



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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February 14, 2022

Reserve Bank of India imposes monetary penalty on The Vyavsaik Sahakari Bank Limited, Raipur (C.G.)

The Reserve Bank of India (RBI) has imposed, by an order dated February 11, 2022, a monetary penalty of ₹3.00 lakh (Rupees Three Lakh only) on The Vyavsaik Sahakari Bank Limited, Raipur (the bank) for contravention of/ non-compliance with Directions issued by RBI on Exposure Norms and Statutory/Other Restrictions on UCBs and Board of Directors - UCBs. 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, 2020, revealed, *inter alia*, that the bank had (i) exceeded the prudential inter-bank (Gross) exposure limit, (ii) given donation to a trust where a director of the bank was interested and (iii) given donation in excess of the prescribed limit in contravention of/ non-compliance with directions issued by RBI on Exposure Norms and Statutory/Other Restrictions on UCBs and Board of Directors - UCBs. 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 replies and oral submissions made during personal hearing, RBI came to the conclusion that the aforesaid charges of non-compliance with RBI directions were substantiated and warranted imposition of monetary penalty.