

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4821
ANSWERED ON:18.12.2009
DEMAT ACCOUNTS IN COOPERATIVE BANKS
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Will the Minister of FINANCE be pleased to state:

- (a) whether the Union Government has plans to make it mandatory for all the Cooperative Banks to open demat account; and
- (b) if so, the details thereof and if not the reasons therefor?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a) & (b): Reserve Bank of India(RBI) has advised Urban Co-operative Banks (UCBs) that all purchase/sale transactions in Government securities by UCBs should necessarily be through Subsidiary General Ledger (SGL) account maintained with RBI or constituent SGL account (with Scheduled Commercial Banks/State Co-operative Bank/Primary Dealer/Stock Holding Corporation of India) or in a dematerialized account with depositories {National Securities Depositor Limited(NSDL)/Central Depository Services(India)Limited(CDSL)/National Securities Clearing Corporation Limited(NSCCL)} and no transactions in Govt. securities in physical form with any broker are permitted by RBI with effect from June, 2002. RBI has also advised UCBs to hold non-SLR investments in dematerialized form.