

प्रेस प्रकाशनी PRESS RELEASE



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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Website : www.rbi.org.in

ई-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

December 16, 2024

RBI imposes monetary penalty on Vaishya Sahakari Bank Limited, Mumbai, Maharashtra

The Reserve Bank of India (RBI) has, by an order dated December 12, 2024, imposed a monetary penalty of ₹5.96 lakh (Rupees Five lakh ninety six thousand only) on Vaishya Sahakari Bank Ltd., Mumbai, Maharashtra (the bank) for non-compliance with the directions issued by RBI on 'Priority Sector Lending (PSL) - Targets and Classification' and specific directions issued by RBI on making contribution to the Micro and Small Enterprises (MSE) Refinance Fund due to shortfall in achievement of PSL. This penalty has been imposed in exercise of powers conferred on RBI under the provisions of Section 47A(1)(c) read with Sections 46(4)(i) and 56 of the Banking Regulation Act, 1949.

The bank was directed by RBI through specific directions, to deposit a certain amount in the MSE Refinance Fund administered by Small Industries Development Bank of India (SIDBI) against the shortfall in achievement of PSL target for the Financial Year (FY) 2022-23. On failure to deposit the prescribed amount, a cautionary letter was issued by RBI advising the bank to deposit the requisite amount, but the bank failed to deposit the same. Based on the above-mentioned non-compliance 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 specific directions.

After considering the bank's reply to the notice and oral submissions made during the personal hearing, RBI found, *inter alia*, that the charge of failure to deposit the prescribed amount in the MSE Refinance Fund maintained with SIDBI against the shortfall in achievement of PSL target for FY 2022-23 within the prescribed time and even after the issuance of cautionary letter, was sustained, warranting imposition of monetary penalty.

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.

(Puneet Pancholy)

Chief General Manager

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