



प्रेस प्रकाशनी PRESS RELEASE



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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

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July 29, 2009

Reserve Bank Cancels the Licence of Yashwant Sahakari Bank Limited, Miraj, Dist. Sangli, Maharashtra

In view of the fact that Yashwant Sahakari Bank Limited, Miraj, Sangli, Maharashtra, 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 after the close of business on July 23, 2009. The Registrar of Co-operative Societies, Maharashtra 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 was granted a licence by Reserve Bank of India on September 09, 1986 to function as a primary co-operative bank. The Statutory Inspection of the bank conducted by the Reserve Bank of India with reference to its financial position as on March 31, 2006 revealed deterioration in its financial position. Certain operational restrictions were imposed on the bank.

The latest Statutory Inspection of the bank with reference to its financial position as on March 31, 2008 revealed severe deterioration in its financial position. Accordingly, Reserve Bank of India imposed all inclusive directions under Section 35A of the Banking Regulation Act 1949 (As Applicable to Co-operative Societies) with a ceiling of Rs.1000/- on withdrawal of deposits vide directive dated January 29, 2009.

The bank was served a notice on February 09, 2009 calling on it to show cause as to why the licence granted to it under Section 22 of the Banking Regulation Act 1949 (As Applicable to Co-operative Societies) on September 09, 1986 to carry on banking business, should not be cancelled and why steps should not be taken to wind up the bank. Bank's reply to the show cause notice was examined and was found unsatisfactory. The bank also did not come out with any concrete plan for revival or any proposal for its merger.

Considering the sharp deterioration in its financial position as on March 31, 2008 and the absence of any concrete proposal for merger, there was no possibility of revival of the bank. 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 Yashwant Sahakari Bank Limited, Miraj, Sangli, Maharashtra, will be set in motion subject to the terms and conditions of the Deposit Insurance Scheme.

Consequent to the cancellation of its licence, Yashwant Sahakari Bank Limited, Miraj, Sangli, Maharashtra, 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 Shri P.K.Arora, Deputy General Manager, Urban Banks Department, Reserve Bank of India, Mumbai. His contact details are as below:

Postal Address: Urban Banks Department, Reserve Bank of India, Mumbai Regional Office, Second Floor, Garment House, Mumbai 400 018. Telephone Number: (022) 2493 9930-49, Direct No. (022) 2493 5348 Fax Number: (022) 2493 5495 or [email](mailto:helpdoc@rbi.org.in).