



September 16, 2009

**Reserve Bank Cancels the Licence of  
The Nagpur Mahila Nagari Sahakari Bank Ltd, Nagpur (Maharashtra)**

In view of the fact that The Nagpur Mahila Nagari 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 of the bank were being inconvenienced by continued uncertainty, the Reserve Bank of India delivered the order, canceling its licence to the bank after the close of business on September 8, 2009. The Registrar of Co-operative Societies, Maharashtra has also been requested to issue an order for winding up of the bank and appoint a 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 Rs.1,00,000/- (Rupees One Lakh only) from the Deposit Insurance and Credit Guarantee Corporation (DICGC).

The bank was granted a licence by Reserve Bank on October 11, 1976 to commence banking business. The findings of the statutory inspection conducted with reference to its financial position as on March 31, 2003 revealed that the financial position of the bank was unsatisfactory. The bank was placed under directions under Section 35A of the Banking Regulation Act, 1949 (As Applicable to Cooperative Societies) vide order dated September 20, 2004 precluding it from incurring any liability.

The bank's financial performance was being reviewed constantly. However, as the financial position of the bank did not show much improvement, the Reserve Bank issued a notice to the bank on March 5, 2009 asking it to show cause as to why the licence granted to it under Section 22 of the Banking Regulation Act, 1949(As Applicable to Cooperative Societies) on October 11, 1976 to conduct banking business should not be cancelled. The bank's reply to the show cause notice was examined and was found unacceptable.

The statutory inspection of the bank conducted by RBI with reference to its financial position as on March 31, 2009 revealed that the bank was not complying with several provisions of the Banking Regulation Act, 1949 (As applicable to Cooperative Societies) and had also violated several RBI guidelines / instructions.

The realizable value of bank's paid-up capital and reserves was negative and the chances of its revival were remote. In the absence of a viable action plan, the Reserve Bank of India took the extreme measure of canceling 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 Nagpur Mahila Nagari Sahakari Bank Ltd, Nagpur, (Maharashtra), the amount insured as per the DICGC Act will be set in motion, subject to the terms and condition of Deposit Insurance Corporation.

Consequent to the cancellation of its licence, The Nagpur Mahila Sahakari Bank Ltd , Nagpur, (Maharashtra) is prohibited from carrying on 'banking business' as defined in Section 5(b) of the Banking Regulation Act, 1949 (As Applicable to Cooperative Societies) 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:

Postal Address: Addittional Office Building, East High Court Road, Post Box 118, Nagpur 440 001. Telephone Number: (0712) 2538696; Fax Number: (0712) 2806670; [Email](#)