



भारतीय रिज़र्व बैंक  
RESERVE BANK OF INDIA

वेबसाइट : [www.rbi.org.in/hindi](http://www.rbi.org.in/hindi)

Website : [www.rbi.org.in](http://www.rbi.org.in)

ई-मेल/email: [helpdoc@rbi.org.in](mailto:helpdoc@rbi.org.in)

संचार विभाग, केंद्रीय कार्यालय, एस.बी.एस.मार्ग, मुंबई-400001

Department of Communication, Central Office, S.B.S.Marg, Mumbai-400001

फोन/Phone: 022- 22660502

August 25, 2021

## RBI imposes monetary penalty on The Baghat Urban Co-operative Bank Limited, Solan, Himachal Pradesh

The Reserve Bank of India (RBI) has imposed, by an order dated August 19, 2021, a monetary penalty of ₹15.00 lakh (Rupees Fifteen Lakh only) on The Baghat Urban Co-operative Bank Limited, Solan, Himachal Pradesh (the bank) for non-compliance with certain directions issued by RBI contained in the [Master Circular DCBR.BPD. \(PCB\) MC No.12/09.14.000/2015-16 dated July 01, 2015](#) on 'Income Recognition, Asset Classification, Provisioning and Other Related Matters – UCBs' and the [Master Circular DCBR.CO.BPD. \(PCB\) MC No.13/13.05.000/2015-16 dated July 01, 2015](#) on 'Exposure Norms and Statutory / Other Restrictions – UCBs'. 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 with/violation of the aforesaid directions, viz., non-identification of NPAs, wrong classification of assets, inadequate provisions made due to wrong classification of assets and non-adherence to exposure norms for housing, real estate and commercial real estate (CRE). 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 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 charges of non-adherence with /violation of RBI directions were substantiated and warranted imposition of monetary penalty.