

Investment in Madhavpura Co-operative Bank

†1352. SHRI RAJ MOHINDER SINGH:
SHRI RAVI SHANKAR PRASAD:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that 165 banks had invested about Rs. 800 crore in Madhavpura Mercantile Co-operative Bank in order to get higher interest;

(b) if so, the facts in this regard;

(c) whether Government have obtained information regarding above banks which invested the said amount; and

(d) if so, the names thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) to (d) Reserve Bank of India (RBI) has reported that Madhavpura Mercantile Co-operative Bank Ltd. (MMCB) was having inter-bank deposits in current and fixed deposit accounts from 239 Urban Co-operative Banks (UCBs) and 6 District Central Co-operative Banks (DCCBs) in Gujarat, 16 Co-operative Banks in Maharashtra, 4 commercial banks and 2 Financial Institutions aggregating Rs. 800.55 crore. Interest rates on deposits are deregulated and banks are free to determine the rates with the approval of their Boards of Directors. Therefore, rates of interest at which the fixed deposits were kept have not been maintained by RBI.

Monitoring of Private Banks

1353. DR. PRABHA THAKUR:
SHRIMATI MOHSINA KIDWAI:

Will the Minister of FINANCE be pleased to state:

(a) whether Government have any mechanism to strictly monitor the functioning of private banks;

(b) if so, the details thereof;

(c) what are the reasons for the merger of Global Trust Bank with

† Original notice of the question was received in Hindi.