



**भारतीय रिज़र्व बैंक**  
**RESERVE BANK OF INDIA**

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**RBI imposes monetary penalty on The Sutex Co-operative Bank Ltd., Surat (Gujarat)**

The Reserve Bank of India (RBI) has imposed, by an order dated April 27, 2023, a monetary penalty of ₹10.00 lakh (Rupees Ten Lakh only) on The Sutex Co-operative Bank Ltd., Surat (Gujarat) (the bank) for contravention of directions issued by RBI on 'Loans and advances to directors, relatives and firms / concerns in which they are interested' and 'Placement of Deposits with Other Banks by Primary (Urban) Co-operative Banks (UCBs)'. 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 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 statutory inspection of the bank conducted by RBI with reference to its financial position as on March 31, 2022, the Inspection Report and Risk Assessment Report pertaining thereto and examination of all related correspondence revealed, inter alia, that the bank had (i) sanctioned a loan to relative of one of its directors and (ii) breached prudential inter-bank (gross) exposure norms, resulting in contravention of aforesaid directions issued by RBI. 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 non-compliance with the directions issued by RBI.

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