

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:1921  
ANSWERED ON:26.07.2002  
COOPERATIVE BANKS RUNNING IN LOSS  
MANIKRAO HODLYA GAVIT

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

- (a) whether most of the Co-operative bank& in the country are running into losses;
- (b) if so, the reasons therefor;
- (c) the State-wise names of such banks alongwith the date since when these are running into losses; and
- (d) the remedial steps taken to improve the performance of these banks?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF FINANCE ( SHRI ANANT G. GEETE)

(a) & (b): As reported by Reserve Bank of India (RBI), out of the 30 State Co-operative Banks

(SCBs) and 369 District Central Co-operative Banks (DCCBs) in the country, 18 SCBs and 20 DCCBs are running in losses as on 31 March 2001. Low volume of business, low resource base, low borrowing membership, lack of democratization and professionalisation of the management and high incidence of overdues on account of almost stagnated recovery performance have been identified as the major factors responsible for these losses.

(c): The information is being collected and, to the extent available, will be placed on the Table of the House.

(d): RBI and National Bank for Agriculture and Rural Development (NABARD) have taken several remedial steps to improve the performance of cooperative banks in the country. Some of these include advising the cooperative banks to prepare Development Action Plans (OAPs), execute Memoranda of Understanding (MoU) between the banks, NABARD and the concerned State Government, conducting of Organizational Development Intervention (ODI) programmes for cooperative banks for improving their organizational performance, etc. NABARD also provides assistance to supplement the DAP efforts of cooperative banks out of its Cooperative Development Fund (CDF) for improving their operational efficiency.