

Government of India
Ministry of Finance
Department of Financial Services

LOK SABHA
Unstarred Question No. 3559
Answered on Monday, March 16, 2020/Phalgun 26, 1941 (Saka)

COOPERATIVE BANK

Question

3559. SHRI MANISH TEWARI:

Will the Minister of FINANCE be pleased to state:

- (a) the number of cooperative banks currently operating in the country, State-wise;
- (b) the total deposit amount that is being handled by these cooperative banks and whether these banks offer an interest rate premium over and above what state owned bank offers and if so, the details thereof;
- (c) whether there is any proposal for the Reserve Bank of India to conduct a detailed audit of all Cooperative Banks and/or to take over their functioning to protect depositors and if so, the details thereof;
- (d) whether the recent crisis at Sri Guru Raghavendra Sahakara Bank after the collapse of the Punjab and Maharashtra Cooperative Bank is an industry trend and if so, the details thereof along with the steps being taken to resolve this crisis; and
- (e) the number of account holders/depositors who were affected by RBI placing curbs on the withdrawal limits in light of the recent crisis at the Sri Guru Raghavendra Sahakara Bank?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI ANURAG SINGH THAKUR)

(a) to (e): Cooperative banks in India are broadly divided into two categories i.e. Urban Cooperative Banks (UCBs) and Rural Cooperative Banks (State Cooperative banks and District Central Cooperative Banks).

State-wise number of UCBs as on 31st March 2019, as reported by RBI is given at Annexure I.

State-wise number of Rural Cooperative Banks i.e. State Cooperative Banks (StCB) and District Central Cooperative Banks (DCCBs), as reported by National Bank for Agriculture and Rural Development (NABARD) is given at Annexure II.

RBI conducts statutory inspection of Urban Cooperative Banks (UCBs) under section 35 of BR Act, 1949 and that of rural cooperative banks is carried out by NABARD under the provisions of Section 35(6) of the BR Act, 1949 (AACS).

RBI has reported that the total amount of deposits of all UCBs as on 31st March 2019 is Rs. 4,84,315.85 crore. As informed by NABARD, the total deposit position as on 31.03.2019 for Rural Cooperative Banks is Rs.5,05,859.16 crore.

In terms of RBI's Master Direction (Cooperative Banks- Interest Rate on Deposits) Directions 2016, Cooperative Banks are free to determine their savings bank deposit interest rate for resident Indians subject to conditions.

RBI has further informed that the interest rate presently offered by UCBs varies from 3.5% to 4% for saving bank accounts and 4% to 7.25% for term deposits (0.25% more for senior citizens for term deposits).

They have further apprised that after Punjab and Maharashtra Cooperative (PMC) bank, All Inclusive Directions (AID) have been imposed only on one more UCB i.e. Sri Guru Raghvendra Sahakara Bank Niyamitha, Bengaluru, which, inter-alia, restrict payment of deposits to a ceiling of Rs.35,000/-.

The total number of depositors of Sri Guru Raghvendra Sahakara Bank, as on 10th January 2020 was 41861, out of which 75.6% depositors having deposits upto Rs. 5 lakh are fully insured by Deposit Insurance and Credit Guarantee Corporation (DICGC).

RBI has taken the following policy initiatives for strengthening the UCB sector:

- All-inclusive Directions are imposed under section 35A read with section 56 of the BR Act, 1949 in public interest to prevent the affairs of any banking company being conducted in a manner detrimental to the interests of the depositors or in a manner prejudicial to the interests of the banking company
- These Directions, inter alia, restrict payment of deposits beyond a threshold limit to prevent the possibility of preferential payment of deposits and prevent reckless lending in the interregnum etc. The banks are also required to take prior approval of RBI before making any payments/expenditures that have not been allowed under these Directions, thus protecting the pool of deposits of the depositors from wasteful expenditures.
- At the same time, the UCBs are advised to take measures for revival such as recovery of NPAs, augmentation of capital or merger with a strong UCB. In case the revival measures do not work within a reasonable time, license of such bank is cancelled.
- As per the guidelines on reporting of large credits by UCBs having asset size of ₹500 crore and above to Central Repository of Information on Large Credits (CRILC) – All large credits (₹ 5 crore and above) will be reported by UCBs having total assets of ₹500 crore and above to RBI. Banks will also recognise early stress in loan accounts by classifying them as special mention accounts so that necessary corrective and preventive action can be initiated on time. This will enable RBI to carry out off-site supervisions more effectively.
- Revised supervisory action framework for UCBs has also been issued for timely improvement in the financial position of weak but viable UCBs and early resolution of non-viable UCBs.
- In order to address corporate governance issues in Cooperative Banks, RBI vide its Circular dated 31st December 2019 has issued guidelines on Constitution of Board of Management in Primary Urban Cooperative Banks.

**Annexure I as referred to in reply of Lok Sabha Unstarred Question No. 3559 for
16.03.2020**

State/ UT wise No. of UCBs as on 31st March 2019		
S. No	Name	No. of UCBs
1	Haryana	7
2	Himachal Pradesh	5
3	Jammu and Kashmir	4
4	Punjab	4
5	Rajasthan	35
6	Chandigarh	0
7	Delhi	15
8	Arunachal Pradesh	0
9	Assam	8
10	Manipur	3
11	Meghalaya	3
12	Mizoram	1
13	Nagaland	0
14	Tripura	1
15	Bihar	3
16	Jharkhand	2
17	Odisha	9
18	Sikkim	1
19	West Bengal	43
20	Andaman and Nicobar	0
21	Chhattisgarh	12
22	Madhya Pradesh	49
23	Uttar Pradesh	62
24	Uttarkhand	5
25	Goa	6
26	Gujarat	219
27	Maharashtra	496
28	Dadar and Nagar Haveli	0
29	Daman and Diu	0
30	Andhra Pradesh	47
31	Karnataka	263
32	Kerala	60
33	Tamil Nadu	129
34	Telangana	51
35	Lakshadweep	0
36	Puducherry	1
	Total	1544

Source: RBI

Annexure II as referred to in reply of Lok Sabha Unstarred Question No. 3559 for 16.03.2020

No. of State Co-operative Banks and District Central Cooperative Banks as on date			
S. No	Name	StCBs	DCCBs
1	Andaman & Nicobar	1	0
2	Andhra Pradesh	1	13
3	Arunachal Pradesh	1	0
4	Assam	1	0
5	Bihar	1	23
6	Chandigarh	1	0
7	Chhattisgarh	1	6
8	Daman and Diu	1	0
9	Goa	1	0
10	Gujarat	1	18
11	Haryana	1	19
12	Himachal Pradesh	1	2
13	Jammu and Kashmir	1	3
14	Jharkhand	1	1
15	Karnataka	1	21
16	Kerala	1	1
17	Madhya Pradesh	1	38
18	Maharashtra	1	31
19	Manipur	1	0
20	Meghalaya	1	0
21	Mizoram	1	0
22	Nagaland	1	0
23	New Delhi	1	0
24	Odisha	1	17
25	Pondicherry	1	0
26	Punjab	1	20
27	Rajasthan	1	29
28	Sikkim	1	0
29	Tamil Nadu	1	23
30	Telangana	1	10
31	Tripura	1	0
32	Uttar Pradesh	1	50
33	Uttarakhand	1	10
34	West Bengal	1	17
	Total	34	352
	Source: NABARD		