



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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August 10, 2021

RBI imposes monetary penalty on The Gadhinglaj Urban Co-operative Bank Limited, Gadhinglaj, Maharashtra

The Reserve Bank of India (RBI) has imposed, by an order dated August 09, 2021, a monetary penalty of ₹10 lakh (Rupees ten lakh only) on The Gadhinglaj Urban Co-operative Bank Limited, Gadhinglaj, Maharashtra (the bank) for contravention of/non-compliance with the directions issued by RBI on Loans and Advances to Directors, Relatives and Firms/Concerns in which they are Interested; Supervisory action framework issued by RBI under section 35 A and section 36 read with section 56 of the Banking Regulation Act, 1949 (the Act); Exposure Norms and Statutory Other Restrictions- UCBs and [Know Your Customers \(KYC\)](#). This 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 Act, taking into account the failure of the bank to adhere to the aforesaid directions issued by RBI.

The 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 based on its financial position as on March 31, 2019, revealed, inter alia, that the bank had (i) advanced loan to a director of the bank, (ii) given fresh loans to the real estate sector in violation of the operational instructions issued by RBI under the provisions of the Act, (iii) extended individual unsecured advances of more than ₹5.00 lakh and (iv) not implemented the system of periodic review of risk categorization of accounts. 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 aforesaid directions.

After considering the bank's reply to the Notice, and oral submissions made during the personal hearing, RBI came to the conclusion that the aforesaid charge of non-compliance with RBI directions was substantiated and warranted imposition of monetary penalty.