



**भारतीय रिज़र्व बैंक**  
**RESERVE BANK OF INDIA**

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February 20, 2015

**RBI cancels Licence of  
The United Commercial Co-operative Bank Ltd., Kanpur (Uttar Pradesh)**

The Reserve Bank of India (RBI) has cancelled the licence of United Commercial Co-operative Bank Ltd., Kanpur (Uttar Pradesh). The order was made effective from the close of business on January 24, 2015. The Registrar of Co-operative Societies Uttar Pradesh has also been requested to issue an order for winding up of the bank and appoint a liquidator.

The Reserve Bank cancelled the licence of the bank as:

- Its operations were being carried out in a manner detrimental to the interests of the present and future depositors and that of the public and in violation of Section 11 and 22(3) of the BR Act;
- The bank was not in a position to pay its present and future depositors in full as and when their claims accrue;
- The financial position of the bank was so precarious that there was no scope for its revival; and
- Public interest would be affected adversely if the bank was allowed to carry on its business in the manner in which it was functioning, any further.

Consequent to the cancellation of its licence, United Commercial Co-operative Bank Ltd., Kanpur (Uttar Pradesh), is prohibited from conducting the business of 'banking' as defined in Section 5(b) of the Banking Regulation Act, 1949 (AACS) with immediate effect.

With the cancellation of licence and commencement of liquidation proceedings, the process of paying the depositors of United Commercial Co-operative Bank Ltd., Kanpur (Uttar Pradesh), as per the Deposit Insurance and Credit Guarantee Corporation (DICGC) Act, 1961 will be set in motion. On liquidation, every depositor is entitled to repayment of his/her deposits up to a monetary ceiling of ₹1,00,000/- (Rupees One lakh only) from the DICGC as per usual terms and conditions.

**Background**

The Reserve Bank had granted a licence to United Commercial Co-operative Bank Ltd., Kanpur (Uttar Pradesh), to conduct banking business on September 26, 1997. In view of the deteriorating financial position, the bank was placed under all inclusive directions under Section 35A of the Banking Regulation Act with effect from the close of business on May 31, 2013. The last extension was valid till February 28, 2015.

The latest statutory inspection of the bank conducted under Section 35 of the Banking Regulation (BR) Act, 1949 (AACS) with reference to its financial position as on March 31, 2013, revealed that the financial position of the bank had further deteriorated and the bank did not have adequate assets to meet its outside liabilities as required under Section 22(3) of the BR Act. The bank also did not comply with the requirements of minimum capital and reserves prescribed under Section 11(1) of the BR Act.

In view of continued deteriorating financial position, a show cause notice for cancellation of licence was issued to the bank on August 21, 2014 seeking reasons as to why the banking licence granted to it to carry on banking business should not be cancelled. The bank's reply to the show cause notice was examined, but not found to be satisfactory and the statutory and supervisory concerns raised from time to time were not addressed and the bank continued to violate various provisions of BR Act.

There was also no viable merger proposal under consideration. With no prospect of revival of the bank on its own or with outside support, the Reserve Bank decided to cancel the licence of the bank.

For any clarifications, depositors may approach: Shri P. Gangte, Deputy General Manager, Department of Co-operative Bank Supervision, Lucknow Regional Office, Reserve Bank of India, 8-9 Vipin Khand, Gomti Nagar, Lucknow-226010; Telephone: 0522 2304878; Fax: 0522 2307973; [Email](#).

**Press Release : 2014-2015/1755**

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