

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:7900  
ANSWERED ON:17.05.2002  
SCAM IN COOPERATIVE BANKS  
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**Will the Minister of FINANCE be pleased to state:**

:

- (a) whether the Government are aware of the new scam involving more than 12 cooperative banks of Maharashtra ;
- (b) whether more than one lakh depositors lost their deposits due to this scam;and
- (c) if so, the action the Government and RBI has planned to recover the amount of depositors ?

**Answer**

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI GINGEE N. RAMACHANDRAN)

(a) Reserve Bank of India (RBI) has reported that seven Cooperative Banks in Maharashtra had entered into transactions in Government securities and their likely losses are as under :-

Name of the Bank      Amount involved in  
Government Securities  
transactions (Rs. Crore)

Nagpur	DCCB #	153.04
Wardha	DCCB #	25.00
Osmanabad	DCCB #	29.99
Sadguru Jangli Maharaj	UCB # #	40.00
Amravati Peoples Cooperative	UCB # #	9.50
Swarnayug	UCB # #	5.79
Raghuvanshi	UCB # #	5.40

# DCCB (District Central Co-operative Bank).

## UCB (Urban Co-operative Bank).

The amounts were paid by the banks to the brokers purportedly for acquiring government securities but no such securities were acquired or delivered. As these securities have not been received in physical or scripless form and the money involved has also not been recovered, the banks face the prospect of loss of the entire amount.

(b) While the loss to the depositors is yet to be assessed, it is understood from Deposit Insurance and Credit Guarantee Corporation that up to date premium has been paid to them by the above banks in respect of deposit insurance which is available up to Rs. one lakh per depositor.

(c) In view of the manifest fraudulent transactions in violation of its guidelines, RBI sought supersession of the Board of Directors of Nagpur, Osmanabad and Wardha DCCBs and Sadguru Jangli Maharaj UCB, Amravati Peoples Co-operative UCB, Swarnayug UC and Raghuvanshi UCB under Section 110A

(iii) of the Maharashtra Co-operative Societies Act, 1960, The Board of Directors of all these banks have since been superceded. RBI has also asked the Registrar of Cooperative Societies of Maharashtra to conduct special audit of investment transactions of co-operative banks. Meanwhile, Government of Maharashtra has filed criminal complaints against the brokers/Chairmen of these five banks.