



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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December 23, 2010

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Reserve Bank Cancels the Licence of The Golaghat Urban Co-operative Bank Ltd., Golaghat (Assam)

In view of the fact that the Golaghat Urban Co-operative Bank Ltd., Golaghat (Assam), had ceased to be solvent, all efforts to revive it 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 16, 2010. The Registrar of Co-operative Societies, Government of Assam have 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 Golaghat Urban Co-operative Bank Ltd., Golaghat, (Assam) (hereinafter referred to as the 'bank') was registered as a co-operative society on May 21, 1997 and granted a licence to carry on banking business under Section 22 of the Banking Regulation Act, 1949 (As Applicable to Co-operative Societies) (hereinafter referred to as 'the Act') by the Reserve Bank of India (the Reserve Bank) on October 17, 1997. The statutory inspection of the bank with reference to its financial position as on March 31, 2008 revealed certain serious deficiencies.

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 the close of business as on January 28, 2010 restricting, inter alia, withdrawal from deposit accounts up to Rs.1000/- per depositor.

The bank was advised vide letter UBD.CO.BSD.IV/SCN.41/12.29.120/2010-11 dated June 08, 2010 to show cause as to why the licence granted to it on October 17, 1997 to carry on banking business of the bank under Section 22 of the Act, should not be cancelled and the bank taken into liquidation. The bank submitted its reply to Show Cause Notice (SCN) vide its letter dated July 12, 2010. The reply to the SCN was considered and examined and was found unsatisfactory.

Having regard to all these facts, the Reserve Bank of India was satisfied that allowing the bank to carry on banking business any further, would be detrimental to the interest of the present and future depositors. Hence, the licence granted to the bank to conduct banking business deserved to be cancelled. Accordingly, the licence

dated October 17, 1997 granted to the Golaghat Urban Co-operative Bank Ltd., Golaghat, (Assam), to conduct banking business in India under Section 22 of the Act has been cancelled. This order makes it obligatory on the part of the bank to stop conducting 'banking business' within the meaning of Section 5(b) of the Act, including acceptance and repayment of deposits, with immediate effect. With the cancellation of its licence and commencement of liquidation proceedings, the process of paying the depositors of the Golaghat Urban Co-operative Bank Ltd., Golaghat, (Assam) will be set in motion subject to the terms and conditions of the Deposit Insurance Scheme.

Consequent to the cancellation of its licence, the Golaghat Urban Co-operative Bank Ltd., Golaghat, (Assam) 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 R. Bhookya ,Deputy General Manager, Urban Banks Department, Reserve Bank of India, Guwahati. His contact details are as below:

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Press Release : 2010-2011/881

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