



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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Reserve Bank of India imposes monetary penalty on Millath Co-operative Bank, Davangere, Karnataka

The Reserve Bank of India (RBI) has imposed, by an order dated November 3, 2020, a monetary penalty of ₹10.00 lakh (Rupees ten lakh only) on Millath Co-operative Bank for non-adherence / violation of All Inclusive Directions and other directions imposed on the bank. 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 inter alia, violation / non-compliance with the All-Inclusive Directions issued by Reserve Bank of India (RBI) on permitting of withdrawals in excess of the stipulated amount and sanctioning of fresh loans and advances in violation of directions issued under Supervisory Action Framework (SAF). 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 oral submissions 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.

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(Yogesh Dayal)
Chief General Manager