

## **Madhavpura MD may be suspended**

*Suresh R Menon*

Based on the fiats issued by the Central Registrar of Cooperative Societies and the Bombay office of the Reserve Bank of India, a series of steps are likely to be announced within the next few days to set right the innards of the beleaguered Madhavpura Mercantile Cooperative Bank.

Among these, it is learnt that the bank's administrator is contemplating to suspend its managing director Devendra Pandya, who has been absconding since the last ten days.

The central RCS is learnt to have directed the administrator in this regard last week and the latter is expected to do this with immediate effect.

For the benefit of MMCB accountholders and depositors, RBI's central office in Bombay is expected to issue a notification enhancing the present ceiling of withdrawal of deposits from Rs 1000 to Rs 5000.

So even those depositors and account holders, who have already withdrawn Rs 1000 from their accounts, would be allowed to withdraw Rs 5000 under the raised ceiling that may come into force anytime this week.

The administrator has also been directed to seek legal advice on the criminal action that can be initiated by the bank against those MMCB officials who have been responsible for giving loans to sharebrokers fraudulently in violation of RBI guidelines.

The central registrar is also learnt to have delegated the required powers to the state registrar of co-operative societies and asked the latter to institute an inquiry into the MMCB scam and take necessary steps towards attachment of the properties of all those responsible for the fiasco at MMCB.

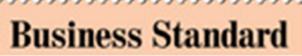
Moreover, based on the direction of the central registrar to the Gujarat government, the state registrar in consultation with the RBI is learnt to have finalised an advisory committee comprising six eminent persons from various fields to assist the administrator.

This committee would have a representative each from the New Delhi-based National Federation of Urban Cooperatives Banks and Credit Societies, the Ahmedabad-based Gujarat Urban Cooperative Banks Federation and the Gandhinagar-based office of the Registrar of Cooperative Societies over and above a retired senior official of RBI, a qualified chartered accountant-cum-certified auditor and the trustee of Consumer Education Research Centre.

The announcement about the formation of this advisory committee is expected to be made within this week. Meanwhile it is learnt that CBI has been able to zero in on the hideout of MMCB managing director Devendra Pandya and they are on the verge of arresting him and it is likely to happen anytime now.

And finally the NFUCBCS and GUCBF, in consultation with major co-operative banks and the administrator, are jointly working towards formulating a detailed rehabilitation package for the revival of the beleaguered MMCB.

According to GUCBF vice-president Natvarlal R Patel a detailed revival scheme, acceptable to both the state government and RBI, would be prepared and submitted within the next few weeks. This would be over and above the three-point package mooted at a meeting of the co-operative banks held on Saturday at the premises of the Gujarat Chamber of Commerce & Industry.

Powered by  **Business Standard**