



EC No. 32/ DoS- 05/ 2022

28 February 2022

Ref. No. NB. DoS. HO. Policy/ 4452/ J-1/ 2021-22

The Managing Director/ Chief Executive Officer,
All State Cooperative Banks/
All District Central Cooperative Banks

Dear Sir/Madam

**Violation of Section 19 of
Banking Regulation Act, 1949 (AACS) by StCBs and DCCBs**

Please refer to our Circular Number 207/ DoS.42/ 2009 dated 09 December 2009, specifying relaxations and restrictions on holding of shares by Cooperative Banks in other Cooperative societies. You may also refer to our Circular No. 280/ DoS-41/ 2020 dated 12 October 2020, which, inter alia, reiterated that retirement of shares in other Cooperative societies is mandatory, barring the exemptions provided in our Circular dated 09 December 2009.

2. It has, however, been observed by us that many StCBs and DCCBs have invested in the shares of other cooperative societies/ institutions and have not retired the shares, as stipulated by the Reserve Bank of India (RBI). It is once again reiterated that non-compliance with the Statutory/ Regulatory provisions are being viewed seriously by RBI/ NABARD, irrespective of the amount involved in the same. In case of non-compliance to such provisions, banks are liable to attract enforcement action, including levying of penalty, issuance of directions by the RBI, etc. Banks are once again advised to follow instructions issued vide our Circulars dated 09 December 2009 and 12 October 2020 scrupulously.

3. Please acknowledge receipt of this circular to our Regional Office concerned.

Yours faithfully

Sd/-
(K.S. Raghupathi)
Chief General Manager

राष्ट्रीय कृषि और ग्रामीण विकास बैंक

National Bank for Agriculture and Rural Development

पर्यवेक्षण विभाग

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