



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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August 21, 2023

**RBI imposes monetary penalty on Devika Urban Co-operative Bank Ltd.,
Udhampur, J & K**

The Reserve Bank of India (RBI) has imposed, by an order dated August 14, 2023, a monetary penalty of ₹3.00 lakh (Rupees Three Lakh only) on Devika Urban Co-operative Bank Ltd., Udhampur, J & K (the bank) for non-compliance with the directions issued by RBI on sanction of loans and advances to directors, relatives and firms/concerns in which they are interested. 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 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 supervisory letter issued to the bank based on its select scope inspection with reference to its financial position as on March 31, 2022, revealed, *inter-alia*, that the bank had renewed cash credit facility granted to a sole proprietorship concern whose proprietor was the wife of the director's brother. Based on the same, a notice was issued to the bank advising it to show cause as to why penalty should not be imposed on it for failure to comply with the directions, as stated therein.

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