

A GUIDE FOR PREPARING
MODERN PERSONNEL POLICIES
FOR
COOPERATIVE BANKS IN INDIA



NATIONAL CENTRE FOR MANAGEMENT DEVELOPMENT IN
AGRICULTURE AND RURAL DEVELOPMENT BANKING
BANGALORE

in collaboration with

INTERNATIONAL LABOUR ORGANISATION
COOPNET PROGRAMME

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COOPNET

In 1993, the LO Cooperative Branch under the global ILO/DANIDA Programme for Cooperative Development in Rural Areas launched the inter-regional programme COOPNET (Human Resources Development for Cooperative Management and Networking) to respond to new developments in cooperative human resource development (HRD). The COOPNET programme builds on the experience the Cooperative Branch gained in technical cooperation at the national and inter-regional level, particularly with the MATCOM project (Material for Cooperative Management Training). COOPNET first started in Asia and East, Central and South Africa, and later extended its service to Latin America and West Africa. It collaborates closely with major cooperative institutions such as the International Cooperative Alliance (ICA).

COOPNET is **221** and does not intend to create new networks, but facilitates networking among cooperative HRD institutions and their networks as well as other organizations/institutions related to cooperative HRD. The programme focuses on strengthening the capacity of local and national institutions to develop their own HRD programmes to promote cooperative development. Its immediate objectives refer to improved HRD policies, curriculum development, training methods and materials, improved cooperative entrepreneurship, as well as improved methodologies to training needs assessment and new approaches to evaluating the impact of HRD on the performance of cooperatives.

Since it is of chief importance that all human resources are concerned i.e. men and women, have access to cooperative HRD in order to take full use of the cooperative potential, COOPNET considers gender issues in all its activities.

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Why & How to use this Guide

In the past one decade progressive organizations have begun to place greater emphasis on management and development of human resources. Because of fluctuations in business climate, intense competition and rapid technological changes management has to be vigilant for improvement in productivity.

The attitude of employees including managers in recent years has been dominated by greater consciousness of rights, status, perks, etc., rather than obligations towards the organizations. In most organizations problems of getting competent persons, retaining them, keeping up their motivation and morale and helping them to both continuously grow and contribute their best to the organizations are now viewed as the most critical problems.

The only answer to this problem is a conceptual frame-work of human resource development to be adopted at the corporate level. This Guide gives such a conceptual frame-work for cooperative banks.

The **Guide** for the preparation of a manual on **Modern Personnel Policies for Cooperative Banks in India** is divided into two parts. Part I gives the preamble and introduction. It highlights the importance of the need to formulate and adopt appropriate personnel policies. Part II consists of draft policy statements which are presented in a logical sequence under eight headings as follows:

1. Establishment of HRMD
2. Organizational Structure/Staffing Pattern
3. Recruitment & Hiring
4. Retention
5. Employee Development
6. Code of Conduct
7. Relationship Building
8. Exit Policies

The policy statements are ideal for the Cooperative Banks to follow which may be possible to be implemented immediately or at a later stage but nevertheless to be adopted as a policy. The State Level Cooperative Banks, being at the Apex level, will have to play a vital role in making best use of this Guide. The management of these banks by initiating a series of discussions among its staff should be able to test the 'validity' and 'applicability' of each policy statement mentioned in Part II and also 'sell' the package to the staff. This will help create a conducive atmosphere for effective implementation of these policies later. The State Level Cooperative Banks have also the responsibility of ensuring that policy statements are adopted and

effectively implemented in District Central Cooperative Banks/ Primary Land Development Banks. For this purpose, the State Level Cooperative Banks should organize a series of discussions/ workshops at the State level in which the authorities responsible for HRM at DCCBs/ PLDBs should be invited. They should also extend all possible help and guidance to the DCCBs /PLDBs for ensuring effective implementation of the policy statements. It should, however, be noted that the DCCBs/ PLDBs should have the freedom to make necessary changes in the policies mentioned in the guide and include such additional policies as may be considered necessary and helpful by them. Precautions should be taken to avoid the disfunctionality of having a manual. They are -

- i) redundancy of the manual due to changed circumstances;
- ii) inability of the manual to provide for all situations and processes - leading to inflexibility;
- iii) absence of appropriate mechanisms for effective use of the manual. For example, absence of appropriate communication strategies or an educative aid for the employees.
- iv) using the manual as a control device and not as an educative tool.
- v) the manual becoming an impediment for the cooperative bank evolving as a learning institution. In other words, the manual becoming an obstacle to the cooperative bank in facing the various learning challenges and the opportunities made available due to changes in environment.

The proposed manual should be evolved keeping in mind that there is a crucial need for a shift from:

- * The restrictive and repressive cooperative laws in the country to the creation of an enabling legal environment where cooperative banks can thrive and prosper
- * State owned or supported cooperative banks to member owned and controlled self-reliant cooperative banks
- * Political and state interference in the affairs of the cooperative banks to the management of the cooperative banks through enlightened membership
- * Unnecessary interference in the day-to-day functioning of the cooperative banks by the boards of directors of the banks to the evolution of true partnership and accountability between the board and the professional chief executive who are permanent employees of the cooperative banks and are

specifically appointed by and accountable to the board of the cooperative banks

- * The policy of having a system of common cadre of senior officials who keep moving between the federation and its constituent unions to the policy of having mutually exclusive and independent full-time permanent employees in the union and federation
- * A policy where quality and excellence were viewed as a luxury to a policy where quality and excellence is a pre-requisite for the cooperative banks to succeed in the market place

It should also be noted that while formulating policies gender equity should be kept in mind. Women contribute more to the economic well-being of human society but receive far less from society than men. Therefore it should be the endeavour of Cooperative Banks to achieve the goal of gender equality



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PART I

PREAMBLE

Management and development of human resources - members, leaders and staff - have always been central to the cooperative movement. It is through the faith, commitment and collective endeavours of people that a co-operative comes into being, effectively competes with others in the field and meets the needs of its members and community at large. Cooperative Banks in India have come into being with such faith, commitment and endeavour. They are now facing challenges which have not been faced before. In the wake of structural adjustments in the economy and unfolding new environments characterized by de-regulation, liberalization and globalisation, cooperative banks need to be professional and entrepreneurial to remain competitive, while being able to effectively cater to the needs of the rural community. It has been realised, albeit lately, that efficient management of human resources alone can make Cooperative Banks competent, dynamic and growth oriented to meet these challenges.

In order to ensure that the staff of Cooperative Banks are competent, motivated and properly organized, the adoption of sound, suitably inter-related and well articulated personnel policies become essential. Such policies will ensure the development of employee competence, dynamism, motivation and effectiveness in a systematic and planned way. The personnel policies of the Cooperative Banks should be such so as to create a climate to encourage employees to take initiative, constantly innovate and take calculated risks without hampering the wider perspective of the organizational goals. The banks should find and utilize the best manpower in as effective a manner as possible and it must do so within the constraints of Governmental regulations regarding employee relations. Therefore, a major effort of human resource development should relate to the process of developing, applying and evaluating policies, procedures, methods and programmes relating to employees by sound personnel policies.

It is against this backdrop that a four-day **Workshop on Modern Personnel Policies for Cooperative Banks in India** was organized by the **National Centre for Management Development in Agriculture and Rural Development Banking**, at Bangalore from the 2nd to 5th August 1995 in collaboration with **International Labour Organization - COOPNET PROGRAMME**. The main purpose of the National Workshop was to bring out a Guide for the preparation of a Manual on Modern Personnel Policies for Cooperative

Banks, which is presented here for the benefit of Cooperative Bank functioning in India.

The names of officers of the State Cooperative Agricultural and Rural Development Banks and the State Cooperative Apex Banks who participated in the Workshop and helped to finalize the Guide with their valuable suggestions are given in Annexure I.

The National Centre acknowledges with thanks the guidance given by Mr. K. K. Taimni, Regional Coordinator for Asia and Pacific, ILO-COOPNET PROGRAMME and Mr. W. G. D'Sa, Director of the National Centre in conducting the deliberations of the Workshop. The National Centre also acknowledges with thanks the guidance given by the following guest speakers on certain aspects of human resource development which helped the participants in finalizing the policy statements:

- Dr. K. R. S. Murthy** Director, Indian Institute of Management, Bangalore
- Dr. B. R. Patil** Professor, Indian Institute of Management, Bangalore
- Mr. S. Ramanujam** Principal, South India Bankers' Staff Training Institute, Bangalore
- Mr. C. P. Ramamurthy** Ex-Principal, Vysya Bank Staff Training College, Bangalore
- Mr. V. M. Ramalingam** Vysya Bank Staff Training College, Bangalore
- Mr. M. B. Patil** Principal, Institute of Cooperative Management, Bangalore
- Mr. V. V. Sridharan** Senior Manager, Industrial Relations Section, Canara Bank, Bangalore
- Mr. P. V. Prabhu** Executive Director, National Cooperative Agriculture and Rural Development Banks' Federation, Bombay

Mr. K. Ramesh, Faculty Member, National Center acted as the Coordinator for the Workshop.

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PART II

INTRODUCTION

People and Organizations

People are the common element in all organizations. Organizations are the most inventive social arrangements of our age and civilization. They are created by the people for their own benefit and their success depends on the people who work for these organizations. Society needs organizations and in turn organizations need human resources. Obviously, people and organizations are dependent on each other. Better functioning of organizations helps people and society at large to meet the challenges and opportunities for which efficient management of human resources is very much essential.

Motivation of Human Resources

In organizations all over the world today, motivation of the human resource is considered to be one of the most important aspects for successful achievement of targets, objectives and productivity. Motivation promotes competence and also a good role performance. Anybody who is motivated to do a good job is also keen to learn by participating in training, by self studies, by on-the-job training and experience in order to improve his competence and performance. Motivation is usually achieved by applying favourable employment conditions for the human resource. This includes such factors as challenging compensation schemes (good salaries, bonus systems, fringe benefits), job recognition and satisfaction, social benefit system, career possibilities etc. These factors are usually presented in the personnel policies of an organization which are usually designed and implemented by a special human resource department. The motivation of the staff in cooperatives appears to be rather neglected which is often the reason for bad performance in this sector.

Human Resource Development

Human resources are the most important assets in all organizations including cooperative organizations. This is the *raison d'être* for the establishment of separate human resource department for providing human resource related services within the Cooperative Bank. The establishment of such a department would be a sign of self reliance and, if working efficiently, will further contribute towards self-reliance in other respects for which the Cooperative Bank is constituted.

Human resource management in a contemporary organization covers two major components, namely:

- * Personnel Management.

This includes manpower planning, recruitment, retention, motivation, development and training.

- * Termination of employment.

- * Human Resource Development (HRD).

This includes *organizational development, team building, performance counselling and management, relationship review , process management, culture and value building, and total quality process management.*

Human Resource Management Department:

A modern organization committed to effective management of human resources, generally formulates and implements integrated policies covering both the above components of human resource management. This guide also follows this approach in the formulation of effective, modern personnel policies for Cooperative Banks.

Therefore, a Human Resource Management Department (HMRD) needs to be established at a suitable level within each Cooperative Bank to oversee the following functions:

- * manpower planning and information.
- * recruitment and hiring of staff.
- * determining employment and working conditions.
- * determining compensation and compensation methods.
- * developing career and promotion schemes.
- * developing welfare services and social security benefits.
- * developing staff through education and training programmes.
- * developing and applying methods of consultation, negotiation and settling disputes between employers and employees or trade unions.
- * developing internal relations

The Personnel Department

The Personnel Department helps people and organizations attain individual and organizational goals. But, it faces many challenges along the way. These challenges arise from the demands of the people, organizations and their environment. Other challenges result from the need for equal opportunity and meaningful jobs. The success of a personnel department depends on how these challenges are met. Employees are affected because organizations influence their everyday life. How well the organization succeeds also determines the well being of its employees and in a much broader sense, the well being of society at large.

The purpose of personnel management is to provide organizations with an effective workforce. To achieve this purpose, personnel management reveals how employers obtain, develop, utilize, evaluate, maintain and retain the right numbers and types of workers.

These challenges lead to four basic objectives that are common to personnel management:

1. Social Objective:

It has to be socially responsible to the needs and challenges of society. At the same time, the organization has to strike a balance between such demands of society and the burden that it places upon the organization to fulfill such obligations.

2. Organizational Objective:

To recognize that personnel management exists to contribute to organizational effectiveness. Personnel management is not an end in itself; it is only a means to assist the organization with its primary objectives. Its role therefore is to serve the rest of the organization.

3. Personal Objective:

To assist employees in achieving their personal goals, in so far as these goals enhance the individual's contribution to the organization. Personal objectives of the employees must be met if they are to be maintained and retained. Otherwise employees performance may decline and may lead to their remaining in the organization as a frustrated lot or they may leave the organization.

4. Functional Objective:

To maintain the personnel management contribution at a level appropriate with organizational needs. A personnel department must be appropriate for the organization it serves.

Personnel department is a service department. It exists to assist employees, managers and the organization. It is required to carry out its functions in symbiosis with all other parts of the organization. Since authority is possessed by managers of operating departments and it allows them to make decisions about production performance and people, it is the operating managers that normally are responsible for promotions, job assignments and other people related decisions. Basically, personnel managers advise line managers who are ultimately responsible for employee performance. The personnel department may be given functional authority. Functional authority allows personnel department adequate scope to influence certain decision making process that affect the overall functioning and effectiveness of the organization.

The six basic functions of the personnel department are as follows:

1. Foundations and challenges:

Personnel policies followed by the management face many challenges in dealing with human resources. These challenges arise from the environment in which the organization operates, i.e.: -

- * economic environment
- * markets
- * pressure groups
- * professional ethics
- * government

Challenges also spring from within the organization.

2. Preparation and selection:

To meet these objectives, the personnel department commonly develops a human information system. Data is gathered about each job and the organization's future human resources needs. Recruitment and selection are done, relying on such data.

3. Development and evaluation:

Once hired, the new employees are oriented to the organization. Each employee will then need training and development to do their job better. Periodically employees are evaluated through formal appraisal. Feedback is given so that the employees with the help of the department can alleviate all obstacles so that their performance is optimal.

4. Performance compensation and protection:

The personnel department helps provide the organization with effective performers. To achieve this, they improve employee motivation, satisfaction and self discipline. These include wages, perquisites, healthy/ safe work environment etc. Satisfaction is also maintained through effective communication and counselling.

5. Labour Management Relations:

Employees may join together and form self help groups called unions. Thereafter, the personnel department is responsible for handling negotiations with the unions on any matter.

6. Personnel management in perspective:

As with any social system, personnel departments need to uncover their success or failure through self evaluation. Increasingly sophisticated methods are used to audit different aspects of their functioning; always trying to optimize the effectiveness of human resources with the organizational goals. At the same time personnel departments must be aware of future challenges in order to anticipate their impact on the organization and its human resources.

The activities of a personnel department are viewed best as a system of interrelated actions. Personnel departments should take information and human resources as prime inputs and use different personnel activities to produce outputs that help organizations achieve their objective.



1.0 HUMAN RESOURCE MANAGEMENT

Human Resource Management is a process consisting of the acquisition, development, motivation and maintenance of human resources.

Stephen P. Robbins

1.1 Establishment of Human Resource Management Department

Policy A Human Resource Management Department (HRMD) shall be established at a suitable level within the Cooperative Bank executing services in the following fields for its employees:

- How**
- * manpower planning and information
 - * job description and job specification
 - * recruiting and hiring staff
 - * determining employment and working conditions
 - * determining compensation and compensation methods
 - * developing welfare services and social security benefits
 - * developing career and promotion schemes
 - * developing staff through education and training programmes, encouraging employee participation in decision making process
 - * developing and applying methods of consultation, negotiation and settling disputes between employers and employees or their trade unions
 - * developing internal relations

Why Employees (human resources) are the most important assets in all organizations including cooperative banks. This is the *raison d'être* for the establishment of a Human Resource Management Department within the Cooperative Bank to be in charge of the services listed above. The establishment of such a department would be a sign of self-reliance, and if working efficiently, will further contribute towards self-reliance in other respects.

- * The guiding factor for the services and policies of the HRMD is to recruit, develop, motivate and retain qualified, responsible, loyal and

disciplined staff within the Cooperative Bank in order to increase productivity and to achieve self-reliance for the benefit of its members, customers and staff. The policies should be related to the Mission Statement and the corporate plan and policies of the Cooperative Bank

- * The HRMD shall be headed by a qualified Personnel Manager who shall report directly to the Managing Director and be allocated necessary staff, logistic support and financial resources for efficient implementation of its services.
- * The HRMD shall have a humane and flexible approach to all its services and promote gender equality in the Cooperative Bank . It shall be aware of its role as an agent of change in the organizational development and effect such change when required. It should constantly reform and revise its activities in order to meet new requirements of organizational change.

By Whom The Board of Directors

1.2 Mission Statement

Policy Every Cooperative Bank shall endeavour to formulate, in close consultation with all the staff, a Mission Statement. The Mission Statement shall clearly articulate a vision that the Cooperative Bank has before itself and which the Bank is striving to accomplish (Specimen Mission Statements are given in Annexure II).

Why A Mission Statement helps to establish realistic and consistent short term goals, provides a basis for creating conditions for forging bonds among different sections/departments and acts as a motivating force for people working in the organization.

How HRMD shall take the initiative to formulate the Mission Statement, establish the necessary mechanism for securing fullest participation of all staff in its finalization and assist the management in its dissemination among all concerned.

By Whom HRMD shall assist the management in initiating the process for the formulation of the Mission Statement.

1.3 The Staff and Cooperative Bank

Policy All employees shall know and understand the role and importance of the Cooperative Bank and its usefulness to the rural community. They shall also know the structure of the Cooperative Bank in particular and of the cooperative credit movement in the state/ country in general.

Why Their sense of belonging shall be further cultivated from the beginning, when the staff know that they belong to a larger cooperative movement.

How This shall be done at the time of the induction programme.

By Whom HRMD shall be responsible for this activity.



2.0 ORGANIZATIONAL STRUCTURE AND STAFFING PATTERN

The manner in which job tasks are designed and work is scheduled influences the motivational level of employees.

Stephen P. Robbins

2.1 Organizational Structure

- Policy** All staff shall know and understand the organizational structure of the Cooperative Bank .
- Why** The work of the staff may be more meaningful and for improving the linkages between different departments/sections.
- How** The organogram illustrating the structure of the Cooperative Bank shall be supplied to the employees and the relationship between various entities of the structure shall be carefully explained.
- By whom** HRMD shall assist the top management in this respect.

2.2 Staffing Pattern

- Policy** There shall be a classification of employee cadres and their strength in Cooperative Bank delineating the major job roles and expectations at different levels.
- Why** To maintain the required staff strength to accomplish the various tasks and business operations of the Cooperative Bank .
- How** By assessing the workload in different departments and fixing appropriate staffing norms in relation to the needs.
- By Whom** HRMD with the approval of the management.



3.0 RECRUITMENT AND HIRING

Recruitment is the discovering of potential applicants for actual or anticipated organizational vacancies.

Stephen P. Robbins

3.1 Recruitment & Hiring Procedures

Policy The HRMD shall design and lay down procedures, duly approved, on how to recruit and hire staff within the Cooperative Bank, specifying the appointing authority for different cadres.

Why It is vital for the efficiency of the bank that hired staff meet the requirements of the job they will be hired to do. Efficient and professional recruitment procedures shall, therefore, be applied.

How An effective recruitment procedure comprises the following steps:

- * a job description shall be the base for recruitment;
- * requirements shall be matched against the job description (job specification);
- * the positions shall be widely advertised with a concise description and requirements of the job, compensation and other benefits;
- * a short-list of applicants shall be drawn up;
- * special tests may be applied;
- * those short-listed shall be interviewed;
- * on basis of interview a panel may be prepared;
- * the most suitable applicant(s) shall be selected for the job
- * a letter of appointment indicating the terms of service shall be issued;
- * wherever a candidate is put on probation, a letter of confirmation shall be issued after successful completion of probation.

By whom The HRMD shall assist with proper recruitment procedures at all levels of the Cooperative Bank.

3.2 Identification of Entry Cadres

- Policy* The management shall determine the levels at which direct recruitment shall be made.
- Why* To augment and infuse fresh talent at appropriate levels in the Bank.
- How* HRMD shall prepare a draft policy for approval by the management taking industry practices into account.
- By Whom* HRMD with the approval of the management.

3.3 Generation of Applications

- Policy* The Bank shall notify its vacancies through appropriate media to enable a large number of eligible and qualified persons to apply.
- Why* To attract the best available talent.
- How* By advertisement and notification.
- By Whom* HRMD.

3.4 Manpower Planning and Development

- Policy* The HRMD shall be in charge of manpower planning and development in the Bank.
- Why* In order to:
- * obtain an overview of the staff situation in the Bank
 - * draw age-profiles of staff
 - * identify turnover of staff
 - * make manpower projections and plans
 - * analyze and prioritize training needs
 - * establish and apply personnel policies
 - * establish and apply career and promotion systems
 - * establish and apply compensation structures
- How* A comprehensive manpower survey shall be carried out to obtain relevant quantitative and qualitative information and a computerized database be established for storing of the collected data. The HRMD will provide all

relevant manpower data to the other departments. It shall prepare perspective manpower plans, keeping in view the business plan and the gender balance in the Bank by promoting the employment of women staff.

By Whom HRMD

3.5 Selection Process

Policy Selection process shall be carried out in a professional way.

Why It is the most crucial part of the recruitment procedure.

How Short-listed candidates shall be informed well in advance about place, date and time of the test and interview in order to give them time to prepare themselves adequately. The written tests may be conducted by a professional external agency. An interviewing panel shall be constituted in such a way that a professional and fair interview is ensured.

By Whom For higher managerial posts the panel shall be constituted by the Board of Directors consisting of the representatives of management and experts.

For middle and lower categories of posts the panel shall be constituted by the Managing Director.

3.6 Induction

Policy The Cooperative Bank shall have induction programmes for new employees.

Why The purpose of the induction programme is to enable the employee to familiarize himself with the work environment and operations of the Bank.

How

- * the employee shall first of all be introduced to the work-place and the tasks and job description shall be explained.
- * the employee shall be informed about the structure of the Bank and the role to be played.
- * the employee shall be informed about the rights and responsibilities, rules and regulations and the code of conduct.
- * the programme shall be implemented through a well designed course.

By Whom HRMD in consultation with the Heads of Departments.

3.7 Job Description

Policy The Cooperative Bank shall have job descriptions for all posts.

Why To ensure that:

- * recruitment of staff is based on job descriptions
(The job description shall, in the case of recruitment, also have a job specification, which is a list of the qualifications regarded as necessary for a satisfactory performance of the job. The job description basically describes the job and the job specification the potential job holder shall have).
- * New entrants are informed about their job through job descriptions
- * with a job description an employee knows what to do without being directly supervised
- * questions of demarcation or “who does what” may be settled through job descriptions
- * the planned and coordinated output of the Bank is based on the job descriptions
- * job descriptions can serve as reference in the event of disagreement or dispute about tasks
- * job descriptions are used as a basis for the annual appraisal
- * job descriptions serve as the basis for identification of training needs of the job holders.

How The job description shall be brief and clear. It is not a legal document but a working tool. It shall consist of at least the following parts:

- * the job title
- * the position or person to whom the job holder is responsible
- * the purpose or the core function of the job
- * the duties, tasks, responsibilities of the job holder (“what he has to do”)
- * the job description shall include a “catch all” phrase to cover any special or unusual tasks which may be given to the job holder from time to time.

By Whom The HRMD shall assist the concerned immediate supervisor to prepare the job description which will be screened and approved by the concerned Head of the Department.

3.8 Placement

Policy Placement should be made on the basis of organizational requirement, qualification, aptitude, performance and employee preference.

Why In order to have a good fit between the organization and the employee.

How As explained above.

By Whom HRMD in consultation with the supervisors under whom the employee had worked.

3.9 Temporary/ Casual Employees

Policy The Cooperative Bank shall have set rules and regulations for temporary/casual employees according to existing labour law. However, as a general rule, the Bank shall not encourage the employment of temporary/casual employees. If they are employed it is an obligation on the Cooperative Bank to offer reasonable terms and conditions of employment.

Why It is a moral and social obligation of the Bank to stipulate the working conditions for this category of staff.

How At least the following conditions shall be offered:

- * there shall be an agreement on the duration of the employment when they are employed.
- * for obvious reasons, they cannot enjoy most of the benefit schemes of full-time employees but they shall at least be covered by a life and disability insurance during the time of employment.
- * if they are employed for a longer period than 240 days full-time employment shall be considered.
- * if they are employed for a longer period than one month they shall be entitled to be paid leave on a pro-rata basis or payment in lieu of leave.

By Whom HRMD shall promote the policy.

3.10 Deputation

- Policy** The Cooperative Bank shall permit employees to work on deputation with other cooperative societies. Similarly, the Cooperative Bank may also accept staff on deputation from other cooperative societies. However, except in rare and highly specialized areas people may not be taken on deputation from the Government.
- Why** To allow the employees of the Cooperative Bank to gain experience, seek growth possibility and help other cooperatives to meet manpower requirements. Persons taken on deputation will help meet temporary manpower requirements or fill the need for persons with specialized knowledge or skill.
- How** While recruiting people or announcing employment vacancies Cooperative Bank will indicate that employees can also join on deputation. Own employees shall similarly be informed at the time of induction or while forwarding their applications for employment elsewhere.
- By Whom** HRMD will encourage people going out or coming on deputation.

3.11 Consultants

- Policy** There shall be a provision to take services of suitable personnel as consultants but this should be restricted to areas requiring expertise such as projects, etc. There should be an approved procedure for engaging consultants.
- Why** Expertise for specialized assignments/projects requires to be drawn upon.
- How** HRMD will draft procedure for approval by the top management.
- By whom** HRMD



4.0 RETENTION

A successful career programme should look towards developing people for the long term needs of the organization and be capable of dealing with the dynamic changes that will take place, over time, in attempting to match individual abilities and aspirations with the needs of the organization.

Stephen P. Robbins

4.1 Employee Record

- Policy** The Cooperative Bank shall keep records of all employees according to forms designed for this purpose.
- Why** It is necessary, for practical reasons, for each office to keep such information about the employees and it is necessary for the overall manpower information and planning of the Cooperative Bank that such records are kept.
- How** The HRMD shall design the employee record form for different categories of staff.
- By whom** HRMD

4.2 Job Evaluation

- Policy** Salary and wage of staff shall be based on job evaluation.
- Why** Job evaluation is necessary in order to differentiate salaries and wages of staff in a fair way. Clear rules for payment are essential if labour costs are to be accurately estimated and controlled and meaningful personnel policies are to be followed. Without such rules, salary and wage structures can quickly become chaotic through inconsistent decisions and the proliferation of a host of special allowances and payments.
- How** There is a wide range of job evaluation methods, which can be applied and a quite a lot of literature has been written on the subject. (JOB EVALUATION published by the International Labour Office, Geneva, 1986, ISBN 92-2-103541-7 can be mentioned here).
- Basically, three steps are to be distinguished in the procedure of evaluating jobs:
1. a job analysis should be undertaken;

2. job descriptions/specifications should be written on the basis of the analysis;
3. a job evaluation schedule should be designed and applied in evaluating the jobs on the basis of the job descriptions or job specifications;

The sample job descriptions/specifications shall be based on assumptions what managers at various levels ought to do or have to do in an active and well-functioning business environment. May be, they can be termed as "ideal" job descriptions. They should, however, be subject to review and revision from case to case.

The evaluation schedule as mentioned in (3) above, should be applied to a revised, "real" job description/specification. Job factors which could be used in evaluation of jobs in the Cooperative Bank are the following:

- * Education
- * Training /Experience
- * Job knowledge and Skill
- * Initiative and Judgement
- * Accuracy, quality and cost consciousness
- * Decisions and Problems
- * Physical Effort/Risks
- * Mental/Visual Effort/Risks
- * Contact with people (inside the Cooperative Bank, inter-personal skills)
- * Contact with people (outside the Cooperative Bank, public relations skills)

Each one of the above factors should be detailed in degrees of difficulty from elementary to more complex levels and rated by points. Job evaluation schedules which are to a large extent self-explanatory can be obtained through the COOPNET Programme.

The result of the evaluation procedure is the ranking of the jobs in grades in order of importance and translating the grades into salary and wage levels, which is the culmination of the job evaluation process.

By Whom The HRMD is recommended to execute a comprehensive job evaluation within the Cooperative Bank. First of all, job assessors need to be selected and trained how to apply the evaluation schedule. Also, several policy problems need to be solved in this context before the process starts.

4.3 Compensation

Policy The Cooperative Bank shall have a fair and attractive compensation scheme.

Why To enable the Cooperative Bank to recruit, motivate and retain qualified staff.

How An attractive compensation scheme shall comprise at least the following:

- * Salary and wage schemes, containing grades and steps, shall apply to all categories of staff. Salaries and wages shall be comparable to industry standard and shall be based on properly executed job evaluation.
- * Annual increments shall be given to all employees. In cases of exceptional performance special increments may be given.
- * Fringe benefits, being non-monetary perks (car, housing and other facilities), shall be offered to make the Cooperative Bank an appealing place of employment.
- * The Cooperative Bank shall at least pay bonus or ex-gratia payment as prescribed under the law.
- * Special compensation for overtime work and work on rest days and gazetted public holidays.
- * Insurance for all employees.
- * Other compensations payable under relevant laws/ bye- laws/ orders/ agreements.

By Whom The HRMD shall design the compensation schemes. The schemes must be updated and revised regularly to meet new requirements and above all to match inflation.

4.4 Insurance

- Policy** All employees shall be properly insured.
- Why** For social and economic reasons.
- How** All employees shall be covered by a life and disability insurance in one of the following ways:
- * through contribution by the Cooperative Bank to statutory insurance according to Workmen's Compensation Act.
 - * and/or through cooperative insurance or an insurance made with an insurance company or group insurance scheme.
- By whom** The HRMD shall design a scheme and present it to the Board of Directors.

4.5 Pay Schedules

- Policy** The Cooperative Bank shall have different pay schedules for different staff categories.
- Why** All employees do not have the same capacity to plan their economy.
- How** Salaries/wages shall be paid on a -
- * monthly basis for regular, permanent and temporary staff but before the end of the month.
 - * daily basis for casual labour
- By Whom** The HRMD shall design the pay schedules to be put into effect by the finance section at each level.

4.6 Meal Allowance

- Policy** All employees shall have meal allowance.
- Why** Both from social and productivity points of view it is necessary that all staff get a proper meal during the lunch break
- How** This shall be arranged for the employees in one of the following ways:
- * a canteen shall be established where employees can have their lunch at subsidized rates.

- * a coupon system shall be established through which the employees can have the lunch at certain restaurants according to agreement between these restaurants and the Cooperative Bank at subsidized rates.
- * lunch packages shall be brought to the Cooperative Bank from a restaurant and be eaten in specially arranged rooms within the premises of the Cooperative Bank.

By Whom To be arranged appropriately at each level of the Cooperative Bank.

4.7 Transportation Allowance

Policy All staff shall have transportation allowance.

Why To increase the efficiency of the Cooperative Bank and to reduce costs of the individual employee as part of his/her compensation.

How Transportation allowance shall be given in the following ways:

In duty station:

- * special staff cars shall be allocated to executive staff;
- * collective transport shall be arranged for other staff i.e. the staff shall be collected by a staff car or bus every morning and brought home every evening; or
- * a monetary transport allowance should be paid.

* *By Whom* HRMD shall work out and constantly up-date the rules and regulations for transportation allowance in consultation with the Heads of Departments.

4.8 Management Transportation Regulations

Policy The Cooperative Bank shall have clear regulations for management transport entitlements.

Why To avoid misunderstanding and misuse of management transport.

How Management transportation shall be arranged in one of the following ways:

- * Executive staff and specialists shall be allocated staff cars by the Cooperative Bank to be used officially. All costs in connection with the use of the car shall be borne by the Cooperative Bank.

- * Employees of the same sector shall be allocated staff cars for official use. "Official use" should be clearly defined by means of concrete examples. Exceptions for private use (emergency family matters) shall be listed. Misuse shall be subject to disciplinary action.
- * Rules shall be laid down for maintenance and replacements of staff cars.

By Whom The HRMD shall frame the regulations for sanction by the Board of Directors.

4.9 Travelling & Per diem Allowance

Policy All employees shall be entitled to Travelling and a Per Diem Allowances while on duty out-of-station.

Why To cover the cost of being away from home.

How Allowance while travelling on duty

- * Travelling/Per Diem Allowance shall be paid to each employee travelling on duty outside the normal work station. The amount shall cover calculated costs for food, accommodation and out-of-pocket expenses. The amount of per diem allowance shall be related to the grade of the employee.
- * all air travel shall be at economy class
- * travel by rail shall be according to prescribed rules.
- * the employee shall be given a reasonable advance towards his travel allowances before he starts his travel.
- * the employee shall be provided travel insurance while travelling on duty.
- * an employee on training or official duty overseas shall receive a per diem allowance related to the living costs of the country concerned, if his daily costs are not covered by a sponsoring agency
- * an employee who travels on official duty to a temperate country shall be paid an outfit allowance of XX units provided that during the last three years preceding the date of commencement of journey he/she has not been given such an allowance.

By Whom The HRMD shall prepare rules for payment of Travelling Allowance and Per Deim Allowance for various places and categories of staff for sanction by the management.

4.10 Overtime and work on Rest Days and Public holidays

Policy Employees shall have special compensation for overtime work and work on rest days and public holidays.

Why Because the work is carried out during time intended for rest and relaxation.

How Employees can be required to do overtime work beyond normal working hours and on rest days and public holidays and shall then be compensated as per the rules to be framed.

By Whom HRMD

4.11 Employee Benefit Programmes

Policy The Cooperative Bank shall have well developed employee benefit programmes.

Why For moral, social and pragmatic reasons.

How Well developed employee benefit programmes shall have regulations on the following:

- * safety and health;
- * rest days, public holidays and compensatory time;
- * annual leave;
- * leave of absence and study leave;
- * sick leave, compassionate leave, maternity/ paternity leave and matrimonial leave;
- * retirement benefits;
- * children's educational allowance upto 2 children;
- * leave travel concession;
- * contributory provident fund;
- * gratuity;

- * loans at concessional rates of interest for housing, vehicles, consumer durables, computers, marriage of dependents and the like;

By Whom All employee benefit schemes shall be designed and promoted by the HRMD.

4.12 Revision and Changes of Employee Benefits

Policy Employee benefits shall periodically be updated and adjusted.

Why To meet new requirement within the Cooperative Bank and in the community as a whole. Inflation always requires adjustment actions so also safety and health regulations are subject to development and improvement. On the whole, the benefit programme shall be part and parcel of organisational development as such.

How By amending the benefit programmes

By Whom The HRMD shall be flexible and follow a dynamic approach to employee benefit programmes as a vital part of human resource development.

4.13 Safety and Health

Policy The Cooperative Bank shall establish and develop working conditions which ensure that safety and health of staff/ workers are safeguarded.

Why It is a moral obligation and is in the interest of the nation, the Cooperative Bank and the individual. It also contributes to increase in productivity.)

Without a human approach to employment it is impossible to accept that man's most valuable possessions - life, health, physical being, integrity, aptitude, professional skills and human dignity would be safeguarded by his employment.

- How*
- a) Observance of hygienic conditions in all work places of the Cooperative Bank shall be applied according to law.
 - b) The working environment shall, as far as possible, be arranged in such a way that aspects of ergonomics are taken care of (for example when buying machinery and equipment).
 - c) The HRMD and personnel officers at all levels shall from the above documentation and guidelines, select applicable and necessary parts

and transform them into clear rules and regulations for the safety and health of the employees within the Cooperative Bank. This shall be done in collaboration with the trade union.

- d) Regular inspection to ensure compliance with rules and regulations of safety and health shall be undertaken by the HRMD personnel officers at all levels in collaboration with the trade union. An inspection report shall be submitted to the Board of Directors.
- e) Health and safety regulations shall be subject to constant revision and improvements.

By Whom HRMD/ Personnel Officers

4.14 Leave of Absence

Policy The Cooperative Bank shall have a positive attitude to applications for leave of absence without pay.

Why There are in most cases, sincere personal reasons for such applications.

- How**
- a) the application shall be submitted to the Personnel Officer who shall investigate whether the reason for the leave required is valid.
 - b) if the reason is found valid, the Cooperative Bank shall examine whether the person can be relieved and whether the post can be kept vacant for the period of leave and a decision taken accordingly.
 - c) the length of service and standard of performance of the applicant shall be considered before any decision is taken.
 - d) such leave of absence without pay can, in principle, be granted for a maximum period of 3 years if the Cooperative Bank finds it acceptable.

By whom The HRMD/ personnel officers shall make the necessary investigation and the manager shall take the final decision.

4.15 Study Leave

Policy The Cooperative Bank shall have a positive attitude to application for paid study leave.

Why Paid study leave, if granted shall assist in improving the quality of working life, enhancing the employee's contribution to the Cooperative Bank and

the community and in increasing efficiency and productivity as a whole. Three main purposes for study are mentioned in the ILO Paid Educational Leave Convention and Recommendation as given below.

- * professional training at any level,
- * general, social and civic education,
- * trade union education.

How

1. an application for paid study leave shall be submitted to the personnel officer who shall investigate whether the proposed study is beneficial to the employee concerned, the Cooperative Bank and the community as a whole.
2. if the application is found beneficial from the above view points, the Cooperative Bank may consider whether the applicant can be released for the period of leave and the financial implications on the Cooperative Bank.
3. the length of service and the standard of performance of the applicant shall be considered before a decision is taken.
4. if all conditions are favourable, the Cooperative Bank shall require the applicant to give a guarantee, that the applicant after completion of the studies shall continue to work for the Cooperative Bank for an agreed period of time.
5. if all conditions are met, paid study leave shall then be granted.
6. paid study leave can in principle be granted for any length of time.
7. paid study leave may be on full or reduced pay.
8. if the conditions for the study leave are not met satisfactorily leave shall not be granted.

By Whom The HRMD/ personnel officers shall make all the necessary investigations and submit a proposal to the manager who will make a final decision.

4.16 Sick Leave

Policy All employees shall be entitled to paid sick leave, free medical attention and hospitalisation.

Why This is a social obligation for the Cooperative Bank.

- How*
- * if an employee falls seriously ill, he/she shall report this to his/her immediate supervisor and be released from work in order to consult the Cooperative Bank's doctor;
 - * if an employee falls seriously ill at home he/she shall immediately visit/consult the Cooperative Bank's doctor and soon thereafter, as the circumstances permit, report the matter to the immediate supervisor;
 - * if the doctor advises that the employee can report to work, he/she may obtain a certificate from the doctor stating that the employee has consulted him on the date and time indicated and report for duty;
 - * the certificate shall be handed over to the immediate supervisor, who shall forward the same to the HRMD personnel officer for record;
 - * if the doctor advises rest, the matter should be reported to the Cooperative Bank within two days together with medical certificate indicating the period of rest;
 - * if the doctor advises hospitalisation, the matter should be reported by the doctor to the Cooperative Bank immediately by telephone or post;
 - * in either of the above cases the certificate shall be given by the Cooperative Bank's doctor or a Government Medical Officer or, in case of an emergency, by any registered medical practitioner;
 - * consultation fee of the doctor and the cost of medicine and treatment suggested by him shall be paid by the Cooperative Bank directly according to procedure agreed to between the Cooperative Bank and the doctor and the chemist concerned;
 - * in case another doctor, other than the Cooperative Bank's doctor, has been consulted because of emergency, reimbursement shall be made to the employee on production of proper receipts;
 - * the employee shall be entitled to certified sick leave for x months full pay;
 - * if the sick leave is advised by the Cooperative Bank's doctor beyond x months, the employee shall be entitled to half pay for another period of x months;

- * if the employee after x+x months of sick leave still cannot report for work, a medical board shall be appointed to determine whether the employee will be able to report back to work;
- * if, in the opinion of the medical board, the employee will not be able to report for duty at all the services of the employee shall be terminated with terminal benefits;
- * medical documents shall be filed in the personal file of the employee.

By Whom The HRMD shall be responsible for the procedure and their implementation.

4.17 Compassionate Leave

Policy The Cooperative Bank shall grant compassionate leave to the employee in case of death of an immediate member of the family, namely, wife/husband, child or any legal dependent of not more than 18 years.

Why It is a social obligation.

How On presentation of evidence to the satisfaction of the Personnel Officer, the manager shall grant compassionate leave according to the period required.

By Whom HRMD on the recommendation of the Head of the Department.

4.18 Maternity/Paternity Leave

Policy Employees shall be entitled to maternity/paternity leave.

Why It is a social obligation

How By evolving a suitable scheme in consultation with the Trade Union and with the approval of the Management.

By Whom HRMD



5.0 EMPLOYEE DEVELOPMENT

Training is important not only for employee development but also to ensure the right mix of skills needed for the organization to be competitive and successful.

Stephen P. Robbins

5.1 Equal Treatment of Employees

Policy The human dignity of all employees shall always be promoted and maintained.

Why The cooperative movement is based on democracy.

How There shall be no favouritism or discrimination practised within the Cooperative Bank with respect to any employee by reason of position, sex, race, creed, colour, political or religious affiliation, or by reason of trade union membership or activity. All employees shall in the above respects be treated equally.

The policy shall be particularly promoted by the HRMD through inclusion of the policy in all In-House Education Programmes as a vital part of attitudinal training. Complaints about violation of this policy shall be launched through the grievances procedure.

By Whom Apart from the responsibility given to the HRMD above, all executive and supervisory staff shall be responsible for compliance of this policy.

5.2 Performance Appraisal

Policy All employees shall be subject to performance appraisal annually.

Why In order to ensure that an employee succeeds in accomplishing his/her job tasks and other responsibilities, periodic appraisal of their performance becomes necessary. It provides a feed back to the employee concerned on how well he is performing as well as indicates his/her training needs and any re-design of the job tasks. Performance appraisal is an important and useful tool of employee development.

How * special performance appraisal forms will be designed which shall be filled in by the employee and given to the immediate supervisor for review and interview.

- * the interview shall be between the employee and the immediate supervisor.
- * it shall be made clear to the employee that this is a special occasion and it should be ensured that there will be no interruption during the interview.
- * the purpose of the interview shall be carefully explained to the employee.
- * the interview shall be a frank and friendly discussion on the work and general behaviour (Code of Conduct) of the employee during the period under review.
- * the interviewer shall first stress the good points in the performance of the employee and, if necessary, discuss the bad points.
- * the interview shall be for a reasonable time required for discussions.
- * the conclusions of the interview shall relate to future action and be agreed to by both sides.
- * the conclusions shall be summarised in writing and be signed by both with a copy to the employee and be retained in the employee's personal file for reference at the next performance interview.

By Whom The personnel officer shall organise the appraisal interviews, provide the necessary forms and train the supervisors on how to perform the appraisal interviews.

5.3 Job Re-Designing

Policy The Cooperative Bank shall re-design the jobs regularly so as to provide for job enrichment and enlargement.

Why In order to improve employee productivity and to achieve organizational objectives.

How The job re-designing shall be brief and clear.

It shall take into account

- * employee capabilities
- * organizational needs/structure
- * availability of training

By Whom HRMD shall assist the concerned immediate supervisor to prepare the plan for job re-designing which will be screened and approved by the concerned Head of the Department

5.4 Transfers

Policy There shall be a procedure for transfer of employees in the Cooperative Bank.

Why Transfer is a means of development of the employee and to meet the requirements of the organization.

How For whatever reason an employee will be transferred from one post to another (and may be from one place to another). The Cooperative Bank shall handle the matter with tact and with due regard to the human and social implications of the transfer. At least the following points shall be observed:

- * the employee shall be normally informed at least two months in advance about the transfer;
- * the Cooperative Bank shall do everything possible to assist the employee with practical problems which may arise in connection with the transfer;
- * the Cooperative Bank shall pay necessary extra costs which the employee may have to incur because of the transfer;
- * the transfer shall be implemented in such a way that the employee (and his/her family) is caused least possible embarrassment and trouble.

By Whom HRMD will assist the management in formulating transfer policy and its implementation.

5.5 Job Training/Rotation

Policy The Cooperative Bank shall encourage a system of job rotation at periodic intervals.

Why In order to give a total perspective to all the employees of the Cooperative Bank.

How On the basis of performance appraisal the immediate supervisor will suggest, in consultation with HRMD, the future placement of the employee.

By Whom By HRMD in consultation with the Head of the Department.

5.6 Career and Promotion

Policy The Cooperative Bank shall develop and present attractive and realistic career and promotion schemes to its employees.

Why Career and promotion are important aspects of human resource development. These aspects have got a bearing on the growth of the individual employee as a human being in general and as a professional in particular. The Cooperative Bank will meet its obligations, and furthermore benefit, as it makes sincere efforts to offer its employees possibilities to grow with and within the Cooperative Bank. Therefore, in order to encourage and motivate the staff, the Cooperative Bank shall develop and present attractive career and promotion schemes.

How

- * In principle, employment within the Cooperative Bank shall be open for any applicant from outside as well as within the Cooperative Bank. However, it is necessary to convince the employees that it is possible to make a career within the Cooperative Bank. Qualified employees should therefore be encouraged to apply for jobs higher up on the ladder, when such vacancies arise. There is no denying the fact that fresh blood needs to be infused to bring in new ideas, practices and efficiency in the Cooperative Bank. The Cooperative Bank experience shall, however, be given importance in the selection of candidates.
- * A clear and realistic career scheme may be presented to the employees which shall indicate what possibilities there are for the junior employees to climb up the ladder and reach higher positions within the Cooperative Bank if they work hard and develop themselves through education and training.
- * Also, at every position there shall be possibilities for career and promotion. The Cooperative Bank shall use its imagination and create several career steps between “junior” and “senior” in any position in order to satisfy general human needs for recognition and reward for well carried out tasks.

- * Education and training shall, to some extent, be linked to career possibilities. Successful completion of certain education and training programmes shall, therefore, be made conditions for career and promotion steps which should be presented with career and promotion schemes.
- * Essentially, career and promotion shall depend on the employee's behaviour and performance while at work. The performance appraisals over the years shall be the basis for this.
- * Success in the recruitment/promotion processes shall be the decisive factor for making a career in the Cooperative Bank e.g. to climb the ladder from lower to higher posts. A grade-to-grade promotion in the same position shall be recommended by Heads of Departments to the Personnel Officer, who will submit the recommendation to the manager and the Board of Directors for final decision.

By Whom The HRMD shall design possible career schemes within the Cooperative Bank.

5.7 Education and Training

Policy The Cooperative Bank shall develop its human resource through education and training programmes.

Why Education and training are vital elements in human resource development and have always been given high priority. Human resource development through education and training is one of the pre-requisites for organizational development and is a must for the Cooperative Bank.

How A strategy for systematic training of staff shall be prepared with the following features:

- * Outlining an ongoing programme
- * Covering all employees
- * Satisfying the needs of employees
- * Having a bearing on their promotion
- * Providing adequate funds
- * Forming part of and utilizing the in-service education and training programmes of the cooperative banks
- * Constantly evaluating and revising the programmes

At least the following types of education and training programmes and activities shall be applied:

1. Cooperative pre-service education shall be an entry requirement for some posts in the Cooperative Bank, if such education and training is provided in the country, e.g. through optional university programmes.
2. On-the-job training shall be emphasized as the most important training within the Cooperative Bank. Each experienced staff member shall increase the knowledge and skill of less experienced colleagues and the latter shall pay attention to such training. A constant exchange of ideas and experience between colleagues shall be encouraged. Particularly in respect of performance appraisals, possibilities for on-the-job training shall be explored and applied when necessary.
3. In-house education and training programmes shall be arranged specifically in order to satisfy needs which call for immediate attention, such as, induction programmes, health and safety programmes etc. Parts of such programmes may be on-the-job, but other parts will require instruction and information sessions.
4. In-service education and training programmes provided outside the Cooperative Bank shall be explored and utilized for development of staff. They shall be of a duration which makes it possible to release staff concerned from work during the programme (1-4 weeks). The programmes shall meet the training needs of selected staff, be job oriented, problem solving and participatory in nature. Such programmes shall contain "action commitments" and the Cooperative Bank shall be prepared to allow the trainee/employee to apply the commitments for the purpose of improved performance and organizational development. Computer aided training programmes shall be encouraged.
5. The education and training programmes suggested in items (2) to (4) above shall be organized/arranged by the Cooperative Bank for the employees. They shall be designed in consultation with the employees.
6. the Cooperative Bank shall in principle, agree to grant leave for longer periods to such individual employees who want to educate and train themselves for further personal development. This shall be called study leave and be subject to special rules.

7. the Cooperative Bank shall, as far as possible, try to arrange/encourage participation in study visits, library services, film shows, musical events, etc. for its staff with a view to educating as well as entertaining simultaneously.

By whom The HRMD shall collaborate closely with cooperative training centres regarding all in-service education and training.

5.8 Budget for Training and Development

Policy Every Cooperative Bank shall have a separate annual budget for staff training and leadership development.

Why In the absence of specific budget provision for cooperative training and education, these two aspects tend to be neglected.

How Before the preparation of the annual budget for the Cooperative Bank as a whole, the HRMD in consultation with various Heads of Departments, shall work out the annual estimates of expenditure on training and education and then furnish these estimates to the Finance Department for inclusion in the annual budget of the Cooperative Bank .

By Whom HRMD in consultation with Heads of Departments and Finance Department.

5.9 Employee Participation in Decision-Making

Policy The Cooperative Bank shall allow and encourage employee participation in decision-making.

Why Employees' integration in the Cooperative Bank and their participation in decision-making are key ideas among cooperators all over the world today, these ideas serving partly the purpose of motivation and job enrichment and partly promoting greater democracy within the Cooperative Bank.

How Employee participation in decision-making shall be promoted in the following ways:

- * employees shall always be invited to participate in staff meetings, which shall be conducted on a regular basis, at various levels. Employees shall be activated through questions and consultations by the seniors to contribute proposals from their special fields of work;

- * they shall be made to understand that their contributions and proposals have momentum and will be forwarded to the staff meeting at next level and that their ideas and proposals may finally influence the decisions made by the Board of Directors;
- * concerned employees shall always be consulted when machinery and equipment in their field of work will be purchased;
- * employees shall always be consulted and involved in cases regarding health and safety regulations;
- * employees shall be encouraged to submit proposals for improvement in working conditions and for increased productivity.

By Whom The HRMD shall do everything possible to promote employee participation in decision-making at all levels.

5.10 Commitment Building

Policy The Cooperative Bank should strive to develop a sense of commitment among its personnel to the shared goals and mission of the Cooperative Bank .

Why It is necessary to have common, superordinate and shared goals for all the personnel of the Cooperative Bank .

How The Cooperative Bank shall develop and communicate the Mission Statement to all its personnel.

By Whom The top management with the assistance of HRMD and Heads of Departments



6.0 CODE OF CONDUCT

Discipline is a condition in the organization when employees conduct themselves in accordance with the organization's rules and standards of acceptable behaviour

Stephen P. Robbins

6.1 General Policy

Policy The Cooperative Bank shall have a Code of Conduct

Why In any organization employees should know the expected norms of behaviour.

How The Code shall contain the following responsibilities regarding general behaviour inside and outside the Cooperative Bank and the basic rules of such behaviour shall be laid out in the Code of Conduct. This Code shall contain, for example, the following responsibilities (the negative/ opposites of which shall be listed in the Code of Conduct).

- * employees are expected to serve the Cooperative Bank to the best of their ability;
- * employees are expected to uphold, enhance and guard the dignity and the interests of the Cooperative Bank inside as well as outside the Cooperative Bank;
- * employees shall protect the property of the Cooperative Bank and shall not have the right to alienate such property or use it for their private benefit;
- * employees shall not accept any donation, award, bonus, gratuity, remuneration, financial or other aid from any other person or organization other than the Cooperative Bank for services rendered in their official capacity as employees of the Cooperative Bank ;
- * employees shall be punctual and maintain work schedule;
- * employees shall have a polite and proper behaviour inside as well as outside the Cooperative Bank ;
- * employees shall carry out instructions from their supervisors and adhere to rules and regulations regarding safety and health.

By Whom The HRMD shall be responsible for issuing the Code of Conduct and make it as detailed and simple as required by circumstances. It shall constantly be revised when the need arises. The Code of Conduct shall be evolved by the managers and approved by the Board of Directors of the Cooperative Bank .

6.2 Employee Responsibilities

Policy Each employee shall know his/her responsibilities.

Why This is necessary for efficient functioning of operations of the Cooperative Bank for harmonious relations among staff within the Cooperative Bank and for the image of the Cooperative Bank in the eyes of the public.

How The responsibilities shall be listed and carefully explained to the employees. This shall be done particularly at the time of induction programme and shall be repeated in other in-house programmes wherever necessary.

Employee responsibilities are basically of two types:

- * responsibilities regarding the job to be done and these shall be laid out in the job descriptions.
- * responsibilities regarding general behaviour inside and outside the Cooperative Bank and the basic rules of such behaviour shall be laid out in the Code of Conduct and shall contain the following responsibilities:
 1. employees are expected to serve the Cooperative Bank to the best of their ability;
 2. employees are expected to uphold, enhance and guard the dignity and the interests of the Cooperative Bank inside as well as outside the Cooperative Bank ;
 3. employees shall protect the property of the Cooperative Bank and shall not have the right to alienate the property or use it for their private benefit;
 4. employees shall not accept any donation, award, bonus, gratuity, remuneration, financial or other aid from any other person or organization other than the Cooperative Bank for services rendered in their official capacity as employee of the Cooperative Bank;

5. employees shall be punctual and maintain work schedule;
6. employees shall have a polite and correct behaviour inside as well as outside the Cooperative Bank;
7. employees shall carry out instructions from their supervisors and adhere to rules and regulations regarding safety and health.

By Whom The HRMD.

6.3 Work Schedules

Policy The Cooperative Bank shall have well planned work schedules for their employees.

Why This will promote efficiency and effectiveness in the Cooperative Bank and the employees shall know during what periods of time they shall perform their tasks.

How

1. Normal working time for the employees of the Cooperative Bank shall be x hours a week distributed over the week days in a way which benefits both the Cooperative Bank and the personnel;
2. Employees shall have to work overtime when the work situation so requires. Executive staff are expected to work extra hours with no pay for overtime. Other staff shall be paid overtime according to rules and regulations laid down in the compensation agreement;
3. Shift-work may be necessary for the sake of efficient use of machinery etc. Shift-work has many negative effects on the worker's health, family life, social relationships, trade union work and community activities which shall be compensated accordingly.

By Whom Design of work schedules shall be the responsibility of the HRMD. They shall be sanctioned by managers and the Board of Directors.

6.4 Outside Employment

Policy The Cooperative Bank shall not encourage outside or parallel employment.

Why Outside employment may negatively affect the efficiency of the employees.

How This policy should be explained in the induction programme and included in the Code of Conduct. Outside short-term assignment may be allowed in

exceptional cases. All such outside assignments shall be brought to the attention of the Cooperative Bank.

By Whom Such outside assignments should be recorded by the HRMD.

6.5 Disciplinary Proceedings

Policy Disciplinary proceedings shall protect the interests of the Cooperative Bank but shall be conducted in such a way that a fair treatment to the employee is ensured.

Why It is necessary that the interests of the Cooperative Bank are protected. This, however, must be done in such a way that no prejudice, preconceived concepts or biases shall be allowed to influence the disciplinary proceedings. Complete impartiality shall be maintained for the sake of fairness and preservation of continued good disciplinary standards.

Since the interest of the Cooperative Bank has to be protected, disciplinary action shall be initiated in the following cases where warnings have had no effect.

- * unauthorized, repeated, inexcusable absence from duty;
- * repeated, inexcusable refusal to obey legitimate orders and instructions;
- * insubordination to a superior;
- * intolerable rudeness in general behaviour;
- * being under influence of alcohol or drugs during the hours of duty;
- * taking or converting for his own use any property belonging to the Cooperative Bank ;
- * wilful or damage due to negligenceto any property of the Cooperative Bank;
- * failure to account for funds or cash or assets belonging to the Cooperative Bank and/or misappropriation of the same;
- * any criminal offence committed, which results in conviction in a Court of Law.

How

1. When the personnel officer receives the formal complaint, he shall immediately ask the competent authority to make preliminary inquiry;

2. The competent authority shall investigate the case carefully and record in writing all statements from the complainant(s), the accused and any witnesses the two parties may call upon to support their statements;
3. On the basis of preliminary inquiry, if necessary, a show cause notice shall be issued by the competent authority;
4. After a reply to the show cause notice, the competent authority shall decide either to close the case or refer it to HRMD for further action;
5. The formal disciplinary hearing shall then take place as soon as possible. The accused has the right to be accompanied by a trade union representative who may attend the meeting as an observer;
6. Having ascertained that the particulars of the formal complaint and the disciplinary hearing are correct, the Chairman of the disciplinary committee shall inform the accused of the charge against him/her and ensure that it is fully understood;
7. The accused shall be asked to answer the charge and shall be permitted to make any pertinent comments;
8. If the accused wishes to submit further evidence, this shall be allowed, if the committee is of the opinion that such evidence will be of relevance to the case;
9. If the Chairman of the disciplinary committee is satisfied that he has all the facts, he may invite the trade union representative to comment;
10. If during the course of the hearing, the Chairman of the disciplinary committee finds it necessary to obtain further information, the case shall be adjourned to allow further investigation;
11. After the hearing the accused shall be informed that he/she will receive the verdict of the committee in writing not later than two days after the hearing;
12. A simple majority within the committee shall decide whether the accused is guilty or not. If found not guilty, the case shall be dismissed and this shall be entered on the complaint form and put in his/her personal file;

13. If the committee finds the accused guilty, it shall decide on punitive action to be taken. In so doing the committee shall particularly consider:
 - * the nature of the offence,
 - * the offender's record of service and disciplinary record,
 - * any other circumstances,
 - * current practices as expressed by the trade union representative.
14. The following penalties may be imposed:
 - * reduction in salary or demotion, resignation required from a specified date failing which the offender will be dismissed,
 - * suspension,
 - * instant dismissal.
15. All recorded disciplinary proceedings shall be retained in the personal file of the employee.

By Whom HRMD

6.6 Appeals

Policy An employee who has been subject to disciplinary action shall have the right to appeal.

Why In the interest of fairness and justice. New circumstances may have come to light which may lead to a different verdict than that arrived at.

How The appeal with fresh evidence shall be submitted to the manager within two weeks after the decision of the disciplinary committee. The manager shall screen the appeal and the evidence and decide whether or not the case should be reopened.

By Whom HRMD

6.7 Negligence

Policy Reported negligence in handling the Cooperative Bank property assigned to staff shall be subject to disciplinary action.

Why This is to protect the interest of the Cooperative Bank and to instill a feeling of responsibility among the employees.

- How**
1. Depending on the extent of damage and negligence suitable disciplinary action shall be taken.
 2. The Cooperative Bank shall be protected against damage and losses to property through an appropriate insurance. In case of damage caused to costly property or equipment through negligence, the insurance shall cover the costs of restoration but the employee, who has caused the damage through his/her negligence, may have to contribute in a reasonable way to some of the costs.

By Whom HRMD

6.8 Conflicts of Interests

Policy Conflicts of interest shall be avoided in decision making process within the Cooperative Bank.

Why If personal interests are allowed to influence decision making, it will be detrimental to the Cooperative Bank.

- How**
1. if an employee discovers that personal interests (financial or other) are likely to influence his participation in a decision making process in the Cooperative Bank, he shall abstain from participation and ask to be excused.
 2. if an employee discovers that somebody else's personal interests (financial or others) are likely to influence his participation in a decision making body, he shall propose that the person concerned shall abstain from participation and be excused. However, this person may be consulted before taking the final decision.

By Whom All employees shall observe this rule.

6.9 Dress Code

Policy Employees shall be dressed according to generally accepted good taste and normal conventions corresponding to their position. They shall appear at work clean and tidy.

Why For their own self esteem and for the image of the Cooperative Bank.

How It may be a problem for the low income earners among the employees to meet the requirement of the dress code. If so wanted by them, they shall be required to wear uniforms and such uniforms shall be provided without cost to the employee.

By Whom HRMD

6.10 Membership in Professional Bodies

Policy The Cooperative Bank shall have a positive attitude to the employees' membership in professional organizations.

Why Such a membership may lend prestige to the Cooperative Bank and further develop the employee in his profession to the benefit of the Cooperative Bank.

How The Cooperative Bank shall encourage employees' membership in professional organizations in the following manner:

- * employees who are already members of professional organizations shall be requested to bring this to the attention of the Cooperative Bank and it shall be discussed how the employee and the Cooperative Bank may benefit from this membership.
- * the Cooperative Bank shall furthermore identify employees who may qualify for membership in a professional organization and encourage them to become members with the same purpose as above.
- * the membership shall not be allowed to interfere negatively in the work of the employee, but when called for, the Cooperative Bank shall, to the extent possible approve of certain time off from the work to give employees time and possibility to participate in important meetings and activities held by their professional organization.

By Whom HRMD

6.11 Civic Responsibilities

Policy The Cooperative Bank shall have a positive attitude to employees' social activities and responsibilities.

Why The Cooperative Bank shall not be an isolated entity in the community or the nation but demonstrate its interest in promoting development also

outside the Cooperative Bank by allowing and encouraging employees to take on civic responsibilities e.g. social work, promoting youth through study circles and sports, etc. which shall be favourably considered by the Cooperative Bank.

How Involvement in civic activities and responsibilities shall not be allowed to interfere negatively in the work of the employee, but when called for, the Cooperative Bank shall, to the extent possible, approve of certain time off for participation in important social activities.

By Whom HRMD



7.0 RELATIONSHIP BUILDING

A union is an organization of workers acting collectively, who seek to protect and promote their mutual interests through collective bargaining.

Stephen P. Robbins

7.1 Internal Relations

Policy The Cooperative Bank shall have an efficient and effective system for internal employee relations. A special internal relations officer within the HRMD shall be in charge of these important aspects.

Why Cooperative Banks are democratic organizations serving many interests of members, employees, customers and society as a whole. This requires a balanced and open information system internally. Internal relation building should strengthen team spirit and efficient and effective collaboration among the employees. Employees at all levels shall be objectively informed about all the relevant facts.

How Brief and simple news-letters for various categories of staff of the Cooperative Bank may be issued at periodic intervals. More important is the publication of a News Bulletin for the Cooperative Bank as a whole. The purpose in publishing the News Bulletin apart from enlightening the staff is to create and cultivate a sense of togetherness and belonging among the staff, directors and members of the Cooperative Bank. Internal relations shall be promoted by periodic exercises such as joint meetings, informal gatherings and information sharing. When found necessary an industrial relations cell may be created to promote industrial relations.

Articles, news stories, debates, innovations, sports activities, personnel news etc. from various levels of the Cooperative Bank should be presented in a professional way so that readers will look forward to the next issue of the bulletin.

By Whom The HRMD will be in charge of publishing the News-Bulletin, but all departments shall contribute to the content.

7.2 Trade Union Recognition and Membership

Policy The Cooperative Bank shall establish collaboration with trade unions representing different categories of staff.

Why A constructive collaboration with the trade unions will bring about harmony in the relationships between management and staff in the Cooperative Bank.

How The Cooperative Bank shall have a positive attitude towards employees' membership in trade unions and invite trade union representatives to staff meetings and events where such representation is called for. Union representatives may particularly be present at disciplinary action hearings and grievance meetings. The Cooperative Bank shall also seek collaboration with the trade unions regarding development and inspection of health and safety regulations for employees.

By Whom HRMD

7.3 Grievance Redressal

Policy The Cooperative Bank shall have a set procedure for an employee to express his/her grievance for redressal.

Why The Cooperative Bank should recognize the value and importance of democracy and open discussion within the Cooperative Bank and thereby ensure harmonious relations. Every effort should, therefore, be made by the Cooperative Bank to respond to suggestions, inquiries, complaints, grievances as expeditiously as possible.

How

1. The personnel officer shall appoint one staff officer who is trustworthy and has the confidence of most staff to be the counsellor to all staff on matters of grievances. He/ She shall treat all cases brought to him/ her confidentially.
2. Any employee who wants to express his grievance shall first discuss his/ her case with his counsellor and get his/her advice on how to proceed. The counsellor may be able to help in solving the problem of the complainant at this stage.

3. If the problem is found to be serious, the counsellor shall assist the complainant in filling a Grievance Form which shall then be submitted to the personnel officer, who shall take further action suitable to the grievance of the employee concerned. All papers regarding the grievance shall be filed in the personal file of the employee.
4. If found suitable and needed, the employee concerned shall at any stage of the grievance procedure ask his trade union representative to be present.

By Whom The HRMD/ Personnel Officer



8.0 EXIT POLICIES

Retirement is a critical phase in the life of an employee and has to be treated with care and tact

8.1 General Policy

Policy The Cooperative Bank shall have a positive attitude towards those employees leaving the service of the Bank.

Why The Cooperative Bank should have caring approach towards employees leaving the service.

How The Cooperative Bank should evolve a suitable procedure for the employees leaving the organization under the following circumstances:

- * Retirement
- * Resignation
- * Termination
- * Death (while in service)
- * Voluntary retirement
- * Compulsory retirement
- * Staffing reduction

By Whom HRMD

8.2 Retirement

Policy Employees shall retire at the age prescribed in staff rules and regulations.

Why Employees should know the date of their retirement so that they can prepare themselves

How Retirement is from many viewpoints a critical phase in life and an employee who is about to retire should consequently be treated with care and tact by the Cooperative Bank.

The retirement of an employee has implications both for the Cooperative Bank and the employee which requires a well planned procedure.

At least the following actions shall be taken:

- * the employee shall be informed well in advance about the date of his retirement and any action he shall take as preparation for this.
- * all necessary action shall be taken to find a replacement for the retiring employee and preferably a proper handing over of duties shall take place.
- * the retiring employee shall be informed about his retirement benefits and he shall enjoy this immediately after retirement.

The benefits shall include the following:

1. contributory provident fund and/ or pension
 2. gratuity
 3. leave encashment
 4. lumpsum payment equivalent to at least one month's pay
 5. cost of travel for himself and family with his belongings to the declared place of domicile
 6. any other benefit like medical facilities, etc. as per rules
- * the employee shall be subject to an exit interview before leaving employment.
 - * the Cooperative Bank shall assist the retiring employee with practical problems arising in connection with his/ her place of employment.
 - * on his/ her last working day, the employee shall be congratulated and thanked for his/ her services by the Chairman and/ or Manager and be given a farewell gift as a token of appreciation.
 - * at the above function, the employee shall also be given a Certificate of Service.

By Whom HRMD

8.3 Voluntary Retirement

Policy The Cooperative Bank shall formulate a comprehensive scheme for voluntary retirement of staff.

Why In the wake of structural changes taking place in the economy it is imperative that the Cooperative Bank prepares appropriate schemes, including voluntary retirement of staff, to cope with the emerging challenges.

How A comprehensive voluntary scheme shall be based on existing requirements of law and practices and moral and social commitment of the Cooperative Bank. The scheme shall, inter alia, specify the minimum period that the staff should have completed before applying for voluntary retirement, the separation benefits that will be available and the competent authority to approve an application for voluntary retirement.

By Whom HRMD shall be responsible for preparing the draft scheme for obtaining the approval of the Board of Directors. HRMD shall also be responsible for its implementation.

8.4 Compulsory Retirement

Policy The Cooperative Bank shall frame rules for compulsory retirement of employees.

Why Organizations employ workers with the expectation that they will perform their jobs in a safe, reliable and competent manner. Unfortunately, there are instances in which employees either do not conform to organizational policies and rules or create difficulty at work. The object of compulsory retirement is not to victimize the employees but only to remove such persons from service who are found lax, corrupt and inefficient or not up to the mark or have out-lived their utility.

How By framing suitable rules for compulsory retirement. The rules should provide a reasonably long period of qualifying service after which alone compulsory retirement may be ordered. The employee compulsorily retired should be given full benefits of retirement as he/she would have been entitled to under voluntary retirement.

By Whom HRMD may frame suitable rules for approval by the Board of Directors.

8.5 Resignation

Policy There shall be a set procedure for resignation.

How An employee may resign his appointment at any time on the following conditions:

1. the resignation from the service of an employee in charge of stores and/or finances shall be effective only after a proper handing over has been carried out.

2. the resignation of employees having a liability to the Cooperative Bank in respect of advances or other arrangements shall only be accepted after satisfactory arrangements have been made by such employees for repayments of the amounts due or termination of the arrangements.
3. the employee shall submit his resignation with three month's notice.
4. on resignation, the employee shall be given full terminal benefits as per the rules.

By Whom Competent Authority

8.6 Termination

Policy The Cooperative Bank shall have set procedures for termination of employment according to existing law.

Why Termination of employment has serious implication both for the employee and for the Cooperative Bank and shall therefore be carefully regulated.

How Necessary procedures will be formulated and followed.

By Whom The HRMD shall issue instructions regarding procedures to be followed.

8.7 Death (while in service)

Policy The Cooperative Bank shall take a sympathetic approach in cases where employees die while in service.

Why It is a social obligation to recognize the services rendered by the employee and to render immediate help to the dependents.

How The Cooperative Bank shall immediately release an amount equivalent to 3 months pay to the dependents of the deceased employee.

One dependent shall be offered a suitable job in the Cooperative Bank. All terminal benefits as would have accrued to the deceased employee shall be settled within a period of 2 months. The Cooperative Bank shall place a wreath on the dead body of the deceased employee.

By Whom HRMD/Managing Director

8.8 Staffing Reduction

- Policy** There shall be a set procedure for staffing reductions.
- Why** In the interest of the Cooperative Bank.
- How** When bona fide staffing reductions are found necessary the Cooperative Bank shall endeavour to handle the situation in a fair way taking all human aspects of the matter into consideration.
- At least the following steps shall be undertaken:
- * a fair principle ('last in first out') for selecting the staff whose services shall be terminated shall be applied which, however, may have to be matched against social considerations from case to case;
 - * the Cooperative Bank shall make all efforts to find new jobs for terminated staff in the cooperative movement or elsewhere;
 - * if no new jobs can be found, the Cooperative Bank shall pay a retrenchment benefit at the rate of one month's salary last drawn for each completed year of service with the Cooperative Bank and a proportionate part thereof for any incomplete year of service;
 - * in the event of staffing reductions, the Cooperative Bank shall give at least three months notice of termination or three months pay in lieu of notice in addition to other entitled benefits.
- By Whom** HRMD shall prepare the procedure and get it approved by competent authority.

8.9 Exit Interviews

- Policy** All staff shall be interviewed before their exit, regardless of the reason for their exit.
- Why** Exit interviews provide valuable feedback on the staff perception, their feelings, experiences, achievements and morale and job satisfaction or the lack of it.
- How** Depending upon the category/level of the staff to be interviewed, the exit interview should be conducted by a staff member of the HRMD.
- By whom** HRMD should arrange and conduct the exit interviews.



ANNEXURE I

**Workshop on Modern Personnel Policies
in Cooperative Banks in India. 2 - 5 August 1995**

List of Participants

Agricultural And Rural Development Banks

- | | |
|--|--|
| 1. Shri Trivedi Pradyumna Maneklal
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| 2. Shri K. K. Ravindran
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| 3. Shri Khairnar Bhimrao Thagaji
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| 4. Shri N. Govindarasan
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| 5. Shri O. P. Chourasia
<i>General Manager</i> | Madhya Pradesh State Cooperative Land Development Bank Ltd.
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| 6. Shri Subash Chandra
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8. Shri B. K. Puttaswamy
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2. Shri K. B. Shanmukhappa
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3. Shri S. Kumar
General Manager
- Madhya Pradesh State Cooperative Bank Ltd.
Head Office,
Bhopal
4. Shri Vingoza Angami
Development Officer
- Nagaland State Cooperative Bank Ltd.
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5. Shri Pabitra Kumar Chakraborty
Deputy General Manager
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ANNEXURE II

MISSION STATEMENTS

- * To promote an organizational culture which strives for excellence in business operations, customer service, human resource development and promoting socio-economic development of rural community as a whole.
- * The Cooperative Bank shall endeavour to develop the habit of thrift and savings among the rural community and use the resources for economic development of the area and thereby improve the living standards of the people.
- * Every employee of the Cooperative Bank shall strive to bring about qualitative improvements in its services to its members and clients.
- * It shall be the endeavour of every employee of the Cooperative Bank to achieve at least 75% recovery of dues by creating an awareness among its members that “ it pays to repay”.
- * Our Cooperative Bank will be the best in the state in the matter of deposits, lending, recovery and services.

□

THE NATIONAL CENTRE

The National Centre for Management Development in Agriculture and Rural Development Banking, promoted by the National Cooperative Agriculture and Rural Development Banks' Federation is a non-governmental organization and a premier national level institution for conducting management development programmes for non-officials and senior functionaries engaged in rural financing and development. The Centre aims at building up excellence in the management of rural credit institutions to facilitate smooth flow of investment and production credit.

The Centre has successfully conducted a number of specialized functional training and management development programmes for the SLDBs, SCBs, CCBs and other financing institutions like commercial banks, RRBs and also offers consultancy services to developmental institutions. The Centre has also been organizing specialized programmes to meet the requirements of the newly diversified areas such as Rural Housing, Women-specific non-farm activities, self help groups etc.

The Centre has developed excellent infrastructural facilities for conducting the programmes. It has established close rapport with SLDBs, SCBs, RBI, NABARD, SIDBI, NHB, Central Silk Board, CAPART, the Ministries in Government of India and others concerned with rural development in its efforts to meet the HRD needs of the rural credit institutions. Though the focus of the Centre is building up professionalism in the credit delivery system, it also aims at covering related areas like Wasteland Development, Rural Housing, Tribal Development Projects and also undertakes research in rural development and finance.

The Centre has also established an Institution for training in entrepreneurship development for rural youth and women with the support of the Rabobank Foundation and other organizations.