RBI cancels the license of Brahmawart Commercial Co-operative Bank Ltd., Kanpur, Uttar Pradesh

The Reserve Bank of India (RBI) has, vide order dated June 26, 2018 cancelled the licence of Brahmawart Commercial Co-operative Bank Ltd., Kanpur, Uttar Pradesh to carry on banking business, with effect from the close of business on July 03, 2018. The Registrar of Co-operative Societies, Uttar Pradesh has also been requested to issue an order for winding up the bank and appoint a liquidator for the bank.

The Reserve Bank cancelled the licence of the bank as:

i. The bank does not have adequate capital and earning prospects. As such it does not comply with the provisions of section 11(1) and section 22(3) (d) read with section 56 of the Banking Regulation Act, 1949.

ii. The bank is not in a position to pay its present and future depositors in full, as and when their claims accrue and thus, the bank does not comply with condition mentioned in section 22(3) (a) read with section 56 of the Banking Regulation Act, 1949.

iii. The affairs of the bank are being conducted in a manner detrimental to the interest of the present and future depositors and thus the bank does not comply with condition mentioned in section 22(3)(b) read with section 56 of the Banking Regulation Act, 1949.

iv. Despite being given reasonable time and opportunity, the bank has not made any serious efforts to improve its financial position which has continued to deteriorate as revealed during inspections conducted with reference to its financial position as on March 31, 2014, March 31, 2015, March 31, 2016 and March 31, 2017. The present financial position of the bank leaves no scope for its revival and, therefore, the bank does not comply with conditions mentioned in section 22(3)(c) of the Act.

v. No useful purpose would be served by allowing the bank to continue as envisaged in Section 22(3)(e) of the Act. Rather, public interest would be adversely affected if the bank is allowed to carry on its banking business any further.

Consequent to the cancellation of its licence, Brahmawart Commercial Co-operative Bank Ltd., Kanpur, Uttar Pradesh is prohibited from conducting the business of ‘banking’ which includes acceptance of deposits and repayment of deposits as defined in Section 5(b) read with Section 56 of the Banking Regulation Act, 1949 with immediate effect.
With the cancellation of licence and commencement of liquidation proceedings, the process of paying the depositors of Brahmawart Commercial Co-operative Bank Ltd., Kanpur, Uttar Pradesh as per the 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 Deposit Insurance and Credit Guarantee Corporation (DICGC) as per usual terms and conditions.


Ajit Prasad
Assistant Adviser