

RAJYA SABHA

Unstarred Question No. 861

Answered on Tuesday, July 30, 2024/ Sravana 8, 1946 Saka

Diversification of business of cooperative sector banks

861 # **Shri Rambhai Harjibhai Mokariya:**

Will the Minister of **Finance** be pleased to state:

- (a) the steps taken to diversify the business of co-operative sector banks;
- (b) whether they have been permitted to provide commercial real estate-residential housing loans;
- (c) if so, the details thereof; and
- (d) the benefits that would be accrued to the co-operative sector banks by allowing commercial real estate-residential housing loans?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI PANKAJ CHAUDHARY)

(a) to (c) Government and Reserve Bank of India (RBI) have taken various steps to diversify the business of cooperative sector banks which, inter alia, includes:

- i. Rural Cooperative Banks [State Cooperative Banks (StCBs) & District Central Cooperative Banks (DCCBs)] and Primary (Urban) Cooperative Banks have been permitted to extend Commercial Real Estate-Residential Housing (CRE-RH) loans within the overall housing finance limits, i.e. 5% and 10% of total assets respectively.
- ii. The Reserve Bank of India (RBI) has increased individual housing loan limits for StCBs/DCCBs, from ₹20 lakh to ₹50 lakh for banks having net worth less than ₹100 crore, and from ₹30 lakh to ₹75 lakh for banks having net worth ₹100 crore or more.
- iii. StCBs and DCCBs have now been allowed to become co-branding partners of card issuers without prior approval from RBI, as per the amendment dated March 07, 2024 in Master Direction on Credit Card and Debit Card (Issuance and Conduct directions, 2022) issued by RBI.
- iv. The Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) has included StCBs and DCCBs as Member Lending Institutions (MLIs) to diversify their loan portfolios into the Micro, Small and Medium Enterprises (MSME) sector.
- v. StCBs and DCCBs have been made eligible under various Government of India schemes viz. Agriculture Infrastructure Fund (AIF), PM Vishwakarma Scheme, PM Surya Ghar: Muft Bijli Yojana, PM Formalisation of Micro food processing Enterprises (PMFME) Scheme etc. for credit penetration in underserved sectors.
- vi. NABARD has launched various refinance schemes viz. Special Long-Term Refinance for Primary Agriculture Credit Societies (PACS) as Multi Service Centre, Special Refinance Scheme (SRS) for

promoting micro food processing enterprises, SRS for water, sanitation, and hygiene (WASH) activities.

vii. Diversification of PACS through Model Bye-laws, decentralized grain storage programs, eligibility as Common Service Centres (CSCs), LPG distributorships and petrol pump outlets, etc.

(d) Enabling cooperative banks to extend Commercial Real Estate-Residential Housing (CRE-RH) loans within the prescribed prudential limits provides them additional avenues of business. This expansion in lending scope for Cooperative Banks enhances their involvement in the housing segment, supporting the broader goal of providing affordable housing to the population.
