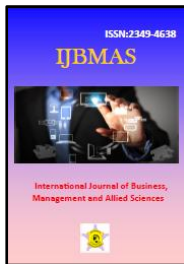

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HR Policies and Practices in Public Sector Banks in India

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ABSTRACT

Now a day's top management of all Public Sector Banks in India is paying key attention to HR Policies and Practices because they have realized that Human Resources need to be closely integrated with planning and decision-making. A bank's ability depends mainly on streamlining its human resources .Many Public Sector Banks fail to attract the right talent for specialized services like credit risk management . The Indian Banks are expected to focus on recruitment, selection, promotion, training & development, performance-linked incentives, succession planning and grooming leaders.

Keywords: Public Sector Banks, HR Policies and Practices, Human Resources, Right Talent.

A Policy is a plan of action. It is a statement of intention committing the management to a general course of action. When the management drafts a policy statement to cover some features of its HR Programmes, the statement may often contain an expression of philosophy and principle as well although it is perfectly legitimate for an organization to include its philosophy, principles and policy in one policy expression.

Why adopt HR Policies?

Organization should have HR Policies as they ensure the following benefits.

1. The work involved in formulating HR Polices requires that the management give deep thought to the basic needs of both organization and the employees.
2. Established Policies ensure consistent treatment of all personnel throughout the organization, favourism and discrimination are, thereby minimized.
3. Continuity of action is assured even though top-management personnel change.
4. Policies serve as a standard of performance.
5. Sound Policies help to build employee motivation and loyalty.
6. Sound Policies help resolve intra personal, inter personal and inter group conflicts.

Coverage of the Policies

HR Policies are formulated in such areas which are repetitive in nature. They may cover the following areas. The coverage of HR Policies has been classified on the basis of HR Functions by Michael Arm Strong.

1. Social Responsibility
 - a) Equity – treating employees.
 - b) Consideration.
 - c) Quality of Work Life.
2. Employment Policies
Provision of equal employment opportunities – selecting the candidates based on Job requirements.
3. Promotion Policies
These policies would attempt to reconcile the demands of the employee for growth and organization's demands for fresh and much more potential blood.
4. Development Policies
Policies should cover the kind of employee to be trained, time span of training programmes, techniques, rewarding and awarding system, qualifications and experience of the trainer etc.
5. Relations Policies
They cover the areas of HR like: motivation, morale, communication, leadership, styles grievance procedure, disciplinary procedure, employee counseling etc.
6. Others
These policies cover career planning and development, performance appraisal, organizations change and development.

Sources for formulating HR Policies

1. Organizational past experience.
2. Existing practices and experiences in other organizations.
3. Attitudes, philosophies of the management at various levels.
4. The knowledge and experience gained by all HR Managers in handling personnel issues.
5. Organizational Policies etc.

Evaluation of Banking Sector in India

Banking sector is one of the most popular service sector . Since 1990 there has been radical and perceptible transformation in the operational environment and customer relations of both public and private sector banks. The IT revolution and liberalization, privatization and Globalization (LPG) are changing the way banking is carried out and also they setup alternative delivery channels to contain operating costs like internet banking, ATMs, Tele banking, outsourcing etc.

According ICRA statistics (2011) PSU's hold 75% of the market, private banks hold 18% and foreign banks hold 7% market share public sector banks are banks where a majority share is held by government. The remaining shares are listed on stock exchange. These are a total 26 Public Sector Banks in India.

Need for sound HR Policies & Practices in Banking Sector

1. Good HR Policies are essential for all services sectors including Banking Sector.
2. Banking is 'People Business'
3. Those who do not meet the customer expectations will find problems of survival in a high level competition.

HR Policies in Indian Public Sector Banks

The study of the policies in public sector banks has been made mainly with the help of secondary data. There are 26 commercial banks operating in Public Sector in India. SBI after merging Associate Banks, 19 Nationalized Banks and IDBI Bank appear under the Public Sector. Selection and Recruitment, Promotion, Compensation and Training and Development are main areas of concern regarding has policies and practices.

Recruitment & Selection

In India nationalized banks recruit their generalized officers and clerks through IBPs conducts are common test every year for recruitment of officers. A separate test is held for the clerical cadre also. The IBPs conducts interviews and finally selected candidates are allotted to the banks. Direct recruitment for specialized cadres.

Promotion

Promotion to all grades of officers in the public sector banks are made in accordance with the policy laid down by their respective boards from time to time, having regard to the guidelines of the Government in India if any SBI recruitment of general employee.

SBI is considered as the oldest bank in the Indian sub continent. People who want the pursue their career as a clerk in SBI require 60% in 10+2 (for general) 55% in 10+2 (for SC and ST)

- A degree from any recognized institute is welcome
- Liberty to diploma candidates also applies,
- The minimum age for this post is 18 years and maximum 28 years (for general)
- Adjustment of 3.5 years is available for SC/ST candidates.

SBI is looking forward to an HR upheaval. This could change the way company hires, promotes and transfers its employees. The senior management now wants an updated HR Policy which would allow them to line professionals at mid level such as economic research, analytics, credit and risk management HR and IT. The transfer policy a new performance – driven evaluation system and incentivize top performers with cash rewards and also offer employee stock options and promotion.

The SC/ST candidates are entitled to the benefit of reservation and relaxation, if any, in accordance, with the guidelines received, as the subject from time to time from ministry of finance, department of Financial Services, New Delhi.

c) Compensation

Pay scales in Public Sector banks are fixed through Bipartite Settlements. Pay scales are revised for every 4 years. The major elements in Public Sector Employee compensation are 1.PayScale 2.Dearness Allowance 3.House Rent Allowance 4) Provident Fund 5) Pension 6) Medical Aid 7) Fixed Personnel pay 8 Hospitalization Expenses 9. Recovery of House and Furniture Rent 10.Professional Qualification Pay. 11. City Compensatory Allowance 12.Other Allowances.

d) Training and Development

All most all public sectors have their own staff colleges for employee training. In some cases, employees are posted for training to outside organization like IIMS, NIBM etc.

Major HR Policies and Practices of Top Public Sector Banks in India

Bank of Baroda

- To create performance – driven culture and exciting work place for the employees.
- To create a learning organization for employees intellectual growth.
- To create a pool of entrepreneurial managers and business leaders for future.
- Recruit & select group of personnel with required skills student from graduate schools to the improvement of the bank's operation.
- Provide on the Job training program for employees at the supervisors level, to maintain bank's competitiveness.
- People oriented deployment promotion and selection policies.

Andhra Bank

- Basic level orientation program
- Skill improvement training
- Entrepreneurial Development Programmes.

Punjab National Bank

- The bank has been implementing various changes in its promotion policy from time to time to provide fast-track career growth opportunities to its employees.
- The bank has a well-knitted HRM system called 'PNB Parivar' to effectively utilize employee related tasks.
- The bank follows the reservation policy for SC's, STs and OBC as prescribed by the Government of India from time to time.
- PNB Samadhaan offers opportunities to represent case of any work-related grievance directly before TOP Management.
- The Training system of the bank endeavors to enrich knowledge, skill and attitude (KSA)

Conclusion

The emerging HRM environment creates both opportunities and threats for both public and private sector banks. The major emphasis needs to be an integrating the HR strategies to business strategies, above aspects of selection, training, performance appraisal, compensation, a radical transformation of the existing HR Policies and Practices in the selected Public Sector Commercial Banks. However, recruitment and Job training are considered as main HR improvement in India, public Sector Banks.

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