



**REPORT ON THE  
TRAINING AND DEVELOPMENT OF  
HIGHER BANKING PERSONNEL**

9th May 1968

The Governor,  
Reserve Bank of India,  
Central Office,  
Bombay.

Dear Sir,

I have pleasure in transmitting to you the unanimous report of the Working Group on Training Facilities for Senior and Middle Level Personnel of Commercial Banks, which you had appointed in December 1967.

Yours faithfully,

Sd. B.N.Adarkar  
Chairman.

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## Chapter - I

### Introductory

1.1 In pursuance of the Government's policy on social control over commercial banks as announced by the Deputy Prime Minister, the Governor, Reserve Bank of India, constituted on the 9th December 1967 a Working Group on Training Facilities for the senior and middle level personnel of commercial banks with the following membership and terms of reference:-

#### Membership

(1) Shri B.N. Adarkar	Deputy Governor, Reserve Bank of India.	Chairman
(2) " N.M. Chokshi	Chairman, Bank of Baroda Ltd., Apollo Street, Bombay-1.	Member.
(3) " T.A.Pai	Chairman, Syndicate Bank Ltd., Manipal (S.K.), Mysore State.	-do-
(4) Prof. Varanasy S.Murty	Professor of Business Management, Jammalal Bajaj Institute of Management Studies, University of Bombay, Bombay.	-do-
(5) Dr.V.A. Pai Panandiker	Officer on Special Duty, Government of India, Ministry of Finance, New Delhi.	-do-
(6) Shri D.N.Maluste	Executive Director, Reserve Bank of India, Bombay.	-do-
(7) " J.S.Ahluwalia	Personnel Manager, Reserve Bank of India, Bombay.	Member- Secretary

## 1.2. Terms of reference

The principal terms of reference set before the Working Group were :-

- (i) To suggest the lines on which management orientation programmes may be organised for senior and middle level executives of commercial banks with particular reference to the social and economic objectives of banking, aligning individual bank's credit operations to national credit policies and priorities, and expansion, both functionally and territorially, of banking services.
- (ii) To examine how far the training facilities available to the executive and supervisory staff of commercial banks are adequate to promote the objectives mentioned above and to suggest measures for their improvement and extension.
- (iii) To suggest measures for -
  - (a) the co-ordination of the activities of the training institutions of the Reserve Bank of India and the State Bank of India and other commercial banks, and
  - (b) the periodical review of the activities thereof.

## 2.0. Method of work

2.1 Towards the examination of the problems, we issued a questionnaire to commercial banks having deposits of

over Rs.10 crores and to all foreign commercial banks, requesting them to supply data about the existing arrangements for training of senior and middle level personnel. We also sought their suggestions regarding the conduct of orientation and training programmes for their officers and the proposal for the setting up of an all-India Institute which would function as an apex institution for training the personnel of commercial banks, organising advanced management development programmes, promoting research in banking procedures and practices and training techniques, and arranging the preparation and publication of books or pamphlets on banking and allied subjects.

2.2. We received replies from 29 Indian commercial banks and 13 foreign banks. The Group had had discussions with 29 persons (mentioned in Appendix I) including Chairmen and/or senior executives of some of the Indian and foreign banks, a few management experts, educationists associated with commercial colleges and individuals having knowledge or experience of training or education or allied fields. Only one person submitted a written memorandum giving his views on the various issues.

### 3.0. Structure of the Report

3.1 For suggesting an overall scheme of formal training, the Working Group has set forth the general considerations in Chapter II. It has then attempted to analyse in Chapter III the existing effort at training, its scale

and nature, and the gaps which remain unfulfilled. On the basis of the gaps thus identified, a detailed scheme for organising overall training for the banking industry has been suggested in Chapter IV.

3.2. The Working Group believes that speedy and effective implementation of its various recommendations will go a long way towards developing the banking profession so as to enable it to play its rightful role in the national economy.

## Chapter II

### Developing the Banking Profession

1.1 The central theme of the new banking policy of the Government of India revolves around two principal issues, viz. (a) evolving appropriate guidelines for the commercial banks with respect to mobilisation of deposits, extension of credit and improvement in banking services generally and (b) ensuring implementation of this policy by orienting the decision-making processes of the commercial banks. The declared policy envisages handling the latter issue, amongst other things, by professionalizing the management of commercial banks, by improving the technical expertise of banking and by instilling a sense of independence and an awareness of national priorities in the banking profession.

1.2 The policy objective of social control is to reorient the existing policies and practices of the commercial banks with the primary aim of making credit an instrument of development.

#### 2.0 Role of Banking

2.1 Banking is recognised not merely as a means of financing economic activity but as a catalytic agent in the developmental process. All the more so because commercial credit plays a central role in harnessing the various productive forces that generate wealth and real output of the national economy. Credit offers a most potent lever in



the hands of the monetary authority and the commercial banking system to aid the process of our national development. It is because of this key role of credit, apart from the fact that commercial banks are trustees of the savings of the community, that the nation has a fundamental stake in the efficient, proper and socially purposeful operation of the banking system.

### 3.0 Social Objectives of Banking

3.1 The paramount social objective of banking is to protect the interests of the depositors. Though essentially regulatory in character, this objective is of prime importance because the strength of the banking industry depends entirely upon the faith of the depositors in it. Apart from this, there are certain positive objectives which the banking system has to keep in view. In particular, the commercial banks must maintain an alignment between the national development programmes and priorities and their own lending policies and practices. Further, they must not be exclusive in their lending policies and must make credit facilities available to all the producers whose operation is crucial to national economic growth. It is in the light of this objective that they must meet the credit needs of the priority sectors especially agriculture, small scale industry, exports and new entrepreneurs.

3.2 To play such a role, the commercial banks must expand their coverage both geographically and functionally by developing their network around the country and by increasing the range of banking services so that more and more economic activities are brought within the coverage of the banked sector. As banking involves a highly sensitive relationship of trust and confidence between the banker and his customer, both as a depositor and as a borrower, the commercial banks must aim at maintaining the operating efficiency, especially the quality of service, at a high level.

3.3 The proposed changes in the composition of the boards of directors and the appointment of the professional chief executives in the commercial banks are basically a reflection of the changes visualised in the banking system. These changes are essentially designed to make the management of the commercial banks more attuned to their social roles so that the social objectives could be effectively fulfilled.

3.4 The concept of professionalising banking opens vast opportunities for those who seek banking as a career.

Those who have joined a bank in the lowest part of the ladder have now possibilities of rising to the top. This has to be made possible by creating opportunities for training and management development within a particular bank and the banking system as a whole.

3.5 The needs of a developing economy and of the banking system itself, which has to grow and expand to meet the challenges of economic growth, call for a new outlook and new aspirations in those who work in the Indian banking system. Not only a change in the attitude is called for in those who are in management but also these attitudes have to percolate to the personnel at the field level who are to be in contact with the people. Banks will have to give more attention to the aspect of management development, so that at all levels of management in a bank, including the lowest and at the field level which is far more important, people are imbued with the aims and goals that the banking system has to set for itself in the interests of the country.

#### 4.0 Task For Training

4.1 The task before the Working Group was not of merely designing a training programme in various techniques and processes of banking, but also suggesting methods of translating these social objectives into an operating programme essentially through the development of the banking profession. In concrete terms, the Working Group was to suggest specific measures, short term and long term, to inculcate the social objectives of banking into the thinking of the banking personnel with the help of a training and development programme.

## 5.0 Approach to Training

5.1 The Working Group has not viewed training in terms of its limited connotation of providing formal 'instruction' to bank personnel. Such a narrow view is neither indicative of the true nature of the effort that is involved nor of the character of the process necessary to achieve the results.

5.2 Training must permeate the general organisational process, not being confined merely to the formal or classroom aspects. As a broader process, training involves proper orientation of the officer to a job, developing the necessary skills in him - technical, conceptual and human-giving him a wide range of experience by proper placements on the job, adequate delegation of authority and supervision and guidance, and finally linking it to the performance appraisal system leading to proper promotional policies and practices. The ultimate objective of all such effort is to make an officer not merely a good banker but also to develop his potential as a leader in the profession of banking.

5.3 There are good reasons why the issue is posed in the broader context of the training process. Above all, it must be emphasised that the total training process, which helps the development and growth of an officer, is crucial to the successful implementation of the new banking policy. This total training process must, therefore, be explicitly recognised for its key role and made an integral part of the commercial banking system.

5.4 The character of the training process is, on the other hand, related to the learning process itself. To bring about the necessary changes in human behaviour, learning has to be a continuous and conscious process. It must also cover the large number of individuals who man the banking industry so as to develop a proper understanding and knowledge of the potential role of banking in development.

5.5 The beneficiaries of systematized training programmes are not only the officers but the banking industry itself. Training not only results in improved productivity and performance, but also in providing for management succession. Increasingly, therefore, training has been looked upon as a tool of management for achieving the ultimate objective of doing a job or providing a service.

#### 6.0 Types of Training

6.1 There are at present two broad types of training. Training is imparted for a job in which the entire design of the programme is to ensure development of those skills and attitudes in an officer which are most relevant to his job performance. While the objective of such training is limited to matching the officer with the job, it is nonetheless highly relevant to the successful performance of the responsibilities of a job assigned to an individual.

6.2 The other type of training is not intended to provide any specific skills but to add to the perspectives of an officer, to improve his analytical and conceptual skills,

and to develop him to occupy a series of higher positions in the organisation. This type of training is particularly necessary for those persons who have a potential for occupying positions of higher responsibility and leadership in the organisation and the industry.

6.3 Both these types of training are essential for the successful operation of commercial banking in this country. Unless officers are properly trained for the job, their operating performance would not be adequate or satisfactory. Similarly, unless the personality of the officer is developed both in terms of his conceptual, organisational and human skills, his capacity to grow in the banking industry and occupy the positions of leadership in it would be impeded.

#### 7.0 Pre-conditions to effective Training Programmes

7.1 At this stage it should be emphasized that by themselves the training and development programmes would not be able to touch even the fringe of the problem, unless other key personnel processes are also simultaneously covered. In particular, training would be ineffective unless the quality of personnel available within the commercial banks is satisfactory. It is, therefore, necessary that proper training and development programmes are preceded by appropriate recruitment and selection policies and practices in the commercial banks.

7.2 The major problem in recruitment is to attract the right type of personnel in the banking industry. It also implies an organised and well defined recruitment policy which stresses qualification for the job rather than mere length of service. It is recognised that evolution of such a policy may not be easy under the existing conditions. Considering the importance of attracting superior talent, the banking industry must work towards such a purposive policy.

7.3 In addition to recruitment, the selection processes are equally important. In the main, they must be able to achieve that degree of selectivity which brings about a congruence between the requirements of the job and the skills of the selected candidate. By itself this is a complex problem and requires a properly developed system of tests. In addition, it is necessary to ensure that the officer to be selected has the potential for growth.

#### 8.0 Traditional Training.

8.1 Traditionally, training at the officer level in commercial banks is largely given on the job. More often than not this process is somewhat unconscious without a clear theme and policy content. As a result, the officer is not fully conscious of the relevance of the experience to his understanding of the banking industry in its wider aspects.

8.2 In other words on-the-job training, unless consciously

in the officer. Such experience, therefore, remains unassimilated with the consequence that not only the growth of the officer but the development of the banking industry itself may be stunted for inadequate growth of leadership from within.

8.3 The scheme of formal training for developing the banking profession is elaborated in the ensuing chapters. It covers both the training for the job and development of the officer's personality which will help him to occupy positions of higher responsibility. The non-formal aspects, however, need further elaboration, especially since they remain entirely within the operating framework of a commercial bank.

#### 9.0 Training - General Aspects.

9.1 Of the general aspects of training which are outside the ambit of formal training, the most important are proper job placement, adequate delegation of authority, and proper supervision and guidance in day-to-day work of officers. In many organisations it has been noted that the skills of an individual officer are often not properly matched with the job to be performed. Again in making the placement of these officers, conscious attention is not paid to the placement as a method and tool of their development. Absence of a proper design of placement policies and practices had thus denied these organisations an important device of bringing qualitative improvements in their officers.



9.2 The development of the officers is also linked with the opportunities they get to exercise their judgment in making decisions. It has, however, been noticed that most of the commercial banks have an inadequate delegation of powers of their officers. As a result, there is not only an excessive centralization of responsibility and hence operating inefficiency in banking, but also poor opportunity for the officers to develop their decision-making skills and leadership capabilities.

9.3 In the perspective of the banking industry of the future, where the professional personnel is expected to play a central role in the development of banking in the country, it is but appropriate that the commercial banks take steps to devise a more decentralized system of decision-making in their day-to-day matters. Commercial banks could, with profit, organise internal committees for management purposes so that matters pertaining to credit policies and decisions are properly worked out, and at the same time provide the climate of participative management so essential to the future of the industry. It is understood that in one bank the committee of senior officers consisting of the chief executive and his colleagues had more powers than enjoyed by the chief executive singly. Such a practice inevitably helps the growth of a greater sense of responsibility in the exercise of discretion and executive authority.

9.4 The matter of supervision and guidance in day-to-day work needs little elaboration. It is the quality of such supervision and guidance which represents the essence of on-the-job training. To provide such supervision and guidance, the superior officers must have both the time and the necessary conditioning from the organisational system itself. One effective method of doing so, which has been tried elsewhere, is to make this function of supervision an important item in the evaluation of the performance of the senior officer himself. Unless such a policy is effectively implemented, the senior officers may not feel the compulsion of developing their juniors.

9.5 The need for a proper performance appraisal system which is linked with promotional policies and practices, deserves special emphasis. When promotions become purely a function of seniority or such other considerations, the damage to the organisation takes place in several ways. Not only are the so promoted senior officers unable to provide the leadership to their subordinates, but the very character of the organisation tends to get demoralised. Considering the growing responsibilities of banking, such practices can have serious adverse implications on its efficiency and performance - hence the need for developing proper promotional policies and appraisal systems.

10.0 Need for Research Support

10.1 At this stage, it may also be mentioned that the development of the banking profession in the country is vitally linked with the research effort in the field. To expand the frontiers of our knowledge and bring about improvements in the day-to-day operating methods, it is necessary to make a deep and intensive probe into the methods and techniques of banking, to experiment and devise new ones, and to open fresh vistas through which banking can be made more effective, efficient and healthy.

10.2 On the other hand, the development of banking technology is not enough. Banking as a key social and economic institution has to be seen, understood, and developed in the national context and needs. In that sense banking policy has to be continually examined, reviewed and revised so that it is abreast of the changing requirements of the national economy. There must, therefore, be a continuous research in the various facets and aspects of banking. But it would not be enough to conduct such research. The findings of such efforts must be transferred to the persons who have to run and operate the vast banking network. Such research effort must, therefore, be organically linked with the training programme so that research becomes a supporting element in this crucial activity.

## 11.0 Formal Training

11.1 Once the various steps hitherto outlined are taken, the formal training becomes a key tool in the hands of the management to bring about a qualitative change in the behaviour of the banking personnel.

The entire scheme is developed in detail in the subsequent parts of this report.

## 12.0 General Considerations and Strategy

12.1 There are, however, a few general considerations which are important enough to be set forth immediately. It is sometimes considered that bank executives do not require any training. The Working Group does not share this view. It considers that training is necessary at all levels and at all stages and that training programmes cannot have the necessary prestige or acceptance unless the lead is given by the top management. It is only when the ranks of the banking industry feel that the top management considers training important enough to participate and support such activity that they will have the necessary motivation to participate in it.

12.2 There is yet another reason why training activity must begin at the highest level. In many operating areas of the banking industry, there are several problems and issues which need to be cleared at the highest level. Unless they are satisfactorily settled at that level, there is little likelihood of the officers getting the

necessary support in developing fresh thought or new techniques in their day-to-day working in these fields. Such a block at the higher levels would inevitably defeat the very purpose of training at the lower levels, Indeed, officers who undergo such training and have, as a result, developed new skills and attitudes inevitably feel that such training is a waste of their time.

12.3 Training activity to be effective and to set the proper tone must, therefore, start at the highest level. The nature of training activity at this level cannot, however, be formal in the same sense as it is at the lower levels. At the highest level, the objective is not to 'teach' but to evolve an industry-wide approach to banking problems and to develop the necessary solutions.

### 13.0 Short and Long Term Perspective

13.1 The question of developing an appropriate training programme has to be viewed both in its short and long term perspective. In the context of social control measures, it is essential that the entire banking industry is oriented towards the social objectives which it has to serve and, therefore, to organise it for helping it to handle the various tasks. Such orientation involves articulation of the social objectives of banking in terms of general policy and also of translating them into operating institutions and practices. By itself this short-run objective is of crucial relevance to the successful implementation of the new banking policy.

13.2 The long-term problem has already been emphasized earlier viz. the development of the banking profession, conducting research into the industry and training bank officers not only for handling their day-to-day jobs but also for developing the necessary leadership capacity in them to enable them to occupy positions of responsibility. In this and subsequent parts of this report, an effort has

Chapter III

TRAINING TO-DAY

1.1 The principal considerations in making an evaluation of the present formal training are as follows : First, it is necessary to examine, in the context of the changing needs of the country, the training requirements of the banking industry. Without such a periodic assessment, evolution of an overall training policy would not only be difficult but the existing training activities would lack a sense of direction. Secondly, the scale of the training effort should be comprehensive enough to cover the number of officers and the various levels involved; it must also be sufficiently geared to train these officers both as bankers and as managers. Without an appropriate scale of effort, the training programmes would not be able to yield either the desired results or make the necessary impact. Similarly, the training facilities must be varied enough to provide sufficient opportunities for the development of the bank officers.

2.0 Size of Training Clientele

2.1 In response to a questionnaire issued by the Working Group, data was available from 42 commercial banks including 13 foreign commercial banks. According to this data, as of the end of 1967, there was a total of approximately 16,000 officers working in these banks. They are

divided broadly under three groups as follows:-

(i)	Senior Executives at Head Office and Regional Control Offices and In-Charge of large-sized branches, covering the posts of General Manager, Deputy or Assistant General Managers, Inspectors, Controllers/ Superintendents of Advances/ Branches/Staff, Regional/ District Managers, Chief Agents, etc.	1,122
(ii)	Managers or Agents of Average size branches, Assistant Managers/Accountants of bigger branches.	3,464
(iii)	Sub-Agents, Accountants, Officer In-charge of Pay Offices and Supervisory staff falling in the category of junior level officers.	11,373
	Total .. .. .	----- 15,959 =====

Taking into account the total number of officers of the smaller commercial banks and the cooperative banks about



whom information was not available, the actual number of officers would be in the neighbourhood of 20,000.

2.2 On the basis of the normal personnel turnover arising from deaths, retirements and expansion of the banking industry, etc., it is expected that fresh annual recruitment for the officer cadres of the commercial banks would be of the order of approximately 2,000 at the current rate of an intake of about 10 per cent. Looking at the training programme for the future, therefore, it is necessary to provide for orientation and training not only of the existing 20,000 officers but also for approximately 2,000 new officers who are expected to join the banks every year. As against this requirement, the capacity of the existing training institutions is around 1,650 per annum.

### 3.0 Nature of Current Training Programmes

3.1 For the purpose of analysing the training requirements, the Working Group distributed these officers into three broad categories as indicated above. The first category consists of senior executives, the second of middle level executives, and the last of junior executives holding first line supervisory jobs.

3.2 Because of the functional differences between the work of these three levels of officers, the ingredients of training for these levels will inevitably

have to be somewhat different. Research in the field of management has indicated that there are three broad types of personnel skills which are required in higher positions, namely, technical skills, human skills, and conceptual skills. It has also been found that while all the three types of skills are important at the officers' level, there should be a pre-ponderance of technical skills at the junior level, and conceptual skills at the higher level with the middle level providing a somewhat balanced intermixture. However, in general, the higher the level, the lesser is the requirement of technical skills and vice versa.

3.3 The existing training programmes are run primarily by the Bankers Training College and the individual colleges of the commercial banks. In terms of their coverage, these programmes concentrate on the middle and junior level officers and on the clerical staff. The Bankers Training College, more specifically, focuses on the middle level officers while the Training Colleges of the commercial banks concentrate on the junior level officers and the clerical staff.

3.4 In terms of the broad perspective of the types of skills needed, the existing training activities appear somewhat technical in their design. They seek to train officers in banking principles, techniques

and procedures, and for dealing with specialised functional areas such as industrial finance, foreign exchange, inspections.

#### 4.0 Institutional Framework

##### 4.1 Bankers Training College, Bombay

The College was set up by the Reserve Bank in 1954 for providing practical training in banking for developing the supervisory staff of the commercial banks. The detailed information about this College is given in Appendix II. While the College conducted only one course in banking in its initial stages, its activities have increased manifold since to meet the growing needs of commercial banking, The Working Group has noted that the College conducts at present the following six types of courses for the supervisory staff of the commercial banks :-

- (1) A senior course in banking.
- (2) An intermediate course in banking.
- (3) An industrial finance course.
- (4) A foreign exchange course.
- (5) A course on personnel and organisation.
- (6) A course on agricultural finance.

In terms of their frequency, the senior and intermediate courses are held more or less on a continuous basis

around the year. Courses dealing with industrial finance, foreign exchange, and personnel and organisation are generally organised once in a year. The course on agricultural finance is an activity of very recent origin arising out of the new banking policy. The first course in this field was started in the year 1967.

4.2 The total number of officers of the commercial banks at middle and higher middle levels who have received training at the Bankers Training College till February, 1968 is 2,780. The average annual intake for the various courses at the College works out at around 350.

4.3 The expenses of operating the College are shared by the Reserve Bank and those commercial banks who depute their officers for training. The basis of sharing the cost is indicated in paragraph 9 of Appendix II. It needs to be mentioned here, however, that the Reserve Bank bears 50 percent of the tuition costs of officer trainees deputed by banks having working funds of Rs.7.50 crores and above and the entire tuition costs of officer trainees of banks having working funds of less than Rs.7.50 crores. The hostel charges at the College and travel expenses are, however, borne fully by the banks deputing their officers.

4.4 About the utility of the training courses offered by the Bankers Training College, the Working Group has noted that there is a virtual unanimity amongst the participating banks that they are useful. They have also suggested that the courses dealing with specialised fields like industrial finance, foreign exchange and personnel should be conducted more frequently, having regard to the large number of officers who need training in these fields. Also that there is a need for improving the course on personnel and organisation and for arranging periodical courses and seminars on additional subjects like bank inspections, compilation of statistics, productivity, costing of banking services.

4.5 Several of the commercial banks have expressed themselves in favour of abolishing the intermediate course in banking conducted mainly for the benefit of the junior supervisory staff of the smaller banks. The assumption on which this suggestion has been made is that the training institutions of the bigger commercial banks which conduct identical programmes should provide facilities for training the officers of the smaller banks.

#### 4.6 Training Institutions of Commercial Banks.

On the basis of a survey made, the Working Group has found that there are at present about 19 training institutions operated by the Indian commercial banks. Details of these are given in Appendix III. Analysis of these 19 institutions shows that 15 of these provide training facilities largely for the middle level personnel and 4 for the clerical staff. Available data on 14 of these institutions indicate that in all they conducted 32 types of courses with different duration. The total faculty involved was 57 including the Principals or the Chief Instructors. The bulk of the Instructors were drawn from among the serving officers in the banks. The total number of officers trained by these institutions works out to approximately 1,280 per year.

#### 5.0 Major Limitations of Current Training

5.1 An examination of the coverage of the existing courses indicates that the primary focus of these courses is around banking techniques and procedures. While these are useful and necessary, there are no adequate arrangements or programmes for developing the managerial potential of the bank executives.

5.2 Some of the more progressive commercial banks, however, depute their officers to programmes organised by national institutions like the Administrative Staff College, the Institutes of Management, Management Associations, Productivity Councils. Since the programmes conducted by these institutions are meant for commercial and industrial activities, their utility for training bank officers is somewhat limited.

5.3 The Working Group has also noted that the existing facilities available in the Bankers Training College and the Training Institutions of the commercial banks are not sufficient to cover the large number of officers at the middle level for whom training is necessary. At the present rate of intake of about 350 officers in the Bankers Training College and 1,300 officers in the colleges of commercial banks, it will require approximately 12 years to cover the middle and junior level officers who are already in position. Furthermore, there will be an additional back-log created by the annual recruitment.

5.4 Not unexpectedly, the current programmes do not touch the higher levels of banking personnel. This has left a large gap considering that the leadership in the banking industry has not been developed to serve as an effective instrument of planning and development and to

open new frontiers both of banking knowledge and practice.

5.5 The Working Group has taken particular note of the fact that the arrangements for training officers of the smaller banks who do not have their own colleges, are generally inadequate. The smaller banks avail themselves of the facilities offered by the Bankers Training College. However, these facilities are necessarily limited and officers of these banks who require training urgently are left out of the developmental programmes.

5.6 It should also be noted in passing that none of the foreign commercial banks has established any training institution for its officers in India, although some of them are major commercial banks in the country.

#### 6.0 Major gaps

6.1 On the basis of evidence before it, the Working Group has found that there are serious gaps in the existing set-up for training and development of the banking personnel in the country. The scale of effort of the Bankers Training College is too limited to make any significant impact on the large number of officers who need training. On the other



hand, the efforts of the training institutions of the commercial banks, though commendable, have been somewhat inadequate, confined as they are to meet essentially the needs of junior level officers and clerical staff. The focus of their programmes has also been exceedingly limited. In the main, these courses are designed to impart technical skills in the existing procedures of the commercial banks. The Working Group also feels that the programmes operated by the Bankers Training College or the Colleges of the commercial banks in the functional areas such as agriculture, small scale industry are more information and procedure-oriented and are not designed to enable bank officers to deal creatively with the problems arising in these new fields.

6.2 The faculty of these institutions has also been small, drawn entirely from the practising bankers. While this has helped effective training in the current practices, there has been an inadequate effort at improving the present methods and approach.

6.3 The Working Group has also noted that there are no adequate arrangements in the existing set-up for conducting research into the practices and

procedures of work in the commercial banks. Indeed, neither the Bankers Training College nor Training Institutions of the commercial banks are organised to undertake any significant research in commercial banking. Their existing faculties are small, and in any case, they are fully occupied in teaching activities leaving little time for research. Besides, the Instructors being practitioners their research propensities have necessarily been limited.

6.4 Lack of research effort has also meant a dearth of teaching material on banking practices as well as on managerial aspects of banking. As a result, the teaching of practice itself has been severely impeded. And what is more, the type of teaching material required for developing the decision-making skills of the managerial personnel has simply not grown.

6.5 There is one more aspect of training of which the Working Group has made a special note. The quality of the training programmes in commercial banking depends, in large part, upon the quality of trainers. The present trainers have, by and large, been drawn from the banking industry. While, as a source, this is invaluable, the capacity of these officers to work effectively in this role, is limited unless they

are properly trained for their jobs as trainers. Unfortunately, there is virtually no arrangement today for providing adequate opportunities for the trainers to develop their training skills.

6.6 Lastly, the Working Group wishes to emphasize that if training has to be viewed in its totality for the banking industry, it is necessary to have an agency which takes an overall view of the training needs, development programmes and provides for a degree of co-ordination of the various training activities. Such an agency could also provide allied services like guidance and evaluation of training programmes, research into teaching techniques, materials and aids. Absence of such an agency has been a hindrance to the development of overall training in the banking industry.

#### 7.0 Indian Institute of Bankers

7.1 The Institute which was established in 1928 occupies an important place in the set-up of professional education in commercial banking. The Institute's primary activities are to conduct examinations and its Associate examination, which is held in two parts, covers banking and related subjects. The candidates who are successful in the Associate examination become Certificated

Associates of the Institute. In addition, the Institute holds certificate examinations in two subjects, namely, cooperation and industrial finance.

7.2 The number of candidates taking the examinations of the Institute has increased from approximately 8,000 in 1956 to 50,000 in 1966 (held twice in a year since 1966). In large part, this is due to the fact that the Associate Examination of the Institute is recognised by the commercial banks for purposes of promotions, extra increments, etc. There has, therefore, been a considerable incentive for bank employees, especially those in the clerical grades, to appear for its examinations.

7.3 Looking at the curricula and the clientele of the Institute, however, it appears that while it serves an exceedingly useful purpose, the role of the Institute in developing the banking profession is necessarily limited.

#### 8.0 Need for Integrated Training and Development Programme

8.1 It has already been stressed in the earlier part that the success of the personnel development programmes would depend upon a proper integration of training activity with other personnel processes like recruitment,

selection, placement, performance appraisal, promotions. On the basis of the evidence available, very few commercial banks have today organised any such integrated programmes for their officers. In the field of institutional training itself, there are wide and serious gaps both in the nature and content of the training activities of the commercial banks. While the efforts of the Bankers Training College and the colleges of the commercial banks have been praiseworthy, their focus has been limited to the junior levels of the officers cadre and their scope is restricted largely to develop technical skills. Finally, the total coverage of the present training activity is far too small to be able to make a significant impact even on the existing banking personnel.

8.2 The development of the banking profession, therefore, requires a concerted and organised effort to improve not only the banking techniques and practices but also the general managerial competence in it. The limitations of the existing programmes, institutions, and facilities are far too severe to be able to meet the tremendous challenge posed to the banking community by the new public policy. The need is thus of a more basic and fundamental character requiring a major effort to give a new direction and leadership to the Indian banking community.

Chapter IV

Programme for the Future

1.1 In our review of the present training and developmental activity, we have observed some of its major limitations. Indeed, no programme of action of the commercial banks to translate the social objectives into banking policies and practices, can be fully effective unless the tradition-governed banking personnel responsible for implementing the programme, are intellectually convinced, emotionally involved and properly equipped to fulfil their new responsibilities.

1.2 While this change in the outlook of banking personnel can be brought about, to some extent, through formal orientation and training programmes, it needs to be emphasised again that such programmes can be effective only if they are an integral part of the total management development programme of the commercial banks. The problem of management development must be viewed in its totality so that action can be initiated at various key points to ensure the desired results.

1.3 Available evidence has shown that most of the commercial banks do not have a systematic, constructive, and integrated approach to develop their personnel with a view to building up their morale, increasing their productivity and ensuring executive succession.

1.4. As stressed earlier, the commercial banks need to pay closer attention to evolving purposive recruitment policies, instituting sound personnel appraisal schemes, ensuring proper selection of candidates for training and their subsequent placement and advancement, and creating an organisational climate in which officers at different levels participate in the decision-making process and thus equip themselves better for assuming higher responsibilities.

1.5 The Working Group, therefore, recommends that each commercial bank evolves a management development programme for its personnel and organises itself for its implementation on a continuing basis. Such a programme to be effective should be placed in charge of a senior executive. This executive should not be saddled with other organisational responsibilities so that he can give concentrated attention to the manpower needs of the bank and its systematic development and utilisation. Experience abroad and, to some extent even at home, has shown that there are clear advantages in placing such a premium on personnel development function.

1.6 A developmental programme so conceived will be especially effective when supported by formal training which will impart not only new skills to banking personnel, but also open new vistas in the creative aspects of banking.

2.0 Proposed measures.

2.1 For suggesting appropriate new measures, the important question before the Working Group was whether the existing facilities and arrangements should be either modified, strengthened or suitably expanded to meet the training gaps. On a careful examination, we felt that these gaps are too wide for the existing institutions to fill. First, the training colleges of the commercial banks are too limited in their scope and coverage. Secondly, the Bankers Training College which conducts training programmes for key middle level officers is designed and equipped to provide training programmes which are mainly functional. In so far as the Institutes of Management are concerned, we felt that their activities are geared more to the industrial and commercial sectors and that it may not be possible for them to undertake training activity of the magnitude envisaged for the banking industry. The Indian Institute of Bankers is



essentially an examining body and it would be difficult to graft upon it a major industry-wise training or research role.

2.2 In view of these considerations, we feel that it is necessary to have a two-tier training structure for officers of the commercial banks to meet both the quality and size of the training effort. The first tier should consist of a central agency to initiate and coordinate measures for the development of the banking profession in the country at the highest level. We recommend accordingly that a National Institute of Bank Management should be established to perform these functions. The second tier should consist of all other training institutions which provide training at the junior officer and clerical levels in the commercial banks. We, therefore, recommend that the other training institutions in the banking sector should be reorganised, expanded and strengthened as suggested later.

### 3.0 National Institute of Bank Management

3.1 The Institute should be the nucleus of all training and development activity in the banking sector. Its principal objective should be to translate national policies relating to the banking sector into meaningful training programmes at the level of an individual bank

and help the implementation of those policies by creating a climate of intellectual appreciation and emotional dedication through such means as it is able to devise.

3.2 The Institute should not only provide the leadership but also function as a catalytic agent in bringing about the necessary attitudinal change in bank management and to awaken the spirit of service in the banking industry with the assistance of a vigorous educational campaign. It should also act as the central co-ordinative agency for effective manpower planning, utilisation and development of the personnel in the banking sector and operate as a chief spokesman of the banking sector on all matters relating to the problems of its management development.

3.3 In setting forth the functions of the National Institute, the Working Group has carefully considered the viewpoint that the functions of planning the educational requirements of the banking industry and evaluation of training activities should be separated from their implementation. We feel, however, that there would indeed be some advantage in combining the planning and implementation functions in the Institute, especially in view of the composition of the Board

and the fact that the Board would not itself be involved in the actual implementation. In so far as evaluation of training is concerned, we feel that setting up a separate agency would unnecessarily add to the costs. Besides, if the proposed arrangements in this respect are not found satisfactory, a separate agency could be considered later.

#### 3.4 Basic Role of the Institute

(a) The Working Group has already emphasised that banking personnel needs training and development both as bankers and managers. Whereas the various functional programmes would be able to provide for the development of officers as bankers, the other programmes would develop them as managers. Both types of training are complements to each other and form an integral part of the overall scheme of management development programme.

(b) In designing and conducting formal programmes, distinction should be made between education and training. Training prepares an individual essentially for a specific position of responsibility. It imparts specific tools, techniques and knowledge necessary for handling the responsibilities of a particular job.

(c) While the emphasis of training is on what to think, education stresses how to think. The object of education is not to impart information and to fill a

participant's memory. It is essentially to train and develop mental faculties in terms of logical thinking and practical application of knowledge. To develop managers requires more than mere training. It involves their education. And the higher one goes up the ladder of executive responsibility, the greater is the need for his systematic education. The process of developing a mind involves a proper attitude of enquiry, a good understanding of the environment, analytical ability, creative thinking and courage of conviction. These constitute the core of education.

(d) Managerial competence, therefore, requires a high level of knowledge, skills, attitudes and motivation. Experience contributes significantly to the development of these provided a person can learn from his experience. The role of the education is primarily to develop the ability to reflect and interpret one's experience meaningfully.

(e) Research in the field of learning has also indicated that the creativity of managers is often impeded by perceptual, cultural and emotional blocks. The task of management education is primarily one of changing the manager's attitudes and habits by providing conditions which will remove these blocks and develop the talents he possesses.

(f) The educational types of training programmes should be designed for developing in the executives the analytical and conceptual skills so that they can face unfamiliar situations with confidence. Their aim must be to enable the individual officer to meet any problem arising out of new situations in an ever changing environment.

(g) The programmes organised by the National Institute whether by itself or by other agencies in the field would not be able to make the desired impact unless there is a conscious endeavour to increase the educational value of all formal programmes conducted for the various levels of banking personnel .

(h) Admittedly, the detailed design of the individual programmes will have to be worked out by the faculty in-charge of each programme. All programmes for higher levels would, in the normal course, be designed and administered by the Institute's faculty while the training colleges set up by the individual banks would continue to organise programmes for the other levels. It is, however, necessary that the National Institute works closely with such colleges so as to ensure the quality of these programmes.

### 3.5 Functions

The general nature of the Institute's functions have already been outlined. In specific terms they can

be listed as follows:-

(i) Formulating broad strategy of education, training and research programmes for effective implementation of national banking policies.

(ii) Conducting research in banking and educational and training activities for the higher levels of banking personnel not catered to by the existing institutions.

(iii) Dissemination of information on bank management know-how.

(iv) Reviewing the impact of training and research activity in the banking sector from time to time and recommending ways of filling the gaps by such further programmes as may be necessary.

(v) Undertaking faculty development programmes to ensure an adequate supply of competent trainers to agencies conducting training programmes for the banking industry.

(vi) Maintaining liaison with the commercial banks and rendering assistance on all matters relating to the personnel training and development.

### 3.6 Activities.

In so far as the formal training programmes of banking personnel are concerned, we have outlined in Appendix IV, a general scheme covering both the type of courses and the levels of personnel. Broadly speaking, these programmes are of the following types:-

(i) Orientation and Appreciation Programmes

The primary objective of these programmes is to attune the executives to the newer developments especially in policy areas and to make them conscious of the need for further study and follow up work. Characteristically these programmes attach importance to a survey of current practices with a view to create in the participants sufficient awareness and appreciation of the trends of development in the field concerned.

In the main, the objective of these programmes is to secure enthusiastic participation in schemes designed to develop the banking industry. Essentially, such programmes would be ad hoc in character and cover industry-wide problems and issues. For the present, such programmes could be contemplated for executives at the highest level so that in all major policy matters they set the tone for the banking industry as a whole.

The Working Group has taken note of an observation that the highest officers should be left out of this process since the entire decisional process flows from them. After considering the various pros and cons, we feel that the utility and effectiveness of these programmes would be considerably reduced if the top level are left out. Indeed the experience of many advanced countries suggests that such a coverage is most vital to the entire developmental effort.

(ii) Integrated Programmes in Management Skills

These programmes are primarily intended to develop in the senior personnel an integrated perspective of the management processes in terms of planning, organising, actuating and controlling the operations. Such programmes are of a generalised nature and cut across functional areas of the banking operations. Their emphasis is on developing abilities and skills of applying knowledge to specific situations rather than of merely studying techniques and practices. Because of this approach, these programmes lay primary stress on decision-making as the core of managerial function and the entire content is slanted for achieving this objective.

Programmes of this type seek an integration and balance of the three managerial skills, namely, technical skill, human skill, and conceptual skill.

The technical skill is essentially an ability to apply techniques, methods and procedures to specific situations. To develop such technical skill adequate understanding of the techniques and facility in their use is necessary. Development of the skill, therefore, pre-supposes possession of such knowledge.

The human skill, on the other hand, is ability to communicate with people effectively and to motivate them so as to achieve the performance goals. Such a skill requires a good understanding of human psychology in



terms of why people behave as they do. Current research suggests that providing leadership based on skills of ~~listening~~ with understanding, and of effective communication constitute the essence of the human skill.

The conceptual skill is an ability to examine the various dimensions of an issue in a proper perspective. It requires awareness of the relationship between the operation of an enterprise with the overall economic life of the country and also awareness of the inter-dependence between the various functions of an enterprise. The sphere of influence of one's decisions in terms of the groups within and/or outside the organisation and the futurity of the effect of decisions, which are the twin aspects of the perspective thinking, constitute the essence of conceptual skill.

As already noted earlier, the higher the level of a person in the organisation's hierarchy, the greater is the need for the conceptual skill. Conversely, the lower is the level of the person, the greater is the relevance of technical skill. The integrated programmes in management skills, however, are necessary for all the senior, middle and junior level executives. The relative emphasis on the various types of skills would depend upon the organisational level of the group.

(iii) Functional Programmes

With the changing political and economic situation, in the country, certain sectors of banking operations assume new importance. Currently, such operations relate to agricultural finance, export credit, and small scale industrial finance. In all these areas, special training programmes for translating the general objectives vis-a-vis these sectors into banking practices are urgently needed.

Besides, there is a need for conducting training activity for personnel handling, specialised activities such as bank inspections, compilations of statistics. Inevitably, the personnel to be covered by these programmes are those who actually perform these functions or those who are being groomed for handling them. To the extent that such functional courses are amenable to programmed instruction, their manuals should be prepared and substituted for class room instruction. This would help reducing the burden of formal training specially in view of the large number of officers involved in the banking sector.

3.7 Research Activities

(a) Training and development activities to be academically stimulating and professionally rewarding should, to a large extent, be based on research effort. Without such a base, general principles will appear

unduly vague and not sufficiently practical for guiding the decisions of the commercial bankers. One useful method, for supporting these activities is to have a continuous flow of case material from the field of operations specially processed and designed for educational exercises. Such case research activity should be undertaken by the members of the faculty of all institutions conducting training programmes for banking personnel.

(b) On its part, the National Institute should assume responsibility for planning, co-ordinating and directing such case research, conducted by itself or at the various other institutions.

(c) Besides conducting research in this field, it is necessary to investigate into the general problems of bank management on a regular basis with particular emphasis on research for new opportunities in developing the banking service. Indeed, a continuous review and development of educational programmes to meet the changing needs of banking personnel, is possible only in the context of creative research findings on current problems. The research programmes may, therefore, be needed specially in the following areas: -

- (1) Policy research involving an examination of current practices and evolving alternative approaches.

- (ii) Survey and review type of research covering trends and developments in the banking industry.
- (iii) Research in specific problems of the industry.
- (iv) Research and simulation techniques involving adaptation of foreign experience to indigenous practices and testing the effectiveness of new indigenously developed techniques.
- (v) Research in measuring the impact of training programmes of managers.

### 3.8 Guidance to Individual Banks

(a) To enable the Institute render assistance to individual commercial banks in implementing programmes of management development, it will be necessary for the National Institute to organise itself, perhaps by means of a separate Directorate. The head of this Directorate should work closely with the individual banks and provide advice and technical assistance in implementing the scheme. In particular, it should help in designing measurement tests for employee selection, appraisal programme, conducting morale and productivity studies, measuring the impact of training, streamlining organisational structure, etc.

(b) In addition, the Directorate could undertake the responsibility for arranging training facilities for officers of the smaller banks at the colleges of the major commercial banks. The Directorate could pool available training resources at the various staff colleges and allot seats to the smaller banks. Wherever resources are inadequate, the Directorate could take initiative in formulating plans for increasing the facilities in co-operation with the bigger banks.

(c) The Directorate could also conduct periodical surveys of the management development programmes for banks in terms of the degree of decentralisation achieved, extent of their personnel development, the scope for management succession, nature and extent of personnel utilisation and other problems applicable to the banking sector as a whole.

### 3.9 Communications Programme

Amongst its various activities, the Institute should also act as the central agency for the collection and dissemination of information on bank management know-how. The development of the banking profession in the country will depend considerably upon the penetration of new thought and ideas into the various levels of the banking personnel. For this purpose, it could undertake a number of activities of which a few are outlined below:-

(i) The publication of a journal on bank

management, research reports, case bibliography, an abstract of current periodical literature and a review of new publications on banking.

- (ii) To maintain liaison with the other management institutes and educational institutions imparting instruction in the banking sector, and with Bankers' Associations and Clubs in India and abroad, and publication of a news and views digest.
- (iii) To provide a forum for discussing current banking practices through inter-bank conferences, symposia and research seminars to be arranged from time to time. Also, help individual banks in arranging regional conferences for their officers.
- (iv) To assist Bankers' Clubs in different parts of the country by suggesting constructive programmes to them and arranging speakers for those programmes.
- (v) To compile and publish up-to-date statistics relating to training and development activities in the banking sector.

### 3.10 Organisational set-up of the National Institute

#### (a) Status

Considering that the National Institute would be the highest educational and research agency in the field of banking, it is necessary that the Institute has an independent status so that the work of the Institute is not directed or influenced by any agency, whether governmental or private. The Working Group accordingly recommends that the Institute should be set up as an autonomous body, registered as a non-profit making company under the Companies Act so that it can hold property and enter into contracts in its own name.

#### (b) Governing Board

In view of its functions and activities, the Governing Board of the Institute should consist of representatives of the Government of India, the Reserve Bank, the State Bank, the Commercial Banks, Financial Institutions, the Co-operative Banks, the Indian Institute of Bankers, and Co-opted members. The Governor of the Reserve Bank of India should be the Chairman of the Governing Board with the Director of the Institute as its ex-officio member-secretary. The Governing Board may function through standing and ad-hoc committees.

(c) The Chief Executive

The responsibility for translating the objectives and policies of the Institute into an action programme and for directing the day-to-day work of the Institute should be placed with its Director. In selecting the Director special attention should be paid to his academic achievement as well as practical experience, initiative and enthusiasm to conceive new ideas and programmes, capacity to lead, inspire and motivate the members of the faculty.

(d) Faculty Council

For handling the academic programmes and activities the Director may be supported by a Faculty Council. The main functions of the Faculty Council should be to decide on all academic matters including introduction of new programmes, evaluation of current programmes, revision or development of training programmes, and planning and implementing the various training activities.

As the highest body to advise on all academic issues, the Council should consist of the senior members of the teaching and research faculty. The Director should be the ex-officio President of this Council. The recommendations of the Council should be placed before Governing Board for final approval.



(e) Location of the Institute

In deciding upon the location of the Institute, the Working Group has given consideration to the following factors :-

Availability of space, scope for future expansion, effective linking with the communication system and proximity to the banking community, in particular the Reserve Bank of India. Since most of the programmes of the Institute would be residential, proper services and accommodation would be necessary.

We have carefully examined the various alternatives and the issues involved. We feel that there would be many advantages in locating the Institute in the suburbs of Bombay sufficiently removed from the pressures of the metropolitan life. They are -

- (a) proximity to the Reserve Bank and other important banking institutions,
- (b) effective transport and communication links with the rest of the country,
- (c) easy access of the faculty to the banking industry for field research and vice versa, and

(d) no special disadvantage with respect to availability of space or cost.

(f) The Faculty

Since the entire character and the future of the Institute would depend upon its faculty, the Working Group wishes to emphasise that the utmost care must be taken in selecting the ~~members~~ of its faculty. Apart from educational attainments in their relevant fields of specialisation, the faculty members should either have sufficient practical experience or be helped to develop close familiarity with the problems at the operating level.

In view of the fact that the Institute would deal with both banking policy and practice, the composition of the faculty should represent a good admixture of the academic and practising bankers. The practising bankers should be invited to serve on the faculty as full-time members for limited periods varying from 2-5 years so that their experience is fully drawn on in the operation of the Institute's programmes.

The problem of developing suitable academic faculty is, however, a more difficult one. Since there is a limited number of academic personnel trained in these fields, it will be necessary to

conceive of a faculty development programme during which the faculty members are offered opportunities to study and work at the practical field level. By far this development programme would be most crucial to the success of the proposed National Institute.

The Working Group also feels that the salary scales and other provisions for the faculty should be attractive enough to secure and retain highly competent and experienced persons.

In order to enhance their professional skills, members of faculty should be encouraged to give professional advice to the banks as part of their normal duty. This will not only enrich their teaching experience but also improve the quality of banking knowledge in the country. Each member of the academic faculty should be expected to undertake research as an integral part of his responsibility and the Institute should provide necessary assistance by way of supporting research staff, equipment and other related facilities.

While the details of the faculty requirements will have to be worked out, a tentative list of areas of specialisation are indicated in Appendix IV alongwith other details about the Institute.

### 3.11 Method of Financing

The establishment of an Institute of national importance would inevitably involve considerable

financial outlays both capital and recurring. Considering the national character of this Institute and its importance to the banking policy, we suggest that the capital and recurring costs of the Institute should be borne by the Reserve Bank of India and the Government of India, the State Bank of India and its subsidiaries and other commercial banks with deposits above Rs.25 crores.

#### 4.0 The Bankers Training College

4.1 In the context of the establishment of a National Institute, the Working Group has considered the future role of the Bankers Training College. On a careful consideration, the Working Group has felt that while in the short run the College could continue its activities, its future operations should be merged with the proposed National Institute so that all future training activities are organised within a two-tier system consisting of the National Institute and the colleges of the individual commercial banks.

#### 5.0 Training Colleges of Commercial Banks

5.1 In so far as colleges of commercial banks are concerned, it has already been emphasised that their activities should be strengthened and expanded to meet the training needs of a large number of junior officers. Towards this purpose the National Institute should provide assistance and guidance to the individual

commercial banks for proper organisation and management of their colleges.

5.2 The Working Group also feels that these colleges should be carefully staffed with persons having enthusiasm, creativity and dynamism. As far as possible, the faculty members of the colleges should be on a full-time basis. Experienced managers of the banks with aptitude for teaching may be associated with the faculty of colleges for limited periods of two to five years. However, the number of such loaned officers should not exceed 50 per cent of the total faculty of a college so that the teaching experience is not lost by shifting these persons back to their line duties.

5.3 The range of activities of these colleges should include:-

- (i) Orientation programmes for new recruits with emphasis on rules, procedures, forms and manuals, and policies and programmes.
- (ii) Research in case study of current problems at the operating level.
- (iii) A supervisory management programme for all junior managers with emphasis on human relations skills.
- (iv) A programme in management skills for branch managers and selected junior executives identified for promotion.

- (v) Ad hoc programmes for redundant and inefficient personnel.
- (vi) Functional programmes including those in priority sectors like agriculture, small scale industries and foreign trade.

5.4 The executives placed in charge of the banks' development programme should maintain a close liaison and relationship with the Principal of the staff college in selecting candidates for training, designing training programmes for different groups of employees, suitably placing the trainees after training and evaluating their performance on the job. For this purpose, it would be necessary to have a complete record of performance of each trainee and to give recognition in placement and promotion for the training received.

#### 6.0 The Indian Institute of Bankers

6.1 The Indian Institute of Bankers, as noted earlier, has been doing useful work by conducting examinations for its members and awarding certificates to successful bank employees. The Working Group has noted that the Institute has been progressively improving library and reading room facilities and organising intensive lecture programmes with a view to assisting candidates in preparing themselves for the examinations. The Working Group, however, feels

that some formal training could be imparted to the candidates in order to improve the standards of their performance in the examinations. Since lecture programmes cannot be organised at the large majority of centres in semi-urban and rural areas, a system of correspondence courses could perhaps improve the present situation and the proposed National Institute could render assistance in designing such a programme. At any rate the Working Group suggests that the Indian Institute of Bankers be requested to examine this proposal fully in the light of the overall training, education and development programme visualised for the banking industry.

#### 7.0 Training Facilities for Smaller Banks

7.1 While the senior officers of the smaller banks would be offered training facilities at the National Institute, the problem of training the large number of their officers at the middle and junior level remains. Since most of the smaller commercial banks cannot afford to maintain separate training colleges of their own, it is necessary to make arrangements for training and development of their officers. The Working Group, therefore, recommends that the bigger commercial banks should provide accommodation and facilities for training officers of these smaller banks in their respective

colleges and also provide opportunities for on-the-job training. Such a practice would not only upgrade the quality of the personnel of the smaller banks but also link them more effectively with national banking system. The Working Group also records with satisfaction that almost all the bigger commercial banks have agreed with this proposal and offered their services for training officers of the smaller banks.

#### 8.0 Training of Officers of Foreign Banks

8.1 The Working Group has noted that the foreign banks do not have separate institutional arrangements for training their staff in India. The Group, therefore, suggests that they make suitable arrangements, individually or collectively, for training their junior staff. In so far as the higher levels of their personnel are concerned, they may participate fully in the programmes of the proposed National Institute.

#### 9.0 Launching the Training Programme

9.1 Finally, the Working Group suggests that in order to launch the entire training and development programme, conferences of the chairmen and directors of the commercial banks should be convened. The main objective of these conferences should be to discuss ways and means of translating the social objectives of banking into an



action programme. These conferences should also discuss the various issues relating to the development of the banking profession and the proposed training activities.

9.2 The first of these conferences should cover all the banks whose deposits are in excess of Rs.25 crores and the second cover all other banks. The conclusions of these conferences should be circulated as widely as possible to the banking community.

9.3 The Working Group also suggests that such conferences for discussing industry-wide problems at the highest level should be arranged every year regionally or centrally by the proposed National Institute and, until its establishment, by the Reserve Bank.

9.4 There is, in addition, the important transitional period pending the establishment of the National Institute. Since the initial activities will, in large part, influence the character of the training programme, we recommend that suitable arrangements and facilities be provided to undertake the various activities.

9.5 In this connection, the Working Group also suggests that the responsibility for implementing these various recommendations, should be placed with

an ad hoc committee to be assisted by an officer as the Project Administrator. This will enable a proper and speedy follow-up action on the entire programme.

9.6 In conclusion, we believe that the various measures suggested in the report will be able to help a great deal towards the professionalization of the banking industry.

#### 10.0 Acknowledgements

10.1 We acknowledge with gratitude the help and willing cooperation, extended to us by the commercial banks. We also express our thanks to the various individuals who shared with us their experience and thoughts on matters relating to the development of the banking profession.

10.2 The task of the Working Group was greatly facilitated by the labours put in by a sub-group composed of Dr.V.A. Pai Panandiker, Professor Varanasy S. Murty and Shri J.S.Ahluwalia at various stages including the preparation of the draft report. We would also like to place on record our appreciation of the valuable assistance received from Shri Ahluwalia and his staff.

Sd/-

( B.N. Adarkar )  
Chairman.

Sd/-

( N.M. Chokshi )  
Member.

-64-

Sd/-  
( T.A. Pai )  
Member

Sd/-  
(Varanasy S. Murty)  
Member

Sd/-  
(V.A.Pai Panandiker)  
Member

Sd/-  
(D.N. Maluste)  
Member

Sd/-  
(J.S. Ahluwalia)  
Member-Secretary.

Bombay, May 8, 1968.

APPENDIX I

Names of persons who had discussion with the Working Group

Individuals having experience/knowledge of training / education of banking personnel or allied fields.

1. Dr.K.S.Basu, Director, Jāmnalal Bajaj Institute of Management Studies, University of Bombay, Bombay.
2. Shri R. S. Bhatt, Chairman, Unit Trust of India, Bombay and former Managing Director of the Maharashtra State Financial Corporation.
3. Shri K.T. Chandy, Chairman, Food Corporation of India and former Director of the Indian Institute of Management, Calcutta.
4. Shri V. T. Dehejia, Chairman, State Bank of India, Bombay.
5. Prof. Ishwar Dayal, Indian Institute of Management, Ahmedabad.
6. Dr. N. C. Mehta of the Syndicate Bank Ltd., (an expert in agricultural finance).
7. Shri P. L. Tandon, Chairman, Hindustan Lever Ltd., Bombay.

Chief or senior executives of commercial banks/  
co-operative banks.

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Commercial banks (Indian)

8. Shri B. K. Dutta, Chairman, United Bank of India Ltd., Calcutta.
9. Shri V. K. Hardikar, Instructor, Bank of India Ltd., and Bank of Baroda Ltd. Staff Training College, Bombay -6.
10. Shri S.B. Kaji, Deputy General Manager, Bank of India Ltd., Bombay.
11. Shri G. Lakshminarayanan, Chairman, Indian Bank Ltd., Madras.
12. Shri F.K.F. Nariman, Chairman, Union Bank of India Ltd., Bombay.

13. Shri V.C. Patel, Chairman, Central Bank of India Ltd., Bombay.
14. Shri Ramanand Rao, Managing Director, State Bank of India, Bombay.
15. Shri R. B. Shah, Chairman, United Commercial Bank Ltd., Calcutta.
16. Shri B. K. Vora, Deputy General Manager, Punjab National Bank Ltd., New Delhi.

Commercial banks (Foreign)

17. Mr. James Russel, Chief Manager for India, Chartered Bank, Calcutta.
18. Mr. J.O. Sims, Manager, Bank of America National Trust and Savings Association, Bombay.

Co-operative banks/individuals having knowledge or experience of co-operative banking.

19. Shri G. M. Laud, Editor, Financial Express and a former executive of a co-operative bank.

Principals of Training Establishments

20. Shri B. D. Kasbekar, Principal, Bankers Training College, Bombay.
21. Shri R. S. Khambata, Principal, Staff Training College of the Union Bank of India Ltd. and former Principal of the Bankers Training College.
22. Shri J. S. S. Malelu, Principal, Sir Sorabji Pochkhanawala Bankers Training College, Bombay ( a college run by the Central Bank of India Ltd. and the Dena Bank Ltd. jointly).
23. Shri Balwant Singh, Principal, State Bank of India Staff Training College, Hyderabad.
24. Shri T. A. Vaswani, Principal of the Staff Training College of the Bank of Baroda Ltd., Ahmedabad and former Principal of the Bankers Training College, Bombay.

Indian Banks' Association

25. Shri S.G. Shah, Secretary, Indian Banks' Association, Bombay.

Principals of Commerce College etc.

26. Dr. B.R. Dhekney, Principal of Sydenham College of Commerce & Economics, Bombay.
27. Dr. S.K. Muranjan, Former Principal of the Sydenham College of Commerce & Economics, Bombay.

Officers of the Reserve Bank of India

28. Shri V. M. Jakhade, Deputy Economic Adviser, Economic Department, Reserve Bank of India, Bombay.
29. Shri V. G. Pendharkar, Economic Adviser, Economic Department, Reserve Bank of India, Bombay.

Shri D. L. Mazumdar, I.C.S.(Retd.), Chairman, West Bengal Industrial Development Corporation, Calcutta, sent a written memorandum on the subject.

Bankers Training College, Bombay

The College was established by the Reserve Bank of India in 1954 to impart practical training in banking to the supervisory staff of commercial banks. It was set up with the assistance of two experts from the Midland Bank whose services were obtained under the Colombo Plan. It is a residential institution. The Reserve Bank has constituted an Advisory Council to assist it in running the College. The composition of the Council is given in the annexure.

2. Faculty of the College - The faculty consists of the Principal and eleven Instructors. It includes Instructors with experience of commercial and cooperative banking.

3. Accommodation available in the College - In the College, there are two Lecture Rooms, twelve Group Rooms, one Assembly Room, in addition to the accommodation for the faculty, office, stores, library, stationery, etc. In the hostel, there are 44 rooms which can accommodate 88 trainees at a time.

The College conducts three courses at a time with 25/30 trainees in each course.

4. The College at its commencement in 1954 conducted only one course in banking. Its activities have increased gradually to meet the requirements of banks. It now

**conducts** the following six courses for the supervisory staff of commercial banks :-

- (I) SENIOR COURSE IN BANKING - Commenced in September 1954.  
(for Branch Agents, Managers and other officers of commercial banks).
- (a) Duration of the course - Ten weeks.
- (b) No. of trainees per course - 30 or so.
- (c) Teaching staff - Staff of the College. Visiting speakers from the Reserve Bank of India, commercial banks and other institutions.
- (d) Syllabus - Economic background. Role of banks in the economy. Central banking with particular reference to the Reserve Bank of India. Banking Regulation Act, Negotiable Instruments Act and other enactments having bearing on operations of banks. General Principles of lending. Advances against various securities. Clean loans. Analysis and interpretation of balance sheets. Investments. Foreign exchange and finance of foreign trade. Industrial finance. Co-operation. Customer-service. Accounting and Auditing. Internal audit and branch control. Functions and working of Reserve Bank and Associate Institutions. Principles of management. Personnel relations. Practical exercises on various subjects.



Other features

- Talks by visiting speakers on subjects of interest to bank officers. Short talks by trainees. Impromptu banker and customer interview. Visits to factories, the Port Trust, etc. Educational films.

(II) INTERMEDIATE COURSE  
(for Accountants or Supervisors of Commercial banks).

- Commenced in September 1960.

(a) Duration of the Course

- Eight weeks.

(b) No. of trainees per course

- 25 or so.

(c) Teaching staff

- Staff of the College.

(d) Syllabus

- Economic background. Functions of a modern commercial bank and of a central bank. Banking law and ~~and~~ practice. Deposit accounts. Payment and collection of cheques. Remittances. Safe custody. Inland bills. Advances. Investments. Bank Accounts. Foreign Exchange. Functions and working of the Reserve Bank of India. Co-operation. Business correspondence. Practical exercises on various subjects. Visits to a factory and the Clearing House. Tutor's Quiz. Question Bee.

(III) INDUSTRIAL FINANCE COURSE  
(for the supervisory staff of the Financial Corporations and commercial banks)

- Commenced in July 1960.

(a) Duration of the course

- Eight weeks.

(b) No. of trainees per course

- 25 or so.

(c) Teaching Staff

- Staff of the College. In addition, the services of an officer from one of the Financial Corporations were obtained on a deputation basis for the first two courses. Officers of the Industrial Development Bank of India, the Industrial Finance Department of Reserve Bank, Financial Corporations etc., give talks in the course.

(d) Syllabus

- Economic Background - Basis of sound industrial development. Industrial Development in India. Industrial policy resolutions. Industries (Development and Regulation) Act, 1951- Tariff policy and protection. Structure of Indian industry - Investment in industry - Capital needs of industrial undertakings. Law - Indian contract Act, 1872. Indian sale of Goods Act, 1930. Indian Partnership, Act, 1932. Law relating to income-tax with special reference to company taxation. Business Organisation. Accounts - accounts of a proprietary concern, partnership and a company. Analysis and interpretation of balance sheets. Industrial Finance - agencies for industrial finance in India - special problems of small scale industries and financial assistance to small industries by Government. Functions of the National Small Industries Corporation. State Aid to Industries Rules- Activities of the Small Scale Industries Board, etc. - Integrated Scheme of Institutional Credit and role of the State Bank of India - Credit

Guarantee Scheme - financing of industries in some selected countries e.g. U.K., U.S.A., Japan, Australia. Appraisal of industrial projects. Working of the Finance Corporations - different stages of the procedure followed for sanctioning and disbursing loans - problems of State Financial Corporations regarding resources, management, taxation, etc. Investment of funds - policy and criteria, technique of underwriting, practical work - completion of application forms for advances - analysis and interpretation of balance sheets, completion and execution of documents - imposition of terms and conditions.

Other Features

- Visits to two or three industrial undertakings financed by the Industrial Finance Corporation or Maharashtra State Financial Corporation. Reports of such visits. Case studies. Preparation and reading of 'Papers'.

(IV) FOREIGN EXCHANGE COURSE

(for officers of commercial banks dealing in foreign exchange business)

- Commenced in September 1962.
- (a) Duration of the Course - Six weeks.
- (b) No. of trainees - 25 or so.
- (c) Teaching Staff - Staff of the College and Visiting speakers, from other institutions. Members of the Staff of the College pay visits to foreign banks to keep themselves in touch with the latest developments in the field of foreign exchange.

(d) Syllabus

- General principles of Foreign Exchange and Exchange Arithmetic. Organisation of a foreign exchange department. Detailed study of the working of various sections - Bills and Documentary Credits - Remittances (inward and outward) and Travel - Agency arrangements and foreign branches. Exchange Dealings - Exchange Accounts - Credit, Trade and Travel Information. Exchange Control. Nature of India's foreign trade and balance of payments.

(V) COURSE ON PERSONNEL AND ORGANISATION  
(for officers of commercial banks)

Commenced in August 1964

(a) Duration

-Four weeks.

(b) No. of trainees

-28 or so.

(c) Teaching Staff

-The talks are, by and large, given by outside experts on different subjects.

(d) Syllabus.

- Management - Its scope and objectives. Behavioural science in management - Organisation and administration - Functions and scope of personnel administration. Industrial Relations - Trade Union movement - Code of discipline and grievance procedure - Methods of settlement of disputes - Discipline and disciplinary action - Labour Legislation - Welfare activities - Important provisions of the National Tribunal (Bank Award) and Award relating to bonus. Bipartite settlement. Case studies. Education and training in the field of 'Bank Management'.

(VI) COURSE ON  
AGRICULTURAL  
FINANCE

(for managerial staff of commercial banks).

The pilot course commenced on the 18th December 1967.

(a) Duration

Seven weeks.

(b) No. of trainees

34 (in the pilot course)

(c) Teaching Staff

Staff of the College, Officers of the Agricultural Credit Department, Rural Economics Division of the Reserve Bank and the Agricultural Refinance Corporation, officers of Commercial banks possessing experience of agricultural finance, officers of the Government of India and the Government of Maharashtra and other experts.

(d) Syllabus

Rural Economics. Role of agriculture in economy. Programmes of agricultural development. Technical background relating to agricultural production. General aspects of agricultural legislation and reforms in India. Credit requirements of agriculturists and co-operatives. Private and institutional agencies for provision of agricultural credit. Financing of short-term, medium-term and long-term needs. Role of State Bank of India in financing co-operative institutions. Role of the Reserve Bank of India in providing short-term and medium-term finance. Role of the Reserve Bank in regard to provision of long-term finance. Appraisal of loan applications of primary credit societies by co-operative banks. Procurement of foodgrains. Role of various agencies.

Agricultural Refinance Corporation. Functions and working. Financing of major agricultural development projects. Schemes for development of plantation crops. Schemes for development of land. Schemes for development of allied agricultural activities. Method of appraisal of schemes - cost-benefit survey economic and technical feasibility. Scrutiny of loan proposals. Agricultural finance by commercial banks in financing agriculture directly and indirectly. Principles of lending with particular reference to agricultural finance. Practices and procedures in financing agriculture. Financing of the procurement, storage and distribution of fertilisers and other inputs. Financing of agro-industries by commercial banks and other agencies. Role of commercial banks in financing of processing and marketing of agricultural produce. Various schemes for providing agricultural credit formulated by the State Bank of India and other commercial banks. Visits to co-operative institutions and farms.

5. An ad-hoc course for the supervisory inspection staff of commercial banks.

In response to requests from representatives of banks, the Reserve Bank organised a course of two weeks' duration for the supervisory inspection staff of medium and small sized commercial banks. The course covered techniques and procedures of inspections.

6. Courses for the managerial staff of co-operative banks

The College also conducts following courses in banking for the managerial staff of cooperative banks for the time being, i.e. till a separate college for the managerial staff of cooperative banks is set up:-

(I) COURSE FOR THE MANAGERIAL STAFF OF STATE AND CENTRAL COOPERATIVE BANKS

- Commenced in October 1965.

(a) Duration of the course

- Ten weeks.

(b) No. of trainees

- 30 or so.

(c) Teaching Staff

- Staff of the College. Officers of the Reserve Bank and visiting speakers.

(d) Syllabus

- Economic background - Principles of rural economics. - Role of commercial and cooperative banks in the economy - Role of Reserve Bank of India and State Bank of India in rural credit. Practice and law of banking - Legislation relating to cooperative banks/societies - Sources of funds - Employment of funds. Investments. Advances - general principles - securities- procedure followed in making short/medium/long term loans. Book-keeping and accounting system in banks - control and supervision over branches - Role of a central co-operative bank as the central financing agency in a district - its relationship with the State Co-operative Bank and primary level institutions.

3 weeks practical training in cooperative and commercial banks. Principles of management.

/safe

Inland bills-Securities and  
Book-keeping and accounting  
system in banks - system of  
control and check over  
accounts - inter-branch  
and head office accounts.  
Control and supervision of  
branches. Investments -  
principles and procedures.

Advances - general principles  
and procedures - Securities.

Legislation relating to  
co-operative banks/societies.

Practical training in  
commercial and co-operative  
banks. Reserve Bank  
inspections.

Role of the Chief Executive  
Officer - in managing an  
urban co-operative bank: -  
his duties in relation to  
the Board, the customer and  
the staff. Practical



Other features

- Visits to the clearing house, a safe deposit vault and a factory.

7. Teaching techniques followed in the College.

Apart from the usual lecture - discussion method, techniques such as syndicate studies, case studies, tutors' quiz, question bees, are followed depending upon the nature of the subject to be covered.

8. Total number of officials of banks who have received training in the College.

The total number of officials of commercial banks who have received training in the College from its inception to February 1968, was 2,780 made up as under :-

<u>Course</u>	<u>No. of officials</u>
(1) Senior Course ...	1,500
(2) Intermediate Course ...	767
(3) Industrial Finance Course ...	185
(4) Foreign Exchange Course ...	163
(5) Course on Personnel and Organisation. ...	107
(6) Ad-hoc Course for the supervisory inspection staff of commercial banks ...	25
(7) Course on Agricultural Finance ...	33
	<u>2,780</u>

The total number of officials of co-operative banks who have received training in the College was 185 made up as under :-

(1) Managerial staff of state and central co-operative banks	154
(2) Managerial staff of urban co-operative banks	31
	<u>185</u>

9. Cost of training per trainee per course

The cost of training per trainee per course works out approximately as detailed below :-

	<u>Rs.</u>
(i) Senior Course (ten-week course)	1,500
(ii) Intermediate Course (eight-week course)	1,200
(iii) Foreign Exchange Course (six-week Course)	900
(iv) Industrial Finance Course (eight-week Course)	1,200
(v) personnel and Organisation Course (four-week course)	1,200 (Recovered in full)

The hostel charges at present work out to about Rs.75.00 per week per trainee in respect of the above-mentioned courses.

The basis of recovery of **tuition** costs and hostel charges from the banks in respect of courses (i) to (iv) is as follows :-

Commercial Banks

(i) Tuition costs - The Reserve Bank bears 50% of the **tuition** costs in respect of officials of Class 'A' and 'B' commercial banks i.e. banks having working funds of Rs.7½ crores and above.

The Reserve Bank bears the entire **tuition** costs in case of officials of Class 'C' banks i.e. those who have working funds below Rs.7½ crores.

- |                           |   |
|---------------------------|---|
| (ii) Hostel Charges       | These charges are borne fully by the banks deputing officers for training to the College. |
| (iii) Travelling expenses |   |

Co-operative banks

(i) **Tuition** Costs - The Reserve Bank bears the entire **tuition** cost.

(ii) Hostel charges - For the purpose of recovery of hostel charges, the banks are divided into the following three categories :-

- (a) Class 'A' banks i.e. those with paid-up share capital, reserves, etc. i.e. 'owned funds' of Rs. 1 crore and over.
- (b) Class 'B' banks i.e. those with paid-up share capital, reserves etc. i.e. 'owned funds' between Rs. 1 crore and Rs.25 lakhs.
- (c) Class 'C' banks i.e. those with paid-up share capital, reserves, etc. i.e. 'owned funds' of less than Rs.25 lakhs.

The basis of recovery is as under :-

- (a) Class 'A' banks pay the hostel charges in full.
- (b) Class 'B' banks pay 2/3rd of the hostel charges, the remaining 1/3rd being borne by the Reserve Bank.
- (c) Class 'C' banks pay 1/3rd of the hostel charges, the remaining 2/3rd being borne by the Reserve Bank.

(iii) Travelling expenses.

- (a) Travelling expenses to and from Bombay are borne by the banks deputing officials for training.
- (b) Travelling expenses on tours arranged by the College in the course of training are borne by the Reserve Bank.

ANNEXURE

ADVISORY COUNCIL FOR TRAINING OF BANKING PERSONNEL

PRESIDENT

1. Shri L. K. Jha Governor, Reserve Bank of India.

VICE PRESIDENTS.

2. Shri B. N. Adarkar Deputy Governor, Reserve Bank of India.
3. Shri A. Baksi Deputy Governor, Reserve Bank of India.
4. Shri J. J. Anjaria Deputy Governor, Reserve Bank of India.
5. Shri P. N. Damry Deputy Governor, Reserve Bank of India.

MEMBERS.

6. Shri R. K. Seshadri Executive Director, Reserve Bank of India.
7. Shri D. N. Maluste Executive Director, Reserve Bank of India.
8. Shri K.M.D. Thackersey Chairman, Indian Banks' Association, Bombay.
9. Shri V. C. Patel Chairman, Central Bank of India Ltd., Mahatma Gandhi Road, Fort, Bombay -1.
10. Shri T. D. Kansara Chairman, Bank of India Ltd., Bombay.
11. Shri R. K. Talwar Managing Director, State Bank of India, Bombay Circle, Bombay.
12. Mr. A. A. Norrie Manager, Chartered Bank, Bombay.

13. Shri N.M. Chokshi. Chairman,  
Bank of Baroda Ltd.,  
Bombay.
14. Mr. R.S. Rees. Manager,  
National & Grindlays Bank Ltd.,  
Bombay.
15. Shri Pravinchandra V. Chairman,  
Gandhi. Dena Bank Ltd.,  
Bombay.
16. Shri G. Lakshminara- Chairman,  
yanan. Indian Bank Ltd.,  
Madras.
17. Dr. B. R. Dhekney. Principal,  
Sydenham College of Commerce  
and Economics,  
Bombay.
18. Shri S.N. Sen Gupta. Chief Secretary,  
Indian Institute of Bankers,  
Bombay.
19. Shri V. M. Joglekar. General Manager,  
Maharashtra State Co-operative  
Bank Ltd.,  
9, Bakehouse Lane,  
Fort,  
Bombay -1.
20. Dr. P. Natesan. General Secretary,  
Tamil Nadu Co-operative Union,  
Near Walajah Bridge,  
Madras -9.
21. Shri B.D. Kasbekar. Principal,  
Bankers Training College,  
(Member-Secretary).

APPENDIX III.

Particulars of the training institutions  
of commercial banks.

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(1) State Bank of India

(i) Name of the College : Staff Training College,  
Hyderabad.  
Established : 1961  
Resid- " 1.

(ii) Faculty : Principal and six  
Instructors. All from  
the bank. For purposes  
of faculty development,  
the bank arranges  
programmes, seminars and  
conferences.

(iii) Courses conducted : (i) Intermediate Course for  
Probationary Officers.  
(ii) Trainee Officers'  
Course.  
(iii) Special Course for  
Staff Officers on  
probation.  
(iv) Middle Management  
Programme - Special  
Courses on subjects  
like foreign exchange,  
provision of credit to  
small scale industries,  
staff relations, etc.

The duration of these  
courses is six to eight  
weeks. The subjects covered  
in these courses are law  
and practice of banking,  
banking and accounting  
procedures, basic economic  
concepts, money and banking  
international trade and  
personnel management. In  
the middle management  
programme, an opportunity  
is given to the participants  
to have insight into the  
various aspects of management  
science.

In addition, special courses on subjects such as foreign exchange, provision of credit to small scale industries are held for the officials who handle or likely to handle such work at the bank's branches.

Short seminars for relatively senior officers on subjects such as training of personnel, foreign exchange, staff relations, are held from time to time.

- (iv) Number of officials trained in a year. 400 or so.
- (v) Total number of middle and junior level officers for whom orientation/training is considered necessary by the bank. 2365
- (vi) Total number of offices of the bank as on the 31st December 1967. 1467
- (vii) Main difficulties in expanding training facilities. Shortage of accommodation.

(2) Bank of India Ltd.

- (i) Name of the College : The Bank of India Ltd. and Bank of Baroda Ltd. Staff Training College, Bombay.  
Non-residential.  
The Bank had training centres at Ahmedabad and Calcutta. They have been discontinued since August 1967.
- (ii) Faculty : Principal and nine Instructors.  
The Instructors are officers of the Bank of India Ltd./ Bank of Baroda Ltd. Arrangements have

been made with outside experts for talks on management, law etc. The College deputed some members of the faculty to other institutions like the Administrative Staff College of India, Hyderabad.

- (iii) Courses conducted : (a) Senior course in banking.  
(b) Intermediate course in banking .
- (iv) Number of officials of the Bank of India Ltd. trained in a year. 84 or so.
- (v) Total No. of middle and junior level officers for whom orientation/Training is considered necessary by the bank. 1,289
- (vi) Total No. of offices of the bank as on the 31st December 1967. 220
- (vii) Future plans The bank has taken steps to establish a residential training college in a suburb of Bombay. The college is expected to commence functioning from June 1969.
- (viii) Main difficulties in expanding training facilities. (a) Inadequacy of space.  
(b) Paucity of suitable, qualified and experienced Instructors.  
(c) Difficulty in sparing man-power for training.  
(d) Additional financial burden.

(3) Bank of Baroda Ltd.

(i) Name of the bank

(ii) Year of establishment



Staff Training College,  
Bombay.  
Non-residential.

(b) Bank of Baroda Ltd.  
Staff Training College,  
Ahmedabad.  
Non-residential.

(ii) Faculty :

(a) Details of faculty  
are the same as those  
given under Bank of  
India Ltd.

(b) Principal and six  
Instructors. The  
members of the faculty  
visit the bank at  
periodical intervals  
to familiarise them-  
selves with changes  
in routine and proce-  
dures. Some of them  
visit the Bankers  
Training College,  
Bombay as observers.

(iii) Courses conducted :

(a) Details of the courses  
conducted are the  
same as those given  
under Bank of India  
Ltd.

(b) Intermediate Course  
in banking.

(iv) Number of officials  
of the Bank of Baroda  
Ltd. trained in a  
year :

(a) 84 or so.

(b) 40 or so.

(v) Total number of middle 1509  
and junior level  
officers for whom  
orientation/training  
is considered nece-  
ssary by the bank :

(vi) Total number of offices 307  
of the bank as on the  
31st December 1967.

(vii) Main difficulties in expanding training facilities : Lack of space and paucity of trained Instructors.

(4) Central Bank of India Ltd.

(i) Name of the College : Sir Sorabji Pochkhanawala Bankers Training College, Bombay. (Jointly with the Dena Bank Ltd.) Non-residential.

(ii) Faculty : Principal and four Tutors (two from each bank).

(iii) Course conducted : Intermediate Course in banking.

(iv) Number of officials of the Central Bank of India Ltd. trained in a year. 60

(v) Total number of middle and junior level officers for whom orientation /training is considered necessary by the bank. 482

(vi) Total number of offices of the bank as on the 31st December 1967. 465

(vii) Future plans : The bank proposes to extend training facilities in the present college.

(viii) Main difficulty in expanding training facilities. Shortage of accommodation.

(5) Dena Bank Ltd.

(i) Name of the College: Sir Sorabji Pochkhanawala Bankers Training College, Bombay (Jointly with the Central Bank of India Ltd.)

Non-residential.

(ii) Faculty : Details of the faculty and the courses conducted

(iii) Courses conducted are the same as those

given under the Central  
Bank of India Ltd.

- (iv) Number of officials of Dena Bank Ltd. trained in a year. 40 or so
- (v) Total number of middle and junior level officers for whom orientation/training is considered necessary by the bank. 883
- (vi) Total number of offices of the bank as on the 31st December 1967. 186
- (vii) Future plans -The bank proposes to extend the training facilities in the college by introducing courses for middle level officers and short courses as well as seminars and conferences for senior level officers.

(6) Punjab National Bank Ltd.

- (i) Name of the College Staff Training College, Delhi. Non-residential.
- (ii) Faculty - Principal and six Instructors. All from the bank. Arrangements have been made with outside experts for talks on management, law, etc.

benefit of

Outside experts are invited to run short courses for the members of the faculty. Some of the members of the faculty are also sent to the Colleges run by the Reserve Bank of India and bigger commercial banks as also to the Business Administration course conducted by the Delhi University.

- (iii) Courses conducted
- For Managers :-
- (a) Management Course.
  - (b) Course on Industrial Advances.
  - (c) Foreign Exchange Course.
- For Accountants :-
- (a) Several courses on banking practices and procedures.
  - (b) Course on management, economic trends and law.
- (iv) Number of officials trained in a year. 90 or so.
- (v) Total number of middle and junior level officers for whom orientation/training is considered necessary by the bank. 864
- (vi) Total number of offices of the bank as on the 31st December 1967. 508
- (vii) Future plans :
- The bank proposes to -
  - (a) extend training in foreign exchange for middle level personnel.
  - (b) start a course in general management with emphasis on human relations and personnel management, and
  - (c) introduce courses on agricultural finance and finance for small scale industries.
- (viii) Main difficulty in expanding training facilities : Lack of trainers.

(7) United Commercial Bank Ltd.

- (i) Name of the College - Staff Training College, Calcutta. Residential.
- (ii) Faculty : - Three or four regular officers. Also lecturers on a part-time basis selected from among officers posted in Calcutta. During sessions part-time lecturers are recruited from outside to give talks on accountancy, auditing etc.
- (iii) Courses conducted - A banking course for officers of the level of Accountants and junior managers. Practical training is arranged in a large-sized branch and at head office.
- (iv) Number of officials trained in a year. 19
- (v) Total number of middle and junior level officers for whom orientation/training is considered necessary by the bank. 392
- (vi) Total number of offices of the bank as on the 31st December 1967. 282
- (vii) Future plans
- The bank proposes to
- (a) widen training facilities at its training establishment at Calcutta and to extend these to other important centres in India and
- (b) make increasing use of the training facilities offered by the Bankers Training College, the Institutes of Management, the Administrative staff

College of India and by banks overseas.

(viii) Main difficulties in expanding training facilities.

(a) Difficulties in making suitable relieving arrangements for the staff selected for training.

(b) Resistance from the employees concerned or their unions.

(8) United Bank of India Ltd.

(i) Name of the College :

Staff Training College, Calcutta. Established: 1964. Non-residential.

(ii) Faculty :

Superintendent and three Instructors. All are officers of the bank.

(iii) Courses conducted :

(a) Junior Course in banking for middle level personnel.

(b) Senior course in banking for branch agents.

(c) Course in banking for branch accountants.

(d) Security Course for agents, accountants and security officers.

(e) Mixed Course for chartered accountants, economists, engineers and others who have no banking experience.

Talks on staff control, reporting etc. are also arranged.

(iv) Number of officials trained in a year

200 or so.

(v) Total number of middle and junior level officers for whom orientation/training is considered

746

(vi) Total number of offices of the bank as on the 31st December 1967. 164

(vii) Future plans : A residential centre for the training of senior officials and a few important concentrated courses for the other groups.

(9) The Indian Overseas Bank Ltd.

(i) Name of the College : Staff Training College, Madras.  
Established : 1957.  
Residential for trainees from mofussil areas.

(ii) Faculty : Principal and two Tutors. The Principal has thus far been recruited from outside. The Tutors are officers of the bank. Specialists from outside are also invited for giving talks to the trainees.

(iii) Courses conducted :

- (i) Induction Course for Probationary Officers.
- (ii) Pre-confirmation course for Probationary Officers.
- (iii) Refresher Course for Officers.
- (iv) Foreign Exchange Course for Officers.
- (v) Intermediate course for Junior Officers.
- (vi) Accountants' Course. A commodities museum is maintained at the College with a record of the history of each commodity and the market conditions.

(iv) Number of officials trained in a year. 45

(v) Total number of middle and junior level officers for whom orientation/training

is considered necessary 191  
by the bank.

(vi) Total number of offices 163  
of the bank as on the  
31st December 1967.

(vii) Future plans : The bank proposes to  
start organised training  
programme for its senior  
and middle level personnel.

(viii) Main difficulty in Inadequate strength of  
expanding training teaching faculty.  
facilities.

(10) Union Bank of India Ltd.

(i) Name of the College : Union Bank of India Staff  
Training College, Bombay-  
Residential.

(ii) Faculty : Principal and four Tutors.  
The Principal is an  
experienced banker.  
Possesses teaching  
experience. The tutors  
are from within the bank.

(iii) Courses conducted: (i) Refresher Course.  
(ii) Senior Course.  
(iii) Intermediate Course.  
(iv) Junior Course.

The bank had arranged in  
the past refresher courses  
for its agents in charge  
of big and medium sized  
branches.

(iv) Number of officials 64  
trained in a year.

(v) Total number of 655  
middle and junior  
level officers for  
whom orientation/  
training is considered  
necessary by the bank.

(vi) Total number of 174  
offices of the bank  
as on the 31st  
December 1967.



(11) Canara Bank Ltd.

- (i) Name of the College : Staff Training School,  
Bangalore - Non-residential  
The venue of the school  
has been shifted from  
time to time to  
(i) Hyderabad  
(ii) Trivandrum  
(iii) Madurai (iv) Bombay.
- (ii) Faculty : Two Instructors (some  
times assisted by a  
third Instructor).
- (iii) Course conducted : Senior Course in banking.
- (iv) Number of officials trained in a year. 80 or so.
- (v) Total number of middle and junior level officers for whom orientation/training is considered necessary by the bank. 693
- (vi) Total number of offices of the bank as on the 31st December 1967. 250
- (vii) Future plans. The bank proposes to  
(a) formulate and run a refresher course (or an orientation course) for branch managers and superintendents of smaller and average-sized branches (the course contents will be of a slightly higher standard than the present senior course).  
(b) draft outside experts to take up lectures on specialised subjects, and  
(c) convert the staff training centre into a residential school.

(12) State Bank of Saurashtra.

- (i) Name of the College : State Bank of Saurashtra Staff Training School, Bhavnagar (Gujarat). Residential.
- (ii) Faculty : Two including one Chief Instructor. Members of the faculty are from the bank. The Instructors are sent to the Staff Training College of the State Bank of India either as observers or participants in the faculty development programme.
- (iii) Course conducted : A course in banking for junior officers (apart from courses for the clerical staff).
- (iv) Number of officials trained in a year. 30 - in the only course conducted in 1967.
- (v) Total number of middle 168 and junior level officers for whom orientation/training is considered necessary by the bank.
- (vi) Total number of offices 82 of the bank as on the 31st December 1967.
- (vii) Future plans. The bank has decided to reorient the training courses and reduce their duration so that more staff could be trained at the existing institutions.

The bank's personnel at senior and middle levels are sent for training in the Regional Schools and the College at Hyderabad run by the State Bank of India. The total number of staff sent for training in these institutions during the last three years was 39.

(13) State Bank of Mysore

- (i) Name of the College - State Bank of Mysore Staff Training School, Bangalore. Non-residential.
- (ii) Faculty - One
- (iii) Course conducted - Senior course for junior officers.
- (iv) Number of officials trained in a year. - 25 or so.
- (v) Total number of middle and junior level officers for whom orientation/training is considered necessary by the bank. 242
- (vi) Total number of offices of the bank as on the 31st December 1967. 108

The bank is availing itself of the training facilities extended by the Regional Schools and the Staff Training College at Hyderabad run by the State Bank of India for training its senior and middle level personnel. The number of staff deputed to the various training courses conducted by the above institutions during the last three years was 28.

(14) State Bank of Patiala

- (i) Name of the College - Staff Training School, Patiala. Established : 1966. Residential.
- (ii) Faculty - One - The Senior Officers at the bank's Head Office also address the trainees on various subjects.

- |   |  |
|---|--|
| (iii) <u>Course conducted</u> :   | A Junior Officers' Course in banking, staff relations and office management. |
| (iv) Number of officials trained in a year.   | 19   |
| (v) Total number of middle and junior level officers for whom orientation/training is considered necessary by the bank. | 163  |
| (vi) Total number of offices of the bank as on the 31st December 1967.  | 75   |

The bank is availing itself of the training facilities extended by the State Bank of India at its Regional Schools and at the College at Hyderabad, for providing training to its senior and middle level personnel. The number of staff deputed for training in these institutions during 1965-67 was 83.

- (15) The Bank of Maharashtra Ltd., Poona also conducts courses for its middle level Personnel. The Syndicate Bank Ltd., Manipal, the Andhra Bank Ltd., Hyderabad, the State Bank of Travancore, Trivandrum and State Bank of Bikaner and Jaipur, Jaipur, have also training institutions. They provide training facilities largely for the clerical staff.

Summary of Appendix III.

Brief particulars of the fifteen training institutions of commercial banks.

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No.	Name of the Bank running the institution.	No. of officials generally trained in a year.	No. of offices/ branches as on 31-12-1967.	Courses conducted.
1.	2.	3.	4.	5.
1.	State Bank of India (Staff Bank of India Staff Training College, Hyderabad)	400	1,467	(a) An intermediate course for probationary officers. (b) A trainee officers' course. (c) A special course for staff officers on probation. (d) A middle management programme.
2.	Bank of India Ltd. (Bank of India Ltd. and Bank of Baroda Ltd. Staff Training College, Bombay.)	84	220	(a) A senior course in banking (b) An intermediate course in banking.
3.	Bank of Baroda Ltd.	124	307	(a) A senior course in banking. (b) An intermediate course in banking.

1.	2.	3.	4	5
(1) Bank of India Ltd. and Bank of Baroda Ltd. Staff Training College, Bombay.		84		
(ii) Bank of Baroda Ltd. Staff Training College, Ahmedabad.		40		An intermediate course in banking.
4. Central Bank of India Ltd. (Sir Sorabji Pochkhanawala Bankers Training College, Bombay run jointly with Dena Bank Ltd.)		60	465	An intermediate course in banking.
5. Dena Bank Ltd., (Sir Sorabji Pochkhana- wala Bankers Training College, Bombay run jointly with Central Bank of India Ltd.)		40	186	An intermediate course in banking.
6. Punjab National Bank Ltd. (Staff Training College, Delhi)		90	508	(a) A management course. (b) A course on indu- strial advances. (c) A foreign exchange course. (d) Courses on banking practices and procedures. (e) A course on manage- ment, economic trends, law.
7. United Commercial Bank Ltd. (Staff Training College, Calcutta).		19	282	A course in banking.
8. United Bank of India Ltd. (Staff Training College, Calcutta).		200	164	(a) Junior and Senior courses in banking. (b) A security course for security officers etc. (c) A mixed course for Chartered accountants, economists, engineers, and others who have no banking expe-

1.	2.	3.	4.	5.
9.	Indian Overseas Bank Ltd., (Staff Training College, Madras).	45	163	(a) Induction and pre-confirmation courses for probationary officers. (b) An intermediate course for junior officers. (c) Refresher and foreign exchange courses for officers. (d) An accountants' course.
10.	Union Bank of India Ltd. (Staff Training College, Bombay).	64	174	Junior, intermediate, refresher and senior courses.
11.	Canara Bank Ltd., (Staff Training School, Bangalore).	80	250	A senior course in banking.
12.	State Bank of Saurashtra (Staff Training School, Bhavnagar)	30	82	A course in banking for Junior Officers.
13.	State Bank of Mysore (Staff Training School, Bangalore)	25	108	A senior course in banking for Junior Officers.
14.	State Bank of Patiala (Staff Training School, Patiala)	19	75	A course in banking, staff relations and office management.
5.	Bank of Maharashtra Ltd.	-	119	A course in banking for the middle level personnel.
		<u>1280</u>	<u>4570</u>	
		=====	=====	

Appendix IV(a)

Classification of Programme:

<u>Levels</u>	Programmes	Orientation, Application, Awareness, Programmes.
1.	Chief Executives	
2.	Senior Executives	
3.	Senior Middle Managers.	
4.	Middle Managers.	
5.	Junior Executives and Supervisory Staff.	



Appendix IV(b)

FACULTY REQUIREMENTS.

A. Bank Management Policy :

1. Banking policy and Economic Development.
2. Monetary Economics.
3. International Finance.
4. Planning & Development Studies (Policy formulation and administration at micro level)
5. Creative marketing of Bank Service.
6. Banking Law and Practice.

B. Management Control :

1. Management Control Systems.
2. Data Management (Computer services and Statistics).
3. Operations Analysis(Quantitative techniques in Bank Management including productivity studies and O. & M.)

C. Management of Human Resources :

1. Employer-Employee relations.
2. Personnel Management, Development and Training.
3. Measurement Studies.
4. Organisation Behaviour.

D. Finance & Credit :

1. Export Credit.
2. Finance Credit and Investment Management.
3. Financing of agriculture.
4. Industrial Finance (Large and small Units).
5. Money and Capital Market Studies.

Appendix IV(c)

National Institute of Bank Management

Chairman

Standing Committees      Governing Body      Ad hoc Committees  
 Director

Programmes evaluation, planning and co-ordination	Research Evaluation, planning and co-ordination	Faculty Council	Assistance to	Communications	Administration
	Planning & Development Studies Control Systems Personnel Management Organisation Behaviour Finance & Credit Development Banking Legal framework of Banking Operations.	Faculty departments Programmes	Orientation programmes for Chief Executives Programme in management skills for senior middle managers Faculty Development programme for trainers at staff colleges. Specialised programmes in management techniques Programmes in priority sectors & other specialised functional areas. Correspondence courses (Jointly with Indian Institute of Bankers).	Management Development programmes of individual commercial banks. (Publications, conferences, public relations and statistics)	Library services Accounts Catering Management Reception services Office Administration Recreation facilities Hostel & Residences.

Summary of the Report on Training and  
Development of Higher Banking Personnel.

In pursuance of the Government's policy on social control over commercial banks as announced by the Deputy Prime Minister, the Governor, Reserve Bank of India appointed a Working Group on training facilities for higher banking personnel. Its main terms of reference were (a) to suggest lines on which training programmes may be organised for the development of the banking profession in the country with particular reference to the social and economic objectives of banking, aligning credit operations of commercial banks to national credit policies and priorities, and expansion of the banking services, (b) to examine existing training programmes and their adequacy and to recommend appropriate measures for their improvement and extension and (c) to suggest ways of coordinating the activities of the existing training institutions.

In its report the Working Group has suggested measures to inculcate the various social objectives of banking in the banking personnel with the help of training and development programmes.

According to the Group, training must not be confined to formal instruction but it must permeate the general organisational process. It involves proper orientation of the officer to a job, developing the necessary skills in him and

giving him a wide range of experience by proper placement on the job, adequate delegation of authority and supervision. The ultimate objective is to make an officer not merely a good banker but to develop his potential as a leader in the profession of banking.

2. According to the survey made by the Working Group , it is necessary to provide for orientation and training of some 20,000 officers and also approximately 2,000 new officers who are expected to join the ranks of officers every year, as a result of retirements, expansion, etc. As against this requirement, the capacity of the existing training institutions is around 1,650 per annum.

The existing training programmes are run primarily by the Bankers Training College of the Reserve Bank of India and some nineteen training institutions of commercial banks. The Bankers Training College focuses on the middle level officers while the training institutions of commercial banks concentrate on the junior level officers. The courses conducted by these institutions seek to train officers, largely in banking principles, techniques and procedures. The programmes run by these institutions in functional areas such as agriculture, small-scale industry, are more information and procedure-oriented and are not designed to enable bank officers to deal creatively

with the problems arising in these new fields. There are also no adequate arrangements or programmes for developing the managerial potential of the officers. The scale of effort of the existing institutions is too limited to make any significant impact on the large number of officers who need training. At the present rate of intake, it will take approximately 12 years to cover the existing middle and junior level officers. The current programmes do not touch the higher level of officers. The arrangements for training officers of smaller banks not having training institutions of their own, are inadequate. None of the foreign banks has as yet established any training institution for its officers in India.

The existing institutions are not organised to undertake any significant research in commercial banking. Lack of research effort has meant a dearth of teaching material. There are virtually no arrangements for the training of trainers. Considering these gaps, the Working Group has emphasised that if training has to be viewed in its totality, it is necessary to have an agency which takes an overall view of the training needs and development programmes and provides for a degree of co-ordination of the various training activities.

3. For developing the banking personnel, the Working Group has classified training into two broad types. The first type is intended primarily to match the officer with a job while the second type is meant to develop his overall personality. The Working Group has suggested that the problem of developing banking personnel should be tackled both in terms of (a) general personnel processes like recruitment, selection, placement, job-rotation, promotion and (b) formal training.

#### 4. General personnel processes

The Working Group has made the following recommendations in regard to the general processes :-

(1) Formal orientation and training programmes can be effective only if they are an integral part of the total management development programme of the commercial banks. Commercial banks need to pay closer attention to evolving purposive recruitment policies, instituting sound personnel appraisal schemes, ensuring proper selection of candidates for training and their subsequent placement and advancement, and creating an organisational climate in which officers at different levels participate in the decision-making process and thus equip themselves better for assuming higher responsibilities (paragraphs 1.2 and 1.4 Chapter IV).

(2) In the perspective of the banking industry of the future, where the professional personnel is expected to play a central role in the development of banking in the country, it is but appropriate that the commercial banks take steps to devise a more decentralized system of decision-making in their day to day matters. Commercial banks could, with profit, organise internal committees for management purposes so that matters pertaining to credit policies and decision are properly worked out, and at the same time, provide the climate of participative management so essential to the future of the industry (paragraph 9.3 Chapter II).

(3) Each commercial bank should evolve a management development programme for its personnel and ~~organise itself~~<sup>organise</sup> for its implementation on a ~~continuing~~<sup>basic</sup> basis. Such a programme should be placed in charge of a whole time executive who should give concentrated attention to the manpower needs of the bank and its systematic development and utilisation (paragraph 1.5 (Chapter IV)).

##### 5. Programme for the future.

The Group has examined the training facilities available for the banking personnel at present and has come to the conclusion that the gaps are too wide for the existing institutions to fill. First, the training colleges of the commercial banks are too limited in their scope and coverage. Secondly, the Bankers Trainin

College which conducts training programmes for key middle level officers, is designed and equipped to provide training programmes which are functional. In so far as the Institutes of Management are concerned, their activities are geared more to the industrial and commercial sectors and it may not be possible for them to undertake training activity of the magnitude envisaged for the banking industry. The Indian Institute of Bankers is essentially an examining body and it would be difficult to graft upon it a major industry-wide training or research role (paragraph 2.1 Chapter IV).

(2) Two-tier training structure

(a) A National Institute of Bank Management and

(b) Training Institutions of commercial banks

The Group has suggested a two-tier training structure for officers of the commercial banks to meet both the quality and size of the training effort. The first tier should consist of a central agency to initiate and coordinate measures for the development of the banking profession in the country at the highest level. For this purpose a National Institute of Bank Management should be established. The second tier should consist of all other training institutions which provide training at the junior officers and clerical levels in the commercial banks and they should be reorganised, expanded, and strengthened (paragraph 2.2 Chapter IV).

(3) National Institute of Bank Management

The Institute should be the nucleus of all



Its principal objective should be to translate national policies relating to the banking sector into meaningful training programmes at the level of an individual bank and help the implementation of those policies by creating a climate of intellectual appreciation and emotional dedication.

The Institute should not only provide the leadership but also function as a catalytic agent in bringing about the necessary attitudinal change in bank management and to awaken the spirit of service in the banking industry. It should also act as the central coordinative agency for effective manpower planning, utilisation and development of the personnel in the banking sector and operate as a chief spokesman of the banking sector on all matters relating to the problems of its management development (paragraphs 3.1 and 3.2 Chapter IV).

The functions, activities, faculty and constitution of the Institute should be as follows :-

(i) Functions -

- (a) Formulating broad strategy of education, training and research programmes for effective implementation of national banking policies.
- (b) Conducting educational and training activities for the high level banking personnel not catered to by the existing

institutions; also undertaking industry-wide research activities.

- (c) Dissemination of information on bank management know-how.
- (d) Reviewing the impact of training and research activity in the banking sector from time to time and recommending ways of filling the gaps by such further programmes as may be necessary (paragraph 3.5 Chapter IV).

(ii) Activities -

The Institute should conduct programmes such as the following:-

- (a) Orientation and Appreciation Programmes.
- (b) Integrated Programmes in Management Skills.
- (c) Functional Programmes.

(paragraph 3.6 Chapter IV)

(iii) Research Activities

Training and development activities to be academically stimulating and professionally rewarding should, to a large extent, be based on research effort. Research should be with particular emphasis on search for new opportunities in developing the banking service.

(paragraph 3.7 Chapter IV)

(iv) Guidance to Individual Banks

The Institute should assist banks in matters such as designing measurement tests for employee

selection, appraisal programmes, conducting morale and productivity studies, streamlining organisational structure, measuring impact of training, surveys of management development programmes.

(paragraph 3.8 Chapter IV)

(v) Communications Programme

The Institute should act as the central agency for the collection and dissemination of information on bank management know-how. It should publish a journal on bank management, research reports, case bibliography and review of new publications on banking and an abstract of current periodical literature. It should maintain liaison with other management institutes and educational institutions (paragraph 3.9 Chapter IV).

(vi) Organisational set-up of the National Institute

(a) Status

The Institute should have an independent status. It may be registered as a non-profit making company under the Companies Act (paragraph 3.10 (a) Chapter IV).

(b) Governing Board

The Governing Board of the Institute should consist of representatives of the Government of India, the Reserve Bank, the State Bank, Commercial Banks, Financial Institutions, Co-operative Banks, the Indian

Institute of Bankers, and Co-opted members. The Governor of the Reserve Bank of India should be the Chairman of the Governing Board with the Director of the Institute as its ex-officio member-Secretary (paragraph 3.10 (b) Chapter IV).

(c) Faculty Council

For handling academic programmes and activities, the Director may be supported by a Faculty Council (paragraph 3.10(d) Chapter IV).

(d) Location

The Working Group has examined the various alternatives and issues involved. It feels that there would be many advantages in locating the Institute in the suburbs of Bombay removed from the pressures of the metropolitan life. (paragraph 3.10(e) Chapter IV).

(e) Faculty

The utmost care must be taken in selecting the members of the faculty of the Institute. Apart from educational attainments in their relevant fields of specialisation, the faculty members should either have sufficient practical experience or be helped to develop close familiarity with the problems at the operating level.

The composition of the faculty should represent a good admixture of the academic and practising bankers (paragraph 3.10 (f) Chapter IV)

(vii) Method of financing

Considering the national character of the Institute and its importance to the banking policy, the capital and recurring costs of the Institute should be borne by the Reserve Bank and the Government of India, the State Bank of India and its subsidiaries and other commercial banks with deposits above Rs.25 crores.(paragraph 3.11 Chapter IV).

(4) Training institutions of commercial banks

The activities of training institutions of commercial banks should be strengthened and expanded to meet the training needs of a large number of junior officers (paragraph 5.1 Chapter IV).

(5) Indian Institute of Bankers

To improve the standard of performance of the candidates taking the examinations of the Institute, some formal training could be imparted to them. A system of correspondence courses could, perhaps, improve the present situation and the proposed National Institute could render assistance in designing such a programme (paragraph 6.1 Chapter IV).

(6) Training facilities for officers of smaller banks who do not have training institutes of their own

The bigger commercial banks should provide accommodation and facilities for training officers of the smaller banks in their training institutions and