



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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November 04, 2020

Reserve Bank of India imposes monetary penalty on The Thiruvaikuntam Co-Operative Urban Bank Limited, Thoothukudi District, Tamil Nadu

The Reserve Bank of India (RBI) has imposed, by an order dated November 3, 2020, a monetary penalty of ₹5.00 lakh (Rupees five lakh only) on The Thiruvaikuntam Co-operative Urban Bank Limited (the bank) for contravention of the directions issued by RBI on prohibition of loans and advances to Directors. 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 inspection report of the bank based on its financial position as on March 31, 2019 revealed that the bank had sanctioned loans to its Directors in contravention with the directions issued by Reserve Bank of India (RBI) in this regard. 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 reply and the oral submissions made during the personal hearing, RBI came to the conclusion that the aforesaid charges of non-compliance with RBI directions were substantiated and warranted imposition of monetary penalty.

Press Release: 2020-2021/591

(Yogesh Dayal)
Chief General Manager