



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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April 27, 2021

RBI imposes monetary penalty on Himachal Pradesh State Co-operative Bank Ltd., Shimla

The Reserve Bank of India (RBI) has, by an order dated April 27, 2021, imposed a monetary penalty of ₹40.00 Lakh (Rupees Forty Lakh only) on Himachal Pradesh State Co-operative Bank Ltd., Shimla (the bank) for non-compliance with regulatory directions issued by NABARD contained in "Review of Frauds - Guidelines on Monitoring and Reporting System". This penalty has been imposed in exercise of powers vested in RBI under section 47A(1)(c) read with sections 46(4)(i) and 56 of the Banking Regulation Act, 1949.

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 conducted by the National Bank for Agriculture and Rural Development (NABARD) with reference to the bank's financial position as on March 31, 2019 and the Inspection Report (IR) pertaining thereto, and examination of all related correspondence regarding reporting of frauds, revealed, inter alia, non-compliance with aforesaid directions issued by NABARD, in contravention of the provisions of the Act. 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 provisions of the Act/ directions issued by NABARD. After considering the bank's reply to the notice and oral submissions made in the personal hearing, RBI came to the conclusion that the aforesaid charge was substantiated and warranted imposition of monetary penalty.

Press Release: 2021-2022/120

(Yogesh Dayal)
Chief General Manager