

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3143
ANSWERED ON:15.03.2013
URBAN COOPERATIVE BANKS
Dhurve Jyoti

Will the Minister of FINANCE be pleased to state:

- (a) the details of criteria/norms laid down for grant of licenses of new Urban Co-operative Banks (UCB);
- (b) the number of UCBs registered across the country as on date, State/UT-wise;
- (c) the number of UCBs out of these which are currently functional and those closed down during the last three years;
- (d) whether there is any mechanism for rehabilitation or revival of dysfunctional and weak UCBs;
- (e) if so, the details thereof;
- (f) if not, the reasons therefor; and
- (g) the action taken by the Government to safeguard the interest of customers of such banks?

Answer

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

(a): Reserve Bank of India(RBI), the licensing authority for Urban Cooperative Banks(UCBs) announced in the Annual Policy Statement(2004-05) that no fresh proposals for new UCBs would be considered till a comprehensive policy including an appropriate legal and regulatory framework for the sector is put in place. There has been no change in the policy of RBI since then. An Expert Committee on the subject was constituted in April, 2010 which submitted its report to RBI in September, 2011.

(b): The State/UT-wise details of UCBs as on 31.3.2012 is Annexed.

(c): The number of UCBs whose license was cancelled in the last three years are, 31 in 2009-10, 12 in 2010-11 and 14 in 2011-12.

(d) to (g): RBI has, from time to time, taken a number of steps to strengthen the financial position of UCBs, which, inter alia, include:-

allowing merger of UCBs to encourage merger/amalgamation and to provide an avenue for non-disruptive exit route for weak UCBs;

allowing UCBs to raise share capital;

allowing financial restructuring of weak UCBs by conversion of deposits into equity;

entering into MOU with State Governments/UTs and Central Government(for multi-State UCBs) to address the problem of dual control of UCBs by RBI and Registrar of Cooperative Societies; and

setting up a Task Force on Urban Cooperative Banks in each State/UT with an objective to have a consultative arrangement for identifying weak and potentially viable entities and turning them around and also to provide a non disruptive exit path to unviable entities so as to ensure continuous process of monitoring of such UCBs.