

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:836
ANSWERED ON:25.11.2011
COOPERATIVE BANKS
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Will the Minister of FINANCE be pleased to state:

- (a) whether the board of a Cooperative Bank functioning in Maharashtra for more than 50 years has been dissolved due to mismanagement, gross financial indiscipline and lack of financial prudence as per the direction of Reserve Bank of India;
- (b) if so, the details thereof along with the total losses suffered by the said bank, as on date;
- (c) whether the Government/RBI has conducted any enquiry in this regard;
- (d) if so, the details thereof and if not, the reasons therefor; and
- (e) the corrective steps taken/being taken by the Government/RBI in this regard?

Answer

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

(a) to (e): The Board of Maharashtra State Co-operative Bank has been superseded with effect from May 7, 2011. The inspection findings with reference to the bank's financial position as on March 31, 2010 revealed several irregularities in its functioning and deterioration in the bank's financial position. The major findings/irregularities were as under:

- (i) The net worth of the bank which stood at Rs.44.02 crore as on March 31, 2009 had deteriorated to [negative] (-) Rs.144.22 crore as on March 31, 2010.
- (ii) The gross NPA of the bank at Rs.2703.86 crore constituted 31.2% of total loans and advances as on 31.03.2010.

The matter regarding conduct of enquiry falls under the jurisdiction of The Commissioner for Co-operation & Registrar of Co-operative Societies, Maharashtra. The position of the bank is monitored by Reserve Bank of India in consultation with NABARD through quarterly progress reports.