



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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February 23, 2010

Reserve Bank Cancels the Licence of Ichalkaranji Urban Co-operative Bank Ltd., Ichalkaranji, Kolhapur, Maharashtra

In view of the fact that Ichalkaranji Urban Co-operative Bank Ltd., Ichalkaranji, Kolhapur, 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 cancelling its licence to the bank after the close of business on February 11, 2010. 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 to function as a co-operative bank by Reserve Bank on October 31, 1987. 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 subsequent inspection of the bank with reference to its position as on March 31, 2007 revealed that the bank's position had worsened.

The statutory inspection of the bank with reference to its position as on March 31, 2008 revealed that the financial position had further deteriorated. On account of reports of liquidity problems, a scrutiny of the books of accounts of the bank was conducted on April 15, 2009 and it was revealed that the bank's financial position was precarious. Reserve Bank of India therefore issued directions under Section 35 A of the Banking Regulation Act, 1949 (As applicable to Co-operative Societies) vide Directive UBD.CO.NSB.No.D-38/12.22.082/2009-10 dated April 20, 2009 restricting its operations. The subsequent inspection of the bank with reference to the financial position as on March 31, 2009 revealed that its financial position had further deteriorated.

The Reserve Bank of India issued a notice to the bank on October 30, 2009 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 and it was observed that the bank did not have any viable plan of action for its revival. The bank had also failed to submit any concrete proposal for its merger.

In the absence of any viable proposal for turning around and achieving 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. With the cancellation of its licence and commencement of liquidation proceedings, the process of paying the depositors

of Ichalkaranji Urban Co-operative Bank Ltd., Ichalkaranji, Kolhapur, Maharashtra will be set in motion subject to the terms and conditions of the Deposit Insurance Scheme.

Consequent to the cancellation of its licence, Ichalkaranji Urban Co-operative Bank Ltd., Ichalkaranji, Kolhapur, Maharashtra 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 P.K.Arora, Deputy General Manager, Urban Banks Department, Reserve Bank of India, Mumbai. His contact details are as below:

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