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**Reserve Bank Cancels the Licence of The Kittur Rani Channamma
Mahila Pattana Sahakari Bank Niyamita, Hubli, Karnataka**

In view of the fact that The Kittur Rani Channamma Mahila Pattana Sahakari Bank Niyamita, Hubli, (Karnataka) had ceased to be solvent, all efforts to revive it in close consultation with the Government of Karnataka had failed and the depositors of the bank were being inconvenienced by continued uncertainty, the Reserve Bank of India delivered the order canceling its licence to the bank after the close of business on July 19, 2007. The Registrar of Co-operative Societies, Karnataka has also been requested to issue an order for winding up of 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 bank was granted a licence by Reserve Bank on June 01, 1995 to commence banking business. The statutory inspection conducted with respect to its position as on June 30, 2004 revealed that the financial position had deteriorated compared with the previous inspection findings as on March 31, 2003.

The subsequent inspection of the bank conducted with respect to its financial position as on March 31, 2005 indicated that the position had further deteriorated. On account of its adverse financial position, the bank was placed under directions under Section 35 A of the Act vide directive dated July 17, 2006 restricting its operations, including placing a ceiling on withdrawal of deposits of Rs.1,000/- per depositor. A Show Cause Notice (SCN) for cancellation of licence was also issued vide letter dated September 14, 2006. The reply given by the bank to the SCN was ambiguous and with out any concrete plans for revival and was not satisfactory. However, it was decided to review the position based on the findings of the next inspection.

The next inspection conducted with respect to the bank's position as on March 31, 2006 revealed that the financial position had further deteriorated. However, as requested, the bank was granted time till March 31, 2007 to augment its capital.

The latest inspection conducted with respect to its position as on March 31, 2007 revealed that the financial position had become precarious. It also revealed that the irregularities pointed out in the earlier inspection reports continued to persist.

After taking into consideration the reply submitted by the bank and after examining all options for its revival, the Reserve Bank of India took the extreme measure of canceling the 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 the, the amount insured as per the DICGC Act will be set in motion.

Consequent to the cancellation of its licence, The Kittur Rani Channamma Mahila Pattana Sahakari Bank Niyamita, Hubli, (Karnataka) 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 S. Neelakantan, Deputy General Manager, Urban Banks Department, Reserve Bank of India, Bangalore. His contact details are as below:

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