



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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November 20, 2023

RBI imposes monetary penalty on The Nasik Merchant's Co-operative Bank Ltd., Nashik

The Reserve Bank of India (RBI) has, by an order dated November 02, 2023, imposed a monetary penalty of ₹48.30 lakh (Rupees Forty-eight lakh thirty thousand only) on The Nasik Merchant's Co-operative Bank Ltd., Nashik (the bank) for non-compliance with the directions issued by RBI on 'Frauds in UCBS: Changes in Monitoring and Reporting mechanism' and on 'Maintenance of Deposit Accounts'. This penalty has been imposed in exercise of powers conferred on RBI under Section 47-A(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 (i) reported fraud cases with delay, (ii) levied penal charges for non-maintenance of minimum balances in dormant / inoperative savings bank (SB) accounts, and (iii) levied penal charges for non-maintenance of minimum balances in SB accounts without notifying the customers. 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