



ALL INDIA RRB OFFICERS' FEDERATION

(AFFILIATED TO AIBOC)

Central Office: JGGP House, Raja Rammohan Roy Road, Hakimpara, Siliguri – 734001
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Circular # 80:2014

1st December 2014

All Affiliates/ Members
(Please re-circulate)

MERGER/AMALGAMATION OF RRBS – VIEWS HELD BY CCI & CAG

We reproduce hereunder the text of the letter written by the Federation on the captioned subject to The Secretary, Department of Financial Services, Govt. of India, Ministry of Finance, for your information & necessary action.

QUOTE

We would like to draw your kind attention to the report appearing in The Economic Times of India dated 28th November, 2014 and we reproduce the contents of the report for your ready reference:

“The Competition Commission of India is investigating a merger between Regional Rural Banks (RRBs) sponsored by Punjab National Bank and Syndicate Bank for possible breach of norms.

There are allegations that the Finance Ministry forced the merger due to political pressure, a senior CCI official said, but added, “We are, however, examining this case in regard to violation of amalgamation and financial prudence”.

The case is being examined under the combination provision of the Competition Act 2002, the official said, requesting anonymity. “We may also look at other RRB mergers wherever necessary permission hasn't been taken”, the official said.

In 2013, the Finance Ministry had given its go-ahead to merge Gurgaon Gramin Bank (GGB), sponsored by Syndicate Bank into Haryana Gramin Bank, sponsored by PNB and create Sarva Haryana Gramin Bank.

The move was, however, questioned by the Comptroller and Auditor General of India on the grounds that GGB was financially stronger than Haryana Gramin Bank. “It was the state Government which had recommended that GGB should merge into Haryana GB with PNB as the lead Bank,” said another official. In a response to the queries raised by the auditor, the regulator for RRBs, National Bank for Agriculture and Rural Development (NABARD) had told the Finance Ministry that there have been instances where financially stronger Banks have been merged with weaker Banks.



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“We had informed the ministry that branch network is taken into consideration for deciding on amalgamation,” said a NABARD official, who did not wish to be identified. A senior PNB official, however, said that since the other sponsoring bank, Syndicate Bank had given a ‘no objection’, they did not see any issue with the merger.

The Government has been aggressively pursuing the merger of RRBs, whose number came down as a result to 57 in March 2014 from 82 in 2011. It is also expected to introduce in the ongoing winter session of Parliament the Regional Rural Banks (Amendment) Bill, which seeks to allow RRBs to raise capital from sources other than the Central Government, State Government or the Sponsor Bank. RRBs have a network of over 18,000 branches and are promoted jointly by the Centre, a Sponsoring Bank and the State Government concerned.

The Centre holds 50% stake in each RRB, while the Sponsoring Bank has 35% and the balance 15% is held by the State Government. Almost all RRBs are profitable and the total profit of RRBs functioning in the country till March 2014 was Rs 2,832.29 crore”.

Kindly note that in the past we raised serious objections over the matter of merger /amalgamation of RRBs in the most meaningless manner which did not result in better operation of RRBs and only created problem for the staff and confusion amongst customers.

We, therefore, request you to refrain from any further merger/amalgamation of RRBs without having dialogue with All India Level Trade Unions of officers & employees in RRB sector.

UNQUOTE

With greetings,


(S.K. Bhattacharjee)
GENERAL SECRETARY

ALL AFFILIATES ARE REQUESTED TO CLEAR SALARY REVISION LEVY, LEGAL LEVY AND SUBSCRIPTION DUES BEFORE 30TH DECEMBER, 2014 TO ENSURE PARTICIPATION IN TRIENNIAL CONFERENCE (.) DEFAULTING AFFILIATES MAY NOT BE ALLOWED DELEGATION (.)

