

## Bad news for depositors! RBI restricts cash withdrawals up to Rs 35,000 in this cooperative bank

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The maximum cash withdrawal limit for Sri Gururaghavendra Sahakara Bank Niyamitha (SGRSBN) now stands at Rs 35,000, till further direction of the RBI.



As per RBI, the directions shall remain in force for a period of six months from the close of business of January 10, 2020

The Reserve Bank of India (RBI) has put restrictions on cash withdrawals for the account holders of a bank in Bengaluru, Karnataka. RBI has issued certain directions to Sri Gururaghavendra Sahakara Bank Niyamitha (SGRSBN) bank, whereby, as from the close of business on January 10, 2020, the bank will not be able to grant or renew any loans and advances, make any investment, incur any liability, including borrowing of funds and acceptance of fresh deposits.

The bank has also been stopped from disbursing 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. In particular, a sum not exceeding Rs 35,000 of the total balance in every savings bank or current account or any other deposit account will only be allowed to be withdrawn. The maximum cash withdrawal limit for SGRSBN bank stands at Rs 35,000.

The directions by the RBI should not be construed as cancellation of banking license by RBI. The bank will continue to undertake banking business with restrictions till its financial position improves. As per RBI, the directions shall remain in force for a period of six months from the close of business of January 10, 2020 and are subject to review. The RBI had earlier issued written directions to the bank on January 2, 2020.

Sri Gururaghavendra Sahakara Bank Niyamitha is an urban cooperative bank and the RBI has issued directions in exercise of powers vested in it under sub section (1) of Section 35 A of the Banking Regulation Act, 1949, read with Section 56 of the Banking Regulation Act, 1949 (AACS). As per the bank's website, the rate of interest on deposits of '1 year to less than 2 years' was 8 per cent per annum and 8.5 per cent per annum on deposits of '2 years up to 5 years'.

The last time the RBI had issued directions were regarding the Punjab and Maharashtra Cooperative (PMC) Bank Limited, Mumbai, Maharashtra when the cash withdrawals were restricted for the account holders.

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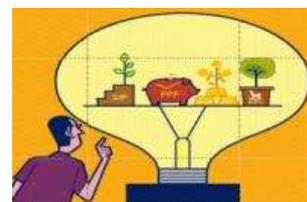
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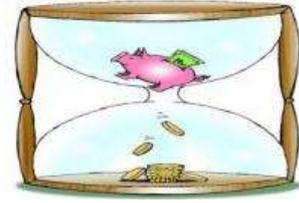
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