



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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Reserve Bank Cancels the Licence of Anyonya Co-operative Bank Ltd., Vadodra (Gujarat)

In view of the fact that Anyonya Co-operative Bank Ltd. Vadodra, 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 September 03, 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 on December 19, 1986 to commence banking business. The statutory inspection of the bank with reference to its financial position as on March 31, 2005 assessed the CRAR at (-) 49.2%, negative networth of (-) ` .2181.61 lakh, erosion in deposits to the extent of 24.2%.

The bank's financial position deteriorated sharply with reference to its financial position as on March 31, 2006 & March 31, 2007 wiping of not only owned funds of the bank but deposits were also eroded to the extent of 24.6%. The bank had also defaulted in maintaining of SLR.

Due to its precarious financial position, the bank was placed under directions under Section 35 A of the Banking Regulation Act, 1949 (AACS) vide Directive UBD. NSB II No. D- 277 /12.21.08/2007-08 dated September 14, 2007.

The inspection of the bank with reference to its financial position as on March 31, 2008 & March 31, 2009 revealed that the financial position of the bank was not sound and the bank did not comply with the provisions of Section 11(1), 22(3) (a) & (b) of the Banking Regulation Act, 1949 (AACS). The bank had violated the provisions of Section 6 of the B R Act, 1949 (AACS) by entering into MoU with Religare Enterprises Ltd. to promote the products of that company. The bank had not identified the non performing advances as per norms and had not taken adequate steps for recovery of NPAs.

The bank's efforts to merge the bank with Saraswat Co-operative Bank Ltd., Mumbai also did not fructify. Hence, a show cause notice under section 22 of the Banking Regulation Act, 1949 (AACS) for cancellation of licence of the bank was issued on February 26, 2010. The bank's reply to SCN was considered but not found satisfactory.

The revival proposal submitted by the bank was not found tenable/feasible as it did not specify the amount of capital to be contributed by investors. The bank did not have a viable plan of action for its revival. In the absence of any concrete/viable revival plan/ merger proposal for turnaround and means to achieve the required regulatory prescriptions, the possibility of revival of the bank was remote. Therefore, Reserve Bank of India took the extreme measure of cancelling licence of the bank in the interest of bank's depositors. With the cancellation of licence and commencement of liquidation proceedings, the process of paying the depositors of the Anyonya Co-operative Bank Ltd., Vadodara (Gujarat) will be set in motion subject to the terms and conditions of the Deposit Insurance Scheme.

Consequent to the cancellation of its licence, Anyonya Co-operative Bank Ltd. Vadodra, 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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