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Reserve Bank Cancels the Licence of the Indira Priyadarshini Mahila Nagrik Sahakari Bank Mydt., Chhattisgarh State

In view of the fact that the Indira Priyadarshini Mahila Nagrik Sahakari Bank Mydt., Chhattisgarh State, 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 canceling its licence to the bank after the close of business on October 3, 2007. The Registrar of Co-operative Societies, Chhattisgarh State 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 statutory inspection of the bank conducted by the Reserve Bank of India under Section 35 of the Banking Regulation Act, 1949 (As applicable to Cooperative Societies) with reference to its financial position as on March 31, 2006 revealed serious irregularities in the functioning of the bank. The bank's financial position was severely impaired. Considering its unsatisfactory financial position, the bank was placed under directions, in terms of sub-section (1) of Section 35A of the Banking Regulation Act, 1949 (AACS) vide orders dated August 2, 2006. The Registrar of Co-operative Societies, Chhattisgarh State superseded the Board of Directors of the bank on November 22, 2006.

The inspection of the bank with reference to its position as on August 22, 2006, revealed serious deficiencies / irregularities and deterioration in its financial condition. Thereafter, the Reserve Bank issued a notice to the bank on August 22, 2007 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 Indira Priyadarshini Mahila Nagrik Sahakari Bank Mydt., Chhattisgarh State, the amount insured as per the DICGC Act, will be set in motion.

Consequent to the cancellation of its licence, the Indira Priyadarshini Mahila Nagrik Sahakari Bank Mydt., Chhattisgarh State, 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 U.R.Deusker, Asstt. General Manager, Urban Banks Department, Reserve Bank of India, Raipur. His contact details are as below:

Postal Address: Reserve Bank of India, Urban Banks Department, Subhashish Parisar, 54/949 Satya Prem Vihar, Sunder Nagar, Raipur, Chattisgarh. Telephone Number: (0771) 2242330; Fax Number: (0771) 2242323.

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