

Government of India  
Ministry of Finance  
Department of Financial Services

Lok Sabha  
Unstarred Question No. 639

To be answered on February 26, 2016/Phalgun 7, 1937 (Saka)

**Irregularities in Cooperative Banks**

†639. SHRI VINOD KUMAR SONKAR:  
SHRIMATI MEENAKASHI LEKHI:  
SHRI GOPAL SHETTY:  
SHRI SADASHIV LOKHANDE:  
SHRI RAJESH PANDEY:

Will the Minister of FINANCE be pleased to state:

- (a) the number of Cooperative Banks registered in the country as on date, State/ UT-wise;
- (b) whether the Government has noticed/detected irregularities that several Cooperative Banks are flouting Reserve Bank of India (RBI) norms in the recent past and if so, the details thereof during the last three years, bank and State-wise;
- (c) whether the RBI has recommended the amendment laws for grant of commercial bank licences to Urban Cooperative Banks and if so, the details thereof;
- (d) whether the Cooperative Banks are facing difficulties and have incurred losses and if so, the details thereof, bank and State-wise; and
- (e) the steps taken/being taken by the Government to revive/restructure the loss making Cooperative banks in the country?

Answer  
The Minister of State in the Ministry of Finance  
(Shri Jayant Sinha)

(a): The State-wise number of Urban Cooperative Banks (UCBs) in the country as on date, as reported by Reserve Bank of India(RBI), is given in Annexure-I.

As regards Rural Cooperative Banks, the State-wise number of State Cooperative Banks (StCBs) and District Central Cooperative Banks (DCCBs), is given in Annexure-II.

(b): RBI has reported that all the scheduled UCBs and 'A', 'B', 'C' and 'D' rated non-scheduled UCBs are subjected to statutory inspection under Section 35 of Banking Regulation Act, 1949 (As applicable to Cooperative Societies). The inspection report highlighting the irregularities observed in the statutory inspection are advised to the concerned UCBs for their rectification and RBI monitors the compliance submitted by UCBs. In case of Rural Cooperative Banks, NABARD conducts statutory inspections of StCBs and DCCBs and any irregularity noticed during such inspection is advised to concerned cooperative bank for rectification.

(c) RBI has reported that it has suggested certain amendments to the Multi-State Cooperative Societies Act, 2002 to enable conversion of Multi-State UCBs into commercial banks.

(d): NABARD has reported that the Rural Cooperative Banks are facing some common difficulties which are as under:

- Co-operative Banks have lower capital and resource base which makes increasing loan portfolio difficult.
- High dependence on borrowings.
- Lack of strong corporate governance in Cooperative Banks.
- Weaknesses in internal checks and control systems.
- Lack of expertise in management of funds.
- Poor recovery performance and rising NPA's.
- Slow in adoption of banking technology.

The state-wise details of State Cooperative Banks and District Central Cooperative Banks incurring losses, as reported by NABARD, are furnished in Annexure- III & IV respectively.

As regards UCBs, RBI has reported that as on 31.3.2015, out of the total 1576 UCBs, 72 UCBs have incurred losses. The details of loss making UCBs, as reported by RBI, are given in Annexure-V.

(e): The steps taken by Government for revival of cooperative banks are as under:

i. Based on the recommendation of Vaidyanathan Committee (VC-I), Government implemented a revival package for Short Term Cooperative Credit Structure (STCCS) encompassing legal and institutional reforms, measures to improve the quality of management and financial assistance as necessary for their democratic, self-reliant and efficient functioning. Under the revival package, Government of India released Rs. 9,245 crore. The said package was closed on 30<sup>th</sup> June, 2011.

ii. Recognizing the need to revamp ailing Cooperative Banks so that they are able to cater to the needs of farmers at their doorstep, the Government in 2014 announced implementation of the Scheme for Revival of 23 Unlicensed District Central Cooperative Banks (DCCBs) in four States viz. 16 in Uttar Pradesh, 3 in Jammu & Kashmir, 3 in Maharashtra and 1 in West Bengal. The total capital infusion required for revival of these 23 DCCBs is assessed to the tune of Rs. 2375.42 crore, out of which the commitment from Central Government is Rs. 673.29 crore, from the concerned State Governments Rs.1464.59 crore and from NABARD Rs.237.54 crore. The Scheme is presently under implementation.

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Annexure I to USQ 639 for 26.02.2016

| No. of Urban Cooperative Banks |     |
|--------------------------------|-----|
| (State / UT) wise              | No. |
| Andhra Pradesh                 | 49  |
| Assam                          | 8   |
| Bihar                          | 5   |
| Chattisgarh                    | 12  |
| Delhi                          | 15  |
| Goa                            | 6   |
| Gujarat                        | 225 |
| Haryana                        | 7   |
| Himachal Pradesh               | 5   |
| Jammu and Kashmir              | 4   |
| Karnataka                      | 265 |
| Kerala                         | 60  |
| Madhya Pradesh                 | 51  |

|               |             |
|---------------|-------------|
| Maharashtra   | 508         |
| Manipur       | 3           |
| Meghalaya     | 3           |
| Mizoram       | 1           |
| Odisha        | 9           |
| Pondicherry   | 1           |
| Punjab        | 4           |
| Rajasthan     | 37          |
| Tamil Nadu    | 129         |
| Telangana     | 52          |
| Tripura       | 1           |
| Uttar Pradesh | 67          |
| Uttarakhand   | 5           |
| West Bengal   | 44          |
| <b>Total</b>  | <b>1576</b> |

Source: RBI

**ANNEXURE II to USQ 639 for 26.02.2016**

**No. of State Cooperative Banks (StCBs) and District Central Cooperative Banks (DCCBs) in the country**

| <b>Sr. No.</b> | <b>Name of the State</b>     | <b>No. of StCBs</b> | <b>Total No. of DCCBs</b> |
|----------------|------------------------------|---------------------|---------------------------|
|                |                              |                     |                           |
| <b>1</b>       | <b>ANDHRA PRADESH</b>        | <b>1</b>            | <b>13</b>                 |
| <b>2</b>       | <b>ANDAMAN &amp; NICOBAR</b> | <b>1</b>            | <b>-</b>                  |
| <b>3</b>       | <b>ARUNACHAL PRADESH</b>     | <b>1</b>            | <b>-</b>                  |
| <b>4</b>       | <b>ASSAM</b>                 | <b>1</b>            | <b>-</b>                  |
| <b>5</b>       | <b>BIHAR</b>                 | <b>1</b>            | <b>22</b>                 |
| <b>6</b>       | <b>CHANDIGARH</b>            | <b>1</b>            | <b>-</b>                  |
| <b>7</b>       | <b>CHATTISGARH</b>           | <b>1</b>            | <b>6</b>                  |
| <b>8</b>       | <b>GOA</b>                   | <b>1</b>            | <b>-</b>                  |
| <b>9</b>       | <b>GUJARAT</b>               | <b>1</b>            | <b>18</b>                 |
| <b>10</b>      | <b>HARYANA</b>               | <b>1</b>            | <b>19</b>                 |
| <b>11</b>      | <b>HIMACHAL PRADESH</b>      | <b>1</b>            | <b>2</b>                  |
| <b>12</b>      | <b>JAMMU &amp; KASHMIR</b>   | <b>1</b>            | <b>3</b>                  |
| <b>13</b>      | <b>JHARKHAND</b>             | <b>1</b>            | <b>8</b>                  |

|    |                |   |    |
|----|----------------|---|----|
| 14 | KARNATAKA      | 1 | 21 |
| 15 | KERALA         | 1 | 14 |
| 16 | MADHYA PRADESH | 1 | 38 |
| 17 | MAHARASHTRA    | 1 | 31 |
| 18 | MANIPUR        | 1 | -  |
| 19 | MEGHALAYA      | 1 | -  |
| 20 | MIZORAM        | 1 | -  |
| 21 | NAGALAND       | 1 | -  |
| 22 | NEW DELHI      | 1 | -  |
| 23 | ORISSA         | 1 | 17 |
| 24 | PONDICHERRY    | 1 | -  |
| 25 | PUNJAB         | 1 | 20 |
| 26 | RAJASTHAN      | 1 | 29 |
| 27 | SIKKIM         | 1 | -  |
| 28 | TAMILNADU      | 1 | 24 |
| 29 | TELANGANA      | 1 | 9  |
| 30 | TRIPURA        | 1 | -  |
| 31 | UTTAR PRADESH  | 1 | 50 |
| 32 | UTTARAKHAND    | 1 | 10 |

|           |                    |           |            |
|-----------|--------------------|-----------|------------|
| <b>33</b> | <b>WEST BENGAL</b> | <b>1</b>  | <b>17</b>  |
|           | <b>Total</b>       | <b>33</b> | <b>371</b> |

Source: RBI/NABARD

@ As RBI has rejected the licence application of Birbhum DCCB in West Bengal, the total No. of DCCBs stands reduced to 16.

#### ANNEXURE III to USQ 639 for 26.2.2016

#### Details of losses of State Cooperative Banks

| Sr.No. | Bank Name         | Rs. lakh          |                   |
|--------|-------------------|-------------------|-------------------|
|        |                   | 2012-13<br>Amount | 2013-14<br>Amount |
| 1      | Andaman & Nicobar | ---               | ---               |
| 2      | Andhra Pradesh    | ---               | ---               |
| 3      | Arunachal Pradesh | ---               | 56.74             |
| 4      | Assam             | ---               | ---               |
| 5      | Bihar             | ---               | ---               |
| 6      | Chandigarh        | ---               | ---               |
| 7      | Chhattisgarh      | ---               | ---               |
| 8      | Delhi             | ---               | ---               |
| 9      | Goa               | ---               | 1135.75           |
| 10     | Gujarat           | ---               | ---               |
| 11     | Haryana           | ---               | ---               |
| 12     | Himachal Pradesh  | ---               | ---               |
| 13     | Jammu & Kashmir   | ---               | ---               |
| 14     | Jharkhand         | 51.92             | 233.45            |
| 15     | Karnataka         | ---               | ---               |
| 16     | Kerala            | ---               | 6358.40           |



|    |                |               |                |
|----|----------------|---------------|----------------|
| 17 | Madhya Pradesh | ---           | ---            |
| 18 | Maharashtra    | ---           | ---            |
| 19 | Manipur        | 151.39        | 507.14         |
| 20 | Meghalaya      | ---           | ---            |
| 21 | Mizoram        | ---           | ---            |
| 22 | Nagaland       | ---           | ---            |
| 23 | Orissa         | ---           | ---            |
| 24 | Pondicherry    | 228.43        | ---            |
| 25 | Punjab         | ---           | ---            |
| 26 | Rajasthan      | ---           | ---            |
| 27 | Sikkim         | ---           | ---            |
| 28 | Tamil Nadu     | ---           | ---            |
| 29 | Tripura        | ---           | ---            |
| 30 | Uttar Pradesh  | ---           | ---            |
| 31 | Uttarakhand    | ---           | ---            |
| 32 | West Bengal    | ---           | 1063.67        |
|    | <b>TOTAL</b>   | <b>431.74</b> | <b>9355.15</b> |

Source: NABARD

### ANNEXURE IV to USQ 639 for 26.02.2016

#### State-wise details of Losses of District Central Cooperative Banks

| Sr.no | State          | Rs. lakh          |                   |
|-------|----------------|-------------------|-------------------|
|       |                | 2012-13<br>Amount | 2013-14<br>Amount |
| 1     | Andhra Pradesh | ---               | ---               |
| 2     | Bihar          | 360.90            | 5199.26           |
| 3     | Chhattisgarh   | ---               | ---               |
| 4     | Gujarat        | 282.52            | 897.59            |
| 5     | Haryana        | 1785.03           | 2112.47           |

|    |                  |                 |                 |
|----|------------------|-----------------|-----------------|
| 6  | Himachal Pradesh | ---             | ---             |
| 7  | Jammu & Kashmir  | 88.81           | 127.93          |
| 8  | Jharkhand        | ---             | 165.12          |
| 9  | Karnataka        | 454.41          | 1897.10         |
| 10 | kerala           | 2778.60         | ---             |
| 11 | Madhya Pradesh   | ---             | ---             |
| 12 | Maharashtra      | 8835.11         | 6334.00         |
| 13 | Odisha           | 146.22          | ---             |
| 14 | Punjab           | ---             | ---             |
| 15 | Rajasthan        | ---             | 3920.71         |
| 16 | Tamil Nadu       | ---             | ---             |
| 17 | Uttar Pradesh    | 16824.23        | 14787.24        |
| 18 | Uttarakhand      | ---             | ---             |
| 19 | West Bengal      | 2046.41         | ---             |
|    | <b>Total</b>     | <b>33602.24</b> | <b>35441.42</b> |

**Source: NABARD**

(ANNEXURE V)

List of loss making Urban Co-operative Banks

Amount in Rupees Crore

| Sr No. | Bank Name                                   | Centre of RBI | Status | 31-03-2015 |
|--------|---|---------------|--------|------------|
| 1      | Amanath Co-operative Bank Ltd. Bangalore    | BANGLORE      | Sch    | -3.4690    |
| 2      | Bombay Mercantile Co-operative Bank Limited | MUMBAI        | Sch    | -6.1648    |
| 3      |   | MUMBAI        | Sch    | -55.7366   |
| 4      | The Kapol Co-operative Bank Ltd., Mumbai    | MUMBAI        | Sch    | -12.6974   |

|    |   |              |         |          |
|----|---|--------------|---------|----------|
| 5  | The Akola Urban Co-operative Bank Ltd., Akola.          | NAGPUR       | Sch     | -22.8528 |
| 6  | Coop.Bank Of Rajkot Ltd.                                | AHMEDABAD    | Non-Sch | -11.0482 |
| 7  | Kankaria Maninagar Nagarik Sahakari Bank Ltd.           | AHMEDABAD    | Non-Sch | -0.7737  |
| 8  | Belgaum Industrial Co-operative Bank Ltd. Belgaum       | BANGLORE     | Non-Sch | -1.5656  |
| 9  | Bidar Mahila Urban Co-operative Bank Ltd, Bidar         | BANGLORE     | Non-Sch | -0.0579  |
| 10 | Bijapur District Mahila Co-operative Bank Ltd., Bijapur | BANGLORE     | Non-Sch | -0.0599  |
| 11 | Kushtagi Pattana Sahakari Bank Niyamit, Kushtagi        | BANGLORE     | Non-Sch | -0.6003  |
| 12 | Raichur City Urban Co-operative Bank Ltd., Raichur      | BANGLORE     | Non-Sch | -0.1575  |
| 13 | Shedbal Urban Co-operative Bank Ltd., Shedbal           | BANGLORE     | Non-Sch | -0.7735  |
| 14 | Sri Lakshmi Mahila Sahakara Bank Niyamitha, Bangalore   | BANGLORE     | Non-Sch | -1.4602  |
| 15 | Nagarik Sahakari Bank Maryadit.Indore.                  | BHOPAL       | Non-Sch | -1.5349  |
| 16 | Raigarh Nagarik Sahakari Bank Maryadit.,                | BHOPAL       | Non-Sch | -0.0097  |
| 17 | Sher Nagarik Sahakari Bank Maryadit, Jabalpur           | BHOPAL       | Non-Sch | -0.1428  |
| 18 | Urban Co op Bank Limited Cuttack.                       | BHUBANESHWAR | Non-Sch | -5.6139  |
| 19 | George Town Co op Bank Limited.                         | CHENNAI      | Non-Sch | -18.4861 |
| 20 | Pudukottai Coop.Town Bank Ltd.                          | CHENNAI      | Non-Sch | -2.8866  |
| 21 | Vaniyambadi Town Coop bank Ltd.                         | CHENNAI      | Non-Sch | -0.2585  |
| 22 | Varaganeri Coop Bank Ltd.                               | CHENNAI      | Non-Sch | -0.1650  |
| 23 | The Vaish Co-operative Commercial Bank Ltd.             | DELHI        | Non-Sch | -0.5823  |
| 24 | Industrial Cooperative Bank Ltd.,Guwahati.              | GUWAHATI     | Non-    | -3.8115  |

|    |   |           |         |          |
|----|---|-----------|---------|----------|
|    |   |           | Sch     |          |
| 25 | Mahabhairab Co-Operative Urban Bank Ltd.,                     | GUWAHATI  | Non-Sch | -0.0608  |
| 26 | Tura Urban Co-Op Bank Ltd.                                    | GUWAHATI  | Non-Sch | -0.4297  |
| 27 | Navanirman Co-operative Urban Bank Ltd.,                      | HYDERABAD | Non-Sch | -0.1363  |
| 28 | Alwar Urban Co-Op Bank Ltd.                                   | JAIPUR    | Non-Sch | -0.5854  |
| 29 | Rajsamand Urban Co-operative Bank Ltd.,                       | JAIPUR    | Non-Sch | -10.3745 |
| 30 | The Citizens' Co-operative Bank Ltd., Jammu.                  | JAMMU     | Non-Sch | -2.7803  |
| 31 | Kolikata Mahila Co-Operative Bank Ltd.,                       | KOLKATTA  | Non-Sch | -0.0651  |
| 32 | The Suri Friends' Union Co-operative Bank Ltd.                | KOLKATTA  | Non-Sch | -0.1324  |
| 33 | The Uttarpara Co-operative Bank Ltd.                          | KOLKATTA  | Non-Sch | -0.4437  |
| 34 | National Urban Co-operative Bank Ltd. Bahraich                | LUCKNOW   | Non-Sch | -0.0340  |
| 35 | New Urban Co-operative Bank Ltd., Rampur,                     | LUCKNOW   | Non-Sch | -0.0795  |
| 36 | U.P.Civil Secretariat Primary Co-operative Bank Ltd., Lucknow | LUCKNOW   | Non-Sch | -7.0871  |
| 37 | United Mercantile Co-operative Bank Ltd, Kanpur.              | LUCKNOW   | Non-Sch | -1.5962  |
| 38 | Ajinkyatara Sahakari Bank Ltd., Satara                        | MUMBAI    | Non-Sch | -1.5620  |
| 39 | Chandraseniya Kayastha Prabhu Coop Bank Ltd Bombay            | MUMBAI    | Non-Sch | -20.8810 |
| 40 | Choudeshwari Sahakari Bank Ltd.                               | MUMBAI    | Non-Sch | -4.7173  |
| 41 | Jamkhed Merchants Co-operative Bank Ltd.                      | MUMBAI    | Non-Sch | -0.3898  |
| 42 | Lokseva Sahakari Bank Ltd., Pune.                             | MUMBAI    | Non-Sch | -60.0732 |
| 43 | Lonavla Sahakari Bank Ltd                                     | MUMBAI    | Non-Sch | -0.3717  |
| 44 | Madgaum Urban Co-op Bank Ltd.                                 | MUMBAI    | Non-    | -12.5624 |

|    |  |        |         |          |
|----|--|--------|---------|----------|
|    |  |        | Sch     |          |
| 45 | Maratha Sahakari Bank Ltd., Bombay                                     | MUMBAI | Non-Sch | -19.0810 |
| 46 | Mohol Urban Co-operative Bank Ltd., Mohol, Solapur                     | MUMBAI | Non-Sch | -0.2094  |
| 47 | Nagarik Sahakari Bank Ltd. Bhiwandi.                                   | MUMBAI | Non-Sch | -0.4104  |
| 48 | Parshwanath Co-operative Bank Ltd.                                     | MUMBAI | Non-Sch | -0.9915  |
| 49 | R.S.Co-operative Bank Ltd., Mumbai                                     | MUMBAI | Non-Sch | -2.5319  |
| 50 | Raigad Sahakari Bank Ltd., Kalachowki, Mumbai                          | MUMBAI | Non-Sch | -1.5918  |
| 51 | Rajapur Sahakari Bank Ltd., Mumbai                                     | MUMBAI | Non-Sch | -0.6026  |
| 52 | Sahebrao Deshmukh Co-op. Bank Ltd.                                     | MUMBAI | Non-Sch | -5.5886  |
| 53 | Sahyadri Sahakari Bank Ltd.  | MUMBAI | Non-Sch | -3.4578  |
| 54 | Sawantwadi Urban Co-op. Bank Ltd.                                      | MUMBAI | Non-Sch | -1.2242  |
| 55 | Shatabdi Mahila Sahakari Bank Ltd., Thane                              | MUMBAI | Non-Sch | -1.3004  |
| 56 | Shivneri Sahakari Bank Ltd., Koregaon, Satara                          | MUMBAI | Non-Sch | -0.4461  |
| 57 | Shri Ganesh Sahakari Bank Ltd., Nasik                                  | MUMBAI | Non-Sch | -1.6469  |
| 58 | Vasai Vikas Sahakari Bank Ltd.   | MUMBAI | Non-Sch | -7.7885  |
| 59 | Deogiri Nagari Sahakari Bank Ltd., Aurangabad.                         | NAGPUR | Non-Sch | -5.0411  |
| 60 | Dr. Babasaheb Ambedkar Nagari Sahakari Bank Ltd., Aurangabad.          | NAGPUR | Non-Sch | -0.0933  |
| 61 | Dr. Shivajirao Patil Nilangekar Urban Co-operative Bank Ltd., Nilanga. | NAGPUR | Non-Sch | -0.1164  |
| 62 | Markandey Nagari Sahakari Bank Ltd., Nanded.                           | NAGPUR | Non-Sch | -0.1009  |
| 63 | The Bhandara Urban Co-operative Bank Ltd., Bhandara                    | NAGPUR | Non-Sch | -0.7363  |

|                             |   |         |             |           |
|-----------------------------|---|---------|-------------|-----------|
| 64                          | The Mehkar Urban Co-operative Bank Ltd.,<br>Mehkar.   | NAGPUR  | Non-<br>Sch | -0.0889   |
| 65                          | Adoor Co-operative Urban Bank Ltd.                    | T'PURAM | Non-<br>Sch | -0.4519   |
| 66                          | Ananthasayanam Co-operative Bank Ltd.                 | T'PURAM | Non-<br>Sch | -0.1002   |
| 67                          | Karamana Co-operative Urban Bank Ltd.                 | T'PURAM | Non-<br>Sch | -0.7305   |
| 68                          | Kerala Mercantile Co-operative Bank<br>Ltd.,Kozhikode | T'PURAM | Non-<br>Sch | -0.2488   |
| 69                          | Nedumangad Co-operative Urban Bank Ltd.               | T'PURAM | Non-<br>Sch | -0.9831   |
| 70                          | Tanur Co-operative Urban Bank Ltd.                    | T'PURAM | Non-<br>Sch | -0.0240   |
| 71                          | Tiruvalla Urban Co-operative Bank Ltd.                | T'PURAM | Non-<br>Sch | -0.2110   |
| 72                          | Trivandrum Co-operative Urban Bank Ltd.               | T'PURAM | Non-<br>Sch | -2.2629   |
| Number of loss making UCBs  |   |         |             | 72        |
| Total amt of loss incurred. |   |         |             | -333.3315 |