



ALL INDIA RRB OFFICERS' FEDERATION

(AFFILIATED TO AIBOC)

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Circular # 26:2013

20th August 2013

All Affiliates/ Members
(Please re-circulate)

**UFRRBU HELD ITS MEETING IN NEW DELHI
ON 18TH AND SUBMITTED MEMORANDUM TO CHAIRMAN,
STANDING COMMITTEE ON FINANCE ON 19TH IN NEW DELHI**

United Forum of RRB Unions (UFRRBU) held its Meeting in New Delhi on 18th August, 2013. The Meeting was presided over by Shri K. Rajeev. The Meeting discussed host of issues emerging out as common and took several important decision. On the issue of Pension parity Case before the Hon'ble Supreme Court, UFRRBU decided to adopt uniform approach and accordingly brief their respective counsels. It was also decided to submit Memorandum to Shri Yashvant Sinha, Chairman, Standing Committee on Finance to highlight the wrong doing of Govt. of India in tabling the RRB Act Amendment Bill, 2013 in an effort to privatise the RRBs. It was also resolved to approach United Forum of Bank Unions (UFBU) to take cudgels along with the RRB fraternity to fight for the cause of workforce of RRBs.

On 19th August, 2013 afternoon a delegation of leadership of different National Level Associations and Unions under the banner of UFRRBU met Shri Yashvant Sinha, Chairman, Parliamentary Standing Committee on Finance and held detailed discussion on the Govt. of India move to amend RRB Act, 1976 by tabling RRB Amendment Bill, 2013. A detailed memorandum was submitted by the delegation highlighting the different facets of the issue. Shri Sinha was found to be very receptive and positive. He assured to take appropriate action and agreed to allow UFRRBU a hearing before the Standing Committee.

The Memorandum submitted to Shri Yashvant Sinha is enclosed.

UFRRBU shall again meet on 11th September, 2013 in New Delhi to take stock of the situation and decide further course of action.

With greetings,


(S.K. Bhattacharjee)
GENERAL SECRETARY

UNITED FORUM OF RRB UNIONS

(Forum of all Unions operating in RRBs)

The 19th August,2013

MEMORANDUM

To
Sri Yeswant Sinha,
Hon'ble Member of the parliament and
The Chairman
Standing Committee, Finance, GOI.
New Delhi.

Reg: **Our submission against RRB Act amendment Bill 2013.**

Respected Sir,

In the name of strengthening Regional Rural Banks (RRBs), the government of India, on Monday (22.04.2013), introduced a Bill in the Lok Sabha to raise their authorized capital ie.5 crore, by 100 times to Rs 500 crore and for this purpose disinvestment of RRB's equity is planned.

Presently the centre holds 50 per cent stake in RRBs, while 35 per cent and 15 per cent are with the sponsor banks and state governments, respectively. The Regional Rural Banks (Amendment) Bill, 2013, seeks to allow RRBs to raise capital from sources other than the central government or the state government or the sponsor bank.

In the RRB ACT amendment Bill 2013 ,it is stated, "In view of growing business of the Regional Rural Banks and expansion of their role in both qualitative as well as quantitative terms in extending banking services in rural areas, a need was felt to amend the Regional Rural Banks Act, 1976 to strengthen their capital base and improve their overall capabilities,"_It is also told," The shareholding of the central government and the sponsor bank should not be less than 51 percent"

Sir, we would like to put in your kind notice that in Preamble of RRB Act, it has been stated-" An Act to provide for the incorporation, regulation and winding up of Regional Rural Banks with a view to developing the rural economy by providing, for the purpose of development of agriculture, trade, commerce, industry and other productive activities in the rural areas, credit and other facilities, particularly to the small and marginal farmers, agricultural labourers, artisans and small entrepreneurs, and for matters connected therewith and incidental thereto. ACT NO. 21 OF

1976.9th February, 1976". Under this doctrine RRBs were established with an avowed objective to eradicate MAHAJANI PRATHA (Private Money lending system) from villages which was a curse in promoting Badhua Majdoori (bonded labourer method) in remote rural region, in between Commercial and Co-operative Bank.

Under this doctrine, from a modest beginning of 5 RRBs with 17 branches covering 12 districts in December, 1975 the number of RRBs increased to 196 RRBs with 14,446 branches in 1991 operating in 518 districts across the country. After a phase of consolidation starting from September, 2005, the number of RRBs was reduced from 196 to 82. In the current phase of consolidation which began in October, 2012 by amalgamation of RRBs across sponsor banks within a State, the number of RRBs has further reduced to 61 RRBs as on date with over 18000 branches in 638 districts.

But, unfortunately GOI, by way of disinvestment of equity upto 49%, once again intended to put RRBs in reverse gear with a view to make freedom to corporate for loot in rural region by a shortest way to approach cheaper rural resources.

Sir, for your kind information, we would like to point out that CASA deposit of RRB is 57% and corporate sector wants to misutilize it for their vested interest, where as RRBs are utilizing this resource for priority sector / agriculture sector lending on cheaper rate of interest to rural masses. Presently the priority sector lending of Commercial banks is 37.2 % whereas RRBs lending in this sector is more than 80.8%. There is profound Progress in Modes of FI delivery, there is remarkable progress in KCC and GCC advancement both in terms of accounts and amounts as well .(RBI repots are Annexed herewith)

Sir, just before a quarter, A review meeting of Regional Rural Banks (RRBs) was taken by Hon'ble Finance Minister with the Chairmen of RRBs and Executive Directors (EDs) of Sponsor Banks at Vigyan Bhawan, New Delhi on 17.01.2013.

Finance Minister in his inaugural address stated that the RRBs perform an important and unique role in the overall credit network of the country. By meeting the credit needs of the section of the population who otherwise would not get access to these services, the RRBs enable spread of institutional credit facilities in the rural areas. Finance Minister made the following observations about the performance of RRBs:

Despite the impressive expansion of branch network by RRBs in the past, there remained scope for adopting a more aggressive approach for opening of new branches.

The drastic fall in the number of RRBs incurring losses was commendable and all steps would be taken to ensure turnaround of the three remaining RRBs who continue to register losses. Going forward, the RRBs need to take necessary steps to wipe out the accumulated losses in a time bound manner.

NPAs were a concern; however, as in the case of PSBs, to some extent, rising NPAs are expected in the prevailing economic conditions. However, there is a need to take concerted efforts to act against willful defaulters.

While average CD ratio for the RRBs taken together was above 60%, there was need to further raise it as well as ensure that individual RRBs meet a minimum threshold ratio.

RRBs are playing an important role in the Direct Benefit Transfer (DBT) scheme of the government. The 24 RRBs which are presently working in the 51 districts identified for Phase-I of the scheme are performing an important role in ensuring success of the scheme."

In view of above there is no need of disinvestment of Govt. equity to any extent rather state Govt.'s total 15% equity may be taken over by Central Government of India in the larger interest of rural development.

We further appeal to your honour that we may be provided opportunity by the Standing Committee for submission of detail facts and figures against proposed RRB Act amendment Bill and for this kind opportunity we shall be ever obliged.

With regards
Yours truly

RRB's Unions

General Secretary

All India Regional Rural Bank Employees Association

All India Gramin Bank Employees Association

All India Gramin Bank Workers Organisation

All India Gramin Bank Employees Congress

National Confederation of RRB Employees

All India Gramin Bank Officers Association

All India Regional Rural Bank Officers Federation

All India Gramin Bank Officers Organisation

All India Gramin Bank Officers Congress