

Government of India
Ministry of Finance
Department of Financial Services

LOK SABHA
Unstarred Question No. 39
Answered on Monday, February 3, 2020/Magha 14, 1941 (Saka)
Merger of PMC Bank

SHRI SHANMUGA SUNDARAM K.:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Ministry has received any request for revocation of licenses cancelled and request for merger of Punjab and Maharashtra Co-operative Bank with any of the nationalized bank, if so, the details thereof including the total estimated loss incurred by the said co-operative bank and the amount due to the public;
- (b) the steps taken by the Government to protect the investments of small depositors;
- (c) whether the Government is having any proposal to bring co-operative banks and non-banking financial institutions under RBI's direct control, if so, the details thereof; and
- (d) whether the Government proposes to bring out a law bringing PSB loans recovery under Revenue Recovery Act instead of passing to SARFAESI Act and if so, the details thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI ANURAG SINGH THAKUR)

(a) to (b) Reserve Bank of India (RBI) has informed that the license of Punjab and Maharashtra Co-operative Bank (PMC) has not been cancelled and they have not received any request for merger of PMC Bank with any of the nationalized banks. As reported by RBI, while the estimated loss of PMC, as on 31st March, 2019 was Rs.892.59 crore, the total deposits with the Bank, as on 31st December 2019 were Rs.10629.17 crore.

The following action has been taken by RBI to protect the interest of depositors:

- (i) All-inclusive Directions are imposed under section 35A read with section 56 of the BR Act, 1949 in public interest to prevent the affairs of any banking company being conducted in a manner detrimental to the interests of the depositors or in a manner prejudicial to the interests of the banking company
- (ii) These Directions, inter alia, restrict payment of deposits beyond a threshold limit to prevent the possibility of preferential payment of deposits and prevent reckless lending in the interregnum etc. The banks are also required to take prior approval of RBI before making any payments/expenditures that have not been allowed under these Directions, thus protecting the pool of deposits of the depositors from wasteful expenditures.
- (iii) The depositors can also make withdrawals on hardship grounds (medical expenses and non-medical expenses like educational expenses of self or children, marriage expenses of self, other relatives and for livelihood) for an amount upto Rs.1 lakh. The power to sanction such hardship withdrawals has been delegated to the Administrator of the bank for speedier resolution of such cases.
- (c) Cooperative banks and non-banking financial institutions are already under the regulatory purview of RBI by virtue of the provisions contained in section 56 of Banking Regulation Act, 1949 and sections 45 H to 45QB of RBI Act, 1934 respectively.
- (d) No such proposal is under consideration at this stage.
