

# Conversion of Urban Cooperative Banks means entry of Corporate money lenders : Marathe

Satish Marathe, Director, NCCT & a Banking Expert who is strongly opposed to conversion of Urban Co-op Banks into Joint Stock Companies is clueless as to how the matter came up in the meeting of the Monetary Policy Committee (MPC) of RBI held last week.

Explaining the long-term damage to the cooperative sector because of this move Marathe said “when co-op banks would convert into Small Finance Banks this would go into the hands of those who have deep pockets and whose sole aim is to maximize profits.”

This would lead to desertions of socially committed cooperators making a mockery of co-operative goals, Marathe underlined. “This amounts to instigating corporate money lenders – modern avatars of village traditional money lenders, against whom the co-operative movement had risen in the first place”, said Marathe who has been riled by the move.

Marathe also said that he had personally raised the matter before Union Finance Minister Arun Jaitley who had promised not to encourage privatization of urban cooperative banks.

“We are dead sure that we would not allow this to happen; first we would petition the govt and if there is a need we would launch agitation”, he stated.

It bears recall that in the bimonthly meeting of the Monetary Policy Committee (MPC) held on Wednesday, Reserve Bank of India, among other things, has accepted the recommendations of the R Gandhi committee on voluntary conversion of urban cooperative banks.

The idea of financial inclusion goes for a toss with this move of RBI, said Marathe. “We are on the same page so far as tight regulations of UCBs are concerned and we don’t mind if the govt reviews the Banking Act or the functioning of TAFUCB after 10 years of its operation but allowing conversion of UCBs is a dangerous proposition”, he felt.

