

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:2741

ANSWERED ON:07.02.2014

CANCELLATION OF LICENCE OF LOSS MAKING COOPERATIVE BANKS

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

- (a) whether the losses incurred by the cooperative banks in the country are on the rise;
- (b) if so, the details thereof and the reasons therefor during the last three years, year and bank-wise;
- (c) whether the Reserve Bank of India(RBI) has any proposal to cancel licenses of loss making cooperative banks;
- (d) if so, the details thereof; and
- (e) the remedial measures taken/being taken by the Government to protect the interests of the customers and to revive the cooperative banks:

**Answer**

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

(a) & (b):- The details of loss making Urban Cooperative Banks(UCBs) and Rural Cooperative Banks(RCBs) in the country are given in Annexure. These banks are incurring losses, inter alia, due to high NPAs, staff costs & operating expenses, low credit-deposit ratio, frauds and lack of professional management etc.

(c) & (d):- The Reserve Bank of India(RBI) has informed that they have not decided to cancel the licences of the loss making cooperative banks.

(e):- The RBI, in order to facilitate consolidation and providing an avenue for non-disruptive exit of weak/unviable entities in the UCBs has issued guidelines for mergers among them. As regards RCBs, the Government had 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, the Government of India had released Rs. 9,245 crores.

In addition, 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.