



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

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February 29, 2024

**RBI imposes monetary penalty on Adarsh Mahila Co-operative Bank Limited, Muzaffarnagar, Uttar Pradesh**

The Reserve Bank of India (RBI) has, by an order dated February 23, 2024, imposed a monetary penalty of ₹5.00 lakh (Rupees Five lakh only) on Adarsh Mahila Co-operative Bank Limited, Muzaffarnagar, Uttar Pradesh (the bank) for non-compliance with the directions issued by RBI on 'Loans and advances to directors, their relatives, and firms/concerns in which they are interested' and specific directions issued by RBI under the Supervisory Action Framework (SAF). This penalty has been imposed in exercise of powers conferred on RBI under section 47A(1)(c) read with sections 46(4)(i) and 56 of the Banking Regulation Act, 1949.

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.

**Background**

The statutory inspection of the bank conducted by RBI with reference to its financial position as on March 31, 2022, and examination of the Risk Assessment Report, Inspection Report and all correspondence related thereto revealed, *inter alia*, that the bank had (i) sanctioned a loan where a relative of one of the directors of the bank was interested, (ii) offered interest rates higher than those offered by the State Bank of India, on deposits for various tenors; and (iii) sanctioned fresh loans and advances carrying risk weights more than 100%. Consequently, a notice was issued to the bank advising it to show cause as to why penalty should not be imposed on it for failure to comply with the said directions, as stated therein.

After considering the bank's reply to the notice and oral submissions made by it during the personal hearing, RBI came to the conclusion that the charge of non-compliance with the aforesaid RBI directions was substantiated and warranted imposition of monetary penalty on the bank, to the extent of non-compliance with such directions.