

Govt Asks Cooperative Banks Not to Take Deposits Under PMGKDS

Govt notification comes after irregularities were found in several co-op banks during demonetisation

The government has barred cooperative banks from accepting deposits under the Pradhan Mantri Garib Kalyan Deposit Scheme (PMGKDS). There have been irregularities discovered in cooperative banks during the demonetisation process that the income tax department is investigating.

“It is clarified that co-operative banks are not authorised banks to accept deposits under PMGKDS, 2016,” a finance ministry statement said on Friday. The deposit scheme is part of the Taxation and Investment Regime for Pradhan Mantri Garib Kalyan Yojana, 2016 under which a declarant has to deposit 25% of the declared undisclosed income in an authorised bank as notified by the government.

They have to also pay 50% of the amount declared in tax and penalty.

“Application for the deposit in the form of Bonds Ledger Account shall be received by any banking company, other than Co-operative Banks, to which the Banking Regulation Act, 1949, applies,” the government said.

Those making a declaration under the scheme have to pay the tax amount and then fill up a challan form provided by the bank for the four-year deposit scheme.

The authorised banks have to electronically furnish the details of deposit to the Revenue Department on the next working day to enable information verification of the deposit before accepting the declaration under the PMGKY.

The move comes following reports of some cooperatives not following specified know your customer norms and aiding laundering post-demonetisation announced on November 8 that cancelled the legal tender status of Rs 500 and Rs 1000 notes.

A number of cooperatives have come under the scanner of the income tax authorities and the enforcement directorate for helping their customers launder money.

ET had reported on Friday that some cooperative banks had deposits in old currency in excess of the physical holding of cancelled Rs.500 and Rs.1,000 currency notes.

Cooperative banks were allowed to take deposits of old currency notes when the demonetisation was announced. Six days into demonetisation, the RBI had barred these banks from exchanging old currency notes or accepting deposits. By that time nearly Rs.16,000 crore had been deposited.

(Economic Times)