January 18, 2024

RBI imposes monetary penalty on New India Co-operative Bank Limited, Mumbai

The Reserve Bank of India (RBI) has, by an order dated January 17, 2024, imposed a monetary penalty of ₹15.00 lakh (Rupees Fifteen lakh only) on New India Co-operative Bank Limited, Mumbai (the bank) for non-compliance with the directions issued by RBI on 'Donations/Contributions for public/charitable purposes out of profits of UCBs'. 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 deficiency 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, 2021, and examination of the Risk Assessment Report, Inspection Report and all correspondence related thereto revealed, *inter alia*, that the bank had breached the prescribed ceiling on donations during Financial Year 2020-21. Consequently, a notice was issued to the bank advising it to show cause as to why penalty should not be imposed on it for non-compliance with the RBI directions, as stated therein.

After considering the bank's reply to the notice, the additional submissions made by it and oral submissions made during the personal hearing, 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.

(Yogesh Dayal)
Chief General Manager

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