



December 9, 2004

**Depositors of Prudential Cooperative Bank to get upto Rs.1 lakh**

In view of the fact that the Prudential Cooperative Bank Ltd., Secunderabad, (Andhra Pradesh) had ceased to be solvent, all efforts to revive it in close consultation with the Government of Andhra Pradesh had failed and the depositors of the bank were being inconvenienced by continued uncertainty, the Reserve Bank of India, on December 7th, delivered the order of cancelling of its licence to the bank. Immediately on cancellation of the licence and at the request of the Reserve Bank, the State Government on December 8, appointed a liquidator for the bank. This enables all the depositors of Prudential Cooperative Bank to get their claims upto Rs.1 lakh from the Deposit Insurance and Credit Guarantee Corporation (DICGC). The liquidator has been requested to expeditiously send the claims of the depositors to DICGC. Every effort will be made to complete the formalities within about 90 days to settle the depositors' claims.

It may be recalled that the Reserve Bank of India decided to cancel the licence of Prudential Cooperative Bank Ltd., Secunderabad (Andhra Pradesh) as a final step after examining all the options for revival of the bank and in order to protect the interest of the depositors. The Reserve Bank had, after finding the financial position of Prudential Cooperative Bank precarious in 2002, placed the bank under directions restricting its operations. The bank, however, continued to face problems. Severe liquidity problems in March 2003 prompted the Reserve Bank to tighten its directions and supersession of its Board of Directors. Despite some recoveries, the financial position of the bank continued to deteriorate. The reconstruction schemes were also found to be not feasible in terms of restoring solvency. The latest inspection of the bank showed that its deposits were getting eroded as paid-up capital and reserves were in the negative. The continuance of the bank was, therefore, untenable. With the cancellation of its licence and taking it into liquidation, the process of paying the depositors of Prudential Cooperative Bank the amount insured as per the DICGC Act will now be set in motion.

For any clarifications, depositors may approach Dr Deepali Pant Joshi, Chief General Manager, Reserve Bank of India, Hyderabad. Her contact details are as below

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The formal order containing the details warranting the cancellation of the licence of Prudential Cooperative Bank is available on the RBI website [www.rbi.org.in](http://www.rbi.org.in).

**P.V. Sadanandan**  
Manager