

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:4059  
ANSWERED ON:23.03.2001  
DISTRIBUTION OF CHARITABLE FUNDS  
RAMDAS RUPALA GAVIT

**Will the Minister of FINANCE be pleased to state:**

- (a) whether the Reserve Bank of India has recently imposed restrictions on the right of distribution of charitable funds by urban co-operative banks;
- (b) if so, the reasons therefor;
- (c) whether the Government have received any representations for removal of said restrictions; and
- (d) if so the action being taken by the Government in this regard?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF FINANCE ( SHRI BALASAHEB VIKHE PATIL )

(a) & (b): Reserve Bank of India (RBI) has reported that no restrictions have been imposed on the right of distribution of charitable funds by urban co-operative banks. As per extant instructions, urban cooperative banks are free to make normal donations within the overall ceiling of one percent of the published profit of the previous year. Addition to this; the banks can donate to National Funds and other funds recognized/ sponsored by the State/Central Government. However, during a year, total donations should not exceed two percent of the published profits of the previous year.

(c) & (d) No, Sir. However, RBI has been receiving representations from certain primary cooperative banks in Maharashtra seeking permission for making large donations. Registrar of Co-operative Societies( Maharashtra has issued circular stating that it is not in the best interest of the depositors/banks to give donations of huge amounts and that too only to one entity year after year and therefore ceiling as stipulated by the RBI i.e. one percent or two percent of published profits of previous year, as the case may be, on individual donations, is considered necessary.