

All Co-operative Banks

The Banking Laws (Application to Co-operative Societies) Act, 1965

Please refer to paragraph 4 of our circular No. ACD.BR.333/A.1-65/66 dated 9 February 1966 wherein it was stated that a copy of the Rules prescribing the returns to be submitted by co-operative banks would be supplied to you as soon as they were published by the Government of India in the official Gazette. Pending publication of the Rules, you have been sending us the relevant returns in terms of the instructions contained in our circular No. ACD.BR.392/B.1-65/66 dated 1 March 1966.

2. In exercise of the powers conferred under section 52 read with clause (zj) of section 56 of the Banking Regulation Act, 1949 (10 of 1949) and in consultation with the Reserve Bank of India, the Central Government has made the Banking Regulation (Co-operative Societies) Rules, 1966 which have been published in Part 11, Section 3(i) of the Gazette of India dated 3 December 1966. These Rules have come into force with effect from the same date. A copy of the said Rules which have been got printed by us for private circulation is enclosed. The various returns to be submitted by the co-operative banks should, in future, be submitted in terms of the above Rules which are self-explanatory.

1. Submission of returns

The returns prescribed in the Act/Rules should be submitted by a co-operative bank from its principal office to the principal office of the Reserve Bank situated in the State in which the co-operative bank has its principal office. The "principal office of the co-operative bank" and the "principal office of the Reserve Bank" have been defined in rule 2(c) and (f) of the Banking Regulation (Co-operative Societies) Rules, 1966. As list showing the principal offices of the Reserve Bank to which the co-operative banks in different States have to submit the returns, is enclosed for the guidance of the co-operative banks.

2. Date of returns

Wherever a return prescribed under the Act or Rules relates to a particular day or date, the return should be prepared on the basis of the figures of that day or date in the respect of offices working on that day or date, and the preceding working day's figures in respect of offices where that day or date is a holiday - rule 3(5).

3. Address of the principal office

In terms of rules 3(3), a co-operative banks should intimate to the principal office of the Reserve Bank, the address of its principal office responsible for the submission of the returns. Co-operative banks which have already intimated the addresses of their registered office (which is also their principal office) to the Reserve Bank of India in terms of our circular No. ACD.BR.392/B.1-65/66 dated 1 March 1966 need not take any action in this behalf. Any subsequent change in such address should, however, be intimated to the principal office of the Reserve Bank within one month of such change.

4. List of officers

In terms of rule 4, a co-operative bank should submit, (not later than one month from the commencement of these rules), to the principal office of the Reserve Bank, a written statement containing a list of -

- (a) the names, the official designations and specimen signatures of the officers authorised to sign on behalf of the co-operative bank returns required to be submitted under the Act or these Rules, and
- (b) the names and addresses of the directors of the co-operative bank or the members of the committee of management of the co-operative bank.

Co-operative banks which have already complied with the above requirements in terms of our circular No. ACD.BR.392/B.1-65/66 dated 1 March 1966 need not take any action in respect of complying with the above rule. If any change takes place in the above lists, such changes should be intimated to the principal office of the Reserve Bank within one month from the occurrence of such change.

5. Statement of cash reserve (Form I)

The cash reserve statement required to be submitted by a co-operative bank (rule 5) for the purpose of section 18 of the Banking Regulation Act, 1949 should be submitted every month in Form I to the principal office of the Reserve Bank before the fifteenth day of the month succeeding that to which the statement relates.

6. Statement of unsecured loans and advances (Form II)

The statement showing unsecured loans and advances (including bills purchased and discounted) to companies (other than those in which the co-operative bank is prohibited to make unsecured loans and advances) (vide section 20 of the Act) required to be submitted in terms of Rule 5, should be submitted every month in Form II to the principal office of the Reserve Bank before the close of the month succeeding that to which the statement relates.

7. Licensing of co-operative banks (Forms III and IV)

In terms of rule 6, a co-operative society or a co-operative bank desiring to have a licence under section 22 of the Banking Regulation Act should submit its application in duplicate to the principal office of the Reserve Bank in the forms specified below:

- (a) in the case of a co-operative society desiring to commence banking business as a co-operative bank after the commencement of the Banking Laws (Application to Co-operative Societies) Act, 1965, in Form III.
- (b) in the case of a co-operative society which at the commencement of the Banking Laws (Application to Co-operative Societies) Act, 1965, was carrying on business as a co-operative bank or which after such commencement becomes a co-operative bank, and desires to carry on the business of banking, in Form IV.

8. Opening of new places of business (Form V)

Application by a co-operative bank in terms of rule 7, for permission of the Reserve Bank to open a new place of business or to change the location of an existing place of business (otherwise than within the same city, town or village) under Section 23 of the Banking Regulation Act should be submitted in duplicate in Form V to the principal office of the Reserve Bank.

9. List of offices (Form VI)

In terms of rule 8, all States, central and primary co-operative banks are required to submit a quarterly statement showing the list of their officers in Form VI to the principal office of the Reserve Bank within one month from the close of every quarter, namely, 31 March, 30 June, 30 September and 31 December.

10. Statement of liquid assets (Form VII)

The monthly statement showing demand and time liabilities and cash, gold and unencumbered approved securities (vide subsection (3) of section 24 of the Banking Regulation Act) required to be submitted under rule 9, should be submitted in Form VII to the principal office of the Reserve Bank not later than 15 days after the end of the month to which it relates. In this connection, it may be noted that according to the provisions of the Act, liquid assets at the prescribed rate have to be maintained by the co-operative banks on a day-to-day basis. For this purpose, a register with suitable columns will have to be maintained by the co-operative banks for ensuring that the liquid assets maintained by them are not less than the percentage prescribed under the Act as at the close of business on each day during the month.

11. Statement of unclaimed deposits (Form VIII)

The annual return showing the unclaimed deposits accounts which have not been operated upon for 10 years or more to be furnished for the purposes of section 26 of the Banking Regulation Act should be submitted every year in Form VIII to the principal office of the Reserve Bank in terms of rule 9. This return should be submitted within thirty days after the close of each calendar year.

12. Statement of assets and liabilities (Form IX)

The statement showing the assets and liabilities in India as at the close of business on the last Friday of every month to be submitted as required by sub-section (1) of section 27 of the Banking Regulation Act should be furnished in Form IX in terms of rule 9 to the principal office of the Reserve Bank before the close of the month succeeding that to which the statement relates.

13. Publication of accounts and balance sheet

Rule 10 of the Banking Regulation (Co-operative Societies) Rules, 1966, prescribes the manner of publication of the profit and loss account and the balance sheet of a co-operative bank. Originally the balance sheet and profit and loss account of a co-operative bank prepared in pursuance of section 29 of the Act were to have been published, together with the auditor's report, within a period of six months from the end of the period to which they related in a newspaper which was in circulation at the place where the co-operative bank had its principal office. The Central Government, in consultation with the Reserve Bank, has published an amendment to rule 10 of the Banking Regulation (Co-operative Societies) Rules, 1966 in terms of its notification No. F.10/1/66-SB dated 18 October 1967 so as to provide for the publication of the balance sheet and profit and loss account together with the auditor's report, of a co-operative bank within a period of nine months (as against six months previously) from the end of the period to which they relate in a newspaper which is in circular action at the place where the co-operative bank has its principal office. This amendment has come into force with effect from 23 October 1967.

14. All co-operative banks concerned are requested to go through the Banking Regulation (Co-operative Societies) Rules, 1966 carefully and comply with all the relevant provisions, in the context of the Banking Regulation Act, 1949 (As Applicable to Co-operative Societies).