



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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January 29, 2024

RBI imposes monetary penalty on Dr. Panjabrao Deshmukh Urban Co-operative Bank Limited, Amravati, Maharashtra

The Reserve Bank of India (RBI) has, by an order dated January 08, 2024, imposed a monetary penalty of ₹5.00 lakh (Rupees Five lakh only) on Dr. Panjabrao Deshmukh Urban Co-operative Bank Limited, Amravati, Maharashtra (the bank) for contravention of specific directions issued by RBI under Supervisory Action Framework (SAF), and non-compliance with the RBI Directions on 'Management of Advances-UCBs' and '[Know Your Customer \(KYC\) Directions, 2016](#)'. This penalty has been imposed in exercise of powers conferred on RBI under section 47A(1)(c) read with sections 46(4)(i) and 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 conducted by RBI with reference to its financial position as on March 31, 2022, and examination of the Risk Assessment Report and all correspondence related thereto revealed, *inter alia*, that the bank had (i) sanctioned fresh loans and advances carrying risk weight of more than 100% in violation of specific directions issued under SAF, (ii) sanctioned gold loans under the Bullet Repayment Scheme beyond the regulatory limit, (iii) not conducted periodic updation of KYC as per risk categorization of customers, (iv) not conducted periodic review of risk categorization of accounts; and (v) not put in place a robust software to throw alerts as part of effective identification and reporting of suspicious transactions. Consequently, 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 said directions, as stated therein.

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