



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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September 12, 2008

Licence of Dyanopasak Urban Co-operative Bank Ltd., Parbhani Cancelled

The Reserve Bank of India cancelled the licence of Dyanopasak Urban Co-operative Bank Ltd., Parbhani, Maharashtra on August 12, 2008. The bank had ceased to be solvent and 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 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) subject to the usual terms and conditions.

The decision to cancel the licence of Dyanopasak Urban Co-operative Bank Ltd. was taken 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, 2007 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 March 13, 2008 restricting its operations.

The Reserve Bank of India also issued a notice to the bank on April 4, 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.

Consequent to the cancellation of its licence, Dyanopasak Urban Co-operative Bank Ltd. 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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