



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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**Reserve Bank of India imposes monetary penalty on
Urban Co-operative Bank Ltd., Budaun (U.P.)**

The Reserve Bank of India (RBI) has imposed, by an order dated June 07, 2022, a monetary penalty of ₹2.00 lakh (Rupees Two Lakh only) on the Urban Co-operative Bank Ltd., Budaun (the bank) for contravention of sub-section (1) of Section 36 and Section 35 A read with Section 56 of the Banking Regulation Act, 1949. 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.

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, contravention of sub-section (1) of Section 36 and Section 35 A read with Section 56 of the Banking Regulation Act, 1949, as the bank had failed to adhere to the RBI directions issued under Supervisory Action Framework (SAF) and the RBI directions on Frauds-classification and reporting. 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 contravention of RBI directions and the said sections of the Banking Regulation Act, 1949.

After considering the bank's reply and oral submission made during the personal hearing, RBI came to the conclusion that the aforesaid charges of non-adherence / violation of sub-section (1) of Section 36 and Section 35 A read with Section 56 of the Banking Regulation Act, 1949 were substantiated and warranted imposition of monetary penalty.

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(Yogesh Dayal)
Chief General Manager