7.1 Findings:

In this chapter, an attempt is made by the scholar to summarise the findings of this research study. These findings are based on chapterwise discussion on the topic.

(i) In the first chapter, it is found that the economy of Assam is predominantly agrarian. About 99 percent area of total land mass of the state is rural and almost 50 percent of the total land is used for cultivation.

The growth rate of 6.04 percent in Gross state domestic product (GSDP) has been expected mainly due to the considerable growth of (over 5.0 percent) in sectors like—construction, Electricity, Transport, Communication, Trade, Business, Insurance and Banking Services etc.

In the pre merger stage the state of Assam had 5 (five) RRBs. These RRBs were rendering yeoman’s service for terms of mobilization of Savings and dispensation of credit.

At present, the state has two RRBs i.e., Assam Gramin Vikash Bank and Langpi Dehangi Rural Bank. Majority of the bank branches are located in rural areas. Therefore special focuss and emphasis must be given to provide credit to the agricultural and allied activities for development of economy of the state and the country as a whole.
RRBs had thus proved their mettle as meaningful institutions for transforming the rural economic credit scenario and could be able to inculcate banking habit among the rural masses.

However, the structure and organizational arrangements of these RRBs were changed w.e.f. 12th January 2006 for strengthening the Rural Banking Structure and upliftment of rural economy. Those RRBs were amalgamated into a composite unit known as Assam Gramin Vikash Bank.

(ii) The institution of Regional Rural Banks (RRBs) was created to meet the excess demand for institutional credit in the rural areas, particularly among the economically and socially marginalised sections. Rural banks are quite helpful in the implementation of national objectives such as removal of poverty and unemployment by providing credit under various schemes specially designed by the central Government for rural areas like IRDP, TRYSEM etc. Thus the banks play a very momentous role in economic development of rural areas.

(iii) The study reveals that the various committees suggested different recommendations regarding the structural changes of RRBs in various sectors.

(iv) It is also found that a large number of research studies have been carried out by the research scholars on Regional Rural Banks. Thus, this study is entirely based on structural Re-organization of Rural Banking system in Assam.

(v) With the objectives in view, the Regional Rural Bank has been playing active role in development of credit for the weaker section of the society. Emphasis has been given on micro finance through SHG Linkage Programme.
(vi) It is also observed that both Assam Gramin Vikash Bank, Sponsored by United Bank of India and Langpi Dehangi Rural Bank in Assam sponsored by State Bank of India have been continuously giving a special thrust on the formation of SHG and for their credit linkage by the bank in order to evolve supplementary credit strategy for benefiting rural poor and to inculcate banking habits both thrift as well as credit.

(vii) It is found that under the Financial inclusion scheme, all the branches of Assam Gramin Vikash Bank have actively participated in opening of ‘No Frill’ Accounts to low income groups and to those who are so far deprived of formal banking facilities.

(viii) Financial inclusion is a great step to alleviate poverty in India. A pilot project has been sanctioned under Financial inclusion during 2008-09, for installing four ATMs, one in each district of Tripura by the Tripura Gramin Bank for technology upgradation to reach out to the excluded population.

(ix) It is found that Assam Gramin Vikash Bank, the only amalgamated Regional Rural Bank of the N.E. Region has emerged as the largest bank in the State of Assam in terms of branch network. Further, in terms of numbers of districts covered, Assam Gramin Vikash Bank tops the list of RRBs in the entire country.

(x) Assam Gramin Vikash Bank gives maximum emphasis on developing the rural economy by providing credit for agriculture, trade, industry and other productive activities, particularly to the small and marginal farmers,
agricultural labourers, artisans and small entrepreneurs, SHGs, etc. and also to transact business as defined in section 18 (2) of the RRB Act, 1976 and section 6 (1) of the Banking Regulation Act, 1949.

(xi) It is observed that various committees were appointed by different authorities from time to time to examine the working of the RRBs and suggest recommendation for their Re-structuring.

(xii) One of the most important features observed during the year 2008-09 is that six branches of Assam Gramin Vikash Bank namely Nalbari, Silchar, Mangaldoi, Dhemaji, Guwahati and Barpeta have crossed Rs. 50.00 crore mark in terms of total business.

Bhakatpara Mahila Sangha, a Farmers Club Promoted by Bhakatpara branch of Assam Gramin Vikash Bank has been selected for 'National Award' during 2008-09.

(xiii) From this study it is seen that the priority sector advances have increased from Rs. 877.78 on 31-3-2008 crore, to Rs. 1031.57 crore on 31-3-2009 and advances to agriculture have also increased from Rs. 276.10 crore on 31-3-2008 to Rs. 322.78 crore on 31-3-2009 (22.55% and 23.07% of total advances respectively).

(xiv) The study reveals that banks total business has achieved the turnover of Rs.5080.57 crore as on 31-03-2010. With this, Assam Gramin Vikash Bank could make its place in the category (IV) RRBs, as per HR policy approved by the Govt. India, in terms of both volume of business as well as no. of branches.
(xv) It is also found that Micro-Finance institutions (MFI) have worked as a bridge between the banking sector and the rural poor. The programme has covered more than 7 crore poor households, making it the largest MF Programme in the world.

(xvi) The major initiatives were taken by Assam Gramin Vikash Bank during the year 2008-09 to reduce NPAs through compromise settlement policy.

(xvii) After the announcement of restructuring of RRBs by the GOI, Sponsor banks have taken positive steps regarding various policy initiatives for efficient and effective functioning of the Regional Rural Bank (RRBs) as vibrant rural financing institutions.

(xviii) The ALM system was introduced in 12 RRBs from 1 April, 2007. NABARD is monitoring the progress in implementation of ALM system for all banks.

(xix) There has been a revolution in technology dissemination in every walk of life and the banking sector is no exception. It is foreseen that by 2012 almost every one will have broadband connection and cellphone.

(xx) Assam Gramin Vikash Bank was able to wipeout their accumulated loss of Rs. 8.76 crore up to 31-3-2008 in the year end 31-3-2009. Because the AGVB earned net profit in the year 1st April, 2008 to 31-3-2009 Rs. 25.50 crore and in the year 01-4-2009 to 31-3-2010, bank also earned a net profit of Rs. 37.45 crore. So, it was of great help for the bank to improve its network progressively within the state.
(xxi) BIRD and RTC of NABARD can draw up massive training programmes in various fields of operations of RRBs in computerised environment.

(xxii) It is found that as on 31 March, 2009 the total number of RRB stood at 86 (45 amalgamated and 41 stand alone, including the new RRB set up in puducherry during 2007-08).

(xxiii) During 2008-09, 81 RRB improved their performance and reported gross profit of Rs.1745.84 crore, an increase of 26 percent over 2007-08. The remaining 5 RRB despite continuing as loss-making entities reduced their losses by 39 percent to Rs. 33.85 crore.

(xxiv) It is observed that the recovery performance of RRBs in the northern (85%) and southern (80%) regions maintained their recovery performance above national average as on 30th June 2008. RRB in Tamil Nadu Registered the highest recovery (94%), followed by Punjab (91%), Mizoram (87%) and Kerala (83%).

(xxv) It is also found that the aggregate gross NPA of all RRB improved from 6.55 percent, as at end March, 2007 to 6.05 percent as at end March, 2008 and further to 5.58 percent on 31 March, 2009. During 2008-09, 56 RRB recorded the gross NPA level below the national average.

(xxvi) The Regional Rural Banks also came under the free interest rate purview, and they are also instructed by the Reserve Bank of India to fix up the interest rate on deposit and advance of their own only.
(xxvii) The study reveals that where the business performance of RRBs has not been raised or where the NPA ratios have not been reduced the banks have not been able to improve the operational performance, as a result accumulated loss have increased.

(xxviii) From this survey it is found that the repayment of instalment by the borrower is fairly regular.

(xxix) It is found in the study that the recovery position of RRBs in comparison to other states of India except Tamilnadu, Punjab, Mizoram and Kerala.

(XXX) The structural consolidation of RRBs has resulted in formation of new RRBs, which are financially stronger and bigger in size in terms of business volume and outreach. They will thus be able to take advantage of the economies of scale and reduce their operational cost. With the advantages of local feel and familiarity acquired by the RRBs, they would now be in a better position to achieve the objectives of rural development and financial inclusion.

(XXXI) Measures have also been taken to address the manpower challenges in the RRBs. A committee under the chairmanship of Dr. Y.S.P. Thorat, the then chairman, NABARD was setup to examine and lay down parameters for staffing norms in RRBs and suggest norms and procedures for new recruitments. The report of the committee is under examination of Government. It is hoped that many of the manpower related issues would be taken care of after the recommendations of the committee are implemented.
7.2 Suggestions:

(i) For increasing the productivity of the staff and the branches it is necessary that the top management, middle management and staff at lower level should all be sincere, hardworking and committed to their job requirements. When they will work with dedication, naturally the productivity of the RRBs will increase sharply as there is a great potentiality for it. Moreover, it is necessary to maintain regular interaction with the different level of employees from desk of senior management. Imparting training should be regular feature to enhance the capability of employees according to the requirement of the Job and also to service in competition.

(ii) For increasing the loan recovery the bank authorities should encourage the managers to work hard with sincerity and honesty. To have good recovery of loans it is necessary that loans are sanctioned only in genuine cases after carefully analysing the viability of the projects.

After the sanction of loans to the agricultural labourers/small farmers/marginal farmers/artisans and small businessmen, the bank officials should properly monitor the project of the borrowers at regular intervals and wherever it is found that the project of any borrower is going in wrong direction, the proper needed guidance should be provided, So that the borrowers’ project may not incur any loss. This will save the borrower from becoming defaulter of the bank and his income will also increase. Hence the bank would be quite successful in playing its role in eradication of poverty from rural areas.
(iii) Effective supervision and monitoring over borrowers are necessary for achieving the objective of projects for which loans are granted and also for timely recovery of loans. For this purpose monthly visit to the borrowers should meticulously be conducted regularly. It will enhance the loan quality and thereby improve collection of loan due for payment. It is also necessary to discuss the problems faced by the borrowers regarding the business of the project and the economic impact of the project financed by the bank. If the farmer/borrower is not in a position to generate additional income, he may be guided by the expert staff of the bank. In appropriate cases they can take help from the respective department of the Govt. who are always ready to provide logistic support to the farmers.

(iv) For smooth functioning of the branch the bank’s higher officers should extend full cooperation to the branch managers and they should be encouraged for increasing the business of the branch honestly.

(v) The Assam Gramin Vikash Bank has recently introduced a scheme of life insurance to obtain the insurance risk policy from the insurance company against the life of the loanee those who avails the house building loan (HBL). If any misfortune happens to the loanee it will reduce the risk factor of the survivor and bank as well. But at the time of field survey it is observed that the same is not introduced for other type of borrowers. So, it is felt that the scheme should be introduced for all type of borrowers.

(vi) Since Assam Gramin Vikash Bank had large clientele in their portfolio they should provide ATM facility for the benefit of them. During the course of study the researcher came across many customers of the bank
desiring immediate ATM service from the bank including core banking solution (CBS).

(vii) During my study it is revealed that RRB employees, irrespective of their designation, are less exposed to the day to day banking knowledge in comparison to their counterpart i.e. nationalized bank. The reason being they are less exposed to training and interactive session due to dearth of training institution specially to develop the employees of Gramin bank. It is felt that atleast one training institution must be established in north eastern region with its presence in Guwahati.

(viii) The establishment of Gramin bank was for the benefit of the people living below poverty line and to ameliorate the poverty of the poorest of the poor. Further to develop banking habit among the rural people who were not aquaintated with the banking services.

(ix) However, during my study it is found that there is a departure from the basic objectives of the Gramin Bank. Instead of providing credit to the poorest of the poor the Government of India changed the policy and allowed the Gramin Bank to finance 60% to their target group and 40% to non target group. This departure, of course was required for the economic viability for the Gramin Bank.

(x) While undertaking this study it is found that there is structural changes of Regional Rural Banks. The original idea was to establish one Gramin bank in each district of a state. Where population is less in a state the Gramin bank was to be established comprising more than one districts. Where the state is thinly populated, specially the hill state, the one Gramin
bank was suggested for covering the entire state. The idea was to cover all credit starved people and to save them from the greedy moneylender. Now Government has suggested one RRB in each state to make them viable. Owing to this step it is found that the number of RRBs was reduced from 196 to 81. This is the structural changes of RRBs consider to make them viable. Since RRBs are looking after the credit need of the rural people specially viability must be looked into. Here it can be stated that the Government is moving in right direction.

(xi) It is also seen that the structural re-organization is necessary to improve the working fund of the Gramin bank. The Government also improve the capital base of the Gramin bank with share contribution by the promoters in their respective sharing basis (Central Govt. 50%, respective state Govt. 15% and sponsor bank 35%). Here my study also reveals that after taking steps as mentioned herein above most of the Gramin banks have attained viability. Assam Gramin Vikash Bank is one of the banks with earn net profit of 37.45 crore after wiping their accumulated loss. My suggestion is that the Government in consultation with Reserve Bank of India and NABARD inject more capital to Gramin bank and also to make available adequate fund to wipeout the accumulated losses of Gramin bank. It will help to made Gramin bank more healthy and can be able to provide adequate service to the people of the society.

If the above suggestions are carried out in their true spirit, the Assam Gramin Vikash Bank in Particular and RRBs in general will very soon achieve the economic viability.
7.3 Conclusion:

RRBs which were setup with the intention of extending credit to the rural poor have succeeded in the objective of taking banking services to the villages, but have however, failed to make a clear dent on credit to the rural poor during the past 30 years of their existence. This has to be viewed in the context of the policy framework for rural development adopted in India with focus on income and employment generation and poverty alleviation. The renewed emphasis on agricultural and rural development by the Government of India would lead to a growing demand for different types of financial services in the rural areas, as financial needs of the rural economy becomes diversified. The present structure of rural credit may not be able to cater to the same. RRBs would be called upon to play a greater role in providing such services due to their rural character and feel. RRBs have to take over a larger share of credit disbursements calling for much larger resource mobilization, as also greater efforts for their institutional strengthening.

After nearly three decades of existence, the RRBs are facing many constraints warranting an overhaul and serious consideration on the part of the policy makers for their strengthening. This can be achieved not only through recapitalisation, but by simultaneously establishing a revamped legal, regulatory and supervisory framework with emphasis on high quality of governance and management that recognises the real challenges
confronting the RRBs. Only then can RRBs be expected to meet the expectations of becoming vibrant rural financial institutions capable of meeting the growing requirements of rural India.

With the advantage of having largest network of branches in the rural Assam, it is the duty and obligation of Assam Gramin Vikash Bank to serve the rural masses, who have been the deprived of and denied all banking facilities for augmentation of agricultural production, uplift of the downtrodden employment of rural youth, with commitment to the sacred task of all out development of the rural Assam. The bank's initiatives have strengthened our culture and aim to be the Top Class Rural Bank of the country.

It is also the obligation of the Assam Gramin Bank to financially include as well as to spread banking literacy to each household and initiative appropriate intervention for economic uplift of the people of Assam through agriculture, micro, small and medium enterprises, to accomplish the mandate set out for the RRBs and thus emerging as a strong, vibrant and socially committed 'Mass-class Bank'.

After an in-depth examination of the prevailing scenario in rural banking operations, expected role of RRBs, amalgamation of RRBs at state level, level of computerization in various RRBs, financial health of RRBs and also future challenges before RRBs as a one-stop entire banking service provider, the Task Force recommended the following:

- All RRBs need to take up computerization of major areas of operations.
• RRBs should recruit IT professionals and
• Undertake immediate assessment of training needs of all trainable employees/officers and also arrangements for regular/crash training programme.

In conclusion we can say that there is an imperative need for Indian banks to address the issues relating to the establishment of ALM system in right earnest and make it an effective tool for total Balance Sheet Management. Therefore, Asset Liability Management is essential to both domestic and international banking.

The success of the RRB experiment of our state could set a unique example of successful rural financial institutions with its set objectives.