



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

वेबसाइट : www.rbi.org.in/hindi

Website : www.rbi.org.in

ई-मेल/email : helpdoc@rbi.org.in



संचार विभाग, केंद्रीय कार्यालय, शहीद भगत सिंह मार्ग, फोर्ट, मुंबई-400001

Department of Communication, Central Office, Shahid Bhagat Singh Marg, Fort, Mumbai-400001 फोन/Phone: 022- 22660502

September 28, 2023

RBI imposes monetary penalty on Saraswat Co-operative Bank Limited, Mumbai

The Reserve Bank of India (RBI) has imposed, by an order dated September 22, 2023, a monetary penalty of ₹23 lakh (Rupees Twenty Three lakh only) on Saraswat Co-operative Bank Limited, Mumbai (the bank) for contravention of the provisions of Section 20(1)(b)(iii) read with Section 56 of the Banking Regulation Act, 1949 (BR Act), and the directions issued by RBI on 'Loans and advances to directors, their relatives, and firms/concerns in which they are interested'. This penalty has been imposed in exercise of powers vested in RBI under the provisions of Section 47 A (1) (c) read with Sections 46 (4) (i) and 56 of the BR Act.

This action is based on deficiency in regulatory compliance and is not intended to pronounce upon the validity of any transaction or agreement entered into by the bank with its customers.

Background

The statutory inspection of the bank conducted by RBI with reference to its financial position as on March 31, 2021, and examination of the Risk Assessment Report and all correspondence related thereto revealed, *inter alia*, that the bank had contravened the provisions of the BR Act and the RBI directions issued thereunder when it renewed a credit facility sanctioned to a borrower company while a director of the bank was holding the position of an independent director in the borrower company. Consequently, a notice was issued to the bank advising it to show cause as to why penalty should not be imposed on it for failure to comply with the statutory provisions and the RBI directions, as stated therein.

After considering the bank's reply to the notice, additional submissions made by it and oral submissions made during the personal hearing, RBI came to the conclusion that the aforesaid charge of non-compliance with the statutory provisions and the RBI directions issued thereunder was substantiated and warranted imposition of monetary penalty.