

**भारतीय रिज़र्व बैंक**  
**RESERVE BANK OF INDIA**वेबसाइट : [www.rbi.org.in/hindi](http://www.rbi.org.in/hindi)Website : [www.rbi.org.in](http://www.rbi.org.in)ई-मेल/email : [helpdoc@rbi.org.in](mailto:helpdoc@rbi.org.in)

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October 28, 2024

**RBI imposes monetary penalty on The Vaijapur Merchants Co-operative Bank Limited, Vaijapur, Maharashtra**

The Reserve Bank of India (RBI) has, by an order dated October 21, 2024, imposed a monetary penalty of ₹7.50 lakh (Rupees Seven lakh fifty thousand only) on The Vaijapur Merchants Co-operative Bank Limited, Vaijapur, Maharashtra (the bank), for non-compliance with specific directions issued by RBI under Supervisory Action Framework (SAF) and with the certain directions issued by RBI on 'Know Your Customers (KYC) norms'. This penalty has been imposed in exercise of powers vested in RBI, conferred under 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, 2023. 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 and examination of additional submissions made by it, RBI found, *inter alia*, that the following charges against the bank were sustained, warranting imposition of monetary penalty:

The bank had:

- made donation to certain entity and offered higher interest rates on deposits (fresh/renewal) than those offered by State Bank of India in non-adherence to directions issued under SAF.
- failed to put in place a robust software to throw alerts as part of effective identification and reporting of suspicious transactions.

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.

Press Release: 2024-2025/1388

**(Puneet Pancholy)**  
Chief General Manager