

**Office of Registrar, Cooperative Societies, Punjab, Chandigarh
(Credit - 1 Branch)**

ORDER

A proposal was submitted to the Punjab Cabinet for amalgamation of District Central Cooperative Banks (DCCBs) with the Punjab State Cooperative Bank Ltd., Chandigarh in its meeting held on 03/12/2018. The major objects and reasons for amalgamation are as under:-

- A. Maintenance of Capital to Risk Weighted Assets Ratio (CRAR).
- B. Profitability of District Central Cooperative Banks is declining due to shrinking of banking business.
- C. Restricted flow of Credit by DCCBs in some areas of Punjab.
- D. Extra cost of computerization and other administrative expenses.
- E. Scheduled Bank Status – when DCCBs are restructured in to one unitary Bank, the bank will have the status a Scheduled Bank.
- F. Better tax management – The unitary system would provide a space of better tax management against the collective losses of all DCCBs.
- G. Better HR Management – After unitary structure, better utilization, deployment and the development of human resources can be done properly.

The collaterals catering to innovative and varied business portfolios can be created for generating better profit and for providing quick and better services to the customers. Collaterals like insurance business, treasury management, financial inclusion and micro-financing can be introduced immediately, creating a win-win situation for the customers and the bank as well. After receiving approval for the same from the cabinet, a request was made to the Reserve Bank of India for their concurrence in this regard.

The Reserve Bank of India vide its memo No. 2733/19.51.007/2019-20 dated 08-06-2020 intimated its in-principle approval for amalgamation of District Central Cooperative Banks of Punjab with the Punjab State Cooperative Bank Ltd. Chandigarh.

Keeping in view the above and in the overall interest of all these Cooperative Societies/DCCBs, a notice under section 13(9) of the Punjab Cooperative Societies Act, 1961 was issued on 10.06.2020 for amalgamation

of the following DCCBs with the Punjab State Cooperative Bank, Ltd. Chandigarh :-

1. The Amritsar Central Cooperative Bank Ltd. Amritsar.
2. The Bhatinda Central Cooperative Bank Ltd. Bhatinda.
3. The Fazilka Central Cooperative Bank Ltd., H.O. Abohar.
4. The Faridkot Central Cooperative Bank Ltd., Faridkot.
5. The Fatehgarh Sahib Central Cooperative Bank Ltd., Sirhind.
6. The Ferozepur Central Cooperative Bank Ltd., Ferozepur .
7. The Gurdaspur Central Cooperative Bank Ltd. Gurdaspur.
8. The Hoshiarpur Central Cooperative Bank Ltd.Hoshiarpur.
9. The Jalandhar Central Cooperative Bank Ltd., Jalandhar.
10. The Kapurthala Central Cooperative Bank Ltd., Kapurthala.
11. The Ludhiana Central Cooperative Bank Ltd., Ludhiana.
12. The Mansa Central Cooperative Bank Ltd., Mansa.
13. The Moga Central Cooperative Bank Ltd., Moga.
14. The Muktsar Central Cooperative Bank Ltd., Muktsar.
15. The Nawanshahr Central Cooperative Bank Ltd.Nawanshahr.
16. The Patiala Central Cooperative Bank Ltd., Patiala.
17. The Ropar Central Cooperative Bank Ltd., Ropar.
18. The Sangrur Central Cooperative Bank Ltd., Sangrur.
19. The Tarn Taran Central Cooperative Bank Ltd., Tarn Taran.
20. The SAS Nagar Central Cooperative Bank Ltd. SAS Nagar.

Vide above mentioned notice, objections were sought from all the stakeholders regarding amalgamation of DCCBs with The Punjab State Cooperative Bank, Ltd. Chandigarh. Following objections were received in response to the notice dated 10.6.2020, detail of which is given below:-

Sr. no.	Name of objectors/Advocates
1	Dr. Sukhwinder Kumar Sukhi, MLA Banga, Distt- Nawanshahar.
2	Sh. Jagmohan Singh General Secretary, Cooperative Bank Employees Federation, State of Punjab.
3	Sh. Harjeet Singh Parmar, Chairman, The Kapurthala Central Coop. Bank Ltd. Distt. Kapurthala.
4	Sh. Balwinder Sehra, Advocate on behalf of The Jadla, The Langroya, The Majhoor, The Rakran Bet, The Begampur, The Hiala, The Udhanwal, The Jadli Jadid, The Balachaur, and The Behloor MPCs Societies, Distt. Nawanshahar.
5	Sh. Iqbal Singh Saggi, Advocate on behalf of The Sammipur, The Lallian Kalan, The Chitti, The Lallian Khurd, The Kalyan Pur, The Athoula, The Khaira majja, The Chamiara, The Hellar MPCs

	<p>Societies and The Punjab Furniture coop. Indl. Society distt. Jalandhar.</p> <p>ii) On behalf of The Manuke, The bhurj Hamira, The Kishan Garh, The Dholia Khurd and The Khai MPCs Societies, Distt. Moga</p> <p>iii) On behalf of The Saiflabad, The Saidpur, The Thatta, The Ugurupur, The Dandupur, The Dudwindi, The Durgapur, The Boolpur, The Tibba, The Kabirpur, The Talwandi Chaudhrian, The Mothanwala, The Bidhipur, The Merrypur, The Paramjitpur, The Lakhwarian, The Harnampur, The Jainpur, The Jabbowal, The Bhano Langa, The Sultanpur Saduwal and Desal and The Akal Surkhpur MPCs Societies, Distt. Kapurthala.</p>	
6	<p>Sh. J.P Singla, Advocate on behalf of The Bahmaniwala, The Chakberoke, The Manne wala Kalan, The Chak Singewala, The Chak Chhapriwala, The Roma Wala, The Tahliwala, The Mullainwali, The Chak Suhelewala, The Thippa wali MPCs Societies, Distt. Fazilka.</p> <p>ii) On behalf of The Mandi Killianwali, The Banwala, The Fatta Khera, The Warring Khera, The Bhullar Wala, The Mithri Bhudhgir, The Lohara and Middu Khera MPCs Societies, Disst. Mukatser Sahib.</p>	
7	<p>Sh. Sunit Chauhan Advocate on behalf of The Bhucho Kalan, The Phula, The Bathinda Namdev Nagar, The Chuge Kalan, The Adresh Coop., The Jai Durga, The Chumba, The Jamna, The Kot Bakhto, The Phulana, The Lehra Mohabat, The Navyug, The Phulo Mithi, The Tungwali, The Chugga Khurd, The Mehta, The Bathinda Coop. L/C Societies and The Maluka Joint Farming Society, The Maluka Poultry Industrial Society and The Maluka Transport Society Distt. Bathinda</p>	
8	<p>Sh. Parminder Singh Pannu, President, The Kang mai CASS Ltd., Sh. Dilbag Singh Sec. The Harshi MPCs Ltd, Sh. Amarjit Singh President. The Dhugga Kalan CASS Ltd., Sh. Satwinderpal Singh President. The Ramdasspur, MPCSS Ltd. Sh. Harpreet Singh President, The Rupowal, MPCSS Ltd. Sh. Harwinder Singh President. The Chiprakhas MPCSS Ltd. Sh. Jagtar Singh President. The Gondpur MPCSS Ltd. Sh. Harkamaljit Singh President. The Dagana road, Coop. L/C Society Sh. Manjit Singh President. The Tibba Sahib Coop. L/C Society Sh. Jagtar Singh President. The Balala Desal Workshop CIS Ltd. Sh. Manjit Singh President. The Friends Diesel Workshop CIS Ltd. Sh. Tejinder Singh Sec. Moonak kalan, MPCSS Ltd. Manjit Singh sec. The Jhajjai Pind MPCSS Ltd. Sh. Mohinder Singh Dhatt President, The Gardiwala CMS Ltd. All related to Distt. Hoshiarpur</p>	
9	<p>Sh. Khanmukh Bharti Patton, Director The Moga CCB</p>	
10	<p>Sh. Harbhajan Singh President. Bhullarai MPCASS Ltd. Sh. Harjit Singh President. Gandhwan MPCASS Ltd. Sh. Mohinder Singh President. The Phagwara Coop. Marketing Society Ltd. All related to Distt. Kapurthala.</p>	
11	<p>Sh. Shukhpal Singh Sohi President. Coop. Bank Employee Federation State of Punjab Sh. Binder Singh Brar, Gen. Sec. Coop. Bank Employee Federation State of Punjab</p>	

12	Sh. Boota Singh, President, The Talwandi Fatu MPCASS, District Nawan Shahar
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All who had filed the objections were offered a personal hearing through video conferencing on 11.9.2020. The objections which were of similar nature have been clubbed and the gist of these objections and reasons for rejecting or accepting the objections is as under: -

Sr. No.	Objection	Reason for rejecting the objection.
1	Condition no. I, III, and V of communication dated 08.06.2020 of the RBI has not been complied with as the RBI has intended that the decision should be taken by majority of the members present and voting at General Body meeting of the Apex bank and CCBs as required in the provisions of the Act.	So far as objection raised with regard to condition no. I. III. and V. is concerned, it has been stipulated by RBI itself that due process as required under the provisions of the Act and Rules framed therein shall be followed. Section 13(8) of the Punjab Cooperative Societies Act, 1961 provides for amalgamation of DCCBs with the Apex bank. It is in the interest of the CCBs to amalgamate them with the Apex Bank for the following reasons: - i) The Bank would become able to maintain stipulated Capital to Risk weighted Assets Ratio (CRAR). ii) The Bank would become able to arrest declining profit of CCBs. iii) The Bank would become able for better H.R. management. iv) Better tax management. v) The Bank would be able to get scheduled bank status. vi) The Bank would become able to have better investment portfolio. vii) The Bank would be able to achieve complete computerization of banking services.
2.	Scheme of amalgamation has not	A Memorandum of Understanding was conveyed to all the District Central

	been prepared and sent by the Apex bank to the CCBs.	Cooperative Banks, giving details of the amalgamation so that their BoDs/members can be apprised of the scheme of amalgamation.
3.	Notice u/s 13(9) of the Act is not maintainable as resolution has to be passed by general body u/s 13(1) of the Act and as such, notice issued is in violation of letter dated 08.06.2020.	The notice was issued under section 13(9) of the Punjab Cooperative Societies Act, 1961. Section 13(9) empowers the undersigned to issue such notice in the interest of the public.
4.	It has been stated that with the merger of CCBs with Apex bank, three tier structure will be affected.	Due to amalgamation, the three tier structure will become two tier structure thereby making it one of the biggest bank in the State of Punjab. It will further lead to better financial and professional management.
5.	In view of 97th amendment carried out in the Constitution of India, the proposed amalgamation is violation of the same.	As far as 97th amendment is concerned, this was carried out in 2011. The Punjab Cooperative Societies Act, 1961 has been duly amended thereafter in the year 2014 and then in 2017. The proposal of amalgamation in no way violates the 97 th constitutional amendment. In fact, the proposal is to strengthen the cooperative structure and make it more robust to withstand the financial challenges.
6.	That objector societies do not agree with the amalgamation of CCBs with the Apex bank as the same is not at all in the interest	It is in the larger interest of the individual members of the Primary level cooperative societies, who are members of the respective CCBs to merge the CCBs with the Apex bank. Thus the objector societies have no locus-standi.

	and welfare of the members and shareholders, creditors and the primary societies.	
7.	It has also mentioned that there is not sufficient time to hold the general body meeting.	This objection has been rendered pointless because out of 20 District Central Cooperative Banks, all the 20 DCCBs have held their General Body meetings and 16 DCCBs have agreed to the proposal.

It is worth mentioning here that the Board of Directors of the Punjab State Cooperative Bank and BoDs of 14 DCCBs have already resolved in favour of amalgamation of DCCBs with PSCB. Besides above, following 16 DCCBs have also passed a resolution in their General Body Meetings in favour of amalgamation:-

- i) The Amritsar Central Cooperative Bank Ltd. Amritsar.
- ii) The Bhatinda Central Cooperative Bank Ltd. Bhatinda.
- iii) The Fazilka Central Cooperative Bank Ltd., H.O. Abohar.
- iv) The Faridkot Central Cooperative Bank Ltd., Faridkot.
- v) The Fatehgarh Sahib Central Cooperative Bank Ltd., Sirhind.
- vi) The Ferozepur Central Cooperative Bank Ltd., Ferozepur .
- vii) The Gurdaspur Central Cooperative Bank Ltd. Gurdaspur.
- viii) The Ludhiana Central Cooperative Bank Ltd., Ludhiana.
- ix) The Mansa Central Cooperative Bank Ltd., Mansa.
- x) The Moga Central Cooperative Bank Ltd., Moga.
- xi) The Muktsar Central Cooperative Bank Ltd., Muktsar.
- xii) The Patiala Central Cooperative Bank Ltd., Patiala.
- xiii) The Ropar Central Cooperative Bank Ltd., Ropar.
- xiv) The Sangrur Central Cooperative Bank Ltd., Sangrur.
- xv) The Tarn Taran Central Cooperative Bank Ltd., Tarn Taran.
- xvi) The SAS Nagar Central Cooperative Bank Ltd. SAS Nagar.

The following DCCBs have not approved the amalgamation in their General Body meetings: -

- i) The Hoshiarpur Central Cooperative Bank Ltd. Hoshiarpur.
- ii) The Jalandhar Central Cooperative Bank Ltd., Jalandhar.
- iii) The Kapurthala Central Cooperative Bank Ltd., Kapurthala.

- iv) The NawanShahar Central Cooperatie Bank Ltd., Nawan
Shahar

The above picture makes it clear that that majority of the DCCBs i.e. 16 out of 20 have already opted in favour of the amalgamation and keeping in view the principle of cooperatives, the proposal of amalgamation of the DCCBs of Hoshiarpur, Nawan Shahar, Jalandhar and Kapurthala also becomes liable to be approved.

Keeping in view the benefits of amalgamation and the principle approval given by the Reserve Bank of India, I am of the considered opinion that if the District Central Cooperative Banks are amalgamated with the Punjab State Cooperative Bank, it would be in the overall interest of all the stakeholders.

Therefore, in exercise of powers conferred upon me under Section 13(8) of the Punjab Cooperative Societies Act 1961, I, Vikas Garg, IAS order the rejection of all the objections as cited above regarding amalgamation of the District Central Cooperative Banks with the Punjab State Cooperative Bank Ltd., Chandigarh and order the amalgamation of District Central Cooperative Banks situated at Hoshiarpur, Nawan Shahar, Jalandhar and Kapurthala with the Punjab State Cooperative Bank whereas the other 16 DCCBs have already passed a resolution in favour of amalgamation in their general body meetings.


Registrar,
Cooperative Societies, Punjab,
Chandigarh
the registrar


Endst. No. RCS/Credit-1/CA-4/ 9049

dated: 29-12-2020

Copy of the above is forwarded to following for information and necessary action.

1. Private Secretary to the Hon'ble Cooperation and Jail Minister, Punjab for kind information of Hon'ble Minister.
2. Financial Commissioner (Department of Cooperation), Govt. of Punjab, Chandigarh.
3. Chief General Manager, RBI, Mumbai.
4. M.D., PSCB, Chandigarh. All the objectors may be informed accordingly.
5. All MDs/DMs of DCCBs in the State. All the objectors may be informed accordingly.
6. Chief Auditor, Cooperative Societies, Punjab, Chandigarh.
7. All Additional RCS in HO.
8. Regional Director, RBI, Chandigarh.
9. Chief General Manager, NABARD, Chandigarh.

10. MD, Puncofed with a request to publish this order in the magazine- 'Punjab Cooperation'.
11. All Joint Registrar, Cooperative Societies in the State.
12. All Deputy Registrar, Cooperative Societies, in the State.
13. Incharge, computer cell, o/o RCS, Punjab for getting this order uploaded on the website of Cooperation Department.
14. Regd. All objectors/Advocates for information.


Registrar,
Cooperative Societies, Punjab,
Chandigarh
