

Section 47A read with Section 56 of the Banking Regulation Act 1949, empowers RBI to impose penalties on co-operative banks.

(b) to (d) Section 47A is silent on publication/publicity by RBI of its penalty orders. However, on the basis of an administrative decision, RBI publishes a short statement of imposition of penalty in appropriate cases. RBI is cognisant that in any policy of transparency, there is a need to build processes which ensure that the benefits of supervisory disclosure are appropriately weighed against the risk to all stakeholders. Circumspection in disclosure by the supervisors arises from the potential market reaction that it may trigger, which may not be desirable. The imposition of penalty on a bank is decided after a due process of advising the bank and seeking its explanation so as to afford a reasonable opportunity to the bank for being heard. Considering this and consistent with international best practices in disclosure of penalties imposed by the regulator, it was decided that disclosure of the details of levy of penalties on a bank in public domain will be in the interest of the investors and depositors.

The RBI *vide* its circular dated October 19, 2004 on 'Enhancement of Transparency of Bank's Affairs through Disclosures' provides for a mode of disclosure of penalties in respect of commercial banks (excluding Regional Rural Bank). The mode of disclosure of penalties is as under:

- (i) A Press Release will be issued by the RBI giving details of the circumstances under which the penalty is imposed on the bank alongwith the communication on the imposition of penalty in public domain.
- (ii) The penalty should also be disclosed in the "Notes on Accounts" to the balance sheet in the concerned bank's next Annual Report.

Generation of black money through GPN

1463. DR. BHALCHANDRA MUNGEKAR: Will the Minister of FINANCE be pleased to state:

- (a) whether the Ministry agrees to the fact that the Global Participatory Notes (GPN) are one of the main causes of the generation of black money;
- (b) if so, whether the Ministry will take steps to abolish them, and if so, the time-frame for their abolition; and
- (c) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRIMATI NIRMALA SITHARAMAN): (a) There is no specific information to suggest

that Global Participatory Notes (GPN) are one of the main causes of the generation of black money.

- (b) No proposal is under consideration at present for abolition of GPN.
- (c) Does not arise.

Losses incurred by co-operative credit societies

†1464. SHRI ASHK ALI TAK: Will the Minister of FINANCE be pleased to state:

- (a) whether cooperative credit structure is losing relevance since the short term loan being disbursed at concessional rate to the farmers in accordance with the announcements of the Government;
- (b) if so, the details thereof, State-wise;
- (c) whether Government intends to recompensate the loss incurred on disbursement of short term loan at concessional rate to the farmers through short term cooperative credit structure; and
- (d) if so, the amount of loss to be recompensed and if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRIMATI NIRMALA SITHARAMAN): (a) and (b) The cooperative credit structure is playing an important role in extending agriculture credit to farmers. The number of farmers getting credit facility from the Cooperative Banks is increasing over the years. As per the data received from National Bank for Agriculture and Rural Development (NABARD), the details of agricultural loan accounts of Cooperative Banks for the last 6 years are given below:

Year	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Number of Loan Accounts (No. in lakh)	178.18	203.92	242.21	308.97	311.28	321.37

(c) and (d) Losses incurred by the Short Term Cooperative Credit Structure (STCCS) on account of disbursement of short term crop loans at concessional rates have not come to the notice of the Government. In order to provide credit to farmers at affordable interest rates, the Government of India, has since 2006-07, been implementing the Interest

†Original notice of the question was received in Hindi.