

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4046
ANSWERED ON:22.08.2003
COOPERATIVE BANKS
UMMAREDDY VENKATESWARLU

Will the Minister of FINANCE be pleased to state:

- (a) whether Reserve Bank of India has given notice to four cooperative banks in the capital that their performance was below par and that they have to improve their performance by the end of this financial year;
- (b) if so, the details thereof; and
- (c) to what extent the RBI will help these four cooperative banks to improve their performance?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANANDRAO V. ADSUL)

(a) & (b): Reserve Bank of India (RBI) has reported that no such notice has been issued to any cooperative bank in the capital. However, it has identified four banks in the National Capital Territory of Delhi on the basis of their financial indicators/inspection reports and classified them as weak and sick. These banks have been advised to formulate revival plans and to strive to achieve the targets of financial indicators in a time-bound manner viz. reduction in Non-Performing Assets (NPAs), achieve Capital to Risk Asset Ratio (CRAR) norms, reduce expenditure and to keep RBI apprised of the progress on monthly basis. These banks have also been advised not to declare dividend without prior approval of RBI, not to acquire/dispose of the immovable property, renew those accounts only which have been classified as 'Standard Assets', step up the recovery efforts and maintain credit-deposit ratio, etc.

(c): RBI has advised the weak co-operative banks to draw up action plans for their revival, which, inter-alia, emphasise reduction and prevention of NPAs, augmentation of share capital, mobilization of resources in a cost effective manner, minimization of expenditure, increase in yield on assets, etc. The progress achieved in the revival of these banks is also reviewed in the State Level Review Committee.