

Date: 14/08/2023

RBI imposes monetary penalty on Baroda Gujarat Gramin Bank, Vadodara (Gujarat)

The Reserve Bank of India (RBI) has imposed, by an order dated August 07, 2023, a monetary penalty of ₹5.00 lakh (Rupees Five Lakh only) on Baroda Gujarat Gramin Bank, Vadodara (Gujarat) (the bank) for contravention of directions issued by NABARD on 'Frauds - Guidelines for Classification, reporting and Monitoring of Frauds'. This penalty has been imposed in exercise of powers vested in the RBI under the provisions of Section 47 A (1) (c) read with Sections 46 (4) (i) and 51 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 NABARD with reference to its financial position as on March 31, 2021, the Inspection Report pertaining thereto and examination of all related correspondence revealed, *inter alia*, that the bank did not report five fraud cases to NABARD within prescribed timeline, resulting in contravention of aforesaid directions issued by NABARD. 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, as stated therein.

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

(Yogesh Dayal)
Chief General Manager

Press Release: 2023-2024/752

[Top](#)