

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

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

The Reserve Bank of India (RBI) has, by an order dated January 19, 2022, imposed a monetary penalty of ₹1.00 lakh (Rupees one lakh only) on “The Varachha Co-operative Bank Ltd.”, Surat (Gujarat) (the bank) for contravention of sub-section (2) of section 26A of the Banking Regulation Act, 1949 (the Act) read with paragraph 3 of The Depositor Education and Awareness Fund Scheme, 2014 (the scheme) enclosed with [Circular on 'The Depositor Education and Awareness Fund Scheme, 2014 - Section 26A of Banking Regulation Act, 1949 - Operational Guidelines' dated May 27, 2014](#). 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 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 conducted by the RBI with reference to its financial position as on March 31, 2019, the Inspection Report pertaining thereto and examination of all related correspondence revealed, inter alia, that the bank did not transfer balances lying in certain accounts remaining unclaimed for more than ten years to the Depositor Education and Awareness Fund, resulting in contravention of aforesaid provisions of the Act read with the scheme. 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 provisions of the Act read with the scheme, as stated therein.

After considering the bank's reply to the notice and oral submissions made during the personal hearing, the RBI came to the conclusion that the charge of contravention of aforesaid provisions of the Act read with the scheme was substantiated and warranted imposition of monetary penalty.