


	<b>प्रेस प्रकाशनी PRESS RELEASE</b>
<p><b>संचार विभाग</b>, केन्द्रीय कार्यालय, एस.बी.एस.मार्ग, मुंबई 400001</p> <p><b>DEPARTMENT OF COMMUNICATION</b>, Central Office, S.B.S. Marg, Mumbai 400001</p> <p>फोन/Phone: 91 22 2266 0502 फेक्स/Fax: 91 22 2270 3279</p>	 <p><b>भारतीय रिज़र्व बैंक</b> <b>RESERVE BANK OF INDIA</b></p> <p>वेबसाइट : <a href="http://www.rbi.org.in/hindi">www.rbi.org.in/hindi</a> Website : <a href="http://www.rbi.org.in">www.rbi.org.in</a> ई-मेल email: <a href="mailto:helpdoc@rbi.org.in">helpdoc@rbi.org.in</a></p>

July 25, 2008

**Licence of The Priyadarshini Mahila Sahakari Bank Ltd., Latur, Cancelled**

The Reserve Bank of India cancelled the licence of The Priyadarshini Mahila Sahakari Bank Ltd., Latur, Maharashtra, which 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 on July 23, 2008. The Commissioner for Co-operation and Registrar of Co-operative Societies, Maharashtra, has also been requisitioned 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/- (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 the bank, as a final step after examining all the options for revival of the bank and in order to protect the interest of the depositors. The inspection of the bank with reference to its position as on March 31, 2005 indicated that its financial position was impaired. In view of the precarious financial position of the bank, to protect the interests of the depositors, directions under Section 35A of the Banking Regulation Act, 1949 (As Applicable to Cooperative Societies) were issued to the bank vide directive dated April 26, 2006 restricting its operations.

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 March 17, 2008 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. In the absence of any viable proposal for turn around and achievement of the required regulatory prescriptions the possibility of revival of the bank was remote. Therefore, 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 commencement of liquidation proceedings, the process of paying the depositors of the bank will be set in motion subject to the terms and conditions of the Deposit Insurance Scheme.

Consequent to the cancellation of its licence, the bank is prohibited from carrying on 'banking business' as defined in Section 5(b) of the Banking Regulation Act, 1949 (As Applicable to Cooperative Societies) including acceptance and repayment of deposits.

For any clarifications, depositors may approach Shri Shreedhar Behera, Deputy General Manager, Reserve Bank of India, Urban Banks Department, Nagpur. His contact details are as below;

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