GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

LOK SABHA
UNSTARRED QUESTION NO. 19

ANSWERED ON MONDAY, 20 JULY, 2026/ 29 ASHADHA, 1948 (SAKA)

Bhagat Urban Co-operative Bank Limited

19. SHRI ANURAG SINGH THAKUR:
Will the Minister of FINANCE be pleased to state:

(a) whether restrictions have been imposed on Bhagat Urban Co-operative Bank Ltd. in Himachal, including a cap on withdrawals, if so, the details thereof and if not, the reasons therefor;
(b) the total number of depositors, total deposits, shareholders affected by these restrictions, the current level of non-performing assets of the bank;
(c) whether any proposal for merger of the bank with a financially stronger cooperative bank has been considered, if so, the present status thereof;
(d) the number of depositors who have received insurance payouts from Deposit Insurance and Credit Guarantee Corporation (DICGC) under Section 18A of the DICGC Act, the total amount disbursed so far, number of eligible depositors covered, the amount still pending for settlement;
(e) whether the Government has conducted any inquiry into functioning, governance, loan portfolio, asset quality, management of the bank, if so, the findings thereof; and
(f) the steps being taken by the Government to protect depositors' interests and restore the bank's financial stability?

ANSWER

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

(a) In order to protect the interest of depositors, the Reserve Bank of India (RBI), in exercise of powers vested under sub section (1) of Section 35 A read with Section 56 of the Banking Regulation Act, 1949, has issued Directive to The Bhagat Urban Co-operative Bank Ltd., Solan on October 06, 2025. As per the said Directive, from the close of business on October 08, 2025, the bank shall not, without prior approval of RBI in writing, grant or renew any loans and advances, make any investment, incur any liability including borrowal of funds and acceptance of fresh deposits, disburse or agree to disburse any payment whether in discharge of its liabilities and obligations or otherwise, enter into any compromise or arrangement and sell, transfer or otherwise dispose of any of its properties or assets except as notified in the RBI Directive dated October 06, 2025. The Directive has since been extended twice and is currently in force till the close of business on October 08, 2026, subject to review.

Further, the bank has also been directed to permit withdrawal of a sum not exceeding ₹10,000/- (Rupees Ten Thousand only) of the total balance held in savings bank or current accounts or any other account of a depositor but is allowed to set off loans against deposits subject to the conditions stipulated in the aforesaid Directive.

(b) RBI has informed that The Bhagat Urban Co-operative Bank Ltd., has reported following details as on October 08,2025: -

i. Total number of depositors: 70,849

ii. Total deposits: ₹467.46 Crore

iii. The number of shareholders affected by the restrictions: 10,590

iv. As on 09.07.2026, the level of Gross Non-Performing Assets (GNPAs): ₹116.19 crore (52.45%).

(c) RBI has informed that no proposal for voluntary amalgamation of The Bhagat Urban Co-operative Bank Ltd., Solan, with a financially stronger Co-operative bank, has been received by RBI.

(d) RBI has informed that a total of 70,849 are eligible depositors covered as per list submitted by the Bank to DICGC. So far 12,653 depositors have received insurance pay-outs from DICGC and so far a total of Rs. 191.57 crore have been disbursed. Moreover, Rs. 102.28 crores are pending for settlement by DICGC.

(e) & (f) RBI has informed that the Registrar of Cooperative Societies (RCS), Himachal Pradesh had undertaken a careful perusal of successive statutory inspection reports of the bank by RBI and noticed grave irregularities, illegalities and lapses committed in the management of the affairs of the bank. Accordingly, in view of the poor performance of the bank and the consequent restrictions imposed by RBI on the bank's operational activities, the RCS had issued a number of directions to the bank and also convened review meetings with the bank's Board and directed the Board to take immediate corrective measures and to achieve the trigger points prescribed by RBI. However, the Board had failed to meet the prescribed targets and did not take adequate remedial steps. As a result, the bank remained unable to conduct normal financial operations, thereby posing a risk to depositors, creditors and the public interest.
Therefore, the Board of Directors of the Bhagat Urban Co-operative Bank Ltd. have been placed under suspension by RCS, Himachal Pradesh vide its order dated 19.06.2026. Further, three officials from the Himachal Pradesh State Government have been appointed as Administrators to manage the affairs of the bank.

*****