

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:6751
ANSWERED ON:10.05.2002
ZILA KENDRIYA SAHAKARI BANK
MANIKRAO HODLYA GAVIT

Will the Minister of FINANCE be pleased to state:

- (a) whether a scam involving Rs.100 crores has recently taken place in Nagpur Zila Kendriya Sahakari Bank ;
- (b) if so, whether any enquiry in this regard was conducted by the Reserve Bank of India ;
- (c) if so, the outcome thereof; and
- (d) the persons held responsible for this scam and the action taken by the Government against them?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATH)

(a) Reserve Bank of India (RBI) has reported that during the course of the inspection of Nagpur District Central Co-operative Bank (DCCB), by National Bank for Agriculture and Rural Development (NABARD), it was revealed that the bank had failed to comply with RBI guidelines on investment policy and had been trading in Government securities in physical forms through a few broking firms. It has been reported that as on April 29, 2002, securities worth Rs. 153.04 crore purchased through brokers by the banks were not delivered.

(b) and (c) RBI has conducted a scrutiny of the investment portfolio of the Nagpur DCCB which indicated that the bank had neither appointed trained staff for undertaking investment transactions nor prescribed any risk minimizing limits on such transactions. Further there was no system of concurrent audit or internal inspection in the bank. Keeping in view the serious irregularities brought out by inspection/scrutiny and based on the recommendations of the RBI, action to supersede the bank's Board has been initiated and an Administrator has been appointed for the bank.

(d) RBI has reported that Government of Maharashtra has filed FIR against the Chairman and General Manager of the bank as well as the five investment companies from whom government securities were purchased. The Chairman of the bank has since been arrested.