

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1936

ANSWERED ON:26.07.2002

REPAYMENT OF DEPOSITS OF CUSTOMERS OF COOPERATIVE BANK

PRAVEEN RASHTRAPAL

Will the Minister of FINANCE be pleased to state:

- (a) whether the deposits of the co-operative banks are insured by Deposit Insurance and credit Guarantee Corporation Ltd;
- (b) if so, whether under the scheme, every depositor of the bank is entitled to repayment of his deposits subject to a maximum of Rs. one lakh as per the DICGC Act;
- (c) whether the small depositors of less than Rs. one lakh have been paid their deposits in case of the General Co-operative Bank Ltd., Ahmedabad, the Ahmedabad Urban Co-operative Bank, Ahmedabad, the Baroda Peoples Co-operative Bank Ltd., Baroda, and the Charotar Nagrik Sahakari Bank Ltd., Anand;
- (d) if not, the reasons thereof; and
- (e) the time by which they will get their hard earned deposits back?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANANT G. GEETE)

(a) & (b): Yes, Sir.. In terms of the provisions of Deposit Insurance & Credit Guarantee Corporation (DICGC) Act, 1961, the deposits of all eligible co-operative banks, which are registered as insured banks are insured upto Rupees one lakh per depositor per bank. In the event of winding up or liquidation/ amalgamation/reconstruction of an insured bank, the depositors are paid the deposit money upto the aforesaid ceiling of Rupees one lakh.

(c), (d) & (e): Reserve Bank of India (RBI) has reported that the liability of the DICGC in respect of insured deposits arises only where an order for the winding up or liquidation of an insured bank is made or where in respect of an insured bank, a scheme of compromise or arrangement or of reconstruction or amalgamation: has been sanctioned by any competent authority. Of the four banks, the licence of only Ahmedabad Urban Cooperative Bank Ltd., Ahmedabad was cancelled on December 27, 2001 and the liquidator has been appointed on January 3, 2002. The liquidator of the bank has been issued guidelines by DICGC on 18th June 2002 regarding submission of the claim list which is yet to be received by DICGC from him. The claim will be settled by DICGC within a period of two months from the date of receipt of the claim list of depositors. In so far as the other three banks, RBI has neither cancelled their licences nor these banks have been taken into liquidation. However, these banks are working under directions issued by RBI imposing certain restrictions on certain banking operations which include ceiling on repayment of deposits.