



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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April 24, 2023

RBI imposes monetary penalty on The Tamil Nadu State Apex Co-operative Bank Limited, Chennai

The Reserve Bank of India (RBI) has, by an order dated April 21, 2023, imposed a monetary penalty of ₹16.00 lakh (Rupees Sixteen Lakh only) on The Tamil Nadu State Apex Co-operative Bank Limited, Chennai (the bank), for contravention of the provisions of section 26 A (2) read with section 56 of the Banking Regulation Act, 1949 (BR Act) and for non-compliance with the directions issued by the National Bank for Agriculture and Rural Development (NABARD) on "Review of Frauds - Guidelines on Monitoring and Reporting System". This penalty has been imposed in exercise of powers conferred on RBI under section 47 A (1) (c) read with sections 46 (4) (i) and 56 of the BR Act.

This action is based on deficiencies 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 NABARD with reference to the bank's financial position as on March 31, 2020 and examination of the Inspection Report and all related correspondence pertaining to the same revealed, *inter alia*, that the bank failed to (i) transfer eligible amounts to the Depositor Education and Awareness Fund within the prescribed period and (ii) report a fraud to NABARD within the prescribed timeline and reported the same with delay. 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 on it for failure to comply with the statutory 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 charge of contravention of the aforesaid statutory provision and non-compliance with the aforesaid directions issued by NABARD was substantiated and warranted imposition of monetary penalty.