



**भारतीय रिज़र्व बैंक**  
**RESERVE BANK OF INDIA**

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कार्यपालक निदेशक  
Executive Director

DoS.CO.UCB.BSD-III. D - 2 /12.23.283/2019-20

January 2, 2020

**Directions under Section 35 A of the Banking Regulation Act, 1949**  
**(As Applicable to Co-operative Societies)**  
**Sri Gururaghavendra Sahakara Bank Niyamitha, Bengaluru, Karnataka**

The Reserve Bank of India is satisfied that, in the interest of the public, it is necessary to issue certain directions to Sri Gururaghavendra Sahakara Bank Niyamitha, Bengaluru, Karnataka. Accordingly, the Reserve Bank of India, in exercise of the powers vested in it under sub-section (1) of Section 35A of the Banking Regulation Act, 1949 (As Applicable to Co-operative Societies) read with Section 56 of the Banking Regulation Act, 1949, hereby directs that Sri Gururaghavendra Sahakara Bank Niyamitha, Bengaluru, Karnataka from the close of business on January 10, 2020 shall not, without prior approval in writing from the Reserve Bank of India, grant or renew any loans and advances, make any investment, incur any liability including borrowal of funds and acceptance of fresh deposits, disburse or agree to disburse any payment whether in discharge of its liabilities and obligations or otherwise, enter into any compromise or arrangement and sell, transfer or otherwise dispose of any of its properties or assets except to the extent and in the manner provided hereunder:

- i. A sum not exceeding ₹ 35000/- (Rupees Thirty five thousand only) of the total balance in every savings bank or current account or any other deposit account by whatever name called, may be allowed to be withdrawn by a depositor provided that wherever such depositor is having liability to the bank in any manner, i.e., either as a borrower or surety, the amount may be adjusted first to the relevant borrowal account/s;
- ii. May renew the existing term deposits on maturity in the same name and same capacity;

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हिंदी आसान है, इसका प्रयोग बढ़ाइए



- iii. May incur expenditure that may be required to be met by the bank in respect of the following items:
- a. Salaries of employees;
  - b. Rent, rates and taxes;
  - c. Electricity bills;
  - d. Printing, stationery, etc.;
  - e. Postage, etc.;
  - f. Legal expenses comprising stamp duty/registration charges/ arbitration fees which are payable at rates stipulated in the statutes concerned or rules of Court/ Registrar of Cooperative Society/ Debt Recovery Tribunal;
  - g. Court fee in compliance with the court orders/under provisions of statutes; and
  - h. Payment of fees to lawyers not exceeding ₹ 5000/- (Rupees Five Thousand only) in each case.
- iv. May pay premium payable to the Deposit Insurance and Credit Guarantee Corporation;
- v. May incur expenditure on any other item in so far as it is in the opinion of the bank, necessary for carrying on the day-to-day administration of the bank provided that total expenditure on any item in the calendar month shall not exceed the average monthly expenditure on account of that item during the period of six months preceding the date of the directive or, if no expenditure has been incurred on account of that item in the past, it should not exceed a sum of ₹ 1000/- (Rupees One thousand only);
- vi. May make investments in Government/SLR-approved securities;
- vii. May accept contribution towards capital from the existing members of the bank, under advice to RBI on a monthly basis;
- viii. Make payment in respect of gratuity/provident fund benefits to its retiring employees;
- ix. Make payment in respect of leave encashment and superannuation benefits to retiring/retired employees with the approval of RBI;
- x. Shall not incur or extinguish any other liability unless specifically approved in writing by the Reserve Bank of India.



2. The bank is allowed to set off loans against deposits, if the terms and conditions of the loan agreements with the borrower provided that the amount in his specific deposit account (by whatever name called) may be appropriated / adjusted by the bank towards his loan account. Such appropriation / adjustment to the extent of outstanding balance in loan account may be done subject to following conditions:

- a. The accounts have to be KYC compliant as on the date of adjustment;
- b. Deposits held by a third party including but not limited to guarantor(s)/sureties will not be permitted to be adjusted;
- c. This option should be exercised under due notice to the depositor, normally in cases where further delay in setting off may result in the loan account becoming NPA. For setting off standard loans (being serviced regularly) and any divergence from the terms and conditions of loan agreement, prior written consent of the depositor-borrower would be necessary; and
- d. The deposit or its set off should not be subject to any restrictions such as attachment order/ prohibitory order of a Court of law or statutory authority or other authority empowered under law, earnest money deposit, obligation of trust, third party lien, under the provisions of the State Cooperative Societies Act, etc.

3. A copy of this Directive should be forwarded to each depositor by the bank and should also be displayed on the home page of the bank's website.

4. The Reserve Bank of India further directs that Sri Gururaghavendra Sahakara Bank Niyamitha, Bengaluru, Karnataka shall submit to the General Manager, Department of Supervision (UCB), Reserve Bank of India, Bengaluru Regional Office, 10/3/8, Nrupathunga Road, P/B.No.5647, Benagluru-560001 such statements relating to its operations as may be prescribed by the Reserve Bank of India in this behalf.

5. These directions shall remain in force for a period of six months from the close of business on January 10, 2020 and are subject to review.

(Dr. Rabi N Mishra)  
Executive Director