



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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May 14, 2024

RBI imposes monetary penalty on The Vaijapur Merchants Co-operative Bank Ltd., Vaijapur, Maharashtra

The Reserve Bank of India (RBI) has by an order dated April 25, 2024, imposed a monetary penalty of ₹2.50 lakh (Rupees Two lakh Fifty thousand only) on The Vaijapur Merchants Co-operative Bank Ltd., Vaijapur, Maharashtra (the bank), for contravention of specific directions issued by RBI under Supervisory Action Framework (SAF). 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, 2022. 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, as stated therein.

After considering the bank's reply to the notice, RBI found, *inter alia*, that the charge of sanctioning fresh hypothecation loan beyond revised exposure limit in violation of specific directions issued under Supervisory Action Framework (SAF) was sustained, warranting imposition of monetary penalty.

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.

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(Puneet Pancholy)
Chief General Manager