

Bill No. XXII of 2015

THE DEPOSIT INSURANCE AND CREDIT GUARANTEE
CORPORATION (AMENDMENT) BILL, 2015

A

BILL

further to amend the Deposit Insurance and Credit Guarantee Corporation Act, 1961.

BE it enacted by Parliament in the Sixty-sixth year of the Republic of India as follows:—

1. (1) This Act may be called the Deposit Insurance and Credit Guarantee Corporation (Amendment) Act, 2015.

Short title
and
commencement.

(2) It shall come into force at once.

47 of 1961 5 **2.** In section 2 of the Deposit Insurance and Credit Guarantee Corporation Act, 1961, (hereinafter referred to as the principal Act)—

Amendment
of section 2.

(i) after clause (dd), the following clause shall be inserted, namely:—

2 of 1912 “(dda) ‘co-operative credit society’ means a society registered under the Co-operative Societies Act, 1912”.

10 (ii) after sub-clause (v) of clause (eea), the following sub-clause shall be inserted, namely:—

“(vi) a co-operative credit society”.

(iii) in clause (g), for the words “banking company or a cooperative bank” wherever they occur, the following shall be substituted, namely:—

“banking company, co-operative credit society or a co-operative bank”.

Insertion of
new section
11B.

3. In the principal Act, after section 11A, the following section shall be inserted, namely:—

5

Registration of
co-operative
credit society.

“11B. The Corporation shall register every co-operative credit society before the expiry of thirty days from the date of its establishment”.

Amendment
of section 14.

4. In the principal Act, in section 14, for the words “Regional Rural Bank or a co-operative bank” wherever they occur, the following shall be substituted namely:—

“Regional Rural Bank, co-operative credit society or a co-operative bank”.

10

STATEMENT OF OBJECTS AND REASONS

There are many investment companies operating in the country which cater to the need of different kinds of investors. While big banking companies have educated wealthy persons as their clientele, on the other hand small workmen and daily wagers park their savings in small co-operative societies formed in and around their workplaces or residences, which also lend them money in times of need. There occur cases of default by these investment companies.

Though the investors of banking companies be it a rural bank, cooperative bank or a urban bank have a very unique facility of safeguarding of their savings in cases of default by the banking company, which has been guaranteed under the provisions of the Deposit Insurance and Credit Guarantee Corporation Act, 1961, such facility is not available to the depositors of the co-operative credit societies.

In the event of default of payment by the cooperative societies, small investors lose their lifetime savings. In view of the hardships faced by the small investors, it is felt that the facility of safeguarding of their savings as provided under the Deposit insurance and Credit Guarantee Corporation Act, 1961 should be extended to cover the cooperative societies also.

Hence this Bill.

MANSUKH L. MANDAVIYA

ANNEXURE

EXTRACTS FROM DEPOSIT INSURANCE AND CREDIT GUARANTEE
CORPORATION ACT, 1961

(No. 47 OF 1961)

* * * * *

2. In this Act, unless the context otherwise requires.

* * * * *

(dd) “co-operative bank” means a State Co-operative bank, a Central co-operative bank and a primary co-operative bank:

* * * * *

(eea) “credit institution” means all or any of the following namely:—

- (i) a banking company:
- (ii) a corresponding new bank:
- (iii) a Regional Rural Bank:
- (iv) a co-operative bank:
- (v) a financial institution:

* * * * *

(g) “deposit” means the aggregate of the unpaid balances due to a depositor (other than a foreign Government, the Central Government, a State Government, a corresponding new bank, Regional Rural Bank or a banking company or a co-operative bank) in respect of all his accounts, by whatever name called, with a corresponding new bank or with a Regional Rural Bank or with a banking company or a co-operative bank and includes, credit balances in any cash credit account but does not include.

(i) where a banking company or a corresponding new bank at the commencement of this Act or where an eligible co-operative bank at the commencement of the Deposit Insurance Corporation (Amendment) Act, 1968 is working under a scheme of compromise or arrangement or of reconstruction sanctioned by any competent authority providing for the acceptance of fresh deposits, any amount due to the depositor in respect of his deposit before the date of the coming into force of the scheme to the extent it is not credited after the said date under the provisions of that scheme: or

56 of 1968

(ia) any amount due on account of any deposit with any insured bank which has been specially exempted in this behalf by the Corporation with the previous approval of the Reserve Bank or,

(ii) any amount due to account of any deposit received outside India:

* * * * *

11A. The Corporation shall register every Regional Rural Bank before the expiry of thirty days from the date of its establishment.

* * * * *

Registration
of Regional
Rural Bank.

14. (1) Where the Corporation has registered any banking company Regional Rural Bank or co-operative bank as an insured bank, it shall, within thirty days of its registration, send an intimation in writing to the banking company, Regional Rural Bank or co-operative bank that it has been registered as an insured bank. Intimation of registration.

(2) Every such intimation shall indicate the manner in which the premium payable by the bank under section 15 may be calculated.

* * * * *

RAJYA SABHA

A

BILL

further to amend the Deposit Insurance and Credit Guarantee
Corporation Act, 1961.

(Shri Mansukh L. Mandaviya, M.P.)