

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:7779
ANSWERED ON:17.05.2002
COOPERATIVE BANKS
ASHOK KUMAR PATEL

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government propose to bring the banking operations of cooperative banks under the total control of the Reserve Bank of India because of the unabated bungling in these banks;
- (b) if so, the details thereof; and
- (c) the time by which final decision in this regard is likely to be taken?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI CINCÉE N. RAMACHANDRAN)

(a), (b) & (c): Presently, the co-operative banks, which are registered as cooperative societies under the respective State Co-operative Acts, are under the dual control of Reserve Bank of India (RBI) and the respective State Governments (or Central Government in case of Multi-State urban co-operative banks). This causes constant irritants and ambiguity in regulation and supervision of these banks. This issue has been examined in detail by various committees in consultation with State Governments and it is felt that to remove this duality of control, banking functions should be fully brought under RBI. Effort is being made to evolve a consensus in this regard in consultation with the State Governments.