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**Reserve Bank Cancels the Licence of the Mahila Nagrik Sahkari Bank Maryadit,
Khargone, Madhya Pradesh**

In view of the fact that the Mahila Nagrik Sahkari Bank Maryadit, Khargone , Madhya Pradesh had ceased to be solvent, all efforts to revive it in close consultation with the Government of Madhya Pradesh had failed and the depositors were being inconvenienced by continued uncertainty, the Reserve Bank of India delivered the order cancelling its licence to the bank after the close of business on May 2, 2006 . The Registrar of Co-operative Societies, Madhya Pradesh has also been requested to issue an order for winding up the bank and appoint a liquidator for the bank. It may be highlighted that on liquidation every depositor is entitled to repayment of his deposits up to a monetary ceiling of Rs. 1,00,000/- from the Deposit Insurance and Credit Guarantee Corporation (DICGC).

There was a run on the bank and deposits amounting to Rs. 71.94 lakh were withdrawn from the bank between October 24, 2003 and December 18, 2003. A scrutiny of the books of accounts of the bank conducted by the Reserve Bank of India revealed that the bank's liquidity position as on 18.12.2003 was severely impaired. Considering its unsatisfactory financial position, the bank was placed under directions under section 35A of the Banking Regulation Act, 1949(AACS) with effect from the close of business on February 25,2004, which inter alia restricted repayment of deposits to Rs.1000 per depositor. The inspection of the bank with reference to its position as on March 31, 2005 revealed deterioration in its financial condition. The realisable value of paid-up capital and reserves was in the negative and its deposits were fully eroded. Thereafter, the Reserve Bank issued a notice to the bank on October 07, 2005 asking it to show cause as to why the licence granted to it to conduct banking business should not be cancelled. As the bank did not have a viable plan of action for revival and the chances of its revival were remote, the Reserve Bank of India took the extreme measure of canceling licence of the bank after examining all options for its revival, in the interest of the bank's depositors. With the cancellation of its licence and after commencement of liquidation proceedings, the process of paying the depositors of Mahila Nagrik Sahkari Bank Maryadit, Khargone , Madhya Pradesh, the amount insured as per the DICGC Act, will be set in motion.

Consequent to the cancellation of its licence, the Mahila Nagrik Sahkari Bank Maryadit, Khargone , Madhya Pradesh 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.

For any clarifications, depositors may approach Shri M.K. Ray, Deputy General Manager, Urban Banks Department, Reserve Bank of India, Bhopal. His contact details are as below

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