



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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October 19, 2023

RBI imposes monetary penalty on Mahila Co-operative Nagrik Bank Ltd., Bharuch, Gujarat

The Reserve Bank of India (RBI) has imposed, by an order dated September 18, 2023, a monetary penalty of ₹2.00 lakh (Rupees Two lakh only) on Mahila Co-operative Nagrik Bank Ltd., Bharuch, Gujarat (the bank) for non-compliance with the directions issued by RBI on 'Placement of Deposits with Other Banks by Primary (Urban) Co-operative Banks (UCBs)' and '[Know Your Customer \(KYC\)](#)'. This penalty has been imposed in exercise of powers conferred on 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, examination of the Inspection Report, Risk Assessment Report and all correspondence related thereto revealed, *inter alia*, that the bank had (i) breached inter-bank gross and counterparty exposure limits, and (ii) not carried out review of risk categorization of accounts as per prescribed periodicity. 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 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.