



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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March 27, 2023

RBI imposes monetary penalty on Aligarh Zila Sahkari Bank Ltd., Aligarh, Uttar Pradesh

The Reserve Bank of India (RBI) has imposed, by an order dated March 22, 2023, a monetary penalty of ₹2.00 lakh (Rupees Two Lakh only) on Aligarh Zila Sahkari Bank Ltd., Aligarh, Uttar Pradesh (the bank) for contravention of provisions of section 20 read with Section 56 of the Banking Regulation Act, 1949. This penalty has been imposed in exercise of powers vested in RBI under the provisions of Section 47A(1)(c) read with Section 46(4)(i) and Section 56 of the Banking Regulation Act, 1949.

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 inspection report of the bank by NABARD based on its financial position as on March 31, 2021, revealed, inter-alia, that the bank had granted unsecured loans/advances to its director, in contravention to section 20(1) read with Section 56 of the Banking Regulation Act, 1949. Based on the same, a Notice was issued to the bank advising it to show cause as to why penalty should not be imposed for non-compliance with the directions.

After considering the bank's reply, RBI came to the conclusion that the aforesaid charge of non-compliance with the provisions of the Banking Regulation Act, 1949 was substantiated and warranted imposition of monetary penalty.

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(Yogesh Dayal)
Chief General Manager