



# ALL INDIA CO-OPERATIVE BANK EMPLOYEES' FEDERATION



[Affiliated to AIBEA]

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Date: September 30, 2021

To  
**Mr. Neeraj Nigam,**  
Chief General Manager in charge,  
Reserve Bank of India,  
Mumbai.

Dear Sir,

The AICBEF is the National level Trade Union organization for the Co-operative Bank employees, which primarily stands affiliated to AIBEA. The largest and oldest Trade Union Movement for the bank employees of our country. We draw our membership from ST, LT Sector Co-operative Bank and also from Urban Co-operative Banks all over the country. We are the only National Level Trade Union existing for the Co-operative Bank employees. Ever since the establishment of our organization in the year 1987, we have been launching various struggles and campaigns, not only for improving the living standards and service conditions of the Co-operative Bank employees, but also for ensuring the health of the Co-operative Banks in our Country.

We welcome the constitution of the Expert Committee, headed by Shri. N.S.Viswanathan, former Deputy Governor, RBI, which was announced by RBI as part of the Monetary Policy Statement on February 5 2021 to take stock of the earlier regulatory measures taken by RBI and other authorities, to review the current Regularity approach and also to suggest recommendation for making the UCBs as vibrant and resilient organization.

We appreciate that the Expert Committee had extensively discussed the issues relating to UCBs through inviting suggestion from various stake-holders experts, Urban Bank Federations, UCBs, Registrar of Co-operative Societies and others.

AICBEF welcomes the recommendation of the committee for the grouping the UCBs into four categories based on their deposits and also its prescription for different regulations. The recommendation for inclusion of UCBs for launching government schemes such as MUDRA, interest subvention/subsidy scheme etc. are right measures to make the UCBs more vibrant and for serving the interest of public and members.

The Expert Committee has also suggested that the government should consider the UCBs for undertaking Government Business which would serve the Banks in the longer run. The suggestions of the committee to relax the present ceilings at Housing Loan/Jewel Loan issued by the UCBs is also a welcome one.

As the representatives of the employees working in UCBs, we would like to present our following view-points/suggestions, which may be included in the final report to be submitted to RBI by the Expert Committee.

- a. In order to make the UCBs survive in the highly competitive environment, providing Digital Banking services to customers at par with the other commercial banks has become an absolute necessity. For that purpose, technically skilled staff shall be adequately recruited in UCBs and proper training to be provided for all staff periodically. The Expert committee has not recommended anything in this aspect. We suggest that necessary legislative provision should be brought into force to make the recruitments in UCBs on common parameter. For this purpose, the services of IBPS or other similar national level organizations can be utilized.
- b. The Expert Committee has also not mentioned anything about the inconsistencies and legal inefficacy of the recent B.R. Act amendments, which are in conflict with State Co-operative Societies Act and the Co-operative principles.
- c. The amended B.R. Act enables the UCBs to issue shares to Public. This is in total contravention to the concept of co-operatives, where "member control" is the main principle. The Committee has also endorsed with the above proposal and we are in total disagreement above proposal. We desire that the capital of co-operative banks should be raised only from the members and irrespective of the share amount of the members, they are entitled for only one Vote.
- d. The amended B.R. Act empowers the RBI to remove and replace any officer or employee of the Co-operative Bank. The RBI do not have such powers, even in respect of commercial banks. This wide administrative powers given to RBI would disturb the day-to-day working of the UCBs. This infringement into the powers of the State Government and related jurisdictional issues and facts should have been discussed and suitable recommendations have been given by the Expert Committee. A suitable clarification is necessary.

e. The enabling provisions of voluntary conversion of UCBs into Joint Stock Company will nullify the very purpose and concept of co-operative banks. We express our complete disagreement to the Expert Committee for its endorsement of the above proposal of RBI. It is highly ethical on the part of RBI to provide a illegitimate route to some individuals to encash the surplus of co-operatives. We desire that Expert Committee should reconsider its endorsement of this proposal.

f. The Expert Committee prescription of Minimum CRAR to be maintained should be on a time-bound manner and it should not be insisted to be implemented immediately. The steep hike in the maintenance of CRAR from 9% to 15% is not feasible for the present and hence it may fixed at 11%. Even the largest UCB in the tier-IV category cannot be compared with the commercial banks in terms of nature of transactions, volume of business and area of operations.

g. Our National Organization has mooted the idea of Umbrella Organization and campaigning for the constitution of the same during the last 3 decades. Thus, we welcome the formation of Umbrella Organization for UCBs. The UO will play a pivotal role in strengthening the UCBs. However, it seems that the Expert Committee has endorsed the proposal of RBI, to establish UO as a NBFC. We desire that it should be made mandatory for all the UCBs to become members of the UO. However, the Committee has discriminated the UCBs, while making Tier I and Tier II banks', mandatory to become members of the UO. for the Tier III and Tier IV the membership is not mandatory and only voluntary. We disagree with the above of the Expert Committee.

h. With regard to raising of capital through floating of shares, it will destroy the principle, on which the Co-operative Banks are formed, i.e. the capital of co-operative banks should be raised only from the members and irrespective of the share amount of the members, they are entitled for only one vote.

i. We desire that the RBI should lift all the restrictions for providing license to opening of new UCBs. The Committee's recommendations providing for restrictions upto 10% of the existing branches may be done away with and the UCBs are allowed to open as many branches as they deem fit, so as to enhance and enlarge their presence. Further, we desire to submit that all the UCBs are having their branches only in the

urban areas and it will be very difficult to find unbanked area in urban centers. Hence, this restriction shall also be done away with.

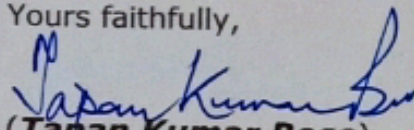
j. We also demand that income from lending under priority sector should not be considered for the purpose of calculation of Income Tax payable by the Urban Co-operative Banks.

k) An attempt may be explored to find out the way for amalgamation of weak Urban Co-operative Banks with other Banks in case no Urban Co-operative Banks are available or suitable for amalgamation.

We sincerely hope & trust that our submission will be considered favorably and appropriate steps will be taken by the authorities to make the Urban Co-operative Banks, a tool for economic development.

With kindest regards,

Yours faithfully,

  
(**Tapan Kumar Bose**)  
GENERAL SECRETARY