



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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February 06, 2017

संचार विभाग, केंद्रीय कार्यालय, एस.बी.एस.मार्ग, मुंबई-400001

DEPARTMENT OF COMMUNICATION, Central Office, S.B.S.Marg, Mumbai-400001

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**Directions under Section 35A of the Banking Regulation Act, 1949 (AACs) –
The R S Co-operative Bank Ltd., Mumbai, Maharashtra**

The R S Co-operative Bank Ltd, Mumbai, Maharashtra, was placed under directions vide directive dated June 24, 2015, from close of business on June 26, 2015. The validity of the directions was extended from time to time vide subsequent directives the last being order dated September 22, 2016 and is currently valid upto March 25, 2017, subject to review.

The public is hereby advised that the Directives so issued to R S Co-operative Bank Ltd., Mumbai, Maharashtra on June 24, 2015, as modified from time to time, have been partially modified vide our directive dated January 31, 2017 and shall continue to apply to the bank for a period upto March 25, 2017, subject to review. The modifications are as under:

i. The bank is allowed to set off loans against deposits, if the terms and conditions of the loan agreement with the borrower provide that the amount in his specific deposit account (by whatever name called) may be appropriated / adjusted by the bank towards his loan account, such appropriation / adjustment to the extent of outstanding balance in loan account may be done subject to following additional conditions:

- a. The accounts have to be KYC compliant as on the date of adjustment.
- b. Deposits held by a third party including but not limited to Guarantor/s / sureties are not permitted to be adjusted.
- c. This option should be exercised under due notice to/ consent of the depositor normally in cases where further delay in setting off may result in the loan account becoming NPA. For setting off standard loans (being serviced regularly) and any divergence from the terms and conditions of loan agreement, prior written consent of the depositor- borrower would be necessary.
- d. The deposit or its set off should not be subject to any restrictions such as attachment order/prohibitory order of Court of law or statutory authority or other authority empowered under law, earnest money deposit, obligation of trust, third party lien, under provision of the *State Cooperative Societies Act etc.*

A copy of the directive dated January 31, 2017 notifying the above modifications is displayed at the bank's premises for the perusal of public. The aforesaid modifications by the Reserve Bank of India should not *per-se* be construed to imply that Reserve Bank of India is satisfied of substantive improvement in the financial position of the bank.