

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1392
ANSWERED ON:18.07.2014
CANCELLATION OF LICENCES OF BANKS
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Will the Minister of FINANCE be pleased to state:

- (a) the number of licences of Cooperative Banks including the Regional Rural Banks (RRBs) cancelled by the Reserve Bank of India (RBI) during the last three years and till date, bank and Statewise
- (b) whether the RBI proposes to cancel more licences of such banks; and
- (c) if so, the details thereof?

Answer

The Finance Minister (Shri Arun Jaitley)

(a) : Reserve Bank of India (RBI) has reported that it has cancelled licences of 38 Urban Co-operative Banks (UCBs) during the last three calendar years till date. The details of these UCBs, State-wise and Bank-wise, are given in Annexure.

The National Bank for Agriculture & Rural Development (NABARD) has reported that RBI has not cancelled the licence of any of the Rural Cooperative Banks, i.e. State Cooperative Banks (StCBs) and District Central Cooperative Banks (DCCBs) during the last three years.

NABARD has further informed that Regional Rural Banks (RRBs) are established by an Act of Parliament as banks and no separate licence is required for them to do the banking business. RBI, therefore, does not issue or cancel banking licence of RRBs.

(b) & (c) : RBI has reported that as per the supervisory action framework put in place for UCBs, it would initiate action to issue a show cause notice for cancellation of the licence of a UCB, if the deposit erosion is in excess of 25 %.