



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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September 27, 2021

Reserve Bank of India imposes monetary penalty on The Jammu & Kashmir State Co-operative Bank Limited, Srinagar

The Reserve Bank of India (RBI) has imposed, by an order dated September 23, 2021, a monetary penalty of ₹11.00 lakh on The Jammu & Kashmir State Co-operative Bank Limited, Srinagar (the bank) for contravention of section 23 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 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 statutory inspection of the bank was conducted by NABARD with reference to the bank's financial position as on March 31, 2019 and the Inspection Report pertaining thereto, revealed, inter alia, contravention of section 23 read with section 56 of the Banking Regulation Act, 1949 as the bank had opened branches without obtaining the prior permission of the RBI. 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 violation of the said directions.

After considering the bank's reply, RBI came to the conclusion that the aforesaid charge of contravention of section 23 read with section 56 of the Banking Regulation Act, 1949 was substantiated and warranted imposition of monetary penalty.

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(Yogesh Dayal)
Chief General Manager