

**GOVERNMENT OF INDIA
MINISTRY OF COOPERATION**

**LOK SABHA
UNSTARRED QUESTION NO. 1356
TO BE ANSWERED ON 30/07/2024**

Digitization of Cooperative Banks

1356. DR. ALOK KUMAR SUMAN:

Will the Minister of COOPERATION (सहकारिता मंत्री) be pleased to state:

- (a) whether the Government has any proposal to digitize cooperative banks;
- (b) if so, the details thereof;
- (c) if not, the reasons therefor; and
- (d) the amount of funds allocated so far with regard to the said proposal?

ANSWER

**THE MINISTER OF COOPERATION
सहकारिता मंत्री (SHRI AMIT SHAH)**

(a) to (d): Yes Sir. As per the mandate of Reserve Bank of India (RBI), all the Cooperatives Banks are working on Core Banking Solution (CBS). For Urban Cooperative Banks (UCBs), RBI had conveyed their regulatory approval for formation of an Umbrella Organisation at the National level with the objective to enhance their operational efficiency and providing state of the art IT solution to them. In this regard, an Umbrella Organization named National Urban Co-operative Finance and Development Corporation (NUCFDC) for urban co-operative banks has been formed. RBI has provided Certificate of Registration (CoR) on 08.02.2024 to NUCFDC to work as Non-Banking Financial Institution (NBFI) with the objective to accelerate the digitization of Urban Cooperative Banks by leveraging collective strengths, technological review, fostering collaboration, promoting innovation, and ensuring that member banks are well-prepared to navigate the complexities of the digital era effectively. The Umbrella Organization has to achieve a paid-up capital of Rs 300 crore to function as a self-regulatory organization under the Reserve Bank of India. NCDC has agreed to contribute 20% of the paid-up capital.

Similarly, NABARD which is supervising agency for the Rural Cooperative Banks is taking various steps to enhance the IT infrastructure of the Rural Cooperative Banks. In this regard, NABARD in close coordination with Ministry of Cooperation and RBI has formulated a proposal to form a Shared Services Entity (SSE) to provide digital services to Rural Cooperative Banks (RCBs).

Further, in order to strengthen PACS, project for Computerization of functional PACS with a total financial outlay of ₹2,516 crore has been approved by the Government of India, which entails bringing all functional PACS in the Country onto a common ERP based National software, linking them with NABARD through StCBs and DCCBs. So far, an amount of ₹794 crore (approx.) have been disbursed during the project.

To strengthen the long-term cooperative credit structure the project computerization of Agriculture and Rural Development Banks (ARDBs) across 13 States/ Union Territories has been approved by the Government. In this regard, GOI share amounting to Rs 4.26 crore was released to 8 States/UTs in FY 2023-24 and FY 2024-25 for procurement of hardware, digitization and setting up of support system.