

Press Releases***November 2010****Certificate of Registration -
Cancelled****November 4, 2010**

The Reserve Bank of India has cancelled the certificates of registration granted to the following companies, having their registered offices at the address shown against them, for carrying on the business of a non-banking financial institution. Following cancellation of the registration certificate the companies cannot transact the business of a non-banking financial institution.

Company's name	Address of Registered office	Registration No. & Date	Date of cancellation
M/s. Ramajyoti Credit & Investment Private Limited	10129, Aggarwal Bhawan, Opp. Filmistan Cinema, East Park Road, New Delhi-110005	B-14.03018 dated April 12, 2004	September 23, 2010
M/s Mohanmeet Leasing Private Limited	396, Main Mathura Road, Badarpur, New Delhi-110044	14.00523 dated March 21, 1998	September 22, 2010

By the powers conferred under Section 45-IA (6) of the Reserve Bank of India Act, 1934, the Reserve Bank can cancel the registration certificate of a non-banking financial company. The business of a non-banking financial institution is defined in clause (a) of Section 45-I of the Reserve Bank of India Act, 1934.

**Cosmos Co-operative Bank Ltd.,
Pune, Maharashtra – Penalised****November 16, 2010**

The Reserve Bank of India has imposed a monetary penalty of ₹5.00 lakh (Rupees Five Lakh only) on Cosmos Co-operative

* Important Press releases during November 2010.

Bank Ltd., Pune, Maharashtra, in exercise of powers vested in it under the provisions of Section 47(A)(1)(b) read with Section 46(4) of the Banking Regulation Act, 1949 (as applicable to co-operative societies), for violation of instructions/guidelines of the Reserve Bank of India.

The bank had violated Reserve Bank of India directives by sanctioning loans to directors, their relatives and firms in which directors or their relatives are interested. The bank had violated instructions by not publishing the correct amount of loans outstanding in the names of directors/relatives/firms in which they are interested in the 'notes on account' to the balance sheet in the successive annual reports during 2004 to 2009.

The bank had not furnished correct information in the quarterly control returns submitted to RBI during the period 2004 to 2009. None of the 43 loans sanctioned in violation of directives were reflected in the OSS data submitted to Reserve Bank of India.

Kasundia Co-operative Bank Ltd., Howrah – Penalised

November 22, 2010

The Reserve Bank of India has imposed a penalty of ₹1.00 lakh (Rupees One Lakh only) on Kasundia Co-operative Bank Ltd., Howrah in exercise of powers vested in it under the provisions of Section 47(A)(1)(b) read with Section 46(4) of the Banking Regulation Act, 1949 for violation of the provisions of Section 35A of the Banking Regulation Act, 1949 (AACS) relating to imposition of directives, for resorting to

borrowings without prior approval from Reserve Bank of India.

RBI cancels the Licence of the Boriavi People's Co-operative Bank Ltd., Boriavi, (Gujarat)

November 22, 2010

The Reserve Bank of India has cancelled the licence of the Boriavi People's Co-operative Bank Ltd., Boriavi, Gujarat. The order of cancellation of the licence was given after the close of business on November 19, 2010. The Reserve Bank has also requested the Registrar of Co-operative Societies, Gujarat to issue an order for winding up the bank and appoint a liquidator.

Consequent to the cancellation of its licence, The Boriavi People's Co-operative Bank Ltd., Boriavi, Gujarat is prohibited from carrying on 'banking business' as defined in Section 5(b) of the Banking Regulation Act, 1949 (AACS) including acceptance and repayment of deposits.

With the cancellation of licence and commencement of liquidation proceedings, the process of paying the depositors of the Boriavi People's Co-operative Bank Ltd., Boriavi (Gujarat) will be set in motion subject to the terms and conditions of the Deposit Insurance Scheme. On liquidation, every depositor is entitled to repayment of his/her deposits up to a monetary ceiling of ₹1,00,000/- (Rupees One lakh only) from the Deposit Insurance and Credit Guarantee Corporation (DICGC) under usual terms and conditions.

For any clarifications, depositors may approach Shri C. N. Modi, Assistant General Manager, Urban Banks Department, Reserve Bank of India, Ahmedabad. His contact details are:

Postal Address: Urban Banks Department, Reserve Bank of India, Ahmedabad Regional Office, La Gajjar Chambers, Ashram Road, Ahmedabad-380009; Telephone Number: (079) 26589338, 26580512; Fax Number: (079) 26584853.

The Reserve Bank cancelled the licence of The Boriavi People's Cooperative Bank Ltd. as the bank had ceased to be solvent, all efforts to revive it in close consultation with the Government of Gujarat had failed and the depositors were being inconvenienced by continued uncertainty.

The Bantra Co-operative Bank Ltd., Howrah – Penalised

November 25, 2010

The Reserve Bank of India has imposed a penalty of ₹2.00 lakh (Rupees Two Lakh only) on the Bantra Co-operative Bank Ltd., Howrah in exercise of powers vested in it under the provisions of Section 47(A)(1)(b) read with Section 46(4) of the Banking Regulation Act, 1949 for violation of the provisions of Section 35A of the Banking Regulation Act, 1949 (AACs) relating to imposition of directives, for allowing withdrawals in Current and Savings Bank accounts in excess of the ceiling amount of ₹1,000/- and for accepting fresh deposits, besides allowing withdrawal of matured fixed deposits.

Certificate of Registration of M/s. Rakuja Investments Private Limited - Cancelled

November 26, 2010

The Reserve Bank of India has on October 7, 2010 cancelled the certificate of registration granted on October 11, 2002 to M/s. Rakuja Investments Private Limited having its registered office at U-203, 3rd Floor, Shakarpur, Delhi-110092 for carrying on the business of a non-banking financial institution. Following cancellation of the registration certificate the company cannot transact the business of a non-banking financial institution.

By the powers conferred under Section 45-IA (6) of the Reserve Bank of India Act, 1934, the Reserve Bank can cancel the registration certificate of a non-banking financial company. The business of a non-banking financial institution is defined in clause (a) of Section 45-I of the Reserve Bank of India Act, 1934.

RBI cautions Public about Unauthorised Companies collecting Deposits

November 29, 2010

The Reserve Bank of India has today cautioned members of public about unauthorised companies which collect money from public stating that they have been authorised by the Reserve Bank to do so. The Reserve Bank stated that it has published on its website (http://rbi.org.in/scripts/BS_NBFCList.aspx) a list of non-banking finance companies (NBFCs) which

are permitted to accept deposits. No NBFC outside of this list can accept deposits from public. Doing so is clearly fraudulent and has to be investigated by the law enforcement agencies in the normal course.

The Reserve Bank has also been advertising from time to time cautioning the public about this.

The Reserve Bank has further stated that all complaints relating to unauthorised acceptance of monies and running of money circulation schemes should be referred to the Economic Offences Wing of the concerned State Governments.

It was reported that some individuals/firms/unincorporated association of individuals (unincorporated bodies)/marketing companies and companies engaged in money circulation schemes have been collecting monies from the public by making tall promises of high returns, either through issue of advertisements or by sale of products. Some of them even claim that they have the Reserve Bank's approval for their operations. Some of these entities have reportedly vanished without repaying the monies collected by them.

Money circulation schemes are banned under the Prize Chit and Money Circulation Schemes (Banning) Act, 1978 and the respective State Governments have the power to take action against the persons involved in such schemes.

RBI Further Relaxes Liquidity Easing Measures

November 29, 2010

In order to provide further liquidity comfort, the Reserve Bank of India has decided to:

- Conduct Second Liquidity Adjustment Facility (SLAF) on a daily basis at 4.15 p.m. up to January 28, 2011.
- Allow Scheduled Commercial Banks to avail of additional liquidity support under the Liquidity Adjustment Facility (LAF) to the extent of up to 2.0 per cent of their net demand and time liabilities (NDTL) as on the reporting Friday of the second preceding fortnight. For any shortfall in Statutory Liquidity Ratio (SLR) maintenance up to January 28, 2011 arising out of availment of this facility, banks may seek waiver of penal interest on a fortnightly basis purely as an *ad hoc*, temporary measure. The liquidity support availed under this facility would, however, need to be reported on a daily basis.

It may be recalled that in the Second Quarter Review (SQR) of Monetary Policy, 2010-11 announced on November 2, 2010, the Reserve Bank had stated that 'even though a liquidity deficit is consistent with anti-inflation stance, excessive deficit in liquidity can be disruptive both, to financial markets and to credit growth in the banking system. To ensure that economic activity is not disrupted by liquidity constraints, the liquidity deficit needs to be contained within a reasonable limit '.

In line with the stance of monetary policy set out in the SQR, the Reserve Bank took a number of steps including open market operations (OMO) and re-introduced temporary measures on November 9, 2010; the SLAF on a daily basis at 4.15 p.m. and additional liquidity support to SCBs under the LAF to the extent of up to 1.0 per cent of their NDTL as on the reporting Friday of the

second preceding fortnight up to December 16, 2010. These measures were intended to provide liquidity comfort arising out of frictional liquidity pressures reflected in the LAF window of the Reserve Bank. The liquidity pressure has, however, continued. The liquidity injected by the Reserve Bank through its LAF window since November 8, 2010 has averaged over ₹1,00,000 crore.