



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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March 18, 2021

RBI imposes monetary penalty on Priyadarshini Urban Co-operative Bank Ltd, Adoni, Kurnool District, Andhra Pradesh

The Reserve Bank of India (RBI) has imposed, by an order dated March 17, 2021, a monetary penalty of ₹10.00 lakh (Rupees ten lakh only) on Priyadarshini Urban Co-operative Bank Ltd, Adoni, Kurnool District, Andhra Pradesh (the bank) for contravention of / non-compliance with the directions issued by RBI on sanction of loans to Directors of the Bank, "Income Recognition and Asset Classification norms", and "Exposure Norms and Statutory / Other restrictions – UCBs". This penalty has been imposed on the bank in exercise of powers vested in RBI under the provisions of Section 47 A (1) (c) read with Section 46 (4) (i) and Section 56 of the Banking Regulation Act, 1949 (AACS) taking into account the failure of the bank to adhere to the aforesaid directions issued by RBI.

This action is based on the 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 Inspection report of the bank based on its financial position as on March 31, 2019 revealed, *inter alia*, contravention of/non-compliance with the directions issued by Reserve Bank of India (RBI) on Sanction of Loans to Directors, Income Recognition, Asset Classification, Provisioning Norms and Exposure Norms. 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 contravention of/ non-compliance with the directions.

After considering the bank's written reply and the oral submissions made during the Personal Hearing, RBI came to the conclusion that the aforesaid charges of non-compliance with RBI directions were substantiated and warranted imposition of monetary penalty.