

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:395
ANSWERED ON:19.04.2002
NEW COOPERATIVE BANKS
SATYAVRAT CHATURVEDI

Will the Minister of FINANCE be pleased to state:

- (a) whether despite the fact that most of the cooperative banks facing financial crisis, the Government are still issuing approvals for opening new cooperative banks;
- (b) if so, the reasons therefore;
- (c) the State-wise number of cooperative banks and the total deposits of customers with these banks;
- (d) the reasons for losses; and
- (e) the specific steps taken by the Government to ensure that these banks retain the confidence of depositors?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a),(b),(c),(d) & (e): A Statement is laid on the Table of the House.

STATEMENT REFERRED IN REPLY TO PARTS (a), (b), (c), (d) AND (e) OF LOK SABHA STARRED QUESTION NO. 395 FOR APRIL 19, 2002 TABLED BY SHRI SATYAVRAT . CHA TURVEDI REGARDING NEW COOPERATIVE BANKS

(a) And (b) : Reserve Bank of India (RBI) has reported that out of the 2090 urban co-operative banks, only 244 were reported to be making losses as on 31st March 2001. RBI has further reported that it is issuing new licenses for setting up of urban co-operative banks only on highly selective basis.

(c) : State-wise number of urban and District Central Co-operative banks running into losses as on 31 March 2001` is given in the Annexure-I. In addition, 4 State Cooperative Banks Viz. Chandigarh, Goa, Jammu & Kashmir and Tripura have incurred losses during the year 2000-01. The total amount of deposits of customers separately with these banks is not readily available with RBI and NABARD. The information is being collected and to the extent available will be laid on the Table, of the House.

(d) : As reported by RBI and National Bank for Agriculture and Rural Development (NABARD), reasons for losses incurred by Co-operative Banks are, inter alia, deficiencies in management, laxity in evolving sound policies and procedures for lending and post-sanction supervision, lack of professionalism in management, inefficient funds management, low income and high level of expenditure.

(e) : RBI and NABARD have issued guidelines to all co-operative banks to streamline the internal control mechanism such as internal audit/inspection, concurrent audit of sensitive areas/large branches, periodical balancing of books, custody of security forms/cheque books, surprise verification of cash and other valuables, rotation of staff etc.

state-wise number of urban and district central co-operative banks incurred losses as on 31.3.01

SL.NO.	NAME OF STATE	NO. LOSS MAKING BANKS	OF
	UCBS	DCCBS	

1	andhra pradesh	30	10
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2	assam	5	1
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3	bihar	6	
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4	chandigarh	3	
5	gujraat	28	2
6	haryana	4	2
7	himachal pradesh	2	
8	jammu & kashmir	2	
9	karnataka	21	4
10	kerala	9	1
11	madya pradesh	19	19
12	maharashta	77	9
13	manipur	2	
14	meghalaya	1	
15	mizoram	1	
16	nagaland	1	
17	new delhi	3	
18	orissa	3	7
19	punjab	1	
20	rajasthan	1	7
21	tamilnadu	17	11
22	uttar pradesh	9	20
23	west bengal	4	1
	total	244	99