

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

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August 10, 2023

**RBI imposes monetary penalty on The Islampur Urban Co-operative Bank Limited.,
Islampur, Maharashtra**

The Reserve Bank of India (RBI) has, by an order dated August 03, 2023 imposed a monetary penalty of ₹2.00 lakh (Rupees Two lakh only) on The Islampur Urban Co-operative Bank Limited, Islampur, (Maharashtra) (the bank) for non-compliance with provisions of Section 26A read with Section 56 of the Banking Regulation Act, 1949 (BR Act) and certain provisions of the '[Reserve Bank of India \(Know Your Customer \(KYC\)\) Directions, 2016](#)' and 'Maintenance of Deposit Accounts-UCBs'. 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 BR Act.

This action is based on deficiencies in regulatory compliance and is not intended to pronounce upon the validity of any transaction or agreement entered by the bank with its customers.

Background

The statutory inspection of the bank conducted by RBI with reference to its financial position as on March 31, 2022 and examination of the Risk Assessment Report and all related correspondence pertaining to the same, revealed, *inter alia*, that the bank had not transferred the eligible amount to Depositor Education and Awareness Fund (DEAF) and had not conducted periodic review of risk categorisation of its customers as well as annual review of inoperative accounts. 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 statutory provisions and directions issued, as stated therein.

After considering the bank's written reply to the notice, RBI came to the conclusion that the charge of non-compliance with the aforesaid statutory provisions and RBI directions was substantiated and warranted imposition of monetary penalty on the bank.