

UMBRELA ORGANISATION

Earlier, RBI had appointed a committee on UMBRELLA ORGANISATION (UO) under the chairmanship of Shri V S Das then ED RBI. Shri Jyotindra Mehta was also a member of this committee.

Shri Jyotindra Mehta in 2015, after he became the President of NAFCUB, he appointed a committee under the leadership of Shri V S Das as to how to make UO a reality and how to implement UO. Thus, Gujarat Urban Co-operative Banks' Federation was the first Federation in India who implemented the concept of UMBRELLA ORGANISATION and established Centre for Banking Research, Department & Excellence (CBRDE).

Before 10 months the NAFCUB submitted a report on UO to RBI which was drafted by Shri Jyotindra Mehta, Shri V S Das, Shri P K Arora, Shri D Krishna and Shri D N Thakur.

After the allaround efforts by Shri Jyotindra Mehta, at last RBI has come out with the concept of UMBRELLA ORGANISATION on 07.02.2019 through its PRESS RELEASE by issuing **Statement on Developmental and Regulatory Policies dated 07.02.2019**.

All members of GUJFED specially Directors of UCBs and senior management of all UCBs of Gujarat are requested to go through the following paragraph which is reproduced from RBI website:

.....3. Umbrella Organisation for Urban Cooperative Banks

The structure, size, lack of avenues for raising capital funds and limited area of operation of the Primary (Urban) Co-operative Banks (UCBs) add to their financial vulnerabilities. A long-term solution to make the UCB sector financially resilient and to enhance the depositors' confidence is to set up an Umbrella Organization (UO) as prevalent in many countries. The UO, apart from extending liquidity and capital support to its member UCBs, would also be expected to set up Information and Technology (IT)

infrastructure for shared use of members to enable them to widen their range of services in the wake of advances in information and communication technology at a relatively lower cost. The UO can also offer fund management and other consultancy services.

The idea of setting up of UO for the UCB sector was first mooted in the year 2006 by the Working Group (Chairman: Shri N S Vishwanathan) set up by the Reserve Bank on Augmentation of Capital of UCBs. It was examined in greater detail by the Working Group on Umbrella Organization and Constitution of Revival Fund for Urban Cooperative Banks (Chairman: Shri V S Das) in 2009 and the Expert Committee on Licensing of New Urban Co-operative Banks (Chairman: Shri Y H Malegam) in the year 2011. The need for UO has also been stressed by the High Powered Committee on UCBs (Chairman: Shri R Gandhi) in the year 2015.

The Reserve Bank has received a proposal for setting up an UO from the National Federation of Urban Cooperative Banks and Credit Societies Ltd. (NAFCUB). A decision on the specifics of the UO proposal will be taken by the Reserve Bank shortly.

We invite all to offer their comment as to what are their views in this regard.