



प्रेस प्रकाशनी PRESS RELEASE



भारतीय रिज़र्व बैंक  
RESERVE BANK OF INDIA

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### Reserve Bank Cancels the Licence of The Cambay Hindu Merchants Co-operative Bank Ltd., Khambhat (Gujarat)

In view of the fact that The Cambay Hindu Merchants Co-operative Bank Ltd., Khambhat (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 December 30, 2009. 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 of India on August 27, 1986 to commence banking business. A snap scrutiny of the bank conducted on July 09, 2009 revealed that the bank was facing acute liquidity problem.

The subsequent statutory inspection of the bank with respect to its position as on March 31, 2009 revealed that its financial position had deteriorated and was precarious. Due to precarious financial position and the liquidity crunch faced by the bank it was placed under directions with effect from September 07, 2009 vide Directive UBD. NSB No. D-61/12.21.44/2009-10 dated September 02, 2009. The Reserve Bank of India issued a show cause notice to the bank on September 10, 2009 asking it to show cause as to why the licence granted to it to conduct banking business should not be cancelled. The bank's reply to the show cause notice was examined. The bank did not have a viable plan of action for its revival. In the absence of any viable proposal for turnaround and means to achieve 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 the Cambay Hindu Merchants Co-operative Bank Ltd., Khambhat (Gujarat) will be set in motion subject to the terms and conditions of the Deposit Insurance Scheme.

Consequent to the cancellation of its licence, The Cambay Hindu Merchants Co-operative Bank Ltd., Khambhat (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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