

**भारतीय रिज़र्व बैंक  
RESERVE BANK OF INDIA**वेबसाइट : [www.rbi.org.in/hindi](http://www.rbi.org.in/hindi)Website : [www.rbi.org.in](http://www.rbi.org.in)ई-मेल/email : [helpdoc@rbi.org.in](mailto:helpdoc@rbi.org.in)

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May 02, 2023

**RBI imposes monetary penalty on The Jamnagar District  
Co-operative Bank Limited (Gujarat)**

The Reserve Bank of India (RBI) has, by an Order dated April 27, 2023, imposed a monetary penalty of ₹4.10 lakh (Rupees Four Lakh and Ten Thousand only) on The Jamnagar District Co-operative Bank Limited (Gujarat) (the bank) for contravention of / non-compliance with section 26 A (2) of the Banking Regulation Act, 1949 (the Act) read with paragraph 3 of The Depositor Education and Awareness Fund Scheme, 2014 (the scheme) enclosed with [Circular on 'The Depositor Education and Awareness Fund Scheme, 2014 - Section 26 A of Banking Regulation Act, 1949 - Operational Guidelines' dated May 27, 2014](#), the [Reserve Bank of India \(Know Your Customer \(KYC\)\) Directions, 2016](#), and provisions of the Credit Information Companies (Regulation) Act, 2005 (CIC Act) and RBI directions on 'Membership of Credit Information Companies by Co-operative Banks'. 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 Act and section 25 (1) (iii) read with section 23 (4) of the CIC Act 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 NABARD with reference to the bank's financial position as on March 31, 2022, and examination of the Inspection Report and all related correspondence pertaining to the same revealed, *inter alia*, that the bank had not transferred eligible amount to DEA Fund, did not have system to review risk categorisation of customers, carry out periodic updation of KYC documents of existing customers, system / software to identify suspicious transactions, if any and did not report data (including historic data) to three CICs of whom it was a member, resulting in contravention of aforesaid provisions of the Act and 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 provisions of the Act and directions issued by RBI.

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