



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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October 07, 2024

RBI imposes monetary penalty on Nabapalli Co-operative Bank Limited

The Reserve Bank of India (RBI) has, by an order dated October 03, 2024, imposed a monetary penalty of ₹1.10 lakh (Rupees One Lakh Ten Thousand only) on Nabapalli Co-operative Bank Limited (the bank), for non-compliance with specific directions issued by RBI on making contribution to Micro and Small Enterprises (MSE) Refinance Fund due to shortfall in achievement of Priority Sector Lending (PSL). This penalty has been imposed in exercise of powers vested in RBI, conferred under the provisions of section 47A(1)(c) read with sections 46(4)(i) and 56 of the Banking Regulation Act, 1949.

The bank was directed by RBI through specific directions, to deposit a certain amount to MSE Refinance Fund administered by Small Industries Development Bank of India (SIDBI) against the shortfall in achievement of PSL target for the Financial Year (FY) 2022-23. On failure to deposit the prescribed amount, a cautionary letter was also issued by RBI advising the bank to deposit the requisite amount, but the bank again failed to deposit the same. Based on the above-mentioned non-compliance and related correspondence in that regard, a notice was issued to the bank advising it to show cause as to why penalty should not be imposed on it for its failure to comply with the specific directions.

After considering the bank's reply to the notice and oral submissions made by it during the personal hearing, RBI found, *inter alia*, that the charge of failure to deposit the prescribed amount to MSE Refinance Fund maintained with SIDBI against the shortfall in achievement of PSL target for FY 2022-23 within the prescribed time and even after the issuance of cautionary letter, was sustained, warranting imposition of monetary penalty.

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. Further, imposition of this monetary penalty is without prejudice to any other action that may be initiated by RBI against the bank.