



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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January 10, 2022

Reserve Bank of India imposes monetary penalty on Gayatri Co-operative Urban Bank Ltd., Jagtial, Telangana State

The Reserve Bank of India (RBI) has imposed, by an order dated January 4, 2022, a monetary penalty of ₹1.00 lakh (Rupees one lakh only) on Gayatri Co-operative Urban Bank Ltd., Jagtial, Telangana (the bank) for contravention of / non-compliance with provisions of Section 9 read with Section 56 Banking Regulation Act, 1949 (the Act) and certain provisions of the directions issued by RBI contained in the Master Circular on Exposure Norms and Statutory / Other Restrictions – UCBs. 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 Act taking into account, the failure of the bank to adhere to the aforesaid requirements.

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, 2019 revealed, *inter alia* contravention of section 9 read with section 56 of the Act by holding non-banking asset beyond the permissible period without approval from RBI and non-compliance with RBI directions prescribing ceiling on sanctioning of unsecured advances to individual borrowers. 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 contraventions of the statutory provision/non-compliance with RBI directions.

After considering the bank's written reply and oral submissions made during the personal hearing, RBI came to the conclusion that the aforesaid charge of contravention of the statutory provision/non-compliance with RBI directions were substantiated and warranted imposition of monetary penalty, to the extent of such contravention/non-compliance.