

**भारतीय रिज़र्व बैंक**
RESERVE BANK OF INDIAवेबसाइट : www.rbi.org.in/hindiWebsite : www.rbi.org.inई-मेल/email : helpdoc@rbi.org.in

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June 26, 2023

**RBI imposes monetary penalty on The Berhampur
Co-operative Urban Bank Ltd., Odisha**

The Reserve Bank of India (RBI) has imposed, by an order dated June 21, 2023, a monetary penalty of ₹1.00 lakh (Rupees One lakh only) on The Berhampur Co-operative Urban Bank Ltd., Odisha (the bank) for contravention of directions issued by RBI on (i) 'Exposure Norms and Statutory/Other Restrictions - UCBs' and (ii) 'Know Your Customer (KYC)'. This penalty has been imposed in exercise of powers vested in RBI under the provisions of Section 47 A (1) (c) read with Section 46 (4) (i) and Section 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 inspection report of the bank based on its financial position as on March 31, 2022 revealed, *inter alia*, that the bank had failed to (i) comply with the RBI directions on prudential inter-bank (gross) exposure limit and prudential inter-bank counterparty limit, (ii) allot Unique Customer Identification Codes (UCIC) to its individual customers; and (iii) adopt any system of periodic review of risk categorization of accounts. 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.

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