



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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March 26, 2024

RBI imposes monetary penalty on Solapur Janata Sahakari Bank Limited, Solapur

The Reserve Bank of India (RBI) has, by an order dated March 13, 2024, imposed a monetary penalty of ₹28.30 lakh (Rupees Twenty-Eight lakh and Thirty Thousand only) on Solapur Janata Sahakari Bank Limited, Solapur (the bank), for non-compliance with certain provisions of RBI directions on 'Constitution of Board of Management in Primary (Urban) Co-operative Banks' and prohibitory order/direction issued under Supervisory Action Framework (SAF). 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 of the bank was conducted by RBI with reference to its financial position as on March 31, 2022. Based on supervisory findings, inter alia, of non-compliance with RBI directions/prohibitory 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 said 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 and warranted imposition of monetary penalty:

- (i) the bank had appointed a member on its Board of Management (BoM), who did not satisfy the 'Fit and Proper' criteria and it did not reconstitute the BoM within the specified time despite specific direction issued by RBI.
- (ii) the bank contravened the prohibitory order/direction issued under SAF, when it sanctioned fresh loans carrying risk weights of more than 100%, during FY 2021-22.

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