

**भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA**वेबसाइट : www.rbi.org.in/hindiWebsite : www.rbi.org.inई-मेल/email : helpdoc@rbi.org.in

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May 02, 2022

Reserve Bank of India imposes monetary penalty on Shree Kadi Nagarik Sahakari Bank Ltd., Kadi (Gujarat)

The Reserve Bank of India (RBI) has, by an Order dated April 29, 2022, imposed a monetary penalty of ₹4.00 lakh (Rupees four lakh only) on Shree Kadi Nagarik Sahakari Bank Ltd., Kadi (Gujarat) (the bank) for contravention of directions issued by RBI on '[Loans and advances to directors, relatives and firms / concerns in which they are interested](#)', '[Loans and advances to directors etc- directors as surety/guarantors- Clarification](#)', '[Bank Finance against Shares and Debentures-UCBs](#)' and '[Donations to Trusts and Institutions where Directors, their relatives hold position or are interested](#)'. This penalty has been imposed in exercise of powers vested in the RBI under the provisions of Section 47 A (1) (c) read with Sections 46 (4) (i) and 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 statutory inspection of the bank conducted by RBI with reference to the bank's financial position as on March 31, 2019 and March 31, 2020, the Inspection Reports pertaining thereto and examination of all related correspondence revealed, *inter alia*, that the bank had sanctioned loan to trusts/firms in which one of the bank's directors / relative of one of the bank's directors had interest, had sanctioned credit facility to individuals where relatives of the bank's directors stood as guarantor, had sanctioned credit facility to a stock broker and had made a donation to a trust where relative of one of the directors of the bank was a trustee, resulting in contravention of aforesaid directions issued by RBI. In furtherance to the same, a notice was issued to the bank advising it to show cause as to why penalty should not be imposed for contravention of the aforesaid directions issued by RBI.

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