



ISSN Print: 2394-7500  
ISSN Online: 2394-5869  
Impact Factor: 5.2  
IJAR 2017; 3(5): 677-680  
www.allresearchjournal.com  
Received: 20-03-2017  
Accepted: 22-04-2017

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## **Demonetization 2016 -Its impact on Indian bank employees**

**Sandeep Gandhi and Madhu Bhushan**

### **Abstract**

Bankers know keeping money at its best, but demonetization has made them plunged with a job not expected by them. It is true that there are some evil doers among the bank employees and officers but just because of that one cannot paint all of the bank personnel and officers with one corrupted brush. Aside from various issues the banks' staff needs to confront with some rogue clients. It is praiseworthy that Banks have served their customers with their representatives who are feeling progressively focused in the face of public anger. The continuous notifications from RBI and the absence of money provided have led banking establishments facing the fury of customers. Banks' staff served the public and worked overtime to keep their duties, but felt helpless when they did not receive enough cash to meet amount of money required by the customers. The government's constant changing regulations on trading and getting old cash notes in the various branches of different banks, which made job tough for bank staff to handle people with a smile and forced them to work overtime without extra wages.

**Keywords:** SBN, NPA, E-wallets, Remonitization

### **Introduction**

India's Prime Minister Mr Narendra Modi made an unexpected declaration at 20:00 Indian Standard Time (IST) on 8 November,2016 that the use of all 500 and 1000 banknotes in circulation would be invalid past midnight in order to end the dark economy and crack down funding of illegal activities. With the usage of the Government's demonization plan the work stack on bank officials has been made complex. Even retired officers/ex bank employees have participated willfully to offer assistance. Out of all the individuals affected by the demonetization drive, persons working in banks were the most focused. As they attempted to serve a crowd of clients, bank workers confronted what is likely the most difficult time of emergency in their professions. "I didn't see this coming. This is one of those rare encounters however ideally it will end soon," said a 29-year-old officer in public sector bank. "Indeed, even the Jan-Dhan enlistment was not this tiring," he included. All workers – tellers, dispatchers, directors, security personnel, housekeeping staff and clerks have been pulled in the focal point of the clearing storm, the biggest demonetization drive known ever. A few more youthful representatives who have just joined the managing an account and fund framework in the previous four years are staggered at the tremendous size of operations.

### **Objectives of the study**

1. To understand effects of demonetization on bank employees from different perspective.
2. To study the challenges faced by bank staff during demonetization.
3. To understand scenario of Indian Banking industry after demonitization.

### **Research Methodology**

The study is descriptive in nature. It is based on secondary data and information which is collected from reports, newspapers and web-sites.

### **Limitation**

The research was limited to the secondary data available in publications, reports, research papers and websites only.

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Rituraj Sinha, leader of the Cash Logistics Association of India, which has the assignment of reloading ATMs, stated, "We advised our representatives to bring their toothbrush and change of garments to office. It's a huge work to ensure that 2.2 lac ATMs in 650 districts are active for the general population." While an expected 22 lac crore old notes are available for use in India, the ATMs have around 14 lakh crores of these old banknotes.

A system of 40,000 prepared representatives are working all day and all night to deal with the droves of on edge individuals rushing to banks and ATMs to pull back cash and store money.

### **Demonetization has effected the human resources of banks working at different levels in various manners.**

#### **Physical**

Every human being has the capacity to work at stretch but not 24\*7. Physical effects of over-load work can be observed from the face & body language of the employee. From time to time some of the anchors of National TV channels showed physical /mental position of employee especially female employees who were dozing/ dodging, taking some relief from heavy work load even on counters itself. In totality there was adverse effect on physical body of bank employee working at each level.

#### **Health**

It is an old proverb that sound mind is found in sound body. There are some basic prescription for sound body ie timely diet, exercise & rest for minimum period. During the demonetization some of the employees had to remain in bank up to mid night which affected their health. Beside some of the old, stacked specified banned notes which were received by banks for deposit & change had fungus and some health hazard germs germinated to cope with such notes, note counting machine were not helpful as their mechanized system cannot separate such note. On a national channel during Prime Time discussion, Bank representative and Doctor were interfacing & doctor was of the view that in such situation asthma, allergy and lung related problems can be there.

#### **Social**

Demonetization was a bolt from blue as "man is a social animal" rightly described by Aristotle. During any emergency in society bank employee cannot keep aloof. All of sudden the decision of demonetization was announced each & every person rushed to bank either to deposit or withdraw his or her currency. Long queues of general public arrived in a dramatic way. Clients of bank who visit their branches, relatives, neighbors known & unknown people started to contact the bank employees. We have to appreciate the bank staff in totality that first come first service was provided for cash depositors SBN (Specified Bank Notes) enashing or own funds withdrawals without favor. As we Indians are known for indiscipline where we see we will succeed tried to use foul language even threats & some areas /parts of the country boycott the bank employees. Though all these stressful effects were temporary, but during these 50 days it was very difficult to maintain cordial social relationships.

#### **Management**

Management is not acquired by training or seniority but it is a process of learning especially in the days of crises. In

normal times management is not tough but where there is huge crowd, expectations are high, resources are limited & rationing is there, system is to be adhered without any caution/penalty & to make the programme 100% successful. Bank employees, though they were working as front-line custodian/ liasoner/ representative. Bank employees learnt the basic rule of management of controlling the crowds service to all sections of the society, how to rationing the scarce commodity so that maximum clients can be served.

#### **Technology**

Modern age is dominated by new technology.

Banking industry was using obsolete technology related to core banking solution which covered only normal banking activities. Later on Debit/Credit Cards came into vogue with arrived of private sector banking but their technology was a bit upgraded than public sector banks. Debit/credit introduction goes to their credit. E-Wallet Technology was invented in Indian banking industry & its need was felt during the process of demonetization. Demonetization has created flutter in HR polices of banks, now banking industry is not of old days clerical industry it is converting into high professional and technical experts industry. Standard Chartered Bank started to search Indian talent for global HR role. Ms Tanuj Kapilashrami is newly hired technologist global head of Standard Chartered Bank. Many more technical experts are in line from Indian banking industry to shift to International Banks. Demonetization has opened gates for fresh -relook policy on HR for climb to top in Banking Industry. A latest survey reported in daily Economic Times during the peak time of demonetization where 750 employee of different banks were contacted out of which 60% say that HR managers of banks feel that soft skills are very significant while hiring employee (Times Job Survey). Different management levels of banks ie Junior Manager 35% Middle Managers 40% and Higher Managers 25 % agree that technology is important for the new entrants in banking industry. New Trends in banking have emerged as banking is going the UBER way, designing entirely a new set of products for digital first & mobile only, there will be host of opportunities for those with strong, numerical analytical and computing skills. At present 27 public sector banks 33 private sector banks & 43 Foreign banks are operating besides more than 2.2 Lac ATMS & their service providers, there is huge demand of highly skilled human resources.

#### **Business Growth-cum-Investment**

In normal course of banking business, the operational staff with budgetary allocation is required to market the need for raw material of banking industry ie Deposits. Deposits to be mobilized not of high cost but of low cost. In case of imbalance of demands -supply, banks look towards RBI. Now the result of demonetization is that banks are flooded with deposit that is at a very low cost. Now the problem before banks is to utilize the available resources with a very judicious & prudent way to avoid further increase in the stressed assets of banks which are already near Rs.8.00 lac crores & to avoid the exploitation by corporates & fulfill the needs of higher employment generating sectors of the economy. Now banking industry will require highly qualified financial analysts, sector related researchers and good manager. ie employment opportunities for all interested in this industry.

### **Credibility of Banking Industry ie HR**

As demonetization has given unexpected funds at low cost. Now the responsibility of the banking officials working at any levels to take care of

- a. Safety & Security
- b. Investment
- c. Keep away technology related risks

Banking officials at operational level ie credit department, technical support staff and Bank boards should be extra cautious to avoid any wrong decision which can lead to lower growth in economy. Secondly bank official to be extra vigilant about cyber attacks just 32 lac ATM data theft, E-wallet thefts, PAYTM frauds. In early February 2016 where bank lost more than \$81 million. All this creates the opportunities for new HR personal as well as existing official to get expertise in technology which will put upon them extra burden, stress & opportunities also.

### **Regulatory compliance**

Demonetization has put extra stress upon the banking officials for management of cash including to check its leakage /theft as it is the property of RBI. Secondly to remit timely SBN with RBI or its established currency chest with proper records of depositors and daily reporting of data /detail related to demonetization RBI'S instructions which were changed from time to time relating to exchange of notes, deposit of notes and distribution of fresh notices especially in view of supreme courts observations ie "Bank must ensure minimum payment". HR portfolio worked under physical & mental stress and to avoid any penalty upon banks in case of Non-compliance of regulators guidelines as well as Govt. of India directions issued from time to time during the given 50 days time.

### **Easy Money Haunt and Fear of raids**

Bank employees are human beings they cannot keep aloof from society as they are serving the society. Demonetization was the decision of government of India with ultimate aim to stop corruption. During this process some segments of the economy find the leakage way to obtain /gain easy money. To make a grand success to their this ill-designed some persons put into action to approach/method to specified Banned notes so that these can be exchanged at commission basis which varied between 20% -35 % as reported in electronic & print media. Such scrupulous elements sought help from a few bank employees who helped there with an aim to make easy money. They became prey to "Small-Time Gains"

Law forcing & enforcement agencies have raided branches of various banks unearthing unauthorized cash disbursal & fake accounts Axis bank had to suspend 24 employees. M.D & CEO Shikha Sharma admitted that we had some bad apples similarly some employees of other banks were also suspended. RBI had to ask banks to probe unusual patterns in cash management & currency chests inspection to check unauthorized exchange of SBN. Raids increased stress on long hours at work besides this disciplinary action even for unintentional mistake. Had a very bad effect on working employees which affects their efficiency.

### **Debt Recovery Stress**

As we all know that banks especially public sector banks financial condition is going bad to worse as the current

figure indicate that NPA'S have touched near Rs.8.00 lac crore which is alarming such huge stress that assets are affecting very badly the profitability of the banks and the international banking standards are far away from public sector banks. In comparison to public sector banks the status of private Sector banks is slightly better. The reasons for this may be different in each case but one thing is common that top executives of the banks and other different level functionaries are under stress to recover the public money to enable the banks to annual dividends to RBI. Operational level management is under stress to follow the suit filed cases in different DRTs (Debt Recovery Tribunals), action under SARFEASI Act (Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002). Due to demonetization, no follow up of NPA'S could be done to the desired extent. Only cash management & to avoid public demonstration & fear of which hunt on account of enforcement agencies drew their attention. The other side of demonetization indicates that there is unexpected recovery in small loan accounts which is a good report for banks.

### **Wage Settlement Linked Profitability**

TANUJ KAPILA SHRAMI who is a leader in global HR expressed her views about HR policies and another author expressed views on New Trends in Banking whereby he/she expressed job opportunities linked with wage settlement in Indian Banking Industry. In the Indian Banking system a wage settlement with bank central negotiating agency IBA after every five years is settled. Such settlement covers all categories of employees. A new discussion for experts domain is hovering that performance linked wages settlement be placed there, reason being experts hesitate to enter afresh in Banking industry, reason being low wages in comparison to their counter parts in private sector. Demonetization restricted rather stopped to book new business of loans and advances thus profitability will be on lower side during these last 3/4 months other income. Income from non-monetary services. i.e. Card Fee, fund settlements, remittance is already squeezed. Government of India ordered free ATM and other digitalization services without announcing any compensation. As stress assets have already stopped to generate revenue rather costs have been increased by way of large amount of funds lying unused resulting further lower rate of interest on loans and advances. Thus Net Interest Margin (NIM) will be on lower side. End result lower profit and even banking industry may be in danger. Though demonetization effect may be part yet it will effect on wage settlement which keeps at center the profitability of Member Banks. Thus future wage settlement may move to rough weather. In such circumstances new talent will not prefer to join banking industry. Top Executives may not find good place in banking industry on account of lower wages in comparison to their counterparts in another sectors. This adverse effect of demonetization will be seen in the next wage settlement which is due during last quarter of current financial year.

### **Remonitization**

More than 86% value of the total currency value which was in circulation in Indian economy was suddenly withdrawn by Government of India on 8<sup>th</sup> Nov. 2016. It is an ancient habit that people used to deal in cash. Cash is preferred in comparison to other modes of payments. The electronic and

print media highlighted the difficulties faced by people and stress and hardships including threats, demonstrations beard by Bank employees during the specified period of 50 days. It is a human nature that habits do not change overnight, so re-monetization to bring normalcy in economy was the sole and important tool. At present there are 4 authorized printing centers, which require 3-4 months to fill up the SBN gap. Thus Bank employees had to suffer till the end of February 2017.

Secondly, now the enforcement agencies, regulatory and tax authorities who started their job to scrutinize the JAN DHAN accounts, new opened accounts and high deposit receipt account since 8<sup>th</sup> Nov. 2016 will be analyzed. This will create further stress to bank employees who indulged in illegal activities. Banks will hire forensic experts, background screening firms, and mystery shopping firms. Centrally compiled data indicates approximately 15% increase in complaints against banks for misbehavior, deficiency of service and vigilance related issues. Till required level of remonstrations has not been achieved, stress both mental as well as physical will remain upon banks staff which is the backbone of banking industry.

#### **Future of Bank Employees**

- a. With reduction of cash transactions the footfall will reduce drastically reducing the workload.
- b. With digital payments it would be easy to track transactions.
- c. Better RBI compliance and reporting
- d. Quick customer services

**Disadvantage:** - Bigger Sales targets as Bosses will say that when you don't have customers in front of you, you go and stand in front of them

#### **Conclusion**

Demonetization has good and adverse effects on bank employees. Mental stress, physical stress, vigilance stress to maintain profitability and stressed assets management are on one side, increase in knowledge base, Digitization, wages improvement, overall management of operational sphere and futures refined HR policy are on other side.

Technology is going to be even more pivotal in banking industry than ever before. People are standing in long queues outside Banks may be for the very last time. If this entire demonetization gets success all the queues in the country to pay any bills (Tax, utilities etc) will vanish and only a 5 minute transaction will suffice for everything. Cashless economy is the latest revolution and everyone should be a part of it.

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