

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:7068

ANSWERED ON:08.05.2015

URBAN CO OPERATIVE BANK ATMS

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

- (a) whether the urban co-operative banks have played a critical role in the rural segment;
- (b) if so, the details thereof;
- (c) whether the urban co-operative banks are allowed to set up offsite and mobile Automated Teller Machines (ATMs) without prior approval of the Reserve Bank of India (RBI); and
- (d) if so, the details thereof and the reasons therefor?

**Answer**

The Minister of State in the Ministry of Finance (Shri Jayant Sinha)

(a)& (b) The Urban Co-operative banks (UCBs) were initially permitted to operate within the urban/semi-urban centres only. However, as per the recommendations of the Marathe Committee, UCBs were allowed to extend the area of operation to semi-urban and urban centres and the peripheral rural areas within a distance of 10 Kms from boundaries of these centres within the district of their registration in 1994. However, UCBs were allowed to extend credit for non-agricultural and allied agricultural productive purposes in the rural areas. Subsequently, owing to further liberalization of the sector, UCBs are now allowed to open branches anywhere in their approved area of operation and also permitted to finance agricultural (both direct and indirect) and the loans for agricultural activities are reckoned as priority sector advances.

In view of the above, UCBs over the years have increasingly played a critical role in the rural segment. The Agricultural credit (both direct and indirect) extended by UCBs under the priority sector stood at Rs.5791 crore as on March 31, 2014 which was 5.934% of the total priority sector advances (Rs.97587 crore) of the UCBs and 2.9% of the total advances (Rs.199651 crore) of the UCBs.

(c) & (d) Financially Sound and Well Managed (FSWM) UCBs having a network of more than Rs.50 crore are permitted to open Off-site/mobile ATMs without the approval of RBI subject to reporting within a fortnight of opening the ATM. FSWM UCBs not fulfilling the network criteria are required to take prior approval of RBI for opening off-site/mobile ATMs.