

REPORT OF THE STEERING COMMITTEE ON

ORGANISATIONAL REGENERATION



**RESERVE BANK OF INDIA  
CENTRAL OFFICE  
MUMBAI**



V. Subrahmanyam  
Executive Director



RESERVE BANK OF INDIA  
CENTRAL OFFICE  
MUMBAI.

May 15, 1996

Dear Shri Talwar,

Please refer to Office Order No. 5 dated February 5, 1996 constituting a Steering Committee to examine the modalities of bringing about change in the functional, organisational and attitudinal behaviour in the Bank. I am pleased to submit the Report of the Steering Committee on "Organisational Regeneration".

With regards,

Yours sincerely,

( V. Subrahmanyam )  
Chairman - Steering Committee

Shri S.P. Talwar,  
Deputy Governor,  
Reserve Bank of India,  
Central Office,  
Mumbai.

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## **EXECUTIVE SUMMARY**

The past few years have witnessed an increasing reliance on the skills and abilities of “Human Capital ” in organisations all over the world. In tune with this trend, Bank has embarked on several endeavours aiming at development of organisation through individual employee’s development. Against this background, a Steering Committee was set up under the chairmanship of Shri V. Subrahmanyam, Executive Director. The Committee focussed its attention on the Approach Paper “Reserve Bank of India : Towards Organisational Regeneration - A New Approach” prepared by Shri S.P. Talwar, Deputy Governor and reports of various committees set up earlier in this regard and has made its recommendations. Following is a Summary of recommendations made by the Steering Committee.

### **Organisational Restructuring**

The Committee has recommended re-organisation of the Bank. Towards this end, a shift in the focus and change in the working of the Bank are suggested. The departments have to be regrouped into homogenous functional units and all ancillary services are to be out-sourced. The concept of “sanctioned strength” of staff is to be replaced by need-based allocation of staff from time to time. Departments in Central Office have to be made multi-disciplinary units. Mumbai Office can be decongested by moving some of the Central Office departments and Issue department to other centres and Navi Mumbai respectively. There is a need to set up subsidiaries for monitoring clearing system, supervision over financial system etc. Market Intelligence units may be set up at all major cities.

### **Hastening Decision Making Process**

The present system of putting up notes may be substituted by result oriented, pre-discussed notes involving not more than three levels. There is a need to identify the changes required in statutes concerning the Bank. Each Central Office department may constitute a group to help them hasten decision making process.

### **Improving Technology**

Operational departments such as Issue Department, Public Accounts Department, Deposit Accounts Department and Public Debt Office may be computerised to provide

customer interface. There is a need to have an ongoing dialogue with Associations / Unions in this regard. Databases, Data warehouses, Web sites, Management Information Systems (MIS) may be established to help offices in functioning effectively. Necessary training can be imparted to usher in the computer culture in offices and to bring about substantial reduction in paper work.

### **Motivation, Reward, Punishment and Training**

The thrust of the Bank's policies should be to motivate people for better performance. Performance should be rewarded and non-performance should invite disincentives. All the Class IV staff may be grouped under one category. The career progress of officers has to be followed up closely at various levels. A separate merit channel for promotion from Grade "B" to Grade "C" is recommended. An attractive Voluntary Retirement Scheme may be introduced. Training for the staff should not be based on age or seniority. Selection to faculty should be based on aptitude and suitability and not on grade. There should be greater exchange of officers with commercial banks and financial institutions.

### **Recruitment, Promotions, Placement and Transfers**

There should be no fresh recruitment of staff in ancillary services such as catering etc. People with additional qualifications in Management, Chartered Accountancy, Computers and Communication technologies may be preferred. Direct Recruitment of Grade "B" officers may be increased to 50 per cent from the present level of 35 per cent. It is also necessary to give due weightage to CAIIB, computer knowledge and other qualifications while considering promotions. Placement should be by a committee of officers and the emphasis should be on acquiring in-depth knowledge in the earlier stages of career and in the later stages on broadening the horizon. Transfers should be need-based and linked to promotions.

### **Implementation Strategy**

There is a need to prioritise the implementation. Recommendations required to be implemented immediately and in the near future have been identified.



## CHAPTER I

### INTRODUCTION

There is a need to bring about a perceptible change in the functional, organisational and attitudinal behaviour in the Reserve Bank. In pursuance of this, Shri S.P. Talwar, Deputy Governor, brought out an Approach Paper "Reserve Bank of India Towards Organisational Regeneration - A New Approach". The contents of this paper formed the basis of discussion at the two brain storming conferences of the Top Management and senior officers held at Indira Gandhi Institute of Development Research (IGIDR), Mumbai on August 20, 1995 and December 3, 1995 respectively. Arising out of these deliberations, a consensus was reached on the "Need for Change". In order to examine the modalities of bringing about the change in the functional, organisational and attitudinal behaviour in the Bank so as to meet the demands of rapidly changing external environment and achieve efficiency gains and improved effectiveness, it was decided by the Governor to constitute a Steering Committee. Accordingly, Steering Committee was set up on February 5, 1996 comprising:

Shri V. Subrahmanyam, Executive Director	Chairman
Smt. R. Ananthakrishnan Chief General Manager Department of Information Technology	Member
Smt. S. Gopinath, General Manager, Department of Banking Operations and Development	Member
Shri Y.S.P. Thorat General Manager, Rural Planning and Credit Department	Member
Shri A.B. Telang, General Manager, Department of Administration and Personnel Management	Member

The Committee was asked to submit the report to Shri S.P. Talwar, Deputy Governor, before March 31, 1996. Although the broad framework of the report was ready by the due date, the Committee sought extension of time upto May 15, 1996 in order to examine certain specific issues.

## **Aspects Dealt with**

The Committee, in its 20 meetings, dealt with the following broad aspects :

- (i) Placement policy keeping in view the need for specialisation..
- (ii) Recognition and reward of merit.
- (iii) Enhancing the level of motivation and involvement of employees.
- (iv) Delegation of powers with a view to hastening decision making process.
- (v) Technology absorption with a view to increasing efficiency and productivity.
- (vi) Recruitment, training, promotion and transfer.

## **Methodology**

The Committee focussed its attention on the Approach Paper prepared by Shri S.P. Talwar, Deputy Governor, and papers submitted during both the conferences, suggestions made by the participants during and after the conferences, Strategic Action Plan (1993-2002) and the reports of various committees including Marathe Committee Report, Nayak Committee Report, etc. In view of the limited time at its disposal, the Committee could not go into details nor could it meet officials at various levels for eliciting views.

## **Objectives**

The Committee proceeded with its study with the following main objectives in view in order to achieve "Change" :

- (i) Streamlining the Bank's structure comprising fewer Departments with appropriate staff redeployment
- (ii) Ensuring existence of staff of high calibre, full devotion and dedication to the Bank.
- (iii) Providing employees with such an atmosphere which helps in nurturing their talent and potential and equip them to work in changed conditions.
- (iv) Providing better customer service to the clientele of the Bank by means of technological absorption.

## **Chapter Scheme**

The report consists of seven chapters. The second chapter deals with “Organisational Restructuring” with a view to increasing the overall efficiency of the Bank.

“Hastening Decision making Process” in all functional and operational areas has been dealt with in the third chapter.

The fourth chapter reviews the need for “Improving Technology” with a view to increasing efficiency of all departments.

The fifth and sixth chapters have focussed on aspects pertaining to employees of the Bank, viz. “Motivation, Reward, Punishment and Training” and “Recruitment, Promotions, Placement and Transfers”.

The last chapter suggests the “Implementation Strategy”.

The Committee’s response to the various issues raised in the Approach Paper on “Reserve Bank of India : Towards Organisational Regeneration - A New Approach” is given in the Annexure.

## **Acknowledgements**

The Committee wishes to place on record its appreciation of the services rendered by Shri M.D. Kapre, Assistant Manager, Human Resources Development Department, who co-ordinated the Secretariat and assisted it in the preparation of the Report and Shri P.E. Menon, Assistant Manager, DIT, for technical design of the report.

The typing work which went into the drafts and final report was handled by Shri R.V. Shenoy and Shri N.S. Pai. The Committee is grateful to them for their sincere efforts.





## CHAPTER II

### ORGANISATIONAL RESTRUCTURING

It is recognised that the objective of financial sector reforms is to have a vibrant economy. The various far-reaching measures initiated by the Reserve Bank during the last few years in the financial sector postulate a responsive, effective and productive Central bank. In the Committee's view, the criteria of efficiency and productivity in the financial sector apply with greater force to the Central bank. It is this realisation that underlies the philosophy informing the Steering Group's thinking.

2. An organisation which is static and does not change with the times would cease to be meaningful. While the central banking functions would remain with the Reserve Bank, there should be a shift in the focus regarding the functions of the Reserve Bank in the context of deregulation as part of financial sector reforms. Also, there should be a change in the way in which the existing functions are performed. The Reserve Bank should concentrate on macro level Policy issues. It should eventually move towards a lean organisation with an 'officer-oriented' staff structure.

3. The Committee takes cognizance of the fact that a separate Group has been set up to suggest structural changes in Departments such as DBOD, DOS, RPCD, IECD, DFC etc. While there could be some overlap in the recommendations of the Committee on Organisational Restructuring, the present Committee has confined itself to the broader aspects concerning structural changes.

4. The Committee feels that regrouping of the Departments of Central Office of the Bank would be necessary in order to achieve better co-ordination and optimum utilisation of staff. The structure of the offices could follow the structure of Central Office. The Central Office could consist of the following Departments.

- ❶ Department of Financial Regulation
- ❷ Department of Financial Supervision
- ❸ Financial Markets Department
- ❹ International Department
- ❺ Accounts Department
- ❻ Human Resources Management Department
- ❼ Department of Currency Management
- ❽ Department of Economic Analysis, Statistics and Technology
- ❾ Department of Corporate Services

The functions of each Department and distribution of staff among Departments would have to be settled after detailed deliberations.

5. The Committee has suggested elsewhere the abolition of the concept of “department-wise sanctioned strength” and this is directly related to its perception that the staff in various departments would need to be realigned in a realistic manner. This may be done by an Internal Group consisting of Chief General Manager, Administration, Chief General Manager, Inspection and Chief General Manager in-charge of the Department whose staff requirement is assessed.

6. The Committee feels that Central Office Departments should be multi-disciplinary units, with a view to improving the efficiency. As in the case of IDM Cell and CPC, each Central Office Department should have officers drawn from DEAP and DESACS / DIT.

7. The Committee is of the opinion that, in view of the pressures on resources in Mumbai, there is a strong case for moving certain Central Office Departments out of Mumbai. In centres like Bhopal, Chandigarh, Hyderabad, Nagpur, etc., plenty of office space and staff quarters remain unutilised. Central Office Departments like Inspection Department,

Department of Government and Bank Accounts, Department of Supervision may conveniently be shifted to these centres. This would need dialogue with the Associations and Unions.

8. The Committee suggests that the question of opening of new offices of Issue Department in the vicinity of New Note Printing Presses for acting as conduits for receiving new notes and destruction of old notes may be examined. This would greatly relieve pressure on existing issue offices.

9. The Committee feels that prime space in Mumbai should be utilised to the best advantage of the Bank. It notes that a large portion of such space is used by the Issue Department of Mumbai. It suggests that the Issue Department can be moved from its present location to Navi Mumbai. The space thus rendered surplus may be re-allocated to Central Office Departments.

10. One concept discussed by the Committee related to the creation of subsidiaries of the Reserve Bank dedicated to certain functions. For example, there could be a subsidiary for monitoring clearing systems, supervision over financial system etc.

11. There is need for having a central unit at New Delhi to co-ordinate with Government of India.

12. The Committee is convinced that, in the long run, all ancillary activities should be out-sourced. This would include catering, security, maintenance, etc.

13. There is also need for setting up Market Intelligence Units in metropolitan cities. Such units would provide valuable feed-back to the offices, as well as Central Office.



## CHAPTER III

### HASTENING DECISION MAKING PROCESS

Hastening decision making process would involve building up of officers by encouraging initiative in decision making, monitoring their efficiency and effectiveness within broad parameters. On the part of the Management, it would require a mind set to be able to condone bona fide errors on the part of subordinates.

2. One of the pre-requisites for expeditious decision making is decentralisation and delegation of functions. Unless this is done, there can be no progress in this regard. The Committee feels that there is enough scope for further decentralisation and delegation. Towards this end, each Central Office Department may constitute an internal Group to identify areas where powers could be delegated and functions decentralised further.

3. The Committee feels that a major bottleneck for expeditious decision making is the absence of an adequate data base. Creation of Management Information System (MIS) within Departments should be aimed at. This would be facilitated largely, if the Committee's recommendation to convert Central Office Departments into multi-disciplinary units is implemented.

4. There should be effective level jumping. Normally, files should not be seen at more than three levels.

5. The practice of 'file pushing' should be discouraged and the system oriented towards achieving results. It should be the responsibility of the Senior Officers to ensure quality disposal of cases.

6. On important policy matters, there should be discussion among officers before a note is prepared. As a rule, there should be a single note giving pros and cons of the proposal, instead of 'crisscross' confusing notes.

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7. More dialogue with the staff and officers would be advantageous in quickening the decision making process. The present practice of 'speaking through paper' adopted by some officers is a drag on the system

8. The Committee noted that a great deal of time is spent on inter-departmental correspondence. This should be stopped. The officers from concerned Departments should meet and discuss the issues and an agreed note should be submitted to the Top Management.

9. There is need to have a fresh look at the Systems and Procedures followed and the provisions laid down in the Manuals in the context of the changed environment. The concerned Central Office Departments should be in a position to attend to this by constituting small internal Groups.

10. The Committee feels that there is need to look into the various Statutes concerning the Reserve Bank to identify the changes needed, in the context of deregulation and financial sector reforms. This should be the responsibility of the concerned Central Office Department. (e.g. Secretary's Department in the case of Reserve Bank of India Act, 1934, DBOD, RPCD, UBD, etc., in the case of Banking Regulation Act, 1949 and DGBA in the case of Public Debt Act, 1944).



## CHAPTER IV

### IMPROVING TECHNOLOGY

The Committee strongly recommends the adoption of technology upgradation and absorption in all spheres of activity of the Reserve Bank to aim at the following :

- Providing better customer service
- Improving the efficiency of the system
- Cutting down delays in operational areas
- Moving towards a near paperless office
- Ensuring better working and operational environment

2. Reforms in the Departments of the Bank in the area of mechanisation and computerisation have perhaps been delayed on account of the perceived resistance from Associations and Unions. It is felt that, with the conclusion of the recent Bi-partite settlement, the overall environment to push through reforms is much more conducive than in the past. Opening of an on-going dialogue with the Associations/Unions in this regard, particularly in the light of an overall package of benefits, should go a long way in sorting out the problems relating to switch over from the manual to the machine system. There should be an understanding with the Associations and Unions that the Bank will consider setting up of new offices of Issue and Banking Departments or for that matter any other Department only if they agree to full computerisation of operations not only at the new offices but also at the existing offices.

3. A large proportion of staff in the Bank work in the Issue Department. Nature of work in this Department is highly monotonous leading to demotivation and lack of interest. It is a risk-prone area. It has environmental impact. The Steering Committee is of the view that there is no alternative but to do away with the manual counting of notes.

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4. The Committee recommends introduction of note counting machines expeditiously at the Banking Halls for the use of the public at the counters to assist the tellers and at the Verification Section for the final counting of the examined notes.

5. The switch over from manual to machine counting of notes is likely to release staff. As many of the staff have specialised skills, a survey may be taken of those having computer knowledge, proficiency in accountancy, statistics etc. Such staff may be released from Issue Department earlier than the others and positioned appropriately in the operational departments.

6. The Committee is of the view that the primary responsibility for sorting of notes should rest with the Chest offices. Banks which do not sort notes as prescribed should be subject to bank specific action. If banks sort out notes at their level, in the prescribed manner, the burden of sorting on the Reserve Bank would significantly decrease. In an ideal situation, this could lead to the Reserve Bank destroying the notes received by it after carrying out percentage verification only.

7. The Committee feels that introduction of cash dispensing machines at the counters will increase the productivity of the tellers and help the public.

8. In order to help better housekeeping and customer service, the Committee suggests that the computerisation of Claims Section should be implemented at all major offices.

9. In order to streamline the process of receiving new note consignments, the Nayak Committee had recommended the installation of conveyor belt system from safety yard to vaults. The Committee feels that the recommendation may be pursued.

10. The destruction of notes by the conventional method of incineration has attracted environmental objection. Also, it does not ensure 100 percent destruction. Some health problems are also encountered. The Bank may go in for quality shredders, as recommended by Nayak Committee.

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11. The total computerisation of Deposit Accounts Departments may be undertaken at all offices of the Reserve Bank.

12. The Committee recommends that the introduction of networked PCs at Cash Receipt Counters should be extended to Public Accounts Departments at all offices shortly. Total computerisation of PAD (both payments and receipts) may be undertaken.

13. Towards further computerisation of functions of Public Debt Offices (PDOs), Committee recommends that interest warrants should be printed on the computer and, wherever possible, directly credited into the current accounts of the parties at all centres or through the Electronic Clearing System to the respective bank accounts.

14. The Committee recommends immediately an extensive programme of training at all levels of officers so as to equip them with the necessary knowledge for effectively using computers and communication technologies. The Committee will go a step further in suggesting that all Officers in Gr. 'D' and above should be provided with Personal Computers and made computer literate. It should thereafter be incumbent on such officers to store the data in their respective PCs provided by the Bank and use the same for purposes of analysis. The Committee also recommends that, by the end of 1996, all senior officers of the Bank should have PCs and hopes that, in the long run, the institution will move towards a substantial reduction in paper work, especially at the higher levels.



15. The Committee is of the view that there is considerable scope for broadening and deepening the data-base in the Bank. Further, the data have to be integrated in such a manner as to be available to the users in the shortest possible time and in the manner desired. For this, there should be centralised management of data. The Steering Committee recommends that -

- department-wise computerised data-base should be improved with necessary support from DESACS / DIT;
- in case departments are not in a position to create their data-base, this may be got done from outside;
- the data from respective departments should flow to a Centralised Data Warehouse which would be responsible for receiving, up-dating and maintaining the same;
- Officers of departments should be adequately trained in handling data.

16. The Committee recommends that domestic website needs to be created for capturing latest data to be designed, in consultation with DIT. All users would have access to the website.

17. The Committee recommends usage of common standard packages across the Bank for routine administrative functions (e.g. Pay roll, leave processing, inward/outward of letters, selection for training, staff posting, dead stock, inventory, claims, budget monitoring, work plans etc.). These packages may be certified by DIT and entrusted to concerned nodal departments for implementation.

18. The Steering Committee feels that accumulation of papers by the Departments over a period of time without destroying the unwanted records results in wasted storage space. Computerisation of document management system enables the documents to be scanned and stored in computer media which also helps quick retrieval when required. The Committee recommends such a system.



## CHAPTER V

### MOTIVATION, REWARD, PUNISHMENT AND TRAINING

#### Motivation, Reward and Punishment

The Steering Committee recognises that the overall thrust of personnel policies of the Bank, its method for rewarding individual employees and the prevalent cultural environment influence and motivate people. The Committee would like to emphasise that monetary benefits alone are not sufficient to motivate people for better performance. Elements such as placement, promotion, training, work environment etc. are great motivating factors.

2. The Committee perceives that the major demotivating factor for the officer staff is its inability to interact decisively with the employees in Class III and Class IV in matters of output and productivity and restrictive practices. The Committee is strongly of the view that there is need to initiate an 'ongoing' dialogue with Associations and Unions in this regard.

3. As a first step, the Committee recommends that a 'core' team drawn from HRDD and operational Departments may be set up to interact periodically with the Associations/Unions on an 'ongoing' basis. The Committee is of the view that HRDD, duly supported by the operational departments could constitute a better "talking team" than by itself. In this context, the Committee commends that senior Association and Union leaders may be given exposure to the working of Central banks in select countries. Such an exposure would go a long way in changing the mind set of Associations and Unions and making them agree to technology upgradation in the Bank, doing away with restrictive practices, quotas, etc.

4. The Committee's candid view is that in many cases the so called 'non-conductive industrial relations climate' is used as the most convenient crutch by staff who are *ab initio* not geared towards performance. At the same time, the Committee recognises that there are

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officers in the organisation who give excellent performance, despite constraints in the form of 'irritants' from Associations and Unions. With regard to the staff who are motivated and whose performance indicates a high level of motivation and quality, the Committee would recommend a system of broad incentives. For employees whose performance is indifferent or of poor quality, the Committee has no hesitation in recommending a graded system of disincentive by punishment. In this context, the Committee would like to state that, historically, the Reserve Bank has been a benevolent organisation. Resultantly, except in extreme cases, the organisation has not acted in stern manner. Perhaps the time to do so has now come. Retiring non-performing people, in the existing grade, at the age of 50 and 55, and applying stricter criteria while granting extension beyond 58 years are some of the measures which could be adopted.

5. The Committee is of the view that the existence of too many categories within the workmen staff is a factor making for demotivation. For example, over the years the number of categories in Class IV staff have increased enormously. Ideally, the solution would be to merge all the various categories of Class IV into a single category with uniform/interchangeable set of duties. The Committee realises that this is not an easy task but feels that unless a line of communication is opened and such ideas freely discussed, no broad based industrial consensus is likely to be reached.

6. Looking back in time, the Committee finds that the hope inspired by the combined seniority of all Departments being at par in terms of importance and other criteria has been belied. As things stand, the general perception is that there are certain departments which are "important" and some "less important". "Important" Departments are perceived as 'high profile' and "less important" Departments are counted in the 'also ran' category. The Committee cannot but express its unhappiness over the logical development of such an attitude which would tend to divide the Bank into 'haves' and 'have-nots'. The Committee feels that measures would need to be taken immediately to improve the external profile of Departments other than DEIO, ECD, DOS, DBOD and IDM Cell. The suggestions made by the Committee in the area of 'placement' are aimed at achieving this objective.

7. In the matter of motivation, perception of career path is critical. Employees should be able to visualise, howsoever dimly, where they will be at the end of a stated period of time. As of now, careers are made more by a fortuitous combination of circumstances than on account of a clear policy on career planning. The Committee recommends that all officers whose Performance Appraisal is above a stipulated cut-off point in the formative years of their career should be monitored, exposed to various departments, subjected to working under difficult circumstances. If at the end of this process they come out with credit (say, by the time they reach Grade 'D') the Bank should have a clear career path for them. It is not important that the path should be actualised. What is important is the creation of opportunities for actualising the meritorious performance. The careers of such officers upto the levels of Grade 'A', 'B' and 'C' may be the responsibility of Chief General Manager, at Grade 'D', and 'E' of Executive Directors and at Grade 'F' of Deputy Governor in-charge.

8. The Committee took cognizance of the fact that, under the existing dispensation, a merit channel exists for Grade 'A' and 'B'. The Committee recommends going a step further to Grade 'C'. All the officers in Grade 'B' who have put in three years service in that grade should be made eligible to compete under Merit channel, for which the proportion could be 15 per cent.

9. The Committee is of the view that at the end of his career, an officer, if cleared for promotion, should not be denied the benefit merely on the ground that the vacancy does not exist. The Committee is of the view that, in such cases, promotions could be given on personal basis and the post retrenched after the employee is retired. This would be a small price to pay for the happiness of an employee who has served the Bank for long.

10. The Committee has recommended elsewhere the increased selectivity at various levels. This is likely to create a pool of officers performing below par in various departments. The Committee is of the view that the need to institute a Voluntary Retirement Scheme (VRS) is imperative. Such an initiative would enable the institution to adjust to the emerging requirements without pain while at the same time affording the concerned employees a reasonable return at a relatively younger age. The Voluntary Retirement Scheme should be attractive.

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11. The Committee had occasion to examine the Performance Appraisal System prevalent in the Bank. It recommends that there should be different set of forms for officers in Grade 'A'/'B'/'C' and 'D'/'E'. There should be a separate form for officers in Grade 'F'. The focus of the Performance Appraisal should be on quality assessment rather than being a quantitative exercise. The Committee recommends the re-introduction of the committee-approach in finalisation of officers' Performance Appraisal.

12. The Committee feels that the Bank should expedite actuating the independent 'Grievances Redressal Machinery'. The suggestion is being made in view of repeated complaints that representations on an issue are dealt with by the very same persons who had been instrumental in processing them in the first instance.

## **Training**

The Committee has examined the existing arrangements relating to training. The Committee's recommendation in this area are :

13. The selection of officers and training programmes, etc. should be left with the concerned Central Office Department under the overall authority of Deputy Governor in-charge. In this context, the Committee feels that each Central Office Department should formulate a training budget on the basis of its perceived needs and thereafter manage the training programme for its officers during the year. This budget would cover internal and external functional training. The Chief General Managers of offices may likewise be given authority to depute staff and officers for locally available training and incur expenditure upto specified limits. The Committee would also place on record that the training should be on the basis of aptitude and ability. There is no case for linking training either to seniority or age or to the fact that within a particular Department the concerned officer has not gone on training before or has gone often.

14. The Committee is aware that in the emerging economic scenario, Officers of the Bank should be equipped with skills needed to handle difficult situations. For this purpose, there should be more and more exchange of officers with commercial banks and financial institutions. This need not always be on a reciprocal basis.

15. The Committee feels that posting of officers to the Bank's Training Establishments should be on the basis of aptitude and suitability and need not necessarily be on the basis of the Grade at which the Faculty is needed.





## CHAPTER VI

### RECRUITMENT, PROMOTIONS, PLACEMENT AND TRANSFERS

The Steering Committee's recommendations with regard to Recruitment, Promotions, Placement and Transfers are as under :

#### Recruitment

1. The Committee notes that presently no recruitment is being made to Class III and Class IV.
2. The Bank's recent decision to enhance the proportion of direct recruits to Gr. 'B' from 25 per cent to 35 per cent and Merit Channel from 5 per cent to 15 per cent is a step in the right direction. Similarly, the Bank's decision to confine recruitment at one level i.e. Gr 'B' is also welcome. The Committee would, however, like to suggest that greater emphasis should be given on recruiting persons with special qualifications in Management, Chartered Accountancy, Computer and Communication Technologies, etc. In the near future, the proportion of direct recruits in Gr 'B' should be enhanced from 35 per cent to 50 per cent.
3. In the Committee's view, induction of advisers on a selective basis, for specialised jobs and for specific period, is desirable.
4. There should be no recruitment of staff attending to ancillary services like security, engineering services, catering services, maintenance etc.; these items of work should be outsourced.

#### Promotions

The broad approach to the issue of promotions may be as under :

5. Interviews should be introduced for promotions to all grades.



6. Selection need not be linked to number of vacancies but based on the suitability of candidates for manning higher posts. The need based staff requirements for effecting promotions may be worked out by a Committee consisting of CGM (DAPM), CGM (Inspection Department) and CGMs of respective departments.
7. Before promoting an officer, it should be desirably seen that the officer possesses CAIIB (or equivalent) qualification, knowledge of computers, analytical skills, etc.
8. For considering promotions, the credits should be given for the difficult postings, changes in discipline, transfers, etc., provided the officer has worked well in the various assignments.
9. Unless combined seniority is extended to all departments, it will be difficult to equalise promotion opportunities.
10. The selection at the interview should be on the basis of overall performance of the officers during the last 5 years.
11. Officers not found suitable on 3 occasions may be offered voluntary retirement option.
12. Performance Appraisal System should be revamped to reflect 'performance' accurately. Higher weightage (2/3rd) may be given to performance, as compared to interview (1/3rd).

### **Placement**

The Committee's view is that the rational approach to placement should take into account that Banking and Issue are also important departments and should get their due in terms of placement of Officers. The Committee would also like to make the following suggestions :

13. For working out proper placement of Officers in Gr.s 'A' 'B' 'C' and 'D', a Committee of Chief General Managers be set up which will take into account experience etc. of the



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Officers before suggesting placement. Placement of Officers in Gr. 'E' and 'F' may be settled by a Committee of Deputy Governors.

14. There should be an 'inverted pyramid' ; in other words, an officer should achieve in-depth specialisation in specific areas at the initial stages of his career; the higher the officer moves, the broader should be the horizon.
15. Elsewhere in the Report, the Committee has drawn attention to the perceived difference in the organisation between high profile and other departments. In order to equalise the opportunities over a period of time, the Committee recommends that an officer should be exposed to atleast two groups of which one should be a traditional central banking function. The Committee is conscious of the need for specialised staff at lower levels. While making the above recommendation, it has kept in view the need for specialisation as also providing equitable opportunities to actualise the potential.
16. For the purpose of placement, Departments may be grouped as was done in the transfer policy, i.e.
- ❶ Banking, Issue, DGBA, DCM, DEBC, Premises (Non-technical staff).
  - ❷ DBOD, DOS, IECD, FIC, DFC, UBD, RPCD, CPC, DICGC.
  - ❸ ECD, DEIO, IDMC, DIT.
  - ❹ DAPM, HRDD, RB Services Board, Inspection, Secretary's ,CGM's Section / Admn. Section of ROs.

## **Transfers**

The Committee has seen the transfer policy introduced by the Bank recently and broadly agrees with it. However, the following suggestions are made :

17. Transfers should invariably be effected on promotion.
18. Gr. 'A' promotees seniority be reckoned on all India basis and transfers effected accordingly.
19. Transfers should be need based and a normal stay of 5 years should be insisted upon.
20. Senior officers should be made transferable at any centre and at any time.



## CHAPTER VII

### IMPLEMENTATION STRATEGY

Having presented its recommendations on “Organisational Restructuring”, “Hastening Decision Making Process”, “Improving Technology”, “Motivation, Reward, Punishment and Training” and “Recruitment, Promotions, Placement and Transfers”, the Steering Committee felt that there was need to prioritise the suggestions made by it to facilitate implementation.

2. With this objective in view, the Committee has sought to attempt a broad classification of the recommendations made by it into three categories, those which could be implemented immediately, those for implementation between 2 to 3 years and those which should be implemented by the year 2000. The Committee feels that the recommendation regarding re-grouping of Departments at Central Office made in Chapter II, needs to be implemented immediately. The Committee has suggested abolition of the concept of “sanctioned strength” in various departments and reallocation of surplus human resources under a need-based arrangement. The Committee feels that the assessment of needs and reallocation of staff should be done on a priority basis. In this context, the Committee’s suggestion regarding the staff which may be rendered surplus on account of computerisation of functions of Issue Department are relevant. If switch-over to machine-counting is likely to take time, the suggestion above need not be delayed, but may be carried out in respect of all Departments other than Issue Department. Diversion of staff to areas where staff would need to be strengthened should be the prime objective.

3. The Committee’s recommendations regarding delegation and decentralisation of functions, simplification of systems and procedures, revision of Manuals, having a fresh look at the Statutes should also be implemented early. In this context, the Committee suggests that the reports of the ‘In-house’ Groups should be made available to the Executive Directors in-charge within a period of three months or so, so that final decisions in respect thereof can be taken, say, within a period of another three months. The departments would also need to prepare dossiers / pamphlets which give synopsis of their functioning and the major areas of work done by them.

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4. The Committee is aware of the existence of restrictive practices and time consuming systems and procedures of work. While the removal of restrictive practices and changes in some of the systems and procedures might involve dialogue with Associations / Unions, there are a number of other areas where changes can be brought about immediately. These areas need to be identified by the 'In-house' Groups.

5. The recommendations relating to hastening of decision making process would need to be implemented immediately.

6. Some of the recommendations of the Committee with regard to recruitment, placement, promotion, transfer, motivation, etc. could be taken up for implementation early.

7. In the medium-term, i.e. by the end of 1998-99, the Committee recommends shifting of Departments which are purely operational and functional, outside Mumbai. The Committee recognises that such a step would also involve dialogue with the Associations / Unions. In this matter, 'give and take' policy would have to be adopted.

8. While the Committee recommends opening up of immediate dialogue with Associations / Unions on various matters, it perceives the need for a paper on the broad understanding to be reached, within a period of six months. The paper which should follow the exposure of Association / Union leaders abroad should include, among others, removal of restrictive practices, measures for switching over to machine-supported activities, measures for increasing the levels of productivity, etc.

9. In the long-run, the Committee's recommendations on motivating its human resources and knitting them together in a cohesive team in a technology conducive environment constitute the core of its futuristic thinking. The Committee hopes that, before long, the Bank would have substantially changed over to a paperless organisation. Such a major change would involve massive investment in training and technological facilities quite apart from re-equipping its human resources with necessary skills and opportunities. In this context, the Committee would

like to sound a word of caution. Taking into account the size and complexity of the country, it is felt that the thrust on technological change should be on a decentralised basis.

10. The structure of the Reserve Bank modelled on Bank of England, as it has evolved, comprises Central Office and Regional Offices in State capitals. The system cannot be classified as a pure unitary system or for that matter a federal one. However, the broad pattern is that of a decentralised structure with a strong centralised bias. In this context, the Federal system of central banking on the pattern of US Federal Reserve System and the German Bundes Bank would ideally suit a large Federal polity like India. The Committee recommends that there should be a public debate on this issue.

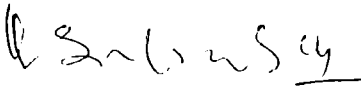
11. The Committee notes that under the existing arrangements, there is no conscious system of building rapport with other Central banks on an enduring basis. With the globalisation of the world economy and the emergence of several other Central banks, this is an imperative need. The Committee further notes that the Central banks normally visited are the Bank of England, Federal Reserve and Bundes Bank and Monetary Authority of Singapore. The Committee feels that for better understanding of policies, procedures and operations and co-ordination, senior officers at the level of Grade 'F' and Executive Directors may undertake visits to select central banks in developed and developing countries.


12. The Reserve Bank has been providing technical assistance to central banks in the developing countries in specific areas under the aegis of multilateral agencies. Institution of technical assistance programme under the aegis of the Reserve Bank could be considered.

13. The Committee is of the view that the Departments of the Bank should, from time to time, explain the rationale and policy measures taken by them to the Press. Admittedly, this should be done by In-charges of offices and Central Office Departments. At the same time, the


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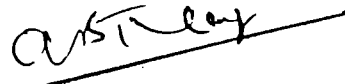
Central Office Departments should endeavour to bring out publications indicating the policy measures initiated by them which could be distributed to the media and the public at large. This approach would achieve 'Transparency' and project better image of the Bank.

  
**V. Subrahmanyam**  
*Chairman*

  
**Rama Ananthakrishnan**  
*Member*

  
**Shyamala Gopinath**  
*Member*

  
**Y.S.P. Thorat**  
*Member*

  
**A.B. Telang**  
*Member*

**MUMBAI,**  
**May 15, 1996**



**Statement indicating suggestions made in Deputy Governor, Shri. S. P. Talwar's Paper  
vis-a-vis the recommendations made by the Committee**

Reference to Paragraph	Suggestions made in Shri Talwar's paper	Recommendations of the Steering Committee	Reference to Chapter/ Paragraph
1 . 2	The recognition of the role and importance of all departments - traditional and new, is an important issue deserving immediate attention.	Fully accepted.	V - 6 VI -15
1 . 7	Efforts need to be made to reinstall a sense of involvement by a conscious process of increased delegation of responsibility.	Fully accepted.	III - 2 V - 13
2 . 2	HRDD and DIT should function in a manner which helps the Bank in its endeavour to become a central bank operating on modern and efficient lines	Accepted.	VII - 9
2 . 5	Performance Appraisal System needs to be revamped. Appraising officers should be accountable for an evaluation.	Accepted. Committee approach to finalisation of performance appraisal has been recommended. Separate forms suggested for officers in different grades	V - 11 VI -12
2 . 5	Avenues for officers who are not found suitable need to be explored in terms of VRS or placement in other institutions	Accepted. VRS recommended.	V - 10
3 . 3	All HODs must meet bi-monthly and HODs in turn should hold monthly meetings for follow-up etc. periodically.	Accepted. Greater dialogue within the department and among departments recommended.	III - 8
3 . 4	An inventory of skills available in the Bank to be prepared so as to (i) match existing expertise with the emerging demands, (ii) strengthen them through exposure to commercial banks, and (iii) revise training policies and correlate training with need based requirement.	Accepted.	VI - 7 IV - 5 IV - 14 V - 13 V - 14

-	Building up expertise and career path.	Accepted	V - 7
-	Undertake selective recruitment for specialised jobs. Getting experts on deputation.	Recommended induction of Advisers.	VI - 3
-	Redeploying staff.	Fully accepted.	II - 5
-	Level jumping	Fully accepted	III - 4
-	Identify key personnel to bring about changes in approach and culture	Accepted. Chief General Managers to spearhead the change process.	V - 7
-	Ensure greater delegation.	Fully accepted	III - 2
-	Ensure Proper Placement Policy	Fully accepted	VI - 13 and 16
-	Modernise all offices	Fully accepted	IV - 1
3 . 5	Larger intake of direct recruits	Fully accepted.	VI - 2
-	Retention of core staff.	Accepted. Considering need for specialisation, 'inverted pyramid' approach suggested..	VI - 14
-	Accelerated promotion in certain groups - impact of.	Equalisation of promotion opportunities is contingent upon introduction of combined seniority for all departments.	VI - 9
-	Internal written examination at Grades 'A' and 'B'. Promotion in the form of interviews from Grade 'C' and above at each level.	Interview system recommended for promotions at all levels.	VI - 5
-	Relaxations in the rule of inter se seniority among selected officers.	Increased emphasis on promotions by merit. Therefore, relaxations in the rule of inter se seniority is not considered necessary.	
-	Recognition for specialised qualifications.	Fully accepted.	VI - 7
-	Officers who have put in a certain number of years to be considered eligible for being put into zone of consideration.	The Committee has recommended merit channel for officers in Gr 'B' for promotion to Gr 'C' for which eligibility could be 3 years in the grade.	V - 8

-	Active exchange and deputaion of officers from Gr. 'C'	Fully accepted.	V - 14.
-	Selection of certain Gr 'D's for special orientation	The Committee has recommended special orientation for meritorious officers at all grades.	V - 7
-	Selection regardless of number of vacancies	Accepted.	VI - 6
-	Question of effective deployment of those bypassed at a younger age needs to be addressed.	Committee has suggested VRS.	VI - 11
3 . 6	Defining an overall career path.	Fully accepted	V - 7
-	Greater delegation	Fully accepted	III - 2
-	Making transfer policy more need based. Zonal system upto Gr. 'C' - Transfer of promotee officers to be need based.	Committee has endorsed recent transfer policy and has made certain additional suggestions	VI - 17 and 20
-	Identifying future managers / HODs and grooming them.	Accepted.	V - 7
-	Exit Policy	Fully accepted	V - 10
-	Training as an investment	Accepted	V - 13
-	Clear signal that isolated cases of bonafide errors will not stand in the way of progress on career path.	Fully accepted	III - 1
3 . 7	Placement policy may be redesigned such that (i) prior to entering senior management cadre, officers should spend at least 5/6 years in two functional areas and have had a stint outside the Bank.	Fully accepted .	VI - 15
-	(ii)Aptitude / area of speciali- sation is clearly identified.	Committee feels that at higher levels, senior officers should be able to man all departments.	VI - 14
3 . 8	Technology	Fully accepted	IV
3 . 10	Linkage between operational and research departments.	Fully accepted	II - 6 and III - 3



4 . 1	Shifting of departments out of Bombay.	Fully accepted	II - 7 and 9
4 . 3	A more proactive external relations policy both international and domestic.	Fully accepted.	VII - 11 and 13

