

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:5110
ANSWERED ON:27.08.2010
LIQUIDITY CRUNCH IN COOPERATIVE BANKS
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Will the Minister of FINANCE be pleased to state:

- (a) whether cooperative banks have been facing funds crunch since 2008;
- (b) if so, the details thereof, State-wise including Maharashtra;
- (c) the details of the cooperative banks closed down in the country during the same period, State-wise including Maharashtra; and
- (d) the steps taken/being taken by the Government/Reserve Bank of India(RBI) to settle the dues of the depositors of such Banks?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a) to (c): Reserve Bank of India(RBI) regulates the functioning of State and Central Cooperative Banks in the country. The actions, as appropriate, are taken by RBI against the weak/non-complaint Cooperative Banks under provisions of the Banking Regulation Act, 1949(AACS) in consultation with National Bank for Agriculture and Rural Development (NABARD) from time to time in accord with due process. In view of unsatisfactory financial position including liquidity crunch, two District Central Cooperative Banks (DCCBs) viz. Nanded District Central Co-operative Bank Ltd., Maharashtra and Panchmahals District Co-operative Bank Ltd., Gujarat are presently prohibited from accepting fresh deposits and/or allowing withdrawal of deposits in excess of a stipulated limit. Details are as follows:

S.No. Name of the DCCB State Nature of Direction/s

1 Panchmahals District Gujarat Ban on (i) acceptance of fresh deposits
Co-operative Bank Ltd. (ii) grant of loans and advances except in
certain cases(iii) withdrawal of deposits
exceeding Rs.2000/- per depositor.

2. Nanded District Central Maharashtra Ban on allowing withdrawal of deposits
Co-operative Bank Ltd. exceeding Rs.25,000/- per depositor.

RBI has further reported that no State Cooperative Bank/Central Cooperative Bank in the country has been closed down since 2008.

(d): For the revival of the cooperative credit institutions, Government of India has formulated a revival package for Short Term Cooperative Credit Structure (STCCS) in January, 2006. The total size of the package of Rs.13,597 crore is to be shared by the Government of India, State Governments and the rural Cooperative Credit Structure in the ratio of 68:28:4. Govt. of India has so far released an amount of Rs.8,230 crore to NABARD, the implementing agency under the scheme and against this as on 30-06-2010, Rs. 7,987.60 crore has been released by NABARD as Gol share for recapitalization to 14 States. A total of 25 States have executed MoUs with Gol and NABARD for implementing the revival package, including Maharashtra.