



भारतीय रिज़र्व बैंक

RESERVE BANK OF INDIA

वेबसाइट : www.rbi.org.in/hindi

Website : www.rbi.org.in

ई-मेल email: helpdoc@rbi.org.in

संचार विभाग, केंद्रीय कार्यालय, एस.बी.एस.मार्ग, मुंबई-400001

DEPARTMENT OF COMMUNICATION, Central Office, S.B.S.Marg, Mumbai-400001

फोन/Phone: 91 22 2266 0502 फैक्स/Fax: 91 22 22660358

May 16, 2014

Reserve Bank rejects the Licence Application of Birbhum District Central Co-operative Bank Ltd. in West Bengal

In view of the fact that the Birbhum DCCB has failed to comply with relaxed licensing conditions set by the Reserve Bank of India by September 30, 2012, in consultation with NABARD, the Reserve Bank of India, on May 15, 2014 delivered the order rejecting licence application to the above mentioned bank for conducting banking business in India. The Registrar of Co-operative Societies, West Bengal has been requested to issue an order for winding up of the bank and appoint 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 ₹1,00,000/- (Rupees One Lakh) from the Deposit Insurance and Credit Guarantee Corporation (DICGC).

The Reserve Bank of India has rejected the licence application of Birbhum DCCB in order to protect the interest of the depositors. In view of the severe liquidity crunch faced by the bank, it was placed under Directions under section 35A of the Banking Regulation Act, 1949(AACS) with effect from May 09, 2012. The inspection of the bank with reference to its position as on March 31, 2012 by NABARD revealed deterioration in its financial condition. The deposits were getting eroded as the realisable value of its paid-up capital and reserves were in the negative. In view of the precarious financial position of the bank, the Reserve Bank issued show cause notices to the bank on March 07, 2013 asking it to show cause as to why the licence application for conducting banking business should not be rejected. Further, special scrutiny of the bank with respect to its financial position as on March 31, 2013 by NABARD revealed no significant improvement in financials of the bank. NABARD had certified that the bank had not attained the minimum licensing norms. A fresh notice was therefore served to the bank on February 07, 2014 asking it to show cause as to why the licence application for conducting banking business should not be rejected. The replies furnished by the bank were not found to be satisfactory. As the bank did not have a viable plan of action for revival and the chances of their revival were remote, the Reserve Bank of India has to reject the licence application of the bank in the interests of the depositors. After commencement of liquidation proceedings, the process of paying out to the depositors of the Birbhum DCCB, the amount insured as per the DICGC Act, i.e. up to ₹ 1.00 lakh, will be set in motion.

Consequent to the rejection of licence application, vide Speaking Order dated May 09, 2014, served to the bank on May 15, 2014, the Birbhum DCCB 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, forthwith.

For any clarifications, depositors of the bank may approach Shri S. N. Mitra, Assistant General Manager, RPCD, Reserve Bank of India, Kolkata Regional Office, Kolkata. His contact details are as below:

Postal Address: Rural Planning and Credit Department (RPCD), Reserve Bank of India, 15, N.S.Road, Kolkata-700001; Telephone No. (033) 22130685, Fax No. (033) 22421305.

Sangeeta Das
Director