



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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February 06, 2023

**RBI imposes monetary penalty on The Utkal Cooperative Bank Ltd.,
Bhubaneswar, Odisha**

The Reserve Bank of India (RBI) has imposed, by an order dated January 31, 2023, a monetary penalty of ₹15.00 lakh (Rupees Fifteen lakh only) on The Utkal Cooperative Bank Ltd. (the bank) for contravention of/ non-compliance with the directions issued by Reserve Bank of India (RBI) on (i) Exposure Norms and Statutory/Other Restrictions-UCBs and (ii) specific directions issued under Supervisory Action Framework (SAF). 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 inspection report of the bank based on its financial position as on March 31, 2021, revealed, inter alia, that the bank had breached (i) prudential inter-bank (gross) exposure norms and prudential inter-bank counter-party limit and (ii) violated specific directions issued under SAF, of not offering higher rate of interest on deposits than those offered by SBI. 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 and additional submissions made by it, RBI came to the conclusion that the aforementioned charges of non-compliance with RBI directions were substantiated and warranted imposition of monetary penalty.