

National Urban Cooperative Finance and Development Corporation Limited (NUCFDC).

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Context

- India's Ministry of Cooperation has set up a range of specialised admits to help the future of urban cooperative banks. One such organisation is National Urban Cooperative Finance and Development Corporation Limited, specifically designed for UCB (urban cooperative banks). Political leaders from across the ideological spectrum, pledged full support.

About Co-Operative Banking in Indian Context

- India's income and finance system are crucial to rural and semi-urban areas. Co-operative banks, an essential part of the larger cooperative sector, follow the principles of mutual aid. Here are some significant points about India 's cooperative banking.
- Cooperative banking began in the early years of the 19th century when successful cooperation movements from Europe influenced it. The first societies Act for cooperation was implemented in 1904. As economic conditions changed, the cooperative banking sector has expanded and morphed to meet the economic needs of the population, especially in rural areas. PACS function as local cooperative banks in rural areas and provide financial services for the agricultural sector while supporting rural development. DCCBs are at the district level kind of bank, and a link with state cooperative banks PACS.

- State Cooperative Banks (StCBs) are the top cooperative banks in each state that provide financial support, supervision and oversight to District Central Cooperative Banks (DCCBs) and Primary Agricultural Credit Societies (PACS) within their jurisdiction.
- Urban Cooperative Banks (UCBs) provide banking services to urban or semi-urban areas, making their presence vital in these communities offering a lifeline to small businesses and lower middle income groups. And Cooperative banks in India receive supervision from both Reserve Bank of India (RBI) and their respective State Governments. The RBI is responsible for banking regulation, while the state government is responsible for oversight of the cooperative societies.
- The recent revision to the Banking Regulation Act now allows RBI to do more direct supervision of cooperative banks in order to improve both governance and oversight. Institutions providing financial services play an important role in providing banking services to those who can not get traditional bank service and accordingly promote financial inclusion.
- Cooperative banks play a major part in supporting agriculture, small industry and self-employment which in turn promotes rural development Based on the practical experience of these societies, they work towards providing services that meet local needs. Like all parts of the Indian banking system, cooperative banks also face a problem with non-performing loans (NPAs). It is difficult for them to adopt state-of-the-art technology to provide services to match mainstream banks.
- Maintaining financial stability is an ongoing challenge because of the customer base and operational location of these banks. The future success of co-operative banks is dependent upon their acceptance and adaptation into a new: digital way.

About NUCFDC

- The NUCFDC is an important initiative in the Indian UCB sector by Prime Minister Narendra Modi and Union Minister for Home Affairs Amit Shah is also a comprehensive organisation for UCBs in India. It corresponds with the direction “Sahakar se Samriddhi” or “Cooperative Effort for Prosperity” issued to the public at large by Uttar Pradesh state Chief Minister Yogi Adityanath ; therefore, mead nurtures cry of sparseness through self-reliance in India.
- Reserve Bank of India has approved NUCFDC as a Non-Banking Finance Company. At the same time it may also act as an industry regulator for the sector. With currency from the Reserve Bank and the Government of India, a target capitalization for the company aims to raise 300 crores. This money will help UCBs, and to build a unified technology platform which will improve service standards while lowering costs
- At the same time the central body will help cooperative banks relieve certain specialised services, strengthen the channels of communication between banks and regulatory authorities ; and provide liquidity, capital as well as advisory service. As the outcome of the NUCFDC technology platform, UCBs will be able to serve their customers much more cheaply
- Today, India has over 1500 Urban Cooperative banks with over 11,000 Branches.
- They have deposits of more than Rs 5.33 lakh crore and loans over Rs 3.33 lakh crore.
- These banks have technology and provide modern banking services facing us to the wall. NUCFDC will enable these banks to upgrade their technology technologies and develop its features with new products and services, a community that can change

itself from the bottom up.

Conclusion

- The establishment of the National Urban Cooperative Banks Federation is good news for Indian cooperative movements both to economic development and the people of many communities. It will give a boost to district economic development.

Source: [The Hindu](#)

UPSC Practice Mains Questions

Q.Critically outline the salient features of the NUCFDC in support of Nation Building in terms of socio economic aspects.