

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2233

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CONSERVATION OF NON-SCHEDULED BANKS INTO SCHEDULED BANKS

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Will the Minister of FINANCE be pleased to state:

- (a) the number of Scheduled and non-scheduled banks in the country, as on date;
- (b) the details of the tax collected from such banks during the last three years;
- (c) whether the Government has any proposal for converting the non-scheduled banks/financial institutions into the scheduled banks;
- (d) if so, the details thereof and the criterion for such conversion alongwith the steps taken to protect the interests of the depositors of such banks; and
- (e) the steps taken I being taken by the government in this direction?

Answer

The Minister of State in the Ministry of Finance (Shri Namo Narain Meena)

(a): As on date, there are 83 Scheduled Commercial Banks (SCBs) and 4 Non-Scheduled Banks(Local Area Banks) in the country. Besides, consequent upon amalgamation of Regional Rural Banks (RRBs), the number of RRBs has declined from 196 to 82 as on date. At present, names of seven amalgamated RRBs (out of a total 82 RRBs) have not been included in the Second Schedule to RBI Act, 1934. These banks are Maharashtra Gramin Bank, J&K Grameen Bank, Ballia Etawah Gramin Bank, Allahabad UP Gramin Bank, Paschim Banga Gramin Bank, Kalinga Gramya Bank and Utkal Gramya Bank. All the RRBs are treated as scheduled banks for the purpose of maintenance of Cash Reserve Ratio, etc. by the Reserve Bank of India (RBI).

Scheduling of State Co-operative (StCBs) is done in terms of Para 42 (6) (a) of the RBI Act, 1934, according to which the eligibility criteria are as under:-

- (i) the bank has a paid-up capital and reserves of an aggregate value of not less than Rs. 5 lakh; and
- (ii) it satisfies RBI that its affairs are not being conducted in a manner detrimental to the interest of its depositors.

(b): The details of taxes collected from banks during the last three years are not available with the Data Reporting System of RBI. However, the amount of provision for income taxes, made by SCBs, is furnished in the table below:

Provisions for Tax by All Banks

During the Financial Year Rs. Crore

2007-08	18,639
2008-09	25,763
2009-10	24,762

Source: Off-site returns (Domestic Operations) (Profit Before Tax - Profit after tax)

(c) to (e): RBI has received some requests from Local Area Banks (LABs) for granting scheduled status. However, at present the RBI has no proposal for converting non-scheduled banks to scheduled commercial banks as the policy relating to LABs is under review in RBI.