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**European Co-operative
Banks in 2020:
a concise assessment**

**New Era - Revolutionary
Changes in Cooperative Sector**



COVID-19 TIPS

**Safety
is our key
priority**



**33rd ICA World
Cooperative Congress**



**Ownership & Governance -
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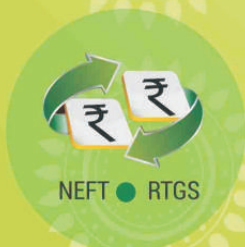
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Telangana State Co-operative Apex Bank Ltd.

(State Govt. Partnered Scheduled Bank)

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- Bank has been giving interest subvention from 1 Lakh to 3 Lakh and make available the Crop loan up to Rs. 3 Lakhs by effective interest rate of 0 % from its profit since last 11 years.
- Bank has been giving interest subvention from its profit for Education loan and make available Education loan up to Rs. 30 Lakhs by effective interest rate of 0% since last 8 years.
- Bank provides financial support to PACS for strengthening their financial position out of its profit consecutively for last 11 years from 2008-09 to 2018-19.
- Bank has been certified by ISO 9001-2008 for its excellence in Management and Customer Services. And Recorded as "Cooperative Banking Topper" in Limca Book of Records 2014
- Bank has awarded by more than 80 awards from different agencies.
Board of Directors of the Bank is well experienced, educative and studious and having excellent Administration, and has introduced innovative policies considering the need of farmers and common people.
- Bank has been making profit since last 65 years from 1955.
Bank has maintained 0% Net NPA on loans and advances consecutively for 12 years from 2007-08 to 2018-19.

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Chairman

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The Editor

**'NAFSCOB JOURNAL OF RURAL COOPERATIVE
CREDIT AND BANKING'**

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The views expressed in the articles published in this journal are those of the authors of the articles and not necessarily of the NAFSCOB.



**Dr. Chandrapal Singh Yadav ji, EX. M.P. (Rajya Sabha),
Chairman, Krishak Bharti Cooperative Ltd. (KRIBHCO)**

CONGRATULATIONS

Dr. Chandrapal Singh Yadav ji, EX. M.P. (Rajya Sabha), Chairman, Krishak Bharti Cooperative Ltd. (KRIBHCO) was elected as the new ICA-AP President at the 15th ICA-AP Regional Assembly in Seoul, the Republic of Korea on 29 December 2021. He was also the President of NCUI, the apex institution of the cooperative movement in India, and on the Boards of the International Raiffeisen Union (IRU, Germany), the National Cooperative Consumers' Federation of India (NCCF) and the National Agriculture Cooperative Marketing Federation (NAFED), Cooperative Bank of India (COBI) and many other State and District Level cooperative organizations.

On this occasion Shri Konduru Ravinder Rao, Chairman, NAFSCOB and Shri Bhima Subrahmanyam, Managing Director, NAFSCOB on behalf of Board of Directors, Staff of NAFSCOB & entire Short Term Cooperative Credit Structure (STCCS) extends heartiest congratulations to Dr. Chandrapal Singh Yadav ji, Chairman, KRIBHCO.

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Cooperative Principles

1. Voluntary and Open Membership

Cooperatives are voluntary organisations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

2. Democratic Member Control

Cooperatives are democratic organisations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary cooperatives members have equal voting rights (one member, one vote) and cooperatives at other levels are also organised in a democratic manner.

3. Member Economic Participation

Members contribute equitably to, and democratically control, the capital of their cooperative. At least part of that capital is usually the common property of the cooperative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their cooperative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the cooperative; and supporting other activities approved by the membership.

4. Autonomy and Independence

Cooperatives are autonomous, self-help organisations controlled by their members. If they enter into agreements with other organisations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their cooperative autonomy.

5. Education, Training, and Information

Cooperatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their co-operatives. They inform the general public - particularly young people and opinion leaders - about the nature and benefits of co-operation.

6. Cooperation among Cooperatives

Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional and international structures.

7. Concern for Community

Cooperatives work for the sustainable development of their communities through policies approved by their members.

From the Editor's Diary. . . .



Governance in Rural Cooperative Banks

Some experts say corporate governance means doing everything better, to improve relations between companies and their shareholders, to encourage people to think long-term, to ensure that information needs of all shareholders are met and to ensure that executive management is monitored properly in the interest of shareholders. According to the Former President of World Bank, Mr. James Wolfensohn had said that corporate governance is about promoting corporate **fairness, transparency and accountability**. A more comprehensive definition has come from the Organisation of Economic Co-operation & Development (OECD) which identifies corporate governance as the system by which business corporations are directed and controlled. Here the corporate governance structure specifies the distribution of rights and responsibilities among different participants in the corporation, such as the Board, managers, shareholders and other stakeholders and spells out the rules and procedures for making decisions on corporate affairs. By doing this, not only does it provide the structure through which the company objectives are set, it also provides the means of attaining these objectives and monitoring performance. Good governance principles such as legitimacy, participation, professionalization, accountability, transparency, honesty, integrity and fairness that is also normally associated with and applicable to member centred & member driven organizations such as cooperatives which include Rural Cooperative Banks(RCBs).

All financial institutions, regardless of type, are expected to comply with the following basic standards of transparency, auditing and financial reporting. In order to generate public confidence RCBs must exercise the governance standards of; (a) Transparency - Actions of the board of Directors to be visible to all the stakeholders, (b) Compliance – comply with existing laws and regulatory standards, (c) Public Accountability – the board of directors and management must be constantly aware of the responsibilities to governmental structures including regulators, legislative bodies, to the media and the public. There are number of Perspectives of Governance. They include compliance to Regulatory perspective: Compliance to regulatory norms is Good Governance, Cooperative perspective and the principle of 'one member one vote' Country's perspective, Government point of view: Customer perspective and Bank management perspective. Infact, Good governance is taking decisions which are based on the principles of good governance and management.

According to the information available, a good number of the RCBs do not appear to be involved in Good governance and management practices. The identified issues of governance in RCBs are : (i) 30 percent of RCBs do not have elected boards, (ii) Lack of professional Boards in around 55 Percent of RCBs& Poor Governance, (iii) Member participation in governance and management ineffective, (iv) Non adherence to fit and proper criteria in Boards and appointment of CEOs, (v) Non-functional committees of the Board, (vi) Violation of Exposure Norms, (vii) Poor internal checks and control systems as a result of long pending unreconciled entries and non-clearance of Migra dump created at the time of CBS leading to rise in number of frauds, cyber incidents, NPAs, etc., (viii) Poor compliance culture – Statutory and Regulatory Agency, (ix) Credit and Risk Management guidelines seldom adopted, (x) Lacunae in accounting and audit system. (xi) serious governance issues have also been observed during the inspection of NABARD and reported in case of Loan sanctions and disbursements.

The RCBs of the country characterised by democratic federal structure and small and marginal farmers as major shareholders entails a differentiated approach to Governance that address the interests of shareholders constituted by loanee farmers, State Governments and also the non-shareholding stakeholders, i.e., depositors. The RCBs who have once been a major source of agriculture credit especially to small and marginal farmers shall have to meticulously adopt highly appreciable governance and management practices to assume again the dominant role in rural credit scenario. While the governance issues largely dealt by the State policy and the respective Cooperative Societies Acts / bye-laws of the rural credit cooperatives, the banking aspects are regulated by RBI. Under these circumstances, these financial institutions need to take cognizance of the factors that contribute to effective governance and management

Conclusion:

Adoption of good governance and best practices will definitely help RCBs to achieve sustainable competitiveness in the competitive banking sector. Most of the RCBs are as, reported have to, fully adopt good corporate governance/best practices. In order to be categorized under good corporate governance/best practices, the RCBs need to ensure (i) Regular elections to their Boards through an independent institutional setup, (ii) regulatory consent/ direction of RBI for any supersession of Boards, (iii) Appointment of CEOs of State Cooperative Banks (SCBs)/District Central Cooperative Banks (DCCBs) and nomination of Professional Directors on Boards as per Fit and Proper Criteria prescribed by RBI. Recruitment through professional agencies in a transparent manner (iv) Setting up the suitable Fraud Management System for reporting and monitoring frauds and by availing support from NABARD for software solutions to monitor frauds, (v) Adoption of good Governance Index developed by NABARD and (vi) Conduct of sensitisation programmes for BoDs on good Governance, Technology and Member Education Programme for the members. **Governance becomes vital to achieve the spelt out objectives.**

‘Co-operative Enterprises Build a Better World’

BHIMA SUBRAHMANYAM

EDITOR

ARTICLE

EUROPEAN CO-OPERATIVE BANKS IN 2020: A CONCISE ASSESSMENT

Prof. Dr. Hans Groeneveld¹

This snapshot offers a first, preliminary view of the economic and financial impact of the covid-19 crisis on 18 European co-operative banking groups on the one hand, and all their banking competitors on the other.² One take-away is that all categories of banks have – so far – weathered the pandemic rather well financially. However, there are differences in the extent to which and the way in which co-operative banks and all other banks were impacted. Before highlighting the financials, it is relevant to point out that the membership base grew by 1.2 per cent to 87 million in 2020. Measured by domestic market shares, co-operative banks further strengthened their market position in their home markets in 2020. The sharp rise in the branch market share stood out and was due to many branch closures by other banks (8.5%). The average Tier 1 ratio of co-operative banks jumped by 0.7 percentage point to a record level of 16.6. Their cost-to-income ratio remained unaltered at 64.2, whereas this metric decreased slightly to 62.4 for all other banks. The average return on equity of both co-operative banks and all other banks fell by 2.2 percentage points to 4% and 3.6, respectively. Also in the pandemic year, notable growth differences in both loans and deposits persisted between co-operative banks and the entire banking sector. Although loan growth of co-operative banks decelerated to 4.5%, it was still well above the long-term average loan growth of around 3.5% and exceeded loan expansion of the whole banking sector by almost 3 percentage points (1.7%) in 2020. Bank savings soared as a flipside to the downturn in consumption and investment. Co-operative banks and all other banks experienced deposit growth of almost 10% and 8%, respectively.

Background

In various respects, co-operative banks deviate from banks with other organisational structures. For instance, they do not have external shareholders.

Customers of local banks can become members of the co-operative and can play an active role in the governance at the local and/or central level. Co-operative banks are characterised by a dispersed ownership and they build their equity base primarily through retained earnings.

This document records aggregated financial data of co-operative banking groups, which are manually collected from public sources or provided by individual banks. Simultaneously, identical indicators were gathered or constructed from various renowned databases for national banking systems in which these co-operative banks act. This enables us to compare the consolidated financial performance of co-operative banks to that of entire banking systems. For the non-euro countries in the sample, all figures were converted into euro at the exchange rate prevailing at the statement date. Note that this research letter does not comprise a comparative analysis of the equally important non-financial performance of banks and is descriptive in nature.

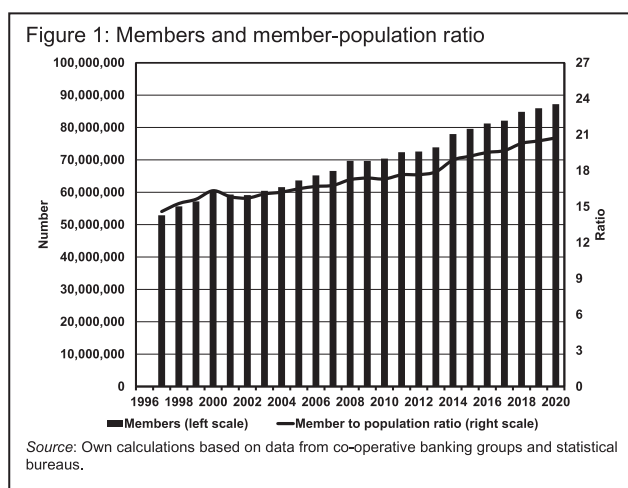
Steady member growth

Long-standing and common characteristics of co-operative banks are that their customers can become members of the co-operative. Members are users and act as owners, because they have purchased member shares yielding stable, moderate returns and/or have always decided, based on the Articles of Association approved by themselves, to add the largest part of net profits to the capital reserves. This differs from listed banks, where the owners (i.e., shareholders) are often not customers at the same time and usually receive a substantial part of the annual net profits as dividends on their shares. A divergent economic and social orientation and different internal governance arrangements reflect these features of co-operative banks. The active role

¹ Professor Financial Services Co-operatives at Tilburg School of Economics and Management, Tilburg University, The Netherlands. The author wishes to thank the European Association of Co-operative Banks, based in Brussels, for its support. For further information and/or clarification, please send an email to j.m.groeneveld@tilburguniversity.nl.

² Financial Group of the German Volks- und Raiffeisenbanken (Germany), Austrian Volksbanken Group (Austria), Raiffeisenbanken Group (Austria), Federazione Italiana delle Banche di Credito Co-operativo-Casse Rurali ed Artigiane (Italy), Unión Nacional de Co-operativas de Crédito (Spain), Banco de Crédito Co-operativo (Spain), Federação Nacional das Caixas de Crédito Agrícola Mútuo (Portugal), Rabobank (The Netherlands), Banque Raiffeisen Luxembourg (Luxembourg), Raiffeisen Switzerland (Switzerland), Nykredit (Denmark), Crédit Agricole Group (France), Crédit Mutuel Group (France), BPCE (France), OP Financial Group (Finland), Building Societies (United Kingdom), BPS Group (Poland), and SGB Group (Poland).

of members in the governance and in steering the strategic direction of co-operative banks represents a key distinguishing characteristic. Banking professionals of local or regional co-operative banks are accountable to their grass root members who they meet on a daily basis, either physically or virtually. A strong member basis is the cornerstone of co-operative banks.



In 2020, the member base of co-operative banks under review increased by 1.2 million to 87 million (Figure 1). This represents a net increase of 1.5 percent. The average long-term expansion of the number of memberships lies around 2 per cent per year. The black line represents the member-population ratio. This ratio exhibits an upward long-term trend. On average, more than 1 out of five inhabitants in the 13 European countries under review is a member of a co-operative bank.

The number of local or regional co-operative banks dropped by 3.4 per cent to around 2,671. The branch network of co-operative banks shrank by about 3 per cent. In 2020, headcount at co-operative banking groups contracted by 1.3 percent, while total bank employment dropped by 1 per cent. These downward trends have been manifesting themselves for decades by interrelated factors: governance adjustments, stricter regulations, competitive pressure, need to cut costs, etcetera.

Market shares climb further

The average domestic market shares of co-operative banks hit new records in 2020. The loan market share only increased by 0.1 percentage point, but reached its highest level ever. The strengthening of the market position in domestic deposit markets was stronger

and more pronounced at 0.3 percentage points to 22.2 (Table 1). The branch market share showed an unprecedented jump of 2 percentage points to 35.2. This was because all other banks downsized their branch networks by almost 8.5 per cent, while co-operative banks closed almost 3 per cent of their bank branches. The business orientation resulting from the member-based governance structure most likely attributed to this large difference. This does not imply that co-operative banks do not take great strides in the digitalisation and virtualisation of their financial services.

Table 1 Average domestic market shares of co-operative banking groups

	2011	2013	2015	2017	2019	2020	Change in percentage points (2011-2020)
Loans	21.2	21.8	22.1	22.6	23.0	23.1	+ 1.9
Deposits	20.9	21.5	21.4	21.5	21.9	22.2	+ 1.3
Branches	28.9	30.4	31.2	32.1	33.2	35.2	+ 6.3

Source: Own calculations based on data from co-operative banks, the ECB, and national supervisory authorities.

Like the evolution of the member base, changes in market shares are important indications of the attractiveness of co-operative banks in the eyes of members and customers. Rising member numbers and increasing market shares reflect to a large extent satisfaction with the quality, and pricing of financial services as well as with the social orientation of co-operative banks (and vice versa).

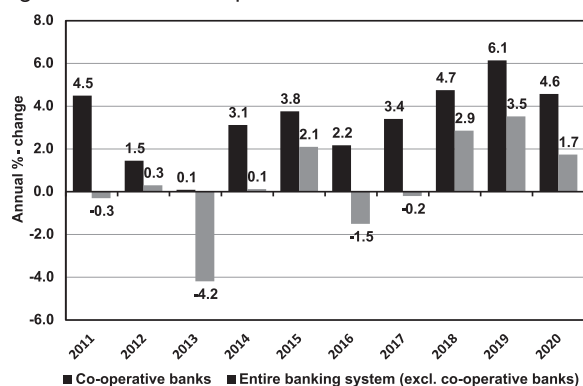
Divergent loan and deposit growth

During several full or partial economic lockdowns in 2020, co-operative banks continued to supply the real economy with new loans. In fact, their loan portfolio grew quite substantially by 4.6 per cent in 2020, following record growth in 2019 (Figure 2). All other banks recorded an increase in their outstanding loan volume of 1.7 per cent. The gap in lending growth is again remarkable and points to the specific business orientation of co-operative banks. In these challenging times, the latter were inclined and able to offer their private and corporate customers greater access to loans. Since 2011, co-operative banks granted the non-financial private sector 33 per cent additional loans. The credit volume of other banks was almost 5 per cent higher than in 2011.

The growth of deposits of both categories of banks accelerated sharply compared to 2019. This is not surprising given the subdued consumer spending and private investment due to working from home,

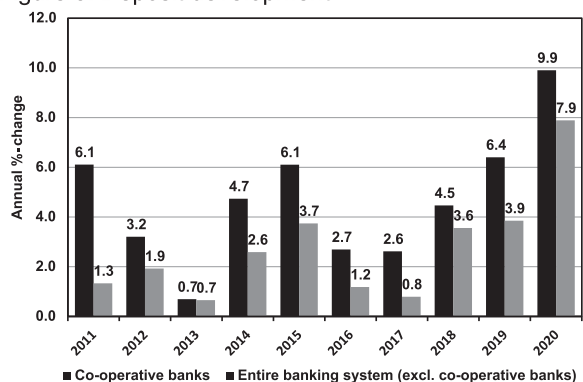
lockdowns, and travel restrictions to prevent the spread of the coronavirus. Co-operative banks' deposits increased by almost 10%, while other banks experienced deposit growth of about 8%. This is the highest rise in the last decade. Like the loan portfolio, the deposit base of co-operative banks has expanded much more rapidly since 2011. Over the period 2011-2020, the deposit base of co-operative banks increased by 48 percent compared to 29 percent of other banks. The described loan and deposit developments resulted in a slight reduction of the loan-to-deposit ratios to around 0.9 for both cooperative banks and all other banks.

Figure 2: Loan development



Source: Own calculations based on data from co-operative banking groups, national supervisory authorities and/or central banks. It concerns loans and advances to the non-financial private sector, excluding government.

Figure 3: Deposit development

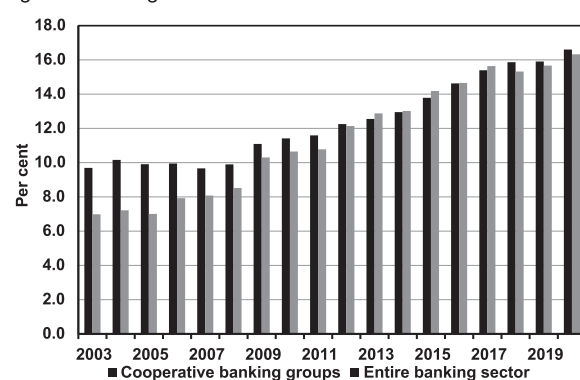


Source: Own calculations based on data from co-operative banking groups, national supervisory authorities and/or central banks. It concerns deposits from the non-financial private sector, excluding government.

Tier 1 ratio record The whole banking sector entered the covid-19 pandemic of 2020 with a solid capital buffer. As it turns out, this global health crisis has not prevented banks from further strengthening their capital cushion. The average Tier 1 ratio of co-operative banks reached a record level of 16.6, while the Tier 1 ratio of all other banks peaked at 16.3. Over a longer timespan, the stability of many individual banks has improved considerably and steadily (see

Figure 4) because of stricter regulatory requirements and quite a few economically prosperous years in the past decade. These factors have also led to a close convergence of the Tier 1 ratios across banks.

Figure 4: Average Tier 1 ratios

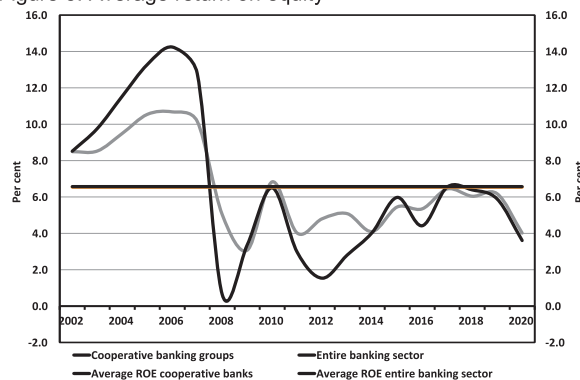


Source: Own calculations based on data from co-operative banking groups, national supervisory authorities and/or central banks.

Drop in return on equity

As expected, the global corona outbreak put pressure on bank profitability in 2020. The average ROE fell by 2.3 percentage points for both co-operative banks and all other banks (Figure 5). However, at 4% on average, the average ROE for cooperative banks was almost 0.5 percentage point higher than for the collective banking sector. Since 2017, the average ROE of both groups of banks has been almost identical and shows a completely synchronous pattern. Prior to that, their ROEs had been subject to large level and fluctuation differences. Yet their average ROE over the depicted time span has been exactly the same: 6.6%.

Figure 5: Average return on equity



Source: Own calculations based on data from co-operative banking groups, national supervisory authorities, the ECB, IMF and World Bank.

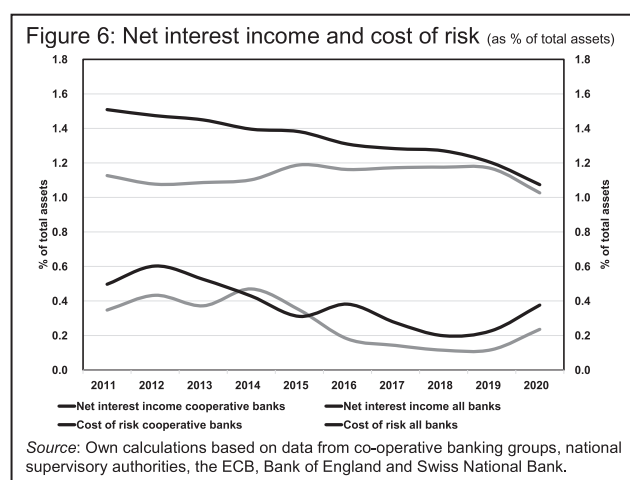
Note: The orange and black lines represent the average return on equity of respectively co-operative banks and the entire banking sector over the time-period 2002-2020.

Changes in ROE are the outcome of movements in the numerator (net profits) and denominator (equity). Regarding the former, the profit and loss accounts (P&L) of co-operative banks yield interesting insights. First, unconventional monetary policy, with negative

official interest rates, has particularly strained net interest revenues from retail banking, the core business of co-operative banks. Expressed as a percentage of total assets, this income source fell from almost 1.6% in 2011 to just over 1% in 2020. It now equals net interest income of all other banks (Figure 6). The effects of the pandemic are also clearly reflected in the increase in the P&L item 'cost of risk'. However, this surge was relatively moderate for co-operative banks. In addition, Figure 6 demonstrates that co-operative banks' risk costs are generally below those of all other banks. This points to a relatively good quality of their exposures and loan portfolio. Finally, the fall in ROE can be partly attributed to a positive denominator effect: the strengthening of co-operative banks' equity by 4%.

Stable cost-income ratio

The cost-income ratio (CI-ratio) reflects the changes in operating income and costs. The average CI-ratio of cooperative banks remained stable at 64.2. This suggests that they have almost fully compensated declining income and loan impairments by operational cost reductions. On average, all other banks experienced a modest decrease in their CI-ratio to 62.4. Underlying data show that their costs have fallen more sharply than their revenues, which is partly attributable to the previously mentioned major cuts in their branch networks.



INVITATION FOR CONTRIBUTIONS

We invite articles and research papers on any of the issues pertaining to Agriculture, Cooperatives, Rural Cooperative Credit & Banking etc. for publication in 'NAFSCOB JOURNAL' and strengthen our hands to disseminate valuable information. Each of the selected articles and research papers are entitled to an honorarium up to Rs.2000/- (Rupees Two thousand only). You may also consider to send important events with or without photographs for appropriate coverage through NAFSCOB Journal. Articles/ Research papers should be mailed to:

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ARTICLE

NEW ERA - REVOLUTIONARY CHANGES IN COOPERATIVE SECTOR**Peddinti Ganeswara Rao ***

"Temples, Churches, Masjids, Cooperative Societies are witness for this land belongs to India". It is impossible to imagine India without Primary Agricultural Cooperative Societies. If we want to know how Cooperative Societies are associated with common man's life, we can define and divide the Agricultural Sector into two parts, one is before Independence and two is after independence.

In 18th century farmers were faced many problems mainly to meet minimum capital to cultivate their land, in this juncture they were depending on Money lenders. Money lenders collected injustice interest from farmers on their Lending money. They sucked farmers' blood as cumulative interest. Here we can see two major problems one is Britishers, who came to India in the name of business to establish EAST INDIA COMPANY. British rulers imposed their Acts like "Raitwari method" "land tax policy in the year 1820, LAND IMPROVEMENT LOAN ACT 1883, and AGRICULTURAL LOAN ACT in the year 1884. Second major problem is farmers poverty, this helpless situation encashed by the some swadesi land lords, robbed the farmers lives, hold them in their grip, because of this situation, farmers were worked in their own lands as daily wage workers instead of owners. This cause leads agitation collectively against money lenders, to get their empowerment and this agitation leads villagers to form as a "SOCIETY", they were planned to help themselves through collecting some money and helped each other. Some of the braved people in villages come forward to lead the Society as president Status, and appointed a well-known person as a society secretary and also they gave their own land to Construct Own building to the Society, to empower the farmers' lives. By this efforts every farmer lived respected life in the society, this credit goes to Primary Agricultural cooperative society organizers. (Another name is Freedom fighters) We can say proudly without any doubt and hesitate Self-respect and collective agitation momentum led to freedom movement of India.

The Chittor Cooperative Bank Ltd., was established in our state in the year 1907. The EDWARD MACLAGAN

committee has reported to implement of three tire Structure. One member one vote policy made by THE BOMBAY COOP SOCIETY ACT in the year 1925. Pundit Jawaharlal Nehru had a great confidence on Primary Agricultural Cooperative Societies. First priority given to Agricultural Sector in First Five years plan after getting independence to our country in the year 1947 August 15th. This led to revolutionary thoughts in the minds of scholars. The Andhra Pradesh State Cooperative Bank Ltd., was established in the year 1963. "FATHER OF GREEN REVOLUTION" M.S. Swami Nathan invented high growth seeds in the year 1967. "FATHER OF WHITE REVOLUTION" Verghese Kurien had established an Amul society at Anand village in Gujarat state in the year 1970. This society stood in first place not only in India but also in the world milk production. Shri Chowdari Charan Singh the 5th Prime minister of India, also strongly opposed the inhuman acts of the British that would badly effect the village economy. He built an Implementable theory against robbery of Land lards.

He played a great role to make a policy and implemented of revolutionary Land reforms. We celebrate his birth day as National Farmers day on 23rd December each year. NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT (NABARD) was established in the year 1981. Professor Heeraalaal chowdari FATHER OF BLUE REVOLUTION had achieved high Fish production in the year 1985. In the year 1986 Indian Government has started Technology machine on Oil seeds to high production of oil seeds to avoid imports from other countries. Shyam Pitroda "FATHER OF YELLOW REVOLUTION" has played significant role to achieve high produce in Turmeric, which is Indians natural medicine. ROUND REVOLUTION for potatoes high production. GRAY REVOLUTION for Fertilizers high production. SILVER REVOLUTION for poultry industry as well as Eggs production. "BLACK REVOLUTION" for Petroleum high production in the year 1970. "GOLDEN REVOLUTION" for Apple fruits high production in the year 1991. "GOLDEN FIBER REVOLUTION" for high Jute production. "SILVER

*Asst. Manager, The Visakhapatnam Dist. Cooperative Central Bank Ltd., Visakhapatnam

FIBER REVOLUTION” for high Cotton production. “PINK REVOLUTION” for high production in Prawns and onions. “RED REVOLUTION” for high production in Tomato and Meet. “BROWN REVOLUTION” for high production in Leather Industry. These are all collected as first time to make as First National Agriculture policy – Indian Government introduced in the year 2000 as called as RAINBOW REVOLUTION. Innovative technology introduced in Agriculture allied activities such as Horticulture, Fish, chick, Sugarcane, farming Animals to constrictive development to gain high production to achieve the target by this mission. It indicates RAINBOW REVOLUTION. RAINBOW has a seven color, each color indicates one of the Agriculture allied activities as industry so these seven color combination is our Cooperative Flag.

According to our State, the Central Government has extended financial assistance to Primary Agricultural Cooperative Societies in the year 2007 on the recommendations of Vydhyadham committee to renaissance of Cooperative Sector. Now PACS are performing as Multy Service Centers. Their work has not only stop at lending, they were collecting paddy and corn from nearby hamlets and send to Mark fed, getting commission through this Procurement business. It gives benefit both member and as well as Society. Still Farmers are facing many problems to get good market price to their products, mainly lack of Storage facility, to avoid this situation NABARD, APCOB and DCCB gave a financial Assistance to PACS to construct Godowns , Own Building to PACS , Banking Counter, Strong Room, Cash safe, Gold loan safe, Locker facilities and providing all infrastructure like washrooms as well as bore wells.

The Visakhapatnam District Cooperative Bank Ltd., has led a significant role to achieve women empowerment through lending to Self-help groups and Joint liability groups. and the Bank has got best performance Award by NABARD to organizing Self Help Groups successfully in the year 2001- 2002 and stood first place in India in the year 2018-2019 in lending money to Formers Producers Organization led by NGO, a tribal organization working on farming agency formed as two groups. They were protected from mediators called as Brokers or Dalary System.

The Bank helps to give present market price and doing correct weigh at the farmer’s door step through FPO. The Formers Producers Organization is playing a vital role, they are giving a training to Tribal to make

Organic fertilizers, Turmeric polishing , grading activities etc., The Agricultural Department of state Government and Rytu Bharosa Kendras are educating the farmers that which crop to do , in which place to do in Rabi (Summer season) and Kharif (Rain season) and how much quantity fertilizers should be used at what time, it is very useful to Tribal people. VSP DCCB has stood in First place that The Andhra Pradesh State Government’s “Jagananna thodu “which was beneficiary scheme to Street vendors’ empowerment in the year 2021-2022. The Andhra Pradesh state Government has been encouraging farmers to community cultivation culture, through arrange a group of farmers as Rythu Club, This club activities are playing an important role as a Customer Hiring centers, like innovative machinery hiring among them to cultivating the land easily, this will lead Agriculture as profitable sector. NABARD has a MOU with HPCL to allot a license to PACS to lead the Petrol Bunk business to get self-sustainability. The Andhra Pradesh State Cooperative Bank Ltd., made a HR policy to PACS employees’ professional skills and staff recruitment time to time when ever shortage of staff requires. “One accounting system in One Sector (APCOB, DCCB, PACS) to maintain “transparency transaction”, a responsibility taken by The AP state Government and announced a policy matter that to open a new branches of DCCB in each mandal and Every three Rythu Bharosha kendras (RBK) would Monitoring by each one PACS.

The Central Government has announced to form a Cooperative ministry to streamline the Cooperative sector with coordination of concern State Governments. The first Union minister of Cooperative Shri Amit Shah was a former Chairman of an Allahabad DCCB. It is fortunate to chosen like Amit Shah by the Prime minister a person who has come politics from on basic stage of Primary Agriculture Cooperative Society. Shri Amit shah had announced that “Now we have 65,000 Pacs in all over India but it should be increase up to 3,00,000. He said that “the one and only platform to give benefits of Democracy fruits to the last beneficiary (Antyodai) through Primary Agricultural Cooperative Society “ on the dais of the India’s First National Cooperative Conference 25th Sep.2021. We celebrate the Cooperative Week on November 14 to 20, seven days every year. We are hoisting the Cooperative flag which is combination of seven colors of rainbow; this reflects of our Agriculture Allied activities. “In coming days mostly by 2030

Cooperative sector may occupy Lion Share in Indian banking system." "Cooperative ministry" Newly formed ministry of cooperation by the Government of India. This is a Continuances progress of Revolutionary changes in Cooperative Sector. In this occasion we would recollect that the India first Prime

Minister Pandit Jawaharlal Nerus' words about PACS "Kashmir to Kanya kumari development of our rual India future depends upon the Primary Agriculture Cooperative societies which are concerts as Multy Service centers".

प्रेस प्रकाशनी PRESS RELEASE



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November 22, 2021

Caution against various Co-operative societies using the word "Bank" in their names

The Banking Regulation Act, 1949 (BR Act, 1949) was amended by the Banking Regulation (Amendment) Act, 2020 (Act 39 of 2020) which came into force on September 29, 2020. Accordingly, co-operative societies cannot use the words "bank", "banker" or "banking" as part of their names, except as permitted under the provisions of BR Act, 1949 or by the Reserve Bank of India (RBI).

It has come to the notice of RBI that some Co-operative Societies are using the word "Bank" in their names in violation of Section 7 of the Banking Regulation Act, 1949 (As Applicable to Co-operative Societies) (the BR Act, 1949).

It has also come to the notice of RBI that some Co-operative societies are accepting deposits from non-members/ nominal members/ associate members which tantamount to conducting banking business in violation of the provisions of the BR Act, 1949.

Members of the public are hereby informed that such societies have neither been issued any licence under BR Act, 1949 nor are they authorized by the RBI for doing banking business. The insurance cover from Deposit Insurance and Credit Guarantee Corporation (DICGC) is also not available for deposits placed with these societies. Members of public are advised to exercise caution and carry out due diligence of such Co-operative societies if they claim to be a bank, and look for banking license issued by RBI before dealing with them.

Press Release: 2021-2022/1230

(Yogesh Dayal)
Chief General Manager

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- Mortgage Loan for 10 years
- Personal Loan for 7 years @14% p.a.
- Business Loan
- Agricultural & Allied Activities Loans at Subsidized rates
- KCC Loans @ 7% p.a.
- SHG, JLG, NRLM, Microfinance Loans @ 12% to 13% p.a.
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SPECIAL FEATURE

33rd ICA WORLD COOPERATIVE CONGRESS

Cooperators from across the globe met in Seoul, the Republic of Korea for the 33rd International Cooperative Alliance (ICA) World Cooperative Congress from 1 to 3 December 2021. It was a hybrid event with participants attending in-person and online.

The theme for the Congress 2021 was, “Deepening our Cooperative Identity” to strengthen the cooperative movement’s role in addressing global challenges and explore avenues to improve lives at the local and global levels. Within this, four themes explored how cooperatives examine, strengthen, commit to, and live the cooperative identity.

The Opening Ceremony on December 1 was a gala affair. ICA Director-General, Mr. Bruno Roelants introduced the Congress theme and sub-themes, calling on in-person and online delegates to contribute to the discussion around deepening the cooperative identity.

ICA President, Mr. Ariel Guarco said, “it is a real honour to open this Congress in your presence. We are profoundly grateful to our members in Korea for their hospitality. At this World Cooperative Congress we will seek to share learning and build new proposals to deepen our Cooperative Identity in a global scenario still critical and uncertain in health, economic, social and environmental terms.”

Mr. Sung-hee Lee, Chairman of the National Agriculture Cooperative Federation, welcomed the delegates, and said, “despite challenging circumstances, we have managed to come together. The Congress serves as a compass to provide direction to cooperatives across the world. We hope

we can devise new ways to strengthen the global cooperative movement.”

President of the Republic of Korea, Mr. Moon Jae-in, who delivered the keynote address said, “sustainable development is in the hands of cooperatives. Solidarity and cooperation should be spread across the world. I express support to cooperatives which creates a better world for all.”

The Congress also heard from the Minister of Economy, Hong Nam-ki, who highlighted the important role of the social economy in Korea.

Over the three days, Congress delegates explored cooperatives’ role in tackling some of the most pressing global challenges in order to build a more secure future. Using the current COVID-19 and climate crises as a framework, discussions were aimed to deepen the cooperative identity by examining its values, strengthening its actions, committing to its principles and living its achievements.

Since a case of COVID-19 was detected, the activities of the last day were halted. The ICA Congress team is preparing an online closing of the Congress that will include the outcomes of the discussions, the words of Spanish Labour minister Yolanda Diaz and a message from ICA President, Ariel Guarco. The date for this will be communicated soon.

Cooperators are encouraged to visit the Congress online platform, which will be available until 18 February, to review sessions and to continue thinking of ideas and steps to take to deepen our cooperative identity.

Appeal for Advertisement in the 'NAFSCOB Journal of Rural Cooperative Credit and Banking'

NAFSCOB invites advertisements to publish in its 'NAFSCOB JOURNAL OF RURAL COOPERATIVE CREDIT AND BANKING' quarterly Journal which has a wider circulation among the member SCBs, DCCBs, refinancing institutions, Government of India and other National Level Organisations. Also, it has been decided to provide opportunities to all the cooperative organisations to disseminate their activities & achievements through our NAFSCOB JOURNAL.

The issue covers articles, case studies/profile, special features, information/data etc. on cooperative credit and banking sector. Efforts are being made to improve the quality of presentation and contents of the journal on various issues related to Cooperative Credit Institutions. The Journal also provides opportunities to the member banks, various other cooperative organisations and also the cooperative researchers etc. to disseminate information on their performance, findings, innovative banking practices and innovations in the banking sector etc. and the need for active participation of SCBs is felt to make the cost of the Journal viable and most meaningful. The issue also covers a pictorial presentation of the important moments etc. and publishing of such issue involves expenditure. Therefore, we solicit your support in the form of your bank's advertisement to meet a part of the expenditure for bringing out the issue. The details of the revised advertisement tariff* are given below:

Page	Single Issue	Yearly (4 issues)
4 th cover page (Colour only)	₹. 8,000	₹. 30,000
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Inside full Colour page	₹. 6,000	₹. 20,000
Inside full page (Black & White only)	₹. 4,000	₹. 15,000

* w.e.f. 1/04/2019

In order to make the NAFSCOB JOURNAL more viable, meaningful and effective clearing house of thinking and information for cooperatives, we kindly request you to extend your support by advertising through it. The matter and material for advertisement may kindly be sent in CD format or by-mail (nafscob@nafscob.org) to NAFSCOB JOURNAL along with the cheque/ draft in favour of "National Federation of State Cooperative Banks Ltd." payable at Mumbai** to the below given address.

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SPECIAL FEATURE**ICA-AP REGIONAL BOARD ELECTIONS**

The ICA-AP elected its new board at its 15th Regional Assembly in Seoul, the Republic of Korea. The latter half of the regional assembly included the election of ICA-AP Regional Board which took place in two phases. Phase 1 was the election of Regional Board members and phase 2 was the election of ICA-AP Vice Presidents and President.

An elections committee was appointed to oversee the elections process including Dr. Robby Tulus - ex Regional Director, ICA-AP; Professor. Seungkwon Jang - Professor of Business Administration, Department of Management of Cooperatives, Graduate School Cooperative MBA, Graduate School of Social Economy, Sungkonghoe University, Korea; and Ms. Stefania Marcone - Chief of International Relations and European Policy, Legacoop, Italy.

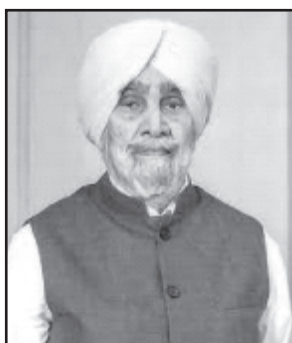
Phase 1 election started with remarks by the 12 candidates contesting for the Regional Board, followed by electronic voting. A special voting booth was set up at the venue in Seoul, but most of the

members chose to vote online. The candidates elected to the board are Dr. Chandrapal Singh Yadav from India, Mr. Cai Zhenhong from China, Dato Dr. Abdul Fattah Abdullah from Malaysia, Ms. Chitose Arai from Japan, Ms. Natalie Browning from Australia, Mr. Mohamadali Zeygami from Iran, Mr. Sung-hee Lee from Korea, Mr. Min Raj Kadel from Nepal, Mr. Antonio Aranas from the Philippines, Mr. Sarath Weerasiri from Sri Lanka, and Dr. Nguyen Ngoc Bao from Vietnam.

For phase 2 elections, three nominations were received for the position of Vice-Presidents from China, Iran, and Malaysia and two nominations were received for the position of President from India and Japan. Dr. Chandrapal Singh Yadav (NCUI, India) was elected President, with Mr. Cai Zhenhong (ACFSMC, China) and Dato Dr. Abdul Fattah Abdullah (ANGKASA, Malaysia), joining him as Vice-Presidents.

The elections concluded with closing remarks by Mr. Iyer and congratulatory wishes to the new Regional Board.

OBITUARY



Late Shri Balvinder Singh Nakai
Chairman, Indian Farmers Fertiliser Cooperative (IFFCO)

Shri Balvinder Singh Nakai passed away on 11-10-2021 after a brief illness. Shri Nakai was Chairman of IFFCO and an eminent farmer - cooperator, and was deeply involved in providing strength to Indian cooperative movement for the last three decades. Demise of Shri Nakai left a wide gap in the Indian Cooperative movement which shall difficult to fill.

We at NAFSCOB express our profound grief in the demise of Shri Balvinder Singh Nakai and offer our condolences to the bereaved family. We pray to the Almighty God to rest the departed soul of Shri Balvinder Singh Nakai in peace and give strength and courage to his bereaved family to bear this great loss.

OM SHANTHI

SPECIAL FEATURE**WORLD COOPERATIVE MONITOR 2021 LAUNCHED**

The 10th edition of the World Cooperative Monitor (WCM) 2021 was launched on 30 November during a dedicated session ahead of the World Cooperative Congress in Seoul. The WCM is published by the International Cooperative Alliance (ICA) with the scientific and technical support of the European Research Institute on Cooperative and Social Enterprises (Euricse).

The 2021 edition is based on data collected in 2019 and features rankings based on turnover as well as the ratio of turnover over the gross domestic product (GDP) per capita. It includes as an evaluation the actions of the Top 300 cooperatives in terms of environmental sustainability, human rights and equitable growth. The Monitor also provides a series of examples of how cooperatives came to the aid of their communities during the COVID-19 pandemic.

The Top 300 cooperatives and mutual enterprises (CMEs) report a total turnover of 2,180 billion USD, based on 2019 financial data. From the Asia and Pacific region, 57 CMEs are featured in the Top 300

ranking by Turnover/GDP per capita - Japan (27), India (14), New Zealand (5), Republic of Korea (4), Australia (2), Singapore (2), Malaysia (1), Russia (1), and Saudi Arabia (1).

The five CMEs from the region within the global top 10 rankings by turnover/GDP per capita are the Indian Farmers Fertiliser Cooperative Limited, India (number 1), Gujarat Cooperative Milk Marketing Federation, India (number 3), the National Federation Of Agricultural Cooperative Associations - Zen-Noh, Japan (number 6), Nippon Life, Japan (number 9), and Nonghyup or National Agricultural Cooperative Federation, Korea (number 10).

Per capita GDP is a metric that breaks down a country's GDP per person and is calculated by dividing the GDP of a country by its population. The ratio of turnover over GDP per capita measures the turnover of the Top 300 CMEs in terms of the purchasing power of an economy, relating the turnover of the enterprise to the wealth of the country.

Cooperative - Values

Co-operatives are based on the values of **self-help, self-responsibility, democracy, equality, equity** and **solidarity**. In the tradition of their founders, co-operative members believe in the ethical values of honesty, openness, social responsibility and caring for others.

Cooperative - Identity

A co-operative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise.

SPECIAL FEATURE

CENTENARY CELEBRATIONS OF KARIMNAGAR DISTRICT CENTRAL COOPERATIVE BANK



The Karimnagar District Central Cooperative Bank (KDCCB) with headquarter at Karimnagar was established in the year 1921. Reserve Bank of India granted Banking licence to KDCCB on 28-11-2011. The KDCCB Celebrated centenary year of its excellent existence & performance on 29-12-2021. It is a remarkable accomplishment and certainly something worth to celebrate. KDCCB remains fully and firmly committed to all round and inclusive development. The affairs of the KDCCB are governed & managed by a 15 member democratically elected cooperators under the chairmanship of Shri. Konduru Ravinder Rao who is also Chairman of National Federation of State Cooperative Banks (NAFSCOB) since 29-12-2020.

Shri K Eshwar, Minister for Social Welfare, Telangana State and Shri G. Kamalakar, Minister for Civil Supplies, Telangana State inaugurated the Centenary Celebration of KDCC Bank on 28-12-2021 at Karimnagar, Dr. Govinda Rajulu Chinatala, Chairman, NABARD was also present. On this occasion, Shri K Eshwar, Minister for Social Welfare, Telangana State called upon the NABARD to take steps towards setting up more processing units to ensure a market to farm produce and increase the farmers' income. He appreciated the KDCCB for its progress and emerging as a role model in the country by making profits. Dr. Govinda Rajulu Chinatala, Chairman, NABARD lauded the Karimnagar DCCB governing body for its best governance and for emerging as the best cooperative bank in the country and for winning several national awards. He launched a Mobile App and IMPS services to launch the digital services by the KDCCB which was the first cooperative bank in the State to offer digital banking services to its customers on par with commercial banks. Shri G. Kamalakar, Minister for Civil Supplies, Telangana State suggested the bank's governing body to strive hard to serve the

economic empowerment of all sections of society and provide loans to youth to help them take up self-employment. Dr. Chandra Pal Singh Yadav ji, Ex. MP (Rajya Sabha), Chairman, KRIBHCO and President, ICA-AP, Shri Dileep Sanghani, Ex M.P, Ex. Minister, Gujarat, President, NCUI, Dr. Bijender Singh, Ex. MLA, Chairman, NAFED, Dr. Sunil Kumar Singh, MLC, Chairman, Bihar State Cooperative Marketing Union Ltd. (BISCOMAUN), Shri Konduru Ravinder Rao, President, KDCCB & Telanagan SCAB, Chairman, NAFSCOB and Shri Bhima Subrahmanyam, Managing Director, NAFSCOB and President, ICBA were also present.

It is very much pleased to recall & record that the Jury constituted by NAFSCOB to recommend the Performance Awards adjudged KDCCB as the best among the DCCBs in the country. KDCCB is the recipient of the performance achievements awards at All-India level from NAFSCOB for consecutive years 2015-16, 2016-17, 2017-18 and again the First best performance award for the year 2018-19.

KDCCB also achieved many distinctions and received Plaque of appreciation in addition to Awards, from reputed organisations in the country.

It is very much pleased to acknowledge with appreciation the contributions of KDCCB & KDCCB as a part of 3 Tier short term cooperative credit structure demonstrates that 3 tier structure is very well conceived and best suited to cater to the needs of all segments of rural community and to cater to banking needs. All these achievements are rightly attributed to the governance of elected management with professional style of leadership by the Chairman and ably supported by Chief Executive & members of staff.

The centenary celebrations were held under the chairmanship of Shri Konduru Ravinder Rao, President, DCCB.

EVENTS OF ICBA

**International Cooperative Banking
Association (ICBA) organised the following
Events on 30-11-2021 in Seoul,
Republic of South Korea:**

- 1. General Body Meeting**
- 2. Board of Directors Meeting**
- 3. Webinar on “Sharing Digitisation Strategies
Among Credit Unions and Cooperative
Banks”**

**In addition to the above
Mr. Ariel Guarco, President,
International Cooperative Alliance (ICA)
graced the ICBA Events as
Chief Guest and delivered Key note address.**

SPECIAL ADDRESS : Reproduced OWNERSHIP & GOVERNANCE - BUILDING THE EDIFICE FOR DIGITAL INNOVATIONS¹

Shri M. Rajeshwar Rao*

Ladies and Gentlemen.

Thank you for inviting me this evening to the Mint's Annual Banking Conclave. The organisers have quite aptly selected an extremely topical and contemporary theme, i.e., Future of Banking: Navigating a Digital Opportunity for this year's conclave. During the previous edition of this conclave, I remember Governor Shaktikanta Das speaking about digital disruptions and blurring of boundaries between traditional banks and FinTech & BigTech. Looking at the constellation of speakers who have been engaging with you, I am sure you all have had an extremely enlightening discourse on several of the emerging issues during the conclave.

2. The technological and digital innovations have improved the efficiency, productivity, and competitiveness in the delivery of financial services. Their role in furthering the financial inclusion and reducing the cost of financial intermediation is well recognised. However, such innovations have also given rise to newer challenges for all stakeholders. While customers face issues of mis selling, data security and privacy as well as identity theft problems, regulators and supervisors need to increasingly engage with issues around customer protection, ethical conduct, regulatory arbitrage, and concerns about financial stability. In turn, the regulated entities need to be on their toes to face up to everchanging competition and business disruptions through technology driven innovations, requiring them to fine-tune and sometimes alter their business plans, re-orient their strategies and manage the concomitant risks.

3. Given this backdrop, I thought I could briefly focus the spotlight on business conduct and governance issues in financial services, which assume greater relevance in times of innovation, change and business disruptions. These in my view are the key soft pillars which build the edifice of a successful financial institution, more so in these challenging

times. In particular, there is a need to reflect on the role and expectations from the governance architecture viz., the Board and its Committees, the Independent Directors and the assurance functions in banks and other financial institutions.

4. Before I talk about governance related issues, let me briefly dwell upon the concerns around the ownership and corporate structure for private sector banks drawing largely on the recommendations of the Internal Working Group (IWG) constituted by the Reserve Bank to examine these issues. The Reserve Bank has accepted 21 out of the 33 recommendations made by the group and had announced this decision on November 26, 2021. However, there are some issues where the recommendations have been extensively debated and therefore require further examination.

Licensing and ownership of private banks in India

5. It is generally accepted that a deep, stable, and sound financial system contributes to economic growth. But for growth to be truly inclusive, broadening and deepening the reach of formal finance is a pre-requisite. Access to formal finance is especially critical for the lower income groups as it provides them with the opportunities to save, invest, avail of credit, and grow their incomes through productive enterprises and activities. This provides them the much-needed insurance against future income shocks and helps them to manage emergencies. The guidelines for licensing of new banks in the private sector issued by the Reserve Bank since the initiation of financial sector reforms in early nineties, have been guided by the above philosophy. In addition, the choices have also been informed by the need to instil greater competition in the banking system to increase productivity and efficiency. So far, eight sets of licensing guidelines have been issued by the Reserve Bank, of which four are for universal banks and four pertain to differentiated banks.

¹ Remarks delivered by Shri M. Rajeshwar Rao, Deputy Governor, Reserve Bank of India – December 15, 2021 - in the Mint Annual Conclave at Mumbai. The inputs provided by Shri Navin Nambiar and Shri Pradeep Kumar are gratefully acknowledged.

6. After the recent IWG report, the public discourse has mostly been concentrated on their recommendation for granting banking license to large industrial houses. However, a little historical perspective on this issue would be helpful. In the licensing guidelines issued in 1993, there was no explicit ban on setting up banks by large corporate/ industrial houses; The licensing guidelines of 2001 did not allow banks to be promoted by a large corporate/ industrial house, while in terms of the 2005 guidelines on ownership and governance in private sector banks, large industrial houses were allowed to acquire up to 10 per cent holding in a bank with the prior approval of the Reserve Bank. Under the licensing guidelines issued in 2013, the banks were to be mandatorily set up through a wholly owned Non-Operative Financial Holding Company (NOFHC). Individuals were not allowed to promote banks under these guidelines, but again there was no bar on large corporate/ industrial houses to be promoters. The 'on-tap' guidelines of 2016 defined large industrial houses and restricted them from promoting a bank, but at the same time, they were permitted to invest in a bank to the extent of 10 per cent. The small finance banks (SFBs) licensing guidelines issued in 2014 and 2019 made large public sector entities and industrial houses, including NBFCs promoted by them explicitly ineligible to set up such banks.

7. Many committees set-up on the subject in the past as well the IWG have acknowledged that the large corporates/ industrial houses can be an important source of capital and can provide management expertise and strategic direction given their pool of entrepreneurial and managerial talent. There is also the issue of finding fit and able promoters with deep pockets to set up a large technologically equipped universal bank. However, at the same time concerns were raised by all of them, including the IWG, on the attendant risks which come to fore. These include - conflicts of interest through self-dealing at the expense of bank clients and in the transactions between the bank and its affiliates, favouring associates for extending loans and undermining the neutrality and independence in deciding allocation of credit and constricting the flow of credit to competitors. Caution was also warranted around issues of connected lending, complex web of group structures, crossholding as well as presence of large number of unregulated entities in the group, as these

would stretch the RBI's regulatory and supervisory resources. Another oft-quoted argument also points to the principles of separation of banking and industry/business. While it is an accepted fact that the relationship between financial economy and real economy is symbiotic, de facto merger of the segments may actually aggravate the systemic risks.

8. Given that banking is a highly leveraged business dealing with public money, it makes sense to keep Industry/ business and banking separate. This separation is expected to avoid spill over risks - where trouble anywhere in the group entity may result in transferring risks on to the depositors, leading in turn to claims on deposit insurance with subsequent ripple effects cascading across the largely interconnected financial systems, creating concerns around financial stability. These issues have been flagged by the IWG also and therefore, it is necessary that we closely examine the related matters before thinking of permitting large industrial houses or NBFCs owned by such houses to set up any new bank. To conclude, let me just say that the jury is still out on the issue.

Shareholding and Structure

9. Diversification of ownership in banks is considered desirable in the long run as concentrated shareholding may expose them to the problem of moral hazard. As such there was a regulatory cap of 15% prescribed on promoters' holding in long run. At the same time, diversified ownership alone is not a panacea for corporate governance concerns. The views expressed by P. J. Nayak Committee (Committee to Review Governance of Boards of Bank in India) in 2014 was that if the maximum shareholding for promoter investor(s) is set very low, banks could be more vulnerable as the alignment of incentives between shareholders and management could weaken (managements could then be primarily concerned with their own interests rather than those of shareholders). This issue could be a greater concern than the risks emanating from concentrated holding. Further, the shareholders, if very small can become disengaged from the affairs of the bank. Recognising this dilemma, the IWG has recommended that the cap on promoters' holding in long run be raised to 26% (from existing 15%). We have agreed with the views of the IWG which have tried to strike a balance between the challenges posed by concentration of ownership on the one hand and diffusion of ownership on the

other. Even for non-promoter holdings, lower sub limits (10 percent) for natural persons and non-financial entities on one hand and slightly higher (15 percent) limit for well diversified financial entities (excluding those belonging to industrial houses) has been prescribed. This stance allows for greater flexibility for augmentation of capital even while drawing comfort from the statutory ceiling of 26% on voting rights. Needless to mention, the Reserve Bank can also exercise its judgement on such matters using the “fit and proper” requirements as is the case in various global jurisdictions.

10. From the perspective of addressing the issues which may emanate from complex group structures and opaque cross holdings, NOFHC has been considered as one of the most appropriate structure to ring-fence a bank from the spill over effects of other entities in the group. Recognising this fact, RBI has made NOFHC structure mandatory for the banks licensed since 2013. However, the transition of banks, which were licensed before 2013 and have other entities in the group, to NOFHC structure is another challenge that needs to be addressed due to various complex issues involved. These issues too need careful examination.

11. Finally, the overwhelming number of responses/comments on the report of IWG gave us a very diverse set of views from a wide spectrum of stakeholders. This corroborates the importance and complexities of the issues around ownership, control, and corporate structure of private banks. It is precisely for these reasons, we have decided that some of the recommendations of the IWG need wider stakeholder consultation, deeper examination from various angles, including legalities, and may also require engagement with various other agencies and regulators.

Let me now discuss on the important issue in current milieu – corporate governance.

Importance of Governance in Financial Institutions

12. A sound, efficient and robust financial intermediation structure facilitates optimal allocation of financial resources in the economy. For this, the trust of all stakeholders, especially of depositors in case of banks, is a pre-requisite. While legal and regulatory architectures provide a broad framework to maintain this trust, the trust needs to be grounded in good governance and ethical conduct of the

institutions and their functionaries. The banks tend to be well regulated and are intensively supervised but any erosion of public trust in financial institutions cannot be countered with regulatory prescriptions or supervisory rigours alone. Therefore, to mitigate the ‘risk of failure’ emanating from governance issues, the standards expected of banks are always higher than those from other entities. The same principle would apply to other regulated entities engaged in financial intermediation, albeit in varying degrees.

13. For ensuring sound corporate governance, we need to be mindful of two key challenges. First, dominant shareholders exercising relatively more control may not optimise the interest of all stakeholders. Second, a self-serving management may have perverse incentives to take advantage of the diversified, diffused, or passive nature of other stakeholders. While separation of ownership from control must be a dominant response to address the first challenge, in order to address the second challenge, it is important to ensure that the incentives of the management are aligned with the interest of depositors and other stakeholders.

14. In the domestic context, growing size and complexity of India’s financial system highlights the need to strengthen the governance standards in banks by increasing scrutiny of the role of promoter(s), major shareholder(s) and senior management vis-a-vis the role of the Board. To this end, Reserve Bank issued a discussion paper on ‘Governance in Commercial Banks in India’ in June 2020, the intention of this Discussion Paper was to enhance governance standards in banks and to align the current regulatory framework with global best practices albeit with the domestic contextualisation. Based on the suggestions made in the Discussion Paper and the public feedback on these suggestions, the Reserve Bank issued instructions² earlier this year regarding the Chair and meetings of the board, composition of certain committees of the board, age, tenure and remuneration of directors, and appointment of the whole-time directors (WTDs).

15. In the parlance of regulation, prudential regulation and conduct regulation denote what is commonly known as twin peaks. In RBI, we are looking at these two important aspects through the prism of governance with equal emphasis on conduct of business besides prudence, which I suppose would have been visible to you by now. It’s no doubt



Bhima Subrahmanyam, President, ICBA and Managing Director, NAFSCOB exhibiting the ICBA Study Reports during ICA-AP General Assembly held in Seoul, the Republic of Korea on 30 November 2021.



Mr. Ariel Guarco, President, ICA is welcomed by Bhima Subrahmanyam, President, ICBA and Managing Director, NAFSCOB to the General Assembly & other events of ICBA held in Seoul, the Republic of Korea on 30 November, 2021.



Mr. Bhima Subrahmanyam, President, ICBA and M.D., NAFSCOB presenting to Mr. Ariel Guarco, President, ICA the publications of ICBA: (i) Sustainable Development Goals & Objectives Contribution of Cooperative Banks, (ii) Regulation and Sustainability of Cooperative Banks: A cross Country Study and (iii) Reports of Country Papers during ICBA events/meetings held in Seoul, Republic of Korea on 30 November, 2021.



Mr. Bhima Subrahmanyam, President, ICBA and M.D., NAFSCOB presenting publications of ICBA: (i) Sustainable Development Goals & Objectives Contribution of Cooperative Banks, (ii) Regulation and Sustainability of Cooperative Banks: A cross Country Study and (iii) Reports of Country Papers to Mr. Jean-Louis Bancel, Board Member, ICA. Mrs. Isabelle FERRAND, Board Member ICBA is also seen in the picture during ICBA events held in in Seoul, Republic of Korea on 30 November, 2021.



Dr. Chandra Pal Singh Yadav, Ex. M.P., Chairman, KRIBHCO was elected as President of ICA-AP at the 15th ICA-AP General Assembly held in Seoul, the Republic of Korea on 30 November 2021. Shri Tarun Bhargava, Jt. General Manager, IFFCO, Shri Dileep Sanghani, Ex. M.P./ Ex. Min., Gujarat, President, NCUI and Shri Bhima Subrahmanyam, President, ICBA and Managing Director, NAFSCOB are seen congratulating him.



Mrs. Sifa Chiyoge, Regional Director, ICA-Africa, Shri Bhima Subrahmanyam, President, ICBA and Managing Director, NAFSCOB and Mr. George Magutu Mwangi, Chairman, KUSCCO, Kenya and Board Member, ICBA during 33rd ICA World Cooperative Congress held on 1-12-2021 in Seoul, the Republic of Korea.



Shri Konduru Ravinder Rao, Chairman, NAFSCOB and President, TSCAB, President, Karimnagar DCCB is being presented a plaque of appreciation on the eve of centenary celebration of KDCCB on 28/12/2021 at Karimnagar. Shri Dan Singh Rawat, Chairman, Uttarakhand SCB and Vice Chairman, NAFSCOB, Shri Khushi Ram Balnatah, Ex. MLA, Chairman, Himachal Pradesh SCB and Vice Chairman, NAFSCOB, and Shri Bhima Subrahmanyam, M.D., NAFSCOB, Smt. Mallela Jhansi Rani, Person-In-Charge, APCOB, Smt. T Lalmuanpuii, Chairperson, Mizoram SCB and Vice-Chairperson, NAFSCOB and Dr. Nethi Muralidhar, M.D., TSCAB, Shri O. E. J. Nongbri, M.D., Meghalaya SCB and Shri N. Satyanarayana Rao, CEO, KDCCB are also seen.



Shri Konduru Ravinder Rao, Chairman, NAFSCOB and President, TSCAB, Shri Khushi Ram Balnatah, Ex. MLA, Chairman, Himachal Pradesh SCB and Vice Chairman, NAFSCOB, Shri Dan Singh Rawat, Chairman, Uttarakhand SCB and Vice Chairman, NAFSCOB, and Shri Bhima Subrahmanyam, M.D., NAFSCOB during NAFSCOB Executive Committee Meeting held on 28-12-2021 at Karimnagar, Telangana.

essential for the management to deliver good performance but more importantly this should be achieved by adhering to acceptable customer and market conduct and best corporate governance practices. RBI has also taken some initial steps for direct interface with board or board/ committee chairs when there are concerns to show its seriousness or when there is a need for direct dialogue.

Roles and Expectations from the Board and its Committees

16. The overall responsibility of fostering a culture of good governance in banks rests with their Board of Directors. The Board should set the “tone at the top” and oversee management’s role in fostering and maintaining a sound governance, compliance, and risk culture. This responsibility has been bestowed on the Board and its Directors irrespective of the fact that who appoints them. The Board is expected to ensure that the bank is run by professionals with integrity, complies with all regulatory and legal requirements, and conducts its business in accordance with high professional and ethical standards.

17. For the Board to gain deeper insights to engage with the management in a credible and constructive manner, it would be necessary.

- For the committees of the board to have directors with the necessary specialist knowledge or practical experience consistent with the mandate given to various committees.
- To ensure the presence of majority of independent directors on board and various committees, to increase the probability of credible critique of the management proposals.
- To ensure that the channels of information to the specialised supervisory committees of the Board are independent of the influence of the risk takers.

18. These measures could significantly enhance the quality of decisions by the Board and its committees, especially the key committees viz., the Audit Committee, the Risk Management Committee and the

Nomination and Remuneration Committee. There is often a fine balancing act to be played by the Board in response to the complex interplay between dominant shareholder(s), minority shareholders and management. The ability of steer through this distinguishes an effective Board from an ordinary one.

‘Independence’ of Independent Directors

19. Independent Directors are necessary to counterbalance interests that are well represented on the Board with those who do not have representation or are inadequately represented on the board. Independent Directors help to bring in clarity regarding responsibilities and also enhance accountability of the management to the stakeholders. The most effective Boards are the ones that can overcome the challenges of the ‘principal-agent’ relationship and resolve the information asymmetry conundrum. The degree of this asymmetry is bound to increase in large and complex entities. To resolve this challenge, the independent directors need to recognise that they are the ones who must overcome the information asymmetry. Remember, it is the management which functions under the superintendence, control, and direction of the board. Why else would a board need to exist? Of course, for this to happen, the Independent Directors need to be truly independent in form and in substance.

Compensation practices

20. Remuneration policy forms an integral component of internal governance structure of the bank which enables the Board to reward good performance and acceptable risk-taking behaviour. It also gives a tangible tool in the hands of the Board (or by delegation to Nomination and Remuneration Committee of the Board) to align risk taking behaviour of the key risk takers with the approved risk appetite and strategic direction. Within this perimeter, it is the entrepreneurial spirit of various risk takers which drives the entity towards achieving its objectives.

21. While existing guidelines for private sector banks in India require that compensation of CEOs, whole time directors, control function staff and material risk takers (MRTs) shall be adjusted for all types of risks

² <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12078&Mode=0>

³ BCBS (<https://www.bis.org/bcbs/publ/d328.pdf>)

and is sensitive to the time horizon of the risks, we often see misalignment in the performance of the entity and compensation proposals recommended to the NRC/ Board. Let me emphasize- the last thing RBI would like to do is to decide remuneration of individual bank executives which is essentially a board / NRC function. But there are at times situations where the internal and external equity of such compensation is not adequately justified in the proposal. We need to remember that perverse incentives may lead to reckless behaviour or higher risk taking which may manifest itself over a period. The compensation practices, where employees were often rewarded for increasing short-term profit without adequate recognition of the risks and long-term consequences amplified excessive risk taking that severely threatened the global financial system in 2008.

Concluding thoughts

22. Covid has all of us taking a new perspective of everything in our life. In the beginning of the first wave of the epidemic, everybody was scrambling for 'immunity boosters' in whatever form it could be sold to them. Corporate Governance to banks during tough times is what immunity is to an individual at times of health scare. The development of immunity is complex and takes lifelong ingestion of healthy and positive practices. Like human longevity, the sustainability of banking business comes from the healthy corporate governance practices.

23. As we collectively aspire for an efficient financial intermediation with positive spill over to the real sectors, we need to remind ourselves that these aspirations are set in an increasingly competitive,

diverse, interconnected and market driven ecosystem. It is important in this context to gain and retain the trust of other stakeholders such as depositors and various providers of financial resources. This is best ensured by the governance, control, and assurance functions in financial institutions. Governance frameworks can be pictured of as a complex mesh of nuts and bolts holding the financial pillars of capital, assets, deposits, and investments in place and keeping the structure of the bank upright. As we strive to recover from the pandemic, financial institutions will need extraordinary amounts of financial resources to support growth to realise our visions for a brighter tomorrow. Raising these resources would not be a constraint for financial intermediaries with robust governance frameworks as they can command a governance premium. This premium in turn will be driven by expectations from the leadership at the top. After all, it only takes a few to make a difference.

My best wishes for you to get the governance right as you get ready to navigate through the digital opportunities that lie ahead!

Thank you.

BOARD MEETING**NATIONAL FEDERATION OF STATE COOPERATIVE BANKS LTD.****Vashi, Navi Mumbai****Board Meeting Held on 28-12-2021 at Karimnagar****ISSUES DELIBERATED**

- | | |
|---|--|
| <ol style="list-style-type: none"> 1. RBI Monetary Policy Statement, 2021-22-Resolution of the Monetary Policy Committee (MPC), October 6 to 8, 2021. 2. Advise and Data Format of RBI for Furnishing of Credit Information to Credit Information Companies. 3. Provision of Short-Term (ST) refinance by NABARD to State Cooperative Banks for financing Seasonal Agricultural Operations (SAO) - Policy for F. Y. 2021-22. 4. TNABARD Circular on Long-term refinance for investment credit for agriculture - Long Term Rural Credit Fund 2021-22 (LTRCF) – State Cooperative Banks (StCBs). 5. Financial Support by NABARD for Implementing Positive Pay System under Financial Inclusion Fund (FIF) to RCBs for enhancing customer security for cheque based transactions. 6. Status of implementation of the Revised Revival Package of STCCS as recommended by the Task Force on Revitalization of Cooperative Credit Institutions. 7. Status and issues related to lending short term credit @7 per cent including the interest subvention and related matters. 8. Status of License & Scheduled status to State Cooperative Banks and District Central Cooperative Banks. 9. Letter written to Shri Amit Shah, Hon'ble Union Minister of Cooperation for seeking Appointment to representatives of National Federation of State cooperative Banks. 10. Highlights of National Webinar on Reformulating National Policy on Cooperatives on 22nd October, 2021 by NCUI. 11. Letter written to all member SCBs regarding Review of automation in areas of regulatory compliance - need to address the requirements in a holistic manner under the initiative of NAFSCOB. 12. Proceedings of National Seminar on "Future of Rural Cooperative Banks" organized on 23-09-2021 at Mumbai. | <ol style="list-style-type: none"> 13. Coverage of National Cooperative Conference held on 25-09-2021 at New Delhi including highlights of Address of Shri Amit Shah, Hon'ble Union Minister of Cooperation. 14. Proceedings of Second Meeting of NAFSCOB Standing Advisory Committee held virtually on 01-10-2021. 15. Appreciation the contribution of the Karimnagar District Cooperative Central Bank (DCCB), Karimnagar to the Rural Cooperative Credit and Banking Sector during the last 100 years - on the eve of the Centenary celebration. <p>Addl. Items:</p> <ol style="list-style-type: none"> 1. Draft Model Framework for Cyber-security and IT Guidelines for User Interaction under CICAf. 2. Letter from Ministry of Cooperation, Govt. of India regarding seeking points for consideration/inclusion in New National Cooperative Policy. 3. Press release of RBI regarding Caution against various Co-operative societies using the word "Bank" in their names 4. Clarifications on Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances issued by the RBI. 5. Withdrawal of Obsolete Regulatory Circulars/ Instructions - Interim Recommendations of the Regulations Review Authority 2.0 issued by the RBI. 6. NABARD Circular on continuation of AMI sub scheme of ISAM 7. NABARD Circular on Reconciliation of Pending Entries in SCBs/DCCBs 8. RBI Monetary Policy Statement, 2021-22-Resolution of the Monetary Policy Committee (MPC), December 6 to 8, 2021. 9. Implement common Software Modules namely Human Resource Management Software (HRMS), Loan origination software (LOS), and Treasury Management Software (TMS) to be implemented in all State Coop. Banks and District Central Coop. Banks of country. |
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EXECUTIVE DIARY

**SMT. MALLELA JHANSI RANI,
PERSON-IN-CHARGE,
THE ANDHRA PRADESH STATE CO-OPERATIVE BANK LTD.**

**PROFILE**

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|--|----|--|
| 1. Name | : | Mallela Jhansi Rani |
| 2. Fathers' Name | : | Bhuma Veera Sekhar Reddy |
| 3. Date of Birth | : | 01-07-1981 |
| 4. Education Qualification | : | BA (Psychology) |
| 5. Language Known | : | Telugu, Hindi, English |
| 6. Current Position | : | Person-In-Charge |
| 7. Name of the Organization | : | The A.P. State Co-op., Bank Ltd., (APCOB) |
| 8. Date of assumption of Current Position | : | 31-07-2021 |
| 9. Other Position holding | : | <ol style="list-style-type: none"> 1. Chairperson,
Kadapa District Cooperative Central Bank Ltd.,
Kadapa. 2. Director, National Federation of State Co-operative
Banks Ltd., (NAFSCOB), Mumbai |
| 10. Past Experience/ Position held etc.: | 1. | Mandal President, Proddatur Mandal Praja Parishad,
YSR Kadapa District., Government of A.P. |
| 11. Areas of Special Interest | : | Empowerment of Women and Farmer. |

EXECUTIVE DIARY

**SHRI GOPI KOTTAMURICKAL,
PRESIDENT,
THE KERALA STATE COOPERATIVE BANK LTD.**



PROFILE

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|----|--|---|---|
| 1. | Name | : | Gopi Kottamurickal |
| 2. | Fathers' Name | : | Neelakandan |
| 3. | Date of Birth | : | 24-06-1948 |
| 4. | Education Qualification | : | Pre-Degree (Course Completed) |
| 5. | Language Known | : | Malayalam, English |
| 6. | Current Position | : | President |
| 7. | Name of the Organization | : | The Kerala State Co-op., Bank Ltd.(Kerala Bank) |
| 8. | Date of assumption of Current Position | : | 27-11-2020 |
| 9. | Past Experience/Position held etc. | : | <div style="margin-left: 40px;">1. Ex.MLA, Gadhi Board Vice-Chairman,
SERIFED Chairman, BCDC Director,
Muvattupza Urban Bank Chairman</div> |

EXECUTIVE DIARY

**SHRI P. S. RAJAN,
CHIEF EXECUTIVE OFFICER,
THE KERALA STATE COOPERATIVE BANK LTD.**



PROFILE

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|---|---|---|
| 1. Name | : | Rajan P. S. |
| 2. Fathers' Name | : | V. K. S. Pillai |
| 3. Date of Birth | : | 30-01-1960 |
| 4. Education Qualification | : | B.SC.(Agri), M.Sc. (Horticulture) |
| 5. Language Known | : | Malayalam, English, Hindi |
| 6. Current Position | : | Chief Executive Officer, |
| 7. Name of the Organization | : | The Kerala State Co-op., Bank Ltd.(Kerala Bank) |
| 8. Date of assumption of Current Position | : | 10-02-2020 |

Past Experience/Position held etc. : General Manager, Union Bank of India

MINISTRY OF COOPERATION : INITIATIVES**VIRTUAL MEETING TO DISCUSS TO PREPARE A FRAMEWORK
FOR THE MINISTRY OF COOPERATION TO
STRENGTHEN COOPERATIVE MOVEMENT**

In order to give impetus to the cooperative movement, the Central Government has created an independent "Ministry of Cooperation" in July, 2021 to realize the goal of "Sahakar Se Samridhi". Under this new Ministry, a separate policy framework will be prepared to strengthen the cooperative movement and ensure people's participation in various cooperatives at grass root level to develop cooperative based economic development in the country.

On this background, a virtual meeting was held on 28-12-2021 at 12.00 noon under the Chairmanship of Joint Secretary (Coop) with National Cooperative Federations. Following agenda were covered during the virtual meeting:

- 1) Activities & Functioning of the Federation
- 2) What are issues of the Federations
- 3) How can the federations help promote the mandate and activities of the Ministry of Cooperation by organizing activities like workshops & Seminars etc.

Shri Bhima Shubrahmanyam, Managing Director, NAFSCOB attended the meeting and made presentation about the NAFSCOB.

MINISTRY OF COOPERATION : INITIATIVES

LETTER FROM SECRETARY, MINISTRY OF COOPERATION, GOVERNMENT OF INDIA

Dear Sir,

As you are aware, the mandate of the Ministry of Co-operations is to realize the vision of 'Sahkar as Samriddhi' (Prosperity through Cooperation) by offering a renewed thrust to the cooperative movement in the country. India's cooperative movement is the largest ever community-led socio-economic development effort in the world which now represents over 8.5 lakh cooperative societies with about 30 crore members. The inherent strength of cooperatives is in built into their unique principles and values.

2. You would agree with me that the intrinsic and enormous socio-economic potential of cooperatives, if unlocked, if unlocked, can immensely contribute in achieving the country's target of \$5 trillion economy. The need of the hour is, however, to ensure rolling out of a well-calibrated collective action plan where diverse fiscal and financial interventions of both the Union and State Governments could be converged and appropriately targeted for achieving the nation's mission of inclusive growth through co-operative based economic development model with social justice.

3. The Ministry, while according due recognition to the contribution of cooperatives in the nation-building exercise, intends to strengthen the cooperative movement by reviewing the existing National Cooperative Policy 2002 and redrafting a new policy through a series of active consultations with the Central subject Ministries/Departments, State Governments, Cooperative Unions, Federations, primary societies and other stakeholders. The success of cooperative development would largely depend on how effectively and comprehensively we collect, collate and analyse the varied issues and challenges and how efficiently these issues are weaved in the new policies and related policy instruments. Some of the indicative areas of appropriate cooperative movement in the country can attributed to (a) activity of members and membership spread (b) member engagement and

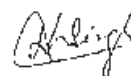
entrepreneurship development (c) human resources and skill needs governance and operational issues (d) technology interventions and adoption (e) level of linkages with the outside business world & issues of competitiveness and cost (f) adaptability in the changes economic space (g) transparency, responsibility and accountability issues (h) professionalism (i) availability of data etc.

4. Government of India has indicated its deep commitment to the community based developmental partnership through cooperation in its mandate as notified in the official gazette dated 6th July 2021 (copy enclosed). In this context, we are in the process of reviewing the 2002 policy and designing an effective, all-inclusive and feasible nation cooperative policy framework. The renewed policy is expected to cover various golden principles of guidance, consistency, accountability, efficiency, and clarity on cooperative governance and operation in order to create transparent and profitable business ecosystems in the sector.

5. In this context, I request you to provide your comments/suggestions/feedback on the issues, problems and challenges of sectoral cooperatives for future discussions and deliberations. You may also make us available the possible points for consideration/inclusion in the New National Cooperative Policy by 31.12.2021.

with regards,

Yours Sincerely,



(Devendra Kumar Singh)

Encl. Gazette notification dated 6.7.2021

Shri Bhima Subrahmanyam
Managing Director,
National Federation of State Co-operative Banks Ltd.
J. K. Chambers, Fifth floor, Plot No. 76,
Sector - 17, Vashi, Navi Mumbai,
Maharashtra - 400 703.

MINISTRY OF COOPERATION : INITIATIVES

CREATION OF NATIONAL DATABASE FOR COOPERATIVES

Concept Note on National Cooperative Database

Introduction & Background

The Ministry of Cooperation was created on 6th July, 2021 with a mandate to ensure *sahkar se samridhi* (Prosperity through Cooperation) by consolidating India's social and economic capital for community's progress through self-help and cooperation. India's cooperative system consists of credit and non-credit cooperative institutions. There are 8.5 lakh cooperative units (NCUI, 2018) operating in India as in March 2018. Out of the total cooperative units in the country 20% (1.77 lakh units) are credit cooperatives. The remaining 80% (6.73 lakh) are non-credit cooperatives involved in various diverse business activities viz. producer, processing, consumer, industrial, marketing, tourism, hospital, housing, transport, labour, farming, service, livestock, dairy, fishery and multi-purpose cooperatives etc. In the three tier cooperative credit sector in the country, There are about 98,000 primary agricultural credit cooperatives. In addition to this, there are several other primary level cooperatives engaged in various diversified non-credit cooperative sectors. Several Departments/Ministries in Government of India (more than 50) are directly or indirectly involved in activities performed by sectoral cooperatives. Since cooperation is a State subject, the State Governments through their State-specific cooperative act promote and regulate cooperative movement in their respective States.

2. Cooperatives ensure high level of social capital with trust, network/connectivity with a common economic social goal. Being collectives at the grass-root level, cooperatives exert tremendous empowering influence on the community. These units need to be oriented/strengthened on various parameters – governance, business operations, organisational skills, work allocation, payment/transaction, market systems, supply chain etc. There is an urgent need to have an effective coordination of all cooperative development efforts of the union and State Governments to ensure a smooth cooperative movement in the country.

3. In order to deepen the cooperative movement in the country and to have a feasible futuristic plan for cooperative development, the country needs to develop a mechanism to capture information on various important parameters on cooperative movement which could be analysed for resolution of issues and timely development action. The need of the hour is to prepare, maintain and strengthen a nationwide database on cooperative development. We also need to ensure adoption of latest and appropriate technology and Management Information System (MIS) in cooperatives. The MIS should provide us sufficient information for data analytics so that timely and effective decisions could be taken in future for smooth growth of the sector.

Need of a National Database

4. Statistics on cooperatives are essential to quantify the contribution of the cooperatives in the progress of the economy. Currently reliable and comparable statistics on cooperatives are missing as there is no uniform database which can capture data on various growth parameters of diverse sectoral cooperatives. The organizations are collecting sector-specific data and are submitting to NCUI for necessary compilation. There is a need for compiling information on cooperatives so that its application can help in designing better administrative and policy decisions for cooperative development.

Expectations from the proposed database

5. Data on credit Society, Primary Service Credit Banks, Fishery Cooperatives, Handloom Cooperatives, Consumer Cooperatives, Health Cooperatives, SC/ST Cooperatives, Coir Cooperative Society, Cooperative Federations, Dairy, Sugar cooperative, labour cooperatives etc. will help in determining root causes of failures, issues and defects in near-real time. Thus, the creation of a cooperative database will:

- avoid data redundancy and ensure better data visualisation of various sectoral cooperatives.

- play a crucial role in efficiently executing queries and ensuring information consistency.
- include bulk information deposited in a framework, making it easier to locate and explore relevant information.
- improve data sharing across the sectors, ensure effective data integration through constant flow of data in to the system
- assess, identify and alert issues and problems of cooperatives
- help in managing information on sector-specific cooperatives to make it more accessible, updated and integrated.
- allow and empower taking timely decision for addressing issues and problems of each and every cooperatives with precision.
- help us know the contribution of the cooperatives in the generation of employment, income and wealth in the economy

Challenges before us

- Which parameters/indicators would be captured?
- Will there be different modules/templates for data capturing looking at the diversity in the sector?
- Which dataset template should be common for all sectoral cooperatives?
- Where the data should be sourced from? How?
- How to ensure accuracy and comprehensiveness of information?
- How would the data validity and reliability be ensured?
- Will the State machinery be involved in data verification?

Shri Bhima Shubrahmanyam, Managing Director, NAFSCOB attended the meeting and furnished detail note about database in cooperative sector to Ministry.

MINISTRY OF COOPERATION : INITIATIVES

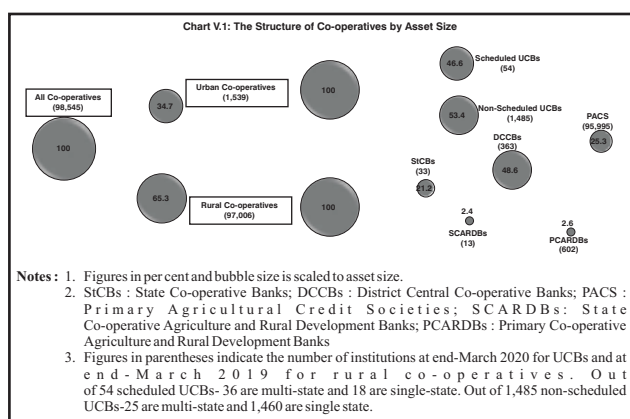
CONCEPT PAPER ON CREDIT GUARANTEE SCHEME FOR COOPERATIVES (CGSC)

Concept Paper on Credit Guarantee Scheme for Cooperatives (CGSC)

1. Background

The co-operative institutions play significant role in credit delivery to unbanked segment of the population and enable financial inclusion. Co-operative institutions provide an alternative approach to financial inclusion in India through their geographic and demographic outreach to the urban and rural populace. While Urban Co-operative Banks (UCBs) strive to deliver institutional credit at affordable cost in urban and semi-urban areas, Rural Co-operatives provide financial services in villages and small towns by leveraging on their geographical network.

As per RBI report on Trend and Progress of Banking in India 2019-20 released during December 29, 2020, there are 1539 Urban Co-operative Banks and 97,006 Rural Co-operative Banks. As at the end of March 2020, advances to MSE by all UCBs was 26.5% (81,066 crore) of their gross advances (₹1,53,886 Cr). As per the Report, Gross NPA and Net NPA for UCBs for FY 2020 stood at 10.8% and 5.1% respectively. The structure of Co-operatives is as per Chart V.I below:



Source : RBI's Report on trend and progress of banking in India 2019-2020

Rural co-operatives address the 'last mile' problem associated with delivery of affordable credit to farmers/small borrowers providing Short-term and Long Term Credit. Short-term co-operatives are arranged in a three-tier structure in most of the states, with 33 State Co-operative Banks (StCBs) at the apex level, 363 District Central Co-operative Banks

(DCCBs) at the intermediate level and 95,995 Primary Agricultural Credit Societies (PACS) at the grassroots level. DCCBs have persistently suffered higher NPA ratios and lower recovery-to-demand ratios than StCBs. As per said RBI report, aggregate advances for FY 2019 for StCBs, DCCBs and PCAS were 654,554 crore whereas NPAs for FY 2019 for StCBs, DCCBs and PCAS stood at 4.3%, 11.8% and 45% respectively. PACS have the network and generally meet out only the short term credit requirements of its members. The members of PACS face the following hurdles:

- Due to uneconomic land holdings, majority of farmers are unable to afford purchase of farm equipments.
- New inventions and developments need to be brought to the farms ASAP.
- Farmers resort to distress sale as they are in the need of immediate credit.
- Adequate storage capacity is not available in the rural areas.
- Presently, large number of PACS are rather small in size, and hence not viable.
- Problems of infrastructural weaknesses, operational inefficiencies etc.

In a nutshell, out of 95,995 PACS only 45241 are profit making and around 36695 are in loss. Remaining are dormant / inactive. Borrower to member ratio of PACS is less than 50%. Of the total assets of Coop. Credit structure, 22% are with PACS. Among the State coop. three-tier credit structure, PACS are most dependent on borrowed funds. Since 2010, the share of non-agriculture loan through PACS has increased. Therefore, there is urgent need to re-orient PACS which will make them sustainable and inspire confidence in their existing and potential members.

2. Introduction

Given the banking sector's heavy reliance on collateral-based lending and increased risk aversion under the current market environment, it is critical to strengthen financial intermediation and mobilize large

liquidity in the banking sector to productive activities, which will accelerate the economic recovery. Cooperatives play an important role in solving many pressing social problems through cooperation. In order to intensify the support to Cooperative Sector, it is proposed to collaborate with Ministry of Cooperation to introduce a special Credit Guarantee Scheme for Cooperatives. The collaboration intends to increase the credit off take in Cooperative Sector, mitigating MLIs risk, employment generation, etc.

3. Proposal

With a view to strengthen the Cooperatives and to promote economic development through cooperatives, Ministry of Cooperation proposes Credit Guarantee Scheme for Cooperatives (CGSC) as follows:

Scheme Modalities

S.No.	Parameter for Guarantee Coverage	Condition / Eligibility			
1	Guarantee Type	Portfolio Guarantee			
2	Eligible Borrower	1. Micro & Small Borrowers – Co-operative Societies, PACS (Primary Agricultural Credit Societies) 2. PAC to be profitable (standard) to be covered under the Scheme			
3	Eligible Activity	Any Activity which comes under the purview of PACS / DCCBs / StCBs except Personal Loan			
4	Credit Facility Amount Minimum & Maximum Limit	1,000/- to 50,00,000/-			
5	Eligible Institution for Coverage under the Scheme	DCCBs, StCBs, RRBs, NCDC, NABARD Subsidiaries In case of Lending to PACS, Guarantee coverage would be issued to DCCBs/StCBs, as applicable.			
6	Eligibility for Onboarding	All DCCBs, StCBs, RRBs, NCDC, NABARD Subsidiaries will be eligible			
7	Exposure Limit	Overall Exposure limit may be fixed for each MLI type/institution			
8	Fee	Upto 10 Lakh	0.75%		
		Above 10 lakh and upto 20 lakh	0.80%		
		Above 20 Lakh	1.00%		
		Fee to be charged on Outstanding basis			
9	Guarantee Coverage	<div>Credit Facility at a unit loan level in []</div>	<div>First loss borne by MLI of NPA</div> <div>MLI (%)</div>	<div>Pay out Cap</div>	<div>Maximum extent of credit Guarantee Coverage is upto (%) of the unit loan level, subject to the ceiling of NPA</div> <div>Ministry of Cooperation (%)</div>
		Upto 10 Lakh	2%	12%	10% of Portfolio (75% coverage)
		Above 10 lakh to 20 lakh	2%	12%	10% of Portfolio (70% coverage)
		Above 20 Lakh	2%	12%	10% of Portfolio (65% coverage)
10	Maximum Payout Cap on Portfolio	Overall, 12% of Portfolio Crystallization (First loss Guarantee is 2%, so effective payout cap will be 10% above 2%)			
11	Fund Support	Year 1 - 100 Cr Year 2 – 300 Cr Year 3 – 100 Cr Total : 500 Cr			
12	Portfolio Size Building	Particulars			Amt in Cr
		Portfolio created			100
		Expected NPA in Portfolio of 100			12

		Cr (12%)	
		Share of lending institutions of loss (2%) of the portfolio	2
		Ministry Fund portion of Loss	10
		Since 10 Cr of fund is leading to a creation of 100 cr of portfolio, a corpus size of 500 cr, portfolio size will leverage to	5000
13	Management Fee	Trust acting administering the Scheme shall be entitled for a fee of 1% of the Corpus or actual expenditure incurred by it in case the expenditure is more than 1% of the corpus fund.	
14	The Scheme Applicability	Sanctioned by eligible MLI to eligible borrower on or after April 01, 2022	

Suggestions required on following issues:

1. Eligible activities for which loans will be given by PACS or other primary societies. May be there can be a negative list of activities?
2. What all institutions can be kept as Member Lending Institutions (MLI)?
3. What should be an appropriate cap for loan request?
4. What should be cap on exposure limit to each Member Lending Institutions (MLI)?
5. Which PACS/ Primary Societies will be eligible for coverage in this proposed scheme?
6. What is the appetite for the sector? What should be the size of corpus?
7. How much should be Guarantee coverage? 60%, 75% or 90%?

MINISTRY OF COOPERATION : INITIATIVES

SUGGESTED

NATIONAL POLICY ON COOPERATIVES 2002: Need for a Review* (Limited to Credit Sector-Rural Cooperative Banks)

The need to review the National Policy on Cooperatives 2002, to make it relevant to the everchanging socio-economic aspirations of cooperative members has been felt by the Government of India and hence called for consultations from the members.

A perusal at the two decade's old policy results into the following observations: The policy document remains more relevant even after two decades of its formulation, but calls for an appropriate revision (para wise revision is suggested) as the implementing agencies (including Government of India and State Governments) failed to achieve the objectives of the policy .

1.1 No Change in the Facts of 2002 policy

1.2 In order to administer the operations of cooperative societies where membership was from more than one province, the Government of India enacted the Multi-Unit Cooperative Societies Act. 1942, which was subsequently replaced by the Multi-State Cooperative Societies Act. 1984 under entry 44 of the Union List and **Multi-State Cooperative Societies Act. 2002.** Government of India is at the verge of bringing out amendments in the restrictive provisions of MSCS Act, 2002, and fundamental conceptual changes if any.

2. Review since Independence:

There are various developments since the current Policy 2002 was formulated. The following developments may be considered to be documented in the revised policy: The past few decades have witnessed substantial growth of the sector in diverse areas of the economy. The number of all types of cooperatives increased from 5.45 Lakhs in 2000-01 to 8.54 Lakhs in 2016-17. The total membership of cooperative societies increased from 23.62 crore to 29 crore during the same period covering about 98 villages. Cooperatives advanced agricultural credit to the tune of ₹1.9 lakh crores (provisional) during 2021 and had 12.18% share in institutional agricultural credit. The share of cooperatives in fertilizer

distribution is of the order of 35% while the fertilizer produced by the cooperatives accounts for 24.92% of the total fertilizer production in the country. 30.60% of the sugar production in the country is from the cooperative sector. There are 1.77 lakhs village dairy cooperative societies in the country procuring 428.68 lakh kg. milk per day. These village level dairy cooperative societies are having membership of 162 lakh out of which 29.79 per cent are women members. Besides procurement and marketing of milk, dairy cooperatives are actively engaged in the field of superior cattle breeding, product diversification, nutrition, animal health and high quality animal feed.

2.1. Rural Cooperative Banks/Cooperatives:

The 3 Tier short term cooperative credit structure which purveys agriculture & rural credit is very well conceived credit delivery structure in the country. The number of State Cooperative Banks (SCBs) increased from 30 in 2000-2001 to 33 in 2020. The District Central Cooperative Banks (DCCBs) have been brought down to from 370 to 351 due to either withdrawal of Licences or due to their merger with SCBs in two states. The number of Primary Agricultural Credit Societies (PACS) decreased from 98843 to 95509 during the same period due to reorganisation .The number of viable PACS are 65,109.

The deposits of SCBs increased from ₹ 32612.95 crore to ₹ 198142.58 crore, DCCBs from ₹ 39111.78 Crores to ₹ 325895.29 Crores and PACS from ₹1,912,0.23 Crores to ₹198142.58 Crores The average deposits per SCB, which stood at ₹ 1087.10 Crore in March 2001, rose to ₹ 6004.32 crore by March 2020.

The number of Urban Cooperative Banks decreased from 1926 as on March 2004 to 1539 as at the end of March 2020 and deposit increased from ₹ 38003 crore to ₹ 5,01,208 crore. The average deposits per bank, which stood at ₹1973 Crore in March 2004, rose to ₹ 325.67 crore by March 2020. (The updated position of UCBs may be ascertained from NAFSCOB)

2.2. Steps towards Revitalisation/recapitalisation/

Revival Package for Rural Cooperative Banks.

Incomplete implementation of the Package

2.3. Freedom of Autonomy not ensured but controls continued on Rural Cooperatives.

2.4. Change in the Policy Norms for of Licencing of DCCBs/SCBs

2.5. Application of Prudential norms including compliance to Capital Adequacy norms: CRAR.

2.6. Banking Regulation (Amendment) Act 2020 :

A step away from democratic Process & closer to regulatory controls.

2.7. Indifferent /hostile approach of Govt of India, State Governments/RBI/NABARD towards Rural cooperative Banks.

2.8. Continuous efforts to delay the well- conceived 3 tier cooperative credit and Banking structure in the name of mergers-A step towards destabilising the structure.

2.9. Need and Importance of Data & data bank on cooperative: Steps to encourage the National level federations to set up Data banks.

(The National Policy of Cooperatives should address the above issues in the interests of Rural Cooperatives.

3. Existing legislative/Policy Constraints:

while most the constraints listed in 2002 remain more or less same, few more constraints have been added during the last 10 years. An indication of policy failure. These needs to be illustratively presented. For example:

3.1. Absence of democratic Management in the member driven cooperatives

3.2. Duality of Control: Efforts to do away with duality of control in & Over cooperatives at the earliest..

3.3. Increase in the controls of State Governments in the management of Member driven cooperatives

3.4. Deputationists from Departments of State governments without 'Fit & Proper' criteria

3.5. Non - compliance of Regulatory/Statutory norms- No monitoring or improper monitoring by regulatory/Supervisory/Refinance organisations.

3.6. Micro management by the regulatory/Supervisory/Refinance organisations.

3.7. Resource Constraints:

The SCBs and DCCBs which have high level of deposits as part of their resource base, also have their own problems. These institutions continue to look to borrowings from higher financing agency like NABARD. As the finance provided by NABARD is at a concessional rate, borrowings from NABARD help these institutions to cross-subsidise their loaning operations. However, refinance by the higher tier is available only to current loans outstanding. Further, SCBs and DCCBs are required to commit a certain minimum prescribed percentage of their internal lendable resources for lending for ST (SAO) purposes to be eligible for drawing refinance at the concessional rate.

Low resource-base, inadequate volume of business (below the break-even level), poor recovery levels with attendant afflictions such as increasing non-performing assets have been some of the factors contributing to their financial weakness.

3.8. Governance Issues:

Member participation in governance and management ineffective, (ii) Non adherence to fit and proper criteria in Boards and appointment of CEOs, (iii) Non-functional committees of the Board, (iv) Violation of Exposure Norms, (v) Poor internal checks and control systems as a result of long pending unreconciled entries and non-clearance of Migrations created at the time of CBS leading to rise in number of frauds, cyber incidents, NPAs, etc. (vi) Poor compliance culture – Statutory and Regulatory Credit and Risk Management guidelines seldom adopted and (vii) Lacunae in accounting and audit systems.

3.9. The eight areas identified for constitutional amendments through Constitution (97th Amendment) Act 2011 are as follows:

i) Number and term of members of board and its office bearers. ii). Election of members of board. iii) Supersession and suspension of board and interim management.- iv). Audit of accounts of co-operative societies.-v).. Convening of general body meetings. vi). Right of a member to get information.-vii). Returns and viii). Offences and penalties. The National Policy may address these issues in view of the verdict by

Supreme court against these amendments.

4. The ideology of Cooperatives/Basic Cooperative Principles: There do not appear to be any change as the ideology and Basic principles.

They remain the same. (But need to introspect the extent of addressing these principles during governance of the cooperatives at various levels.)

5. Need for a National Policy : Unquestionably, there is a need to formulate the policy and put in the Board approved policy at place.

The policy should be implementable policy as the current policy 2002 did not result in ensuring fully the policy and legislative support to cooperatives with a view to revitalize them. The National Policy should be the result and outcome of the final mutual consultations . A periodical review plan should be at place for consultations among all stakeholders.

6. Objectives: Let us understand the objectives of the National Policy 2002 as has been documented.

- i) Ensuring functioning of the cooperatives based on basic cooperative values and principles as enshrined in the declaration of the International Cooperative Alliance Congress, 1995.
- ii) Revitalisation of the cooperative structure particularly in the sector of agricultural credit.
- iii) Reduction of regional imbalances through provision of support measures by the Central Government/State Government, particularly in the under-developed and cooperatively underdeveloped States/regions.
- iv) Strengthening of the Cooperative Education and Training and Human resource Development for professionalization of the measurement of Cooperatives.
- v) Greater participation of members in the management of cooperatives and promoting the concept of user members.
- vi) Amendment/removal of provisions in cooperative laws providing for the restrictive regulatory regime.
- vii) Evolving a system of integrated cooperative structure by entrusting the federations predominantly the role of promotion,

guidance, information system, etc. towards their affiliate members and potential members.

- viii) Evolving a system of inbuilt mechanism in Cooperative legislation to ensure timely conduct of general body meetings, elections and audit of cooperative societies.
- ix) Ensuring that the benefits of the cooperatives endeavor reach the poorer sections of the society and encouraging the participation of such sections and women in management of cooperatives.

The objectives of the National Policy may be framed such a way to make it an implementable policy. The review of the current objectives helps to spell out appropriately.

7. Policy: The roles of Govt of India & State Governments should be clearly pronounced in the policy document. The present policy document 2002 should be reviewed to appreciate the constraints in implementing & achieving the policy objectives both at Centre and state levels. This helps Government of India to further hold consultations and put in the policy for implementation in collaboration with state governments

8. Plan of Action: Prior to formulation of this current policy 2002, there was, in vogue, a commendable system of annual consultations with Cooperation Ministers, Secretaries/ Registrars of Cooperatives, Chairman & Chief Executives of National level cooperative organisations etc. and the system is no more encouraged. Further, regular consultations with National level cooperative organisations by Central registrar of Cooperative societies have also been discontinued. The future plan of Action may have to keep these issues/events in view.

9. Conclusions: The objectives of the National Cooperative Policy on Cooperatives 2002, includes 'ensuring functioning of the cooperatives based on basic cooperative values and principles as enshrined in the declaration of the International Cooperative Alliance Congress, 1995.

The recent policy, legal, regulatory and constitutional related initiatives and decisions are considered as very important and shall have varied impact on the functioning of cooperatives and also on Rural

cooperatives. They are:

1. Cooperative Values /Identity-
- 2.The Banking Regulations (Amendment) Act 2020.
- 3.National level Data bank on cooperatives
- 4.Formation of New and seperate Ministry of cooperation
- 5.National Policy on Cooperation: Emphasis on creation of Database at all India level
- 6.Constitutional (97th Amendment) Act 2011 and Supreme court Verdict 2021

The National Policy may have to be formulated keeping in view of the above developments.

This part of the Current policy 2002 needs a thorough introspection. Need for appropriate human resource policies at all levels of cooperatives especially in Financial and Business cooperatives , need to restore

democratically elected managements in member driven cooperatives, discouraging deputationists to man the cooperatives, ensuring Fit & proper criteria for professional management, Freedom of functional autonomy are among few issues to be kept in view while drawing conclusions to the Policy. The impact of the amendments in the Banking related activities on cooperative principles ,identity Ethics, Values needs to assessed and the salient features may have to justifiably documented in national policy .

Recommendation 193 of ILO (2002) on Promotion of Cooperatives may be considered for incorporation ,if any, in the proposed policy.

10.A draft 'reformulated' National Policy on Cooperatives ,2021 may be circulated among all stakeholders to elicit views/suggestions for finetuning the policy. The draft policy may be duly endorsed by the Boards of Management of National level cooperative organisations.

CIRCULARS**RBI CIRCULARS**

RBI/2021-2022/123 November 11, 2021
DOR.SOG (SPE).REC.No 67/13.03.00/2021-22

All Scheduled Commercial Banks (including Regional Rural Banks)
All Small Finance Banks
All Local Area Banks
All Payment Banks
All Primary (Urban) Co-operative Banks/ DCCBs /State Cooperative Banks

Dear Sir / Madam,

Foreign Currency (Non-resident) Accounts (Banks) Scheme [FCNR(B)] - Master Direction on Interest Rate on Deposits

Please refer to the instructions on the Foreign Currency (Non-resident) Accounts (Banks) Scheme contained in Section 19 of the Master Direction - Reserve Bank of India (Interest Rate on Deposits) Directions, 2016 dated March 03, 2016 and Section 18 of the Master Direction – Reserve Bank of India (Co-operative Banks – Interest Rate on Deposits) Directions, 2016 dated May 12, 2016.

2. In view of the impending discontinuance of LIBOR as a benchmark rate, it has been decided to permit banks to offer interest rates on FCNR (B) deposits using widely accepted 'Overnight Alternative Reference Rate (ARR) for the respective currency' with upward revision in the interest rates ceiling by 50 bps.

3. As a measure to handle the information asymmetry during the transition, FEDAI may publish the ARR till such time the widely accepted benchmark is established. The relevant sections of the Master Directions as amended are indicated in the Annex.

4. All other instructions in this regard shall remain unchanged.

Yours faithfully,

(Neeraj Nigam)
Chief General Manager-in-Charge
Encl: As above

November 16, 2021

Regulations Review Authority (RRA 2.0) - Interim Recommendations

The Reserve Bank of India has set up a Regulations Review Authority (RRA 2.0) vide press release dated April 15, 2021. The objective of RRA 2.0 is to review the regulatory instructions, removing redundant and duplicate instructions, reduce the compliance burden on Regulated Entities (REs) by streamlining reporting structure, revoking obsolete instructions and wherever possible obviating paper-based submission of returns. It was also envisaged that the RRA will engage internally as well as externally with all regulated entities and other stakeholders to facilitate this process. The RRA has also constituted an Advisory Group representing the REs under the chairmanship of Shri Swaminathan J., Managing Director, State Bank of India.

2. RRA has been engaging in extensive consultations with both – internal as well as external stakeholders, on review of the regulatory and supervisory instructions for their simplification and ease of implementation. Based on these consultations and the suggestions of the Advisory Group, the RRA has recommended withdrawal of 150 circulars in the first tranche of recommendations.

3. The notifications containing the list of specific instructions recommended for withdrawal is being issued separately.

(Yogesh Dayal)
Chief General Manager

RBI/2021-2022/125 November 12, 2021
DOR.STR.REC.68/21.04.048/2021-22

All Commercial Banks (including Small Finance Banks, Local Area Banks and Regional Rural Banks) excluding Payments Banks
All Primary (Urban) Co-operative Banks/State Co-operative Banks/District Central Co-operative Banks
All-India Financial Institutions (Exim Bank, NABARD, NHB and SIDBI)
All Non-Banking Financial Companies (including Housing Finance Companies)

Madam/Dear Sir,

Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances - Clarifications

Please refer to the Master Circular on Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances (IRACP norms) dated October 1, 2021. With a view to ensuring uniformity in the implementation of IRACP norms across all lending institutions, certain aspects of the extant regulatory guidelines are being clarified and/or harmonized, which will be applicable mutatis mutandis to all lending institutions. Wherever references to circulars/instructions applicable to banks have been made, other lending institutions may refer to instructions as applicable to them. All the instructions in this circular, except those at paragraphs 2, 8-9 and 13, shall be effective immediately from the date of this circular.

A. Specification of due date/repayment date

2. The extant instructions on IRACP norms specify that an amount is to be treated as overdue if it is not paid on the due date fixed by the bank. It has been observed that due dates for repayments are sometimes not specifically mentioned in the loan agreements, and instead a description of due dates is mentioned, leaving scope for different interpretations. Henceforth, the exact due dates for repayment of a loan, frequency of repayment, breakup between principal and interest, examples of SMA/NPA classification dates, etc. shall be clearly specified in the loan agreement and the borrower shall be apprised of the same at the time of loan sanction and also at the time of subsequent changes, if any, to the sanction terms/loan agreement till full repayment of the loan. In cases of loan facilities with moratorium on payment of principal and/or interest, the exact date of commencement of repayment shall also be specified in the loan agreements. These instructions shall be complied with at the earliest, but not later than December 31, 2021, in respect of fresh loans. In case of existing loans, however, compliance to these instructions shall necessarily be ensured as and when such loans become due for renewal/review.

B. Classification as Special Mention Account (SMA) and Non-Performing Asset (NPA)¹

3. The circular DBR.No.BPBC.45/21.04.048/2018-19 dated June 7, 2019 on 'Prudential Framework for Resolution of Stressed Assets' requires the lenders to recognize incipient stress in borrower accounts, immediately on default, by classifying them as special mention accounts (SMA). In order to remove any ambiguity, it is clarified that the intervals are intended to be continuous and accordingly, the basis for classification of SMA categories shall be as follows:

Loans other than revolving facilities		Loans in the nature of revolving facilities like cash credit/overdraft	
SMA Sub-categories	Basis for classification - Principal or interest payment or any other amount wholly or partly overdue	SMA Sub-categories	Basis for classification - Outstanding balance remains continuously in excess of the sanctioned limit or drawing power whichever is lower, for a period of:
SMA-0	Upto 30 days		
SMA-1	More than 30 days and upto 60 days	SMA-1	More than 30 days and upto 60 days
SMA-2	More than 60 days and upto 90 days	SMA-2	More than 60 days and upto 90 days

4. In the above context, it is further clarified that borrower accounts shall be flagged as overdue by the lending institutions as part of their day-end processes for the due date, irrespective of the time of running such processes. Similarly, classification of borrower accounts as SMA as well as NPA shall be done as part of day-end process for the relevant date and the SMA or NPA classification date shall be the calendar date for which the day end process is run. In other words, the date of SMA/NPA shall reflect the asset classification status of an account at the day-end of that calendar date.

Example: If due date of a loan account is March 31, 2021, and full dues are not received before the lending institution runs the day-end process for this date, the date of overdue shall be March 31, 2021. If it continues to remain overdue, then this account shall get tagged as SMA-1 upon running day-end process on April 30, 2021 i.e. upon completion of 30 days of being continuously overdue. Accordingly, the date of SMA-1 classification for that account shall be April 30, 2021. Similarly, if the account continues to remain overdue, it shall get tagged as SMA-2 upon running day-end process on May 30, 2021 and if continues to remain overdue further, it shall get classified as NPA upon running day-end process on June 29, 2021.

¹ In case of NBFCs, the references to 90 days for SMA-2/NPA classification may be read as per the applicable norms and also subject to the provisions of the circular DOR.CRE.REC.No.60/03.10.001/2021-22 dated October 22, 2021 on 'Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs'.

5. It is further clarified that the instructions on SMA classification of borrower accounts are applicable to all loans², including retail loans, irrespective of size of exposure of the lending institution.

C. Clarification regarding definition of 'out of order'

6. Cash credit/Overdraft (CC/OD) account is classified as NPA if it is 'out of order'. In cases where the outstanding balance in the principal operating account is less than the sanctioned limit/drawing power, the extant instructions, inter alia, stipulate that the account should be treated as 'out of order' if there are no credits continuously for 90 days as on the date of Balance Sheet or credits are not enough to cover the interest debited during the same period. In order to avoid any ambiguity regarding determination of 'out of order' status of CC/OD accounts on a continuous basis, it is clarified that an account shall be treated as 'out of order' if:

- i. the outstanding balance in the CC/OD account remains continuously in excess of the sanctioned limit/drawing power for 90 days, or
- ii. the outstanding balance in the CC/OD account is less than the sanctioned limit/drawing power but there are no credits continuously for 90 days, or the outstanding balance in the CC/OD account is less than the sanctioned limit/drawing power but credits are not enough to cover the interest debited during the previous 90 days period.

7. Accordingly, treatment of CC/OD accounts as 'out of order' on or after the date of this circular shall be based on the above instructions.

D. NPA classification in case of interest payments

8. In terms of paragraph 2.1.3 of the Master Circular on IRACP norms dated October 1, 2021, in case of interest payments, an account is classified as NPA only if the interest due and charged during any quarter is not serviced fully within 90 days from the end of the quarter. In order to fully align with the 90 days delinquency norm as well as the requirement to apply

interest at monthly rests, the above instructions are modified as under:

In case of interest payments in respect of term loans, an account will be classified as NPA if the interest applied at specified rests remains overdue for more than 90 days.

9. These instructions shall be effective from March 31, 2022. Accordingly, in respect of any borrower account which becomes overdue on or after March 31, 2022, its classification as NPA shall be based on the account being overdue for more than 90 days.

E. Upgradation of accounts classified as NPAs

10. It has been observed that some lending institutions upgrade accounts classified as NPAs to 'standard' asset category upon payment of only interest overdues, partial overdues, etc. In order to avoid any ambiguity in this regard, it is clarified that loan accounts classified as NPAs may be upgraded as 'standard' asset only if entire arrears of interest and principal are paid by the borrower. With regard to upgradation of accounts classified as NPA due to restructuring, non-achievement of date of commencement of commercial operations (DCCO), etc., the instructions as specified for such cases shall continue to be applicable.

F. Income recognition policy for loans with moratorium on payment of interest

11. In cases of loans where moratorium has been granted for repayment of interest, lending institutions may recognize interest income on accrual basis for accounts which continue to be classified as 'standard'. This shall be evaluated against the definition of 'restructuring' provided in paragraph 1 of the Annex-1 to the above-mentioned 'Prudential Framework for Resolution of Stressed Assets' dated June 7, 2019. However, income recognition norms for loans towards projects under implementation involving deferment of DCCO³ and gold loans for non-agricultural purposes⁴ shall continue to be governed as per the existing instructions.

12. The extant instructions (compiled at paragraph 3.2 of the Master Circular on IRACP norms dated

² Agricultural advances governed by crop season-based asset classification norms shall be exempt from this instruction.

October 1, 2021) require that once an account is classified as NPA, the entire interest accrued and credited to income account in the past periods, must be reversed to the extent it remains unrealised. It is clarified that if loans with moratorium on payment of interest (permitted at the time of sanction of the loan) become NPA after the moratorium period is over, the capitalized interest corresponding to the interest accrued during such moratorium period need not be reversed.

G. Consumer Education

13. With a view to increasing awareness among the borrowers, lending institutions shall place consumer education literature on their websites, explaining with

examples, the concepts of date of overdue, SMA and NPA classification and upgradation, with specific reference to day-end process. Lending institutions may also consider displaying such consumer education literature in their branches by means of posters and/or other appropriate media. Further, it shall also be ensured that their front-line officers educate borrowers about all these concepts, with respect to loans availed by them, at the time of sanction/disbursal/renewal of loans. These instructions shall be complied with at the earliest, but not later than March 31, 2022.

Yours faithfully,

(Manoranjan Mishra)
Chief General Manager

³ The income recognition norms for projects under implementation involving deferment of DCCO shall be subject to the instructions at paragraph 4.2.15 of the Master Circular on IRACP norms dated October 1, 2021, as updated from time to time.

⁴ The income recognition norms for Loans against Gold Ornaments and Jewellery for Non-Agricultural End-uses shall be subject to the instructions issued vide circular DBOD.No.BPBC.27/21.04.048/2014-15 dated July 22, 2014 on the subject, as updated from time to time.

NABARD CIRCULARS

10 नवंबर 2021

सं. रा. बैंक. / पुनर्वित्त विभाग / जीएसएस/1082/ न्यू एएमआई / 2021-22

परिपत्र संख्या : 206 डोर-57/2021

अध्यक्ष / मुख्य कार्य पालक अधिकारी / प्रबंध निदेशक

सभी अनुसूचित वाणिज्यिक बैंक

राज्य सहकारी बैंक/राज्य सहकारी कृषि और ग्रामीण विकास बैंक

क्षेत्रीय ग्रामीण बैंक / प्राथमिक शहरी सहकारी बैंक

लघु वित्त बैंक/एनबीएफसी / एनबीएफसी-एनबीएफआई /

नाबार्ड की सहायक कंपनियाँ

महोदया / महोदय,

एकीकृत कृषि विपणन योजना कीनयी एएमआई उप-योजना-31 मार्च, 2021 के बाद भी योजना को जारी रखने के संबंध में निर्देश (वित्त वर्ष 2021 & 22 हेतु)

Please refer to our letter No. NB.DOR-GSS-197/New AMI/2021-22 dated 14th June 2021 on the captioned subject. In this connection, we advise that the Ministry of Agriculture & Farmers' Welfare, GoI, have approved the continuation of AMI sub-scheme of ISAM upto 31st March 2022 or until further order, whichever is earlier.

2. A copy of the Order F. No. M-11011/12/New Scheme/2019-AMI (Pt.-3) dated 8 November 2021, issued by Directorate of Marketing & Inspection (DMI), GoI is enclosed herewith for your information.

3. To enable banks to submit the subsidy applications, the claims in respect of projects where bank loan has been sanctioned from 1st April 2021 to 31st March 2022 can be submitted in the portal up to 31st December 2021 or within 60 days of disbursement of 1st instalment of loan, whichever is later.

4. You may please advise your Controlling Offices/District Central Cooperative Banks (in case of State Cooperative Banks) and branches accordingly.

(तृप्ति मिश्रा)

उप महाप्रबन्धक

23 नवंबर 2021

बाह्य परिपत्र सं. 210/ डॉस-23/2021

संदर्भ सं. राबैं. डॉस. प्रका. पॉलिसी/3566/जे-1/2021&22

प्रबंध निदेशक/मुख्य कार्यकारी अधिकारी

सभी राज्य सहकारी बैंक/

सभी जिला मध्यवर्ती सहकारी बैंक/

Dear Sir,

**Reconciliation of Pending Entries in StCBs/
DCCBs**

Please refer to our Circular No. 41/ DoS.10/ 2009 dated 27 February 2009 (copy enclosed) advising all Rural Financial Institutions to take necessary steps to complete the pending reconciliation of accounts within a specified time frame and Circular No. 246/ DoS-24/ 2019 dated 06 August 2019 advising all Rural Cooperative Banks regarding inclusion of Net Credit balance in branch adjustment account for Computation of Demand and Time Liabilities. You may also refer to RBI's Circular No. RBI/ 2013-14/ 527 dated 21 March 2014 (copy enclosed) advising all banks to credit amounts in accounts which have not been operated for ten years or any deposit or any amount remaining unclaimed for more than ten years into the DEA Fund.

2. The Board of Supervision (for StCBs, DCCBs and RRBs), in its 83rd Meeting held on 22 September 2021, has expressed concern over the inordinate delay in reconciliation of outstanding entries by RCBs. The presence of unreconciled entries under various intermediary accounts such as Inter-bank, Inter-branch, Sundry Debtors, Sundry Creditors, Sundry Expenses, Migra Dump accounts, etc., is indicative of weak Internal Checks and Control System in the bank and is a fertile ground for frauds in banks.

3. In this connection, we advise that banks may initiate urgent and definite steps to reconcile all outstanding entries pending for more than 6 months. Further, the amounts to the credit of any account which has not been operated upon for ten years or any deposits or any amount remaining unclaimed for ten years or more may be credited to the DEA Fund strictly in line with RBI's Circular dated 21 March 2014. Similarly, as advised vide Circular dated 06 August 2019, 100% provision may be made if the net of inter-branch entries above six months is a debit balance and all credit entries pending for more than 5 years may be transferred to a 'Blocked account' and be treated as part of DTL.

4. It may be noted that during the conduct of Statutory Inspection of banks, NABARD will charge long pending unreconciled entries to the bank's capital while assessing its financial position, i.e. REV/ Networth of the bank by treating such items as unrealizable assets/ erosion.

5. Please acknowledge receipt of this circular to our Regional Office concerned.

NAFSCOB EVENTS

1. Bhima Subrahmanyam, Managing Director, NAFSCOB and President, ICBA presented a paper entitled "Role and functions of NAFSCOB in Cooperative Rural Financing in India" on 22-10-2021 at 4 PM in Webinar organized by Vaikuth Mehta National Institute of Cooperative Management (VAMNICOM), Pune.
2. Bhima Subrahmanyam, Managing Director, NAFSCOB and President, ICBA participated and presented in a National Webinar on Reformulating National Policy on Cooperatives on 22nd October, 2021 organised by National Cooperative Union of India (NCUI).
3. Bhima Subrahmanyam, Managing Director, NAFSCOB and President, ICBA participated Virtual Meeting on 28th October, 2021 under the Chairmanship of Joint Secretary, Ministry of Cooperation, GoI to prepare a separate policy framework to strengthen the cooperative movement.
4. Bhima Subrahmanyam, Managing Director, NAFSCOB and President, ICBA participated in Meeting of Cooperative Institutions Cyber-security Advisory Forum (CICAF) at NCDC HO New Delhi on 8 Nov 2021.
5. Shri Konduru Ravinder Rao, Chairman, NAFSCOB and President TSCAB met Shri Chandrapal Singh, MP, Chairman KRIBHCO and held discussions on cooperatives, Agri. etc. On 15-11-2021.
6. Shri Konduru Ravinder Rao, Chairman, NAFSCOB and President TSCAB held Meeting with Shri K Taraka Ramarao, Hon'ble Minister for IT and Municipal Administration and other dignitaries on 15-11-2021.
7. Bhima Subrahmanyam, Managing Director, NAFSCOB and President, ICBA attended National Webinar on 'Ease of Doing Business for Cooperatives' on 16th November, 2021 organised by NCUI.
8. Bhima Subrahmanyam, Managing Director, NAFSCOB and President, ICBA participated Virtual Round-table "How do Financial Cooperatives Contribute to Sustainable Development?" jointly organized by ICBA and Centre of Expertise for Cooperative Entrepreneurship held on 18 November 2021.
9. Bhima Subrahmanyam, Managing Director, NAFSCOB and President, ICBA participated in 33 World Cooperative Congress of ICA during 1-3 December 2021 in Seoul, Republic of Korea.
10. Bhima Subrahmanyam, Managing Director, NAFSCOB and President, ICBA participated ICBA AGM and Board Meeting held on 30-11-2021 in Seoul, Republic of Korea.
11. Bhima Subrahmanyam, Managing Director, NAFSCOB and President, ICBA participated ICBA Webinar on Sharing Digitisation Strategies Among Credit Unions and Cooperative Banks on 30-11-2021 in Seoul, Republic of Korea..
12. Bhima Subrahmanyam, Managing Director, NAFSCOB and President, ICBA participated as Panel Members and presented a paper on "Corporate Governance and Sustainable Competitiveness in Rural Cooperative Credit and Banking Institutions" in National Conference on "Governance and Sustainable competitiveness in Agricultural Collectives" in Virtually organised by VAMNICOM on 15-12-2021.
13. Shri Konduru Ravinder Rao, Chairman, NAFSCOB and President TSCAB attended the three-day National Conference of Sahakar Bharati on 18-12-2021 at Lucknow.
14. Shri Konduru Ravinder Rao, Chairman, NAFSCOB and President TSCAB graced the State Level Cooperative Seminar organized by Gujarat State Cooperative Union on 19-12-2021 at Ahmedabad.
15. Bhima Subrahmanyam, Managing Director, NAFSCOB and President, ICBA attended Annual Convocation of 53rd and 54th Batch of Post Graduate Diploma in Cooperative Business Management held by VAMNICOM virtually on 19-12-2021.
16. Shri Konduru Ravinder Rao, Chairman, NAFSCOB and President TSCAB attended NCUI Webinar on Cooperative Development for Eastern Zone States on 21-12-2021.
17. Bhima Subrahmanyam, Managing Director, NAFSCOB and President, ICBA attended NCUI Webinar on Cooperative Development for Eastern Zone States on 21-12-2021.
18. Bhima Subrahmanyam, Managing Director, NAFSCOB and President, ICBA attended Virtual Consultation meeting with Stake holders on creation of a National Data Base for Cooperatives held by Ministry of Cooperation, GoI on (23-12-2021).
19. Bhima Subrahmanyam, Managing Director, NAFSCOB and President, ICBA participated in a meeting held under the Chairmanship of Shri Devendra Kumar Singh, Secretary, Ministry of Cooperation to discuss the formulation of Credit Guarantee Scheme for Cooperatives (CGSC) on 24th December, 2021 through Video Conferencing.

CURRENT NEWS**NEWS FROM MEMBER BANKS**

1. Shri Biswajit Phukan, MLA has assumed the charge of Chairman of The Assam Cooperative Apex Bank Ltd.
2. Shri Arun Sekhri, IAS has assumed the charge of the Administrator of The Punjab State Cooperative Bank Ltd.
3. Shri Rajesh Dhiman, IAS has taken over the charge of the Managing Director of The Punjab State Cooperative Bank Ltd. on 04-10-2021.
4. Shri Bittu Kri, APCS has assumed the charge of the Managing Director-cum-CEO of the The Arunachal Pradesh State Cooperative Apex Bank Ltd. on 30-10-2021.
5. Shri Brajendra Rajoria has taken over the charge of the Managing Director of The Rajasthan State Cooperative Bank Ltd.

STATISTICS

TABLE – I
STATE COOPERATIVE BANKS (SCBs) AT A GLANCE
(2015-16 TO 2019-20)

(As on 31st March)

(₹ in lakh)

S.No.	Main Items	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
	1	2	3	4	5	6
1.	NO. OF STATE COOP. BANKS	32	32	32	33	33
2.	NO. OF OFFICES INCL. H.O.	1168	1197	1219	1340	2014
3.	TOTAL MEMBERSHIP (NO.)	600278	843212	676006	675909	687984
	a. COOPERATIVE SOCIETIES	21044	20375	24742	18164	23919
	b. INDIVIDUALS	579234	822837	651264	657745	664065
4.	PAID UP CAPITAL	465098	485276	527805	581441	716137
	a. OF WHICH GOVT.	88904	82431	89864	119582	137830
5.	TOTAL RESERVES	12825933	1245987	1330343	1427118	1721687
	a. STATUTORY	295071	314233	353606	384515	464856
	b. A.C.S. FUND	205857	221619	242825	259092	301070
	c. OTHERS	781665	710135	733912	783511	955761
6.	TOTAL DEPOSITS	10492165	12168852	12060424	12654282	19814258
	a. COOPERATIVES	5837656	6073598	5788773	6304083	10891987
	b. INDIVIDUALS	3019059	3285352	4312855	4304059	6281795
	c. LOCAL BODIES & OTHERS	1635450	2809902	1958796	2046140	2640476
7.	TOTAL BORROWINGS	6735763	7543301	7122406	7791997	7920905
8.	WORKING CAPITAL (WC)	19867266	22085817	21578626	23031042	31566482
9.	INVESTMENTS	5492236	6648151	5963176	5954736	8372088
10.	COST OF MANAGEMENT (CM)	214762	218658	220902	340570	361546
11.	TOTAL LOANS ISSUED	12165633	12254509	12795611	14837629	18912438
	a. SHORT TERM	9787032	10715487	11290554	13180219	15778581
	b. MEDIUM TERM&OTHERS	2378601	1539022	1505057	1657410	3133857
12.	TOTAL LOANS OUTSTANDING	11830714	12284182	12710714	14242222	19682609
	a. SHORT TERM	8580016	8961127	9195737	10341753	12614160
	b. MEDIUM TERM&OTHERS	3250698	3323055	3514977	3900469	7068449
13.	TOTAL DEMAND	6614351	7686908	7671520	7485652	10248107
14.	TOTAL COLLECTION	6322239	7412871	7253241	7133074	9498062
15.	BALANCES (OVERDUES)	292112	274037	418279	352578	750045
16.	% OF OVERDUES TO DEMAND	4.42	3.56	5.45	4.71	7.32
17.	% OF CM TO WC	1.08	0.99	1.02	1.48	1.15
18.	TOTAL NO. OF EMPLOYEES	12900	12824	12654	12378	17060

STATISTICS

TABLE - II
DISTRICT CENTRAL COOPERATIVE BANKS AT A GLANCE
(2015-16 TO 2019-20)

(As on 31st March)

(₹ in lakh)

S.No.	Main Items	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
	1	2	3	4	5	6
1.	NO. OF D.C.C. BANKS	363	363	363	363	351
2.	NO. OF OFFICES INCL. H.O.	14119	14252	14293	14647	14012
3.	TOTAL MEMBERSHIP (NO.)	3089503	3233864	3042226	4401390	5082082
	a. COOPERATIVE SOCIETIES	481387	478374	472675	504032	474525
	b. INDIVIDUALS	2608116	2755490	2569551	3897358	4607557
4.	PAID UP CAPITAL	1284367	1469594	1590723	1759718	1722632
	a. OF WHICH GOVT.	148444	207261	219071	279798	294683
5.	TOTAL RESERVES	3179064	3344495	3532154	3689524	3672367
	a. STATUTORY	480282	528850	579197	612123	642325
	b. A.C.S. FUND	219628	238944	262130	282532	290996
	c. OTHERS	2479154	2576701	2690827	2794869	2739046
6.	TOTAL DEPOSITS	28193275	31185774	34073787	36696045	32589529
	a. COOPERATIVES	9322743	10155370	11057986	11798979	8754377
	b. INDIVIDUALS	16281912	17791932	18916545	20317861	20513478
	c. LOCAL BODIES & OTHERS	2588620	3238472	4099256	4579205	3321674
7.	TOTAL BORROWINGS	7758216	8482033	8591798	9287326	9240680
8.	WORKING CAPITAL	40504738	45521345	48321027	51715807	48546782
9.	INVESTMENTS	14049741	15866574	16837945	18035586	16915767
10.	TOTAL LOANS ISSUED	24935379	25328240	24205851	26532444	24051636
	a. SHORT TERM	19499519	20171408	18863148	20806608	19128180
	b. MEDIUM TERM	3081449	3163284	3395389	3403822	2872903
11.	TOTAL LOANS OUTSTANDING	22769541	24444587	26019789	28085412	26070848
	a. SHORT TERM	14590048	15408115	16803084	18182705	17801194
	b. MEDIUM TERM	5569721	6328441	6700119	7157401	5983716
12.	TOTAL DEMAND	20058450	21732783	22791550	24792887	22797578
13.	TOTAL COLLECTION	16037580	16661479	17101526	18602783	17102496
14.	BALANCES (OVERDUES)	4020870	5071304	5690024	6190104	5695082
15.	% OF OVERDUES TO DEMAND	20.05	23.33	24.97	24.97	24.98
16.	COST OF MANAGEMENT (CM)	1010648	1037721	1214540	1127676	1038650
17.	% OF CM TO WC	2.5	2.28	2.51	2.18	2.14
18.	TOTAL NO. OF EMPLOYEES	83203	83159	82939	83449	78297

STATISTICS

TABLE - III

**PRIMARY AGRICULTURAL CREDIT SOCIETIES AT A GLANCE
(2015-16 TO 2019-20)**

(As on 31st March)

(Amount In Lakhs)

(Membership & Borrowers in 000)

S.No.	Main Items(All India Position)	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
	1	2	3	4	5	6
1.	Number of Societies	93367	95595	95238	95995	95509
2.	Total Membership	127322	131235	130547	132029	138158
	a. S. C. Membership	14942	14998	14883	14732	15886
	b. S. T. Membership	8986	9316	9443	9080	9087
3.	Paid up Capital	1228111	1412155	1414200	2281655	2299417
	a. Govt. Contribution	79820	82924	80739	132331	64926
4.	Total Reserves	1216207	1886031	1679971	1937850	2074693
5.	Owned Furds (3+4)	2444318	3298187	3094170	4219506	4374110
6.	Total Deposits	10106548	11588420	11963233	13301036	16547604
7.	Total Borrowings	11269029	12483095	12833322	13892245	13857109
8.	Total Resources (5+6+7)	23819895	27369702	27890725	31412787	34778824
9.	Total Working Capital	20130441	23996699	24356251	29655362	32532183
10.	Total No. of Borrowers	46214	52017	50690	51058	52554
	a. S.C.	5348	5413	5233	4255	4044
	b. S.T.	3238	3453	3135	2958	2572
11.	Total Loans Issued	18082350	20067839	20732178	20589484	21455318
	a. Short Term	14889199	15738899	16358429	17023835	17235411
	b. Medium Term	3193152	4328940	4373749	3565649	4219907
12.	Total Loans Outstanding	15848725	17045925	16962968	11504806	21236021
	a. Short Term	11705672	12219391	12082325	9391899	18624909
	b. Medium Term	4143054	4826534	4880643	2112907	2611112
13.	Total Demand	16978314	20046383	19674994	20390339	22814067
	a. Short Term	13995548	16855914	16441281	19407986	21526657
	b. Medium Term	2982766	3190469	3233713	982353	1287410
14.	Total Collection	13989401	14717085	14883450	15195052	15798051
	a. Short Term	11330985	11992583	12202139	14475486	14963940
	b. Medium Term	2658416	2724502	2681311	719567	834111
15.	Total Overdues	2988913	5329298	4791544	5195286	7016016
	a. Short Term	2664563	4863331	4239142	4932500	6562717
	b. Medium Term	324350	465967	552402	262786	453299
16.	Total Percentages	17.6	26.58	24.35	25.48	30.75
17.	Number of Staff	176349	172563	172287	150963	160891



Regn No. 2483

Date : 28-07-1919

Vijaypur District Central Co-operative Bank Ltd., Vijaypur

(RBI Licence No. RPCD(BG)DCCB20/2011-12, dt:15-12-2011)

Kittur Channamma Nagar, Sholapur Road, Vijaypur-586103.

Ph: 08352-265417, 265418, Fax: 08352-265473

E-mail: bdccb_bjp@yahoo.com



Shri. Shivanand S. Patil,
Minister, Karnataka
President
Honoured with Sahakar Ratna 2014



Shri. Rajashekhar B. Gudadinni,
Vice-President



Shri S. D. Biradar
Chief Executive Officer

State Level Award Winner for 2008-09 to 2014-15 & 2019-20

Birds Eye-View (As on 31-03-2021) (Rs. in lakhs)		
Sl.No.	Particulars	Amt.
1.	Branches	42
2.	Share Capital	13777.41
3.	Reserves	24415.86
4.	Deposits	260280.66
5.	Borrowings	73725.85
6.	Working Capital	374624.04
7.	Loan Outstanding	245681.04
8.	Investment	101629.14
9.	Net Profit	1155.97
10.	Net NPA	2.63%
11.	Audit Classification	"A"

Rate of Interest on Deposits W.e.f. 01-05-2020 (% age)		
Sl. No.	Period of Deposits	Rate of Interest (%)
1.	Savings Bank	3.00
2.	Term Deposit	
1.	15 to 45 days	4.50
2.	46 to 90 days	5.25
3.	91 to 180 days	6.00
4.	181 to 364 days	6.50
5.	1 year and Above	7.00
Special Note: An additional interest of 0.25% will be charged on deposits of Rs. 1.00 crore and above, for at least one year and above.		

- All the branches working under CBS.
- NEFT/RTGS facility available (IFSC:KSCB0014001)
- 31 branches have locker facility.
- Rate of interest on Non-Agriculture loans at 10.50 to 13.00%.
- Salary earners loan, Housing loan, Vehicle loan, CC /OD loan, Swarojgar Cash Credit loan and Gold loan available.
- SHG loan @ 0% interest P.A.
- 0.50 % higher rate of interest to Senior citizens for deposits of 1 year and above.
- Kisan Credit Card (Crop loan) to farmers at the rate of 0% interest for loan upto Rs. 3 lakhs. MT loan for Agriculture purpose at 3% upto Rs. 10.00 lakhs.
- Set up Financial Literacy Centre.

For More information contact your nearest branch.



गोवा राज्य सहकारी बँक मर्यादित

THE GOA STATE CO-OPERATIVE BANK LTD.

(Scheduled Bank)

Sahakar Sankul, Head Office, EDC Complex, Patto, Panaji - Goa. Ph.: 0832 2437841 - 45, www.gscbgoa.com Email: gscbpro@gscbgoa.co

(The Apex Financing Agency in the Co-operative Sector in the State of Goa)

BANK WITH A MISSION

Mission; Agricultural & Micro Finance to Assist Economic Growth of the State

BANK PROVIDES FACILITIES THROUGH NETWORK OF 54 BRANCHES IN GOA WITH ADVANCED TECHNOLOGY

OUR SERVICES INCLUDE FOLLOWING FEATURES

- *Banking At The Doorstep Through Mobile ATM Van*
- *Anywhere banking facility on Core Banking Platform.*
- *Providing RTGS/NEFT (IFS Code) NACH, AEPS, ABPS, ECS facilities to bank customers.*
- *Loans for Agriculture, allied activities, etc. at concessional rate of interest.*
- *Loans under KAMDHENU SCHEME for purchase of milch animals and Dairy activities.*
- *Providing RuPay ATM Card, Rupay KISSAN CREDIT CARD & POS services.*
- *Provide life cover through Govt. sponsored insurance scheme such as PMJJBY, PMSBY, etc.*
- *With the help of NABARD, Bank has installed micro ATM at some of the merchant locations and at some of the Branches where no nearby ATMs are available*
- *Loans to Co-operative Societies & Self Help Groups with low rate of interest.*
- *Vehicle, Housing, property mortgage loans, Gold Loans, and Loans to Small entrepreneur etc. on easy terms.*
- *Personal Loans to Government Servants, autonomous bodies, employees of Govt. aided schools, etc.*
- *Better returns on deposits, 0.5 % extra interest for Senior Citizens.*



Banking At The Doorstep Through Mobile ATM Van



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We the Goa State Co-Operative Bank is always at your service to fulfill your dreams to reality

CUSTOMER IS ALWAYS FIRST



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Tel : 02792-222601 / 223307, Fax : 02792-221938 / 220119

Email: ho@ajmsbank.com / www.ajmsbank.com

Financial Highlights of the Bank as on 31.03.2021

Share Capital-	7119.19 lakh	Investment –	66924.14 lakh
Reserves–	7850.81 lakh	Net NPA–	1805.63 lakh
Deposits –	152174.82 lakh	Net NPA % -	1.42 %
Borrowings –	34968.96 lakh	Capital Adequacy Ratio-	11.98 %
Loan Issued –	128228.74 lakh	Recovery (30/06/21) –	95.94 %
Loan Outstanding–	127409.51 lakh	Total Branches –	71
Working Capital–	189394.99 lakh	Audit Class-	“A”

Other Main Features :-

- Winner of *The Best Performance Award-1999-2000* given by NABARD.
- Award also received for recovery performance from NABARD and GSC Bank.
- Winner of *Best Banker Award* under Sakhi Mandal Yojana of IRDA for the year 2009-10.
- All the branches are under CBS platform.
- Bank having a RBI license.
- Bank has received a RBI license for Mobile Banking.
- Inter branch transaction facility available.
- Crop loans to the farmers at the rate of 7% and at 0 % to the prompt paying farmers.
- First bank to cover loanee farmer, their family members and their farm labours under accident insurance up to Rs. 3,00,000/-
- RTGS/NEFT/IMPS and AADHAAR based LPG subsidy linkage facility available.
- Bank has implemented ATAL Pension Yojana(APY), Pradhan Mantri Jeevan Jyoti Bima Yojana(PMJJBY) and Pradhan Mantri Suraksha Bima Yojana(PMSBY).
- SMS Alert , Missed call Alert & Mobile Banking Facility is available.
- ATM facility available.
- Micro ATM installed in **57** PACs and at **45** Branches.
- ECS facility is available in all the branches.
- No any hidden charges on Loan account as well as saving account.

(B. S. KOTHIYA)
General Manager (CEO)

(C. N. SANGHANI)
Managing Director

(ARUNBHAI PATEL)
Vice Chairman

(DILEEP SANGHANI)
Chairman

Amreli Jilla Madhyastha Sahakari Bank Ltd., Amreli.



THE MEGHALAYA CO-OPERATIVE APEX BANK LTD.
HEAD OFFICE : SHILLONG
A Scheduled Bank
Estd. 16th February, 1971

Phone: 0364 – 2224160 / 2224166

Fax No. 0364-2222026

E-mail: apexbank@sancharnet.in/mcab@dataone.in

Website: www.megcab.com

A premier licenced Scheduled State Cooperative Bank with all branches on CBS platform and recipient of National Award having democratically elected Board of Directors since inception and managed by professionals.

FINANCIAL HIGHLIGHTS

	<u>As on 31.03.2020</u>	<u>As on 31.03.2021</u>
* Paid up Share Capital & Reserves	: Rs. 15038.30 lakhs	Rs. 16142.60 lakhs
* Deposits	: Rs. 281298.91 lakhs	Rs. 309681.39 lakhs
* Loans & Advances	: Rs. 167119.44 lakhs	Rs. 168777.29 lakhs
* Investments	: Rs. 91537.06 lakhs	Rs. 115056.99 lakhs
* Money at Call & Short Notice	: Rs. 42755.57 lakhs	Rs. 41690.69 lakhs
* Net Profit	: Rs. 1127.57 lakhs	Rs. 1203.57 lakhs
* Working Capital	: Rs. 337352.27 lakhs	Rs. 368914.09 lakhs

OUR BANKING PRODUCTS & SERVICES

* Current Deposits	* Crop Loans for Agriculture through KCC/SHG/JLG/ Cooperatives
* Mobile Banking	* Term Loans for Agriculture & Allied Agriculture
* Internet Banking	* Aquaculture Development
* RTGS/NEFT enabled	* / Meghalaya State Aquaculture Mission
* PFMS/IMPS	* Loans for Housing
* Savings Bank Deposits	* Loans for SRTD
* No Frills Savings Deposits	* Consumer Durables Loans
* Fixed Deposits	* Loans to Technocrats & Professionals
* Recurring Deposits	* Loans to Educated Unemployed Youth
* Monthly Income Deposits	* Cash Credit & Overdraft Facilities
* Cash Certificates	* Loans for Children's Education
* Fixed Deposit linked with RDs	* Loans for Women through WDC Cell
* Housing Loan Linked Deposits	* Term Loan for Tourism Development
	* Personal Loan to Salary Earners
	* Bank Guarantee
	* Safe Deposit Lockers & Other Ancillary Services
	* Loans to Tribal under NSTFDC Schemes
	* Loans to Physically Challenged under NHFDC

BRANCHES ALL OVER MEGHALAYA

"Serving the people of Meghalaya since 1971."
Bank on us for all your banking needs

Bank That Protects Depositors' Interest



Housing Loan, Vehicle Loan, Mortgage Loan, Higher Education Loan, Consumers Loan, Loan against NSC / KVP / LIC Policy, overdraft, working capital Loan, CC, Commercial Vehicle, Commercial Property, JLG / SHG Loan, Doctor Mitra Loan

(₹ in crores)

No	Particulars	2008-09	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
1	Share Capital	18.95	27.49	29.62	33.62	34.95	36.31	37.31
2	Reserves	380.10	623.11	665.43	707.31	744.64	746.20	872.74
3	Advances	1786.58	5450.34	6531.22	6176.99	6711.90	6706.26	6097.98
4	Deposits	3209.95	5178.04	5557.08	5801.50	6554.60	7556.48	8899.27
5	Profit / Loss	(-) 52.66	18.09	40.60	45.54	42.94	31.73	54.41
6	Dividend	--	15%	15%	15%	15%	As per RBI guideline	15%

ACHIEVEMENTS

- All over Gujarat More than 28,00,000 farmers will be given agricultural credit at the rate of 7% as well as farmers who repay the loan within the time limit 3% interest relief from the central government and 4% interest relief from the state government Crop loans available to such regular farmers at the rate of 0% through co-operative banks.
- The bank protects the interest of the depositors by complying with the provisions of Section 22 (3) (b) of the B.R. Act, 1949 (AACS)
- RuPay ATM / Debit Card, RuPay EVM Chip-based ATM cum Debit Card, Classic & Platinum RuPay ATM cum Debit Card, RTGS,CSGL,NEFT,CTS,e-commerce, IMPS, Micro ATM, DBT (Direct Benefit Transfer), Net Banking, Mobile Banking,UPI/BHIM, BHARAT QR CODE and Stamp franking facilities offered.
- GSC Bank Ltd is offering Autovault Automated Safe deposit Lockers - a first of its kind in India. These next-generation related technology based lockers are developed by a Japanese company and are extremely safe and secured. The GSC Bank Ltd. is the FIRST COOPERATIVE BANK in INDIA to have installed this type of lockers.
- Loan facility with attractive rate to public.
- 33 CBS enabled air conditioned branches in Ahmedabad, Gandhinagar, Halvad, Gandhidham, Nana Chiloda and Kudasan for efficient services.
- NABARD awarded National Level "SPECIAL COMMEMORATIVE AWARD" to The Gujarat State Co-op. Bank Ltd.
- NABARD awarded "The best Co-operative Bank for the Implementation of Technology" to Hon. Chairman Shri Ajaybhai H. Patel.
- NABARD awarded Banking Technology Leadership for Coop. Banks in Gujarat-2018 to Hon. Chairman Shri Ajaybhai H Patel.
- The Chairman of the bank Shri. Ajaybhai H. Patel was Honoured by the Gujarat Government for his contribution for computerization of the cooperative banks of Gujarat and was conferred "Sahakari Sheshtri" award in 2017.
- Kribhco, New Delhi awarded "Sahakarita Shiromani award" to Hon. Chairman Shri Ajaybhai H Patel.
- Rural Marketing Association of India awarded as a "Best Leadership" award to Hon. Chairman Shri Ajaybhai H Patel.
- Bank has a consistent history of receiving awarded from NAFSCOB for its best performance and corporate Governance.
- Awarded first prize for "Overall Performance" for the year 2009-10 to 2011-12 by NAFSCOB, Mumbai for the 4 consecutive years.
- Awarded one of the "Best Performing Cooperative Organization" by National Cooperative Union Ltd., New Delhi.
- Other award: Best Green Initiative award, In state coop banks category -Best Chairman award and Best Data Center Upgradation award

SHANKARBHAI L. CHAUDHARY
Vice Chairman

AND
BOARD OF DIRECTORS

AJAYBHAI H. PATEL
Chairman

આ ધરતી ઉપર છાતી કાઢીને ચાલવાનો કોઈને અધિકાર હોય તો તે માત્ર ખેડૂતને જ છે.....- સરદાર વલ્લભભાઈ પટેલ

Maharashtra SCB Adv.