

GOVERNMENT OF INDIA
MINISTRY OF COOPERATION

RAJYA SABHA
UNSTARRED QUESTION NO. 2085
TO BE ANSWERED ON 19th MARCH, 2025

Development of Cooperative Banks

2085 Shri Raghav Chadha:

Will the Minister of COOPERATION be pleased to state:

- (a) the measures taken by Government to strengthen the Urban Co-operative Banks in the country;
- (b) the quantum of funds allocated and utilised by Government for the development of cooperative banks and its infrastructure in the last three years;
- (c) whether Government is providing any support to rural cooperative banks in catering to their capital and management challenges; and
- (d) if so, the details thereof?

ANSWER

THE MINISTER OF COOPERATION
(SHRI AMIT SHAH)

(a): To strengthen the Urban Cooperative banks in the country, the Reserve Bank of India RBI after continuous efforts of the Ministry of Cooperation, has taken various decisions. Some of them are as under:

- i. Urban Co-operative Banks (UCBs) are now able to open new branches to expand their business without prior approval of RBI if their prescribed conditions are followed.
- ii. Cooperative Banks are also able to make one-time settlement of outstanding loans, like Commercial Banks.
- iii. Additional time limit has been given to achieve the Priority Sector Lending (PSL) targets given to UCBs.
- iv. UCBs are also able to provide door-step banking services to their customers.
- v. Individual housing loan limit for Rural and Urban Co-operative Banks has more than doubled
- vi. Co-operative Banks have been included as Member Lending Institutions [MLIs] of CGTMSE.
- vii. License fee for onboarding Co-operative Banks to the modern 'Aadhaar Enabled Payment System' (AePS) has been reduced by linking it to the number of transactions.
- viii. Notification of scheduling norms for urban co-operative banks has been published.

- ix. Monetary ceiling for Gold Loan under Bullet Repayment Scheme has been doubled from ₹2 Lakh to ₹4 Lakh for those UCBs which meet the Priority Sector Lending (PSL) targets.
- x. Umbrella Organization (UO) named as National Urban Cooperative Finance and Development Corporation Limited (NUCFDC) has been formed to remove the difficulties faced by the UCB sector and to provide necessary IT infrastructure and operation support to UCBs.

(b): Cooperatives banks are inherently cooperative societies which are registered under the Cooperative Society Act of the State concerned. Only 67 Multi State Urban Cooperative Societies are registered and regulated under Multi State Cooperative Societies Act, 2002.

However, National Cooperative Development Corporation (NCDC), a statutory organization under the Ministry of Cooperation, Government of India, provides financial assistance by giving loan to Cooperative banks for infrastructure development and for onward lending to their members for activities under the purview of NCDC.

The details of financial assistance released to the Cooperative Banks by NCDC are as under-

(Rs. in Crore)

Financial Year	Assistance (as loan) Released
2021-22	3225.00
2022-23	9280.00
2023-24	3740.00
2024-25*	6098.00
*Upto 13/03/2025	

(c)&(d): Government of India has taken the following measures to help rural cooperative banks in catering to their capital and management challenges:

(i) New Instruments for Capital Augmentation in Rural Cooperative Banks (RCBs): The amended provision of the Banking Regulation (Amendment) Act, 2020 were made applicable to StCBs (State Co-operative Banks) and DCCBs (District Central Co-operative Banks) from 1 April 2021. The amendments to the BR Act, 1949 seek to protect the interests of depositors and strengthen co-operative banks by improving governance and oversight of RBI, while enabling better access to capital for the banks. Vide notification dated 19 April 2022, RBI has issued revised guidelines for RCBs permitting them to issue Preference Shares and Debt instruments to augment their capital.

(ii) Turn Around Plan to Strengthen weak RCBs

NABARD has devised a framework for strengthening weak RCBs through preparation and implementation of a multipronged comprehensive Turn Around Plan (TAP). The TAP is envisaged to cover financial parameters along with other key aspects like business diversification, internal checks and controls, governance, cost rationalisation, human resource development, technology adoption, financial inclusion etc, required for a holistic improvement in functioning of weak RCBs.

(iii) Increasing business of RCBs through National Campaign on Cooperation among Cooperatives

Cooperation among cooperatives is one of the fundamental principles of the cooperative movement. This ministry has started a national campaign for implementation by all the States/UTs to encourage cooperatives and their members to transact/undertake business operations through the cooperative banks. Also, Rural Cooperative banks are being encouraged to provide door-step banking services to cater to the needs of the cooperative societies and their members.

The campaign yielded positive results in terms of increased business for RCBs, ease of credit availability for members of cooperative societies and availability of doorstep banking services in rural areas through the primary dairy societies functioning as Bank Mitras of the Rural Cooperative Banks.
