



प्रेस प्रकाशनी PRESS RELEASE



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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

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January 11, 2010

Reserve Bank Cancels the Licence of Shri Laxmi Sahakari Bank Ltd., Sangamnagar (Khed), Satara.

In view of the fact that Shri Laxmi Sahakari Bank Ltd., Sangamnagar (Khed), Satara, (Maharashtra) had ceased to be solvent, all efforts to revive it in close consultation with the Government of Maharashtra 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 January 5, 2010. The Registrar of Co-operative Societies, Maharashtra State 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 October 3, 1996 to commence banking business. The statutory inspection of the bank with reference to its position as on March 31, 2008 had indicated that its financial position was impaired and it was issued directions under Section 35 A of the Banking Regulation Act, 1949 (As applicable to Co-operative Societies) from the close of business of June 24, 2009 restricting its operations.

The Reserve Bank of India issued a show cause notice to the bank on September 2, 2009 asking it to show cause as to why the licence granted to it to conduct banking business should not be cancelled. The 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 to turn around and 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 Shri Laxmi Sahakari Bank Ltd., Sangamnagar (Khed), Satara (Maharashtra) will be set in motion subject to the terms and conditions of the Deposit Insurance Scheme.

Consequent to the cancellation of its licence, Shri Laxmi Sahakari Bank Ltd., Sangamnagar (Khed) 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 P.K Arora, Deputy General Manager, Urban Banks Department, Mumbai Regional Office Reserve Bank of India, Garment House, Worli, Mumbai-400018. His contact details are as under.

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