

ABCBEF**ALL BENGAL CO-OPERATIVE BANK EMPLOYEES' FEDERATION****Functional Office :—25D, Shakespeare Sarani, Kolkata-700 017**
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Date: 14/06/2021

To
Dr. A. R KHAN
The Chief General Manager,
National Bank for Agriculture & Rural Development,
Regional Office, NABARD Bhawan, Plot No. 2,
DP Block, Salt Lake City, Kolkata – 700 091

Dear Sir,

We could learn that you have informed the WBSCARD Bank in a virtual meeting that the WBSCARD Bank and PCARDB cannot use the word "Bank" in terms of Banking Regulation Act as amended from time to time. You may kindly be aware that these banks have been functioning almost a century and contributed immensely for the development of agriculture and allied activities over the years. It played a significant role in green revolution in providing irrigational facilities through minor irrigation program in different parts of the country. Since the beginning, it carried out the word "Bank" within the framework of laws of the country. These banks were allowed to accept term deposit by the Reserve Bank of India in the year 1970-71, even during that time these institutions were not covered under the Banking Regulation Act. Thereafter an Expert Committee was appointed by the National Bank for Agriculture & Rural Development under the chairmanship of Dr. M. C. Bhandari, Former Executive Director, NABARD which unanimously recommended "ultimate solution lies in transforming these banks as full-fledged banks". Revised guidelines on Deposit Mobilization by the SCARDBs have been issued by NABARD thereafter to facilitate the deposit mobilization by the said ARDBs.

Even after such changed perspective, these co-operative banks have always been discriminated by the authorities concerned of our country. Most unfortunately, the Govt. of India also did not keep its commitment before the parliament as no financial assistance has been sanctioned and released in terms of the recommendations of Task Force-II which was set up by Govt. of India itself under the chairmanship of Prof. A. Vaidyanathan.

Since the inception these institutions were not resource based and its main source of finance was the share capital, debenture floatation. The Banks could somehow manage as the long term finance in the agriculture sector was the monopoly of these institutions. Subsequently with the nationalization of the banks, establishment of Regional Rural Banks and change in the statute enabled the short term credit structure to lend for long term finance. As the institutions mentioned herein are all resource based institutions and full fledged banks, LDBs performance started declining and lost its ground. Under such perspective many State Governments like Andhra Pradesh, Telangana, Chhattisgarh, Madhya Pradesh have merged the same institutions with the DCCBs and no separate LDB or ARDB were formed even in newly born State like Jharkhand, Uttarakhand etc. We strongly feel that either these co-operative institutions should be covered under the Banking Regulation Act in view of the liberalized policy of the Government of India or the same should be merged with the DCCBs making strong co-operative institutions in the rural area.



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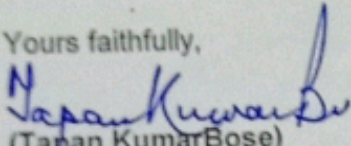


It may not be out of place to mention that Reserve Bank of India while circulating the guidelines of amalgamation of DCCBs with the State Co-op. Banks, stipulated that general body's resolution supported by the majorities consent will be necessary but in case of these SLDBS / PLDBS, no such provision were made though these are also members / share holders institutions.

We sincerely hope and trust that our views and submissions shall be considered judiciously and sympathetically in view of the practical situation in the field.

With regards,

Yours faithfully,


(Tapan Kumar Bose)
GENERAL SECRETARY