

GOVERNMENT OF ODISHA
FINANCE DEPARTMENT

No. 34583/F., Date 23.12.2016

FIN-DIP-CORFND-0001/2016

NOTIFICATION

Sub:- Corpus Fund for Protection of Interest of Depositors.

Whereas, in terms of the provisions u/s 4 (1) and u/s 8 (1) of The Odisha Protection of Interest of Depositors (in Financial Establishments) Act, 2011, the Government of Odisha have constituted four Designated Courts in consultation with the Chief Justice of Odisha High Court and have declared the Additional District Magistrates of four Districts as the Competent Authorities so as to exercise control over the properties attached by the Government under Section-3 of the said Act ;

And whereas, the State Government and the Competent Authorities have been empowered under relevant provisions of the Act to attach and sell properties of the fraudulent Financial Establishments under the orders and direction of the Designated Courts and maintain accounts thereof in accordance with the provisions of Rule-7 of the Odisha Protection of Interest of Depositors (in Financial Establishment) Rules, 2013 ;

And whereas, the Government of Odisha in the Finance Department have issued a notification bearing No.29610/F., dated the 20th October, 2014 for creation of a Corpus Fund for protection of the interest of the small depositors;

And whereas, it is felt necessary to provide some more provisions to protect the interest of such small depositors and to streamline the mode of payment to such depositors;

Now, therefore, the Government of Odisha, after careful consideration and in supersession of the Finance Department notification No.29610/F., dated the 20th October, 2014, is pleased to issue the following instructions to regulate the manner of payment to the Small depositors from the Corpus Fund already created under the said notification and the management of such Corpus Fund, namely:-

1. Corpus Fund

In addition to the legal and institutional framework to protect the interest of small depositors, the State Government have created a Corpus Fund of Rs.300.00

crores (Rupees three hundred crores) at the first instance so as to safeguard the interest of genuine and small depositors who have become victims of such unscrupulous financial establishments.

Explanation- "Small depositor" means the depositor whose total deposit in a Financial Establishment is not more than ten thousand rupees and include the legal heirs of such depositor in case of his death and the expression " Small investors" whenever used shall be construed accordingly as per provision of sub-section (8) of Section-9 of Odisha Protection of Interests of Depositors(in Financial Establishments) Amendment Act,2016

2. Fund for Protection of Interest of Depositors:

(a) A Corpus Fund namely "**Fund for Protection of Interest of Depositors**" has been constituted in the notification of Government of Odisha in the Finance Department No.29610/F., dated the 20th October , 2014 from and out of which the amount of compensation shall be paid to the small depositors .

(b) The Fund shall be maintained in the Public Account under the section 'Reserve Funds not bearing interest' under the Head of Account "8235-General and Other Reserve Funds - 200 - Other Funds - 2897 - Fund for Protection of Interest of Depositors - 91079 - Transfer from Revenue Account."

(c) The Fund shall be operated by the Special Secretary/Additional Secretary in charge of DIP Branch, Finance Department.

(d) There shall be credited to the Fund - money out of the Consolidated Fund of the State Government provided in the Head of Accounts in Demand No.05-2075-Miscellaneous General Services - 797 - Transfer to Reserve Funds -2897- Fund for Protection of Interest of Depositors -91097-Inter-Account- Transfer.

(As per para 3.4 of General Direction of List of Major and Minor Heads of Accounts)

3. Maintenance of the Fund :

The accounts of the Fund shall be maintained by the Accountant General (A&E), Odisha.

4. Target Group:

The Fund shall cover those genuine and small depositors who have lost their deposits made with unscrupulous financial establishments. In case of death of the depositor, his/her legal heirs would be eligible for compensation.

5. Eligibility for Compensation from the Fund :

Under this scheme, the genuine and small depositors who have lost their deposits in any unscrupulous financial establishment shall be entitled to compensation from the Fund.

The liability of the State Government is to the extent of protecting the interest of genuine and small depositors provided they are not compensated from any other source, including any scheme of the Central or the State Government or Insurance Company or any other institution, subject to the limit indicated by the Fund Management Committee of Corpus Fund or subject to the discretion of the State Government as laid down under the proviso to paragraph 7(c) hereunder.

The depositor shall furnish details of claims for compensation submitted under any other scheme or from any other above source.

6.(1) Fund Management Committee:

For the purpose of management of the Corpus Fund, there shall be a Fund Management Committee consisting of the following members :

- (a) Additional Chief Secretary/ Principal Secretary to Government, Finance Department - **Chairman**
- (b) Principal Secretary to Government, Home Department - **Member**
- (c) Additional Chief Secretary/Principal Secretary to Government, Revenue & Disaster management Department - **Member**
- (d) Principal Secretary to Government, Law Department - **Member**
- (e) Special Secretary/ Additional Secretary in charge of DIP Branch, Finance Department - **Member Convener**

(2) Functions of the Fund Management Committee :

The Fund Management Committee shall perform the following functions :-

- (a) to consider the claims and determine the quantum of compensation in accordance with the procedure prescribed by Finance Department in this regard;

- (b) to consider the names of small depositors and suggest their names to the Government for payment of compensation to them; and
- (c) to examine the special circumstances in which advance payment from the Corpus Fund can be considered for compensating small depositors and recommend the quantum of such advance payment.

7. **Procedure for grant of compensation :**

- (a) Whenever a claim is made by the small depositor the Fund Management Committee shall examine the case and verify the contents of the claim with regard to the loss caused to small depositor and after verifying the claim, the Committee shall decide on the matter in accordance with guidelines issued by Finance Department in this regard.
- (b) The quantum of compensation, as decided by the Fund Management Committee, shall be disbursed to the small depositor from the Fund.
- (c) Compensation received or likely to be received by the small depositor from any other source in relation to the deposit in question, namely, insurance, or out of sale proceeds of attached properties of the financial establishments on the orders or direction of the Designated Court, ex-gratia payment received under any other Act or State or Central run scheme , shall be considered as part of the compensation amount under the Scheme and if the eligible compensation amount exceeds the payments received or likely to be received by the small depositor from the sources mentioned above, the balance amount shall be paid out of the Fund:

Provided that the State Government may also make advance payment from and out of the corpus fund to the small depositors in those cases where the small depositors are denied timely compensation due to delay in settlement of cases under the OPID Act or due to any other exigencies.

Any amount paid under the above proviso shall be treated as payment made out of the sale proceeds of the attached properties u/s 9(7) of the OPID (in Financial Establishment) Act, 2011.

The quantum of compensation to be awarded to a small depositor shall not exceed the principal amount of the deposit.

- (d) Whenever money becomes available for distribution among the small depositors out of the sale proceeds of the attached properties or from any other source, the entire amount disbursed out of the Corpus Fund, or such part thereof, as may be decided by the Corpus Fund Management Committee, shall be recouped from such available sources to the Corpus Fund by deposit to the Public Account of the State under Head 8235- *General and Other Reserve Fund-200-Other Funds-2897-Fund for Protection of Interest of Depositors-91079-Reserved Fund*.
- (e) The payment from Fund will be made directly into the Bank Account of the small depositor by electronic transfer.
- (f) The Drawing & Disbursing Officer of the Finance Department, after approval of the Government on recommendation of the Committee shall release the amount from the Corpus Fund for disbursement of the same to the small depositors.
- (g) In order to meet the expenditure from the Reserve Fund, initial expenditure is required to be met from "*Demand No.5 - 2075 - Miscellaneous General Services - 800 - Other Expenditure - 2897 - Fund for Protection of Interest of Depositors - 91095 - Amount paid out of Reserve Fund*". For final booking of the expenditure, the amount shall be charged to the Corpus Fund "*8235 - General and Other Reserve Fund - 200 - Other Funds - 2897 - Fund for Protection of Interest of Depositors - 91079 - Reserve Fund*" with a reverse entry against "*2075 - Miscellaneous General Services - 902-Deduct-Expenditure met out of Fund for Protection of Interest of Depositors-2897- Fund for Protection of Interest of Depositors - 91095 - Amount paid out of Reserve Fund*". For this purpose, a sanction of Government at the end of each financial year should be furnished to Accountant General for adjustment of the amount from the Corpus Fund.
- (h) The books of account and connected records for payment of compensation will be maintained by the Drawing & Disbursing Officer of the Finance Department in terms of the provisions of Odisha Treasury Code and Odisha General Financial Rules.
- (i) Reconciliation of expenditure will be made by the Drawing & Disbursing Officer in the manner prescribed for other DDOs of the State Government.
- (j) The Comptroller & Auditor General of India may audit the accounts of receipts & expenditure of the Fund.

8. Government in Finance Department shall issue detailed guidelines relating to administration of the fund as may be considered necessary, from time to time, to enable smooth management of the Fund. In case of any difficulty in the operation of the Fund, the Government in Finance Department may, relax any or all of the provisions indicated above.

It has been concurred in by Law Department vide their UOI No.2322/L dated 19.10.2015 and Principal Accountant General (A&E), Odisha in UOI No. TM-2-20-Gen-CORPUS FUND-F- 196/2015-16/1039 dated 08.12.2015.

By order of the Governor




(Tuhin Kanta Pandey)

Principal Secretary to Government

Memo No. 34584 /F., Dated 23.12.2016

Copy forwarded to the Director, Printing, Stationeries and Publications, Odisha, Cuttack for information and necessary action. He is requested to publish the notification in the next issue of Odisha Gazette and supply 100 (one hundred) copies to this Department for reference and record.

Memo No. 34585 /F., Dated 23.12.2016



Joint Secretary to Government

Copy forwarded to the Principal, Accountant General (A&E), Odisha, Bhubaneswar for information and necessary action.

Memo No. 34586 /F., Dated 23.12.2016


Joint Secretary to Government

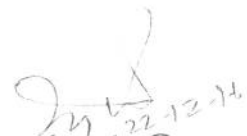
Copy forwarded to Home Department /Law Department /Revenue & D.M. Department for information .


Joint Secretary to Government

Memo No. 34587 /F., Dated 23.12.2016

Copy forwarded to the Head Portal Group , Secretariat , Odisha, Bhubaneswar for information. He/She is requested to kindly upload this notification in the official web site of Finance Department for general information .

(mail ID-tendersorissa@gmail.com)


Joint Secretary to Government

Memo No. 34588 /F., Dated 23.12.2016

Copy forwarded to D.D.O-Cum-Under Secretary to Government, Finance Department/ Budget -III Branch /GS-I Branch /GS-II Branch, Finance Department for information and necessary action.


Joint Secretary to Government