



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

वेबसाइट : www.rbi.org.in/hindi

Website : www.rbi.org.in

ई-मेल/email : helpdoc@rbi.org.in



संचार विभाग, केंद्रीय कार्यालय, शहीद भगत सिंह मार्ग, फोर्ट, मुंबई-400001

Department of Communication, Central Office, Shahid Bhagat Singh Marg, Fort, Mumbai-400001 फोन/Phone: 022- 22660502

June 12, 2023

RBI imposes monetary penalty on The Bihar State Co-operative Bank Limited, Patna

The Reserve Bank of India (RBI) has, by an order dated June 05, 2023, imposed a monetary penalty of ₹60.20 lakh (Rupees Sixty Lakh and Twenty Thousand only) on The Bihar State Co-operative Bank Limited, Patna (the bank), for –

- (i) contravention of the provisions of sections 24(3), 26 and 27(1) read with section 56 of the Banking Regulation Act, 1949 (BR Act) and the Banking Regulation (Co-operative Societies) Rules, 1966 (BR Rules);
- (ii) non-compliance with the [Reserve Bank of India \(Know Your Customer \(KYC\) Directions, 2016](#) as well as directions of RBI on “Customer Service in State / District Central Co-operative Banks (StCBs / DCCBs)”, both issued under BR Act;
- (iii) non-compliance with the directions on “Membership of Credit Information Companies (CICs)” issued by the RBI under the Credit Information Companies (Regulation) Act, 2005 [CIC (R) Act]; and
- (iv) non-compliance with the directions on “Off-site Surveillance System - Revision of Returns” issued by NABARD under section 27(3) of the BR Act.

This penalty has been imposed in exercise of powers conferred on RBI under section 47A (1) (c) read with sections 46 (4) (i) and 56 of BR Act and under section 25(1)(iii) read with section 23(4) of CIC (R) Act.

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 NABARD with reference to the bank’s financial position as on March 31, 2020 and examination of the Inspection Report and all related correspondence pertaining to the same revealed, *inter alia*, that during the financial year 2019-20, the bank failed to (i) put in to use any robust software as a part of effective identification and reporting of suspicious transactions; (ii) submit statutory returns within prescribed timelines; (iii) submit off-site surveillance system returns within prescribed timelines; (iv) submit data to all the four Credit Information Companies; and (v) constitute a Customer Service Committee of the Board, put in place a Customer Grievance Redressal Policy duly approved by the Board and maintain any register for complaints from its customers / constituents, in its branches. 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 on it for failure to comply with the statutory provisions and directions, as stated therein.

After considering the bank's reply to the notice, additional submissions made by it and oral submissions made during the personal hearing, RBI came to the conclusion that the charge of contravention of the aforesaid statutory provisions and non-compliance with the aforesaid directions issued by RBI and NABARD was substantiated and warranted imposition of monetary penalty.

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(Yogesh Dayal)
Chief General Manager