

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:6185
ANSWERED ON:06.05.2005
LIQUIDATION OF SAMASTA NAGAR COOPERATIVE BANK
Wagmare Shri Suresh Ganpatrao

Will the Minister of FINANCE be pleased to state:

- (a) the progress towards the liquidation of Samasta Nagar Cooperative Bank of Mumbai;
- (b) whether RBI has issued instructions in the year 2004 regarding repayment to the depositors;
- (c) if so, the details thereof;
- (d) the present status of the bank;
- (e) the steps being taken by RBI to protect small depositors;
- (f) the reasons for delay in liquidation process; and (g) the steps being planned to repay the small investors/depositors upto Rs. 1 lakh through Depository Insurance Regulatory Corporation/RBI ?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S.PALANMANICKAM)

(a) Licence of the Samasta Nagar Co-operative Bank Limited (SNCL), Mumbai has been cancelled on September 9, 2004 and the Registrar of Co-operative Societies, Maharashtra State, Pune has appointed a Liquidator. Meanwhile, the former directors of SNCL have filed an appeal before the Appellate Authority under Section 22(5) of the Banking Regulation Act 1949(AACS) stating that they are exploring the possibility of merger of SNCL with another sound Co-operative bank.

(b) and (c): The Liquidator appointed for liquidation of SNCL has to submit a claim list of depositors to the Deposit Insurance and Credit Guarantee Corporation(DICGC) for repayment to the depositors. DICGC settles the claims on receipt of the claim list from the Liquidator of the concerned bank.

(d) Licence of the SNCL has been cancelled by RBI and the bank has been prohibited from carrying on banking business.

(e) The steps to protect the small depositors have already been taken as the Liquidator has been appointed, who has to submit claim list to the DICGC for settlement.

(f) The Liquidator appointed for SNCL has to dispose off the assets for realizing the bank's dues by resorting to legal action under different Statutes that govern the recovery process, which is a time consuming exercise.

(g) The process of appointing a Chartered Accountant to certify the claim list prepared by the Liquidator has been initiated. Settlement of claims by DICGC protects the small depositors upto a maximum of Rs. 1 lakh per depositor.