

**RESERVE BANK OF INDIA**www.rbi.org.inwww.rbi.org.in/hindie-mail: helpprd@rbi.org.in

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**Reserve Bank cancels the Licence of
The Adarsh Mahila Co-operative Bank Ltd, Mehsana, Gujarat**

In view of the fact that the Adarsh Mahila Co-operative Bank Ltd., Mehsana, Gujarat, 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 Reserve Bank of India, on February 15, 2007 delivered the Order cancelling its licence to the bank. The Registrar of Co-operative Societies, Gujarat 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).

The Reserve Bank of India decided to cancel the licence of the Adarsh Mahila Co-operative Bank Ltd., Mehsana, Gujarat as a final step after examining all the options for revival of the bank and in order to protect the interests of the depositors. In view of the severe liquidity crunch faced by the bank, it was placed under Directions under section 35A of the Banking Regulation Act, 1949(AACS) with effect from August 09, 2005. In view of its precarious financial position, the Reserve Bank issued a show cause notice to the bank on August 22, 2005 asking it to show cause as to why the licence granted to it to conduct banking business should not be cancelled. The inspection of the bank with reference to its position as on March 31, 2006 revealed deterioration in its financial condition. Its deposits were getting eroded as realisable value of paid-up capital and reserve was in the negative. 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 cancelling licence of the bank 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 the Adarsh Mahila Co-operative Bank Ltd, Mehsana the amount insured as per the DICGC Act, will be set in motion.

Consequent to the cancellation of its licence, vide Speaking Order dated February 09, 2007, the Adarsh Mahila Co-operative Bank Ltd., Mehsana 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 clarification, depositors may approach Shri S. Rajgopal, General Manager, Urban Banks Department, Reserve Bank of India, Ahmedabad. His contact details are as below

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