

**GOVERNMENT OF INDIA
FINANCE AND COMPANY AFFAIRS
LOK SABHA**

UNSTARRED QUESTION NO:800
ANSWERED ON:21.02.2003
URBAN COOPERATIVE BANKS
AMBATI BRAHMANAIAH

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

- (a) whether the Reserve Bank of India has proposed the creation of a fund for Urban Cooperative Banks to meet liquidity requirements on an emergency basis;
- (b) if so, the details thereof; and
- (c) the other steps taken or proposed to be taken to strengthen the UCBs?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBAADSUL):

(a) No, Sir.

(b) Does not arise in view of (a) above.

(c) Reserve Bank of India (RBI) has taken several steps to strengthen the system of regulation and supervision of Urban Cooperative Banks (UCBs). These include, putting ceiling on operations in call money market and bank finance against shares and debentures, increase in percentage of SLR investments in Government Securities, restrictions on interest rates on deposits offered by UCBs and investment of funds as deposit with other UCBs, introduction of revised entry point norms while setting up new UCBs, reduction of credit exposure, constitution of Audit Committee of Board of Directors to review the internal audit reports, introduction of electronic data processing (EDP) audit system, introduction of capital adequacy norms in a phased manner, introduction of a system of Off-site Surveillance, modification of norms for identifying weak UCBs, introduction of a system of supervisory rating under the CAMELS model, etc.