



**भारतीय रिज़र्व बैंक**  
RESERVE BANK OF INDIA

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May 16, 2014

### **Reserve Bank rejects the Licence Application of Buldana, Nagpur and Wardha DCCBs in Maharashtra**

In view of the fact that the Buldhana, Nagpur and Wardha DCCBs have 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 banks for conducting banking business in India. The Registrar of Co-operative Societies (RCS), Maharashtra has been requested to issue an order for winding up of the banks and appoint Liquidators for the banks. 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 applications of Buldana, Nagpur, and Wardha DCCBs in order to protect the interest of the depositors. In view of the severe liquidity crunch faced by the banks, they were placed under Directions under section 35A of the Banking Regulation Act, 1949(AACS) with effect from May 09, 2012. The inspection of the banks with reference to their position as on March 31, 2012 by NABARD revealed deterioration in their financial condition. The deposits were getting eroded as the realisable value of their paid-up capital and reserves were in the negative. In view of the precarious financial position of these banks, the Reserve Bank issued show cause notices to these banks on March 07, 2013 asking them to show cause as to why the licence application for conducting banking business should not be rejected. Further, special scrutiny of the banks with respect to their financial position as on March 31, 2013 by NABARD revealed no significant improvement in financials of the banks. NABARD had certified that the banks had not attained the minimum licensing norms. A fresh notice was therefore served on these banks on February 07, 2014 asking them to show cause as to why the licence application for conducting banking business should not be rejected. The replies furnished by the banks were not found to be satisfactory. As the banks 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 applications of these banks in the interests of the depositors. After commencement of liquidation proceedings, the process of paying out to the depositors of the Buldana, Nagpur and Wardha DCCBs, 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 applications, vide Speaking Order dated May 09, 2014 served to the banks on May 15, 2014, the Buldhana, Nagpur and Wardha DCCBs are 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 these banks may approach Shri. D. B. V. Raju, Assistant General Manager, RPCD, Reserve Bank of India, Nagpur Regional Office, Nagpur. His contact details are as below:

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