



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 22, 2009

Reserve Bank Cancels the Licence of Shri Parola Urban Co operative Bank Ltd., Parola, District Jalgaon, Maharashtra

In view of the fact that Shri Parola Urban Co operative Bank Ltd., Parola, District Jalgaon 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 July 10, 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 to function as a co-operative bank by Reserve Bank on March 3, 2001. The statutory inspection of the bank with respect to its position as on March 31, 2006 had indicated that its financial position was impaired. Based on the findings of the inspection as on March 31, 2006 the bank was advised to submit an action plan for its revival and certain supervisory instructions were issued to it.

The inspection of the bank with reference to its financial position as on March 31, 2007 revealed further deterioration in its financial position. The bank's financial position became precarious as per the findings of the inspection report as on March 31, 2008. The Reserve Bank of India 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-27/12.22.240/2008-09 dated January 23, 2009 restricting its operations.

The Reserve Bank of India issued a notice to the bank on January 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.

In the absence of any viable proposal for turn around and achieve 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 Shri Parola Urban Co operative Bank Ltd., Parola, District Jalgaon Maharashtra will be set in motion subject to the terms and conditions of the Deposit Insurance Scheme.

Consequent to the cancellation of its licence, Shri Parola Urban Co operative Bank Ltd., Parola, District Jalgaon 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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