

**भारतीय रिज़र्व बैंक**  
**RESERVE BANK OF INDIA**वेबसाइट : [www.rbi.org.in/hindi](http://www.rbi.org.in/hindi)Website : [www.rbi.org.in](http://www.rbi.org.in)ई-मेल/email : [helpdoc@rbi.org.in](mailto:helpdoc@rbi.org.in)

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**RBI imposes monetary penalty on Arunachal Pradesh Rural Bank**

The Reserve Bank of India (RBI) has, by an order dated November 28, 2022, imposed a monetary penalty of ₹42.00 lakh (Rupees Forty-two lakh only) on Arunachal Pradesh Rural Bank (the bank), for non-compliance with the directions issued by RBI on 'Strengthening of Prudential Norms- Provisioning Asset Classification and Exposure Limit' and 'Regional Rural Banks- Income Recognition, Asset Classification and Provisioning Norms- Non-Performing Assets (NPAs)'. This penalty has been imposed in exercise of powers vested in RBI under the provisions of section 47A(1)(c) read with section 46(4)(i) and Section 51(1) of the Banking Regulation Act, 1949.

This action is based on the 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 was conducted by NABARD with reference to its financial position as on March 31, 2019 and March 31, 2020, and the examination of the Inspection Reports and all related correspondences pertaining to the same revealed, *inter alia*, that the bank failed to comply with the aforesaid RBI directions to the extent it did not (i) adhere to exposure limits for single investment and (ii) classify certain term loans and credit facilities as non-performing assets in accordance with the IRAC norms. 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 said directions, as stated therein.

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

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(Yogesh Dayal)  
Chief General Manager