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RESERVE BANK OF INDIA

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Reserve Bank Cancels the Licence of The Ravi Co-operative Bank Ltd., Kolhapur, Maharashtra

In view of the fact that The Ravi Co-operative Bank Ltd., Kolhapur, 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 delivered the order canceling its licence to the bank after the close of business on December 27, 2007. 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 bank was granted a licence by Reserve Bank on August 18, 1986 to commence banking business. The statutory inspection of the bank with respect to its position as on March 31, 2006 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) restricting its operations, including placing a ceiling on withdrawal of deposits at Rs. 1000/-.

The statutory inspection of the bank with respect to its position as on March 31, 2007 revealed that its financial position was precarious. The Reserve Bank of India issued a notice to the bank on August 1, 2007 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. The bank did not have a viable plan of action for its revival. In the absence of any viable proposal to bring its net worth positive and achieve the required regulatory prescriptions the possibility of revival of the bank was remote. Therefore, 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 The Ravi Co-operative Bank Ltd., Kolhapur, Maharashtra, will be set in motion subject to the terms and conditions of the Deposit Insurance Scheme.

Consequent to the cancellation of its licence, The Ravi Co-operative Bank Ltd., Kolhapur, 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 P.K.Arora, Deputy General Manager, Urban Banks Department, Reserve Bank of India, Mumbai. His contact details are as below:

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