



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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January 23, 2020

Reserve Bank of India imposes monetary penalty on Rajkot Nagarik Sahakari Bank Ltd.

The Reserve Bank of India (RBI) has imposed, by an order dated January 22, 2020, a monetary penalty of ₹37 lakh on the Rajkot Nagarik Sahakari Bank Ltd. (the bank) for non-compliance with directions issued by RBI on 'Frauds – Classification and Reporting' and 'Management of Advances'.

The 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 statutory inspection of the bank with reference to its financial position as on March 31, 2018, conducted by RBI, revealed, *inter alia*, non-compliance with RBI directions on 'Frauds – Classification and Reporting' and 'Management of Advances'. 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 failure to comply with the directions issued by RBI. After considering the bank's reply to the notice, oral submissions made during the personal hearing and examination of additional submissions, RBI concluded that the aforesaid charges of non-compliance with RBI directions warranted imposition of monetary penalty.

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(Yogesh Dayal)
Chief General Manager