



The Reserve Bank of India (RBI) has, by an order dated June 05, 2024, imposed a monetary penalty of ₹25,000/- (Rupees Twenty-five thousand only) on Vishwakalyan Sahakara Bank Niyamit, Hubli, Karnataka (the bank) for non-compliance with certain directions issued by RBI on 'Exposure Norms & Statutory/Other Restrictions-UCBs'. This penalty has been imposed in exercise of powers vested in RBI, conferred under the provisions of section 47A(1)(c) read with sections 46(4)(i) and 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 direction. After considering the bank's reply to the notice and oral submissions made by it during the personal hearing, RBI found, inter alia, that the charge of non-adherence to prudential inter-bank (Gross) and counter party exposure limit 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.

In terms of [GOI Notification F.No. 4\(25\) - W&M/2017 dated October 06, 2017](#) (SGB 2017-18 Series XI-Issue date December 11, 2017) and in terms of GOI Notification F.No.4(7) – B(W&M)/2019 dated May 30, 2019 (SGB 2019-20 Series I-Issue date June 11, 2019) on Sovereign Gold Bond Scheme, premature redemption of Gold Bond may be permitted after fifth year from the date of issue of such Gold Bond on the date on which interest is payable. Accordingly, the next due date of premature redemption of the above tranches shall be on June 11, 2024.

2. Further, the redemption price of SGB shall be based on simple average of closing gold price of 999 purity of previous three business days from the date of redemption as published by the India Bullion and Jewellers Association Ltd (IBJA). Accordingly, the redemption price for premature redemption due on June 11, 2024, shall be ₹ 7195/- (Rupees Seven thousand one hundred and ninety-five only) per unit of SGB based on the simple average of closing gold price for the three business days i.e., June 06, June 07, and June 10, 2024.

2. GoI will have the option to retain additional subscription up to ₹2,000 crore against each security mentioned above.

3. The securities will be sold through Reserve Bank of India Mumbai Office, Fort, Mumbai – 400001. The sale will be subject to the terms and conditions spelt out in the ‘Specific Notification’ mentioned above and the [General Notification F.No.4\(2\)–W&M/2018, dated March 27, 2018](#).

4. The auction will be conducted using **multiple price method for New GS 2031, 7.23% GS 2039 and 7.34% GS 2064**. Both competitive and non-competitive bids for the auction should be submitted in electronic format on the Reserve Bank of India Core Banking Solution (E-Kuber) system on **June 14, 2024 (Friday)**. The non-competitive bids should be submitted between **10:30 a.m. and 11:00 a.m.** and the competitive bids should be submitted between **10:30 a.m. and 11:30 a.m.** The result will be announced on the same day and payment by successful bidders will have to be made on **June 18, 2024 (Tuesday)**.

5. Bids for underwriting of the Additional Competitive Underwriting (ACU) portion can be submitted by ‘Primary Dealers’ from **09:00 a.m. up to 09:30 a.m. on June 14, 2024 (Friday)** on the Reserve Bank of India Core Banking Solution (E-Kuber) system.

6. The Stocks will be eligible for “When Issued” trading for a period commencing from **June 11 – June 14, 2024**.

7. Operational guidelines for Government of India dated securities auction and other details are given in the [Annex](#).

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ANNEX

Type of Auction

1. For multiple price-based auction, successful bids will get accepted at the respective quoted yield/price for the security. For uniform price-based auction, bids will get accepted at the cut off yield/price accepted in the auction.
2. The auction will be **yield based** for new security and **price based** for securities which are re-issued.
3. In case of a Floating Rate Bonds (FRB), the auction will be spread-based for new security and price based for securities which are reissued. At the time of placing bids for new FRB, the spread should be quoted in percentage terms.

Minimum Bid Size

1. The Stocks will be issued for a minimum amount of ₹10,000/- (nominal) and in multiples of ₹10,000/- thereafter.

Non-Competitive Segment

1. In all the auctions, Government Stock up to 5% of the notified amount of sale will be allotted to the eligible individuals and institutions under the [Scheme for Non-competitive Bidding Facility in the Auctions of Government Securities](#). Individual investors can also place bids as per the non-competitive scheme through the Retail Direct portal (<https://rbiretaildirect.org.in>).
2. Each bank or Primary Dealer (PD) on the basis of firm orders received from their constituents will submit a single consolidated non-competitive bid on behalf of all its

constituents in electronic format on the Reserve Bank of India Core Banking Solution (E-Kuber) system.

3. Allotment under the non-competitive segment to the bank or PD will be at the weighted average rate of yield/price of the successful bids that will emerge in the auction on the basis of the competitive bidding.

Submission of Bids

1. Both competitive and non-competitive bids for the auction should be submitted in electronic format on the Reserve Bank of India Core Banking Solution (E-Kuber) system.
2. Bids in physical form will not be accepted except in extraordinary circumstances.

Business Continuity Plan (BCP)-IT failure

1. Only in the event of system failure, physical bids will be accepted. Such physical bids should be submitted to the Public Debt Office, Mumbai through email (bids@rbi.org.in); Phone no: 022-22603456, 022-22603457, 022-22603190) in the prescribed form which can be obtained from RBI website (<https://website.rbi.org.in/en/web/rbi/forms>) before the auction timing ends.
2. In case of technical difficulties, Core Banking Operations Team should be contacted (email: cbot@rbi.org.in; Phone no: 022-69870466, 022-69870415).
3. For other auction related difficulties, IDMD auction team can be contacted (email: auctionidmd@rbi.org.in; Phone no: 022-22702431, 022-22705125).

Multiple Bids

1. An investor can submit more than one competitive bid in electronic format on the Reserve Bank of India Core Banking Solution (E-Kuber) system.
2. However, the aggregate amount of bids submitted by an investor in an auction should not exceed the notified amount of auction.

Decision Making Process

1. On the basis of bids received, the Reserve Bank will determine the minimum price/maximum yield up to which tenders for purchase of Government Stock will be accepted at the auctions.
2. Bids quoted at rates lower than the minimum price/higher than the maximum yield determined by the Reserve Bank of India will be rejected.
3. Reserve Bank of India will have the full discretion to accept or reject any or all bids either wholly or partially without assigning any reason.

Issue of Securities

1. Issue of securities to the successful bidders will be by credit to Subsidiary General Ledger Account (SGL) of parties maintaining such account with Reserve Bank of India or in the form of Stock Certificate.

Periodicity of Interest Payment

1. Interest on the Government Stock will generally be paid half-yearly other than in case of securities with non-standard maturities. The exact periodicity of coupon payment is invariably mentioned in the specific notification for the issue of security.

Underwriting of the Government Securities

1. The underwriting of the Government Securities under auctions by the 'Primary Dealers' will be as per the "Revised Scheme of Underwriting Commitment and Liquidity Support" announced by the Reserve Bank vide [circular RBI/2007-08/186 dated November 14, 2007](#) as amended from time to time.

Eligibility for Repurchase Transactions (Repo)

1. The Stocks will be eligible for Repurchase Transactions (Repo) as per the conditions mentioned in [Repurchase Transactions \(Repo\) \(Reserve Bank\) Directions, 2018 \(Reserve Bank\) Directions, 2018](#) as amended from time to time.

Eligibility for 'When Issued' Trading

1. The Stocks will be eligible for "When Issued" trading in accordance with the guidelines on 'When Issued transactions in Central Government Securities' issued by

the Reserve Bank of India vide [circular No. RBI/2018-19/25 dated July 24, 2018](#) as amended from time to time.

Investment by Non-Residents

1. Investments by Non-Residents are subject to the guidelines on '[Fully Accessible Route](#)' for Investment by Non-residents in Government Securities and other related guidelines as issued by the Reserve Bank from time to time.
2. The Reserve Bank of India (RBI) has, by an order dated June 03, 2024, imposed a monetary penalty of ₹1,00,000/- (Rupees One Lakh only) on The Angul United Central Co-operative Bank Ltd., Odisha (the bank) for non-compliance with the [Master Direction issued by RBI on 'Know your Customer \(KYC\) Direction, 2016'](#). This penalty has been imposed in exercise of powers vested in RBI, conferred under the provisions of section 47 A (1) (c) read with sections 46 (4) (i) and 56 of the Banking Regulation Act, 1949.
3. The statutory inspection of the bank was conducted by National Bank for Agriculture and Rural Development (NABARD) with reference to its financial position as on March 31, 2023. 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 direction. After considering the bank's reply to the notice, oral submissions made during the personal hearing and examination of additional submissions made by it, RBI found, *inter alia*, that the bank failed to implement a system of risk-based approach for undertaking periodic updation of KYC, warranting imposition of monetary penalty.
4. This action is based on deficiencies in regulatory compliance and is not

Sr No	Security	Date of Repayment	Notified Amount (Rs. crore)	GoI specific Notification	Auction Date	Settlement Date
1	New GS 2031	Jun 18, 2031	11,000	F.No.4(3)-B(W&M)/2024	June 14, 2024	June 18, 2024

2	7.23% GS 2039	Apr 15, 2039	12,000	dated June 10, 2024	(Friday)	(Tuesday)
3	7.34% GS 2064	Apr 22, 2064	11,000			
	Total		34,000			