

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1261

ANSWERED ON:08.03.2002

FINANCIAL CONDITION OF CO-OPERATIVE BANKS

CHARAN DAS MAHANT;RAMESHWAR DUDI;TARACHAND BHAGORA

Will the Minister of FINANCE be pleased to state:

(a) whether the financial condition of the co-operative banks in the country is miserable and consequently they are unable to pay salaries to their staff;

(b) if so, the number of such banks running in loss and whose licences have been cancelled during the last two years; State-wise alongwith the details of statutory cash ratio and cash reserve ratio of those banks;

(c) whether the Madhawan Committee appointed by the Government suggested that the dual control of the RBI and the State Governments is the reason for the miserable condition of the Cooperative Banks and had therefore recommended to do away with the dual control policy; and

(d) if so, the details thereof and the action taken by the Government thereon?

Answer

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

(a) and (b) National Bank for Agriculture and Rural Development (NABARD) has reported that as on 31 March 2000, 5 State Cooperative Banks and 141 District Central Cooperative Banks (DCCBs) were running in loss in the country. The licences of two DCCBs, viz. Daltonganj DCCB (Jharkhand) and Chapra DCCB (Bihar) have been cancelled by Reserve Bank of India (RBI) on account of erosion in the value of assets and default in the maintenance of cash reserve ratio and statutory liquidity ratio. Further, RBI and NABARD have also reported that they have no information of cooperative banks not being able to pay salaries to their staff.

(c) and (d) The Madhav Rao Committee appointed by RBI had looked into the various aspects of the working of Urban Co-operative Banks. The Committee had recommended clear demarcation of the banking related functions to be regulated solely by RBI and those related to establishment of co-operative societies and their co-operative character which shall remain within the domain of the Registrar of Co-operative Societies of the concerned States. These recommendations have been communicated to State Governments by RBI.