



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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October 31, 2022

RBI imposes monetary penalty on Nagar Sahakari Bank Ltd., Maharajganj, UP

The Reserve Bank of India (RBI) has imposed, by an order dated October 27, 2022, a monetary penalty of ₹4.00 lakh (Rupees Four Lakh only) on Nagar Sahakari Bank Ltd., Maharajganj, UP (the bank) for non-compliance with directions issued under Supervisory Action Framework (SAF) by RBI. This penalty has been imposed in exercise of powers vested in RBI under the provisions of Section 47 A (1) (c) read with Section 46 (4) (i) and Section 56 of the Banking Regulation Act, 1949, taking into account the failure of the bank to adhere to the aforesaid directions issued by RBI.

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 inspection report of the bank based on its financial position as on March 31, 2021, revealed, inter alia, that the bank had (i) extended fresh loans and advances carrying risk weights of 100% and above and (ii) offered interest on deposits for various tenors at rates higher than reference rates, in contravention of the directions issued by RBI under a SAF. Based on the same, a Notice was issued to the bank advising it to show cause as to why penalty should not be imposed for non-compliance with the aforesaid directions.

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

Press Release: 2022-2023/1114

(Yogesh Dayal)
Chief General Manager