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Title: Need to increase the limit of insured deposits by individuals in Cooperative banks from Rs 1 lakh to Rs. 10 lakh.

SHRIMATI SUMITRA MAHAJAN (INDORE): I draw your kind attention to the provisions of Section 16 by the Deposit Insurance and Credit Guarantee Corporation Act, 1961 in relation to deposits of the individuals in Cooperative Bank under winding up/liquidation. It inter alia, provides that the Corporation may from time to time having regard to its financial position and to the interest of banking system of the country as a whole raise, with the previous approval of the Government, the limits of payment payable in respect of insured deposits. This limit was revised to Rs.1 lakh w.e.f. 01/05/1993, i.e., almost 20 years back. It will be appreciated that the value of Rs.1 lakh in 1993 could be equivalent to Rs.10 lakhs as of now. Besides, the insurance payable to the DICGC was increased w.e.f. 01/04/2004 and again w.e.f. 1st April, 2005.

It may be mentioned here that the deposits in the Cooperative Banks are held by the people from the lower income groups/lower middle income groups for their social safety, nominal monthly incomes and for the social liabilities like marriages, old age security, etc. The fact is that this limit of Rs. 1 lakh has not been revised during the last 20 years in spite of increase in the rate of insurance premium payable by the banks in 2004 and again in 2005.

Keeping in view of the above, I urge the Hon'ble Finance Minister that the limit of Rs.1 lakh payable in respect of the Insured deposits by the individuals in the Cooperative Banks which are under winding up process/ under liquidation may be raised up to Rs.10 lakh at the earliest. The same may be made applicable to the eligible Cooperative Banks w.e.f. 01.04.2004 when the insurance premium was raised. This step will benefit the common man at large.