

**GOVERNMENT OF INDIA
FINANCE AND COMPANY AFFAIRS
LOK SABHA**

UNSTARRED QUESTION NO:706
ANSWERED ON:21.02.2003
COOPERATIVE BANKS
RAJO SINGH

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

- (a) whether the Cooperative banks are either closed down or on the verge of closure in Bihar and Jharkhand;
- (b) if so, whether the Reserve Bank of India has conducted an investigation in the matter; and
- (c) if so, the outcome thereof and the action taken thereon?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBAADSUL) :

(a) to (c) Reserve Bank of India (RBI) and National Bank for Agriculture and Rural Development (NABARD) have reported that based upon the on-site inspection findings and other relevant information it had been observed that the financial position of a large number of District Central Co-operative Banks (DCCBs) in Bihar and Jharkhand were highly unsatisfactory. Despite giving sufficient time and opportunity to these banks to improve the financial position, such continued unsatisfactory financial position poses threats to the interests of depositors and other stake holders. With a view to protect the interest of the depositors and on the recommendations of NABARD, RBI had rejected the applications of Daltonganj DCCB in Jharkhand and Chapra DCCB in Bihar in public interest. In so far as the urban cooperative banks functioning in these two States, licences of three banks viz. I) The Begusarai Urban Co-op. Bank Ltd., Begusarai, II) The Peoples Co-op. Bank Ltd. Muzaffarpur, and III) The Madhepura Urban Co-op. Bank Ltd., Madhepura were cancelled by RBI. The application for licence in respect of Nalanda Urban Co-op. Bank Ltd. Nalanda was also rejected on account of serious irregularities and deficiencies revealed in the statutory inspections.