

राष्ट्रीय कृषि और ग्रामीण विकास बैंक  
संस्थागत विकास विभाग

प्रधान कार्यालय : बीकेसी, बान्द्रा (पू), मुम्बई - 400 051  
टेलि. : +91-22-2652 4843 • फैक्स : +91-22-2653 0089  
ई-मेल : idd@nabard.org • वेबसाइट : www.nabard.org



**National Bank for Agriculture  
and Rural Development**

Institutional Development Department

Head Office : BKC, Bandra (E) Mumbai - 400 051  
Tel. : +91-22-2652 4843 • Fax : +91-22-2653 0089  
E-mail : idd@nabard.org • Website : www.nabard.org

Ref. No. NB.IDD/ICBC/ 824 /ICBC-14/2013-14

Circular No. .... /ICBC-14/2013-14

22 July 2013

The Chairman/Managing Director/Chief Executive Officer  
All State Cooperative Banks/Central Cooperative Banks

Dear Sir

**PACS as Business Correspondents of CCB/StCB**

As you are aware, the Expert Committee on ST CCS set up by RBI under the Chairmanship of Dr. Prakash Bakshi, Chairman, NABARD had recommended, among others, that PACS may function as BCs of CCBs. In this connection, RBI has since advised us as under:

- (i) The recommendations of the Committee to transfer assets and liabilities of PACS to CCB/StCB may be accepted, subject to legal provisions if any and as applicable to functioning of the PACS under the State Cooperative Societies Acts of the respective State Governments.
- (ii) In States where CCB/StCB are fully computerised and are entirely on CBS mode, Primary Agriculture Cooperative Societies (PACS) may be allowed to function as Business Correspondents (BCs) of Central Cooperative Banks (CCBs) the same way they are functioning as BCs of Scheduled Commercial Banks for the purpose of financial inclusion.

2. In view of further clarifications of RBI, we advise as under:

- The assets of PACS arisen out of all lending operations will stand transferred to the books of CCB/StCB along with the related liabilities.
- Similarly, all deposits collected by the PACS would also be transferred to the CCB/StCB.
- PACS will not accept deposits on its account and will not do lending operation of any kind **on its behalf** henceforth under this arrangement. However, they will carry out the services both in respect of lending operations and collection of deposits viz., such as collection and compilation of NCL, facilitation in issuing of Rupay KCC debit cards (to be issued by cooperative banks having CBS), recovery loans and canvassing for deposits etc. on behalf of CCB/StCB on pre-decided commission or fee basis.

- The commission to be paid/charged may also vary as per the types/kind of activities/ services rendered.
- PACS would, however, continue to do other businesses such as agri-related services, marketing of agri-inputs, hiring/maintenance of agricultural tools/equipments, agri-clinics, procurement of farmers' produce, PDS, and other non-financial services etc., as an independent entity **out of its own fund** and earn income/service charges for providing all these services. PACS may also have arrangements with CCB/StCB for credit limits for carrying out these activities.
- The share capital mobilised by the PACS from its members by way of share linked capital of the loans provided will now stand transferred to the books of CCB/StCB and will form part of share capital of CCBs. The PACS may however, retain the initial membership fees and a part of the share linked capital based on a mutually agreed formula between the CCB/StCB and itself.
- The borrowing members and the depositors will have to become the members of CCB/StCB. The CCB/StCB may decide upon collection of additional share capital or otherwise from its borrowing members under this new arrangements so that the CCB/StCB would be able to comply with the consequential CRAR requirement, if any.
- CCB/StCB will make arrangements to ensure transfer of relevant securities/documents executed in the name of PACS on to its name.

3. Necessary agreements in this regard may be entered into between the PACS and CCB/ StCB accordingly.

4. In essence, PACS would continue as an organisation set up under the State Cooperative Societies Act. There would be only a change in the business orientation of these entities and sharing of responsibilities between the PACS and CCB/StCB.

Please acknowledge.

Yours faithfully

*sdl-*

**V Ramakrishna Rao**  
Executive Director

[sahakari.net](http://sahakari.net)