



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

वेबसाइट : www.rbi.org.in/hindi

Website : www.rbi.org.in

ई-मेल/email : helpdoc@rbi.org.in

संचार विभाग, केंद्रीय कार्यालय, शहीद भगत सिंह मार्ग, फोर्ट, मुंबई-400001

Department of Communication, Central Office, Shahid Bhagat Singh Marg, Fort, Mumbai-400001 फोन/Phone: 022- 22660502

March 27, 2024

**RBI imposes monetary penalty on The Rajapalayam Co-operative Urban Bank Ltd.,
Rajapalayam, Tamil Nadu**

The Reserve Bank of India (RBI) has, by an order dated February 28, 2024, imposed a monetary penalty of ₹75,000/- (Rupees Seventy Five thousand only) on The Rajapalayam Co-operative Urban Bank Ltd., Rajapalayam, Tamil Nadu (the bank) for non-compliance with RBI directions on 'Board of Directors - UCBs' read with 'Loans and advances to directors, their relatives, and firms/concerns in which they are interested' and 'Exposure Norms and Statutory / Other Restrictions – UCBs'. This penalty has been imposed in exercise of powers vested in RBI, conferred under the provisions of section 47A (1) (c) read with section 46(4)(i) and section 56 of the Banking Regulation Act, 1949.

The statutory inspection of the bank was conducted by RBI with reference to its financial position as on March 31, 2022. Based on supervisory findings of non-compliance with RBI directions 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 said directions.

After considering the bank's reply to the notice and oral submissions made by it during the personal hearing, RBI found, inter alia, that the following charges were sustained, warranting imposition of monetary to the extent of non-compliance. The bank had (i) extended loans to the relatives of directors, and (ii) sanctioned loans to nominal members in excess of the prescribed ceiling.

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.

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(Yogesh Dayal)
Chief General Manager