

RAJYA SABHA

Unstarred Question No. 2135
Answered on Tuesday, August 8, 2023/ Sravana 17, 1945 (Saka)

SCAMS IN COOPERATIVE BANKS

2135. SHRI LAHAR SINGH SIROYA:

Will the Minister of FINANCE be pleased to state:

- whether Government is aware of the number of scams being reported in Cooperative Banks in some of the States;
- if so, the details of the steps taken by Government regarding misappropriation of funds by Cooperative Banks in the last three years;
- whether Government has received any recommendation from Karnataka to probe into the financial irregularities of few Cooperative Sector Banks from Central Bureau of Investigation (CBI);
- if so, the details thereof; and
- the details of the steps taken/to be taken by Government to prevent recurrence of such frauds?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE
(DR. BHAGWAT KARAD)

(a) to (b) The total number of frauds as reported by the cooperative banks during the last 3 years is given below:

Financial Year	Number of frauds	Amount Involved (in ₹ crore)
2020-21	438	1,985.79
2021-22	729	536.59
2022-23	964	791.40

Source: RBI and NABARD

All cooperative banks are required to comply with the guidelines issued by the Reserve Bank of India (RBI) from time to time. Compliance to RBI guidelines issued to banks is examined on sample basis during the Supervisory Assessment of the banks and any non-compliance observed is taken up with the banks for rectification apart from initiating supervisory/ enforcement action against the bank, as deemed fit.

Some of the policy initiatives taken up for maintaining the trust of the people in cooperative banks are as under:

- The Banking Regulation Act, 1949 has been amended to provide additional powers to RBI for more effective regulation of cooperative banks.
- RBI issues instructions, circulars, guidelines and notifications to cooperative banks under the provisions of the Banking Regulation Act, 1949 [As Applicable to Cooperative Societies (AACs)].
- Guidelines have been issued to cooperative banks on various matters related to capital adequacy, income recognition and provisioning norms, investments, maintenance of deposits, branch expansion, customer service etc.
- State Cooperative Banks (StCBs) / District Central Cooperative Banks (DCCBs) are being periodically inspected by National Bank for Agriculture and Rural Development (NABARD) under provisions of the Banking Regulation Act, 1949 to ensure that the banks are complying with the extant guidelines/instructions/norms.
- Urban Cooperative Banks (UCBs) are being periodically inspected by RBI under provisions of the Banking Regulation Act, 1949 to ensure that the banks are complying with the extant guidelines/instructions/norms.

(c) to (d): This department has not received any such recommendation from Karnataka.

(e): RBI and NABARD have informed that they undertake measures for strengthening fraud risk management in banks, including issuing caution advises, advising banks for rotation and mandatory leave of staff, compliance monitoring, cyber security advisories, etc.