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**RESERVE BANK OF INDIA**

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March 30, 2007

**Reserve Bank Cancels the Licence of Shri Balasheb Satbhai Merchants  
Co-operative Bank Ltd., Kopergaon, Ahmednagar (erstwhile The Kopergaon  
Taluka Merchants Co-operative Bank Ltd., Kopergaon)**

In view of the fact that Shri Balasheb Satbhai Merchants Co-operative Bank Ltd., Kopergaon, Ahmednagar, Maharashtra, had ceased to be solvent, all efforts to revive it in close consultation with the Government of Maharashtra had failed and the depositors were being inconvenienced by continued uncertainty, the Reserve Bank of India, on March 29, 2007, delivered the order canceling its licence. The Registrar of Co-operative Societies, Maharashtra 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/her deposits up to a monetary ceiling of Rs. 1,00,000/- (Rupees One lakh only) from the Deposit Insurance and Credit Guarantee Corporation (DICGC) under usual terms and conditions.

The Reserve Bank of India decided to cancel the licence of Shri Balasheb Satbhai Merchants Co-operative Bank Ltd., Kopergaon, Ahmednagar Maharashtra, as a final step after examining all the options for revival of the bank and in order to protect the interests of the depositors. The statutory inspection of the bank with respect to its position as on September 30, 2000 had indicated that its financial position was impaired. Subsequently, as the bank's financial position deteriorated further, it was issued directions under Section 35 A of the Banking Regulation Act, 1949 (As applicable to Co-operative Societies) vide orders dated October 4, 2004.

A scrutiny of the books of accounts of the bank with respect to its position as on September 30, 2006 revealed that its financial position was precarious. The Reserve Bank of India issued a notice to the bank on November 21, 2006 asking it to show cause as to why the licence granted to it to conduct banking business should not be cancelled. The reply to the show cause notice was examined. As the bank did not have a viable plan of action for its revival and the chances of its revival were remote, the Reserve Bank of India took the extreme measure of canceling licence of the bank in the interest of the bank's depositors. With the cancellation of its licence and commencement of liquidation proceedings, the process of paying the depositors of Shri Balasheb Satbhai Merchants Co-operative Bank Ltd., Kopergaon, Ahmednagar, Maharashtra, will be set in motion subject to the terms and conditions of the Deposit Insurance Scheme.

Consequent to the cancellation of its licence, Shri Balasheb Satbhai Merchants Co-operative Bank Ltd., Kopergaon, Ahmednagar, Maharashtra 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 R.Ganesan, General Manager-in-Charge, Urban Banks Department, Reserve Bank of India, Mumbai. His contact details are as below;

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