

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:527

ANSWERED ON:24.11.2006

BAN ON OPENING OF BRANCHES OF COOPERATIVE BANKS

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Will the Minister of FINANCE be pleased to state:

- (a) whether the Reserve Bank of India (RBI) has banned for opening of new branches by lie Co-operative banks in the country;
- (b) if so, the reasons therefor; and
- (c) the steps being taken by the Government to lift title ban?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) to (c) : Reserve Bank of India's Annual Policy Statement, for the year 2004-05, refers to the issuance of fresh licence. It stipulates that in order to make the Urban Cooperative Banking (UCB) Sector strong, healthy and stable, it is proposed to consider issuance of fresh licences only after a comprehensive policy on UCBs including an appropriate legal and regulatory framework for the sector, is put in place and policy for improving the financial health of the urban cooperative banking sector is formulated.

In accordance with the announcement, any fresh proposal for organisation of new UCBs or for conversion of cooperative credit societies into UCBs is to be considered only after the situation is reviewed and a fresh announcement is made by Reserve Bank of India in this regard. However, in respect of State Cooperative Banks and District Central Cooperative Banks, there is no ban as such.