

RBI cancels licence of Kanpur-based People's Co-operative Bank

THE RESERVE BANK of India on Monday cancelled the licence of Kanpur-based People's Co-operative Bank as it does not have adequate capital and earning prospects.

The Commissioner for Cooperation and Registrar of Cooperative Societies, Uttar Pradesh, has also been requested to issue an order for winding up the bank and appoint a liquidator for the lender, RBI said in a statement.

On liquidation, every depositor would be entitled to receive deposit insurance claim of up to ₹5 lakh from the Deposit Insurance and Credit Guarantee Corporation (DICGC).

According to the data submitted by the bank, more than 99% of the depositors are entitled to receive full amount of their deposits from the DICGC, the central bank said.

RBI said People's Co-operative Bank does not have adequate capital and earning prospects, and it has failed to comply with the requirements the Banking Regulation Act, 1949.

"The bank with its present financial position would be unable to pay its present depositors in full," RBI said, adding that continuance of the bank is prejudicial to the interests of its depositors.

Consequent to the cancellation of its licence, People's Co-operative Bank is prohibited from conducting the business of 'banking', which includes acceptance and repayment of deposits, with immediate effect, it said.

As on February 14, 2022, DICGC has sanctioned ₹6.97 crore of the total insured deposits based on the willingness received from the depositors of the bank.

—PTI

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