

Government of India
Ministry of Finance
Department of Financial Services

LOK SABHA
Unstarred Question No. 2095
Answered on Monday, August 02, 2021/Sravana 11, 1943 (Saka)

SHAREHOLDERS OF COOPERATIVE BANKS

Question

2095. SHRI V.K. SREEKANDAN:

Will the Minister of FINANCE be pleased to state:

- (a) whether it is a fact that the Reserve Bank of India (RBI) has asked all Cooperative Banks in the country not to redeem shares and make payment to shareholders against surrender of shares;
- (b) if so, the details thereof;
- (c) whether the RBI is considering to lift this ban considering Covid 19 situation in the country; and
- (d) if so the details thereof?

Answer

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

- (a) to (d): Banking Regulation (Amendment) Act, 2020 inter-alia provides that:
- i. no person shall be entitled to demand payment towards surrender of shares issued to him by a co-operative bank.
 - ii. a co-operative bank shall not withdraw or reduce its share capital, except to the extent and subject to such conditions as the Reserve Bank may specify in this behalf.

Subsequently in January 2021, RBI has advised the Urban Co-operative Banks (UCBs), to continue to refund share capital to their members or nominees / heirs of deceased members on demand, as hitherto, if they fulfilled capital adequacy norms of 9% or above (as per the latest available audited / assessed financials).
