
Research Papers



**HUMAN RESOURCE MANAGEMENT FOR TO STRENGTHEN
THE URBAN CO-OPERATIVE BANKS**

Dr. Santosh N. Kadam
Assistant Prof. in Economics at S.B.P. College, Mandrup, Tal- S. Solapur,
Dist-Solapur, (Maharashtra)

ABSTRACT:-

The urban cooperative banking sector in India was the pioneer at micro credit dispensation in urban and semi urban areas and emerged as an important instrument in the Banking Sector. Their main objective was to provide the banking and credit requirements of these marginalized groups. Since inception of the Cooperative Banks the small depositors and investors felt these banks as their home banks because of their emotional and financial attachment with middle and lower income groups.

KEYWORDS : urban cooperative banking , banking and credit requirements.

INTRODUCTION:-

An organization is made up of a number of people who strive to achieve the organization's goals. Human resources have a significant bearing on the profitability, efficiency and overall organizational effectiveness. In the competitive environment, employees of any business organization are the key factor for deciding the success of the firm, in general, and cooperatives in particular.

Indian cooperative banking movement has passed through hundred years of its existence. At the same time, human resource management has been a neglected field in cooperative banks over a period of time and poor image of cooperative bank employees in the society affects their morale. Only recently has there been a greater recognition of this function.

OBJECTIVES:

In this paper, an attempt has been made ...

1. To discuss the growth of Urban Co-operative Banks in India, and
2. To explain the policies of HRM for to strengthen the urban co-operative banks in India.

METHODOLOGY:

Keeping in mind the above said objectives, the secondary data was used from the RBI's Report on Trend and Progress of Banking in India (2005-06 to 2009-10) and various publications of the RBI's. In short the whole study is depending on the secondary sources of data. The compound growth rate is calculated for to find out the growth rate of Urban Co-operative Banks in India.

GROWTH OF URBAN CO-OPERATIVE BANKS

Here we have considered the No. of Banks, Deposits, Advances, Assets, NPA, Net Profit, and Investment are the factors for to discuss the growth of Urban Co-operative Banks in India.

No. of Banks

The growth of the no. of UCB's in India since 2006 to 2010 is given in the Table 1.

Table 1st
Growth of Urban Co-operative Banks

Bank\Year	2006	2007	2008	2009	2010	CGR
Scheduled Banks	55 (2.96)	53 (2.92)	53 (2.99)	53 (3.07)	53 (3.16)	-0.73
Non Scheduled Banks	1798 (97.03)	1760 (97.07)	1717 (97.00)	1668 (96.92)	1621 (96.83)	-2.57
Total	1853 (100)	1813 (100)	1770 (100)	1721 (100)	1674 (100)	-2.52

Source: RBI's Report on Trend and Progress of Banking

Note: Figures in brackets shows the percentage to total

It is clear from the above table that, the no. of UCB's in India was come down from 1853 to 1674 in the period of 2006 to 2010. The CGR of no. of UCB's in the above same period is found negative 2.52. But on the other hand the percentage share of no. of scheduled UCB's increased from 2.96 to 3.16. The CGR of no. of scheduled UCB's is found negative. While it was highly negative about the non scheduled UCB's (2.57) compared to scheduled UCB's (0.73) in the period of 2006-2010.

Deposits

The growth of deposits in UCB's in India since 2006 to 2010 is given in the Table 2.

Table 2nd
Growth of Deposits in Urban Co-operative Banks
(Rs. Corer)

Bank\Year	2006	2007	2008	2009	2010	CGR
Scheduled Banks	45285 (40.34)	51173 (42.29)	57916 (41.81)	67929 (42.79)	80207 (43.86)	15.33
Non Scheduled Banks	66952 (59.65)	69810 (57.70)	80580 (58.18)	90804 (57.20)	102655 (56.13)	11.82
Total	112237 (100)	120983 (100)	138496 (100)	158733 (100)	182862 (100)	13.29

Source: RBI's Report on Trend and Progress of Banking

Note: Figures in brackets shows the percentage to total

The compound growth rate of the deposits in UCB's in India was 13.29 in the period of 2006-2010. While it was higher in scheduled UCB's (i.e.15.33) than non scheduled UCB's (i.e.11.82) in India in the same period. The percentage share of deposits in scheduled UCB's is increased in total deposits of UCB's from 40.34 to 43.86 in India over the period of 2006-2010.

Advances

The advances given to various targets by UCB's in India from 2006 to 2010 is shown in the Table 3.

Table 3rd
Growth in Advance Given by Urban Co-operative Banks
(Rs. Corer)

Bank\Year	2006	2007	2008	2009	2010	CGR
Scheduled Banks	28022 (39.81)	32884 (41.80)	35619 (40.02)	42234 (43.13)	48951 (44.37)	14.63
Non Scheduled Banks	42357 (60.18)	45776 (58.19)	53363 (59.97)	55684 (56.86)	61352 (55.62)	9.82
Total	70379 (100)	78660 (100)	88982 (100)	97918 (100)	110303 (100)	11.82

Source: RBI's Report on Trend and Progress of Banking

Note: Figures in brackets shows the percentage to total

The percentage share of scheduled UCB's in total UCB's advances is found raised from 39.81 to 44.37 over the period of 2006-2010. The compound growth rate of the advances by the UCB's in India was 11.82 in the above same period. While the same was more about the scheduled UCB's (i.e.14.63) compared to non scheduled UCB's (i.e.9.82) in the similar period.

Assets

The growth of assets of UCB's in India since 2006 to 2010 is given in the Table 4.

Table 4th
Growth of Assets of Urban Co-operative Banks
(Rs. Corer)

Bank\Year	2006	2007	2008	2009	2010	CGR
Scheduled Banks	61832 (44.02)	71562 (44.76)	79318 (44.20)	85895 (43.73)	104228 (44.15)	13.05
Non Scheduled Banks	78600 (55.97)	88290 (55.23)	100103 (55.79)	110500 (56.26)	131830 (55.84)	13.41
Total	140432 (100)	159852 (100)	179421 (100)	196395 (100)	236058 (100)	13.25

Source: RBI's Report on Trend and Progress of Banking

Note: Figures in brackets shows the percentage to total

From above table no.4 it is clear that, there is not a tremendous change in the assets of the scheduled and non scheduled UCB's in percentage share of total UCB's assets. The compound growth rate of the assets with UCB's was observed 13.25 over the period of 2006-2010. The scheduled and non scheduled UCB's asset in the same time was increased with the CGR of 13.05 and 13.41 respectively.

Investment

The growth in investment by UCB's in India since 2006 to 2010 is given in the Table 5.

Table 5th
Growth in Investment by Urban Co-operative Banks
(Rs. Corer)

Bank\Year	2006	2007	2008	2009	2010	CGR
Scheduled Banks	18216 (37.58)	20279 (42.58)	26162 (43.51)	29210 (45.51)	33427 (39.16)	17.10
Non Scheduled Banks	30256 (62.41)	27037 (57.14)	33961 (56.48)	34961 (54.48)	51920 (60.83)	14.30
Total	48472 (100)	47316 (100)	60123 (100)	64171 (100)	85347 (100)	15.44

Source: RBI's Report on Trend and Progress of Banking

Note: Figures in brackets shows the percentage to total

From the above table no. 5th it is clear that, the percentage share of investment by scheduled UCB's in total investment of UCB's in India is increased. The compound growth

rate of investment by UCB's in India was 15.44 over the period of 2006-2010. In the same time CGR of investment by scheduled UCB's was higher (i.e. 17.10) compared to non scheduled UCB's (i.e.14.30) in India.

Profit

The growth in profit of the UCB's in India since 2006 to 2010 is given in the Table 6.

Table 6th
Growth in Profit of Urban Co-operative Banks
(Net Profit in Rs. Corer)

Bank\Year	2006	2007	2008	2009	2010	CGR
Scheduled Banks	335 (52.75)	473 (40.32)	909 (59.76)	906 (51.89)	652 (43.93)	21.91
Non Scheduled Banks	300 (47.24)	700 (59.67)	612 (40.23)	840 (48.10)	832 (56.06)	24.88
Total	635 (100)	1173 (100)	1521 (100)	1746 (100)	1484 (100)	23.31

Source: RBI's Report on Trend and Progress of Banking
Note: Figures in brackets shows the percentage to total

The table 6th shows that, the share of scheduled UCB's profit in total UCB's profit is declined from 52.75 to 43.93 in the period of 2006 to 2010. The compound growth rate of the profit of UCB's in India was 23.31 over the period of 2006 to 2010. Where in the same time the CGR of non scheduled UCB's (i.e.24.88) was greater than scheduled UCB's (i.e. 21.91).

Non Performing Asset

Table no. 7 shows the gross non performing assets with the UCB's in India and its percentage share to total advances.

Table 7th
Gross Non Performing Asset in Urban Co-operative Banks
(Rs. Corer)

Type/Year	2006	2007	2008	2009	2010	CGR
Gross NPA	13871	13363	14583	13043	12727	-1.94
Percentage to Advances	19.7	16.98	16.38	13.32	11.53	-12.31

Source: RBI's Report on Trend and Progress of Banking

In the period of 2006 to 2010 the compound growth rate of NPA was negative 1.94. Moreover in the same time the CGR of NPA percentage to advances was also found negative 12.31.

Human Resource Policy for UCB's

Having a set of written policies enhances employees' understanding of bank rules and expectations and encourages communications between employees and supervisors and among workers in general. But in practice, there is no specific written document of HR policies in many cooperative banks. It is neither necessary nor desirable to have every rule and practice documented, but it is advisable to take the time to formalize the important ones.

Elements of Human Resource Management

The basic elements of the human resource system include the following four broad decision areas viz., the acquisition, development, rewarding and maintenance of human resources.

Recruitment and Selection

There are three modes of recruitment in the cooperative banks, e.g. direct recruitment, deputation and promotion. The main source of recruitment is newspaper advertisement but in cooperative organization, information in respect of vacant posts is conveyed through the system of circular to the State Employment Exchange which receives a restricted distribution. Thus, in the absence of a wide publicity of vacant posts, the service in cooperative banks is easily available to the persons known to the top and middle executives. Deputation of government officers to hold the key posts in cooperative banks is a widely prevalent practice. Cooperative banks prefer to recruit local candidate particularly for managerial cadre post due to the fact that they are well-adjusted to the local environment. A drawback of cooperatives banks is that they are not able to attract professionally qualified candidate because of the poor salary structure. The only way to attract professionals would be when compensation needs to be internally consistent and externally competitive.

Internal promotion can be a good practice if merit is not sacrificed. It is observed that the in-take of women at both clerical and officer level in cooperative banks is quite insignificant. The reason for lower share of women work-force as compared with their male counterparts might be due to lack of trained women in the field of cooperation and also the attitude of the management towards employing women in their institutions. At present, the pace of recruitment in Indian cooperative banking sector has slowed down and for a long time, there has been almost negligible recruitment.

Training and Development

Designing and implementing effective training and development systems is a particular challenge because all the costs are borne in the present, while all the benefits will

accrue in the future. With the significant increase in the complexity and magnitude of banking service especially in view of the task undertaken by the cooperative banks for the socio-economic development in urban, semi-urban and rural areas, the need of the training has been greatly felt. Cooperative banks provide training for to teach the employees perform in their initial job assignment, to improve the current performance of employees who may not be working as effectively as desired, to prepare employees for future promotions or for upcoming changes in design, processes and technology in their present jobs.

Most of the training programmes organized by the cooperative training institutions impart only theoretical knowledge of the subject. Cooperative banks are localized institutions with poor funds and some of the technical courses offered by the national training institutions are high cost oriented. Language is another problem. National or state level institutions offer their training programme in common language i.e. English and majority of the cooperative bank employees are not able follow and understand the concept.

Performance Appraisal

Performance appraisal is a systematic approach to tracking individual performance against the targeted objectives of the UCB's and identifying strength and opportunities for improvement.

Generally, the cooperative banks in India are able to get self appraisal form from their employees. Each individual employee has to submit a self appraisal to the immediate superior in the prescribed format. Cooperative banks have not used any sophisticated methods to evaluate their employees' performance. This is the major reason for poor performance of employees in cooperative banks.

In cooperative banks, probationer's performance has been monitored and appraised informally. Clerical employees' diaries, entries to the service register and review of work done periodically are the methods used for appraisal of probationers. However, appraisal is not implemented seriously for permanent employees. All the employees are in favor of introduction of performance appraisal though there is no systematic appraisal followed, right now.

Promotion

The upward mobility in UCB's brings about positive change in the status, responsibility and monetary benefits of an employee. It is obvious that promotion opportunities increase in the banks because of the unionism and bank's expansion programme. As per cooperative society rules in force, provisions have been made for promotion on the grounds of merits and ability of the employees, their seniority being taken into account only when merit and ability are approximately equal. Recognition of employees is the most important instrument for motivating and increasing performance.

Once the employees are promoted to higher levels, improvement of their competencies is an urgent need. Employees' competencies are the knowledge, skills, abilities, personality and characteristics that serve as the foundation for employees' behavior. Competencies are a foundational drive of employees as well as organization success because they only represent potential employees' performance.

Compensation

One of the most important issues before the cooperative banks in India is compensation in these banks vary. The salary structure of cooperative banks was different from bank to bank even for the same cadre and salary structure of cooperative banks was not uniform.

There are certain basic issues, which need to be kept in mind while determining the wage structure of cooperative bank staff. First, the question of parity of wages among the cooperative bank staff at all levels of employment. Second, the impact of wage revision on the financial health of cooperative banks has to be examined. The upward wage revision needs to be linked with the income and efficiency of the bank. Third, in view of the changes happening in the financial sector, the relevance of cooperative banks to have differential rewards encompass everything that the organization has to offer, directly or indirectly in return for employee contribution. They include extrinsic elements, such as pay, incentives and benefits as well as intrinsic elements such as pride in work, praise, social network and self-actualization.

Most important ingredient of HRM is reward and compensation, which at present does not have any linkage to skills and performance. There is an urgent need to have the system of reward and compensation in place that will attract, recognize and retain the talent in cooperative banks on the lines comparable with other banks, particularly banks in private sector.

Employer - Employee Relationship

The challenge for the banks is to encourage people to unleash their power of thinking and apply it to their daily work. The employer should always encourage the employees to bring out their fullest talent for the success of the institution. Mere encouragement to generate new ideas is not enough. When people make genuine attempts to implement their ideas and fail, they need to be encouraged, not discouraged, to try further. Success can only be achieved if staff feel they are being treated correctly by the bank and fully understand the bank's objectives and rational for their achievement. It is essential; therefore, that management develops an employee relations climate which facilitates these attitudes without reducing management's ability to manage the business".

There is a need to develop 'healthy' conflict between the management and employees. While healthy conflict revolves around the vigorous exchange of ideas in the best interest of the organization, unhealthy conflict is based on anger, frustration and

personal animosity. The key to effective conflict management is to create an environment that encourages workers to challenge ideas and forbids them from attacking people.

CONCLUSION

It is clear from the above discussion that, even though the no. of UCB's in India was declined they were successful in mobilizing the higher deposits from the society. It was also found that, there is an increase in the advances given to customers, assets with the banks, investment by the banks and profit of the banks over the period of 2006-2010. Another very positive thing of the UCB was the declined gross NPA and also its percentage to total advances. But even though these good things are there, the progress of UCB's in India is not faster than what required and the overall image of the Urban Co-operative Bank employees in India is not found creditable. All the reasons for this are disguised in poor and improper application of human resources by the UCB's. Hence there is a need to strengthen the Indian UCB's in a globalised economy with the help of better human resource management. Because compared with all other management functions, human resource management in cooperative banks is more sensitive, personalized, context-dependent and cannot be managed through a set of predefined techniques. HR management is no longer just a support function but a strategic tool for competitive advantage. In fact, it is difficult to practice customer-centric strategic management without first achieving employee satisfaction. Thus, employee satisfaction is a prerequisite to customer satisfaction. Effective organization depends on having the right system of HR policies and practices in place to recruit, select, develop, appraise, compensate and place, promote or send away employees. Successful HRM requires that the banks practice a sound management philosophy that respects human dignity and diversity and are committed to the growth of employees, believe in the value of employee's contribution and involve them in decision-making and share the wealth equitably and fairly.

REFERENCES:

1. Daya, R. (1999), Internationalization and Cooperatives in the Next Millennium, The Cooperator, Vol. 37, No.6
2. Dubashi, P.R. (2002), Cooperatives in the Next Millennium, The Cooperator, Vol. XXXVII, No. 9
3. Dubashi, P. R. (1999), Cooperation and Second Generation of Economic Reforms, The Cooperator, Vol. XXXVII, No. 5
4. Krishnaswamy, O. R. and Kulandaiswamy, V. (2000), Cooperation: Concept and Theory, Arudra Academy Coimbatore, Tamil Nadu.
5. Mishra, R. V. (1999), Cooperative Sector: Problems and Prospects, The Cooperator, Vol. 37, No.6
6. Ramesh, R. S. (2000), Challenges Before Cooperatives under Liberalized Economic Regime, The Cooperator, Vol. XXXVII, No. 10.
7. Report of the Expert Committee on Urban Cooperative Banks in West Bengal (2008),

8. www.rbi.org.in