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**RESERVE BANK OF INDIA**

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November 21, 2006

**Reserve Bank Cancels the Licence of  
The Urban Co-operative Bank Ltd., Dimapur (Nagaland)**

In view of the fact that the Urban Co-operative Bank Ltd., Dimapur (Nagaland) had ceased to be solvent, all efforts to revive it in close consultation with the Government of Nagaland 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 November 15, 2006. The Registrar of Co-operative Societies, Nagaland has also been requested to issue an order for winding up the bank and appoint a liquidator for the bank.

The Reserve Bank of India decided to cancel the licence of the Urban Co-operative Bank Ltd., Dimapur (Nagaland) as a final step after examining all the options for revival of the bank and in order to protect the interest of the depositors. As the bank's financial parameters had been severely impaired and there was no response from the State Government, in order to prevent preferential payment and alienation of assets, directions were imposed on the bank under Section 35A of the Banking Regulation Act effective November 30, 2004, prohibiting it from accepting fresh deposits and repayment of deposits was restricted to Rs 1000/- per depositors. The inspection of the bank with reference to its position as on March 31, 2003 revealed deterioration in its financial condition. Its deposits were getting eroded as realisable value of paid-up capital and reserves was in the negative. Thereafter, the Reserve Bank issued a Show Cause Notice to the bank on January 06, 2005, asking it to show cause as to why the licence granted to it to conduct banking business should not be cancelled. The bank did not reply to the Show Cause Notice till date. 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 the licence of the bank in the interest of the bank's depositors.

Consequent to the cancellation of its licence, the Urban Co-operative Bank Ltd., Dimapur (Nagaland) 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 Jogi Meghnath, Deputy General Manager, Urban Banks Department, Reserve Bank of India, Guwahati. His contact details are as below

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