

**भारतीय रिज़र्व बैंक**
RESERVE BANK OF INDIAवेबसाइट : www.rbi.org.in/hindiWebsite : www.rbi.org.inई-मेल/email : helpdoc@rbi.org.in

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October 03, 2023

RBI imposes monetary penalty on The Janata Co-operative Bank Ltd., Godhra, Dist. Panchmahal, Gujarat

The Reserve Bank of India (RBI) has imposed, by an order dated August 31, 2023, a monetary penalty of ₹3.50 Lakh (Rupees Three Lakh Fifty Thousand only) on The Janata Co-operative Bank Ltd., Godhra, Dist. Panchmahal, Gujarat (the bank) for non-compliance with the directions issued by RBI on 'Donations to Trusts and Institutions where Directors, their relatives hold position or are interested' and 'Loans and advances to directors, relatives and firms /concerns in which they are interested' read with 'Loans and advances to directors etc- directors as surety/guarantors- Clarification'. This penalty has been imposed in exercise of powers vested in RBI under the provisions of Section 47 A (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 Inspection Report, Risk Assessment Report and all correspondence related thereto revealed, *inter alia*, that the bank had (i) made donation to a trust where one of the directors of the bank was a trustee, and (ii) sanctioned loans, wherein relatives of the bank's directors stood as guarantor. 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 on it for failure to comply with the 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 aforesaid charges of non-compliance with the aforesaid RBI directions was substantiated and warranted imposition of monetary penalty.