

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

UNSTARRED QUESTION NO:5075  
ANSWERED ON:20.12.2002  
COOPERATIVE BANK OF AHMEDABAD  
DR. KIRIT SOMAIYA

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

- (a) whether the Government are aware that Cooperative Bank of Ahmedabad Ltd.(ABAD) has suddenly closed down and withdrawn from participation in the Clearing House;
- (b) if so, whether it has affected thousands of depositors and account holders of this bank;
- (c) if so, the action and remedial measures the Government have taken to save the depositors; and
- (d) the action taken against the bank management?

**Answer**

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL):

- (a) and (b) Reserve Bank of India (RBI) has reported that the Cooperative Bank of Ahmedabad Ltd., Ahmedabad was having resource crunch since September, 20Q2 and facing a run for a few days. The members of the Board of the bank resigned on 20th September, 2002 and the bank wrote to the President of Ahmedabad Bankers Clearing House, RBexpressing its inability to participate in the clearing house operations with effect from September 23, 2002.
- (c) Considering the situation and to protect the interests of the depositors, RBI has issued directives under Section 35A of the Banking Regulation Act,1949 (As Applicable to Co-opeative Societies) to the bank precluding, inter-alia, accepting fresh deposits and making payment in excess of Rs. 1000/- from every deposit account. The Bankers Clearing House, RBI, Ahmedabad has suspended the bank from membership of the Clearing House.
- (d) RBI has reported that the deficiencies/irregularities observed in the inspection were discussed with the Chairman, Directors and Chief Executive Officer of the bank for early rectification.