

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2078
ANSWERED ON:04.08.2000
LOSS IN COOPERATIVE BANKS IN ANDHRA PRADESH
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Will the Minister of FINANCE be pleased to state:

- (a) whether several cooperative banks in Andhra Pradesh, particularly in tribal areas are running in losses;
- (b) if so, the details thereof and the extent of losses suffered by each of these banks during each of the last three years and till date alongwith the reasons therefor;
- (c) the administrative expenditure incurred by these banks during the above period; and
- (d) the action proposed to be taken to check these losses?

Answer

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

- (a) and (b) The details of the losses incurred by the District Central Cooperative Banks (DCCBs) in Andhra Pradesh, including those in tribal areas, during the year 1996-97, 1997-98 and 1998-99, as reported by National Bank for Agriculture and Rural Development (NABARD), are furnished in enclosed State-ment-I. The reasons for losses could be attributed to high cost of management, poor recoveries and inadequate return on advances.
- (c) The details of the administrative expenditure incurred by these banks during the years 1996-97, 1997-98 and 1998-99 are furnished in enclosed statement-II.
- (d) NABARD has reported that the action recommended to reduce the losses included inter-alia, diversification of advances and investment portfolio to improve financial margin (or DCCBs, revision of interest rates on deposits/loans to take advantage of deregulation, recovery drives at the level of DCCB/Primary Agricultural Credit Societies (PACS), extension of assistance and necessary support from the State Government, reduction in cost of margin of DCCBs having high cost of management, implementation of action plans to comply with provisions of Section 11(1) of Banking Regulation Act, proper funds management, improvement in recovery, performance and reduction in Non Performing Assets etc.