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प्रेस प्रकाशनी PRESS RELEASE



भारतीय रिज़र्व बैंक  
RESERVE BANK OF INDIA

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February 4, 2010

## Reserve Bank Cancels the Licence of the Raichur Zilla Mahila Pattana Sahakara Bank Niyamitha, Raichur, Karnataka

In view of the fact that the Raichur Zilla Mahila Pattana Sahakara Bank Niyamitha, Raichur (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 January 29, 2010. 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 licence by Reserve Bank of India on March 16, 1995 to commence banking business. The statutory inspection conducted by Reserve Bank with reference to its financial position as on March 31, 2005 revealed several disquieting features in the functioning of the bank. Accordingly certain restrictions were imposed on the bank prohibiting it among others, from sanctioning fresh loans and advances till it complied with CRR/SLR requirements. The next inspection conducted with respect to position as on March 31, 2006 revealed that the bank's financial position had deteriorated sharply during the year. It also revealed irregularities in the functioning of the Board. The Board was superseded and an administrator appointed by the Registrar of Co-operative Societies, Karnataka vide order dated April 11, 2007.

The subsequent inspection conducted with reference to position as on March 31, 2007 also revealed further deterioration of the financials and the restrictions imposed were continued. The latest inspection with respect to position as on March 31, 2009 had revealed that the financial position of the bank had turned precarious. In view of the severe liquidity problem and the deficiencies observed in the functioning of the bank as detailed above, in public interest and in the interest of the depositors to prevent preferential payment and to preserve the assets of the bank, the bank was placed under directions under Section 35A of the Act vide directive dated September 04, 2009 prohibiting it from sanctioning/renewing of loans and advances, making investments, borrowings and acceptance of fresh deposits. A cap of Rs.1000/- per depositor was placed on withdrawal of deposits. Subsequently, a show cause notice (SCN) for cancellation of licence was issued on September 17, 2009. The reply to the SCN did not furnish any viable plan for revival of the bank.

After taking into account the foregoing 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 Raichur Zilla Mahila Pattana Sahakara Bank Niyamitha, Raichur (Karnataka) the amount insured as per the DICGC Act will be set in motion.

Consequent on cancellation of its licence, Raichur Zilla Mahila Pattana Sahakara Bank Niyamitha, Raichur (Karnataka) 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 Indranil Chakraborty, Deputy General Manager, Urban Banks Department, Reserve Bank of India, Bangalore. His contact details are as below:

Postal Address: 10/3/8, Nrupathunga Road, Bangalore 560 001. Telephone Number: (080) 2229 1696 Fax Number: (080) 2229 3668/2221 0185 or [Emailed](#).

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