



भारतीय रिज़र्व बैंक
RESERVE BANK OF
INDIA

वेबसाइट : www.rbi.org.in/hindi

Website : www.rbi.org.in

ई-मेल email : helpdoc@rbi.org.in

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

DEPARTMENT OF COMMUNICATION, Central Office, S.B.S. Marg, Mumbai 400001
फोन/Phone: 91 22 2266 0502 फैक्स/Fax: 91 22 2270 3279

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RBI cancels the Licence of Sadhana Co-operative Bank Ltd., Maharashtra

The Reserve Bank of India has on January 22, 2009 cancelled the licence of Sadhana Co-operative Bank Ltd., Ichalkaranji, District Kolhapur, Maharashtra. The licence has been cancelled as the bank 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 requested the Registrar of Co-operative Societies, Maharashtra to issue an order for winding up the bank and appoint a liquidator.

Consequent to the cancellation of its licence, Sadhana Co-operative Bank Ltd., Ichalkaranji, Kolhapur, Maharashtra is prohibited from carrying on 'banking business' as defined in Section 5(b) of the Banking Regulation Act, 1949 (As applicable to Co-operative Societies) (AACs) including acceptance and repayment of deposits.

With the cancellation of its licence and commencement of liquidation proceedings, the process of paying the depositors of Sadhana Co-operative Bank Ltd., Ichalkaranji, Kolhapur, Maharashtra will be set in motion subject to the terms and conditions of the Deposit Insurance Scheme.

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.

For any clarifications, depositors may approach Shri P.K.Arora, Deputy General Manager, Urban Banks Department, Mumbai Regional Office, Reserve Bank of India, Second Floor, Garment House, Mumbai 400 018. Telephone : (022) 2493 9930-49, Direct (022) 2493 5348, Fax : (022) 2493 5495, Email : pkarora@rbi.org.in

The bank was granted a licence by Reserve Bank on June 18, 1996 to commence banking business. The inspection findings with reference to its financial position as on March 31, 2007 revealed deterioration in the bank's financial position. The latest inspection of the bank conducted with reference to its financial position as on March 31, 2008 revealed that the bank's financial position was precarious. Accordingly the Reserve Bank of India imposed all inclusive directions under Section 35 A of the Banking Regulation Act, 1949 (As applicable to Co-operative Societies) vide Directive dated September 4, 2008. The directions, among others, prohibited acceptance of fresh deposits and further lending and restricted repayment of deposits up to a maximum of Rs.1000/- per depositor.

The bank was served a notice on September 12, 2008, to show cause as to why the licence granted to it should not be cancelled and why steps should not be taken to wind up the bank. The bank's reply to the show cause notice was examined and it was found unsatisfactory. The bank did not come out with any concrete plan for revival or any proposal for its merger. It was therefore, decided to cancel its licence.