



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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Reserve Bank of India imposes monetary penalty on Swarna Bharathi Sahakara Bank Niyamitha, Bengaluru

The Reserve Bank of India (RBI) has imposed, by order dated July 25, 2019, monetary penalty of ₹10 lakh on Swarna Bharathi Sahakara Bank Niyamitha, Bengaluru (the bank) for non-compliance with directions issued by RBI on 'collection of third party account payee cheques'.

The penalty has been imposed in exercise of powers vested in RBI under the provisions of Section 47A(1)(c) read with sections 46(4)(i) and 56 of the Banking Regulation Act, 1949, taking into account 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

Based on the complaints received by the Reserve Bank of India (RBI), a scrutiny of the books and accounts of Swarna Bharathi Sahakara Bank Niyamitha, Bengaluru (the bank) was conducted by RBI, which revealed that the bank was, *inter alia*, collecting third party account payee cheques drawn in favour of members of credit societies for amounts exceeding ₹50,000 in contravention of RBI directions. A notice was issued to the bank, as to why penalty should not be imposed upon the bank for non-compliance with the aforementioned directions issued by RBI.

After considering the bank's reply, oral submissions made during the personal hearing and additional submission made by the bank after the personal hearing, RBI came to the conclusion that the aforesaid charge of non-compliance with RBI directions were sustained and warranted imposition of monetary penalty.