

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3017
ANSWERED ON:07.12.2001
FUND WITH CO OPERATIVE BANKS
T.M. SELVAGANAPATHI

Will the Minister of FINANCE be pleased to state:

- (a) whether it is a fact that various Co-operative Banks in the country are having large deposits with them;
- (b) if so, the details thereof bank-wise; and
- (c) the steps taken by the Government to help the Co-operative Banks in the country to utilize the surplus funds lying with them?

Answer

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

(a) and (b) As reported by National Bank for Agriculture and Rural Development (NABARD) the deposits of the SCBs and DCCBs stood at Rs. 32703.62 crores and Rs. 57573.54 crores respectively, as on 31 March, 2001. The State-wise details are given in the statement enclosed.

(c) The deposits of these banks are utilized by them along with their capital funds for lending. The banks are expected to take decisions with regard to the deployment of their funds and make efforts to reduce the cost of their funds by aligning the interest rates offered on deposits to the market by keeping them only marginally higher than those offered by commercial/private banks. Besides the loan portfolio, the cooperative banks have also been permitted to invest their short-term and long-term surplus funds in various avenues like call money, short term deposits, fixed deposits with commercial banks, public sector undertaking bonds upto 10% of their deposits, etc. with Reserve Bank of India (RBI)'s permission. These banks have also been permitted to invest upto 5% of their net non-SLR surplus funds as per the discretion of the management of the respective banks in various permissible avenues, subject to the concurrence of RBI. The issue of finding more avenues for profitable deployment of surplus resources has been engaging the attention of RBI/NABARD. NABARD had constituted an in-house study group on funds management by co-operative banks, which had suggested among others that each co-operative bank should evolve its own investment policy covering the funds position, type of investments preferred, balancing liquidity and safety in such investments, involvement of brokers, exposure limits, etc. The study group has also emphasized upon the need for introduction of proper systems to ensure that there is no mismatch in maturity of assets and liabilities through preparation of proper funds flow statements.