



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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February 27, 2023

**RBI imposes monetary penalty on The Rajkot Commercial Co-operative Bank Ltd.,
Rajkot (Gujarat)**

The Reserve Bank of India (RBI) has, by an order dated February 21, 2023, imposed a monetary penalty of ₹4.00 lakh (Rupees Four Lakh only) on The Rajkot Commercial Co-operative Bank Ltd., Rajkot (Gujarat) (the bank) for contravention of directions issued by RBI on 'Prudential Norms Income Recognition, Asset Classification, Provisioning and Other Related Matters', 'Placement of Deposits with Other Banks by Primary (Urban) Co-operative Banks (UCBs)' and 'Guidelines for Classification and Valuation of Investments by Banks'. This penalty has been imposed in exercise of powers vested in the 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 conducted by RBI with reference to the bank's financial position as on March 31, 2022, and examination of the Inspection Report and Risk Assessment Report pertaining thereto and all related correspondence pertaining to the same revealed, inter alia, that the bank had (i) not identified NPAs on an on-going basis, (ii) breached prudential inter-bank (gross) exposure norms, (iii) breached prudential inter-bank counter-party limit and (iv) breached limit of its investments included under HTM category resulting in contravention of aforesaid directions issued by RBI. 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 aforesaid directions issued by RBI.

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 aforesaid charge of non-compliance with RBI directions was substantiated and warranted imposition of monetary penalty.