



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

वेबसाइट : www.rbi.org.in/hindi

Website : www.rbi.org.in

ई-मेल/email : helpdoc@rbi.org.in

संचार विभाग, केंद्रीय कार्यालय, शहीद भगत सिंह मार्ग, फोर्ट, मुंबई-400001

Department of Communication, Central Office, Shahid Bhagat Singh Marg, Fort, Mumbai-400001 फोन/Phone: 022- 22660502

January 18, 2024

RBI imposes monetary penalty on NKGSB Co-operative Bank Ltd

The Reserve Bank of India (RBI) has, by an order dated January 12, 2024, imposed a monetary penalty of ₹50 lakh (Rupees Fifty lakh only) on NKGSB Co-operative Bank Ltd. (the bank) for non-compliance with the '[Reserve Bank of India \(Know Your Customer \(KYC\)\) Directions, 2016](#)' issued by RBI. 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 opened and allowed transactions in current accounts of a company without undertaking customer due diligence procedure. 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