

**LOK SABHA**

Unstarred Question No. 1843

Answered on Monday, December 19, 2022/Agrahayana 28, 1944 (Saka)

**COOPERATIVE BANKS**

1843. SHRI KODIKUNNIL SURESH:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government is aware of increasing instances of scams and large scale misappropriation and false loans raised in the name of unsuspecting subscribers of cooperative banks in the country that is causing systematic collapse of cooperative sector in the country;
- (b) if so, whether the Union Government has sought any report from the State Government of Kerala in matters concerning swindling of funds, embezzlement and forged loans in Karuvannoor Cooperative Bank, Thrissur district of Kerala;
- (c) if so, the details thereof;
- (d) whether the Government proposes to implement a uniform policy directive of conducting and transacting business in cooperative banks in the country through the Ministry of Cooperation; and
- (e) if so, the details thereof and action taken by the Union Government in this regard?

**Answer**

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

(a) to (e): Cooperative Societies other than Multi State Cooperative Societies are constituted and registered under the respective State Cooperative Societies Acts. The Registrar of Cooperative Societies (RCS) in each State is primarily responsible for the functioning and governance of the cooperative societies. As regards the banking activities carried out by the cooperative societies, Reserve Bank of India (RBI) is the regulator as per the Banking Regulation Act, 1949. Primary Agricultural Credit Societies (PACS) are regulated by the respective State Governments. As and when instances of fraud / misappropriation come to notice, concerned regulatory authorities take necessary action.

Karuvannur Service Cooperative Bank, Thrissur is a Primary Agricultural Credit Society, which does not come under the regulatory purview of RBI.

Some of the policy initiatives taken by RBI for strengthening 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 by RBI for 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 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.