



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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April 18, 2024

RBI imposes monetary penalty on Rajkot Nagarik Sahakari Bank Ltd., Rajkot

The Reserve Bank of India (RBI) has, by an order dated April 16, 2024, imposed a monetary penalty of ₹43.30 lakh (Rupees Forty Three Lakh and Thirty Thousand only) on Rajkot Nagarik Sahakari Bank Ltd., Rajkot (the bank), for non-compliance with RBI directions on 'Ban on loans and advances to directors and their relatives, and firms / concerns in which they are interested', 'Prohibition on opening of saving bank accounts in the names of certain bodies / organizations' and 'Maintenance of deposit accounts'. This penalty has been imposed in exercise of powers vested in RBI, conferred under provisions of section 47A(1)(c) read with sections 46(4)(i) and 56 of the Banking Regulation Act, 1949.

The statutory inspection of the bank was conducted by RBI with reference to its financial position as on March 31, 2022. Based on supervisory findings of non-compliance with RBI directions 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 said directions.

After considering the bank's reply to the notice and oral submissions made during the personal hearing, RBI found, *inter alia*, that the following charges against the bank were sustained, warranting imposition of monetary penalty. The bank had (i) granted certain loans to firms/concerns in which the directors of the bank were interested as director/trustee, (ii) opened savings deposit accounts of certain ineligible entities, and (iii) levied penal charges for non-maintenance of minimum balance in certain inoperative accounts.

This action is based on deficiencies in regulatory compliance and is not intended to pronounce upon the validity of any transaction of 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.

Press Release: 2024-2025/128

(Yogesh Dayal)
Chief General Manager