



## Above Board: Enhancing Governance in Regional Rural Banks \* Background Note \*



### ❖ Background and the context:

Given the vital role of banks and other financial institutions in financial and economic stability and the stakeholders' interests the issues of corporate governance are extremely important in banking industry. A number of studies have argued that boards are shareholders' first line of defense in governance, focusing on factors that influence board effectiveness.

In the eco-system that RRBs operate and the government agenda of inclusive growth poses the most important challenge and opportunity for RRBs. Profitable Financial Inclusion (FI) for RRBs is the overarching target. Financial performance of RRBs is intricately linked to the economic prosperity of rural India and ability of RRBs to deliver banking services and products efficiently.

The key functions of the board of directors and senior management is the setting of policies, implementing those policies and monitoring compliance. An effective oversight of the business and affairs of a bank by its board and senior management contributes to the maintenance of an efficient and cost-effective supervisory system.

In these turbulent times strengthening Corporate Governance can usher in profound changes in the bank leadership. The banks need to move beyond laud indicators like sustained profitability, lower level of non-performing assets, improved return on assets etc and focus higher towards sustaining policy of operating sound banking system and thus inclusive and equitable rural development and prosperity of the Nation.

The five day residential training program Above Board: Enhancing Governance in Regional Rural Banks" seeks to prepare the "Boards" of RRBs for better governance and sustainable business outcomes. The program will address two distinct, but related, themes of Strategic Thinking & Management and Governance & Leadership

The unique program is designed for the board member and is designed to make the participants move from the management focus to governance by exposing them to the latest frameworks and models in various disciplines of Leadership and governance.

The highlight of the program is the evaluation and understanding of individual leadership competencies, through a 360 degree feedback mechanism, followed by one-on-one, personal coaching from eminent tutors (highly experienced industry experts, acknowledged for their insights into human resources aspects in Indian industry). It culminated into personal action planning, for inculcating leadership skills and competencies among the participants.



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### ❖ The training partners:

NIRDPR is an autonomous training and research organization under the Ministry of Rural Development, Government of India endowed with extremely competent academic and research team is partnering Crux Management Services Pvt Ltd, Hyderabad is a leading Management Consulting and amongst the largest training institutions in the banking domain to build capacity of the board members of the RRBs.

### ❖ Our approach

#### Leadership as an indicator of capacity and sustainability

Leadership training for board leadership is a prime example of critical capacity building activities. Coaching, peer-to-peer learning, cohort-based trainings, communities of practice, and "learning circles" some of the different models Crux will use to build the capacity of an organization's leadership.

We believe that Capacity building efforts at national or local level should start with a practical-oriented diagnosis and they should take into consideration key elements such as the following:

- Work with tools and methods specially designed for the sector, respecting their goals, values and culture.
- Have, as points of reference, successful experiences from the other boards. Good practices and the experience gained by those who deal with success stories is a key factor to convince others to accept change and innovation.
- Give emphasis to the development of human resources, enabling the bank to become spaces of personal accomplishment and innovation and attract employees, vendors, partners and customers.
- Program delivery with a judicious mix of practitioners and academicians.
- Case based, role and simulation supported.

### ❖ What does the RRB board need

- strengthen their values and principles as a distinct form of operation;
- rely on solid governance;
- improve operations to be profitable
- integrate new skills and innovations in business development
- promote the development of human resources
- articulate and network with other organizations and enterprises
- Enhance stakeholder value
- Grow in accordance with the needs of society and the market demand.



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### ❖ The program outline

The board needs to have a firm grasp of the ethical values which the governing body must adhere to. The governing body, as custodian of public funds and trust, should strive to maintain high standards, act with integrity and behave ethically at all times. Ethical and moral values go hand-in-hand with the legal responsibilities of governing bodies. At the heart of these recommendations is the notion that organisations are entrusted with public funds and so should demonstrate high standards in corporate governance and the conduct of public business.

### ❖ The Program theme

- Governance
- Vision & mission
- Board at work
- different committees etc
- Stakeholder management
- Values and ethics
- Leadership
- Risk and Compliance

### ❖ The key take away

Good governance contributes to a successful organisation, and understanding the key elements of governance is vital to the organisation' sustainability.

The program provides an overview of the duties and responsibilities required for good governance, to contribute to a successful board. It will help the Board to assess and improve their performance and ensure they guide the executives to the achievement of the goal.

### ❖ Key topics include:

- What is Governance
- Roles and Responsibilities of the Board
- Governance vs. Management
- Effective governance – tools and processes
- Due diligence – acting in good faith
- Strategic thinking
- Managing risk
- Conflict of interest
- Evaluating Board performance
- Financial governance



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- ❖ **Duration:** 4 days
- ❖ **Course Fee:** Res.70,000/- (all inclusive) per person
- ❖ **Venue:** NIRDPR, Rajendranagar, Hyderabad – 500 030

### ❖ **Batch profile:**

Batch size: 20, consisting of board members of the regional rural banks and employees of the RBI, Commercial banks and NABARD. The board members nominated and not employees will also be encouraged to be a part of the cohort.

### ❖ **Training methodology:**

A judicious mix of case studies, role plays and class room session. The program will include 5 interactive session (one on each day) with a board member as well as personal one 2 one coaching session. The program includes two assessments, 'influencing styles' and 'personal value'.

### **Program Frequency:**

All the programmes are planned in the third week of every month. The program will be held at **National Institute of Rural Development and Panchayati Raj, Hyderabad**. The program is planned as follows

### **Team:**

**Dr.W.R.Reddy, IAS**  
Director General  
NIRDPR

**Dr.M.Sarumathy**

**Prof. Ravi Kumar**

**Dr.K.Prabhakar**

**Ms. Siroja Metha**

NIRDPR

Crux Management Services (P) Ltd.

Sl.No	Programme duration
1.	July 19-23, 2016 (Completed)
2.	September 07-10, 2016
3.	October 17-20 2016
4.	November 22-25, 2016
5.	December 19- 22, 2016
6.	January - 16-19 (2017)
7.	February 20-23 (2017)
8.	March 20-23 (2017)
9.	April 17-20, (2017)
10.	May 02-05, (2017)
11.	May 15-18, (2017)
12.	June 19-22, (2017)

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