

Coopeative Banks without licence

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Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to ' state:

(e) the number of Co-operative Banks operating in the country without requisite licence from Reserve Bank of India as on date;

(f) whether the matter of such unauthorized banks has been taken with concerned State Governments: and

(a) if so, the details thereof?

THE MINISTER OF FINANCE AND COMPANY AFFAIRS (SHRI JASWANT SINGH) : (a) to (c) As reported by Reserve Bank of India (RBI) and National Bank for Agriculture & Rural Development (NABARD), at present there are 17 State Co-operative Banks (SCBs), 296 District Central Cooperative Banks (DCCBs) and 112 Urban Co-operative Banks (UCBs) are operating in the country without licence from Reserve Bank of India (RBI). Since Co-operative Banks were brought under the ambit of Banking regulation Act, 1949 from 1 st March, 1966, these Banks are permitted to carry on banking business till a decision is taken on their licence applications by RBI. In respect of the Banks which are likely to comply with the licence norms in the near future, RBI has considered it advisable to give time to do the needful. Apart from these, there are 58 Co-operative Societies (54 in Kerala, 1 in Assam and 3 in Manipur) carrying on banking business without licence from RBI, on the basis of registration given by Registrar of Co-operative Societies (RCS) of the respective States. In addition, there are entitites, one in Orissa and the other one in Uttar Pradesh, carrying on banking business unauthorisedly.

RBI has taken up the cases of unlicensed banks with the respective State Governments. Some unlicensed Urban Co-operative Banks in Kerala have filed writ petition in the High Court of Kerala to quash the circular issued by the Registrar of Co-operative Societies of Kerala on 23rd January, 2003 to all Joint Registrar of Co-operative Societies in the Districts and registered unlicensed Co-operative Urban banks to stop any violation of Banking regulation Act and to change their constitution to Urban Co-operative Societies by making necessary changes in their by-laws within two months. The Court issued an interim direction on 24th March, 2003 restraining the State of Kerala from taking any coercive steps for non-compliance of the circular dated 23rd January, 2003.