

No. F. 7/6/2012-RRB
Ministry of Finance
Department of Financial Services

Jeevan Deep Building,
Sansad Marg, New Delhi,
dated 7th March, 2012

To,
Chairman/CMDs/MDs of all Sponsor Banks of RRBs

Subject: Regional Rural Banks (RRBs) - Guidelines for appointment of the
Chairmen of RRBs by Sponsor Banks

Sir,

With a view to modernize, upgrade and strengthen the technology in RRBs and enable them to compete and play a more meaningful role in the financial services sector, the CEOs of all Sponsor Banks were, vide letter No. F. No. 7/6/2011-RRB dated 8th September, 2011, advised to take necessary action regarding operational integration, human resource development and related issues of RRBs. It was inter-alia advised in the circular that with a view to have energetic and pro-active head of the RRBs, the sponsor banks should ensure that persons of over 45 years of age are not appointed as Chairmen of the RRBs. The Chairman must be selected on purely professional considerations and must be given tenure of five years.

2. The sponsor banks appoint Chairmen in RRBs sponsored by them in consultation with NABARD. However, specific guidelines have not been prescribed for selection. With a view to streamline the procedure for compliance and appointment of Chairmen of RRBs, model guidelines are enclosed for necessary action. It is expected that the process of selection of Chairman of RRB for vacancies arising in 2012-13 shall be completed in April 2012.

3. The receipt of this may be acknowledged.

Yours faithfully

(Sandeep Kumar)
Director

Copy for information and necessary action to:

1. Chairman, NABARD, Mumbai.
2. ED (RPCD), RBI, Mumbai.

Guidelines for appointment of the Chairmen of RRBs by Sponsor Banks

The Chairmen of the RRBs are appointed by the sponsor banks of the respective RRBs under the provision of Section 11 of RRB Act, 1976.

2. The sponsor banks appoint Chairmen in RRBs sponsored by them in consultation with NABARD. However, specific guidelines have not been prescribed for selection. NABARD, at the time of consultation, generally takes into account the level of the officer recommended by the sponsor bank, the business level & size of the RRB which the officer is recommended for, experience of the officer in serving rural areas and the residual service of the officer to be minimum 3 and a half year.

3. With a view to strengthen the management of RRBs, the sponsor banks need to select Chairmen of RRBs on the basis of level & professional expertise of the officer, willingness, exposure in rural banking etc. The following model guidelines may be followed for appointment of Chairmen of RRBs.

4. **Selection Committee:** Sponsor banks will constitute a Selection Committee under the Chairmanship of Chairman/Chairman & Managing Director/ Managing Director with the following members.

1	RBI nominee director on the board of the bank.	Member
2	Officer not below the rank of CGM from NABARD	Member
3	ED (CGM in case of Associate of SBI) of Sponsor Bank looking after RRBs	Member
4	An external expert in Rural Banking	Member

5. Eligibility criteria:

5.1 Officer should not be below the rank of Assistant General Manager or equivalent rank. The officers posted as Chairmen of RRBs shall be placed at one level above their position in sponsor bank.

5.2 Age of the applicant should be below 45.

5.3 The candidate should not have been imposed any major penalty or more than one minor penalty in his/her career.

5.4 The cut-off date for determining the eligibility will be reckoned as on 1st April of the financial year in which the vacancies arise.

6. Selection Procedure:

6.1 Selection shall be made for all vacancies likely to arise during the year (April to March).

6.2 The sponsor bank will invite applications from amongst its eligible officers.

6.3 Eligible candidates would be invited for an interaction with the selection committee.

7. Selection by the Selection Committee:

7.1 The selection committee shall recommend officers for appointment as Chairman of RRB based on their suitability after considering their overall service record, experience, past performance and performance during the interaction. Potential and ability of the officer to discharge the responsibility as Chairman of RRB shall be the essential criteria.

7.2 The selection committee may also recommend officers to be posted as against specific vacancies to arise in the year.

7.3 The Committee may also prepare a Reserve List upto 50% of the vacancies.

8. Appointment of the Chairman

8.1 The recommendations of the Selection Committee will be placed before the Board of the Directors of sponsor bank for final selection and appointment of the Chairman of the RRB.

8.2 The Chairman of RRB should be appointed for period of 5 years. The performance of the bank shall be reviewed by the Board of Directors of the Sponsor Bank on a quarterly basis and based on performance; the Board may take a decision on recalling the officer from RRB and post another officer from the list of officer recommended for the year.
