

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:277
ANSWERED ON:19.12.2003
COOPERATIVE BANKS FUNCTIONING WITHOUT LICENCE
RAMJI LAL SUMAN

Will the Minister of FINANCE be pleased to state:

- (a) whether many co-operative banks are functioning in the country without having obtained the valid licence of RBI;
- (b) if so, the number of such co-operative banks, State-wise;
- (c) whether the Government has received reports regarding misappropriation of funds and irregularities in the operation of these banks;
- (d) if so, the State-wise names of such banks wherefrom such reports have been received during the last three years; and
- (e) the action taken by RBI against such banks?

Answer

FINANCE MINISTER (SHRI JASWANT SINGH)

(a) to (e): A Statement is placed on the Table of the House

STATEMENT REFERRED IN REPLY TO PARTS (a) to (d) OF THE LOK SABHA STARRED QUESTION NO. 277/19-12-2003 REGARDING 'COOPERATIVE BANKS FUNCTIONING WITHOUT LICENCE'.

(a) and (b): Reserve Bank of India (RBI) has reported that 108 Urban Co-operative Banks (UCBs), 1 State Co-operative Banks (SCBs) & 294 District Central Co-operative Banks (DCCBs) are functioning in the country without licence from RBI. The State-wise number of such banks is at Annexure-I. While these banks do not have licences, they are permitted to carry on banking operations until their licence applications are rejected by RBI.

(c) and (d): During the course of inspection by RBI, major irregularities were found in 91 UCBs. Frauds and misappropriation were reported in 22 such UCBs and 21 SCBs and 290 DCCBs as on 31.3.2003. The State-wise details of UCBs, SCBs and DCCBs involved in major irregularities are given in Annexure-II and Annexure-III respectively.

(e): RBI has diverted cooperative banks to report cases of frauds/misappropriation of funds to the investigating agencies or file criminal cases in Courts and report to the concerned Registrar of Co-operative Societies (RCS)/RBI immediately on the occurrence/notice of fraudulent transactions and misappropriation of funds. RBI also informs the concerned Registrar of Cooperative Societies (RCS) for necessary action in addition to forwarding a copy of their inspection report. Further, Co-operative Banks have been advised to rectify the irregularities/deficiencies and strictly comply with laid down systems, procedures and strengthen internal controls.

Annexure-I

State-wise number of Co-operative Banks functioning in the country without valid licences from Reserve Bank of India.

Sl.No. Name of State/UTs SCBs DCCBs UCBs

1	A & N Island	1	-	-
2	Andhra Pradesh	1	19	6
3	Assam	1	-	1
4	Bihar	1	22	-
5	Chandigarh	1	-	-
6	Chattisgarh	1	6	-
7	Gujarat	-	15	29
8	Haryana	-	16	-
9	Himachal Pradesh	1	2	-
10	J & K	1	3	-
11	Jharkhand	-	7	-
12	Karnataka	-	17	12
13	Kerala	-	4	5
14	Madhya Pradesh	1	34	3

15	Maharashtra	1	22	8
16	Manipur	1	-	1
17	Meghalaya	-	-	2
18	NCT of Delhi	1	-	1
19	Orissa	1	15	4
20	Punjab	-	12	4
21	Rajasthan	1	26	1
22	Tamil Nadu	-	17	10
23	Tripura	1	-	-
24	Uttar Pradesh	1	42	7
25	Uttaranchal	-	4	-
26	West Bengal	1	11	14

Total 17 294 108

Annexure-II

State-wise details of Urban Co-operative Banks (UCBs) involved in reports of irregularities (as on 31.3.2003).

Sl.No. Name of State Name of the Urban Cooperative Banks

1	Andhra Pradesh	Cumbum Urban Cooperative Bank
2		Gooty Cooperative Urban Bank
3		Guntur Women Cooperative Bank
4		Jampeta Cooperative Urban Bank
5		Tenali Cooperative Urban Bank
6		Uravakonda Cooperative Urban Bank
7	Assam	The Mahabhairab Cooperative Urban Bank
8	Gujarat	Baroda District Industrial Cooperative Bank
9		Borsad Nagarik Sahakari Bank
10		Junagadh Vibhagiya Nagarik Sahakari Bank
11		Kapadwanj Cooperative Bank
12		Mahila Sahakari Bank
13		Ode Urban Cooperative Bank
14		Porbandar Commercial Cooperative Bank
15		Shree Bharat Cooperative Bank
16		Shree Cooperative Bank
17		Shree Dhandhuka Janta Sahakari Bank
18		Shree Ghoghamba Vibhag Nagarik Sahakari Bank
19		Shree Krishna Sahakari Bank
20		Shree Mahuva Nagarik Sahakari Bank
21		Shree Parswanath Cooperative Bank
22		Shree Virpur Urban Sahakari Bank Ltd.
23		Shri Sarvakundla Nagarik Sahakari Bank
24		Social Cooperative Bank Ahmedabad
25		Textile Processors Cooperative Bank Ltd.
26		The Bodeli Urban Cooperative Bank
27		The Jambusar Peoples Cooperative Bank
28		The Nagarik Sahakari Bank Ltd.
29		The Padra Nagarik Sahakari Bank Ltd.
30		The Palanpur Peoples Cooperative Bank
31		The Rajula Nagarik Sahakari Bank Ltd.
32		The Sidhpur Nagarik Sahakari Bank
33		The Umreth Peoples Cooperative Bank
34		The Waghodia Urban Cooperative Bank
35		Unjha Nagarik Sahakari Bank Ltd.
36		Vadnagar Nagarik Sahakari Bank
37	Himachal Pradesh	Chamba Urban Cooperative Bank
38		Shimla Urban Cooperative Bank
39	Karnataka	Arsikera Urban Cooperative Bank
40		Bellary Saudara Urban Cooperative Bank
41		Haliyol Urban Cooperative Bank
42		Raibag Urban Cooperative Bank
43	Kerala	Nemmara Cooperative Bank
44		The Allepey Urban Cooperative Bank
45		The Irinjalakuda Town Cooperative Bank
46		The Karamana Cooperative Bank
47		Vadakara Cooperative Bank
48	Madhya Pradesh	The Hindu Nagarik Sahakari Bank
49	Maharashtra	Appasaheb Birnale Sahakari Bank Ltd.
50		Sanmitra Sahakari Bank Maryadit
51		The Koregaon Cooperative Peoples Bank Ltd.

52 Nashik Jilla Sahakari & Parishad Karamchari Sahakari Bank
53 The Premier Automobiles Employees Cooperative Bank
54 The Rajwade Mandal Peoples Cooperative Bank
55 Vitra Urban Cooperative Bank
56 Manipur Moirang Primary Co-operative Bank Ltd.
57 Meghalaya Jowai Cooperative Urban Bank Ltd. Jowai
58 Shillong Cooperative Urban Bank Ltd.
59 Orissa Balasore Urban Cooperative Bank
60 Baripada Urban Cooperative Bank
61 Parlkhemundi Urban Cooperative Bank
62 Puri Urban Cooperative Bank Ltd.
63 Punjab Kurali Urban Cooperative Bank
64 Nakodar Hindu Urban Cooperative Bank
65 Rajasthan Rajasthan Urban Cooperative Bank
66 Tamil Nadu Melur Cooperative Bank
67 The Arcot Cooperative Urban Bank Ltd.
68 The Bodinayakanur Cooperative Bank
69 The Chinthadripet Cooperative Bank
70 The Kothagiri Cooperative Bank
71 The Kulithalai Cooperative Bank
72 The People's Cooperative Bank
73 Varaganery Cooperative Bank
74 Uttar Pradesh 510 Army Base Workshop Credit Cooperative Primary Bank
75 Lucknow University Admn. Staff Primary Cooperative Bank
76 Ordnance Equipment Factory Prarambhik Sahakari Bank
77 The Mechanical Department Primary Cooperative Bank
78 Uttar Pradesh Civil Secretariat Primary Cooperative Bank
79 West Bengal Budge Budge Nangi Cooperative Bank
80 Eastern and North East Frontier Railway Cooperative Bank
81 Nabadwip Cooperative Bank
82 National Insurance Employees Cooperative Credit & Banking Society
83 The Joynagar-Mozilpur People's Cooperative Bank
84 Union Cooperative Bank Ltd.
85 AVB Employees Cooperative Credit Society and Bank Ltd.
86 Dhakuria Cooperative Bank
87 Ranaghat People's Bank Ltd.
88 State Bank of India Staff Association
89 The Bankura Town Cooperative Bank
90 The Bishnupur Town Cooperative Bank
91 West Bengal Government Press Employees Cooperative Thrift &
Credit Society

Annexure-II

State-wise number of SCBs and DCCBs involved in reports of irregularities (as on 31.3.2003).

Sl.No. Name of State/UTs March, 2003

SCBs DCCBs

1	A & N Island	1	-
2	Andhra Pradesh	1	20
3	Arunachal Pradesh	1	-
4	Assam	1	1
5	Bihar	-	23
6	Chandigarh	-	-
7	Chhattisgarh	-	6
8	D & N Haveli	-	-
9	Daman & Diu	-	-
10	Goa	1	-
11	Gujarat	1	12
12	Haryana	-	7
13	Himachal Pradesh	1	2
14	J & K	-	2
15	Jharkhand	-	-
16	Karnataka	1	18
17	Kerala	1	8
18	Lakshadweep	-	-
19	Madhya Pradesh	-	35
20	Maharashtra	1	31
21	Manipur	1	-

22	Meghalaya	1	-
23	Mizoram	1	-
24	Nagaland	1	-
25	NCT of Delhi	1	-
26	Orissa	1	9
27	Pondicherry	-	-
28	Punjab	1	13
29	Rajasthan	1	16
30	Sikkim	-	-
31	Tamil Nadu	1	21
32	Tripura	1	-
33	Uttar Pradesh	-	42
34	Uttaranchal	-	9
35	West Bengal	1	15

Total 21 290

Note: Data bank of NABARD, Head Office does not generate names of the banks involved seperately.