

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:2867  
ANSWERED ON:17.12.2004  
STATUS OF SCHEDULED BANKS IN MADHYA PRADESH  
Chouhan Shri Shivraj Singh

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

- (a) whether the cooperative banks of Madhya Pradesh have been given the status of scheduled banks;
- (b) the criteria for providing the status of scheduled banks to the cooperative banks;
- (c) the number of applications/proposals pending with the Union Government for providing the status of scheduled banks in Madhya Pradesh; and
- (d) the time by which the proposals are likely to be approved ?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S.PALAN1MANICKAM)

(a) and (b): Only Madhya Pradesh State Co-operative Bank Limited, in Madhya Pradesh has been granted the status of Scheduled Bank. In terms of Section 42(6) of the RBI Act, 1934, banks are included in Second Schedule of the RBI Act subject to the following conditions:-

(i) The banks should have a paid up capital and reserves of an aggregate value of not less than five lakh rupees. However, as per Government of India Notification only such of the Primary(Urban) Co-operative Banks which are licensed and whose demand and time liabilities are not less than Rs. 250 crores qualify to be treated as financial institutions for the purpose of sub-clause (iii) of clause (a) of sub-section

(6) of Section 42 of the RBI Act, 1934;

ii) RBI is satisfied that Bank's affairs are not being conducted in a manner detrimental to the interest of the depositors; and

(iii) The bank is a State Co-operative Bank or a company as defined in Section 3 of the Companies Act, 1956(1 of 1956), or an institution notified by the Central Government in this behalf or a corporation or a company incorporated by or under any law in force in any place outside India.

In addition to the statutory provisions, RBI has prescribed certain, internal guidelines to ensure that only financially sound banks are included in the Second Schedule of the RBI Act, 1934.

(c) and (d): No application/proposal received from the State Government of Madhya Pradesh to grant the status of Scheduled Banks to any Rural C-operative Bank is pending with NABARD/Reserve Bank of India.