



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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May 7, 2010

Reserve Bank Cancels the Licence of Parmatma Ek Sewak Nagrik Sahakari Bank Ltd., Nagpur, Maharashtra

In view of the fact that Parmatma Ek Sewak Nagrik Sahakari Bank Ltd., Nagpur, 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 April 27, 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 August 30, 1976. 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 statutory inspection of the bank with reference to its position as on March 31, 2008 revealed that the financial position had deteriorated. 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-21/12.22.632/2008-09 dated November 6, 2008 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 August 5, 2009 asking it to show cause as to why the licence granted to it to conduct banking business should not be cancelled. In its reply dated September 2, 2009, the bank requested to allow extension of period for revival of the bank till December 31, 2009.

A scrutiny of the bank was conducted with reference to its financial position as on December 31, 2009. It was revealed that financial position has further deteriorated. 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 Parmatma Ek Sewak Nagrik Sahakari Bank Ltd., Nagpur, Maharashtra will be set in motion subject to the terms and conditions of the Deposit Insurance Scheme.

Consequent to the cancellation of its licence, Parmatma Ek Sewak Nagrik Sahakari Bank Ltd., Nagpur, 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 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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Press Release : 2009-2010/1502

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