


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

October 3, 2008

Licence application of The Bhadrak Co-op. Urban Bank Ltd. Bhadrak - Rejected

In view of the fact that The Bhadrak Co-op. Urban Bank Ltd, Bhadrak, Orissa had ceased to be solvent, all efforts to revive it had failed and the depositors were being inconvenienced by continued uncertainty, the Reserve Bank of India delivered the order rejecting its application for issue of licence to carry on banking business after the close of business on September 25, 2008. The Registrar of Co-operative Societies, Orissa 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 applied on May 04, 1984 for issue of licence to carry on banking business under Section 22 of the B R Act, 1949 (AACS). The statutory inspection of the bank with respect to its position as on March 31, 2006 had indicated that its financial position was impaired. The next inspection of bank with reference to its financial position as on March 31, 2007 revealed overall deterioration in its financial position. In order to conserve its liquidity and prevent preferential payments, the bank was issued directions under Section 35 A of the Banking Regulation Act, 1949 (As applicable to Co-operative Societies) on March 19, 2008 restricting its operations, including placing a ceiling on withdrawal of deposits at Rs. 1000/-.

The bank was served a notice on April 08, 2008, calling on it to show cause as to why the application for licence to carry on banking business, should not be rejected and why steps should not be taken to wind up the bank. The reply submitted by the bank was not found satisfactory and acceptable.

Keeping in view the impaired financial position of the bank and the absence of any concrete proposal for merger, the possibility of revival of the bank was remote. Therefore, the Reserve Bank of India took the extreme measure of rejecting the application for issue of licence to the bank in the interest of the bank's depositors. With the rejection of its licence application and commencement of liquidation proceedings, the process of paying the depositors of The Bhadrak Co-op. Urban Bank Ltd, Bhadrak, Orissa will be set in motion subject to the terms and conditions of the Deposit Insurance Scheme.

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

For any clarifications, depositors may approach Smt. M. Sinha, Deputy General Manager, Urban Banks Department, Reserve Bank of India, Pt. Jawaharlal Nehru Marg, P B No.16 & 17, Bhubaneswar-751 001. Her contact details postal address : Smt. M. Sinha, Deputy General Manager, Urban Banks Department, Reserve Bank of India, Bhubaneswar Regional Office, Pt. Jawaharlal Nehru Marg, P B No.16 & 17, Bhubaneswar-751 001. Tel. No. : Direct No. (0674)2394067, Fax : (0674) 2394067 or by email.

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Press Release : 2008-2009/432