

**भारतीय रिज़र्व बैंक**
RESERVE BANK OF INDIAवेबसाइट : www.rbi.org.in/hindiWebsite : www.rbi.org.inई-मेल/email : helpdoc@rbi.org.in

संचार विभाग, केंद्रीय कार्यालय, शहीद भगत सिंह मार्ग, फोर्ट, मुंबई - 400 001

Department of Communication, Central Office, Shahid Bhagat Singh Marg, Fort, Mumbai - 400 001 फोन/Phone: 022 - 2266 0502

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RBI imposes monetary penalty on The Waghodia Urban Co-operative Bank Ltd., Dist. Vadodara, Gujarat

The Reserve Bank of India (RBI) has imposed, by an Order dated August 22, 2023, a monetary penalty of ₹5.00 lakh (Rupees Five Lakh only) on The Waghodia Urban Co-operative Bank Ltd., Dist. Vadodara, Gujarat (the bank) for non-compliance with the directions issued by RBI on 'Loans and advances to directors, relatives and firms/concerns in which they are interested' read with 'Loans and advances to directors etc. – directors as surety / guarantors – clarification'; 'Placement of Deposits with Other Banks by Primary (Urban) Co-operative Banks (UCBs)' and 'Reserve Bank of India (Co-operative Banks - Interest Rate on Deposits) Directions, 2016'. This penalty has been imposed in exercise of powers vested in the RBI under the provisions of Section 47 A (1) (c) read with Sections 46 (4) (i) and Section 56 of the Banking Regulation Act, 1949.

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 was conducted by RBI with reference to its financial position as on March 31, 2022, and examination of the Inspection Report, Risk Assessment Report pertaining thereto and all related correspondence pertaining to the same, revealed, *inter alia*, that the bank (i) had sanctioned credit facilities to individuals where the relatives of its directors stood as guarantor, (ii) had breached prudential inter-bank counter-party exposure limit, (iii) had not paid interest on matured recurring deposits from the date of maturity till the date of repayment at the rate applicable to saving deposits or at the contracted rate of interest, whichever is lower, and (iv) had not paid interest on term deposits for the Sundays/ holidays/ non-business working days, on which the same had matured and which were repaid on the succeeding working days. 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 directions, as stated therein.

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