

**NAFCUB HOLDS 35TH ANNUAL GENERAL MEETING
SEPTEMBER 24, 2011 – NEW DELHI**

The 35th Annual General Meeting of National Federation of Urban Cooperative Banks and Credit Societies (NAFCUB) was held in NCUI Auditorium, New Delhi on Sept 24, 2011.

At the outset Shri H.K. Patil, President, NAFCUB, condoling the death of Dr. Vasant Pawar, Vice President, NAFCUB, who passed away suddenly after a massive heart attack on Oct 7, 2010, said the National Federation had lost a veteran cooperator and the Board Members an esteemed colleague.

Shri Hanumaiah, former Director, NAFCUB and ex-chief executive, Karnataka Federation, Shri Patil informed, was the other veteran Cooperator that the Cooperative Credit movement had lost since the last AGM of NAFCUB. Sh. Hanumaiah, he said, was a man of calibre who had founded not less than 10 Co-operative institutions. Sh. Hanumaiah, NAFCUB President said, gave a direction to the Cooperative movement in Karnataka and ensured that it remained focused around the needs of the poor and the downtrodden.

The House observed two minutes silence as a mark of respect to the departed souls. Thereafter the meeting commenced with the Presidential Address by Shir H.K. Patil.

Shri Patil said, NAFCUB's sustained efforts had made Reserve Bank resume permission to well managed urban banks to open new branches and the positive impact of the move was that growth rate of the sector since then had been consistently above 14% with this year's growth in deposits at 14.8% and that of advances at impressive 22.4%. The corresponding figures for commercial banks, he pointed out, stood at 15.49 and 20.1%. 91.3% of UCBs had CRAR above 99, he added. However, the fact that 5.25% (85) banks had CRAR below 3%, and 88 banks had negative networth, was a cause of worry for the federation, he said. NAFCUB's initiative to make large and scheduled urban banks help Grade III/IV small urban banks, however, had not evoked enough response from both the sides, he regretted.

Stressing the need for 'Cooperation among Cooperatives, Shri Patil said, "In this era of globalisation where size has distinct advantages the small entities like Urban Co-operative banks can survive and compete only by aggregating their strengths."

Shri Patil said that it was due to the sustained efforts of NAFCUB that RBI had addressed a large number of important issues in one year. Malegam Committee on licensing of new urban cooperative banks, Sh. Patil said, was also constituted on NAFCUB's demand. The committee, of which "Dr. Abhyankar and myself were two of the members" has submitted its report and it has been put up on RBI's website for comments. NAFCUB, he informed, is

NATIONAL FEDERATION OF URBAN COOPERATIVE BANKS AND CREDIT SOCIETIES LTD.

B-14, 3RD FLOOR, A-BLOCK SHOPPING COMPLEX, NARAINA VIHAR, RING ROAD, NEW DELHI 110 028
TEL. : 91-11-25771170, 25770108 FAX : 91-11-25779710 EMAIL : COOP@NAFCUB.ORG

organising a seminar in Pune to discuss the recommendations of the Report, particularly those related to umbrella organization and to consolidate the sector's views on the Report.

Shri Patil said, in order to give wider choice to banks and to hasten the process of migration of the sector to CBS, NAFCUB after having sought legal opinion, "is also considering inducting some more vendors, who are next in the list prepared by NAFCUB's Expert Committee."

Shri Patil also gave a brief status report on the Federation's regular activities like training programmes, publications and also research programme. He invited the delegates to give their views on the Federation's work programme given in the Agenda and also highlight the problems faced by them. Thereafter the Agenda was taken up and approved by the house.

Dr. Abhyankar, Director, NAFCUB, commenting briefly on the Malegam Committee's recommendation on umbrella organisation said that as members of the committee both Sh. Patil and he had insisted that umbrella organisation should be in the cooperative sector, and the suggestion had been accepted.

Umbrella organisation, he informed, will be registered under Multi State Cooperative Societies Act and will have a banking licence. The Malegam Committee's Report, he added, was in the interest of the sector and must be supported unanimously.

Overriding concern was expressed at the detrimental provisions of Direct Tax Code by the delegates of UCBs as well as credit societies. Dr. Trivedi, Chairman, Rajasthan Federation informed that the State Federation had submitted a memorandum to the Minister of State for Finance and stressed the need to formulate an Action Plan to make the Govt. relent on Income Tax issue.

One of the delegates pointed out that in a recent ruling Supreme Court has allowed cases of high income tax deduction to be reopened.

One of the delegates from a credit society pointed out that TDS on interest on deposits continued to be deducted and that CBDT had refused to accept the clarification that NAFCUB had sought on the matter.

Shri Sanjay Narke said that in the last AGM he had pointed out that applicability of AS 22 would be helpful for Grade III/IV banks. RBI, however, he said, had not taken cognisance of this suggestion and appealed to NAFCUB to pursue the matter vigorously.

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Shri Pawan Kapoor, strongly criticized RBI officials' high handed approach during inspection of urban banks. Also, he pointed out, the same CAMEL ratings as were applicable to commercial banks were being applied to UCBs which was not fair.

Some of the delegates wanted a uniform HR policy for all UCBs and suggested that NAFCUB should constitute an Expert Committee for this.

Resentment was also expressed at ban on loans to directors and their relatives. It was pointed out that members join urban banks to avail the facilities offered by them and this was also permissible under cooperative principles and philosophy. Hence it was suggested that RBI should evolve a mechanism for putting a check on the misuse of this facility rather than imposing a blanket ban.

Some of the delegates also made suggestions related to NAFCUB's research programme. It was pointed out that the out come of NAFCUB's research should be shared with member banks, particularly the smaller ones so that they can also benefit from it. Smt. Alka Srivastava wanted NAFCUB to suggest more avenues UCBs for augmenting their lending.

Smt. Kirti Bordia also wanted NAFCUB to guide banks for expanding there social welfare activities. A suggestion to constitute a Women's Cell in NAFCUB was also made by representatives of Mahila Banks.

The issues raised by representatives of salary earners' societies included (i) eviction from the premises by employers, (ii) TDS on interest on deposits (iii) Raising the limit of the amount of the account payee cheque of coop credit societies that UCBs have recently been permitted to collect on behalf of societies to above Rs. 50,000

Accepting delegates' request Shri Patil assured that henceforth (i) Suggestions made by delegates would be included in the minutes/proceedings recorded in the Agenda of the next meeting (ii) action taken on speakers' suggestion would be sent to respective speakers (iii) demand for resolutions coming from delegates will have to be drafted by them and sent to NAFCUB.

Shri Jagdish Mehta, Vice President, NAFCUB proposed a vote of thanks.

At the close of the meeting a presentation was made by Sify Technologies highlighting various technology solutions offered by them in addition to CBS, like indexing/refereing meetings, communication & networking, video conferencing and other end to end technology solutions.

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