

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2424
ANSWERED ON:25.07.2014
LICENCE TO COOPERATIVE BANKS
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Will the Minister of FINANCE be pleased to state:

- (a) whether the Reserve Bank of India (RBI) has denied to give licence to Nagpur, Buldhana and Wardha District Central Cooperative Banks;
- (b) if so, the details thereof along with the reasons therefor;
- (c) whether about 70 per cent loans were being distributed by these Banks to the farmers of the region during the kharif sowing season;
- (d) if so, the details thereof and whether Government proposes to issue fresh licenses to these banks; and
- (e) if so, the details thereof and other corrective measures taken by the Government in this regard?

Answer

The Minister of State in the Ministry of Finance (Smt. Nirmla Sitharaman)

(a) & (b) : National Bank for Agriculture & Rural Development (NABARD) has informed that the requests for issue of banking licence under Section 22 of Banking Regulations Act, 1949 (As applicable to Cooperative Societies) made by Nagpur, Buldhana and Wardha District Central Cooperative Banks (DCCBs) have been rejected by Reserve Bank of India (RBI). NABARD has further informed that various deficiencies/irregularities were continued in the functioning of these banks, as was revealed in consecutive Statutory Inspections conducted under Section 35 of Banking Regulations Act, 1949 (As applicable to Cooperative Societies). These banks failed to achieve even the relaxed licensing norms fixed by RBI. These banks have also been incurring heavy losses and RBI was satisfied that there was no possibility of revival of these banks and allowing them to continue their banking business shall be detrimental to the interests of their present/future depositors.

(c) to (e) : NABARD has reported that the share in disbursement of crop loans during the year 2011-12 and 2012-13 by Buldhana, Nagpur and Wardha DCCBs was less than 70%, as under :

Buldhana DCCB

Year	% share of DCCB in disbursement of crop loan
2011-12	39.1
2012-13	5

Nagpur DCCB

Year	% share of DCCB in disbursement of crop loan
2011-12	45
2012-13	44

Wardha DCCB

Year	% share of DCCB in disbursement of crop loan
2011-12	17
2012-13	16

Source : NABARD

NABARD has also informed that during the year 2013-14 and 2014-15, the State Level Bankers' Committee (SLBC) of Maharashtra has not allocated any target to these 3 DCCBs.