

**GOVERNMENT OF INDIA
FINANCE AND COMPANY AFFAIRS
LOK SABHA**

STARRED QUESTION NO:66
ANSWERED ON:22.11.2002
BUNGLING IN COOPERATIVE BANKS
NARESH KUMAR PUGLIA;RADHA MOHAN SINGH

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

- (a) whether bungling to the tune of crores of rupees in various co-operative banks/district co-operative banks came to the notice of the Government during the last six months;
- (b) if so, the details of such banks, State-wise;
- (c) the number of persons found guilty therein alongwith the action taken against them; and
- (d) the steps taken by the Government to restore confidence of depositors?

Answer

MINISTER OF FINANCE & COMPANY AFFAIRS (SHRI JASWANT SINGH)

(a), (b), (c) & (d): A Statement is placed on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a), (b), (c) & (d) OF STARRED QUESTION NO. 66 FOR REPLY ON THE 22.11.2002 TABLED BY SHRI RADHA MOHAN SINGH AND SHRI NARESH PUGLIA REGARDING BUNGLING IN COOPERATIVE BANKS

(a) & (b): Reserve Bank of India (RBI) has reported that irregularities in securities transactions in some co-operative banks have come to its notice in the year 2002. A State-wise list of such banks is given in Annexure.

(c): RBI has stated that police investigations into the criminal cases and departmental enquiries are in progress.

(d): RBI has taken several steps to ensure the depositors` interest and remedial measures to ensure smooth functioning of cooperative banks. Some of these are:

- i. Inspections of these banks by National Bank for Agriculture & Rural Development (NABARD);
- ii. RBI has approached the Co-operative Department of the concerned States for urgent action like supersession of the Board of the Directors of the bank and appointment of Administrator, etc.;
- iii. Criminal cases have been registered against the authorities/officials of the bank by the State Government;
- iv. RBI has also issued instructions to all State and District Central Co-operative Banks (DCCBs) making it mandatory to maintain their investments in the Government Securities in Demat form, in the respective Subsidiary General Ledger (SGL)/Consolidated SGL Accounts;
- v. RBI has asked the Registrar of Co-operative Societies to conduct special audit of investment transactions of State and all IDCCBs of certain selected State immediately;
- vi. Instructions have been issued to all Urban Co-operative Banks reiterating that the role of the broker should be limited to bring the two banks together with the settlement of the transaction being undertaken directly between them and to adhere strictly to RBI`s instructions;

vii. Urban Cooperative banks have been advised to have the transactions in Government securities subjected to concurrent audit every quarter by Chartered Accountants and confirm that the investment as reported by the bank are in fact owned by the bank.

ANNEXURE

State-wise list of Banks involved in irregularities

S.No. State Name of the Bank

- 1 Gujarat Adajan Nagrik Sahakari Bank Ltd., Surat
- 2 Gandevi Peoples` Cooperative Bank Ltd., Gandevi
- 3 The Karamsad Urban Cooperative Bank Ltd., Karamsad
- 4 Navsari Peoples` Cooperative Bank Ltd., Navsari
- 5 Sheth B.B. Shroff Bulsar Peoples` Cooperative Bank Ltd., Bulsar
- 6 Surat Mahila Nagrik Sahakari Bank Ltd., Surat
- 7 Surat Nagrik Sahakari Bank Ltd., Surat
- 8 Udhana Citizen Cooperative Bank Ltd., Udhana
- 9 Shri Morbi Nagrik Sahakari Bank Ltd., Morbi
- 10 Maharashtra Nagpur District Central Cooperative Bank Ltd., Nagpur
- 11 Wardha District Central Cooperative Bank Ltd., Wardha
- 12 Osmanabad District Central Co-operative Bank Ltd., Osmanabad
- 13 Raghuvanshi Co-operative Bank Ltd., Mumbai
- 14 Shree Sadguru Jangli Maharaj Sahakari Bank Ltd., Pune
- 15 Suvarnayug Sahakari Bank Ltd., Pune
- 16 Amravati Peoples` Co-operative Bank Ltd., Amravati
- 17 West Bengal Bhatpara-Nalhati Co-operative Bank Ltd., Bhatpara
- 18 Boral Union Co-operative Bank Ltd., Boral