



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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November 18, 2024

RBI imposes monetary penalty on The National Central Co-operative Bank Ltd., Bettiah, Bihar

The Reserve Bank of India (RBI) has, by an order dated November 13, 2024, imposed a monetary penalty of ₹4.10 lakh (Rupees Four Lakh Ten Thousand only) on The National Central Co-operative Bank Ltd., Bettiah, Bihar (the bank) for contravention of provisions of section 26A read with section 56 of the Banking Regulation Act, 1949 (BR Act) and non-compliance with certain directions issued by RBI on 'Membership of Credit Information Companies (CICs) by Co-operative Banks' and '[Master Direction - Know Your Customer \(KYC\) Direction, 2016](#)'. This penalty has been imposed in exercise of powers vested in RBI, conferred under section 47A(1)(c) read with sections 46(4)(i) and 56 of the BR Act and section 25 of the Credit Information Companies (Regulation) Act, 2005.

The statutory inspection of the bank was conducted by the National Bank for Agriculture and Rural Development (NABARD) with reference to its financial position as on March 31, 2023. Based on supervisory findings of contravention of statutory provision / non-compliance with RBI directions 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 provisions / directions.

After considering the bank's reply to the notice and oral submissions made by it during the personal hearing, RBI found, *inter alia*, that the following charges against the bank were sustained, warranting imposition of monetary penalty:

The bank had failed to:

- i) transfer eligible unclaimed amounts to the Depositor Education and Awareness Fund within the prescribed time;
- ii) submit credit information of its borrowers to three CICs; and
- iii) carry out risk categorisation of certain customers.

This action is based on deficiencies 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. Further, imposition of this monetary penalty is without prejudice to any other action that may be initiated by RBI against the bank.