

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

RAJYA SABHA
UNSTARRED QUESTION NO. 1196

ANSWERED ON TUESDAY, 10 FEBRUARY, 2026/ 21 MAGHA, 1947 (SAKA)

REGULATORY DEVELOPMENTS AFFECTING COOPERATIVE BANKS

1196. SHRI S. KALYANASUNDARAM:

Will the Minister of FINANCE be pleased to state:

- (a) whether Government has reviewed recent regulatory developments affecting cooperative banks, including RBI's revised priority sector lending norms that now include NCDC to enhance credit flow to cooperative societies;
- (b) the details of central and regulatory support measures to strengthen cooperative banks' financial health, governance, digital inclusion such as simplified Aadhaar authentication systems and rural credit access; and
- (c) the steps being taken to enhance deposit security, credit availability and prudent regulation to protect depositors and promote financial inclusion through cooperative banks?

ANSWER

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

(a): National Cooperative Development Corporation (NCDC), a statutory corporation under the administrative control of the Ministry of Cooperation, provides financial assistance to Cooperatives and contributes directly in accelerating the growth of cooperative movement. In consultation with the Government of India, Reserve Bank of India (RBI) has announced that loans sanctioned by banks (other than Regional Rural Banks, Urban Cooperative Banks, Small Finance Banks and Local Area Banks) to NCDC w.e.f. January 19, 2026, for on-lending to co-operative societies for purposes and activities as laid down in the Master Direction on Priority Sector Lending, 2025 are eligible for classification as priority sector lending under the respective categories.

(b) and (c): The Government of India and RBI have taken various measures to strengthen cooperative banks' financial health, governance and digital inclusion along with enhancing deposit security, credit availability and prudent regulation, which *inter-alia* include:

- Urban Cooperative Banks (UCBs) have been allowed to open new branches
- Housing loan limits have been increased from 10% to 25% of their total loans and advances for UCBs
- The Banking Regulation Act has been amended to increase the terms of directors of Cooperative Banks from 8 to 10 years
- Licensing fee for onboarding of cooperative banks to Aadhar enabled Payment System (AePS) have been reduced
- The National Urban Co-operative Finance and Development Corporation Limited (NUCFDC), which is a non-deposit taking Non-Banking Financial Company (NBFC), has been set up as an Umbrella Organization for Urban Cooperative Banks to provide Information Technology (IT) infrastructure and operational support
- A Shared Services Entity (SSE), Sahakar Sarthi, has been established to provide technological services to Rural Cooperative Banks

- Rural Cooperative Banks have been included by RBI in the Integrated Ombudsman Scheme
- Deposit Insurance and Credit Guarantee Corporation (DICGC) insures various types of deposits up to ₹ 5,00,000 per depositor per bank (including principal and interest) for all cooperative banks
