



**भारतीय रिज़र्व बैंक**  
**RESERVE BANK OF INDIA**

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February 27, 2023

**RBI imposes monetary penalty on Vyaparik Audhyogik Sahakari Bank Limited, Indore (Madhya Pradesh)**

The Reserve Bank of India (RBI) has imposed, by an order dated February 20, 2023, a monetary penalty of ₹1.00 lakh (Rupees One lakh only) on Vyaparik Audhyogik Sahakari Bank Limited, Indore (Madhya Pradesh) (the bank) for contravention of/ non-adherence with the Directions issued by RBI to Urban Co-operative Banks on Exposure Norms & Statutory/Other Restrictions-UCBs and Investments by Primary (Urban) Co-operative Banks. 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 Risk Assessment Report of the bank based on its financial position as on March 31, 2022, revealed, *inter alia*, that the bank had breached the prudential inter-bank counter party limit with multiple banks in contravention of/non-compliance with the aforesaid directions issued by RBI. 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 the personal hearing, RBI came to the conclusion that the aforesaid charge of non-compliance with RBI directions was substantiated and warranted imposition of monetary penalty.