



HUMAN RESOURCE MANAGEMENT PRACTICES IN NEPAL RASTRA BANK



Nepal Rastra Bank
Human Resource
Management Department
2022 July



ACKNOWLEDGEMENT

Nepal Rastra Bank (NRB) aims to improve the bank's productivity and efficiency through the acquisition, development, and utilization of human resources. Because of the way that the financial system has changed and the way that technology has been used in the banking sector, it has placed a strong emphasis on competent human resource management to deal with the dynamic domestic and global environment.

The study aims to review and assess the human resource management practices in the NRB including human resource planning, recruitment and selection, training and development, transfer and promotion procedure, performance management, compensation management, retirement and dismissal, and employee relation. The study also identifies the key issues of human resource aspects in the NRB. This study is the first of its kind to analyze the human resource management practices in NRB. I hope this report will provide valuable information and insights to the stakeholders.

I would like to thank Deputy Director Mr. Mitra Prasad Timisina and Assistant Director Ms. Aakasha Bajracharya of the Recruitment Unit in the department for their untiring efforts and hard work to complete this work. I would like to thank Director Mr. Biggyan Raj Subedi for his oversight and direction during this study. Similarly, I would like to thank other employees of HRMD for their valuable suggestions at different stages of the study. I also acknowledge the contribution of members of the editorial board. I would also like to express my sincere gratitude to the respected Governor, and Deputy Governors for their guidance and advice in the study.

Finally, I would like to extend my sincere thanks to all the participants of the survey for their valuable contribution.

Tulasi Prasad Ghimire

Executive Director

Human Resource Management Department



TABLE OF CONTENTS

Title	Page Number
ACKNOWLEDGEMENT	
TABLE OF CONTENTS	
LIST OF TABLES	
LIST OF FIGURES	
LIST OF BOX	
EXECUTIVE SUMMARY	i
LIST OF ABBREVIATION	v
LIST OF EMPLOYEE LEVEL AND NAME	vii
ORGANOGRAM.....	viii
CHAPTER I INTRODUCTION.....	1
Background.....	1
Objectives of the Study.....	3
A Brief Survey of Literature Related to Human Resources Management in NRB	3
Outline of the Study	4
CHAPTER II METHODOLOGY	5
Introduction.....	5
Sources of Information	5
Sample and Primary Data Collection.....	5
Data Analysis	6
CHAPTER III KEY CHARACTERISTICS OF HUMAN RESOURCES	7
Current Situation of Human Resources	8
Academic Qualification	9
Age-Wise Structure of Employees.....	9
Department-Wise Average Age of Employees.....	10
Rank-Wise Average Age of Employees	11
Gender-Wise Employee Structure	12
Service Period-Wise Classification.....	12
Employees distribution based on service period at the current post.....	13
Retirement in Recent Years.....	14
CHAPTER IV HUMAN RESOURCES MANAGEMENT PRACTICES	15
Human Resource Planning.....	15
Acquisition.....	17
Entities Involved in Recruitment.....	18
Selection of Permanent Employees	20



Training and Development	21
A. Training Unit	22
B. Bankers Training Center (BTC)	22
C. Major Training Programs	23
Transfer	24
Promotion.....	25
A. Special Provision for Executive Level	26
B. Other Positions of Administration Services and Officers in Technical Services	26
<i>B.1 Criteria for Promotion:</i>	27
a. Seniority	27
b. Academic Qualification.....	27
c. Performance Appraisal	27
d. Geographical Experience	28
<i>B.2 Promotion Procedure</i>	28
II. Internal Written Examination.....	29
III. Time-Bound Promotion	30
Performance Management	30
Compensation Management.....	32
Retirement.....	34
Dismissal.....	35
Employee Relation.....	36
CHAPTER V EMPLOYEE PERCEPTION ON HUMAN RESOURCES	38
A. Perception of Departments/Offices Head.....	38
Human Resource Planning.....	38
Recruitment.....	38
Training and Development	38
Performance of Overall Employees	38
Intervention in the department	40
B. Employee Perception.....	42
Training.....	44
Motivation.....	44
Performance Appraisal.....	45
Harassment.....	46
CHAPTER VI SUMMARY AND WAY FORWARD.....	48
Summary	48
Way forward	50
REFERENCES.....	53



APPENDIX I Major HRM Related Initiatives in NRB.....	54
APPENDIX II Survey Questionnaire and Responses of Department/ Office/ Division/ Unit Head	56
Appendix III Survey Questionnaire and Responses of Employees	58



LIST OF TABLES

Table 3.1 : Number of Employees	7
Table 3.2 : Employees based on Services (mid-July 2022)	9
Table 3.3 : Academic Qualification of Employees (mid-July 2022)	9
Table 3.4 : Age-Wise Number of Employees (mid-July 2022)	10
Table 3.5 : Age-Wise Number of Employees (mid-July 2022)	12
Table 3.6 : Number of Employees Based on Service Period (mid-July 2022)	13
Table 3.7 : Number of Employees Based on Service Period in the Current Post (Mid-July 2022)	13
Table 4.1: Vacant Seat Allocation	19
Table 4.2: Number of Required Positions and Applicants	20
Table 4.3: Criteria for Performance Evaluation-Based Promotion.....	27
Table 4.4: Average years for promotion	30



LIST OF FIGURES

Figure 3. 1: Number of Employees.....	7
Figure 3. 2 : Hierarchical Distribution of Employees (mid-July 2022).....	8
Figure 3. 3 : Department-Wise Average Age of Employees (mid-July 2022)	11
Figure 3. 4 : Rank-Wise Average Age of Employees (mid-July 2022).....	11
Figure 3. 5 : Gender Wise Employee Structure	12
Figure 3. 6 : Number of Employees out of Bank's Services (mid April to mid April) ...	14
Figure 4. 1: Promotion hierarchy in NRB.....	25
Figure 4. 2 : Key Players for Determining Compensation.....	33
Figure 5. 1 : Department Head Observations.....	39
Figure 5.2 : What percentage of employees in	39
Figure 5. 3 : If Yes, what percentage of black sheep (bad/ worthless employees) are there in your department?	40
Figure 5.4 : There are black sheep (bad / worthless employees) in your department.....	40
Figure 5.5 : Intervene in Functioning Department.....	40
Figure 5.6 : According to your view, is the current performance evaluation system measuring the actual performance of employees efficiently?.....	41
Figure 5.7 : The number of employees working currently in your department are adequate for smooth functioning of your department.	41
Figure 5.8 : Do you think the manpower recruited in NRB match the requirement of NRB?.....	41
Figure 5.9 : You are interested in the job/work that you are currently doing.....	42
Figure 5.10 : Your academic qualification matched your current job nature.	42
Figure 5.11 : To what extent do you have familiarity regarding laws, bylaws, policies, rules, regulations and procedures related to your work?	43
Figure 5.12 : Satisfaction Perception	43
Figure 5.13: Perception Related to Training.....	44
Figure 5.14 : Motivation Factors	44
Figure 5.15 : Is there need to improve the current performance evaluation system?	45
Figure 5.16 : You are satisfied with the performance appraisal process and system in the bank.....	45
Figure 5. 17 : You have suffered from.....	46
Figure 5. 18 : Employee Perception.....	47



LIST OF BOX

Box 4. 1 : Attractions of NRB Jobs	20
Box 4. 2 : Disparity in Promotion Years.....	30



EXECUTIVE SUMMARY

1. Managing human resources is a key for a central bank in a dynamic and complex environment. Understanding the history of human resource practices provides foundations to formulate future human resource policies. In this background, this study assesses the human resource practices in Nepal Rastra Bank (NRB). More specifically, it aims to review human resource practices, analyze the key characteristics of human resources, and assess employee perception in the NRB. The study is descriptive in nature relying on simple statistical tools such as ratios, and average. It uses various secondary sources of information and primary data from a questionnaire survey.
2. NRB, the central bank of Nepal, established in 1956 started its functions with very few numbers of employees (23 staff including the Governor). The number rose to a peak of 3308 in 1988, then plummeting to as low as 951 in 2018. In mid-July 2022, the number stood at 1082.
3. Out of the total employees, two percent are officer special, five percent are officer first, 18 percent are officer second, 27 percent are officer third, 15 percent are assistant first, 24 percent are assistant second, one percent are assistant third, and eight percent are non-graded. Among the total employees, 52 percent are officers. The gender distribution shows that 75 percent of the employees are male.
4. Out of the total employees from officer special to assistant third, one percent have Ph.D., one percent have MPhil, 61 percent have Master's degree, five percent have chartered accountant (CA), 19 percent have bachelor degree, seven percent have intermediate and six percent have school leaving certificate (SLC) or less as their highest academic qualification.
5. The average age of employees is 40.1 years. One-third of total employees are from the age group 31- 40 years. The average age of officer special is 52.08 years whereas that of officer first is 47.3 years, officer second is 46 years, officer third is 38 years, assistant first is 38 years, assistant second is 33 years, and the assistant third is 51.01 years.
6. About half of the total number of employees have a service period of 3 years or less in their current (working) post. Only one out of five has experience of more than 5



years in their current (working) post.

7. NRB has emphasized transparent human resources management practices since its establishment. NRB formulated the employee bylaws in 1959, and revised it from time to time. Human resource management remained pivotal in consecutive strategic plans. The Human Resource Plan (2019/20-21/22) has also been formulated and implemented thereafter.
8. To implement policy functions and carry out day-to-day operations, the recruitment policy has been changed time and again. There have been two entry levels in bank services since 2002 - officer third and assistant second.
9. There are two entities involved in the training and development of employees. The training unit under Human Resource Management Department (HRMD) coordinates domestic and foreign training whereas Bankers Training Center (BTC) conducts the domestic training for employees.
10. Employees are given opportunities in training and development programs based on the recommendation of the supervisor and department that best suits their current jobs or prospective jobs. In general, policy-related training is given to the officer level whereas functional-type training is given to the assistant level.
11. The right to transfer employees is on the Governor. A transparent transfer policy is in place to systematize employee transfer. Transfer Policy, 2021 is in implementation. In general, officer specials are transferred every year, the officer first every two years, officer second and third are transferred every three years whereas the transfer of assistant is done as per need.
12. There are various types of promotion systems - based on the nature of jobs and level. In administration services, officer specials are promoted based on special provisions whereas other officers and assistants are promoted based on their performance as well as internal written examination. There is a disparity in years of promotion from these two provisions: performance-based promotion and internal written examination. In technical services, officers are promoted based on performance evaluation whereas for assistants there is a provision of time-bound promotion. The non-graded employees also get a time-bound promotion.
13. The performance appraisal is carried out on a biannual basis, where three layers of supervisors are placed. The appraisal mostly measures the traits of the employees



rather than their performance during the assessment period.

14. There are a couple of findings from the questionnaire survey conducted to collect responses from the department/office heads. Almost half of the respondents agreed that HR planning has ensured maximum benefits to their department/office. About 40 percent showed satisfaction with the manpower recruited and placed. More than 80 percent agreed that employees in their department/office lack adequate training related to jobs. About two-fifth of departments/offices head agreed that overall employees meet their expectations. However, almost 90 percent agreed that employees are supportive and sincere in their work.
15. The majority of the respondents have two ways of communication with their subordinates. Almost two-fifth of respondents agreed that they are running departments/offices free from intervention from the top management, HRMD, or the employee unions. Around 74 percent of respondents agreed that manpower recruited in NRB match the requirement of NRB.
16. Based on the response from the employees, around 74 percent of employees are interested in their current jobs. Almost half of respondents showed satisfaction with transfer mechanism, promotion procedure and career growth opportunities; whereas more than two third showed satisfaction with the working conditions, pay and benefits, behaviour of senior and nature of job done.
17. The academic qualifications of 60 percent of the respondents match the current nature of the job. One-third of respondents felt that they are getting training related to their current jobs. Only 20 percent of respondents are extremely familiar with laws, bylaws, policies, rules, regulations, and procedures that are related to work mechanisms.
18. About 38.3 percent of the employees agreed that pay and benefits are the key motivating factors, whereas one-fourth agreed on promotion-related factors, 13 percent on the working environment, 12.2 percent on the suitable jobs, and 11.3 percent on the training and development opportunities.
19. Only 3 percent of respondents showed their satisfaction with the current system of performance appraisal whereas 28 percent are not satisfied at all. About 95 percent of respondents suggested for the improvement of the current performance evaluation system.



20. To modernize human resource practices and enhance productivity, the bank is investing in technology, revising, and formulating several policies and guidelines. However, there are a couple of challenges in human resources management, especially in the area of training, compensation management, and performance appraisal system.



LIST OF ABBREVIATION

ASMD	Assets and Service Management Department
BD	Banking Department
BFIRD	Banks & Financial Institutions Regulation Department
BoD	Board of Directors
BRG	Birgunj Office
BRT	Biratnagar Office
BSD	Bank Supervision Department
BTC	Bankers Training Center
CA	Chartered Accountant
CMD	Currency Management Department
CPRMD	Corporate Planning and Risk Management Department
DBSD	Development Bank Supervision Department
DHN	Dhangadhi Office
ERD	Economic Research Department
FEMD	Foreign Exchange Management Department
FISD	Financial Institution Supervision Department
FIU	Financial Intelligence Unit
FMD	Financial Management Department
HR	Human Resources
HRIS	Human Resource Information System
HRM	Human Resource Management
HRMD	Human Resources Management Department
IAD	Internal Audit Department
ITD	IT Department
JNP	Janakpur Office
LD	Legal Division
MD	Mint Division
MISD	Microfinance Institutions Supervision Department
MMD	Monetary Management Department
NASC	Nepal Administrative Staff College
NBFISD	Non-Bank Financial Institution Supervision Department



NMC	Nepal Medical Council
NPJ	Nepalgunj Office
NRB	Nepal Rastra Bank
OFG	Office of the Governor
Ph.D.	Doctor of Philosophy
PKR	Pokhara Office
PRS	Personal Record System
PSD	Payment System Department
RBB	Rastriya Banijya Bank
SID	Siddharthanagar Office
SLC	School Leaving Certificate
SUR	Surkhet Office
TU	Tribhuvan University
VRS	Voluntary Retirement Scheme

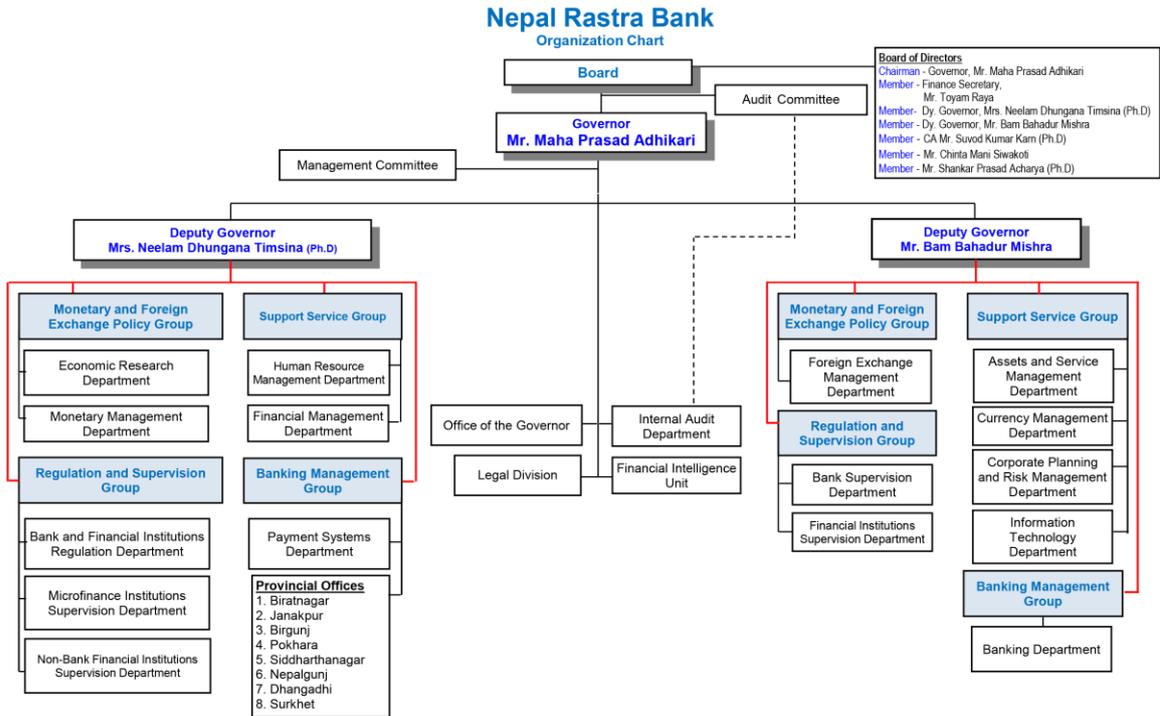


LIST OF EMPLOYEE LEVEL AND NAME

Level of Post	Name of Post
Officer Special	Executive Director
Officer First	Director
Officer Second	Deputy Director
Officer Third	Assistant Director
Assistant First	Head Assistant
Assistant Second	Assistant
Assistant Third	Deputy Assistant
Non-ranked employees	Office Sub-ordinate First, Second, Third, and Fourth



ORGANOGRAM



January 12, 2023



CHAPTER I INTRODUCTION

Background

- 1.1 Nepal Rastra Bank (NRB), the central bank of Nepal, was established on April 26, 1956 under the Nepal Rastra Bank Act, 1955. The act provided the right to issue bank notes, circulate currency over the country and stabilize the exchange rate. Besides, the act also entrusted NRB with responsibilities including helping with capital formation and developing the banking sector. The roles of the NRB changed over the period because of the monetization of the economy, economic liberalization, and technological change which led to the enactment of the new NRB Act in 2002.
- 1.2 The new NRB Act, 2002 has revised the functions and objectives of the bank. As per the Act, the objectives of the bank include the following:
 - to formulate necessary monetary and foreign exchange policies to maintain the stability of price and balance of payments for economic stability and sustainable development of the economy, and manage it;
 - to increase access to the financial services and increase public confidence in the banking and financial system by maintaining the stability of the banking and financial sectors;
 - to develop a secure, healthy, and efficient system of payment.
- 1.3 NRB is responsible for macroeconomic stability, especially maintaining price, monetary, external sector, and financial stability. The bank formulates and implements monetary policy, exchange rate and foreign exchange-related policies, and other financial sector-related policies, especially related to banks and financial institutions. Importantly, the bank regulates and supervises banks and financial institutions. Likewise, improving financial access along with modernizing payment system are also an important tasks of the bank. All these functions pose several challenges and opportunities to the NRB in the dynamic domestic and global economic environment.
- 1.4 NRB needs competitive human resources to meet its objectives. In this regard, the bank has been pursuing various policies, strategies, and actions to onboard competitive human resources, and develop and utilize them properly to perform its



functions effectively and efficiently.

- 1.5 Since its establishment, the NRB has given importance to developing appropriate institutional arrangements for managing human resources and emphasized various aspects of human resource management practices, including planning, recruitment, selection, training, and utilization. Initially, the central office used to work on human resource-related issues. “Administration Department” was established in 1958 to discharge functions including general services and legal issues. It was renamed as “Personnel Administration Department” in 1977 and was assigned tasks related to human resource management such as manpower planning, recruitment, training, transfer, promotion, compensation, and retirement (NRB, 1996). Later in 2002, it was renamed as “Human Resource Management Department”. Emphasizing the capacity development of its staff as well as the other commercial banks, NRB established Bankers Training Center (BTC) in 1970 (Sitaula, 2005).
- 1.6 NRB has a long history of having employee-related bylaws and policies. Emphasizing transparent human resource management, NRB formulated its employee service bylaws in 1959¹. The bylaws were revised time and again. New bylaws were formulated in 1992, 2005, and 2011. Currently, a third amendment of the Employee Bylaws 2011 is under implementation. Furthermore, human resource management (HRM) has also been linked to the NRB's strategic plans. HRM was considered as a management strategy in the first strategic plan (2006-10), a strategic pillar in the second strategic plan (2012-16), a supporting pillar in the third strategic plan (2017-21), and a strategic pillar in the fourth strategic plan (2022-26). The bank has implemented a three-year HR Plan from mid-July 2019 to mid-July 2022. All these efforts aim to systematize and strengthen the human resource management system and promote the overall capacity of the bank.
- 1.7 The size of human resources at the NRB has increased over the period with a significant change in the decades of the 2000s under the reform program in the bank. At the time of its establishment, NRB began its functions with 23 staffs including the Governor. The number rose to a peak of 3308 in 1988 (NRB, 2019). Initially, the roles of the NRB was mainly to promote banking habits and expand the domestic currency in circulation. With the economic liberalization and increase in the number of banks and financial institutions, the roles of the NRB gradually

¹ Employee service bylaws, 1959 refers to Karmachari Niyamawali, 2015



shifted towards being a monetary authority and banking supervisor in the decades of 1980s. NRB handed over some of its branches along with employees to Rastriya Banijya Bank (RBB). To perform the roles in the changing context, NRB required dynamic and technology-friendly human resources. So, the bank adopted the Voluntary Retirement Scheme (VRS) in 2001, 2002, 2003, and 2004 under the 'Reengineering the NRB' program as part of financial sector reform (Bhusal, 2005). The intention of the program was to bring down the total number of staff to around 1000 (Atreya, 2005). The goal was to reform human resources by the entry of competent human resources along with the modernization of the bank. As of mid-July 2022, the number of employees reached 1082.

- 1.8 The size and structure of the bank have changed over the period considering the development in the domestic and global economic environment. The establishment of the Payment System Department and Non-bank Financial Institutions Supervision Department are recent examples. Likewise, Surkeht Office has been established considering the current federal structure.
- 1.9 Despite the long-history of human resource practices, there lacks a well-documented study covering the HRM practices in the NRB. In this context, this study tries to fill the gap in three areas of human resources management practices of the bank: major HRM practices, key features of existing human resources, and employee perceptions towards HRM in the NRB.

Objectives of the Study

- 1.10 The general objective of the study is to assess human resource practices in the NRB. The specific objectives are:
 - a. to review the HRM practices in the NRB,
 - b. to explore key characteristics of human resources in the NRB, and
 - c. to assess the employee perception of human resource management in the NRB,

A Brief Survey of Literature Related to Human Resources Management in NRB

- 1.11 The human resources practices, policies, and plans of the NRB have been discussed in various past publications. This subsection summarizes these past studies.
- 1.12 "Forty Years of NRB" published in 1996 comprised an analysis of the bank's management structure followed by the organizational pattern, administrative system, workings of various departments, physical resources, and welfare and



security schemes for the employees. Early operations and growth of staff as well as human resource development-related issues were also covered in this issue (NRB, 1996).

- 1.13 “Nepal Rastra Bank in 50 years” explained the journey of human resource management in NRB. It comprised of HR-related issues like skill development and training policy, recruitment, placement, and transfer policy, outsourcing, enhancing the level of productivity, policy of mechanization, staff retention (Bhusal, 2005).
- 1.14 “Sixty Years of Nepal Rastra Bank” published in 2018 highlighted the change in bank’s human resource structure, policies, and provisions from recruitment to retirement, work carried out for human resource planning and development, and employee relations over time (NRB, 2018).
- 1.15 “Organization and Management Survey of NRB” conducted by Nepal Administrative Staff College in 2016 aimed at providing a professional recommendation for the new structure of NRB with functional terms of responsibilities, number of positions, and projection of manpower as per new structure, and required changes in the human resource management system. The study encompassed the analysis of organization and jobs, the number of positions, and the demand and supply of human resources in the frame of strategic orientation of NRB (NASC, 2016).
- 1.16 There is lack of study that covers scattered information related to human resources in the NRB. Thus, this study tries to fill this gap by reviewing the policies, rules, and practices related to human resource management in the NRB. The study relies on secondary sources such as employee bylaws, published reports, and documents. Likewise, the study also uses primary data from a survey of NRB's employees. The study only covers the HRM practices related to the NRB's permanent employees.

Outline of the Study

- 1.17 The next chapter covers the methodology of the study. Chapter III includes key characteristics of human resources in NRB, and Chapter IV explains the key characteristics of employees in NRB. Chapter V explores the employees' perception of human resources management in NRB and the final chapter summarizes the key findings and issues.



CHAPTER II METHODOLOGY

Introduction

2.1 This chapter presents the data sources, sample, data collection methods, and methods to analyze data. This is mainly a descriptive study summarizing the scattered information related to human resource management in the NRB. It simply presents the human resources practices, some key features of existing human resources, and perceptions of employees on various aspects of human resource management.

Sources of Information

2.1 This study has used both primary and secondary sources of information. Primary information has been collected using a questionnaires survey from senior management and employees.

2.2 Secondary sources of data include the records from the Personal Record System (PRS), and Human Resource Management Information System (HRIS) of the bank, as well as from various publications. The list of such publications includes *NRB in 25 years (Nepali)*, *Forty Years of Nepal Rastra Bank*, *NRB in 50 years*, *Sixty Years of Nepal Rastra Bank*, *Collection of the Governors' Speeches*, *HR Plan, 2019/20-21/22*, *Organization and Management Survey, 2016*, *NRB Reengineering Report, 2003*, *NRB Employee Bylaws 1959*, *NRB Employee Bylaws 1992*, *NRB Employee Bylaws, 2005*, *NRB Employee Bylaws, 2011*, and *NRB Strategic Plans*.

Sample and Primary Data Collection

2.3 The study used a questionnaire survey to collect primary data on the perceptions of senior management and employees regarding human resource management practices in the bank. The data is collected from two groups of employees in the bank: department heads/office heads and other employees. The questionnaire is developed in electronic form, and the data is collected via email. The sets of questionnaires and responses are presented in Annexes 2 and 3.

2.4 The sample of employees includes 115 (around 10 percent) out of 1082 employees.



At least one employee at each level ranging from Director to office subordinates from department/division/unit comprising of all the 17 departments (later, 1 department has been added), 1 department level office (Office of Governor), 3 divisions (BTC, Legal and Mint), 1 unit (FIU) and all the 8 provincial offices is included in the sample². The employee within each department was selected through random sampling. The responses are collected from the head of the department/office/division/unit regarding the human resources available to them and their performance.

- 2.5 A departmental interaction program was also conducted on April 13, 2022 to validate the findings and recommendations of the report. Some of the feedback from this discussion have also been included in the report.

Data Analysis

- 2.6 The study uses simple tools such as Microsoft Excel to process the primary information collected from the questionnaire. Likewise, the study relies on simple statistical tools such as ratio percentages, and averages to analyze the data.

² The name of levels, and departments/offices/divisions/unit are presented in earlier section (**list of employee level and name and organogram**).

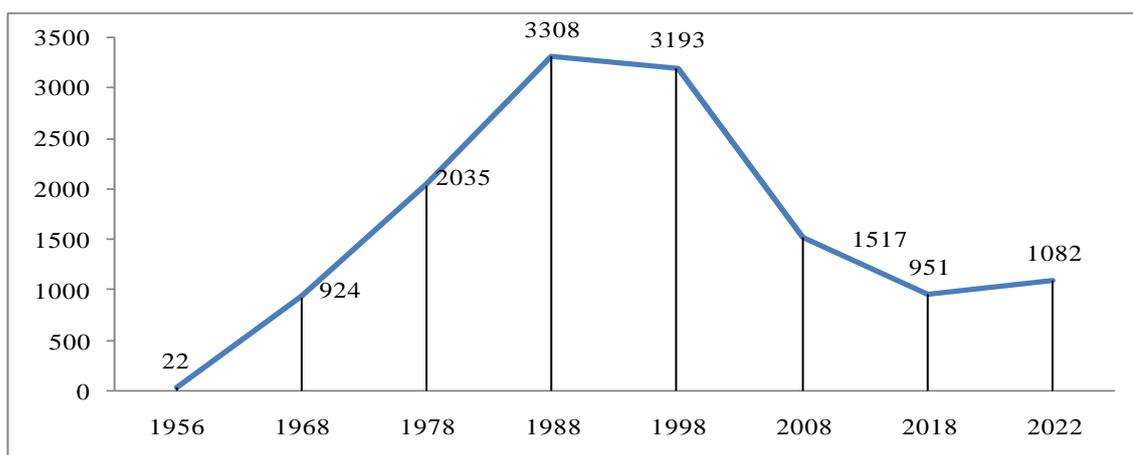


CHAPTER III

KEY CHARACTERISTICS OF HUMAN RESOURCES

3.1 The size of the organization in terms of the number of employees has fluctuated over the years. The number of employees was 22 at the time of establishment in 1956, and reached a peak of 3308 in 1988 (NRB, 2019). The size declined after the shift in NRB's focus towards core central banking functions and the adoption of modern technology such as computers. The number of employees declined to 951 in 2018 which again rose to 1082 by mid-July 2022 (Figure 3.1)

Figure 3. 1: Number of Employees



Source : NRB

3.2 The number of officers seems to be in increasing pattern in the first 50 years and thereafter the number seems to be stable whereas the numbers of non-officers seems to be fluctuating over the period.

Table 3.1 : Number of Employees

Year	Officer (A)	Non - Officer (B)	Total (A+B)	Ratio (A/B)
1956	6	16	22	1: 2.6
1968	117	807	924	1: 6.9
1978	212	1823	2035	1: 8.6
1988	407	2901	3308	1: 7.1
1998	429	2764	3193	1: 6.4
2008	539	978	1517	1: 1.8
2018	527	424	951	1:0.8
2022	563	525	1082	1:0.9

Source : NRB HR Plan (2019/20-21/22)

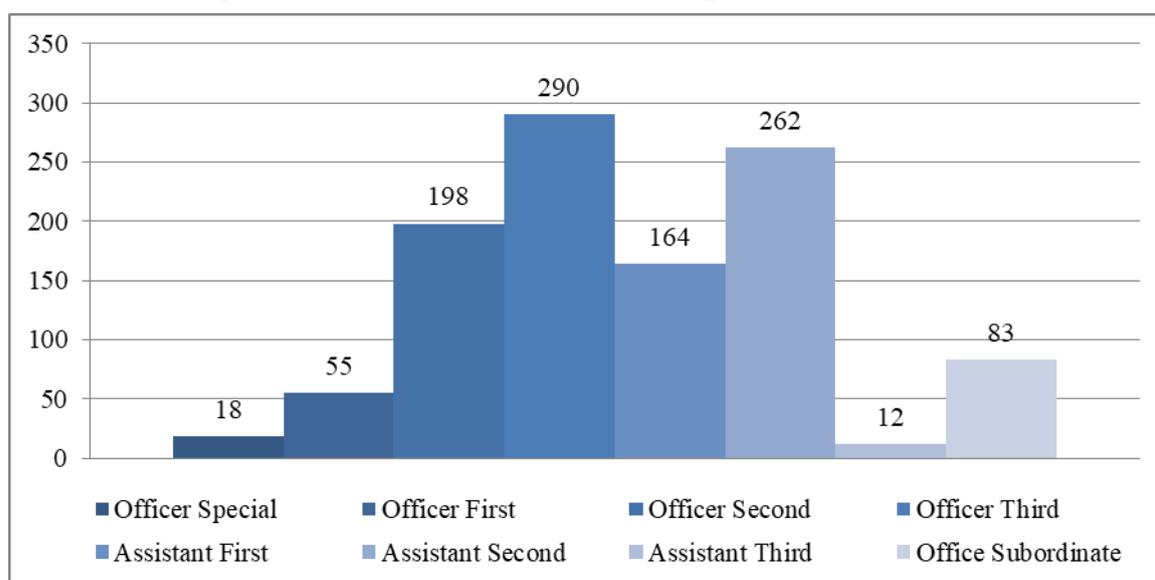


Current Situation of Human Resources

Hierarchal Composition

3.3 In terms of hierarchical rank, the employees include Officer Special, Officer First, Officer Second, Officer Third, Assistant First, Assistant Second, Assistant Third, and Office Subordinates. Almost half of the employees are in the officer third and assistant second level (Table 3.2). Out of 1082 employees, 2 percent are special class officers, 5 percent officer first, 18 percent officer second, 27 percent officer third, 15 percent assistant first, 24 percent assistant second, and 9 percent other posts.

Figure 3.2 : Hierarchical Distribution of Employees (mid-July 2022)



Source: NRB

3.4 The total number of officers is more than non-officers. About 52 percent are officers and 40 percent are non-officers. The ratio of non-officer to officers is 0.93 in mid-July 2022.

3.5 The majority of the employees have Master's degrees to their highest qualification. At the officer and assistant level, one percent of employees have a Ph.D., another one percent MPhil, 61 percent Master's degree, 19 percent Bachelor's degree, 7 percent of employees have only completed intermediate and another 7 percent of employees have SLC or below as highest academic qualification. About 5 percent are Chartered Accountants (Table 3.3).



Table 3.2 : Employees based on Services (mid-July 2022)

Administration			Technical			Total			
Post	Male	Female	Total (A)	Male	Female	Total (B)	Male	Female	Total [A+B]
Officer Special	18		18				18		18
Officer First	43	8	51	4		4	47	8	55
Officer Second	158	28	186	12		12	170	28	198
Officer Third	193	94	287	3		3	196	94	290
Officer Total	412	130	542	19	0	19	431	130	561
Assistant First	111	36	147	16	1	17	127	37	164
Assistant Second	165	67	232	28	2	30	193	69	262
Assistant Third	10	2	12				10	2	12
Office Subordinate	54	29	83				54	29	83
Total	752	264	1016	63	3	66	815	267	1082
Total (%)			93.9%			6.1%	75.3%	24.7%	

Source: NRB

Academic Qualification

Table 3.3 : Academic Qualification of Employees (mid-July 2022)

Post	Officer Special	Officer First	Officer Second	Officer Third	Assistant First	Assistant Second	Assistant Third	Total	% in Total
Ph.D	3	3	8					14	1.4
M.Phil	4	5	5					14	1.4
Master	8	39	162	219	107	72		607	60.8
CA	3	7	15	28				53	5.3
Bachelor		1	8	34	33	110		186	18.6
Intermediate				9	14	44		67	6.7
SLC or Below					10	36	12	58	5.8
Total	18	55	198	290	164	262	12	999	100.0

Source: NRB

Age-Wise Structure of Employees

3.6 Age-wise structure of employees follows an almost normal distribution. The legal arrangement of minimum age to enter bank service is 21 years for an officer and 18 years for an assistant. Similarly, such arrangements for retirement are either 58 years of age or 30 years of services whichever comes first (the related chapter discusses the other specific provisions). Out of 1082 employees, the mean age of



employees is 40.1 years whereas the median age is 39.2 years. There are no employees below 20 years and 19 percent of employees are below 30 years. In the age range 31-40 years, there is altogether 33 percent of employees which is the highest share in total. The share of employees within the age group 41- 50 years is 26 percent which is the second largest share whereas 22 percent of employees are above 50 years (Table 3.4).

Table 3.4 : Age-Wise Number of Employees (mid-July 2022)

	20-30	31-40	41-50	51-58	Total
Officer Special			4	14	18
Officer First		1	42	12	55
Officer Second		43	92	63	198
Officer Third	59	135	37	59	290
Assistant First	17	96	37	14	164
Assistant Second	133	78	25	26	262
Assistant Third			5	7	12
Non-Graded		3	38	42	83
Total Employees	209	356	280	237	1082
% Share	19.32	32.90	25.88	21.90	100.00

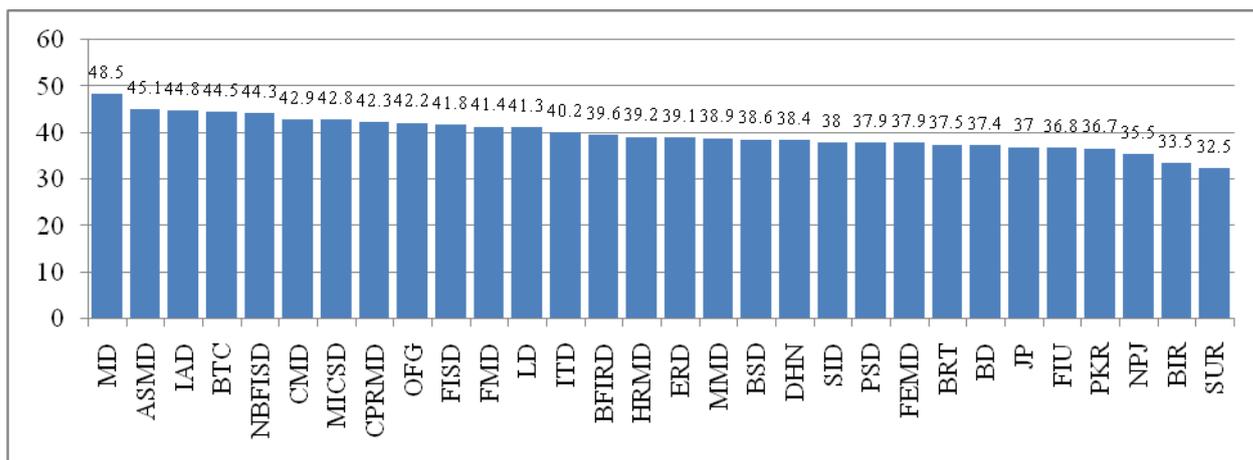
Source: NRB

Department-Wise Average Age of Employees

3.7 There is a huge deviation seen in the department-wise average age of employees. The highest average age is seen in the Mint division i.e. 48.5 years whereas the lowest average age is seen in the Surkhet office i.e. 32.5 years (Figure 3.3).



Figure 3.3 : Department-Wise Average Age of Employees (mid-July 2022)



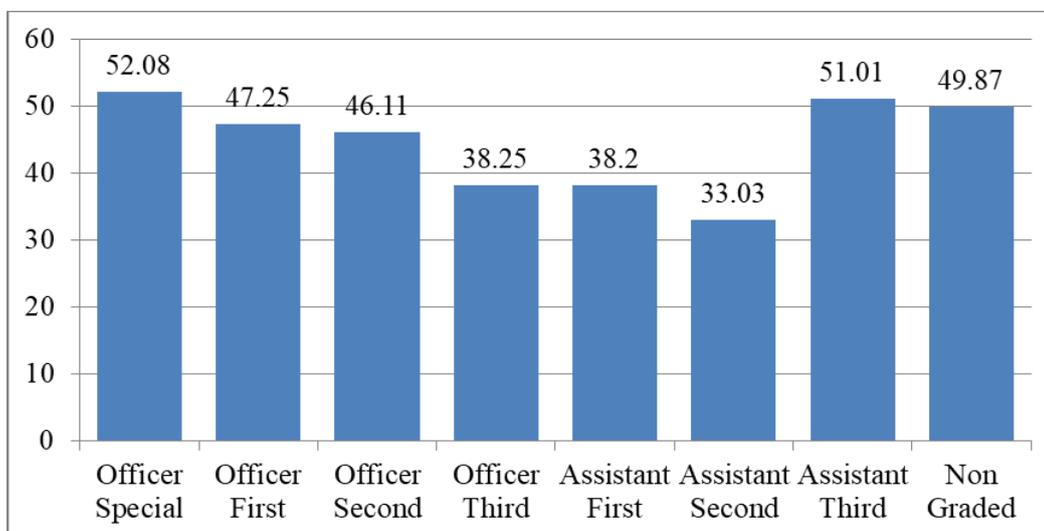
Source: NRB

Note: The full form of departments/office/divisions, unit is available in list of abbreviation.

Rank-Wise Average Age of Employees

3.8 The average age of officer special and assistant third employee is more than 50. Similarly, the average age of Officer first, Officer second, and Non-graded is between 45 to 50. The average age of Officer third, Assistant first, and Assistant second is below 40. The range of average age based on the post lies between 52 and 33 (Figure 3.4).

Figure 3.4 : Rank-Wise Average Age of Employees (mid-July 2022)



Source: NRB



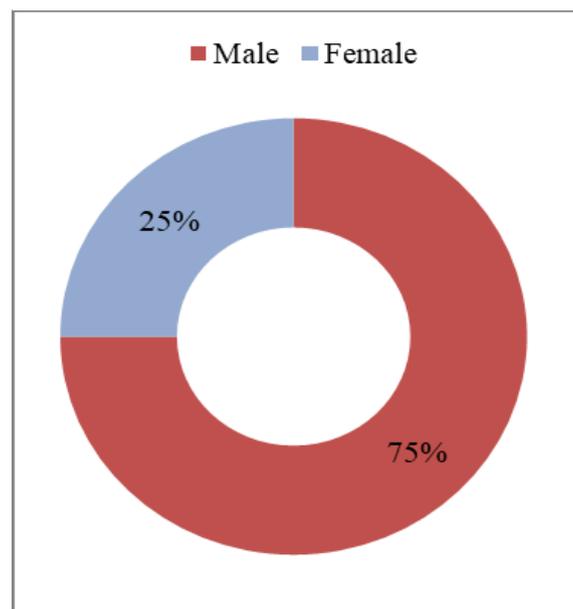
Gender-Wise Employee Structure

Figure 3.5 : Gender Wise Employee Structure

3.9 Out of the total employees, 815 are male and 267 are female. In the percentage share, 75 percent are male and 25 percent are female (Figure 3.5).

3.10 The female to male (F: M) ratio of employees in NRB is 0.33.

3.11 The participation of females in NRB jobs has been increasing in recent years. As shown below, the data on the recruitment of the employee shows the participation of females has taken lead in the last year (Table 3.5).



Source: NRB

Table 3.5 : Recruitment of Employees (Gender Wise) in recent years

After	Total	Male	Female
a) May 18, 2014	504.0	333.0	171.0
Share in Total (%)	100.0	66.1	33.9
b) October 24, 2018	356	222	134
Share in Total (%)	100.0	62.4	37.6
c) March 12, 2021	106	50	56
Share in Total (%)	100.0	47.2	52.8

Source: NRB

Service Period-Wise Classification

3.12 One-third of employees have a service period of 5 years or less. This is followed by a service period of 5-10 years which includes 19.32 percent.

3.13 The majority of the employees in the Officer third level and Assistant second level have a service period below five years. The majority of Officer Special have a service period of 20-25 years. Out of 55 Officer first, 35 have a service period of 15 to 20 years. A large number of Assistant first are in the service period range of 5-10 and 10-15 years (Table 3.6).



Table 3.6 : Number of Employees Based on Service Period (mid-July 2022)

Post	<=5	5-10	10-15	15-20	20-25	25-30	Total
Officer Special	0	0	0	5	12	1	18
Officer First	0	0	6	35	8	6	55
Officer Second	0	41	44	3	13	97	198
Officer Third	141	35	31	0	18	65	290
Assistant First	15	78	41	0	30	0	164
Assistant Second	207	4	0	1	45	5	262
Assistant Third	0	0	0	0	10	2	12
Non-Graded	0	51	0	0	22	10	83
Total	363	209	122	44	158	186	1082
% in Total	33.55	19.32	11.28	4.07	14.60	17.19	100.00

Source: NRB

Employees distribution based on service period at the current post

3.14 One-third of total employees have experience of 3-5 years and one-fifth has experience of less than a year in their current post.

3.15 Out of 18 officers special, 8 of them have served for 3-5 years. Similarly, out of 55 officers first, 23 of them have served for 3-5 years. One-fourth of officer third i.e. 76 have served in this post for 5-10 years and another one-fifth have less than a year. Similarly, the majority of assistant second i.e. 114 have served in this post for 3-5 years (Table 3.7).

Table 3.7 : Number of Employees Based on Service Period in the Current Post (mid-July 2022)

Post	<=1	1-2	2-3	3-5	5-10	10-15	Total
Officer Special	4	0	6	8	0	0	18
Officer First	11	9	9	23	3	0	55
Officer Second	35	26	26	85	22	4	198
Officer Third	46	37	28	61	76	42	290
Assistant First	46	23	30	57	8	0	164
Assistant Second	16	33	73	114	26	0	262
Assistant Third	0	0	0	0	5	7	12
Non-Graded	57	1	0	16	9	0	83
Total	215	129	172	364	149	53	1082
% in Total	19.87	11.92	15.90	33.64	13.77	4.90	100.00

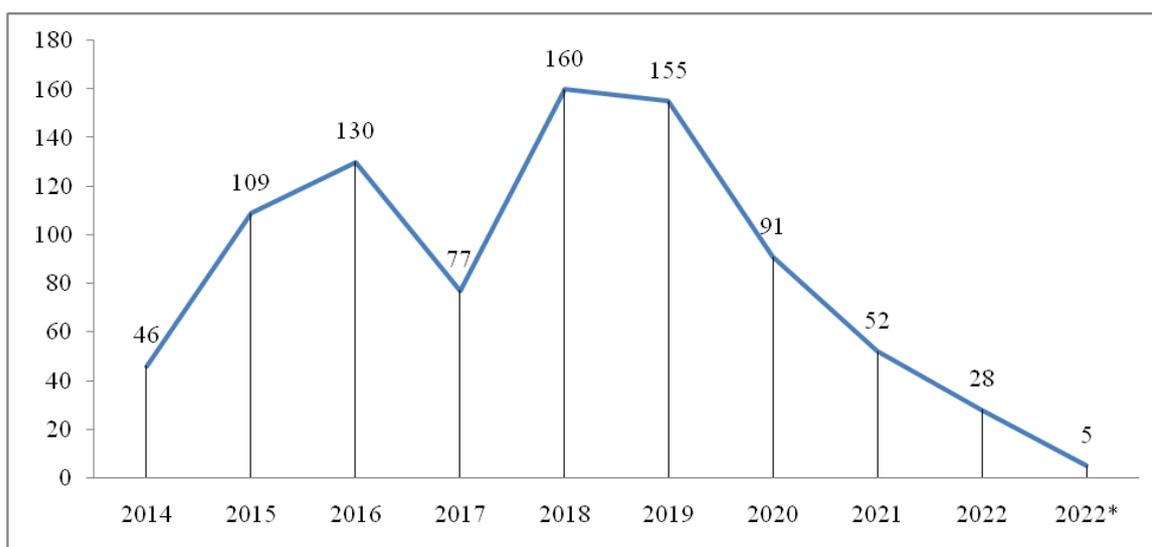
Source: NRB



Retirement in Recent Years

3.16 A significant number of retirements have been observed in recent years as shown in Figure 3.6. From 2014 to 2022, more than 800 employees were out of service from the NRB, including almost one percent due to death, 3 percent due to resignation, and rest through compulsory retirement. Retirement in a huge number offers jobs to new technology-friendly aspirants; however, it has an impact on institutional memory and successor development. The number of employees out of bank services are shown in Figure 3.6.

Figure 3. 6 : Number of Employees out of Bank’s Services (mid April to mid April)



**mid-April to mid-July*

Source: NRB

Note: These annual figures are computed based on Nepali calendar year for example, 46 staffs retired in 2014 were for period mid April 2013 to mid April 2014.



CHAPTER IV

HUMAN RESOURCES MANAGEMENT PRACTICES

4.1 NRB has made various efforts to adopt the best practices of human resource management in areas of planning, recruitment, training, transfer, performance appraisal, promotion, and dismissal.

Human Resource Planning

4.2 Employee service bylaws, 1959 categorized the employees into 3 levels: first class, second class, and third class. NRB Employee Bylaws 1992 classified the employees into the officer and assistant level in bank services (administration, cash, and technical). Employee Service Bylaws, 2011 grouped the employees into an officer, assistant, and non-graded under administration and technical services.

4.3 No specific provisions about recruitment planning were there in earlier employee bylaws. However, the employee bylaws, 1992 stated that recruitment shall be completed by mid-April of each year. The third amendment of 2011 bylaws shifted such a deadline to mid-July.

4.4 NRB prepared a HR plan for the period of 2008 to 2014. The First Strategic Plan underlined the significance of human resource development along with recognizing the emerging trend, and stated “enhancing the bank’s productivity and efficiency through proper development and effective utilization of human resource”. Similarly, the bank’s Second Strategic Plan (2012-16) emphasized human resource management and capacity development as one of the strategic pillars. The bank developed the HR plan for fiscal year 2018/19-2021/22. Currently, NRB follows a participative and bottom-up approach in HR planning. According to HR Plan (2018/19-2021/22), HR planning practice in NRB consists of the following steps.

- Assessing current human resources,
- Analyzing the organizational plan,
- Forecasting human resource demand,
- Analyzing human resource supply and
- Matching demand and supply of human resources.

4.5 Based on the objectives of the different departments of the bank and the inventory of the available resources to the HRMD, the bank follows a participatory approach



in forecasting the demand for the employees. HRMD coordinates with other departments to assess their own need for human resources. Departments assess their need by considering various factors such as the potential jobs enrichment, jobs to be merged, and jobs reduction due to automation. The number can be either increased or decreased based on the need and demand of the particular department/division/unit. The demand forecast method which is generally used at the departmental level in NRB is the executive or managerial judgment method. The department sends the request to alter the total number of approved seats (*darbandi*) for the department/division/unit. HRMD collects data on the total number of employees required and compiles a list of employees needed as per the letter sent by the respective department/division/unit. Through this, the demand for employees in each department/division/unit is estimated.

- 4.6 HRMD maintains an inventory of existing human resources. This process has been digitized now. Two software - HRIS and DOS-based software PRS - are used for securing the records of the current human resources regarding current job allocation, training details, family details, leave records, etc.
- 4.7 By conducting a comparison between the demand for and supply of the employees, the HRMD identifies the gaps that can arise in the foreseeable future. The gap i.e. deficit indicates the number of employees that need to be recruited and the surplus indicates transfers that need to be made between departments/offices/divisions/units. HRMD forwards the assessment to “Required Position Determination Sub-committee”³.
- 4.8 Based on the identified demand and gaps, the “Required Position Determination Sub-committee”, a committee chaired by the Senior Deputy Governor along with the Deputy Governor, heads of HRMD, and CPRMD as members and a director of HRMD as member secretary recommends the required number of jobs and positions for the upcoming fiscal year to the Governor/BOD. The concept of the “Required Position Determination Sub-committee” was introduced in the third amendment of Employee Bylaws, 2011. The “required seats (*darbandi*)” of the officer level is approved by the Board of Directors (BOD) of the bank and the required seat of the assistant level and support staff is approved by the Governor

³ Required Position Determination Sub-committee indicates the *Darbandi Nirdharan Upasamiti*.



which is later informed to the BOD. Before the third amendment of Employee Bylaws in 2017, Darbandi for Executive Director was decided by BOD whereas the Governor used to decide for officer first and the level below.

- 4.9 After the required seats and gaps are estimated, the “Recruitment Committee”⁴ works to fulfill the deficit and HRMD works in the case of surplus. Then, HRMD formulates the plan for training and development, interdepartmental transfers, promotion, or early retirement of employees based on the requirements of the organization.
- 4.10 Similar to other organizations, NRB also has two sources of supply of human resources: internal and external. Internally, human resources can be obtained for certain posts through promotions and transfers. Human resource inventory helps in determining and evaluating the quantity of internal human resources available. Once the future internal supply is estimated, the supply of external human resources is analyzed.
- 4.11 Recruitment of human resources from external sources is done at two levels only i.e. Officer third and Assistant second. For the rest of the positions, the HR supply is managed through internal sources. In the case of support staff, the injection from external sources is done on a contract basis in the office.
- 4.12 The policy planning unit of HRMD involves in the formulation of the HR plan. Once the HR plan is formulated, other divisions of HRMD implement the plan in the organization. The plan regarding future recruitment is implemented through the coordination of the “Recruitment Unit”. Similarly, the plan regarding training and development is implemented through the coordination of the “Training Unit”. The plan regarding transfers is implemented through the coordination of the “Personnel Unit”. These efforts are aligned with the goals and objectives of the organization as well as the goals and objectives of each department/division/unit of the organization.

Acquisition

- 4.13 The recruitment and selection process is carried out by the Recruitment Unit of HRMD. According to NRB Employee Bylaws 1959, recruitment should be done by completing the process of advertisement, written examination, and interview. A

⁴ Recruitment Committee indicates the *Padpurti Samiti*.



consultation with Public Service Commission (PSC) was required for the recruitment of an assistant or above. NRB emphasized recruitment and retention of high-quality people who are best fitted to fulfill the organization's goal, recruiting and inducting high-quality manpower and deploying them effectively (Bhusal, 2005).

- 4.14 The policy of inducting University toppers in management and economics was first introduced and exercised in 1997, which continued till 2005. A total of 9 university toppers joined the bank under this policy. Likewise, the policy of recruiting staff with a qualifying Ph.D. as a second-class officer was introduced in 1998, which continued till 2001. A total of three Ph.D. joined the bank under this policy. During the early eighties, CAs were recruited as first-class officers. This policy was later amended and CAs were recruited at the second-class level. NRB continued to follow this policy up to 2001. The policy was reviewed in 2001 and from 2002 onward, CAs have been recruited in officer third. Since 2001, NRB started to recruit legal officers in the position of officer third and this policy exists till today.
- 4.15 Since 2002, there has been only two-entry level for a career at NRB: Officer Third and Assistant Second. This policy was amended in 2014 and the entry-level Assistant was changed to Deputy Assistant level. No employees at the Deputy Assistant level, however, were appointed after this amendment and there was a later amendment that reinstated the previous provision. As per the provisions of Article 243 of the new Constitution of Nepal, PSC has started conducting the written examination of NRB for both open competition and internal competition since the promulgation of the Constitution in 2015.

Entities Involved in Recruitment

A. Darbandi Nirdharan Upasamiti

- 4.16 The roles of *Darbandi Nirdharan Upasamiti* are mentioned in the earlier section 4.8.

B. Padpurti Samiti

- 4.17 *Padpurti Samiti* is the entity formed in the bank with the senior Deputy Governor as Chairperson, Deputy Governor, Joint Secretaries of the PSC and MoF as members, and the head of HRMD as member secretary, to recommend candidates for the selection/promotion to the Governor.



4.18 *Padpurti Samiti* allocates the number of seats to be fulfilled by either performance appraisal or internal competition or open competition based on provisions in employee bylaws. The share of vacant seat allocation has been changed overtime. (Table 4.1)

Table 4. 1: Vacant Seat Allocation

Post	Open (%)				Internal Competition (%)				Performance Evaluation (%)			
	1992	2005	2015	2022	1992	2005	2015	2022	1992	2005	2015	2022
Director	—	—	—	—	30	30	30	30	70	70	70	70
Deputy Director	—	—	—	—	30	30	30	30	70	70	70	70
Assistant Director	50	60	50	70	40	20	15	15	10	20	35	15
Assistant First			—	—	70	40	40	40	30	60	60	60
Assistant	100	90		80	—	10	60	10	—	—	40	10
Deputy Assistant	25	25	100	—	—	—	—	—	75	75	—	—
Office Subordinates	—	—	100	—	—	—	—	—	—	—	100	—

Source: NRB

4.19 According to NRB Employees Bylaw, for the post of Officer Special, the vacant seat is fulfilled through performance appraisal only. For officers first and second, and assistants first, the vacant seats are fulfilled based on performance evaluation and internal competition. Vacant seats at Officer third and assistant second levels are fulfilled through open competition, performance-based evaluation, and internal competition. The percentage allocation for various means of fulfilling vacancies at different levels is presented in Table 4.1.

C. Public Service Commission (PSC)

4.20 PSC takes written examinations for recruitment and promotion of permanent employees. After the publication of the result by the PSC, practical (if applicable) and interviews are conducted by Recruitment Committee at NRB.



Box 4.1 : Attractions of NRB Jobs

NRB jobs are one of the lucrative jobs in Nepal as the number of applications seeking jobs at the bank is numerous. Table 4.2 shows the required positions (seats), and applicants over the period of 2010-2020.

Table 4.2: Number of Required Positions and Applicants

Fiscal Year	Officer Third			Assistant		
	Required (A)	Applicants (B)	Ratio(B/A)	Required (A)	Applicants (B)	Ratio(B/A)
2009/10	15	1269	84.60	25	10053	402.12
2010/11	23	1751	76.13	45	12415	275.89
2011/12	32	2900	90.63	-	-	-
2012/13	17	3014	177.29	45	22828	507.29
2013/14	-	-	-	-	-	-
2014/15	-	-	-	45	23040	512.00
2015/16	31	3060	98.71	-	-	-
2016/17	10	1205	120.50	-	-	-
2017/18	45	4032	89.60	106	44895	423.54
2018/19	33	3531	107.00	81	39290	485.06
2019/20	36	3525	97.92	31	23036	743.10
2020/21	38	4515	118.82	12	17755	1479.58
2021/22	58	5692	98.14	25	22413	896.52

Source: NRB

Table 4.2 shows the ratio of number of applicants and required post is almost 100 for officer position whereas almost 1000 for assistant position in recent years.

Selection of Permanent Employees

4.21 The selection of employees is done through either file promotion or competition or auto promotion.

4.22 Non-ranked employees: The means of selection of these types of employees is through time-bound promotion where the employees get automatically promoted to a level higher once they complete the service of a certain number of years and have obtained a minimum of the threshold points in the performance appraisal as mentioned in the employee bylaws.



4.23 Performance-based promotion: the selection criteria for employees are:

- Seniority (70 points)
- Academic Qualification (20 points)
- Performance Appraisal (100 points)
- Experience of Geographical Location (10 points)

(The procedure has been presented in promotion section)

4.24 Written competition: it can be either internal or open. The internal competition takes place from the level of the assistant second to the officer first whereas open competition is done in the assistant second and officer third level. The selection process of the permanent employees through competition modality in NRB are application form, written test, interview, the selection from the interview, physical/medical examination, final selection, and placement.

4.25 For the support service, the manpower is hired on a contract basis. The recruitment and selection of these employees are guided by Support Service Guidelines, 2020 (*Sahayogi Sewa Karar ma line karyabidhi, 2077*). The respective departments assess the needs of the contract employees and the HRMD forwards it for approval to the Governor. *Padpurti Upasamiti* comprises of head of the HRMD as chairperson, two directors of the HRMD and a representative from MoF and PSC as an expert member and the Deputy Director of the Recruitment Unit of HRMD as member secretary is responsible for carrying out the further recruitment process. The procedure is the same as permanent employees and a written examination is also conducted by NRB.

Training and Development

4.26 Training is essential for the development of an organization's human resources. Training of the staff has always been a priority in the NRB. The bank has a provision allowing the staff to pursue higher degrees within the country and abroad. The first strategic plan includes the strategic objective as "to develop and manage human resources for attaining the objectives of the bank". In the third strategic plan, one of the supporting pillars was human resource development and management, and the supporting pillar was overall capacity building.

4.27 Training Unit and BTC are the two entities in the NRB working primarily for enhancing the knowledge and skills of the employees. Both entities are dedicated to



benefiting and motivating the employees of the bank through training and development.

A. Training Unit

4.28 The training unit within the HRMD is responsible for coordinating with domestic and international agencies for the training.

4.29 The nomination of staff for international training programs is guided by NRB Foreign Training Policy, 2019 (First Amendment, 2020). A Training Nomination Committee comprises the Senior Deputy Governor as Chairperson, the Deputy Governor as a member, and the Executive Director of the HRMD as member secretary. The Committee nominates the staff for foreign training based on certain criteria. Once the nomination is completed, the Board of Directors (BoD) needs to provide approval in the case of nomination of the Governor, Deputy Governor, and members of the board. Governor provides approval in the case of nomination of executive directors, directors, deputy directors, assistant directors, and other employees.

4.30 The levels of foreign training in NRB are classified as assistant-level training, management-level training, executive-level training, and senior executive-level training. Every staff participating in the international training is required to submit a report on the course/workshop/seminar attended. Intending to share the knowledge obtained in the international platform, NRB has made provision of conducting a knowledge-sharing program in the concerned departments where the attendee can share his experience, learning, and knowledge with others in the department.

B. Bankers Training Center (BTC)

4.31 BTC, established in 1970, is the in-house training center of NRB responsible for conducting internal training, seminars, and workshops related to economics, management, operational skills, and behavioral skills to enhance the capacity of the workforce. BTC designs the programs according to the need and guidelines as per Internal Training Manual, 2020.

4.32 The faculty board comprises of Deputy Governor (responsible to look after HRMD/BTC) as a coordinator, Executive Directors of HRMD, ERD, BFIRD, BSD, and CMD, a senior Director of Studies of NASC, a Professor from the Faculty of Management, TU as members and director of the BTC as member secretary, is a



committee formed for smooth operation and management of internal training. The committee performs activities such as

- Recommend the training for the next fiscal year beforehand,
- Review the programs conducted by the BTC on quarterly basis,
- Provide directions to the BTC regarding the operation of training programs, and
- Provide directions to the BTC to conduct additional internal programs except for annual regular training programs if necessary.

4.33 A curriculum committee is formed to draft the curriculum for training programs conducted by BTC. It comprises of Executive Director of HRMD as chairperson, director of BTC, internal (in-house) expert and external expert as members, and Deputy Director of BTC as member secretary, and works to:

- Conduct training need assessment,
- Develop the curriculum for internal training programs,
- Determine the date of training,
- Evaluate the effectiveness of the training program, and
- Test the effectiveness of the curriculum and prepare the modality of the training program

4.34 BTC provides training of regular nature, pre-service for new recruits, special and others. The training conducted by BTC can be categorized into three levels: assistant-level, management-level, and executive-level.

C. Major Training Programs

4.35 The major training programs in the NRB for employees in the international arena include monetary policy, central banking, financial sector surveillance, banking supervision, FinTech, financial stability, financial sector policy, macro prudential policy, financial development and financial inclusion, bank supervision, payment systems, econometric forecasting, econometric modeling and forecasting, the balance of payments measurement, risk-based supervision, asset-liability management, reserve management, risk management, risk-based internal audit, currency management and operations, assets and money laundering, financial regulation, and supervision activities, internal audits and management, advanced stress testing, and capital planning, leadership, among others.



4.36 International training providers include IMF, SEACEN, FED, BIS, Toronto Center, Bundes Bank, among others.

Transfer

4.37 The transfer is an integral part of the job. It helps to ensure the right man is at the right place in the organization. It also helps the organization to best utilize the available human resources. It also increases the versatility and competency of employees and helps in relieving the monotony. In NRB, the transfer is a general process during an employee's work tenure. The transfer of any employee is approved by the Governor. The transfer policy is flexible in the following cases:

- If an employee is sick and a NMC registered doctor prescribes that the person cannot be cured in the given location,
- If the employee faces a departmental action,
- If the employee is seen as unfit to work in the current department or office,
- Usually, husband and wife are posted in the same office,
- If the employee has been assigned some sensitive assignment, then until the job is complete the employee is not subject to transfer, and
- If the employee presents some special and genuine reasons for the transfer.

4.38 According to employees' service bylaws, 1959, there were provisions for transfer from one office to another. Later, for a transfer, the employee was expected to spend minimum of 7 years tenure in specialized departments such as Research, Regulation, Supervision, etc., 2 years' tenure in the department rendering support functions, and 2 years tenure in the offices outside the Kathmandu Valley (Bhusal, 2005).

4.39 However, the transfer policy was amended later. As per the Transfer Policy 2014, employees once transferred to departments with core functions were normally retained there for at least five years and those transferred to other departments were retained for at least two years. The policy provided that normally transfers are to be made from core nature department to non-core and vice-versa. Similarly, employees once transferred to offices outside the Kathmandu Valley were normally retained there for two years. The Transfer Policy also provided the transfer of employees from one office to another outside the Kathmandu Valley.

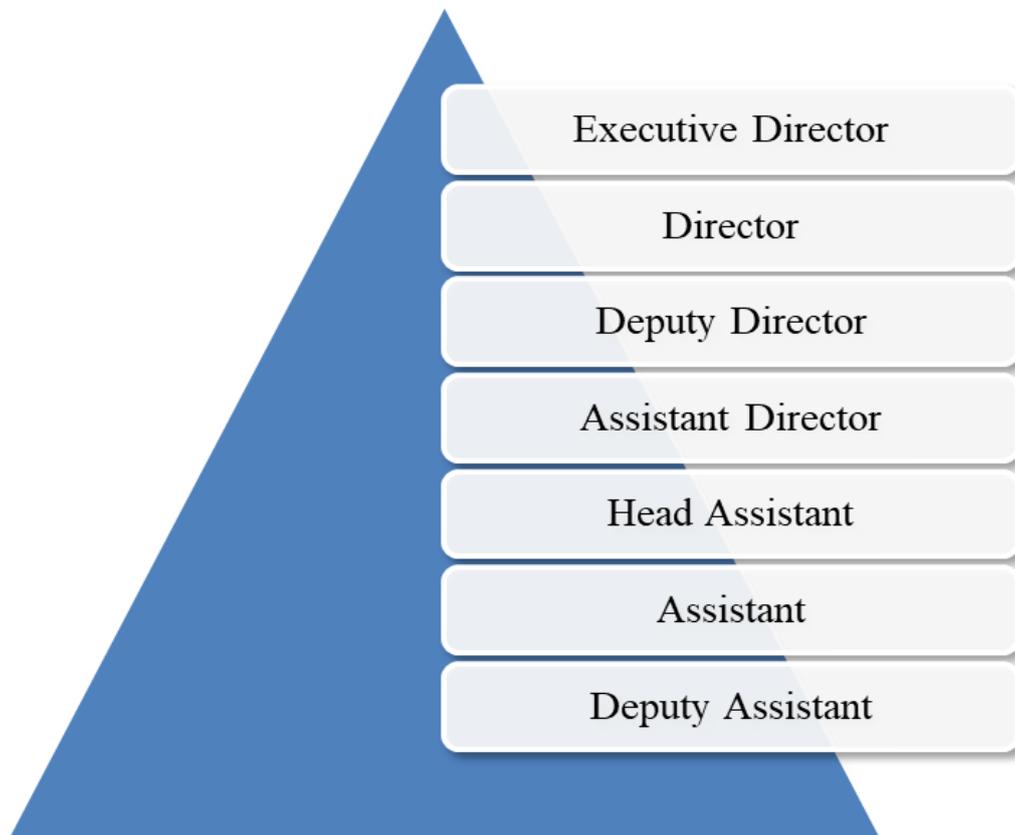


4.40 Currently, the transfer activities in NRB are guided by the Transfer Policy, 2021. The transfer policy provides detailed guidelines regarding the bases of transfer in NRB. It comprises the bases of transfer from department/office/division/unit within Kathmandu Valley to the regional office, transfer in department/office/division/unit within Kathmandu Valley, transfers from the regional office to department/office/division/unit within Kathmandu Valley and transfer from one regional office to another regional office.

Promotion

4.41 Promotion is necessary for career growth. NRB has a transparent promotion mechanism that gives due emphasis to the employee's service period and work performance record for the promotion of the staff. According to employee service bylaws, promotions have been mainly based on performance records, service periods, and special skills of potential employees. In NRB, promotion is tied up with the number of vacant seats allocated in the fiscal year.

Figure 4. 1: Promotion hierarchy in NRB





4.42 Based on level, there are different types of promotion systems.

I. Performance Based Promotion

4.43 The eligibility criteria for promotion in NRB are as follows:

- For the officer level, the candidate must have completed five years of service in the current level/position,
- For the assistant level, the candidate must have completed three years of service in the current level/position,
- In the case of employees included in the specified inclusive group, a relaxation of one year is given in the eligibility criterion,
- The candidate must have the minimum required academic qualification, and
- The candidate must not be in suspension, withheld from promotion, have received a warning for a year, be subject to withholding of salary increment or have salary decrement since a year, and be locked up on criminal proceedings (*Faujdari Abhiyog*)”.

A. Special Provision for Executive Level

4.44 The director is promoted to the Executive Director (ED) based on performance evaluation once the seats remain vacant. Before the third amendment of the 2011 bylaws, the promotion used to be based on the discretion of the Governor. After the amendment, promotion to ED must be done within 30 days once the seat is vacant.

4.45 Within fifteen days of the seat turned out into a vacant position, the *Padpurti Samiti* is required to recommend the names of eligible candidates at least thrice, if available, and the vacant seats to the BOD. Within fifteen days of recommendation from *Padpurti Samiti*, the board is required to promote the eligible candidate.

B. Other Positions of Administration Services and Officers in Technical Services

4.46 The vacant post for officer first to assistant second in administration services is fulfilled by promotion based on performance evaluation, and internal written examination. For this, a specified percent of the seats are allocated for promotion based on performance evaluation, and internal written examination. For the performance-based promotion, the marks allocation is based on seniority (seventy points), academic qualification (twenty points), performance appraisal (hundred



points), and experience of geographic location (ten points). For the officer position in technical services, there is no provision of internal written examination. There is no age bar for promotion in the NRB.

Table 4. 3: Criteria for Performance Evaluation-Based Promotion

Criteria	1992	1995	2001	2005	2006	2015	2022
Performance evaluation	120	120	110	130	110	100	100
Seniority Based on Year	46	60	60	40	60	70	70
Academic Qualification	20	16	21	20	20	20	20
Geographical Work Experience	8	—	5	10	10	10	10
Research Paper	6	4	4	—	—	—	—
Total	200						

Source: NRB

4.47 Criteria for performance evaluation-based promotion have changed over time as in Table 4.3.

B.1 Criteria for Promotion:

a. Seniority

4.48 While calculating the points for seniority, ten points is given for an additional year of service period until the maximum points (that is, seventy points) is reached.

b. Academic Qualification

4.49 For the officer first, second and third, the points given for academic qualification in the promotion are 16 for Bachelor degree, 18 for Master degree, and 20 for the PhD degree. For assistant first, points given for plus two or equivalent, Bachelor level, and Master's level are 16, 18, and 20 points respectively. For the assistant second, points given for plus SLC or equivalent, plus two or equivalent, Bachelor level is 16, 18, and 20 points respectively. For technical service, points given for a basic qualification specified by the bank is 16, points allocated for one level more than the basic qualification is 18, and points allocated for more than one level basic qualification than the bank's requirement is 20.

c. Performance Appraisal

4.50 Supervisors and approving authorities are specified for employees' performance-based evaluation. The performance-based evaluation done by the Supervisors and approving authorities is again reviewed by Review committee (*Punaravalokan*



Samiti) comprising the senior Deputy Governor as a chairperson, the Deputy Governor, and the head of HRMD as members. The segregation of total points is a maximum of seventy points from “Supervisor (*Supariveksak*)”, twenty points from “Approving authority (*Anumodankarta*)” and ten points from “Review Committee”. It is done on a biannual basis.

d. Geographical Experience

4.51 The maximum number of points allocated for geographical location experience is 10 points. For the employees who are living in their patriarchal district or district where he/she has bought/built residential property on his /her own or by the bank loan and for employees working in Kathmandu valley, the employee receives points at the rate of 1.5 points every year. For the employees who are not living in their patriarchal district or district where he/she has not bought/built residential property on his /her own or by the bank loan and for the employee not working in Kathmandu valley, the employee receives points at the rate of 2 points every year.

B.2 Promotion Procedure

- While initiating the promotion process for the vacant seats available, the notice is published on the bank’s intranet and notice board to notify all the eligible candidates about the promotion process.
- Amongst the bases of promotion except for performance-based evaluation, the points of all other bases i.e. seniority, academic qualification, and experience to work at the different geographical locations of the eligible candidates are published in the bank’s intranet or notice board once the vacancy is matured.
- If the candidate is not satisfied with the marks obtained then, in such case the candidate can apply along with the proof to HRMD within fifteen days of marks publication.
- *Padpurti Samiti* recommends the name of the candidate obtaining the highest points for promotion by order of merit based on the criteria of evaluation (point number 53 of the related bylaws).
- Once *Padpurti Samiti* recommends the name of a candidate eligible for promotion, the name is then approved by the Governor. After receiving approval from the Governor, the name list of all candidates whose names were recommended and the final candidates are published on the notice board as



well as the bank's intranet.

- If any candidate is not satisfied with the recommendation of promotion, then s/he (except in the case of executive director level) can complain to the Governor within fifteen days after publication of the name list.
- If no complaints are lodged or if no amendments are to be made to the first name list, the first name list is considered authentic and the final candidate is given a promotion letter on the same date and is posted to his/her new workstation.

II. Internal Written Examination

4.52 There is also a provision for internal written examination for promotion of employees from administrative services. There is no such provision for technical services. The allocation of number of seats for internal written examination is as mentioned in table 4.1. Once seat is allocated, vacancy is announced by the bank. PSC takes written examination of eligible candidates. The name of selected candidates from written examination are published by PSC. Then *Padpurti Samiti* takes interview of these selected candidates. The mark obtained in written examination and interview are summed up. The employees who come to merit upto the allocated seats get the promotion.



Box 4. 2 : Disparity in Promotion Years

There is a disparity in the number of years required for promotion under the performance-based system and internal exam. The facts show that the disparity increases with the higher post than the lower. It takes average 10.15 years for Officer Second to get promoted to Officer First through a performance-based promotion system whereas it is 6.67 years through the internal exam. These numbers of years are 9.59 and 6.97 respectively for officer third to get promoted to officer second. Further, there are 7.14 and 5.98 years for the Assistant to Head Assistant in the last five years (Table 4.4).

Table 4. 4: Average years for promotion

Fiscal Year	First Class			Second Class			Head Assistant		
	PBP	IWE	D	PBP	IWE	D	PBP	IWE	D
2016/17	10.26	5.66	4.60	9.24	5.71	3.53	6.96	5.56	1.40
2017/18	11.77	5.84	5.93	9.84	6.72	3.12	6.99	5.99	1.00
2018/19	9.77	6.57	3.20	9.37	6.61	2.76	8.74	5.60	3.14
2019/20	9.49	6.51	2.98	9.47	6.75	2.72	5.98	5.90	0.08
2020/21	9.45	8.80	0.64	10.02	9.09	0.93	7.06	6.84	0.21
Average	10.15	6.67	3.47	9.59	6.97	2.61	7.14	5.98	1.17

Source: NRB

Note: PBP-Performance Based Promotion, IWE-Internal Written Examination, D-Difference

These two promotion systems have shortcomings as the performance evaluation-based promotion system ignores the knowledge and the written examination ignores the performance of eligible employees.

III. Time-Bound Promotion

4.53 To get auto (time-bound) promotion for the assistant level of technical services and non-graded employees, they have to secure at least 75 percentage points in performance evaluation in the last three consecutive years and must have a specified service period in the post.

Performance Management

4.54 Performance management plays an integral role in enhancing the efficiency of an



organization. Similar to other organizations, the NRB has also been working on effective performance management. The employee is obliged to fill out the performance evaluation form twice a year as per the format specified in the employee bylaw.

- 4.55 The performance of an employee is measured through the information acquired from the personal observation of the immediate and corresponding supervisors. During the daily course of work, the superiors continuously monitor the work of their subordinates to determine if the performance of the employee is up to the mark or not. The employees are supposed to perform duties and responsibilities as per the instruction of their supervisors. This performance evaluation form also works as a source of information used to measure the performance.
- 4.56 The day-to-day observations and interactions with the subordinates help the supervisor to analyze their working ability and compare the actual performance of the employees with the standards set by the bank and by its respective departments. Based on the estimated performance level, the superiors including the supervisor and approver (second) rate the employee in the performance evaluation report. The ratings usually are of three categories i.e. average, best, and excellent. The performance evaluation report consists of different criteria for ranking the performance of the employee. The evaluation criteria differ according to the level of the employees. There are five types of performance evaluation reports each for Officer Special and Officer First, Officer Second and Third, Assistant First and Second, Assistant Third, Fourth, and Fifth, and Non-ranked Office Subordinate First, Second, Third, and Fourth.
- 4.57 Based on the performance evaluation, the employees might have again both positive and negative consequences/outcomes. When the outcome is positive, the employee shall get a promotion based on a good performance evaluation or appraisal. Also if any employee has a good performance track, then the employee may get different opportunities for growth and development such as training, etc. There are also provisions of performance-based monetary rewards for the employee in the NRB namely “Nepal Rastra Bank Sarvokristha Sewa Puruskar” and “Nepal Rastra Bank Uthkristha Sewa Puruskar”. Similarly, the NRB has provisions for implementing corrective action for employees whose performance is dissatisfactory. There are provisions to aware the employees if they do not fulfill his/her responsibilities



properly. Malpractice during work or any negative performance shall result in punishments as a part of departmental actions.

Compensation Management

- 4.58 Compensation is one of the important motivating factors for employees. In the NRB, compensation practices are fair and transparent. As per the employee bylaw, the compensation scale is to be revised every two years. There is a fixed salary scale for the employees. The salary scale varies as per the levels in the organization i.e. the salary scale increases along with the position. Every year, a grade is added to the basic salary until a fixed period.
- 4.59 Employees at the NRB receive various monetary incentives such as central bank allowance, Dashain allowance and others. The central bank allowance and outstation allowance (if eligible) are subject to be given on monthly basis along with the salary whereas Dashain allowances are subject to be given once a year. There is the provision of providing daily allowances for working on off days or during deputation.
- 4.60 As of employees benefits, employees in the NRB enjoy various employee benefits plans like different leave facilities including paid leaves, protection program, and executive benefits. Employees receive supplemented pay benefits during leaves like holidays, maternity leave, paternity leave, mourning leave, sick leave, home leave, special leave, study leave, annual force leave. In the protection program, employees receive personal accident insurance, pension, and gratuity. As for executive benefits, employees enjoy internet facilities and newspaper facilities.
- 4.61 The employees enjoy various services and perquisites in NRB. These amenities and perks help to uplift the quality of the work life of employees. The services and perquisites available at the NRB are loan facilities comprising of technical and skill development loans, vehicle loans, house repair loans, and house loans; dress benefits; transportation with driver for officer first and above; lunch expenses, anniversary expenses, annual medicine benefit, and children scholarship award for child of employee securing highest marks in SEE exam amongst all the employees' children appearing the exam in that particular year.
- 4.62 Some of the compensation-related practices in NRB are as follows:
- The board usually revises the salary, allowances, and salary scale of



employees every two years based on the price increment in the last two years.

- No employees are subject to a decrease in salary until such an order by higher authorities is given.
- A newly appointed employee is subject to receiving the first salary amount as mentioned in the salary scale. In course of the promotion, the employee will be receiving a salary to a scale higher than what the employee was previously receiving.
- The bank has transparent policies on compensation management guided by NRB act and employee service bylaws.

Figure 4. 2 : Key Players for Determining Compensation



4.63 As per the employee bylaw, the salary and benefits of employees are supposed to be revised every two years by the BOD. Compensation is reviewed based on the price change in the last two years. This review is done by the *Review Sub-committee* which is comprised of the executive director of HRMD as coordinator and executive directors of ERD, CPRMD, and FMD as members. Based on the recommendation of this sub-committee, the board revises the salary, allowances, and salary scale.

4.64 Employees' unions are the important external players which influence the determination of compensation. Employees' unions, on the behalf of employees of the bank, put forward their demands regarding a fair increment in salary and benefits. HRMD plays a vital role in coordinating with unions and forwarding proposals to BOD.



Retirement

- 4.65 Retirement is an inevitable stage in one's career. In NRB, one can retire either under compulsory retirement or under voluntary retirement. During the retirement or resignation from work, the employee may be either subject to gratuity or pension based on the number of years served in NRB.
- 4.66 In the case of the first Voluntary Retirement Scheme (VRS) in the year 2001, 180 staff retired as per the scheme. Due to the extension of the VRS scheme up to July 2002, an additional 101 staff opted for the scheme. The reintroduction of the VRS scheme in 2003 with an additional benefits package resulted in the retirement of 371 staff. The third VRS scheme led the retirement of 102 staff in 2004 (Bhusal, 2005).
- 4.67 NRB has practiced different retirement policies over time. The policy introduced in 1959 had the provision of 60 years age limit for retirement. With the amendment to the prevailing policy in 1967, the Governor was empowered to extend the age limit up to 63 years, if necessary. Later, in 1992, the erstwhile Employee Service Bylaws were amended to introduce a dual retirement window. As per the provision of amended bylaws, the retirement criteria was set as 30 years of service or attaining 58 years of age, whichever is earlier. In 1993, the 30-year service period criterion was amended to make it 32 years. Later, in 1999, Employee Service Bylaws were amended again to follow a single window retirement system by removing the service period retirement criteria. This single window (58 years of age) retirement system was continually followed up to mid-July 2005. Since then, dual window retirement criteria (30 years of service period or 58 years of age, whichever is earlier) were reintroduced which has been followed to date (NRB, 2018).
- 4.68 Thus, in the NRB, every employee is subject to compulsory retirement when s/he turns to age fifty-eight or when s/he completes thirty years of service in the NRB whichever is earlier. Apart from this, the compulsory retirement of an employee takes place when s/he completes the seven years tenure in the NRB as executive director or when s/ he completes the twelve years tenure in the NRB as director. If an executive director is appointed as deputy Governor, then in such case, s/he will be automatically retired from the current post.
- 4.69 An employee completing five years of service in NRB but not reaching to tenure of



twenty years is subject to gratuity in NRB, if s/he retires or resigns from the job in NRB. An employee in the NRB can have voluntary retirement when s/he completes service of twenty years or more in the bank's service. However, the right to either accept or reject the application regarding voluntary retirement solely remains with the bank itself.

- 4.70 In the case of an employee who becomes unable to work because of physical or mental illness, the employee may receive either a gratuity or pension. By adding ten years to the current service period, if the employee becomes eligible for gratuity, s/he will receive gratuity. If the employee becomes eligible for a pension, s/he will receive the pension.

Dismissal

- 4.71 The bank holds the authority to either dismiss or suspend an employee as a part of special punishment under departmental action. Maintaining discipline and order at work is a must for any employee. Under valid and adequate grounds, an employee is subject to either ordinary punishment or special punishment. The level of punishment depends on the intensity of the action done by the employee. The ordinary punishments include a warning, withholding three-grade salary increments, and withholding promotion for three years. Similarly, the special punishments may be dismissal and suspension.

- 4.72 Actions of the employee that leads to permanent dismissal are:

- If an employee is unable to fulfill assigned work or duties due to incompetency,
- If an employee misconducts in the bank time and again,
- If an employee comes into the office drinking alcohol or intoxicants time and again,
- If an employee carries out indiscipline work time and again,
- If an employee breaches the bank's privacy,
- If an employee participates in politics,
- If an employee neglects the responsibility assigned to his position, and
- If an employee becomes absent for thirty days continuously or ninety days in a year.

- 4.73 The actions of the employee that leads to suspension of the employee with



ineligibility for him/her to serve in the bank again are:

- If the employee is proven culprit by the court for criminal proceedings “*Faugdari Abhiyaog*”,
- If an employee gets involved in corruption,
- If an employee has or applies for permanent residency in foreign countries, and
- If an employee forges citizenship, age, or qualification for being appointed or to remain in the service of the bank.

Employee Relation

4.74 NRB values healthy employee relations. To motivate its employee, NRB has time and again worked on providing both intrinsic and extrinsic motivation to employees. HRMD plays an important role in maintaining employee relations, and preventing and resolving problems or disputes between employees and management. HRMD also assists in creating and enforcing policies that are fair and consistent for everyone in the workplace. The HRMD has allocated a separate unit for addressing employees’ issues namely “Employee Grievance Handling and Employee Union related unit”. The major functions of Employee Grievance Handling and Employee Unions are:

- Process the grievances received from the employees,
- Coordinate with the employees union in the bank, and
- Take necessary initiations in implementing the agreements reached between the employee union and the management

4.75 Besides, the employees can also raise their issues to their immediate seniors and departmental heads informally as there is a comforting environment in the NRB with adequate two-way communication. Another platform for placing grievances for employees in NRB is the employee union. The relevant and just issues are addressed and lobbied by the union in the favor of the employee. Once the issues of employees are addressed in an amicable manner, the employee feels committed to the organization and it enhances employee relations within the organization.

4.76 In NRB, there are three unions namely Nepal Rastra Bank Karmachari Sangha, Nepal Bittya Sanstha Karmarchari Sangha, and Nepal Rastra Bank Rastriya Karmachari Sangathan. Unions have been working as a platform to put issues and grievances of employees.



4.77 The general practice and procedure before, during, and after collective bargaining in NRB are as follows:

- Unions individually put their demands in written form to the management,
- The written demands are reported to the board,
- Board then, forms a committee to dialogue with the representatives of the unions. Similarly, the unions also select the representatives for bargaining,
- Representatives from both sides work on bargaining issues,
- After that, the negotiation process starts. There will be a discussion between parties to reach a satisfactory settlement,
- Once the negotiation is completed, the final step is signing the agreement, and
- The board has the final authority to accept, amend or reject the agreement.



CHAPTER V

EMPLOYEE PERCEPTION ON HUMAN RESOURCES

5.1 This chapter has two sections. The first section reviews the perception of the department/ office head and the second section presents the employee perception on various aspects of human resource management practices.

A. Perception of Departments/Offices Head

5.2 This section covers the perception of the department/office/division/unit heads on various aspects of human resource management.

Human Resource Planning

5.3 The survey results show that the NRB HR plan has mostly ensured maximum benefit to their department from available human resources. About half of the respondents agree on the benefit to their department from available human resources (Figure 5.1 & Appendix II).

Recruitment

5.4 Almost 40% of the department/office heads showed satisfaction with the manpower that NRB has acquired and placed for their departments. However, another 40% were neutral on their satisfaction with the manpower acquired by NRB (Figure 5.1 & Appendix II).

Training and Development

5.5 Department/office heads still see the scope of training and development for their employees as more than 80 percent of respondents agreed that employees in their departments lack adequate training related to jobs (Figure 5.1 & Appendix II).

Performance of Overall Employees

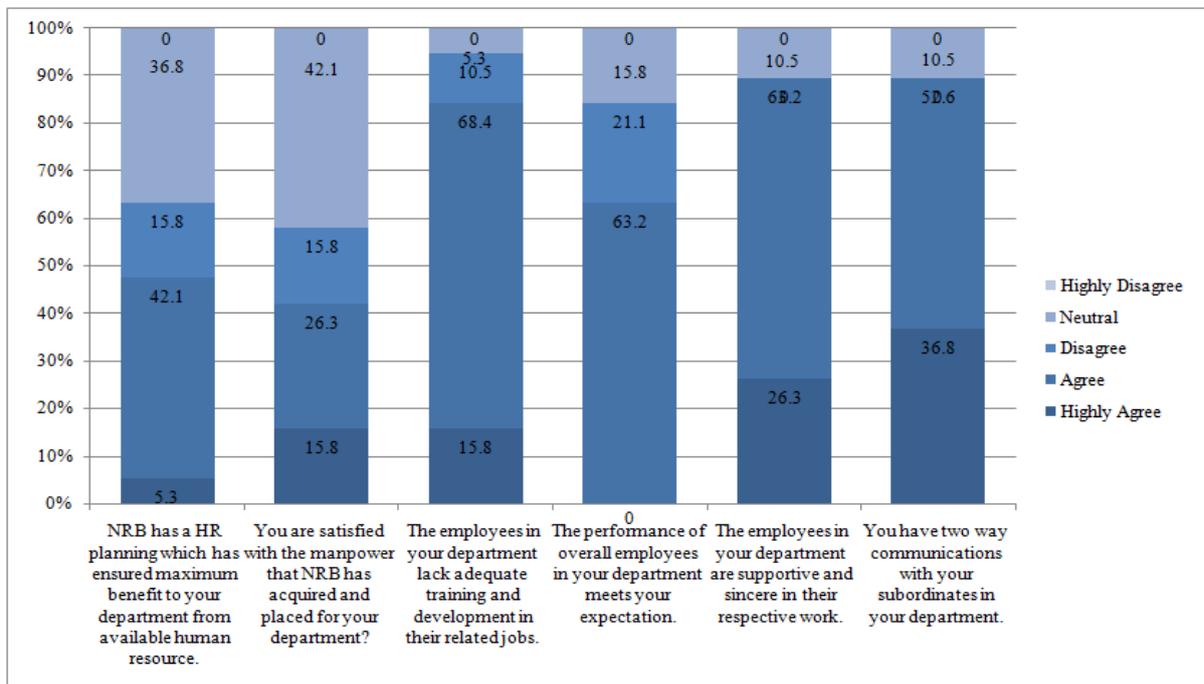
5.6 The performance of the overall employees in their department mostly meets department/office heads' expectations.

5.7 About two third of the department head agreed that the performance of employees meets their expectations. Nine out of ten department heads observe that employees in their departments are supportive and sincere toward their work (Figure 5.1 & Appendix II).



5.8 Overall, about 90 percent of respondents have two-way communication with their subordinates.

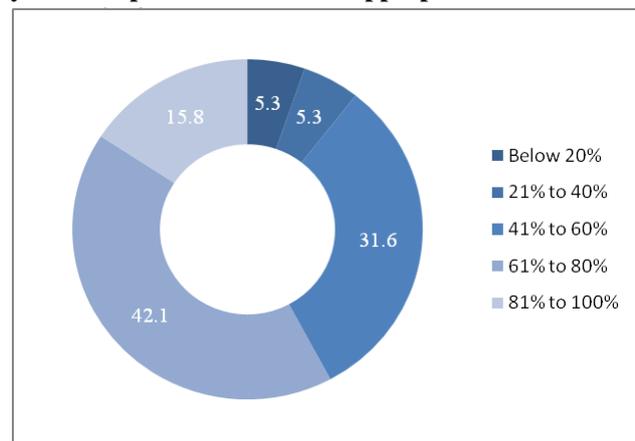
Figure 5.1 : Department Head Observations.



Source : Questionnaire Survey

5.9 A few department/ office head sees all the employees in their department are appropriate and productive (Figure 5.2 & Appendix II).

Figure 5.2 : What percentage of employees in your department are appropriate and



Source : Questionnaire Survey

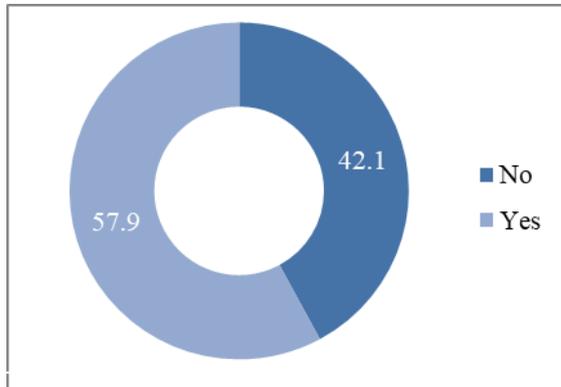
5.10 Based on the survey, 58 percent of department /office heads of the respondents believe that there are black sheep (bad / worthless employees) in their department whereas 42 percent of the respondents believe that there are no black sheep in their department.

5.11 Amongst the respondents who responded that there is a “black sheep” (bad/worthless employees) in their department, 90 percent of them said that below 20 percent of employees are blacksheep in their department whereas 10 percent of them said that 41 to 60 percent of the employees are black sheep in their department



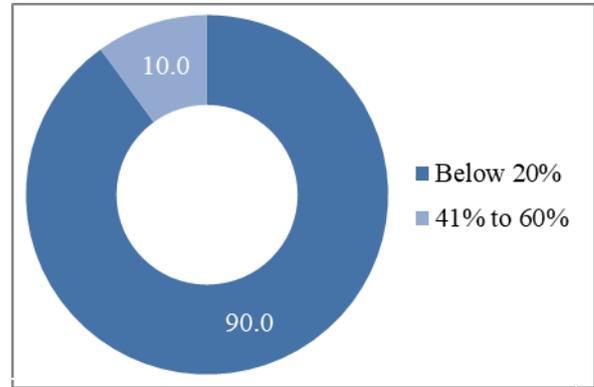
(Figure 5.3 & 5.4 & Appendix II). A small portion of the total employees is not suitable for the jobs. They need counseling, training, motivation, and transfer to appropriate jobs.

Figure 5.4 : Are there black sheep in your department?



Source : Questionnaire Survey

Figure 5.3 : Black sheep in your department (in %)



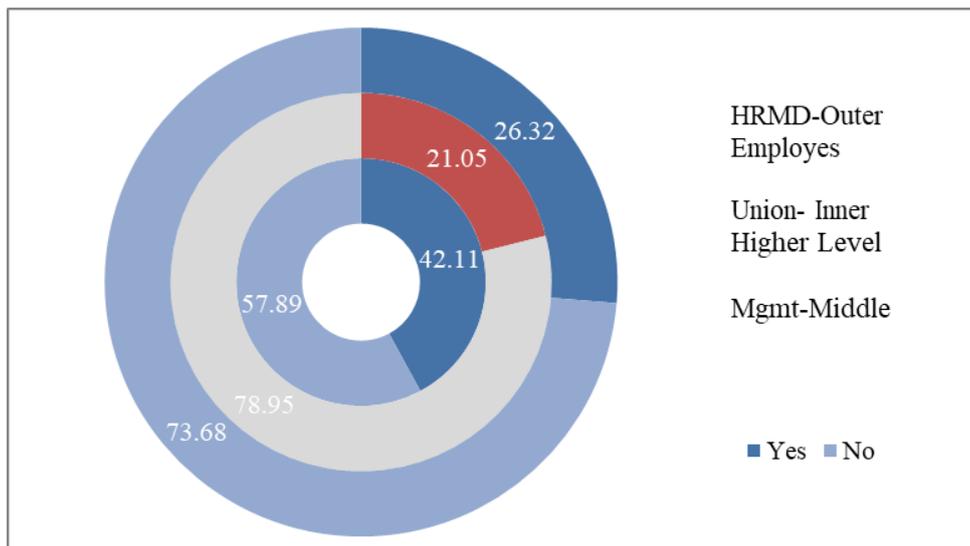
Source : Questionnaire Survey

Intervention in the Department

5.12 Some departments/offices head believe that there are interventions from higher management, HRMD, and employee unions.

5.13 About 42 percent of the respondents believe that employee unions intervene in the functioning of their department whereas 58 percent do not believe so. (Figure 5.5 & Appendix II)

Figure 5.5 : Intervention in Functioning Department



Source : Questionnaire Survey



5.14 About 21 percent of the respondents believe that higher-level management intervenes in the functioning of their department whereas 79 percent do not believe so. (Figure 5.5 & Appendix II)

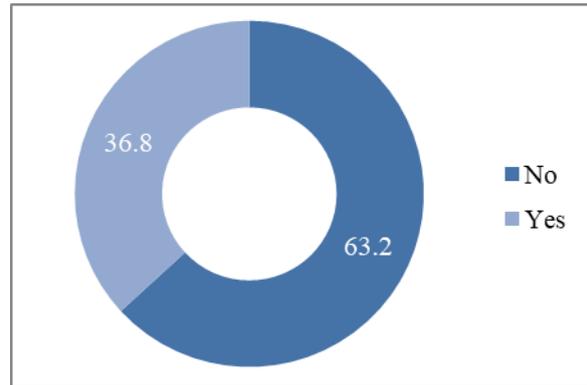
5.15 About 26 percent of the respondents believe that the human resource management department intervenes in the functioning of their department whereas 74 percent do not believe so. (Figure 5.5 & Appendix II)

5.16 Department heads/ offices head see the need for change in the current system of performance evaluation. 37 percent of department/office heads of the respondents have a view that the current performance evaluation system is measuring the actual performance of employees efficiently whereas 63 percent of the respondents have a view that

the current performance evaluation system is not measuring the actual performance of employees efficiently. (Figure 5.6 & Appendix II)

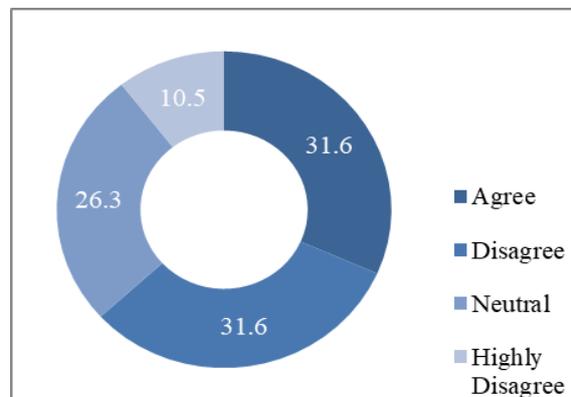
5.17 The Survey shows that the number of employees working currently in their department is not adequate for the smooth functioning of their department as none of the

Figure 5.6 : Is the current performance evaluation system measuring the actual performance of employees efficiently?



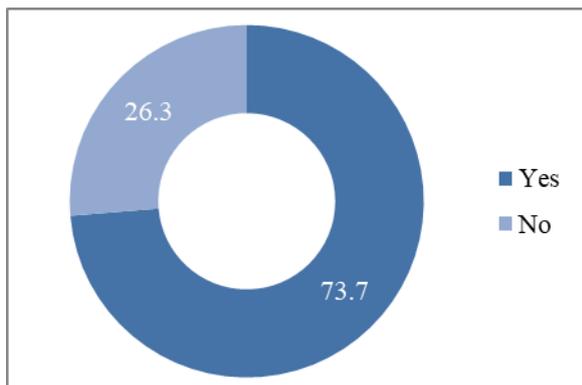
Source : Questionnaire Survey

Figure 5.8 : Are employees adequate for smooth functioning of your department?



Source : Questionnaire Survey

Figure 5.7 : Do you think the manpower recruited in NRB match the requirement of NRB?



Source : Questionnaire Survey



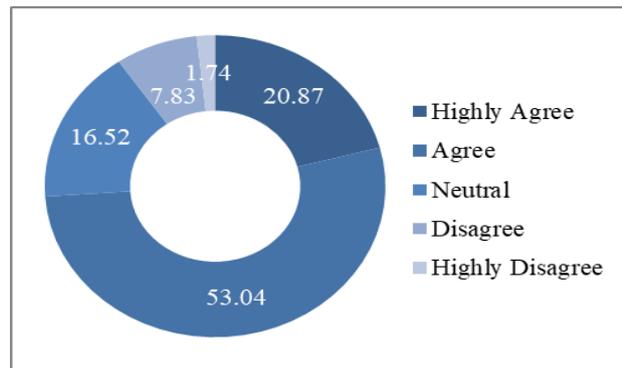
respondents highly agreed. Only 32 percent agreed, 26 percent were neutral, 32 percent disagreed and 10 percent highly disagreed that the number of employees working currently in their department is adequate for the smooth functioning of their department. (Figure 5.7 & Appendix II)

5.18 About 74 percent of the respondents responded that manpower recruited in the NRB matches the requirement of the NRB whereas 26 percent of the respondents did not agree with this view. This result contradicts the earlier result. (Figure 5.8 & Appendix II)

B. Employee Perception

5.19 Employee perceptions on the various aspects of human resource management from recruitment, performance appraisal, motivation, training, employee relation, and harassment have been analyzed based on the survey done amongst the employees of the NRB.

Figure 5.9 : Are you interested in the job/work that you are currently doing?

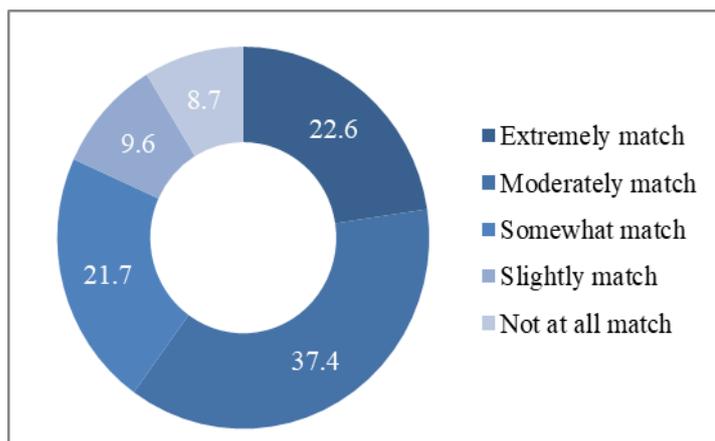


Source : Questionnaire Survey

5.20 Most respondent employees are interested in their current jobs as 74 percent of employees agree that they are interested in the job/work that they are currently doing. (Figure 5.9 & Appendix II)

Figure 5.10 : Do your academic qualification match current job nature?

5.21 About 22.6 percent of employees believe that their academic qualification extremely matches their current job nature and 37.4 percent of employees say that their academic qualification moderately



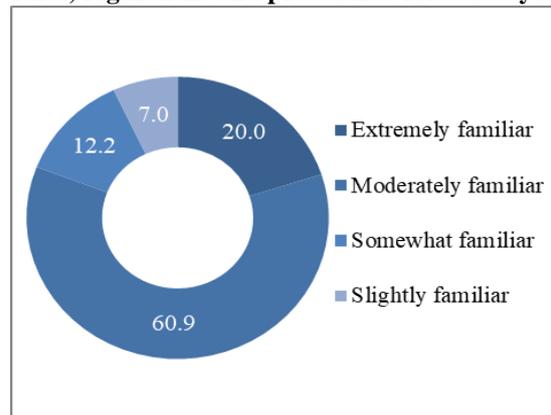
Source : Questionnaire Survey



matches with their current job nature. About 21.7 percent of employees say that their academic qualification somewhat matches with their current job nature and 9.6 percent of employees say that their academic qualification slightly matches their current job nature. About 8.7 percent of employees say that their academic qualification does not at all matches their current job nature. (Figure 5.10 & Appendix III)

5.22 About 20 percent are extremely familiar, 61 percent are moderately familiar, 12 percent are somewhat familiar and 7 percent are slightly familiar with laws, bylaws, policies, rules, regulations, and procedures related to their work. (Figure 5.11 & Appendix II)

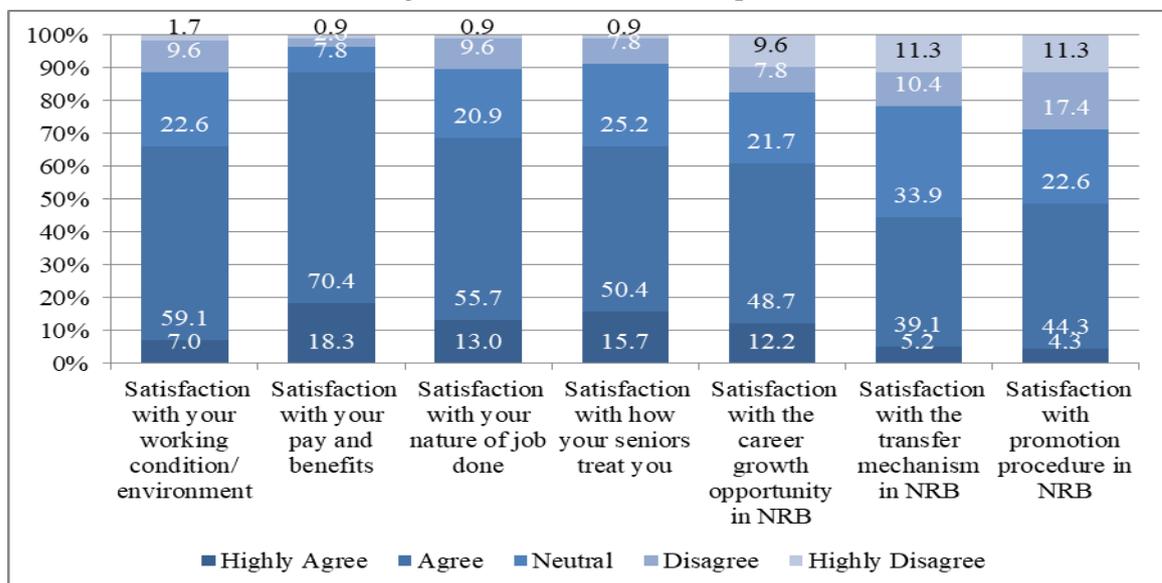
Figure 5.11 : To what extent do you have familiarity regarding laws, bylaws, policies, rules, regulations and procedures related to your



Source : Questionnaire Survey

5.23 About nine tenth of the respondents' employees are satisfied with pay and benefits, two third of the respondents' employees are satisfied with the working conditions/environment, and nature of jobs, behavior of their seniors. Almost half of the respondent employees are satisfied with career growth opportunities, transfer mechanisms, and promotion procedures (Figure 5.12 & Appendix III).

Figure 5.12 : Satisfaction Perception



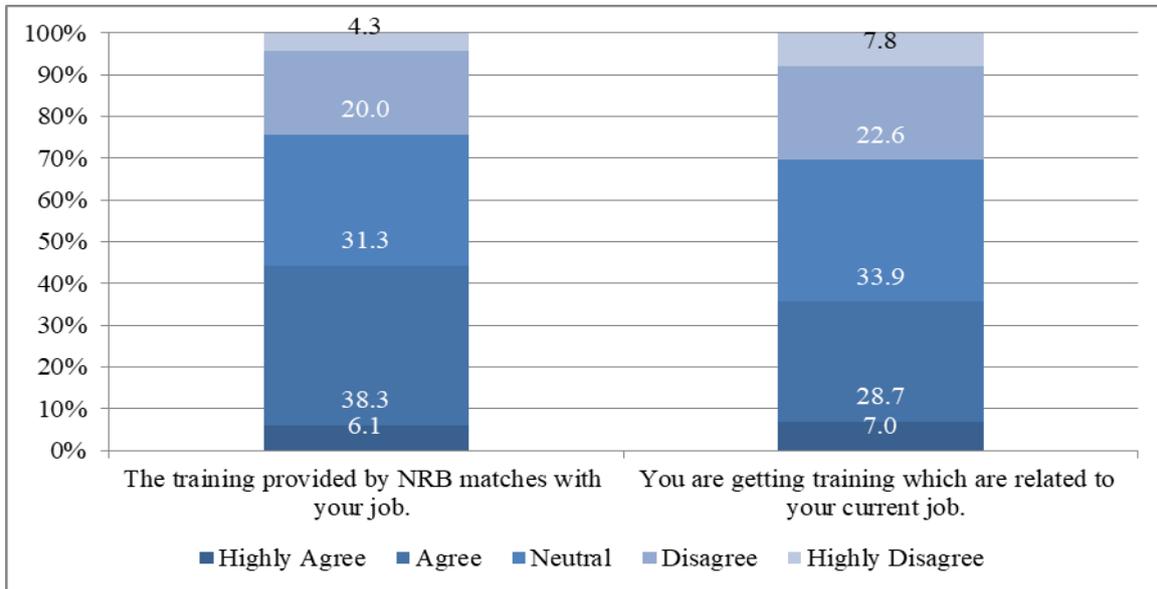
Source : Questionnaire Survey



Training

5.24 Based on the survey amongst the employees of NRB, one-third of employees are getting the training that is related to their current job. The cross-question asked showed that the training taken by half of the respondents matches their job. (Figure 5.13 & Appendix III)

Figure 5.13: Perception Related to Training

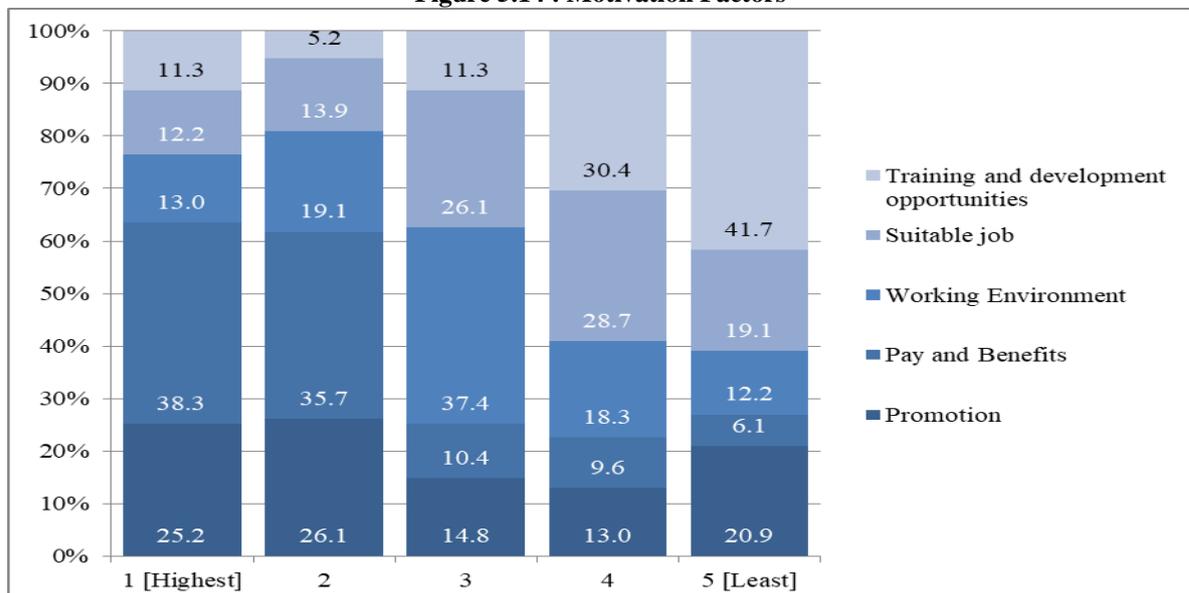


Source : Questionnaire Survey

Motivation

5.25 Pay and benefits are the prime motivational factors for employees. About two-fifth

Figure 5.14 : Motivation Factors



Source : Questionnaire Survey



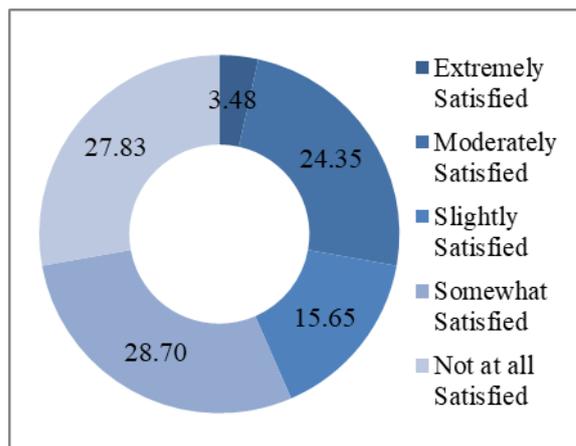
of the employees ranked pay and benefits as a key motivation factor, whereas one out of ten employees ranked training and development opportunity number one i.e. highest level of motivation. It can be concluded that pay and benefits in the NRB provides the highest level of motivation. (Figure 5.14 & Appendix III)

Performance Appraisal

5.26 A few portions of the respondent employees are extremely satisfied with the performance appraisal process. One-fourth of respondent employees are not at all satisfied with the performance appraisal process and system in the bank. (Figure 5.16 & Appendix III)

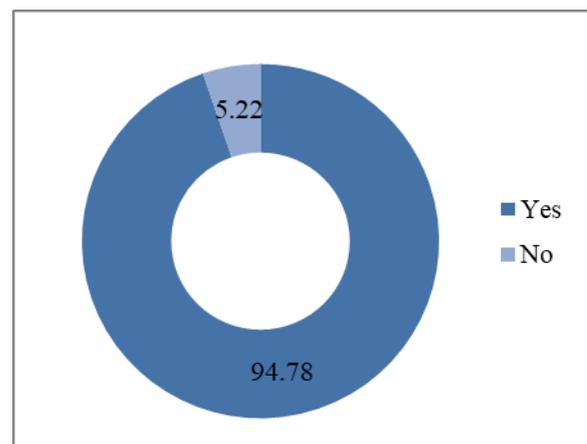
5.27 Based on the survey done among the employees of NRB, 95 percent of the respondents mentioned that there is a need to improve the current performance evaluation system. (Figure 5.15 & Appendix III)

Figure 5.16 : You are satisfied with the performance appraisal process and system in the bank.



Source : Questionnaire Survey

Figure 5.15 : Is there need to improve the current performance evaluation system?



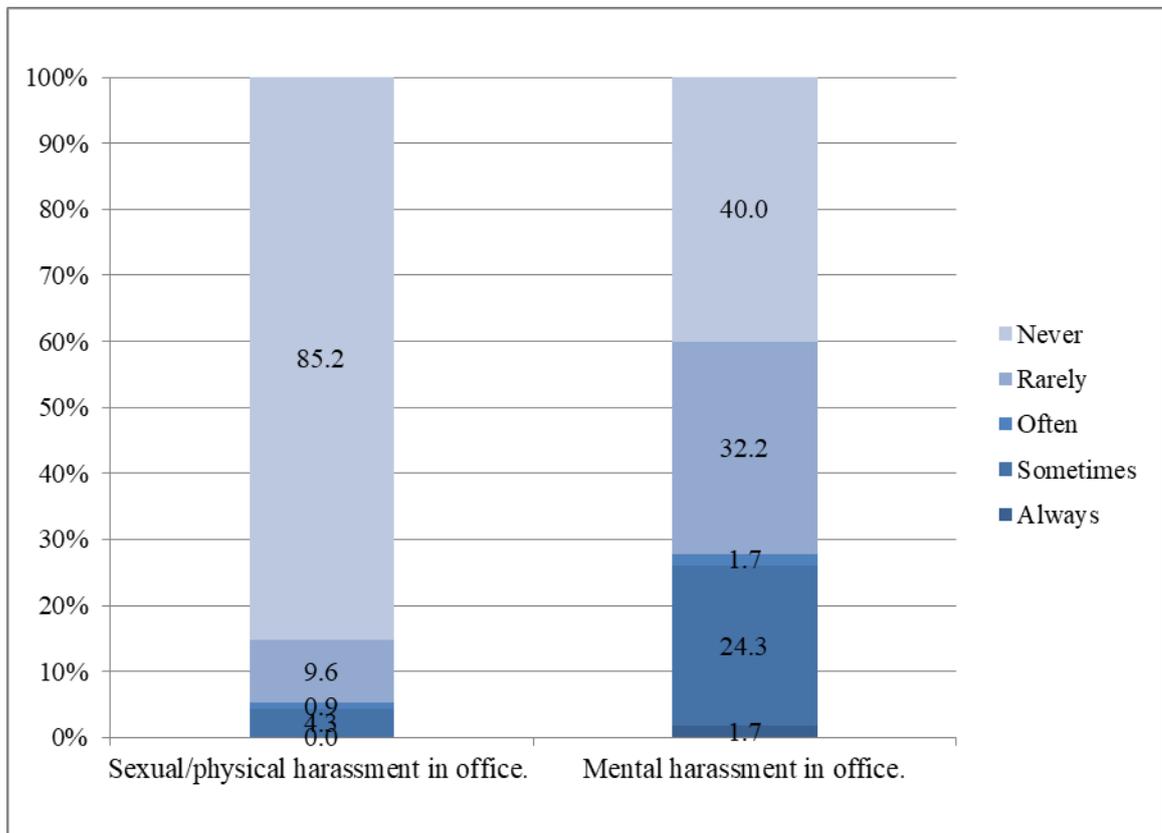
Source : Questionnaire Survey



Harassment

5.28 More than 80 percent of respondents said that they are never suffered from sexual/physical harassment in the office. Similarly, 40 percent of the respondents are never suffered from mental harassment in the office. (Figure 5.17 & Appendix III)

Figure 5. 17 : You have suffered from

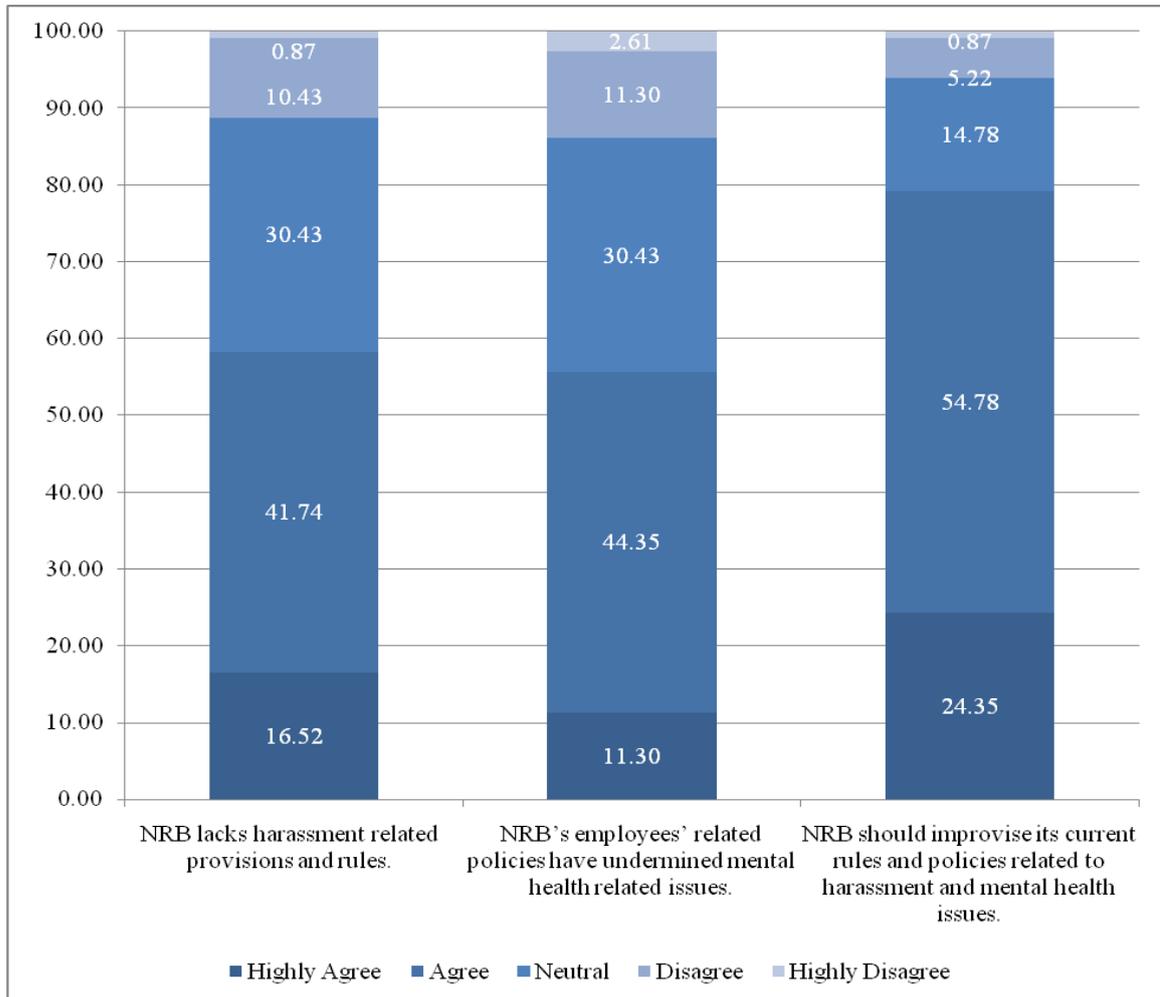


Source : Questionnaire Survey



5.29 About 58 percent of the respondents agreed that NRB lacks harassment related policies. About 55 percent of the respondents agreed that NRB's employees' related policies have undermined mental health-related issues. About 80 percent of the respondents agreed that NRB should improvise its current rules and policies related to harassment and mental health issues. (Figure 5.18 & Appendix III)

Figure 5.18 : Employee Perception



Source : Questionnaire Survey



CHAPTER VI SUMMARY AND WAY FORWARD

Summary

- 6.1 This study aims to assess human resources practices in the NRB. Specifically, the study attempts at reviewing the HRM practices in NRB, exploring key characteristics of available human resource and observing employees' perception about HRM in NRB. The study uses both primary and secondary information in the study. The perception of employees on human resource management is assessed through survey questionnaire whereas human resource management practices are assessed through secondary sources.
- 6.2 There are 1082 employees in NRB in mid July 2022. Of which, the share of officer special is two percent, officer first five percent, officer second 18 percent, officer third 27 percent, assistant first 15 percent, assistant second 24 percent, and assistant third one percent. About 52 percent of total employees are officers. Out of the total, 75 percent are male. The participation of females has been growing in recent years as more than half of newly recruited employees are female in the last two years.
- 6.3 Out of employees from officer special to assistant third, one percent pursue Ph.D., one percent M.Phil, 61 percent master's, 5 percent CA, 19 percent bachelor, 7 percent intermediate, and the rest has SLC or less as their highest academic qualification.
- 6.4 The average age of employees is 40.1 years. 33 percent of total employees are from the age group 31-40 years. The employee distribution based on average age is about bell-shaped. Department-wise, the Surkhet office has the lowest average age of 32.5 years. The average age of officer special is 52.08 years whereas officer first is 47.3 years, officer second 46 years, officer third 38 years, assistant first 38 years, assistant second 33 years, and assistant third 51.01 years.
- 6.5 One-third of total employees have a service period of 5 years or less in the bank. Half of the employees have a service period of 3 years or less in their current post.
- 6.6 NRB has emphasized transparent human resource management practices since its establishment after it formulated the employee bylaws in 1959 and revised it in a timely manner. Also, human resource management remained at the center of strategic plans.



- 6.7 To conduct policy roles and day-to-day functions, there are two entry levels through which NRB hires a new employee. The procedure for recruitment and selection is clear. Placement of the newly recruited staff is done based on their academic qualification.
- 6.8 There are two entities involved in the training and development of employees. The training unit under HRMD coordinates domestic and foreign training whereas BTC conducts the domestic training for employees.
- 6.9 Employees obtain opportunities in domestic training and development programs based on supervisor and department recommendations that best suit their current jobs or prospective jobs. Policy-related training is given to the Officer level whereas the functional type of training is to Assistant level
- 6.10 The right to transfer employees lies with the Governor. A transparent transfer policy is in place. In general, officer special are transferred yearly, the officer first every two years, officer second and third every three years whereas the transfer of assistant is on a need basis.
- 6.11 There are various types of promotion systems based on the nature of the job category and the job level. In an administration service, officer special are promoted based on special provisions whereas other officers and assistants are promoted based on performance evaluation or internal written examination. There is a disparity in the years of promotion from these two provisions. Both of them are inadequate to cover experience, expertise, knowledge and performance of employees. In technical service, officers are promoted based on performance evaluation whereas time-bound promotion is there for the assistant. There is a time-bound promotion system for office subordinates if they meet specified performance criteria.
- 6.12 The performance appraisal is conducted biannually by three layers of supervisors. The appraisal measures the traits of the employees rather than how employees performed during the assessment period. Promotion is based either on the performance based system (combination of seniority, performance appraisal, qualification), or/and written examination.
- 6.13 Based on the responses to the questionnaire collected from the department/office head, about half of them agreed that HR planning has ensured maximum benefits to



their department/office. Almost 40 percent showed satisfaction with the manpower recruited and placed. More than 80 percent agreed that employees in their department/office lack adequate training related to jobs. About two-fifth of employees agreed that overall employees meet their expectations. However, around 90 percent agreed that employees are supportive and sincere in their work.

- 6.14 The majority of respondents have two ways of communicating with their subordinates. More than two-fifth of respondents agreed that they are running a department/office free from the intervention of top management, HRMD, or employee unions. Around 74 percent of respondents agreed that manpower recruited in NRB match the requirement of NRB.
- 6.15 Based on the response from the employees, around 74 percent of employees are interested in their current jobs. Around half of respondents showed satisfaction with transfer mechanism, promotion procedure and career growth opportunities; whereas more than two third showed satisfaction with the working conditions, pay and benefits, senior behaviour and nature of job done.
- 6.16 The academic qualification of 60 percent of respondents matches with their current job nature. One-third of respondents are getting training related to their current jobs. Only 20 percent of respondents are extremely familiar with laws, bylaws, policies, rules, regulations, and procedures related to work.
- 6.17 About 38.3 percent agreed that pay and benefits are the prime motivational factors, whereas one-fourth believed in promotion, 13 percent on the working environment, 12.2 percent on suitable jobs, and 11.3 percent on training and development opportunities as motivational factors.
- 6.18 Only 3 percent of the respondents showed satisfaction with the current system of performance appraisal whereas 28 percent are not satisfied at all. About 95 percent of respondents think that the performance evaluation system needs to be improved.

Way forward

- 6.19 There are a couple of issues and challenges that the NRB is currently facing in human resource management. These issues and challenges are considered based on the literature, informal interaction with employees, questionnaire surveys, and departmental interactions.



- 6.20 First, the use of the judgmental approach is one of the key issues in a couple of works. For instance, judgment for job analysis, the estimation of human resource needs, and the deputation of employees. Likewise, despite the formulation of transfer policy, there are instances of transfer practices being likely to ignore the ability of employees, and match the expertise of employees with the need of the related department. Thus, making these works more scientific by reducing the use of judgment is a key challenge.
- 6.21 Second, there is a disparity in promotion years between the performance-based and internal written examinations. The performance-based promotion mainly considers seniority in promotion whereas internal written examination ignores the performance of employees. Thus, there are challenges in making these processes more scientific while keeping the employees motivated. Moreover, the internal examination is mainly based on academic writing rather than work-related knowledge. So, there remains a challenge to make the written examination more practical to portray the functions of the departments, the bank's policies, and work-related knowledge.
- 6.22 Third, the current structure classifies departments into core and non-core nature which may be creating a sense of ignorance and lower value among the employees in non-core nature departments. Thus, making the importance of work equal in all departments is also a challenge.
- 6.23 Fourth, the bank is conducting domestic training for many staffs. Moreover, the international training are mainly related to economic research, policy, and supervision. Thus, there are several challenges related to training such as making fair distribution (incorporating non-core nature departments in current practice), linking training and assigned roles, training needs assessment, and targeted group training.
- 6.24 Fifth, current performance appraisal includes mainly trait measurement indicators. Thus, there remain challenges in modernizing this performance appraisal system by including other aspects such as the actual amount of work employees performed, transparency, and feedback system.
- 6.25 Sixth, both recruitment, and retirement occurred in a large batch in the past. As result, there were issues with institutional memory, business continuity, and



successor development. Thus, dealing with such a bulk staff recruitment and retirement is a challenge.

- 6.26 Seventh, compensation is not linked to performance. High as well as low performers at the same level get the same pay. Thus, it is a challenge to make the compensation management system more scientific by incorporating new dimensions such as performance-based pay. Moreover, providing incentives or adding motivational factors separately to high performers in the bank is also a challenge.
- 6.27 Eighth, most of the jobs in NRB require the specialists and experts in the many fields. For instance, Research department requires the economists with specialization in different areas, and data scientists. Likewise, Supervision Departments (banks and non-banks) and Regulation Department require staffs with different skills sets such as chartered accountants, data scientists, economists with specialization in banking and finance, and experts staffs with business degrees. There are also other operational departments where specialists are needed such as procurement specialist. But, the current policy is more general, and employees are transferred periodically from one department to another. The transfer provides new ideas and skills to the jobs. But, it may degrade the specialization of the jobs and lower the performance. Hence, it is an emerging challenge to recruit the specialists as per the changing global landscape, and balance employee transfer while maintaining specialization in jobs.
- 6.28 Finally, employees are unaware of the Employee Grievance Handling Desk in the bank. Employees mostly choose informal channels for their grievances. Enhancing the formal culture in grievance handling is also a challenge.



REFERENCES

- Atrya, B (2005). NRB Reengineering. In NRB (Eds.) *Nepal Rastra Bank in Fifty Years. Nepal Rastra Bank, Kathmandu*
- NRB (1981). *Nepal Rastra Bank in 25 Years (in Nepali)*. Nepal Rastra Bank, Kathmandu
- NRB (1996). *Forty Years of Nepal Rastra Bank*. Nepal Rastra Bank, Kathmandu
- Bhusal, LN (2005). Human Resources Management. In NRB (Eds.) *Nepal Rastra Bank in Fifty Years. Nepal Rastra Bank, Kathmandu*
- NRB (2018). *Sixty Years Of Nepal Rastra Bank*. Nepal Rastra Bank, Kathmandu
- NRB (1959). *Employee Bylaws, 1959*. Nepal Rastra Bank, Kathmandu
- NRB (2005). *Employee Bylaws, 2005*. Nepal Rastra Bank, Kathmandu
- NRB (2011). *Employee Bylaws, 2011*. Nepal Rastra Bank, Kathmandu
- NRB (2006). *Strategic Plan (2006-2010)*. Nepal Rastra Bank, Kathmandu
- NRB (2012). *Strategic Plan (2012-2016)*. Nepal Rastra Bank, Kathmandu
- NRB (2017). *Strategic Plan (2017-2021)*. Nepal Rastra Bank, Kathmandu
- NRB (2018). *Collection of the Governor's Speeches (1980-2017)*. Nepal Rastra Bank, Kathmandu
- NRB (2019). *Human Resource Plan (2019/20-2021/22)*. Nepal Rastra Bank, Kathmandu
- NASC (2016). *Organization and Management Survey of Nepal Rastra Bank*. Nepal Administrative Staff College, Lalitpur
- Sitaula, LP (2005). Organizational Development and Corporate Planning (Eds.) *Nepal Rastra Bank in Fifty Years. Nepal Rastra Bank, Kathmandu*



APPENDIX I

Major HRM Related Initiatives in NRB

A. Employee Bylaws

1. Employee Bylaws, 1959 (May 10, 1959)
 - a. First Amendment (January 14, 1967)
 - b. Second Amendment (June 15, 1969)
 - c. Third Amendment (December 30, 1971)
 - d. Fourth Amendment (May 18, 1973)
 - e. Fifth Amendment (February 24, 1977)
 - f. Sixth Amendment (June 27, 1978)
2. Employee Bylaws, 1992 (June 2, 1992)
 - a. First Amendment (June 25, 1992)
 - b. Second Amendment (December 7, 1992)
 - c. Third Amendment (September 19, 1993)
 - d. Fourth Amendment (April 13, 1995)
 - e. Fifth Amendment (April 7, 1996)
 - f. Sixth Amendment (August 16, 1999)
 - g. Seventh Amendment (February 6, 2001)
3. Employee Bylaws, 2005 (July 16, 2005)
 - a. First Amendment (May 10, 2006)
 - b. Second Amendment
4. Employee Bylaws, 2011 (August 25, 2011)
 - a. First Amendment (October 21, 2014)
 - b. Second Amendment (July 29, 2015)
 - c. Third Amendment (December 13, 2017)

B. VRS policies

- a. Volunteer Retirement Scheme (VRS) in the year 2001 (Extension up to July 2002)
- b. VRS Scheme, 2003
- c. VRS Scheme, 2004.

C. HRM in Strategic Plan

- a. First Strategic Plan (2006-2010)
- b. Second Strategic Plan (2012-2016)



- c. Third Strategic Plan (2017-2021)
- d. Fourth Strategic Plan (2022-2026)

D. HR Plan

- a. HR Plan (2008 – 2014)
- b. HR Plan (2019/20-2021/22)

E. Organization and Management Survey

- a. O & M Survey by Administrative Staff College, April 2016

F. Other Initiatives

- a. Report to Review of employee pays and benefits by a committee chaired by Himalaya Samsher Jabara (1998)
- b. Report to Review of Retirement Policy by a 3-members team headed by Prof. Dr. Parthiveswar Timilsina (2015)
- c. Review of Mid-term HR plan 2008 – 2014 by Mr. Nandashree (Expert on Human Resource in SriLanka) (2015)
- d. Exam Procedures, 2021
- e. Transfer Policy, 2021
- f. Support Service Procedure, 2021
- g. Recruitment Committee Meeting Prcedure, 2021



Appendix II

Survey Questionnaire and Responses of Department/Office/Division/Unit Head

Figures in Chap IV	Questions	Reponses					Total
		Highly Agree	Agree	Neutral	Disagree	Highly Disagree	
Figure 5.1 :	NRB has a HR planning which has ensured maximum benefit to your department from available human resource.	5.3	42.1	36.8	15.8	0.0	100.0
Figure 5.1:	You are satisfied with the manpower that NRB has acquired and placed for your department?	15.8	26.3	42.1	15.8	0.0	100.0
Figure 5.1:	The employees in your department lack adequate training and development in their related jobs.	15.8	68.4	5.3	10.5	0.0	100.0
Figure 5.1:	The performance of overall employees in your department meets your expectation.	0.0	63.2	15.8	21.1	0.0	100.0
Figure 5.1:	The employees in your department are supportive and sincere in their respective work.	26.3	63.2	10.5	0.0	0.0	100.0
Figure 5.1:	You have two way communications with your subordinates in your department.	36.8	52.6	10.5	0.0	0.0	100.0
Figure 5.7:	The number of employees working currently in your department are adequate for smooth functioning of your department.	0.0	31.6	26.3	31.6	10.5	100.0



Figures in Chap IV	Questions	Below 20%	21% to 40%	41% to 60%	61% to 80%	81% to 100%	Total
Figure 5.2:	What percentage of employees in your department are appropriate and productive?	5.3	5.3	31.6	42.1	15.8	100.0
Figure 5.3:	If Yes, what percentage of black sheep (bad/worthless employees) are there in your department?	90.0	0.0	10.0	0.0	0.0	100.0
Figures in Chap IV	Questions	Yes	No	Total			
Figure 5.5:	Employee Unions intervene in functioning of your department.	42.1	57.9	100.0			
Figure 5.5:	Higher Level Management intervene in functioning of your department.	21.1	78.9	100.0			
Figure 5.5:	Human Resource Management Department intervene in functioning of your department.	26.3	73.7	100.0			
Figure 5.4:	There are black sheep (bad/worthless employees) in your department.	57.9	42.1	100.0			
Figure 5.6:	According to your view, is the current performance evaluation system measuring the actual performance of employees efficiently?	36.8	63.2	100.0			
Figure 5.8:	Do you think the manpower recruited in NRB match the requirement of NRB?	73.7	26.3	100.0			



Appendix III Survey Questionnaire and Responses of Employees

Figures in Chap IV	Questions	Options					Corresponding Value of Options (% of Respondents)\						
Figure 5.12	Rate the following based on level of satisfaction:												
	<i>Your working condition/ environment]</i>	<i>Highly Agree</i>	<i>Agree</i>	<i>Neutral</i>	<i>Disagree</i>	<i>Highly Disagree</i>	7.0	59.1	22.6	9.6	1.7	100.0	
	<i>Your pay and benefits]</i>	<i>Highly Agree</i>	<i>Agree</i>	<i>Neutral</i>	<i>Disagree</i>	<i>Highly Disagree</i>	18.3	70.4	7.8	2.6	0.9	100.0	
	<i>Your nature of job done]</i>	<i>Highly Agree</i>	<i>Agree</i>	<i>Neutral</i>	<i>Disagree</i>	<i>Highly Disagree</i>	13.0	55.7	20.9	9.6	0.9	100.0	
	<i>How your seniors treat you</i>	<i>Highly Agree</i>	<i>Agree</i>	<i>Neutral</i>	<i>Disagree</i>	<i>Highly Disagree</i>	15.7	50.4	25.2	7.8	0.9	100.0	
	<i>Career growth opportunity in NRB</i>	<i>Highly Agree</i>	<i>Agree</i>	<i>Neutral</i>	<i>Disagree</i>	<i>Highly Disagree</i>	12.2	48.7	21.7	7.8	9.6	100.0	
	<i>Transfer mechanism in NRB</i>	<i>Highly Agree</i>	<i>Agree</i>	<i>Neutral</i>	<i>Disagree</i>	<i>Highly Disagree</i>	5.2	39.1	33.9	10.4	11.3	100.0	
	<i>Promotion procedure in NRB</i>	<i>Highly Agree</i>	<i>Agree</i>	<i>Neutral</i>	<i>Disagree</i>	<i>Highly Disagree</i>	4.3	44.3	22.6	17.4	11.3	100.0	
Figure 5.10	Your academic qualification matched your current job nature.	Extremely match	Moderately match	Somewhat match	Slightly match	Not at all match	22.6	37.4	21.7	9.6	8.7	100.0	
Figure 5.9	You are interested in the job/work that you are currently doing.	Highly Agree	Agree	Neutral	Disagree	Highly Disagree	20.9	53.0	16.5	7.8	1.7	100.0	
Figure 5.11	To what extent do you have familiarity regarding laws, bylaws, policies, rules, regulations and procedures related to your work?	Extremely familiar	Moderately familiar	Somewhat familiar	Slightly familiar	Not familiar at all	20.0	60.9	12.2	7.0	0.0	100.0	
Figure 5.13	You are getting training which are related to your current job.	Highly Agree	Agree	Neutral	Disagree	Highly Disagree	7.0	28.7	33.9	22.6	7.8	100.0	



Figures in Chap IV	Questions	Options					Corresponding Value of Options (% of Respondents)\					
		Extremely Satisfied	Moderately Satisfied	Somewhat Satisfied	Slightly Satisfied	Not at all Satisfied						
Figure 5.16	You are satisfied with the performance appraisal process and system in the bank.						3.5	24.3	28.7	15.7	27.8	100.0
Figure 5.15	Is there need to improve the current performance evaluation system?	Yes	No				94.8	5.2				100.0
Figure 5.13	The training provided by NRB matches with your job.	Extremely match	Moderately match	Somewhat match	Slightly match	Not at all match	6.1	38.3	31.3	20.0	4.3	100.0
Figure 5.14	Rate the following based on your level of motivation.	(1 i.e. highest level of motivation to 5 i.e. lowest level of motivation). Please do not provide same rating to two or more factors.										
	<i>Promotion</i>	1	2	3	4	5	25.2	26.1	14.8	13.0	20.9	100.0
	<i>Pay and Benefits</i>	1	2	3	4	5	38.3	35.7	10.4	9.6	6.1	100.0
	<i>Working Environment</i>	1	2	3	4	5	13.0	19.1	37.4	18.3	12.2	100.0
	<i>Suitable job</i>	1	2	3	4	5	12.2	13.9	26.1	28.7	19.1	100.0
	<i>Training and development opportunities</i>	1	2	3	4	5	11.3	5.2	11.3	30.4	41.7	100.0
Figure 5.17	You have suffered from sexual/physical harassment in office.	Always	Often	Sometimes	Rarely	Never	0.0	0.9	4.3	9.6	85.2	100.0
Figure 5.17	You have suffered from mental harassment in office.	Always	Often	Sometimes	Rarely	Never	1.7	1.7	24.3	32.2	40.0	100.0
Figure 5.18	NRB lacks harassment related provisions and rules.	Highly Agree	Agree	Neutral	Disagree	Highly Disagree	16.5	41.7	30.4	10.4	0.9	100.0
Figure 5.18	NRB's employees' related policies have undermined mental health related issues.	Highly Agree	Agree	Neutral	Disagree	Highly Disagree	11.3	44.3	30.4	11.3	2.6	100.0
Figure 5.18	NRB should improvise its current rules and policies related to harassment and mental health issues.	Highly Agree	Agree	Neutral	Disagree	Highly Disagree	24.3	54.8	14.8	5.2	0.9	100.0

