

प्रेस प्रकाशनी PRESS RELEASE



भारतीय रिज़र्व बैंक  
RESERVE BANK OF INDIA

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21 May, 2024

## RBI imposes monetary penalty on The Urban Co-operative Bank Ltd., Budaun

The Reserve Bank of India (RBI) has, by an order dated May 14, 2024, imposed a monetary penalty of ₹7.00 lakh (Rupees Seven lakh only) on The Urban Co-operative Bank Ltd., Budaun (the bank) for contravention of the provisions of section 26 A (2) read with section 56 of the Banking Regulation Act, 1949 (BR Act), for non-compliance with the specific directions issued by RBI under Supervisory Action Framework (SAF) and with the direction issued by RBI on 'Investments by Primary (Urban) Co-operative Banks'. This penalty has been imposed in exercise of powers vested in RBI, conferred under the provisions of section 47A(1)(c) read with sections 46(4)(i) and 56 of the BR Act.

The statutory inspection of the bank was conducted by RBI with reference to its financial position as on March 31, 2022. Based on supervisory findings of non-compliance with statutory provision/ RBI directions and related correspondence in that regard, a notice was issued to the bank advising it to show cause as to why penalty should not be imposed on it for its failure to comply with the said provisions/ directions.

After considering the bank's reply to the notice and oral submissions made by it during the personal hearing, RBI found, *inter alia*, that the following charges against the bank were sustained, warranting imposition of monetary penalty to the extent of non-compliance. The bank had (i) not transferred eligible amounts to the Depositor Education and Awareness Fund within the prescribed period, (ii) offered interest rates higher than those offered by the State Bank of India on deposits of various tenors and sanctioned fresh loans and advances carrying risk weights more than 100% in violation of specific instructions issued under SAF, and (iii) breached the prudential inter-bank exposure limit on a gross as well as counterparty basis.

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. Further, imposition of this monetary penalty is without prejudice to any other action that may be initiated by RBI against the bank.

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(Puneet Pancholy)  
Chief General Manager