

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:465
ANSWERED ON:03.12.2004
BHARAT MERCANTILE COOPERATIVE BANK
Reddy Shri Mekapati Rajamohan

Will the Minister of FINANCE be pleased to state:

(a) whether the Government is aware that Bharat Mercantile Cooperative Urban Bank at Somajiguda, Hyderabad, has collected crores of rupees from about 5000 depositors, but failed to repay them after the maturity;

(b) if so, the details thereof; and

(c) the steps taken by RBI to safeguard the interest of the depositors ?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

(a) and (b): As reported by Reserve Bank of India(RBI), the Bharat Mercantile Co-operative Bank(BMCOB) had mobilized deposits from depositors to the tune of Rs. 14.63 crores as on 31.03.2004, the details of which are as under: -

A Resident (Rs. in crore)

(i) Term deposit 11.36

(ii) Saving Bank deposit 1.59

(iii) Current deposit 0.94

B. Non-Resident Deposit 0.13

C. Deposits from other UCBS 0.61

Total 14.63

(c): Based on findings of the latest statutory inspection with reference to bank's financial position as on 31.03.2004 which revealed that the bank's net worth was negative, the bank was placed under section 35 A of the Banking Regulation Act, 1949(AACS) with effect from September 14, 2004 prohibiting it from granting or renewing any loans and advances, make any investment, incur liability including borrowal of funds and acceptance of fresh deposits, disburse or agree to disburse any payment whether in discharge of its liabilities and obligations or otherwise, dispose off any of its properties or assets etc.. Further, with a view to preserving the assets of the bank and to avoid preferential payment, the bank has been prohibited from paying more than Rs.1000/- per depositor.