



Recommendations of Working Group on Capacity Building Requirement of RRBs Personnel

The Working Group under the Chairmanship of Shri Amaresh Kumar, Executive Director of NABARD submitted their recommendations to GoI, MoF. The recommendations were approved by GoI and NABARD was advised to finalise the Action Plan. Accordingly, following Action plan / Guidelines have been framed and issued to RRBs for implementation of the recommendations of the working Group.

Training Policy :

Each RRB should have a definite training policy. Some RRBs have already adopted it. Based on Training Policy adopted by Karnataka Vikas Gramin Bank as a model, RRBs may prepare the Training Policy document taking into consideration their individual needs and get it approved by their Board of Directors.

Training Budget :

Training should be viewed as an investment on human capital. The expenditure to be incurred on training should be treated as an investment and definite budget should be approved every year by the Board of Directors of RRBs.

Training Need Analysis (TNA), Training Programmes

- a) Training Programmes are to be identified based on need of its staff and their maximum utilization. For this purpose, RRBs may carry out TNA of entire staff members taking assistance from professional / experienced institutions like BIRD, NBSC etc.
- b) RRBs to identify various training programmes, prepare suitable training modules and training kits for identified training programmes.
- c) RRBs to arrange for on-location training programmes of short duration (1 or 2 days) to avoid wastage of time in traveling.

- d) RRBs may consider engaging Mobile Job Trainers for training of staff in far flung areas on operational matters, especially for computerization.
- e) RRBs to ensure participation of all staff members in training programmes.
- f) RRBs may arrange need based on-location / in-house training programmes for branch staff by TEs of NABARD or any other Tes.
- g) RRBs may prepare separate training modules for officers, clerical staff and subordinate staff on credit appraisal, NPA management, basic computer skills and soft skills including customer relations management.
- h) TEs of NABARD/Sponsor bank may help in devising modules for training on Insurance,
- i) Marketing, NRI deposits, CBS, Mobile Banking, Net work Banking, KYC, AML etc.
- j) Training programmes on the lines of module of SBI may be conducted on-location. Help of TEs of SBI may be sought by RRBs.
- k) Sponsor Banks to provide training to resource persons of RRBs as Trainers Training Programmes (TTP) for equipping them on appropriate modules.
- l) Sponsor Banks to increase participation of RRB officers through in campus or on location training programmes of their TEs.

Training Plans and Progress (TPP) :

- a) RRBs should identify the various training programmes needed for their staff members with the help of sponsor banks training establishments.
- b) RRBs to prepare month-wise training plan for all staff members and get it approved by their Board.
- c) RRBs should introduce a system of maintenance of Training cards for their staff incorporating the training programmes undergone by the staff members during current year and training courses identified during next year.
- d) RRBs to place “ Plans & Progress” in the meetings of Board of Directors for review.
- e) RRBs to include training as one of covenants of MOU to be entered with Sponsor Banks.
- f) Sponsor Banks to ensure that MOU entered into with RRBs include training as one of covenants.
- g) Sponsor Banks to review progress of training while conducting Management Audit.

Training Institutions / Infrastructure (TII) :

- a) RRBs are primarily to use the TE s of NABARD, RBI and Sponsor Banks for training of their Officers / Staff. Further, RRBs may identify other training institutions where staff could be deputed for training programmes, so as to provide training effectively to all types of cadres / staff.
- b) RRBs to carry out training for clerical and subordinate staff on regular basis in the RBTC, TEs of Sponsor Banks and other suitable TEs.

RRB' Training Centre :

- c) RRBs having more than 100 branches preferably should have their own training centers, well equipped with computer laboratory. These training centers may be set up in available space in their RO /HO or by hiring space from outside, instead of investing in new infrastructure for the purpose. Short term training programmes (2/3 days) on operational issues should be conducted in the training center having well equipped computer laboratory.
- d) RRBs having less than 100 branches may avail the training facility from their Sponsor Bank' TEs, TE s of NABARD or from training centers of other RRBs, instead of setting up their own training centers.
- e) RRBs may also introduce Mobile Job Training (MJT) system, particularly for training on specific operational areas and to the staff posted at far flung areas.
- f) All RRBs may consider providing one training hall at HO / RO with essential training infrastructure and earmark one officer to coordinate their training requirements / activities.

(Ref No NB. IDD. RRCBD/ 2195 /Staff - 316 (WG)/2009-10 dated 05 February 2010. Circular No.32/IDD-1/2010)

Co-finance - Refinement in Appraisal system of the project

The Working Group on Co-finance has made certain recommendations for strengthening and refinement in appraisal system. Details are as under :

- a) Borrower appraisal needs to be strengthened. Due diligence on the lending company / borrowers / promoters is required for this purpose, which has to be taken up scrupulously.
- b) Drawing of Credit Information Reports (CIR) is made mandatory for Borrowers & Guarantors / Co-obligants, requiring fresh credit facilities before sanction of facilities as well as at the time of review / enhancement of such facilities.

- c) Borrowers in the negative list of borrowers i.e. under RBI defaulters / caution list, suit filed cases, wilful defaulters should not be covered under co-financing.
- d) Once borrower appraisal and preliminary scrutiny of the project is done by RO, a letter communicating in-principle acceptance to co-finance the project (subject to techno economic feasibility and availability of satisfactory securities) may be given to lead bank under co-finance arrangement. This letter should be issued within 15 working days of receipt of project. Simultaneously detailed appraisal and preparation of Techno Economic Feasibility Report, Memorandum of Sanction etc., to be taken up and sanction letter to be issued within 60 working days maximum. Borrower' appraisal and in principle decision to finance the borrower must be taken by RO before referring the project to Appraisal team of RO/ HO.
- e) Taking into account the diverse nature of projects received and limited availability of internal resources, a need based utilisation of services of outside consultants /subject matter specialists may be made on the lines of RIDF. Accordingly, a panel of approved consultants/ subject matter specialists may be created at ROs.
- f) Simultaneously, a pool of our officers with technical / management / financial /legal / chartered accountancy qualifications and trained in co-financing may be identified for utilising their services in appraisal and monitoring of co-financing projects in areas of their specialisation as and when required.
- g) Competition analysis must be improved by obtaining and using activity profile reports of CRISIL or other similar organisations wherever available for making a comparative analysis of the proposed selling price of the product vis-à-vis price of competing products, analysis of quality of the products as against the quality of competing products and demand potential.
- h) Repayment instalments may be fixed on the basis of realistic cash flow, preferably from the year of commercial production, which may be decided in consultation with the borrower. Release to the borrower shall be made based on major milestones in the implementation stage based on PERT chart.

(Ref.: NB ICD/ 2006 / CFC / DF 2 / 2009-10 dated: 24/02/2010.Circular No. 49 / ICD - 09 / 2010)

Co-finance Policy 2009-10 - Linking with Developmental Initiatives

The Working Group on Co-finance has made certain recommendations on linking cofinance with developmental initiatives by adopting following mode.

- a) Develop dynamic farm clusters on pilot scale under our development initiatives with assistance under RIF, Micro Finance Development Equity Fund (MFDEF) and FTTF. Agriculture and agro processing may be the main activities in Cluster development programmes. 2. FTTF under which assistance is given to farmers clubs and their federations, producer group companies where participation in their equity is also possible should be used for leveraging co-financing. While financing agro processing companies, linkage between Farmers Clubs, their federations and producers group companies for sourcing raw material under contract farming may be encouraged.
- b) Assistance to NGOs in formation of activity based SHGs/ JLGs/ TFGs from MFEDF can also be linked to co-financing wherever federation of such groups takes initiatives for setting up processing units and market their value added products in the market under their own brand name.
- c) Wherever pilot experiments under RIF and FITF have turned into success and ready for commercial exploitation, the promoter may be financed under co-financing arrangement with banks.
- d) Initiatives in promoting VDPs can be converted into business opportunities for co-financing wherever NGOs are active and can facilitate organizing farmers in the area into groups/clubs and handhold them to establish Agro processing units.
- e) Corporates in retail and agro processing industry, exporters, Farmers' Collectives and schemes under capital / interest subsidy, area development projects and watershed projects may be linked efficiently for expanding our co-financing portfolios.

(Ref.: NB ICD/ 2007 / CFC / DF 16 / 2009-10 dated: 24/02/2010.Circular No. 50 ICD- 10 /2010)

Micro Enterprise Development Programme (MEDP) for matured SHGs

The MEDP had been introduced to build up skill and competence of SHG members to take up micro enterprises.

Considering the positive impact and increase in cost of training as also based on ROs' recommendation in the Strategy Meets, etc., on the programme and the need to make it more effective, the average cost per day per participant has been enhanced to Rs 100/- per day from Rs.78/- per day. This will work out to Rs.39000/- for 30 participants per MEDP programme of 13 days.

The following aspects may, interalia, be ensured by the implementing agencies:

- a) Involvement of bankers in identification of members and the activities to be pursued;
- b) Administering case studies in potential activities;

- c) Sharing success stories of micro-entrepreneurs from out of SHG members;
- d) Practical inputs from the marketing experts as Guest Faculties;
- e) Relevant inputs from the concerned Branch Manager(s);
- f) Providing guidance for approaching banks for repeat finance appropriately and
- g) Developing capacity of the Resource Persons/Faculties who would be organizing the Programme.

(Ref No. NB.MCID/ 1597 /MEDP/2009-10 dated 24 February 2010. Circular No. 52 /MCID- 03 /2010)

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