



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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January 04, 2024

RBI imposes monetary penalty on The Co-operative Urban Bank Limited, Parlakhemundi, Odisha

The Reserve Bank of India (RBI) has, by an order dated December 07, 2023, imposed a monetary penalty of ₹1.50 lakh (Rupees One lakh Fifty thousand only) on The Co-operative Urban Bank Limited, Parlakhemundi (the bank) for non-compliance with the directions issued by RBI on 'Membership of Credit Information Companies (CICs)' and 'Exposure Norms and Statutory/Other Restrictions - UCBs'. This penalty has been imposed in exercise of powers conferred on RBI under Section 25(1)(iii) read with Section 23(4) of the Credit Information Companies (Regulation) Act, 2005 (CIC Act) and Section 47A(1)(c) read with Sections 46(4)(i) and 56 of the Banking Regulation Act, 1949 (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 RBI with reference to its financial position as on March 31, 2022, and examination of the Inspection Report, Risk Assessment Report and all correspondence related thereto revealed, *inter alia*, that the bank had (i) failed to upload credit information to CICs, (ii) breached the prudential inter-bank (gross) exposure limit; and (iii) breached the prudential inter-bank counter-party limit. Consequently, a notice was issued to the bank advising it to show cause as to why penalty should not be imposed on it for non-compliance with the aforementioned directions, as stated therein.

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