

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:36
ANSWERED ON:06.12.2013
MERGER OF COOPERATIVE BANKS
Devi Aswamedh;Singh Alias Pappu Singh Shri Uday

Will the Minister of FINANCE be pleased to state:

- (a) whether the losses incurred by the rural/urban cooperative banks in the country are on the rise;
- (b) if so, the details thereof during the last three years and the current year, bank and State/UT-wise;
- (c) whether the Government has any proposal to merge such cooperative banks with any other banks and if so, the details thereof along with the reasons therefor and the time by which it is likely to be done;
- (d) whether the Government has consulted the employees of these banks in this regard and if so, the details thereof; and
- (e) the remedial measures taken/being taken by the Government to revive the cooperative banks and to protect the interests of the customers?

Answer

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM)

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

Statement referred to in reply to parts (a) to (e) of Lok Sabha Starred Question No. + 36 to be answered on 6th December, 2013 regarding Merger of Cooperative Banks tabled by Shrimati Ashwamedh Devi, MP and Shri Uday Singh, MP.

(a) & (b) There are 402 rural Cooperative Banks in the country including 32 State Cooperative Banks (SCBs) and 370 District Central Cooperative Banks (DCCBs). While the losses incurred by SCBs are on the decline, the losses incurred by DCCBs declined during 2011-12 with 2010-11 as the base year but increased during 2012-13 though still lesser than the base year. The State-wise details of loss making SCBs and DCCBs during the last three years are given in Annexure I & II respectively. The 1606 Urban Cooperative Banks (UCBs) in the country, as a whole, have been making profits during last three years.

(c) & (d) Presently, there is no proposal to merge the SCBs and DCCBs with any other banks. Reserve Bank of India, in order to facilitate consolidation and providing an avenue for non-disruptive exit of weak/unviable entities in the UCB sector has issued guidelines for mergers among the UCBs.

(e) Government has implemented a revival package for Short Term Cooperative Credit Structure (STCCS) encompassing legal and institutional reforms, initiated measures to improve the quality of management and provided financial assistance as necessary for their democratic, self-reliant and efficient functioning. Under the revival package, Government of India has released Rs. 9,245 crore.

The deposits of cooperative banks are insured by the Deposit Insurance and Credit Guarantee Corporation (DICGC) upto Rs. 1 lakh per depositor as per provisions of the DICGC Act, 1961.