



BANK EMPLOYEES FEDERATION OF INDIA

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To all Units, Affiliates, Office Bearers, CC & GC Members

Dear Comrade,

On Regional Rural Banks

BEFI demands formation of National Rural Bank of India by consolidating all Regional Rural Banks

Of late, in social media we have come across several posts regarding Regional Rural Banks (RRBs), particularly in the matter of identity and existence with suggestion/demand of merger of RRBs with sponsor banks. We all are aware that the RRBs are owned with 50% central government equity, 35% by sponsoring Banks and 15% by State Governments. Of the sponsor banks, only one is in the private sector having one RRB.

The Regional Rural Banks were recognized under the provisions of an ordinance approved on 26 Sep 1975. The RRB Act 1975 was enacted to encourage the promotion and spread of Banking habits among the rural masses, to provide an institutional credit delivery system to cater the needs of small and marginal farmers, artisans, and small entrepreneurs, and to promote the integrated development of rural areas by providing low-cost small ticket loans in higher volumes to meet their banking needs.

Presently, the RRBs serving around 40 crore people in rural and semi urban areas with a network of 22000 branches with a business of Rs.11 lakh crores. 92% of the branches of RRBs are located in rural and semi urban areas. While priority sector lending for agriculture and other sectors is at 40% in Public Sector Banks, it is more than 90% in RRBs. Even with such a wide spread service of RRBs and also PSBs in rural and semi urban areas, common people are lured and trapped in Micro Finance Institutions, Small Finance Banks and money lenders with exorbitant interest rates.

Recent research papers revealed that RRBs successfully achieved its objectives of bringing banking to the doorsteps of rural households in need of quick and affordable loans; providing easy and cheaper credit to the poorer rural sections who hitherto were relying on private lenders; encouraging rural savings for productive activities, creating jobs in rural areas. The RRBs have made financial inclusion in a big way. The employees and officers of RRBs have opened 9.81 crores of Jan Dhan accounts, as on 3 July 2024, for the poor and marginalised people across the country.

Since the government adopted the policies of financial liberalization three decades back, there had been immediate, direct and adverse effect on rural credit. There had been sharp contraction in rural banking in general and in priority sector lending including preferential lending to the poor in particular. These negative impacts of the bank finance in the rural sector of the country can be effectively addressed by robust RRB functioning.

It is a long-standing demand of Unions under the umbrella of AIRRBEA to form a NATIONAL RURAL BANK OF INDIA (NRBI) by consolidating the Regional Rural Banks with One RRB for One state and further expanding it in unbanked rural and semi urban areas by opening more number of branches, with adequate capital infusion, further technological upgradation to compete in the present market scenario and by recruiting adequate manpower.

Bank Employees Federation of India strongly support the demand and urge upon Union Government to form a National Rural Bank on India to serve the credit needs and other banking facilities to common people in rural and semi urban areas and mainly for the farmers of our country.

Implementation of 12th BPS in RRBs: We have come across a Notification issued by the Director (RRB) dated 8 July 2024, advising the RRBs to implement revision of the wages/ pay structure of the workmen/ officers' employees of the PSBs in terms of 12th Bipartite Settlement/ 9th Joint Note.

In a letter addressed to the Secretary, DFS on 26 June 2024 on implementation of 12th BPS/9th Joint Note, we mentioned, inter alia that, *"Moreover, in the last few occasions, Sponsor Banks were entrusted to issue orders on some allowances/benefits. Many Sponsor Banks issued orders reducing many benefits depriving large section of employees. Hence, we request you to issue comprehensive order allowing full benefits of the settlement/ joint note for all the employees and officers of RRBs uniformly."* We are happy to note that the said Notification was issued vesting all powers to the RRBs without leaving anything for the sponsor banks. We congratulate all the employees and officers of the RRBs for such wonderful achievement.

With greetings,

Yours comradely,



(Debasish Basu Chaudhury)
General Secretary