



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

संचार विभाग, केंद्रीय कार्यालय, एस.बी.एस.मार्ग, मुंबई 400001

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March 09, 2009

**Reserve Bank Cancels the Licence of Deendayal Nagrik Sahakari Bank
Maryadit, Khandwa, (M.P)**

In view of the fact that Deendayal Nagrik Sahakari Bank Maryadit, Khandwa, (M.P) had ceased to be solvent, all efforts to revive it in close consultation with the Government of Madhya Pradesh had failed and the depositors were being inconvenienced by continued uncertainty, the Reserve Bank of India delivered the order cancelling its licence to the bank after the close of business on March 4, 2009. The Registrar of Co-operative Societies, Madhya Pradesh State 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 deposits up to a monetary ceiling of Rs.1,00,000/- from the Deposit Insurance and Credit Guarantee Corporation (DICGC).

The statutory inspection of the bank conducted by the Reserve Bank of India under Section 35 of the Banking Regulation Act, 1949 (As applicable to Cooperative Societies) with reference to its financial position as on 31.03.2005 revealed deterioration in its financial position.

The inspection of the bank with reference to its position as on March 31, 2008, revealed serious deficiencies / irregularities and deterioration in its financial condition. Thereafter, the Reserve Bank issued a notice to the bank on September 10, 2008, asking it to show cause as to why the licence granted to it to conduct banking business should not be cancelled. Considering its unsatisfactory financial position, the bank was placed under directions, in terms of sub-section (1) of Section 35A of the Banking Regulation Act, 1949 (AACS) vide orders dated September 10, 2008. As the bank did not have a viable plan of action for revival and the chances of its revival were remote, the Reserve Bank of India took the extreme measure of cancelling licence of the bank after examining all options for its revival, in the interest of the bank's depositors. With the cancellation of its licence and after commencement of liquidation proceedings, the process of paying the depositors of Deendayal Nagrik Sahakari Bank Maryadit, Khandwa, (M.P), the amount insured as per the DICGC Act, will be set in motion.

Consequent to the cancellation of its licence, Deendayal Nagrik Sahakari Bank Maryadit, Khandwa, (M.P), 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. R.N.Swami, Assistant General Manager, Urban Banks Department, Reserve Bank of India, Bhopal. His contact details are as below:

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