

Date: 01/07/2024

RBI imposes monetary penalty on The Gujarat Rajya Karmachari Co-operative Bank Ltd., Ahmedabad, Gujarat

The Reserve Bank of India (RBI) has, by an order dated June 25, 2024, imposed a monetary penalty of ₹7.50 lakh (Rupees Seven lakh Fifty thousand only) on The Gujarat Rajya Karmachari Co-operative Bank Ltd., Ahmedabad, Gujarat (the bank) for non-compliance with the directions issued by RBI on '**Financial Statements - Presentation and Disclosures**', 'Placement of Deposits with Other Banks by Primary (Urban) Co-operative Banks (UCBs)', '**Co-operative Banks - Interest Rate on Deposits**' and contravention of the provisions of sub-section (2) of section 35 read with section 56 of the Banking Regulation Act, 1949 (BR Act). This penalty has been imposed in exercise of powers vested in RBI, conferred under the provisions of section 47A(1)(c) read with sections 46(4)(i) and 56 of the BR Act as well as provisions of section 47A(1)(a) read with sections 46(2) and 56 of the BR Act.

The statutory inspection of the bank was conducted by RBI with reference to its financial position as on March 31, 2023. Based on supervisory findings of non-compliance with statutory provision / 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 and provisions of the BR Act. 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 against the bank were sustained, warranting imposition of monetary penalty. The bank had (i) not disclosed the penalty imposed by RBI in the 'Notes to Accounts' to the balance sheet in its Annual Report; (ii) not provided documents and complete information pertaining to the affairs of the bank, required by the RBI inspecting officer(s); (iii) breached prudential inter-bank (counterparty) exposure limit and (iv) not paid interest on matured term deposits from the date of maturity till the date of their repayment at the applicable rate.

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.

(Puneet Pancholy)
Chief General Manager

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