CHAPTER 6

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Making RRB as a major hub for developing rural sector and encourage synergies, to deliver allowance through essential role of the sponsor banks in placing as a partner. To resolve issues and problems of RRB (regional rural bank),

Reserve Bank of India recommends all its sponsors bank to take precautions. Below are the few factors which address the concern:

- Operations of the RRBs supported.
- Human resources
- Information technology

Present undergoing policy reforms focused by RRB to develop low cost rural commercial banks along with its source of low-cost and directly which helpful to small and marginal farmers and other rural producers.

Above reforms were taken from need-based capital which helps in increasing programmers. To reach minimum critical margin, banks were merged partially.

Remarkable association ability precautions started mounting via particular banks. There are

- NABARD
- GOI
- RBI

RRBs financial position drastically expands with the support of sponsor banks. The performance of RRBs further improvement seen in large scope by reorganizing required implementation focusing factors such as follows:

- Staff motivational levels.
- Information technology initiatives.
- Resource mobilization.
➢ Deployment.
➢ Capacity building.
➢ Board of Directors.
➢ HR practices.

The above factors are Key proposals.

In our country till date, RRBs covered around 620 out of 653 districts. Probabilities of searching uncovered districts were proposed by Task Force.

RRBs require, protecting their previous icon of narrow banks. It proved all financial needs on various products. Comparing business facilitators and business correspondents are alternative delivery, low cost channels through progressive usage of technologies.

3. Sometimes RRB bank participate in similar business and product market space due to that some sponsors are considered as competitors. Even the interrelationship among them will turns up into a synergistic one, which is profitable to both the banks. In this process Sponsor banks are responsible for RRB sponsorship. Hence MOU execution will take place in between the sponsor banks and GOI with respective to the performance of RRB under various circumstances.

4. The following are terms and conditions restricted by sponsor banks:

   a) Through RRBs, required expansion of management support.

   b) To supply expert guidance by electing its share of members in the Board of Directors.

   c) RRBs have freedom to choose rites from any of bank/financial institutions.

   d) From available bank dealers sponsor banks provide an experts help in investment issues in which RRBs may also have the freedom to choose from alternatives

   e) Earlier to get into RRBs, HR issues were much referred.
f) Back up to RRBs in all HR matters as they are very much referred in getting them through RRBs.

The securitization along with reconstruction which is intended for not only financial assets as well as and Enforcement of Security Interest Act, 2002 (SARFAESI ACT) which even covers commercial banks that which extended to RRBs.

Despite the fact that 60% of advances are given according to the limit of 40% for agriculture along with agro

Through supply chain all essential credits were provided with credit-led leadership, which is encouraged by RRB. It includes certain factors such as

1. Storage
2. Processing
3. Transportation
4. marketing
5. retailing

Customers in rural sector include the features of above factors and get back of recovery loans.

A proposal made, that technology is a growth oriented in following years, in rural banks. RRB on other side has less significance in IT due to lack of software’s and resolving secure path.

Recapitalized step wise manner with negative worth of RRB, inter alia announced in union budget for 2012-2013. Modalities that are meant for recapitalization are worked through government of India as well as sponsor banks. According to the budget 2012-13 RRBs have launched a third arm in delivering rural credit along with the bank sponsor if and only if they are willing to take up much more opportunities.

In country RRB took initiative of new opening of branch programs in uncovered districts during 2012-13. In organization manner RRB permitted to accept NRE/FCNR deposits, Recapitalize which impact on security, Reconstruction of Financial Assets and
negative net worth. Enforcement of act on Security of Interest, which made advancement in operational RRB.