

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:1450  
ANSWERED ON:27.11.2009  
CO-OPERATIVE BANKS  
Chaudhary Shri Jayant

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

- (a) the details of the Co-operative Banks functioning in the country including Uttar Pradesh;
- (b) the amount of losses suffered/profits made by these banks during the last three years, State-wise;
- (c) whether any irregularities in the working of these banks have come to the notice of the Government;
- (d) if so, the details thereof; and
- (e) the action taken by the Government thereon?

**Answer**

THE MINISTER OF STATE EV THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

(a) & (b): Reserve Bank of India (RBI) has reported that as on 30-09-2009, 31 State Co-operative Banks (SCBs) and 371 District Central Co-operative Banks (DCCBs) were functioning in the country out of which 1 SCB and 50 DCCBs are in Uttar Pradesh. The working results of Cooperative banks for the last three years are given in Annex.

(c) to (e): RBI regulates all rural co-operative banks (State Co-operative Banks and District Central Co-operative Banks) functioning in the country. National Bank for Agriculture and Rural Development (NABARD) inspects these banks under the Banking Regulation Act 1949 (as applicable to Co-operative Societies). Some of the common deficiencies observed during inspection of SCB/DCCBs include non-compliance with minimum capital requirements and erosion affecting deposits, improper application of IRAC norms resulting in inflated profit/reduced losses, shortfall in provisions, etc., poor quality of loan appraisal, persistent operational deficiencies, defective documentation, inadequate financial margins/high cost of management/adverse working results.

Based on inspection findings, the position of these banks is monitored by RBI constantly on an on-going basis. The actions, as appropriate, are initiated against the weak/errant SCBs/DCCBs under various provisions of the Banking Regulation Act, 1949 in consultation with NABARD from time to time by observing due process. As on date, 11 banks (2 SCBs and 9 DCCBs) have been placed under various directions under the Banking Regulation Act, 1949 (AACs). The directions differ from bank to bank and included prohibition from accepting fresh deposits, allowing withdrawal of deposits only up to certain limit, prohibiting granting of loans and advances to certain areas, etc.