


	प्रेस प्रकाशनी PRESS RELEASE
संचार विभाग, केंद्रीय कार्यालय, एस.बी.एस.मार्ग, मुंबई 400001 DEPARTMENT OF COMMUNICATION, Central Office, S.B.S. Marg, Mumbai 400001 फोन/Phone: 91 22 2266 0502 फैक्स/Fax: 91 22 2270 3279	 भारतीय रिज़र्व बैंक RESERVE BANK OF INDIA वेबसाइट : www.rbi.org.in/hindi Website : www.rbi.org.in ई-मेल email: helpdoc@rbi.org.in

August 20, 2008

**Reserve Bank Cancels the Licence of The Anubhav
Co-operative Bank Ltd., Basavakalyan, Karnataka**

In view of the fact that the Anubhav Co-operative Bank Ltd., Basavakalyan, (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 August 14, 2008. 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 February 12, 1997 to commence banking business. The statutory inspection conducted by Reserve bank with reference to its financial position as on March 31, 2007 revealed that the financial position of the bank had sharply deteriorated compared to that of the previous inspection conducted with respect to its position as on March 31, 2005. The deposits were eroded to the extent of 73.6%. The bank was facing severe liquidity problems and had resorted to heavy borrowing during the year. It also could not meet all commitments to its depositors. In view of the critical liquidity position and the other deficiencies observed during the scrutiny, in order to protect the interest of the depositors, the bank was placed under directions under Section 35A of the Banking Regulation Act 1949(AACS) on January 23, 2008 restricting its operations including placing a ceiling of Rs.500/- for withdrawal of deposits by each depositor. Subsequently a notice was issued to the bank on February 08, 2008 asking it to show cause as to why the licence granted to it to conduct banking business should not be cancelled.

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 Anubhav Co-operative Bank Ltd., the amount insured as per the DICGC Act will be set in motion.

Consequent to the cancellation of its licence, the Anubhav Co-operative Bank Ltd. 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 V. Satya Prasad, General Manager, Urban Banks Department, Reserve Bank of India, Bangalore. His contact details are as : Postal Address: 10/3/8, Nrupathunga Road, Bangalore 560 001. Telephone Number: (080) 2221 3033 Fax Number: (080) 2229 3668/2221 0185; Email.

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