



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

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November 17, 2021

**Reserve Bank of India imposes monetary penalty on Shri Kanyaka Nagari  
Sahakari Bank Limited, Chandrapur, Maharashtra**

The Reserve Bank of India (RBI) has imposed, by an order dated November 17, 2021, a monetary penalty of ₹10.50 lakh (Rupees Ten lakh Fifty Thousand only) on Shri Kanyaka Nagari Sahakari Bank Limited, Chandrapur (the bank) for contravention of/ non-compliance with Supervisory Action Framework issued by RBI under section 36 (1) read with section 56 of the Banking Regulation Act, 1949 (the Act), directions issued by the RBI to Urban Co-operative Banks on opening of On-site ATMs, Frauds - Classification and Reporting, Exposure Norms and Statutory/ Other Restrictions - UCBs and Board of Directors-UCBs. 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, 2018 and March 31, 2019, revealed, *inter alia*, that the bank had (i) given fresh loans to the real estate sector in violation of the operational instructions issued by RBI under the provisions of the Act, (ii) opened On-site ATMs without the required permission of RBI, (iii) delayed reporting of frauds on many occasions, and (iv) granted director related loans in contravention of/ non-compliance of directions issued by the RBI. 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 directions.

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