



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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RBI imposes monetary penalty on The N.E. & E.C. Railway Employees' Multi-State Primary Co-operative Bank Limited, Gorakhpur, Uttar Pradesh

The Reserve Bank of India (RBI) has imposed, by an order dated August 18, 2021, a monetary penalty of ₹20.00 lakh (Rupees Twenty Lakh only) on The N.E. & E.C. Railway Employees' Multi-State Primary Co-operative Bank Limited, Gorakhpur, Uttar Pradesh (the bank) for contravention of section 36 (1) read with section 56 of the Banking Regulation Act, 1949 as the bank failed to adhere to specific directions issued to it by RBI under Supervisory Action Framework (SAF). 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, non-adherence/violation of specific directions issued to the bank by RBI under Supervisory Action Framework (SAF). Based on the report, a Notice was issued to the bank advising it to show cause as to why penalty should not be imposed for violation of the said directions.

After considering the bank's reply and oral submissions made during the personal hearing, RBI came to the conclusion that the aforesaid charge of non-adherence/violation of RBI directions was substantiated and warranted imposition of monetary penalty.