



October 11, 2021

RBI imposes monetary penalty on Janata Sahakari Bank Ltd., Pune

The Reserve Bank of India (RBI) has, by an order dated October 07, 2021, imposed a monetary penalty of ₹30.00 lakh (Rupees thirty lakh only) on Janata Sahakari Bank Ltd., Pune (the bank) for non-compliance with specific directions dated March 06, 2018 issued by RBI under the Supervisory Action Framework (SAF) and RBI directions on 'Frauds in UCBs: Changes in Monitoring and Reporting mechanism'. This penalty has been imposed in exercise of powers vested in RBI conferred under section 47 A (1) (c) read with sections 46 (4) (i) and 56 of the Banking Regulation Act, 1949, taking into account failure of the bank to adhere to the aforesaid directions issued by RBI.

This action is based on deficiency 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 the RBI with reference to the bank's financial position as on March 31, 2019, the Inspection Report pertaining thereto, and examination of all related correspondence revealed, *inter alia*, that the bank had not complied with the directions on exposure to sensitive sectors (real estate) and classification and reporting of frauds. In furtherance to the same, a notice was issued to the bank advising it to show cause as to why penalty should not be imposed for contravention of the RBI directions.

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