

**भारतीय रिज़र्व बैंक**
RESERVE BANK OF INDIAवेबसाइट : www.rbi.org.in/hindiWebsite : www.rbi.org.inई-मेल/email : helpdoc@rbi.org.in

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RBI imposes monetary penalty on Vasai Vikas Sahakari Bank Ltd., Vasai, Maharashtra

The Reserve Bank of India (RBI) has, by an order dated October 26, 2021 imposed a monetary penalty of ₹90.00 lakh (Rupees ninety lakh only) on Vasai Vikas Sahakari Bank Ltd., Vasai, Maharashtra (the bank) for non-compliance with the directions issued by RBI on "Management of Advances - UCBs", "Income Recognition, Asset Classification, Provisioning and Other Related Matters – UCBs", with the specific directions issued to the bank *vide* RBI's letter dated November 22, 2018 and with the provisions of section 31 read with section 56 of the Banking Regulation Act, 1949 (the Act). This penalty has been imposed in exercise of powers vested in RBI conferred under section 47 A (1) (c) read with sections 46 (4) (i) and 56 of the Act, taking into account failure of the bank to adhere to the aforesaid directions issued by RBI and provisions of section 31 read with section 56 of the Banking Regulation Act, 1949.

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 the bank's financial position as on March 31, 2019, the Inspection Report pertaining thereto and examination of all related correspondence revealed, *inter alia*, that the bank had not complied with the RBI directions on ensuring end use of funds in borrowal accounts and classification of loans/ advances as non-performing assets, specific direction of RBI for ensuring that the bank's balance sheet and profit & loss account are signed by at least three of its directors in accordance with section 29 read with section 56 of the Act (despite having noted to ensure such compliance) and the provisions of section 31 read with section 56 of the Act. In furtherance to the same, a notice was issued to the bank advising it to show cause as to why penalty should not be imposed for contravention of the RBI directions and the provisions of the Act.

After considering the bank's replies to the notice and oral submissions made during the personal hearing, RBI came to the conclusion that the charge of non-compliance with the aforesaid RBI directions and provisions of the Act was substantiated and warranted imposition of monetary penalty, to the extent of non-compliance with such directions and provisions of the Act.