

**भारतीय रिज़र्व बैंक**  
**RESERVE BANK OF INDIA**वेबसाइट : [www.rbi.org.in/hindi](http://www.rbi.org.in/hindi)Website : [www.rbi.org.in](http://www.rbi.org.in)ई-मेल/email : [helpdoc@rbi.org.in](mailto:helpdoc@rbi.org.in)

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June 26, 2023

**RBI imposes monetary penalty on Textile Traders Co-operative Bank Ltd., Ahmedabad (Gujarat)**

The Reserve Bank of India (RBI) has, by an Order dated June 19, 2023, imposed a monetary penalty of ₹4.50 lakh (Rupees Four Lakh Fifty Thousand only) on Textile Traders Co-operative Bank Ltd., Ahmedabad (Gujarat) (the bank) for contravention of directions issued by RBI on 'Co-operative Banks - Interest Rate on Deposits', 'Customer Protection – Limiting Liability of Customers of Co-operative Banks in Unauthorized Electronic Banking Transactions', and 'Know Your Customer (KYC)'. 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 was conducted by RBI with reference to the bank's financial position as on March 31, 2022, and examination of the Inspection Report, Risk Assessment Report and all related correspondence pertaining to the same revealed, *inter alia*, that the bank had not paid interest (i) on balances lying in current account standing in name of deceased individual depositors or sole proprietorship concerns (ii) on term deposits maturing on Sunday / holiday / non-business working day at the originally contracted rate, (iii) on term deposits which were withdrawn prematurely; (b) (i) not provided the direct link on the homepage of the bank's website to customers for reporting of the unauthorised electronic transactions, (ii) not provided the facility to customers of replying to the SMS's and emails sent by the bank for instantly reporting of unauthorised electronic transactions; (c) failed to adhere to the directions on KYC norms when it did not have a system in place for periodic review of risk categorization of accounts. In furtherance to the same, a notice was issued to the bank advising it to show cause as to why penalty should not be imposed for contravention of the aforesaid directions issued by RBI.

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