



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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March 26, 2024

RBI imposes monetary penalty on The Janalaxmi Co-operative Bank Limited, Nashik

The Reserve Bank of India (RBI) has, by an order dated March 12, 2024, imposed a monetary penalty of ₹59.90 lakh (Rupees Fifty-nine lakh and Ninety thousand only) on The Janalaxmi Co-operative Bank Limited, Nashik (the bank) for non-compliance with certain directions issued by RBI on 'Constitution of Board of Management (BoM) in Primary (Urban) Co-operative Banks (UCBs)', 'Exposure Norms and Statutory / Other Restrictions – UCBs' and specific order issued by RBI under 'Supervisory Action Framework for Primary (Urban) Co-operative Banks (UCBs)'. This penalty has been imposed in exercise of powers vested in RBI, conferred under the provisions of section 47A(1)(c) read with sections 46(4)(i) and 56 of the Banking Regulation Act, 1949.

The Statutory Inspection for Supervisory Evaluation of the bank was conducted by RBI with reference to its financial position as on March 31, 2021 (ISE 2021). Based on supervisory findings of non-compliance with RBI directions/order and related correspondence in that regard, a notice was issued to the bank advising it to show cause as to why penalty should not be imposed on it for its failure to comply with the directions. After considering the bank's reply to the notice, oral submissions made during the personal hearing and examination of additional submissions made by it, RBI found inter alia that the following charges against the bank were sustained, warranting imposition of monetary penalty. The bank had (i) failed to constitute a Board of Management within the extended timeline granted by RBI; (ii) sanctioned credit facilities to its nominal members in excess of the prescribed limit; and (iii) opened/renewed term deposits at interest rates, higher than those offered by the State Bank of India for the same tenor.

The action is based on deficiencies in regulatory compliance and is not intended to pronounce upon the validity of any transactions or agreement entered into by the bank with its customers. Further, imposition of monetary penalty is without prejudice to any other action that may be initiated by RBI against the bank.