October 29, 2019

## Reserve Bank of India imposes monetary penalty on Janata Sahakari Bank Ltd., Pune

The Reserve Bank of India (RBI) has imposed, by order dated October 16, 2019, monetary penalty of ₹1 crore on Janata Sahakari Bank Ltd., Pune (the bank) for non-compliance with directions issued by RBI on Income Recognition and Asset Classification (IRAC) norms, Management of Advances and Exposure Norms and Statutory/ Other Restrictions. The penalty has been imposed in exercise of powers vested in RBI under the provisions of Section 47A(1)(c) read with Section 46(4)(i) and Section 56 of the Banking Regulation Act, 1949, taking into account failure of the bank to adhere to the aforesaid directions issued by RBI.

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.

### Background

The statutory inspection of the bank with reference to its financial position as on March 31, 2018, conducted by RBI, revealed, _inter alia_, non-compliance with RBI directions on IRAC norms, Management of Advances, Exposure Norms and Statutory/ Other Restrictions and issuance of ATM-cum Debit cards. A Notice was issued to the bank advising it to show cause as to why monetary penalty should not be imposed for non-compliance with the aforesaid directions. After considering the bank's reply and oral submissions made during the personal hearing, RBI came to the conclusion that the charges regarding non-compliance with the directions on IRAC norms, Management of Advances and Exposure Norms and Statutory/ Other Restrictions, warranted imposition of monetary penalty.

**(Yogesh Dayal)**
Chief General Manager

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