

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

STARRED QUESTION NO:451  
ANSWERED ON:27.08.2010  
URBAN COOPERATIVE BANKS  
Meghwal Shri Arjun Ram

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

- (a) whether the Reserve Bank of India (RBI) has granted licenses for the setting up of Urban Co-operative Banks in major cities during the last three years;
- (b) if so, the details thereof, State-wise including Rajasthan;
- (c) whether many Urban Co-operative Banks have gone under liquidation;
- (d) if so, the details thereof, State-wise;
- (e) whether the Reserve Bank of India (RBI) has made any assessment regarding the functioning and monitoring of Urban Co-operative Banks in the country; and
- (f) if so, the details thereof and the action taken by the Government thereon?

**Answer**

THE MINISTER OF FINANCE(SHRI PRANAB MUKHERJEE)

(a) to (f): A Statement is laid on the Table of the House.

Statement referred to in reply to parts (a) to (f) of Lok Sabha Starred Question No. 451 to be answered on 27th August, 2010 regarding Urban Cooperative Banks tabled by Shri Arjun Meghwal.

(a) & (b): The Reserve Bank of India (RBI) has reported that it has not granted licenses for setting up of new Urban Cooperative Banks (UCBs) in any city during the last three years. However, between April 2007 and March 2010, the RBI has issued 67 licenses under Section 22 of the Banking Regulation Act, 1949 {as applicable to Cooperative Societies (AACS)} in respect of existing unlicensed UCBs whose applications for grant of license were pending with RBI. The State-wise details of these banks for the last three years are as under:

Name of the State    2007-08    2008-09    2009-10

Andhra Pradesh    2    -    -

Assam    -    -    4

Delhi    -    -    1

Gujarat    5    1    10

Karnataka    -    1    6

Kerala    -    -    5

Madhya Pradesh    -    1    1

Maharashtra	2	-	1
Orissa	-	-	4
Punjab	-	-	3
Rajasthan	-	-	1
Tamil Nadu	-	5	2
Uttar Pradesh	-	1	1
West Bengal	1	1	8
Total	10	10	47

(c) & (d): The number of Urban Cooperative Banks (UCBs), whose licenses have been cancelled by RBI and a request sent to the Registrar of Cooperative Societies (RCS) of the State Government concerned to take the bank into liquidation during the last three years is as under:

Name of the State No. of UCBs whose license cancelled by RBI

	2007-08	2008-09	2009-10
Andhra Pradesh	1	-	1
Chhattisgarh	1	-	-
Gujarat	7	5	7
Karnataka	6	2	4
Madhya Pradesh	-	1	2
Maharashtra	2	18	18
Orissa	-	-	1
Rajasthan	1	-	-
Tamil Nadu	1	-	-
West Bengal	2	-	1

TOTAL 21 26 34

(e) & (f): The RBI carries out inspections of all scheduled urban co-operative banks and non-scheduled UCBs classified in Grade III and IV (Grade III and IV banks are the financially weak UCBs) at yearly intervals under the provisions of Section 35 of the Banking Regulation Act 1949 (as applicable to co-operative societies). The non-scheduled UCBs classified in Grade I and II are inspected once in two years. The deficiencies observed by RBI during the course of inspections are followed up with the concerned UCBs for rectification. The financial positions of the UCBs are also monitored through the off-site returns submitted by the UCBs at prescribed intervals. Further, a Task Force for Urban Cooperative Banks (TAFUCB) has been constituted at the all India level and in each of the states to resolve the issues of weak UCBs classified in Grade III and IV.

The RBI has reported that through concerted efforts, the general health of the UCB sector had improved over the last few years. This is detailed in the table given below indicating reduction in the banks classified in Grade III and IV. A grade-wise break up of banks as on March 31, of each year is given below:

Year Grade-I Grade-II Grade-III Grade-IV Total

2007 652 598 295 268 1813

2008 748 526 258 238 1770

2009 845 484 219 173 1721

2010 876 467 182 149 1674

Further, between April 2007 and March 2010, 58 UCBs have got merged with other banks.