

MMCB depositors to be repaid soon

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The action plan detailing the modalities and time-frame for implementing the revival package cleared for Madhavpura Mercantile Co-operative Bank would now be drawn up by the Central Registrar of Co-operative Societies K S Bhoria in consultation with the Gujarat RCS R M Joshi, RBI executive director P B Mathur and members of the MMCB revival committee. For this purpose the Central RCS has called a meeting of the above officials on June 25 at his office in New Delhi.

Disclosing this in Ahmedabad on Thursday, MLA and chairman of Ahmedabad District Co-operative Bank Amit Shah, who is also a member of the revival committee, said that the package approved by the Centre and the state government on Wednesday envisages a series of steps that would be implemented over the next six months.

According to him, the first step involved is to repay the deposits of up to Rs 100,000 from the Rs 4.64 billion that would come from Depository Insurance & Credit Guarantee Corporation as insurance claim. This would be done within the next one month and RBI jointly with Central RCS and State RCS would initiate the formalities to get this insurance claim from DICGC, Shah said.

The second step involves constituting a new board comprising professionals drawn from the co-operative and banking sector to manage the affairs of MMCB and it would be headed by a chief executive officer.

MMCB's new board would have one representative each from the office of Central RCS, State RCS, RBI, Gujarat Urban Co-operative Banks Federation, City and District Co-operative Banks' Association, as well as a nominee of each co-operative bank that would extend a deposit of over Rs 500 billion to MMCB. The CEO's name would be finalised by the RBI in consultation with the Central RCS, state RCS and other board members.

Revealing that about 160 co-operative banks already have term deposits totalling Rs 6 billion with MMCB, Shah said these banks have assured that they would not withdraw these deposits for the next six years. A resolution to these effect would be passed by each of these banks soon. Moreover, the remaining co-operative banks in Gujarat would mobilise another Rs 8 billion for the revival of MMCB, against default guarantees of an equivalent amount to be jointly issued by the central and state government.

While the Central government would issue guarantees of 70 per cent, the Gujarat government would issue guarantees for the balance. Interest at 7.5 per cent would be payable on such deposits. GUCBF has undertaken the responsibility to ensure that a resolution to this effect is passed and implemented, Shah maintained.

The new board would give a written assurance that losses of MMCB would be wiped out within the next ten years and MMCB would declare a dividend within this ten years.

Key posts of senior managers in MMCB would hereafter be held by officers deputed by other co-operative banks, which would have deposits of more than Rs 500 million. Some MMCB branches would be merged with other nearby branches to cut costs, he pointed out.

Shah said there is no move either to change the name of MMCB or to liquidate it and resurrect it as a new entity as reported in a section of the press.