

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:356  
ANSWERED ON:11.07.2014  
PROFIT AND LOSS OF COOPERATIVE BANKS  
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**Will the Minister of FINANCE be pleased to state:**

- (a) the number of cooperative banks existing in the country, State/UT-wise including Maharashtra;
- (b) the amount of profit/loss earned by these banks during the last three years and the current year;
- (c) whether the Government has noticed any irregularities in the functioning of these banks; and
- (d) if so, the details thereof along with the steps taken/being taken by the Government in this regard?

**Answer**

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

- (a) : The State/UT-wise details of Rural and Urban Cooperative Banks in the country are given in Annexure-I & II respectively.
- (b) : The details of profit/loss earned by State Cooperative Banks(StCBs) and District Central Cooperative Banks(DCCBs), as provided by National Bank for Agriculture & Rural Development(NABARD) are given in Annexure-III & Annexure-IV respectively.

As regards Urban Cooperative Banks(UCBs), the Reserve Bank of India(RBI) has reported that the UCB sector as a whole has been making profits, except a few UCBs which have made losses. The details of profit made by the UCB sector during last three years, as provided by RBI, are given below.

(Amount in Rs. Crore)

Particulars	2011-12	2012-13	2013-14#
All UCBs	All UCBs	All UCBs	
Amount of net	3200	3500	2348
profits by			
Urban Co-op			
Sector			
#Provisional			

(c) & (d) : NABARD has reported that the irregularities and supervisory concerns observed in respect of Rural Cooperative Banks, inter alia, include non-compliance of statutory provisions, improper application of Income Recognition & Asset Classification (IRAC) norms, non-compliance with Know Your Customer (KYC)/Anti Money Laundering (AML) standards, high level of Non-Performing Assets (NPAs), weak internal check and control system, incidence of frauds, inefficient management, etc.

NABARD has informed that these deficiencies were communicated to the concerned banks, Registrar of Cooperative Societies of concerned States and respective State Governments for rectification. Wherever major defects were observed, RBI has issued directions to the banks concerned including the unlicensed ones under Section 35 A of the Banking Regulation Act, 1949 (As applicable to Cooperative Societies).

RBI has reported that the weakness in the functioning of some UCBs include lack of corporate governance, high NPA levels, high operating expenses, low Credit Deposit Ratio, high staff cost due to overstaffing, frauds, lack of professional management, non-compliance of KYC/AML guidelines, etc. 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 Rural Cooperative Banks, 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.