.
- Training Evaluation - A study on the effectiveness of the system of Post Training Evaluation.
- Recruitment of Rural Officers - Financial Inclusion Facilitators - A new concept to bring in focus on strengthening the rural and semi urban branches for undivided attention on financial inclusion.
- Promotion Policy - With a view to identify critical skills, forecast potential vacancies and prepare employees and the organization for future needs, we have revised the promotion policy for promotion to Scale-II, III and IV.

Redefining spheres of authority

Redefining and restructuring the roles and responsibilities of each key position to result in increased role clarity and effectiveness.

The other Employee Engagement initiatives of the Bank are furnished below.

Staff Meeting

Staff meeting is one of the oldest formal HRD systems of the Bank. The concept was introduced way back in the year 1982 when Human Resources Development was not in the lime light. It is the most useful participative forum at branch / unit level enlisting involvement of all the employees from all cadres in the effective functioning of the branch / office. It is a free forum for two way communication facilitating both individual development and organizational effectiveness. The concept basically aims

at Group Synergy, Team Building, Open Culture, Family Feeling and Talent Recognition which individually and cumulatively benefits the organization.

Entry Interview

ENTRY INTERVIEW assumes great significance as it is the first step in the process of enfoldng the new entrant in the warm embrace of “Canbank family Culture”.

Exit Interview

The concept enables to bid a 'Warm Farewell' to exiting employees, remembering their long association, respecting their vast experience and considering their valuable suggestions for organizational benefit. It is an old and well conceived HRD system of the Bank which needs focused attention to build better employer-employee relationship and to ensure post retirement association with the Bank by way of business and propagation of goodwill.

Brain Storming Session

This is an old and useful technique for generating ideas and suggestions on a topic of relevance and also to provide alternate solutions to a problem by stimulating, thinking and imaginative power of employees. This common technique is well utilized by our Bank, involving employees at all levels and cadres. Having faith in collective wisdom of employees, we have adopted this Brainstorming technique to generate ideas from a cross section of employees on corporate topics of relevance, once every quarter.

Around 3000 suggestions are generated, every year, through this exercise and the best out of them are sent to the respective functional wings in Head Office for action / implementation.

Study Circle

The concept of Study Circle aims at self development of employees by instilling a desire to acquire / update knowledge, information and experience. It also kindles and triggers thinking and learning process, thus facilitating personality development.

This is an innovative HRD practice of the Bank introduced during the eighties, envisaging enrichment of general knowledge, enabling multifaceted development

of employees, giving an opportunity to employees to discover their talent, come out of their cocoon and exhibit the same. Added advantage is that the same is arranged during office hours and at the doorstep of the employees for their benefit.

Quality Circle

Quality Circle is a voluntary group of employees in the same work area, coming together forming a Quality Circle and working as a team in identifying and solving work related problems resulting in self development and organizational benefit.

It is aimed at giving an opportunity to employees to use their full potential, innovativeness and creativity and empowering them to contribute their best and maximum to the organization.

The Bank sponsors the best QC teams for national / international convention. Presently, there are over 300 active Quality Circles in the Bank.

Spandan

Canara Bank has conceptualized its Soft Skill Training Venture, christened as “Spandan”, for imparting training to its Officer / Workmen staff. With the HR concepts and practices scaling new dimensions, it is imperative to rekindle and reinforce the HR initiatives of individuals so that it will ultimately add to their productivity and efficiency.

The training venture “Spandan” has so far touched the lives of over 20,000 Officer / Workmen employees and brought about tremendous attitudinal / behavioral changes in them. The training delves deep into the human psyche and tries to extricate the negativities pertinent to a routinised job.

The training programmes were administered through some of the best HR practitioners in the country so that the true HR spirit will be etched perpetually in the hearts of our employees.

Corporate Social Responsibility

Corporate Social Responsibility (CSR) is an integral part of business in Canara Bank. It is a concept that goes beyond marketing or public relations initiative. CSR initiatives include self employment for

unemployed youth, health care for elders, drinking water, rural infrastructure, education for children, rural sanitation and empowerment of women in rural villages.

More than 1 lakh unemployed youth have been trained so far through 21 exclusive training institutes set up by the bank for this purpose. Further, the Bank is also co-sponsoring Rural Development & Self Employment Training Institutes (RUDSETI) and through 24 such institutes around 2,45,000 unemployed youths have been trained in entrepreneurial development. The bank occupies the first position as a Corporate Blood Donor and conducts regular free health camps and eye camps for slum dwellers.

The CSR initiatives of the Bank have gained national / international recognition by bagging the Golden Peacock Corporate Social Responsibility Award in the year 2007 and the best CSR practice award in the year 2008, constituted by BSE, Times Foundation and NASSCOM.

Participative Management

The bank follows the doctrines of participative management and maintains good industrial relations with the various unions / associations operating in the bank. Periodical Joint Conferences are held with the recognized unions / associations and all strategic decisions are taken in consultation with them. So far there has been no major instance of industrial unrest in the bank and a cordial climate is maintained.

The Transformation

The whole array of future strategic Human Resources Management would revolve around the fact that the people in the organization should feel wanted and be sought after. It is only then that it will inculcate a sense of belongingness and sense of pride which propels them to give out their best towards organizational prosperity.

Canara Bank follows the doctrines of a "Learning Organization" wherein it learns from its employees and vice versa. The employees contribute towards organizational growth and development and the bank in turn grooms and trains its workforce to make them a formidable force to reckon with. The HR policies and practices of the bank are reconceptualised, time and

again, to make it more people centric and to propitiate individual excellence.

The transformation should happen from within and the bank hits the right note in this direction by designing and evolving various employee engagement initiatives to make the employees realize their latent potential and talent. Surveys are conducted to find out whether our HR initiatives are in congruity with the employee aspirations and the feedback is utilized to better the existing HRD concepts and systems.

Strong teams make robust organization and the bank harps on this philosophy through its corporate communication to drive in the mantra of "Togetherness".

It shall be our endeavor to instill the above ethos among our people and create avenues and opportunities to encourage the blossoming of their individuality and also mould them through our repeated and focused HR Interventions to act as future mentors and motivators for the next generation to follow.

Conclusion

The inclusion of HR into the strategic role triggers a Symbiotic Relationship between the business and the HR. The more aligned are their objectives, interests and capabilities, the tighter will be the bond. For example, the main business objective would be to maximize profit. HR will be well accepted if they can chip in with ways and means of managing people that will add value to the profitability of the organization.

Six qualities for HR as a strategic partner

In order to brand HR as strategic business partner, HR needs to possess certain core competencies. While past accomplishments may be noteworthy, the HR should focus on future challenges and business strategies. To develop a vibrant and enterprising team, the HR proponents should have the following qualities :

1. *Clarity of thought* : The HR Managers should be able to see the bigger picture and work in tandem with the corporate objectives and vision.
2. *Business acumen* : The word acumen means "keenness and depth of perception, especially in practical matters." It is an art of linking an insightful



Simple solutions from Central Bank of India to build wealth

Central Bank of India has evolved and is more than a conventional Bank. In its Centenary Year, the Bank re-affirms its commitment to cater to the growing aspirations of its customers with innovative Financial Instruments that help create wealth.

Insurance: Central Bank of India has a tie-up with Life Insurance Corporation of India and Cholamandalam MS General Insurance Company to offer attractive schemes covering Life and Non-Life respectively.

Mutual Funds: Central Bank of India offers mutual funds from leading fund houses like DSP BlackRock, L&T, Principal PNB, UTI, Tata, Franklin Templeton, ICICI Prudential, Reliance, IDFC and Sundaram.

Innovative Saving Schemes: Central Bank of India has many schemes tailor-made to build wealth.

Creating wealth needs the expertise to invest wisely and that is what Central Bank of India is all about.

Celebrating 100 years of empowering dreams.



Dr. R. Bhaskaran, CEO, IIBF was conferred with the Achiever of Excellence Award instituted by Bombay Management Association (BMA) in association with IBS on 5th August, 2011.



Dr. R. Bhaskaran, CEO, IIBF received the Award for the Best Educational Institute in Banking & Insurance instituted by World Education Congress Asia Awards at Taj Palace Hotel, Dubai on 25th September, 2011.

assessment of the external business landscape with the keen awareness of how to enhance profitability and then executing the strategy to deliver the desired results.

3. *Endurance* : Steve Ballmer, Chief Executive Officer of Microsoft, often emphasizes the importance of patience for succeeding in business. He believes that products and businesses go through three phases: vision, patience, and execution and the patience stage is the toughest and most uncomfortable.
4. *Equality* : In a turbulent global economy, the dilemma among the business and HR fraternity continues to be whether to implement short-term strategies and quick fixes, or to take a patient, long-term approach towards sustainable development. Though there is always a freedom of choice, the consequences are usually interrelated to the path that either the business or HR chooses.
5. *Self-discipline* : The practitioners of HR will normally be confronted with situations requiring negotiation. Self-control is the essence of negotiation. When negotiating, especially when discussions are

emotionally charged, the best strategy comes in not reacting but to focus on our objectives and work towards achieving it. The greatest obstacle is often not the opposition but ourselves.

6. *Risk-taking ability* : Risk taking is an integral part of business and life. It is thus, quite relevant for HR Managers to take calculated risks in dealing with people and impacting the bottom line of the business.

HR Management is not the responsibility of the Corporate Office alone. It should percolate down to the micro level as well. Sensitizing the people factor is an essential business strategy and those who deal with people at all levels need to regard them as an important element and link to facilitate business.

Team leaders at every unit should focus on keeping the team morale at its high by timely appreciation and recognition of good efforts. Creation of a bond sustains relationship and helps in effective Employee Engagement.



Expert Committee on Licensing of New Urban Cooperative Banks

In the light of the past experience regarding newly licensed UCBs becoming financially unsound in short span of time and the prevailing precarious financial health of the UCB sector, the Reserve Bank issued a comprehensive policy in 2005 on UCBs with a view of improving the financial health of this sector. It was also decided not to issue any fresh licenses thereafter for new UCBs. The Reserve Bank entered into memoranda of understanding (MoU) with all State Governments and the Central Government for coordination for regulatory policies and encouraged voluntary consolidation in the sector by merger of non-viable UCBs with financially sound and well managed UCBs. Pursuant to these policies, the share of financially sound banks has increased from 61.3 % in 2005 to 80.3% in 2010. As the financial position of the sector improved considerably, UCBs were permitted to enter into new areas of business.

Against the backdrop a Committee (Chairman: Shri Y. H. Malegam), has been set up for studying the advisability of granting new urban cooperative banking licenses. Further, as announced in the Second Quarter Review of Monetary Policy 2010-11, the Committee was advised to look into the feasibility of an umbrella organisation for the UCB sector. The terms of references of the Committee are as under :

- 1) To review the performance and role of UCBs over the last decade and especially since the adoption of Vision document in 2005,
- 2) To review the need for organisation of new UCBs in the context of the existing legal framework of the UCBs, the thrust of financial inclusion in the economic policy and proposed entry of new commercial banks into the banking space,
- 3) To review the extant regulatory policy on setting up of new UCBs and lay down entry point norms for new UCBs,
- 4) To examine whether licensing could be restricted only to financially sound and well managed cooperative credit societies through conversion route,
- 5) To make recommendations relating to the legal and regulatory structure to facilitate the growth of sound UCBs especially in the matter of raising capital consistent with co-operative principles,
- 6) To examine the feasibility of an umbrella organisation for the UCB sector,
- 7) To examine other issues incidental to licensing of UCBs and make appropriate recommendations.



BANKERS INSTITUTE OF RURAL DEVELOPMENT, LUCKNOW

Established in 1983

**(An autonomous Society fully promoted by NABARD)
Sector H, LDA Colony, Kanpur Road, Lucknow- 226012**



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Certified Institution

VISION

To emerge as an excellent Institute offering quality Training, Research & Consultancy services in Agriculture & Rural Development Banking to its Client Institutions



MISSION

Help Building viable and vibrant RFI through Training, Consultancy, Research and Policy Debates on Agriculture and Rural Development

CLIENTS

- REGIONAL RURAL BANKS
- COOPERATIVE BANKS
- COMMERCIAL BANKS
- NGOS/ MFIs
- GOVERNMENT (Ministries/ Depts/ Agencies)
- INTERNATIONAL AGENCIES

MILESTONES

1994

- Turn around strategy for loss making RRBs
- Introduction of ODI module

1996

- Development Action Plan and MoU

1997 :

- Kick-starting Microfinance

2004 :

- Best Practices and Bench Marking of Performance parameters for Cooperatives

2008 :

- Attitude Building for Business Development in Recapitalised RRBs

2009 :

- Release of Journal –The microFINANCE REVIEW
- Induction Programmes for Probationers of RRBs & CBs
- Programme on Financial System and Development Finance for IES Probationers
- Programme on Credit Aspects of Rural Development for IAS/ IFS Probationers

2010 :

Launching of

- Post Graduate Diploma in Rural Banking [PGDRB]
- Certificate Course for BCs / BFIs in collaboration with the TEs of CBs

INFRASTRUCTURE

- Centrally AC Classrooms (5)
- 145 Single occupancy self-contained AC hostel rooms
- Centrally AC Library with 50,000 books & CDs
- Computer Lab
- Conference Hall
- Technology Park on FI
- Indoor AC Auditorium (300+)
- Syndicate Rooms
- Indoor Games Stadium
- Gymnasium
- Yoga classes
- Walking track of 1.7 km surrounding a lush green campus laid in a compact area of 42 acres
- Dispensary

CENTRES AT BIRD

- CENTRE FOR MICROFINANCE RESEARCH [CMR]
- CENTRE FOR PROFESSIONAL EXCELLENCE IN COOPERATIVES [CPEC]
- APRACA CENTRE OF EXCELLENCE [ACE]

SEMINARS/CONSULTANCIES

- Regularly Conducts Seminars/ Workshops/ Symposiums on contemporary issues/ themes.
- Executes consultancy assignments for Govt of India, State Govts, Banks, International Agencies, etc.

Intellectual Profile:

Twenty-one full-time faculty members mostly drawn from its promoting institution viz. NABARD. Each of them has a vast and in-depth experiences in varied fields – all related to and focused on agriculture and rural development. Besides, the Institute is also enriched by the contributions of over 150 eminent academicians, administrators and practitioners who take sessions as the guest faculty.

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Managing Transformation for Growth

A Journey of Excellence of Bank of Baroda, India's International Bank

 T. K. M. Das *

Banking industry, over past three decades, has undergone a magnitude of changes. These changes brought about new facets of operational efficiency, attitude towards customer service and people management to meet and sustain the fierce competition. In its endeavor to attract and retain customers by rendering value based services, banks have evolved a series of transformational strategies and processes to attain growth. Bank of Baroda, a State owned bank, is not an exception. The Bank has metamorphosed into a financial power house over the last 104 years of its existence and has been awarded “the Best Bank of the year 2010” by Business India.

Turning to the annals of history of Bank of Baroda, it can be observed that, “The India's International Bank”, has a modest beginning in the then princely state of Baroda in 1908. Emergence of the bank as one of the biggest financial conglomerate reflects a journey of entrepreneurship, courage, determination, visionary foresight and native wisdom. It is an exciting story scripted in corporate wisdom and social pride. A momentous trip that involved venturing into territories hitherto uncharted, weathering recessions and financial and economic depressions, overcoming political upheavals and maneuvering to remain intact even in the face of extreme social unrest. It is a journey of excellence with a saga of vision, enterprise, financial prudence and corporate governance. It is a story of ordinary bankers and their extraordinary contribution in the ascent of Bank of Baroda to the formidable heights of corporate glory. It is a financial organization made by millions of people -Customers, Stake holders, Employees and Public at large.

Mission statement of the bank is “To be a top ranking National Bank of International Standards committed to augmenting stakeholder's value through concern, care and competence.”

The key strengths of Bank of Baroda are :

- Uninterrupted Record in Profit making and Dividend payment.
- Pioneer in Customer -Centric Initiatives
- Modern and Contemporary Personality
- Strong Domestic Presence through 3455 Branches.
- Overseas Business Operations extend across 25 countries through 86 Offices
- First Public Sector Bank to receive Corporate Governance Rating (CGR -2)
- A well accepted & recognized Brand in Indian Banking Industry.
- Provides Financial services to over 40.5 million Customers Globally.
- Robust Technology platform with 100% CBS in Indian Branches.
- Relatively strong presence in progressive states like Gujarat and Maharashtra.
- Committed and dedicated 40,000 work force.
- Customer friendly technological products and services at affordable rates.

All banks, especially public sector banks, have almost similar products and services. The rapid stride in competition, particularly from new generation banks, has created an environment where the interest rates are hardening, margins are dipping and customer expectations are growing. Further, the

* Deputy General Manager (HRM & ADMN), Bank of Baroda.

Public sector banks have been exposed to technological challenges, operational efficiency challenges and people management challenges. To meet these challenges Bank of Baroda resorted to transformation processes and entrepreneurial approaches in its all gamut of activities so that it can acquire the desired competence, gain substantial financial growth and also meet / sustain the perils of competition. The Bank believed that the only differential could be attitude and commitment towards the quality of service and sensitivity towards customer needs, thinking to offer a different value to customers and finding new ways to satisfy customer needs and commitment to win customer confidence with quick responsiveness. The quality of customer service is the outcome of right use of technology, infrastructure, making available diverse range of products and services and more important is to reflect customer friendly attitude of employees to deliver value to customers. The pleasant experience of service leaves an indelible impression in the mind of customers who become bank's ambassadors to carry it forward to potential customers. Hence, the bank has taken the customer centric initiatives further to create unique value differential for customers. The reputation and brand image of the bank is built over a period of time on building blocks of customer satisfaction. The quality and competency of employees have been given more prominence to meet these challenges.

Bank of Baroda's transformational processes and programs are embedded in innovations and challenges. The re-branding has given the bank a new identity. Bank adopted new logo called "Baroda Sun" which is a unique representation of a universal symbol. It comprises dual "B" letter forms that hold the rays of the rising sun. Bank's new corporate brand identity is much more than a cosmetic change. The brand value of the Bank is one of the highest among reputed brands. Shri Rahul Dravid, an icon in Indian cricket became bank's Brand Ambassador when branding was launched.

Besides this visual brand, Bank has recently, on its 104th foundation day, launched its unique, rhythmic, smooth and thematic audio brand signature tune.

Customer centric initiatives like extended business hours, 24 hour and 8am to 8pm (12 hour) human banking, happy hour banking, expansion of ATM network etc. brought about a new vision to customer service. It has fetched significant change in improvement of customer engagement. The Gen-Next branches have been opened to cater to the needs of young clientele. The technological assimilation, creating channels to provide efficient delivery of products and services to customers and aligning bank's performance with vision helped the bank to transform into a modern techno - savvy global banking organization. In the later part of 2000, the bank has transformed into a sales - oriented marketing organization. The Bank formulated novel business models and established RETAIL LOAN FACTORIES and SME LOAN FACTORIES, based on assembly line principle for centralized loan processing. Formation of Centralized back offices and City sales offices generated better value to Customers.

Some of recent make-over programs undertaken by the bank are :

NAVNIRMAAN - BARODA Next

Bank has launched a comprehensive transformation Program called NAVNIRMAAN - BARODA Next with the objective to achieve optimum use of technology and right skilling of the manpower to yield maximum customer satisfaction. It has two core elements-Business Process Re-engineering (BPR) and Organisation Restructuring (OR). Bank has partnered with M/s. McKinsey & Company in this exciting program. Bank further put in place a dedicated team for anchoring this effort and taking this initiative forward to reach all constituents. It is a futuristic transformation program of the bank in its journey for creating the most Admired Bank of India. The BPR is for convenience of customers and improving productivity of employees. It aims to ensure best in class customer service, streamline processes to make life simpler for employees and customers, and equip the employees with the best tools and techniques to discharge their job roles effectively.

Business Process Re-engineering (BPR) focuses on improvement in branch productivity on sales, Best-in-class

service levels for customer delight, Re-design of front and back office processes to reduce turnaround time and to simplify processes and reduction in operating costs.

Organizational Re-Structuring (OR) deals with creation of appropriate organizational structures and systems to support BPR and be in line with future business plans at Corporate, Zonal, Regional and Branches and Sustainability of Change program through capability building.

The Baroda Next program is to modernize and make Branches more customer centric by hiving off some of the back office operations to remote locations.

HR INITIATIVES

The Bank relied heavily on the commitment and dedication of its work force for attaining business goals. Hence, bank evolved its HR MISSION STATEMENT "Creating Competence and Passion for Business Excellence". The HR Mission statement reflects the integration of HR systems and policies with Operational strategies. The people development has been a key focus area for HR function in the Bank. Bank's HR philosophy is deep rooted in the belief that HRM is the strategic and coherent approach to the management of the organization's most valued assets-the employees-who individually and collectively contribute to the achievement of objectives of business. HR policy is basically grounded on Transparency and Employee First Principle. HR activities mainly focused to inculcate a mindset which facilitates business growth and delighted customer service. HR policy assists and encourages employees to innovate, think to do better, find new ways to satisfy customers, develop commitment to win customer confidence with quick responsiveness which can work as differentiator, respect their valued views and leave an inefaceable impression in the mind of the customers on account of pleasant experience.

HR policies and programs focus on Transparency, Employee Growth and Development, Talent Acquisition, Retention and Management, Improved Communication across the organization, and creating a congenial environment to enhance operational efficiency and employee productivity.

According to Mr. M. D. Mallya, Chairman and Managing Director of the Bank "Talent is the USP of the organization. Banks should build competencies based on six pillars: buying (source the right man power); building (provide training and development); borrowing(bring in specialist resource persons from outside); bounding (provide the right environment); bouncing (weed out non-performers); and binding (retain talent)."

Bank has inducted young bloods through lateral and campus recruitments to facilitate future succession planning. Bank has developed structured and progressive induction, mentoring and grooming programs, with periodical exposure to various practical aspects of banking operations, for these new entrants through on-the-job branch banking programs to make them future business leaders and entrepreneurial managers.

The bank launched various programs targeted at different sections of employees like Young Managers' Program, Advanced Branch Management program etc. for their development and exposing them to latest banking areas. Several other developmental initiatives were taken, the prominent among which included Massive Talent hunting and Capability building program - Khoj, Leadership Development - Project LEAP, Training in Sales and Soft skills, Knowledge Management, Employee Conclaves, Paramarsh - providing Counseling services, and Sampark - The Chairman and Managing Director's Help Line etc. Periodical Leadership programs are organised, with the collaboration of prominent business schools in India, for creating strong leadership pipeline.

The Employee Performance Appraisal System has been introduced for all categories of employees. The Performance Appraisal System of Officers is Business linked, highly objective, transparent and participative. The Goal setting and appraisal are made mutually with a review discussion to review previous performance and for future improvement.

Bank has a recordable Industrial Relations (IR) system founded in participative Management. The cordial IR, on account of structured and periodical

interactions with Employee's Organisations and Welfare Associations, effectively boosted a congenial environment for uninterrupted and delighted customer service and business growth.

Bank introduced Employee Suggestion scheme-BARODA SUJAV- on customer service, improvement of existing services and products, technological innovations etc. and best accepted and implementable suggestions are handsomely rewarded.

Staff meetings and employee conclaves are organized periodically to elicit involvement of staff in matters relating to business growth, to deliberate on ways to render delighted customer service, boosting cross selling of bank's products, education of customers on the use of alternate channels etc.

Bank's Succession planning is scientific, for sighted and business oriented. HR policies are tailored to ensure continuous availability of leadership in critical positions to assure business development.

Bank has hired the services of M/s. Boston Consulting Group for Formulation and Implementation of Integrated HR Frame Work in the Bank.

Bank's internal Magazine BOBMAITRI is a powerful communication and information channel and reaches every employee.

PROJECT "UDAAN"

Bank has launched a new HR initiative project "Udaan" - Flight to the Top -with the objective to create a pool of business leaders to take the bank to new heights of business glory and also as a tool for Succession plan. This, a 3 month program, is piloted by M/s. McKinsey & Co and Corporate HRM Department. The program consists of Forums and Coaching Clinics, which is structured around 3 themes viz: Leading Self, Leading others and Leading Business.

HUMAN RESOURCE NETWORK FOR EMPLOYEE SERVICES (HRnes)

Human Resource Network for Employee services (HRnes) - which encompasses automation of complete HR functions resulting in speedy decision making

and keeping HR records. It Comprises of 3 main components viz: Core HRMS module, Payroll - centralized payroll payments, payments of various benefits, perks, terminal benefits, welfare schemes etc., and Oracle Learning Management module which includes training administration and e-learning.

BARODA - MANIPAL SCHOOL OF BANKING

Baroda Manipal School of Banking - A tie-up with Manipal Education for conducting job-secured one year post-graduate course in Banking and Finance.

With advent of time, Bank has secured a prominent place among the nationalized banks. Bank of Baroda has achieved its efforts to penetrate into emerging market areas to seize a sizable market share. It has harnessed technology to enable the customers to shift to alternate delivery channels to provide better convenience to them. Better net working and frequent interface with customers increased customer loyalty. The Bank has made all efforts to maintain the quality of assets through pro- active follow up.

AWARDS and ACCOLADES

Bank has received several awards during the financial year 2011, for its constant outstanding performance (both business & financial), superior management, dedication to excellence and contribution to rural economy & financial inclusion. Some of them are :

- Financial Express -Best Nationalised Bank Award
- Business India - Best Bank Award, 2010
- Bank of the Year for 2010 for India - by The Banker (London)
- Dalal Street Investment Journal (DSIJ) - PSU Award for Excellence in Performance & Contribution to Indian Economy by PSUs
- President Zuma Award - for outstanding Contribution to Advancement of South Africa at Durban.
- Best SME Business Start-up Scheme Award in the Banker Middle East Product Awards 2011, Dubai.
- Business Standard Best Banker Award to Mr. M. D. Mallya, The Chairman and Managing Director.
- IBA- Banking Technology Award 2011 (Runner Up)

TRANSFORMATION PROCESSES FACILITATED BUSINESS GROWTH

A close observation of the Business Performance of the bank during past few years reveals that the Transformation processes and activities impacted significantly on Bank's key financial and productivity indicators.

- Global Business has grown from ₹1,26,862 crore at the end of March 2005 to ₹5,36,765 crore at March 2011.
- Bank's net profit increased from ₹677 crore at the end of March 2005 to ₹4241.68 crore at March 2011.
- Bank's Capital Adequacy Ratio stood at a healthy 14.52% at end of March 2011
- The Business per Employee improved from ₹3.16 crore at March 2005 to ₹13.33 Crore at March 2011.

- The Net profit per employee increased from ₹1.71 lakh at March 2005 to ₹10.59 lakh at March 2011.
- Bank's Earning per Share rose from ₹23.08 at end of March 2005 to ₹116.37 at March 2011.
- The Return On Average Assets (ROAA) improved from 0.75 at end of March 2005 to 1.33% as at March 2011.
- Bank's Net NPA declined from 2.11% at the end of March 2005 to 0.35% at March 2011.

Bank of Baroda is on a high trajectory growth and is poised to achieve greater heights. The bank, in its endeavor to be the most admired bank, has been successful in raising the performance bar with the passion to perform, commitment, dedication, team power and the power of participation of employees.



Initiatives Taken by the Reserve Bank to Migrate Towards the Basel-III Norms

In the wake of financial crisis, the Basel Committee on Banking Supervision (BCBS) has initiated several post-crisis reform measures mainly building on the Basel-II capital adequacy framework. The framework was bolstered significantly in July 2009 through a series of enhancements to each of the three pillars; notably, to address the "under capitalisation of trading book exposures of banks. Subsequently, in December 2010, the BCBS has released revised sets of rules for capital and liquidity regulations viz. 'Basel-III : A global regulatory framework for more resilient banks and banking systems and 'Basel-III : international framework for liquidity risk measurement, standards and monitoring' which inter alia aim at promoting a more resilient banking sector and strengthening liquidity regulations. Collectively, the revised Basel-II capital framework and the new global standards have been commonly referred to as "Basel-III"

Though Basel-III can be viewed as a modification to Basel-II framework, it differs significantly from Basel-II in terms of its comprehensiveness. More particularly, apart from revising the definition of regulatory capital, it is much wider in risk coverage and encompasses measures to address the systemic risks. Implementation of Basel-III has thrown up significant challenges to both banks and the banking supervisors alike.

So far as implementation of Basel-III in India is concerned, availability of adequate amount of capital, both in terms of quality and quantity provides significant comfort to begin implementation of the new framework as per the time schedule fixed by the BCBS. Nevertheless, RBI has taken a number of initiatives to ensure smooth transition of the banking sector to Basel-III framework. RBI's representation at the Financial Stability Board (FSB), BCBS and their various sub-groups provides the much needed opportunity to understand and contribute to the formulation of policies relating to regulation and supervision of the banking sector at the international level, particularly, Basel-III. In order to raise awareness among banks about Basel-III, RBI has been regularly briefing the Chief Executives of banks since RBI became member of BCBS in 2009. These meetings also provide an opportunity to RBI to assess the level of preparedness of banks to implement Basel-III and clarify any issues which they may have in this regard. Other initiatives taken by RBI include organising various training programmes through its training establishments, seminars, meetings and participation in seminars organised by the Indian Banks' Association (IBA) and other self regulatory bodies.

The BCBS is monitoring the impact of Basel-III proposals through the semi-annual Quantitative Impact Study (QIS) on banks. Ten Indian banks are participating in this QIS exercise. The outcome of the QIS will not only give an idea about the impact of the Basel-III rules on Indian banks, but will also help in enhancing the understanding of banks about the subtle nuances of various aspects of Basel-III proposals.

Meanwhile, RBI is examining the Basel-III regulations and will issue guidelines to the extent applicable for banks operating in India in due course of time. RBI is also working on operationalisation of Countercyclical Capital Buffer under Basel-III. RBI would adhere to internationally agreed phase-in period starting in January 1, 2013 for implementation of Basel-III.

(Source : RBI, Annual Report 2010-11)

Managing Transformation for achieving Growth

 M. P. Nagpal *

Banking has undergone a sea change in its concept, percept and outlook over the past few years due to liberalizations and globalization. The financial markets in India are integrated with the foreign markets. The Reserve Bank of India is continuously making efforts to ensure convergence of its supervisory norms and practices with the international best practices. Customers' expectations in terms of speed, quality and convenience have gone up. Walk-in business is almost ended. Attracting savings through imaginative and innovative marketing techniques is pushed to the forefront. In brief, it is to say that the present banking is an eclectic mix and fine balance of innovation, caution, tradition and modernity. Newer challenges keep cropping every now and then offering growth opportunities.

Besides the above, service industry like banks can not achieve competitive edge without adequate technological backup. The intense competition, technological advancement and pressure on profit have widened the business horizons. Each branch has emerged as a Commercial Super Bazaar extending wide array of services under a single roof. Thus, banking has been transformed from a passive financial activity to a dynamic Risk Management process. Amid these tendencies to a turbulent scenario, one potential source of stability and continuity to any organization is its employees and their ability to consistently learn from the environment.

In a competitive business environment, a successful organization is one which is more adaptive, resilient, and quick to change direction and is customer centric. In such a situation, the Role of HR is more of strategic partner. Organizational performance largely depends on synergy

of the teams. Unity of Command and Span of Control are interdependent on the structure of the organization. Any organization is a structure manned by group of individuals who are working towards achieving Corporate Objectives.

Thus the transformation exercise carried out in the following aspects has been discussed besides the HR initiatives:-

- Organizational structure
- Technology driven products and services
- Product Branding
- HR Front

Organizational Structure :

The information technology has cut short the distances and the world has become a global village. Keeping pace with the above changes and challenges, our Bank has taken up de-layering the Zonal set up and come out with 3 tier structure namely, Head Office / Corporate Office, Regional Office and Branches. The Zonal tier was removed. This has facilitated judicious usage of manpower and fast decisions by leveraging technology. Keeping the priorities like Financial Inclusion, Focus on Retail Credit (Fortune at the Bottom of the Pyramid), Niche Marketing, Risk Management, etc. in mind, new Functional Departments headed by General Managers have been created for effective follow-up.

Technology Driven Products / Services :

Technology is a critical business success factor. Bank has upgraded the IT by adopting best practices in the field by infusing specialists and young blood.

Ours is the first Public sector Bank which had gone in a big way in migrating into CBS environment way

* Deputy General Manager, Syndicate Bank.

back in early 2000. In a phased manner, we could ensure 100% migration of our branches to CBS by 2008. This enabled the bank to offer customers value added services with improved multi delivery channels.

Branding of Products and Services :

Branding of products enhances reputation, credibility and creates an image in the minds of the customer. The competitors can copy products, services, technology, delivery channels but can not remove the Brand image in the minds of the customers. Against this background, Bank has come out with Synd products. To emphasize on relationship banking, Customer Relation Managers and Marketing personnel are designated at Regional Offices.

HR Front :

Employees represent the organization and it is the employees who steer the organization in fair or foul weather. No organization can rise above the level of its employees. In this volatile business environment, rapidly changing markets, ever increasing customer expectations, non-stop technological evolution and increasing complex regulatory controls, HR factor is all the more important:-

- Banking is human intense and service oriented customer centric activity
- Human Resources are active agents who are endowed with immense power to work, to think, to imagine, to explore and to develop.
- Human Resource appreciates in value over a period of time through experience, exposure and change.
- Organizations are vitalized, energized, activated, actualized and renewed through Human Resource Development.
- Thus, employees are the main source of value creation and sustainable differentiation.

HR Challenges in Banks :

- Shortage of experienced and trained specialists for critical jobs.
- Leadership gaps on account of large scale superannuation at higher scales during next five years.

- Making Contingency plans for skill set backed departments.
- Bringing down the average age of employees to 40 Years.
- New recruits are more exposed, career conscious, tech savvy and aspire for quick Career Progression
- Transition alignment of existing employees (old in spirit but high level of commitment) with new recruits (young in spirit).
- Preparing the employees to handle at least 20% of the additional business on year to year basis without commensurate increase in the manpower cost.
- Skill gaps on account of increasing need for specialization.
- New generation will have greater value for professional integrity.
- Talent grooming and retention.
- Ensuring timely Succession in place.
- Leveraging Technology for HR functions namely e-learning, on-line tests, etc.
- Motivating employees who are at Career plateau.
- Focusing on Operational Risk and Preventive Vigilance.
- Keeping the Staff Cost at control.

HR Policy of the Bank :

Policies are dynamic and change with the changing times. Keeping the above challenges in mind, our bank has constituted HR Committee of the Board to examine and evaluate the existing HR policies and to make recommendations for incorporating the changes to keep pace with the environment. Accordingly, the Bank has come out with a comprehensive and well articulated revised HR Policy of the Bank. It covers the entire gamut of HR.

Objectives of HR Policy :

The major objectives of the revised HR Policy are to :

- Transform HR function from administration to Core Business Driver.
- Draw a comprehensive and integrated Manpower Plan.

- Align employees with organizational objectives and to enhance work force strategy.
- Gain competitive edge by improving the way in which Bank attracts, retains, develops and networks people
- Identify the skill gaps in core areas and to move for Just where / what needed training model
- Effect proper placements for up-skilling and enhancing knowledge levels.
- Create an enabling environment for building a cohesive team of Brand Ambassadors.
- Provide career path by spotting talents.
- Administer time tested Performance Appraisals.
- Nurture the talent in each employee.
- Ensure timely Succession.
- Leverage technology to develop business, reduce transaction cost, improve quality of work life, harness creativity and augment productivity.

a) Manpower Planning :

Comprehensive Manpower Planning Exercise has been done taking into account :

1. Business Projections.
2. Superannuation.
3. Attrition.
4. Branch Expansion Plan.
5. Manpower position in Strategic Business units.
6. Cadre / Competency-wise Manpower requirement.

Bank has conveyed its consent for participating in the Common Recruitment Process of IBPS. Bank is in process of recruiting 750 Rural Development Officers and 1000 Agricultural Assistants in Clerical Cadre to effectively implement the Financial Inclusion Plan. Specialists like Chartered Accountants are being recruited through Campus Recruitment process.

b) Training and Development :

This is a major HR intervention to play significant role in promoting, developing, supporting and maintaining a learning environment in the Bank as a whole. Turn the page & learn the work is no more

relevant in the present day context. Hence, the initiatives taken under this front are as under :

- Collaborating with professional institutions like, IIMs, MDI, SBI Staff College, Institute of Insurance and Risk Management, T A Pai Institute of Management, etc. for imparting core competencies.
- Sharing training infrastructure and Faculty support with other Banks, namely Corporation Bank, Indian Bank, etc. to promote lateral thinking.
- Grooming each employee in at least 5-6 core banking areas.
- Creating a Learning Organisation for employees' intellectual growth and creativity so that they avoid repetitive mistakes.
- Reorienting Training strategy to make employees more contemporary and outward looking.
- Focusing on Shared Vision amongst employees for better involvement.
- Bridging the Skill gap to deliver the technology driven Products/ Services.
- Organising outbound training programmes nearer to the work place so as to ensure better attendance.
- Bank is utilizing the services of IBPS for the e-learning / online learning for Probationary Officers to start with.

c) Promotions / Career Progression :

Career progression is one of the major motivational forces, creator of status, prestige and a means of achievement in life. As one gains experience in the Bank, he / she expects to move up in the hierarchy. It is one of the Talent Grooming and Retention strategies of the Bank. Promotions integrate with the Succession Planning of the Bank. Online promotion tests are being conducted through IBPS and the interviews are through Video Conferencing. This has ensured time saving and cost effective.

Bank has introduced Fast Track promotions upto Executive Grade. This helps in limiting the attrition rate at bare minimum. On account of the revised policy, an employee joining as clerk at the age

of 25 years, can reach SMGS IV on reaching 35-40 years of age by consistent performance, constant learning and up-gradation of skills.

- Minimum service for eligibility to participate in promotion process.
- Clerk to JMGS I 3 Years
- JMGS I to MMGS II 3-4 Years
- MMGS II to MMGS III 3 Years
- MMGS III to SMGS IV 2-3 Years

d) Transfers/Placements :

Transfer may be horizontal or vertical movement of an employee. Placements are aimed at :

- Providing cross functional exposure across different departments at all levels
- Optimum utilisation of available talents.
- Providing an opportunity to performers to work in Inspection Department and Administrative Offices for all round exposure.
- Ensuring each branch to have a mix of existing (experienced) & new recruits (Tech Savvy).
- Identifying new recruits for posting them as Branch Heads after exposing them to various facets of banking for 3-4 years.
- Bridging the Skill gaps at Branches / Regional Offices.
- Providing Career Path to each employee.
- Exposing the employees to diverse fields.
- Optimum utilisation of available talents.
- Preparing the employees for higher responsibilities.

e) Succession Planning :

Since 40% of the employees in higher scales are superannuating by 2014, timely succession of employees for higher / critical jobs is one of the major HR challenges. An exercise consisting of 250 employees in Scale-III, IV, V & VI who have left over service of 10, 7, 5 and 3 years respectively has been taken up and initiatives to expose them to the critical areas for all-round development have been commenced.

f) Talent Grooming and Retention :

In the 21st century, knowledge workers rule the banking industry and each bank has to do a lot to make every employee a knowledge personnel. In this setting the following initiatives have been taken :

- Encouraging the employees to enroll for the professional courses conducted by organizations like Risk Management, ISACA, IIBF, etc.
- Besides reimbursing the course fee, certain amount of incentive is also being paid for passing both the certificate and Diploma courses conducted by IIBF.
- Bank is encouraging the employees to take up professional courses.

Finally to conclude, the challenges are not over and Bank has to see the present day with the eyes of tomorrow to cope with the future.



IBPS : Transformation of Services

 Dr. Jaya Phadnis *

Abstract

IBPS has undergone the transformation in the past 27 years by adopting latest State of the Art Technology from time to time such as from manual scoring of answer sheet to mechanical scoring with the help of Optical Mark Reader, from receiving & processing manual (offline) applications to online applications, introducing online examinations enabling instant processing of results, using Assessment Centre Process for senior positions rather than using only the traditional written examinations, from testing a few lac candidates to testing more than a crore candidates in a year and also providing end to end solution rather than only the post examination activity of result processing in the yester years. Today, IBPS can duly boast of itself as the world's largest scientific service providing recruitment Organization.

Background

IBPS since its inception in 1984 and prior to that as erstwhile PSS unit of NIBM for about 15 years has been involved in recruitment / selection / promotion exercises of Public Sector Banks, Private Banks and Central Financial Institutions. Gradually the services of IBPS were extended, on request, to various Departments of Central Government, Maharashtra State Government & Corporations and Private Organizations for their recruitment and selection processes. IBPS also provides services to Academic Institutes for admissions. The systems were evolved on the basis of extensive and continuous research studies undertaken by IBPS faculty and were updated and upgraded from time to time in tune with the modernization scenario taken place globally. IBPS has

not only upgraded its technology and evolved the systems of international level comparable with those adopted by Educational Testing Services (ETS) Princeton, USA, but also educated the technology-scared Indian candidate population to effectively cope up with the techno-invasion.

Thus, it has also duly observed its social obligation. It has its own technology and state of the art machinery to handle the voluminous jobs through out the year. All the activities are In-House under one roof including well equipped modern printing press & composing units to handle the volume. It manages the stupendous job of packing and dispatch of confidential test material to various locations across the country with the help of Airfreight and Courier agencies. It also manages the scanning and scoring of answer sheets by latest model of Optical Mark Reader - INSIGHT-150 with capacity of scanning 15000 answer sheets per hour followed by result processing as per the client's requirements. It has also developed a program to detect cases of "Use of unfair means and copying" based on "Theory of Probability".

In order to guard against the threat of pilferage of tests before examination, IBPS has been adopting stringent security measures such as CCTV cameras at all the locations and biometric checks at sensitive locations like Photo type setting unit and printing press. In addition, one has to go through the frisking process before entering the printing press. All these measures became essential with increase in volume on the one hand and growing temptation among the competing candidates to resort to unfair means to beat the escalating unemployment in the country on the other hand.

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Introduction of Optical Mark Reader (OMR)

Till 1985, tests were administered using answer sheets that required marking of answers with cross mark using ball point pen and were scored manually by using the stencil cut key placed over it. This consumed a lot of manpower and time to complete the scoring process since it also called for scoring twice independently and then cross checking, manual data entry of candidates particulars along with the marks and its verification. In 1985, IBPS switched over to Optical Mark Reader (OMR) which enabled faster and equally accurate processing of results avoiding all the hazards of manual evaluation. This enhanced the capacity and helped IBPS to handle larger volumes more effectively, within lesser time-span and with minimum human intervention. IBPS kept on replacing the OMRs with the latest ones. Recently, it has procured a latest model INSIGHT-150 of OMR with features of Optical Mark Reader as well as Image scanner and capacity of scanning 15000 answer sheets per hour. Even with introduction of mechanized processes, IBPS continues with essential manual checks to ensure 100% accuracy of the finished output.

At initial stage, the answers on OMR answer sheets were required to be marked only using HB pencils, now we are able to give an option to our clients of using HB pencil or ball point pen with black ink.

Pre Examination Activities

IBPS had been handling the pre examination activities like receiving & processing of applications, sending call letters along with information handouts for select few non banking organizations. In the year 2000, the BSRBs were abolished and the Banks got autonomy to manage their own recruitment processes. After abolition of BSRBs, Banks were supposed to handle all the activities on their own. Corporation Bank was the first to approach IBPS for handling all the activities involved in recruitment process from vetting the advertisement, receiving and processing applications, sending call letters to candidates, test development, composing, printing & dispatch of material and post examination processing of answer sheets up to result processing and

also to be a part of interview process, with one member on panel from IBPS. Subsequently, all the public sector banks started approaching IBPS for End to End solution for recruitment at different levels.

Pre-examination activities such as :

- Receiving manual applications at the designated post box of IBPS.
- Counting & opening envelopes taking out applications
- Numbering & detaching Demand Drafts.
- Data Entry of application details with the help of outside agency.
- Processing of application data.
- Generating Roll Numbers & allotting to the venues.
- Designing Call Letter & Information Handout and printing required number of copies.
- Dispatching call letters along with Information Handouts.

This was the time when IBPS evolved systems to handle the pre-examination activities for all the Public Sector Banks, though manually.

Online receipt of applications

In 2006, IBPS started receiving Online Applications & gradually switched over to Online Applications for all Public Sector Banks. Initially fees was collected through Demand Drafts & the same was received with the application printout from candidates. Though this system saved on manual data entry & verification and, therefore, ensured accuracy of data, the activity of receiving application print outs by post, detaching & processing Demand Drafts continued. It also had the risk of not reaching the application print outs due to postal delay and resulted in to rejection of quite a few applications of good number of genuine candidates. To overcome this, IBPS introduced payment of fees directly in the CBS branches of the designated Banks or any Public Sector Bank's branch using NEFT facility or through payment gateway & this allowed doing away with calling for Application print outs. With this all the candidates who registered could appear for the examination. This also saved a lot of time & also gave satisfaction to candidates, Banks & IBPS. IBPS has by

now also introduced facility of Photo & Signature upload, payment of fees through payment gateway using credit / debit cards. Candidates are required to download the call letters through the URL available on Bank's website. This ensures all candidates receive the call letters, takes care of the candidates' anxiety and also saves on cost incurred on postage. With switching over to online receipt of applications, IBPS has experienced increase in number of candidates applying. One reason for increase is that all applications registered immediately reach the data base in server, another reason could be the process which is hassle free particularly for the Tech Savvy new generation. In 2006-07, the total volume handled by IBPS was about 18 lacs which has increased to 1.3 crores in 2010-11. Managing such a gigantic volume could be possible only because IBPS switched over to online receipt of applications.

Online Examination

In 2006, IBPS introduced "Online Examination" for promotion processes of Public Sector Banks and gradually extended to private Banks & co-operative Banks. These examinations are conducted with the help of vendors like Sify, NSEIT, NIIT etc. The process mainly involves :

- Uploading Question Paper & Generating distinct Question Papers for each candidate.
- Vendor ensures access only to IBPS before exam for testing purpose & only to the candidates on exam day.
- No copy of the Question Papers is retained anywhere other than the original media kept with the IBPS faculty. All the transformed files are completely erased under supervision.
- A Mock test in IBPS is taken after the upload by the Test team to ensure the accuracy of content, time and other Instructions. It is a simulation of actual test.

Though it is very well possible to provide the results to the candidates on the spot, IBPS does not prefer to do so. IBPS does not part with the actual right answer key to the vendor, result processing is done in the EDP department of IBPS by processing the candidates' responses after analyzing them to finalize the right answer key. Since the

manual checking involved in the process is minimal, the results are provided to the Banks within maximum two days time, sometimes on the same day & generally the next day. Control Center is setup at IBPS to control and monitor all the activities at each of the venues during the Examination Day.

Common Recruitment Program : Outline of the Process

Till recently, each PSB was conducting its recruitment process through IBPS. Though the test structure was similar, the candidates were required to pay the fees separately for each Bank and also appear for the exam separately for each Bank. To overcome this IBPS, IBA & 19 Public Sector Banks (PSBs) came out with an idea of holding a "Common Written Exam" for recruitment of Officers and Clerks in PSBs. The idea is that IBPS announces the programme jointly for all PSBs instead of holding separate exam for each Bank. A common test structure & other modalities, roles of IBPS & Banks have been worked out. IBA & IBPS has issued notification announcing Common Written Exam giving all the details for receiving Online Applications & conducting examination for recruitment of POs / MTs. In response to the notification, more than 14 lac applications have been received. Most of the formalities for the first Common written Exam for recruitment of POs / MTs have been completed. IBPS arranged for Pre-Examination Training for SC / ST category candidates.

Call letters have been uploaded through URL on IBPS website advising the candidates by e-mail & sms to download from website. The Exam was conducted on 18th September, 2011 at 107 centers across the country.

Banks will advertise the posts at different levels individually giving details about vacancies, cut off scores etc. IBPS will process the results & issue score cards to the qualified candidates. Qualified candidates' data will be provided to all the participating PSBs so that they can decide the cut-off score for their Banks and also verify the score printed on the score card produced by the candidates. Details about the method of deciding cut offs, standardization

of scores etc have already been made known to the candidates in IBPS notification. Banks will prepare list of candidates to be called for interview based on the scores reported by the candidates after validating the same from IBPS. Banks will conduct Interviews and issue appointment letter.

Assessment Centre Process

IBPS started using Assessment Centre Process for tapping the strengths and weaknesses of the employees at various levels which has proved to be effective in deciding the placements & promotions appropriately. The process involves different tools to assess different competencies. Assessment Centre

Process helps in identifying Skill Gaps / Training Needs for further Development. It also helps in identifying potential employees for most befitting Job roles (Lateral Placement) and identifying potential employees for most befitting higher Job roles (Vertical Placement). It minimizes subjectivity by using Multiple tools to address the critical competencies and it ensures maximum Content Coverage and corroborative evidence to strengthen observations by using Multiple Trained Observers which involves Discussions & Consensus Method for assigning ratings to ensure more objectivity & minimize subjectivity.



Committee on the MFI Sector (Malegam Committee)

The Malegam Committee in its January 2011 report, inter alia, recommended (i) creation of a separate category of NBFC - MFIs; (ii) a margin cap and an interest rate cap on individual loans; (iii) transparency in interest charges; (iv) lending by not more than two MFIs to any individual borrower; (v) creation of one or more credit information bureaus; (vi) establishment of a proper system of grievance redressal procedure by MFIs; (vii) creation of one or more "social capital funds"; and (viii) continuation of categorisation of bank loans to MFIs, complying with the regulation laid down for NBFC - MFIs, under the priority sector.

Based on the feedback received, the broad regulation framework recommended by the Committee have been accepted. The SCBs have accordingly been advised in May, 2011 that bank credit to MFIs extended on or after April 1, 2011 for onward-lending to individuals and also to members of Self Help Groups (SHGs) / Joint Liability Groups (JLGs) would be eligible for categorisation as priority sector advance under respective categories viz., agriculture, MSE, and micro credit (for other purposes), as indirect finance, provided not less than 85 per cent of total assets of MFI (other than cash, balances with banks and financial institutions, Government securities and money market instruments) are in the nature of "qualifying assets".

In addition, aggregate amount of loan, extended for income generating activity, is not less than 75 per cent of the total loans given by MFIs.

- A "qualifying asset" shall mean a loan disbursed by MFI, which inter alia satisfies criteria such as (i) the borrower's household annual income does not exceed ₹60,000 in rural areas and ₹1,20,000 in non-rural areas; (ii) loan does not exceed ₹35,000 in the first cycle and ₹50,000 in the subsequent cycles; (iii) total indebtedness of the borrower does not exceed ₹50,000; (iv) the loan is without collateral; (v) loan is repayable by weekly, fortnightly or monthly installments as per borrower's choice
- Further, banks have to ensure that MFIs comply with the stipulated caps on margin and interest rate as also other pricing guidelines, to be eligible to classify these loans as priority sector loans :
 - i) Margin cap at 12 per cent for all MFIs. The interest cost is to be calculated on average fortnightly balances of outstanding borrowings and interest income is to be calculated on average fortnightly balances of outstanding loan portfolio of qualifying assets.
 - ii) Interest cap on individual loans at 26 per cent per annum for all MFIs to be calculated on a reducing balance basis.
 - iii) Only three components are to be included in pricing of loans viz., (a) a processing fee not exceeding 1 per cent of the gross loan amount, (b) the interest charge and (c) the insurance premium.
 - iv) The processing fee is not to be included in the margin cap or the interest cap of 26 per cent.
 - v) Only the actual cost of insurance i.e., actual cost of group insurance for life, health and livestock for borrower and spouse can be recovered; administrative charges to be recovered as per IRDA guidelines.
 - vi) No penalty for delayed payment.
 - vii) No security deposit / margin to be taken.
- The banks should obtain from MFIs, at the end of each quarter, a Chartered Accountant's Certificate stating, inter alia, that (i) 85 per cent of total assets of the MFI are in the nature of "qualifying assets", (ii) the aggregate amount of loan, extended for income generation activity, is not less than 75 per cent of the total loans given by the MFIs, and (iii) pricing guidelines are followed.

Bank loans to MFIs, which do not comply with above conditions and bank loans to other NBFCs, will not be reckoned as priority sector loans w.e.f. April 1, 2011. The bank loans extended prior to April 1, 2011 classified under priority sector will continue to be reckoned under priority sector till maturity of such loans.

(Source : RBI, Annual Report 2010-11)

सार्वजनिक क्षेत्र के बैंकों में प्रतिभा (टैलेन्ट) प्रबन्धन

राजेन्द्र सिंह *

सूचना प्रौद्योगिकी, खुदरा एवं स्थावर संपदा (रियल एस्टेट) के बाद सार्वजनिक क्षेत्र के बैंक ही युवा प्रतिभाशाली व्यक्तियों को अपनी ओर आकर्षित करने के लिए आगे आए हैं।

इंटरनेशनल सेटलमेन्ट्स की एक रिपोर्ट के अनुसार किसी भी अर्थव्यवस्था में वित्तीय प्रणाली एक जल वितरण प्रणाली (प्लम्बिंग) की तरह होती है। जिस तरह घर में प्लम्बिंग की जाती है उसी तरह आधुनिक वित्तीय प्रणाली में बचत एवं निवेशकर्ताओं से मध्यवर्ती संस्थाएं धन का संग्रहण कर उसे ग्राहकों, उपभोक्ताओं तक पहुँचाती हैं। आधुनिक युग में ग्राहकों की सुविधाओं के लिए बैंकों, बीमा कम्पनियों, प्रतिभूति फर्मों, वित्तीय कम्पनियों, पारस्परिक निधियों, पेंशन निधियों का विशेष महत्व है।

भविष्य में व्यवसाय के रूप में भारतीय बैंकिंग का विशेष स्थान देखा जा रहा है जिसके पीछे जनसांख्यिकीय परिवर्तन का विशेष हाथ है।

15 वर्ष से 64 वर्ष की आयु वाले व्यक्तियों की संख्या 2006 में जहाँ कुल जनसंख्या की 62.9 प्रतिशत थी, वर्ष 2026 तक उसके 68.4 प्रतिशत तक पहुँचने की सम्भावना है। वहीं 15-24 वर्ष की आयु वाले व्यक्तियों की संख्या वर्ष 1995 से 2000 तक औसतन 31.10 लाख प्रति वर्ष बढ़ी है जबकि वर्ष 2000 और 2005 के बीच इसकी औसत वार्षिक वृद्धि 50 लाख रही। यदि यही क्रम जारी रहता है, तो युवाओं की संख्या में विशेष वृद्धि की सम्भावना है, जो बैंकों के लिये अपने ग्राहक आधार को बढ़ाने का विशेष अवसर उपलब्ध कराएगी। इस आकलन के आधार पर 2020 तक एक औसत भारतीय की आयु मात्र 29 वर्ष होगी, जबकि चीन और संयुक्त राज्य अमेरिका में यह 37 वर्ष होगी, पश्चिमी यूरोप में यह 45 वर्ष और जापान में 48 वर्ष होगी।

युवा-उन्मुख बैंकिंग

इस तरह जनसांख्यिकीय परिवर्तन, बढ़ती विकास दर और सूचना एवं संचार प्रौद्योगिकी के बढ़ते प्रभाव से युवा-उन्मुख बैंकिंग का प्रादुर्भाव होगा।

इन सबसे संबन्धित कुछ ऐसे मुद्दे हैं जिनका जिक्र करना यहां आवश्यक हो गया है।

- यद्यपि वित्तीय उत्पादों और सेवाओं में वृद्धि हुई है, फिर भी अभी अधिकांश जनसंख्या इससे अछूती है। उदाहरण के लिए वर्ष 2003-2008 के बीच ऋणों का प्रवाह क्षेत्रीय स्तर पर न्यूनतम मानदण्डों से कम रहा है। इससे यही पता लगता है कि मध्यम अवधि में ऋण प्रवाह की सम्भावनाएं अधिक हैं।
- बैंकिंग प्रणाली को अपने आपको चुस्त-दुरुस्त बनाना है, जिससे अर्थव्यवस्था और उससे बढ़ती हुई मध्यस्थीकरण की आवश्यकताओं की पूर्ति, मध्यम अवधि से लम्बी अवधि के लिए बचत एवं निवेश को ठोस आधार मिल सके।
- जनसांख्यिकीय लाभ के कारण बचत एवं पूंजी निर्माण में वृद्धि की संभावना देखी जा रही है। भारत में बचत में घरेलू क्षेत्र का योगदान सबसे अधिक है। उसके बाद निजी कारपोरेट क्षेत्र और उसके बाद सार्वजनिक क्षेत्र का स्थान है। एक महत्वपूर्ण बात यह है कि घरेलू वित्तीय बचत के संग्रहण में बैंकिंग तंत्र का विशेष योगदान है।

इस जनसांख्यिकीय परिदृश्य का लाभ उठाने के लिये बैंकिंग क्षेत्र को आगे आना होगा, ताकि अगले दो दशकों तक वे जीवन-चक्र के आधार पर वित्तीय उत्पाद एवं सेवाएँ प्रदान कर सकें। इसको सफल बनाने के लिए शाखाओं में स्टाफ युवा-उन्मुख होने चाहिए,

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जिससे वे अधिक से अधिक व्यक्तियों तक पहुँच सकें। इसके लिए यह आवश्यक है कि मानवीय पूंजी का सशक्तिकरण किया जाए, ताकि वह बैंकिंग क्षेत्र में प्रतिस्पर्धा को सार्थक बना सके। इसके लिये बैंकिंग क्षेत्र में मूल रूप से संस्थागत कुशलता का स्तर विशेषकर विपणन, सेवा परिचालन, जोखिम प्रबन्धन, संगठनात्मक निष्पादन में नीतिपरक सिद्धान्तों का समावेश आवश्यक है।

प्रतिभा प्रबन्धन की चुनौतियाँ

आज बैंकों में प्रतिस्पर्धात्मक वातावरण के चलते प्रतिभावना युवाओं को आकर्षित करने, प्रशिक्षित करने और उन्हें बनाये रखने के लिए अभियान चलाना पड़ रहा है। इस विषय से संबन्धित चुनौतियाँ नीचे दी जा रही हैं :

- **भर्ती** : अधिकारियों की भर्ती अखिल भारतीय स्तर पर लिखित परीक्षा और साक्षात्कार (इण्टरव्यू) के आधार पर की जाती है। ऐसा देखा गया है कि भर्ती करते समय शैक्षिक एवं तकनीकी पहलुओं पर विशेष ध्यान दिया जाता है, जबकि अभिवृत्ति, मनोवृत्ति, और भावात्मक समझ आदि को पीछे छोड़ दिया जाता है। ज्ञातव्य है कि भारत सरकार द्वारा भी सिविल परीक्षाओं में इन गुणों पर अब विशेष ध्यान दिया जा रहा है।

आज बैंकिंग सेवायें अन्य सरकारी सेवाओं से पूरी तरह अलग हैं। यहां बैंककर्मियों जनता के पैसे के संरक्षक होते हैं। बैंक ग्राहकों से जमा संग्रहण करते हैं और ऋणकर्ताओं को ऋण प्रदान करते हैं एवं निवेश भी करते हैं। यहाँ ग्राहक संतुष्टि का भी मुद्दा अहम है, ताकि अधिक से अधिक ग्राहक बैंकों के साथ जुड़ सकें।

- **तैनाती** : अधिकारियों की भर्ती और प्रशिक्षण के बाद उनकी तैनाती का भी प्रश्न उठता है कि उन्हें ऐसी तैनाती दी जाए, जिससे उनका अधिक से अधिक योगदान मिल सके। साथ ही, उनके कैरियर का विकास हो और आत्मसंतुष्टि मिल सके। परन्तु व्यावहारिक रूप में ऐसा होता नहीं है।

अधिकारी को यह पता है कि उसकी सेवायें अखिल भारतीय स्तर पर हैं और उसकी नियुक्ति कहीं भी की जा सकती है। परन्तु वास्तविकता यह है कि जब उसे अपने जनपद और प्रदेश से दूर तैनात कर दिया जाता है, तो वहां जाने में वह रुचि नहीं दिखाता। जब उसका कैरियर

शुरू होता है, तब यह पहला मौका होता है कि वह बैंक की मानव संसाधन विकास प्रणाली के दांव-पेंचों से वाकिफ होता है। कोई विकल्प न मिलने पर वह नयी जगह पर कार्य-भार संभालता है। घर से दूर नई जगह पर वह चिंतित अनुभव करता है और किसी तरह स्थितियों से सामंजस्य बिठाने का प्रयास करता है। परन्तु वास्तविकता यह है कि वह भौतिक, मानसिक और सामाजिक रूप से सामंजस्य नहीं बिठा पाता और अपने गृह जनपद व उसके आस-पास स्थानांतरण के लिए अधिकारी संघ और प्रबन्धन वर्ग के सम्पर्क में आता है। अधिकारी संघ एवं प्रबन्धन वर्ग ऐसे अधिकारियों में उत्साह या जोश भरने में नाकाम रहते हैं।

कहने का तात्पर्य यह नहीं है कि प्रत्येक अधिकारी की नियुक्ति उसके गृह जनपद में ही होनी चाहिये। आवश्यकता इस बात की है कि उसको सांत्वना दी जाए और उसकी समस्याओं को स्वीकार किया जाए और समझा जाये। बैंकों में ऐसी किसी प्रणाली के अभाव में उसकी कार्यक्षमता प्रभावित होती है।

अतएव बैंकों में मानव संसाधन विकास विभाग की पहली प्राथमिकता यही होनी चाहिए कि उसे अधिकारियों के हित में ही कार्य करना चाहिए, उनकी नियुक्ति में उनकी व्यक्तिगत समस्याओं का भी ध्यान रखा जाना चाहिए। यहाँ आवश्यकता होती है एक मानवीय स्पर्श की। परन्तु व्यावहारिक रूप में यह मानवीय स्पर्श देने की जिम्मेदारी किसकी है? इसका हल तुरन्त होना चाहिए।

अधिकारियों की व्यक्तिगत समस्याओं पर ध्यान देने की प्रणाली का अभाव

बैंकों में अभी तक कोई ऐसी प्रणाली विकसित नहीं हो पाई है, जो अधिकारियों की व्यक्तिगत समस्याओं पर ध्यान दे सके, उनके अनुभवों को सुन सके, काम-काज में आने वाली समस्याओं को सुन सके, उनके प्रति सहानुभूति प्रकट कर सके, उनको सांत्वना दे सके और उन समस्याओं के निराकरण के लिए सुझाव भी दे सके। यहां इस बात पर ध्यान दिया जाना चाहिए कि अधिकारी कोई भौतिक वस्तु या मशीन नहीं है, वह तो जीता-जागता एक इंसान है। यदि एक अधिकारी को यह विश्वास दिलाया जाए कि उसकी समस्याओं का निराकरण समयबद्ध रूप में किया जाएगा, तो उसमें एक भावना

जागृत होगी और वह कठिन से कठिन परिस्थितियों में भी बैंक के प्रति पूरी निष्ठा से कार्य करेगा। यहां अधिकारी संघ और प्रबन्धन वर्ग का विशेष दायित्व होता है।

अधिकारियों के लिये आवासीय सुविधाएं

एक नया अधिकारी जो पहली बार भर्ती हुआ है या स्थानांतरित किया गया है, उसको नई जगह पर उपयुक्त और बैंक द्वारा निर्धारित सीमा के अन्तर्गत आवास मिलना सबसे बड़ी समस्या के रूप में सामने आता है। महानगरीय केन्द्रों और बड़े शहरों में किराये पर आवास लेने के लिये उसे 3 से 10 महीने किराये के बराबर की राशि प्रतिभूति के रूप में जमा करनी पड़ती है, जो उसके सामर्थ्य के बाहर की बात होती है। साथ ही उसे आवास ढूँढ़ने में काफी समय लगता है, तब तक उसे किसी होटल में ऊँचे किराये पर रहना पड़ता है, जिससे उसे आर्थिक नुकसान भी होता है। अब प्रश्न यह उठता है कि इन हालातों में एक अधिकार अपने कार्य पर पूरे मनोयोग से ध्यान केन्द्रित कैसे कर सकता है ?

यद्यपि कुछ बैंकों ने चुनिंदा शहरों में फ्लैटों की व्यवस्था की है, परन्तु यह आवश्यकता से कम है और अधिकारियों के सभी वर्गों के लिये उपलब्ध भी नहीं है।

अतएव अधिकारियों को आकर्षित करने और बैंक में उन्हें टिकाए रखने के लिये आवासीय समस्याओं को हल करने को प्राथमिकता दिए जाने की तुरन्त आवश्यकता है।

भाषा और बोली

यद्यपि एक अधिकारी की सेवायें समस्त भारत के लिये होती हैं, परन्तु यहां ध्यान देने की बात है कि बैंकिंग एक सेवा उद्योग है और ग्राहकों से संपर्क साधने और उनसे सम्प्रेषण में स्थानीय भाषाओं का विशेष योगदान होता है।

एक आम कहावत है कि प्रत्येक तीस किलोमीटर पर बोली बदल जाती है। इसी तरह उत्तरी भारत, दक्षिण भारत, पश्चिमी भारत और पूर्वी भारत में तो भाषा और बोली बिल्कुल ही बदल जाती है।

अतएव अधिकारियों की नियुक्ति में इन बिन्दुओं पर भी विशेष ध्यान दिए जाने की आवश्यकता है।

बच्चों के स्कूल की व्यवस्था

जब किसी अधिकारी की तैनाती एक नई जगह की जाती है तो एक अभिभावक के तौर पर उसे सबसे बड़ी समस्या बच्चों के स्कूल में दाखिले की होती है। साथ ही स्कूल / कालेज अच्छा होना चाहिये, आवास के आस-पास होना चाहिये और साथ ही फीस उसके सामर्थ्य में होनी चाहिये।

चूंकि नयी जगह पर एक अधिकारी को ये सारी सुविधायें नहीं मिलतीं, वह वहाँ से स्थानांतरण लेने में दिलचस्पी नहीं लेता। जहाँ ऐसे स्थानान्तरण पदोन्नति के बाद होते हैं, वहाँ भी ऐसे अनेक उदाहरण सामने आ रहे हैं कि अधिकारी अपनी पदोन्नति का अवसर भी छोड़ देता है।

जहाँ कहीं भी अधिकारी पर नई जगह ज्वाइन करने के लिये दबाव डाला जाता है और उसके पास विकल्प सीमित होते हैं तो वह अपना परिवार अपने पुराने स्थान पर ही छोड़ देता है। इस तरह उसे पारिवारिक, वित्तीय, भावात्मक और तनाव की समस्याओं का सामना करना पड़ता है।

परिवार साथ न रहने पर उसे बार-बार अवकाश भी लेना पड़ता है। इस तरह वह बैंकिंग कामकाज पर अपना पूरा ध्यान केन्द्रित नहीं कर पाता, साथ ही बार-बार अपने गृह जनपद जाने और वहाँ से आने में पैसे, समय और असुविधा का भी सामना करता है।

अधिकारियों पर बढ़ते तनाव से उत्पादकता पर प्रतिकूल प्रभाव

मानव संसाधन के श्रेष्ठतम उपयोग के लिए मनोवैज्ञानिक, व्यावहारिक प्रवृत्ति, प्रशासकीय सुविधाओं, वित्तीय बोझ, बैंक की नीतियों और व्यवसाय बढ़ाने के लक्ष्य, बैंककर्मियों की समस्याओं और श्रमिक विवादों के हल के लिए बैंकों को बहुआयामी प्रयास करने की आवश्यकता है।

बैंकों में मानव पूंजी को मानव के रूप में देखना पड़ेगा न कि एक मशीनरी के रूप में। अतएव मानव संसाधन को अधिक से अधिक अभिप्रेरित करना पड़ेगा तभी हम व्यवसाय के विकास में उनसे अधिक से अधिक योगदान की अपेक्षा कर सकते हैं। ज्यादातर लोगों का विचार है कि कठोर कदम उठाने से हम कुछ सीमित लक्ष्य ही प्राप्त कर सकते हैं। हाँ, जहाँ कठोरता आवश्यक है, वहाँ वह भी बरती जानी चाहिये।

राष्ट्रीयकृत बैंकों की शाखाओं और उनके भौगोलिक विस्तार को देखते हुए किसी आदर्श स्थिति की उपलब्धि तो संभव नहीं है, फिर भी प्रबन्धन वर्ग को यह सुनिश्चित करने की आवश्यकता है कि अधिकारियों / कर्मचारियों के लिए कार्य करने का ऐसा वातावरण बनाया जाए जिसमें उनका योगदान शत-प्रतिशत हो, और उन्हें आत्मसंतुष्टि भी मिल सके।

बैंकों के सांगठनिक ढाँचे में बार-बार परिवर्तन

सार्वजनिक क्षेत्र के बैंकों में प्रशासनिक स्तर पर अनेक परिवर्तन किए गये हैं- जहाँ राष्ट्रीयकरण से पहले केवल केन्द्रीय कार्यालय एवं शाखाओं की दो स्तरीय प्रणाली थीं, वहीं अब क्षेत्रीय कार्यालय, आंचलिक कार्यालय, सर्किल कार्यालय का गठन किया गया है। फील्ड महाप्रबन्धकों की नियुक्ति भी की गयी है। इससे एक ओर जहाँ शाखाओं के निरीक्षण, व्यवसाय की समीक्षा और ऋण की निगरानी में सुधार देखा जा सकता है, वहीं इस परिवर्तन से मानव संसाधन विकास परिदृश्य में कितना सुधार हुआ है, यह एक विचारणीय मुद्दा है। स्पष्ट है कि इन परिवर्तनों से अधिकारियों / कर्मचारियों के मष्तिष्क में उत्साह का संचार नहीं हो पाया है, अपितु उनकी पीड़ा में वृद्धि हुई है, अनिश्चितता का वातावरण बना है और अधिकारियों / कर्मचारियों में प्रबन्धन वर्ग के प्रति विश्वास में भी कमी आई है।

स्थायी प्रति-सूचना (फीड बैक) प्रणाली का अभाव

प्रतिभा को आकर्षित करने, उन्हें प्रशिक्षित करने और उन्हें टिकाए रखने से संबन्धित और संस्था, प्रबन्धन और संचालन प्रक्रिया के बारे में उनके विचार और अनुभवों को जानने की कोई स्थायी या नियमित प्रणाली नहीं विकसित हो पाई है।

पिछले दशकों में क्वालिटी सर्किल, एलीट क्लब जैसे उपाय विकसित तो किए गये, परन्तु उनका अनुपालन न होने से समय के साथ वे निष्प्रभावी हो गये। वहीं निजी बैंकों एवं विदेशी बैंकों में ऐसे उपाय अब भी किए जा रहे हैं। सार्वजनिक क्षेत्र के बैंकों में भी जहाँ भी इन उपायों को लागू किया जा रहा है वहाँ वह बैंक की कार्य-प्रणाली में सुधार लाने जैसे रूटीन कार्य तक ही सीमित है।

वरिष्ठ कार्यपालकों एवं कनिष्ठ अधिकारियों के बीच संवादहीनता

एक राष्ट्रीयकृत बैंक के स्टाफ प्रशिक्षण कालेज में एक क्लास रूम में प्रशिक्षार्थियों को अकेले छोड़ दिया गया और उनसे बैंक के प्रबन्धन और नीतियों पर अपने विचार प्रकट करने को कहा गया। बगल के ही कमरे में बैंक के कुछ शीर्ष कार्यपालक गुप्त माइक्रोफोन से प्रशिक्षार्थियों की सारी बातें सुनते रहे। कार्यपालक अपने-अपने बारे में सुनकर स्तब्ध रह गए और सत्र समाप्त होने से पहले ही वहाँ से चले गए। यहाँ कार्यपालकों ने अपनी आलोचना सुनने का एक बड़ा अवसर खो दिया। इन विचारों को सुनकर कार्यपालकों को जहाँ भी आवश्यक था सुधारात्मक उपाय करने थे और प्रशिक्षार्थियों की शंकाओं का जवाब भी देना अपेक्षित था। इसका परिणाम यह हुआ कि ऐसा कार्यक्रम सदैव के लिये समाप्त कर दिया गया।

लवली प्रोफेशनल यूनिवर्सिटी की अनूठी प्रति-सूचना (फीड बैक) प्रणाली

लवली यूनिवर्सिटी (पंजाब) कठिन प्रबन्धन संबंधी निणयों के लिए कनिष्ठ अधिकारियों द्वारा दी गई प्रति-सूचना (फीड बैक) का सहारा लेती है।

विश्वविद्यालय प्रबन्धन तंत्र एक ऐसे प्लेटफार्म के रूप में कार्य करता है, जहाँ कनिष्ठ और युवा संकाय सदस्यों से दिशानिर्देश प्राप्त किया जाता है, जिससे शिक्षा प्रणाली में सुधार के लिए आवश्यक कदम उठाए जा सकें। इस अनूठी प्रणाली की विशेषता यह है कि पहले बेच के नये संकाय सदस्य शिक्षा क्षेत्र में सूचना प्रौद्योगिकी के प्रयोग के बारे में वरिष्ठ संकाय सदस्यों को प्रशिक्षित भी करते हैं। इस प्रक्रिया को 'रिवर्स मेन्टरिंग' कहा गया है।

रिवर्स मेन्टरिंग की यह प्रक्रिया एक दशक पहले जेनरल इलेक्ट्रिकल कम्पनी में शुरू की गई थी, जहाँ 20-30 वर्ष के युवा कर्मचारी वरिष्ठ कर्मचारियों को इन्टरनेट के बारे में प्रशिक्षण देते हैं। एक ओर जहाँ युवा संकाय सदस्य वरिष्ठ संकाय सदस्यों के ज्ञान और अनुभव का लाभ उठाते हैं, वहीं वरिष्ठ संकाय सदस्य युवा संकाय सदस्यों के नवीनतम प्रौद्योगिकी ज्ञान और प्रबन्धन प्रणाली से लाभान्वित होते हैं।

आज व्यावसायिक बैंकों में परिदृश्य है वह बहुआयामी है। सूचना प्रौद्योगिकी और सूचना एवं संचार प्रौद्योगिकी ने बैंकिंग के स्वरूप में आमूल-चूल परिवर्तन कर दिया है। चूँकि युवा और कनिष्ठ अधिकारी अपने बचपन से ही प्रौद्योगिकी सीखने लगते हैं, यही कारण है कि वरिष्ठ

अधिकारियों को इन कनिष्ठ अधिकारियों की सहायता लेनी पड़ती है। अतएव रिवर्स मेन्टरिंग को सार्वजनिक क्षेत्र के बैंकों में भी लागू किया जाना चाहिए।

प्रशिक्षण की आवश्यकता

बैंकों में स्टाफ को प्रशिक्षण देना मानव संसाधन प्रबन्धन का एक महत्वपूर्ण कार्य है। यह एक सतत प्रक्रिया है जिसके अंतर्गत कार्य का ज्ञान, संस्था के उद्देश्य एवं लक्ष्य के प्रति जानकारी उनके गुणों एवं कमजोरियों को पहचानना और उन्हें बैंकिंग में कुशल और समक्ष बनाना है। परन्तु प्रशिक्षण में भी उनसे खामियाँ देखी गई हैं। ऐसा देखने में आया है कि कुछ चुनिंदा अधिकारी बार-बार प्रशिक्षण के लिए भेजे जाते हैं, जबकि वहीं अन्य अधिकारियों को एक या दो बार ही अवसर मिलता है। अतएव इसमें सुधार की आवश्यकता है, जिसके लिए निम्नलिखित सुझाव दिए जा रहे हैं :

- प्रत्येक कर्मचारी / अधिकारी को प्रशिक्षण की आवश्यकता की जानकारी उससे स्वयं ली जानी चाहिए, इसकी तुलना उसको पूर्व में दिए गए प्रशिक्षण कार्यक्रमों से की जानी चाहिए।
- प्रशिक्षण केन्द्रों द्वारा तैयार किए गए पाठ्यक्रम बैंक के परिचालन विभाग के लिए प्रासंगिक होने चाहिए।
- जब एक अधिकारी प्रशिक्षण लेकर वापस शाखा में आता है तो उस अधिकारी को अन्य अधिकारियों, यहाँ तक कि वरिष्ठ अधिकारियों को भी प्रशिक्षित करने का अवसर दिया जाना चाहिए। प्रशिक्षण प्राप्त अधिकारियों का कार्य आवर्तन किया जाना चाहिए।
 - क्षेत्रीय कार्यालयों को ऐसे अधिकारियों को भविष्य में तैनाती करते समय इन प्रशिक्षण कार्यक्रमों को ध्यान में रखना चाहिए।

पुनः निपुणता (रि-स्किलिंग) प्राप्त करना एवं निपुणता में वृद्धि (अपस्किलिंग) करना

रिस्किलिंग में बुनियादी क्षमताओं पर ध्यान देते हुए मानव संसाधन की योग्यता और कुशलता बढ़ाकर उन्हें नये परिवेश में कार्य करने के लिए तैयार किया जाता है। इससे बैंक कर्मियों का मनोबल बढ़ता है जो उत्पादकता के लिए आवश्यक है।

यहाँ यह स्पष्ट कर देना आवश्यक होगा कि जो सार्वजनिक क्षेत्र के बैंक मानव संसाधन का कुशलतापूर्वक उपयुक्त आयोजन करने में सफल होंगे, वही प्रति कर्मचारी उच्च विकास दर प्राप्त कर सकेंगे। दृष्टिकोण में परिवर्तन की आवश्यकता केवल बैंक के कार्यपालकों में ही नहीं, अपितु विभिन्न स्तरों पर नियुक्त मानव संसाधन में भी है। आज के परिदृश्य में शाखा प्रबन्धकों के मन में यह डर पैदा हो गया है कि ऋण देने का अर्थ भविष्य में चार्जशीट को निमंत्रण देना है। इस डर की भावना को दूर करना उच्चस्तरीय कार्यपालकों का दायित्व है, विशेषकर महाप्रबन्धक सतर्कता का।

वास्तव में सफलता का रहस्य सकारात्मक सोच में छिपा हुआ है। शाखा में नियुक्त कर्मचारी / अधिकारी जब तक अपने कार्य निष्पादन में उदासीनता का परित्याग कर अपनी संस्था का सही प्रतिनिधि होने का गौरव अनुभव नहीं करता तब तक परिवेश में भी किसी क्रान्तिकारी परिवर्तन की अपेक्षा नहीं की जा सकती है।

कैरियर के अवसर

आज व्यवसाय के प्रत्येक क्षेत्र में प्रतिभा की कमी अनुभव की जा रही है, परन्तु बैंकिंग क्षेत्र में इस समस्या ने गंभीर रूप ले लिया है क्योंकि आने वाले पाँच वर्षों में 7.5 लाख बैंककर्मियों सेवानिवृत्त होने जा रहे हैं। इसका अर्थ यह हुआ कि बैंकों में 60 प्रतिशत स्टाफ नये होंगे और 40 प्रतिशत ही अनुभवी होंगे।

जहाँ तक नये कर्मचारियों / अधिकारियों का प्रश्न है उसमें एक बैंक छोड़कर दूसरे बैंक में जाने की समस्या और साथ ही सार्वजनिक क्षेत्र के बैंकों से निजी क्षेत्र और विदेशी बैंकों में बढ़ता पलायन भी है।

आज का युवा कम से कम 10 बैंकों में आवेदन करता है, जिस पर उसका लगभग तीन हजार रुपए का खर्च आता है। अब मान लीजिए कि एक अभ्यर्थी चार-पाँच बैंकों की लिखित परीक्षा पास कर लेता है। जो बैंक सबसे पहले उसे भर्ती करता है वहाँ वह नियुक्ति ले लेता है। वहाँ प्रशिक्षण भी प्राप्त करता है। इसी बीच उसको अन्य बैंक से भी भर्ती का पत्र मिल जाता है। यदि दूसरा बैंक उसे उसके गृह जनपद के आस-पास तैनाती (पोस्टिंग) दे देता है, तो वह पहले बैंक से इस्तीफा देकर नये बैंक में ज्वाइन कर लेता है।

अब इंस्टिट्यूट ऑफ बैंकिंग पर्सनल सेलेक्शन (आईबीपीएस) अभ्यर्थियों के चुनाव में सामान्य मानसिक कुशलता या बुद्धिमत्ता पर विशेष ध्यान देगा। इसमें अनेक बिंदुओं-जैसे शाब्दिक योग्यता, संख्यात्मक योग्यता, सीखने की योग्यता आदि का समावेश है। इसमें अब एक नया बिंदु जिसे सामान्य बोध कहा जाता है उसे भी जोड़ा गया है। यह सामान्य बोध विशेषकर बैंकिंग, वित्तीय जानकारी और कम्प्यूटर से संबंधित है।

बैंकिंग कैरियर को आकर्षक बनाने की आवश्यकता

अक्टूबर 2009 में एक समिति का गठन डॉ. ए. के. खण्डेलवाल, पूर्व अध्यक्ष बैंक ऑफ बड़ौदा के नेतृत्व में किया गया था। इस समिति ने इन बैंकों को कार्य निष्पादन से संबद्ध नकद प्रोत्साहन राशि देने की बात सुझाई थी। यह राशि पिछले दो वर्षों के औसत निवल लाभ का 2 प्रतिशत तक हो सकती है। यह केवल 25 प्रतिशत उच्च निष्पादन करने वाले कर्मचारियों को दी जानी चाहिए। यह राशि कनिष्ठ स्तर के कर्मचारियों में वार्षिक मूल वेतन का 30 प्रतिशत तक हो सकती है। वहीं उच्च कार्यपालकों के लिए यह सीमा 70 प्रतिशत निर्धारित की गयी है।

परिवर्ती वेतन की व्यावहारिकता

जहाँ तक इस परिवर्ती वेतन की व्यावहारिकता का प्रश्न है यह व्यवहार्य नहीं है और मूल वेतन में वृद्धि अधिक व्यवहार्य लगती है। दूसरी बात निष्पादन के माप की समस्या से सम्बन्धित है। निष्पादन का पता लगाना निजी क्षेत्र के बैंकों में भी एक समस्या बनी हुई है। सार्वजनिक क्षेत्र के बैंक विभिन्न भौगोलिक क्षेत्रों में शाखाओं के माध्यम से कार्य संचालन करते हैं, जहाँ गैर-व्यावसायिक उद्देश्यों की भी पूर्ति करनी पड़ती है। सार्वजनिक क्षेत्र के बैंकों में कोई ऐसी कार्य प्रणाली नहीं है, जो शाखा स्तर पर या उत्पाद (प्रोडक्ट) स्तर पर सभी लागतों की गणना कर सके। यहाँ यह भी संभव नहीं है कि किसी प्रबन्धक के जोखिम समायोजित पूँजी के प्रतिलाभ में उसके योगदान का पता लगाया जा सके जो प्रोत्साहन के अर्थपूर्ण मापदण्ड का आधार है।

बैंकों में निष्पादन का माप एक लम्बी अवधि में ही किया जा सकता है। अतएव निष्पादन को पुरस्कृत करने के लिए वार्षिक नकद प्रोत्साहन की जगह नियतकालिक पदोन्नति एक श्रेष्ठ विकल्प है।

इन बिन्दुओं को ध्यान में रखते हुए निष्पादक अधिकारियों एवं गैर-निष्पादक अधिकारियों में अन्तर करना आसान नहीं है। अतएव नकद प्रोत्साहन के अन्य विकल्पों पर भी विचार किया जा सकता है जैसे, तेजी से पदोन्नति, विदेश में पोस्टिंग, अनुषंगी संस्थाओं में प्रतिनियुक्ति, उच्च गुणवत्ता वाले प्रशिक्षण के लिए चयन आदि।

अतएव यह महत्वपूर्ण है कि सार्वजनिक क्षेत्र के बैंकों में प्रतिभा को आकर्षित करने और उन्हें टिकाए रखने में निष्पादन से संबद्ध प्रोत्साहन एक कारगर उपाय नहीं है। यह इन बैंकों की प्रकृति के लिए भी उपयुक्त नहीं है। प्रत्येक वर्ष कुछ चुनिंदा कर्मचारियों को नकदी प्रोत्साहन देने से पूरे कर्मचारी वर्ग में उत्साह भंग होता है। इससे शिकायतों एवं याचिकाओं की संभावनाएं भी बढ़ जाती हैं।

अतएव सार्वजनिक क्षेत्र में बैंकों को एक ऐसे नये मॉडल को अपनाने की आवश्यकता है जिसमें नौकरी की सुरक्षा, व्यक्ति की प्रतिष्ठा की सुरक्षा, आकर्षक पेंशन आदि शामिल हों। अब सेवानिवृत्ति काल को उदार बनाने-जैसे चिकित्सा लाभ आदि को आकर्षक बनाने से ही कर्मचारियों को बैंक में टिकाए रखा जा सकता है।

सारांश

अन्त में यही कहा जा सकता है कि सार्वजनिक क्षेत्र के बैंकों में युवा प्रतिभाशाली व्यक्तियों को आकर्षित करने और उन्हें टिकाए रखने के लिए नये सिरे से विचार किए जाने की आवश्यकता है। प्रतिभा प्रबन्धन एक गंभीर विषय है क्योंकि यह मानव संसाधन विकास का एक महत्वपूर्ण अंग है।



Name of Book : Business Communication

Author : R. K. Madhukar

**Published by : Vikas Publishing House (P) Ltd., E-28, Sector 8, NOIDA - Pin : 201 301.
Uttar Pradesh.**

Pages : 444

Price : ₹ 295/-

Reviewed by : V. Raghuraman

In every field - business is no exception - timely and proper communication is of paramount importance and thus of immeasurable value. However, not many people are aware of one of the basic facts that the communicator (the person who emits the communication) does not actually communicate. It is the recipient who communicates. In the words of management guru, Peter Drucker, "unless there is someone who hears, there is no communication. There is only noise". In fact, communication is always a two-way traffic and the listener plays an equally important role in the process of communication.

This book of R. K. Madhukar, a former banker, has brought out the latest concepts and developments in the vast communications field. And with his rich experience in banking, finance and management, he has, through the publication, focused on all the relevant principles of communication. In the process, he has provided to the readers a 'learner's text and a practitioner's guide'. By following an extremely user-friendly approach, he has made the task of both learning and teaching "equally fun and exciting." It seems that author's intention has been to meet the needs of commerce students as well as that of management and other professional courses. This, it is felt, has been amply served. Focusing on real-life situations and giving much-needed practical tips, the book has been made more interesting and the readers are better equipped to face the rather complex business environment.

Madhukar has taken the readers through the maze of mass communication, report writing, interviews and career-seeking to the difficult arena of cross-cultural dimensions in the subject. With valuable quotes and appropriate illustrations, the book is very absorbing right from the beginning to the end. He underlines the fact that often all communications are imperfect and improper, notwithstanding the efforts one might undertake to make it ideal and perfect. The reason for this is that in communication, at times, both the sender and receiver take things for granted and this entails messages being not sent properly and understood. In turn, the whole episode leads to misunderstanding and heart-burn between the parties.

Effective business communication is really a skill and requires conscious efforts on the part of both the sender and receiver to comprehend the message properly. This has to be acquired only by training. Needless to mention that effective business communication in any form helps build trust and confidence among the parties. If used with care and humour, this can also provide the "winning edge" to both personal and inter-personal communications at the workplace and home. In many cases, humour relieves tension and creates rapport and works as a motivator for the staff.

In the chapter on "Business Communication in the New Millennium", Madhukar has pointed out that as years pass by it could be made highly electronic and dehumanized. People managing the corporate communication network have to reckon with some of their core strengths of their organizations if they are to succeed in their efforts. Some of the factors like speed, convenience, low cost, IT enabled and also developing global skills and languages are some of the factors that have to be borne in mind in this regard. At the same time, author has cautioned against "communication overload" taking place owing to new trends coming up in the field. Keeping in view the e-mail messages that could keep piling at the executive's desk in his absence, the 'good' communicator should learn to communicate only the essential items, weeding out the rest, when it becomes necessary. By understanding and appreciating the real significance of all the messages that keep pouring in, the 'good' communicator should ensure that he does not "annoy the addressee by overdoing it".

The author has quite effectively placed the subject of business communication in a broader, dynamic and general management context. The publication is expected to serve an important part in as much as it enriches the interested and avid reader with all the intricate issues connected with the subject. In short, the book is an eminently readable and enjoyable one.



Name of Book : Agenda for development : Thinking Afresh

Author : Dr. N. A. Mujumdar

Published by : Academic Foundation, New Delhi, 2011.

Pages : 223

Price : ₹ 895/-

Reviewed by : Dr. N. K. Thinglaya, Former Chairman & Managing Director, Syndicate Bank.

The book under review is a collection of 30 articles written by him, making pointed references to the shift in the plan priorities, which has made adverse impact on the development process in Indian economy. He strongly makes his view on the mindless pursuit of market theology, which has resulted in retarding the development of the economy. His dislike for the increasing reliance on market theology is reflected in quite a few of the articles included in this volume.

Issues of Food Security

Indian agriculture has travelled a long way from failing to feed its teeming millions during the 60s to the present day of producing 241 million tonnes of food grains, an unprecedented record indeed. Yet according to the Global Hunger Index compiled by International Food Policy Research Institute, Washington, India scores the 25th rank, remaining worse off than Sri Lanka, Pakistan and Nepal. Emphasising the need for reordering the priorities, he pleads that there should be no export of food grains except some quantities of high value commodities like Basmati rice. Another categorical suggestion made is to banning totally the forward trading in food grains.

Relevance of Gandhian Economic Philosophy

Poverty eradication programmes have been a vociferous part of our planning process for decades now. Using different measuring tools and ostensibly refining them periodically, we have seen the improvement in the percentage of people living below the ubiquitous poverty-line. While it appears as mere numbers to many, it is very painful for those who are classified below this line or assumed to have moved up. Drifting below the poverty line is a common feature for thousands of poor families subsisting at the margin. By whatever yardstick one draws the poverty-line, the total number of those muddling below that line would be larger than what it was decades ago.

"It was Mahatma Gandhi" Dr. Mujumdar asserts, "who provided, by both precept and practice, a strong case for austerity in our blessed land of poverty and hunger" (page 75). His concept of grama swarajya still holds good in the Indian context. Our cities are growing at unprecedented rate besides the growth of slums at the same rate. Metropolitan centres are trying to imitate their counterparts the world over, while thousands of villages remain without the basic amenities. The Human Development Reports graphically describes this reality. Though we have formulated some programmes to improve the living conditions in rural India, the progress made so far is not adequate. Labour migration continues unabated-migrating to not only the nearby town, but to any town in India-enlarging thereby the slums. Vulgar display of wealth by the rich perhaps does not prick their conscience when

driving in the costliest imported cars through the squalor of the slums. Gandhiji would have gone on hunger strike, if he were to visit one of our mega cities today!

Financial Inclusion and All That

Commenting on the stress on financial inclusion and the pyramid of rural lending institutions, the author raises the question. "Is universal coverage or 100 percent of coverage of households by banks, as the RBI seems to interpret it, the answer? I, for one, would demur" (page 65). Dr. Mujumdar has raised a fundamental question. Apart from its feasibility within a short time span, can it per se eradicate poverty? The Census 2001 has revealed that only 35 percent of the rural households could avail banking facilities. It is difficult to predict as to what the Census 2011 data would indicate.

The pathological symptoms of poverty are too deep-rooted to be cured by small doses of credit. Micro credit may provide temporary relief to the painkillers but may not give permanent relief from the pains of chill penury. The high cost of the capsule adds to the patient's misery, though the vendors refuse to accept the clinical results. It is better to concede the ineffectiveness of micro credit alone in eradicating poverty. The proponents of some of the financially successful micro credit institutions in India, who boast of raising poor women above the poverty-line, should take note of this revelation.

Besides the issues analysed above, Dr. Mujumdar has touched many relevant issues pertaining to different segments of the Indian economy in this little volume. He has questioned the wisdom of the policy-makers in some cases and offered his own candid views on others. These issues are able to stimulate fresh thinking.



Name of Book : Dare to Lead

Author : Dr. Anil K. Khandelwal, Former Chairman & Managing Director, Bank of Baroda

Published by : SAGE Publications

Pages : 401

Price : ₹ 795/-

Reviewed by : Dr. R. Bhaskaran, CEO, IIBF

Given his academic qualification and his long association with specialization in HR aspects as a core faculty in the training system, Dr. Anil Khandelwal by his own admission was not a career banker. This self declared deficiency was more than compensated by his "management" skills. The narration "Dare to Lead" is more about his efforts and methodologies adopted when he was the ED and CMD of Bank of Baroda.

One of the defining aspects of Public Sector Banks (PSBs) is that while market dynamics and competition are common to all banks, organization, pay scales and work ethics of PSBs is entirely different and often a constraint unlike private sector and foreign banks. Pre VRS the PSBs had witnessed many issues relating to performance, spending too much time on union / association activities, interfering in transfers etc. Business was not the focus. For all these issues the catch phrase for management in those days was 'Manage Tactfully'. It was the time that PSU banks had just started implementing the Information Technology. This is the background under which Dr. Khandelwal started his change leadership.

While good Managers would extract better performance from available resources, a true leader would achieve the same by changing the way people with him think and motivating them to such an extent that they will love to work with him more for the sheer joy of being associated with him rather than any other material incentive. An environment of deep mistrust can be converted into an environment of trust with the stamp of authenticity and candor. Leaders understand the psyche of groups and individuals and make them develop a personal stake in any change process. Leadership is not about power and perquisites but all about decision making, owning responsibility and mobilizing human effort. "The speed of the train depended on the speed of the engine". These thought processes get displayed in this absorbing narrative.

In his approach to implement the change, Dr. Khandelwal had the advantage of his long stint in HR functions and introduced various new initiatives to directly approach the employee's side-stepping the established trade unions which were obstructive. However, he ensured that there is no acrimony by showing through his behaviour that all his actions are motivated to improve the functioning of the bank in the interest of one and all. He was lucky in this important activity to have a Carte Blanche from his board of directors.

The journey of transformation is never an easy one. Persons generally are averse to change since it disturbs their settled way of life. While some with organisational support are vociferous, some use other subtle methods to oppose to the extreme example of sabotaging the plan while supporting the same orally.

As the Chairman, he had introduced morning meetings of General Managers to discuss business and administrative issues in a free and frank manner in an unstructured way. This has now become an industry practice. There is no better way of clearing the suspicions, personal biases with the top echelon than having a brain storming session. Such meetings always create an atmosphere of collective problem solving rather than blaming other functionaries.

In the change management BOB, like all other banks and organisations, started to define its own vision and mission statements. This was followed by many initiatives such as branding, using brand ambassador, 24 hour banking etc. More than that the team building initiatives were :

- Open house with staff" where the employees are encouraged to express their views directly with the CMD of the Bank.
- Personnel audit which covered business decisions and also quality of personnel administration to ensure that the line functionaries developed skills needed for a proper personnel administration.
- Creating a culture of two way communication through employee conclaves where the CMD himself had participated at some of the centres.
- Vertical group discussions to enable all cadres to appreciate the overall picture and view points of the other cadres.
- Special attention to the under performers through understanding their aspirations and expectations and providing the needed facilities with a provision to verify the improvement after a period of 6 months.
- Differential treatment to customers who visit branches during lean hours of banking by offering certain concessions for some select services.

The above have been listed only to highlight the importance attached by Dr. Khandelwal to the human aspects of change which rightly had ensured that his movement for change has the success it deserved. There is no surprise that this book because of these aspects has received the acclaim from both domestic and foreign dignitaries.

The book 'Dare to Lead' is also very good read on management and concludes with some 15 practical tips on leadership; on his style of functioning which helped him in achieving his goal. Some of those which stand out are; being a natural self, being credible and courageous, being decisive, respecting the practical wisdom which is emanating from the field, spotting the talent, improving the processes that impact the customers and employees, developing competitive advantage through engagement with customers and tough on performance while at the same time being affectionate with personnel etc. He says that leadership is nothing but a fine art of execution, tackling adversities head on and leadership is a life time of learning and change agent. A must read for bankers.



Books Added to the IIBF Corporate Library

No.	Title	Author	Publisher & Year of Publication
1.	2 States : The Story of My Marriage	Chetan Bhagat	Rupa, 2009
2.	Armstrong's Essential Human Resource Management : A Guide to People Management	Michael Armstrong	Kogan Page (India), 2010
3.	Attitudes, Personality & Behaviour, 2 nd edition	Icek Ajzen	Tata McGraw Hill, 2010
4.	Bank Finance	R. R. Beedu	Snow White, 2011
5.	Being the Boss : The 3 Imperatives for Becoming a Great Leader	Linda A. Hill & Kent Lineback	Harvard Business Review, 2011
6.	Brainsteering : A Better Approach to Breakthrough Ideas	Kevin P. Coyne & Shawn T. Coyne	Harper Collins, 2011
7.	Business Communication, 2 nd edition	R. Madhukar	Vikas, 2011
8.	Challenges to Central Banking in the Context of Financial Crisis : The International Research Experience	Subir Gokarn	Academic Foundation, 2011
9.	Dare to Lead : The Transformation of Bank of Baroda	Anil K. Khandelwal	Sage, 2011
10.	Financial Accounting	Parminder Johal	Hodder Education, 2011
11.	From the Third World to First : Singapore & The Asian Economic Boom	Lee Kuan Yew	Harper Business, 2011
12.	Growth & Finance : Essays in Honour of C. Rangarajan	Sameer Kochhar (Editor)	Academic Foundation, 2011
13.	Guide to Foreign Contribution (Regulation) Act 2010 with Foreign Contribution (Regulation) Rules 2011	Taxmann	Taxmann Publications, 2011
14.	Handbook of Management & Leadership : A Guide to Managing for Results	Michael Armstrong & Tina Stephens	Kogan Page, 2008
15.	In Search of Change Maestros	Pritam Singh & Asha Bhandarkar	Sage, 2011
16.	Introduction to Money	Sunil K. Parameswaran	Tata McGraw Hill, 2011
17.	Investment Banking : Concepts, Analyses & Cases	Pratap Subramanyam	Tata McGraw Hill, 2008
18.	Irrational Exuberance, 2 nd edition	Robert J. Shiller	Broadway Books, 2005
19.	Law Relating to Financial Services, 7 th edition	Graham Roberts	Universal Law, 2011
20.	Matters of Discretion : An Autobiography	I. K. Gujral	Hay House (India), 2011
21.	New Case Law Reference on Dishonour of Cheques, 2 nd edition	Hari Dev Kohli	Universal Law, 2010
22.	Project Infrastructure Finance	S. K. Bagchi	Ane Books, 2010
23.	Retirement Planning : A Guide for Financial Planner	Madhu Sinha	Tata McGraw Hill, 2011
24.	Soros Lectures at the Central European University	George Soros	Public Affairs, 2010
25.	Thoughts on Banking Sector Reforms	M. R. Umarji	Indian Banks' Association, 2008



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