

ਪੰਜਾਬ ਪੰਜਾਬ PUNJAB

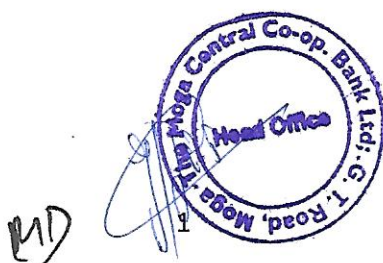
N 676553

Memorandum Of Understanding amongst Govt. of Punjab, The Punjab State Cooperative Bank Ltd. and all the 20 District Central Cooperative Banks in the State of Punjab.

With a view to strengthen the Short Term Cooperative Credit Structure (STCCS) in the State of Punjab, Govt. of Punjab as a first party, The Punjab State Cooperative Bank Ltd. as a second party and all the 20 District Central Cooperative Banks in the State of Punjab as a third party enter into a Memorandum of understanding (MOU) among themselves spelling out their performance obligations under various parameters in the light of resolution passed by Punjab Council of Ministers (COM) regarding amalgamation of all 20 DCCBs with the PStCB and subsequent in principle approval given by RBI to this proposal.

DEFINITIONS/ABBREVIATIONS used in this MOU:-

In this MOU (as defined here in below), unless inconsistent with the subject or context, the following expression shall have the following meaning.




1. **"Appointed date"** means date as may be fixed or sanctioned by the Reserve Bank of India and/or in alternative the Date of Amalgamation as the case may be.
2. **"Amalgamated Entity"** The Punjab State Cooperative Bank Ltd post "Amalgamation.
3. **"Amalgamating Entities"** means DCCBs of the State.
4. **"Act"** means the Punjab Cooperative Societies Act, 1961.
5. **"Assets"** shall mean and include:
 - (a) all the assets & properties of DCCBs and PStCB including without limitation, assets, residential premises and properties of all branches and offices of DCCB's and PStCB.
 - (b) without prejudice to the generality of sub-clause (a) above, it shall include all the properties (whether moveable or immoveable, tangible or intangible), assets, investment of all kinds, all cash balances with RBI and other banks, money at call and short notice, loans, advances, sundry debtors, contingent rights or benefits, deposit made with any person or any authority, lease and hire purchase contracts and assets, receivables, security deposit, benefit of assets or properties or other interest held in trust or in any society including right to use installations, utilities, electricity and other services benefits of all agreements, all records, files, papers, computer programs, manuals, data, list and other details of present & former customers and suppliers, customer credit information, customer and supplier information and all other records in connection with or relating all DCCB's and PStCB.
6. **"Banking Regulation Act"** means the Banking Regulation Act, 1949 including the guidelines for Amalgamation issued by the Reserve Bank of India for the time being in force.
7. **"BOM"** means Board of Management.

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8. **“Cut-off Date”** as fixed by the State Government with prior permission of RBI.
9. **“DCCB’s”** means all the District Central Cooperative Banks situated in the State of Punjab namely:
1. The Amritsar Central Cooperative Bank Ltd
 2. The Bhatinda Central Cooperative Bank Ltd
 3. The Faridkot Central Cooperative Bank Ltd
 4. The Fatehgarh Sahib Central Cooperative Bank Ltd
 5. The Fazilka Central Cooperative Bank Ltd
 6. The Ferozepur Central Cooperative Bank Ltd
 7. The Gurdaspur Central Cooperative Bank Ltd
 8. The Hoshiarpur Central Cooperative Bank Ltd
 9. The Jullundhar Central Cooperative Bank Ltd
 10. The Kapurthala Central Cooperative Bank Ltd
 11. The Ludhiana Central Cooperative Bank Ltd
 12. The Mansa Central Cooperative Bank Ltd
 13. The Moga Central Cooperative Bank Ltd
 14. The Muktsar Central Cooperative Bank Ltd
 15. The Nawanshahr Central Cooperative Bank Ltd
 16. The Patiala Central Cooperative Bank Ltd
 17. The Ropar Central Cooperative Bank Ltd
 18. The Sangrur Central Cooperative Bank Ltd
 19. The SAS Nagar Central Cooperative Bank Ltd
 20. The Tarn Taran Central Cooperative Bank Ltd
10. **“Effective Date”** means the date on which the scheme is sanctioned by RCS or such other date as may be specified by RCS by an order in writing passed in this behalf.
11. **“Employees”** mean all the Employees of DCCB’s and all the employees of PStCB in service as on the Effective Date.
12. **“GOP”** means Govt. of Punjab (GOP),
13. **“Law”** means and include all applicable statutes, enactments, acts of legislature or parliament, ordinances, rules, regulations, notifications, guidelines, directions of regulatory bodies and order of any statutory


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- authority or judicial authority including any quasi-judicial authority, tribunal, court or such other authority under The Punjab Cooperative Societies Act 1961.
14. **"Liabilities"** means all debts, liabilities, demand deposits, saving bank deposits, term deposits, certificate deposits, time and demand liabilities, rupee and foreign currency borrowings, bills payable, interest accrued, statutory reserves, provision and all other DCCB's and PStCB whether or not disputed or the subject matter of any court, arbitration or other proceedings.
 15. **"License"** means any of the licenses to carry on banking business in India issued by the Reserve Bank of India under section 22(1) of the Banking Regulation Act 1949.
 16. **"Members"** mean the Share holders and nominal members of PStCB and DCCB's as the case may be.
 17. **"PStCB"** means The Punjab State Coop. Bank Ltd
 18. **"Parties"** means Govt. of Punjab(GOP), PStCB and DCCBs collectively.
 19. **"Party"** means Govt. of Punjab (GOP), PStCB or DCCBS as the case may be.
 20. **"RBI"** means Reserve Bank of India.
 21. **"Rules"** means the Punjab Cooperative Societies Rules, 1963.
 22. **"RCS"** means Registrar Cooperative Societies, Punjab Chandigarh.
 23. **"Scheme"** means scheme of amalgamation as approved and passed by the GOP, PStCB and DCCB's and shall include any modifications or amendments made in accordance herewith and in terms of applicable law.
 24. **"Undertaking"** means the entire business of DCCB's and PStCB including without limitations of all the properties (whether moveable or immoveable, tangible or intangible), all Assets, Liabilities and Legal



Proceedings of and against of all DCCBs and PStCB including the assets and liabilities of the branches and offices thereof.

All the three parties shall agree and bind themselves into an MOU as under:-

1. With effect from the Appointed Date and upon the Scheme become effective, the entire Undertaking of DCCBs and PStCB including all its assets and liabilities of whatsoever nature shall, and pursuant to the order of the RBI sanctioning the scheme, without any further act or deed stand transferred to and/or deemed to be transferred to and vested in The Punjab State Cooperative Bank Ltd.
2. All Assets of DCCBs irrespective of its nature and location and owned by DCCBs and incapable of passing by physical delivery and including in particular the License and all other licenses, permits, rights, claims, leases, tenancy rights, subsidies or other benefit enjoyed by or conferred upon or held or availed of by and all rights and benefits that have accrued to DCCBs shall, under the provision of the Banking Regulation Act (AACS) 1949 and pursuant to the order of the RBI, without any further act, instrument or deed, but subject to the charges, liens, liabilities and restrictions affecting the same as on the Effective Date be and shall stand transferred to and vest in PStCB and shall remain valid, effective and enforceable on the same terms and conditions to the extent permissible under law without any further act, instrument or deed and be and stand transferred to and vested in or deemed to have been transferred to and vested in PStCB, as a going concern.
3. "PStCB Shall continue to honour the trade arrangements and the contractual obligations that DCCBs individually or jointly has entered into and which exist as on the Effective date.



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4. Investment of DCCBs with Government, Semi-Governments, Local Authority, RBI, and NABARD shall become the investments of PStCB on the existing terms and conditions as on the Effective Date.
5. Outstanding Loans and Advances of DCCBs shall be transferred to PStCB and the right of DCCBs to recover or realize the same stands extinguished and that such right stands transferred to PStCB. Further PStCB shall charge interest on loans and advances as per the existing terms and conditions on which DCCBs disbursed the loans and advances.
6. Overdraft/Cash Credit of DCCBs shall be transferred to PStCB and the right of DCCBs to recover or realize the same stands extinguished and that such right stands transferred to PStCB. Further PStCB shall charge interest on Overdraft/Cash Credit as per the existing terms and conditions, on which DCCBs have given the Overdraft/Cash Credit.
7. In respect of Sundry Debtors, Actionable Claim, Outstanding Loans, Advances Recoverable in cash or in kind or for value to be received PStCB shall give a notice by a publication in a widely circulated newspaper in India to its contract counter parties, Debtors, Depositors, as the case may be, that pursuant to the order of the RBI having sanctioned the Scheme, the said debt, loan, advances etc. be paid or made good or held on account of PStCB as the person entitled thereof
8. Cash Balance and Bank Balance with other Banks of DCCBs shall be transferred to PStCB and the ownership right shall also be transferred to PStCB. Balances with the bank shall appear in the books of PStCB as they appearing in the Books of DCCBs.
9. Any other item of Asset side of DCCBs be and shall stand transferred to and vest in and be available to PStCB and shall remain valid, effective and enforceable on the same terms and conditions and be stand transferred to and vested in or deemed to have been transferred to and vested PStCB as a going concern.

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10. With effect from the appointed date and upon the Scheme become effective, all "Reserve Funds" including any other reserve created for the benefit of shareholders/members of DCCBs shall become the "Reserves" of PStCB
11. With effect from the Appointed date and upon the Scheme becoming effective, all the Liabilities of DCCBs shall stand transferred or deemed to be transferred to PStCB so as to become the debts, liabilities, duties, undertakings and obligations of PStCB and further that it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangements by virtue of which such debts, liabilities, duties and obligations have arisen in order to give effect to the provision of scheme.
12. With effect from Appointed Date and upon the Scheme become effective, any loans or other obligation (including any guarantees, letter of credit, or any other instrument or arrangement which may give rise to a contingent liability in whatever form), due between or amongst DCCBs and PStCB, if any, shall stand discharged and there shall be no liability in that behalf on either party.
13. In respect of every saving banks account or current account or any other deposit account including a fixed deposit, cash certificate, monthly deposit, special term deposit, deposit payable at call or short notice or any other deposit by whatever name called with the DCCBs, the PStCB shall open with self on the effective date of Amalgamation, a corresponding and similar account in the name of respective holder(s) thereof crediting thereto full amount including interest to the extent payable on the same



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terms and conditions on which the accounts of individual holder(s) appear in the DCCBs.

14. With effect from Appointed Date and upon the Scheme become effective, Sundry Creditors of DCCBs become the creditors of the PStCB on the same terms and conditions on which they become the creditors of DCCBs. Liability to discharge the creditors is on the PStCB.
15. In respect of Interest Payable on Fixed Deposit, IPDIs or any other deposits whatever name called, PStCB shall be liable to pay the interest amount on the basis of existing rate of interest applicable on the date of fixed deposit by the customers with the individual DCCBs.
16. Provision of Standard Assets, Bad & Doubtful Debt, and Overdue Interest reserve become the liability of the PStCB and the same shall appear in the books of PStCB from the effective date of Amalgamation.
17. All Contracts, Deeds, bonds, agreements, guarantees, power of attorney, grants of legal representation and other instruments of whatsoever nature to which DCCBs, are a party to the benefit of which DCCBs may be eligible and which are subsisting or having effect, immediately before the Effective Date shall be in full force and effect against or in favour of PStCB as the case may be and all or any of the rights, privileges, obligations and liabilities of DCCBs shall be transferred and vest in PStCB and may be enforced as fully and effectually as if, instead of DCCBs, PStCB had been a party, beneficiary or obligator thereto.
18. If on the effective date and upon the scheme becoming effective, any suit, appeal, or other proceedings of whatsoever nature of the DCCBs are pending by, or against the DCCBs the same shall not abate or

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discontinued, or by any way prejudicially affected by the reason of the transfer of the undertaking of the DCCBs but the suit, appeal or other proceedings may be continued, prosecuted and enforced by, or against the PStCB.

19.DCCBs shall be deemed to have carried on all its business and activities and shall be deemed to have held and been in possession of and shall hold and be in possession of all the assets for and on account of and in trust for PStCB.

20.All profits and incomes accruing or arising to DCCBs or expenditure or losses arising or incurred (including the effect of taxes, if any, thereon) by DCCBs shall, for all purpose, be treated and deemed to be accrue as the profits or incomes or expenditure or losses or taxes, as the case may be, of PStCB.

21.Area of operation of PStCB is the entire State of Punjab including Union Territory of Chandigarh.

22.Interest paid by the DCCBs on Saving Bank Account, Various deposit accounts shall be paid or payable as the condition may be by the PStCB on the rate of interest, same terms and conditions or provisions as fixed by the DCCBs on the date opening of account or as on the date of investment by customers as the case may be.

23.PStCB shall pay interest on deposits of DCCBs, at the rate of interest for a particular slab for which the deposit remained with PStCB, till the date of amalgamation.



24. PStCB shall receive interest on deposit, investment of DCCBs with other Banks, Governments, or with any other body as per the existing terms and conditions on which DCCBs entered into.
25. All the Assets and Liabilities recorded in the books of DCCBs shall be transferred to and vested in PStCB pursuant to the Scheme and shall be recorded by PStCB at their respective Book values as appearing in the books of DCCBs.
26. The balance in "Statutory Reserve Account" and other Reserves of DCCBs shall continue to be designated as Statutory Reserve Account and other Reserves, as the case may be, in the books of PStCB.
27. PStCB shall ascertain the differences between Personal ledger balance and General Ledger balance of all types of accounts as appearing in the books of DCCBs. Any difference between Personal Ledger and General Ledger appearing in the Books of DCCBs which may be gain or loss to DCCBs shall be met out by the Government of Punjab as decided by the Cooperative department of State Government.
28. Consequent upon the Amalgamation of accounts of all DCCBs with PStCB, if it results in loss in the books of PStCB, the same shall be met by the State Government Contribution by way of cleansing of balance sheet.
29. PStCB and DCCBs may pending, sanction of the Scheme by RBI make or assent, from time to time, on behalf of all persons concerned to any modifications or amendments or to any conditions or limitations which the RBI or any other relevant or concerned authority under Law may direct or impose or which may otherwise be considered necessary, and



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may do and execute all acts, deeds, matters, and things necessary for putting the Scheme into effect, or for the purpose of better structuring and effective implementation of the Scheme.

30. Amalgamation of the Transferor Banks with the Transferee Bank is proposed to be completed in a time bound manner. The activities such as transfer of assets and liabilities including HR Integrations shall be completed in six months to one year from the Date of Amalgamation.
31. PStCB and DCCBs shall agree to the swap ratio as decided by the Registrar Cooperative Societies, Punjab based upon the real net worth of DCCBs or a formula as devised and approved by RCS.
32. With effect from the appointed date and upon the Scheme become effective, all the Shareholder/members of DCCBs shall become the members of PStCB and the members of DCCBs shall get Equity shares in PStCB of the value which they were holding in DCCBs till the date of Amalgamation, as decided by Registrar Cooperative Societies, Punjab. While allotting new Share of PStCB in lieu of old shares of DCCBs, if the total share capital of any DCCB is not fully divisible by the face value of shares of PStCB, then fresh Share Capital will be raised from that particular member of DCCB to make it fully divisible by face value of share of PStCB. New Share Certificates of PStCB in lieu of Old Share Certificates of DCCBs, will be issued by PStCB within a timeframe of 3 months from the appointed date.
33. Govt. of Punjab shall contribute towards Share Capital of PStCB to ensure sustained net worth of the bank and ongoing compliance with capital regulations post amalgamation. PStCB shall strictly adhere to the CRAR norms of RBI for Cooperative Banks. The shortfall in capital or



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additional capital, if any, for meeting CRAR, net worth etc. shall be met by State Govt. on an ongoing basis.

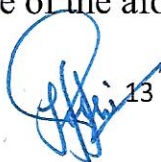
34. The Balance sheet of the amalgamated entity i.e. PStCB shall meet the regulatory requirements laid down for grant of various permissions/ approvals so that none of the services extended at present by the banks under amalgamation (DCCBs) are jeopardized. PStCB shall ensure to obtain the required permissions for the said services, if required, before the actual functioning of the amalgamated entity.
35. PStCB and DCCBs shall ensure that impaired assets due to fraud, misappropriation, imbalances, short provisioning against NPAs etc be fully provided for. GOP will make good if there will be any short fall in required provisions.
36. Valuation of assets and liabilities shall be reviewed by all DCCBs and PStCB. Once valuations are completed the loss assets shall be written off or fully provided for in the respective balance sheets of the banks and GOP shall provide one time financial assistance, if required, to cover the short provisioning against loss assets.
37. PStCB shall get its technology in place for smooth transfer of services to the existing clients with appropriately configured software to enable system integration with all DCCBs.
38. All DCCBs shall ensure completion of migration audit within a given time frame before amalgamation. PStCB shall ensure that system integrity be established and certified before migration of DCCBs into PStCB platform.

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39. All the Employees of DCCBs, in the service on the Effective Date shall become the employees of PStCB on such date without any break or interruption in service, at the same remuneration and on the same terms and conditions of service, which they were getting as the case may be by which they were governed immediately before the effective date of Amalgamation. Appointing and punishing authority of all the employees of the DCCBs will be the PStCB from the appointed date or the effective date.
40. The inter-se-seniority of officers and employees directly recruited and /or promoted to be decided by the Committee constituted by PStCB.
41. PStCB shall have the power to post the employees in the interest of the bank and public as a whole anywhere in the entire area of operation of the Bank.
42. It is expressly provided that, the provident fund, superannuation fund or any other fund created or existing for the benefit of the employees of DCCBs, on and from the Effective Date shall stand transferred to PStCB and PStCB shall stand substituted for DCCBs for all purposes whatsoever relating to the administration or operation of such fund in relation to obligations to make contribution to the said fund in accordance with the provision of such fund as per the terms provided in the respective trust deeds or other document to the end and intent that all rights, duties, powers, and obligations of DCCBs in relation to such fund or schemes shall become those of PStCB.
43. Service of the Employees of DCCBs will be treated as having been continued for the purpose of the aforesaid fund or provisions.

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44. Gratuity, leave encashment and other retirement benefits shall be payable by the PStCB to the Employees of DCCBs as per the existing scheme or provision as applicable to DCCBs employees.
45. GOP shall ensure that CEO of amalgamated bank be appointed as per Fit & Proper criteria prescribed by RBI. There shall be at least 3 professional Directors on the BOARD of amalgamated bank.
46. GOP shall establish a Board of Management in addition to BOD for the amalgamated entity. It should be on the lines of guidelines for BOM prescribed by RBI for Urban Co-operative banks. Accordingly GOP shall suitably amend bye-laws for incorporating the provisions relating to BOM in PStCB. Provisions of Punjab Cooperative Societies Act/ Rules shall be amended as may be required.
47. PStCB shall be required to apply for branch licenses from RBI for all branches of DCCBs post amalgamation. PStCB should always seek prior approval of RBI for shifting of branches. All DCCBs on their part shall surrender their licenses to RBI.
48. PStCB shall ensure to obtain clearance from DICGC for the proposal of amalgamation.
49. Registrar of Cooperative Societies shall have the power to settle disputes if any arising out of or relating to this Scheme of Amalgamation in consultation and concurrence with the Government/RBI.
50. Other aspects, if any, which is not specifically provided for in the Scheme of Amalgamation shall be referred to RCS/Government/RBI for



appropriate actions/decisions and the decision of RCS/Government/RBI shall be final and binding on all the Transferor Banks and the Transferee Bank.

51. All the three parties shall follow the due process as laid down in the Punjab Cooperative Societies Act 1961 and 1963 Rules.

Signed on this _____ day of _____ two thousand Twenty on behalf of the following parties.

The Moga Central Co-op Bank Ltd. Moga


The Moga Central Co-op Bank Ltd.
Managing Director
Authorized Signatory
DCCB


District Manager

Authorized Signatory

PStCB

Authorized

GOP