



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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March 31, 2021

Reserve Bank of India imposes monetary penalty on The Citizens Co-operative Bank Ltd., Rajkot (Gujarat)

The Reserve Bank of India (RBI) has imposed, by an order dated March 26, 2021, a monetary penalty of ₹1.00 lakh (Rupees one lakh only) on The Citizens Co-operative Bank Ltd., Rajkot (Gujarat) (the bank) for contravention of directions issued by RBI on 'Loans and advances to directors, 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 Section 46 (4) (i) and Section 56 of the Banking Regulation Act, 1949, taking into account the failure of the bank to adhere to the aforesaid directions issued by RBI.

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 based on its financial position as on March 31, 2018, revealed, *inter alia*, contravention of/ non-compliance with the directions issued by RBI on (i) 'Board of Directors of Urban Co-operative Banks - Professionalisation and their Role - Do's and Don'ts', (ii) 'Loans and advances to directors, relatives and firms /concerns in which they are interested' and (iii) Reporting of 'Advances Granted to Directors and their Relatives by the Primary (Urban) Co-operative Banks'. Based on the same, a Notice was issued to the bank advising it to show cause as to why penalty should not be imposed for non-compliance with the directions.

After considering the bank's reply, oral submissions made during the personal hearing, RBI came to the conclusion that the charge regarding non-compliance with RBI directions on 'Loans and advances to directors, relatives and firms /concerns in which they are interested' was substantiated and warranted imposition of monetary penalty.