



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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November 28, 2024

RBI imposes monetary penalty on The Periyakulam Co-operative Urban Bank Ltd., Tamil Nadu

The Reserve Bank of India (RBI) has, by an order dated November 25, 2024, imposed a monetary penalty of ₹2,00,000/- (Rupees Two Lakh only) on The Periyakulam Co-operative Urban Bank Ltd., Tamil Nadu (the bank) for non-compliance with specific directions issued by RBI under 'Supervisory Action Framework (SAF)' and certain directions issued by RBI on 'Issue and regulation of share capital and securities – Primary (Urban) Co-operative Banks' and 'Prudential Norms on Capital Adequacy – UCBs'. This penalty has been imposed in exercise of powers conferred on RBI, under the provisions of Section 47A(1)(c) read with Sections 46(4)(i) and 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 above cited RBI directions issued under SAF, certain other 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 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) sanctioned loans beyond the eligible single borrower exposure limit, sanctioned fresh loans and advances carrying risk weights more than 100% and offered interest rates on deposits higher than those offered by State Bank of India, in non-adherence to directions issued under SAF;
- ii) refunded the share capital to members despite the CRAR being less than the regulatory minimum of 9%; and
- iii) not adhered to share linking norms in respect of jewel loans.

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.