

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

LOK SABHA
UNSTARRED QUESTION NO. 1576

ANSWERED ON MONDAY, 09 FEBRUARY, 2026/ 20 MAGHA, 1947 (SAKA)

Karuvannur Service Cooperative Bank

1576. SHRI N K PREMACHANDRAN:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Union Government has initiated any action against the major scam which involved large scale irregularities in the Karuvannur Service Cooperative Bank and such other major scams in the Cooperative banks in Kerala, if so, the details thereof;
- (b) whether the Union Government proposes to initiate any action for repayment of money deposited in those banks, if so, the details thereof and the action taken thereon;
- (c) whether the Central agencies conducted investigation regarding cooperative banks scams in the said State, if so, the details thereof;
- (d) whether the Central agencies attached assets of the banks or bank Board of Directors or bank employees, if so, the details thereof; and
- (e) whether the Union Government has analysed the large scale scam in cooperative sector in the said State and if so, the details and the number of banks in which such scams have been reported?

ANSWER

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

(a) to (d): The Rural Cooperative Banks are regulated by the Reserve Bank of India (RBI) and are supervised by National Bank for Agriculture and Rural Development (NABARD) while Urban Cooperative Banks are regulated and supervised by the RBI. However, Karuvannur Service Cooperative Bank is a cooperative society registered under the Kerala Cooperative Societies Act, 1969 which is under regulation and supervision of Registrar of Cooperative Societies, Government of Kerala. Hence, the said entity is not a bank as it does not have a banking license from RBI and hence does not fall under the regulatory purview of RBI.

As per press releases of the Enforcement Directorate (ED), Kochi Zonal Office of ED has provisionally attached assets worth Rs.10.98 crore of various individuals under Prevention of Money Laundering Act (PMLA), 2002 as part of investigation into the Karuvannur Service Co-operative Bank fraud case.

(e) As informed by NABARD, the total amount of frauds outstanding as on 31st December 2025 in cooperative banks under its supervisory purview in the State of Kerala are as under:

Name of Bank	Number of Frauds	Amount Outstanding (in ₹ crore)
Kerala State Cooperative Bank	370	9.80
Malappuram District Central Cooperative Bank	5	1.43
