



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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

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February 28, 2017

**Directions under Section 35A of the Banking Regulation Act, 1949 (AACs) –
Maratha Sahakari Bank Ltd., Mumbai, Maharashtra**

Reserve Bank issued Directions under Section 35 A of the Banking Regulation Act, 1949 (As Applicable to Co-operative Societies) to Maratha Sahakari Bank Ltd., Mumbai dated August 31, 2016 for a period of 6 months, (i.e. up to February 28, 2017) which was modified vide subsequent Directive dated September 07, 2016. The Directions are valid for a period of six months up to February 28, 2017 subject to review. In terms of the existing Directions, among other conditions, a sum not exceeding ₹ 5,000/- of the total balance in every savings bank or current bank or any other deposit account by whatever name called, was allowed to be withdrawn by a depositor.

The Reserve Bank of India has reviewed the financial position of the said bank and considered it necessary in the public interest to modify the aforesaid directions.

Accordingly, in exercise of powers vested in it under sub-sections (1) and (2) of Section 35A of the Banking Regulation Act, 1949 read with section 56 of the B.R. Act, 1949, Reserve Bank hereby directs that- Paragraph 1(i) of the Directives so issued to Maratha Sahakari Bank Ltd., Mumbai on August 31, 2016 and September 07, 2016 be modified as under:

“i. A sum not exceeding ₹ 20,000/- (Rupees Twenty Thousand only) in every savings bank account or current account or term deposit account or any other deposit account (by whatever name called); may be allowed to be withdrawn by depositor, provided that wherever such depositor is having liability to the bank in any manner, i.e. either as a borrower or surety, including loans against the bank deposits, the amount may be adjusted first to the relevant borrowal account/s. The amount required to pay the depositors should be kept by the bank separately in an escrow account and/or in earmarked securities which will be utilized by the bank only to pay to the depositors as per the revised directions.”

ii. 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/her specific deposit account (by whatever name called) may be appropriated / adjusted by the bank towards his/her loan account; such appropriation / adjustment to the extent of outstanding balance in loan account may be done 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 will not be permitted to be adjusted
- c. This option should be exercised under due notice to 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 Co-operative Societies Act etc.

Further, we advise that the validity of the Directions has been further extended by a period of six months up to August 31, 2017.

A copy of the directive dated February 23, 2017 notifying the above extension and modification is displayed at the bank’s premises for the perusal of public.

The aforesaid extension and/or modification 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.

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