



भारतीय रिज़र्व बैंक

RESERVE BANK OF INDIA

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

DEPARTMENT OF COMMUNICATION, Central Office, S.B.S.Marg, Mumbai-400001

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February 09, 2017

**Directions under Section 35A of the Banking Regulation Act, 1949 (AACS) –
Lokseva Sahakari Bank Ltd., Pune, Maharashtra.**

Lokseva Sahakari Bank Ltd., Pune, Maharashtra, was placed under directions vide directive dated May 19, 2014 from the close of business on May 20, 2014. The validity of the directions were extended from time to time vide subsequent directives last being vide order dated November 11, 2016 and is valid upto May 19, 2017 subject to review.

The public is hereby advised that the Directive so issued to Lokseva Sahakari Bank Ltd., Pune on May 19, 2014 as modified from time to time have been partially modified vide our directive dated January 25, 2017 and shall continue to apply to the bank for a period upto May 19, 2017, subject to review. Modifications are as under :

- (i) The bank is allowed to set off loans against deposits, if the terms and conditions of the loan agreement with the borrower provide that the amount in his specific deposit account (by whatever name called) may be allowed to be appropriated / adjusted by the bank towards his loan account, such appropriation / adjustment to the extent of outstanding balance in loan account is permitted subject to following additional conditions:
 - a. The accounts have to be KYC compliant as on the date of adjustment.
 - b. Deposits held by a third party including but not limited to Guarantor/s / sureties are not permitted to be adjusted.
 - c. This option should be exercised under due notice to/ consent of the depositor normally in cases where further delay in setting off may result in the loan account becoming NPA. For setting off standard loans (being serviced regularly) and any divergence from the terms and conditions of loan agreement, prior written consent of the depositor - borrower would be necessary.
 - d. The deposit or its set off should not be subject to any restrictions such as attachment order / prohibitory order of Court of law or statutory authority or other authority empowered under law, earnest money deposit, obligation of trust, third party lien, under provision of the State Cooperative Societies Act etc.
- (ii) The bank is allowed to renew existing loan limits of standard and secured CC accounts other than the Director related loans, if any, as per existing terms and conditions.

A copy of the directive dated January 25, 2017 notifying the above modifications is displayed at the bank's premises for the perusal of public. The aforesaid modifications by the Reserve Bank of India should not per-se be construed to imply that Reserve Bank of India is satisfied of substantive improvement in the financial position of the bank.