

	प्रेस प्रकाशनी PRESS RELEASE
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	 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

January 12, 2009

RBI cancels the Licence of Vasantdada Shetkari Sahakari Bank Limited, Maharashtra

The Reserve Bank of India has on January 7, 2009 cancelled the licence of Vasantdada Shetkari Sahakari Bank Limited, Sangli, 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 has requested the Registrar of Co-operative Societies, Maharashtra to issue an order for winding up the bank and appointing a liquidator.

Consequent to the cancellation of its licence, Vasantdada Shetkari Sahakari Bank Limited, Sangli, 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) including acceptance and repayment of deposits.

With the cancellation of its licence and commencement of liquidation proceedings, the process of paying the depositors of Vasantdada Shetkari Sahakari Bank Limited, Sangli, 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.

The bank was granted a licence by the Reserve Bank of India on July 28, 1983 to commence banking business. The statutory inspection of the bank conducted by the Reserve Bank of India with reference to its financial position as on March 31, 2007 revealed deterioration in its financial position. Certain operational restrictions were therefore imposed on the bank. The latest statutory inspection of the bank with reference to its financial position as on March 31, 2008 revealed severe deterioration in its financial position. Accordingly, the Reserve Bank of India imposed all inclusive directions under Section 35A of the Banking Regulation Act 1949(As Applicable to Co-operative Societies) with a ceiling of Rs. 1000/- on withdrawal of deposits on July 25, 2008. The Reserve Bank also issued a Requisition dated October 27, 2008 to the Registrar of Co-operative Societies, Maharashtra State for supersession of the board of directors of the bank under section 110 A of the Maharashtra Co-operative Societies Act, 1960.

The bank was served a notice on October 22, 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 was found unsatisfactory. The bank also did not come out with any concrete plan for revival or any proposal for its merger. It was, therefore, decided to cancel its licence.

Alpana Killawala
Chief General Manager

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