



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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March 29, 2010

Reserve Bank Cancels the Licence of Hina Shahin Co-operative Urban Bank Ltd, Beed (Maharashtra)

In view of the fact that Hina Shahin Co-operative Urban Bank Ltd, Beed, (Maharashtra) had ceased to be solvent, all efforts to revive it in close consultation with the Government of Maharashtra 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 on March 23, 2010 at 5.00 p.m. The Registrar of Co-operative Societies, Maharashtra 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/- (Rupees One Lakh only) from the Deposit Insurance and Credit Guarantee Corporation (DICGC).

The bank was granted a licence by Reserve Bank on November 20, 1996 to commence banking business. The statutory inspection of the bank conducted with reference to its financial position as on March 31, 2008 revealed that the bank's financial position was adverse. The Board of Directors of the bank was superseded by the Commissioner for Cooperation and Registrar for Cooperative Societies, Pune on January 30, 2009 at the requisition of Reserve Bank of India.

Subsequent inspection of the bank conducted with reference to its financial position as on March 31, 2009 revealed that its financial position had deteriorated further. Keeping in view the deteriorating financial position of the bank, a notice was issued to the bank as on November 17, 2009 requiring it to show cause as to why the licence granted to it under section 22 of the Act, on November 20, 1996 to carry on banking business should not be cancelled and the bank be taken into liquidation. The reply dated January 8, 2010 received from the bank to the show cause notice was not satisfactory. The bank did not submit any viable action plan for its revival.

The realizable value of bank's paid-up capital and reserves was negative and the chances of its revival were remote. In the absence of a viable action plan, the Reserve Bank of India took the extreme measure of canceling 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 Hina Shahin Co-operative Urban Bank Ltd, Beed, (Maharashtra), the amount insured as per the DICGC Act will be set in motion, subject to the terms and condition of Deposit Insurance Corporation.

Consequent to the cancellation of its licence, Hina Shahin Co-operative Urban Bank Ltd, Beed, (Maharashtra) is prohibited from carrying on 'banking business' as defined in Section 5(b) of the Banking Regulation Act, 1949 (As Applicable to Cooperative Societies) including acceptance and repayment of deposits.

For any clarifications, depositors may approach Smt. M. Yashoda Bai, Deputy General Manager, Urban Banks Department, Reserve Bank of India, Nagpur. Her contact details are as below:

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