

## *Press Releases*

July 2010

### **Certificate of Registration of M/s. Greenbay Finance and Investments Limited – Cancelled**

**July 1, 2010**

The Reserve Bank of India has on June 7, 2010 cancelled the certificate of registration granted on March 11, 1998 to M/s. Greenbay Finance and Investments Limited having its registered office at Plot No. 15 & 16, Road No. 9, Jubilee Hills, Hyderabad - 500 033 for carrying on the business of a non-banking financial institution as the company has opted to exit from the business. Following cancellation of the registration certificate, the company cannot transact the business of a non-banking financial institution.

Under powers conferred by Section 45-IA (6) of the Reserve Bank of India Act, 1934, the Reserve Bank can cancel the registration certificate of a non-banking financial company. The business of a non-banking financial institution is defined in clause (a) of Section 45-I of the Reserve Bank of India Act, 1934.

### **Certificate of Registration of Zoom Exports Limited – Cancelled**

**July 1, 2010**

The Reserve Bank of India has on June 3, 2010 cancelled the certificate of registration granted on May 24, 2000 to Zoom Exports Limited having its registered office at 98, Hardsoft Towers, 21st Main, Banashankari 2nd Stage, Bangalore - 560070 for carrying on the business of a non-banking financial institution as the company has opted to exit from the business. Following cancellation of the

registration certificate, the company cannot transact the business of a non-banking financial institution.

### **Vasai Vikas Sahakari Bank Ltd., Thane, Maharashtra – Penalised**

**July 1, 2010**

The Reserve Bank of India has imposed a monetary penalty of Rs.5.00 lakh (Rupees five lakh only) on Vasai Vikas Sahakari Bank Ltd., Thane, Maharashtra in exercise of powers vested in it under the provisions of Section 47(A)(1)(b) read with Section 46(4) of the Banking Regulation Act, 1949 (As Applicable to Co-operative Societies) for violation of the Reserve Bank of India's directives by :

- i) not following KYC norms while opening the Current Account of a director – related firm.
- ii) granting unsecured advances to director – related firm.
- iii) allowing cheque purchase beyond permissible limit.
- iv) allowing unsecured advances beyond permissible limit.
- v) allowing limits beyond exposure ceiling.

The Reserve Bank of India had issued a show – cause notice to the bank, in response to which the bank submitted a written reply. Based on the reply, the Reserve Bank of India came to the conclusion that the violation was substantiated and warranted imposition of penalty. Accordingly, it penalised the bank.

### **Reserve Bank Cancels the License of Vizianagaram Co-operative Bank Ltd., Vizianagaram, Andhra Pradesh**

**July 20, 2010**

In view of the fact that the operations of the Vizianagaram Co-operative Urban Bank Ltd. Vizianagaram, (Andhra Pradesh) were being carried out in a manner detrimental to the interest of its depositors and that of the public in general, its financial position was on the decline with no scope for revival in the foreseeable future and all efforts to ensure regulatory compliance in consultation with the Government of Andhra Pradesh had failed and the depositors were being inconvenienced by continued uncertainty, the Reserve Bank of India delivered the order cancelling its license to the bank after the close of business on June 10, 2010. The Registrar of Co-operative Societies, Andhra Pradesh State 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/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.

Consequent upon the cancellation of its licence, Vizianagaram Co-operative Urban Bank Ltd., Vizianagaram, (Andhra Pradesh), 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 clarification, depositors may approach Shri. B. D. Prasada Rao, General Manager, Urban Banks Department, Reserve Bank of India, Secretariat Road, Saifabad, Hyderabad . His contact details are as below:

Postal Address: Urban Banks Department, Reserve Bank of India, Secretariat Road, Saifabad, Hyderabad – 500004, Telephone Number: (040) 23234920, Fax Number : (040) 23235891.

### **Bhandari Co-operative Bank Ltd., Dadar, Maharashtra – Penalised**

**July 29, 2010**

The Reserve Bank of India has imposed a monetary penalty of Rs.5.00 lakh (Rupees five lakh only) on Bhandari Co-operative Bank Ltd., Dadar, Maharashtra in exercise of powers vested in it under the provisions of Section 47A(1)(b) read with Section 46(4) of the Banking Regulation Act, 1949 (As Applicable to Co-operative Societies) for violation of the Reserve Bank of India's directives. The Bank had :

- i. sanctioned unsecured advances beyond the ceiling of Rs.50,000/- prescribed to Grade IV bank having Demand and Time Liabilities (DTL) of more than Rs.10.00 crore, in violation of Reserve Bank of India's directive on maximum limit on unsecured advances to single party/connected group.
- ii. resorted to evergreening of accounts by closing non-performing loans, thus violating the RBI's guidelines on Income Recognition and Asset Classification (IRAC) and other related matters.

The Reserve Bank of India had issued a show-cause notice to the bank, in response to which the bank submitted a written reply. Based on the reply, the Reserve Bank of India came to the conclusion that the violation was substantiated and warranted imposition of penalty. Accordingly, it penalised the bank.

### **Standard Chartered Bank – Penalised**

**July 30, 2010**

The Reserve Bank of India has imposed a penalty of Rs.5.00 lakh (Rupees five lakh only) on Standard Chartered Bank in exercise of powers vested in it under the provisions of Section 47(A)(1)(b) read with Section 46(4) of the Banking Regulation Act, 1949. The penalty has been imposed for not furnishing within the stipulated time information pertaining to a foreign currency loan facility arranged by Standard Chartered Bank to an off-shore special purpose vehicle (SPV), thereby contravening provisions of Section 27(2) of the Act *ibid*.

The Reserve Bank of India had issued a show-cause notice dated March 30, 2010 to the bank in response to which bank had submitted written replies. On a careful examination of the bank's written reply and the oral submission made during the personal hearing held on April 20, 2010 the Reserve Bank of India found that the violation was conclusively established and the penalty was accordingly imposed.

### **ICICI Bank Ltd. – Penalised**

**July 30, 2010**

The Reserve Bank of India has imposed a penalty of Rs.5.00 lakh (Rupees five lakh only) on ICICI Bank Ltd., in exercise of powers vested in it under the provisions of

Section 47(A)(1)(b) read with Section 46(4) of the Banking Regulation Act, 1949 for violation of the guidelines on Know Your Customer (KYC)/Anti Money Laundering (AML) standards issued by Reserve Bank of India on November 24, 2004.

The Reserve Bank of India had issued a show-cause notice dated April 9, 2009 to

the bank in response to which the bank had submitted written replies. On a careful examination of the bank's replies and the oral submission made during the personal hearing held on August 3, 2009 the Reserve Bank of India found that the violation was conclusively established and the penalty was accordingly imposed.