

Government of India
Ministry of Finance
Department of Financial Services

RAJYA SABHA

Unstarred Question No. 1799

Answered on Tuesday, December 14, 2021/ 23 Agrahayana, 1943 (Saka)

Penalty and licences cancelled of cooperative banks

1799. Dr. Amar Patnaik:

Will the Minister of Finance be pleased to state:

- (a) the details of the monetary penalty imposed by RBI on cooperative banks in 2021;
- (b) the reasons for the imposition of penalty on cooperative banks in 2021;
- (c) the details of licences cancelled of cooperative banks in 2021 by RBI;
- (d) the reasons for the cancellation of licenses of cooperative banks in 2021 by RBI; and
- (e) the number of monetary penalties imposed and licences cancelled of cooperative banks in the country by RBI from 2014 till date?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE
(DR. BHAGWAT KARAD)

(a) to (e):

Details of monetary penalties imposed by RBI on Cooperative banks

As per the data available with RBI, they have imposed 146 monetary penalties on cooperative banks in the country since July 2018. During the current calendar year 2021, RBI has imposed monetary penalty of Rs. 12.05 crore on 117 cooperative banks.

The major reasons for imposing penalties on cooperative banks during 2021 inter-alia include violations of norms related to Income Recognition and Asset Classification (IRAC), Know Your Customer/ Anti-money Laundering (KYC/AML), Classification and reporting of frauds, inter-bank and counterparty exposure ceiling, loans and advances to directors and relatives, membership of Credit Information Companies, non-transfer of funds to Depositor Education and Awareness Fund (DEAF).

Details of Cancellation of licenses of Cooperative banks by RBI

DCCBs: RBI has apprised that it has cancelled licenses of the 20 District Co-operative Central Banks (DCCBs) in the states of Jharkhand and Kerala on account of their amalgamation with the respective State Co-operative Banks.

UCBs: RBI has cancelled licenses of 68 Urban cooperative banks in the country since 2014, out of which licenses of 12 Urban Cooperative Banks have been cancelled in 2021. The major reasons for the cancellation of licenses, inter alia, include not satisfying the requirement of minimum capital and reserves and deteriorating financial conditions of the bank viz. negative net worth, negative CRAR (Credit to Risk Weighted Assets Ratio), deposit erosion, high NPAs., conversion to Small Finance Bank, merger with other banks etc.
