



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 The Bahadarpur Urban Co-operative Bank Ltd., Bahadarpur, (Gujarat)**

In view of the fact that The Bahadarpur Urban Co-operative Bank Ltd., Bahadarpur (Gujarat), had ceased to be solvent, all efforts to revive it in close consultation with the Government of Gujarat 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 March 23, 2010. The Registrar of Co-operative Societies, Gujarat 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 November 22, 1986 to commence banking business. The statutory inspection of the bank with reference to its position as on March 31, 2008 revealed adverse financial position of the bank.

The subsequent statutory inspection of the bank with respect to its position as on March 31, 2009 revealed that its financial position had deteriorated and was precarious. Due to precarious financial position and the liquidity crunch faced by the bank, it was placed under directions with effect from August 28, 2009 vide Directive UBD.NSB II No. D-57/12.21.18/2008-09 dated August 24, 2009. The Reserve Bank of India issued a show cause notice to the bank on November 26, 2009 asking it to show cause as to why the licence granted to it on November 22, 1986 to conduct banking business should not be cancelled. The bank's reply to the show cause notice was examined. The bank stated that it was not in a position to make payment to its depositors, either now or in future. No other bank came forward to merge this bank with it. The bank did not have a viable plan of action for its revival. In the absence of any viable proposal for turnaround and means to 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 The Bahadarpur Urban Co-operative Bank Ltd., Bahadarpur (Gujarat) will be set in motion subject to the terms and conditions of the Deposit Insurance Scheme.

Consequent to the cancellation of its licence, The Bahadarpur Urban Co-operative Bank Ltd., Bahadarpur (Gujarat) 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 C.N. Modi, Assistant General Manager, Urban Banks Department, Reserve Bank of India, Ahmedabad. His contact details are as below:

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