



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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May 15, 2023

RBI imposes monetary penalty on Mizoram Rural Bank

The Reserve Bank of India (RBI) has imposed, by an order dated May 10, 2023, a monetary penalty of ₹5,00,000/- (Rupees Five Lakh only) on Mizoram Rural Bank (the bank) for contravention of/ non-adherence with the directions issued by RBI on 'Strengthening of Prudential Norms- Provisioning, Asset Classification and Exposure Limit' and 'Regional Rural Banks- Income Recognition, Asset Classification and Provisioning Norms- Non-Performing Assets (NPAs)'. This penalty has been imposed in exercise of powers vested in RBI under the provisions of Section 47A(1)(c) read with Section 46(4)(i) and Section 51(1) 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 was conducted by NABARD with reference to its financial position as on March 31, 2022 and the examination of the Inspection Report revealed, inter alia, that the bank had failed to classify certain loan accounts as non performing in accordance with the IRAC norms. Based on the same, a Notice was issued to the bank advising it to show cause as to why penalty should not be imposed on it for non-compliance with the directions.

After considering the bank's reply to the notice, additional submissions made and oral submissions made by it during Personal Hearing, RBI came to the conclusion that the aforementioned charge of non-compliance with RBI directions was substantiated and warranted imposition of monetary penalty.