

**RESERVE BANK OF INDIA**www.rbi.org.inwww.rbi.org.in/hindie-mail: help@rbi.org.in**PRESS RELATIONS DIVISION**, Central Office, Post Box 406, Mumbai 400001
Phone: 2266 0502 Fax: 2266 0358, 2270 3279

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Reserve Bank Cancels the Licence of The Anand People's Co-operative Bank Ltd., Anand, Gujarat

The Reserve Bank of India has on October 26, 2005 cancelled the licence granted to The Anand People's Co-operative Bank Ltd., Anand, Gujarat, in view of the fact that it had ceased to be solvent. All efforts to revive it in close consultation with the Government of Gujarat had failed and the depositors were being inconvenienced by continued uncertainty. The Registrar of Cooperative Societies, Gujarat has 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 deposits up to a monetary ceiling of Rs. 1,00,000 from the Deposit Insurance and Credit Guarantee Corporation (DICGC).

The Reserve Bank of India decided to cancel the licence of the Anand People's Co-operative Bank Ltd., Anand, Gujarat as a final step after examining all the options for revival of the bank and in order to protect the interest of the depositors. The bank had been classified as 'sick' based on the findings of the inspection with reference to its financial position as on March 31, 2002 and was placed under directions with effect from August 30, 2002 restricting its operations. The bank's position, however, continued to worsen. The latest inspection with reference to its position as on June 30, 2004 revealed further deterioration in its financial condition and its deposits were getting eroded as realisable value of paid-up capital and reserve was in the negative. As the bank did not have a viable plan of action for revival and the chances of its revival were remote, the Reserve Bank of India took the extreme measure of cancelling licence of the bank in the interest of the bank's depositors.

Consequent to the cancellation of its licence, the Anand People's Co-operative Bank Ltd., Anand 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 S.Rajgopal, General Manager, Urban Banks Department, Reserve Bank of India, Ahmedabad. His contact details are as below :

Postal Address: Urban Banks Department, Reserve Bank of India, La Gajjar Chambers, Ashram Road, P. B. No. 1, Ahmedabad - 380 009
Telephone Number: (079) 2658-5184
Fax Number: (079) 2658-4853
Email address: ubdahmedabad@rbi.org.in

Alpana Killawala
Chief General Manager