



# ALL INDIA RRB OFFICERS' FEDERATION

(AFFILIATED TO AIBOC)

Central Office: JGGP House, Raja Rammohan Roy Road, Hakimpara, Siliguri – 734001  
Tel: 2525267, 6532022 Fax: 0353-2536449 General Secretary Cell Ph. # 9800866932  
e-mail: shyamalkb5@yahoo.com Visit us at: [www.airrbof.org.in](http://www.airrbof.org.in)

Circular # 30:2014

24<sup>th</sup> April 2014

All Affiliates/ Members  
(Please re-circulate)

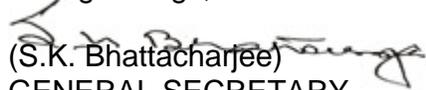
## WHITHER AMALGAMATION OF RRBs

The decision of Govt. of India, Dept. of Financial Services with then Secretary, Shri D.K. Mittal, at the helm, to thrust upon abrupt amalgamation of RRBs even sponsored by other Bank was all along an outrageous proposition. Shri Mittal decided the matter of amalgamation in a huff. He thrust the proposals down the throat of Sponsor Banks at virtually gunpoint. Sponsor Banks like Syndicate Bank refused to tender their consent. However, such Sponsor Banks had to swallow the bitter pill as CMDs and EDs of all Banks are controlled by DFS. Some State Govt.s, who is the stake holders of RRBs, refused to toe the line of DFS. However, Shri Mittal bulldozed the objections and unrolled the lethal amalgamation process. The process entail RRBs amalgamated with RRBs sponsored by other Banks having no proximity geographically, with cultural and ethnic differences. Some State Govt. did a double take by revising their earlier consent. Classic example is Govt. of Punjab. Some States pay scant respect to the proposal of DFS and remained conspicuous by their silence.

RRBs were conceived as a Commercial Bank with local feel oriented to cater to the customers in a decentralized environment. The basic purpose of amalgamation of RRBs is stated to increase the branch net work, the sheer size of balance sheet compromising with the basic tenets of the foundation of RRBs. With the sick mind set to attain profitability, the concept of Regional Rural Banks as envisaged by the M. Narashimam Committee which championed the cause of formation of RRBs, was dumped. The amalgamated RRBs are neither Commercial Banks nor Regional Banks. The Banks have become top heavy bottom weak institutions trying to survive at any cost. Highhanded decision of Shri D.K. Mittal had provided a fatal blow to the RRB system. The amalgamation of RRBs followed no pattern, standard or raison d'être.

The customers of RRBs had to pay heavy price for the 'Tughlugi' process of amalgamation. Suddenly the rules, regulations, rate of charges, deposit and loan schemes got changed without any option given to the clientele. Being captive customers, having no access to any other Bank branches in the vicinity, customers have virtually been left in the lurch. If RRBs need to emulate Commercial Banks then solution lies elsewhere. RRBs do not have separate space in the changed perspective. They have virtually become poor imitation of Sponsor Banks. RRBs need not be continued as separate Banks. RRBs need only to be amalgamated with their respective Sponsor Banks. This would provide lasting solution to the need of the rural people.

With greetings,

  
(S.K. Bhattacharjee)  
GENERAL SECRETARY