

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:55
ANSWERED ON:03.12.2004
LOSSES OF COOPERATIVE BANKS
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Will the Minister of FINANCE be pleased to state:

- (a) whether the expenditure/losses of private sector and cooperative banks are increasing constantly;
- (b) if so, the details thereof;
- (c) the number of banks which have suffered losses or have been closed due to excessive expenditure during the last three years;
- (d) the steps taken by the Government to ensure recovery of the amount deposited by the customers in the banks which have been closed down; and
- (e) the number of private sector and cooperative banks which have disappeared with deposits of the public and the details of the action taken/proposed to be taken by the Government against managements of these fly-by-night Banks in public interest?

Answer

FINANCE MINISTER (SHRI P. CHIDAMBARAM)

(a) to (e): A statement is laid on the Table of the House.

Statement referred to in reply to parts (a) to (e) of the Lok Sabha Starred Question No. 55 for answer on 3rd December, 2004.

(a), (b), (c), (d) & (e): The operating expenses as well as the net profit earned by the Private Sector Banks during the last three years show an increasing trend except in the case of the Centurion Bank (loss during the last three years), the Global Trust Bank (loss during the last two years) and SBI Commercial and International Bank (loss during the year 2002-03). The operating expenses of the Centurion Bank have also increased during the above period while that of Global Trust Bank and SBI Commercial and International Banks operating expenses declined. The expenditure of scheduled Urban Cooperative Banks during the last three years has revealed no definite trend (Rs 5485 crores in 2001-02, Rs 5846 crores in 2002-03 and Rs. 4646 crores in 2003-04). The number of Urban Cooperative Banks who incurred operating losses during the last three years was 220 in 2001-02, 556 in 2002-03 and 305 in 2003-04. The details of State Cooperative Banks/District Central Cooperative Banks in loss during the last 3 years are as given below:

(Rs in Lakh)

Year	No. of SCBs under loss	Amount of Loss	No. of DCCBs	Amount of Loss
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2000-01	5	1185.34	116	53328.46
2001-02	6	8701.26	103	73794.71
2002-03	5	1457.44	118	89163.32

No bank has been closed due to losses. However, applications for license in respect of 7 DCCBs viz. Madhepura Supai (Bihar) Daltonganj (Jharkhand), Chapra (Bihar), Sibsagar (Assam), Gonda (Uttar Pradesh), Raigarh (Chhattisgarh) and Darbhanga (Bihar) have been rejected by RBI under section 22 of B.R.Act 1949 (AACS) due to their deteriorating financial position. Banks have not suffered losses due to excessive expenditure alone. Losses have also been incurred on account of high volume of Non Performing Assets and required provisioning made against NPAs.

The number of Urban Cooperative Banks whose licenses to carry on banking business were cancelled or rejected were 35 in 2002, 21 in 2003 and 45 in 2004.

No private Sector Bank and Cooperative Bank disappeared with deposits of Public.

